Allianz

Annual Report 2021

Securing today and tomorrow

Securing today and tomorrow

In tough times especially, we believe people need a partner that can provide them with all the guidance and support needed - through thick and thin. Allianz is committed to our purpose as it gives us clarity and direction in all that we do. Our purpose allows us to express a clear promise to our customers, especially in uncertain times, when people seek stability and confidence. With our dedicated employees, experience, and access to knowledge, we help them overcome their fears and give them the courage to face what's ahead. We provide hope for the future. Why do we do this? Because we are actuaries, advisors, and service agents; engineers, lawyers, and technology experts; we are daughters and sons, mothers and fathers, accountants, investors, and entrepreneurs – and together we are shaping our industry. We recognise the need for a strong partner who can provide solid and sustainable solutions. We strive to do it right – with passion, today and tomorrow.

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

Inside this report

Icons used in this report

This icon refers to further reading

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

Protection with a purpose

The world has transformed in a matter of months and is constantly changing. Allianz is mobilising on a global effort together with people and communities to spark confidence in tomorrow with the promise of protection. Our promise is clear – to do everything we can to protect our customers on what matters most.

We are Allianz

Our Business

Allianz Malaysia Berhad ("AMB") is part of Allianz Group in Germany. The Allianz Group was founded in 1890 in Germany. With approximately 155,000 employees worldwide, the Allianz Group serves more than 126 million customers* in over 70 countries.

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

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

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

* including non-consolidated entities with Allianz customers

For Our Individual Customers

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

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

For Our Business Customers

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

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

Purpose

We Secure Your Future

Vision

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

Our Strategy

Our internal purpose is : We secure your future

Since 1890, all around the globe, we at Allianz have been working hard to secure people's lives and to give courage to our customers for what's ahead.

We are actuaries, advisors and service agents; engineers, lawyers and technology experts; we are daughters and sons, mothers and fathers, accountants, investors and entrepreneurs – and together we are shaping our industry.

Because we know how important it is to have a fair partner at your side who provides solid and sustainable solutions, we strive to do it right – with passion, every day.

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

We are Allianz

Strategy

Outperform

We seek to move ahead of our competitors, both traditional businesses and disruptors, to drive profitable growth. We operate in a competitive market. Our customers compare our performance to the best alternatives available to them. Our investors want to know how much value we provide compared with other investments.

We at Allianz can no longer assess our performance in relation to internal plans or market averages. We want to beat the best.

We are running a system of planning, investment and incentives that is aimed at making us the best in the respective market – in terms of growth and profitability as well as customer and employee satisfaction. We will be able to stand up to both traditional competitors and new ones, such as insurtech and fintech companies.

Transform

We seek to become simpler and deeply digital and to put scalability at the heart of our actions.

We have a clear view of what we want Allianz to look like in the future: simple, digital and scalable

Simple	:	Our overarching principle is to focus on what really matters and to keep it simple. We are aiming to have fewer and more intuitive products which have no negative surprises for our customers. The Allianz Customer Model is the driver of this transformation.
Digital	:	Digital by Default will be the nature of our organisation, both at the front and back end. Digital for us means new business models, harmonised assets, trouble-free processes without legacy and enhanced data availability and analytics. It means enabling our people and freeing up their time for innovation and customer service.
Scalable	:	Scale will set us apart from other financial companies. Scale is not the same as size. Scale means reaping benefits from our size; being more than the sum of our parts. We are focusing on harmonised products and processes which can be scaled globally resulting in cost and revenue synergies.

Rebalance our portfolio towards growth markets and new risk pools

We have a clear view of where we want to grow, both geographically and in terms of new business lines. We're continuously evaluating opportunities to rebalance inorganically, but also drive organic rebalancing, *e.g. towards a higher share of health and protection.*

Global player	:	In addition to maintaining a strong foothold in our European core markets, we also seek to position ourselves in the big and fast-growing markets of the future.
New risk pools	:	We are offering new products and additional coverage where our customers need them, for example for shared mobility solutions or technology risk.

Asset management	:	We want to remain the world's leading active asset manager, based on our two third-party asset managers, Allianz Global Investors and PIMCO and drive scale of an integrated, capital-efficient Life/Asset Management franchise.
Implementation Plan	:	**Renewal Agenda** To implement these strategic objectives we continue to drive initiatives addressing the key levers of our implementation plan: customer centricity, digital by default, technical excellence, growth engines and inclusive meritocracy.

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

The People Attributes

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

Entrepreneurship

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

Customer & Market Excellence

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

Trust

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

Collaborative Leadership

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

Allianz at a glance

Performance Highlights

	2021	2020	2019	2018	2017
Operating Revenue (RM million)	**6,431.04**	5,945.71	5,534.37	5,181.93	4,800.99
Gross Written Premium (RM million)	**5,689.57**	5,305.17	4,922.53	4,504.85	4,285.40
Profit Before Tax (RM million)	**625.59**	729.63	692.14	518.98	437.28
Total Assets (RM million)	**23,643.49**	21,896.74	19,710.07	17,404.59	16,596.68
Shareholders' Fund (RM million)	**4,144.15**	4,031.51	3,673.57	3,361.70	3,135.51
Market Capitalisation (RM million)#	**4,431.96**	5,130.47	5,578.62	4,480.33	4,639.45
Interim Dividend per Share					
- Ordinary Share (sen)	**63.00**	58.00	65.00	40.00	12.00
- Preference Share (sen)	**75.60**	69.60	78.00	48.00	14.40

The market capitalisation is a combination of ordinary and preference share
^ *The average of the opening (1 January) and closing (31 December) balances of Shareholders' Fund have been used in the computation of Return on Equity*
* *The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders adjusted for preference dividends*

	2021	2020	2019	2018	2017
Total Amount of Dividend to the Shareholders					
- Ordinary Share (RM'000)	**111,925.13**	102,595.53	114,976.97	70,675.38	21,021.95
- Preference Share (RM'000)	**127,421.42**	117,844.59	132,068.15	81,368.33	24,627.29
Return on Equity^	**11.7%**	13.5%	14.0%	11.6%	9.6%
Operating Revenue Growth	**8.2%**	7.4%	6.8%	7.9%	2.6%
Gross Written Premium Growth	**7.2%**	7.8%	9.3%	5.1%	2.5%
Basic Earnings per Ordinary Share (sen)*	**197.98**	227.53	203.87	167.90	151.19
Diluted Earnings per Ordinary Share (sen)	**138.29**	150.29	142.29	109.09	83.28
Net Asset Value per Ordinary Share (RM)	**23.35**	22.79	20.77	19.03	17.96
Diluted Net Asset Value per Ordinary Share (RM)	**11.97**	11.64	10.61	9.71	9.06

Climate Action

- 86% reduction in Greenhouse Gas ("GHG") emissions from operations since 2019
- 100% renewable energy powering our operations since 2020

Sustainability in Core Business Activities

- RM138.6 million Gross Written Premium ("GWP") contributed by Sustainable Solutions
- Over 1 million policies from 8 Sustainable Solutions

Societal Impact

- RM3.2 million towards corporate responsibility efforts
- Over 1.2 million Allianz We Care community members

Fair and Inclusive Workplace

- EDGE (Economic Dividends for Gender Equality) certified
- 61% women in management

Operating Revenue
(RM)
RM 6,431.04
million

2017	4,800.99
2018	5,181.93
2019	5,534.37
2020	5,495.71
2021	**6,431.04**

8.2%
Increase

Gross Written Premium
(RM)
RM 5,689.57
million

2017	4,285.40
2018	4,504.85
2019	4,922.53
2020	5,305.17
2021	**5,689.57**

7.2%
Increase

Profit Before Tax
(RM)
RM 625.59
million

2017	437.28
2018	518.98
2019	692.14
2020	729.63
2021	**625.59**

14.3%
Decrease

Total Assets
(RM)
RM 23,643.49
million

2017	16,596.68
2018	17,404.59
2019	19,710.07
2020	21,896.74
2021	**23,643.49**

8.0%
Increase

Shareholders' Fund
(RM)
RM 4,144.15
million

2017	3,135.51
2018	3,361.70
2019	3,673.57
2020	4,031.51
2021	**4,144.15**

2.8%
Increase

Market Capitalisation
(RM)
RM 4,431.96
million

2017	4,639.45
2018	4,480.33
2019	5,578.62
2020	5,130.47
2021	**4,431.96**

13.6%
Decrease

Basic Earning Per Ordinary Share
(RM)
197.98
sen

2017	151.19
2018	167.90
2019	203.87
2020	227.53
2021	**197.98**

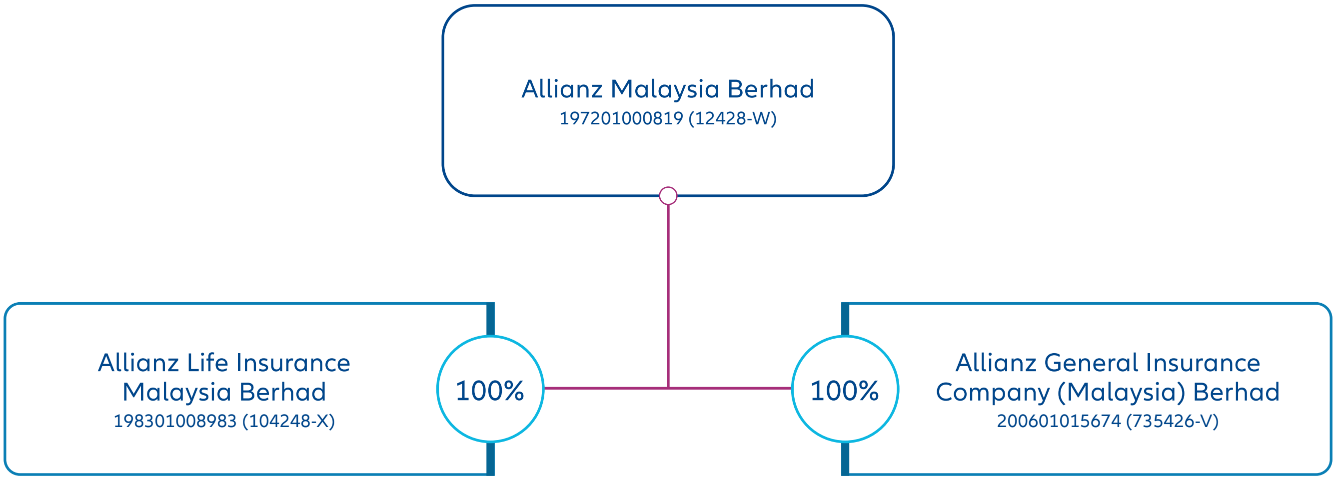
13.0%
Decrease

Total Assets
(RM)
63.00
sen

2017	12.00
2018	40.00
2019	65.00
2020	58.00
2021	**63.00**

8.6%
Increase

Group Structure



Corporate Information

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Classes of Share

Classes of Share	Stock Code
Ordinary Share	1163
Irredeemable Convertible Preference Share	1163PA

Company Secretary

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

Registered Office

Level 29, Menara Allianz Sentral
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50470 Kuala Lumpur
Tel : 03 2264 1188/2264 0688
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Head Office

Level 29, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03 2264 1188/2264 0688
Fax : 03 2264 1199
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Share Registrar

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

Auditors

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

Nationwide Presence

Customer Contact / Service Centre

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

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

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

Scan the QR code to view

Positive assurance for all

At Allianz, we care for tomorrow and it drives our passion to do what is right every day. We are here to provide our customers with a financial safety net that helps to take care of themselves and their loved ones, especially in unexpected times. We protect everyone regardless of financial standings or spectrum because we understand that rainy days do happen and with Allianz, our customers will always have an umbrella.

Chairman's Statement

Dear Shareholders,

" While we remained resilient, the numbers do not reflect the degree of difficulty, amount of challenges, and the immeasurable human endeavour it took to navigate the restrictions of the Movement Control Order ("MCO") and keep the business intact.

Tan Sri Datuk (Dr.) Rafiah Binti Salim
Chairman –
Non-Independent
Non-Executive Director

After a decade of serving on the Board of Allianz Malaysia Berhad ("AMB" or "Company") and Allianz General Insurance Company (Malaysia) Berhad ("Allianz General"), and close to four years as the first woman Chairman of AMB and its subsidiaries Allianz General and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Allianz Malaysia" or "Group"), the time has come for me to retire.

It has been a tremendous pleasure to serve on the Board of the Malaysian entity of the world's largest insurance company. However, as I close this chapter of my career, I would be remiss not to share my thoughts on my lifework, my time with the Group, and our business moving forward.

I am deeply happy and content with my journey in Allianz Malaysia, and at the same time, I share with you with great confidence that I leave the Group in the most steady and capable hands of Zakri Bin Mohd Khir. A fearless leader, well-respected by his peers and the insurance industry and who during his tenure as Chief Executive Officer ("CEO") of AMB and Allianz General, showed incredible wisdom, business acumen, and adaptive leadership in helping the Group navigate through tough times.

I believe that he will bring the Group to greater heights. His ascension to Chairman of the Board will come as no surprise. After all, Allianz Malaysia has proven time and again at having the right people in the right places at the right time. At the Group, every move made, no matter big or small, is a well-calculated one.

Winning Them Over

Not many may know this, but my Chairmanship with the Group was orchestrated, by our former Chairman and Director, Tan Sri Razali Bin Ismail. I remember how he rang me up one day while I was staying with my daughter and her family in the United States, asking if I would join the Board at Allianz Malaysia. He was adamant. What I did not know then was that he had already earmarked me as his successor, the person who would step into his shoes when he retired. Tan Sri Razali and I served on the Board together for six years before he left. It was not easy, and he left some big shoes to fill.

When I was about to take over as Chairman, the first question that came to mind was: Would the Board be able to accept my chairmanship?

Sure, it was not like I was a stranger who was flown in for the job, but at the same time, having a woman Chairman was unprecedented for the Group.

To be candid, I could sense some concerns at the start. I was almost certain that most of them had never worked under a so-called lady boss. But this was something I had gotten used to in my career. So as always, when that happens, my approach was simple – it was my duty to win them over.

After all, I did it before when I was elected the first woman Vice-Chancellor at University Malaya. I also had to win over the union at Malayan Banking Berhad when I took over as General Manager of the Human Resource Department, and when I served as the Assistant Secretary-General of Human Resource Management at the United Nations ("UN").

I suppose you could say that winning over a group of astute professionals at Allianz Malaysia, in a way, was a lot easier than winning over a trade union. More so because we had built a relationship based on enormous mutual respect. They were excellent colleagues whom I could rely on to make the right decisions. When there were conflicts, I took them off-site for a personal chat. Never underestimate the power of one-to-one conversations.

Besides that, I am a person who believes that you must find joy in the work you do. Yes, it can be difficult, and we have had to make plenty of tough decisions, but at the same time, work should also be fun, which perfectly describes our boardroom meetings, and I will miss that dearly.

Women Must Not Be Afraid To Step Into The Light

In my career, I was one of the lucky women to have had strong leaders who not only served as role models but empowered me to succeed.

This allowed me to experience many firsts, including being the first Malaysian to hold a senior post at the UN in New York. I spearheaded the transformation of the UN administration under the late Kofi Annan from 1997 to the end of 2002, and to date, it will always remain personally one of my proudest accomplishments.

I vividly remember my job interview with Kofi. It was almost towards the end when he asked me, "Do you have any questions for me?" I said, "People hate change, and I will need your support." For the five years that I served the UN, Kofi kept to his word and gave me all the support I needed. He was such a great man and a great leader.

There is a saying: behind every successful man, there is a strong woman. However, if you examine the career of a successful woman, I can assure you that you will also find a strong man who supports her. I believe men and women can succeed when we genuinely empower each other.

I was blessed to have encountered good men who had a hand in shaping my career. There was my father who, despite being of Arabic descent, broke all traditions and family taboos because he believed that a daughter should receive an education, just like a son, and allowed me to enrol at Kolej Tunku Kurshiah. Then at different junctures of my career, there was Tan Sri Dato' Ahmad Mohd Don at Maybank and Bank Negara Malaysia, who showed resolute belief in me, and of course, there was Tan Sri Razali who put my name forth to Kofi for the job at the UN.

That said, women have it better off today but somehow are still uncertain when presented with leadership opportunities. This must change. Women must be confident and bold enough to step to the fore.

"Allianz embraces a corporate culture built on diversity, equity, and inclusivity. At the Group, we have always had a strong representation of women in the workforce – 67 percent of our employees, 22 percent of our managers, and three percent of our senior management are women. So, I am very proud to welcome Tan Sri Datuk Zainun Binti Ali and Anusha Thavarajah as Board Members, cementing a landmark 38 percent representation of women on our Board.

As a global organisation, Allianz embraces equality and fairness in critical areas, and we have achieved significant progress in this area. We are now proudly, Economic Dividends for Gender

Equality ("EDGE") Assess Certified. Allianz also values talents, encouraging its key performers to grow and progress in their roles and responsibilities. The Allianz international talent management system recognises the calibre and readiness of high-potential employees within the organisation.

However, it is of equal importance that career advancements and opportunities meet with personnel support to allow talents to experience significant career growth and lasting success.

Leadership Change

The coming year will herald significant changes for the Group as it begins a brand new chapter under new leadership changes.

We are proud to welcome Wang Wee Keong ("Sean") in his new role as CEO of AMB and Allianz General. Sean is a capable leader. In his previous role as Chief Operations Officer, he was a key driver behind various business and operations transformations, including Allianz General's Allianz Road Rangers, an industry-first nationwide motor accident assistance service introduced in 2017.

Furthermore, Sean also supported the development of the property and casualty business in the region. It would also be of interest to note that he began his career as a health underwriter. Suffice to say, he has the experience and expertise in both insurance businesses, making him an excellent choice to lead the Group in the next chapter.

At the same time, we also welcome Ong Eng Chow ("Charles") as the new CEO of Allianz Life, taking over from Joseph Gross, who since 1 April 2022, assumed a new role as Head of Global Executive Strategy and Development at Allianz. Charles previously served as Chief Financial Officer ("CFO") for Allianz Life and later in his enlarged role as CFO of the Company, overseeing the financial management of the Group.

Again, this is of great significance that the Group, despite being a multi-national, is headed by all Malaysians. A proud moment indeed for me personally as this happened during my Chairmanship.

Resilience Uncompromised

The resilience displayed by Allianz Malaysia is the result of its equally resilient leaders. The Management has always been farsighted in employing all our business strategies. Two years

following the COVID-19 pandemic, the Group continues to demonstrate strength and agility in the way we do business and serve our customers. This has seen us weather the storm and come away relatively unscathed. During that period, we remained robust and achieved a profit before tax of RM625.6 million in 2021.

Nevertheless, as we come to terms with the rolling uncertainty of COVID-19 and what it means for our business, we must remind ourselves of our purpose - we secure your future. We must continue to drive adaptability, develop intelligent strategies, and strive for service excellence as we continue to provide assurance to our customers, employees, and the rest of our stakeholders.

The announcement of Malaysia's transition to the endemic phase beginning 1 April signals progress, and the Group must captitalise on the opportunities that will follow the reopening of our borders and ease of COVID-19 restrictions as we return to a near-normal life. However, we must not let our guard down. The situation surrounding COVID-19 is still very fluid, and we must continue to be adaptable in facing the challenges and curveballs that lie ahead.

Acknowledgements

On behalf of the Board, I would like to thank our highly professional and supportive senior management and employees for their perseverance and commitment in seeing the Group through a tough year. I must reiterate that I leave feeling content and perfectly happy with what we have achieved, and I am very excited to see what the future holds for the Group.

The Board applauds Zakri for his outstanding 21 years of service with us. I wish him the very best and look forward to following his next chapter as Chairman with great respect and admiration. At the same time, we also convey our sincere thanks to Joseph for his contributions towards the success of Allianz Life and the Group as a whole and wish him every success in his new role. We also congratulate Sean and Charles on their respective appointments. The Board has full confidence that they will become key drivers of the business, and we wish them all the success in their respective roles.

The Board would also like to extend our appreciation to our shareholders, customers, agents, brokers, bank distribution partners, and other business partners for their unwavering support throughout the years. Lastly, our gratitude as always to Bank Negara Malaysia, Bursa Malaysia Securities Berhad, and all other regulatory bodies and authorities for their guidance and advice.

On a personal note, I offer my deepest thanks and appreciation to the Board for their commitment, support, and valuable counsel over the years. It was a privilege to serve with such marvelous individuals whom I have had the pleasure to call my colleagues and friends. They have been nothing short of amazing.

My heartfelt thank you also to Tan Sri Razali, the person who orchestrated a couple of opportunities in my career. I hold him in the highest of regards and will always be eternally grateful for his trust, wisdom, and friendship.

Equally, I am much obliged to my beautiful family, whose unwavering support allowed me to experience the highest of highs in my career and remains my most important achievement.

Thank you.

TAN SRI DATUK (DR.) RAFIAH BINTI SALIM
Chairman
23 March 2022

CEO's Message

Dear Shareholders,

"This is my very first address to you since taking on the role of Chief Executive Officer ("CEO") of Allianz Malaysia Berhad ("AMB" or "Company") on 1 January 2022. Having served as Chief Operations Officer between 2010 to 2021, I have been very involved in the business philosophy and strategies of the Group. That said, I am both deeply honoured and privileged indeed, to have the confidence of the Board of Directors to take on the reins and lead AMB as we forge ahead in pursuit of resilience, and continued success for the Company and its subsidiaries Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Group").

Sean Wang
Chief Executive Officer of Allianz Malaysia Berhad

To best describe 2021, Malaysia experienced yet another rollercoaster year with a multitude of challenges for industries to tackle. We began the year abundantly hopeful for an economic recovery and respite from the COVID-19 pandemic. However, the events of 2021 put a damper on those hopes. The country faced tests in all shapes and forms. Everything from the laboured initial vaccine rollout, resurging COVID-19 cases that resulted in the second phase of a total nationwide lockdown in June, to lukewarm reception towards COVID-booster rollout, coupled with a bout of political instability and one of Malaysia's worst floods in history in December.

Undeterred by these challenges, I am pleased to report that the Group once again delivered robust financial results for the financial year ended 31 December 2021 ("FY2021"). Following the launch of the National Recovery Plan and the reopening of the economy, Malaysia's gross domestic product grew by 3.6 percent in the fourth quarter of 2021. Allianz General and Allianz Life outperformed that benchmark with a strong recovery in the last quarter for 2021.

Our general insurance business delivered Gross Written Premiums ("GWP") of RM2.43 billion, an increase of 3.2 percent from 2020. Allianz General also managed a higher profit before tax, which was mainly driven by higher underwriting profit, and an improved combined ratio of 87.8 percent, which is a positive result. Our life insurance business ended 2021 strongly, recording a 10.5 percent growth in GWP to RM3.26 billion, with New Business Premiums of RM687.2 million. More importantly, Allianz Life also secured fourth position among the life insurance segment, registering an improved 9.0 percent market share in 2021.

Improving Risk Management & Building Resilience

Large-scale calamities, specifically the devastating floods last December that resulted in nearly RM6.5 billion in total damages, have made apparent the trend of underinsurance amongst Malaysians. As insurers, we have a very important role in improving risk management. We must work on closing the chasm between the insured and the underinsured, pushing for improved insurance literacy, and serving our customers' needs through meaningful, accessible products.

Notably, the Group made strides in our sustainability journey last year. We established our very own Local Environmental, Social, and Governance ("ESG") Board comprising the top management of the Group. The Local ESG Board drives the integration of ESG considerations into the Group's strategy, operations, and core business focusing on the topics of climate change and social inclusion.

The integration of ESG topics also recognises the impact – financial and non-financial – amongst our various stakeholders. This is captured in the **How We Create Value** section, a new addition to this year's report as we find ways to strike meaningful balance between ESG and our business.

Tough times never last, but tough companies do. A company is only as good as its people, and our resilience is down to the incredible efforts from our high-performing workforce. At Allianz Malaysia, our strength is and always will be our people, and we are beyond blessed to have brilliant, hardworking employees at the heart of our business.

Last year, the Group received The Edge Billion Ringgit Club Award for the highest growth in profit before tax over three years for Financial Services (below RM10 billion market capitalisation). This recognition is a true testament to how we constantly strive to deliver profitability, even in the most demanding of circumstances, as experienced over the last couple of years.

Staying Present And Focused On Our Goals

As a Group, we are committed towards carrying out excellent delivery of products and services that will continue to serve the changing needs of our customers as we adapt to living with COVID-19. We leverage on digital advancements while nurturing our people and partnerships to enhance our service standards, such as with Blue Ribbon Hospitals, where simplified processes and priority benefits from partner hospitals improve the overall customer health experience.

We continued to care for our employees and agents through our successful vaccination programme, on top of ongoing physical and mental wellness initiatives. At the same time, we continued to provide aid and support for underserved communities and frontliners through our relief initiatives and community projects led by our corporate responsibility arm, Allianz4Good.

In 2021, we also became a coalition partner of Rasuah Busters, a movement championing zero-tolerance against corruption and abuse of power. To date, Allianz Malaysia remains the only insurer out of Rasuah Buster's nearly 400 coalition partners.

Our initiatives that centre around conducting **responsible business**, looking out for our employees as we continue to strive to be an **employer of choice**, and maintaining our position as a **responsible corporate citizen** can be found in the **Progressing our Sustainability Agenda** section of this report.

The Year Ahead

Moreover, on 8 March 2022, Malaysia announced its "Transition to Endemic" phase beginning 1 April, that saw the reopening of the country's borders and further relaxations of COVID-19 protocols as we returned to some form of normalcy.

This will augur well for our business as we begin to ramp up initiatives for the year ahead. COVID-19 will continue to loom in the shadows in the coming years and we must still be prepared for the threat of more resistant or new variants.

New sets of challenges and curveballs await us at every turn and our strategy for our general and life businesses is to stay the course.

Our resilience has been forged over time. Irrespective of COVID-19, our goal has always been driven by our customers. We have always set out to be a true partner to our customers, offering them meaningful products and services, and being there when they need us the most.

In the coming year, we will continue to find ways to remain agile in driving business and profitability, innovate and accelerate transformation to stay ahead of the game. We will continue to anticipate changing trends and be fiscally prudent and responsible as we continue to focus on our collective goals to outperform the market and continue to build profitable businesses in 2022.

Acknowledgements

On behalf of the Management, I offer my sincere thanks and gratitude to our Board of Directors for their support in ensuring the Group continues to deliver value to all our stakeholders and underpinning a successful CEO transition as we look towards driving a resilient business. I would also like to welcome Tan Sri Datuk Zainun Binti Ali and Anusha Thavarajah as Board Members, further strengthening the diversity of the Board.

I express my appreciation to Bank Negara Malaysia, Bursa Malaysia Securities Berhad, and all regulatory bodies and authorities for their guidance, as well as our shareholders, customers, agents, brokers, bancassurance partners, and business partners for their continued support, confidence, and belief in our vision.

I would also like to thank our employees for their tremendous efforts and incredible commitment over the last twelve months in helping us stay resilient.

I would also like to welcome Ong Eng Chow ("Charles") as the new CEO of Allianz Life and look forward to forging a successful working partnership with him as we work together to drive the business to greater heights. Charles succeeds Joseph Gross, who took on the role of Head of Global Executive Strategy and Development at Allianz, effective 1 April 2022. I would like to thank Joseph for his significant contributions to the growth of Allianz Life and wish him the very best.

On a special note, I offer a heartfelt thank you to Tan Sri Datuk (Dr.) Rafiah Binti Salim for her service as Chairman and Director for the past 10 years. Tan Sri Rafiah made history as the first female chairman of AMB, and we will miss her deft touch and ability to inspire confidence in the Boardroom. We wish her a very happy retirement.

At the same time, I congratulate Zakri Bin Mohd Khir as he begins his chairmanship of AMB following a 21-year career with AMB and Allianz General. It has been a pleasure learning and working under Zakri. I thank him for his faith in me, his friendship and mentorship over the years.

All stakeholders can rest assured that the Group's core philosophies will remain the same. Together, we will continue to deliver meaningful success and achieve key business milestones.

Thank you.

SEAN WANG
Chief Executive Officer
23 March 2022

Management Discussion and Analysis

Business Review

Financial Results

For the year in review, the Group continued to register top-line growth with an operating revenue of RM6.43 billion, growing by 8.2 percent in 2021. The Group recorded RM5.69 billion in gross written premiums ("GWP") for 2021, a record-high 7.2 percent increase for the Group, and can be primarily attributed to higher premiums from the motor and engineering business for the general insurance business and all key distribution channels from the life insurance business. However, the Group's profit before tax eased by 14.3 percent to RM625.6 million in 2021 and this was mainly attributed to higher claims provision and higher fair value losses on investment. Our financial performance for the year allowed us to achieve earnings per share of 197.98 sen and deliver a return on equity of 11.7 percent, demonstrating the continued value we provide to our shareholders.

Consolidated Group Results

Key Figures: Group

	2021	2020	Delta
Operating Revenue (RM' million)	**6,431.04**	5,945.71	485.33
Profit Before Tax (RM' million)	**625.59**	729.63	(104.04)
Return on Equity (%)	**11.7**	13.5	(1.8)
Basic Earnings per Ordinary Share (sen)	**197.98**	227.53	(29.55)
Diluted Earnings per Ordinary Share (sen)	**138.29**	150.29	(12.00)

The Group's general insurance subsidiary, Allianz General recorded a GWP of RM2.43 billion in FY2021 compared to RM2.36 billion in the previous year and achieved a profit before tax of RM437.2 million, a slight increase of 1.2 percent from RM432.1 million in the previous year. Allianz General remains the market leader in the general insurance segment with a market share of 13.3 percent.

During the year in review, our life insurance subsidiary, Allianz Life continued to chart growth, recording a 10.5 percent increase in GWP to RM3.26 billion from RM2.95 billion in FY2020. Allianz Life gained a market share of 9.0 percent, to take over fourth position in the life insurance segment.

Balance Sheet Review

The Group's balance sheet and solvency positions for both insurance subsidiaries continued to stay strong in 2021. Total assets increased by 8.0 percent to RM23.64 billion as compared to RM21.90 billion in 2020, as a result of growth in our investment portfolio. Our investment portfolio grew by 6.5 percent to RM19.94 billion as at 31 December 2021. The investment mix remained relatively stable during the year, comprising government and government-related bonds, unquoted bonds of corporations, quoted equities securities and unit trust, loans, and deposits with banks.

While the Group remained resilient in FY2021, the numbers do not reflect the gravity of the challenges faced by the business. We will continue to rely on our agility whilst adapting to the changing business environment and market sentiments to deliver resilient overall results. Insurance and more specifically life insurance, is a business with long-term commitments.

This is reflected in our investment strategy, with government and government-related bonds representing 51.5 percent of our investment portfolio, which grew 10.6 percent to RM10.28 billion. This was followed by unquoted bonds of corporations which contributes 27.1 percent of the investment portfolio.

The Group's capital expenditure during the year was RM28.3 million, an increase of 6.5 percent from RM26.6 million in 2020, mainly from IT spending. The Group's capital expenditure spend is determined by its strategic initiatives to accelerate digital transformation and build scalability for operations through digital initiatives.

The Group aims to maintain robust capital management in both its insurance subsidiaries to sustain adequate solvency levels to support business growth, dividend payment to shareholders, return on equity, and maintain capital adequacy above the regulatory requirements. There are no significant changes to the Group's capital management policies and processes during the financial year.

The primary sources of capital of the Group are shareholder's equity. Share Capital of the Group comprises ordinary share capital and irredeemable convertible preference shares.

Asset Allocation Review

Type of investment	2021 (RM' million)	2020 (RM' million)	Delta (RM' million)	2021 %	2020 %	Delta pts
Debt Instruments; thereof:						
Government and government-related Bonds	**10,276.82**	9,290.54	986.28	**51.5**	49.6	1.9
Unquoted bonds of corporations	**5,396.20**	5,089.48	306.72	**27.1**	27.2	(0.1)
Quoted equities securities and unit trust	**2,934.46**	2,552.20	382.26	**14.7**	13.6	1.1
Loans	**84.26**	84.72	(0.46)	**0.4**	0.5	(0.1)
Cash	**502.34**	882.68	(380.34)	**2.5**	4.7	(2.2)
Others	**747.54**	829.98	(82.44)	**3.8**	4.4	(0.6)
Total	**19,941.62**	18,729.60	1,212.02	**100.0**	100.0	-

Management Discussion and Analysis

General Insurance

	2021	2020	Delta
GWP (RM' million)	**2,430.56**	2,356.05	74.51
Profit Before Tax (RM' million)	**437.22**	432.09	5.13
Claims ratio (%)	**56.6**	55.5	(1.1)
Expense ratio (%)	**31.2**	32.9	1.7
Combined ratio (%)	**87.8**	88.4	0.6

In 2021, agency remained a key distribution channel for our general insurance business, contributing 55.4 percent, or RM1.35 billion, of the total GWP. Meanwhile, the Franchise channel contributed a total of 27.9 percent of the GWP, inclusive of 6.5 percent coming from the partnership with Pos Malaysia. Motor insurance is a significant segment of the general insurance industry. As the largest motor insurer in the country, Allianz General's Motor portfolio made up 65.4 percent, or RM1.59 billion of GWP, while the remaining RM841.3 million from Non-Motor is made up of Property, Health, Personal Accident, Liability, Marine, and others. For the year in review, Allianz General delivered a positive underwriting profit of RM257.1 million, an increase of 9.1 percent from RM235.6 million in 2020. The combined ratio remained healthy at 87.8 percent as compared to 88.4 percent in 2020. This was the result of an improved commission and expense ratio by 0.6 percent and 1.1 percent respectively. Furthermore, profit before tax increased by a slight 1.2 percent to RM437.2 million in FY2021 from RM432.1 million the year before.

Allianz General will continue to explore growth opportunities, especially to increase the penetration rate of non-motor insurance which is still very low in the market. Products and services are continuously enhanced to meet the evolving needs of customers, in line with a growing digital economy and sustainability trends. It also aims to optimise business margins by shifting towards profitable business segments and executing technical excellence in underwriting, pricing, and claims management. At the same time, Allianz General is digitalising more of its processes to ensure scalability as the business grows and to enhance customer experience.

Life Insurance

	2021	2020	Delta
ANP (RM' million)	**687.15**	531.80	155.35
GWP (RM' million)	**3,259.01**	2,949.12	309.89
Profit Before Tax (RM' million)	**220.52**	308.72	(88.20)
New Business Value (RM' million)	**275.17**	239.05	36.12

In 2021, Allianz Life delivered resilient results to climb up to fourth position in the conventional life market with a market share of 9.0 percent as Annualised New Premium ("ANP") growth for 2021 exceeded market growth. Overall ANP grew by 29.2 percent to RM687.2 million from RM531.8 million the year before. Our investment-linked products made up 67.2 percent of the total agency new business production. This was primarily driven by our key distribution channels – agency, bancassurance and Employee Benefits on the back of the remote sales initiatives that were introduced to overcome the business restrictions as a result of COVID-19. The agency channel once again contributed the largest share of the ANP with 73.7 percent, amounting to RM506.7 million. This was a 27.8 percent increase from RM396.6 million the year before.

Allianz Life carries a positive sentiment in terms of new business growth in the foreseeable future. This is owing to various initiatives that have been kicked off in the last 18 months, largely contributing to capacity expansion of our distribution channel with investments in the space of recruitment of agents and insurance specialists. Our strategy has been two-fold, with investments in traditional distribution channels for short to medium-term growth and efforts and investments in digital partnerships and alternative channels for long-term growth and future-proofing our business.

Dividend

The Board declared a single-tier interim dividend of 63.00 sen per ordinary share (2020: interim dividend of 58.00 sen) and a single-tier interim dividend of 75.60 sen per irredeemable convertible preference share (2020: interim dividend of 69.60 sen) for FY2021.

Overcoming Challenges and the Way Forward

The lingering economic impacts of COVID-19 coupled with sociopolitical instability will continue to contribute to a low growth environment, and it remains to be seen how fast the economy can rebound as we transition into the endemic phase of disease management. We have learned many lessons from the past two years, and by adopting operations that are digital by default and transitioning to a flexible working model, we are able to increase our resilience and preparedness for future events. We foresee that upcoming challenges will include cyber risk, higher inflation cost, and uncertainty in mortality risk assumption arising from the pandemic. We will proactively manage these risks by continuously upgrading our IT security tools and awareness, cost management, as well as monitor and reprice where appropriate.

The December 2021 floods, one of the most severe in recent history, served to highlight the very real and impending risk of climate change and its impact on insurance. The financial impact of the floods on Allianz General was limited through having adequate reinsurance arrangements, and we have taken steps to review and enhance reinsurance coverage in anticipation of future events. The Group continues to monitor the latest climate science to manage associated risks appropriately and to seize opportunities in leading the transition to a low-carbon economy. We also take steps to protect those vulnerable to climate change through our products, services, and community engagements.

The past years have also seen the growth in prominence of environmental, social, and governance ("ESG") topics, with investors and regulators demanding better business practices. While not new to the Group, we continue to improve the integration of these topics across our business, impacting the way we manage our investments, underwriting, and product development. We use our Employer Value Proposition to build a culture of caring for the society and planet. Allianz was recognised as the top insurer in the Dow Jones Sustainability Index 2021, and we are guided by our global headquarters in ensuring that our ESG practices are to the highest standard.

These practices are further discussed in the next section of this report, **Progressing Our Sustainability Agenda.**

Progressing Our Sustainability Agenda

Scope and Definitions

This Statement encompasses the management and performance of Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiary companies, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") in 2021.

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

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

Reporting Period

This Statement covers the period from 1 January 2021 to 31 December 2021, unless stated otherwise.

Reporting Principles and Framework

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

- Bursa Malaysia Sustainability Reporting Guide
- Value Reporting Foundation's International IR Framework
- GRI Reporting Standards

Cautionary Note Regarding Forward-looking Statement

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

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

Our Sustainability Approach

Our purpose, 'We secure your future', expresses why we exist. It underscores our impact on society by taking uncertainty out of the equation and driving change in the right direction. By the very nature of what we do – protecting people, assets, and businesses against risk – we make a positive contribution to society. This risk is no longer confined to the parameters of our business, and it is our responsibility to contribute towards a more sustainable future for society and the planet.

Our sustainability approach is focused on three key areas:

Tackling Climate Change

Limiting global warming and mitigating climate change is a top priority for Allianz. As an insurer and investor, we have the opportunity to use our leverage to help achieve the Paris Agreement and enable a fair transition to the low-carbon economy.

Social Impact

We advocate social and financial inclusivity through our insurance solutions, business practices, and community initiatives. Enabling self-sustained livelihoods for next generations while promoting inclusion, particularly of underserved communities, underpins our corporate responsibility approach.

ESG Business Integration

We manage material environmental, social, and governance ("ESG") risks across all areas of our business while seizing ESG opportunities. Good governance and ethical behaviour are the cornerstone of our business operations.

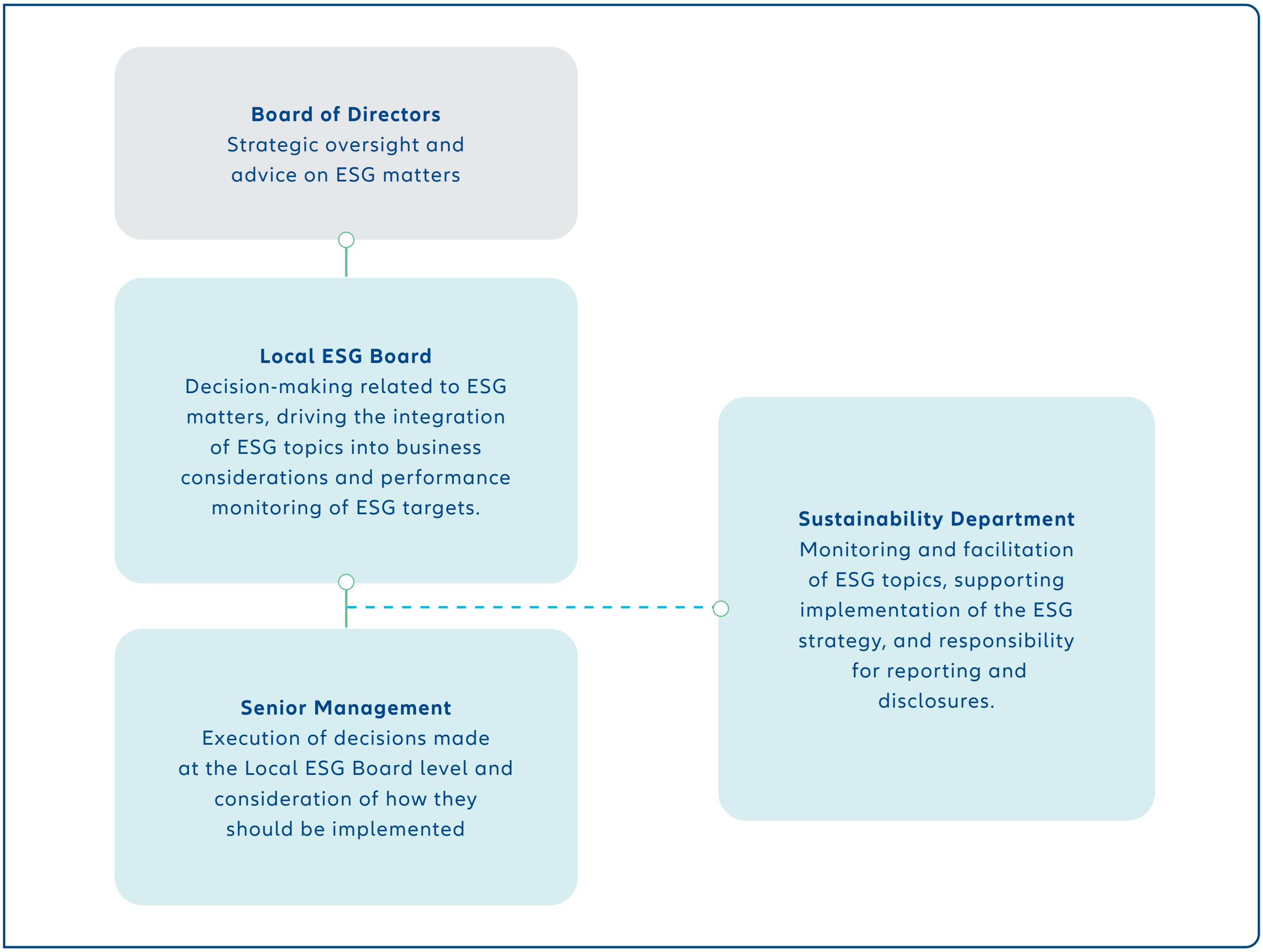
In this year's Dow Jones Sustainability Index (DJSI) Rating, Allianz achieved the highest score of the 127 insurance companies assessed globally. Allianz Malaysia is proud to be part of this global group that is a sustainability leader in its sector. We take guidance from them in developing our response to climate change, our corporate citizenship initiatives, and our governance practices.

Sustainability Governance

A Local ESG Board comprising top management is responsible for decision-making related to ESG matters and driving these topics across the organisation, supported by the Sustainability department. The Local ESG Board reports to and discusses sustainability topics with the Board of Directors, which has general oversight of sustainability matters within the Group.

The Local ESG Board is chaired by the Chief Executive Officer of AMB, and decisions made at the Local ESG Board are cascaded to Senior Management for execution. The structure of our sustainability governance ensures that ESG matters are discussed at the highest level, with topics integrated into and actions carried out across the organisation.

Additionally, in the past year, two working groups were established to further drive our chosen focus topics of Climate Change and Women's Empowerment. Internal operational leads have been assigned to each cross-functional working group, and Board-level sponsors advise and steer their implementation.

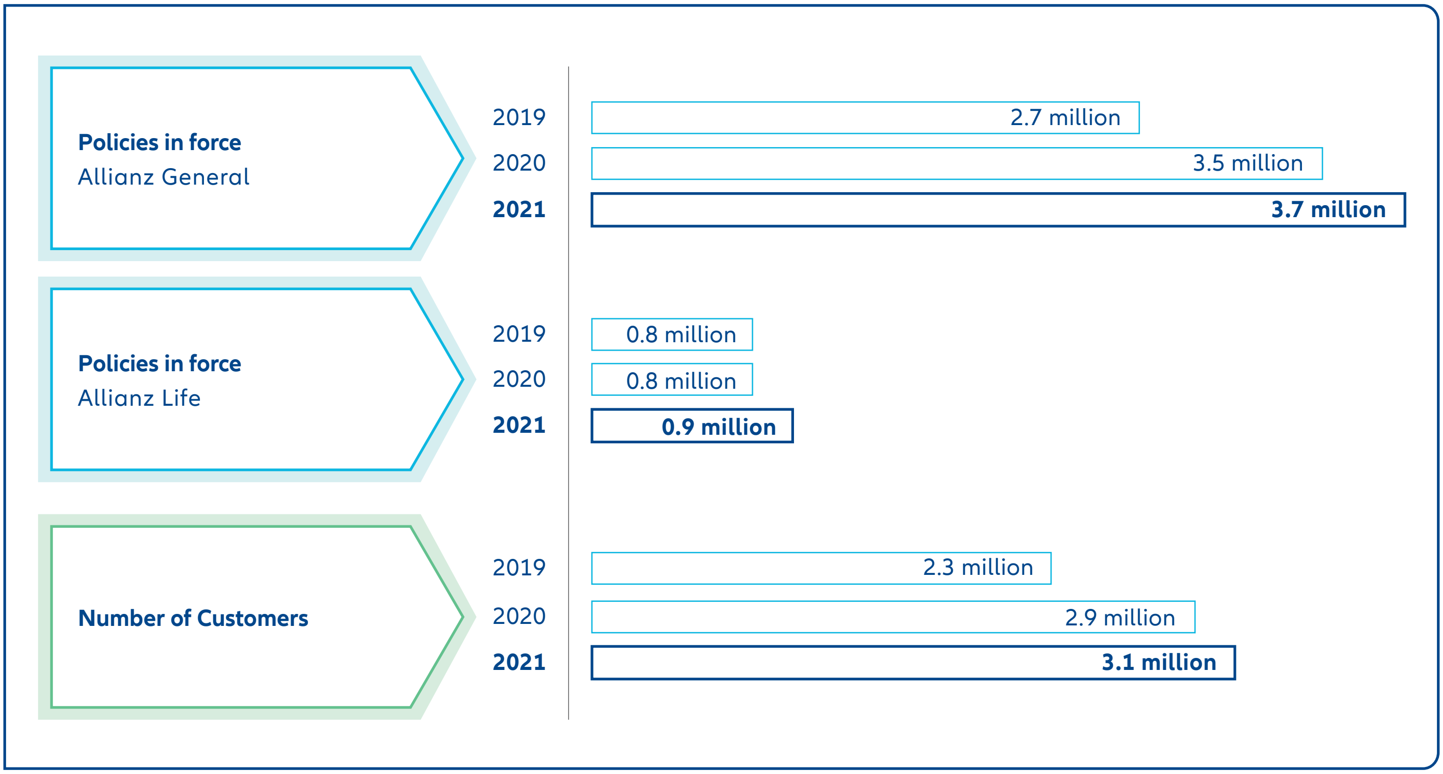


Progressing Our Sustainability Agenda

Responsible Business

Allianz places True Customer Centricity at the heart of our Renewal Agenda, which drives how we do business. We strive to continuously improve our product and service offerings to meet and anticipate customers' needs. This is informed by feedback received from our customers and intermediaries and supplemented by data analytics. Our commitment to integrity in all our customer dealings can be found in our Customer Service Charter.

Customer Service Charter
www.allianz.com.my/personal/allianz-at-a-glance/about-allianz/service-charters.html



A Customer-focused Organisation

Keeping True Customer Centricity at the core of our strategy, the Group expanded the Voice of Customer survey using 5-stars review to systematically measure customer satisfaction at key interaction touchpoints, such as at point of claims, sales and onboarding, issue resolution, policy renewal, and customer communication. Receiving feedback specific to discrete interactions enables us to pinpoint problems and target areas for improvement across the entire customer journey. Customer reviews and feedback are also published on our website for added transparency. We continue to expand the range of customer interactions tracked with this system, so that we have consistent feedback on our service.

We also measure our customer satisfaction and loyalty using the Net Promoter Score ("NPS"), a key survey rating mechanism used to measure customers' willingness to recommend the company. Both Allianz Life and Allianz General saw an improvement in the 2021 annual NPS result whereby Allianz General scored 9.0% (market average 5.3%) whilst Allianz Life recorded an NPS rating of 12.0% (market average 2.7%). Both Allianz Life and Allianz General's NPS rating for all key business attributes ranging from brand, product, services, to value for money have observed consistent improvement which has helped position Allianz as the world's #1 insurance brand.

Responsible Business

Allianz continues to be the world's most valuable insurance brand, according to the 2021 Best Global Brands ranking, released by leading consultancy Interbrand in October 2021. Within the top 100 global brands, Allianz has climbed five ranks since 2020 to #34. Allianz's brand value has risen by USD2.2 billion in one year to USD15.2 billion, an increase of 17% - the strongest increment since Allianz entered the 100 Best Global Brands ranking in 2007 with a brand value of USD4.0 billion.

	2021	2020	2019	
Results of Net Promoter Score				
Allianz General	**+9.0%** (Market average = +5.3%)	-2.1% (Market average = -6.1%)	-2.4% (Market average = -8.5%)	11.1% Increase
Allianz Life	**+12.0%** (Market average = +2.7%)	+1.9% (Market average = -5.1%)	-7.1% (Market average = -8.1%)	10.1% Increase

Professionalising Our Workforce

We expect ethical and responsible behaviour from all those that represent us, including our intermediaries, who are governed by our Sales Compliance Standard and Sales Agent Code of Conduct. Allianz Life agents are further evaluated according to an industry-wide Balanced Scorecard, which assesses performance against criteria such as sales, persistency ratio, customer feedback, and competence. Further information on how agent behaviour is governed can be found in the **Statement on Risk Management and Internal Control**.

Cognisant of the personal nature of insurance matters, the Group innovated our outreach channels, to complement our intermediaries' efforts.

- The Friends of Allianz referral programme relies on personal networks to generate leads for Allianz Life agents while giving participants a potential passive income stream through referral fees. Over 38,000 individuals have enrolled as a Friend of Allianz, with Annualised New Premiums from referrals growing 43% in 2021 versus the previous year.

Digitalising Our Customer Outreach

Particularly during the pandemic, we strove to continue delivering uninterrupted, safe, and convenient sales and servicing to our intermediaries and customers despite movement restrictions. We leveraged on digital technologies to achieve this, both by establishing multiple channels for interaction as well as digitalising and simplifying processes. We continue to drive digitalisation to achieve improvements and efficiencies in policy issuance and management.

- The Group invests in digital customer service tools, responding to the trend towards self-service options and customer interactions outside conventional business hours.
    - The MyAllianz Customer Portal and mobile application gives customers a digital claims experience, from e-submission to e-reimbursement. Customers can also access their medical cards and guarantee letters through a mobile application for their convenience.

Progressing Our Sustainability Agenda

Responsible Business

- o Aida is a chatbot running on artificial intelligence that can handle simple product enquiries and requests such as vehicle No Claim Discount (NCD) and claims status checks. Automating simple requests frees up our customer service representatives to be built up as subject matter experts, with the aim of equipping them to resolve customer queries at first contact.

- At Allianz Life, with the enhancement of e-Know Your Customer ("KYC") verification via Optical Character Recognition (OCR), facial recognition technology, and video call (optional), the end-to-end onboarding process can be carried out remotely on our agents' platform, with policies for non-complex cases automatically underwritten and issued in five minutes.

- The Group continues to expand its pool of digital partners while nurturing long-standing partnerships in support of collaborative innovation. These partnerships span the e-commerce, mobility, finance, retail, and property fields, amongst others. Allianz General continued its collaboration with the NEXEA Corporate Accelerator Programme for the second year, with the aim of identifying and supporting Malaysian technology start-ups that can grow into potential partners in enhancing our digital customer outreach.

Cybersecurity and Data Protection

The adoption of digital technologies brings with it new challenges for cybersecurity, particularly in data protection and privacy. We recognise cyber risk as a key consideration of organisational protection and resilience and are vigilant against virtual threats. The Group's initiatives to safeguard our systems and data include putting in place the infrastructure to monitor and stop attacks as well as training and awareness to bolster our human firewall.

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

- Cyber risk and threat intelligence monitoring services
- Artificial intelligence technology to recognise and stop fast-moving and unpredictable attacks
- Next Generation Anti-Virus and Endpoint Detection and Response to detect and protect against Advanced Persistent Threat attacks.
- Three-tiers firewall architecture design and 24x7 network monitoring by Security Operation Centre
- Data Loss Prevention to automatically monitor and flag sending of sensitive information

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

- Cyber drill exercises to improve and establish readiness in dealing with cyber threats
- IT and disaster recovery testing to ensure the Group's capability to restore IT systems and continue its operations after an interruption of IT services
- Security assessment and penetration testing of all applications and networks by an independent third-party security provider
- Ongoing phishing campaigns to improve employee resiliency against latest phishing threats
- Ongoing security training for all employees to ensure the awareness of cyber security and data privacy risks is regularly refreshed

Responsible Business

Be it digital or non-digital, we adopt the principle of privacy by default, as set out in the Allianz Privacy Standard, detailing the Group's approach and commitment to compliance with General Data Protection Regulation ("GDPR") and local privacy laws and regulations. Data privacy and data protection assurance efforts include:

- Training and awareness programmes such as mandatory annual e-learning, with additional specific training for functions that handle more personal data
- Privacy Expert certification to increase the capability of our privacy function team
- A Privacy and Data Management task force that meets monthly to monitor on-going issues
- Data Stewards and Privacy Champions to ensure compliance in the first line

The Group's efforts to further safeguard data and information systems are further elaborated in the **Statement on Risk Management and Internal Control**.

