Allianz General Insurance Company (Malaysia) Berhad

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

Financial statements for the year ended 31 December 2024

(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

Allianz General Insurance Company (Malaysia) Berhad
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Contents

Allianz General Insurance Company (Malaysia) Berhad

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Directors' report for the financial year ended 31 December 2024

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

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
Profit for the year	408,671

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company in respect of the financial year ended 31 December 2023 were as follows:

- a single tier interim dividend of 63.3 sen per ordinary share totaling RM240,013,466.17 paid on 18 January 2024; and
- a single tier final dividend of 15.9 sen per ordinary share totaling RM60,287,742.69 paid on 6 June 2024.

There was no 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 29 of the financial statements.

Contingent and other liabilities (continued)

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.

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 2024 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 RM22,461.

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.

Registration No. 200601015674 (735426-V)

Indemnity and Insurance for Directors and Officer (continued)

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)

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 1.1.2024**	**Bought**	**Sold**	**As at 31.12.2024**
Wang Wee Keong	100	-	-	100

	Number of Irredeemable Convertible Preference Shares			
Interests in AMB	**As at 1.1.2024**	**Bought**	**Sold**	**As at 31.12.2024**
Wang Wee Keong	200	-	-	200

Directors' interests (continued)

Interests in the Ultimate Holding Company, Allianz SE	Number of registered shares			
	As at 1.1.2024	**Bought**	**Sold**	**As at 31.12.2024**
Wang Wee Keong				
- Direct Interest	3 [(a)]	1 [(a)]	-	4
- Direct Interest	-	47.405 [(b)]	-	47.405
- Indirect Interest [(c)]	2 [(a)]	2 [(a)]	-	4
- Indirect Interest [(c)]	-	3.276 [(b)]	-	3.276

Note
[(a)] Free share granted under Allianz Free Share Program.
[(b)] Shares acquired by way of exercise of Allianz Employee Share Purchase Plan.
[(c)] Deemed interest by virtue of shares held by his stepsons.

Save as disclosed above, none of the other Directors holding office as at 31 December 2024 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.

Registration No. 200601015674 (735426-V)

Directors' Remuneration

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

	Fees	(RM '000) Other Emoluments[a]	Benefits-in-kind	Total
Non-Executive Directors				
Dr Muhammed Bin Abdul Khalid	120	162	7	289
Lim Tuang Ooi	120	15	-	135
Wee Lay Hua	120	15	-	135
Total remuneration of Non-Executive Directors of the Company	360	192	7	559
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 19.2.

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 the Company'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").

Registration No. 200601015674 (735426-V)

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

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

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. He is also a member of the Economic Committee of Malaysia Competition Commission and Senior Associate of Malaysian Industry-Government Group for High Technology. He was the Economic Adviser to the former Prime Minister, Yang Amat Berbahagia Tun Dr. Mahathir Bin Mohamad, a member of the Economic Action Council from 2018 to 2020 and a member of the Honorary Council of Advisors at the European-Malaysian Chamber of Commerce. Dr. Muhammed has served as a 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 has also served as the Director of Research at Khazanah Research Institute, Head of Economics at the Securities Commission Malaysia and a Senior Analyst at the Institute of Strategic and International Studies. Additionally, he was a Senior Technical Advisor at the UNDP Malaysia.
Shareholding in the Company	Nil

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 Employees Provident Fund ("EPF") from 2007 to 2019 as the Senior General Manager and Head of Risk Management division. Lim Tuang Ooi effectively served as the Chief Risk Officer, responsible for the overall risk management and governance division. He played pivotal role in transforming the risk management practices and integrating risk philosophy into the Strategic Asset Allocation Investment model, enabling EPF to consistently delivery 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 spent 6 years in KPMG Malaysia from 1982 to 1987 where he qualified as a Chartered Accountant and Certified Public Accountant and worked in the areas of audit, taxation and consultancy.
Shareholding in the Company	Nil

Registration No. 200601015674 (735426-V)

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 26 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 from 2011 until 2021. He assumed his current positions as the CEO of AMB on 1 January 2022 and CEO of the Company on 1 July 2021. In addition, he was appointed as Executive Director of the Company effective 1 January 2022.
Shareholding in the Company	Nil

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

- Compliance Updates on New/Revised Regulatory Documents issued by BNM
- E-Invoicing
- Conflict of Interest
- Integrated Reporting Framework
- Data and Artificial Intelligence

Registration No. 200601015674 (735426-V)

Corporate governance disclosure (continued)

A1. Composition of the Board (continued)

A. Board of Directors (continued)

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.

A2. Board Meetings

There were 5 Board meetings held during the financial year ended 31 December 2024 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	5	5
Lim Tuang Ooi	5	5
Wee Lay Hua	5	5
Wang Wee Keong	5	5

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.

Registration No. 200601015674 (735426-V)

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.1 Audit Committee ("AC")

The composition of the AC during the financial year and during the period from the end of the financial year to the date of this report 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)
Fa'izah Binti Mohamed Amin (Independent Non-Executive Director of AMB) (Appointed as AC member on 24 August 2024 and demised on 8 September 2024)

There were 5 AC meetings held during the financial year ended 31 December 2024 and the attendance of the AC members were as follows:-

Name of Members	No. of AC Meetings Held	No. of AC Meetings Attended
Peter Ho Kok Wai	5	5
Goh Ching Yin	5	5
Gerard Lim Kim Meng	5	4
Fa'izah Binti Mohamed Amin	5	Not applicable*

Note:-

* The late Fa'izah Binti Mohamed Amin was appointed as AC member on 24 August 2024 and demised on 8 September 2024. There was no AC meeting held during the period between her appointment and demise.

The AC is charged with the responsibilities of assisting the Board of AMB and its subsidiaries ("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 the Company's website, www.allianz.com.my

Registration No. 200601015674 (735426-V)

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.2 Risk Management Committee ("RMC")

The composition of the RMC during the financial year and during the period from the end of the financial year to the date of this report is as follows:-

Lim Tuang Ooi (Chairman – Independent Non-Executive Director of AGIC)
Wee Lay Hua (Independent Non-Executive Director of AGIC) (Appointed as RMC member on 1 January 2024)
Lim Fen Nee (Independent Non-Executive Director of ALIM) (Appointed as RMC member on 1 July 2024)
Foo Chee It (Independent Non-Executive Director of ALIM) (Appointed as RMC member on 1 January 2025)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB) (Relinquished as RMC member on 1 January 2024)
Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of AGIC and AMB) (Relinquished as RMC member on 1 July 2024)
Peter Ho Kok Wai (Independent Non-Executive Director of ALIM and AMB) (Relinquished as RMC member on 31 December 2024)

There were 4 RMC meetings held during the financial year ended 31 December 2024 and the attendance of the RMC members were as follows:-

Name of Members	No. of RMC Meetings Held	No. of RMC Meetings Attended
Lim Tuang Ooi	4	4
Wee Lay Hua	4	4
Lim Fen Nee	4	2 out of 2 meetings held after her appointment as RMC member on 1 July 2024
Goh Ching Yin	4	Not applicable*
Dr. Muhammed Bin Abdul Khal	4	2 out of 2 meetings held prior to his relinquishment as RMC member on 1 July 2024
Peter Ho Kok Wai	4	4

Note:
*Goh Ching Yin relinquished his position as RMC member on 1 January 2024.

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.

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.2 Risk Management Committee ("RMC") (continued)

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

A3.3 Nomination and Remuneration Committee ("NRC")

The composition of the NRC during the financial year and during the period from the end of financial year to the date of this report is as follows:-

Wong Kok Leong (Chairman - Independent Non-Executive Director of AMB) (appointed as NRC member on 24 August 2024 and redesignated as NRC Chairman on 1 January 2025)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)
Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of AGIC and AMB)
Gerard Lim Kim Meng (Independent Non-Executive Director of AMB) (Relinquished as NRC Chairman and member on 31 December 2024)

There were 5 NRC meetings held during the financial year ended 31 December 2024 and the attendance of the NRC members were as follows:-

Name of Members	No. of NRC Meetings Held	No. of NRC Meetings Attended
Wong Kok Leong	5	1 out of 1 meeting held after his appointment as NRC member on 24 August 2024
Gerard Lim Kim Meng	5	5
Goh Ching Yin	5	5
Dr. Muhammed Bin Abdul Khalid	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;

Corporate governance disclosure (continued)

A3. Board Committees (continued)

A3.3 Nomination and Remuneration Committee ("NRC") (continued)

The primary objectives of the NRC are:- (continued)

(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 the Company's website, www.allianz.com.my.

B. Internal Control Framework

B1. Risk Management Framework

The Board recognises that a risk management system is an integral part of the Company's operations, in order to identify key risks and implement appropriate controls to manage such risks. The Company has in place a Risk Management Framework Manual ("RMFM") which outlines the guiding principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process 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 incorporates the relevant requirements of the guidelines and/or policies issued by Bank Negara Malaysia ("BNM") and Allianz SE Group.

The system of risk governance is integrated into core management processes and forms part of daily business processes so that value-added contribution in terms of sustainable competitive advantage and improved business performance can be established. Various governance elements are in place, including organisational structure, risk strategy, written policies, authority limits, 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

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 of the Company in managing and mitigating compliance-related risks due to any non-compliance to the requirements of the law, regulations as well as regulatory and industry guidelines.

- The 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.

Both the Compliance and Risk Management functions report to the RMC which assists the Boards of the Company to discharge its oversight function effectively. As part of their responsibilities, the Compliance and Risk Management functions advise the Boards and Senior Management of the Company 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 of the Company 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 of the Company. 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 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.

Corporate governance disclosure (continued)

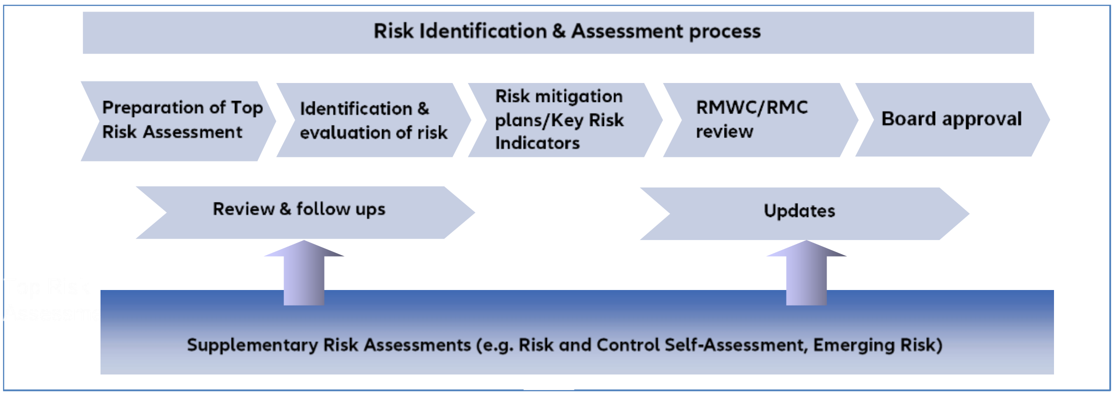
B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process

Risk management is integrated into 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")

The TRA process is in place to periodically analyse all material quantifiable and non-quantifiable risks. These can be from specific risk categories including market, credit, underwriting, business, operational, liquidity, reputational and strategic risks; or can be transversal risks such as concentration risks, emerging risks and Environmental, Social & Governance ("ESG") risks.

