

ALLIANZ MALAYSIA BERHAD (197201000819)

AUDITED QUARTERLY RESULTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

ALLIANZ MALAYSIA BERHAD (197201000819)

**Condensed consolidated statement of financial position
as at 31 December 2022 - audited**

	31 December 2022 RM'000	31 December 2021 RM'000
Assets		
Property, plant and equipment	110,682	110,148
Right-of-use assets	33,657	41,530
Intangible assets	421,835	348,456
Deferred tax assets	48,994	34,404
Reinsurance assets	887,623	1,126,083
Investments	20,386,957	19,941,622
Derivative financial assets	18,996	45,516
Current tax assets	12,165	9,856
Insurance receivables	219,442	191,207
Other receivables, deposits and prepayments	152,786	151,396
Deferred acquisitions costs	131,020	123,661
Cash and cash equivalents	2,258,900	1,519,608
Total assets	24,683,057	23,643,487

ALLIANZ MALAYSIA BERHAD (197201000819)**Condensed consolidated statement of financial position
as at 31 December 2022 - audited (continued)**

	31 December 2022 RM'000	31 December 2021 RM'000
Equity		
Share capital:		
Ordinary Shares	236,037	234,573
Irredeemable Convertible Preference Shares ("ICPS")	534,992	536,456
Reserves	3,458,998	3,373,124
Total equity attributable to owners of the Company	4,230,027	4,144,153
Liabilities		
Insurance contract liabilities	18,528,102	17,648,547
Deferred tax liabilities	395,960	391,257
Derivative financial liabilities	1,293	1,641
Lease liabilities	19,171	24,788
Insurance payables	603,173	584,557
Other payables and accruals	895,893	834,973
Current tax liabilities	9,438	13,571
Total liabilities	20,453,030	19,499,334
Total equity and liabilities	24,683,057	23,643,487
Net asset per ordinary share (RM)	23.77	23.35
Diluted net asset per ordinary share (RM)	12.22	11.97

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

ALLIANZ MALAYSIA BERHAD (197201000819)
**Condensed consolidated statement of profit or loss
For the year ended 31 December 2022 - audited**

The figures for the individual quarters have not been audited but figures for the cumulative quarters have been audited.

	Note (Part B)	Individual period Three months ended 31 December		Cumulative period Twelve months ended 31 December	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating revenue *		1,703,900	1,671,277	6,772,989	6,431,039
Gross earned premiums		1,484,134	1,481,862	5,930,031	5,671,113
Premiums ceded to reinsurers		(97,895)	(129,765)	(364,172)	(430,273)
Net earned premiums		1,386,239	1,352,097	5,565,859	5,240,840
Investment income	4	219,766	189,415	842,958	759,926
Realised gains and losses	5	(6,747)	47,311	44,261	53,462
Fair value gains and losses	6	317,695	(93,879)	(390,948)	(430,757)
Fee and commission income		7,407	18,833	34,776	52,301
Other operating income		(2,051)	11,285	73,953	44,599
Investment and other income		536,070	172,965	605,000	479,531
Gross benefits and claims paid		(885,196)	(679,833)	(3,219,044)	(2,360,118)
Claims ceded to reinsurers		79,764	49,074	292,421	176,463
Gross change in contract liabilities		(331,121)	(510,019)	(704,118)	(1,558,291)
Change in contract liabilities ceded to reinsurers		(95,559)	211,657	(242,139)	192,865
Net benefits and claims		(1,232,112)	(929,121)	(3,872,880)	(3,549,081)
Fee and commission expense		(206,446)	(196,890)	(823,257)	(811,172)
Management expenses		(193,099)	(190,781)	(690,115)	(683,768)
Interest expense		(142)	(182)	(791)	(966)
Other operating expenses		(23,028)	(15,063)	(79,390)	(49,798)
Other expenses		(422,715)	(402,916)	(1,593,553)	(1,545,704)
Profit before tax	7	267,482	193,025	704,426	625,586
Tax expense	8	(101,144)	(38,351)	(231,595)	(147,089)
Profit for the year		166,338	154,674	472,831	478,497
Profit for the year attributable to: Owners of the Company		166,338	154,674	472,831	478,497
Basic earnings per ordinary share (sen)	12(a)	15.23	15.37	169.31	197.98
Diluted earnings per ordinary share (sen)	12(b)	48.11	44.70	136.60	138.29

* Operating revenue consists of gross earned premiums and investment income.