Allianz Privacy Standard
www.allianz.com.my/personal/privacy-statement.html

Needs-based Products and Services

Our overarching principle is to focus on what really matters and to keep it simple. We aim to have fewer and more intuitive products which hold no negative surprises for our customers. The Allianz Customer Model is the driver of this transformation, allowing us to leverage on expertise and assets across our global group to deliver synergies through scale in processes, products, and infrastructure.

Additions and enhancements to the Group's product range in the past year include:

- Personal Accident insurance to minimise disruption to customers' lives after unforeseen incidents or accidents, with smart device protection and online purchase protection benefits as well as optional study interruption benefits.

Allianz General's Allianz Lifestyle Protect was accorded with the Best General Insurance Product Malaysia 2021 under the Insurance Process & Products category of the Global Banking and Finance Awards 2021.

- Introduction of Allianz General's Allianz Business Shield which includes more occupation classes, allowing more Small-Medium Enterprises to purchase the policy to protect their business. The modular options include protection for loss in profit and Allianz Hospital Income policy.

- Allianz Life products that combine savings and/or protection, with simplified underwriting or guaranteed acceptance to address customers' hesitance to undergo medical screening during the pandemic.

- Launch of PreciousCover and BabyCover by Allianz Life, two plans that emphasise the wellbeing of mother and child through pre-and post-natal coverage and child's coverage. These products include mental health coverage encompassing major depressive disorders, hospitalisation benefits for prenatal and postnatal conditions, and juvenile critical illness. In conjunction with the product launch, a contest was run whereby RM10 was donated for each entry, with contributions made to Women of Will, an organisation empowering B40 women and their communities towards sustainable livelihoods.

Progressing Our Sustainability Agenda

Responsible Business

Products for People and Planet

Allianz has an internal category of products categorised as Sustainable Solutions which meet a number of criteria to demonstrate that they provide social and environmental benefits or address a societal issue. The methodology for classification is further elaborated in Allianz's ESG Integration Framework. Allianz Malaysia offers eight such products, with three providing insurance options to the previously uninsured, four providing affordable coverage to lower-income customers, and one supporting the adoption of renewable energy.

- Allianz PerlindunganKu provides cover against death or permanent disablement due to accident, as well as hospital income due to accident or illness. In support of the national initiative to increase insurance penetration, Bantuan Prihatin Rakyat recipients can use the government-issued Perlindungan Tenang voucher to purchase this product. Take-up of this product is encouraged through outreach via Non-governmental Organisations ("NGOs") such as the Malaysian Youth Council as well as a simple verification and registration process. This is one of three of the Group's products under Bank Negara Malaysia ("BNM")'s Perlindungan Tenang programme which aims to improve insurance penetration, especially to lower-income groups, by making insurance simple, accessible, and affordable to all.

- Allianz General's Motorcycle Plus product was enhanced to include more services for this group in case of accident or breakdown, including free roadside assistance and cashless repairs. An industry-first panel of motorcycle workshops was established to support this service, with over 650 panel repairers nationwide providing convenient access to customers and streamlined processes for the workshops. With motorcycle riders making up almost half the road users in Malaysia*, we continue our efforts to increase protection and outreach to this group.

* According to the Malaysia Transportation Statistics 2020 by the Ministry of Transport Malaysia

The Group leverages on our partnerships to increase the accessibility and distribution of these products.

- Pos Malaysia's wide network gives us presence across the country.

- Through Allianz General's collaboration with Touch 'n Go eWallet, eligible recipients of the Bantuan Prihatin Rakyat from their over 16 million users are able to apply for Allianz PerlindunganKu under the Perlindungan Tenang Voucher Programme with just one click.

- Partnerships with various solar industry players allow us to expand distribution of our solar insurance products and solutions.

	2021	2020	2019
Sustainable Solutions			
Sustainable solutions offered	**8**	7	6
Number of policies of sustainable solutions	**1,032,000**	890,000	331,000
GWP of sustainable solutions (RM' million)	**138.6**	134	51.5

ESG Integration Framework
www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/documents/Allianz_ESG_Integration_Framework.pdf

Responsible Business

Claims to Support Recovery

We recognise claims as an opportunity for us to demonstrate our value to customers as we fulfil our promise to them. These moments of truth were particularly apparent during the pandemic and during multiple flood events throughout 2021.

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

- The flash floods in and around Klang Valley at the end of 2021, one of the most severe in recent history, caught many people unawares. Allianz customers' vehicles, assets, and property were affected and we prioritised their recovery and wellbeing in our response:

    - Allianz General offered free vehicle towing services to all affected customers, seeing that the need outweighed the eligible coverage. Of more than 1,600 vehicles towed, less than 20% had valid flood cover as part of their insurance policies.
    - The Group reached out through our distribution network and media channels to communicate our services available to flood-affected customers and how to access them. We continue to raise awareness on the need for adequate insurance and the right protection for assets in cultivating a more resilient society.

More information on our approach to natural disaster and climate change can be found in page 41 of **Responsible Corporate Citizen**.

Building a Healthcare Ecosystem

In 2021, Allianz introduced several initiatives aimed at improving the policyholder experience through their interactions with us. This encompassed the establishment of preferred partnerships, new service delivery models, and leveraging on Allianz global assets to enhance the Allianz experience. We aim to create a healthcare ecosystem where users can access real and holistic support across their health journey - from prevention to recovery.

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

- In partnership with Speedoc, the Allianz Care@Home service was introduced - allowing Allianz Life customers who are COVID-19 patients to seek medical attention from home. The medical home monitoring service includes home visits by doctors and nurses, therapy, a 24/7 helpline, and assistance in hospital admission if required. This gives patients the peace of mind that their medical needs are attended to while in the comfort of their homes. This healthcare delivery model will be expanded to cover other medical conditions that can be similarly supported, such as dengue fever.

- The Allianz We Care Community continues to grow stronger since its launch in 2020 to support and reassure the community during times of uncertainty. In helping Malaysians adapt to the new normal and return stronger with confidence, the programme introduced a wider variety of healthcare, lifestyle, and wellness benefits based on the development of the COVID-19 situation, including test kit and care kit giveaways, car and home disinfection offers, and vaccination support. Allianz We Care Community members are invited to health talks covering COVID-19 insights and topics related to mental wellbeing, living with COVID-19, and vaccinations, in line with national concerns as we move through the stages of response and recovery.

Progressing Our Sustainability Agenda

Responsible Business

- Vivy, a global Allianz solution, forms our digital enabler for our healthcare ecosystem. Conventionally, insurance is involved at the point of medical claims, where a policyholder seeks medical support and services. With Vivy, we would like to bring the engagement earlier by emphasising the importance of early detection, intervention, and treatment – key factors to improving patient outcomes. The Vivy mobile application offers a curated experience where it provides personalised, needs-based contextual experiences aiming to improve overall health maintenance and wellness.

Integrating ESG

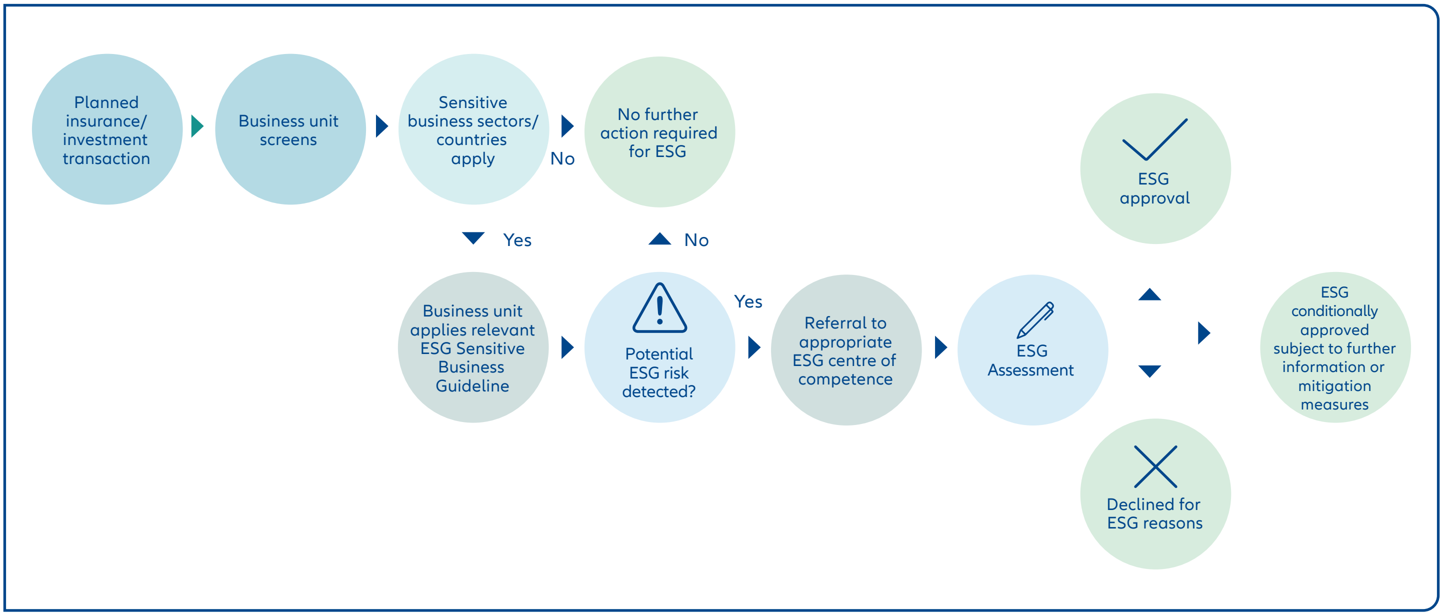
Allianz is a signatory to the United Nations Environment Program Finance Initiative (UNEP FI) Principles for Sustainable Insurance and is committed to the Principles for Responsible Investment. These initiatives aim to strengthen the role of insurers and investors in building resilient, inclusive, and sustainable communities and economies.

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

AMB received the Excellence Award for Corporate Governance ("CG") Disclosure and Industry Excellence Award for financial services at the Minority Shareholders Watch Group ("MSWG") MSWG-ASEAN CG Award 2020. We ranked sixth amongst the top 100 companies for CG disclosure and third under the financial services sector.

ESG in Our Core Business

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



Responsible Business

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

ESG considerations are embedded into our underwriting processes through policies and frameworks, whereby commercial transactions are assessed against the AS RRIM to ascertain whether the risk is acceptable, requires management, or should be excluded. This list is constantly revised, and has been updated to reflect Allianz's climate commitments, including the management of coal-related business. More information on our climate approach can be found in page 41 of **Responsible Corporate Citizen**.

The Group also advocates responsible social and environmental behaviour through the development of Sustainable Solutions that meet social and environmental needs. This is detailed in page 31 of this section.

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

ESG Integration Framework
www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/documents/Allianz_ESG_Integration_Framework.pdf

ESG in Our Operations

Allianz recognises the importance of human rights, as both a value-based issue and a business issue. As a participant in the UN Global Compact since 2002, human rights aspects are integrated into our business and operations and embedded in our Code of Conduct.

We cascade these expectations to our wider value chain through our screening process and subsequent engagements. All vendors are subject to a Vendor Integrity Screening and are apprised of Allianz's expectations encompassing ethical, legal, and professional standards. ESG questions form part of the screening documents for all outsourced vendors during the procurement process and ESG expectations are embedded into our contracts and criteria for our service providers.

We have a stance of zero tolerance for fraud, which manifests in the way we do business and the conduct of our stakeholders. Our employees are required to abide by the Group's Anti-Corruption Policy and Anti-Fraud Policy which outline controls, risk areas, and behavioural guidelines in their business dealings. We further our efforts to combat corruption through the following initiatives:

- Allianz Malaysia is a coalition partner of Rasuah Busters, a movement to fight corruption from the grassroot level across all industries. As the sole insurer in the coalition, we spread awareness on anti-corruption via all our communication channels to both internal and external stakeholders and through constant media engagements on related topics. Messages are on initiatives driven and already in place within the company that aim to address corrupt practices within the industry. We are embarking on the next phase with Rasuah Busters by participating in a nationwide campaign and sessions in universities to take our firm stand against corrupt practices nationwide. All Allianz Malaysia employees will also receive an Allianz #RasuahBusters t-shirt with the message "*Saya anti rasuah*" (I am against corruption) to drive this message internally within the organisation.

To learn more about Rasuah Busters, visit www.rasuahbusters.com.

- Allianz General has taken steps to control the chain of events that occur when customers get into a motor accident, enabling us to better support customers in their time of need while also minimising opportunities for corrupt practices during a motor accident and controlling the potential for fraud within the industry.
  - The Allianz Road Rangers service includes a first responder who arrives on the scene to guide the customer on the next steps in making a claim and police report, and direct them to Allianz's authorised repairers. This provides reassurance to the customer while preventing any interception by external parties that may divert from our claims process.
  - An open tender process was introduced for the selection of Allianz General's panel of authorised repairers, the first of its kind in the industry. Repairers must abide by various criteria ranging from repair quality, customer satisfaction, and their commitment to integrity to remain in the panel. This sets out clear expectations and strict requirements for the level of service expected of workshops and ethical standards to be met.

Anti-Corruption Policy
www.allianz.com.my/content/dam/onemarketing/azmb/wwwallianzcommy/pdf/corporate-governance/AMBGroupAnti-CorruptionPolicy.pdf

Anti-Fraud Policy
www.allianz.com.my/content/dam/onemarketing/azmb/wwwallianzcommy/pdf/corporate-governance/AMBGroupAnti-FraudPolicy.pdf

Progressing Our Sustainability Agenda

Employer of Choice

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

Code of Conduct
www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/about-us/strategy-values/compliance/code-of-conduct/en-Code-of-Conduct-AllianzGroup-2020.pdf

Let's Care

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

- We care for your career development
- We care for diversity and inclusion
- We care for your health and wellbeing
- We care for tomorrow's society & planet

Employer of Choice

Career Development and Talent Management

Allianz Malaysia promotes a culture of lifelong learning by offering multiple modes of learning as well as through sponsorships for employees pursuing further professional development. This not only cultivates an engaged workforce but also ensures that we remain future fit by nurturing, retaining, and attracting the right talent. The #LEARN programme was launched to encourage employees to complete an hour of learning per working week, with the aim of building a community of curious learners and instilling a culture of lifelong learning.

- The Group continues to build the learning ecosystem to encompass:
  - Core functional skills through structured programmes such as Life Office Management Association ("LOMA") accreditation, certifications offered by the Malaysian Insurance Institute ("MII"), and Allianz General's exclusive in-house technical programme – the Professional Commercial Underwriters Certification ("PCUC").
  - Just-in-time learning such as short courses and webinars, supported by our new social learning platform AllianzU – Powered by Degreed, with content on thousands of topics in one place and accessible on any device.
  - #LEAD, a global leadership programme for people managers consisting of online modules as well as virtual workshops which foster a common Allianz experience and supports peer learning and networking.
  - Cross-functional and cross-departmental projects for on-the-job growth and learning.

- The Allianz in-house Success Factors platform is used for performance evaluation, encouraging continuous open dialogue and feedback between employees and their managers throughout the year. It includes a Personal Development Plan for employees to proactively manage and curate their learning needs.

The L.E.A.P (Learn. Engage. Apprenticeship. Purpose) programme is an academic collaboration through which the Group reaches out to youths to engage and tap into their skills and expertise. We partner with universities under this programme, offering their students a chance to learn and explore the possibilities and opportunities within the insurance industry. This includes career talks, knowledge-sharing programmes, leadership programmes, and internships as part of their learning syllabus. Establishing these relationships supports the growth of future generations while building a talent pipeline for our business.

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

Allianz Malaysia was the 2nd Runner Up for the Insurance Category in the recent Malaysia's 100 Leading Graduate Employers Awards 2021.

Progressing Our Sustainability Agenda

Employer of Choice

	Unit	2021	2020	2019
Employee Training				
Total expenses for employee training	RM	**1.1 million**	1.8 million	2.9 million
Training expenses per employee	RM/employee	**603**	759	1,550
Average training hours per employee	hours	**42.7**	5.2	27.5
Number of internships hosted		**93**	85	144
Employee Recruitment				
Total recruitment (internal and external)		**390**	243	364
Share of men	%	**38**	43	34
Share of women	%	**62**	57	66
Allianz Engagement Survey (AES)				
Number of employees invited to participate in the AES		**1,882**	1,736	1,756
AES participation rate	%	**97**	98	95
Employee Engagement Index (EEI) Measures the extent to which employees are motivated to contribute to organisational success and monitors the level of employee satisfaction, loyalty, advocacy, and pride.	%	**85**	84	80

Developing Our Agency Force

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

- Allianz Life launched the C.E.O programme in 2020 to recruit and build quality agents. C.E.O recruits undergo a period of intensified development including classroom learning and mentorship, with the aim of building leaders who can subsequently nurture and develop their own teams. We have seen a steady growth of C.E.O enrolments since the pilot programme in 2019, with a 45% increase in the past year versus 2020.
- With the pivot towards virtual outreach during the pandemic, most training sessions were delivered digitally, enabling larger numbers of participants. Allianz General launched a series of online learning sessions on its dedicated Facebook training page. The frequency of training was doubled to twice-weekly sessions in response to encouraging attendance numbers averaging 800 agents per session, with one day focused on technical skills and product training, and the other on soft skills such as use of social media, digital marketing, and new communication tools.

	2021	2020	2019
Training sessions held for agency members			
Allianz General	**169**	159	186
Allianz Life	**779**	870	791

Employer of Choice

Diversity and Inclusion

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

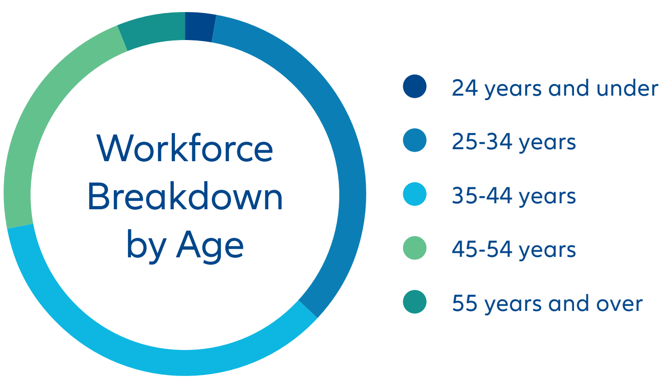
- Inclusive Communication Training is offered to employees to create a more inclusive work environment and promote inclusive communications with employees and customers. This is supported by gender-inclusive language guidelines that aim to reduce gender stereotyping and emphasise equal treatment and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

- Allianz Malaysia passed the first stage of the EDGE (Economic Dividends for Gender Equality) Assess Audit which reinforces our commitment to gender equality, equal career opportunities, and valuing the perspectives of a diverse workplace. EDGE is a leading global assessment methodology and business certification standard for gender equality and is distinguished by its rigour and focus on business impact. It measures an organisation's stand in terms of gender balance across its pipeline, pay equity, effectiveness of policies and practices to ensure equitable career flows, as well as inclusiveness of its culture.

GLOBAL CERTIFICATION FOR GENDER EQUALITY. EDGE ASSESS CERTIFIED

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

- Inclusive meritocracy is one of Allianz's people attributes and forms part of each employee's target behaviours. The Inclusive Meritocracy Index, an in-house measurement derived from assessments on leadership, performance, and corporate culture, tracks our progress toward a work environment where performance and people matter. This measurement has seen a steady increase since 2019, indicating continuous improvement in the Group.



Workforce by Gender

33.6% Men | 66.4% Women

Managers by Gender

39.2% Men | 60.8% Women

Progressing Our Sustainability Agenda

Employer of Choice

	Unit	2021	2020	2019
Employee Overview				
Total number of employees		**1,907**	1,899	1,882
thereof men	%	**33.6**	33.7	33.0
thereof women	%	**66.4**	66.3	67.0
Age structure				
24 years or under	%	**3.0**	4.4	4.4
25-34 years	%	**34.2**	35.4	37.7
35-44 years	%	**35.4**	34.7	33.6
45-54 years	%	**21.6**	19.7	18.3
55 years and over	%	**5.8**	5.8	6.0
Average age	years	**38**	38	37
Inclusive Meritocracy Index (IMIX) Measures the progress of the organisation towards a culture and work environment where performance and people matter.	%	**86**	84	83
Diversity				
Female managers Includes women functionally responsible for other staff, regardless of level e.g. division, department and team managers	%	**60.8**	60.6	60.0

Health and Wellbeing

Particularly during the pandemic, health and wellbeing has been a key aspect to maintaining a safe, secure, and welcoming workplace. This includes ensuring that proper precautions and procedures are in place to deal with health and safety risks and concerns, and that employees have access to appropriate and timely services for their physical and mental wellbeing.

- The Occupational Safety and Health Administration ("OSHA") team is chaired by our in-house Medical Advisor and Health Officer – a doctor engaged at the beginning of the COVID-19 pandemic, whose expertise guides our organisational response. As part of this response, employees were encouraged to work from home, expediting plans for the new Way of Working ("WoW") – our strategy towards a flexible working model. 65% of employees have been identified as hybrid workers, thus increasing our resilience to business interruption such as the pandemic. A one-off home office set up allowance was provided to help employees adapt to WoW and we continue to educate them on the importance of factors such as ergonomics and safety in workplace wellbeing.

- The Group's employees and their dependents are entitled to medical coverage and benefits according to their employment contract. Through partnerships with digital healthcare providers, employees can access telehealth services and contactless prescription delivery on top of regular clinical services, making healthcare convenient to encourage long-term and consistent health management.

- In the early phase of the national vaccination rollout, the Group encouraged the vaccination of our workforce by organising the Allianz Vaccination programme, purchasing vaccine doses for employees and agents, and securing vaccines for their family members. We continue to organise internal health awareness talks and publish monthly articles that address COVID-19 related concerns covering vaccine side effects, concerns with booster doses, and new developments related to the virus itself.

Employer of Choice

- The Group partners with Thrive Well, a social enterprise that provides mental health services, for the Mind Happiness Programme - a mental wellness programme where employees can access confidential support from trained professionals. This is supplemented by talks, activities, and awareness-raising on the importance of maintaining mental wellbeing, as well as the promotion of an internal culture that understands the importance of work-life balance in the always-connected workplace of a hybrid worker.

- In the past year, the Group revised paid parental leave benefits, increasing paternity leave to ten working days and maternity leave to four months. Female employees who adopt a child below a year old are also eligible for three months paid maternity leave. These allocations are in excess of the national legally required minimum.

- The Work Well Index ("WWI") is a scientifically-validated measure derived from employee responses to the annual Allianz Employee Survey. It measures the work-related psychosocial stress level of employees based on metrics including demands, rewards, control, support and social capital whereby a higher index score is associated with less work-related stress. Despite unconventional working circumstances in the past year, the Group recorded a slight increase in our WWI, reflecting our efforts to care for employee welfare and wellbeing.

	Unit	2021	2020	2019
Employee Wellbeing				
Work Well Index+ (WWI+) Measures the work-related psychosocial stress level of employees based on metrics covering demands, rewards, control, support, and social capital.	%	**78**	77	75
Employee Turnover				
Attrition rate*	%	**7.6**	8.8	10.6

* 2021 data revised to include only voluntary leavers as a more accurate reflection of retention rate. Previous years' data includes overall turnover.

Society and Planet

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

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

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

Our Approach to Climate Change

For Allianz, limiting global warming and countering climate change is an important aspect in fulfilling our purpose – to secure your future. The increased severity and frequency of natural disasters worldwide have made it more apparent that the later we act on decarbonisation and climate change mitigation, the worse the environmental, social, and economic outcomes will be. Allianz's approach to climate change is set out in our Climate Change Strategy, which focuses on three areas:

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

    - Allianz is a founding member of the Net-zero Asset Owner Alliance, committing us to net zero Greenhouse Gas ("GHG") emissions in our investment portfolio by 2050 with an interim target of 25% reduction by 2025. Allianz is also part of the Net-Zero Insurance Alliance, with the aim of net zero GHG emissions in our underwriting portfolio by 2050. These targets are set in accordance with the Science Based Targets initiative and aligned with the Paris Agreement targets of keeping global warming well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. We are furthering our efforts to quantify our Scope 3 GHG emissions encompassing our investment and underwriting portfolios and look for the most impactful levers in reducing them. Our policies in relation to coal-based business help to set the Group on track to achieve these targets.

    - Since 2016, the Group has stopped financing coal-based business models - defined as those deriving more than 30% of their generated electricity (utilities) or revenues (mining companies) from thermal coal. We also do not directly invest in coal-based infrastructure.

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

      Our approach towards coal is further detailed in our Statement on Coal-based Business Models.

    - A Climate Change Working Group has been set up at Allianz Malaysia to assess, deliberate, and implement actions related to climate risk management and mitigation. In line with the Climate Change and Principle-based Taxonomy released by BNM in 2021, the Group is guided by the principles set by the Taskforce for Climate-related Financial Disclosure in improving the strategy, governance, performance and disclosure of climate-related risks and impacts.

    - Allianz General has conducted a stress-testing exercise focused on physical risks related to more severe and frequent extreme weather, and transition risk relating to shifting preferences from internal combustion engine vehicles to electric vehicles. This exercise serves to build our understanding on the impacts of climate change to our business, value chain, customers, environment, and society.

Climate Change Strategy
www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/responsibility/documents/201909_Allianz_Climate_Change_Strategy.pdf

Statement on Coal-based Business Models
www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/responsibility/documents/Allianz-Statement-coal-based-business-models.pdf

The Group estimates our total claims payable from the December 2021 floods at RM300 million, consisting of our obligations to individual and commercial customers. Allianz General has limited net exposure due to appropriate reinsurance arrangements put in place to mitigate losses from such events and proactive flood reserving practices that help to minimise surprises in its underwriting results. As climate change risk increases in significance and we anticipate more frequent flood events in future, we will continue to enhance our monitoring of flood-prone risks. We also work with our reinsurance brokers to better understand these risks and ensure that our reinsurance protection is adequate.

Responsible Corporate Citizen

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

    - Through Allianz General's KampungKu insurance product, widely distributed through our partnership with Pos Malaysia as Pos RumahKu, we offer financial protection against fire, flood, and windstorm risks for previously uninsured wooden houses, often located in rural communities.

    - Special perils coverage encompassing flood, typhoon and landslide is included as part of Allianz General's Motorcycle Plus product at no extra cost. This is complemented by the Allianz Road Rangers service where affected motorcycle policyholders can access assistance services or towing if required.

    - Understanding the urgency of post-disaster situations, our policyholders have access to expedited flood payments to assist their immediate recovery. Our flood preparation and response is further elaborated on in the **Responsible Business** section on page 32.

3. **We enable the low-carbon transition** by providing financial protection to renewable energy users and through our investments and operations

    - We offer insurance solutions for residential and commercial users of solar photovoltaic ("PV") panels and have embarked on various partnerships with solar industry players to expand our footprint in this area. Allianz General's retail solution - SolarPro All Risk PV - has seen a 48% increase in take-up last year, reflecting the emerging demand for solar solutions.

    - Since 2012, Allianz has been operating carbon-neutral through global investments in offsetting projects. We are committed to minimising our environmental impact in support of a low-carbon economy, and continue to monitor and reduce our emissions through our in-house Environmental Management System. Our global approach is set out in Allianz's Group Environmental Guidelines, and these are adopted locally in Allianz Malaysia as follows:

        o Committed to a 35% reduction in GHG emissions in our own operations by 2025 against a 2019 baseline, with corresponding targets in the five areas of energy, travel, water, waste, and paper. Initiatives that contribute to achieving these targets include:
        - Solar panels installed at our branch office
        - Retrofitting of branch offices for energy and water efficiency
        - Consolidation and reduction of office space as we move into a hybrid working model
        - Travel reduction for hybrid workforce and through adoption of virtual training and meetings
        - Digitalisation of processes and policies to reduce paper usage
        - Electric vehicles as part of our company fleet

        o The Group achieved our RE100 goal of 100% renewable energy in our operations by 2023 through the purchase of i-Renewable Energy Certificates from 2020, thus reducing our Scope 2 GHG emissions.

    We recognise the role of the various stages of lockdown and remote working in achieving our environmental targets in the past two years and expect these to increase again as we move into the endemic phase of the disease. The Group continues to invest efforts into maintaining these reductions while encouraging employees to adopt eco-friendly practices at home and at work. This includes:

    o Internal awareness-raising on climate knowledge and to promote behaviour change.

    o Supporting our employees' adoption of green energy through a corporate loan campaign for the purchase and installation of solar photovoltaic panels, together with discounted solar panel insurance.

Group Environmental Guidelines
www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/documents/Group_Environmental_Guideline_April_2021.pdf

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

	Unit	2021	2020	2019
Environmental Management System (EMS) Coverage				
Share of employees in scope of our EMS	%	**100**	100	100
Greenhouse Gas Emissions (GHG)*				
Scope 1 – Direct GHG emissions	tCO_2e	**384.03**	651.50	925.10
Scope 2 – Indirect GHG emissions (market based)	tCO_2e	**0**	0	2,981.03
Scope 3 – Other indirect GHG emissions	tCO_2e	**470.73**	789.92	1,947.68
GHG emissions total	tCO_2e	**854.76**	1,441.42	5,853.81
Total GHG emissions per employee	tCO_2e/employee	**0.43**	0.76	3.13
Overall GHG reduction per employee since 2019	%	**86.3**	75.7	
Energy Consumption				
Total energy consumption	MJ	**10,803,630**	14,461,713	16,386,780
Energy consumption per employee	MJ/employee	**5,486.9**	7,647.7	8,748.9
Energy reduction per employee since 2019	%	**37.3**	12.6	
Business Travel				
Total travel	km	**2,276,652**	4,630,327	12,181,200
Travel per employee	km/employee	**1,156.2**	2,448.6	6,503.6
Travel reduction per employee since 2019	%	**82.2**	62.4	
Water Consumption				
Total water consumption	m^3	**37,054**	45,470	42,000
Water consumption per employee	m^3/employee	**18.82**	24.05	22.42
Water consumption reduction per employee since 2019	%	**16.1**	-7.3	
Waste				
Total waste	kg	**64,265**	43,966	79,800
Recycled waste	%	**69**	44.36	21.05
Waste per employee	kg/employee	**32.6**	23.3	42.6
Waste reduction per employee since 2019	%	**23.5**	45.3	
Paper Consumption				
Total paper consumption	kg	**39,713**	83,820	122,760
FSC-labelled paper	%	**84.9**	79.1	80.4
Paper consumption per policy	g/policy	**8.54**	18.84	34.14
Paper reduction since 2019	%	**76.2**	44.8	

* Reported GHG emissions currently include emissions from our own operations (office buildings and data centres, business travel, and paper usage). We are working to establish methodologies that will enable us to quantify our GHG emissions contained in our investment and insurance portfolios.

Responsible Corporate Citizen

The Group's corporate responsibility ("CR") efforts are driven by the Allianz4Good department. Until 2020, our CR strategy was shaped around five pillars (namely Community, Financial Literacy, Safety, Environment, and Disaster Risk Reduction), but we believe it is important to continually evolve our strategy alongside changing societal needs whilst remaining guided by the global CR strategy of Allianz.

As such, we have streamlined our initiatives around the two pillars of Social Inclusion and Sustainable Futures. This approach enables us to drive our societal objectives and the United Nation's Sustainable Development Goals within our partner communities more effectively and holistically.

Allianz4Good initiatives are shaped around two pillars

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

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

These pillars are achieved through 3 key drivers

Community Enabling | **Community Development** | **Capacity Building**

The Group's community outreach entails a combination of corporate giving, capacity building, knowledge transfer, employee volunteering, and leveraging on our core expertise and business as insurers, as well as partnerships with social organisations and enterprises to reach our target communities. In 2021, a total of RM3.217 million was channelled towards CR efforts. Initiatives under these two pillars are delivered to the target communities below:

Our initiatives reach 'Next Generations' from communities in Malaysia that are most in need

Youths & Children | Women | People with Disabilities

Target Communities

Low Income | Vulnerable | Indigenous

Delivered by Allianz4Good & Partner Organisations

Our corporate responsibility initiatives are summarised in the following pages. Further information can be found in the **Allianz4Good Summary Report 2021** on our corporate website.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

COVID-19 Relief and Community Outreach

Hospitals and frontliners were more prepared in the year 2021 and remained resilient throughout their long shifts caring for COVID-19 patients during the health crisis. However, there were still limited resources and a critical need for medical equipment by hospitals across Malaysia. The Group supported the national pandemic response by encouraging vaccine uptake amongst our people, building public awareness, through our health solutions, and via our relief initiatives.

- Over RM2.04 million was distributed to six COVID-19 frontline hospitals nationwide, which included a contribution towards University Malaya Medical Centre's COVID-19 Fund, medical and hospital equipment, as well as personal protective equipment.

In supporting the mental and physical wellbeing of medical frontliners, Allianz4Good organised the delivery of various items as a gesture of appreciation for their dedication and resilience through these difficult times:

  - o 3,575 meal packs delivered over a period of four months to frontline doctors in Hospital Selayang. These meals were prepared by social enterprise partners, thereby also providing economic opportunities to their beneficiaries.
  - o The Group organised a campaign collecting messages of support from the public which were included as individual Thank You cards in Allianz Care Packs given out to 6,000 frontliners across three hospitals. The Care Packs also contained food items prepared by two social enterprise partners, along with Allianz merchandise.

The pandemic exacerbated the inequalities faced by many communities. The Group contributed over RM1.07 million towards communities nationwide, focusing particularly on stopgap measures that mitigated further deterioration of their socioeconomic circumstances alongside other needs.

- We partnered on thirteen NGO-led programmes distributing food and grocery aid to various beneficiaries ranging from the urban poor, rural underserved, Indigenous, vulnerable, People with Disabilities ("PWDs"), and shelter-home children. Micrograants were provided to the NGOs themselves, as well as to selected low-income families to ease their financial burden resulting from the pandemic.

- Allianz4Good distributed essential groceries and hygiene items to the beneficiaries of ten NGOs serving the elderly, PWDs, youths, and displaced communities. This was part of the Group's annual Raya Giving Initiative, to ease the burden of another festive period in pandemic circumstances.

Responsible Corporate Citizen

Contribution to Hospitals:

35 Wall-mounted High Pressure Vacuum Regulators

8,087 Face Shields

80 units of Oxygen Twin Flow Meter

6 units of High Flow Nasal Cannula

4 units of Powered Air Purifiers

4 Dressing Trolleys

4 units of Patient Monitors

400 units of Consumables (Optiflow, Nasal Cannulas & Breathing Tubes)

100 O_2-Regulator in Pin Index

1 unit of Double Wall Dryer

15 units of Babycots

5 Pallet Jacks

1 Ventilator

14 units of Oxygen Concentrators

10 units of Oxygen Trolleys

Various Electrical and Non-Electrical Items

1 unit of Bottle Washer Disinfector

60 Camp Beds for patients

380 units of Oxygen Single Flow Meters

50 units of Click Style Regulator

1 unit of Human Milk Pasteuriser

5 units of Foldable Trolley

10 Syringe Pumps

10 units of Oxygen Tanks

6 PCA Pump

2 units of Portable Reverse Osmosis for Dialysis

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

Disaster Relief

Apart from COVID-19, 2021 also saw several disaster events including flood and fire. We continue our support for long-time partner Malaysian International Search and Rescue ("MISAR"), contributing RM210,000 for their relief efforts throughout the year. MISAR's efforts supported by the Group include:

- Contribution towards the purchase of ambulance equipment for MISAR's ambulances through which they provide services for COVID-19 patients and road traffic victims.
- In-kind contribution to MISAR in support of the Kampung Baru Karak community where over a hundred people lost their homes in a fire that engulfed 53 houses and eight shops. Items contributed include hygiene and personal protective items, and emergency blankets.
- Flood relief response for northern states such as Kedah and Perak in August. On top of monetary contribution, Allianz4Good also provided disaster relief items such as emergency blankets and hygiene items.
- Flood relief deployment to several areas in and around the Klang Valley as well as Perak and Pahang that were severely affected by the December floods. MISAR distributed emergency food rations, water, hygiene kits, emergency blankets, mattresses, and other essential items to affected households.
- These relief efforts involved the deployment of MISAR's Capsule Relief Guard, an all-weatherproof amphibious compact capsule designed to deliver immediate relief to affected communities. The research and development of the Capsule Relief Guard was supported by the Group in 2019.
- An Emergency Flood Relief Donation Drive was organised for two weeks in response to the December floods, inviting employees to contribute in-kind items for flood-affected communities. Employee volunteers also helped to pack relief items which included hygiene and sanitation items, dry food, pillows, and shirts at the MISAR Academy.

Sponsorships and Corporate Giving

Our corporate giving activities allow us to support organisations and causes that help to further initiatives contributing to sustainable development. We have several partnerships that support the inclusion and participation of people of all abilities. This includes Allianz's international partnership with the Olympic and Paralympic Movements and the Group's local partnership with the Malaysian coordinator of the Abilympics, the Malaysian Council for Rehabilitation. By supporting and enabling people to showcase their talents and abilities, we help them to build confidence for their future.

- Allianz officially began an eight-year worldwide partnership with the Olympic and Paralympic Movements in 2021, building on a collaboration with the Paralympic Movement since 2006. This partnership underlines Allianz's role as a global insurer supporting the sports ecosystem. The Group collaborates with the Olympic Council of Malaysia and the Paralympic Council of Malaysia to support our national athletes and promote the Olympic and Paralympic Games locally through:
    - o Rallying support and appreciation for participating Olympians and Paralympians throughout and after the Tokyo 2020 Olympic and Paralympic Games.
    - o Providing complimentary insurance coverage to the Malaysian contingent of the Olympic Games Tokyo 2020 and Paralympic Council of Malaysia executive board members and employees.

Responsible Corporate Citizen

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

- The Group's sponsorship for Persatuan Mobiliti Selangor dan Kuala Lumpur ("MOBILITI"), an NGO providing door-to-door transport services to the wheelchair dependent and elderly in Klang Valley, continues into its fifteenth year. MOBILITI serves over 600 wheelchair dependents and elderly, giving them access to affordable transport for their health visits and social outings.

We also continued to support the education and livelihoods of our target communities, which were disrupted by the COVID-19 pandemic.

- Allianz4Good has supported the Science of Life 24/7 Academy of Innovation ("SOLS.ai") programme since 2017. SOLS.ai provides sponsored educational opportunities for B40 students beyond formal education, particularly from Orang Asli backgrounds. The 2021/2022 cohort was initially planned as an 18-month education programme with a work experience phase. However, due to the extended lockdown, in-person classes were halted hence the programme was converted into online classes for B40 learners nationwide, reaching a total of 4,248 students, with 1,248 over what was initially targeted.

Employee Engagement and Giving

With the limited possibility of corporate volunteering throughout the pandemic due to safety precautions, our employees channelled their generosity through various giving activities instead.

- The Allianz4Good Relief Fundraiser was organised in the middle of the year, appealing for monetary contributions to be distributed amongst frontliners and communities affected by the pandemic. Through contributions from employees, agents and Allianz General, a total of RM136,550 was channelled towards the purchase of personal protective equipment and meal packs for frontliners, and grocery items for needy communities. Our Allianz Explorer trucks helped to distribute items in Klang Valley, while others were given out by our NGO partners in Sabah.

- The annual Year End Gift Giving initiative was organised to spread holiday cheer to children from underprivileged backgrounds. The wishes of 254 children from five NGOs were collected, whereby employees then adopted these wishes and fulfilled them by purchasing and delivering the items the children had requested.

Be life confident

We promise to do everything we can to protect our customers and believe in the pursuit of dreams for our customers. By securing their lives, we can give our customers the confidence for a better tomorrow without doubt, no matter what.

Market Landscape

Malaysia's real GDP grew 3.1% in 2021 which is well below BNM's initial official projection of up to 7.5% at the start of the year, mainly due to a resurgence in COVID-19 cases from new variants and continued COVID-19 mitigation measures especially during the third quarter. Performance is still below pre-pandemic levels in 2019 and consumer sentiment remained weak. Overall insurance penetration remains low at 4.7% of GDP, in comparison to more than 8% in advanced economies. Among the initiatives undertaken by the government to boost insurance awareness and uptake, particularly among the B40 community, is the launch of the Perlindungan Tenang Voucher programme.

The general insurance industry saw a GWP growth of 2.7%, mainly driven by Engineering business due to projects being extended because of COVID-19 mitigation measures. On the other hand, Motor business for the whole industry experienced a decline, driven by lower new car sales (3.9% lower vs 2020 and 15.8% lower versus 2019). The general insurance penetration rate sits at 1.3% (GWP as percentage of GDP). Against the above economic backdrop, demand for non-life/health insurance remains weak. Contributing factors include a decline in new car sales impacted by COVID-related supply issues, businesses trying to reduce insurance spend, and continued travel restrictions. December 2021 also saw one of the most severe floods in recent history, affecting densely populated residential and commercial areas, with industry estimates of up to RM3 billion total expected pay out.

The life insurance industry recorded a growth of 13.1% in new business premiums, reflected in a significant increase to 1.87 million new individual policies in 2021 as compared to 1.22 million in 2020. This was driven by declined industry in 2020 owing to major impact from the lockdown due to COVID-19. At the same time, all industry players were better equipped to face the challenges and come up with better campaigns to drive sales and there was greater public awareness of the need for financial protection in safeguarding themselves and their families in this time of uncertainty. The life insurance penetration rate saw a corresponding increase, up to 3.4% of GDP from 3.2% in 2020. Many life insurance players in Malaysia have started to diversify into health and wellness, offering healthcare services to boost customer acquisition. We are also seeing a growing trend across the industry of collaboration with digital partners in the e-commerce and e-wallet space for example, to boost insurance reach to the masses.

Risks and Opportunities

Risks

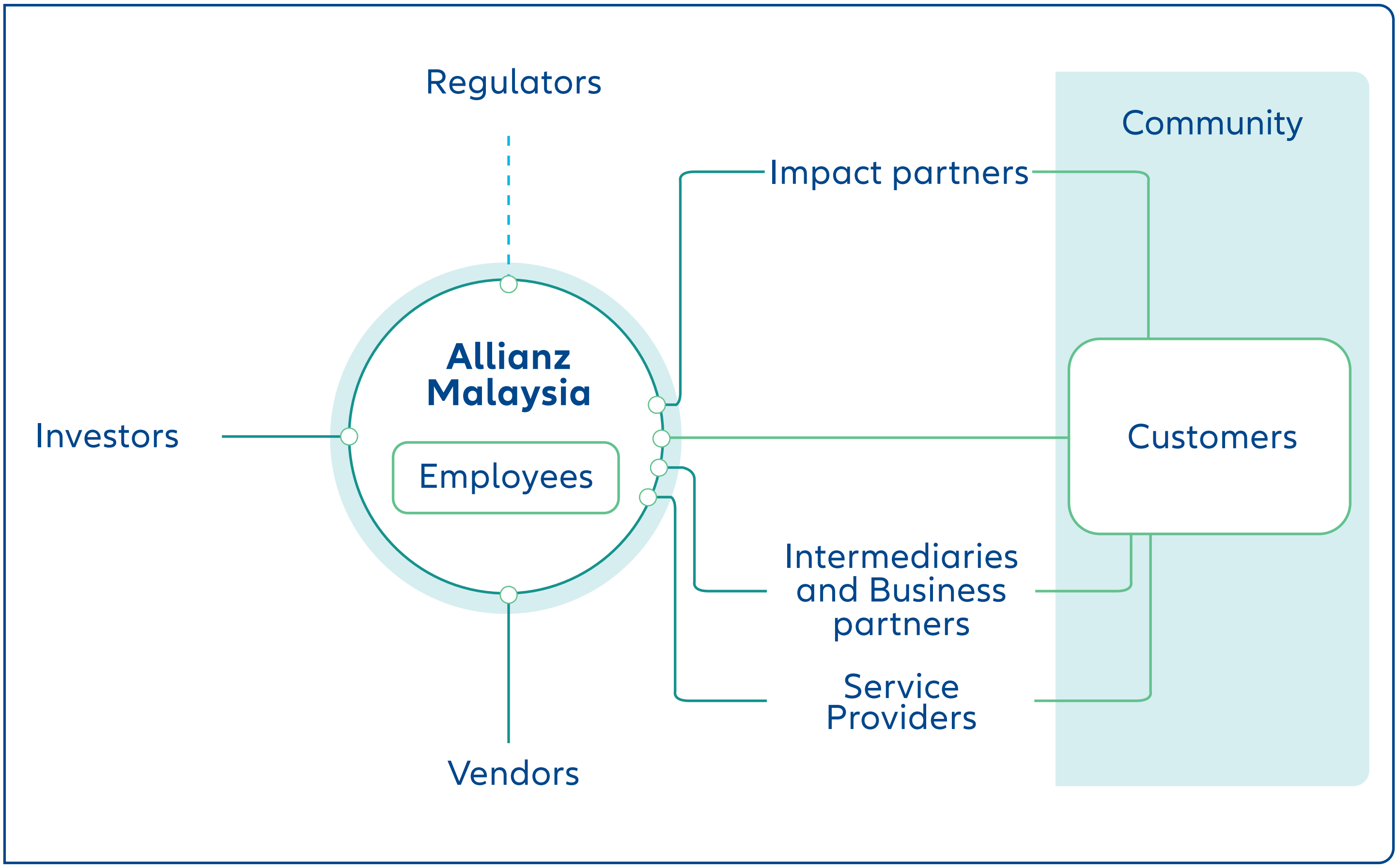
- Organic industry growth in the short term is expected to remain subdued due to economic uncertainties, particularly for the general insurance industry where low growth was observed even pre-COVID
- Interest rate volatility impacts life insurance profits
- Climate change risks, such as severe floods may become more frequent
- International competition for talent due to the borderless nature of work and demand for new skills and competencies

Opportunities

- To explore and unlock new areas of demand to increase penetration rate via initiatives like Perlindungan Tenang, as well as new partnerships (especially digital) to help with distribution and penetration
- Continued protection focus expanded to partnerships
- Maximise Allianz We Care Community ecosystem as market differentiator and use healthcare ecosystem to engage communities
- Leverage on Allianz global assets and sharing of know-how from other Allianz entities worldwide

Stakeholder Engagement

Our decision-making is built upon the consideration of a diverse range of views. A simplified illustration of the stakeholders in our value chain is provided below:



Investors are the providers of financial capital to Allianz Malaysia. Regulators and industry peers contribute to shaping the operating environment. Our employees are important drivers of our business, while we engage the services of vendors to support our operations. Service providers, intermediaries, and business partners assist us in reaching out to and delivering our promise to our customers, while our impact partners help to deliver our community initiatives to society and the planet.

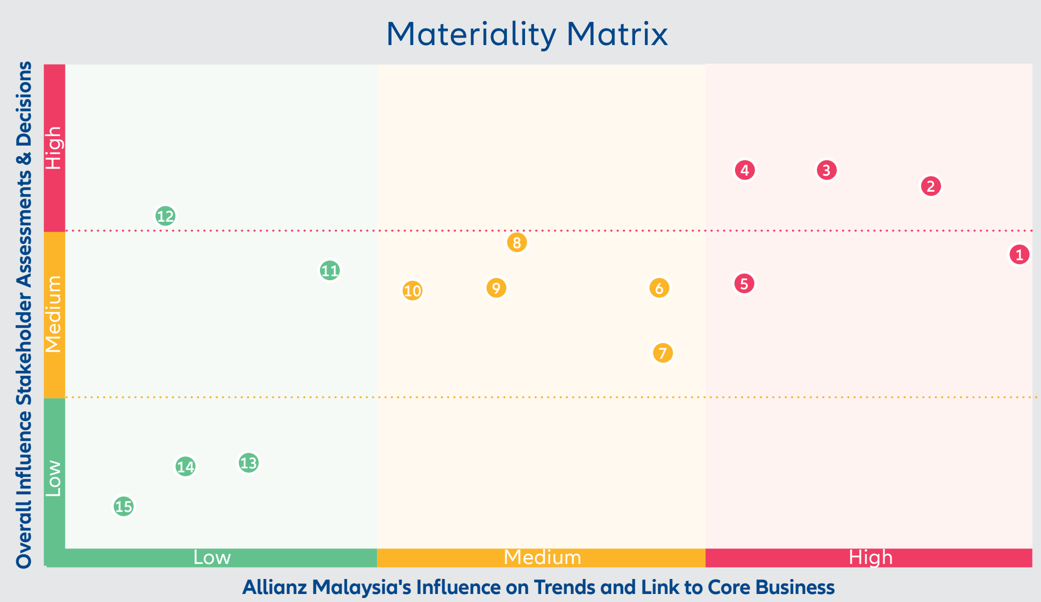
We use materiality analysis, monitoring and analysis of stakeholder trends, surveys and interviews, as well as direct and indirect interaction with our range of stakeholders to inform our strategic and operational decision-making. Our engagement with key stakeholder groups as well as our initiatives catering to these respective groups are set out in the following page.

Stakeholder Engagement

Stakeholders	Engagement Channels	Our Initiatives	Found in Section
Customers	• Customer satisfaction surveys such as Net Promoter Score and Voice of Customer rating • Online platforms (e.g. corporate website, social media, smartphone applications & mobile messaging) • Allianz We Care Community platform	• Needs-based, accessible, and affordable products and services • Additional services such as free vehicle towing • Multiple outreach channels and self-service options • Development of a holistic healthcare ecosystem • Allianz Customer Service Charter setting out our commitment to transparency and fairness in all dealings	Responsible Business Corporate Governance Overview Statement
Employees	• Allianz Engagement Survey and Sustainability Survey • Townhall meetings and internal publications • Learning and development programmes and events • Corporate volunteering programmes	• EDGE (Economic Dividends for Gender Equality) Certification • Health and safety efforts in response to COVID-19 • #LEAD global leadership programme • #LEARN programme encouraging an hour of learning a week • AllianzU – powered by Degreed learning platform • Employee engagement opportunities	Employer of Choice
Investors/ Shareholders	• Annual General Meeting • Analyst Briefings • Reports and Circulars	• ESG integration into business and operations • Industry Excellence Award for financial services in MSWG-ASEAN Corporate Governance Award 2020 • The EDGE BRC award for highest growth in profit after tax over 3 years	Responsible Business Corporate Governance Overview Statement Statement on Risk Management and Internal Control
Intermediaries/ Business Partners	• Internal publications • Townhall meetings, council meetings, recognition events • Training and development • Feedback through multiple channels	• Increased frequency of training for Allianz agency members • Digital tools and services for end-to-end customer service • C.E.O programme for agency recruitment and development • Remote sales and onboarding tools to support customer outreach • Allianz4Good Relief Fundraiser to contribute back to society	Responsible Business Employer of Choice
Service Providers	• Vendor Integrity Screening and renewals • Panel tender exercise • Training and awareness	• Rasuah Busters campaign as our commitment to anti-corruption • Establishment of motorcycle workshop panelship • Partnership proposition that supports business growth such as Blue Ribbon Hospitals	Responsible Business
Government, Regulators, and Industry	• Working and advisory groups • Dialogues, trainings, and meetings	• Participation in industry working groups • Support for national programmes such as Perlindungan Tenang • Solar industry engagements to promote transition to a low-carbon economy	Responsible Business Corporate Governance Overview Statement Statement on Risk Management and Internal Control
Society	• NGO Integrity Screenings • Corporate giving and volunteering programmes • Partnerships with social organisations and enterprises • Community health and wellbeing initiatives	• COVID-19 and disaster relief and response • Community outreach • Allianz We Care Community benefits for community members • Awareness-raising talks and seminars	Responsible Corporate Citizen

What Matters to Us

Allianz's material ESG topics have been identified through stakeholder engagement, peer review, and through desktop research. It has also been informed by Allianz SE's materiality process. These topics were recognised as significant areas for management due to their current or emerging importance and link to our core business.



Material Matters 2021
1 Cybersecurity and Data Privacy
2 Health and Wellbeing
3 Customer Satisfaction
4 Governance and Ethics
5 Natural Disaster and Extreme Weather
6 Responsible Products, Investments, and Underwriting
7 Climate Change
8 Talent Management
9 Diverse, Equitable and Inclusive Workforce
10 Social and financial inclusion
11 Digital Innovation
12 Charitable and Community Support
13 Environmental Management
14 Sustainable Supply Chain
15 Human Rights

Changes to the Matrix

We engaged a sustainability consultant to conduct a materiality validation exercise which resulted in the amendment, reintroduction, and removal of some material matters.

Several topics have been recategorised, as below:

- Customer Innovation renamed to Digital Innovation
- Cyber Risks and Data Privacy and Protection combined into Cybersecurity and Data Privacy
- Employees and Workplace separated into two core areas of Talent Management and Diverse, Equitable and Inclusive Workforce
- The topic of Health was renamed to encompass Health and Wellbeing.

The topics of Customer Satisfaction and Governance and Ethics were reintroduced to reflect the results of the validation, which indicated a clear expectation for this information by the investor community. Sustainable Supply Chain was introduced as a new topic, reflecting the increased importance of ensuring not only that we are mindful of impacts within our own operations, but also across our wider sphere of influence.

The topics of Cybersecurity and Data Privacy as well as Health and Wellbeing were especially important in the past year as we continue to live through the pandemic. With more people working from home and increased use of digital infrastructure, there has been a rise in global cyberattacks, and correspondingly, greater internal awareness on safe digital behaviour. Health and Wellbeing is similarly at the fore, with the pandemic impacting our internal workforce, our customers, and the wider community. This highlights our obligations as an insurer and a responsible employer – to facilitate the delivery of quality healthcare and create a safe working environment.