The Company identifies and remediates significant threats to financial results, operational viability or the delivery of key strategic objectives using the approved TRA matrix. The identified top risks are assessed quarterly by the assigned risk owners; and the same is reviewed by the Risk Management Working Committee ("RMWC") and the RMC and approved by the Board. Key risk indicators are also in place to monitor changes in risk exposure or control effectiveness for the top risks on a quarterly basis. Broadly, the top risks impact one or more of the categories below:-

Registration No. 200601015674 (735426-V)

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	Risk related to changes in fair values of investment portfolios and liabilities, arising due to changes in parameters influencing market prices. These include changes in equity prices, interest rates, real estate prices, exchange rates, credit spreads and implied volatilities.	• Defined asset allocation benchmarks, investment limits and risk appetites; with continuous monitoring of exposure. • Asset liability management strategy. • Maintain sufficient capital and liquidity buffers.
Credit	Risk of losses due to deterioration in the credit quality of counterparties or their failure to fulfil contractual obligations.	• Credit analyses on new and existing counterparties. • Defined counterparty limits to ensure the diversification of investment portfolio. • Prioritise reinsurance partners with strong credit profiles.
Underwriting	Risk related to inadequacy of premiums and/or reserves, unexpected large losses or catastrophes.	• Comprehensive underwriting guidelines and system rules in place. • Regular monitoring of products and review of assumptions; re-pricing will be considered if necessary. • Reinsurance program in place and reviewed annually to ensure adequate cover within acceptable appetite and costs. • New products undergo a robust product development process. • Claims control measures to prevent leakages.

Registration No. 200601015674 (735426-V)

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
Strategic and Business	Risk arising from management decisions on business strategies and implementation. This also leads to the risk of lower than expected business growth without a corresponding decrease in expenses.	• Regular monitoring of actual vs plan. • Annual strategic and planning dialogues. • Regular management committee meetings. • Stress testing of business plan.
Operational – Regulatory Change	Risk arising from failure to implement changes to keep up with evolving regulatory expectations.	• Continuous awareness trainings to all staff on relevant topics. • New/revised requirements communicated to relevant functions and gap analysis is performed to identify action plans where necessary. • Regular reviews are conducted to ensure compliance. • Maintain ongoing engagements with regulators.
Operational – Information Security	Risk of information security breach triggered by both information technology ("IT") and non-IT causes leading to loss of data confidentiality, loss of data integrity, as well as business disruption and loss of availability of services resulting in financial and reputational impact.	• Staff awareness trainings and campaigns on IT Security and Privacy. • Defined procedures for handling data. • Infrastructure and technologies to monitor and protect against cyber threats. • Identity & Access Management. • Effective patch and vulnerabilities management e.g. Red team/ Blue team. • Regular penetration testing. • Privacy Impact Assessment.

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 risk identification, measurement, quantification, management and monitoring to mitigate operational losses resulting from inadequate or failed internal processes, human errors, system failures, or from external events.

ORM covers a combination of the following activities:

- The Non-Financial Risk Management ("NFRM") framework (replacing Integrated Risk and Control System framework in 2024) defines a system for managing Non-Financial Risks by establishing a standard set of risk vectors, facilitating the implementation of controls via a control catalog, and ensuring robust testing of key controls using a systematic risk-based approach.
- Analysis of actual loss events reported into the Loss Event database.
- Periodic audits by the Internal Audit function and reviews by second line functions.
- Monitoring of 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 the 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 all operating entities within the Allianz SE Group will be escalated to Allianz SE.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(iii) Reputational Risk Management (continued)

Reputational risks form part of the assessment of top risks under the TRA process as well as under the NFRM framework. Hence, it is managed in line with the mitigation actions taken for relevant risks with reputational impact. In addition, the Company has adopted Allianz SE Group's Allianz Standard Communications and the Allianz Standard for Integration of Sustainability ("ASIS") which establishes a core set of principles and processes for the management of non-ESG and ESG reputational risks within the Company. The Corporate Communications function of the Company also actively manages the reputational risk by assessing any potential risk arising from media and social media.

(iv) Liquidity Risk Management

Liquidity risk refers to the potential inability to meet current or future payment obligations, often due to mismatches in the timing of cash inflows and outflows or adverse events. To mitigate this risk, the Company has established limits on minimum liquid assets which are closely monitored. Asset liability management is in place and various potential events leading to liquidity shortages have been identified. Additionally, stress testing is conducted to assess the liquidity intensity ratio against defined thresholds.

(v) ESG Risk Management

ESG events or conditions, including climate change, are those which, if they occur, may potentially have significant negative impacts on the balance sheet, profitability or reputation of the Company and/or Allianz SE. ESG risks may materialise within multiple risk categories. For example, physical and transition risks arising from climate change impacts underwriting, market, and credit risks.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(v) ESG Risk Management (continued)

ESG-related mitigation measures may vary, depending on the precise nature of the underlying risk. Given that all adverse impacts attributable to ESG factors are ultimately realised within one of the existing risk categories (e.g. market, underwriting, operational etc.), the Management aims as much as possible to embed the identification and management of these risks within existing processes. As mentioned above, the ASIS guides management of ESG reputational risk.

ESG-related matters are discussed at both the Sustainability Committee and RMWC. The Sustainability Committee, comprising top management, reports to the Board and is tasked with driving ESG initiatives, including those related to climate change, as part of overall business considerations. Meanwhile, the RMWC which reports to the RMC, focuses on the risk management aspect of climate change.

B2. Risk Capital Management

As the Company's main business is insurance, the following processes to manage capital is part of the Company's risk management framework:

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

ICAAP is a process through which the Company ensures it has adequate capital to meet its solvency requirements, taking into consideration of its own risk profile and risk appetite. A formal assessment is conducted at least annually, and the 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 direction and business plans of the Company will be updated in its Risk Strategy; and the latest business plans are also taken into account when computing the Individual Target Capital Level ("ITCL") of the Company.

Registration No. 200601015674 (735426-V)

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B2. Risk Capital Management (continued)

(i) Internal Capital Adequacy Assessment Process ("ICAAP") (continued)

The ITCL is validated by stress testing to ensure that it will still be above the Supervisory Target Capital Level imposed by the regulator even after the occurrence of a severe plausible event, demonstrating a focus on balance sheet strength and protection of shareholders' value. A Capital Management Plan ("CMP") was drawn up with identified action plans and available sources of capital in case pre-determined solvency thresholds were triggered; in order to increase the capital adequacy ratio back above the internal soft threshold level.

(ii) Stress and Sensitivity Testing

Stress and sensitivity tests are effective risk management tools and the Company conducts such tests regularly. The tests are designed based on the Company's solvency position and key risk drivers. The results of the tests will be used in various ways, for example to determine 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 are updated on the results and provide their feedback on the results and appropriateness of the methodology and assumptions adopted.

B3. Internal Audit

The Internal Audit function of the Company, 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Internal Audit (continued)

Internal Audit Plan is developed based on annual risk assessment and approved by the AC. The audit scope covers auditable areas encompassing product development life cycle, actuarial function, distribution recruiting, acquisition, sales planning and monitoring process, underwriting, claims process and commission processing including payment, operation resilience, operation functions such as complaints management, customer service, sourcing and procurement, general services, travel and expenses, various IT system/process and regulatory compliance audit such as replacement of policy and anti-corruption program.

Internal audit findings are discussed at the management level. Senior and functional line management are responsible for ensuring that management action plans are implemented in accordance with the internal audit recommendations. All internal audit reports are submitted to the AC, which deliberates on key audit findings and the corresponding management actions 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.

B4. 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 for the Company 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 the Board with their observations and/or recommendations. Although specific authority is delegated to the Board Committees, the ultimate responsibility for the final decision on all matters, however, lies with the Boards of the Company.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

Clear and Defined Organisational Structure (continued)

Various Management Committees are established by the Management of the Company 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 Boards of the Company.

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, operational and capital expenditures. These limits are regularly reviewed and updated to ensure their relevance to the Company's operations. They are documented and accessible to all staff through the Company'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 Chief Executive Officer are required to declare their interest in other entities on an annual basis. In addition, they are 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 regular review and improvement to address changing risks and enhance processes, as and when required. They are also accessible to staff through the Company's staff e-portal for easy access.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

Annual Business Plan and Performance Review

Annual business plans are submitted to the Boards of the Company for approval. Financial condition and business performance reports are also submitted to the Boards of the Company for review during the Board meetings. These reports cover all key operational areas and provide a sound basis for the Boards of the Company 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.

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 Boards of the Company and where required, prior approval of the CEO or Boards of the Company is obtained in accordance with the levels of authority prior to execution of the transactions.

A due diligence working group was formed to review the related party transactions and submit its recommendations to the 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 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

Financial Control Procedures

Financial control procedures are in place and are documented in the procedural workflows of each business unit. These workflows are subject to regular review and improvement to address changing risks and enhance process as and when required.

Investment

The Investment Committee of the Company is responsible for setting investment policies, objectives, guidelines and controls for the Investment Department. Meanwhile, 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 which are on top of and more stringent than the regulatory limits as prescribed by BNM. The investment levels are monitored monthly to ensure compliance with both internal investment limits and those specified in the Risk Based Capital Framework for Insurers and the Investment-linked Business Policy Document issued by BNM.

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

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

Code of Conduct ("COC")

Every employee is required to attest on an annual basis that they understand and comply with the Allianz SE Group's COC. The COC among others, is essential in promoting ethical conduct within the 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

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 function whereas customer profiling, due diligence and on-going transactions monitoring procedures are in place. 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

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.

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 Listing Requirements. The Policy outlines 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 and 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

Anti-Corruption (continued)

The Vendor Integrity Screening process which is a part of the Allianz SE Group's Anti-Corruption Programme aims at ensuring that integrity-based due diligence is conducted before engaging any third party vendor. The screening includes a self-assessment section, which among others, contains 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 vendors whose screening result show no negative findings will be engaged.

Employees

All staff are required to make an annual declaration that they fulfilled the minimum criteria of "A Fit and Proper Person" as prescribed in 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 and Code of Ethics and Conducts for the Life Insurance Industry.

Standard for Customer Protection

The Allianz Standard for Customer Protection replaces the Allianz Sales Compliance Standard, and establishes the principles and standards that the Company must adhere to in its interactions with customers. This Standard emphasises a risk-based, pre-emptive and proactive approach to business conduct that is effective and efficient, aiming to mitigate and manage customer detriment issues at an early stage rather than responding after issues have emerged.

In addition, the Standard defines the core professional, procedural and organisational requirements aimed at ensuring that the design, distribution and servicing of products in a manner that fulfils legal requirements and meets reasonable customer expectations for value and outcomes.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

Agent Sales Disciplinary Policy

As part of the efforts to enhance uniformity in disciplining the agency force, the Company has formalised a Sales Disciplinary Policy. This Policy outlines the definitions of various types of offences and misconduct and the associated recommended disciplinary actions.

Business Continuity Management

Business Continuity Plans for the Company have been developed to ensure that any interrupted critical functions can be recovered and restored within a predetermined timeframe following a disastrous event.

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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

Information System (continued)

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.

IT services to the Company is handled by Allianz Technology SE ("AZT")'s Malaysian subsidiary, namely Allianz Technology Sdn Bhd ("AZTMY"). All IT services/capabilities of application, infrastructure and security maintenance of Allianz SE Group's operating entities are consolidated at AZTMY. AZTMY is the Regional Delivery Centre for Asia, served as a central IT supply centre servicing all operating entities across Allianz Asia Pacific Region. 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 chaired by the CEO of the Company remains responsible for the overall strategic deployment of IT and digital assets in tandem with the business objectives, which include matters related to Internet Insurance, IT Outsourcing and Cloud Utilisation. Other duties and responsibilities of ITDSC include, establishing effective IT and digital plans, formulation and implementation of technology risks management program, recommending to the RMC and the 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B4. Other Key Internal Control Process (continued)

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.

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 Company's staff e-portal for easy access by the employees.

Registration No. 200601015674 (735426-V)

Corporate governance disclosure (continued)

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.

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.

Corporate governance disclosure (continued)

C. Remuneration (continued)

A portion of the variable compensation for CEO and KRPs contains 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 ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany.

Penultimate Holding Company

The penultimate holding company is Allianz Europe B.V., a private limited liability company incorporated and domiciled in Netherlands.