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

ALLIANZ MALAYSIA BERHAD (197201000819)
**Condensed consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022 - audited**

The figures for the individual quarters have not been audited but figures for the cumulative quarters have been audited.

	Note (Part B)	Individual period Three months ended 31 December		Cumulative period Twelve months ended 31 December	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the year attributable to owners of the Company		166,338	154,674	472,831	478,497
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale ("AFS") financial assets					
- Net gains/(losses) arising during the year		175,239	(23,418)	(137,379)	(257,806)
- Net realised gains transferred to profit or loss		(8,723)	(5,568)	(36,484)	(40,052)
Gains/(Losses) on cash flow hedge		1	342	(7,837)	(9,039)
Tax effects thereon		(20,350)	7,101	27,152	45,749
Change in insurance contract liabilities of participating fund arising from net fair value change on:					
- AFS financial assets		(110,733)	(5,006)	90,091	132,303
- Cash flow hedge reserve		(1)	(342)	7,837	9,039
Tax effects thereon		8,859	428	(7,834)	(11,307)
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment and right-of-use assets		-	147	-	5,889
Tax effects thereon		-	(35)	-	(1,279)
Reversal of deferred tax on revaluation surplus of land and buildings upon disposal		373	-	373	-
Total other comprehensive gain/(loss) for the year, net of tax	1.7	44,665	(26,351)	(64,081)	(126,503)
Total comprehensive income for the year, net of tax		211,003	128,323	408,750	351,994
Total comprehensive income for the year attributable to: Owners of the Company		211,003	128,323	408,750	351,994

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

ALLIANZ MALAYSIA BERHAD (197201000819)
Condensed consolidated statement of changes in equity for the year ended 31 December 2022 - audited

	←————— Attributable to owners of the Company —————→						Total equity RM'000
	←————— Non-distributable			—————→ Distributable			
	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 ¹ RM'000	Retained earnings 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
Total other comprehensive income/(loss) for the year	-	-	4,610	(131,113)	-	-	(126,503)
Profit for the year	-	-	-	-	104,198	374,299	478,497
Total comprehensive income/(loss) for the year	-	-	4,610	(131,113)	104,198	374,299	351,994
Contributions by and distributions to owners of the Company							
Conversion of ICPS to ordinary shares	1,972	(1,972)	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	(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

ALLIANZ MALAYSIA BERHAD (197201000819)

Condensed consolidated statement of changes in equity for the year ended 31 December 2022 - audited (continued)

	←————— Attributable to owners of the Company —————→						Total equity RM'000
	←————— Non-distributable —————→			Distributable			
	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 ¹ RM'000	Retained earnings RM'000	
At 1 January 2022	234,573	536,456	43,175	3,653	1,241,518	2,084,778	4,144,153
Fair value of AFS financial assets	-	-	-	(64,454)	-	-	(64,454)
Disposal of land and buildings	-	-	(1,293)	-	-	1,293	-
Reversal of deferred tax on revaluation surplus	-	-	-	-	-	373	373
Total other comprehensive (loss)/income for the year	-	-	(1,293)	(64,454)	-	1,666	(64,081)
Profit for the year	-	-	-	-	123,711	349,120	472,831
Total comprehensive (loss)/income for the year	-	-	(1,293)	(64,454)	123,711	350,786	408,750
Contributions by and distributions to owners of the Company							
Conversion of ICPS to ordinary shares	1,464	(1,464)	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	(322,876)	(322,876)
Total transactions with owners of the Company	1,464	(1,464)	-	-	-	(322,876)	(322,876)
At 31 December 2022	236,037	534,992	41,882	(60,801)	1,365,229	2,112,688	4,230,027

¹ 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 condensed consolidated interim financial statements.