The reintroduced topics of Customer Satisfaction and Governance and Ethics were understandably highly ranked, being foundational to good business and part of our Code of Conduct and core values. Natural Disaster and Extreme Weather ranked higher as well, likely in response to the spate of heavy flooding which personally affected many Malaysians and is widely seen to be linked to Climate Change. Amidst this uncertainty, there is heightened interest in Responsible Products, Investments, and Underwriting, as consumers demand choices that reflect their values, and regulators place greater emphasis on ESG topics.

Social and human relations topics occupied the mid-table, like the year before. These tend to reflect topics where Allianz Malaysia performs well and needs to stay abreast of latest developments and best practices. Environmental Management, Sustainable Supply Chain and Human Rights occupy the bottom left quadrant as emerging ESG topics, mainly impacting us via our extended value chain. These topics are more established in an international context, so we are guided and abide by global Allianz standards. As we progress towards an integrated mindset and thus better understanding our impacts on all forms of capital, we can seize opportunities to influence and engage with our sphere of influence, working collaboratively for a more sustainable society and planet.

What Matters to Us

Sustainability Matter	Scope of Sustainability Matter	Importance to Allianz
Cybersecurity and Data Privacy	Data privacy and protection; cybersecurity governance and management; managing digital and technological risks and other digital threats	Digital threats have increased exponentially with the rapid adoption of new technologies and remote work. The right governance and safety measures must be in place to protect our data and systems.
Health and Wellbeing	Employee and community health, safety, and wellbeing; disease prevention and management; and quality healthcare access	Physical and mental health are a foremost concern, especially during the pandemic - for our employees, customers, and wider community. We care for our people and support the healthcare ecosystem through our products and services.
Customer Satisfaction	Customer-centric decision-making, value-added services and improvements, and development of needs-based products	Key to our Renewal Agenda whereby True Customer Centricity lies at the heart of our strategy
Governance and Ethics	Business ethics and responsible business conduct related to transparency, compliance, risk management, and reputation	As a financial service provider, strong corporate governance is the foundation of building stakeholder trust and maintaining our licence to operate.
Natural Disaster and Extreme Weather	Measures to increase emergency awareness and preparedness; and provide solutions to improve disaster resilience	Compounded by climate change, the frequency and severity of extreme weather is anticipated to increase, leading to social and financial impacts on our customers and communities and affecting Allianz's underwriting and risk management.
Responsible Products, Investments, and Underwriting	Integration of ESG in insurance and investments; and solutions that meet environmental and social needs	Stakeholders expect and we have an obligation to do business ethically - in a way that is cognisant of social and environmental impacts and based on principles of good governance.
Climate Change	Supporting a low-carbon transition through our investments and insurance, and considering climate risk in our business	Climate change poses risks and opportunities – affecting our stakeholders and our business. We must anticipate, mitigate, and manage these risks now to avoid worse impacts in the future.
Talent Management	Talent attraction and retention, training and development, work-life balance, and the impact of technology and automation on jobs	Talent must be nurtured and developed to derive the best outcomes for all stakeholders – be they internal or external. Talent retention is important in delivering quality service and enhancing technical competence as we prepare for the workplace of the future.
Diverse, Equitable and Inclusive Workforce	Inclusive leadership and corporate culture; and fair and inclusive policies and guidelines	We track our performance against Allianz's Inclusive Meritocracy Index, emphasising diversity as a strength that helps us appreciate myriad viewpoints and perspectives.

Sustainability Matter	Scope of Sustainability Matter	Importance to Allianz
Social and Financial Inclusion	Addressing social and economic inequalities, increasing access to insurance, and potential impacts related to unemployment	Addressing socioeconomic disparities helps to expand the pool of emerging consumers while creating a more stable and sustainable environment to live and work in.
Digital Innovation	Digitalisation efforts in our operations and use of technologies such as artificial intelligence and big data.	Digitalisation and innovation are necessary to meet the expectations of customers and intermediaries, and to leverage on efficiency gains from technological advancements
Charitable and Community Support	Corporate giving, employee volunteering, and supporting underserved communities	As a corporate citizen, Allianz must give back to the community we live and work in. As the COVID-19 pandemic demonstrated, we are as resilient as our most vulnerable, so it is in society's best interest to lift and empower underserved communities.
Environmental Management	Resource use within our own operations, energy efficiency, and reducing greenhouse gas emissions	As a financial institution, our direct environmental footprint consists mainly of energy, travel, and paper use. We work to continuously reduce our negative environmental impacts, in line with a low carbon future.
Sustainable Supply Chain	ESG management in procurement and claims, and amongst our wider scope of influence	We engage with various stakeholders in the conduct of our business. Leveraging our scope of influence, we advocate ESG practices that lead to shared progress in creating sustainable value.
Human Rights	Upholding universal rights related to forced labour and child labour across our value chain (employees, customers, supply chain, and local communities)	All businesses have a responsibility to stand against modern slavery, child and forced labour. We have zero tolerance towards human rights violations and these expectations are integrated into our business standards and processes.

Value Creation Model

Our capital inputs

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

Financial Capital >>

- Revenue from insurance premiums
- Investment income
- Shareholders' capital

Manufactured Capital >>

- Head office and branches
- Company vehicles
- IT systems and infrastructure

Natural Capital >>

- Energy, water, paper, travel and greenhouse gas emissions

Human Capital >>

- Management and employees and their collective competencies, capabilities, and experience

Intellectual Capital >>

- Policies, processes, and guidelines
- Proprietary systems and services

Social and Relationship Capital >>

- Relationships with key stakeholders including customers, intermediaries, business partners, service providers, investors, and communities

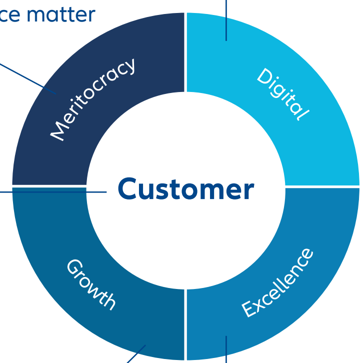
Operating model

Renewal Agenda levers drive our strategy

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

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

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



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

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

Our Strategic Approach

Our sustainability approach

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

Insurance Operations

Our Business Model

Product Development and Solutions
We develop financial solutions by looking at customers' needs and developing products and services that are accessible and appropriate to the level of risk and financial protection required.

Distribution
Our products and services are marketed and distributed by our intermediaries such as agents, brokers and business partners, as well as directly at our branches and online.

Policy Fulfilment and Assistance
We pay out claims or arrange assistance services for our customers should they need to activate their policy. Our trusted partners support us in creating a smooth claims journey.

Investments

Customers pay deposits for certain savings and investment products, which we invest to earn returns. We also invest our own capital to generate profit for our shareholders and to invest in our business.

Human and Community Investment

We build the capacity of our employees and agents so that they are future ready. We also channel funds to the communities that we live and work in through our corporate responsibility initiatives and provide services to support societal health and wellbeing.

The value we create for our stakeholders

Customers

- Financial protection and claims payment to help customers face the unexpected
- Accessible, timely, and relevant services
- Protection for 3.1 million customers
- RM2.36 billion in benefits and claims

Employees

- Fair and inclusive work environment encouraging career growth and learning
- Ethical and responsible business practices
- RM1.1 million invested in employee training
- Allianz Vaccination programme for employees

Investors

- Consistent and sustainable returns
- Strong corporate governance fundamentals and integrity
- Recognised by the EDGE BRC for highest growth in profit after tax over 3 years
- Excellence Award for Corporate Governance (CG) Disclosure at MSWG-ASEAN CG Award 2020

Intermediaries/ Business Partners

- Professional learning and development, and fair remuneration for agents
- Technical expertise and support ecosystem
- Digital innovation founded on cybersecurity and data privacy principles
- Over 900 training sessions held for Allianz Malaysia agency members
- NEXEA Coporate Accelerator Programme collaboration for digital innovation

Society and Planet

- Conscientious corporate citizen
- Health ecosystem emphasising holistic wellbeing
- Accessible products and initiatives addressing social and financial inclusion
- RM3.217 million channelled towards corporate responsibility initiatives
- Over 1.2 million Allianz We Care Community members
- 86% reduction in GHG emissions compared to 2019

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

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

People's choice for protection

Being the world's number 1 insurance brand goes beyond having an ambition. We liken our purpose to the North Star and have charted an unwavering course to guide how we interact and care for the hopes, dreams, trials, and tribulations of our customers, employees, and society through the delivery of Allianz products and services.

Board of Directors' Profile

As at 1 April 2022

Tan Sri Datuk (Dr.) Rafiah Binti Salim

Chairman - Non-Independent Non-Executive Director

74 Age

Female

Date of Appointment
23 November 2012

Date of Last Re-election
30 May 2019

Length of Service
9 years 4 months

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

Qualifications
- Bachelor of Laws, Queen's University of Belfast, United Kingdom in 1971
- Master of Laws, Queen's University of Belfast, United Kingdom in 1974
- Certificate of Legal Practice in 1987
- Advocate & Solicitor of the High Court of Malaya in 1987
- Honorary Doctorate, Queen's University of Belfast, United Kingdom in 2005
- Honorary Doctorate, University of Malaya in 2019

Present Directorships
Listed entities:
- Chairman of Allianz Malaysia Berhad ("AMB" or "Company")
- Lotte Chemical Titan Holding Berhad
- Minda Global Berhad

Other public companies:
- Chairman of Allianz General Insurance Company (Malaysia) Berhad ("Allianz General")
- Yayasan Petronas

Board Meeting Attendance in 2021
4 out of 5 Meetings

Working Experience
Tan Sri Datuk (Dr.) Rafiah started her career as a lecturer at the Faculty of Law, University of Malaya in 1974. In 1988, she ended her service with University Malaya as the Dean of the Faculty. She then moved on to become the Head of the Legal Department of Malayan Banking Berhad ("Maybank"). In 1991, she was promoted to the post of General Manager of the Human Resource Department at Maybank. She was then invited to serve in Bank Negara Malaysia as the Assistant Governor for the Security Department, Legal Department and Property and Service Department.

Tan Sri Datuk (Dr.) Rafiah's international experience includes holding the position of Assistant Secretary General for Human Resource Management, United Nations, New York, from 1997 to 2002 and was the first Malaysian to be appointed to such a high ranking post in the United Nations system. From 2003 to 2006, she was the Executive Director of International Centre for Leadership in Finance, now known as The ICLIF Leadership And Governance Centre. In 2006, she was appointed as the Vice-Chancellor/President of University of Malaya. She was the Executive Director of NAM Institute for the Empowerment of Women from 2009 to 2013.

Tan Sri Datuk (Dr.) Rafiah has been awarded the "Darjah Kebesaran Panglima Jasa Negara" and the "Panglima Setia Mahkota " from His Majesty The Yang di-Pertuan Agong.

Other Information
Tan Sri Datuk (Dr.) Rafiah does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Goh Ching Yin

Independent Non-Executive Director

Date of Appointment
1 July 2020

64 Age

Date of Last Re-election
23 June 2021

Male

Length of Service
1 year 9 months

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

Qualification
- Master of Business Administration, Cranfield School of Management, Cranfield University in 1992

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

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

Board Meeting Attendance in 2021
5 out of 5 Meetings

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

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

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

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

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

Other Information
Goh Ching Yin does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Board of Directors' Profile
As at 1 April 2022

Tunku Zain Al-'Abidin Ibni Tuanku Muhriz

Independent Non-Executive Director

Malaysian

39 Age

Male

Date of Appointment
28 November 2014

Date of Last Re-election
30 June 2020

Length of Service
7 year 4 months

Membership of Board Committee
- Chairman of Nomination and Remuneration Committee

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

Present Directorships

Listed entities:
- AMB
- Chairman of Omesti Berhad

Other public companies:
- IDEAS Policy Research Berhad
- Institute for Democracy and Economic Affairs
- Yayasan Chow Kit
- Genovasi Foundation
- Jeffrey Cheah Foundation

Board Meeting Attendance in 2021
5 out of 5 Meetings

Working Experience

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

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

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

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

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

Other Information

Tunku Zain does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Board of Directors' Profile
As at 1 April 2022

Peter Ho Kok Wai
Independent Non-Executive Director

Date of Appointment
1 October 2019

62 Age

Date of Last Re-election
30 June 2020

Male

Length of Service
2 year 6 months

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

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

Present Directorships
Listed entities:
- AMB
- Hong Leong Industries Berhad
- Hong Leong Capital Berhad
- Guocoland (Malaysia) Berhad
- HPMT Holdings Berhad

Other public company:
- Allianz Life

Board Meeting Attendance in 2021
5 out of 5 Meetings

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

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

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

Other Information
Peter Ho does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Board of Directors' Profile
As at 1 April 2022

Gerard Lim Kim Meng
Independent Non-Executive Director

50 Age

Male

Date of Appointment
1 January 2021

Date of Last Re-election
23 June 2021

Length of Service
1 year 3 months

Membership of Board Committee
Nil

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

Present Directorships
Listed entity:
- AMB

Other public company:
Nil

Board Meeting Attendance in 2021
4 out of 5 Meetings

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

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

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

Other Information
Gerard Lim does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Zakri Bin Mohd Khir

Non-Independent Non-Executive Director

Date of Appointment
1 January 2022

58 Age

Date of Last Re-election
Nil

Male

Length of Service
3 months

Membership of Board Committee
Nil

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

Present Directorships
Listed entity:
- AMB

Other public company:
- Yayasan Chow Kit

Board Meeting Attendance in 2021
Nil

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

Other Information
Save for holding of 100 ordinary shares and 200 irredeemable convertible preference shares in the Company, Zakri does not have any other interest in the shares of the Company and its subsidiaries. He also does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interests with the Company and has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Board of Directors' Profile

As at 1 April 2022

Tan Sri Datuk Zainun Binti Ali

Independent Non-Executive Director

69 Age

Female

Date of Appointment
15 March 2022

Date of Last Re-election
Nil

Length of Service
18 days

Membership of Board Committee
Nil

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

Present Directorships
Listed entity:
- AMB

Other public company:
- Permodalan Nasional Berhad

Board Meeting Attendance in 2021
Nil

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

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

Other Information
Tan Sri Datuk Zainun does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Anusha A/P Thavarajah

Non-Independent Non-Executive Director

Malaysian

54 Age

Female

Date of Appointment
17 March 2022

Date of Last Re-election
Nil

Length of Service
16 days

Membership of Board Committee
Nil

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

Present Directorships
Listed entity:
- AMB

Other public company:
Nil

Board Meeting Attendance in 2021
Nil

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

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

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

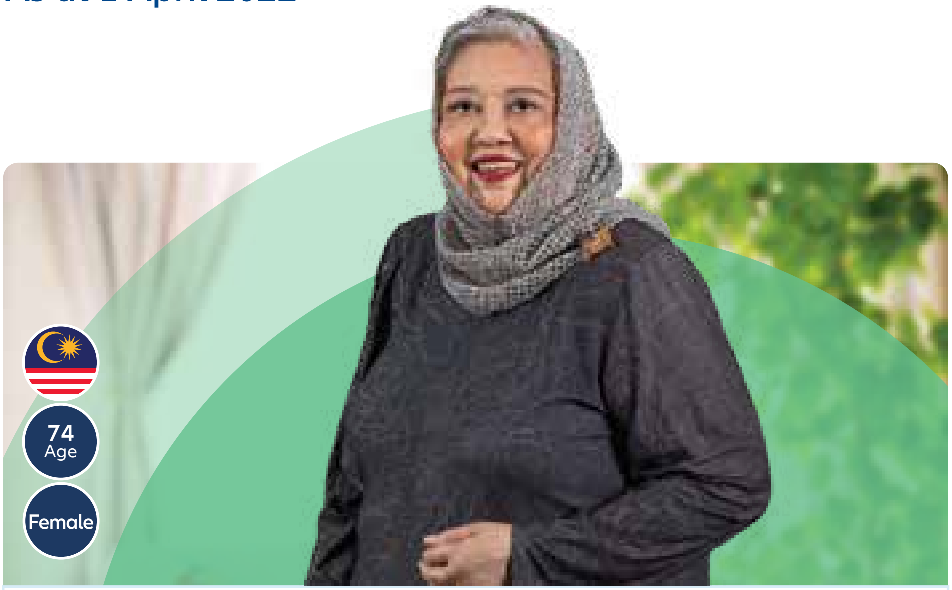
Anusha was also the first female President of the Life Insurance Association of Malaysia, Chairperson of the Malaysian Insurance Institute as well as the first female CEO in the AIA Group when she was appointed to head AIA Malaysia in June 2015.

Anusha has almost 30 years' experience in the financial services industry having served in various senior leadership roles in the UK, Hong Kong and Malaysia.

Other Information
Anusha does not have any family relationship with any Director and/or major shareholder of the Company except by virtue of being a nominee Director of Allianz SE on the Board of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Allianz General Board Members

As at 1 April 2022



Tan Sri Datuk (Dr.) Rafiah Binti Salim

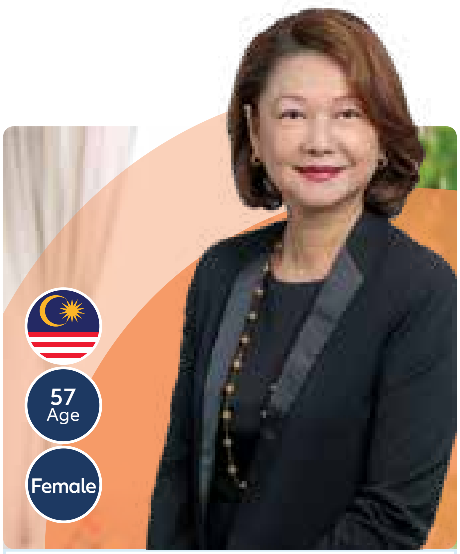
Chairman – Non-Independent Non-Executive Director

Dr. Muhammed Bin Abdul Khalid

Independent Non-Executive Director

Lim Tuang Ooi

Independent Non-Executive Director



Wee Lay Hua

Independent Non-Executive Director

Sean Wang Wee Keong

Executive Director/CEO

Allianz Life
Board Members
As at 1 April 2022

Goh Ching Yin

Chairman – Independent Non-Executive Director

Peter Ho Kok Wai

Independent Non-Executive Director

Dato' Dr. Kantha A/L Rasalingam

Independent Non-Executive Director

Lim Fen Nee

Independent Non-Executive Director

Joseph Kumar Gross

Executive Director

Senior Management Team Profile

As at 1 April 2022

Sean Wang Wee Keong

49 Age

Male

CEO of AMB and Allianz General

Qualification

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

Working Experience and Other Information

Wang Wee Keong ("Sean") has over 20 years of experience in the insurance industry. He started his professional career as an auditor in Price Waterhouse Coopers in 1997. In 1998, Sean joined American Malaysian Insurance as the Head of Healthcare and Personal Accident, responsible for underwriting, claims and policy management. In 2001, he joined ING Insurance Berhad and assumed responsibility for sales in Employee Benefits, managing direct clients and brokers.

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

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

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

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

He also does not have any conflict of interest with the Company and has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company

Allianz General

Charles Ong Eng Chow

56 Age

Male

CEO of Allianz Life

Qualifications

1. Bachelor of Commerce from the University of Canterbury, New Zealand
2. Chartered Accountant of the Malaysian Institute of Accountants
3. Chartered Accountant of the New Zealand Institute of Chartered Accountants

Working Experience and Other Information

Ong Eng Chow ("Charles") has more than 33 years of experience in the financial services industry, of which 26 years have been in the insurance industry. He started his professional career as an auditor in KPMG Peat Marwick, New Zealand in 1988. In 1991, Charles joined Hume Industries (Malaysia) Berhad (a related company of Hong Leong Group) as the Group Accountant, responsible for the preparation of financial information for Merger and Acquisitions activities and group planning process and tax planning. In 1993, he was transferred to Akoko Sdn Bhd, a newly acquired subsidiary of Hong Leong Industries Bhd and assumed the position as Finance Manager responsible for the overall financial functions of Akoko Sdn Bhd. He left Hong Leong Group in 1995 and assumed the position as the Finance Manager EON CMG Life Assurance Berhad from 1995 to 1999.

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

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company

Nil

Stefan Ritz

50 Age | Male

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

Qualification
Diploma in Business Computing

Working Experience and Other Information
Stefan Ritz has 25 years of work experience, of which 23 years have been in the insurance industry. He joined Allianz in Germany in 1998 as Information Technology consultant and was assigned to Allianz Life Korea from 2000 where he held various project lead and management roles. In April 2012, he joined Allianz Life as Head of Operations and was subsequently appointed as Chief Operations Officer on 1 January 2013 before his appointment as Chief Digital Officer in 2016. In 2017, he re-assumed responsibility as Chief Operations Officer of Allianz Life in addition to his Chief Digital Officer role. He was appointed the role of Chief Operations Officer of the Company in July 2021. He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company
Nil

Amy Loke Siew Pei

43 Age | Female

Chief Market Management Officer of the Group

Qualification
Bachelor of Accounting

Working Experience and Other Information
Amy Loke has 20 years of work experience, of which 11 years have been in the insurance industry. She joined the Group as the Chief Market Management Officer on 4 September 2017. She does not have any family relationship with any Director and/ or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company
Nil

Senior Management Team Profile
As at 1 April 2022

Horst Hermann Habbig

58 Age
Male

Chief Sales Officer of Allianz General

Qualification
Advanced Industrial Training Programme, Germany

Working Experience and Other Information
Horst Habbig has 39 years of work experience, of which 39 years have been in the insurance industry. He joined the Company in 1999 as Technical Advisor and was subsequently appointed as Chief Operations Officer in 2002. He was redesignated as the Head of Marketing Division in 2008 before he assumed his current position as Chief Sales Officer of Allianz General on 1 April 2010. He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company
Nil

Rafliz Ridzuan

52 Age
Male

Chief Underwriting Officer of Allianz General

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

Working Experience and Other Information
Rafliz Ridzuan has 30 years of work experience, of which 29 years have been in the insurance industry. He joined Allianz General on 2 October 2000 as Head of Corporate Business. He was appointed Head of Sales in 2011 prior to his current role as Chief Underwriting Officer which he assumed on 1 September 2014. He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company
Nil

Andrew Sim Kok Soon

51 Age | Male

Chief Operations Officer of Allianz General

Qualification

Diploma in General Insurance, Malaysian Insurance Institute

Working Experience and Other Information

Andrew Sim has 30 years of work experience, of which 28 years have been in the insurance industry. He joined Allianz General in 2008 as Head of Bancassurance until 2016 with a change of portfolio from sales to operation as Head of Operations from thereon. He was appointed as Chief Operations Officer on 1 July 2021. He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company

Nil

Felicia Lee Chi Kwan

55 Age | Female

Deputy Chief Financial Officer of Allianz General

Qualifications

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

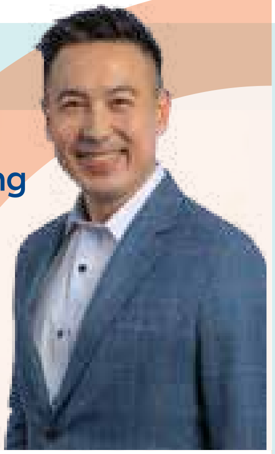
Working Experience and Other Information

Felicia Lee has 31 years of work experience, of which 29 years have been in the insurance industry. She joined the Company in 2005, and assumed the position of Head of Finance of Allianz General on 1 November 2010. She was appointed as Deputy Chief Financial Officer of Allianz General on 1 April 2022. She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company

Nil

Senior Management Team Profile
As at 1 April 2022



Raymond Cheah Sin Beng

48 Age | Male

Chief Sales Officer, Agency Distribution of Allianz Life

Qualification
Sijil Tinggi Pelajaran Malaysia

Working Experience and Other Information
Raymond has 27 years of work experience, of which eight years have been in the insurance industry. He joined Allianz Life on 15 July 2013 as Deputy Chief Sales Officer. He was appointed as Chief Sales Officer on 1 January 2021. He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company
Nil

Lim Li Meng

57 Age | Female

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

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

Working Experience and Other Information
Lim Li Meng has 32 years of work experience, of which 32 years have been in the insurance industry. She joined Allianz Life on 9 June 2003 and has held several senior managerial positions in various functions within Allianz Life which include Product Development, Operations, Chief Market Management Officer with her current position as Chief Sales Officer of Allianz Life. Lim Li Meng was appointed to her current position on 1 November 2012. She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company
Nil

Ooi Haw Yun

39 Age

Male

Chief Product Officer of Allianz Life

Qualifications

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

Working Experience and Other Information

Ooi Haw Yun has 16 years of work experience, of which 16 years have been in the insurance industry. He joined Allianz Life in 2013 as Head of Actuarial Modelling and was subsequently appointed as Head of Pricing on 1 September 2014. He was appointed as Chief Product Officer on 1 January 2020. He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2021.

Directorship in Public Company

Nil

Corporate Governance Overview Statement

The Board of Directors takes the helm to promote sustainability values in business strategies towards long-term value creation.

This Statement is prepared in compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and with guidance from the key corporate governance ("CG") principles as set out in the revised Malaysian Code on Corporate Governance issued on 28 April 2021 ("Code"). This Statement is to be read together with the CG Report of Allianz Malaysia Berhad ("Company") for financial year ("FY") ended 31 December 2021 ("FY 2021"), available on the Company's website at www.allianz.com.my/corporate-governance.

The Corporate Governance Culture in Allianz

The Board of Directors ("Board") and the Management are cognisant that CG is a continuous journey to foster long-term sustainability of the Company and its insurance subsidiaries (collectively referred to as "Group") and CG practices could only be embedded throughout the Group with the collective commitment and support from all levels of employees. With this in mind, constant review and awareness building throughout the Group are undertaken to ensure that CG practices remain robust and relevant to the Group's business with the ultimate aim to foster long-term sustainability of the Group.

During FY 2021, the Company has the pleasure to receive the following awards from MSWG-ASEAN CG Award 2020:-

(a) Ranked sixth among the top 100 companies for CG disclosure under the Excellence Award for CG Disclosure; and

(b) Ranked third under the Industry Excellence Award for the financial services sector.

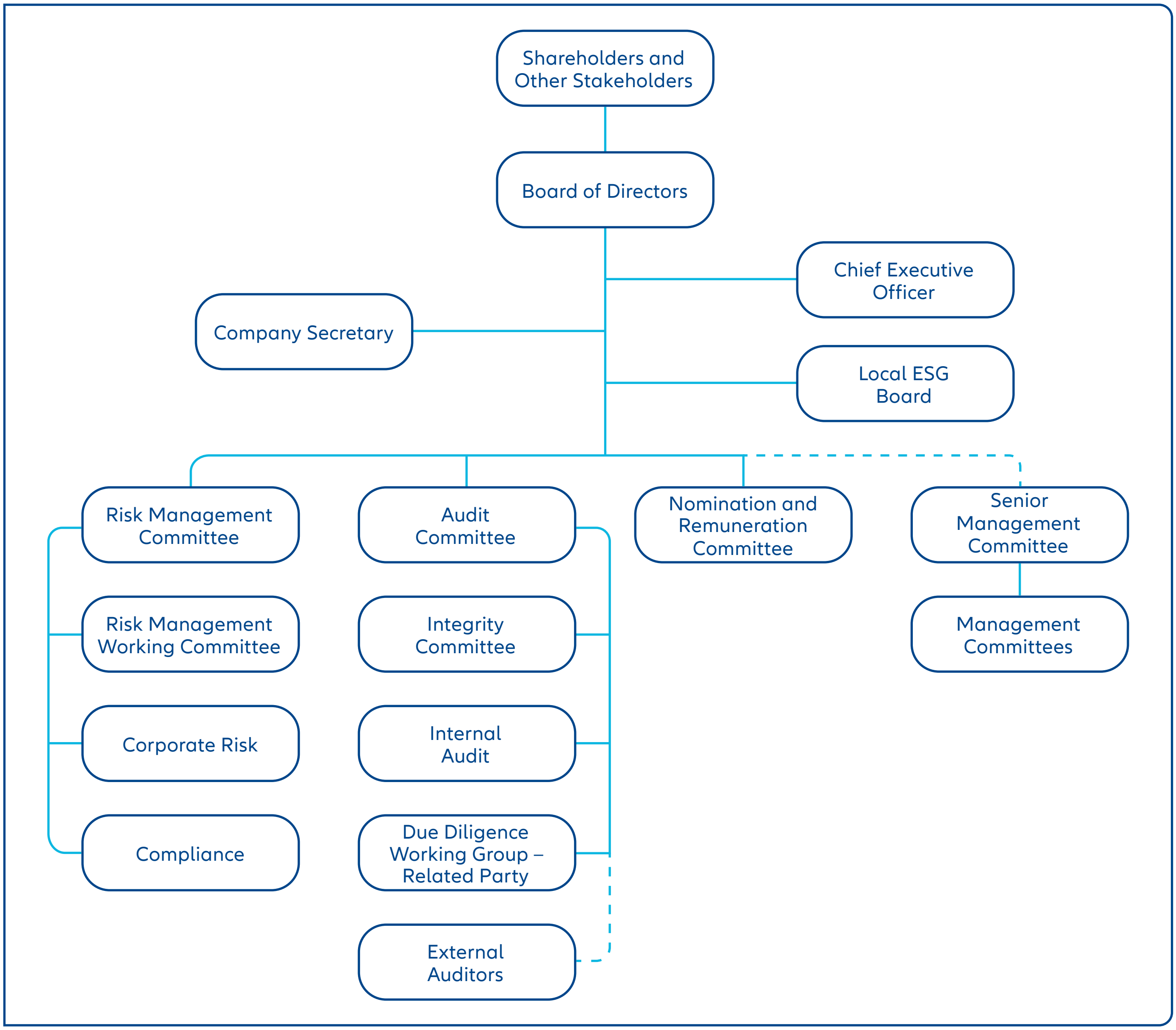
Save for those highlighted in the CG Report, the Company applied/adopted the practices recommended in the Code as at 31 December 2021. A summary of the Company's CG practices is as described below, under each CG principle.

Principle A: Board Leadership and Effectiveness

I. Board Responsibilities

The Board is responsible for overseeing the overall affairs of the Company. In order to ensure effective discharge of its functions and responsibilities, distinction must be maintained between the Management's functions and the overall responsibility of the Board.

The following chart illustrates the CG framework adopted by the Group:-



Corporate Governance Overview Statement

The Board is accountable to the shareholders and therefore exercises its best effort to ensure that the Company is properly managed and constantly improved to deliver sustainable value to the stakeholders of the Company.

The Board plays an active role in the Group's strategic direction and planning, either in long-term growth or delivering short-term business goals. The strategic planning of the Group is forward looking and encompasses a three-year action plan to address short-term business goals and long-term economic value creation including strategies on economic, environmental stewardship and social considerations.

Whilst the Group continued to register top-line growth, the Group remained resilient in FY 2021 and will continue to rely on its agility whilst adapting to the changing business environment and market sentiments to deliver resilient overall results. The Board recognises the upcoming challenges which include cyber risk, higher inflation cost, and uncertainty in mortality risk assumption arising from the pandemic as well as the impending climate change risk and its impact on insurance, and will work closely with the Management in managing such risks.

In addition, the Board and Board Committees of the Group discharged their roles and responsibilities in accordance with the Board Charter and Terms of Reference respectively. The record of attendance for the respective Board and Board Committee Meetings held in FY 2021 is detailed as follows:-

	Board	Board Committee		
	Company	AC	RMC	NRC
Independent Non-Executive Directors ("INEDs")				
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	5/5			4/4
Peter Ho Kok Wai	5/5	5/5	4/4	
Goh Ching Yin	5/5	5/5	4/4	4/4
Gerard Lim Kim Meng[1]	4/5[5]			
Dr. Muhammed Bin Abdul Khalid			4/4	
Non-Independent Non-Executive Directors ("NINEDs")				
Tan Sri Datuk (Dr.) Rafiah Binti Salim[2]	4/5[6]	4/5[6]		3/4[6]
Solmaz Altin[3]	4/4			
Claudia Salem[4]	5/5			

Notes:

AC : Audit Committee
RMC : Risk Management Committee
NRC : Nomination and Remuneration Committee
(blue) : Chairman
(peach) : Member
(grey) : Non-Member

[1] : Appointed as an INED of the Company on 1 January 2021.
[2] : Re-designated as a NINED of the Company on 23 November 2021, upon attaining a consecutive service of nine years.
[3] : Resigned as a NINED of the Company on 16 November 2021.
[4] : Resigned as a NINED of the Company on 22 December 2021.
[5] : Attended a vaccination appointment.
[6] : On medical leave.

The Board has established a Board Charter which encompasses, among others, the Board's roles, duties, responsibilities, powers, code of conduct, division of responsibilities and powers between the Board and the Management and between the Chairman and the Chief Executive Officer ("CEO"), the Terms of Reference of the Board Committees, the performance evaluation process for the Directors and Board Committees, to serve as a guide or key reference points for the Directors and the stakeholders.

The Board Charter is reviewed periodically to ensure that it is in line with internal and regulatory requirements as well as governance best practices.

The Board adopted the Allianz Group Code of Conduct ("COC") as the code of conduct for the Directors. The COC sets the value and principles that guide the actions of all employees and reflects the Group's commitment to run its business sustainably and with integrity.

The Group has in place the Whistleblowing Policy and Procedures to enable anonymous and non-anonymous reporting of any breach of the COC, any laws, regulations, orders or internal rules. All whistleblowing incidences in the Group are reviewed by the Integrity Committee and the findings are reported to the AC.

The Board and Board Committee Meetings are conducted in accordance with a structured agenda approved by the respective Chairmen. The agenda and meeting papers are sent electronically to the Directors at least one week prior to the meetings in order to accord sufficient time for the Directors to review and consider issues to be discussed at the meetings. In order to ensure the efficient flow of information between the Board and Management, the decisions made at the Board and Board Committee Meetings are circulated to the Directors, CEO and the relevant project owners no later than two working days after the conclusion of the Board Meetings.

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

The Board is supported by the Company Secretary, who is qualified pursuant to Section 235 of the Companies Act 2016. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures, and compliance with the relevant regulatory requirements, guidance and legislations as well as the principle of best CG practices.

Details of the Board Charter, COC and Whistleblowing Policy and Procedures are available for reference on the Company's website at www.allianz.com.my/corporate-governance.

The Board promotes sustainability through its strategic oversight and integration of sustainability considerations in the decision-making process and operations of the Group. This entails taking a holistic view of how the Group creates value and the economic, environmental, social, and governance ("ESG") impacts on its stakeholders. Sustainability topics are not new to the Group, but efforts were taken in the past years to strengthen sustainability governance. A Local ESG Board comprising top management was established in February 2021 that reports to and discusses sustainability topics with the Board and is responsible for driving these topics across the Group.

The Group has been monitoring and reporting its sustainability approach within its annual report for over a decade. This has included its environmental performance, contributions to society, and employee relations, among others. These targets are also communicated across the organisation through knowledge-sharing, training, internal communications, and as part of the Group's Employer Value Proposition, among others, to build an internal culture that embraces and supports sustainability priorities.

Sustainability targets form part of the overall company strategies and business plan and the relevant targets have been cascaded to specific members of the Senior Management. This includes long-term global targets set by Allianz SE Group ("Allianz") in relation to climate change, pertaining to Greenhouse Gas emissions in the Group's operations, investment, and underwriting portfolios. The Group is working to further enhance sustainability considerations into the performance evaluation of the Board and Senior Management.

The Sustainability Department and Local ESG Board regularly report to the Board and Senior Management to

Corporate Governance Overview Statement

keep them informed of latest developments and trends relating to sustainability topics of the Group. An in-house orientation programme on sustainability has been organised for newly appointed directors to ensure the new Board member has sufficient understanding of sustainability issues that are relevant to the Group and its business. The Directors also attend trainings concerning sustainability topics for continuous development.

In March 2021, the Board reviewed and approved the materiality matrix for sustainability approach and the sustainability focus areas, namely climate change and women's empowerment. Two cross-functional working groups, namely the Climate Change Working Group and Women's Empowerment Working Group were established to drive the respective topics. The working groups are each led by a Director as Board Sponsor and a representative from the Management as Operational Leads. These topics are particularly relevant considering recent regulatory trends towards greater scrutiny on climate-related risks and in promoting accessible and inclusive finance.

In 2021 Dow Jones Sustainability Index (DJSI) Rating, Allianz achieved the highest score of all insurance companies assessed globally. The Group is guided by Allianz's industry-leading practices, encompassing its approach to climate, social inclusion, and good governance across its roles as a business, employer, and corporate citizen. This includes supporting the rapid decarbonisation of the economy in line with the pursuit of a low-carbon future, embedding ESG practices in business governance through policies and guidelines, establishing a workforce that cares for tomorrow through its renewed Employer Value Proposition, and the pursuit of sustainable livelihoods through corporate citizenship practices. Details on the Group's initiatives can be found in Progressing Our Sustainability Agenda in this Annual Report.

II. Board Composition

The Board composition of the Group is structured to encourage objective and independent deliberation, review and decision making. The Board comprised purely Non-Executive Directors with a majority of INEDs as at FY 2021.

The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. The size and composition of the Board shall be appropriate and well balanced to cater for the interest of the majority and minority shareholders as well as the business of the Company. Membership of the Board will be drawn from various fields as may be determined by the Board from time to time with a balance of skills and experiences appropriate to the business of the Company.

Whilst the Board supports the universal move to appoint more female Directors to the Board, the Board is guided by the principle that appointment of new Board member shall not be based solely on gender but rather the candidate's skill set, competencies, experience and knowledge in areas identified by the Board. Nevertheless, the Board fully endorsed that female candidates should be included in the evaluation process for appointment of new Directors to the Board and effort has been made to promote Board gender diversity where female candidates are sought and considered in its recruitment exercise for appointment of new Directors to the Board.

The Board composition was further strengthened with the appointments of the following new Directors in 2022:-

(a) Zakri Bin Mohd Khir as a NINED of the Company on 1 January 2022;
(b) Tan Sri Datuk Zainun Binti Ali as an INED of the Company on 15 March 2022; and
(c) Anusha A/P Thavarajah as a NINED of the Company on 17 March 2022.

With the appointments of Tan Sri Datuk Zainun Binti Ali and Anusha A/P Thavarajah, the Board recorded 38% of female Directors as at the date of this Statement.

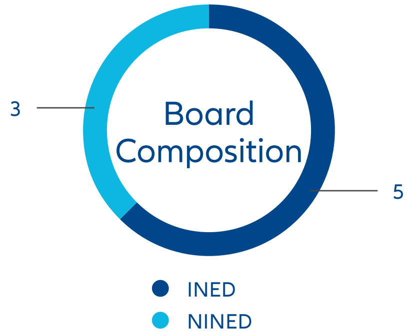
The Chairman of the Company, Tan Sri Datuk (Dr.) Rafiah Binti Salim has expressed her intention to retire at the conclusion of the 48th Annual General Meeting ("AGM"), after serving the Board for almost ten years. As part of the succession planning, the Board had approved the appointment of Zakri Bin Mohd Khir, as the new Chairman of the Board to succeed Tan Sri Datuk (Dr.) Rafiah Binti Salim.

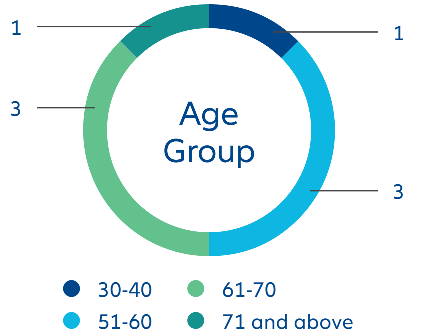
The Board is mindful of the requirements of Practice 1.4 and Step Up Practice 9.4 of the Code, given that Tan Sri Datuk (Dr.) Rafiah Binti Salim, being the current Chairman and NINED of the Board, is also a member of the AC and the NRC, as well as the requirement of Practice 5.9 of the Code following Tan Sri Datuk (Dr.) Rafiah Binti Salim's retirement.

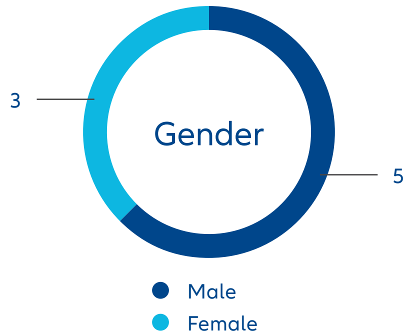
The Board has already intensified its effort to source for suitable candidates to be appointed as a member of the Board, AC and NRC, and is confident that the Company will be able to comply with the requirements of the Code by third quarter of 2022.

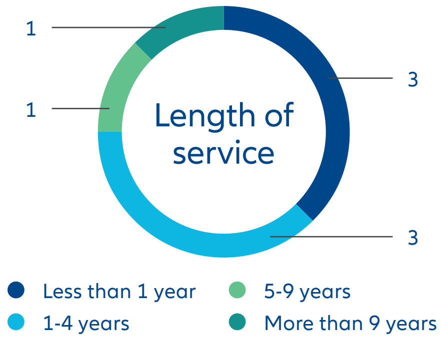
As a global organisation, the Group embraces equality and fairness in critical areas and achieved significant progress. In January 2022, the Company was pleased to receive the global certification on Economic Dividends for Gender Equality which reinforces the Company's commitment towards gender equality in the workplace, fostering equal career opportunities for men and women, as well as valuing different perspectives brought to the workforce by men and women.

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









Board Experience and Expertise		
Finance, Accounting and Audit	Governance	Leadership
Banking and Insurance	Information Technology	Risk Management
Human Resource and Development	Legal and Regulatory	Actuarial

Corporate Governance Overview Statement

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

The Group has adopted the policy on the tenure of INEDs which is set for a maximum period of nine years.

The Group has in place the evaluation process and procedures for appointment and re-appointment of Directors. Nomination of candidate for appointment as Director will be evaluated by the NRC. The NRC in making its recommendation on candidates for directorship, considers among others, the candidate's skill, knowledge, professionalism, integrity contribution, performance and diversity of the Board. The Group also takes into consideration the common directors' requirement of Bank Negara Malaysia ("BNM") guidelines when determining the composition of the Board.

The NRC conducts an annual assessment of the performance and effectiveness of the Board, Board Committees and the contribution by each Director to the effectiveness of the Board and Board Committees. The observations from the NRC are presented to the Board for deliberation and are taken into consideration in its recommendation for the re-appointment and re-election of any Board members of the Group.

In addition, the Board agreed that the Board evaluation shall be facilitated by a professional and independent party at least once in every three years. The last Board Effectiveness Evaluation for the Group was performed by an independent consultant, KPMG Management & Risk Consulting Sdn Bhd in 2020. The next review by an independent consultant shall be carried out in 2023.

III. Remuneration

The Board has in place a remuneration policy for Directors. The remuneration of the Board is reviewed by the NRC based on the remuneration policy approved by the Board.

The composition of Directors' remuneration consists of Directors' fees, allowances and benefits payable to the Chairman and Non-Executive Directors of the Group (excluding Nominee Directors of Allianz).

The shareholders of the Company had at the 47th AGM held on 23 June 2021 approved the payment of Directors' fees to the Non-Executive Directors effective 1 January 2021 until the next AGM and to be made on a monthly basis. It was agreed that the Directors' fees shall be applicable for three FYs, commencing from FY 2021 until FY 2023. Further information on the Directors' remuneration is detailed in the Notice of 48th AGM of this Annual Report.

The Group has adopted the Allianz Group Policy for Remuneration ("Remuneration Policy") for the employees, which is in line with the Group's business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and performance. The Remuneration Policy sets out the roles and responsibilities of Senior Management which forms a key component of the governance and incentive structure through driving performance, conveying acceptable risk taking behaviour and reinforcing the Group's corporate and risk culture.

Details for the roles and responsibilities of the NRC are attached to the Board Charter, and the Remuneration Policy are published under the CG section of the Company's website.

Principle B: Effective Audit and Risk Management

I. Audit Committee

During FY 2021, the AC composed majority of INEDs and chaired by Peter Ho Kok Wai.

The AC conducts annual assessment on the External Auditors based on the criteria as prescribed under Paragraph 15.21 of the Listing Requirements as well as BNM's guidelines on appointment of External Auditors. The AC also evaluates and recommends to the Board on the proposed appointment of the engagement partner and the concurring partner, and ensures that there is a rotation on the said partners at least once in every five years.

In ensuring the independence of the External Auditors, significant attention is directed toward the appropriateness of the External Auditors to perform services other than statutory/financial audit. The Group has in place the Policy on Audit and Non-Audit Services Provided by External Auditors to ascertain that the suitability, independence and objectivity of the External Auditors are not compromised.

Details for the roles and responsibilities of the AC are attached to the Board Charter, and the Policy on Audit and Non-Audit Services Provided by External Auditors are published under the CG section of the Company's website.

II. Risk Management and Internal Control Framework

The Board is fully committed to ensure that effective risk management and internal control systems are in place within the Group and continuous reviews are undertaken to ensure adequacy and integrity of these systems. In this regard, the Board entrusted the AC and RMC with responsibilities on the risk management and internal control function of the Group. The RMC comprised solely of INEDs during FY 2021 and chaired by Dr. Muhammed Bin Abdul Khalid, an INED of Allianz General Insurance Company (Malaysia) Berhad, a wholly-owned subsidiary of the Company.

The RMC drives the risk management framework of the Group and reports quarterly to the respective Boards of the Group on its recommendations and/or decisions. The Risk Management Working Committee ("RMWC") is established at the management level of the respective insurance subsidiaries and serves as a platform for two-way communication between the Management and the RMC on matters relating to risk strategy and management. Through the quarterly reporting from RMWC, the RMC consolidates the status of the risks of the respective companies and reports to the respective Boards for consideration.

The Group has in place a Risk Management Framework Manual ("RMFM") which outlines the guiding principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process. The RMFM is in compliance with the relevant requirements of the guidelines and/or policies issued by BNM and Allianz.

The Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to safeguard shareholders' investments, the Group's assets, the interest of customers, regulators, employees and other stakeholders.

Further information in regard to the risk management and internal control framework is presented in the Statement on Risk Management and Internal Control in this Annual Report.

Details for the roles and responsibilities of the RMC are attached to the Board Charter which is published on the Company's website.

Corporate Governance Overview Statement

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I. Engagement with Stakeholders

The Board is mindful that timely and easy accessibility to information are crucial for the shareholders and stakeholders to make informed decisions. The Company has leveraged information technology to disseminate information where all levels of stakeholders are able to access information more effectively and conveniently. The information is disseminated through publication of quarterly report, annual report, corporate announcement through Bursa LINK, Investor Relations, press releases, corporate website and social platforms.

The Group had in 2021 embarked on a three-year journey to fully adopt integrated reporting ("IR"). In the journey to adopt IR, a step-wise plan has been set up in FY 2021. Elements of IR have been incorporated in the How We Create Value section of this Annual Report as early milestones towards embedding an integrated mindset. The Group also keeps abreast of developments in corporate disclosure, mindful of upcoming best practice in reporting particularly related to climate-related financial disclosure.

II. Conduct of General Meetings

The Notice of the 47th AGM was despatched to shareholders on 21 May 2021 with 32 clear days prior to date of the AGM held on 23 June 2021, to provide sufficient time for the shareholders to review the Group's financial and operational performance and to evaluate the resolutions tabled at the AGM, as well as to enable the shareholders to make the necessary arrangement to attend the AGM.

As part of the Company's effort in facilitating effective communication, the Notice of 47th AGM, circular to shareholders, proxy form and administrative details for the 47th AGM were published on the Company's website under the Investor Updates section.

The 47th AGM of the Company was conducted fully virtual from the online meeting platform on 23 June 2021 via Remote Participation and Voting facilities ("RPV"), which were available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online.

In consideration of the COVID-19 pandemic, the shareholders and proxies ("Participants") were not required to attend the 47th AGM in person on the day of the meeting. Nevertheless, the Participants were given opportunities to raise questions to the Company since the issuance of the Notice of 47th AGM on 21 May 2021 which was 32 clear days prior to the 47th AGM held on 23 June 2021, via submission of questions through TIIH Online website, or email to the Investor Relations function of the Company. Alternatively, the Participants could take the opportunity to submit their questions through RPV during the 47th AGM. The 47th AGM conducted via RPV facilitates real-time interaction of Participants with the Board and Senior Management, including questions posed by Participants and responses to the questions posed prior to the AGM, have been projected on the screen to all Participants during the meeting.

The 47th AGM poll results were validated by Mega Corporate Services Sdn Bhd, the independent scrutineer appointed by the Company. Upon the completion of poll results validation, the Chairman of 47th AGM declared that all resolutions were carried.

Minutes of the 47th AGM detailing the meeting proceedings was published on the Company's website under the Investor Updates section within 30 business days.

This Statement was approved by the Board on 6 April 2022.

Audit Committee Report

Roles of the Audit Committee ("AC")

AC is charged with the responsibilities of assisting the respective Boards of Allianz Malaysia Berhad ("AMB" or "Company") and its insurance subsidiaries (collectively referred to as "Group") in its oversight, amongst others, as follows:-

Monitor and evaluate the performance and effectiveness of the external and internal audit functions

Assess the internal control environment

Review and report to the Board of conflict of interest situations and related party transactions ("RPTs")

The main roles and responsibilities of the AC, which reflect Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") as well as Malaysian Code on Corporate Governance ("Code") are set out in its written Terms of Reference which is incorporated in the Board Charter.

The AC for the Group is centralised at the Company level.

Please refer to www.allianz.com.my/corporate-governance for the Board Charter.

Composition

The AC of the Company consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The two Independent Non-Executive Directors fulfilled the criteria of Independence as defined in the Listing Requirements. None of the AC members are directly responsible for, or part of any committee involved in, the management functions of the Group.

The AC's composition meets the requirements of Paragraph 15.09 of the Listing Requirements as well as Principle B of the Code on Practice 9.1, that the Chairman of the AC is not the Chairman of the Board.

In order to meet the requirements of the Code on Practice 1.4 as well as the Step Up Practice 9.4, the Board intensified its effort to source for suitable candidate to be appointed as a member of AC. The Board is confident that the Company will be able to comply with the requirements of the Code by third quarter of 2022.

The composition of the AC as at the date of this report is as follows:-

Members	Designation
Peter Ho Kok Wai (Chairman)	Independent Non-Executive Director
Goh Ching Yin	Independent Non-Executive Director
Tan Sri Datuk (Dr.) Rafiah Binti Salim	Non-Independent Non-Executive Director

The AC Chairman, Peter Ho Kok Wai is a Member of the Malaysian Institute of Accountants, Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants. Accordingly, the Company is in compliance with Paragraph 15.09(c)(i) of the Listing Requirements which requires at least one member of the AC to be a qualified accountant.

The AC members' profiles outlined under the Board of Directors' Profile in this Annual Report demonstrates that the AC members bring a broad range of relevant skills, experience and expertise, from a wide variety of industries and background and as a whole, have competence relevant to the sectors in which the Group operates. The AC members have gained further knowledge and experience as a result of their Board membership and through various trainings since their respective appointments.

Audit Committee Report

Annual Performance Assessment

The Nomination and Remuneration Committee ("NRC") reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee evaluation.

The performance evaluation of the AC as a whole and AC Member individually for the financial year ended 31 December 2021 ("FY 2021") were carried out by the NRC in early 2022. The NRC and the Board were satisfied that the AC members have the required skills and competencies to discharge the duties and responsibilities of the AC, and the AC had discharged its functions and duties in accordance with the Terms of Reference of the AC.

Training

During the year under review, the AC members attended various conferences, seminars and training programmes to keep themselves abreast of relevant developments in accounting standards, details as reported in the 2021 Corporate Governance Report of the Company. This is in line with the Practice 9.5 of the Code on the continuous professional development requirement.

Meetings and Attendence of Meetings

The AC held five meetings in 2021 and the AC members' attendance records are outlined in the Corporate Governance Overview Statement in this Annual Report.

The respective Chief Executive Officers ("CEOs") of the Group, the Chief Financial Officer/Head of Finance ("Finance Team") of the Group and the Group Head of Internal Audit Department ("IAD") are permanent invitees to the AC meetings to assist in the deliberation of matters within their purview. Other members of the Management are also invited to the AC meeting to facilitate discussion on specific agenda items under the AC's purview.

The AC also invites External Auditors to the AC meetings to present their audit plan, financial statements and findings on internal control weaknesses noted during the financial audit. The External Auditors have direct access to the AC Chairman at all times and meet with the AC, without other Management being present, on a formal basis at least annually in order to provide additional opportunity for open dialogue and feedback.

The meetings of the AC are transparent, with all proceedings and actions being recorded and documented. The AC member who has a direct or deemed interest in a proposal or subject matter presented at the AC meeting shall abstain from deliberation and voting on the said proposal or subject matter. After each AC meeting, the Chairman of the AC reports to the Boards of the Group on key issues deliberated during the AC meetings. The minutes of the AC, upon confirmation, are presented to the respective Boards of the Group for information.

Summary of Activities of the AC

The summary of activities carried out by the AC during the FY 2021 were as follows:-

FINANCIAL REPORTING

(a) Reviewed and recommended the following for the approvals of the respective Boards of the Group:-

(i) The Audited Financial Statements and Directors' Reports ("AFS") of the Company and its insurance subsidiaries for the financial year ended 31 December 2020 ("FY 2020").

(ii) The audited and unaudited consolidated quarterly reports of the Group.

(iii) The AFS and AFS for Investment-Linked ("IL") Funds for the FY 2020 and the Interim Financial Statements for the financial period ended 30 September 2021 ("Interim Review") of the life insurance subsidiary.

(iv) The AFS for the FY 2020 and the Interim Review of the general insurance subsidiary.

(v) The unaudited Interim Financial Statements for the half-year ended 30 June 2021 of the insurance subsidiaries.

(vi) The audited annual return for the FY 2020 of the insurance subsidiaries.