Antepenultimate Holding Company

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

Immediate Holding Company

The immediate holding company is AMB, a public limited liability company incorporated and domiciled in Malaysia and is 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:

	2024
	RM'000
Statutory audit fees	654
Other audit related fees	92
	746

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: 28 February 2025

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of financial position as at 31 December 2024

	Note	31.12.2024 RM'000	31.12.2023 RM'000
Assets			
Property, plant and equipment	3	86,190	84,696
Right-of-use assets	4	17,291	23,399
Intangible assets	5	83,915	88,097
Investments	6	6,424,734	5,966,088
Reinsurance contract assets	7	525,441	542,263
Current tax assets		47,017	36,323
Other assets	8	76,760	67,984
Cash and cash equivalents		722,424	464,326
Total assets		7,983,772	7,273,176
Equity and liabilities			
Share capital	9	379,168	379,168
Retained earnings	10	2,422,072	2,073,689
Reserves	10	28,343	29,998
Total equity		2,829,583	2,482,855
Insurance contract liabilities	11	4,843,092	4,272,610
Deferred tax liabilities	12	26,945	14,260
Lease liabilities	13	12,381	17,883
Current tax liabilities		13,833	-
Other liabilities	14	257,938	485,568
Total liabilities		5,154,189	4,790,321
Total equity and liabilities		7,983,772	7,273,176

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

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of profit or loss for the year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Insurance revenue	15	3,219,010	2,772,793
Insurance service expenses	16	(2,566,398)	(2,029,489)
Net expenses from reinsurance contracts held	17	(228,435)	(285,156)
Insurance service result		424,177	458,148
Interest income on investments not measured at fair value through profit or loss ("FVTPL")	18.1	207,499	181,143
Net gains on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal	18.1	1,729	-
Net gains on FVTPL investments	18.1	2,929	19,173
Dividend income	18.1	37,096	37,429
Net credit impairment income/(loss) on investments	18.1	231	(46)
Net investment income		249,484	237,699
Net finance expenses from insurance contracts issued		(76,104)	(62,995)
Net finance income from reinsurance contracts held		13,218	13,583
Net insurance finance expenses	18.2	(62,886)	(49,412)
Net insurance and investment results		610,775	646,435
Other income		4,562	1,042
Other operating expenses	19	(73,859)	(69,879)
Other finance expenses		(834)	(573)
Other expenses		(70,131)	(69,410)
Profit before tax		540,644	577,025
Tax expense	20.1	(131,973)	(138,096)
Profit for the year		408,671	438,929

Allianz General Insurance Company (Malaysia) Berhad
Registration No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of profit or loss for the year ended 31 December 2024 (continued)

	Note	2024 RM'000	2023 RM'000
Profit attributable to:			
Owner of the Company		408,671	438,929
Basic earnings per ordinary share (sen)	21	107.8	115.8

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

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Profit for the year		408,671	438,929
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Net gains on investments in debt securities measured at FVOCI	18.1	6,359	62,977
Net realised gain transferred to profit or loss	18.1	(1,729)	-
Tax effects thereon	20.3	(1,111)	(15,114)
Fair value gains, net of tax		3,519	47,863
Expected credit losses	6.3	(253)	69
Tax effects thereon	20.3	61	(17)
Finance expense from insurance contracts issued	18.2	(8,081)	(25,094)
Tax effects thereon	20.3	1,939	6,023
Finance income from reinsurance contracts held	18.2	1,526	5,028
Tax effects thereon	20.3	(366)	(1,207)
		(1,655)	32,665
Total other comprehensive (losses)/income for the year, net of tax		(1,655)	32,665
Total comprehensive income for the year		407,016	471,594
Total comprehensive income attributable to:			
Owner of the Company		407,016	471,594

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

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of changes in equity for the year ended 31 December 2024

	Note	Non-distributable					Distributable	
		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
At 1 January 2023		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 income/(losses) for the year		-	47,915	(15,250)	-	32,665	-	32,665
Profit for the year		-	-	-	-	-	438,929	438,929
Total comprehensive income/(losses) 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

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of changes in equity for the year ended 31 December 2024 (continued)

	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 1 January 2024		379,168	5,833	4,522	19,643	29,998	2,073,689	2,482,855
Unrealised gain on Investments		-	3,519	-	-	3,519	-	3,519
Insurance/Reinsurance reserves		-	-	(4,982)	-	(4,982)	-	(4,982)
Expected credit loss reserves		-	(192)	-	-	(192)	-	(192)
Total other comprehensive income/(losses) for the year		-	3,327	(4,982)	-	(1,655)	-	(1,655)
Profit for the year		-	-	-	-	-	408,671	408,671
Total comprehensive income/(losses) for the year		-	3,327	(4,982)	-	(1,655)	408,671	407,016
Contributions by and distributions to owner of the Company								
- Dividends paid to the owner of the Company		-	-	-	-	-	(60,288)	(60,288)
Total transaction with owner of the Company		-	-	-	-	-	(60,288)	(60,288)
At 31 December 2024		379,168	9,160	(460)	19,643	28,343	2,422,072	2,829,583

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

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of cash flows for the year ended 31 December 2024

	2024 RM'000	2023 RM'000
Operating activities		
Profit before tax	540,644	577,025
Other income	(993)	(770)
Purchases of investments at FVOCI	(532,055)	(799,346)
Proceeds from sale of financial assets at FVOCI	46,435	-
Placement of fixed deposits	(1,177,287)	(475,037)
Maturity of investments at FVOCI	545,000	570,000
Maturity of fixed deposits	819,651	124,580
Purchases of investments at FVTPL	(284,049)	(21,074)
Proceeds from sale of investments at FVTPL	125,000	100,000
Non-cash items:		
Investment income	(244,595)	(218,572)
Realised gains recorded in profit or loss	(1,729)	(2)
Depreciation of property, plant and equipment	9,317	10,108
Depreciation of right-of-use assets	17,660	16,945
Property, plant and equipment written off	888	447
Gain on disposal of right-of-use assets	(36)	-
Gain on disposal of property, plant and equipment	(108)	-
Amortisation of intangible assets	18,462	16,684
Net income on FVTPL investments	(2,929)	(19,173)
Interest expense	817	495
Interest on lease liabilities	834	573
Net credit impairment (income)/loss on investments	(253)	68
Changes in working capital:		
Change in reinsurance contract assets	18,348	126,446
Change in other assets	(10,515)	(3,393)
Change in insurance contract liabilities	562,401	137,891
Change in other liabilities	11,567	47,378
Cash generated from operating activities	462,475	191,273

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of cash flows for the year ended 31 December 2024 (continued)

	2024 RM'000	2023 RM'000
Cash generated from operating activities (continued)		
Interest income received	217,185	190,501
Dividend income from unquoted unit trust	37,096	37,429
Other income received	993	770
Interest paid on lease liabilities	(834)	(573)
Income tax paid	(115,626)	(146,681)
Net cash flows generated from operating activities	601,289	272,719
Investing activities		
Proceeds from disposal of property, plant and equipment	481	238
Proceeds from disposal of right-of-use assets	404	-
Purchase of property, plant and equipment	(16,038)	(17,985)
Purchase of intangible assets	(10,314)	(20,608)
Net cash flows used in investing activities	(25,467)	(38,355)
Financing activities		
Dividends paid to owner of the Company	(300,301)	(280,205)
Repayment of lease liabilities	(17,423)	(17,673)
Net cash flows used in financing activities	(317,724)	(297,878)
Net increase/(decrease) in cash and cash equivalents	258,098	(63,514)
Cash and cash equivalents at beginning of year	464,326	527,840
Cash and cash equivalents at end of year	722,424	464,326
Cash and cash equivalents comprise:		
Fixed deposits with licensed financial institutions (with maturity of less than three months)	719,388	462,683
Cash and bank balances	3,036	1,643
	722,424	464,326

Allianz General Insurance Company (Malaysia) Berhad

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

Statement of cash flows for the year ended 31 December 2024 (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 deposits and other liabilities are RM118,927,000 (2023: RM106,497,800) 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 2023		16,319
Cash flows		(18,246)
Interest charge		573
Lease modifications / renewal		19,237
At 31 December 2023/ At 1 January 2024	13	17,883
Cash flows		(18,257)
Interest charge		834
Lease modifications / renewal		11,921
At 31 December 2024	13	12,381

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

Allianz General Insurance Company (Malaysia) Berhad

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

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 Europe B.V., a private limited liability company incorporated and domiciled in Netherlands.

The antepenultimate 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 28 February 2025.

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 2024 and adopted by the Company:

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

- *Amendments to MFRS101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current*
- *Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback*
- *Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the above did not have any significant effects on the Company's financial statement for the financial year ended 31 December 2024 and/ or prior periods upon their initial application, and it is not likely to affect future periods.

The following are accounting standards, amendments to standards and interpretations that have been issued by MASB but not yet effective and have not been early adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- *Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- *Amendments to MFRS 9 Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- *MFRS 18 Presentation and Disclosure in Financial Statements*

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

The adoption of the amendments will not have a material impact to the Company in future periods, other than as disclosed below under Note 1.2 and 1.3.

1.2 Amendments to MFRS 9 Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments

Amendments to MFRS 9 and MFRS 7 provides clarification on:

a. a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
b. way to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance ("ESG")-linked features and other similar contingent features
c. the treatment of non-recourse assets and contractually linked instruments.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9 and MFRS 7 amendments.

1.3 MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

MFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. MFRS 18 also requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

1. Basis of preparation (continued)

1.3 MFRS 18 Presentation and Disclosure in Financial Statements (continued)

Management-defined performance measures

MFRS 18 introduces the concept of a management-defined performance measure ("MPM") which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. MFRS 18 also requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by MFRS 18 or another MFRS accounting standard.

Location of information, aggregation and disaggregation

MFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. MFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 18.

1.4 Basis of measurement

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

1.5 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.

1.6 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.

1. Basis of preparation (continued)

1.6 Use of estimates and judgements (continued)

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.

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 – Valuation of insurance and reinsurance contracts

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.

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.

2. Material accounting policies (continued)

2.2 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

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 "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 2.8 (g); otherwise, it is recognised in "other operating expenses".

(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 "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 2.8 (g); otherwise, it is recognised in "other operating expenses" 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.

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. Material accounting policies (continued)

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 "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 2.8 (g); otherwise, it is recognised in "other operating expenses" 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 "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 2.8 (g); otherwise, it is recognised in "other operating expenses" as incurred.

(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 "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 2.8 (g); otherwise, it is recognised in "other operating expenses" 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

2. Material accounting policies (continued)

2.3 Intangible assets (continued)

(d) Amortisation (continued)

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") assets 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 – Accounting by lessee (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 buildings (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.

2. Material accounting policies (continued)

2.4 Leases – Accounting by lessee (continued)

Lease liabilities (continued)

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 "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 2.8 (g); otherwise, it is recognised in "other finance expenses".

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 "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 2.8 (g); otherwise, it is recognised in "other finance expenses".

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).

2. Material accounting policies (continued)

2.5 Financial instruments (continued)

(a) Financial assets and liabilities (continued)

(ii) Amortised cost and effective interest rates

Amortised cost ("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.

(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)

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.

2.6 Impairment

(a) Financial assets

Under MFRS 9, the Company assesses the 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

2. Material accounting policies (continued)

2.6 Impairment (continued)

(a) Financial assets (continued)

The ECL is calculated by discounting the sum of all future contractual cash flows at the 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 recognised 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 recognised 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).

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

The Company assesses 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 applies the simplified ECL concept under MFRS9 to incorporate forward-looking elements.

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)

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.

(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.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(c) Recognition and derecognition (continued)

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 premium allocation approach ("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.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(e) Measurement (continued)

Subsequent measurement (continued)

The Company assesses its reinsurance contracts to determine any investment components, defined as amounts expected to be received from the reinsurer under all circumstances. Fixed ceding commissions, which are not claim-contingent, are settled net of ceding premiums rather than separately by reinsurers. These commissions reduce the premium charged by reinsurers and are not treated as investment components; instead, they are presented as a reduction in ceding premiums.

Reinsurance profit commission or sliding scale commissions, contingent on claims, are considered investment components because they guarantee a minimum receipt by the cedant. These components are non-distinct, as they cannot be independently sold, measured, or utilized without the reinsurance elements. Reinsurance commissions that are contingent on claims are adjusted according to the claims that are incurred, and the Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held.

Reinsurance contracts with non-distinct investment components are not separately accounted for under MFRS 17.

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 adjusts 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.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(e) Measurement (continued)

Subsequent measurement (continued)

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

a) For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the 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.