The condensed consolidated statement of changes in equity should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

**Condensed consolidated statement of cash flows
For the year ended 31 December 2022 - audited**

	Year ended 31 December 2022 RM'000	Year ended 31 December 2021 RM'000
Cash flows from operating activities		
Profit before tax	704,426	625,586
<i>Adjustments for:</i>		
Investment income	(842,958)	(759,926)
Interest income	(648)	(416)
Interest expense	791	966
Realised gains from financial assets recorded in profit or loss	(44,172)	(53,461)
Fair value losses on financial assets recorded in profit or loss	348,917	389,623
Purchases of financial assets	(4,503,692)	(6,113,175)
Maturity of financial assets	1,200,070	1,460,175
Proceeds from sale of financial assets	1,882,014	2,408,990
Decrease in loans and receivables	481,296	365,317
Unrealised foreign exchange gains	(21,781)	(4,852)
Depreciation of property, plant and equipment	16,013	14,624
Depreciation of right-of-use assets	21,136	18,765
Amortisation of intangible assets	26,735	24,579
Gain on disposal of property, plant and equipment	(89)	(1)
Impairment loss on AFS financial assets	42,031	41,134
Property, plant and equipment written off	270	780
Reversal of impairment loss on reinsurance asset	(2,575)	(3)
Insurance and other receivables:		
- (Reversal of)/Allowance for impairment loss	(28,142)	1,535
- Bad debts recovered	(52)	(23)
- Bad debts written off	69	-
Changes in working capital:		
Decrease/(Increase) in reinsurance assets	241,035	(230,527)
(Increase)/Decrease in insurance receivables	(41)	7,728
(Increase)/Decrease in other receivables, deposits and prepayments	(1,079)	9,602
Increase in deferred acquisition costs	(7,359)	(7,491)
Increase in insurance contract liabilities	969,649	1,725,310
Increase in insurance payables	18,616	95,440
Increase/(Decrease) in other payables and accruals	47,255	(21,315)
Cash generated from/(used in) operations	547,735	(1,036)

**Condensed consolidated statement of cash flows
For the year ended 31 December 2022 - audited (continued)**

	Year ended 31 December 2022 RM'000	Year ended 31 December 2021 RM'000
Cash flows from operating activities (continued)		
Dividends received	142,282	117,925
Interest income received	715,398	666,603
Interest paid on lease liabilities	(791)	(966)
Tax paid	(220,399)	(171,462)
Net cash generated from operating activities	1,184,225	611,064
Investing activities		
Proceeds from disposal of property, plant and equipment	908	1
Proceeds from disposal of right-of-use assets	2,068	-
Acquisition of property, plant and equipment	(21,098)	(20,147)
Acquisition of intangible assets	(105,739)	(8,156)
Net cash used in investing activities	(123,861)	(28,302)
Financing activities		
Dividends paid	(300,124)	(220,440)
Repayment of lease liabilities	(20,948)	(18,677)
Net cash used in financing activities	(321,072)	(239,117)
Net increase in cash and cash equivalents	739,292	343,645
Cash and cash equivalents at 1 January	1,519,608	1,175,963
Cash and cash equivalents at 31 December	2,258,900	1,519,608
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity three months or less)	2,125,473	1,454,837
Cash and bank balances	133,427	64,771
	2,258,900	1,519,608

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

Part A: Explanatory notes to the condensed consolidated financial statements

1. Basis of preparation

These condensed consolidated interim financial statements ("the Report") of Allianz Malaysia Berhad ("AMB" or "the Company") and its subsidiaries (AMB and its subsidiaries are collectively referred to as "the Group") as at and for the financial year ended 31 December 2022 have been prepared in accordance with:

- (a) The requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and International Accounting Standard ("IAS") 34: Interim Financial Reporting; and
- (b) Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Report does not include all information required for disclosure in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 31 December 2022.

The preparation of the condensed consolidated interim financial statements/condensed consolidated quarterly 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 as at the date of the condensed consolidated interim financial statements, 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.

2. Statement of compliance

The accounting policies and presentation adopted by the Group for the Report are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following:

MFRSs/ Amendments/ Interpretation	Effective date
Amendment to MFRS 16, <i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 116, <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 3, <i>Reference to Conceptual Framework</i>	1 January 2022
Amendments to MFRS 137, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS 1, <i>Subsidiary as First-time Adopter</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	
- Illustrative Example accompanying MFRS 16 Leases: Lease Incentives	1 January 2022
- MFRS 141, <i>Taxation in Fair Value Measurements</i>	1 January 2022
- MFRS 9, <i>Fees in the '10 percent' test for Derecognition of Financial Liabilities</i>	1 January 2022

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

2. Statement of compliance (continued)

MFRS 9, *Financial Instruments*

MFRS 9 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 standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The Group has applied the temporary exemption under Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* 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.

Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract*

The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 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.

An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2018 and may start applying the overlay approach when it applies MFRS 9 for the first time.

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 for the financial year beginning on or after 1 January 2023.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

2. Statement of compliance (continued)

Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract* (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 solely payments of principal and interest on the principal outstanding ("SPPI"):

	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Fair value as at 31 December 2022			
Investments	7,001,084	13,308,630	20,309,714
Malaysian government securities and government guaranteed bonds	5,261,574	5,653,156	10,914,730
Unquoted bonds of corporations	1,715,094	4,066,602	5,781,696
Quoted equity securities and unit trusts	-	2,784,897	2,784,897
Unquoted equity securities and unit trusts	-	803,975	803,975
Fixed and call deposits with licensed banks	24,416	-	24,416
Derivative financial assets	-	18,996	18,996
Other receivables and deposits	152,786	-	152,786
Cash and cash equivalents	2,258,900	-	2,258,900
	<u>9,412,770</u>	<u>13,327,626</u>	<u>22,740,396</u>

	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Fair value as at 31 December 2021			
Investments	7,328,539	12,528,825	19,857,364
Malaysian government securities and government guaranteed bonds	5,217,534	5,059,284	10,276,818
Unquoted bonds of corporations	1,608,670	3,787,532	5,396,202
Quoted equity securities and unit trusts	-	2,934,460	2,934,460
Unquoted equity securities and unit trusts	-	747,549	747,549
Fixed and call deposits with licensed banks	502,335	-	502,335
Derivative financial assets	-	45,516	45,516
Other receivables and deposits	151,396	-	151,396
Cash and cash equivalents	1,519,608	-	1,519,608
	<u>8,999,543</u>	<u>12,574,341</u>	<u>21,573,884</u>

* 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.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)
2. Statement of compliance (continued)
Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract* (continued)

As at 31 December 2022	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Changes in fair value during the year			
Investments			
Malaysian government securities and government guaranteed bonds	(132,925)	(127,127)	(260,052)
Unquoted bonds of corporations	(34,601)	(115,072)	(149,673)
Quoted equity securities and unit trusts	-	(63,973)	(63,973)
Unquoted equity securities and unit trusts	-	(30,242)	(30,242)
Structured deposits	-	-	-
Fixed and call deposits with licensed banks	-	-	-
Derivative financial assets	-	(26,677)	(26,677)
Other receivables and deposits	-	-	-
Cash and cash equivalents	-	-	-
	<u>(167,526)</u>	<u>(363,091)</u>	<u>(530,617)</u>

As at 31 December 2021	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Changes in fair value in previous year			
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)
Structured deposits	-	722	722
Fixed and call deposits with licensed banks	-	-	-
Derivative financial assets	-	(37,724)	(37,724)
Other receivables and deposits	-	-	-
Cash and cash equivalents	-	-	-
	<u>(281,877)</u>	<u>(414,643)</u>	<u>(696,520)</u>

* 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.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

2. Statement of compliance (continued)

Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* (continued)

Financial assets with SPPI cash flows at 31 December 2022 *

	AAA RM'000	AA RM'000	A RM'000	BB RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
Gross carrying amounts under MFRS 139 by credit risk rating grades								
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	5,261,574	-	5,261,574
Unquoted bonds of corporations	931,738	764,484	-	-	-	26,217	-	1,722,439
Fixed and call deposits with licensed banks	23,272	270	-	-	-	-	874	24,416
Other receivables and deposits	-	-	-	-	-	111,827	40,959	152,786
Cash and cash equivalents	1,029,183	613,873	6,801	-	-	292	608,751	2,258,900
	<u>1,984,193</u>	<u>1,378,627</u>	<u>6,801</u>	<u>-</u>	<u>-</u>	<u>5,399,910</u>	<u>650,584</u>	<u>9,420,115</u>

* Credit risk of these financial assets is considered low for the purpose of MFRS 9.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

2. Statement of compliance (continued)

Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* (continued)