The review of the AC on the above covers amongst others, significant and unusual events, the going concern assumption, compliance with accounting standards and other regulatory requirements, material litigation, profit contribution by insurance operations and prospects of the Group.

The Finance Team have given their assurance to AC that the financial statements of the respective companies were prepared on a going concern basis and complied with relevant statutory and regulatory requirements.

The External Auditors of the Group, PricewaterhouseCoopers ("PwC") PLT, has given an unqualified opinion on the AFS of the Company and its insurance subsidiaries for FY 2020.

(b) Reviewed and recommended for the approvals of the respective Boards of the Group, the Management Representation Letters to the External Auditors in respect of the statutory audits of the Group and AFS for IL Funds for the FY 2020 of the Company's life insurance subsidiary.

The Management Representation Letters set out the representations made by the respective Boards/ Management on information and/or assumptions presented to External Auditors during the course of their audit, confirming the financial statements have been drawn up to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016, the Financial Services Act 2013 and guidelines/circulars issued by Bank Negara Malaysia ("BNM") as well as the Management's responsibilities for the financial statements.

AC also reviewed and recommended for the approval of the respective Boards of the insurance subsidiaries, the respective Management Representation Letters to the External Auditors in respect of the limited review of the insurance subsidiaries.

(c) Reviewed and recommended for the approvals of the respective Boards of the insurance subsidiaries, the Actuarial Reports and Audited Reporting Forms in relation to Risk-Based Capital Framework for the FY 2020.

(d) Reviewed the updates and progress scorecard on the implementation of IFRSs 9 and 17. The Management had on a quarterly basis updated the AC on the progress of the implementation of IFRSs 9 and 17. As at 31 December 2021, save for the finalisation of the audit fee by Allianz SE Group ("Allianz"), the implementation of IFRSs 9 and 17 was on track and within budget.

EXTERNAL AUDITORS RELATED MATTERS

(A) Audit Plan, Findings and Recommendations

During the FY 2021, the External Auditors attended the AC meetings and reviewed the following matters with the AC:-

(a) the final audit findings of the Group covered significant accounting, auditing and internal control issues following their statutory audit of the Group for the FY 2020. There was no material concern/weakness on internal controls of the Group that warrant the AC's immediate attention.

(b) the respective Management Letters issued by the External Auditors on matters related to system of internal control which came to External Auditors' attention during the course of their statutory audit of the insurance subsidiaries for the FY 2020 and the respective Managements' responses in relation thereto. AC was satisfied with the responses provided by the respective Management and recommended the same to the respective Boards of the insurance subsidiaries for approval.

(c) the External Audit Plan of the Group for the FY 2021 detailed, amongst others, macroeconomic changes affecting the Group and areas of focus such as specific risks areas for the respective companies within the Group.

(d) the interim audit findings raised by the External Auditors in their Limited Review and Status Update Report of the insurance subsidiaries and the Management's responses to the audit findings. AC was satisfied with the Management's responses but had requested remediation measures to address the audit findings be tabled for the AC's review.

One private discussion was held between AC and External Auditors without the presence of the Management on 23 February 2021 to allow them to express concerns, problems and reservations, if any, arising from their audits.

PwC PLT were satisfied with the cooperation extended to them by the Management during the course of their audit.

Audit Committee Report

(B) Re-appointment of External Auditors

(a) In line with AC's responsibility to review and appoint the External Auditors, AC reviewed the performance assessment of PwC PLT including its engagement partner ("EP") and concurring partner ("CP"), based on the criteria prescribed by the relevant authorities, amongst others, PwC PLT's independence, the adequacy of its experience and resources, the level of knowledge, capabilities, experience and quality of previous work, level of engagement, ability to perform the audit work within the agreed timeframe, adequacy in audit coverage, effectiveness in planning and conduct of audit, ability to provide constructive observations and independence.

In February 2021, AC undertook an annual assessment on the performance of PwC PLT, including its EP and CP. The assessment on the performance of PwC PLT based on the criteria prescribed by the relevant authorities had been performed by the Finance Team of the respective companies within the Group. The Finance Team of the Group were satisfied with the work delivered by PwC PLT and recommended the re-appointment of PwC PLT as External Auditors for the FY 2021 based on the following rationales:-

(i) PwC PLT is familiar with the local insurance industry and they are also the external auditors of Allianz.
(ii) In view of the above, PwC PLT would be able to provide effective co-ordination of the audits between the companies within the Group as well as between the Group and Allianz.
(iii) PwC PLT met the minimum criteria for appointment, as specified by BNM.
(iv) PwC PLT completed the Group's 2020 statutory audit satisfactorily.

PwC PLT confirmed that, for the audit of the financial statements of the Company and its insurance subsidiaries for the FY 2021, PwC PLT has maintained its independence in accordance with the firm's requirements and the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

AC deliberated on the evaluation and recommendation of the Finance Team and concurred with the Finance Team's recommendation and justification to re-appoint PwC PLT as the External Auditors for the Group, and recommended the re-appointment of PwC PLT as the External Auditors for the Group for the FY 2021 for the respective Boards' approval.

AC also ensures that there is a rotation on the EP and the CP at least once in every five years. During the FY 2021, AC reviewed the proposed re-appointment of EP for the Company, proposed appointment of EP for the insurance subsidiaries and the re-appointment of CP together with the respective EPs' statutory declarations pertaining to their compliance with the BNM's appointment criteria for auditors. AC satisfied that the EPs and the CP met the qualification criteria as prescribed by BNM. AC therefore recommended the respective appointment and re-appointment of EPs and CP for the respective Boards' approval.

(b) Reviewed the scope of work and the audit fees of the Group for the FY 2021 ("2021 Audit Fees") and recommended the same for the respective Boards' consideration.

(c) The 2021 Audit Fees for the Company and the Group are as set out below:-

	Group RM'000	Company RM'000
Statutory Audit Fees	909	155

(d) Reviewed and recommended the following proposals for the approval of the respective Boards of the Group:-

(i) the re-appointment of PwC PLT to review the Statement on Risk Management and Internal Control ("SORMIC") of the Company for the FY 2021;
(ii) the engagement of PwC PLT to perform agreed-upon procedures in relation to the reporting to Motor Insurers' Bureau of West Malaysia for the general insurance subsidiary for FY 2020; and
(iii) the engagement of PwC PLT to perform Interim Review on the insurance subsidiaries.

(C) Provision of Non-Audit Services by the External Auditors

AC is required to ensure proper check and balances are in place so that provision of non-audit services by the External Auditors do not interfere with their exercise of independent judgment. In this regard, the Policy on Audit and Non-Audit Services Provided by External Auditors ("Audit and Non-Audit Policy") was put in place to govern the professional relationship between the Group and its External Auditors in relation to audit and non-audit services. The Audit and Non-Audit Policy aims to ensure that the independence and objectivity of the External Auditors are not compromised.

During the year under review, AC recommended the below mentioned non-audit services and their respective fees for the respective Boards' approval ("Non-Audit Services & Fees"). The Non-Audit Services & Fees were approved by the respective Boards of the Group during the FY 2021:-

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

The total non-audit fees of the Group for the FY 2021 amounted to RM163,000.

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

RPTs

(a) During the FY 2021, AC reviewed and deliberated on new and existing RPTs and recurrent RPTs ("RRPTs") for the ensuing year in accordance with the internal authority limits approved by the Board and recommended to the Board for consideration.

(b) All RPTs and RRPTs were reviewed by the Shareholders' Mandate Due Diligence Working Group ("DDWG") prior to the said transactions being presented to AC or respective CEOs for consideration. The DDWG reviewed all RPTs and RRPTs and submitted its recommendations to AC or respective CEOs based on the criteria, including but not limited to the following:-

(i) transaction prices or contract rates;
(ii) justification on the charging basis;
(iii) comply with the requirements under the applicable tax laws including transfer pricing guidelines issued by the relevant authority;
(iv) terms and conditions of the contract;
(v) efficiency, quality, level of service and/or expertise and/or technical support provided;
(vi) benefits arising from the services/products;
(vii) satisfactory past year experience and working relationship; and
(viii) in respect of the insurance activities, pursuant to reinsurance, underwriting and treaty arrangements entered into between relevant parties.

AC reviewed the RPTs/RRPTs within their purview to ensure that they are carried out at arm's length and on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders of the Company. The AC then submitted its recommendation to the respective Boards for consideration. The AC also reviewed and recommended the announcement in respect of the renewal of Shareholders' Mandate for RRPTs, for the Board's approval.

None of the AC member has a direct or deemed interest in the RPT/RRPT presented at the AC meeting during the financial year under review.

AC also reviewed the list of RPTs entered into by the insurance subsidiaries for the periods from 1 January 2020 to 31 December 2020 and from 1 January 2021 to 30 June 2021 which were submitted to BNM.

During the FY 2021, the AC reviewed the review procedures for RRPTs and made changes to the said review procedures for RRPTs ("Revised Review Procedures") to ensure that the procedures and processes are sufficient and adequate to monitor, track and identify RPTs/RRPTs in a timely and orderly manner and recommended the Revised Review Procedures for the Board's approval. AC was of the view that the Revised Review Procedures are sufficient to ensure that the RPTs/RRPTs are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, and the Group has in place adequate procedures and processes to monitor, track and identify RPTs/RRPTs in a timely and orderly manner. In view thereof, AC approved the AC Statement in respect of the Revised Review Procedures for inclusion in the Circular to shareholders in relation to the renewal of Shareholders' Mandate for RRPTs.

(c) AC reviewed the disclosure of RRPTs outstanding amount due from related parties ("Outstanding Amount") including the Management's action plan to collect the Outstanding Amount as well as the Management's view on the recoverability of the Outstanding Amount (collectively

Audit Committee Report

referred to as the "Outstanding Amount Disclosure") and agreed with the Management's view and action plan in relation thereto. AC having satisfied that the Outstanding Amount Disclosure met the disclosure requirements of Bursa Malaysia Securities Berhad, resolved that the same be recommended for the Board's approval.

(d) In ensuring that RPTs/RRPTs have been carefully reviewed, AC reviewed the disclosures of the directorships and shareholdings held by Directors on a half yearly basis or when the changes occurred.

INTERNAL AUDIT RELATED MATTERS

(a) In its oversight over the Internal Audit function, AC had approved the Group's five-year (2022 – 2026) Internal Audit Plan. The said five-year Internal Audit Plan is a dynamic plan and the review will be conducted on an annual basis. AC had also approved the management expenses budget of IAD.

(b) AC reviewed on a quarterly basis, the progress reports of the Group's Internal Audit Plan 2021 ("2021 Plan") to ensure that the 2021 Plan was on track. AC also discussed the progress reports on various outstanding audit findings. AC noted that 2021 Plan has been fully executed.

(c) The various Internal Audit Reports and Internal Assessment Reports covering core operations, non-core operations and information technology were tabled for deliberations at AC meetings. The system of internal control over the audited areas, including Management oversight, were found to be adequate or with moderate shortcomings. Lapses/shortcomings reflected in the reports were deemed not significant or material and hence did not impact the effectiveness of the Group's overall internal control environment. AC took note that rectification measures were taken to address the audit concerns raised. Where appropriate, AC provided its opinions and directives to improve the existing processes and procedures.

(d) Reviewed the revised Guidelines on Validation Programme: Differential Levy Systems and Levies Calculation issued by Perbadanan Insurans Deposit Malaysia ("PIDM") and notification from PIDM in respect of the Differential Levy Score, levy category and annual levy rate for assessment year 2021 for the insurance subsidiaries.

(e) Reviewed the Quality Assurance Report on Internal Audit function conducted by the Allianz's Audit in May 2021. The Quality Assurance Audit was conducted to assess the effectiveness of IAD and whether the audits were conducted in accordance with the requirements of the Allianz Audit Policy and Standard. The scope of the review comprised audit areas namely Standards, Scope, Skills and Status.

(f) Reviewed the Annual Audit Report prepared by the Group Head of IAD. The Annual Audit Report provides an overview of the audit function objectives, execution of the 2020 audit plan and follow-up of overdue findings.

(g) AC reviewed and recommended for the approval of the respective Boards, the Allianz Audit Policy version 10.0 ("AGAP"). AGAP aims to ensure that the organisation and work of the Allianz's Internal Audit functions worldwide adhere to a consistent set of minimum rules and operating procedures such that the effectiveness of the controls necessary to achieve the Allianz's goals are ensured.

(h) In February 2021, AC evaluated the 2020 performance of the Group Head of IAD and submitted its recommendations to the NRC and the respective Boards for review. AC also reviewed the 2021 target letter of the Group Head of IAD and recommended the same for the approval of the NRC and the respective Boards.

(i) The Group Head of IAD had on 23 February 2021 met with AC without the presence of the Management to discuss on key internal controls and internal audit matters. AC also reviewed together with the Group Head of IAD, the resources, staffing and succession plan of the IAD.

INTEGRITY AND ETHICS

(a) The oversight of whistleblowing and fraud matters of the Group is performed by the Company's Integrity Committee. The Integrity Committee coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents and reports its findings and recommendation to AC.

During the FY 2021, AC reviewed and approved the revised Integrity Committee's Terms of Reference, following the gap analysis conducted on the existing Terms of Reference of Integrity Committee against Allianz's Integrity Committee as well as relevant regulatory requirements.

The AC also reviewed and recommended for the approval of the respective Boards of the Group, the revised Group's Whistleblowing Policy, to align with the changes made in the Terms of Reference of the Integrity Committee.

(b) AC reviewed the findings and recommendations of the Integrity Committee on the updates of reported whistleblowing cases and new whistleblowing cases. There were no material issues reported. AC approved the actions to be taken and the closure of cases as recommended by the Integrity Committee.

(c) AC reviewed the findings and recommendations by the Integrity Committee on the updates of reported fraud cases and new fraud cases discovered by the insurance subsidiaries. There were no fraud cases of material or significant impact detected. AC approved the actions to be taken and the closure of cases as recommended by the Integrity Committee.

ANNUAL REPORT

(a) Reviewed the SORMIC for the FY 2020 ("2020 SORMIC") prior to the same being submitted to External Auditors for review.

The Management had given assurance that:-

(i) the present risk management framework and internal control system were adequate and effective in mitigating risks to achieve its business objectives; and
(ii) no significant deficiencies had been identified in the design or operation of internal controls that could adversely affect the Group's ability to meet its business objectives.

External Auditors had reviewed the 2020 SORMIC and concluded that nothing had come to their attention that caused them to believe that the 2020 SORMIC, in all material aspects had not been prepared in accordance with the relevant disclosures requirements or were factually inaccurate. Following clearance obtained from the External Auditors, AC recommended for the inclusion of 2020 SORMIC in the Annual Report of the Company for the FY 2020 ("2020 Annual Report") for the Board's approval.

AC also reviewed the Management Representation Letter in relation to 2020 SORMIC and was satisfied with the contents of the same. AC approved the Management Representation Letter for submission to the External Auditors.

(b) AC reviewed and recommended for the approval of the Board, the Chairman's Statement, Management Discussion and Analysis, AC Report and the Corporate Governance Overview Statement for inclusion in the 2020 Annual Report.

OTHERS

(a) AC reviewed and discussed on the tax audit development of the insurance subsidiaries.

(b) AC reviewed and deliberated on the BNM's 2019 and 2020 supervisory review observations of the insurance subsidiaries and the Management's responses and remediation actions, prior to the same being presented to the respective Boards. AC also monitored the remedial measures to address the findings highlighted in BNM's 2019 and 2020 supervisory review on a quarterly basis.

(c) AC reviewed and recommended for the approval of the respective Boards of the Group, the Allianz Accounting and Reporting Policy version 8.0 ("GARP"). GARP defines the framework for the provision of reliable and high-quality financial information by Allianz, and shall thus, facilitate the implementation of regulatory and accounting requirements. It aims to minimise any Accounting and Reporting risk to protect Allianz's financial stability and reputation. Hence, the GARP outlines the principles for Accounting and Reporting functions and processes in Allianz and sets the related governance structure. A gap analysis was performed and there were no material gaps or applications that require adaptation.

(d) AC deliberated on the progress of investigation by Malaysia Competition Commission in respect of the allegation by Federation of Automobile Workshop Owners' Association of Malaysia on Persatuan Insurans Am Malaysia and its members, including the general insurance subsidiary of the Company.

(e) AC reviewed and recommended for the approval of the Board of the general insurance subsidiary, the impairment assessment on bancassurance distribution right as at 31 December 2021.

Audit Committee Report

Internal Audit Function

The mission of Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight to the Group.

While the Board is responsible to ensure the establishment of an effective Internal Audit function, the oversight of the function is delegated to the AC. The areas under the AC's purview include amongst others, review of audit scope, audit findings and actions taken by Management, appointment, performance evaluation and succession planning of the Group Head of IAD.

The IAD is independent of business operations and is headed by the Group Head of IAD, who reports directly to the AC and to the CEO administratively.

To ensure that the responsibilities of the internal auditors are fully discharged in accordance with the BNM's guidelines with regard to Internal Audit function, International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and other relevant practices and guidelines from Allianz/Allianz Regional Audit, the AC reviews the adequacy of the scope, authority of Internal Audit function and resources of the IAD as well as the competency and experience of the internal auditors annually.

Further information on the resources, objectivity, and independence of the Group Head of IAD and internal auditors are provided in the Corporate Governance Report in accordance with Practice 11.2 of the Code.

The IAD carried out its duties in accordance with the Audit Charter and the 2021 Plan, approved by the Board and AC respectively. The Audit Charter was set-up in accordance with the BNM's requirements as well as the Allianz Audit Policy and Standard Audit Manual whilst the 2021 Plan was developed based on annual risk assessment.

Based on 2021 Plan, the identified key audit areas for 2021 encompassed amongst others, claims management, policy management and underwriting, product provider, operations support, travel and entertainment expenses, sales and distribution including direct sales information, provider management, commission, corporate actuarial, customer care centre, technology, organisational management, compliance, governance fundamentals, as well as regulatory compliance audit such as Anti-Money Laundering, Malaysia Anti-Corruption Act, privacy and data protection.

A total of 36 internal audit assignments were carried out during the FY 2021. A total of 37 internal audit and assessment reports generated during the FY 2021 were reviewed and deliberated by AC. There were no significant or material audit findings detected during the FY 2021.

The IAD also established a follow-up audit review to monitor and ensure that audit recommendations have been effectively implemented. The progress reports of the audit observations on remedial measures taken by the Management of the respective companies were tabled at AC meetings on a quarterly basis for AC's review.

The total cost incurred by the IAD in discharging the internal audit functions of the Group for the FY 2021 was RM3.3 million (2020: RM3.3 million).

This AC Report was approved by the Board on 23 March 2022.

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control ("Statement") is made pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements"), which requires the Board of Directors ("Board") of public listed companies to include in the Company's Annual Report, a statement about the state of its internal control.

This Statement has been prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers issued by an industry-led task force in December 2012.

Board Responsibility

The Board is fully committed to ensure that effective risk management and internal control systems are in place within Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiaries (collectively referred to as the "Group") and continuous reviews are undertaken to ensure adequacy and integrity of these systems. While such systems, are designed to safeguard shareholders' investments and the Group's assets, they can only mitigate rather than eliminate the risk of failure to achieve the business objectives of the Group. These systems, by their nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established an on-going process for identifying, evaluating and managing the significant risks encountered by the Group in achieving its business objectives. The process, which is reviewed and updated from time to time to cater for changes in business environment, has been in place throughout the financial year ended 31 December 2021 and up to the date of this Statement.

In discharging its oversight responsibilities in risk management and internal control, the Board is assisted by the Audit Committee ("AC") and Risk Management Committee ("RMC"), which comprises majority of Independent Directors. However, the ultimate responsibility for the decision on all matters, lies with the respective Boards.

The AC through the Internal Audit function assists the Board to assess the effectiveness and adequacy of the Group's internal control system. The AC has oversight on the Internal Audit's independence, scope of work and resources. The AC deliberates on key internal audit findings and investigation reports (if any), tabled on a quarterly basis.

The RMC deliberates on the on-going assessment and key risks identified and actions taken to mitigate and/or minimise the risks from Compliance and Risk Management functions. This is to ensure that the key risks are adequately managed and the management process is in place and functioning effectively.

The Board is also informed of the decision and significant issues deliberated and recommendations by the AC and RMC via the reporting of the respective Chairman of AC and RMC as well as the minutes of the AC and RMC tabled at the Board Meetings.

The Chief Executive Officer and the Chief Financial Officer have given assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system. For the financial year ended 31 December 2021 and up to the date of this Statement, the Management has not identified any significant deficiencies in the design or operation of risk management and internal controls of the Group that could adversely affect the Group's ability in meeting its business objectives.

Control Structure

The key processes that the Board has established for reviewing the adequacy and integrity of risk management and internal controls of the Group are as described below.

Risk Management Framework

The Board recognises the importance of having in place a risk management system to identify key risks and implement appropriate controls to manage such risks as an integral part of the Group's operations. The Group has in place a Risk Management Framework Manual ("RMFM") for all companies within the Group ("OEs"). The RMFM outlines the guiding

Statement on Risk Management and Internal Control

principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process of the Group. It is designed to formalise the risk management functions and practices across the Group and to increase awareness of the Group's employees to risk identification, measurement, control, on-going monitoring and reporting.

The RMFM is in compliance with the relevant requirements of the guidelines and/or policies issued by Bank Negara Malaysia ("BNM") and Allianz SE Group.

The system of risk governance process is integrated into the core management processes and forms part of the daily business process so that a value-added contribution in terms of sustainable competitive advantage and improved business performance can be established. Various standards are implemented by the Group, including organisational structure, risk strategy, written policies, authority limits, system documentation and reporting, to ensure accurate and timely flow of risk-related information and a disciplined approach towards decision making and execution.

The Group also adopts the three lines of defence model where the "first line of defence" rests with the business managers. They are responsible in the first instance for both the risks and returns of their decisions.

The "second line of defence" is made up of the oversight functions comprising Compliance and Risk Management that are independent from business operations.

- The Compliance function assists the respective Board and Senior Management of the OEs in managing and mitigating the compliance risks due to any non-compliance of the requirements of the law, regulations as well as regulatory and industry guidelines.

- Risk Management function assists the respective Board and Senior Management of the OEs to achieve its strategic goals and objectives by implementing risk management activities and controls across the organisation.

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

In addition to the above oversight functions, Legal and Actuarial functions of the insurance OEs constitute additional components of the "second line of defence". An appropriate control framework has been established to avoid any potential conflict of interest to fulfil their roles as the second line of defence.

- The Legal function seeks to mitigate legal risks arising from legislative changes, major litigation and disputes, regulatory proceedings and unclear contractual terms.

- The Actuarial function contributes towards assessing and managing risks in line with regulatory requirements and reports to the respective Board and Senior Management of the OEs. Its scope of work includes coordination and calculation of technical reserves, providing oversight on product pricing and profitability and contribution to the effective implementation of the risk management system.

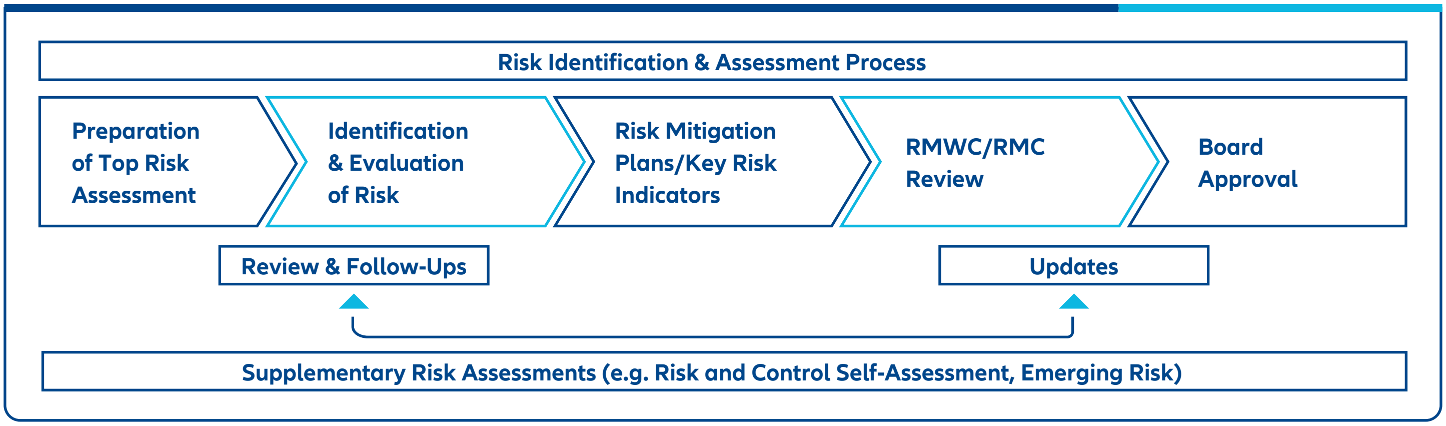
The RMC drives the risk management framework of the Group and reports quarterly to the Boards of the OEs on its recommendations and/or decisions. The Risk Management Working Committee ("RMWC") is established at the Management level of the respective OEs and serves as a platform for two-way communication between the Management and the RMC on matters relating to risk strategy and management. Through the quarterly reporting from RMWC, the RMC consolidates the status of the risks and presents them to the respective Board of the OEs for consideration.

The Governance and Control Committee ("GovCC") supports the respective OEs' Management to fulfil its responsibilities with respect to regulatory governance, organisational and control requirements. The GovCC also provides a platform for structured and institutionalised interaction and collaboration on cross functional and control related topics to facilitate a consistent approach in terms of processes, methodologies, assessments, materiality and others. GovCC members consist of senior management from governance and operation functions. The GovCC reports to the respective OE's Senior Management Committee on governance and internal control system related matters.

Risk Management Process

Risk management is considered and managed as part of the daily process of managing and directing the business. These include the implementation of a limit system, various frameworks, manuals and policies.

Besides the embedded process, the following risk management cycle to identify, assess, mitigate, monitor and report will also be carried out by the Risk Management function together with the respective risk owners: -



(i) Top Risk Assessment ("TRA")

TRA approach is in place to periodically analyse all material quantifiable and non-quantifiable risks including market, credit, underwriting, business, operational, liquidity, reputational and strategic risks.

The Group identifies and remediates significant threats to financial results, operational viability or the delivery of key strategic objectives, regardless of whether they relate to quantifiable or non-quantifiable risks using the approved TRA Matrix. The identified top risks are assessed quarterly by the assigned risk owners; and the same is reviewed by the RMWC and the RMC and approved by the Board. Key risk indicators are also put in place to monitor changes in risk exposure or control effectiveness for the top risks on a quarterly basis. The key risks and their salient points on how the Group manages these risks are set out below:-

Key Risks	Broad Definition	Risk Management Practices
Market	Unexpected losses arising due to changes in market prices or parameters influencing market prices, as well as the resultant risk from options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. In particular, these include changes driven by equity prices, interest rates, real estate prices, exchange rates, credit spreads and implied volatilities. It also includes changes in market prices due to worsening of market liquidity.	• Investment activity is strictly governed by the pre-approved limits and appetite and monitored through a front end system. Any exception requires pre-approval. • An asset and liability process has been put in place to manage the risks and returns expected from the insurance obligations. • Selectively using derivative to either hedge the portfolio against adverse market movements or reduce reinvestment risk.

Statement on Risk Management and Internal Control

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

Key Risks	Broad Definition	Risk Management Practices
Credit	Unexpected losses in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments.	• Credit analyses are conducted prior to purchase and regular review on portfolio. • Investment activity is strictly governed by the pre-approved limits to ensure the diversification of investment portfolio in order to minimise the impact of default by any single counterparty. • Only uses pre-approved reinsurance partners with strong credit profiles.
Underwriting	Unexpected financial losses due to inadequacy of premiums for catastrophe and non-catastrophe risks, due to the inadequacy of reserves or due to the unpredictability of mortality or longevity.	• Managed through a comprehensive and strict standard for underwriting limit guidelines. Where necessary, the risk will be surveyed by the loss control engineers. • Regular monitoring of products, assumptions used against actual industry statistics and re-pricing will be considered if necessary. • Adequate reinsurance is purchased and reviewed annually to ensure adequate continuous cover within acceptable appetite and costs. • New products undergo a robust product development process.
Business	Unexpected decrease in actual results as compared to business assumptions, which leads to a decline in income without a corresponding decrease in expenses; this includes lapse risk.	• Regular monitoring of actual experience. • New products undergo a robust product development review process.
Legal and Regulatory	Losses arising from a breach of relevant laws and regulations.	• Trainings will be provided and annual declarations required from all staff. • New guidelines will be published in the Group's staff e-portal and highlighted through e-mails. • Regular reviews are conducted to ensure compliance.
Information Security	Information security breach losses triggered by both information technology ("IT") and non-IT leading to loss of data confidentiality, loss of data integrity, as well as business disruption and loss of availability of services resulting in legal costs, fines, forensic costs, remediation costs, compensation and/or reputation management costs.	• Strict policy and disciplinary action for security breach. • Staff awareness on IT Security and Privacy. • Access Control. • Regular review on User ID access. • Use of virus protection software. • Data Loss Prevention solution. • Conduct of Annual Penetration Testing by independent party to detect possible external and internal vulnerabilities. • IT security controls in place, such as Firewall, Malware Protection and Distributed Denial-of-Service protection. • Privilege Identity Management. • Database encryption. • Privacy Impact Assessment. • Data privacy contractual obligations for Service Providers.

(ii) Operational Risk Management ("ORM")

ORM is a continuous process which includes operational risk identification, measurement, quantification, management and monitoring to mitigate the operational loss resulting from inadequate or failed internal processes, people, system or from external events.

ORM is monitored through a combination of the following activities:-

- Integrated Risk and Control System.
- Analysis of actual loss events reported into the Loss Data Capture database.
- Periodic audits by the Internal Audit Department and reviews by Risk Management function.
- Other key risk indicators and feedback from subject matter experts (for example IT Security Officer, Data Privacy Officer, Business Continuity Management Officers, Anti-Fraud and Anti-Corruption Coordinators, as well as respective operation managers).

(iii) Reputational Risk Management

All activities within Group can influence its reputation, which is determined by the perceptions and beliefs of its stakeholders. Hence, thorough management of any potential reputational risks is required. Any risks that might have significant impact on OEs within the Allianz SE Group will be escalated to Allianz SE.

The Group has adopted Allianz SE Group's Allianz Standard for Reputational Risk Management which establishes a core set of principles and processes for the management of reputational risks within the Group. The management of direct reputational risks requires balancing the benefits of a given business decision against the potential reputational impacts, taking into account the Group's reputational risk strategy as well as Environmental, Social and Governance ("ESG") approach. Indirect reputational risks are managed through the TRA as well as risk and control self-assessment processes, which apply the same reputational risk assessment methodology used for direct reputational risks.

The Corporate Communications function of the Group actively manages the reputational risk by assessing any potential risk arising from media, social media or any transaction relating to pre-defined sensitive areas.

(iv) Liquidity Risk Management

Liquidity risk is a consequential risk, i.e. another adverse event has to happen before the Group runs into liquidity issues. On this background, the Group has identified various events that might lead to liquidity shortages. To mitigate this, limits on the cash position have been put in place and closely monitored.

(v) Climate Risk Management

Climate risks and opportunities that are emerging today are expected to increase over the mid- and long-term. In acknowledgement of this, and to align with initiatives of BNM and Allianz SE, the Group has set-up a cross-functional Climate Change Working Group that discusses and executes climate-related initiatives as directed by the Local ESG Board. The Local ESG Board, comprising top management, reports to the Board and is tasked with driving ESG, including climate-related matters, as part of business considerations.

ESG-related matters are considered in operational, underwriting and investment decisions. Efforts are undertaken to promote ESG in the Company dealings with the business partners and stakeholders while physical risks such as floods are simulated and considered in both operations and underwriting annually.

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

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

ICAAP is an overall process by which the insurance OEs adopted to ensure it has adequate capital to meet its capital requirements which reflects its own risk profile on an on-going basis. The formal assessment is conducted at least on an annual basis and its results are reported to the Board of the insurance OE.

The review of the ICAAP coincides with the annual planning process and any changes in the strategic directions and business plans of the insurance OE will be updated in its Risk Strategy, and accordingly all risks identified will also be taken into account when computing the Individual Target Capital Level ("ITCL") of the insurance OE.

Statement on Risk Management and Internal Control

(v) Climate Risk 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 the objective to optimise risk and return, while maintaining sufficient level of capital in accordance with the insurance OE's risk appetite and regulatory requirements. The CMP identified the action plans and sources of capital that are available for a pre-determined ITCL thresholds if they are triggered to bring the capital adequacy ratio above the internal soft threshold level.

(ii) Stress Testing

Stress test is an effective risk management tool and the Group conducts such stress test regularly. The stress test process is designed based on the respective insurance OEs' solvency position, lines of business, current position within the market, investment policy, business plan and general economic conditions. The results of the stress test will then be incorporated into the respective insurance OEs' capital management plan, in determining the extent of capital affected by the threats arising from adverse events and the actions required to mitigate such threats.

The Boards and Management of the insurance OEs participated actively in providing feedbacks on the stress test results and appropriateness of the methodology and assumptions adopted to perform the stress test for the respective insurance OEs.

Internal Audit

The Internal Audit function of the Group, which reports to the AC, undertakes independent reviews or assessments of the Group's operations and its system of internal controls. It provides monitoring of the controls and risk management procedures as well as highlights significant risks impacting the Group. The internal audit personnel form the "third line of defence", are independent from the day-to-day activities of the Group and have unrestricted access to all activities conducted by the Group.

Internal Audit Plan is developed based on annual risk assessment and approved by the AC. The audit scope covers auditable areas encompassing sales, product development, actuarial function, underwriting and claims operation, operation such as customer service, sourcing and procurement, general services, travel and expenses, internal and regulatory compliance audit such as business continuity management, replacement of policy, anti-corruption program and IT systems.

Internal audit findings are discussed at management level. Senior and functional line management are tasked to ensure that management action plans are carried out in accordance with the internal audit recommendations. All internal audit reports are submitted to the AC. The AC deliberates on key audit findings and management actions to address these findings during the AC meetings.

Follow-up audits are also performed to monitor continued compliance and the internal auditors will provide quarterly updates to the AC on the progress of the management action plans as well as progress of the Internal Audit plan.

Other Key Internal Control Process

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

Clear and Defined Organisational Structure

- The Group has established an organisational structure with clearly defined lines of responsibility, authority limits and accountability aligned to its business and operation requirements and control environment. Relevant Board Committees with specific responsibilities delegated by the Board are established to provide oversight governance over the Group's activities. The Board Committees are centralised at the AMB Board level. The Board Committees have the authority to examine matters under their terms of reference and report to the respective Board of the OEs with their observations and/or recommendations. Although specific authority is delegated to the Board Committees, the ultimate responsibility for the final decision on all matters, however, lies with the respective Board of the OEs.

- Various Management Committees are established by the Management of the insurance OEs to assist in managing the day-to-day operations and ensure its effectiveness. The Management Committees formulate tactical plans and business strategies, monitor performance and ensure activities are carried out in accordance with corporate objectives, strategies, business plans and policies as approved by the respective Board of the insurance OEs.

Management Authority Limit

- The Board's approving authority is delegated to the Management through formal and defined operational authority limits that governs business procedures and decision making process in the Group. The operational authority limits incorporate segregation of duties and check and balance in delegation of authority.

- The Management's authority limits include limits for underwriting of risks, claims settlement, reinsurance, and capital expenditures and are reviewed and updated to ensure relevance to the Group's operations. Such authority limits are documented and made available to all staff via the Group's staff e-portal.

- In ensuring that the decision making process is transparent and to the best interest of the Group, all Directors and staff including the Chief Executive Officer are required to declare their interest in other entities on an annual basis. In addition, they are also required to disclose to the Group, any circumstance that may give rise to a conflict of interest situation during the course of carrying out their duties.

Policies and Procedures

- Clear, formalised and documented internal policies and procedures are in place to ensure continued compliance with internal controls and relevant rules and regulations imposed by the relevant authorities.

- These policies and procedures are subject to review and improvement to reflect changing risks and process enhancement, as and when required. Policies and procedures are also made available via the Group's staff e-portal for easy access by the employees.

Annual Business Plan and Performance Review

- Annual business plans are submitted to the respective Board of the OEs for approval. Financial condition and business performance reports are also submitted to the respective Board of the OEs for review during the Board meetings. These reports cover all key operational areas and provide a sound basis for the respective Board of the OEs to assess the financial performance of the OEs and to identify potential problems or risks faced by the OEs, thus enabling the respective Board of the OEs to effectively monitor on an on-going basis, the affairs of the respective OEs.

Related Party Transactions

- The Group has established the necessary controls and procedures to ensure compliance with the relevant regulatory requirements in respect of related party transaction. Necessary disclosures are made to the respective Board of the OEs and where required, prior approval of the respective Board of the OEs and/or shareholders for the transactions will be obtained prior to execution.

- A due diligence working group was formed to review the related party transactions and submit its recommendations in accordance to the levels of authority as determined by the respective OE's Board for consideration. The AC will review the related party transactions that falls within its authority limit and submit its recommendation to the respective OE's Board for consideration.

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

Underwriting and Reinsurance

- The insurance OEs employ high standards in their respective underwriting process. This includes among others, risk segmentation and selection, setting adequate pricing and terms and conditions, setting of right retention limit and adequate reinsurance protection.

- Underwriting authority is controlled centrally at the Head Office level. Reinsurance is in place primarily to ensure that no single loss or aggregation of losses arising from a single event will have an adverse financial impact on the Group. Reinsurers selection is guided by the guidelines issued by the regulator and the Allianz SE Group. Reinsurance needs are reviewed annually in respect of reinsurance treaties and on case to case basis on facultative arrangements.

Financial Control Procedures

- Financial control procedures are put in place and are documented in the procedural workflows of each business unit. These workflows are subject to reviews and improvements to reflect changing risks and process enhancement as and when required.

Statement on Risk Management and Internal Control

Investment

- The Investment Committee of the insurance OEs are responsible for setting investment policies, objectives, guidelines and controls for the Investment Department. The Investment Department is responsible for managing the investment functions of the Group within the pre-determined parameters.
- The Group has in place the Group Investment Manual which sets out the detailed investment procedures and controls, including an Investment Code of Ethics to ensure that the Group's interests prevail over the personal interests of the employees.
- The investment limits are set at various levels with limits which are more stringent than the regulatory limits as prescribed by BNM. The investment limits are monitored monthly to ensure compliance with the investment limits as specified in the Risk Based Capital Framework for Insurers issued by BNM.
- The investment performance reports are amongst the reports submitted to the Investment Committee and the Board of the insurance OEs for review at its quarterly meetings.

Code of Conduct ("COC")

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

  (i) Treat each other fairly and respectfully
  (ii) Act with integrity
  (iii) Be transparent and tell the truth
  (iv) Take ownership and responsibility

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

- The Group has in place internal policies and procedures relating to AML/CFT and TFS to prevent and detect money laundering and terrorism financing activities. In both insurance OEs, these include customer due diligence, screening against sanctions list and suspicious transaction reporting to the Compliance Department whereas in life insurance OE, customer profiling, due diligence and on-going transactions monitoring procedures are in place. In respect of education, staff and agents of life insurance OE are trained on AML/CFT requirements to promote understanding of their fundamental responsibilities in adhering to the procedures of verifying customers' identities and reporting of suspicious transactions.

Product Development

- The insurance OEs have each in place a Product Development Management Policy ("PDM Policy") which sets out the policies and procedures on product development in accordance with the requirements of the Guideline on Introduction of New Products by Insurers and Takaful Operators (BNM/RH/STD 029-10) issued by BNM.
- The PDM Policy aims to promote sound risk management practices in managing and controlling product risk by ensuring the appropriate assessment and mitigation of risk during the development and marketing stages. The PDM Policy will also assist to ensure that the products developed and marketed by the respective insurance OEs are appropriate to the needs, resources and financial capability of the targeted consumer segments.
- The on-going product risk management is embedded within the risk management framework of the Group.

Whistleblowing and Anti-Fraud

- The oversight of whistleblowing and fraud matters of the Group is performed by the Company's Integrity Committee ("InC"). The InC coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents.
- The Group has in place the AMB Group's Anti-Fraud Policy ("AFP") and AMB Group's Whistleblowing Policies and Procedures ("WBPP") 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 WBPP on the other hand, describes the Group's Speak-Up Policy, avenues for filing a concern and handling of whistleblowing incidents.
- In respect of whistleblowing, the Group has established a whistleblowing mechanism to enable anonymous and non-anonymous reporting of any breach of the COC, any laws, regulations, orders or any internal rules. These whistleblowing cases are assessed confidentially by the InC to determine its validity and reports the findings and any recommendations to the AC.

  The effectiveness of the whistleblowing policies and procedures are reviewed periodically at least once in 3 years.

Anti-Corruption

- The Group 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 serves to outline the Group's existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, charitable contributions, joint ventures and outsourcing agreements as well as facilitation payments.

  Corruption risk are being assessed annually and the effectiveness of the policies and procedures are reviewed periodically at least once in 3 years.

- The Vendor Integrity Screening process which is a part of the Allianz SE Group's Anti-Corruption Programme aims at ensuring an integrity based due diligence is performed before any third party vendor is engaged. The screening contains a self-assessment section which among others, includes questions on anti-corruption to be answered by the potential vendor and a risk evaluation to be completed by the relevant staff/department in charge. Only those vendors whose screening does not reveal any negative findings will be engaged.

Employees

- All staff are required to make an annual declaration that they fulfilled the minimum criteria of "A Fit and Proper Person" as prescribed in Sections 59(1), (2) and (3) of the Financial Services Act, 2013. In addition, all staff are also required to attest that they understand and comply with the requirements of the following internal guidelines and policies: -

  (i) Related Party Transaction Declaration;
  (ii) Disclosure of Data;
  (iii) Conflict of Interest;
  (iv) COC;
  (v) IT Security Policy and Guideline e-Awareness Declaration;
  (vi) Anti-Corruption Policy;
  (vii) Anti-Fraud Awareness Declaration; and
  (viii) Guidelines on the Code of Conduct for the General Insurance Industry and Code of Ethics and Conducts for the Life Insurance Industry.

Sales Standard and Sales Agent Code of Conduct

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

- In addition, agents of the insurance OEs are also required to comply with the Code of Ethics and Conduct imposed by the respective insurance associations.

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

Agent Sales Disciplinary Policy

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

Business Continuity Management

- Business Continuity Plans for all OEs have been formulated to ascertain that the Group will recover and restore any interrupted critical functions within a predetermined time upon the occurrence of any disastrous events.

- The testing for Business Continuity Plan is conducted at least once a year whilst the Disaster Recovery Plan test for all main application systems is conducted at least twice a year.

Crisis Management

- Crisis Management Plans for all OEs have been developed to outline the processes and procedures that guides crisis handling and manage any incident with crisis potential. The plan helps to mitigate the impact of a crisis and prevent an incident with crisis potential from escalating into a crisis.

Information System

- All employees are required to strictly abide to and comply with the Group Information Technology and Information Security Policy and Standard which establishes core principles, responsibilities, tasks and organisational framework for IT and Information Security, in order to facilitate the fulfilment of internal and regulatory requirements.

Statement on Risk Management and Internal Control

- Following the issuance of Risk Management in Technology Policy Document ("RMiT Policy") by BNM, the insurance OEs are committed to remedy the gaps to meet the expectations and requirements prescribed under the RMiT Policy. Accordingly, two new frameworks were implemented, namely the Technology Risk Management Framework and Cyber Resilience Framework.

- The IT & Digital Steering Committee ("ITDSC") is responsible for the overall strategic deployment of IT and digital assets in tandem with the business objectives, which including matters related to Internet Insurance, IT Outsourcing and Cloud Utilisation. Other duties and responsibilities of ITDSC include, establishing effective IT and digital plans, formulation and implementation of technology risks management program, recommending to the RMC and Board (whichever applicable) for approval on IT-related expenditure, material deviation from technology-related policies and matters related to Internet Insurance, as well as monitoring the progress of approved IT and digital programs/projects.

Data Management Framework

- The Group Data Management Framework ("DMF") has been in place to establish and maintain a sound data and information management system framework. The objective of the DMF is to manage data and disseminate information effectively, efficiently and to maximise the value of data assets. In addition, the DMF aims to ensure the integrity of data assets by preventing unauthorised or inappropriate use of data and information.

Data Privacy

- The Allianz Privacy Standard ("APS"), contains the global minimum requirements applicable within the Allianz SE Group for the processing and transfer of personal data within the Allianz SE Group. The APS takes into account the requirements of the European Union privacy law, the General Data Protection Regulation to facilitate cross-border transfers of personal data originating from or processed in the European Economic Area within the Allianz SE Group. Under the APS, there are functional rules specifying data privacy and protection requirements, which include conducting Privacy Impact Assessment to record processing activities that involve handling of personal data and to comply with the Personal Data Breach Incident Workflow. Compliance with the APS adopted by the Group ensures compliance with the Malaysian Personal Data Protection Act, 2010 and is in line with the Code of Practice on Personal Data Protection for Insurance and Takaful in Malaysia.

Human Resources Policies and Procedures

- The Group has established proper policies and procedures on human resource management, including recruitment, learning and development, talent development, performance management and employee benefits. These policies and procedures are reviewed as and when the need arises and changes effected are communicated to relevant employees via-email. The policies and procedures are also made available via the Group's staff e-portal for easy access by the employees.

Review of Statement on Risk Management and Internal Control by External Auditors

As required by Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants in February 2018 for inclusion in the annual report of the Group for the year ended 31 December 2021, and in their limited assurance review, they have reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion made by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

Based on the Board's review through the various Board Committees, external auditors' limited assurance review and the assurance and reports from the Management, the Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to safeguard shareholders' investments and the Group's assets.

This Statement is made in accordance with the resolution of the Board dated 22 February 2022.

Additional Compliance Information

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2021, there were no proceeds raised from corporate proposals.

2. MATERIAL CONTRACTS

Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiaries (collectively referred to as "Group") have not entered into any material contracts involving the interest of the Directors, Chief Executive Officer who is not a Director or major shareholders, which is either still subsisting at the end of the financial year ended 31 December 2021 or, had been entered into since the end of the previous financial year.

3. ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022

3.1 Ordinary Shares

Number of Issued Shares	:	177,959,239
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Less than 100	209	4.03	1,611	0.00
100 to 1,000	2,894	55.77	1,395,321	0.78
1,001 to 10,000	1,670	32.18	6,072,865	3.41
10,001 to 100,000	366	7.05	10,298,700	5.79
100,001 to less than 5% of issued shares	49	0.95	44,828,447	25.19
5% and above of issued shares	1	0.02	115,362,295	64.83
Total	**5,189**	**100.00**	**177,959,239**	**100.00**

Substantial Shareholders' Shareholdings as per the Register of Substantial Shareholders

	Direct Interest		Indirect Interest	
Name of Substantial Shareholder	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Allianz SE	115,362,295	64.83	-	-
Employees Provident Fund Board	11,849,900	6.66	-	-

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022 (CONTINUED)

3.1 Ordinary Shares (continued)

30 Largest Shareholders as in the Record of Depositors

No.	Name of Shareholder	No. of Shares Held	% of Shares
1	CITIGROUP NOMINEES (ASING) SDN BHD ALLIANZ SE	115,362,295	64.83
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	8,595,200	4.83
3	PERTUBUHAN KESELAMATAN SOSIAL	4,958,722	2.79
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	3,851,000	2.16
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	3,011,800	1.69
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	2,913,000	1.64
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	2,808,400	1.58
8	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	2,768,100	1.56
9	WOO KHAI YOON	2,050,000	1.15
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	1,516,900	0.85
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	1,090,500	0.61
12	LIM SU TONG @ LIM CHEE TONG	802,000	0.45
13	NEOH CHOO EE & COMPANY, SDN. BERHAD	756,300	0.42
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	648,100	0.36
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC SELECT TREASURES EQUITY FUND	516,900	0.29
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC SECTOR SELECT FUND	507,300	0.29
17	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR LIM SU TONG @ LIM CHEE TONG (8335-1101)	500,000	0.28
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	476,700	0.27

3. ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022 (CONTINUED)

3.1 Ordinary Shares (continued)

30 Largest Shareholders as in the Record of Depositors

No.	Name of Shareholder	No. of Shares Held	% of Shares
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM AFFINHWANG) (410195)	462,400	0.26
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN ABSR EQ)	442,000	0.25
21	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	391,600	0.22
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	341,700	0.19
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NOBLE SOUND SDN BHD (PB)	325,000	0.18
24	CITIGROUP NOMINEES (ASING) SDN BHD CBSG GW FOR ABERDEEN STANDARD MALAYSIAN EQUITY FUND	315,800	0.18
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	303,425	0.17
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WHITE FEATHERS INDUSTRIES (M) SDN BHD (E-JBU/PNS)	282,100	0.16
27	HSBC NOMINEES (ASING) SDN BHD CACEIS BANK FOR HMG GLOBETROTTER	270,000	0.15
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABDN EQ ABSR FD)	250,000	0.14
29	GOH BENG CHOO	229,500	0.13
30	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	228,000	0.13

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022 (CONTINUED)

3.2 Irredeemable Convertible Preference Shares ("ICPS")

Number of Issued ICPS : 168,246,546
Class of Shares : Preference shares
Voting Rights : The ICPS holders shall carry no right to vote at any general meeting of the Company except for the following circumstances:-

(a) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months;
(b) on a proposal to wind-up the Company;
(c) during the winding-up of the Company;
(d) on a proposal that affect the rights attached to the ICPS;
(e) on a proposal to reduce the Company's share capital; or
(f) on a proposal for the disposal of the whole of the Company's property, business and undertaking

In any such cases, the ICPS holders shall be entitled to vote together with the holders of ordinary shares and exercise 1 vote for each ICPS held.