(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.

2. Material accounting policies (continued)

2.8 General insurance operations(continued)

(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.

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.

2. Material accounting policies (continued)

2.8 General insurance operations(continued)

(g) Amount recognised in comprehensive income (continued)

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; and
e) 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.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a) the effect of the time value of money and changes in the time value of money;
b) the effect of changes in the risk of reinsurers' non-performance; and
c) the effect of financial risk and changes in financial risk.

2. Material accounting policies (continued)

2.8 General insurance operations(continued)

(g) Amount recognised in comprehensive income (continued)

Insurance finance income or expenses (continued)

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.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit and loss within dividend income.

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 fixed deposits 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.

Valuation of insurance and reinsurance contracts

Liability for remaining coverage

The Company applies the PAA to simplify the measurement of insurance contracts. 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.

Liability for incurred claims

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 consists 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.

2. Material accounting policies (continued)

2.17 Significant accounting judgements, estimates and assumptions (continued)

Valuation of insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

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)

Valuation of insurance and reinsurance contracts (continued)

Liability for incurred claims (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:

	2024			**2023**		
	1 year	5 years	10 years	1 year	5 years	10 years
Locked-in Rates (with illiquidity adjustment)	3.72%	4.07%	4.33%	3.83%	4.38%	4.70%
Current Rates (with illiquidity adjustment)	3.77%	4.07%	4.30%	3.80%	4.19%	4.43%
Current Rates (without illiquidity adjustment)	3.21%	3.52%	3.75%	3.12%	3.49%	3.73%

2. Material accounting policies (continued)

2.17 Significant accounting judgements, estimates and assumptions (continued)

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% (2023 : 75%) confidence level.

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.

2. Material accounting policies (continued)

2.17 Significant accounting judgements, estimates and assumptions (continued)

Valuation of insurance and reinsurance contracts (continued)

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.

Registration No. 200601015674 (735426-V)

3. Property, plant and equipment

	Note	Land	Buildings	Land and buildings*	Office equipments, 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
Cost/Valuation									
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	5	-	-	-	-	-	-	(1,011)	(1,011)
Written off		-	-	-	(247)	(342)	-	(242)	(831)
At 31 December 2023 / At 1 January 2024		7,460	47,945	1,559	101,450	2,398	28,322	4,034	193,168
Additions		-	-	-	2,725	-	1,116	12,197	16,038
Disposals		-	(460)	-	(31)	-	-	-	(491)
Reclassification		-	-	-	202	-	948	(1,150)	-
Transfer to intangible assets	5	-	-	-	-	-	-	(3,966)	(3,966)
Written off		-	-	-	(6,156)	-	(8,036)	(253)	(14,445)
At 31 December 2024		7,460	47,485	1,559	98,190	2,398	22,350	10,862	190,304

3. Property, plant and equipment (continued)

	Note	Land	Buildings	Land and buildings*	Office equipments, 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 2023		-	2,335	87	82,225	1,062	13,385	-	99,094
Depreciation for the year	19	-	1,610	21	5,788	311	2,378	-	10,108
Disposals		-	-	-	(346)	-	-	-	(346)
Written off		-	-	-	(247)	(137)	-	-	(384)
At 31 December 2023 / At 1 January 2024		-	3,945	108	87,420	1,236	15,763	-	108,472
Depreciation for the year	19	-	1,605	21	5,169	297	2,225	-	9,317
Disposals		-	(73)	-	(43)	-	(2)	-	(118)
Written off		-	-	-	(5,960)	-	(7,597)	-	(13,557)
At 31 December 2024		-	5,477	129	86,586	1,533	10,389	-	104,114

Registration No. 200601015674 (735426-V)

3. Property, plant and equipment (continued)

	Note	Land	Buildings	Land and buildings*	Office equipments, 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 2023		7,460	45,610	1,472	13,927	261	7,730	2,054	78,514
At 31 December 2023 / At 1 January 2024		7,460	44,000	1,451	14,030	1,162	12,559	4,034	84,696
At 31 December 2024		7,460	42,008	1,430	11,604	865	11,961	10,862	86,190

* 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 RM74,093,000 (2023 : RM75,487,000).

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:

	2024 RM'000	2023 RM'000
Land	3,401	3,401
Buildings	37,446	38,427
Land and buildings	1,172	1,188
	42,019	43,016

3.2 Fair value information

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

2024	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	-	-	7,460	7,460
Buildings	-	-	42,008	42,008
Land and buildings	-	-	1,430	1,430
	-	-	50,898	50,898

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

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	2024 Fair Value (RM'000)	2024 Adjusted psf RM/psf	2023 Fair Value (RM'000)	2023 Adjusted psf RM/psf
Sales comparison approach	50,898	265 – 2,811	52,911	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 2023	5,940	74,216	80,156
Renewals	-	19,237	19,237
At 31 December 2023 / At 1 January 2024	5,940	93,453	99,393
Renewals	-	11,920	11,920
Disposal	(390)	-	(390)
At 31 December 2024	5,550	105,373	110,923

4. Right-of-use assets (continued)

	Note	Leasehold land RM'000	Buildings and equipment RM'000	Total RM'000
Depreciation				
At 1 January 2023		187	58,862	59,049
Depreciation for the year	19	94	16,851	16,945
At 31 December 2023 / At 1 January 2024		281	75,713	75,994
Depreciation for the year	19	92	17,568	17,660
Disposal		(22)	-	(22)
At 31 December 2024		351	93,281	93,632
Carrying amounts				
At 31 December 2023 / At 1 January 2024		5,659	17,740	23,399
At 31 December 2024		5,199	12,092	17,291

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 2024, the total cash outflow for leases amounts to RM18,257,000 (2023: RM18,246,000) and income from subleasing right-of-use assets amounts to RM2,672,000 (2023: RM2,975,000).

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 RM1,552,000 (2023: RM1,918,000).

4.2 Fair value information

Fair value of leasehold land is categorised as level 3 of the fair value hierarchy.

4. Right-of-use assets (continued)

4.2 Fair value information (continued)

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	2024 Fair Value (RM'000)	2024 Adjusted psf RM/psf	2023 Fair Value (RM'000)	2023 Adjusted psf RM/psf
Sales comparison approach	5,199	475 – 1,532	5,659	222 – 1,532

5. Intangible assets

	Note	Software development costs RM'000	Other intangible asset RM'000	Total RM'000
Cost				
At 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 / At 1 January 2024		95,240	107,974	203,214
Additions		10,314	-	10,314
Transfer from property, plant and equipment	3	3,966	-	3,966
At 31 December 2024		109,520	107,974	217,494

5. Intangible assets (continued)

	Note	Software development costs RM'000	Other intangible asset RM'000	Total RM'000
Amortisation				
At 1 January 2023		65,019	33,414	98,433
Amortisation for the year	19	9,300	7,384	16,684
At 31 December 2023 / At 1 January 2024		74,319	40,798	115,117
Amortisation for the year	19	10,708	7,754	18,462
At 31 December 2024		85,027	48,552	133,579
Carrying amounts				
At 1 January 2023		18,602	64,560	83,162
At 31 December 2023 / At 1 January 2024		20,921	67,176	88,097
At 31 December 2024		24,493	59,422	83,915

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.

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.

5. Intangible assets (continued)

The Company conducts impairment assessment during the year in accordance with MFRS 136 Impairment of Assets. 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 11 years and 5 years respectively, using the discounted cash flow model.

The following key assumptions used in cash flow projections:

Key assumptions	**2024**	**2023**
Average annualised gross written premium growth rate	3.0%	3.0%
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

	2024 RM'000	**2023 RM'000**
Malaysian government securities	2,526,823	2,389,577
Malaysian government guaranteed bonds	479,438	550,355
Unquoted debt securities	1,466,445	1,596,893
Unquoted equity securities	*	*
Unquoted unit trust in Malaysia	1,222,466	1,060,488
Fixed deposits	729,562	368,775
	6,424,734	5,966,088
Current	2,709,556	1,923,965
Non-current	3,715,178	4,042,123
	6,424,734	5,966,088

* Denotes RM4

6. Investments

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

	2024 RM'000	2023 RM'000
FVTPL	1,222,466	1,060,488
FVOCI	5,202,268	4,905,600
	6,424,734	5,966,088
The following investments mature within 12 months:		
FVTPL	1,222,466	1,060,488
FVOCI	1,487,090	863,477
	2,709,556	1,923,965
The following investments mature after 12 months:		
FVTPL	-	-
FVOCI	3,715,178	4,042,123
	3,715,178	4,042,123

6. Investments (continued)

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

	2024 Carrying value RM'000	2024 Fair value RM'000	2023 Carrying value RM'000	2023 Fair value RM'000
FVTPL				
Unquoted unit trust in Malaysia	1,222,466	1,222,466	1,060,488	1,060,488
Unquoted equity securities	*	*	*	*
	1,222,466	1,222,466	1,060,488	1,060,488
FVOCI				
Malaysian government securities	2,526,823	2,526,823	2,389,577	2,389,577
Malaysian government guaranteed bonds	479,438	479,438	550,355	550,355
Unquoted debt securities	1,466,445	1,466,445	1,596,893	1,596,893
Fixed deposits	729,562	729,562	368,775	368,775
	5,202,268	5,202,268	4,905,600	4,905,600
	6,424,734	6,424,734	5,966,088	5,966,088

* Denotes RM4

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 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 January 2024	1,060,488	4,905,600	5,966,088
Purchases	284,049	1,709,342	1,993,391
Maturities	-	(1,364,651)	(1,364,651)
Disposals	(125,000)	(44,706)	(169,706)
Fair value gain recorded in:			
- Profit & loss	2,929	-	2,929
- Other comprehensive income	-	4,630	4,630
Amortisation of premiums	-	(10,329)	(10,329)
Accretion of discounts	-	644	644
Movement in income due and accrued	-	1,738	1,738
At 31 December 2024	1,222,466	5,202,268	6,424,734

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 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 2023/1 January 2024		4,905,600	(2,041)	4,905,600	(2,041)
Transfer between stages	(a)	-	-	-	-
Originated or purchased		1,709,343	(1,109)	1,709,343	(1,109)
Matured or sold		(1,409,357)	46	(1,409,357)	46
Remeasurements	(b)	(3,318)	1,316	(3,318)	1,316
Total impairment charge for the year	(c)	296,668	253	296,668	253
At 31 December 2024		5,202,268	(1,788)	5,202,268	(1,788)

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

6.4 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:

	2024	2023
Fair value through profit or loss investment	**RM'000**	**RM'000**
Unquoted unit trust in Malaysia		
Affin Hwang Income Fund 5*	888,118	603,840

* The Company holds 97% (2023: 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 3% (2023: 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

	2024 RM'000	2023 RM'000
Facultative	166,949	118,330
Treaty Proportional	216,869	296,602
Treaty Non-proportional	141,623	127,331
	525,441	542,263
Current	305,807	365,631
Non-current	219,634	176,632
	525,441	542,263

7. Reinsurance contract assets (continued)

Facultative

		2024				
		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 2024		(60,824)	805	159,514	18,835	118,330
Reinsurance expenses		(137,297)	-	-	-	(137,297)
Incurred claims recovery		-	-	21,099	2,842	23,941
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	14,945	(580)	14,365
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	294	-	-	294
Net expenses from reinsurance contracts held	17	(137,297)	294	36,044	2,262	(98,697)
Finance income from reinsurance contracts held		-	-	3,764	467	4,231
Total amounts recognised in comprehensive income		(137,297)	294	39,808	2,729	(94,466)

7. Reinsurance contract assets (continued)

Facultative (continued)

		2024				
		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		162,452	-	-	-	162,452
Recoverable from reinsurance contract held		-	-	(19,367)	-	(19,367)
Total cash flows		162,452	-	(19,367)	-	143,085
As at 31 December 2024		(35,669)	1,099	179,955	21,564	166,949