Financial assets with SPPI cash flows at 31 December 2021 *

	AAA RM'000	AA RM'000	A RM'000	BB RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
Gross carrying amounts under MFRS 139 by credit risk rating grades								
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	5,217,534	-	5,217,534
Unquoted bonds of corporations	850,169	745,436	-	11,097	-	9,315	-	1,616,017
Fixed and call deposits with licensed banks	86,053	349,103	-	-	-	-	67,179	502,335
Other receivables and deposits	-	-	-	-	-	142,199	9,197	151,396
Cash and cash equivalents	685,408	568,230	2,372	-	-	472	263,126	1,519,608
	<u>1,621,630</u>	<u>1,662,769</u>	<u>2,372</u>	<u>11,097</u>	<u>-</u>	<u>5,369,520</u>	<u>339,502</u>	<u>9,006,890</u>

* Credit risk of these financial assets is considered low for the purpose of MFRS 9.

Except as disclosed above, the adoption of new standards, amendments to standards and interpretations by the Group for the first time for the financial year beginning on 1 January 2021 did not have any material impact on the current and/or prior periods.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

3. **Items of an unusual nature**

The results of the Group for the financial year under review were not substantially affected by any item, transaction or event of a material and unusual nature.

4. **Changes in estimates**

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the current year.

5. **Seasonal or cyclical factors**

The operations of the Group for the financial year under review were not significantly affected by seasonality or cyclical factors.

6. **Property, plant and equipment**

The Group's property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses, if any. There were no changes in the valuation of property, plant and equipment that were brought forward from the Group's audited financial statements for the financial year ended 31 December 2021.

7. **Changes in group composition**

There were no changes in the composition of the Group during the financial year under review.

8. **Capital commitments**

	Transactions value Twelve months ended 31 December	
	2022	2021
	RM'000	RM'000
Property, plant and equipment: Contracted but not provided for	7,167	3,130
Software development: Contracted but not provided for	5,239	2,893

9. **Related party transactions**

Significant related party transactions are as follows:

	Transactions value Twelve months ended 31 December	
	2022	2021
	RM'000	RM'000
Related companies* Payment of reinsurance premium ceded, net of commission income	(261,717)	(285,011)

* Related companies are companies within the Allianz SE Group.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

10. Changes in 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 its proposed decision ("Proposed Decision") that AGIC and all the other 21 general insurers who are PIAM members had infringed one of the prohibitions under Part II of the CA. The Proposed Decision included a proposed financial penalty of RM213,454,814 on all the 22 general insurers. AGIC, as one of the members of PIAM, had a share of RM27,480,883 of the proposed penalty.

Following the parties' submission of their respective written representations and the Hearing of the Oral Representations, on 25 September 2020, AGIC's solicitors received MyCC's Decision that parties had infringed the prohibition under section 4 of the CA and which imposes on each of the 22 general insurers financial penalties for the said infringement.

In view of the impact of the Covid-19 pandemic, MyCC had granted a reduction of 25% of the financial penalties imposed on the 22 general insurers and a moratorium period of up to 6 months for the payment of the financial penalties to be made by 6 equal monthly instalments. The financial penalty imposed on AGIC, taking into account the 25% reduction amounts to RM18,549,595.97.

Appeal filed with the Competition Appeal Tribunal ("CAT")

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

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

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

As for the appeal proceedings before CAT, MyCC as well as several other insurers have presented their oral submissions on hearing dates in March and April 2022.

AGIC presented its submissions in reply on 21 April 2022 and 22 April 2022 whereupon all parties' submissions concluded. CAT had then indicated that its judgement would likely be delivered at the end of June 2022.

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

This matter will be kept in view in the event of any appeal by MyCC against CAT's decision.

AGIC's application for leave for Judicial Review filed at the High Court of Malaya

Separately, on 26 April 2021 the High Court of Malaya granted AGIC leave to apply for Judicial Review of MyCC's Decision and an interim stay of the Decision until the hearing of any objection or application by MyCC to set it aside. AGIC filed its Notice of Hearing of Application for Judicial Review at the High Court on 9 May 2021 and MyCC then filed an application against the orders granting AGIC leave to apply for judicial review and interim stay ("MyCC's Setting Aside Application").

On conclusion of the parties' submissions, the High Court decided on 20 October 2021 to allow MyCC's Setting Aside Application. On its solicitors' recommendation, AGIC filed a Notice of Appeal against the said decision on 18 November 2021. The matter was then fixed for further case management on 8 September 2022.