Distribution of ICPS Holdings

Size of Holdings	No. of ICPS Holders	% of ICPS Holders	No. of ICPS Held	% of ICPS
Less than 100	26	2.78	505	0.00
100 to 1,000	461	49.30	182,898	0.11
1,001 to 10,000	293	31.34	1,095,690	0.65
10,001 to 100,000	130	13.90	3,756,027	2.23
100,001 to less than 5% of issued ICPS	24	2.57	19,008,558	11.30
5% and above of issued ICPS	1	0.11	144,202,868	85.71
Total	**935**	**100.00**	**168,246,546**	**100.00**

Substantial Shareholder's ICPS Holdings

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

3. ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022 (CONTINUED)

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

30 Largest ICPS Holders as in the Record of Depositors

No.	Name of ICPS Holder	No. of ICPS Held	% of ICPS
1	CITIGROUP NOMINEES (ASING) SDN BHD ALLIANZ SE	144,202,868	85.71
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	5,624,400	3.34
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,458,500	2.06
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	2,771,000	1.65
5	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT OPPORTUNITY FUND (3969)	1,416,458	0.84
6	OLIVE LIM SWEE LIAN	1,150,000	0.68
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	767,300	0.46
8	HSBC NOMINEES (ASING) SDN BHD CACEIS BANK FOR HMG GLOBETROTTER	687,900	0.41
9	AU YONG MUN YUE	500,000	0.30
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEN KONG @ JOSEPH YONG (E-IMO)	303,900	0.18
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAU LONG YIH (E-JBU/PNS)	224,700	0.13
12	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	220,000	0.13
13	LOH CHAI KIAM	204,000	0.12
14	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR LIM SU TONG @ LIM CHEE TONG (8335-1101)	200,000	0.12
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NOBLE SOUND SDN BHD (PB)	175,000	0.10

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022 (CONTINUED)

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

30 Largest ICPS Holders as in the Record of Depositors (continued)

No.	Name of ICPS Holder	No. of ICPS Held	% of ICPS
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE PIK WAH (MY0288)	164,000	0.10
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	150,000	0.09
18	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR KEGANI PACIFIC LTC FUND L.P.	133,100	0.08
19	LIM TEAN KAU	128,000	0.08
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KATHRYN MA WAI FONG (PB)	125,000	0.07
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HII YU HO	125,000	0.07
22	YAP AH NGAH @ YAP NEO NYA	125,000	0.07
23	EVERGREEN ANGLE SDN BHD	123,000	0.07
24	SU MING KEAT	118,100	0.07
25	NEOH CHOO EE & COMPANY, SDN. BERHAD	114,200	0.07
26	LIM KUAN GIN	93,800	0.06
27	INSAS PLAZA SDN BHD	90,900	0.05
28	SAI YEE @ SIA SAY YEE	73,000	0.04
29	KHOO KHAI HONG	70,000	0.04
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIAN LING	70,000	0.04

4. LIST OF TOP TEN PROPERTIES AS AT 31 DECEMBER 2021 OWNED BY THE GROUP

No.	Location	Existing Use	Tenure	Built-up Area (Sq. meters)	Type of Building	Age of Building	Latest Date of revaluation	Net Book Value RM'000
1	Block 3A, Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Wilayah Persekutuan		Freehold		Corporate office	19 years		
	Level 10 and 12	Head office		1,493			28/08/2021	**15,624**
	Level 13A	Head office		745			21/08/2021	**7,778**
	Level 13 & 15	Head office		1,493			28/08/2021	**15,625**
2	Wisma Allianz 33, Jalan Gereja 50100 Kuala Lumpur Wilayah Persekutuan	Branch office	Lot PT1-Leasehold Expiring 06/09/2072	3,328	Office building	40 years	28/08/2021	**5,087**
			Lot 263 Freehold			38 years	28/08/2021	**8,057**
3	Wisma Allianz Life No. 11, 12, 13 and 14 Jalan 53 Desa Jaya Commercial Centre Taman Desa, Kepong 52100 Kuala Lumpur Wilayah Persekutuan	Branch office	Leasehold Expiring 08/03/2081	2,500	Terrace shop/ office	22 years	31/10/2019	**9,165**
4	No. 42 & 46, Jalan Tiara 2C Bandar Baru Klang, Klang 41150 Selangor Darul Ehsan	Branch office	Leasehold Expiring 08/05/2093	1,228	Terrace shop/ office	18 years	31/10/2019	**4,417**
5	Unit Nos. A-G-1, A-1-1, A-2-1, A-2-2 Block A, Greentown Square Jalan Dato' Seri Ahmad Said, Ipoh 30450 Perak Darul Ridzuan	Branch Office	Leasehold Expiring 01/10/2102	884	Commercial building	17 years	15/10/2020	**2,858**
6	No. 15, Jalan 8/1D Section 8, 46050 Petaling Jaya, Selangor	Branch office	Leasehold Expiring 07/08/2066	697	Terrace shop/ office	19 years	28/08/2021	**2,347**
7	No. 374, 374A & 347B, Jalan Melaka Raya 6, Taman Melaka Raya, 75000 Melaka	Branch office	Leasehold Expiring 24/10/2082	937	3-storey shophouse	36 years	28/08/2021	**2,337**

Additional Compliance Information

4. LIST OF TOP TEN PROPERTIES AS AT 31 DECEMBER 2021 OWNED BY THE GROUP (CONTINUED)

No.	Location	Existing Use	Tenure	Built-up Area (Sq. meters)	Type of Building	Age of Building	Latest Date of revaluation	Net Book Value RM'000
8	No. 487, Jalan Permatang Rawa Bandar Perda Bukit Mertajam, 14000 Penang	Branch office	Freehold	758	4-storey shop office	18 years	15/10/2020	**1,971**
9	No. 300 & 301 Jalan Lumpur, 05100 Alor Star, Kedah Darul Aman	Branch office	Freehold	1,088	3-storey shophouse	17 years	28/08/2021	**1,967**
10	TB 320, Block 38, Fajar Complex Tawau, Sabah	Branch office	Leasehold 31/12/2895	613	4-storey shophouse	24 years	28/08/2021	**1,690**

5. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of a revenue or trading nature entered into by the Group during the financial year ended 31 December 2021 were as follows:-

No.	Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/ (Expenses) RM'000
1	Reinsurance arrangements between the Company's insurance subsidiaries and Allianz SE Group where the risk and premium are shared between the parties in accordance with the reinsurance arrangements entered into between the parties*	**Allianz SE Group	(285,011)
2	Payment of annual maintenance and support fees by the Company's life insurance subsidiary to Allianz Technology SE ("Allianz Technology") for the software system provided by Allianz Technology	**Allianz Technology	(4,953)
3	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for sharing of Human Resource ("HR") database platform	**Allianz Technology	(28)
4	Payment of fees by the Company's insurance subsidiaries to Allianz Technology for purchasing of various software licenses	**Allianz Technology	(9,593)
5	Engagement of Allianz Technology, Munich branch Wallisellen for the support and maintenance support service on the Company's life insurance subsidiary Expert Underwriting System	**Allianz Technology	352
6	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the leasing of license services of Thunderhead solution for the implementation of E-Policy	**Allianz Technology	43
7	Investment and redemption of funds (including fund management fees) distributed by Allianz Global Investors Singapore Limited ("AGI") by the Company's life insurance subsidiary	**AGI	(143,653)
8	Payment of fees by the Company's insurance subsidiaries to Allianz Investment Management Singapore Pte Ltd ("AIM Singapore") for investment advisory services provided by AIM Singapore	**AIM Singapore	(2,674)
9	Payment of fees by the Company's life insurance subsidiary to RCM Asia Pacific Limited ("RCM") for sharing of AGI Global Bloomberg Asset & Investment Manager database, IT support, maintenance and execution of equity transactions provided by RCM to the Company's life insurance subsidiary	**RCM	(603)
10	Payment of fees by the Company's insurance subsidiaries to Allianz Investment Management SE ("AIM SE") and IDS GmbH for IT infrastructure and operational investment controlling and support services	**AIM SE	(194)
11	Payment of fees by the Company's insurance subsidiaries to AIM SE for supporting advisory services in various areas of the investment process	**AIM SE	(416)
12	Payment of fees by the Company's insurance subsidiaries to Allianz SE Singapore Branch ("AZAP") for the business building advisory services and regional investment provided by AZAP	**AZAP	(4,117)

Additional Compliance Information

5. RECURRENT RELATED PARTY TRANSACTIONS (CONTINUED)

The recurrent related party transactions of a revenue or trading nature entered into by the Group during the financial year ended 31 December 2021 were as follows:-

No.	Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/ (Expenses) RM'000
13	Payment of fees by the Company's insurance subsidiaries to AZAP for sharing of marketing measures undertaken by Allianz SE	**AZAP	(3,001)
14	Payment of fees by the Company's life insurance subsidiary to AZAP for sharing of Global Procurement (excluding IT) services and support rendered by Allianz SE	**AZAP	(129)
15	Payment of fees by the Company's life insurance subsidiary to Allianz SE on the support of design and development for Global Digital Factory	**Allianz SE	1
16	Payment of fees by the Company's life insurance subsidiary to Allianz SE for IT security services	**Allianz SE	(267)
17	Payment of fees by the Company's general insurance subsidiary to Allianz SE to support the development and improvement of technical excellence	**Allianz SE	(4,573)
18	Payment of fees by the Company's life insurance subsidiary to Allianz SE for the implementation of global cyber insurance solution	**Allianz SE	(35)
19	Payment of service fees by the Company's general insurance subsidiary to Allianz Worldwide Partners Services Sdn Bhd ("AWP") for road assistance services provided by AWP to the policyholders of the Company's general insurance subsidiary	**AWP	(898)
20	Operational fees received by the Company's general insurance subsidiary for the services rendered by the Company's general insurance subsidiary to Euler Hermes Singapore Services Pte Ltd ("EHS")	**EHS	1,753
21	Fees received by the Company for providing audit services to Allianz SE Group under the Regional Audit Hub	**Allianz SE Group	571
22	Fees received by the Company for providing life actuarial modeling services to Allianz SE Group under the Regional Actuarial Center of Competence	**Allianz SE Group	1,521
23	Payment of fees by the Company's life insurance subsidiary to Allianz SE for the development of Allianz One Finance Programme	**Allianz SE	(96)
24	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the implementation of Allianz Global Network	**Allianz Technology	(471)
25	Payment of annual maintenance fees by the Company's life insurance subsidiary to Allianz Technology for SAP Central Accounting Platform/Investment Management Accounting	**Allianz Technology	(57)
26	Payment of fees by the Company's life insurance subsidiary to Allianz Technology to support the implementation and maintenance of infrastructure for actuarial modeling and recharge of cost incurred to Allianz SE Group	**Allianz Technology	102

5. RECURRENT RELATED PARTY TRANSACTIONS (CONTINUED)

The recurrent related party transactions of a revenue or trading nature entered into by the Group during the financial year ended 31 December 2021 were as follows:-

No.	Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/ (Expenses) RM'000
27	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the purchase of Actuarial Reporting Group Object	**Allianz Technology	(15)
28	Fees received by the Company's for providing Master Data Management support services to Allianz SE Group	**Allianz SE Group	305
29	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for sharing of Group Intranet Access and Group Directory International through Allianz Global Network services	**Allianz Technology	68
30	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for information technology security services provided by Allianz Technology	**Allianz Technology	(8)
31	Fees received by the Company's general insurance subsidiary for providing reinsurance and Midcorp services to Allianz SE Reinsurance Branch Asia Pacific ("Allianz Re")	**Allianz Re	3,002
32	Payment of fees by the Company's life insurance subsidiary to Allianz SE Group for implementation of HR Transformation ("HRT") solution	**Allianz SE Group	(195)
33	Payment of fees by the Company's general insurance subsidiary to Allianz SE Group for implementation of Azeus Convene Meeting Management Software	**Allianz SE Group	(53)
34	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for purchase of Allianz Virtual Client and Windows Distributor File System	**Allianz Technology	(1,823)
35	Payment of fees by the Company's life insurance subsidiary to Allianz Digital Health GmbH to develop a suite of digital health tools	**Allianz Digital Health GMBH	(1,188)
36	Payment of fees by the Company's insurance subsidiaries to Rapidpro Consulting Sdn Bhd ("Rapidpro") for consulting and training services rendered by Rapidpro	**Rapidro	(1,796)

Notes:-

* As the Group is in the insurance business, the figures do not include payment obligations arising from claims duly made pursuant to any insurance policies issued.

** Deemed to be related parties to the Company via Allianz SE's direct interest as the major shareholder of the Company.

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

Financial Performance

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

Directors' Report

for the year ended 31 December 2021

The Directors have pleasure in submitting their report and the audited financial statements of the Group (Allianz Malaysia Berhad and its subsidiaries) and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year attributable to owners of the Company	**478,497**	**227,776**

DIVIDENDS

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

(i) In respect of the financial year ended 31 December 2020:

Interim Dividend

- a single tier interim dividend of 69.60 sen per Irredeemable Convertible Preference Share ("ICPS") totaling RM117,845,000 were paid on 18 February 2021; and

- a single tier interim dividend of 58.00 sen per ordinary share totaling RM102,595,000 were paid on 18 February 2021;

(ii) In respect of the financial year ended 31 December 2021:

Interim Dividend

- a single tier interim dividend of 75.60 sen per ICPS totaling RM127,422,000 were paid on 18 February 2022;

- a single tier interim dividend of 63.00 sen per ordinary share totaling RM111,925,000 were paid on 18 February 2022;

The Directors have not recommended any final dividend to be paid for the financial year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Directors' Report
for the year ended 31 December 2021

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Datuk (Dr.) Rafiah Binti Salim (Chairman)
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz
Peter Ho Kok Wai
Goh Ching Yin
Gerard Lim Kim Meng
Zakri bin Mohd Khir (Appointed on 1 January 2022)
Solmaz Altin (Resigned on 16 November 2021)
Claudia Salem (Resigned on 22 December 2021)

LIST OF DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and during the period from the end of the financial year to the date of this report is as follows:

Allianz Life Insurance Malaysia Berhad

Goh Ching Yin (Chairman)
Peter Ho Kok Wai
Dato' Dr. Kantha A/L Rasalingam
Lim Fen Nee (Appointed on 1 June 2021)
Mr. Joseph Kumar Gross (Appointed on 21 January 2022)
Anusha A/P Thavarajah (Resigned on 21 January 2022)

Allianz General Insurance Company (Malaysia) Berhad

Tan Sri Datuk (Dr.) Rafiah Binti Salim (Chairman)
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz
Dr. Muhammed Bin Abdul Khalid
Lim Tuang Ooi (Appointed on 1 November 2021)
Wang Wee Keong (Appointed on 1 January 2022)
Zakri Bin Mohd Khir (Retired on 31 December 2021)

None of the Directors holding office as at 31 December 2021 had any interest in the ordinary shares and/or ICPS of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 28.2 to the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

HOLDING COMPANY

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its ordinary shares to 177,508,939 by the issuance of 620,100 ordinary shares pursuant to the conversion of 620,100 ICPS. Accordingly, the ICPS of the Company was reduced to 168,696,846 as at 31 December 2021. As at 31 December 2021, the total share capital of the Company amounted to RM771,028,887.

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

Save as disclosed above, there were no other changes in the issued share capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

The Group and the Company maintain a Directors' and Officers' Liability Insurance for the purpose of Section 289(5) of the Companies Act 2016 in Malaysia, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM64,781.

There was no indemnity given to, or insurance effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors of the Company during the financial year.

To the extent permitted by law, the Group and Company have agreed to indemnify its auditors as part of the terms of non-audit engagement against claims by third parties arising from non-audit engagement. No payment has been made to indemnify the auditors during the financial year.

However, in the ordinary course of business of the general insurance subsidiary of the Company in the underwriting of all classes of general insurance business, Allianz General Insurance Company (Malaysia) Berhad had provided a professional indemnity insurance to its auditors during the financial year

Directors' Report
for the year ended 31 December 2021

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:-

(i) all known bad debts have been written off and adequate provision made for doubtful debts;

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise; and

(iii) there was adequate provision for insurance contract liabilities in the Group in accordance with the valuation methods specified in Part D of the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

At the date of this report, the Directors are not aware of any circumstances:-

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts and insurance contract liabilities in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year, other than those disclosed in Note 41 to the financial statements.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due. For the purpose of this paragraph, contingent liabilities and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 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.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

The auditors' remuneration is disclosed in Note 28 to the financial statements.

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

Tan Sri Datuk (Dr.) Rafiah Binti Salim
Director

Peter Ho Kok Wai
Director

Kuala Lumpur
Date: 22 February 2022

Statements of Financial Position

as at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	**110,148**	107,478	**1,121**	1,178
Right-of-use assets	4	**41,530**	58,042	**-**	-
Intangible assets	5	**348,456**	358,490	**-**	-
Investments in subsidiaries	7	**-**	-	**961,088**	961,088
Deferred tax assets	17	**34,404**	-	**-**	-
Reinsurance assets	8	**1,126,083**	895,553	**-**	-
Investments	9	**19,941,622**	18,729,603	**52,086**	22,624
Derivative financial assets	10	**45,516**	81,738	**-**	-
Current tax assets		**9,856**	12,972	**-**	36
Insurance receivables	11	**191,207**	199,651	**-**	-
Other receivables, deposits and prepayments	12	**151,396**	161,085	**247,271**	286,414
Deferred acquisition costs	13	**123,661**	116,170	**-**	-
Cash and cash equivalents		**1,519,608**	1,175,963	**30,390**	11,059
Total assets		**23,643,487**	21,896,745	**1,291,956**	1,282,399
Equity					
Share capital					
– Ordinary shares	14	**234,573**	232,601	**234,573**	232,601
– Irredeemable Convertible Preference Shares	14	**536,456**	538,428	**536,456**	538,428
Reserves	15	**3,373,124**	3,260,477	**275,910**	287,481
Total equity attributable owners of the Company		**4,144,153**	4,031,506	**1,046,939**	1,058,510
Liabilities					
Insurance contract liabilities	16	**17,648,547**	16,053,272	**-**	-
Deferred tax liabilities	17	**391,257**	434,972	**104**	83
Derivative financial liabilities	10	**1,641**	301	**-**	-
Lease liabilities	18	**24,788**	42,785	**-**	-
Insurance payables	19	**584,557**	489,117	**-**	-
Other payables and accruals	20	**834,973**	837,381	**244,886**	223,806
Current tax liabilities		**13,571**	7,411	**27**	-
Total liabilities		**19,499,334**	17,865,239	**245,017**	223,889
Total equity and liabilities		**23,643,487**	21,896,745	**1,291,956**	1,282,399

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

Statements of Profit or Loss

for the year ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Operating revenue	21	**6,431,039**	5,945,711	**241,482**	281,216
Gross earned premiums	22(a)	**5,671,113**	5,233,240	**-**	-
Premiums ceded to reinsurers	22(b)	**(430,273)**	(362,584)	**-**	-
Net earned premiums		**5,240,840**	4,870,656	**-**	-
Investment income	23	**759,926**	712,471	**241,482**	281,216
Realised gains and losses	24	**53,462**	30,291	**-**	-
Fair value gains and losses	25	**(430,757)**	39,933	**-**	-
Fee and commission income	26(a)	**52,301**	31,137	**-**	-
Other operating income		**44,599**	34,880	**401**	171
Investment and other income		**479,531**	848,712	**241,883**	281,387
Gross benefits and claims paid	27(a)	**(2,360,118)**	(2,286,969)	**-**	-
Claims ceded to reinsurers	27(b)	**176,463**	119,732	**-**	-
Gross change in contract liabilities	27(c)	**(1,558,291)**	(1,344,359)	**-**	-
Change in contract liabilities ceded to reinsurers	27(d)	**192,865**	(17,412)	**-**	-
Net benefits and claims		**(3,549,081)**	(3,529,008)	**-**	-
Fee and commission expense	26(b)	**(811,172)**	(774,584)	**-**	-
Management expenses	28	**(683,768)**	(641,438)	**(13,454)**	(6,558)
Interest expense	29	**(966)**	(1,733)	**-**	-
Other operating expenses		**(49,798)**	(42,975)	**(88)**	(5)
Other expenses		**(1,545,704)**	(1,460,730)	**(13,542)**	(6,563)
Profit before tax		**625,586**	729,630	**228,341**	274,824
Tax expense	30	**(147,089)**	(209,305)	**(565)**	(379)
Profit for the year		**478,497**	520,325	**227,776**	274,445
Profit for the year attributable to:					
Owners of the Company		**478,497**	520,325	**227,776**	274,445
Basic earnings per ordinary share (sen)	31(a)	**197.98**	227.53		
Diluted earnings per ordinary share (sen)	31(b)	**138.29**	150.29		

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

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the year		**478,497**	520,325	**227,776**	274,445
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets					
Net (losses)/gains arising during the financial year		**(257,806)**	260,431	**-**	-
Realised gains transferred to profit or loss		**(40,052)**	(48,118)	**-**	-
Losses on cash flow hedge		**(9,039)**	(4,085)	**-**	-
Tax effects thereon		**45,749**	(26,970)	**-**	-
Change in insurance contract liabilities arising from net fair value change on					
AFS financial assets	16(a)	**132,303**	(138,800)	**-**	-
Cash flow hedge reserve	16(a)	**9,039**	4,085	**-**	-
Tax effects thereon	16(a)	**(11,307)**	10,777	**-**	-
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment and right-of-use assets		**5,889**	-	**-**	-
Tax effects thereon		**(1,279)**	-	**-**	-
Reversal of deferred tax on revaluation surplus of land and buildings upon disposal		**-**	732	**-**	-
Total other comprehensive (loss)/income for the year, net of tax		**(126,503)**	58,052	**-**	-
Total comprehensive income for the year, net of tax		**351,994**	578,377	**227,776**	274,445
Total comprehensive income attributable to:					
Owners of the Company		**351,994**	578,377	**227,776**	274,445

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

Statements of Changes In Equity

for the year ended 31 December 2021

		Attributable to owners of the Company						
		Non-distributable					Distributable	
Group	Note	Ordinary shares RM'000	Irredeemable Convertible Preference Shares RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings- Life non-participating fund surplus* RM'000	Retained earnings RM'000	Total equility RM'000
At 1 January 2021		232,601	538,428	38,565	134,766	1,137,320	1,949,826	4,031,506
Fair value of AFS financial assets		-	-		(131,113)	-	-	(131,113)
Revaluation of property, plant and equipment and right-of-use assets		-	-	4,610	-	-	-	4,610
Profit for the year		-	-	-	-	104,198	374,299	478,497
Total comprehensive income for the year		-	-	4,610	(131,113)	104,198	374,299	351,994
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		1,972	(1,972)	-	-	-	-	-
Dividends to owners of the Company	32	-	-	-	-	-	(239,347)	(239,347)
Total transactions with owners of the Company		1,972	(1,972)	-	-	-	(239,347)	(239,347)
At 31 December 2021		234,573	536,456	43,175	3,653	1,241,518	2,084,778	4,144,153
		Note 14	Note 14	Note 15.1	Note 15.2	Note 15	Note 15	

* Non-distributable retained earnings comprise non-participating fund surplus, net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the life non-participating fund to the Shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the life insurance subsidiary.

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

Statements of Changes In Equity

for the year ended 31 December 2021

Group	Note	Ordinary shares RM'000	Irredeemable Convertible Preference Shares RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings-Life non-participating fund surplus* RM'000	Retained earnings RM'000	Total equility RM'000
		Attributable to owners of the Company						
		Non-distributable					Distributable	
At 1 January 2020		232,597	538,432	42,303	77,446	971,897	1,810,894	3,673,569
Fair value of AFS financial assets		-	-	-	57,320	-	-	57,320
Disposal of land and buildings		-	-	(3,378)	-	-	3,738	-
Reversal of deferred tax on revaluation surplus		-	-	-	-	-	732	-
Profit for the year		-	-	-	-	165,423	354,902	520,325
Total comprehensive income for the year		-	-	(3,738)	57,320	165,423	359,372	578,377
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		4	(4)	-	-	-	-	-
Dividends to owners of the Company	32	-	-	-	-	-	(220,440)	(220,440)
Total transactions with owners of the Company		4	(4)	-	-	-	(220,440)	(220,440)
At 31 December 2020		232,601	538,428	38,565	134,766	1,137,320	1,949,826	4,031,506
		Note 14	Note 14	Note 15.1	Note 15.2	Note 15	Note 15	

* Non-distributable retained earnings comprise non-participating fund surplus, net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the life non-participating fund to the Shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the life insurance subsidiary.

The accompanying notes form an integral part of these financial statements

Statements of Changes In Equity
for the year ended 31 December 2021

Company	Note	Share capital RM'000	Irredeemable Convertible Preference Shares RM'000	Retained earnings RM'000	Total equility RM'000
		← Attributable to owners of the Company →			
		← Non-distributable	→	Distributable	
At 1 January 2020		232,597	538,432	233,476	1,004,505
Profit for the year		-	-	274,445	274,445
Total comprehensive income for the year		-	-	274,445	274,445
Contributions by and distributions to owners of the Company					
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		4	(4)	-	-
Dividends to owners of the Company	32	-	-	(220,440)	(220,440)
Total transaction with owners of the Company		4	(4)	(220,440)	(220,440)
At 31 December 2020 /1 January 2021		**232,601**	**538,428**	**287,481**	**1,058,510**
Profit for the year		**-**	**-**	**227,776**	**227,776**
Total comprehensive income for the year		**-**	**-**	**227,776**	**227,776**
Contributions by and distributions to owners of the Company					
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		**1,972**	**(1,972)**	**-**	**-**
Dividends to owners of the Company	32	**-**	**-**	**(239,347)**	**(239,347)**
Total transactions with owners of the Company		**1,972**	**(1,972)**	**(239,347)**	**(239,347)**
At 31 December 2021		**234,573**	**536,456**	**275,910**	**1,046,939**
		Note 14	Note 14	Note 15	

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

Statements of Cash Flows

for the year ended 31 December 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	**625,586**	729,630	**228,341**	274,824
Adjustments for:				
Investment income	**(759,926)**	(712,471)	**(241,482)**	(281,216)
Interest income	**(416)**	(511)	**-**	-
Interest expense	**966**	1,733	**-**	-
Realised gains from financial assets recorded in profit or loss	**(53,461)**	(30,113)	**-**	-
Fair value losses/(gains) on financial assets recorded in profit or loss	**389,623**	(177,639)	**-**	-
Purchase of available-for-sale ("AFS") financial investments	**(2,096,877)**	(2,302,879)	**(5,000)**	-
Maturity of AFS financial investments	**760,015**	420,475	**-**	-
Proceeds from sale of AFS financial investments	**958,633**	898,564	**-**	-
Purchase of designated upon initial recognition ("DUIR") financial investments	**(1,096,462)**	(855,510)	**-**	-
Maturity of DUIR financial investments	**406,259**	213,030	**-**	-
Proceeds from sale of DUIR financial investments	**116,738**	101,350	**-**	-
Purchase of held for trading ("HFT") financial investments	**(2,919,836)**	(2,367,347)	**-**	-
Maturity of HFT financial investments	**293,901**	172,200	**-**	-
Proceeds from sale of HFT financial investments	**1,333,619**	1,287,943	**-**	-
Decrease/(Increase) in loans and receivables	**365,317**	48,324	**(23,906)**	(16,585)
Decrease in fair value of investment properties	**-**	140	**-**	-
Unrealised foreign exchange (gain)/loss	**(4,852)**	2,904	**-**	-
Depreciation of property, plant and equipment	**14,624**	14,001	**377**	315
Depreciation of right-of-use assets	**18,765**	17,877	**-**	-
Amortisation of intangible assets	**24,579**	23,580	**-**	-
Gains on disposal of property, plant and equipment	**(1)**	(178)	**-**	-
Impairment loss on AFS financial investments	**41,134**	137,566	**-**	-
Property, plant and equipment written off	**780**	81	**-**	-
Allowance for impairment loss on reinsurance asset	**(3)**	(8)	**-**	-
Insurance and other receivables:				
- Bad debts written off	**227**	7,205	**-**	-
- Allowance for/(Reversal of) impairment loss	**1,308**	(7,575)	**-**	-
- Bad debts recovered	**(23)**	(119)	**-**	-
Operating loss before changes in working capital	**(1,579,783)**	(2,377,747)	**(41,670)**	(22,662)

Statements of Cash Flows

for the year ended 31 December 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Changes in working capital:				
(Increase)/Decrease in reinsurance assets	**(230,527)**	31,041	**-**	-
Decrease/(Increase) in insurance receivables	**7,728**	(2,223)	**-**	-
Decrease/(Increase) in other receivables, deposits and prepayments	**9,602**	2,525	**(934)**	4,332
Increase in deferred acquisition costs	**(7,491)**	(4,747)	**-**	-
Increase in insurance contract liabilities	**1,725,310**	1,507,110	**-**	-
Increase in insurance payables	**95,440**	65,066	**-**	-
(Decrease)/Increase in other payables and accruals	**(21,315)**	94,236	**2,173**	363
Cash used in operations	**(1,036)**	(684,739)	**(40,431)**	(17,967)
Tax paid	**(171,462)**	(155,658)	**(481)**	(709)
Dividends received	**117,925**	68,125	**279,683**	199,822
Interest income received	**666,603**	638,456	**1,320**	1,428
Interest paid on lease liabilities	**(966)**	(1,733)	**-**	-
Net cash generated from/(used in) operating activities	**611,064**	(135,549)	**240,091**	182,574
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**1**	995	**-**	-
Proceeds from disposal of right of use asset	**-**	1,812	**-**	-
Acquisition of property, plant and equipment	**(20,147)**	(15,954)	**(320)**	(697)
Acquisition of right of use asset	**-**	(117)	**-**	-
Acquisition of intangible assets	**(8,156)**	(10,614)	**-**	-
Net cash used in investing activities	**(28,302)**	(23,878)	**(320)**	(697)
Cash flows from investing activities				
Dividends paid to owners of the Company	**(220,440)**	(247,045)	**(220,440)**	(247,045)
Repayment of advance to holding company	**-**	-	**-**	54,300
Repayment of lease liabilities	**(18,677)**	(17,618)	**-**	-
Net cash used in financing activities	**(239,117)**	(264,663)	**(220,440)**	(192,745)
Net increase/(decrease) in cash and cash equivalents	**343,645**	(424,090)	**19,331**	(10,868)
Cash and cash equivalents at 1 January	**1,175,963**	1,600,053	**11,059**	21,927
Cash and cash equivalents at 31 December	**1,519,608**	1,175,963	**30,390**	11,059

Statements of Cash Flows

for the year ended 31 December 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions (with maturity of less than three months)	**1,454,837**	1,119,267	**27,960**	9,410
Cash and bank balances	**64,771**	56,696	**2,430**	1,649
	1,519,608	1,175,963	**30,390**	11,059

Included in the fixed and call deposits are RM74,582,000 (2020: RM69,118,000) held as cash collateral for guarantees issued on behalf of the policyholders (Note 19).

GROUP AND COMPANY

Reconciliation of liabilities arising from financing activities

	Note	Lease liabilities RM'000	Total RM'000
At 1 January 2020		57,124	57,124
Cash flows		(19,351)	(19,351)
Interest charge		1,733	1,733
Lease additions		2,424	2,424
Modification/Termination of lease		855	855
At 31 December 2020/1 January 2021		**42,785**	**42,785**
Cash flows		**(19,643)**	**(19,643)**
Interest charge		**966**	**966**
Modification/Termination of lease		**680**	**680**
At 31 December 2021	18	**24,788**	**24,788**

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

Notes to the Financial Statements

PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Allianz Malaysia Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Level 29, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2021 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 7.

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

The financial statements were authorised for issue by the Board of Directors on 22 February 2022.

Notes to the Financial Statements

1. BASIS OF PREPARATION

1.1 Statement of compliance

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

The following are accounting standards, amendments to standards and interpretations that have been issued by Malaysian Accounting Standards Board ("MASB") for the financial year beginning on or after 1 January 2021 and adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 16, *COVID-19 Related Rent Concessions*
- Amendments to MFRS 9, Financial Instruments, MFRS 139, *Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases - Interest Rate Benchmark Reform - Phase 2*

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

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

- Amendment to MFRS 16, *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to MFRS 116, *Proceeds before Intended Use*
- Amendments to MFRS 3, *Reference to Conceptual Framework*
- Amendments to MFRS 137, *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvement to MFRSs 2018 – 2022 Cycle effective for annual periods beginning on or after 1 January 2022

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

- MFRS 17, *Insurance Contracts and its amendments*
- Amendments to MFRS101, *Classification of liabilities and current or non-current*
- Amendments to MFRS 101, *MFRS Practice Statement 2 and MFRS 108 on "Disclosure of Accounting Policies" and "Definition of Accounting Estimates*"
- Amendments to MFRS 112 , *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

MFRS 17, Insurance Contracts

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

MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 'Revenue from Contracts with Customers'.

Insurance contracts (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

MFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

(a) Simplified Premium Allocation Approach if the insurance coverage period is a year or less; and

(b) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items.

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims. Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 17.

Except as mentioned above, the initial application of other new standards, amendments to standards or interpretations issued by MASB effective for periods subsequent to 1 January 2022 are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

1.2 Basis of measurement

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

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

1.3 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of financial statement, and the reported amount of income and expenses during the year. Actual results may differ from these estimates.

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

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 2.25.1 – Valuation of general insurance claims liabilities
Note 2.25.2 – Valuation of life actuarial liabilities
Note 2.25.3 – Impairment of goodwill

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.25.

The Group has estimated deferred tax in respect of the changes in tax rate that were enacted during the financial year. The amount of deferred tax that can be recognised based on the likely level of future taxable profits forms part of the key judgement areas. Refer to Note 30.5 for details.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of consolidation

2.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group and the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Group has determined that the investment in structured securities, such as unit trust investments that the Group has an interest in are structured entities.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee’s return.

Investments in subsidiaries are measured in the Company’s separate statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.1.2 Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of consolidation (continued)

2.1.3 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.2 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising from settlement of foreign currency transactions and from retranslation of monetary assets and liabilities are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment

2.3.1 Recognition and measurement

All items of property, plant and equipment except for work-in-progress are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Work-in-progress is stated at cost less accumulated impairment.

The Group revalues its properties comprising land and buildings every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

The revalued amounts of property are determined by using the Comparison Method. The Comparison Method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

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

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

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

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

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised on a net basis within "realised gains and losses" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (continued)

2.3.2 Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2.3.3 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for intangible assets are as follows:

Buildings	50 years
Office equipment, computers, furniture and fittings	2 to 10 years
Motor vehicles	5 years
Office renovations and partitions	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 2.5.1 on right-of-use assets for these assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Intangible assets

2.4.1 Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses. See accounting policy in Note 2.7.3 to the financial statements on impairment of goodwill.

2.4.2 Development costs

Expenditure incurred on software development is capitalised, only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.4.3 Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

2.4.4 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2.4.5 Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill with indefinite useful lives is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired. See accounting policy in Note 2.7.3 on impairment of goodwill.

Intangible assets with finite useful lives are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives for intangible assets are as follows:

Capitalised software development costs	3 to 5 years
Other intangible assets	6 to 18 years

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases

2.5.1 Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

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

Lease term

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

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

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties 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.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment properties owned by the Group. Refer to Note 2.8 for accounting policy on investment properties.

The Group presents ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (continued)

2.5.1 Accounting by lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentive receivable.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the interest expenses in profit or loss in the statement of profit or loss.

Short term leases and leases of low value assets

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

2.5.2 The Group and the Company as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating lease

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (continued)

2.5.2 The Group and the Company as a lessor (continued)

Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

2.6 Financial instruments

Group

2.6.1 Initial recognition and measurement

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6.2 Financial instruments categories and subsequent measurement

The Group categorises and measures financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables, excluding insurance receivables

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

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

(c) Available-for-sale financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6.2 Financial instruments categories and subsequent measurement (continued)

Financial assets (continued)

(d) Insurance receivables

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

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

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

Financial liabilities

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

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

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

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

2.6.3 Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6.4 Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

The Group enters into forward purchase agreements as cash flow hedging instruments to hedge against variability in future cash flows arising from movements in interest rates of debt securities.

2.6.5 Derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6.6 Company

Classification

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

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

(b) those to be measured at amortised cost.

Recognition and derecognition

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

Measurement

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

Debt instruments

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

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

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

(a) Amortised cost

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

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

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in realized gains and losses. Interest income from these financial assets is included in investment income using the effective interest rate method. Impairment expenses are included in other operating expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6.6 Company (continued)

Debt instruments (continued)

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

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within fair value gains and losses in the period which it arises.

Subsequent measurement – Impairment

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

The Company has the following types of financial assets that are subject to the ECL model:
- Investments
- Other receivables
- Cash and cash equivalents

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

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

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

General 3-stage approach for ECL

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6.6 Company (continued)

Significant increase in credit risk

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

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

Definition of default and credit-impaired financial assets

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

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

<u>Qualitative criteria:</u>
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:
- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization
- the debtor is insolvent

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6.6 Company (continued)

Write-off

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

2.7 Impairment

2.7.1 Financial assets, excluding insurance receivables (Group)

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

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

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

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

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

If, in a subsequent financial period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the financial asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment (continued)

2.7.2 Insurance receivables

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

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

If, in a subsequent period, the fair value of insurance receivables increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the insurance receivable's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.7.3 Other assets

The carrying amounts of other assets (except for investment properties that are measured at fair value and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment (continued)

2.7.3 Other assets (continued)

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation reserve. When an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is recognised in profit or loss.

2.8 Investment properties

2.8.1 Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of selfconstructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2.8.2 Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income and accumulated in equity as a revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties (continued)

2.8.3 Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment properties portfolio annually.

The revalued amounts of property are determined by using the Comparison Method. The Comparison Method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

The determination of the fair values involves a degree of judgement. As such, the fair value of the investment properties may be different from its actual market price.

2.9 Cash and cash equivalents and placements with financial institutions

Cash and cash equivalents consist of cash on hands, balances and deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

2.10 Equity instruments

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

2.10.1 Ordinary share capital

Ordinary share capital is classified as equity.

2.10.2 Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

2.10.3 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and accounted for in the equity as an appropriation of retained earnings when they are approved for payment.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote. Contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

2.12 Other financial liabilities and insurance payables

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

2.13 Product classification

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Product classification (continued)

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

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

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

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

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

2.14 Reinsurance

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Reinsurance (continued)

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

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

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

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

2.15 General insurance underwriting results

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

2.15.1 Premium income

(a) Gross premiums

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

(b) Reinsurance premiums

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

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

In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 General insurance underwriting results (continued)

2.15.2 Unearned premium reserves ("UPR")

Unearned premium reserves ("UPR") represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

In determining UPR at the end of the reporting period, the method that most accurately reflects the actual unearned premium used is as follows:

- 25% method for marine cargo, aviation cargo and transit
- $1/24^{th}$ method or time apportioned over the period of the risks for all other classes of Malaysian general policies
- $1/8^{th}$ method or time apportioned over the period of the risks for all other classes of overseas inward treaty business
- Non-annual policies are time-apportioned over the period of the risks

2.15.3 Claims and expenses

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the end of the reporting period.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the end of the reporting period, using a mathematical method of estimation.

2.15.4 Acquisition costs and deferred acquisition cost ("DAC")

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Those costs are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, deferred acquisition cost is amortised/allocated to the periods according to the original policies which give rise to income. Amortisation is recognised in profit or loss.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC is also considered in the liability adequacy test for each accounting period.

DAC is derecognised when the related contracts are either settled or disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 General insurance underwriting results (continued)

2.15.5 General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities comprise claims liabilities and premium liabilities.

Claims liabilities

Claims liabilities are recognised in respect of both direct insurance and inward reinsurance. Claims liabilities refer to the obligation by the insurance subsidiary, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date (See Note 2.25.1). These include provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") together with related claims handling costs. Claims liabilities consist of the best estimate value of the claim liabilities and the Provision of Risk Margin for Adverse Deviation ("PRAD") at a 75% confidence letter as required by BNM, calculated at the overall insurance subsidiary level. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

Premium liabilities

Premium liabilities is the higher of the aggregate of the UPR and the best estimate value of the insurer's unexpired risk reserves ("URR") at the valuation date and the PRAD at a 75% confidence letter as required by BNM, calculated at the overall insurance subsidiary level.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred for administering these policies and settling the relevant claims, and expected future premium refunds.

2.16 Life insurance underwriting results

2.16.1 Surplus of Life fund

The surplus transferable from the Life fund to profit or loss of Shareholders' fund is based on the surplus determined by an annual actuarial valuation of the liabilities to policyholders, made in accordance with the provisions of the Financial Services Act, 2013 by the insurance subsidiary's Appointed Actuary.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Life insurance underwriting results (continued)

2.16.2 Gross premiums

Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured. Premiums not received on due dates are recognised as revenue in profit or loss and reported as outstanding premiums in the statements of financial position.

2.16.3 Reinsurance premiums

Gross reinsurance premiums on ceded reinsurance are recognised as an expense when payable or on the date on which the policy is effective.

2.16.4 Benefits, claims and expenses

Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:

- maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates;

- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered; and

- bonus on DPF policy upon its declaration.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Life insurance underwriting results (continued)

2.16.5 Life insurance contract liabilities

(i) Actuarial Liabilities

Life actuarial liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method (See Note 2.25.2). The liability is determined as the sum of the present value of future guaranteed benefits and, in the case of the participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is included in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the insurance fund level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

For non-unit liability of investment-linked policy, the liability is valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums or unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurance subsidiary.

Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originated from margins of adverse deviations on run-off contracts, are recognised in profit or loss over the life of the contract.

The liability is derecognised when the contract expires, is discharged or is cancelled.

(ii) Benefit and claims liabilities

Benefit and claims liabilities represent the amounts payable under a life insurance policy in respect of claims and benefits including settlement costs, and are accounted for using the case by-case method as set out above under benefits and claims expenses (Note 2.16.4).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Life insurance underwriting results (continued)

2.16.5 Life insurance contract liabilities (continued)

(iii) Unallocated surplus

Surpluses of contracts with DPF are distributable to policyholders and shareholders in accordance with the relevant terms under the insurance contracts. The life insurance subsidiary, however, has the discretion over the amount and timing of the distribution of these surpluses to both the policyholders and shareholders. The amount and timing of the distribution of these surpluses are subject to the recommendation of the life insurance subsidiary's Appointed Actuary and are determined by an actuarial valuation of the long term liabilities to policyholders at the date of the statements of financial position and is made in accordance with the provision of the Financial Services Act, 2013 and related regulations.

Unallocated surplus of contracts with DPF, where the amounts are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial period, are held within the insurance contract liabilities.

(iv) Available-for-sale fair value reserve

Where unrealised gains or losses arise on AFS financial assets of the life participating fund, the adjustment to the insurance contract liabilities, which equals to the effect that the realisation of those gains or losses at the end of the reporting years would have on those liabilities, is recognised directly in other comprehensive income.

(v) Hedging reserve

Where unrealised gains or losses arise on cash flow hedge of the life participating fund, the adjustment to the insurance contract liabilities, which equals to the effect that the realisation of those gains or losses at the end of the reporting years would have on those liabilities, is recognised directly in other comprehensive income.

(vi) Asset revaluation reserve

Where asset revaluation reserve arises on the self-occupied properties of the DPF fund, the adjustment to the life insurance liabilities equal to the effect that the realisation of those surpluses at the end of the reporting period would have on those liabilities is recognised directly in other comprehensive income.

(vii) Net asset value attributable to unitholders

The unit liability of investment-linked policy is equal to the net asset value of the investment-linked funds, which represents net premium received and investment returns credited to the policy less deduction for mortality and morbidity costs and expense charges.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.17 Policy administration and investment management service income

Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as income over the period in which the related services are performed.

Management fee income earned from the investment-linked business is recognised on an accrued basis based on the net asset value of the investment-linked funds.

2.18 Commission and agency expenses

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, are charged to profit or loss in the period in which they are incurred.

2.19 Other revenue recognition

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

2.19.1 Interest income

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

2.19.2 Rental income

Rental income from investment properties and self-occupied properties are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease on an accrual basis.

2.19.3 Dividend income

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

2.19.4 Realised gains and losses on investments

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's and the Company's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

2.21 Provision for agent's retirement benefits

Provision for agent's retirement benefits is calculated accordance with the terms and conditions in the respective agent's agreements. The scheme is not separately funded. The Company pays fixed contributions into the Agency Provident Fund.

Provision for agent's retirement benefits is charged to profit or loss in the period in which it relates.

2.22 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, insurance contract liabilities or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised in full using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax base. Deferred tax is not recognised if the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.8.1, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, 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 at the reporting date. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income tax (continued)

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

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

2.23 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. The profit or loss attributable to ordinary shareholders is adjusted for the after tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

2.24 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Significant accounting judgements, estimates and assumptions

2.25.1 Valuation of general insurance claims liabilities

For general insurance contracts, claims liabilities are the outstanding claims reserve required for the future settlement of losses on claims which have occurred but have yet to be fully settled. Claims liabilities fall into two categories: expected ultimate cost of claims reported and expected ultimate cost of claims incurred but not yet reported ("IBNR") at the end of the reporting period.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the statements of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

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

These reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available. IBNR reserves are established to recognise the estimated cost of losses that have occurred but where the Company has not yet been notified. The valuation of IBNR reserves is carried out by an Appointed Actuary approved by BNM using professional judgement in applying actuarial methodology and assumptions, based on the Company's current and past claims experience, taking into account the Company's underwriting practice and industry experience. IBNR reserves are estimated based on actuarial statistical projections of the expected cost of the ultimate settlement and administration of claims. The projections are based on available information at the time and include factors such as trends in claims frequency, severity and speed of settlement. IBNR reserves are reviewed and revised quarterly as additional information becomes available with the actual claims development.

As with all projections, there are elements of uncertainty and thus the projected future claims experience may be different from its actual claims experience. These uncertainties may arise from changes in the underlying risks, changes in the spread of risk, changes in the speed of reporting and settlement of claims as well as the suitability of the methodology used in the projection model and its underlying assumptions.

The key assumptions used and the sensitivity analysis on the key assumptions are disclosed in Note 38.2.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Significant accounting judgements, estimates and assumptions (continued)

2.25.2 Valuation of life actuarial liabilities

The actuarial valuation of life insurance contract liabilities is based on the Risk-Based Capital Framework for Insurers, issued by BNM. The actuarial valuation of the insurance liability arising from policy benefits made under life insurance contracts is the Company's most critical accounting estimate.

An appropriate allowance for provision of risk margin for adverse deviation from expected experience is included in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies and non-unit actuarial liabilities of investment-linked policies.

The risk-free discount rate is used for all cash flows to determine the liability of a non-participating life policy, non-unit actuarial liability of an investment-linked policy and guaranteed benefits insurance liability of participating policy. A discount rate based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the life fund is used for all cash flows to determine the total benefit liability of participating policies.

There are several sources of uncertainty in the estimation of these liabilities, including future mortality and morbidity rates, expenses, persistency and discount rates. These key assumptions used are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information.

Such assumptions require judgement and therefore, actual experience may differ from the assumptions made by the Company. Actual experience is monitored to assess whether the assumptions remain appropriate and assumptions are changed as warranted. Any movement in the key assumptions will have an effect in determining the actuarial liabilities recognised in life insurance contract liabilities.

The key assumptions used and the sensitivity analysis on the key assumptions are disclosed in Note 38.1.

2.25.3 Impairment of goodwill

The Group assesses the impairment of goodwill on an annual basis in accordance with its accounting policy in Note 2.7.3. The recoverable amounts of the goodwill are determined based on the value in use method, which requires the use of estimates for cash flow projections. The key assumptions used in the assessment are disclosed in Note 5.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost/Valuation									
At 1 January 2020		8,300	45,552	1,659	119,734	1,814	32,262	2,660	211,981
Additions		-	-	-	5,907	546	968	8,533	15,954
Disposals		-	(880)	-	(20)	(377)	(9)	(49)	(1,335)
Written off		-	-	-	(584)	-	(399)	-	(983)
Transfer from investment properties	6	900	19,115	-	-	-	-	-	20,015
Reclassification#	5	-	-	-	723	-	778	(2,377)	(876)
At 31 December 2020/ At 1 January 2021		**9,200**	**63,787**	**1,659**	**125,760**	**1,983**	**33,600**	**8,767**	**244,756**
Additions		**-**	**-**	**-**	**9,415**	**568**	**686**	**9,478**	**20,147**
Disposals		**-**	**-**	**-**	**(38)**	**-**	**-**	**-**	**(38)**
Written off		**-**	**-**	**-**	**(371)**	**-**	**(616)**	**(657)**	**(1,644)**
Reclassification#	5	**-**	**-**	**-**	**2,172**	**-**	**2,136**	**(10,697)**	**(6,389)**
Revaluation		**560**	**(2,448)**	**(100)**	**-**	**-**	**-**	**-**	**(1,988)**
At 31 December 2021		**9,760**	**61,339**	**1,559**	**136,938**	**2,551**	**35,806**	**6,891**	**254,844**

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

Certain work-in-progress were reclassified as software development costs (intangible assets) (See Note 5).

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Depreciation									
At 1 January 2020		-	8,648	142	95,348	1,523	19,036	-	124,697
Depreciation for the year	28	-	1,566	20	9,409	314	2,692	-	14,001
Disposals		-	(126)	-	(18)	(374)	-	-	(518)
Written off		-	-	-	(503)	-	(399)	-	(902)
At 31 December 2020/ At 1 January 2021		**-**	**10,088**	**162**	**104,236**	**1,463**	**21,329**	**-**	**137,278**
Depreciation for the year	28	**-**	**1,839**	**21**	**9,720**	**273**	**2,771**	**-**	**14,624**
Disposals		**-**	**-**	**-**	**(38)**	**-**	**-**	**-**	**(38)**
Written off		**-**	**-**	**-**	**(346)**	**-**	**(518)**	**-**	**(864)**
Revaluation			**(6,188)**	**(116)**	**-**	**-**	**-**	**-**	**(6,304)**
At 31 December 2021		**-**	**5,739**	**67**	**113,572**	**1,736**	**23,582**	**-**	**144,696**
Carrying amounts									
At 1 January 2020		8,300	36,904	1,517	24,386	291	13,226	2,660	87,284
At 31 December 2020/ At 1 January 2021		**9,200**	**53,699**	**1,497**	**21,524**	**520**	**12,271**	**8,767**	**107,478**
At 31 December 2021		**9,760**	**55,600**	**1,492**	**23,366**	**815**	**12,224**	**6,891**	**110,148**

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

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Office equipment, computers, furniture and fittings RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2020		2,020	82	-	2,102
Additions		182	18	497	697
Written off		(14)	-	-	(14)
At 31 December 2020		**2,188**	**100**	**497**	**2,785**
Additions		**213**	**38**	**69**	**320**
Written off		**(8)**	**-**	**-**	**(8)**
Disposals		**(6)**	**-**	**-**	**(6)**
Reclassification		**108**	**388**	**(496)**	**-**
At 31 December 2021		**2,495**	**526**	**70**	**3,091**
Depreciation					
At 1 January 2020		1,261	45	-	1,306
Depreciation for the year	28	307	8	-	315
Written off		(14)	-	-	(14)
At 31 December 2020/At 1 January 2021		**1,554**	**53**	**-**	**1,607**
Depreciation for the year	28	**322**	**55**	**-**	**377**
Disposals		**(6)**	**-**	**-**	**(6)**
Written off		**(8)**	**-**	**-**	**(8)**
At 31 December 2021		**1,862**	**108**	**-**	**1,970**
Carrying amounts					
At 1 January 2020		759	37	-	796
At 31 December 2020/At 1 January 2021		**634**	**47**	**497**	**1,178**
At 31 December 2021		**633**	**418**	**70**	**1,121**

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Revaluation of properties

The Group's land and buildings were revalued in October 2019 & August 2021 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuers using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the land and buildings are compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered. Listings and offers may also be considered. There is no material change in fair value in 2021.

Had the land and buildings of the Group been carried at historical cost less accumulated depreciation, their carrying amounts would have been as follows:

Group	2021 RM'000	2020 RM'000
Land	**7,048**	7,096
Buildings	**44,661**	45,734
Land and buildings	**2,115**	2,145
	53,824	54,975

3.2 Fair value information

Fair value of land and buildings are categorised as follows:

	2021				2020			
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	**-**	**-**	**9,760**	**9,760**	-	-	9,200	9,200
Buildings	**-**	**-**	**55,600**	**55,600**	-	-	53,699	53,699
Land and buildings	**-**	**-**	**1,492**	**1,492**	-	-	1,497	1,497
	-	**-**	**66,852**	**66,852**	-	-	64,396	64,396

Level 3 fair value

The Level 3 unobservable input used in the valuation of land and buildings is the price per square foot ("psf") which is derived from the selling price of comparable land and building, adjusted for differences in location, property size, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building, finishes and services and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.2 Fair value information (continued)

Land and buildings

Valuation technique used	2021 Fair Value RM'000	2021 Adjusted Price per sq foot RM/psf	2020 Fair Value RM'000	2020 Adjusted Price per sq foot RM/psf
Comparison Approach	**66,852**	**223 – 2,811**	64,396	223 – 2,643

4. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Group			
Valuation/Cost			
At 1 January 2020	19,403	73,373	92,776
Addition	-	2,424	2,424
Disposals	(1,770)	(26)	(1,796)
Modification/Termination of leases	-	(147)	(147)
31 December 2020/1 January 2021	**17,633**	**75,624**	**93,257**
Modification/Termination of leases	**-**	**(1,681)**	**(1,681)**
Revaluation	**937**	**-**	**937**
At 31 December 2021	**18,570**	**73,943**	**92,513**
Depreciation			
At 1 January 2020	747	17,694	18,441
Depreciation for the year	284	17,593	17,877
Disposals	(101)	-	(101)
Modification/Termination of leases	-	(1,002)	(1,002)
31 December 2020/1 January 2021	**930**	**34,285**	**35,215**
Depreciation for the year	**372**	**18,393**	**18,765**
Modification/Termination of leases	**-**	**(2,361)**	**(2,361)**
Revaluation	**(636)**	**-**	**(636)**
At 31 December 2021	**666**	**50,317**	**50,983**
Carrying amounts			
At 1 January 2020	**18,656**	**55,679**	**74,335**
At 31 December 2020/1 January 2021	**16,703**	**41,339**	**58,042**
At 31 December 2021	**17,904**	**23,626**	**41,530**

Notes to the Financial Statements

4. RIGHT-OF-USE ASSETS (CONTINUED)

The Group leases a number of buildings for its office space and branches. The leases typically run for a period of 1 to 5 years, with options to renew the lease after that date. The lease agreements do not impose any covenants.

The total cash outflow for leases amounts to RM19,643,000 (2020: RM19,351,000) and income from subleasing right-of-use assets amounts to RM71,000 (2020: RM71,000).

4.1 Right-of-use assets under the revaluation model

The leasehold land was last revalued in August 2021 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuers using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the leasehold land is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the leasehold land been carried at historical cost less accumulated amortisation, the carrying amounts would have been RM6,736,000 (2020: RM6,846,000).

4.2 Fair value information

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

Level 3 fair value

The Level 3 unobservable input used in the valuation of leasehold land is the price per square foot ("psf") which is derived from the selling price of comparable land, adjusted for differences in location, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building erected thereon and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

Valuation technique used	2021 Fair Value RM'000	2021 Adjusted Price per sq foot RM/psf	2020 Fair Value RM'000	2020 Adjusted Price per sq foot RM/psf
Comparison Approach	**17,904**	**222 – 1,532**	16,703	278 – 1,334

5. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Software development costs RM'000	Other intangible assests RM'000	Total RM'000
Cost					
At 1 January 2020		244,600	71,516	144,995	461,111
Additions		-	10,614	-	10,614
Reclassification	3	-	876	-	876
At 31 December 2020/At 1 January 2021		**244,600**	**83,006**	**144,995**	**472,601**
Additions		**-**	**8,156**	**-**	**8,156**
Reclassification	3	**-**	**6,389**	**-**	**6,389**
At 31 December 2021		**244,600**	**97,551**	**144,995**	**487,146**
Amortisation					
At 1 January 2020		-	46,328	44,203	90,531
Amortisation for the year	28	-	11,301	12,279	23,580
At 31 December 2020/At 1 January 2021		**-**	**57,629**	**56,482**	**114,111**
Amortisation for the year	28	**-**	**13,253**	**11,326**	**24,579**
At 31 December 2021		**-**	**70,882**	**67,808**	**138,690**
Carrying amounts					
At 1 January 2020		244,600	25,188	100,792	370,580
At 31 December 2020/At 1 January 2021		**244,600**	**25,377**	**88,513**	**358,490**
At 31 December 2021		**244,600**	**26,669**	**77,187**	**348,456**
		Note 5.1	Note 5.2	Note 5.3	

5.1 Goodwill

The aggregate carrying amount of goodwill is attributable to the acquisition of the following subsidiaries:

Group	2021 RM'000	2020 RM'000
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")	**239,610**	239,610
Allianz Life Insurance Malaysia Berhad ("ALIM")	**4,990**	4,990
	244,600	244,600

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

5.1 Goodwill (continued)

(i) AGIC

Impairment test for cash-generating unit ("CGU") containing goodwill

For goodwill attributable to the acquisition of AGIC, the carrying amount of goodwill had been allocated to the entire integrated general insurance business of the Group as one CGU, which represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The estimated recoverable amount is calculated based on value in use, determined by discounted cash flows generated by the general insurance business using approved 5-year financial budgets projected to perpetuity.