7. Reinsurance contract assets (continued)

Facultative (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
As at 1 January 2023		(29,788)	2,064	179,888	33,604	185,768
Reinsurance expenses		(158,233)	-	-	-	(158,233)
Incurred claims recovery		-	-	15,698	2,159	17,857
Changes that relate to past service –changes in the FCF relating to incurred claims recovery		-	-	(40,848)	(18,016)	(58,864)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	(1,259)	-	-	(1,259)
Net expenses from reinsurance contracts held	17	(158,233)	(1,259)	(25,150)	(15,857)	(200,499)
Finance income from reinsurance contracts held		-	-	5,064	1,088	6,152
Total amounts recognised in comprehensive income		(158,233)	(1,259)	(20,086)	(14,769)	(194,347)

7. Reinsurance contract assets (continued)

Facultative (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		127,197	-	-	-	127,197
Recoverable from reinsurance contract held		-	-	(288)	-	(288)
Total cash flows		127,197	-	(288)	-	126,909
As at 31 December 2023		(60,824)	805	159,514	18,835	118,330

7. Reinsurance contract assets (continued)

Treaty Proportional

		2024				
		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 2024		5,983	6,789	248,546	35,284	296,602
Reinsurance expenses		(113,749)	-	-	-	(113,749)
Incurred claims recovery		-	-	94,614	9,742	104,356
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	(59,371)	(14,752)	(74,123)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	(5,176)	-	-	(5,176)
Net expenses from reinsurance contracts held	17	(113,749)	(5,176)	35,243	(5,010)	(88,692)
Finance income from reinsurance contracts held		-	-	5,752	977	6,729
Total amounts recognised in comprehensive income		(113,749)	(5,176)	40,995	(4,033)	(81,963)

Registration No. 200601015674 (735426-V)

7. Reinsurance contract assets (continued)

Treaty Proportional (continued)

		2024				
		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
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		97,044	-	-	-	97,044
Recoverable from reinsurance contract held		-	-	(94,814)	-	(94,814)
Total cash flows		97,044	-	(94,814)	-	2,230
As at 31 December 2024		(10,722)	1,613	194,727	31,251	216,869

Registration No. 200601015674 (735426-V)

7. Reinsurance contract assets (continued)

Treaty Proportional (continued)

		2023				
		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 2023		(23,921)	16,928	260,585	39,117	292,709
Reinsurance expenses		(54,037)	-	-	-	(54,037)
Incurred claims recovery		-	-	84,543	9,409	93,952
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	(38,812)	(14,407)	(53,219)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	(10,139)	-	-	(10,139)
Net expenses from reinsurance contracts held	17	(54,037)	(10,139)	45,731	(4,998)	(23,443)
Finance income from reinsurance contracts held		-	-	5,644	1,165	6,809
Total amounts recognised in comprehensive income		(54,037)	(10,139)	51,375	(3,833)	(16,634)

7. Reinsurance contract assets (continued)

Treaty Proportional (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		83,941	-	-	-	83,941
Recoverable from reinsurance contract held		-	-	(63,414)	-	(63,414)
Total cash flows		83,941	-	(63,414)	-	20,527
As at 31 December 2023		5,983	6,789	248,546	35,284	296,602

7. Reinsurance contract assets (continued)

Treaty Non-proportional

		2024				
		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 2024		(25,078)	6	136,468	15,935	127,331
Reinsurance expenses		(98,994)	-	-	-	(98,994)
Incurred claims recovery		-	-	60,220	5,861	66,081
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	(6,317)	(1,869)	(8,186)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	53	-	-	53
Net expenses from reinsurance contracts held	17	(98,994)	53	53,903	3,992	(41,046)
Finance income from reinsurance contracts held		-	-	3,352	432	3,784
Total amounts recognised in comprehensive income		(98,994)	53	57,255	4,424	(37,262)

7. Reinsurance contract assets (continued)

Treaty Non-proportional (continued)

	Note	Remaining coverage: Excluding loss recovery component RM'000	Remaining coverage: Loss recovery component RM'000	Incurred claims: Present value of FCF RM'000	Incurred claims: RA for non-financial risk RM'000	Total RM'000
		2024				
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		72,971	-	-	-	72,971
Recoverable from reinsurance contract held		-	-	(21,417)	-	(21,417)
Total cash flows		72,971	-	(21,417)	-	51,554
As at 31 December 2024		(51,101)	59	172,306	20,359	141,623

7. Reinsurance contract assets (continued)

Treaty Non-proportional (continued)

	Note	2023 Remaining coverage Excluding loss recovery component RM'000	Loss recovery component RM'000	Incurred claims Present value of FCF RM'000	RA for non-financial risk RM'000	Total RM'000
As at 1 January 2023		(14,754)	-	184,246	15,710	185,202
Reinsurance expenses		(67,147)	-	-	-	(67,147)
Incurred claims recovery		-	-	703	88	791
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	5,402	(266)	5,136
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	6	-	-	6
Net expenses from reinsurance contracts held	17	(67,147)	6	6,105	(178)	(61,214)
Finance income from reinsurance contracts held		-	-	5,247	403	5,650
Total amounts recognised in comprehensive income		(67,147)	6	11,352	225	(55,564)

7. Reinsurance contract assets (continued)

Treaty Non-proportional (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		56,823	-	-	-	56,823
Recoverable from reinsurance contract held		-	-	(59,130)	-	(59,130)
Total cash flows		56,823	-	(59,130)	-	(2,307)
As at 31 December 2023		(25,078)	6	136,468	15,935	127,331

8. Other assets

	Note	2024 RM'000	2023 RM'000
Non-current			
Staff loans - FVOCI			
Mortgage loans		3,310	4,084
Other secured loans		820	963
		4,130	5,047
Other receivables - FVOCI			
Other receivables		4,399	4,642
		4,399	4,642
		8,529	9,689
Current			
Staff loans - FVOCI			
Mortgage loans		504	573
Other secured loans		271	321
		775	894
Other receivables - FVOCI			
Other receivables		2,437	2,511
Other receivables - AC			
Deposits		3,565	3,264
Other receivables	8.1	18,073	11,816
Less : ECL		(879)	(893)
Due from related companies	8.2	4,637	4,056
		25,396	18,243
MMIP *		39,623	36,647
		65,019	54,890
		68,231	58,295
Total other assets		76,760	67,984

* The balance with MMIP as at 31 December 2024 is a net receivable of RM28,277,000 (2023: RM21,493,000) after setting off the amounts receivable from MMIP against the Company's share of MMIP's insurance contract liabilities of RM11,346,000 (2023: RM15,154,000) included in Note 11 to the financial statements.

8. Other assets (continued)

8.1 Other receivables - current

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.

8.2 Amounts due from related companies

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

9. Share capital

	2024		2023	
	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 recognised in OCI as disclosed in Note 18.4.

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

	2024 RM'000	2023 RM'000
Motor	3,180,854	2,769,113
Fire	589,922	521,471
Others	1,072,316	982,026
	4,843,092	4,272,610
Current	3,401,649	3,070,672
Non-current	1,441,443	1,201,938
	4,843,092	4,272,610

11. Insurance contract liabilities (continued)

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

Motor

		2024				
		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 2024		978,546	-	1,700,012	90,555	2,769,113
Insurance revenue		(2,233,784)	-	-	-	(2,233,784)
Insurance service expenses		356,849	394	1,506,553	13,930	1,877,726
Incurred claims and other directly attributable expenses		-	-	1,665,488	46,363	1,711,851
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(158,935)	(32,433)	(191,368)
Initial recognition of onerous underlying contracts and reversal of loss component		-	394	-	-	394
Insurance acquisition cash flows amortisation		356,849	-	-	-	356,849
Insurance service result		(1,876,935)	394	1,506,553	13,930	(356,058)
Finance expenses from insurance contracts issued	18.2	-	-	50,617	2,726	53,343
Total amounts recognised in comprehensive income		(1,876,935)	394	1,557,170	16,656	(302,715)

11. Insurance contract liabilities (continued)

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

Motor (continued)

		2024				
		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		2,383,561	-	-	-	2,383,561
Claims and other directly attributable expenses paid		-	-	(1,267,607)	-	(1,267,607)
Insurance acquisition cash flows		(401,498)	-	-	-	(401,498)
Total cash flows		1,982,063	-	(1,267,607)	-	714,456
As at 31 December 2024		1,083,674	394	1,989,575	107,211	3,180,854

11. Insurance contract liabilities (continued)

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

Motor (continued)

		2023				
		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 2023		790,351	11,780	1,622,478	86,134	2,510,743
Insurance revenue		(1,858,377)	-	-	-	(1,858,377)
Insurance service expenses		274,618	(11,780)	1,225,916	1,637	1,490,391
Incurred claims and other directly attributable expenses		-	-	1,447,954	39,292	1,487,246
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(222,038)	(37,655)	(259,693)
Initial recognition of onerous underlying contracts and reversal of loss component		-	(11,780)	-	-	(11,780)
Insurance acquisition cash flows amortisation		274,618	-	-	-	274,618
Insurance service result		(1,583,759)	(11,780)	1,225,916	1,637	(367,986)
Finance expenses from insurance contracts issued	18.2	-	-	52,218	2,784	55,002
Total amounts recognised in comprehensive income		(1,583,759)	(11,780)	1,278,134	4,421	(312,984)

11. Insurance contract liabilities (continued)

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

Motor (continued)

		2023				
		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
Cash flows						
Premium received		2,073,228	-	-	-	2,073,228
Claims and other directly attributable expenses paid		-	-	(1,200,600)	-	(1,200,600)
Insurance acquisition cash flows		(301,274)	-	-	-	(301,274)
Total cash flows		1,771,954	-	(1,200,600)	-	571,354
As at 31 December 2023		978,546	-	1,700,012	90,555	2,769,113

Registration No. 200601015674 (735426-V)

11. Insurance contract liabilities (continued)

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

Fire

		2024				
		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 2024		142,964	-	349,017	29,490	521,471
Insurance revenue		(403,124)	-	-	-	(403,124)
Insurance service expenses		71,205	-	208,393	(1,083)	278,515
Incurred claims and other directly attributable expenses		-	-	326,886	14,324	341,210
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(118,493)	(15,407)	(133,900)
Initial recognition of onerous underlying contracts and reversal of loss component		-	-	-	-	-
Insurance acquisition cash flows amortisation		71,205	-	-	-	71,205
Insurance service result		(331,919)	-	208,393	(1,083)	(124,609)
Finance expenses from insurance contracts issued	18.2	-	-	9,569	807	10,376
Total amounts recognised in comprehensive income		(331,919)	-	217,962	(276)	(114,233)

11. Insurance contract liabilities (continued)

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

Fire (continued)

		2024				
		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		453,255	-	-	-	453,255
Claims and other directly attributable expenses paid		-	-	(197,637)	-	(197,637)
Insurance acquisition cash flows		(72,934)	-	-	-	(72,934)
Total cash flows		380,321	-	(197,637)	-	182,684
As at 31 December 2024		191,366	-	369,342	29,214	589,922

11. Insurance contract liabilities (continued)

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

Fire (continued)

		2023				
		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 2023		151,822	-	345,517	32,372	529,711
Insurance revenue		(380,648)	-	-	-	(380,648)
Insurance service expenses		66,100	-	194,358	(3,827)	256,631
Incurred claims and other directly attributable expenses		-	-	235,422	10,481	245,903
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(41,064)	(14,308)	(55,372)
Initial recognition of onerous underlying contracts and reversal of loss component		-	-	-	-	-
Insurance acquisition cash flows amortisation		66,100	-	-	-	66,100
Insurance service result		(314,548)	-	194,358	(3,827)	(124,017)
Finance expenses from insurance contracts issued	18.2	-	-	9,816	945	10,761
Total amounts recognised in comprehensive income		(314,548)	-	204,174	(2,882)	(113,256)

11. Insurance contract liabilities (continued)

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

Fire (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		377,488	-	-	-	377,488
Claims and other directly attributable expenses paid		-	-	(200,674)	-	(200,674)
Insurance acquisition cash flows		(71,798)	-	-	-	(71,798)
Total cash flows		305,690	-	(200,674)	-	105,016
As at 31 December 2023		142,964	-	349,017	29,490	521,471