In light of the CAT's Decision, AGIC through its solicitors have filed the necessary cause papers to withdraw MyCC's Setting Aside Application since the same has been superseded by the CAT's Decision, thereby vacating the case management on 8 September 2022.

MYCC'S application for leave for Judicial Review filed at the High Court of Malaya

On 1 December 2022, MyCC filed an application at the High Court of Malaya seeking leave to apply for Judicial Review against CAT's Decision ("MyCC's Leave Application"). MyCC's Leave Application has been fixed for Hearing on 8 May 2023. Meanwhile, AGIC's solicitors have filed an Affidavit on AGIC's behalf to object to MyCC's Leave Application which would also be heard during the said Hearing.

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

11. Debt and equity securities

Save for the issuance of 460,300 ordinary shares pursuant to the conversion of the ICPS, there were no other issuances of shares, shares buy-backs and repayment of debt and equity securities by the Group during the financial year under review.

12. Subsequent event

There were no significant events subsequent to the end of the financial year under review that have not been reported in the Report.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

13. Dividend paid

- (a) A single tier interim dividend of 63.00 sen per ordinary share and a single tier interim dividend of 75.6 sen per ICPS for the financial year ended 31 December 2021 were paid on 18 February 2022 to the entitled ordinary shareholders and ICPS holders of the Company respectively.
- (b) A single tier interim dividend of 16.00 sen per ordinary share and a single tier interim dividend of 19.2 sen per ICPS for the financial year ended 31 December 2022 were paid on 5 August 2022 to the entitled ordinary shareholders and ICPS holders of the Company respectively.
- (c) A single tier interim dividend of 69.00 sen per ordinary share and a single tier interim dividend of 82.8 sen per ICPS for the financial year ended 31 December 2022 were paid on 17 February 2023 to the entitled ordinary shareholders and ICPS holders of the Company respectively.

14. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Chief Executive Officer of the Company reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Principal activities
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

**Information about reportable segments
For the year ended 31 December 2022 - audited**

	Investment holding		General insurance		Life insurance		Consolidated	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Segment operating revenue	13,524	12,324	2,758,770	2,595,431	4,000,695	3,823,284	6,772,989	6,431,039
Inter-segment operating revenue	(310,604)	(239,952)	(13,583)	(8,534)	(200)	-	(324,387)	(248,486)
Segment results	(45,366)	(32,148)	462,586	437,216	287,206	220,518	704,426	625,586
Segment assets	696,667	655,530	7,269,058	7,362,516	16,717,332	15,625,441	24,683,057	23,643,487
Segment liabilities	309,114	225,038	4,794,934	4,893,526	15,348,982	14,380,770	20,453,030	19,499,334

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities

1. Review of results

Table 1: Financial review for current quarter and financial year to date

RM'million	Individual Period		Changes		Cumulative period		Changes	
	Three months ended		Amount	%	Twelve months ended		Amount	%
	2022	2021			2022	2021		
	31 December				31 December			
Operating revenue	1,703.9	1,671.3	32.6	2.0%	6,773.0	6,431.0	342.0	5.3%
Profit before tax	267.5	193.0	74.5	38.6%	704.4	625.6	78.8	12.6%
Profit after tax	166.3	154.7	11.6	7.5%	472.8	478.5	(5.7)	(1.2%)
Profit for the period attributable to owners of the Company	166.3	154.7	11.6	7.5%	472.8	478.5	(5.7)	(1.2%)

RM'million	Individual Period		Changes		Cumulative period		Changes	
	Three months ended		Amount	%	Twelve months ended		Amount	%
	2022	2021			2022	2021		
	31 December				31 December			
Operating Revenue by segments								
General insurance	717.4	646.8	70.6	10.9%	2,758.8	2,595.4	163.4	6.3%
Gross earned premiums	665.4	599.8	65.6	10.9%	2,563.4	2,412.1	151.3	6.3%
Investment income	52.0	47.0	5.0	10.6%	195.4	183.3	12.1	6.6%
Life insurance	982.5	1,021.3	(38.8)	(3.8%)	4,000.7	3,823.3	177.4	4.6%
Gross earned premiums	818.8	882.1	(63.3)	(7.2%)	3,366.7	3,259.0	107.7	3.3%
Investment income	163.7	139.2	24.5	17.6%	634.0	564.3	69.7	12.4%
Investment holding								
Investment income	4.0	3.2	0.8	25.0%	13.5	12.3	1.2	9.8%
Total Operating Revenue	1,703.9	1,671.3	32.6	2.0%	6,773.0	6,431.0	342.0	5.3%