The following key assumptions have been used in the cash flow projections in respect of the determining the value in use for CGU containing goodwill:

Key assumptions	2021	2020
Discount rate - pre tax	**10.9%**	10.2%
Terminal growth rate	**3.0%**	3.0%

(ii) ALIM

For goodwill attributable to the acquisition of ALIM, the annual impairment test was done by comparing the estimated recoverable amount of ALIM with its carrying amount including the goodwill attributed. The recoverable amount is the value in use which is measured by the Embedded Value attributable to ALIM calculated by an appointed actuary. ALIM computes the Embedded Value using market consistent embedded value approach whereby the Embedded Value is the present value of future shareholders distributable profits after tax discounted at the risk free yield curve with volatility adjustment plus the Net Assets Value. The projected future cash flows are based on the best estimate of assumptions, either derived from the operating unit experience or industry experience.

The estimated recoverable amounts of both the CGUs were determined to be higher than their carrying amounts and thus no impairment loss was recognised. Based on the assessment of value in use for both the CGUs, the Group does not expect that any reasonable change in the key assumptions will cause the carrying amount of the goodwill to exceed their respective recoverable amounts. In conclusion, the key assumptions are not sensitive.

5.2 Software development costs

The software development costs are in relation to internal development expenditures incurred for the Open Product Underwriting System ("OPUS"), Alternate Front End System ("ALPHA"), Business Intelligence System ("BI") and digital application. These systems are integrated systems designed to improve the efficiency of the business activities of the subsidiaries. The costs of developed software are amortised over a period of three to five years.

5. INTANGIBLE ASSETS (CONTINUED)

5.3 Other intangible assets

The carrying amounts of other intangible assets are as follows:

Group	Note	2021 RM'000	2020 RM'000
The Bancassurance Agreements:			
- General insurance business	5.3.1	**68,099**	74,881
- Life insurance business	5.3.2	**9,088**	13,632
		77,187	88,513

5.3.1 The Bancassurance Agreement – General insurance business

The intangible asset is in relation to the exclusive Bancassurance Agreement which is effective from 1 July 2017 and Marketing Agreement which is effective from 1 October 2019 for the distribution of the Group's general insurance products.

For the Bancassurance Agreement, the fee for this exclusive right is amortised over its useful life of 15 years using the straight-line method, whereas for the Marketing Agreement, the fee for the exclusive right is amortised over its useful life of 6 years using the straight-line method.

In the impairment assessment conducted by AGIC, the future economic benefits that are attributable to the Bancassurance Agreement was valued at the present value of projected future cash flows to be derived from the tenure of the agreement of 15 years using the discounted cash flow model.

The following key assumptions have been used in cash flow projections in respect of the Bancassurance Agreement have taken into account COVID-19 impact:

Key assumptions	2021	2020
Bancassurance average annualized gross written premium growth rate	**-0.6%**	5.4%
Discount rate – pre tax	**10.9%**	10.2%

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

5.3 Other intangible assets(continued)

5.3.2 The Bancassurance Agreement – Life insurance business

The intangible asset is in relation to the exclusive Bancassurance Agreement which provides the Group's life insurance subsidiary with an exclusive right to the use of the bancassurance network of a local commercial bank to sell, market and promote conventional life product.

The fee for this exclusive right is amortised over its useful life of 11 years using the straight-line method. In the impairment assessment conducted by ALIM, the future economic benefits that are attributable to the Bancassurance Agreement were valued at the present value of projected future cash flows to be derived from the tenure of the agreement of 11 years using the discounted cash flow model.

The following key assumptions have been used in cash flow projections in respect of the Bancassurance Agreement have taken into account COVID-19 impact:

Key assumptions	2021	2020
Bancassurance average annualised new premium growth rate	**11.6%**	16.1%
Discount rate - pre tax	**10.9%**	10.2%

5.3.3 Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly that would result in impairment.

6. INVESTMENT PROPERTIES

Group	Note	2021 RM'000	2020 RM'000
At 1 January		-	20,155
Change in fair value recognised in profit or loss	25	-	(140)
Transfer to property, plant and equipment	3	-	(20,015)
At 31 December		-	-

7. INVESTMENTS IN SUBSIDIARIES

Company	2021 RM'000	2020 RM'000
At Cost		
Unquoted shares	**961,088**	961,088

The principal activities of the subsidiaries, the place of incorporation and the interest of the Company are as follows:

			Effective ownership interest	
Name of subsidiary	Principal activity	Country of incorporation	2021 %	2020 %
Allianz Life Insurance Malaysia Berhad ("ALIM")	Underwriting life insurance and investment-linked business	Malaysia	**100**	100
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")	Underwriting general insurance business	Malaysia	**100**	100
Affin Hwang Income Fund 5	Investment in debt securities and money market instruments	Malaysia	**100**	100

Allianz General Insurance Company (Malaysia) Berhad and Allianz Life Insurance Malaysia Berhad holds a 96.4% and 3.6% stake in collective investment scheme, namely, Affin Hwang Income Fund 5, which consist of RM587,802,712 unitholders' capital.

The funds aim to provide investors with steady income over the medium-term to long-term investment horizon. The investee fund is classified as available-for-sale investment and the change in fair value of the investee fund is included in the statement of financial position and statement of profit or loss and other comprehensive income of the subsidiaries' financial statements. The investee fund is managed by Affin Hwang Asset Management Berhad and applies various investment strategies to accomplish the investment objectives. The investee fund finances its operations through the creation of investee fund units which entitles the holder to variable returns and available for sale value in the investee fund's net assets.

Allianz Malaysia Berhad determines that it has control over Affin Hwang Income Fund 5 and accordingly, the investment in Affin Hwang Income 5 has been consolidated with those of the Company.

PricewaterhouseCoopers PLT is the auditor for all Allianz Malaysia Berhad's subsidiaries.

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The financial information of Affin Hwang Income 5 is disclosed below:

Statement of financial position as at 31 December 2021

	2021 RM'000	2020 RM'000
Assets		
Cash and cash equivalents	**29,911**	21,475
Investments	**558,000**	574,873
Total asset	**587,911**	596,348
Liabilities		
Other payables and accruals	**108**	106
Total Liabilities	**108**	106
Net Asset Value of the Fund	**587,803**	596,242

Statement of comprehensive income as at 31 December 2021

	2021 RM'000	2020 RM'000
Investment (loss)/income	**(7,349)**	27,017
Expenses	**(1,090)**	(778)
Net (loss)/profit before taxation	**(8,439)**	26,239
Taxation	**-**	-
Net (loss)/profit after taxation	**(8,439)**	26,239

8. REINSURANCE ASSETS

Group	Note	2021 RM'000	2020 RM'000
Non-current			
Reinsurance of insurance contracts			
General insurance claims liabilities		**308,402**	257,251
Life insurance actuarial liabilities		**52,841**	39,045
		361,243	296,296
Current			
Reinsurance of insurance contracts			
General insurance claims liabilities		**608,073**	480,146
Allowance for impairment	39.1(ii)	**(2,575)**	(2,578)
		605,498	477,568
General insurance premium liabilities		**92,503**	92,614
Life insurance claims liabilities		**66,808**	29,032
Life insurance actuarial liabilities		**31**	43
		764,840	599,257
Total	16	**1,126,083**	895,553

Notes to the Financial Statements

9. INVESTMENTS

Group	2021 RM'000	2020 RM'000
Malaysian government securities	**7,172,228**	5,612,655
Malaysian government guaranteed bonds	**3,104,590**	3,677,880
Quoted equity securities of corporations in Malaysia	**2,823,578**	2,493,098
Quoted equity securities of corporations outside Malaysia	**49,850**	1,637
Unquoted equity securities of corporations in Malaysia	**7,147**	2,147
Unquoted bonds of corporations in Malaysia	**5,291,641**	4,963,751
Unquoted bonds of corporations outside Malaysia	**104,561**	125,727
Quoted unit trusts in Malaysia	**61,032**	57,468
Unquoted unit trusts in Malaysia	**569,882**	726,308
Unquoted unit trusts outside Malaysia	**170,520**	28,385
Structured deposits and negotiable certificate of deposits with licensed financial institutions	**-**	73,148
Fixed and call deposits with:		
Licensed financial institutions	**502,335**	882,677
	19,857,364	18,644,881
Policy loans	**7,691**	7,915
Automatic premium loans	**76,567**	76,807
	19,941,622	18,729,603

Financial investments are summarised by categories as follows:

Group	Note	Current 2021 RM'000	Current 2020 RM'000	Non-current 2021 RM'000	Non-current 2020 RM'000	Total 2021 RM'000	Total 2020 RM'000
Available-for-sale financial assets ("AFS")	9(a)	**8,169,070**	8,096,088	**-**	-	**8,169,070**	8,096,088
Loans and receivables ("LAR")	9(b)	**586,593**	967,399	**-**	-	**586,593**	967,399
Fair value through profit or loss ("FVTPL")							
- Held for trading ("HFT")	9(c)	**6,742,924**	5,621,189	**-**	-	**6,742,924**	5,621,189
- Designated upon initial recognition ("DUIR")	9(d)	**4,443,035**	4,044,927	**-**	-	**4,443,035**	4,044,927
		19,941,622	18,729,603	**-**	-	**19,941,622**	18,729,603

9. INVESTMENTS (CONTINUED)

(a) Available-for-sale financial assets

Group	Note	Fair value 2021 RM'000	Fair value 2020 RM'000
Malaysian government securities		**3,530,895**	2,864,805
Malaysian government guaranteed bonds		**1,686,639**	2,315,457
Quoted equity securities of corporations in Malaysia		**750,880**	717,726
Unquoted bonds of corporations in Malaysia		**1,608,670**	1,445,731
Quoted unit trusts in Malaysia	9.1	**31,900**	38,946
Unquoted unit trusts in Malaysia	9.1	**552,939**	711,276
		8,161,923	8,093,941

Group	Cost 2021 RM'000	Cost 2020 RM'000
Unquoted equity securities of corporations in Malaysia	**7,147**	2,147
Total available-for-sale financial assets	**8,169,070**	8,096,088

(b) Loans and receivables

Group	Amortised cost 2021 RM'000	Fair Value 2021 RM/psf	Amortised cost 2020 RM'000	Fair Value 2020 RM/psf
Policy loans	**7,691**	**7,691**	7,915	7,915
Automatic premium loans	**76,567**	**76,567**	76,807	76,807
Fixed and call deposits with:				
Licensed financial institutions	**502,335**	**502,335**	882,677	882,677
	586,593	**586,593**	967,399	967,399

Notes to the Financial Statements

9. INVESTMENTS (CONTINUED)

(c) FVTPL – Held for trading

Group	Note	Fair value 2021 RM'000	Fair value 2020 RM'000
Malaysian government securities		**1,926,849**	1,440,551
Malaysian government guaranteed bonds		**879,597**	828,398
Quoted equity securities of corporations in Malaysia		**2,072,698**	1,775,372
Quoted equity securities of corporations outside Malaysia		**49,850**	1,637
Unquoted bonds of corporations in Malaysia		**1,597,335**	1,513,292
Quoted unit trusts in Malaysia	9.1	**29,132**	18,522
Unquoted unit trusts in Malaysia	9.1	**16,943**	15,032
Unquoted unit trusts outside Malaysia	9.1	**170,520**	28,385
		6,742,924	5,621,189

(d) FVTPL – Designated upon initial recognition

Group	Fair value 2021 RM'000	Fair value 2020 RM'000
Malaysian government securities	**1,714,484**	1,307,299
Malaysian government guaranteed bonds	**538,354**	534,025
Unquoted bonds of corporations in Malaysia	**2,085,636**	2,004,728
Unquoted bonds of corporations outside Malaysia	**104,561**	125,727
Structured deposits with licensed financial institutions	**-**	73,148
	4,443,035	4,044,927

9. **INVESTMENTS (CONTINUED)**

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

Group	Note	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	TOTAL RM'000
At 1 January 2021		**8,096,088**	**967,399**	**5,621,189**	**4,044,927**	**18,729,603**
Purchases/Placements		**2,096,877**	**55,114,511**	**2,919,836**	**1,096,462**	**61,227,686**
Maturities		**(760,015)**	**(55,479,828)**	**(293,901)**	**(406,259)**	**(56,940,003)**
Disposals		**(918,581)**	**-**	**(1,315,585)**	**(121,363)**	**(2,355,529)**
Fair value gains recorded in:						
Profit or loss:						
- Unrealised losses	25	**-**	**-**	**(187,209)**	**(173,729)**	**(360,938)**
- Movement in impairment allowance	25	**(41,134)**	**-**	**-**	**-**	**(41,134)**
Other comprehensive income	16.2	**(165,555)**	**-**	**-**	**-**	**(165,555)**
Insurance contract liabilities	16(a)	**(132,303)**	**-**	**-**	**-**	**(132,303)**
Accretion of discounts	23	**1,793**	**-**	**1,423**	**1,166**	**4,382**
Amortisation of premiums	23	**(13,326)**	**-**	**(4,648)**	**(8,846)**	**(26,820)**
Unrealised foreign exchange gains		**-**	**-**	**44**	**4,646**	**4,690**
Movement in income due and accrued		**5,226**	**(15,489)**	**1,775**	**6,031**	**(2,457)**
At 31 December 2021		**8,169,070**	**586,593**	**6,742,924**	**4,443,035**	**19,941,622**

Group	Note	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	TOTAL RM'000
At 1 January 2020		7,015,939	1,007,913	4,674,061	3,387,434	16,085,347
Purchases/Placements		2,302,879	41,494,949	2,367,347	855,510	47,020,685
Maturities		(420,475)	(41,543,273)	(172,200)	(213,030)	(42,348,978)
Disposals		(850,446)	-	(1,310,781)	(96,517)	(2,257,744)
Fair value gains recorded in:						
Profit or loss:						
- Unrealised losses	25	-	-	65,587	87,407	152,994
- Movement in impairment allowance	25	(137,566)	-	-	-	(137,566)
Other comprehensive income	16.2	73,513	-	-	-	73,513
Insurance contract liabilities	16(a)	138,800	-	-	-	138,800
Accretion of discounts	23	2,559	-	1,603	2,823	6,985
Amortisation of premiums	23	(6,983)	-	(2,340)	(3,845)	(13,168)
Unrealised foreign exchange losses		-	-	(780)	(2,069)	(2,849)
Movement in income due and accrued		(22,132)	7,810	(1,308)	27,214	11,584
At 31 December 2020		8,096,088	967,399	5,621,189	4,044,927	18,729,603

9. INVESTMENTS (CONTINUED)

9.1 Interest in structured entities

Unconsolidated structured entities

The Group has determined that its investment in quoted and unquoted unit trusts as disclosed in Note 9 to the financial statements to be investment in unconsolidated structured entities (“investee funds”). The funds aim to provide investors with steady income over the medium-term to long-term investment horizon. The investee funds finance their operations through the creation of investee fund units which entitle the holder to variable returns and fair values in the respective investee fund’s net assets. The investee funds are classified as available-for-sale and held for trading investment securities. The changes in fair value of the investee funds are included in the statement of financial position and statement of profit or loss and comprehensive income of the Group.

The Group’s maximum exposure to loss arising from its interests in these unconsolidated structured entities is limited to the carrying amount of the assets. Dividend income are received during the reporting period from these interests in unconsolidated structured entities.

The Group’s exposure to unconsolidated investments in the investee funds is disclosed below:

	2021 RM’000	2020 RM’000
Available-for-sale financial assets		
Quoted unit trusts in Malaysia	**31,900**	38,946
Unquoted unit trusts in Malaysia	**553,939**	711,276
Held for trading		
Quoted unit trusts in Malaysia	**29,132**	18,522
Unquoted unit trusts in Malaysia	**16,943**	15,032
Unquoted unit trusts outside Malaysia	**170,520**	28,385

9. INVESTMENTS (CONTINUED)

Company	2021 RM'000	2020 RM'000
Unquoted equity securities of corporations in Malaysia	**5,000**	-
Fixed and call deposits with:		
Licensed financial institutions	**47,086**	22,624
	52,086	22,624

Financial investments are summarised by category as follows:

	Current		Total	
Company	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
FVOCI financial assets	**5,000**	-	**5,000**	-
Amortised cost	**47,086**	22,624	**47,086**	22,624
	52,086	22,624	**52,086**	22,624

	Amortised cost	Fair Value	Amortised cost	Fair Value
Company	2021 RM'000	2021 RM'000	2020 RM'000	2020 RM'000
Unquoted equity securities of corporations in Malaysia	**5,000**	**-**	-	-
Fixed and call deposits with:				
Licensed financial institutions	**47,086**	**47,086**	22,624	22,624

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

Company	FVOCI RM'000	Amortised cost RM'000	Total RM'000
At 1 January 2020	-	5,906	5,906
Placements	-	953,495	953,495
Maturities	-	(936,910)	(936,910)
Movement in accrued interest	-	133	133
At 31 December 2020/1 January 2021	**-**	**22,624**	**22,624**
Purchases/Placements	**5,000**	**1,097,816**	**1,102,816**
Maturities	**-**	**(1,073,910)**	**(1,073,910)**
Movement in accrued interest	**-**	**556**	**556**
At 31 December 2021	**5,000**	**47,086**	**52,086**

Notes to the Financial Statements

10. DERIVATIVE FINANCIAL ASSETS AND (LIABILITIES)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
2021			
Derivative held for trading at fair value through profit or loss:			
Collateralised interest rate swap	**400,000**	**35,642**	**-**
Cross currency swap	**98,740**	**2,037**	**(1,641)**
Derivatives used for hedging:			
Forward purchase agreements	**60,000**	**7,837**	**-**
	558,740	**45,516**	**(1,641)**
2020			
Derivative held for trading at fair value through profit or loss:			
Collateralised interest rate swap	400,000	59,496	-
Cross currency swap	119,750	5,366	(301)
Derivatives used for hedging:			
Forward purchase agreements	100,000	16,876	-
	619,750	81,738	(301)

The Group uses interest rate swap and cross currency swap to mitigate the changes in fair value of local and foreign currency-denominated debt securities due to movements in interest rates or foreign exchange rates.

The Group enters into forward purchase agreements as cash flow hedging instruments to hedge against variability in future cash flows arising from movements in interest rates of debt securities.

Table below shows the periods when the hedged cash flows are expected to occur:

Group	>6 to 12 months RM'000	>1 to 5 years RM'000
As at 31.12.2021	**-**	**-**
Cash inflows (assets)	**(56,824)**	**-**
Cash outflows (liabilities)	**(56,824)**	**-**
As at 31.12.2020		
Cash inflows (assets)	-	-
Cash outflows (liabilities)	(39,982)	(56,824)
	(39,982)	(56,824)

11. INSURANCE RECEIVABLES

Group	Note	2021 RM'000	2020 RM'000
Current			
Due premiums including agents, brokers and co-insurers balances		**157,122**	179,233
Due from reinsurers and cedants		**70,364**	63,117
Due from holding company	11.1	**727**	1,945
Due from related companies	11.1	**18,270**	10,390
Group claims receivables		**1,101**	831
		247,584	255,516
Less: Allowance for impairment	39.1(ii)	**(56,377)**	(55,865)
		191,207	199,651

11.1 Amount due from holding company and related companies

The amount due from related companies is unsecured and receivable in accordance with normal trade terms.

11.2 Financial assets

There is no netting off of gross amount of recognised financial assets against the gross amount of financial liabilities in the statement of financial position.

There are no financial assets that are subject to enforceable master netting arrangement or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received (2020: Nil).

Notes to the Financial Statements

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Group	Note	2021 RM'000	2020 RM'000
Non-current			
Other receivables			
Other loans		**26,751**	30,851
Other receivables, deposits and prepayment		**25,345**	27,661
		52,096	58,512
Staff loans			
Mortgage loans		**6,544**	6,878
Other secured loans		**1,221**	1,198
		7,765	8,076
		59,861	66,588
Current			
Other receivables			
Sundry deposits		**4,830**	4,949
Malaysian Motor Insurance Pool ("MMIP")		**45,867**	47,244
Other receivables and prepayments		**35,583**	37,990
Less: Allowance for impairment	39.1(ii)	**(1,538)**	(742)
		84,742	89,441
Due from immediate holding company		**226**	226
Due from related companies	12.1	**5,343**	3,600
		90,311	93,267
Staff loans			
Mortgage loans		**845**	829
Other secured loans		**379**	401
		1,224	1,230
		91,535	94,497
Total		**151,396**	161,085

12.1 Amounts due from holding company and related companies

The amount due from holding company and related companies are unsecured, interest free and repayable on demand.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Company	Note	2021 RM'000	2020 RM'000
Non-current			
Other receivables			
Other receivables, deposits and prepayments		**604**	1,026
Staff loans			
Mortgage loans		**288**	312
Other secured loans		**72**	92
		360	404
		964	1,430
Current			
Other receivables			
Other receivables, deposits and prepayments		**2,064**	1,023
Due from subsidiaries	12.2	**4,545**	4,214
Dividend receivable from subsidiaries		**239,634**	279,683
		246,243	284,920
Staff loans			
Mortgage loans		**46**	46
Other secured loans		**18**	18
		64	64
		246,307	284,984
Total		**247,271**	286,414

12.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

Notes to the Financial Statements

13. DEFERRED ACQUISITION COSTS

Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2020		120,759	(9,336)	111,423
Movement during the year	26	3,535	1,212	4,747
At 31 December 2020/1 January 2021		**124,294**	**(8,124)**	**116,170**
Movement during the year	26	**5,969**	**1,522**	**7,491**
At 31 December 2021		**130,263**	**(6,602)**	**123,661**

14. SHARE CAPITAL

Group and Company	2021 Amount RM'000	2021 Number of shares '000	2020 Amount RM'000	2020 Number of shares '000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares (Note 14.1)				
At 1 January	**232,601**	**176,889**	232,597	176,888
Issued during the year	**1,972**	**620**	4	1
At 31 December	**234,573**	**177,509**	232,601	176,889
Irredeemable Convertible Preference Shares (Note 14.2)				
At 1 January	**538,428**	**169,317**	538,432	169,318
Conversion during the year	**(1,972)**	**(620)**	(4)	(1)
At 31 December	**536,456**	**168,697**	538,428	169,317

During the financial year, the Group and the Company issued 620,100 (2020: 1,200) ordinary shares via conversion of ICPS.

14. SHARE CAPITAL (CONTINUED)

14.1 Ordinary shares

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

14.2 Irredeemable Convertible Preference Shares ("ICPS")

The ICPS holders do not carry the right to vote at any general meeting except for when the dividend or part of the dividend is in arrears for more than 6 months, on a proposal to wind-up of the Company, during the winding-up of the Company, on a proposal that affect the rights attached to the ICPS, on a proposal to reduce the Company's share capital or on a proposal for the disposal of the whole of the Company's property, business and undertaking.

Holders of ICPS receive a non-cumulative preferential dividend equivalent to 1.2 times of the dividend rate of the ordinary shares declared for the same financial year/period and calculated based on the nominal value of the ICPS at the Company's discretion.

The ICPS may be converted at any time on a date falling 12 months after the quotation date of the ICPS. The conversion price is fixed at 1 ordinary share of the Company and shall be satisfied by surrendering 1 ICPS for each ordinary share of the Company, subject to adjustment to the conversion price. No cash is payable by the holder of the ICPS upon conversion of the ICPS to ordinary shares. The ordinary shares resulting from each conversion shall rank pari passu in all respect with the remaining ordinary shares.

In the event of repayment of capital by the Company (including any cancellation of capital which is lost or unrepresented by assets), each ICPS holder will be entitled to participate in such repayment and shall rank pari passu with the existing ordinary shareholders.

Notes to the Financial Statements

15. RESERVES

Group	Note	2021 RM'000	2020 RM'000
Revaluation reserve	15.1	**43,175**	38,565
Fair value reserve	15.2	**3,653**	134,766
Life non-participating fund surplus		**1,241,518**	1,137,320
Retained earnings	15.3	**2,084,778**	1,949,826
		3,373,124	3,260,477
Company			
Retained earnings		**275,910**	287,481
		275,910	287,481

15.1 Revaluation reserve

The revaluation reserve represents the surplus on revaluation of owner occupied properties for the general business and life business.

15.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

15.3 Retained earnings

Restriction on payment of dividends by insurance subsidiaries

Pursuant to the RBC Framework for Insurers, the insurance subsidiaries of the Group ("Insurance Subsidiaries") shall not pay dividends if the Capital Adequacy Ratio position of the Insurance Subsidiaries is less than the Insurance Subsidiaries' internal target capital levels or if the payment of dividends would impair Insurance Subsidiaries' Capital Adequacy Ratio position to below Insurance Subsidiaries' internal target capital levels.

Pursuant to Section 51(1) of the Financial Services Act, 2013 ("FSA"), the Insurance Subsidiaries are required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend on its shares.

16. INSURANCE CONTRACT LIABILITIES

Group	Note	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000
Life insurance	16(a)	**13,259,461**	**(119,680)**	**13,139,781**	12,152,477	(68,120)	12,084,357
General insurance	16(b)	**4,389,086**	**(1,006,403)**	**3,382,683**	3,900,795	(827,433)	3,073,362
		17,648,547	**(1,126,083)**	**16,522,464**	16,053,272	(895,553)	15,157,719
			Note 8			Note 8	

(a) Life insurance

Life insurance contract liabilities consist of:

Group	Note	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000
Actuarial liabilities	38.1	**9,523,989**	**(52,872)**	**9,471,117**	9,067,076	(39,088)	9,027,988
Benefits and claims liabilities		**816,786**	**(66,808)**	**749,978**	668,224	(29,032)	639,192
Unallocated surplus		**(56,637)**	**-**	**(56,637)**	(109,723)	-	(109,723)
Hedging reserve		**7,210**	**-**	**7,210**	15,526	-	15,526
Available-for-sale fair value reserve		**238,468**	**-**	**238,468**	360,187	-	360,187
Net asset value attributable to unitholders		**2,722,654**	**-**	**2,722,654**	2,144,196	-	2,144,196
Revaluation reserve		**6,991**	**-**	**6,991**	6,991	-	6,991
		13,259,461	**(119,680)**	**13,139,781**	12,152,477	(68,120)	12,084,357

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life insurance (continued)

	Gross			Reinsurance			
Group	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 January 2021	4,259,600	7,892,877	12,152,477	(1,013)	(67,107)	(68,120)	12,084,357
Premiums received (Note 22)	94,073	3,164,934	3,259,007	(6,810)	(135,499)	(142,309)	3,116,698
Liabilities paid for death, maturities, surrenders, benefits and claims	(264,785)	(1,117,804)	(1,382,589)	4,227	106,071	110,298	(1,272,291)
Movements in benefits and claim liabilities	40,062	108,500	148,562	(387)	(37,389)	(37,776)	110,786
Benefits and claims experience variation	10,464	(107,562)	(97,098)	(3,630)	2,681	(949)	(98,047)
Fees deducted	(9,835)	(739,479)	(749,314)	4,829	7,201	12,030	(737,284)
Expected interest on reserve/net investment income attributable to Universal Life Fund	138,944	15,136	154,080	(10)	(303)	(313)	153,767
Adjustments due to changes in assumptions	(110,025)	(86,135)	(196,160)	-	7,459	7,459	(188,701)
Net asset value attributable to unitholders	-	47,445	47,445	-	-	-	47,445
Hedging reserve	(9,039)	-	(9,039)	-	-	-	(9,039)
Available-for-sale fair value reserve (Note 9)	(132,303)	-	(132,303)	-	-	-	(132,303)
Unallocated surplus	53,086	-	53,086	-	-	-	53,086
Deferred tax effects:							
- Hedging reserve (Note 30.3)	723	-	723	-	-	-	723
- Available-for-sale fair value reserve (Note 30.3)	10,584	-	10,584	-	-	-	10,584
At 31 December 2021	4,081,549	9,177,912	13,259,461	(2,794)	(116,886)	(119,680)	13,139,781

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Life insurance (continued)

Group	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 January 2020	4,198,875	6,564,795	10,763,670	(528)	(68,585)	(69,113)	10,694,557
Premiums received (Note 22)	102,048	2,847,070	2,949,118	(5,518)	(100,101)	(105,619)	2,843,499
Liabilities paid for death, maturities, surrenders, benefits and claims	(303,287)	(987,508)	(1,290,795)	3,024	51,887	54,911	(1,235,884)
Movements in benefits and claim liabilities	40,008	50,813	90,821	(246)	6,779	6,533	97,354
Benefits and claims experience variation	23,071	(176,778)	(153,707)	1,128	44,550	45,678	(108,029)
Fees deducted	(11,464)	(684,136)	(695,600)	1,127	24	1,151	(694,449)
Expected interest on reserve/net investment income attributable to Universal Life Fund	155,749	216,608	372,357	-	(268)	(268)	372,089
Adjustments due to changes in assumptions	70,454	48,274	118,728	-	(1,393)	(1,393)	117,335
Net asset value attributable to unitholders	-	13,739	13,739	-	-	-	13,739
Hedging reserve	(4,085)	-	(4,085)	-	-	-	(4,085)
Available-for-sale fair value reserve (Note 9)	138,800	-	138,800	-	-	-	138,800
Unallocated surplus	(139,792)	-	(139,792)	-	-	-	(139,792)
Deferred tax effects:							
- Hedging reserve (Note 30.3)	327	-	327	-	-	-	327
- Available-for-sale fair value reserve (Note 30.3)	(11,104)	-	(11,104)	-	-	-	(11,104)
At 31 December 2020	4,259,600	7,892,877	12,152,477	(1,013)	(67,107)	(68,120)	12,084,357

Notes to the Financial Statements

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) General insurance

General insurance contract liabilities consist of:

Group	Note	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000
Provision for claims reported by policyholders		**2,078,094**	**(454,938)**	**1,623,156**	1,992,729	(526,197)	1,466,532
Provision for incurred but not reported claims ("IBNR")		**1,116,295**	**(461,537)**	**654,758**	731,826	(211,200)	520,626
		3,194,389	**(916,475)**	**2,277,914**	2,724,555	(737,397)	1,987,158
Allowance for impairment	8	**-**	**2,575**	**2,575**	-	2,578	2,578
Provision for outstanding claims	16.1	**3,194,389**	**(913,900)**	**2,280,489**	2,724,555	(734,819)	1,989,736
Provision for unearned premiums	16.2	**1,194,697**	**(92,503)**	**1,102,194**	1,176,240	(92,614)	1,083,626
		4,389,086	**(1,006,403)**	**3,382,683**	3,900,795	(827,433)	3,073,362

16.1 Provision for outstanding claims – movements

Group	Note	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000
At 1 January		**2,724,555**	**(734,819)**	**1,989,736**	2,554,244	(757,770)	1,796,474
Claims incurred in the current accident year		**1,781,865**	**(383,073)**	**1,398,792**	1,429,162	(155,329)	1,273,833
Other movements in claims incurred in prior accident years		**(334,740)**	**137,827**	**(196,913)**	(262,734)	113,459	(149,275)
Claims paid during the year	27	**(977,291)**	**66,165**	**(911,126)**	(996,117)	64,821	(931,296)
At 31 December		**3,194,389**	**(913,900)**	**2,280,489**	2,724,555	(734,819)	1,989,736

16. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) General insurance

16.2 Provision for unearned premiums – movements

Group	Note	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000
At 1 January		**1,176,240**	**(92,614)**	**1,083,626**	1,104,310	(99,702)	1,004,608
Premiums written in the year	22	**2,430,563**	**(287,853)**	**2,142,710**	2,356,052	(249,877)	2,106,175
Premiums earned during the year		**(2,412,106)**	**287,964**	**(2,124,142)**	(2,284,122)	256,965	(2,027,157)
At 31 December		**1,194,697**	**(92,503)**	**1,102,194**	1,176,240	(92,614)	1,083,626

17. DEFERRED TAX ASSETS AND (LIABILITIES)

17.1 Recognised deferred tax assets and (liabilities) are attributable to the following:

Group	Assets 2021 RM'000	Assets 2020 RM'000	Liabilities 2021 RM'000	Liabilities 2020 RM'000	Net 2021 RM'000	Net 2020 RM'000
Property, plant and equipment	**1,252**	1,252	**(16,448)**	(14,453)	**(15,196)**	(13,201)
Intangible assets	**-**	-	**(3,058)**	(18,631)	**(3,058)**	(18,631)
Allowance for impairment on insurance receivables	**12,035**	12,013	**-**	-	**12,035**	12,013
Other payables and accruals	**32,737**	23,320	**-**	-	**32,737**	23,320
Hedging reserve	**-**	-	**(627)**	(1,350)	**(627)**	(1,350)
Available-for-sale fair value reserve	**-**	-	**(26,906)**	(71,932)	**(26,906)**	(71,932)
Fair value movement recognised in profit or loss	**4,535**	1,778	**(1,322)**	(29,159)	**3,213**	(27,381)
Unallocated surplus	**-**	-	**(360,160)**	(337,048)	**(360,160)**	(337,048)
Other items	**1,109**	-	**-**	(762)	**1,109**	(762)
Tax assets/(liabilities)	**51,668**	38,363	**(408,521)**	(473,335)	**(356,853)**	(434,972)
Offset of tax	**(17,264)**	(38,363)	**17,264**	38,363	**-**	-
Net deferred tax liabilities	**34,404**	-	**(391,257)**	(434,972)	**(356,853)**	(434,972)
Company						
Property, plant and equipment	**-**	-	**(104)**	(83)	**(104)**	(83)
Net tax liabilities	**-**	-	**(104)**	(83)	**(104)**	(83)

17. DEFERRED TAX ASSETS AND (LIABILITIES) (CONTINUED)

17.2 Movement in temporary differences during the year:

Group	At 1.1.2020 RM'000	Recognised in profit or loss (Note 30.1) RM'000	Recognised in other comprehensive income ("OCI') (Note 30.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 30.3) RM'000	At 31.12.2020 /1.1.2021 RM'000	Recognised in profit or loss (Note 30.1) RM'000	Recognised in other comprehensive income ("OCI") (Note 30.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 30.3) RM'000	At 31.12.2021 RM'000
Property, plant and equipment	(12,855)	(1,078)	732	-	**(13,201)**	**(716)**	**(1,279)**	**-**	**(15,196)**
Intangible assets	(19,877)	1,246	-	-	**(18,631)**	**15,573**	**-**	**-**	**(3,058)**
Allowance for impairment on insurance receivables	12,551	(538)	-	-	**12,013**	**22**	**-**	**-**	**12,035**
Other payables and accruals	17,438	5,882	-	-	**23,320**	**9,417**	**-**	**-**	**32,737**
Hedging reserve	(1,677)	-	-	327	**(1,350)**		**-**	**723**	**(627)**
Available-for-sale fair value reserve	(44,635)	-	(16,193)	(11,104)	**(71,932)**	**-**	**34,442**	**10,584**	**(26,906)**
Fair value movement recognised in profit or loss	(21,388)	(5,993)	-	-	**(27,381)**	**30,594**	**-**	**-**	**3,213**
Unallocated surplus	(284,809)	(52,239)	-	-	**(337,048)**	**(23,112)**	**-**	**-**	**(360,160)**
Other items	(762)	-	-	-	**(762)**	**1,871**	**-**	**-**	**1,109**
	(356,014)	(52,720)	(15,461)	(10,777)	**(434,972)**	**33,649**	**33,163**	**11,307**	**(356,853)**
Company									
Property, plant and equipment	(135)	52	-	-	**(83)**	**(21)**	**-**	**-**	**(104)**

18. LEASE LIABILITIES

	2021 RM'000	2020 RM'000
Non-current	**7,714**	25,174
Current	**17,074**	17,611
	24,788	42,785

19. INSURANCE PAYABLES

Group	Note	2021 RM'000	2020 RM'000
Non-current			
Performance bond deposits	19.1	**18,399**	15,992
Current			
Due to reinsurers and cedants		**248,433**	150,813
Due to agents, brokers, co-insurers and insurers		**192,461**	180,290
Due to related companies	19.2	**69,081**	88,896
Performance bond deposits	19.1	**56,183**	53,126
		566,158	473,125
Total		**584,557**	489,117

19.1 Performance bond deposits

Performance bond deposits are interest bearing collateral deposits received from policyholders for guarantees issued on behalf of policyholders.

19.2 Amounts due to related companies

The amounts due to holding company and related companies are unsecured and payable in accordance with normal trade terms.

19.3 Financial liabilities

There is no netting off of gross amount of recognised financial liabilities against the gross amount of financial assets in the statement of financial position. There are no financial liabilities that are subject to enforceable master netting arrangement or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received (2020: Nil).

Notes to the Financial Statements

20. OTHER PAYABLES AND ACCRUALS

Group	Note	2021 RM'000	2020 RM'000
Current			
Sundry creditors		**120,002**	143,948
Premium received in advance		**123,222**	110,019
Premium deposits		**53,172**	48,688
Cash collateral payables		**40,191**	77,504
Outstanding purchase of investment securities		**10,347**	8,220
Other payables and accrued expenses		**234,576**	203,749
Dividend payable		**239,347**	220,440
Due to holding company	20.1	**2,939**	17,200
Due to related companies	20.1	**11,177**	7,613
		834,973	837,381
Total		**834,973**	837,381
Company			
Current			
Other payables and accrued expenses		**5,539**	3,366
Dividend payable		**239,347**	220,440
		244,886	223,806
Total		**244,886**	223,806

20.1 Amounts due to holding company and related companies

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

21. OPERATING REVENUE

Group	Note	2021 RM'000	2020 RM'000
Gross earned premiums	22(a)	**5,671,113**	5,233,240
Investment income	23	**759,926**	712,471
		6,431,039	5,945,711
Company			
Investment income	23	**241,482**	281,216

22. NET EARNED PREMIUMS

Group	Note	2021 RM'000	2020 RM'000
(a) Gross premiums			
Insurance contracts:			
Life	16(a)	**3,259,007**	2,949,118
General	16(b)	**2,430,563**	2,356,052
		5,689,570	5,305,170
Change in unearned premiums provision:			
General		**(18,457)**	(71,930)
Gross earned premiums	21	**5,671,113**	5,233,240
(b) Premiums ceded			
Insurance contracts:			
Life	16(a)	**(142,309)**	(105,619)
General	16(b)	**(287,853)**	(249,877)
		(430,162)	(355,496)
Change in unearned premiums provision:			
General		**(111)**	(7,088)
Premiums ceded to reinsurers		**(430,273)**	(362,584)
Net earned premiums		**5,240,840**	4,870,656

Notes to the Financial Statements

23. INVESTMENT INCOME

Group	Note	2021 RM'000	2020 RM'000
Fair value through profit or loss - Held for trading financial assets			
Interest income from:			
- Malaysian government securities		**34,704**	32,978
- Malaysian government guaranteed bonds		**67,801**	51,047
- Unquoted bonds of corporations in Malaysia		**67,709**	63,953
Dividend income from:			
- Quoted equity securities of corporations in Malaysia		**71,085**	46,798
- Quoted equity securities of corporations outside Malaysia		**74**	62
- Quoted unit trusts in Malaysia		**584**	87
Interest income from/(expense to) licensed financial institutions:			
- Cash collateral		**(889)**	(1,554)
Accretion of discounts	9	**1,423**	1,603
Amortisation of premiums	9	**(4,648)**	(2,340)
Available-for-sale financial assets			
Interest income from:			
- Malaysian government securities		**131,812**	75,580
- Malaysian government guaranteed bonds		**73,965**	114,322
- Unquoted bonds of corporations in Malaysia		**62,816**	86,729
Dividend income from:			
- Quoted equity securities of corporations and unquoted unit trusts in Malaysia		**45,890**	20,886
- Unquoted equity securities in Malaysia		**292**	292
Accretion of discounts	9	**1,793**	2,559
Amortisation of premiums	9	**(13,326)**	(6,983)
Interest income from licensed financial institutions:			
- Structured deposits and negotiable certificate of deposits		**-**	564

23. INVESTMENT INCOME (CONTINUED)

Group	Note	2021 RM'000	2020 RM'000
Fair value through profit or loss - Designated upon initial recognition financial assets			
Interest income from:			
- Malaysian government securities		**21,136**	21,464
- Malaysian government guaranteed bonds		**60,282**	37,765
- Unquoted bonds of corporations in Malaysia		**87,128**	86,751
- Unquoted bonds of corporations outside Malaysia		**4,213**	4,391
Interest income from licensed financial institutions:			
- Structured deposits and negotiable certificate of deposits		**51**	1,865
- Cross currency swap		**1,408**	1,787
- Collateralised forward starting interest rate swap		**11,119**	9,082
Accretion of discounts	9	**1,166**	2,823
Amortisation of premiums	9	**(8,846)**	(3,845)
Loans and receivables			
Interest income from:			
- Malaysian government guaranteed loans		**-**	3,836
- Policy loans		**594**	672
- Automatic premium loans		**5,295**	5,506
Interest income from licensed financial institutions:			
- Fixed and call deposits		**31,946**	48,625
- Bank balances		**3,349**	5,166
		759,926	712,471
		Note 21	Note 21

Company	Note	2021 RM'000	2020 RM'000
Dividend income from subsidiary		**239,634**	279,683
Amortised cost			
Interest income from licensed financial institutions:			
- Fixed and call deposits		**1,848**	1,486
Interest income on subordinated loan		**-**	47
		241,482	281,216
		Note 21	Note 21

Notes to the Financial Statements

24. REALISED GAINS AND LOSSES

Group	2021 RM'000	2020 RM'000
Property, plant and equipment		
Realised gains on disposal	**1**	178
Financial assets		
Realised gains on disposal of:		
- Malaysian government securities	**3,067**	8,860
- Malaysian government guaranteed bonds	**5,593**	22,076
- Quoted equity securities of corporations in Malaysia	**191,092**	188,393
- Quoted equity securities of corporations outside Malaysia	**8,631**	7,586
- Quoted unit trusts in Malaysia	**566**	235
- Unquoted unit trusts outside Malaysia	**227**	38
- Unquoted bonds of corporations in Malaysia	**3,563**	1,193
Realised losses on disposal of:		
- Malaysian government securities	**(4,329)**	-
- Malaysian government guaranteed bonds	**(8,408)**	(123)
- Quoted equity securities of corporations in Malaysia	**(142,548)**	(193,774)
- Quoted equity securities of corporations outside Malaysia	**(3,301)**	(3,803)
- Quoted unit trusts in Malaysia	**(119)**	(315)
- Unquoted unit trusts in Malaysia	**(558)**	-
- Unquoted unit trusts outside Malaysia	**(15)**	(171)
- Unquoted bonds of corporations in Malaysia	**-**	(82)
Total net realised losses for financial assets	**53,461**	30,113
Total net realised gains	**53,462**	30,291

25. FAIR VALUE GAINS AND LOSSES

Group	Note	2021 RM'000	2020 RM'000
Investment properties	6	-	(140)
Held for trading financial assets	9	**(187,209)**	65,587
Designated upon initial recognition financial assets	9	**(173,729)**	87,407
Derivatives		**(28,685)**	24,645
Total fair value gains on financial assets at FVTPL		**(389,623)**	177,639
Impairment loss on AFS financial assets	9	**(41,134)**	(137,566)
Total fair net value (losses)/gains		**(430,757)**	39,933

26. FEE AND COMMISSION

(a) Fee and commission income

Group	Note	2021 RM'000	2020 RM'000
Reinsurance commission income		**50,779**	29,925
Deferred acquisition costs	13	**1,522**	1,212
Total fee and commission income		**52,301**	31,137

(b) Fee and commission expense

Group	Note	2021 RM'000	2020 RM'000
Gross direct commission		**817,141**	778,119
Deferred acquisition costs	13	**(5,969)**	(3,535)
Total fee and commission expense		**811,172**	774,584

Notes to the Financial Statements

27. NET BENEFITS AND CLAIMS

Group	Note	2021 RM'000	2020 RM'000
(a) Gross benefits and claims paid			
Insurance contracts:			
Life		**(1,382,827)**	(1,290,852)
General	16(b)	**(977,291)**	(996,117)
		(2,360,118)	(2,286,969)
(b) Claims ceded to reinsurers			
Insurance contracts:			
Life	16(a)	**110,298**	54,911
General	16(b)	**66,165**	64,821
		176,463	119,732
(c) Gross change in contract liabilities			
Insurance contracts:			
Life		**(1,088,457)**	(1,174,048)
General		**(469,834)**	(170,311)
		(1,558,291)	(1,344,359)
(d) Change in contract liabilities ceded to reinsurers			
Insurance contracts:			
Life		**13,784**	5,539
General		**179,081**	(22,951)
		192,865	(17,412)
Net benefits and claims		**(3,549,081)**	(3,529,008)

28. MANAGEMENT EXPENSES

Group	Note	2021 RM'000	2020 RM'000
Advertising and marketing expenses		**24,181**	25,372
Amortisation of intangible assets	5	**24,579**	23,580
Auditors' remuneration:			
- statutory audit fees		**909**	838
- non-audit fees		**1,040**	235
Insurance and other receivables:			
- allowance for/(reversal of) impairment loss		**1,308**	(7,575)
- bad debts recovered		**(23)**	(119)
- bad debts written off		**227**	7,205
Bank charges		**16,116**	14,293
Depreciation of property, plant and equipment	3	**14,624**	14,001
Depreciation of right-of-use assets	4	**18,765**	17,877
Employee benefits expense	28.1	**322,880**	291,184
Executive directors' emoluments	28.2	**2,901**	5,724
Non-executive directors' fee and other emolments	28.2	**2,463**	2,619
Rental of third party premises		**851**	901
Lease expense on low-value assets		**102**	296
Short- term lease expenses		**-**	2
Other expenses		**252,845**	245,005
		683,768	641,438
Company			
Auditors' remuneration:			
- statutory audit fees		**155**	145
- non-audit fees		**887**	10
Bank charges		**8**	5
Depreciation of property, plant and equipment	3	**377**	315
Employee benefits expense	28.1	**5,282**	2,795
Non-executive directors' fee and other emoluments	28.2	**1,251**	968
Other expenses		**5,494**	2,320
		13,454	6,558

Notes to the Financial Statements

28. MANAGEMENT EXPENSES (CONTINUED)

28.1 Employee benefits expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	**235,685**	219,985	**2,849**	1,532
Social security contributions	**1,660**	1,628	**11**	9
Contributions to Employees' Provident Fund	**34,584**	31,083	**532**	288
Other benefits	**50,951**	38,488	**1,890**	966
	322,880	291,184	**5,282**	2,795

28.2 Key management personnel compensation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive directors:				
Salaries and other emoluments	**1,574**	3,440	**-**	-
Bonus	**988**	1,910	**-**	-
Contributions to Employees' Provident Fund	**339**	374	**-**	-
Estimated monetary value of benefits-in-kind	**51**	236	**-**	-
	2,952	5,960	**-**	-
Non-executive directors:				
Fees	**1,734**	1,869	**924#**	631#
Other emoluments	**729**	750	**327**	337
Estimated monetary value of benefits-in-kind	**16**	16	**8**	6
	2,479	2,635	**1,259**	974
Other key management personnel*				
Short term employee benefits	**12,260**	13,086	**-**	-

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

Inclusive of fees for non-executive directors of subsidiaries who are members of Board Committees of the Company amounting to RM36,000 (2020: RM26,117).

28. MANAGEMENT EXPENSES (CONTINUED)

28.2 Key management personnel compensation (continued)

The number of executive and non-executive directors whose total remuneration and other emoluments received during the year falls within the following bands is:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive directors:				
Below RM1,000,000	**-**	-	**-**	-
RM1,000,000 and above	**1**	2	**-**	-
Non-executive directors:				
RM0	**-**	-	**-**	-
Below RM100,000	**2**	2	**1**	2
RM100,001 – RM200,000	**3**	1	**2**	4
RM200,001 – RM300,000	**-**	1	**2**	-
RM300,001 – RM400,000	**2**	2	**1**	1
RM400,001 – RM500,000	**-**	-	**-**	-
RM500,001 – RM600,000	**1**	1	**-**	-
RM600,001 – RM700,000	**-**	-	**-**	-
RM700,001 – RM800,000	**1**	1	**-**	-

28.3 Chief Executive Officers remuneration

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries and other emoluments	**4,906**	4,323	**151**	141
Bonus	**2,465**	2,088	**227**	178
Contributions to Employees' Provident Fund	**470**	416	**49**	42
Estimated monetary value of benefits-in-kind	**380**	447	**2**	2
	8,221	7,274	**429**	363
Amount included in employee benefits expense	**7,841**	6,827	**427**	361

The remuneration of Chief Executive Officers ("CEO(s)") of the Group and the Company including benefits-in-kind, amounted to RM8,221,000 (2020: RM7,274,000) and RM429,000 (2020: RM363,000) respectively.

Notes to the Financial Statements

29. INTEREST EXPENSE

Group	2021 RM'000	2020 RM'000
Interest expense on:		
Lease liabilities	**966**	1,733

30. TAX EXPENSE

30.1 Recognised in profit or loss

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense					
Current year		**170,488**	159,885	**546**	458
Under/(Over) provision in prior years		**10,250**	(3,300)	**(2)**	(27)
		180,738	156,585	**544**	431
Deferred tax (income)/expense					
Origination and reversal of temporary differences		**(20,769)**	51,687	**18**	(15)
(Over)/Under provision in prior year		**(12,880)**	1,033	**3**	(37)
	17.2	**(33,649)**	52,720	**21**	(52)
Total tax expense		**147,089**	209,305	**565**	379

30. TAX EXPENSE (CONTINUED)

30.2 Deferred tax recognised directly in other comprehensive income

Group	Note	2021 RM'000	2020 RM'000
Available-for-sale fair value reserve			
At 1 January		**40,608**	24,415
Net (loss)/gain arising from change in fair value during the year	17.2	**(34,442)**	16,193
At 31 December		**6,166**	40,608
Revaluation reserve			
At 1 January		**8,834**	9,566
Net gain/(loss) arising from change in fair value during the year		**1,279**	(732)
At 31 December		**10,113**	8,834

30.3 Deferred tax recognised in insurance contract liabilities

Group	Note	2021 RM'000	2020 RM'000
Hedging reserve			
At 1 January		**1,350**	1,677
Net (loss)/gain arising from change in fair value during the year	16(a)	**(723)**	(327)
At 31 December	17.2	**627**	1,350
Available-for-sale fair value reserve			
At 1 January		**31,324**	20,220
Net (loss)/gain arising from change in fair value during the year	16(a)	**(10,584)**	11,104
At 31 December		**20,740**	31,324
Revaluation reserve			
At 1 January		**553**	553
Net gain/(loss) arising from revaluation during the year		**-**	-
At 31 December		**553**	553

Notes to the Financial Statements

30. TAX EXPENSE (CONTINUED)

30.4 Reconciliation of tax expense (continued)

Group	2021 RM'000	2020 RM'000
Profit before tax	**625,586**	729,630
Tax at Malaysian tax rate of 24% (2020: 24%)	**150,141**	175,111
Tax rate differential of 16% (2020: 16%) in respect of life fund	**1,774**	10,818
Income not subject to tax	**(274,041)**	(245,752)
Section 110B tax and deferred tax credit set off	**(3,583)**	(3,810)
Non-deductible expenses	**282,559**	276,732
Difference in tax rate	**(7,131)**	(1,527)
	149,719	211,572
Over provision in prior years	**(2,630)**	(2,267)
Total tax expense	**147,089**	209,305

Company	2021 RM'000	2020 RM'000
Profit before tax	**228,341**	274,824
Tax at Malaysian tax rate of 24% (2020: 24%)	**54,802**	65,958
Income not subject to tax	**(57,540)**	(67,125)
Non-deductible expenses	**3,302**	1,610
	564	443
Under/(Over) provision in prior years	**1**	(64)
Total tax expense	**565**	379

The income of the general business and life business shareholders' fund is taxed at 24% (2020: 24%). The income tax provided in the life fund for the current and previous financial years is in respect of investment income which is taxed at a reduced tax rate of 8% (2020: 8%) applicable for life insurance business and 24% (2020: 24%) on income other than investment income which is taxed under Section 60(8) of the Income Tax Act, 1967 ("Act").

30.5 Changes in taxation

Cukai Makmur

In December 2021, the government enacted a change in the national income tax rate for year of assessment ("YA") 2022 via the introduction of "Cukai Makmur" - a special one-off tax to be imposed on non-Micro, Small and Medium Enterprises (non-MSMEs) companies which generate high profits during the pandemic.

30. TAX EXPENSE (CONTINUED)

30.5 Changes in taxation (continued)

Cukai Makmur (continued)

Accordingly, the applicable tax rates of the Group for YA 2022 are as follows:
- Chargeable income for the first RM100 million: 24%;
- Portion of chargeable income in excess of RM100 million: 33%

In measuring deferred tax assets and liabilities (Note 17) as at 31 December 2021, the Group has estimated an average tax rate based on a range of estimated taxable income for YA 2022 as well as the timing of reversal of deferred tax balances.

In determining the taxable income for YA 2022, the Group has also considered the effects of tax deductions and tax credits.

31. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit attributable to ordinary shareholders adjusted for preference dividends of RM127,421,000 (2020: RM117,845,000) and the weighted average number of ordinary shares in issue during the year of 177,325,000 (2020: 176,889,000).