11. Insurance contract liabilities (continued)

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

Others

		2024				
		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 2024		182,805	23,114	690,163	85,944	982,026
Insurance revenue		(582,102)	-	-	-	(582,102)
Insurance service expenses		123,873	(7,414)	291,415	2,283	410,157
Incurred claims and other directly attributable expenses		-	-	348,691	22,656	371,347
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(57,276)	(20,373)	(77,649)
Initial recognition of onerous underlying contracts and reversal of loss component		-	(7,414)	-	-	(7,414)
Insurance acquisition cash flows amortisation		123,873	-	-	-	123,873
Insurance service result		(458,229)	(7,414)	291,415	2,283	(171,945)
Finance expenses from insurance contracts issued	18.2	-	-	18,162	2,304	20,466
Total amounts recognised in comprehensive income		(458,229)	(7,414)	309,577	4,587	(151,479)

11. Insurance contract liabilities (continued)

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

Others (continued)

		2024				
		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
Cash flows						
Premium received		678,078	-	-	-	678,078
Claims and other directly attributable expenses paid		-	-	(306,253)	-	(306,253)
Insurance acquisition cash flows		(130,056)	-	-	-	(130,056)
Total cash flows		548,022	-	(306,253)	-	241,769
As at 31 December 2024		272,598	15,700	693,487	90,531	1,072,316

11. Insurance contract liabilities (continued)

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

Others (continued)

		2023				
		Remaining coverage		Incurred claims		
	Note	Excluding loss component	Loss component	Present value of FCF	RA for non-financial risk	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023		228,601	46,393	695,571	98,606	1,069,171
Insurance revenue		(533,768)	-	-	-	(533,768)
Insurance service expenses		116,003	(23,279)	205,313	(15,570)	282,467
Incurred claims and other directly attributable expenses		-	-	304,714	17,526	322,240
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(99,401)	(33,096)	(132,497)
Initial recognition of onerous underlying contracts and reversal of loss component		-	(23,279)	-	-	(23,279)
Insurance acquisition cash flows amortisation		116,003	-	-	-	116,003
Insurance service result		(417,765)	(23,279)	205,313	(15,570)	(251,301)
Finance expenses from insurance contracts issued	18.2	-	-	19,418	2,908	22,326
Total amounts recognised in comprehensive income		(417,765)	(23,279)	224,731	(12,662)	(228,975)

11. Insurance contract liabilities (continued)

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

Others (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		492,899	-	-	-	492,899
Claims and other directly attributable expenses paid		-	-	(230,139)	-	(230,139)
Insurance acquisition cash flows		(120,930)	-	-	-	(120,930)
Total cash flows		371,969	-	(230,139)	-	141,830
As at 31 December 2023		182,805	23,114	690,163	85,944	982,026

Registration No. 200601015674 (735426-V)

12. Deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment						
- Capital allowance	-	-	(573)	(2,505)	(573)	(2,505)
- Revaluation reserve	-	-	(3,667)	(3,667)	(3,667)	(3,667)
Intangible assets	-	-	(1,340)	(969)	(1,340)	(969)
LRC - Allowance for impairment	5,211	5,367	-	-	5,211	5,367
Other payables and accruals	39,241	35,950	-	-	39,241	35,950
Investments						
- Recognised in profit & loss ("PL")	64	2,310	-	-	64	2,310
- Recognised in OCI	-	-	(2,463)	(1,352)	(2,463)	(1,352)
Insurance contract liabilities						
- Recognised in PL	-	-	(70,016)	(52,028)	(70,016)	(52,028)
- Recognised in OCI	-	-	(135)	(2,074)	(135)	(2,074)
Reinsurance contract held						
- Recognised in PL	6,231	3,843	-	-	6,231	3,843
- Recognised in OCI	280	646	-	-	280	646
Expected credit loss						
- Recognised in PL	651	709	-	-	651	709
- Recognised in OCI			(429)	(490)	(429)	(490)
Offset of tax	(51,678)	(48,825)	51,678	48,825	-	-
Net deferred tax assets	-	-	(26,945)	(14,260)	(26,945)	(14,260)

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

12.2 Movement in temporary differences during the year

	At 1 January 2023	Recognised in profit or loss (Note 20.1)	Recognised in other comprehen-sive income	At 31 December 2023/At 1 January 2024	Recognised in profit or loss (Note 20.1)	Recognised in other comprehen-sive income	At 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment							
- Capital allowance	(2,647)	142	-	(2,505)	1,932	-	(573)
- Revaluation reserve	(3,667)	-	-	(3,667)	-	-	(3,667)
Intangible assets	(788)	(181)	-	(969)	(371)	-	(1,340)
LRC - Allowance for impairment	4,484	883	-	5,367	(156)	-	5,211
Other payables and accruals	31,081	4,869	-	35,950	3,291	-	39,241
Investments							
- Recognised in PL	6,769	(4,459)	-	2,310	(2,246)	-	64
- Recognised in OCI	13,762	-	(15,114)	(1,352)	-	(1,111)	(2,463)
Insurance contract liabilities							
- Recognised in PL	(32,668)	(19,360)	-	(52,028)	(17,988)	-	(70,016)
- Recognised in OCI	(8,097)	-	6,023	(2,074)	-	1,939	(135)
Reinsurance contract held							
- Recognised in PL	1,325	2,518	-	3,843	2,388	-	6,231
- Recognised in OCI	1,853	-	(1,207)	646	-	(366)	280
Expected credit loss							
- Recognised in PL	701	8	-	709	(58)	-	651
- Recognised in OCI	(473)	-	(17)	(490)	-	61	(429)
	11,635	(15,580)	(10,315)	(14,260)	(13,208)	523	(26,945)

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

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

	2024 RM'000	2023 RM'000
Deferred tax assets to be recovered:		
- Within 12 months	43,093	38,494
- After 12 months	8,585	10,331
Total deferred tax assets	51,678	48,825
Deferred tax liabilities to be settled:		
- Within 12 months	(48,166)	(32,247)
- After 12 months	(30,457)	(30,838)
Total deferred tax liabilities	(78,623)	(63,085)
Total deferred tax liabilities	(26,945)	(14,260)

13. Lease liabilities

	2024 RM'000	2023 RM'000
Current	7,701	7,692
Non-current	4,680	10,191
	12,381	17,883

14. Other liabilities

	Note	2024 RM'000	2023 RM'000
Current			
Due to ultimate holding company	14.1	12,792	9,456
Due to immediate holding company	14.1	10,231	5,949
Other payables		92,318	69,797
Cash collateral		118,927	106,498
Accrued expenses		23,670	53,855
Dividend payable	22	-	240,013
		257,938	485,568

14. Other liabilities (continued)

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.

14.1 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	2024 RM'000	2023 RM'000
Insurance revenue		3,219,010	2,772,793

16. Insurance service expenses

	Note	2024 RM'000	2023 RM'000
Incurred claims and other directly attributable expenses		(2,424,408)	(2,055,389)
Changes that related to past service		402,917	447,562
Amortisation of insurance acquisition cash flows		(551,927)	(456,721)
Reversal of losses on onerous contracts		7,020	35,059
	11.1	(2,566,398)	(2,029,489)

17. Net expense from reinsurance contracts held

	Note	2024 RM'000	2023 RM'000
Net reinsurance expense from contracts measured under the PAA		(350,040)	(279,417)
Loss recovery component		(4,829)	(11,392)
Incurred claims recovery		194,378	112,600
Changes that related to past service		(67,944)	(106,947)
		(228,435)	(285,156)

18. Investment income and insurance finance expenses

18.1 Investment income

	Note	2024 RM'000	2023 RM'000
Interest revenue from investments not measured at FVTPL			
- Interest income		207,499	181,143
Interest income on investments not measured at FVTPL		207,499	181,143
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal			
- Realised gains		2,740	-
- Realised losses		(1,011)	-
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal		1,729	-
Net credit impairment income/(losses) on investments		231	(46)
Net investment income not measured at FVTPL		209,459	181,097
Net gains on FVTPL investments			
- Fair value gains		2,929	19,173
Net gains on FVTPL investments		2,929	19,173
Dividend income measured at FVTPL		37,096	37,429
Dividend income		37,096	37,429
Total investment income in profit or loss		249,484	237,699
Net gains on investments in debt securities measured at FVOCI		6,359	62,977
Net realised gain transferred to profit or loss		(1,729)	-
Net gains on investments in debt securities measured at FVOCI		4,630	62,977
Net credit impairment (loss)/income on investments		(253)	69
Total invesment income in other comprehensive income		4,377	63,046
Total net investment income		253,861	300,745

18. Investment income and insurance finance expenses (continued)

18.2 Insurance finance expenses

	Note	2024 Motor RM'000	 Fire RM'000	 Others RM'000	 Total RM'000
Finance expenses from insurance contracts issued					
Interest accreted		(48,195)	(9,326)	(18,583)	(76,104)
Effect of changes in interest rates and other financial assumptions		(5,148)	(1,050)	(1,883)	(8,081)
	11.1	(53,343)	(10,376)	(20,466)	(84,185)
Finance income from reinsurance contracts held					
Interest accreted		2,265	2,824	8,129	13,218
Effect of changes in interest rates and other financial assumptions		196	414	916	1,526
		2,461	3,238	9,045	14,744
Net insurance finance expense		(50,882)	(7,138)	(11,421)	(69,441)

18. Investment income and insurance finance expenses (continued)

18.2 Insurance finance expenses (continued)

		2023			
		Motor	Fire	Others	Total
	Note	RM'000	RM'000	RM'000	RM'000
Finance expenses from insurance contracts issued					
Interest accreted		(38,432)	(7,901)	(16,662)	(62,995)
Effect of changes in interest rates and other financial assumptions		(16,570)	(2,860)	(5,664)	(25,094)
	11.1	(55,002)	(10,761)	(22,326)	(88,089)
Finance income from reinsurance contracts held					
Interest accreted		2,262	3,264	8,057	13,583
Effect of changes in interest rates and other financial assumptions		923	1,494	2,611	5,028
		3,185	4,758	10,668	18,611
Net insurance finance expense		(51,817)	(6,003)	(11,658)	(69,478)

18. Investment income and insurance finance expenses (continued)

18.3 Summary of the amounts recognised in profit or loss and OCI – investment income

	Note	2024 RM'000	2023 RM'000
Net investment income			
Represented by:			
Amount recognised in profit or loss		249,484	237,699
Amount recognised in OCI		4,377	63,046
		253,861	300,745

18.4 Summary of the amounts recognised in profit or loss and OCI – insurance finance expenses

	Note	2024 Motor RM'000	2024 Fire RM'000	2024 Others RM'000	2024 Total RM'000
Net finance expenses from insurance contracts					
Represented by:					
Amount recognised in profit or loss		(48,195)	(9,326)	(18,583)	(76,104)
Amount recognised in OCI		(5,148)	(1,050)	(1,883)	(8,081)
		(53,343)	(10,376)	(20,466)	(84,185)
Net finance income from reinsurance contracts					
Represented by:					
Amount recognised in profit or loss		2,265	2,824	8,129	13,218
Amount recognised in OCI		196	414	916	1,526
		2,461	3,238	9,045	14,744

18. Investment income and insurance finance expenses (continued)

18.4 Summary of the amounts recognised in profit or loss and OCI – insurance finance expenses (continued)

		2023			
		Motor	**Fire**	**Others**	**Total**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net finance expenses from insurance contracts					
Represented by:					
Recognised in profit or loss		(38,432)	(7,901)	(16,662)	(62,995)
Recognised in OCI		(16,570)	(2,860)	(5,664)	(25,094)
		(55,002)	(10,761)	(22,326)	(88,089)
Net finance income from reinsurance contracts					
Represented by:					
Recognised in profit or loss		2,262	3,264	8,057	13,583
Recognised in OCI		923	1,494	2,611	5,028
		3,185	4,758	10,668	18,611

18.5 Summary of the amounts recognised in profit or loss and OCI – investment income and insurance finance expense

		2024	2023
	Note	**RM'000**	**RM'000**
Total net investment income, insurance finance expenses and reinsurance finance expenses			
Represented by:			
Amount recognised in profit or loss		186,598	188,287
Amount recognised in OCI		(2,178)	42,980
		184,420	231,267