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

1. Review of results (continued)

1.1 Operating revenue of the current year quarter against preceding year corresponding quarter (Fourth Quarter 2022 versus Fourth Quarter 2021)

For the fourth quarter ended 31 December 2022, the Group recorded an operating revenue of RM1.70 billion, an increase of 2.0% or RM32.6 million as compared to the preceding year quarter ended 31 December 2021 of RM1.67 billion due mainly to higher gross earned premiums and investment income by RM2.3 million and RM30.3 million respectively.

For the quarter under review, the general insurance segment recorded an operating revenue of RM717.4 million, an increase of 10.9% or RM70.6 million as compared to the preceding year quarter ended 31 December 2021 of RM646.8 million due to increase in gross earned premiums and investment income by RM65.6 million and RM5.0 million respectively.

The increase in gross earned premiums of the general insurance segment was attributable to higher premiums from motor and personal accident business.

For the quarter under review, the life insurance segment registered an operating revenue of RM982.5 million, a decrease of 3.8% or RM38.8 million as compared to the preceding year quarter ended 31 December 2021 of RM1.02 billion due to decrease in gross earned premiums by RM63.3 million offset by an increase in investment income by RM24.5 million.

The decrease in gross earned premiums of the life insurance segment was mainly contributed by lower premiums from agency and bancassurance channels.

1.2 Operating revenue of the current year-to-date (YTD) against preceding YTD

The Group recorded an operating revenue of RM6.77 billion for the financial year ended 31 December 2022, an increase of 5.3% or RM342.0 million as compared to the preceding financial year ended 31 December 2021 of RM6.43 billion due mainly to higher gross earned premiums and investment income by RM259.0 million and RM83.0 million respectively.

The general insurance segment recorded an operating revenue of RM2.76 billion for the financial year ended 31 December 2022, an increase of 6.3% or RM163.4 million as compared to the preceding financial year ended 31 December 2021 of RM2.60 billion due mainly to increase in gross earned premiums and investment income by RM151.3 million and RM12.1 million respectively.

The increase in gross earned premiums of the general insurance segment was attributable to higher premiums from motor and personal accident business.

The life insurance segment recorded an operating revenue of RM4.00 billion for the financial year ended 31 December 2022, an increase of 4.6% or RM177.4 million as compared to the preceding financial year ended 31 December 2021 of RM3.82 billion due to increase in gross earned premiums and investment income by RM107.7 million and RM69.7 million respectively.

The increase in gross earned premiums of the life insurance segment was mainly contributed by higher premiums from all key distribution channels.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

1. Review of results (continued)

Table 1: Financial review for current quarter and financial year to date (continued)

RM'million	Individual Period Three months ended 31 December		Changes		Cumulative period Twelve months ended 31 December		Changes	
	2022	2021	Amount	%	2022	2021	Amount	%
Profit Before Tax by segments								
General insurance	131.0	114.5	16.5	14.4%	462.6	437.2	25.4	5.8%
Life Insurance	144.8	88.1	56.7	64.4%	287.2	220.5	66.7	30.2%
Investment holding	(8.3)	(9.6)	1.3	13.5%	(45.4)	(32.1)	(13.3)	(41.4%)
Total Profit before tax	267.5	193.0	74.5	38.6%	704.4	625.6	78.8	12.6%
General Insurance								
Commission ratio	12.6%	13.7%	N/A	1.1 pts	12.7%	12.5%	N/A	(0.2 pts)
Claims ratio	55.0%	52.8%	N/A	(2.2 pts)	57.7%	56.6%	N/A	(1.1 pts)
Expense ratio	18.8%	19.9%	N/A	1.1 pts	16.9%	18.7%	N/A	1.8 pts
Combined ratio	86.4%	86.4%	N/A	0.0 pts	87.3%	87.8%	N/A	0.5 pts
Life Insurance								
Annualised new premium ("ANP")	194.5	204.5	(10.0)	(4.9%)	661.0	687.2	(26.2)	(3.8%)
Expense ratio	10.2%	11.4%	N/A	1.2 pts	9.9%	9.9%	N/A	0.0 pts
Block persistency ratio	81.2%	88.8%	N/A	(7.6 pts)	85.3%	88.7%	N/A	(3.4 pts)

pts - percentage points

N/A - Not Applicable

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

1. Review of results (continued)

1.3 Profit before tax of the current year quarter against preceding year corresponding quarter (Fourth Quarter 2022 versus Fourth Quarter 2021)