Group	2021	2020
Profit attributable to ordinary shareholders (RM'000)	**478,497**	520,325
Adjustment:		
- Preference dividends declared	**(127,422)**	(117,845)
Adjusted profit attributable to ordinary shareholders (RM'000)	**351,075**	402,480
Weighted average number of shares in issue ('000)	**177,325**	176,889
Basic earnings per ordinary share (sen)	**197.98**	227.53

(b) Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2021 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2021	2020
Profit attributable to equity shareholders (RM'000)	**478,497**	520,325
Weighted average number of shares in issue ('000)	**177,325**	176,889
Effect of conversion of ICPS ('000)	**168,697**	169,317
Diluted weighted average number of ordinary shares during the year ('000)	**346,022**	346,206
Diluted earnings per ordinary share (sen)	**138.29**	150.29

Notes to the Financial Statements

32. DIVIDENDS

Dividends recognised by the Company:

	Sen per share (single tier)	Total amount RM'000	Date of payment
2021			
Interim 2021 preference dividend	**75.60**	**127,422**	18 February 2022
Interim 2021 ordinary dividend	**63.00**	**111,925**	18 February 2022
		239,347	
2020			
Interim 2020 preference dividend	69.90	117,845	18 February 2021
Interim 2020 ordinary dividend	58.00	102,595	18 February 2021
		220,440	

33. OPERATING LEASES

33.1 Leases as lessor

The future undiscounted lease payments to be received are as follows:

	2021 RM'000	2020 RM'000
Less than one year	**203**	90
Between 1 and 2 years	**181**	87
Between 2 and 3 years	**50**	62
Between 3 and 4 years	**-**	2
	434	241

34. CAPITAL COMMITMENTS

Group	2021 RM'000	2020 RM'000
Property, plant and equipment		
Contracted but not provided for	**3,130**	1,171
Software development		
Contracted but not provided for	**2,893**	3,076

35. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business segments. Each business segment is managed separately based on the Group's management and internal reporting structure.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment capital expenditure

Segmental capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

35.1 Business segments

The Group comprises the following main business segments:

Investment holding	Investment holding
General insurance	Underwriting of all classes of general insurance business
Life insurance	Underwriting of all classes of life insurance and investment- linked business

35.2 Geographical segments

The Group operates predominantly in Malaysia and, accordingly, the Directors are of the opinion that the financial information by geographical segments of the Group's operations is not necessary to be presented.

Notes to the Financial Statements

35. OPERATING SEGMENTS (CONTINUED)

Business segments 2021	Investment holding RM'000	General business RM'000	Life business RM'000	Inter-segment elimination RM'000	Consolidated RM'000
External revenue	12,324	2,595,431	3,823,284	-	6,431,039
Revenue from other segments	239,952	8,534	-	(248,486)	-
Total revenue	252,276	2,603,965	3,823,284	(248,486)	6,431,039
Segment results	207,804	445,750	220,518	(248,486)	625,586
Profit before tax					625,586
Tax expense					(147,089)
Profit for the year					478,497
Segment assets	655,530	7,362,516	15,625,441	-	23,643,487
Segment liabilities	225,038	4,893,526	14,380,770	-	19,499,334
Capital expenditure	320	16,104	11,879	-	28,303
Depreciation of property, plant and equipment	378	9,308	4,938	-	14,624
Amortisation of intangible assets	-	16,595	7,984	-	24,579
Reversal of allowance for impairment loss on receivables	-	59	1,249	-	1,308
Amortisation of premiums	-	11,856	14,964	-	26,820
Accretion of discounts	-	(1,024)	(3,358)	-	(4,382)

35. OPERATING SEGMENTS (CONTINUED)

Business segments 2020	Investment holding RM'000	General business RM'000	Life business RM'000	Inter-segment elimination RM'000	Consolidated RM'000
External revenue	11,939	2,471,604	3,462,168	-	5,945,711
Revenue from other segments	280,238	14,053	92	(294,383)	-
Total revenue	292,177	2,485,657	3,462,260	(294,383)	5,945,711
Segment results	269,058	446,146	308,809	(294,383)	729,630
Profit before tax					729,630
Tax expense					(209,305)
Profit for the year					520,325
Segment assets	650,106	6,872,326	14,374,313	-	21,896,745
Segment liabilities	246,048	4,385,384	13,233,807	-	17,865,239
Capital expenditure	697	16,224	9,647	-	26,568
Depreciation of property, plant and equipment	316	8,562	5,123	-	14,001
Amortisation of intangible assets	-	16,658	6,922	-	23,580
Reversal of allowance for impairment loss on receivables	-	(2,928)	(4,647)	-	(7,575)
Amortisation of premiums	-	5,904	7,264	-	13,168
Accretion of discounts	-	(1,698)	(5,287)	-	(6,985)

36. RELATED PARTIES

36.1 Identity of related parties

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

Related Parties	Relationship
Allianz SE, Munich ("Allianz SE")	Holding company
Allianz Life Insurance Malaysia Berhad	Subsidiary of the Company
Allianz General Insurance Company (Malaysia) Berhad	Subsidiary of the Company
Allianz SE Insurance Management Asia Pacific	Related company of AMB
Allianz Technology SE [Formerly known as Allianz Managed & Operations Services SE]	Related company of AMB
Allianz Investment Management SE	Related company of AMB
Allianz Investment Management Singapore Pte Ltd	Related company of AMB
Allianz Global Investors Singapore Limited	Related company of AMB
Allianz Global Investors Asia Pacific Limited	Related company of AMB
Allianz Digital Health GMBH	Related company of AMB
AWP Services Sdn Bhd	Related company of AMB
Euler Hermes Singapore Services Pte Ltd	Related company of AMB
Euler Hermes Deutschland AG, Singapore branch	Related company of AMB
PT Asuransi Allianz Utama Indonesia Ltd	Related company of AMB
PT Asuransi Allianz Life Indonesia	Related company of AMB
Allianz SE General Reinsurance Branch Labuan	Related company of AMB
Allianz Global Corporate & Specialty SE Hong Kong Branch	Related company of AMB
Allianz Global Corporate & Specialty SE	Related company of AMB
Allianz Beratungs- Und Vertriebs-AG	Related company of AMB
Allianz Risk Consulting LLC	Related company of AMB
Allianz SE Reinsurance Branch Asia Pacific	Related company of AMB
Rapidpro Consulting Sdn Bhd	Company connected to the CEO of the Company

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and the Company, and certain members of Senior Management Committee of the Group and the Company. There were no significant transactions with the Group and the Company during the financial year other than key management personnel compensation as disclosed in Note 28.2.

36. RELATED PARTIES (CONTINUED)

36.2 The significant transactions with related parties are as follows:

Group	Amount transacted for the year ended 31 December 2021 RM'000	Amount transacted for the year ended 31 December 2020 RM'000
Trade		
Holding company		
Payment of reinsurance premium ceded, net of commission income	**(3,049)**	(2,110)
Related companies*		
Payment of reinsurance premium ceded, net of commission income	**(281,962)**	(242,260)
Non-trade		
Holding company		
Payment of personnel expenses	**(1,266)**	(1,921)
Payment of global marketing expenses	**(3,001)**	(2,657)
Reimbursement of expenses made on behalf	**-**	(51)
Payment of license fees	**(53)**	-
Payment of training and other fees	**(105)**	(54)
Payment of fees for cyber insurance services	**(35)**	(51)
Payment of fees for Human Resource Transformation (" HRT") run services	**(195)**	(174)
Payment of fees for sharing of Global procurement (excluding Information Technology ("IT")) services and support	**(129)**	(125)
Payment for Employee Share Purchase Plan	**(298)**	(2,263)
Payment of business building and regional investment costs	**(4,117)**	(3,051)
Fee received for the provision of regional audit services	**571**	91
Payment of personnel expenses	**(4,198)**	(4,095)
Payment of global technical support fees	**(4,573)**	(2,616)
Reversal/(Payment) for support of design and development of Global Digital Factory	**1**	(63)
Payment for the development of Allianz One Finance Programme	**(96)**	(39)
Payment of IT security services	**(267)**	(263)
Payment of HR consulting fee	**-**	(17)
Payment for the participation in the Allianz Employee Survey	**-**	(8)
Payment for Employee Share Participation Programs related admin costs	**(17)**	(6)
Payment of global mobility service fees	**(329)**	-

Notes to the Financial Statements

36. RELATED PARTIES (CONTINUED)

36.2 The significant transactions with related parties are as follows: (continued)

Group	Amount transacted for the year ended 31 December 2021 RM'000	Amount transacted for the year ended 31 December 2020 RM'000
Related companies*		
Payment of service fees	**(898)**	(1,794)
Reimbursement of other expenses	**5,150**	1,946
Investment and redemption of funds (including fund management fees)	**(143,653)**	1,157
Payment of investment advisory fees	**(2,904)**	(2,610)
Performance attribution analysis	**-**	(128)
Payment of sharing of common expenses	**(194)**	(204)
Sharing of asset and investment manager database expenses	**(789)**	(908)
Reimbursement of life actuarial modeling services	**1,521**	1,525
Reimbursement for SAP Master Data Management support services	**305**	284
Reversal/(Payment) of Actuarial support center services	**102**	(105)
Payment of training and other fees	**(174)**	-
Payment of annual maintenance and support fee for software system	**(558)**	709
Payment of development point of sales system and maintenance of infrastructure for actuarial modeling	**-**	(28)
Payment of IT security services	**(8)**	(1,119)
Payment of AVC/DFS/DCC	**(1,823)**	(814)
Payment of software license fees	**(9,510)**	(8,268)
Payment of professional fees		
Reimbursement of intranet portal network cost	**68**	263
Sharing of expenses of HR Database Platform & e-Recruitment solution	**(28)**	6
Payment of risk management service fees	**(8)**	-
Payment of global mobility service fees	**(280)**	-
Payment of fee to develop a suite of digital health tools	**(1,188)**	-
Payment for purchasing of various software licences	**(83)**	-
Payment of fees for IT system application services	**(4,938)**	-
Related party – Company connected to CEO of the Company		
Payment of training and other fees	**(1,796)**	(990)

* Related companies are companies within the Allianz SE group.

36. RELATED PARTIES (CONTINUED)

36.2 The significant transactions with related parties are as follows: (continued)

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

Significant related party balances related to the above transactions are disclosed in Notes 11, 12, 19 and 20

Company	Amount transacted for the year ended 31 December 2021 RM'000	Amount transacted for the year ended 31 December 2020 RM'000
Trade		
Holding company		
Provision of regional audit services	**571**	91
Subsidiaries		
Dividend income	**239,634**	279,683
Reimbursement of other expenses	**744**	261
Reimbursement of expenses related to common resources	**24,313**	21,916
Interest income on subordinated loan	**-**	46
Rental of other premises	**(579)**	(558)
Reimbursement of life actuarial modeling services	**356**	324
Reimbursement for SAP Master Data Management support services	**24**	7
Related companies*		
Reimbursement of life actuarial modeling services	**1,521**	1,525
Reimbursement for SAP Master Data Management support services	**305**	284

* Related companies are companies within the Allianz SE group.

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

Significant related party balances related to the above transactions are disclosed in Notes 7, 12 and 20.

37. RISK MANAGEMENT FRAMEWORK

As a provider of insurance services, the Group considers risk management to be one of its core competencies. It is an integral part of the Group's business process. In order to protect the assets of the Group, the Group has established a risk management framework to promote a strong risk management culture supported by a robust risk governance structure.

37. RISK MANAGEMENT FRAMEWORK (CONTINUED)

This framework ensures that risks are properly identified, analysed and evaluated. Risk appetite is defined by a risk strategy and limit structure. Close monitoring and reporting allows the Group to detect deviations from its risk tolerance limits at an early stage.

The Allianz risk management practice consists of the following key areas:

(a) Risk underwriting and identification

A sound risk underwriting and identification framework including risk assessment, risk standards, and clear targets form the foundation for adequate risk taking and management decisions such as individual transaction approval, new product approval, strategic or tactical asset allocation.

(b) Risk reporting and monitoring

The Group's qualitative and quantitative risk reporting and controlling framework provides transparency and risk indicators to senior management with regards to its overall risk profile and whether the profile is within delegated limits and authorities.

(c) Risk strategy and risk appetite

The Group's risk strategy clearly defines its risk appetite. It ensures that returns are appropriate for the risks taken and that the delegated authorities are in line with the Group's overall risk bearing capacity. The risk-return profile is managed through integration of risk appetite and capital needs in decision making process. This also keeps risk strategy and business objectives consistent with each other and allows the Group to take opportunities within its risk appetite.

(d) Communication and transparency

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

Risk governance structure

The Board of Directors of the Company ("the Board") assumes the ultimate responsibility over the effectiveness of the Group's risk management and internal control systems by establishing and supervising the operation of the risk management framework. The Board has delegated the responsibility to establish and supervise the operation of the risk management framework to the Risk Management Committee ("RMC") to discharge its oversight function effectively.

RMC bears the overall responsibility for effective risk identification, measurement, monitoring and control functions of the Group. RMC also oversees the Senior Management's activities in managing the key risk areas of the Group and to ensure that the risk management process is in place and functioning effectively. The RMC is responsible for driving the risk management framework of the Group and to report to the Board on its recommendations and/or decisions. Through structured reporting from the Risk Management Working Committee ("RMWC"), RMC will consolidate the status of the risks and present them to the Board for consideration.

RMWC serves as and provides a platform for two way communications between the management and the RMC on matters of the Group's risk management framework and its strategies. RMWC is responsible in formulating risk management strategies, policies and risk tolerance for RMC review and onward transmission of recommendation to the Board. RMWC determines the allocation of risks by cascading and/or escalating to the relevant owners. RMWC also oversees the compliance of all risk management process by all departments of the Group and provides pre-emptive recommendations to ensure timely action is taken in managing and mitigating the identified risks.

37. RISK MANAGEMENT FRAMEWORK (CONTINUED)

Asset and Liability Management ("ALM") Framework

The Investment Committee ("IC") has been tasked to manage business practices so that decisions and actions taken with respect to assets and liabilities are coordinated. It involves various management activities and responsibilities, including the formulation of long-term strategic goals and the management of various risks including liquidity risk, interest rate risk and market risk.

The ALM process is subjected to external and internal constraints.

- External constraints include supervisory and legislative requirements, market condition, as well as the interests and expectations of policyholders and other stakeholders. For instance, one of the major constraints is the liquidity of the assets and liabilities which may compromise the ability to price, measure and hedge exposures.

- Internal constraints such as asset allocation and environmental, social and governance ("ESG") integration framework, which limits reflect the Group's management philosophy or professional judgement (although this may also be influenced by external constraints).

Governance and regulatory framework

The Group is required to comply with the requirements of the Financial Services Act, 2013, relevant regulations and guidelines imposed by BNM, including relevant guidelines from Life Insurance Association Malaysia ("LIAM"), Persatuan Insurans Am Malaysia ("PIAM") and Bursa Securities Malaysia Berhad.

The Group is also required to comply with all Allianz SE Group's policies and standards. If there is any conflict with the local laws or regulations, the local laws or regulations have priority while the stricter will apply where possible.

38. INSURANCE RISK

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

The Group seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised underwriting guidelines and limits and standards applied to the security of reinsurers.

38.1 Life insurance contracts

The insurance risk of Life insurance contracts consists of mortality/longevity/morbidity and calamity risks. Mortality/longevity/morbidity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as underestimation of these probabilities. Calamity risk represents the risk of loss because of strong short-term fluctuation in the mortality rate, for example as a result of war or epidemics.

38. INSURANCE RISK (CONTINUED)

38.1 Life insurance contracts (continued)

The table below shows the concentration of actuarial liabilities by type of contract (with DPF and without DPF).

Group	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2021							
Whole life	**2,299,116**	**1,726,619**	**4,025,735**	**-**	**907**	**907**	**4,026,642**
Endowment	**576,595**	**3,279,774**	**3,856,369**	**-**	**-**	**-**	**3,856,369**
Mortgage	**-**	**46,147**	**46,147**	**-**	**(23,474)**	**(23,474)**	**22,673**
Riders and others	**720,151**	**875,587**	**1,595,738**	**(1,635)**	**(28,670)**	**(30,305)**	**1,565,433**
Total	**3,595,862**	**5,928,127**	**9,523,989**	**(1,635)**	**(51,237)**	**(52,872)**	**9,471,117**
			Note 16(a)			**Note 16(a)**	**Note 16(a)**

Group	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2020							
Whole life	2,427,777	1,620,348	4,048,125	-	1,018	1,018	4,049,143
Endowment	587,384	2,950,119	3,537,503	-	-	-	3,537,503
Mortgage	-	63,003	63,003	-	(33,220)	(33,220)	29,783
Riders and others	721,862	696,583	1,418,445	(240)	(6,646)	(6,886)	1,411,559
Total	3,737,023	5,330,053	9,067,076	(240)	(38,848)	(39,088)	9,027,988
			Note 16(a)			Note 16(a)	Note 16(a)

As all of the business is derived from Malaysia, the entire actuarial liabilities are in Malaysia. There is no investment contract issued by ALIM during the current and previous financial years.

Key assumptions

Significant judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation. They are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

38. INSURANCE RISK (CONTINUED)

38.1 Life insurance contracts (continued)

Key assumptions (continued)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- Mortality and morbidity rates
  Experience study on mortality and morbidity rates is carried out on an annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' mortality and morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

  ALIM can adjust the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

  An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- Expenses
  Expense assumption was set during initial pricing stage. Expense assumption is reviewed annually to reflect inflation due to higher cost of underwriting, issuing and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration and underwriting procedures. The expense assumption is reviewed annually; it is compared to actual expense that ALIM incurred.

  An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- Persistency
  Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on an annual basis using statistical method. Persistency assumptions vary by product type, distribution channel and policy duration.

  An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- Discount rate
  In the valuation of the total benefits insurance liabilities of participating life policies, ALIM has assumed a long term gross rate of return of 3.75% - 5.75% per annum (2020: 3.75% - 5.75% per annum). The long term gross rate of return is derived based on a basket of strategic asset allocations. ALIM calculates long term gross rate by assuming each asset class will earn the targeted yield. The strategic asset allocation and targeted yield are reviewed annually in accordance with the ALIM's framework.

38. INSURANCE RISK (CONTINUED)

38.1 Life insurance contracts (continued)

Key assumptions (continued)

- Discount rate (continued)
  Malaysian Government Securities ("MGS") spot rate is used in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

  Risk-free discount rate for durations of less than 15 years is based on zero-coupon spot yields of MGS with matching duration. Risk-free discount rate for durations of 15 years or more is based on zero-coupon spot yields of MGS with 15 years term to maturity. Duration in this context is referring to the term to maturity of each future cash flow. The MGS zero-coupon spot yields are obtained from a recognised bond pricing agency in Malaysia.

The valuation of actuarial liabilities as at 31 December 2021 has taken into account the COVID-19 impact.

The assumptions that have significant effects on the gross actuarial liabilities and reinsurance assets are listed below.

	Mortality and morbidity rates		Lapse and surrender rates		Discount rate	
Group	**2021[(2)] %**	**2020[(1)] %**	**2021 %**	**2020 %**	**2021 %**	**2020 %**
Type of business						
With fixed and guaranteed terms and with DPF contracts						
Life insurance	**60-100**	60-70	**3.0-20**	3.0-20	**3.75-5.75**	3.75-5.75
Without DPF contracts					**MGS**	MGS
Life insurance	**70-130**	55-110	**3.0-70**	3.0-70	**spot yield**	spot yield

(1) Industry mortality and morbidity experience tables that were observed in Malaysia between year 1999 and 2003 or the respective reinsurance risk rates.

(2) Industry mortality and morbidity experience tables that were observed in Malaysia between year 2011 and 2015 or the respective reinsurance risk rates.

38. INSURANCE RISK (CONTINUED)

38.1 Life insurance contracts (continued)

Sensitivities

The analysis below is performed for reasonable possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, and profit after tax. Sensitivities testing on individual assumptions are meaningful to analyse the magnitude of reserve changes for each assumption. However, it should be studied with care as it does not capture the possible correlation effect when all assumptions are being stressed simultaneously. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

Group	Change in assumptions	Impact on profit after tax/equity RM'000	Impact on gross liabilities* RM'000	Impact on net liabilities* RM'000
Life insurance contracts				
31 December 2021				
Mortality and morbidity rates	**+5%**	**(2,337)**	**6,847**	**5,333**
Discount rate	**-0.5%**	**(10,667)**	**65,774**	**65,180**
Expenses	**+10%**	**(4,618)**	**9,763**	**9,763**
Lapse and surrender rates	**-10%**	**831**	**5,843**	**5,977**
31 December 2020				
Mortality and morbidity rates	+5%	(4,220)	9,956	7,941
Discount rate	-0.5%	(13,325)	71,544	70,598
Expenses	+10%	(6,287)	12,034	12,034
Lapse and surrender rates	-10%	(639)	8,986	9,019

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

The above illustration is only prepared for "what if" adverse scenario, with the key assumptions applied towards unfavourable direction. In the sensitivity analysis above, changes in assumptions for life non-participating business would impact the profit after tax and insurance contract liabilities. In respect of life participating insurance business, it would only impact the insurance contract liabilities.

* The impact on gross and net liabilities only reflects the changes in the prescribed assumptions above without adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts

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

The table below sets out the concentration of the general insurance risk based on the provision for outstanding claims (before impairment of reinsurance assets) as at the end of the reporting period by type of contract.

		2021			2020		
Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Fire		**657,844**	**(357,556)**	**300,288**	366,739	(92,821)	273,918
Motor		**1,638,503**	**(86,986)**	**1,551,517**	1,493,730	(98,646)	1,395,084
Marine, aviation, cargo and transit		**170,531**	**(127,787)**	**42,744**	169,843	(140,589)	29,254
Miscellaneous		**727,511**	**(344,146)**	**383,365**	694,243	(405,341)	288,902
Total	16(b)	**3,194,389**	**(916,475)**	**2,277,914**	2,724,555	(737,397)	1,987,158

Key assumptions

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

No discounting is made to the recommended claims and premium liability provisions as a prudent measure. In addition, no explicit inflation adjustment has been made to claims amount payable in the future. However, implicit inflation is allowed for future claims to the extent evident in past claims development. It is worthwhile to note that discounting is unlikely to result in any material impact due to the short tail nature of almost all classes, coupled with the low prevailing interest rate environment.

The subsidiary has based its risk margin for adverse deviation ("PRAD") for the unexpired risks reserves and insurance claims at the minimum 75% confidence level of sufficiency, according to the requirement set by BNM under the RBC Framework for Insurers. The valuation of claims and premium liabilities as at 31 December 2021 have taken into account the COVID-19 impact.

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts (continued)

Sensitivities

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

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

Group	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
31 December 2021					
Average claim cost	**+10%**	**321,992**	**231,644**	**(176,049)**	**(176,049)**
Average number of claims	**+10%**	**293,293**	**236,967**	**(180,095)**	**(180,095)**
Average claim settlement period	**Increased by 6 months**	**41,774**	**30,319**	**(23,043)**	**(23,043)**
31 December 2020					
Average claim cost	+10%	275,699	203,359	(154,553)	(154,553)
Average number of claims	+10%	275,955	231,201	(175,713)	(175,713)
Average claim settlement period	Increased by 6 months	27,423	20,615	(15,667)	(15,667)

* Impact on equity reflects adjustments for tax, where applicable.

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

Claims development table

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

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

Notes to the Financial Statements

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts (continued)

Claims development table (continued)

The management of the subsidiary believes that the estimate of total claims outstanding as of 31 December 2021 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.

Gross general insurance claims liabilities as at 31 December 2021:

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		1,251,432	1,349,116	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	**1,738,148**	
One year later		1,193,164	1,278,469	1,368,219	1,406,527	1,380,596	1,453,938	1,283,734	**-**	
Two years later		1,154,151	1,256,084	1,352,452	1,362,861	1,372,723	1,407,591	-	**-**	
Three years later		1,141,005	1,235,679	1,325,371	1,336,934	1,347,544	-	-	**-**	
Four years later		1,141,354	1,224,698	1,254,542	1,324,758	-	-	-	**-**	
Five years later		1,135,385	1,203,126	1,244,392	-	-	-	-	**-**	
Six years later		1,103,220	1,192,204	-	-	-	-	-	**-**	
Seven years later		1,082,288	-	-	-	-	-	-	**-**	
Current estimate ofcumulative claims incurred		1,082,288	1,192,204	1,244,392	1,324,758	1,347,544	1,407,591	1,283,734	**1,738,148**	
At end of accident year		375,586	387,586	514,882	561,727	541,747	520,155	436,499	**487,399**	
One year later		771,098	861,538	924,136	979,473	946,706	886,123	770,352	**-**	
Two years later		924,769	1,013,855	1,054,371	1,104,992	1,052,957	996,401	-	**-**	
Three years later		986,338	1,070,252	1,116,854	1,145,041	1,101,378	-	-	**-**	
Four years later		1,017,591	1,092,007	1,134,220	1,169,673	-	-	-	**-**	
Five years later		1,024,854	1,102,559	1,148,942	-	-	-	-	**-**	
Six years later		1,029,103	1,108,334	-	-	-	-	-	**-**	
Seven years later		1,030,242	-	-	-	-	-	-	**-**	
Cumulative payments to-date		1,030,242	1,108,334	1,148,942	1,169,673	1,101,378	996,401	770,352	**487,399**	

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts (continued)

Claims development table (continued)

Gross general insurance claims liabilities as at 31 December 2021 (continued):

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
Gross general insurance claims liabilities (direct and facultative)	48,686	52,046	83,870	95,450	155,085	246,166	411,190	513,382	**1,250,749**	**2,856,624**
Gross general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustment)										**38,921**
Best estimate of claims liabilities										**2,895,545**
Claims handling expenses										**32,288**
PRAD at 75% confidence level										**266,556**
Gross general insurance claims liabilities										**3,194,389**

Gross general insurance claims liabilities as at 31 December 2020:

Group Accident year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
At end of accident year		1,145,412	1,251,432	1,349,116	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	
One year later		1,182,773	1,193,164	1,278,469	1,368,219	1,406,527	1,380,596	1,453,938	-	
Two years later		1,119,096	1,154,151	1,256,084	1,352,452	1,362,861	1,372,723	-	-	
Three years later		1,096,339	1,141,005	1,235,679	1,325,371	1,336,934	-	-	-	
Four years later		1,167,402	1,141,354	1,224,698	1,254,542	-	-	-	-	
Five years later		1,157,674	1,135,385	1,203,126	-	-	-	-	-	
Six years later		1,132,788	1,103,220	-	-	-	-	-	-	
Seven years later		1,108,045	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		1,108,045	1,103,220	1,203,126	1,254,542	1,336,934	1,372,723	1,453,938	1,429,139	

Notes to the Financial Statements

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts (continued)

Claims development table (continued)

Gross general insurance claims liabilities as at 31 December 2020 (continued):

Group Accident year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
At end of accident year		344,439	375,685	387,586	514,882	561,727	541,747	575,409	498,001	
One year later		729,326	771,098	861,538	924,136	979,473	946,706	886,123	-	
Two years later		857,382	924,769	1,013,855	1,054,371	1,104,992	1,052,957	-	-	
Three years later		916,928	986,338	1,070,252	1,116,845	1,145,041	-	-	-	
Four years later		1,065,902	1,017,591	1,092,007	1,134,220	-	-	-	-	
Five years later		1,072,513	1,024,854	1,102,559	-	-	-	-	-	
Six years later		1,077,989	1,029,103	-	-	-	-	-	-	
Seven years later		1,081,856	-	-	-	-	-	-	-	
Cumulative payments to-date		1,081,856	1,029,103	1,102,559	1,134,220	1,145,041	1,052,957	886,123	498,001	
Gross general insurance claims liabilities (direct and facultative)	98,700	26,189	74,117	100,567	120,322	191,893	319,766	567,815	931,138	2,430,507
Gross general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustment)										40,359
Best estimate of claims liabilities										2,470,866
Claims handling expenses										25,714
PRAD at 75% confidence level										227,975
Gross general insurance claims liabilities										2,724,555

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts (continued)

Claims development table (continued)

Net general insurance claims liabilities as at 31 December 2021:

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		971,458	1,101,455	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	**1,378,058**	
One year later		932,778	1,073,872	1,123,821	1,228,773	1,250,031	1,262,739	1,163,249	**-**	
Two years later		906,323	1,049,986	1,097,165	1,198,917	1,224,761	1,244,906	-	**-**	
Three years later		897,675	1,021,432	1,075,612	1,173,951	1,208,500	-	-	**-**	
Four years later		888,196	1,014,846	1,069,385	1,167,124	-	-	-	**-**	
Five years later		882,916	1,003,396	1,058,880	-	-	-	-	**-**	
Six years later		857,984	994,467	-	-	-	-	-	**-**	
Seven years later		841,928	-	-	-	-	-	-	**-**	
Current estimate of cumulative claims incurred		841,928	994,467	1,058,880	1,167,124	1,208,500	1,244,906	1,163,249	**1,378,058**	
At end of accident year		326,832	356,733	468,300	518,300	507,250	496,380	416,786	**466,753**	
One year later		638,954	746,891	817,863	896,008	888,891	839,564	736,854	**-**	
Two years later		743,920	872,368	925,817	998,910	983,920	939,217	-	**-**	
Three years later		790,073	918,932	972,070	1,034,851	1,030,774	-	-	**-**	
Four years later		809,772	934,819	988,580	1,053,901	-	-	-	**-**	
Five years later		815,609	943,446	1,001,058	-	-	-	-	**-**	
Six years later		817,744	948,516	-	-	-	-	-	**-**	
Seven years later		818,655	-	-	-	-	-	-	**-**	
Cumulative payments to-date		818,655	948,516	1,001,058	1,053,901	1,030,774	939,217	736,854	**466,753**	

Notes to the Financial Statements

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts (continued)

Claims development table (continued)

Net general insurance claims liabilities as at 31 December 2021 (continued):

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
Net general insurance claims liabilities (direct and facultative)	19,354	23,273	45,951	57,822	113,223	177,726	305,689	426,395	**911,305**	**2,080,738**
Net general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)										**34,114**
Best estimate of claims liabilities										**2,114,852**
Claims handling expenses										**32,288**
PRAD at 75% confidence level										**133,349**
Net general insurance claims liabilities										**2,280,489**

Net general insurance claims liabilities as at 31 December 2020:

Group Accident year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
At end of accident year		875,651	971,458	1,101,455	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	
One year later		817,971	932,778	1,073,872	1,123,821	1,228,773	1,250,031	1,262,739	-	
Two years later		799,099	906,323	1,049,986	1,097,165	1,198,917	1,224,761	-	-	
Three years later		798,047	897,675	1,021,432	1,075,612	1,173,951	-	-	-	
Four years later		791,855	888,196	1,014,846	1,069,385	-	-	-	-	
Five years later		768,990	882,916	1,003,396	-	-	-	-	-	
Six years later		749,930	857,984	-	-	-	-	-	-	
Seven years later			-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		749,930	857,984	1,003,396	1,069,385	1,173,951	1,224,761	1,262,739	1,275,378	

38. INSURANCE RISK (CONTINUED)

38.2 General insurance contracts (continued)

Claims development table (continued)

Net general insurance claims liabilities as at 31 December 2020 (continued):

Group Accident year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
At end of accident year		294,253	326,832	356,733	468,300	518,300	507,250	496,380	478,287	
One year later		572,157	638,954	746,891	817,863	896,008	888,891	839,564	-	
Two years later		667,310	743,920	872,368	925,817	998,910	983,920	-	-	
Three years later		704,910	790,073	918,932	972,070	1,034,851	-	-	-	
Four years later		724,817	809,772	934,819	988,580	-	-	-	-	
Five years later		729,683	815,609	943,446	-	-	-	-	-	
Six years later		733,554	817,744	-	-	-	-	-	-	
Seven years later		735,919	-	-	-	-	-	-	-	
Cumulative payments to-date		735,919	817,744	943,446	988,580	1,034,851	983,920	839,564	478,287	
Net general insurance claims liabilities (direct and facultative)	15,503	14,011	40,240	59,950	80,805	139,100	240,841	423,175	797,091	1,810,716
Net general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)										36,755
Best estimate of claims liabilities										1,847,471
Claims handling expenses										25,715
PRAD at 75% confidence level										116,550
Net general insurance claims liabilities										1,989,736

Notes to the Financial Statements

39. FINANCIAL RISKS

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

39.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a counterparty to a financial instrument fails to meet its contractual obligations or due to the non-performance of instruments (i.e. payment overdue). The Group's exposure to credit risk arises principally from the reinsurance assets, insurance receivables and the investment/placement in fixed income instruments and bank balances. Financial loss may materialise when the counterparties failed to meet payment obligations for various reasons.

The Group has credit policies in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an on-going basis. Reinsurance is mainly to local insurers or offshore reinsurers, and if the Group has to place overseas, only counterparties that have a credit rating that is acceptable based on Allianz Guidelines for Reinsurance Security are used.

The Group's Investment Mandate imposes limits by issuer/counterparty and by credit ratings for investments in corporate fixed income securities (all securities that entails credit risks, e.g. credit facilities, bank deposits of longer than 1-year, certificates of deposits, notes, etc.); and these limits are reviewed at least on annual basis. Active monitoring of the exposure against those limits are in place and reported to RMWC, RMC and IC on quarterly basis.

39. FINANCIAL RISKS (CONTINUED)

39.1 Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

	Neither past-due nor impaired								
Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Past-due but not impaired RM'000	Total RM'000
2021									
LAR									
Other loans	-	-	-	-	-	84,258	-	-	84,258
Fixed and call deposits	86,053	349,103	-	-	-	-	67,179	-	502,335
AFS financial investments									
Malaysian government securities	-	-	-	-	-	3,530,895	-	-	3,530,895
Malaysian government guaranteed bonds	-	-	-	-	-	1,686,639	-	-	1,686,639
Unquoted bonds of corporations in Malaysia	850,169	745,436	-	3,750	-	9,315	-	-	1,608,670
FVTPL - HFT financial investments									
Malaysian government securities	-	-	-	-	-	1,707,880	218,969	-	1,926,849
Malaysian government guaranteed bonds	-	-	-	-	-	859,553	20,044	-	879,597
Unquoted bonds of corporations in Malaysia	557,187	528,814	-	-	-	2,029	509,305	-	1,597,335
FVTPL - DUIR financial investments									
Malaysian government securities	-	-	-	-	-	1,714,484	-	-	1,714,484
Malaysian government guaranteed bonds	-	-	-	-	-	538,354	-	-	538,354
Unquoted bonds of corporations in Malaysia	1,045,362	985,158	-	5,182	-	49,934	-	-	2,085,636
Unquoted bonds of corporations outside Malaysia	-	-	7,891	54,756	-	41,914	-	-	104,561

39. FINANCIAL RISKS (CONTINUED)

39.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued)

	Neither past-due nor impaired								
Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Past-due but not impaired RM'000	Total RM'000
2021 (continued)									
Derivative financial assets									
Collateralised interest rate swap	35,642	-	-	-	-	-	-	-	35,642
Cross currency swap	2,036	-	-	-	-	-	-	-	2,036
Forward purchase agreements	7,838	-	-	-	-	-	-	-	7,838
Reinsurance assets	-	431,318	88,204	140	-	54,956	-	-	574,618
Insurance receivables	-	8,605	37,954	12	-	129,785	-	14,851	191,207
Other receivables and deposits	-		-	-	-	142,199	9,197	-	151,396
Cash and cash equivalents	685,408	568,230	2,372	-	-	472	263,126	-	1,519,608
	3,269,695	3,616,664	136,421	63,840	-	10,552,667	1,087,820	14,851	18,741,958

\# Net of balances which are past due and impaired of RM55,865,000 which has been fully provided (See Note 39.1(ii)).

39. FINANCIAL RISKS (CONTINUED)

39.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Company	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Total RM'000
2021							
Fixed and call deposits	25,489	21,598	-	-	-	-	47,087
Other receivables and deposits	-	-	-	-	-	247,271	247,271
Cash and cash equivalents	9,437	20,953	-	-	-	-	30,390
	34,926	42,551	-	-	-	247,271	324,748

39. FINANCIAL RISKS (CONTINUED)

39.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

	Neither past-due nor impaired								
Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Past-due but not impaired RM'000	Total RM'000
2020									
LAR									
Other loans	-	-	-	-	-	84,722	-	-	84,722
Fixed and call deposits	71,937	687,175	-	-	-	-	123,565	-	882,677
AFS financial investments									
Malaysian government securities	-	-	-	-	-	2,864,805	-	-	2,864,805
Malaysian government guaranteed bonds	-	-	-	-	-	2,315,457	-	-	2,315,457
Unquoted bonds of corporations in Malaysia	718,121	688,311	25,744	3,749	-	9,806	-	-	1,445,731
FVTPL - HFT financial investments									
Malaysian government securities	-	-	-	-	-	1,315,429	125,122	-	1,440,551
Malaysian government guaranteed bonds	-	-	-	-	-	799,002	29,396	-	828,398
Unquoted bonds of corporations in Malaysia	464,274	554,209	31,907	-	-	2,074	460,828	-	1,513,292
FVTPL - DUIR financial investments									
Malaysian government securities	-	-	-	-	-	1,307,299	-	-	1,307,299
Malaysian government guaranteed bonds	-	-	-	-	-	534,025	-	-	534,025
Unquoted bonds of corporations in Malaysia	960,127	983,136	5,269	5,182	-	51,014	-	-	2,004,728
Unquoted bonds of corporations outside Malaysia	-	-	7,878	75,569	-	42,280	-	-	125,727

39. FINANCIAL RISKS (CONTINUED)

39.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued).

	Neither past-due nor impaired								
Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Past-due but not impaired RM'000	Total RM'000
2020 (continued)									
FVTPL - DUIR financial investments (continued)									
Negotiable certificates of deposits and structured deposits	73,148	-	-	-	-	-	-	-	73,148
Derivative financial assets									
Collateralised interest rate swap	59,496	-	-	-	-	-	-	-	59,496
Cross currency swap	5,366	-	-	-	-	-	-	-	5,366
Forward purchase agreements	16,876	-	-	-	-	-	-	-	16,876
Reinsurance assets	-	410,289	92,936	796	-	90,296	-	-	594,317
Insurance receivables		2,371	37,409	9	-	129,770	-	30,092#	199,651
Other receivables and deposits	-	-	-	-	-	154,652	6,433	-	161,085
Cash and cash equivalents	674,825	306,200	4,211	-	-	336	190,391	-	1,175,963
	3,044,170	3,631,691	205,354	85,305	-	9,700,967	935,735	30,092	17,633,314

Net of balances which are past due and impaired of RM55,865,000 which has been fully provided (See Note 39.1(ii)).

39. FINANCIAL RISKS (CONTINUED)

39.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Company	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Total RM'000
2020							
Fixed and call deposits	6,461	16,163	-	-	-	-	22,624
Other receivables and deposits	-	-	-	-	-	286,414	286,414
Cash and cash equivalents	11,059	-	-	-	-	-	11,059
	17,520	16,163	-	-	-	286,414	320,097

Credit risk analysis on the financial assets are not provided for the investment-linked funds. This is due to the fact that, in investment-linked funds, the liability to policyholders is linked to the performance and value of the assets that back those liabilities and the shareholders have no direct exposure to any credit risk in those assets.

(i) Past-due but not impaired financial assets

Age analysis of financial assets past-due but not impaired

The Group maintains an ageing analysis in respect of insurance receivables only. The ageing of insurance receivables that are past-due as at the reporting date but not impaired is as follows:

Group	1 to 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	> 91 days RM'000	Total RM'000
2021					
Insurance receivables	**3,853**	**3,354**	**3,954**	**3,690**	**14,851**
2020					
Insurance receivables	8,638	5,768	6,849	8,837	30,092

39. FINANCIAL RISKS (CONTINUED)

39.1 Credit risk (continued)

(ii) Past-due and impaired financial assets

As at 31 December 2021, based on a combination of collective and individual assessment of receivables, there are impaired insurance receivables amounting to RM 56,377,000 (2020: RM55,865,000), reinsurance assets of RM2,575,000 (2020:RM RM2,578,000) and other receivables of RM1,538,000 (2020: RM742,000) respectively. No collateral is held as security for any past-due or impaired financial assets. The Group records impairment allowance for insurance receivables and other receivables in separate allowance for impairment accounts. A reconciliation of the allowance for impairment losses for the aforesaid insurance receivables and other receivables are as follows:

	Insurance receivables		Reinsurance assets		Other receivables	
Group	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**55,865**	59,624	**2,578**	2586	**742**	4,558
Impairment loss recognised/ (reversed)	**739**	(2,415)	**(3)**	(8)	**796**	2,045
Written off during the year	**(227)**	(1,344)	**-**	-	**-**	(5,861)
At 31 December	**56,377**	55,865	**2,575**	2,578	**1,538**	742
	Note 11	Note 11	**Note 8**	Note 8	**Note 12**	Note 12

39.2 Liquidity risk

Liquidity risk is the risk of loss resulting from the danger that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, along with the risk that in the case of a liquidity crisis of the Group and the Company, refinancing is only possible at higher interest rates or that assets may have to be liquidated at a discount.

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

Maturity profiles

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities of life insurance and provision for claims of general insurance, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Investment-linked funds' liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

39. FINANCIAL RISKS (CONTINUED)

39.2 Liquidity risk (continued)

Maturity profiles (continued)

Non-derivative financial liabilities

Group	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2021								
Insurance contract liabilities								
With DPF	4,081,549	1,407,309	591,460	377,676	1,448,111	2,721,852	6,992	6,553,400
Without DPF	9,177,912	8,832,358	76,045	45,502	215,082	115,296	-	9,284,283
Provision for claims	2,078,094	1,251,947	668,483	130,588	27,076	-	-	2,078,094
Lease liabilities	24,788	17,534	7,811	-	-	-	-	25,345
Insurance payables	584,557	583,019	920	618	-	-	-	584,557
Other payables and accruals	711,751	711,751	-	-	-	-	-	711,151
Total liabilities	16,658,651	12,803,918	1,344,719	554,384	1,690,269	2,837,148	6,992	19,237,430

Company	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2021								
Other payables and accruals	244,886	244,886	-	-	-	-	-	244,886

Derivative financial liabilities

The table below analyses the Group's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

Group	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2021							
Derivatives held for trading							
Cross currency swaps	-		(1,641)	-	-	-	(1,641)
Derivatives used for hedging							
Forward purchase agreements							
- Cash inflows	-	-	-	-	-	-	-
- Cash outflows	(56,824)	-	-	-	-	-	(56,824)
Net cash outflows	(56,824)	-	(1,641)	-	-	-	(58,465)

39. FINANCIAL RISKS (CONTINUED)

39.2 Liquidity risk (continued)

Maturity profiles (continued)

Non-derivative financial liabilities

Group	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2020								
Insurance contract liabilities								
With DPF	4,259,600	1,367,068	593,498	480,310	1,522,377	2,916,061	6,991	6,886,305
Without DPF	7,892,877	7,488,381	90,511	53,443	229,567	128,090	-	7,989,992
Provision for claims	1,992,729	1,221,487	624,000	121,576	25,666	-	-	1,992,729
Lease liabilities	42,785	18,921	25,420	60	-	-	-	44,401
Insurance payables	489,117	473,125	14,012	1,980	-	-	-	489,117
Other payables and accruals	727,362	727,362	-	-	-	-	-	727,362
Total liabilities	15,404,470	11,296,344	1,347,441	657,369	1,777,610	3,044,151	6,991	18,129,906

Company	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2020								
Other payables and accruals	223,806	223,806	-	-	-	-	-	223,806

Derivative financial liabilities

The table below analyses the Group's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

Group	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2020							
Derivatives held for trading							
Cross currency swaps	-	-	-	(301)	-	-	(301)
Derivatives used for hedging							
Forward purchase agreements							
- Cash inflows	-	-	-	-	-	-	-
- Cash outflows	(39,982)	(56,824)	-	-	-	-	(96,806)
Net cash outflows	(39,982)	(56,824)	-	(301)	-	-	(97,107)

39. FINANCIAL RISKS (CONTINUED)

39.3 Market risk

Market risk is the risk of loss arising due to changes in market prices or pa¬rameters influencing market prices, and in particular the resultant interest rate guarantee risks from asset liability management or from changes to participations. This includes changes in market prices due to worsening of market liquidity. Market risk comprises of currency risk, interest rate risk and equity price risk.

The following risk mitigation actions are in place to control and monitor such risk:

- Investment Committee actively monitors the investment activities undertaken by the Group.
- Investment Committee would make recommendations after balancing competing and legitimate objective of various stakeholders.
- The Investment Policy and Mandate which formulated the single counterparty limits, company limits and sector limits are in place. Compliance to such limits is monitored monthly and reported to Risk Management Working Committee, Risk Management Committee and Investment Committee on a quarterly basis.
- Stress testing is performed as and when needed.
- Stop loss policy is in place.

The Group also issues investment-linked policies in a number of products. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the value of the assets in the funds. The Group's exposure to market risk on this business is limited to the extent that income arising from fund management charges is based on the value of the assets in the funds.

39.3.1 Currency risk

Currency risk is the risk arising from the fluctuation of foreign exchange rates.

The Group's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to foreign exchange risk arises principally with respect to US Dollar (USD), Singapore Dollar (SGD), Thai Baht (THB) and Indonesian Rupiah (IDR). As the Group's business is conducted primarily in Malaysia, the Group's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act, 2013 and hence, primarily denominated in the same currency (RM) as its insurance contract liabilities. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled.

As the Group's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group has no significant concentration of foreign currency risk. All currency risk in investment-linked funds is borne by policyholders.

39. FINANCIAL RISKS (CONTINUED)

39.3 Market risk (continued)

39.3.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

Group	Life fund 2021 RM'000	Investment-linked funds 2021 RM'000	Life fund 2020 RM'000	Investment-linked funds 2020 RM'000
Financial assets				
Denominated in				
USD	**102,924**	**149,714**	124,853	9,794
SGD	**-**	**20,903**	-	1,002
THB	**-**	**11,963**	-	51
IDR	**-**	**37,789**	-	19,175

Currency risk sensitivity analysis

It is estimated that a 10% (2020: 10%) strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have decreased the insurance contract liabilities by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted income and expenses.

Group	Impact on insurance contract liabilities 2021 RM'000	Impact on insurance contract liabilities 2020 RM'000
Denominated in		
USD	**(25,264)**	(13,465)
SGD	**(2,090)**	(100)
THB	**(1,196)**	(5)
IDR	**(3,779)**	(1,918)

It is estimated that a 10% (2020:10%) weakening of the Ringgit Malaysia (RM) against the above currencies at the end of the reporting period would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all variables remained constant.

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

Only Life Participating fund and investment-linked funds invested in foreign financial instrument.

39. FINANCIAL RISKS (CONTINUED)

39.3 Market risk (continued)

39.3.2 Interest rate risk

The Group is affected by changes in market interest rate due to the change in interest rates will affect the value of mark to market fixed income investments and also the valuation of the liabilities, resulting in the risk of not being able to meet product guarantees.

Besides the uncertainty of the cash flows of the insurance funds and scarcity of the longer dated instruments, it is not possible to hold assets that will perfectly match the policy liabilities.

Interest rate risk sensitivity analysis

The analysis below is performed for assumed movements of 100 bps in interest rate with all other variables held constant, showing the impact on the profit after tax, equity and insurance contract liabilities.

Life insurance:

Group	Change in variables	Impact on profit after tax RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
31 December 2021				
Interest rate	**+ 100 basis points**	**(137,492)**	**(110,432)**	**(508,565)**
Interest rate	**- 100 basis points**	**148,227**	**118,972**	**577,224**
31 December 2020				
Interest rate	+ 100 basis points	(125,482)	(103,147)	(476,094)
Interest rate	- 100 basis points	136,512	112,158	546,660

The impact on profit after tax would be dependent on whether the interest rate risk resides in Shareholders' fund, Life Non-Participating fund, Life Participating fund, or investment-linked funds. Where the interest rate risk resides in shareholders' fund and life non-participating fund, the impact will be directly to profit after tax and equity of the Group. In respect of life participating fund and investment-linked funds, impact arising from changes in interest rate risk will affect the insurance contract liabilities. It should be noted that movements in these variables are non-linear.

* The impact on equity reflects adjustments for tax, where applicable.

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

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

39. FINANCIAL RISKS (CONTINUED)

39.3 Market risk (continued)

39.3.2 Interest rate risk (continued)

General insurance:

Group	Change in variables	Impact on profit after tax RM'000	Impact on equity* RM'000
31 December 2021			
Interest rate	**+ 100 basis points**	**-**	**(119,535)**
Interest rate	**+ 50 basis points**	**-**	**(59,768)**
Interest rate	**- 100 basis points**	**-**	**119,535**
Interest rate	**- 50 basis points**	**-**	**59,768**
31 December 2020			
Interest rate	+ 100 basis points	-	(100,984)
Interest rate	+ 50 basis points	-	(50,492)
Interest rate	- 100 basis points	-	100,984
Interest rate	- 50 basis points	-	50,492

* Impact on equity reflects adjustments for tax, where applicable.

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

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

39.3.3 Equity price risk

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

The Group's equity price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally with respect to investments securities not held for the account of the investment-linked business.

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

Notes to the Financial Statements

39. FINANCIAL RISKS (CONTINUED)

39.3 Market risk (continued)

39.3.3 Equity price risk (continued)

Equity price risk sensitivity analysis

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

Life insurance:

		2021			2020		
Group	Change in variables	Impact on profit after tax RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
Market indices							
Market value	+ 10%	**-**	**-**	**269,970**	-	-	234,803
Market value	- 10%	**-**	**-**	**(269,970)**	-	-	(234,803)

\# The impact on profit after tax would be dependent on whether the equity price risk resides in Shareholders' fund, Life Non-Participating fund, Life Participating fund or investment-linked funds. Where the equity price risk resides in shareholders' fund and life non-participating fund, the profit after tax and equity of the Group will be impacted. In respect of life participating fund and investment-linked funds, impact arising from changes in equity price risk will affect the insurance contract liabilities. The above sensitivity test would yield proxy results if market price were to move in the opposite direction, with the Group.

* The impact on equity reflects adjustments for tax, where applicable.

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the participating insurance business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

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

Only life participating fund, universal life fund and investment-linked funds invested in equity securities.

39. FINANCIAL RISKS (CONTINUED)

39.4 Fair value of financial instruments

The Group's and the Company's basis in estimation of fair values for financial instruments is as follows:

- The fair values of structured deposits, negotiable certificate of deposits, collateralised interest rate swap, forward purchase agreements and cross currency swap are based on the indicative market prices from the issuing banks.

- The fair values of quoted equity securities of corporations in and outside Malaysia and quoted unit trusts in Malaysia are based on quoted market bid price as at the end of the reporting period.

- The unquoted equity securities of corporations in Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified.

- The fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank.

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

- The carrying amounts of policy loans, mortgage loans, automatic premium loans, fixed and call deposits, approximate their fair values; and

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

Estimation of the fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by the custodian bank which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

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

39. FINANCIAL RISKS (CONTINUED)

39.4 Fair value of financial instruments (continued)

39.4.1 Fair value information

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value					
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2021						
Financial assets						
Malaysian government securities	-	7,172,228	-	7,172,228	7,172,228	7,172,228
Malaysian government guaranteed bonds	-	3,104,590	-	3,104,590	3,104,590	3,104,590
Quoted equity securities of corporations in Malaysia	2,823,578	-	-	2,823,578	2,823,578	2,823,578
Quoted equity securities of corporations outside Malaysia	49,850	-	-	49,850	49,850	49,850
Unquoted bonds of corporations in Malaysia	-	5,291,641	-	5,291,641	5,291,641	5,291,641
Unquoted bonds of corporations outside Malaysia	-	104,561	-	104,561	104,561	104,561
Quoted unit trusts in Malaysia	61,032	-	-	61,032	61,032	61,032
Unquoted unit trusts in Malaysia	-	569,882	-	569,882	569,882	569,882
Unquoted unit trusts outside Malaysia	-	170,520	-	170,520	170,520	170,520
Collateralised forward starting interest rate swap	-	35,642	-	35,642	35,642	35,642
Forward purchase agreements	-	7,838	-	7,838	7,838	7,838
Cross currency swap	-	2,036	-	2,036	2,036	2,036
	2,934,460	16,458,938	-	19,393,398	19,393,398	19,393,398
Financial liabilities						
Cross currency swap	-	1,641	-	1,641	1,641	1,641
Lease liabilities	-	-	-	-	24,788	24,788
	-	1,641	-	1,641	26,429	26,429

39. FINANCIAL RISKS (CONTINUED)

39.4 Fair value of financial instruments (continued)

39.4.1 Fair value information (continued)

The table below analyses financial instruments carried at fair value.

Group	Fair value of financial instruments carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2020						
Financial assets						
Malaysian government securities	-	5,612,655	-	5,612,655	5,612,655	5,612,655
Malaysian government guaranteed bonds	-	3,677,880	-	3,677,880	3,677,880	3,677,880
Quoted equity securities of corporations in Malaysia	2,493,098	-	-	2,493,098	2,493,098	2,493,098
Quoted equity securities of corporations outside Malaysia	1,637	-	-	1,637	1,637	1,637
Unquoted bonds of corporations in Malaysia	-	4,963,751	-	4,963,751	4,963,751	4,963,751
Unquoted bonds of corporations outside Malaysia	-	125,727	-	125,727	125,727	125,727
Quoted unit trusts in Malaysia	57,468	-	-	57,468	57,468	57,468
Unquoted unit trusts in Malaysia	-	726,308	-	726,308	726,308	726,308
Unquoted unit trusts outside Malaysia	-	28,385	-	28,385	28,385	28,385
Structured deposits and negotiable certificate of deposits with licensed financial institutions	-	73,148	-	73,148	73,148	73,148
Government guaranteed loans	-	-	-	-	-	-
Collateralised forward starting interest rate swap	-	59,496	-	59,496	59,496	59,496
Forward purchase agreements	-	16,876	-	16,876	16,876	16,876
Cross currency swap	-	5,366	-	5,366	5,366	5,366
	2,552,203	15,289,592	-	17,841,795	17,841,795	17,841,795
Financial liabilities						
Cross currency swap	-	301	-	301	301	301
Lease liabilities	-	-	-	-	42,785	42,785
	-	301	-	301	43,086	43,086

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2020: no transfer in either direction).