18. Investment income (continued)

18.6 Net investment income for each class of financial instrument

	Note	2024 RM'000	2023 RM'000
Malaysian government securities		90,511	77,770
Malaysian government guaranteed bonds		19,875	22,264
Unquoted bonds of corporations in Malaysia		65,593	63,202
Fixed deposits with licensed financial institutions		31,520	17,907
Interest income on investments not measured at FVTPL		207,499	181,143
Unquoted unit trust in Malaysia		2,929	19,173
Net gains on FVTPL investments		2,929	19,173
Unquoted bonds of corporations in Malaysia		2,740	-
Malaysian government guaranteed bonds		(1,011)	-
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal		1,729	-
Malaysian government securities		96	(94)
Malaysian government guaranteed bonds		45	36
Unquoted bonds of corporations in Malaysia		160	50
Fixed deposits with licensed financial institutions		(48)	(60)
Other investments		(22)	22
Net credit impairment loss on investments		231	(46)
Dividend income measured at FVTPL		37,096	37,429
Dividend income		37,096	37,429
Total investment income in profit or loss		249,484	237,699
Malaysian government guaranteed bonds		4,474	27,898
Unquoted bonds of corporations in Malaysia		229	24,840
Malaysian government securities		(326)	10,308
Total investment income in other comprehensive income		4,377	63,046
Total net investment income		253,861	300,745

Registration No. 200601015674 (735426-V)

19. Expenses by nature

2024	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	19.1	59,386	115,760	42,020	217,166
Executive directors' emoluments	19.2	-	-	3,011	3,011
Non-executive directors' emoluments	19.2	-	-	552	552
Auditors' remuneration:					
- Statutory audit fees		-	615	39	654
- Other audit related fees		-	86	6	92
Depreciation of property, plant and equipment	3	462	8,588	267	9,317
Depreciation of right-of-use	4	-	17,588	72	17,660
Amortisation of intangible assets	5	-	10,707	7,755	18,462
Advertising expenses		583	4,159	7,939	12,681
Bank charges		1	52	6	59
Short-term leases		11	1,933	222	2,166
Claims expenses		-	19,106	-	19,106
Other expenses		154,486	35,917	11,970	202,373
Commissions		389,559	41,000	-	430,559
		604,488	255,511	73,859	933,858

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

19. Expenses by nature (continued)

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	19.1	61,083	115,034	37,880	213,997
Executive directors' emoluments	19.2	-	-	2,368	2,368
Non-executive directors' emoluments	19.2	-	-	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	10,936	152,817
Commissions		336,783	39,000	-	375,783
		493,999	259,906	69,879	823,784

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

19. Expenses by nature (continued)

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

	2024 RM'000	2023 RM'000
Directly attributable expenses:		
Management expenses	255,511	259,906
Insurance acquisition cash flows	604,488	493,999
Non-directly attributable expenses:		
Management expenses		
Investment expenses	2,082	1,641
Other expenses	65,434	62,049
Other operating expenses	6,343	6,189
	933,858	823,784

19.1 Employee benefit expenses

	Note	2024 RM'000	2023 RM'000
Wages and salaries		113,705	118,131
Bonus		74,039	70,034
Social security contributions		1,234	1,338
Contribution to Employees' Provident Fund		24,578	23,353
Other benefits		3,610	1,141
	19	217,166	213,997

19. Expenses by nature (continued)

19.2 Key management personnel compensation

	Note	2024 RM'000	2023 RM'000
Executive director/ Chief Executive Officer**:			
Salaries and other emoluments		1,688	1,263
Bonus		997	832
Contributions to Employees' Provident Fund		326	273
	19	3,011	2,368
Estimated monetary value of benefits-in-kind		59	46
		3,070	2,414
Non-executive directors:			
Fees		360	360
Other emoluments		192	201
	19	552	561
Estimated monetary value of benefits-in-kind		7	3
		559	564
Other key management personnel* :			
Short-term employee benefits		9,675	6,523
		13,304	9,501

* 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 RM3,070,000 (2023: RM2,414,000).

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

	Note	2024 RM'000	2023 RM'000
Salaries and other emoluments		1,688	1,263
Bonus		997	832
Contributions to Employees' Provident Fund		326	273
		3,011	2,368
Estimated monetary value of benefits-in-kind		59	46
		3,070	2,414
Amount included in employee benefit expenses		3,011	2,368

19. Expenses by nature (continued)

19.2 Key management personnel compensation (continued)

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

2024	**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	-	1,688	997	326	59	3,070
Non-Executive Directors of the Company						
- Dr Muhammed Bin Abdul Khalid	120	-	-	162	7	289
- Lim Tuang Ooi	120	-	-	15	-	135
- Wee Lay Hua	120	-	-	15	-	135
	360	-	-	192	7	559
Total Directors' Remuneration of the Company (including benefits-in-kind)	360	1,688	997	518	66	3,629

19. Expenses by nature (continued)

19.2 Key management personnel compensation (continued)

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 Bin 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

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

20. Tax expense

20.1 Recognised in profit or loss

	Note	2024 RM'000	2023 RM'000
Current tax expense			
Current year		118,290	122,196
Under provision in prior year		475	320
		118,765	122,516
Deferred tax expense / (income)			
Origination and reversal of temporary differences	12.2	13,208	15,580
Tax expense		131,973	138,096

20.2 Reconciliation of tax expense

	Note	2024 RM'000	2023 RM'000
Profit before tax		540,644	577,025
Tax at Malaysian tax rate of 24% (2023: 24%)		129,755	138,486
Non-deductible expenses		11,943	8,046
Non-taxable income		(10,200)	(8,756)
		131,498	137,776
Under provision in prior year		475	320
Tax expense		131,973	138,096

20. Tax expense (continued)

20.3 Income tax recognised directly in other comprehensive income

	Note	2024 RM'000	2023 RM'000
Tax effects on FVOCI reserves			
At 1 January		(1,842)	13,289
Net change during the year		(1,050)	(15,131)
At 31 December		(2,892)	(1,842)
Tax effects on Asset Revaluation reserve			
At 1 January/ 31 December		(3,667)	(3,667)
Tax effects on Insurance Finance income/(expenses)			
At 1 January		(1,428)	(6,244)
Net change during the year		1,573	4,816
At 31 December		145	(1,428)

20.4 Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model rules

As a fully consolidated affiliated entity of the Allianz SE multinational group, the Company is within the scope of the OECD Pillar Two Model rules. Under these rules, a top-up-tax has to be paid per jurisdiction for the difference between the Global Anti-Base Erosion ("GloBE") effective tax rate and the 15 per cent minimum rate. Pillar Two legislation has not yet been implemented locally in Malaysia, the jurisdiction in which the Company is incorporated. Since the Pillar Two legislation was not implemented in Malaysia as at the reporting date, the Company has no related local current income tax exposure. As Allianz SE is not charging any top up taxes to be paid by Allianz SE as ultimate parent entity based on the Income Inclusion Rule, no provision for intercompany charging is necessary.

21. 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:

	2024 RM'000	2023 RM'000
Profit for the year attributable to ordinary shareholder	408,671	438,929
Weighted average number of ordinary shares during the year	379,168	379,168
Basic earnings per ordinary share	107.8	115.8

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.

22. Dividends

Dividend declared in the prior 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
Final 2023 ordinary	15.9	60,288	6 June 2024

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

23. Capital expenditure commitments

	2024 RM'000	2023 RM'000
Property, plant and equipment		
Contracted but not provided for	88	1,751
Software development		
Contracted but not provided for	3,368	1,120

24. 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 Europe B.V.	Penultimate holding company
Allianz Asia Holding Pte. Ltd.	Antepenultimate holding company
Allianz Malaysia Berhad	Immediate 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
Allianz SE Insurance Management Asia Pacific	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 SE General Reinsurance	Related company
Allianz Global Corporate & Specialty SE Singapore Branch	Related company
Allianz Global Corporate & Specialty SE Hong Kong Branch	Related company
Allianz Global Corporate & Specialty SE	Related company
Allianz Jingdong General Insurance Co Ltd	Related company
Allianz Insurance New Zealand	Related company
Allianz Insurance Company of Singapore Pte Ltd	Related company

24. Related parties (continued)

Identity of related parties (continued)

Related Parties	Relationship
Allianz General Laos	Related company
Allianz Global Risks Nederland	Related company
Allianz C.P General Insurance Co. Ltd	Related company
Allianz China General Insurance Company Ltd.	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
IDS GMBH	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 19.2. Apart from this, there are no other transactions with key management personnel.

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

	For the financial year ended 31 December 2024 RM'000	For the financial year ended 31 December 2023 RM'000
Non-trade		
Ultimate holding company		
Global marketing costs	(3,742)	(2,871)
Training and other fees	(167)	-
Software license fees	(42)	(43)
Global mobility service fees	(312)	(177)
Business building and regional investment	(4,932)	(8,088)
Global technical support fees	(9,020)	(3,416)
Employee Share Purchase Plan	(2,431)	(1,784)
(Expenses)/reimbursement of expenses made on behalf	(1,541)	1,610
Legal advisory fees	-	(17)
Expenses related to common resources	(133)	-

24. Related parties (continued)

Identity of related parties (continued)

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

	For the financial year ended 31 December 2024 RM'000	For the financial year ended 31 December 2023 RM'000
Non-trade (continued)		
Immediate holding company		
Expenses related to common resources	(18,415)	(17,240)
Rental income of office premises	736	641
Expenses made on behalf	(321)	(522)
Related companies*		
Expenses related to common resources	(2,188)	(1,892)
Reimbursement of expenses made on behalf	4,437	2,592
Rental income of office premises	3,140	4,129
Insurance premium	(578)	(537)
Investment advisory fees	(1,171)	(1,057)
Service fees	(606)	(690)
Software license fees	(16,080)	(15,575)
Global mobility service fees	-	(55)
Information and technology services	(12,503)	(5,079)
Related party – Company connected with Director		
Training and other fees	(530)	(747)
Trade		
Related companies*		
Net expenses from reinsurance contracts held	(208,720)	(206,985)
Reinsurance claims recovery	8,841	11,304

* Related companies are companies within the Allianz SE group.

24. Related parties (continued)

Identity of related parties (continued)

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. Included in Note 7, the outstanding balances due to related party reinsurers amounting to RM69,506,000 (2023: RM41,928,000).

25. 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.

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.

25. Risk management framework (continued)

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.

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.

26. 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.

26. Insurance risk (continued)

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:

	2024			2023		
	Gross RM'000	**Reinsurance RM'000**	**Net RM'000**	**Gross RM'000**	**Reinsurance RM'000**	**Net RM'000**
Motor	2,086,422	(82,432)	2,003,990	1,790,567	(85,730)	1,704,837
Fire	397,294	(155,658)	241,636	378,507	(119,946)	258,561
Others	782,327	(307,047)	475,280	776,107	(339,294)	436,813
Total	3,266,043	(545,137)	2,720,906	2,945,181	(544,970)	2,400,211

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.

26. Insurance risk (continued)

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 insurance contract liabilities, 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.

	Change in assumptions	Impact on Insurance Contract Liabilities RM'000	Impact on Profit after Tax RM'000	Impact on Equity after tax RM'000
31 December 2024				
Average claim cost	+10%	337,222	(213,484)	(213,532)
Average number of claims	+10%	437,230	(305,000)	(305,111)
Average claim cost	-10%	(337,222)	213,484	213,532
Average number of claims	-10%	(437,230)	305,000	305,111
31 December 2023				
Average claim cost	+10%	303,683	(192,501)	(193,023)
Average number of claims	+10%	332,426	(232,427)	(231,890)
Average claim cost	-10%	(303,683)	192,501	193,023
Average number of claims	-10%	(332,426)	232,427	231,890

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

26. Insurance risk (continued)

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 2024 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.

26. Insurance risk (continued)

Claims development table(continued)

Gross liabilities for incurred claims as at 31 December 2024:

Accident year	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	1,717,578	1,773,004	2,143,840	
One year later	1,406,527	1,380,596	1,453,938	1,283,734	1,571,530	1,601,371	1,678,040	-	
Two years later	1,362,861	1,372,723	1,407,591	1,243,949	1,515,767	1,555,267	-	-	
Three years later	1,336,934	1,347,544	1,390,544	1,221,463	1,482,360	-	-	-	
Four years later	1,324,758	1,322,821	1,367,014	1,186,759	-	-	-	-	
Five years later	1,312,706	1,314,965	1,352,895	-	-	-	-	-	
Six years later	1,283,180	1,280,067	-	-	-	-	-	-	
Seven years later	1,264,242	-	-	-	-	-	-	-	
Cumulative gross claims paid (Direct & Fac)	(1,237,979)	(1,191,473)	(1,164,609)	(1,023,087)	(1,168,474)	(1,157,391)	(1,051,849)	(821,282)	(8,816,144)
Gross claims liabilities (Direct & Fac) – accident years from 2017 to 2024	26,263	88,594	188,286	163,672	313,886	397,876	626,191	1,322,558	3,127,326
Gross claims liabilities (Direct & Fac) – prior accident years									31,855

26. Insurance risk (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2024: (continued)

Accident year	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**2024 RM'000**	**Total RM'000**
Gross claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)									14,816
Claims handling expenses									30,329
Effect of discounting									(165,238)
Effect of the risk adjustment margin for non-financial risk									226,955
Gross LIC for the contracts originated									3,266,043

26. 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

26. 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

26. Insurance risk (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2024:

Accident year	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	1,606,710	1,668,776	1,966,435	
One year later	1,228,773	1,250,031	1,262,739	1,163,249	1,427,263	1,469,686	1,593,975	-	
Two years later	1,198,917	1,224,761	1,244,906	1,140,917	1,176,668	1,429,641	-	-	
Three years later	1,173,951	1,208,500	1,237,143	1,126,967	1,146,619	-	-	-	
Four years later	1,167,124	1,196,597	1,214,741	1,096,113	-	-	-	-	
Five years later	1,147,704	1,190,577	1,202,982	-	-	-	-	-	
Six years later	1,121,989	1,159,627	-	-	-	-	-	-	
Seven years later	1,104,030	-	-	-	-	-	-	-	
Cumulative net claims paid (Direct & Fac)	(1,085,090)	(1,105,457)	(1,089,466)	(960,614)	(941,663)	(1,073,592)	(1,007,519)	(789,644)	(8,053,045)
Net claims liabilities (Direct & Fac) – accident years from 2017 to 2024	18,940	54,170	113,516	135,499	204,956	356,049	586,456	1,176,791	2,646,377
Net claims liabilities (Direct & Fac) – prior accident years									16,648

26. Insurance risk (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2024: (continued)

Accident year	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Net claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									13,011
Claims handling expenses									30,329
Effect of discounting									(139,930)
Effect of the risk adjustment margin for non-financial risk									153,782
Effect of non-performance risk of reinsurers									689
Net LIC for the contracts originated									2,720,906

26. 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

26. 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

27. 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.

27.1 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.

27. Financial risks (continued)

27.1 Credit risk (continued)

27.1.1 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	Not subject to credit risk RM'000	Total RM'000
31 December 2024					
Amortised cost					
Other assets *	-	-	25,396	-	25,396
Cash and cash equivalents	722,359	-	65	-	722,424
Other assets - FVOCI	-	-	11,741	-	11,741
Investments - FVTPL					
Unquoted unit trust in Malaysia	-	-	-	1,222,466	1,222,466
Investments - FVOCI					
Malaysian government securities	-	-	2,526,823	-	2,526,823
Malaysian government guaranteed bonds	-	-	479,438	-	479,438
Unquoted debt securities	1,466,445	-	-	-	1,466,445
Fixed deposits	729,562	-	-	-	729,562
Reinsurance contract assets	326,391	-	199,050	-	525,441
	3,244,757	-	3,242,513	1,222,466	7,709,736

*Excluding balance with MMIP

27. Financial risks (continued)

27.1 Credit risk (continued)

27.1.1 Credit exposure (continued)

	Investment grade RM'000	Non-investment grade RM'000	Non-rated RM'000	Not subject to credit risk 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	-	3,166,628	1,060,488	7,004,014

*Excluding balance with MMIP

27. Financial risks (continued)

27.1 Credit risk (continued)

27.1.1 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	AA	A	BBB	BB and below	Non-rated	Not subject to credit risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2024								
Amortised cost								
Other assets *	-	-	-	-	-	25,396	-	25,396
Cash and cash equivalents	529,689	191,926	744	-	-	65	-	722,424
Other assets - FVOCI	-	-	-	-	-	11,741	-	11,741
Investments - FVTPL								
Unquoted unit trust in Malaysia	-	-	-	-	-	-	1,222,466	1,222,466
Investments - FVOCI								
Malaysian government securities	-	-	-	-	-	2,526,823	-	2,526,823
Malaysian government guaranteed bonds	-	-	-	-	-	479,438	-	479,438
Unquoted debt securities	811,099	655,346	-	-	-	-	-	1,466,445
Fixed deposits	516,968	212,594	-	-	-	-	-	729,562
Reinsurance contract assets	-	299,187	27,204	-	-	199,050	-	525,441
	1,857,756	1,359,053	27,948	-	-	3,242,513	1,222,466	7,709,736

*Excluding balance with MMIP

27. Financial risks (continued)

27.1 Credit risk (continued)

27.1.1 Credit exposure (continued)

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Not subject to credit risk 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	3,166,628	1,060,488	7,004,014

*Excluding balance with MMIP

27. Financial risks (continued)

27.1 Credit risk (continued)

27.1.1 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	Not subject to credit risk RM'000	Total RM'000
31 December 2024								
Investment grade	1,857,756	1,359,053	27,948	-	-	-	-	3,244,757
Non-investment grade	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	3,242,513	-	3,242,513
Not subject to credit risk	-	-	-	-	-	-	1,222,466	1,222,466
	1,857,756	1,359,053	27,948	-	-	3,242,513	1,222,466	7,709,736

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Not subject to credit risk 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	-	-	-	-	-	3,166,628	-	3,166,628
Not subject to credit risk	-	-	-	-	-	-	1,060,488	1,060,488
	1,537,403	1,202,274	37,141	78	2	3,166,628	1,060,488	7,004,014

27. Financial risks (continued)

27.2 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.

27.2.1 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:

27. Financial risks (continued)

27.2 Liquidity risk (continued)

27.2.1 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 2024									
Cash and cash equivalents	722,424	722,424	-	-	-	-	-	-	722,424
Malaysian government securities	2,526,823	376,512	440,186	299,551	482,665	359,868	919,482	-	2,878,264
Malaysian government guaranteed bonds	479,438	56,165	58,362	27,222	152,700	65,335	210,042	-	569,826
Unquoted debt securities	1,466,445	335,663	295,738	196,424	190,610	226,413	399,607	-	1,644,455
Unquoted unit trust in Malaysia	1,222,466	-	-	-	-	-	-	1,222,466	1,222,466
Fixed deposits	729,562	729,562	-	-	-	-	-	-	729,562
Reinsurance contract assets	525,441	327,033	105,297	80,584	32,734	11,922	12,450	-	570,020
Other assets *	37,137	28,608	2,689	2,013	1,376	686	1,765	-	37,137
Total financial assets	7,709,736	2,575,967	902,272	605,794	860,085	664,224	1,543,346	1,222,466	8,374,154

*Excluding balance with MMIP

27. Financial risks (continued)

27.2 Liquidity risk (continued)

27.2.1 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	190,874	390,877	456,200	309,801	475,631	916,308	-	2,739,691
Malaysian government guaranteed bonds	550,355	71,948	58,513	60,249	27,965	157,685	283,884	-	660,244
Unquoted debt securities	1,596,893	241,816	360,669	369,969	204,426	197,320	428,766	-	1,802,966
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	343,752	188,232	35,176	3,417	-	-	-	570,577
Other assets *	31,337	21,648	2,812	2,236	1,554	906	2,181	-	31,337
Total financial assets	7,004,014	1,703,139	1,001,103	923,830	547,163	831,542	1,631,139	1,060,488	7,698,404

*Excluding balance with MMIP

27. Financial risks (continued)

27.2 Liquidity risk (continued)

27.2.1 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 2024									
Insurance contract liabilities	4,843,092	3,436,618	774,835	426,565	207,365	106,510	68,749	-	5,020,642
Lease liabilities	12,381	8,046	4,591	158	-	-	-	-	12,795
Other liabilities	257,938	257,938	-	-	-	-	-	-	257,938
Total financial liabilities	5,113,411	3,702,602	779,426	426,723	207,365	106,510	68,749	-	5,291,375

27. Financial risks (continued)

27.2 Liquidity risk (continued)

27.2.1 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									
Insurance contract liabilities	4,272,610	3,111,814	1,030,484	241,611	38,352	-	-	-	4,422,261
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	3,605,645	1,037,468	245,280	38,352	-	-	-	4,926,745

27. Financial risks (continued)

27.3 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.

27.3.1 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.

27. Financial risks (continued)

27.3 Market risk (continued)

27.3.2 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
		RM'000	RM'000
31 December 2024			
Interest rate	+ 100 basis points	1,118	(79,458)
Interest rate	+ 50 basis points	552	(39,686)
Interest rate	- 100 basis points	(1,190)	78,980
Interest rate	- 50 basis points	(602)	39,534
31 December 2023			
Interest rate	+ 100 basis points	995	(93,339)
Interest rate	+ 50 basis points	496	(46,632)
Interest rate	- 100 basis points	(1,423)	92,598
Interest rate	- 50 basis points	(518)	46,532

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.

27. Financial risks (continued)

27.3 Market risk (continued)

27.3.3 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.

27.4 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.

27. Financial risks (continued)

27.5 Fair value of financial instruments

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

(a) 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.

(b) 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.

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

(d) 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.

27. Financial risks (continued)

27.5 Fair value of financial instruments (continued)

27.5.1 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 2024						
Financial assets						
Investments - FVOCI						
Malaysian government securities	-	2,526,823	-	2,526,823	2,526,823	2,526,823
Malaysian government guaranteed bonds	-	479,438	-	479,438	479,438	479,438
Unquoted debt securities	-	1,466,445	-	1,466,445	1,466,445	1,466,445
Investments - FVTPL						
Unquoted unit trust in Malaysia	-	1,222,466	-	1,222,466	1,222,466	1,222,466
Fixed deposits	-	729,562	-	729,562	729,562	729,562
	-	6,424,734	-	6,424,734	6,424,734	6,424,734

27. Financial risks (continued)

27.5 Fair value of financial instruments (continued)

27.5.1 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 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

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 (2023: no transfer in either direction).

28. 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 2024 and 2023, 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 2024 and 2023 is in accordance with the statistical returns, comprising ICSS and RBC reporting forms for the financial year 2024 and 2023 respectively.

	2024 RM'000	2023 RM'000
Tier 1 Capital		
Paid up share capital	379,168	379,168
Retained earnings *	2,219,983	1,921,105
	2,599,151	2,300,273
Tier 2 Capital		
Reserves *	28,801	25,474
	28,801	25,474
Amounts deducted from capital		
Intangible assets	(83,914)	(88,097)
Deferred tax assets *	(36,727)	(35,353)
	(120,641)	(123,450)
Total Capital Available	2,507,311	2,202,297

* These are based on statistical returns for financial year 2024 and 2023, 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.

29. 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.

29. 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.

29. Contingencies (continued)

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

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. The Court of Appeal had fixed the case management on 15 May 2024. In the said case management, the Court of Appeal fixed the hearing for MyCC's Leave Appeal on 22 May 2025.

Allianz General Insurance Company (Malaysia) Berhad

Registration 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 37 to 182 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 2024 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: 28 February 2025

Allianz General Insurance Company (Malaysia) Berhad

Registration 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 37 to 182 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 28 February 2025.

Chin Xiao Wei

Before me:

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration 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 2024, 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 2024, 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 37 to 182.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration 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)
Registration 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)
Registration 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.

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	03252/05/2026 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
28 February 2025