Notes to the Financial Statements

40. CAPITAL MANAGEMENT

The Group aims to maintain a robust capital management in both its general and life insurance businesses to sustain adequate solvency levels to support business growth, dividend payment to shareholders, return on equity and maintaining capital adequacy above the regulatory requirements. There are no significant changes to the Group's capital management policies and processes during the financial year.

The primary sources of capital of the Group and the Company are shareholder's equity as disclosed in the statement of changes in equity. Share Capital of the Group and the Company comprises ordinary share capital and ICPS.

Regulatory capital requirements

Under the Risk-Based Capital Framework for Insurers ("RBC Framework") issued by BNM, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The insurance subsidiaries of the Group have been in compliance with the said requirement by maintaining a CAR that is in excess of minimum requirements.

41. CONTINGENT LIABILITIES

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

On 22 February 2017, AGIC received MyCC's notice of proposed decision ("Proposed Decision") that AGIC and all the other 21 general insurers who are members of PIAM have 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. AGIC, as one of the members of PIAM, will have a share of RM27,480,883 of the proposed penalty.

41. CONTINGENT LIABILITIES (CONTINUED)

On 5 April and 25 April 2017, AGIC submitted the written representations as requested by MyCC. The first session for the Hearing of the Oral Representation took place on 16 October 2017 (on preliminary issues) and 17 October 2017 (on PIAM's Oral Representation). The second session took place on 12 December 2017 and 14 December 2017 wherein other insurers had submitted their Oral Representations. AGIC's Oral Representation took place on 29 January 2018 and the remaining insurers submitted their Oral Representations on 30 January 2018, bringing the Oral Representations of all insurers to a close. Due to the changes of the Members of Commission who heard AGIC's Oral Representation, AGIC's solicitors had requested MyCC to hold de novo (new) proceedings in relation to the AGIC's Oral Representation before the new Members of Commission. AGIC's Oral Representation sessions took place on 19 and 20 February 2019. PIAM had commenced its Oral Representation on 21 February 2019. BNM's Oral Representation took place on 13 May 2019 followed by Oral Representations by several counsel representing 6 insurers. The session on 14 May 2019 was vacated and the Oral Representation by PIAM's Competition Economist (RBB Economics) and the remaining insurers' counsel were heard over 17 and 18 June 2019.

On 25 September 2020, AGIC's solicitors received the Decision that parties have infringed the prohibition under section 4 of the CA and which imposes on each of the 22 general insurers financial penalties for the said infringement.

In view of the impact of the Covid-19 pandemic, MyCC granted a reduction of 25% of the financial penalties imposed on the 22 general insurers and a moratorium period of up to 6 months for the payment of the financial penalties to be made by 6 equal monthly instalments. The financial penalty imposed on AGIC, taking into account the 25% reduction amounts to RM18,549,595.97.

Appeal filed with the Competition Appeal Tribunal ("CAT")

AGIC had on 13 October 2020 filed a Notice of Appeal with the Competition Appeal Tribunal against the Decision, pursuant to Section 52 of the CA ("Appeal"). On 23 October 2020, AGIC filed a Stay Application with the CAT pursuant to Section 53 of the CA for the grant of a stay of the Decision particularly in respect of the financial penalty imposed on AGIC and at CAT's request, a formal Notice of Application was filed in relation to the stay of the Decision on 12 November 2020.

In response to AGIC's Notice of Appeal, MyCC had filed a Statement in Reply ("SIR") dated 20 November 2020 with the CAT. AGIC then filed its Reply to the SIR on 11 December 2020 to put on record that except for statements of fact, AGIC denies the remaining contents of the SIR and also to reiterate that all issues raised by MyCC had already been addressed in AGIC's Notice of Appeal.

CAT in a letter dated 20 January 2021 informed all parties that the initial case management date for the Appeal and Hearing of the Stay Application fixed for 27 January 2021 was rescheduled to 18 February 2021. The case management and Hearing date earlier fixed for 18 February 2021 before CAT was then rescheduled to 25 February 2021. Whilst the hearing of the stay applications of the rest of the insurers took place on 25 February 2021, AGIC's oral submissions were heard in a confidential session on 26 February 2021. As MyCC's counsel requested for a new hearing date for MyCC's reply, CAT fixed 5 March 2021 on which date, MyCC's counsel submitted their reply and CAT also heard AGIC's reply submission. On 12 March 2021, the reply submissions of the other insurers were concluded and CAT then set the afternoon of 23 March 2021 to deliver its decision on the Stay Application. On 23 March 2021, CAT allowed the Stay Application, pending the disposal of the Appeal.

At the case management before CAT on 30 April 2021, AGIC's solicitors raised certain preliminary issues that would need to be addressed prior to the hearing of the Appeal and CAT fixed the following dates to hear the same:-

(a) 27 May 2021 as the next case management to hear parties in relation to the said preliminary issues;
(b) 4 June 2021 for AGIC to update CAT on the Judicial Review proceedings as well as the interim stay granted by the High Court; and
(c) 2 July 2021 for the hearing of BNM's appeal.

41. CONTINGENT LIABILITIES (CONTINUED)

Appeal filed with the Competition Appeal Tribunal ("CAT") (continued)

The case management before CAT on 27 May 2021 was held in a confidential session with BNM and MyCC in attendance whilst the case management fixed for 4 June 2021 for AGIC to update CAT on the Judicial Review proceedings was postponed to 29 July 2021 and the hearing of BNM's appeal on 2 July 2021 was adjourned due to the Full Movement Control Order.

On 29 July 2021, AGIC's solicitors attended the case management before CAT which directed as follows:

(a) the appellants (i.e. all the 22 insurers) and MyCC are to collectively file a common list of issues to be tried;
(b) each appellant may elect to file a further separate list of issues that are specific to the facts of their appeal; and
(c) appellants intending to call witnesses are to provide CAT with the list of witnesses they intend to call and the reason/relevance for calling such witnesses.

The oral submissions in relation to the insurers' appeal before CAT were heard over several hearing dates in November 2021. CAT then fixed new dates in March and April 2022 for MyCC to conclude its oral submissions and counsel for the insurers to present their submissions in reply.

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

Separately, on 26 April 2021 the High Court of Malaya granted AGIC leave to apply for Judicial Review of MyCC's Decision and an interim stay of the Decision until the hearing of any objection or application by MyCC to set it aside. (This was in relation to AGIC's ex-parte application for leave for Judicial Review ("Judicial Review Application") and application for a stay filed at the High Court on 24 December 2020 but given the discreet nature of the ex-parte application, it was not disclosed earlier). AGIC filed its Notice of Hearing of Application for Judicial Review at the High Court on 9 May 2021and MyCC then filed an affidavit in support of its striking out application against the orders granting AGIC leave to apply for judicial review and interim stay ("MyCC's Setting Aside Application"). AGIC had filed a reply affidavit on 27 May 2021 opposing the same and MyCC's Setting Aside Application was fixed for hearing on 21 July 2021.

The hearing of MyCC's Setting Aside Application on 21 July 2021 commenced with parties' oral submissions and the continued hearing was fixed for 4 August 2021. As MyCC filed an affidavit on the eve ("Delayed Affidavit"), at the continued hearing on 4 August 2021, AGIC's solicitors made an oral application to expunge the Delayed Affidavit as it had been filed after the commencement of submissions. On 26 August 2021, the Judge decided to allow MyCC's Delayed Affidavit to remain on record. In order to not delay further the proceedings, AGIC's solicitors elected not to file any further affidavit in reply but instead put on record that they did not admit to nor accept the contents of MyCC's Delayed Affidavit and proceeded with oral submissions in reply against MyCC's Setting Aside Application.

MyCC's final submissions in reply were heard on 15 September 2021 and as certain new issues were raised by MyCC, AGIC's submissions in reply thereto were heard on 27 September 2021. On 20 October 2021, the High Court decided to allow MyCC's Setting Aside Application and on its solicitors' recommendation, AGIC filed a Notice of Appeal against the said decision on 18 November 2021. During the first case management on 7 January 2022, AGIC's solicitors updated the Court of Appeal that AGIC's record of appeal would be filed in January 2022 and the matter was then fixed for the next case management on 1 March 2022 for parties to update the Court of Appeal on the progress thereon. AGIC's record of appeal has since been filed on 17 January 2022.

The management of AGIC believes that the criteria to disclose the above as a contingent liability are met. Saved as disclosed above, the Group does not have any other contingent assets and liabilities since the last annual balance sheet date.

42. MATERIAL LITIGATION

Virginia Surety Company Labuan Branch ("VSC") had provided reinsurance support to Commerce Assurance Berhad (now known as Bright Mission Berhad and which has since been wound up) ("CAB") previously in respect of CAB's Extended Warranty Program ("EWP").

AGIC took over the general insurance business of CAB on 1 January 2009 and this included the reinsurance business relating to the EWP.

The reinsurance transactions were initially on a facultative basis. However, as the business volume increased, the facultative arrangements became too expensive to administer. AGIC and VSC (collectively the "Parties") therefore negotiated and entered into a treaty reinsurance agreement upon terms, inter alia, that the reinsurance coverage was to be continuous subject to termination as provided for in the reinsurance agreement.

A dispute arose between both parties on the continuing subsistence of the reinsurance agreement from 1 October 2011 onwards. AGIC's legal position is that the reinsurance continued to remain in force from 1 October 2011 and determined only on 30 September 2013. This is disputed by VSC who claim that the treaty reinsurance lapsed on 30 September 2011.

On 11 December 2013, AGIC commenced arbitration proceedings against VSC seeking, inter alia:

(a) A declaration that the reinsurance subsisted until 30 September 2013;
(b) A declaration that VSC will pay and/or indemnify AGIC for its claims and losses arising from the reinsurance for the period from 1 October 2011 to 30 September 2013; and
(c) Damages to be assessed including for loss of profits and breach of contract.

The Closing Submissions and Reply Submissions were filed on 30 August 2017 and 27 September 2017 respectively and the Oral Submissions took place on 12 October 2017 and 13 October 2017. Both parties then filed further written submissions bringing the arbitration proceedings to an end.

An Arbitration Award dated 8 February 2018 was received on 20 February 2018. The award, made by 2 arbitrators of the Panel of 3 arbitrators, was in favour of VSC ("Award") whilst the Dissenting Arbitrator found in favour of AGIC.

The Award ordered AGIC to pay the following:

(a) RM30,593.64 as reimbursement of payment in respect of the Kuala Lumpur Regional Centre for Arbitration's administrative expenses;
(b) RM425,324.32 as reimbursement of payment in respect of fees and expenses of the arbitral tribunal;
(c) RM668,160.69 for costs and expenses incurred by VSC; and
(d) USD10,969.31 as reimbursement for costs incurred in respect of VSC's ex-employee.

As AGIC's solicitors were of the view that there were reasonable grounds to seek a review of the majority decision, an Originating Summons was filed in the Kuala Lumpur High Court on 29 March 2018 to set aside the Award under section 37(2)(b)(ii) of the Arbitration Act 2005 ("Arbitration Act") and for a Reference of Questions of law under section 42 of the Arbitration Act. The matter was first heard on 18 February 2019 and hearing continued on 13 March 2019 and concluded on 18 April 2019. On 28 June 2019, the Court declined AGIC's application to set aside the Award ("Decision"). Based on AGIC's solicitors' advice, a Notice of Appeal against the Decision was filed on 15 July 2019 at the Court of Appeal ("AGIC's Appeal"). At the first case management on 4 September 2019, the Court of Appeal fixed the next case management for 9 October 2019.

42. MATERIAL LITIGATION (CONTINUED)

In a separate action, VSC's solicitors filed an Originating Summons dated 11 September 2019 ("VSC's OS") to recognise and enforce the Award against AGIC requiring AGIC to pay VSC all the costs ordered by the Award. AGIC's solicitors then filed a stay application on VSC's OS. On 25 October 2019, as VSC's solicitors had no objections to AGIC's stay application, a further case management date was fixed for 7 November 2019 for the stay order to be formally recorded before a Judge. On 7 November 2019, the Judge allowed AGIC's stay application and ordered VSC's enforcement proceedings be stayed pending the final determination of the appeal at the Court of Appeal. As the Judge was of the view that VSC's OS should be withdrawn and filed afresh (should VSC succeed in dismissing AGIC's Appeal), a further case management was fixed for 9 December 2019 in order for VSC's solicitors to obtain VSC's instructions.

Meanwhile, AGIC's Appeal came up for case management on 20 November 2019 when a new case management date was set for 13 January 2020.

On VSC's OS, at the final case management on 9 December 2019, as VSC's solicitors confirmed that they had instructions to withdraw the matter, the Judge ordered that VSC's OS be struck out with liberty to file afresh.

At the case management for AGIC's Appeal on 13 January 2020, the Court of Appeal fixed a further case management for 19 February 2020 as AGIC's solicitors had yet to receive the High Court's substantive Grounds of Decision ("Grounds"). On 17 February 2020, the Court of Appeal wrote to the Parties' solicitors to reschedule the earlier fixed case management date to 26 February 2020. On this date, the Court of Appeal was informed that AGIC's solicitors had still not received the Grounds so another case management was fixed for 8 April 2020. Just before the effective date of the Movement Control Order, the High Court notified that the Grounds were ready for collection but since AGIC's solicitors were unable to collect the Grounds, at the e-review of the matter on 8 April 2020, a new date for case management was fixed for 15 May 2020.

On 15 May 2020, AGIC's solicitors informed the Court of Appeal that the Grounds had been collected and the Court directed for the Memorandum of Appeal and Supplementary Record of Appeal to be filed before the next case management fixed for 9 July 2020. On 9 July 2020, the Court of Appeal fixed a further case management date on 19 August 2020 as the Notes of Proceedings were still pending. At the case management on 19 August 2020, the Court of Appeal fixed AGIC's Appeal for Hearing on 2 February 2021 and a further Case Management on 26 January 2021 for the Court to monitor compliance with all appeal directions. On 26 January 2021, the Court of Appeal was updated that all appeal directions had been complied with and the Court then directed that the Hearing on 2 February 2021 be conducted virtually via Zoom. However, on 2 February 2021, the Hearing was adjourned to a date to be fixed later as several other cases were also fixed for hearing that day. The next case management was then fixed for 19 August 2021 whilst the Hearing was fixed for 3 September 2021. On 19 August 2021, the Court of Appeal confirmed that the Hearing fixed for 3 September 2021 would proceed virtually via Zoom. On 3 September 2021, the Court of Appeal heard and dismissed AGIC's Appeal. As AGIC's solicitors had strongly recommended that AGIC file a leave application to appeal to the Federal Court on this matter ("Leave Application"), AGIC had on 1 October 2021 filed the said Leave Application. On 20 October 2021, VSC's solicitors filed and served on AGIC's solicitors an Affidavit in response to the Leave Application. At the case management on 12 November 2021, AGIC's solicitors objected to VSC's Affidavit as VSC had taken the position that it would rely on its earlier Affidavit filed in the High Court. VSC's solicitors then informed the Court that VSC would file an application for extension of time to file a proper Reply Affidavit ("Application for EXOT") and the Court directed that the said application be filed by 26 November 2021, and VSC filed the same as directed. During the case management on 30 November 2021, the Court directed the filing of documents and fixed the hearing of the Application for EXOT for 26 January 2022. On 26 January 2022, the Court allowed the Application for EXOT. As for the Leave Application, the hearing of the same has been fixed for 5 April 2022 and the final case management has been fixed for 21 March 2022.

43. AMENDMENTS TO MFRS 4 - APPLYING MFRS 9, *FINANCIAL INSTRUMENTS* WITH MFRS 4*, INSURANCE CONTRACTS*

Group

MFRS 9, *Financial Instruments* replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting, effective for annual periods beginning on or after 1 January 2018.

The Group has applied the temporary exemption under Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* ("the Amendments") which enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. Hence, the Group has not adopted MFRS 9 for the financial year beginning on or after 1 January 2018.

The Amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9, *Financial Instruments* before the forthcoming new insurance contracts standard.

The Amendments provide 2 different approaches for the Group:

(i) temporary exemption from MFRS 9 for entities that meet specific requirements; and
(ii) the overlay approach. Both approaches are optional

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

The Group's business activity is predominantly insurance as the liabilities connected with the Group's insurance businesses made up approximately 90% of the Group's total liabilities. Hence, the Group qualifies for the temporary exemption from applying MFRS 9 and will defer and adopt MFRS 9 together with MFRS 17, Insurance Contracts for the financial year beginning on or after 1 January 2023.

Notes to the Financial Statements

43. AMENDMENTS TO MFRS 4 - APPLYING MFRS 9, *FINANCIAL INSTRUMENTS* WITH MFRS 4, *INSURANCE CONTRACTS* (CONTINUED)

Group (continued)

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Group's financial assets by their contractual cash flows characteristics, which indicate if they are SPPI:

Fair value as at 31 December 2021	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments (Note 9)	**7,328,539**	**12,528,825**	**19,857,364**
Malaysian government securities and government guaranteed bonds	**5,217,534**	**5,059,284**	**10,276,818**
Unquoted bonds of corporations	**1,608,670**	**3,787,532**	**5,396,202**
Quoted equity securities and unit trusts	**-**	**2,934,460**	**2,934,460**
Unquoted equity securities and unit trusts	**-**	**747,549**	**747,549**
Negotiable certificates of deposits and structured deposits	**-**	**-**	**-**
Fixed and call deposits with licensed banks	**502,335**	**-**	**502,335**
Derivative financial assets	**-**	**45,516**	**45,516**
Other receivables and deposits	**151,396**	**-**	**151,396**
Cash and cash equivalents	**1,519,608**	**-**	**1,519,608**
	8,999,543	**12,574,341**	**21,573,884**

Fair value as at 31 December 2020	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments (Note 9)	7,508,670	11,136,211	18,644,881
Malaysian government securities and government guaranteed bonds	5,180,262	4,110,273	9,290,535
Unquoted bonds of corporations	1,445,731	3,643,747	5,089,478
Quoted equity securities and unit trusts	-	2,552,203	2,552,203
Unquoted equity securities and unit trusts	-	756,840	756,840
Negotiable certificates of deposits and structured deposits	-	73,148	73,148
Fixed and call deposits with licensed banks	882,677	-	882,677
Derivative financial assets	-	81,738	81,738
Other receivables and deposits	161,085	-	161,085
Cash and cash equivalents	1,175,963	-	1,175,963
	8,845,718	11,217,949	20,063,667

* Insurance receivables, reinsurance assets, policy loans, automatic premium loans and deferred acquisition cost have been excluded from the above assessment as they will be under the scope of MFRS 17, Insurance Contracts. Other than the financial assets listed in the table above and the assets that are within the scope of MFRS 17, Insurance Contracts, all other assets in the statement of financial position are non-financial assets.

43. AMENDMENTS TO MFRS 4 - APPLYING MFRS 9, *FINANCIAL INSTRUMENTS* WITH MFRS 4, *INSURANCE CONTRACTS* (CONTINUED)

Group (continued)

Changes in fair value during the year	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments			
Malaysian government securities and government guaranteed bonds	**(238,592)**	**(228,155)**	**(466,747)**
Unquoted bonds of corporations	**(43,285)**	**(146,200)**	**(189,485)**
Quoted equity securities and unit trusts	**-**	**14,428**	**14,428**
Unquoted equity securities and unit trusts	**-**	**(17,714)**	**(17,714)**
Negotiable certificates of deposits and structured deposits	**-**	**722**	**722**
Government guaranteed loans	**-**	**-**	**-**
Fixed and call deposits with licensed banks	**-**	**-**	**-**
Derivative financial assets	**-**	**(37,724)**	**(37,724)**
Other receivables and deposits	**-**	**-**	**-**
Cash and cash equivalents	**-**	**-**	**-**
Total financial assets	**(281,877)**	**(414,643)**	**(696,520)**

Changes in fair value in the previous year	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments			
Malaysian government securities and government guaranteed bonds	117,451	99,421	216,872
Unquoted bonds of corporations	21,377	86,142	107,519
Quoted equity securities and unit trusts	-	36,201	36,201
Unquoted equity securities and unit trusts	-	6,700	6,700
Negotiable certificates of deposits and structured deposits	(50)	(1,935)	(1,985)
Government guaranteed loans	-	-	-
Fixed and call deposits with licensed banks	-	-	-
Derivative financial assets	-	20,560	20,560
Other receivables and deposits	-	-	-
Cash and cash equivalents	-	-	-
Total financial assets	138,778	247,089	385,867

Notes to the Financial Statements

43. AMENDMENTS TO MFRS 4 - APPLYING MFRS 9, *FINANCIAL INSTRUMENTS* WITH MFRS 4, *INSURANCE CONTRACTS* (CONTINUED)

Group (continued)

Financial assets with SPPI cash flows at 31 December 2021 *

Gross carrying amounts under MFRS 139 by credit risk rating grades	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Total RM'000
Investments								
Malaysian government securities and government guaranteed bonds	**-**	**-**	**-**	**-**	**-**	**5,217,534**	**-**	**5,217,534**
Unquoted bonds of corporations	**850,169**	**745,436**	**-**	**11,097**	**-**	**9,315**	**-**	**1,616,017**
Negotiable certificates of deposits and structured deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Government guaranteed loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fixed and call deposits with licensed banks	**86,053**	**349,103**	**-**	**-**	**-**	**-**	**67,179**	**502,335**
Other receivables and deposits	**-**	**-**	**-**	**-**	**-**	**142,199**	**9,197**	**151,396**
Cash and cash equivalents	**685,408**	**568,230**	**2,372**	**-**	**-**	**472**	**263,126**	**1,519,608**
	1,621,630	**1,662,769**	**2,372**	**11,097**	**-**	**5,369,520**	**339,502**	**9,006,890**

Financial assets with SPPI cash flows at 31 December 2020 *

Gross carrying amounts under MFRS 139 by credit risk rating grades	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Total RM'000
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	5,180,262	-	5,180,262
Unquoted bonds of corporations	718,121	688,311	25,744	11,097	-	9,806	-	1,453,079
Negotiable certificates of deposits and structured deposits	-	-	-	-	-	-	-	-
Government guaranteed loans	-	-	-	-	-	-	-	-
Fixed and call deposits with licensed banks	71,937	687,175	-	-	-	-	123,565	882,677
Other receivables and deposits	-	-	-	-	-	154,652	6,433	161,085
Cash and cash equivalents	674,825	306,200	4,211	-	-	336	190,391	1,175,963
	1,464,883	1,681,686	29,955	11,097	-	5,345,056	320,389	8,853,066

* Credit risk of these financial assets is considered low for the purpose of MFRS 9.

44. SIGNIFICANT EVENT DURING THE YEAR

In the month of December 2021, torrential rain brought about severe flooding within several states in Malaysia which caused widespread damage to many residential and industrial zones. Following this event, the Group has set up loss reserves as at 31 December 2021 which resulted in an increase in gross claims, reinsurance recoveries and reinstatement premiums that are reflected in Notes 16(b) and 22(b) to the financial statements respectively.

The amounts recognised as at 31 December 2021 represent management's estimation of the likely losses to the Group from the recent floods. In making these estimates, management has used the best available information, including estimates performed by the subsidiary's actuaries and claims department, and for estimated reinsurance recoveries from reinsurers, with reference to the reinsurance contracts. The process of estimating loss reserves can be complex and there are inherent uncertainties in the assumptions and judgements made as the floods have happened recently and it may take some time before the flood claims fully develop. Accordingly, actual results could differ from these estimates.

The Group will continue to monitor the flood claims, and estimates may be revised as additional experience or data become available. Any such revisions could result in future changes in the estimates of losses and reinsurance recoverable, and would be reflected in the profit or loss for the periods in which these estimates are changed.

Statements by Directors

pursuant to Section 251 (2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 121 to 262 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

....

Tan Sri Datuk (Dr.) Rafiah Binti Salim
Director

....

Peter Ho Kok Wai
Director

Kuala Lumpur

Date: 22 February 2022

Statutory Declaration

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

I, **Ong Eng Chow**, the officer primarily responsible for the financial management of Allianz Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 121 to 262 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 Ong Eng Chow, I/C No: 650421-71-5931, at Kuala Lumpur in the Federal Territory on 22 February 2022.

....

Ong Eng Chow

Before me:

Rajinder Kaur A/P Sher Singh
No. W907
Pesuruhjaya Sumpah
Kuala Lumpur

Independent Auditors' Report

To The Members Of Allianz Malaysia Berhad (Incorporated in Malaysia)
(Company No. 197201000819 (12428-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

Our opinion

In our opinion, the financial statements of Allianz Malaysia Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss, statements of profit or loss and other comprehensive income , statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 121 to 262.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of actuarial liabilities - life insurance contract liabilities Refer to accounting policy in 2.16.5, 2.25.2 and Notes 16 (a) and 38.1 of the Financial Statements. As at 31 December 2021, the Group's life insurance contract liabilities comprise actuarial liabilities of RM9,524 million, which account for approximately 49% of the Group's total liabilities. The actuarial liabilities have been estimated based on actuarial valuation methodologies as allowed under the Risk-Based Capital Framework ("RBC Framework") issued by Bank Negara Malaysia ("BNM"). We focused on management's valuation of the actuarial liabilities as it involves significant judgement about uncertain future outcomes, including assumptions on mortality, morbidity, expense, lapse and discount rates, as well as actuarial valuation methodologies.	**Our audit procedures included the following:** We evaluated the design and tested key controls over the life actuarial reserving process, including controls over the reliability of data used in the calculation of actuarial liabilities. We engaged our actuarial experts to assist us in assessing if the valuation methodologies used by the Group is in line with the valuation methods specified in the RBC Framework and liability adequacy test under MFRS 4 'Insurance Contracts'. We also compared if the valuation methodologies are consistent with recognised actuarial practices from market experience. We assessed the reasonableness of the key actuarial assumptions, particularly around mortality, morbidity, lapse, expense, and discount rates by: Reviewing the approach used by management to derive the assumptions using our industry knowledge and experience; Comparing them with the Group's actual historical experience, market observable data (as applicable) and our views of current trends and experience to-date. We performed an independent review of model points on sample basis to assess if the methodologies and assumptions reviewed have been consistently applied. We assessed the analysis of movements in actuarial liabilities to determine whether the movements during the year are consistent with key actuarial assumptions adopted by the Group and our knowledge of developments in the life insurance business. We assessed the appropriateness and adequacy of the Group's disclosures in relation to actuarial liabilities in the financial statements, including sensitivity analysis of the key actuarial assumptions to different scenarios. Based on the procedures performed, we found the methodologies and key assumptions used by the Group in the valuation of actuarial liabilities as at 31 December 2021 to be appropriate.

Independent Auditors' Report

To The Members Of Allianz Malaysia Berhad (Incorporated in Malaysia)
(Company No. 197201000819 (12428-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of general insurance contact liabilities Refer to accounting policy in 2.15.5, 2.25.1 and Notes 16(b) and 38.2 of the Financial Statements. As at 31 December 2021, the Group has general insurance contract liabilities of RM4,389 million, consisting of claims liabilities and premium liabilities, which account for approximately 23% of the Group's total liabilities. **Claims Liabilities** We focused our audit on this area because of the level of subjectivity inherent in estimating the impact of claims events that have occurred but for which the ultimate outcome remains uncertain. The valuation of general insurance claims liabilities involves a range of standard actuarial methodologies as allowed under the RBC Framework and relies on a number of assumptions including past claims development experiences, management's judgment on external factors and regulatory changes, and internal factors such as portfolio mix and claims handling process. The estimation of claims liabilities is sensitive to various factors and uncertainties as discussed in Note 2.25.1. **Premium Liabilities** As at 31 December 2021, the Group has accounted for RM1,195 million of gross premium liabilities, based on the higher of Unexpired Risk Reserves ("URR") of RM1,003 million and Unearned Premium Reserves ("UPR") of RM1,195 million as required under the RBC Framework. We focused on this area as the estimation of URR involves significant judgement in identifying best estimate values of future contractual cash flows in consideration of the expected loss and expenses for policies in-force as at year-end at the required risk margin for adverse deviation.	**Our audit procedures included the following:** We evaluated the design and tested key controls over reserving process, including controls over the completeness and accuracy of premium data, and settlement of claims that support key reserving calculations and controls over the valuation of claims and premium liabilities. We tested the underlying data used in estimation of general insurance contract liabilities to source documents. We engaged our actuarial experts to assist us in reviewing and assessing the methodologies, basis and key assumptions used in the valuation of claims liabilities and premium liabilities in accordance with the requirements of the RBC Framework and liability adequacy test under MFRS 4 'Insurance Contracts'. We reviewed and assessed the reasonableness of key actuarial assumptions by referencing to the Group's historical experiences, current trends and our own industry knowledge. Our actuarial experts performed independent re-projections of claims liabilities and unexpired risk reserves ("URR") respectively for selected major classes of business, focusing on the largest and most uncertain claims reserves and URR. The re-projected claims liabilities and URR are compared to those recorded by management and evaluated if they are within reasonable range. We also assessed the appropriateness and adequacy of the Group's disclosures in relation to the general insurance contract liabilities in the financial statements, including the historical claims development and sensitivity analysis of key assumptions used in the valuation of insurance contract liabilities. Based on the procedures performed, we found the methodology and key assumptions used by the Group in the valuation of general insurance contract liabilities as at 31 December 2021 to be appropriate.

There are no key audit matters to report for the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and remaining parts of the annual report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent Auditors' Report

To The Members Of Allianz Malaysia Berhad (Incorporated in Malaysia)
(Company No. 197201000819 (12428-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH
02954/03/2023 J
Chartered Accountant

Kuala Lumpur
Date: 22 February 2022

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting ("48th AGM") of Allianz Malaysia Berhad ("Company") will be held virtually from the broadcast venue at Ballroom A, Level 2, Aloft Kuala Lumpur Sentral, 5 Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur ("Broadcast Venue") via Tricor Investor & Issuing House Services Sdn Bhd ("Tricor")'s TIIH Online website at **https://tiih.online** on Wednesday, 22 June 2022 at 11.00 a.m., for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the Directors' and Auditors' Reports thereon.

2. To approve the payment of the following fees to the Non-Executive Directors of the Company and its insurance subsidiaries for the period from 23 June 2022 until the next Annual General Meeting of the Company:- **Ordinary Resolution 1**

   (a) RM10,000 per month for holding the position of a Non-Executive Director;
   (b) RM4,000 per month for being an Audit Committee member;
   (c) RM3,000 per month for being a Risk Management Committee member; and
   (d) RM2,000 per month for being a Nomination and Remuneration Committee member.

3. To approve the benefits payable to the Non-Executive Directors of the Company and its insurance subsidiaries, of up to an amount equivalent to RM1,308,500 for the period from 23 June 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**

4. To re-elect Peter Ho Kok Wai, who retires by rotation in accordance with Clause 19.1 of the Constitution of the Company and being eligible, offer himself for re-election. **Ordinary Resolution 3**

   Tan Sri Datuk (Dr.) Rafiah Binti Salim who also retires by rotation in accordance with Clause 19.1 of the Constitution of the Company, has expressed her intention to retire at the conclusion of the 48th AGM and therefore, she will not seek for re-election.

5. To re-elect the following Directors who retire in accordance with Clause 19.7 of the Constitution of the Company and being eligible, offer themselves for re-election:-

   (a) Zakri Bin Mohd Khir **Ordinary Resolution 4**

   (b) Tan Sri Datuk Zainun Binti Ali **Ordinary Resolution 5**

   (c) Anusha A/P Thavarajah **Ordinary Resolution 6**

6. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:-

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group** **Ordinary Resolution 8**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions with Allianz SE Group as specified in Section 2.2 (A) of the Company's Circular to Shareholders dated 29 April 2022, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or

(b) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 340 (2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Rapidpro Consulting Sdn Bhd** **Ordinary Resolution 9**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions with Rapidpro Consulting Sdn Bhd as specified in Section 2.2 (B) of the Company's Circular to Shareholders dated 29 April 2022, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or

Notice of Annual General Meeting

(b) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 340 (2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

To consider and if thought fit, to pass the following Special Resolution:-

9. **Proposed Amendments to the Constitution of the Company** **Special Resolution 1**

"THAT the proposed amendments to the Constitution of the Company ("Proposed Amendments") as set out in the "**Appendix A**" attached herewith be and are hereby approved.

AND THAT the Directors be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendments."

10. To transact any other business for which due notice shall have been given.

By Order of the Board

NG SIEW GEK
MAICSA 7001251
CCM PC No. 201908001053
Company Secretary

Kuala Lumpur
29 April 2022

NOTES TO MEMBERS AND PROXIES

1. Registration for Remote Participation and Voting Facilities ("RPV")

1.1 The Company's 48th AGM will be held virtually from the Broadcast Venue. Members/proxies can attend, speak (posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely via the RPV available on Tricor's TIIH Online website at **https://tiih.online**.

1.2 The Broadcast Venue is strictly for the purpose of complying with Section 372 (2) of the Companies Act 2016 which require the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the Broadcast Venue.

1.3 Registration of RPV is open from the date of the Notice of 48th AGM on Friday, 29 April 2022 at 10.00 a.m. until such time before the voting session ends at the 48th AGM on Wednesday, 22 June 2022.

1.4 Members/proxies are required to register as a user with Tricor's TIIH Online website (first time registration only) prior to pre-register their attendance for the 48th AGM for verification of their eligibility to attend the 48th AGM using the RPV based on the **Record of Depositors as at 14 June 2022**.

1.5 Please follow the Procedures for RPV provided in the **Administrative Details** for the 48th AGM in order to participate in the 48th AGM remotely via RPV.

2. Submission of Questions Before and During Meeting

2.1 Members may submit questions in relation to the agenda items for the 48th AGM prior to the 48th AGM via email to **InvestorRelations@allianz.com.my** or Tricor's TIIH Online website at **https://tiih.online** by selecting "e-Services" to login, no later than Tuesday, 21 June 2022 at 11.00 a.m.

2.2 Alternatively, Members may use the query box to transmit questions via RPV during live streaming.

3. Appointment of Proxy/Proxies

3.1 For the purposes of determining a Member who shall be entitled to participate in the forthcoming 48th AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a **Record of Depositors as at 14 June 2022**. Only a depositor whose name appears in the **Record of Depositors as at 14 June 2022** shall be entitled to participate in the 48th AGM or appoint proxy/proxies to participate on his/her behalf.

3.2 Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991, and Exempt Authorised Nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, is entitled to appoint one (1) or more proxy to exercise all or any of his rights to participate instead of him at the 48th AGM, and that such proxy need not be a Member.

3.3 Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3.4 The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or if the Member is a corporation, shall either be executed under its Common Seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

3.5 The instrument of proxy shall be deposited at the Registered Office of the Company at Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur. The instrument of proxy can also be submitted electronically through Tricor's TIIH Online website at **https://tiih.online**. Please refer to the Administrative Details for the 48th AGM for further information on form of proxy submission. All form of proxy submitted must be received by the Company **no later than Tuesday, 21 June 2022 at 11.00 a.m.**, being twenty-four (24) hours before the appointed time for holding the 48th AGM.

3.6 A Member who has appointed a proxy or attorney or authorised representative to participate in the 48th AGM via RPV must request for RPV at Tricor's TIIH Online website at **https://tiih.online**. Please follow the Procedures for RPV registration in the Administrative Details for the 48th AGM.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ("FY") ended 31 December 2021 ("FY 2021")

The Audited Financial Statements for the FY 2021 and the Directors' and Auditors' Reports thereon are laid before the shareholders pursuant to the provision of Section 340 (1)(a) of the Companies Act 2016 and are for discussion only. Hence, this item will not be put for voting.

Notice of Annual General Meeting

2. Directors' Fees and Benefits payable for Non-Executive Directors (excluding Nominee Directors of Allianz SE) ("NEDs")

Pursuant to Section 230 (1)(b) of the Companies Act 2016 which requires fees and any benefits payable to the Directors of a listed company and its subsidiaries to be approved at a general meeting, the proposed payment of Directors' fees and benefits to the NEDs under Ordinary Resolutions 1 and 2 include fees and benefits payable to the NEDs by the Company and its insurance subsidiaries, namely Allianz Life Insurance Malaysia Berhad and Allianz General Insurance Company (Malaysia) Berhad.

(a) Directors' fees from 23 June 2022 until the next Annual General Meeting ("AGM") of the Company

The shareholders of the Company had at the 47th AGM held on 23 June 2021 ("2021 AGM") approved the payment of Directors' fees to the NEDs effective 1 January 2021 until the next AGM scheduled for 22 June 2022 to be made on a monthly basis (excluding Service Tax), as detailed below ("Directors' Fees"):-

	Directors' Fees per month (RM)	Directors' Fees per annum (RM)
Fee to each NED	10,000	120,000
Fee for being an Audit Committee member	4,000	48,000
Fee for being a Risk Management Committee member	3,000	36,000
Fee for being a Nomination and Remuneration Committee ("NRC") member	2,000	24,000

The Board has agreed that the Directors' Fees shall be applicable for three FYs, commencing from FY 2021 until FY 2023, subject to the shareholders' approval. Therefore, the Directors' Fees remain unchanged for the period from 23 June 2022 until the next AGM of the Company in 2023 ("2022/2023 Directors' Fees").

The Directors' Fees paid during the FY 2021 was RM1,734,000 and was reported in Note 28.2 of the Audited Financial Statements of the Company for the FY 2021.

The Ordinary Resolution 1, if passed, will allow the Company and its insurance subsidiaries to make payment of the 2022/2023 Directors' Fees to the NEDs and the Board Committee members on a monthly basis and/or as and when incurred.

(b) Directors' benefits for the period from 23 June 2022 until the next AGM of the Company

The benefits payable to NEDs comprise allowances and benefits in-kind payable to the Chairman and members of the Board/Board Committees of the Company and its insurance subsidiaries (excluding Service Tax):-

(i) Monthly fixed allowance
- Chairman of the Board: RM12,000 per month

(ii) Meeting allowance
- Chairman of the Board/Board Committee: RM3,500 per meeting
- Member of the Board/Board Committee: RM3,000 per meeting

(iii) Other benefits
- Company car and driver: Chairman of the Board (based on taxable rate)
- Medical, personal accident and Directors' and Officers' Liability insurance

The shareholders of the Company had at the 2021 AGM approved the payment of benefits to the NEDs, of up to an amount of RM1,263,500 from 24 June 2021 until the next AGM scheduled for 22 June 2022.

Please refer to Note 28.2 of the Audited Financial Statements of the Company for the total benefits paid to the NEDs for FY 2021. The estimated total amount of benefits payable to the NEDs from 24 June 2021 to the 48th AGM is equivalent to RM850,000.

The proposed total amount of benefits payable to the NEDs is estimated to be up to an amount equivalent to RM1,308,500 from 23 June 2022 until the next AGM of the Company in 2023 (“2022/2023 Directors’ Benefits”), taking into account the projected number of meetings for the Board/Board Committees as well as the projected number of NEDs involved in these meetings.

The Ordinary Resolution 2, if passed, will allow the Company and its insurance subsidiaries to make payment of the 2022/2023 Directors’ Benefits to the NEDs on a monthly basis and/or as and when incurred.

3. Re-election of Directors who retire in accordance with Clause 19.1 and Clause 19.7 of the Company’s Constitution

Clause 19.1 of the Company’s Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3), shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall retain office until the close of the meeting at which he retires.

Pursuant to Clause 19.7 of the Company’s Constitution, any Director so appointed shall hold office only until the next following AGM of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Peter Ho Kok Wai and Tan Sri Datuk (Dr.) Rafiah Binti Salim will retire at the 48th AGM pursuant to Clause 19.1 of the Constitution of the Company.

Zakri Bin Mohd Khir, Tan Sri Datuk Zainun Binti Ali and Anusha A/P Thavarajah were newly appointed Directors in January and March 2022 respectively, they are standing for re-election pursuant to Clause 19.7 of the Company’s Constitution at the 48th AGM.

Save for the Chairman of the Company, Tan Sri Datuk (Dr.) Rafiah Binti Salim, all other retiring Directors have indicated their willingness to seek for re-election ("Retiring Directors"). The Chairman has expressed her intention to retire at the conclusion of the 48th AGM, after serving the Board for almost ten years and therefore, she will not seek for re-election.

The NRC conducted fit and proper assessment on the retiring Directors in accordance with the Company's Fit and Proper Policy and Procedures for Key Responsible Persons (“Fit and Proper Policy”).

All the retiring Directors met the fit and proper criteria prescribed in the Fit and Proper Policy and the retiring Independent Non-Executive Directors have also fulfilled the independence criteria as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The NRC conducted performance evaluation on the retiring Directors who were on the Board as at 31 December 2021 and was satisfied with the performance and contribution of the retiring Directors.

Notice of Annual General Meeting

Based on the assessments, the NRC recommended the re-election of the Retiring Directors for the Board's approval. The Board supported the recommendation of the NRC and seek shareholders' approval for the re-election of the Retiring Directors.

The Retiring Directors had abstained from deliberations and voting on their respective re-election at the Board Meeting.

The profile of the retiring Directors are set out in the Board of Directors' Profile in this Annual Report.

4. Re-appointment of Auditors

The Audit Committee reviewed the proposed re-appointment of PricewaterhouseCoopers PLT ("PwC PLT") (including of engagement partner and concurring partner) as Auditors for the Company and its insurance subsidiaries for the financial year ending 31 December 2022 ("FY 2022") and concluded that PwC PLT met all the evaluation criteria as prescribed by the relevant authorities. The Audit Committee recommended the proposed re-appointment of PwC PLT to the respective Boards of the Company and its insurance subsidiaries for consideration.

The Board having satisfied that PwC PLT met the evaluation criteria as prescribed by the relevant authorities, recommended the proposed re-appointment of PwC PLT as Auditors of the Company for the FY 2022, for the shareholders' approval.

EXPLANATORY NOTES ON SPECIAL BUSINESS

5. Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The Company is principally engaged in investment holding whilst the principal activities of its subsidiaries are underwriting of all classes of general insurance business, life insurance and investment-linked businesses.

It is anticipated that the Company and its insurance subsidiaries will, in the ordinary course of business, enter into recurrent related party transactions with classes of related parties as set out in Section 2.2 of the Company's Circular to Shareholders dated 29 April 2022.

In view of time sensitivity and the frequent nature of such related party transactions, the Directors of the Company are seeking shareholders' approval for the proposed Ordinary Resolutions 8 and 9, to allow the Company and its insurance subsidiaries in their ordinary course of business, to enter into recurrent related party transactions with the respective related parties as detailed in Section 2.2 of the Company's Circular to Shareholders dated 29 April 2022, provided that such transactions are made on arm's length basis and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

Detailed information in relation to the proposed shareholders' mandate for recurrent related party transactions are set out in the Company's Circular to Shareholders dated 29 April 2022 ("Circular"), issued together with this Annual Report.

6. Proposed Amendments

The Proposed Amendments are made mainly for the purpose of incorporating provisions to allow remote participation at general meetings and appointment of proxy via electronic means, to enhance administrative efficiency and minor editorial alignment arising from the Proposed Amendments.

The Proposed Amendments are detailed in "**Appendix A**" attached with this Annual Report.

ABSTENTION FROM VOTING

1. NEDs who are shareholders of the Company, will abstain from voting on Resolutions 1 and 2 with regard to their remunerations.

2. Directors referred to in Resolutions 3 to 6, who are shareholders of the Company, will abstain from voting on resolution with regard to their respective re-election at the 48th AGM.

3. The interested Directors and interested major shareholder will abstain from voting in respect of their direct and/or indirect shareholdings on Resolutions 8 and 9 with regard to the proposed shareholders' mandate for recurrent related party transactions involving their interests and/or interests of persons connected to them at the 48th AGM. Please refer to the Circular for detailed information.

NOTE TO THE HOLDERS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

The holders of ICPS shall be entitled to attend the 48th AGM via RPV but have no right to vote at the 48th AGM. The voting rights of the ICPS holders are detailed in the Constitution of the Company published on the Company's website at **www.allianz.com.my/corporate-governance.**

Appendix A

This is the "**Appendix A**" referred to in Agenda 9 of the Notice of the Company's 48th AGM dated 29 April 2022.

The Proposed Amendments are set out below:-

Clause No.	Existing Clause	Clause No.	Proposed Amendments
-	-	**2.1** **New Definition**	**Chairman - the Chairman for the time being of the Board;**
-	-	**15.7** **New Clause**	**General meeting at more than one venue** **(a) A general meeting may be held at more than one (1) venue using any technology or method that enables the Member to participate and to exercise the Member's rights to speak and vote at the meeting.** **(b) The main venue of all general meetings shall be within Malaysia at such time and place as the Board shall determine. The Chairman shall be present at that main venue of the meeting.**
16.4	Quorum No business shall be transacted at any general meeting unless a quorum is present. Save as herein otherwise provided, two (2) Members present in person and entitled to vote thereat shall form a quorum. For the purpose of this Clause, "Member" includes a person attending by proxy or by attorney or as duly authorised representative of a corporation which is a Member. A Member of the Company shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid.	**16.4**	Quorum No business shall be transacted at any general meeting unless a quorum is present. Save as herein otherwise provided, two (2) Members present in person and entitled to vote thereat shall form a quorum. For the purpose of this Clause, "Member" includes a person attending by proxy or by attorney or as duly authorised representative of a corporation which is a Member. A Member of the Company shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid. **For the avoidance of doubt, the term "present" means either Member attending in person and/or, where they are not physically present in the same place, by means of any technological devices or by means of audio and/or visual conference, electronic communication or other communication facilities by which all Member participating and constituting a quorum can simultaneously hear each other and to give Member a reasonable opportunity to participate, exercise their right to speak and vote at the meeting.**

Clause No.	Existing Clause	Clause No.	Proposed Amendments
-	-	**17.4 (A)** **New Clause**	<u>Appointment of Proxy via Electronic Communication</u> (a) <u>Subject to the Act and the Listing Requirements, the Company or Share Registrar may accept the appointment of proxy received by electronic communication on such terms and subject to such conditions as they consider fit. The appointment of proxy by electronic communication shall be in accordance with this Clause and shall not be subject to the requirements of Clause 17.4.</u> (b) <u>For the purposes of this Clause, the Company and Share Registrar may require such reasonable evidence they consider necessary to determine and verify:-</u> (i) <u>the identity of the Member and the proxy; and</u> (ii) <u>where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make the appointment.</u> (c) <u>Without prejudice to Clause 17.4(A)(a), the appointment of a proxy by electronic communication must be received at the Electronic Address specified by the Company in the notice of Meeting and shall be subject to any terms, conditions or limitations specified therein.</u> (d) <u>An appointment of proxy by electronic communication must be received at the Electronic Address specified by the Company pursuant to Clause 17.4(A)(c) not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.</u> (e) <u>An appointment of proxy by electronic communication which is not made in accordance with this Clause shall be invalid.</u> (f) <u>For the purpose of this Clause, "Electronic Address" refers to any number or address used for the purposes of sending or receiving documents or information by electronic means.</u>

Appendix A

Clause No.	Existing Clause	Clause No.	Proposed Amendments
22.9	**Resolution in writing** A resolution in writing, signed by a majority of the Directors for the time being or their alternates, shall be as valid and effectual as if it had been passed at a Board's meeting duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one or more Directors and may be transmitted by facsimile or other forms of electronic means to the Secretary.	**22.9**	**Resolution in writing and other forms** A resolution in writing, signed by a majority of the Directors for the time being or their alternates, shall be as valid and effectual as if it had been passed at a Board's meeting duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one or more Directors and may be transmitted by facsimile or other forms of electronic means to the Secretary. **The expression "signed" include approval by any forms of electronic means**.
22.10	**Minutes of the meeting** Any minutes of any Board's meeting, or of any committee, or of the Company if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting and if so signed, shall be receivable as prima facie evidence of the matters stated in such minutes.	**22.10**	**Minutes of the meeting** Any minutes of any Board's meeting, or of any committee, or of the Company if purporting to be signed by the ~~C~~**c**hairman of such meeting, or by the ~~C~~**c**hairman of the next succeeding meeting and if so signed, shall be receivable as prima facie evidence of the matters stated in such minutes.

Form of Proxy

Allianz Malaysia Berhad 197201000819 (12428-W)
(Incorporated in Malaysia)

Privacy Notice:
Any personal data collected shall be used for the purpose of enabling your proxy/proxies to attend the 48th Annual General Meeting of the Company. We shall retain the personal data for record keeping purposes in accordance with the Company's retention policy. By submitting this Form of Proxy to us, you confirm that you have consented and have obtained the consent of such proxy/proxies to enable us to process and retain the personal data provided in this Form of Proxy. If you or your proxy/proxies have a residential address in any of the European Union ("EU") member states, please reach out to us at: **privacy@allianz.com.my** in order for us to assess and comply with the EU Privacy Law - General Data Protection Regulation otherwise the local Personal Data Protection Act, 2010 shall apply to you and your proxy/proxies.

Number of Shares Held	
CDS Account No.	
Contact No.	

I/We ____
(Full Name of Shareholder as per NRIC/Passport/Certificate of Incorporation)

NRIC/Passport/Company No. ______________________ of ______________________

____
(Full Address)

being a member/members of ALLIANZ MALAYSIA BERHAD ("Company") hereby appoint:

Full Name		Proportion of Shareholdings	
NRIC/Passport No.		No. of Shares Held	%
Address			

and/or (delete as appropriate)

Full Name		Proportion of Shareholdings	
NRIC/Passport No.		No. of Shares Held	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 48th Annual General Meeting ("48th AGM") of the Company to be held virtually from the broadcast venue at Ballroom A, Level 2, Aloft Kuala Lumpur Sentral, 5 Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur ("Broadcast Venue") via Tricor Investor & Issuing House Services Sdn Bhd ("Tricor")'s TIIH Online website at **https://tiih.online** on Wednesday, 22 June 2022 at 11.00 a.m. and at any adjournment thereof, to vote as indicated below:-

RESOLUTIONS		**FOR**	**AGAINST**
Ordinary Resolutions			
1.	Approval for payment of Directors' fees from 23 June 2022 until the next Annual General Meeting of the Company		
2.	Approval for payment of Directors' benefits from 23 June 2022 until the next Annual General Meeting of the Company		
3.	Re-election of Peter Ho Kok Wai as Director		
4.	Re-election of Zakri Bin Mohd Khir as Director		
5.	Re-election of Tan Sri Datuk Zainun Binti Ali as Director		
6.	Re-election of Anusha A/P Thavarajah as Director		
7.	Re-appointment of PricewaterhouseCoopers PLT as Auditors and authority to the Directors to fix the Auditors' remuneration		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group		
9.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Rapidpro Consulting Sdn Bhd		
Special Resolution			
1.	Proposed Amendments to the Constitution of the Company		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain as he/she thinks fit.)

As witness my/our hand this ________________day of __________________2022.

____
Signature of Shareholder/Common Seal

NOTES TO MEMBERS AND PROXIES

1. **Registration for Remote Participation and Voting Facilities ("RPV")**
   1.1 The Company's 48th AGM will be held virtually from the Broadcast Venue. Members/ proxies can attend, speak (posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely via the RPV available on Tricor's TIIH Online website at **https://tiih.online**.
   1.2 The Broadcast Venue is strictly for the purpose of complying with Section 372 (2) of the Companies Act 2016 which require the Chairman of the Meeting to be present at the main venue of the Meeting. Members/proxies will not be allowed to be physically present at the Broadcast Venue.
   1.3 Registration of RPV is open from the date of the Notice of 48th AGM on Friday, 29 April 2022 at 10.00 a.m. until such time before the voting session ends at the 48th AGM on Wednesday, 22 June 2022.
   1.4 Members/proxies are required to register as a user with Tricor's TIIH Online website (first time registration only) prior to pre-register their attendance for the 48th AGM for verification of their eligibility to attend the 48th AGM using the RPV based on the **Record of Depositors as at 14 June 2022**.
   1.5 Please follow the Procedures for RPV provided in the **Administrative Details** for the 48th AGM in order to participate in the 48th AGM remotely via RPV.

2. **Submission of Questions Before and During Meeting**
   2.1 Members may submit questions in relation to the agenda items for the 48th AGM prior to the 48th AGM via email to **InvestorRelations@allianz.com.my** or Tricor's TIIH Online website at **https://tiih.online** by selecting "e-Services" to login, no later than Tuesday, 21 June 2022 at 11.00 a.m.
   2.2 Alternatively, Members may use the query box to transmit questions via RPV during live streaming.

3. **Appointment of Proxy/Proxies**
   3.1 For the purposes of determining a Member who shall be entitled to participate in the forthcoming 48th AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a **Record of Depositors as at 14 June 2022**. Only a depositor whose name appears in the **Record of Depositors as at 14 June 2022** shall be entitled to participate in the 48th AGM or appoint proxy/proxies to participate on his/her behalf.
   3.2 Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991, and Exempt Authorised Nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, is entitled to appoint one (1) or more proxy to exercise all or any of his rights to participate instead of him at the 48th AGM, and that such proxy need not be a Member.
   3.3 Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
   3.4 The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or if the Member is a corporation, shall either be executed under its Common Seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
   3.5 The instrument of proxy shall be deposited at the Registered Office of the Company at Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur. The instrument of proxy can also be submitted electronically through Tricor's TIIH Online website at **https://tiih.online**. Please refer to the Administrative Details for the 48th AGM for further information on form of proxy submission. All form of proxy submitted must be received by the Company **no later than Tuesday, 21 June 2022 at 11.00 a.m.**, being twenty-four (24) hours before the appointed time for holding the 48th AGM.
   3.6 A Member who has appointed a proxy or attorney or authorised representative to participate in the 48th AGM via RPV must request for RPV at Tricor's TIIH Online website at **https://tiih.online**. Please follow the Procedures for RPV registration in the Administrative Details for the 48th AGM.

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AFFIX
STAMP

The Company Secretary
Allianz Malaysia Berhad 197201000819 (12428-W)
Level 29, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

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