For the fourth quarter ended 31 December 2022, the Group recorded a profit before tax of RM267.5 million, an increase of 38.6% or RM74.5 million as compared to the preceding year quarter ended 31 December 2021 of RM193.0 million.

For the quarter under review, the general insurance segment recorded a higher profit before tax of RM131.0 million, an increase of 14.4% or RM16.5 million as compared to a profit before tax of the preceding year quarter ended 31 December 2021 of RM114.5 million. The higher profit before tax was mainly contributed by higher underwriting profit from the business growth and better investment income.

For the quarter under review, the life insurance segment recorded a higher profit before tax of RM144.8 million, an increase of 64.4% or RM56.7 million as compared to a profit before tax of the preceding year quarter ended 31 December 2021 of RM88.1 million due mainly to fair value gains on investment in current quarter.

For the quarter under review, the investment holding segment registered a loss before tax of RM8.3 million as compared to a loss before tax of the preceding year quarter ended 31 December 2021 of RM9.6 million due mainly to lower management expenses in the current quarter.

1.4 Profit before tax of the current year-to-date (YTD) against preceding YTD

The Group recorded a profit before tax of RM704.4 million for the year ended 31 December 2022, an increase of 12.6% or RM78.8 million as compared to the preceding year ended 31 December 2021 of RM625.6 million due mainly to higher contribution from both insurance segments.

The general insurance segment delivered a profit before tax of RM462.6 million for the year ended 31 December 2022, an increase of 5.8% or RM25.4 million as compared to the preceding year ended 31 December 2021 of RM437.2 million. The higher profit before tax was mainly driven by higher underwriting profit and lower management expenses. Combined ratio improved by 0.5 percentage points compared to the preceding year corresponding quarter.

The life insurance segment recorded a higher profit before tax of RM287.2 million for the year ended 31 December 2022, an increase of 30.2% or RM66.7 million as compared to the preceding year ended 31 December 2021 of RM220.5 million due to better results from protection business.

The investment holding segment registered a loss before tax of RM45.4 million for the year ended 31 December 2022, as compared to a loss before tax of RM32.1 million for the preceding year ended 31 December 2021 due mainly to higher expenses.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

1. Review of results (continued)

Table 2: Financial review for current quarter as compared with immediate preceding quarter

RM'million	Current Year Quarter 31 December 2022	Immediate Preceding Quarter 30 September 2022	Changes	
			Amount	%
Operating revenue	1,703.9	1,706.9	(3.0)	(0.2%)
Profit before tax	267.5	166.5	101.0	60.7%
Profit after tax	166.3	108.6	57.7	53.1%
Profit for the period attributable to owners of the Company	166.3	108.6	57.7	53.1%

1.5 Operating revenue of the current quarter against the preceding quarter (Fourth Quarter 2022 versus Third Quarter 2022)

The Group recorded an operating revenue of RM1.70 billion for the quarter under review, a decrease of 0.2% or RM3.0 million as compared to the preceding quarter ended 30 September 2022 of RM1.71 billion.

The general insurance segment recorded an operating revenue of RM717.4 million for the quarter under review, an increase of 1.2% or RM8.3 million as compared to the preceding quarter ended 30 September 2022 of RM709.1 million due mainly to higher gross earned premiums from motor business in the current quarter.

The life insurance segment registered an operating revenue of RM982.5 million for the quarter under review, a decrease of 1.2% or RM12.3 million as compared to the preceding quarter ended 30 September 2022 of RM994.8 million due mainly to lower gross earned premiums from employee benefits and bancassurance channels in the current quarter.

1.6 Profit before tax of the current quarter against the preceding quarter (Fourth Quarter 2022 versus Third Quarter 2022)

The Group recorded a profit before tax of RM267.5 million for the quarter under review, an increase of 60.7% or RM101.0 million as compared to the preceding quarter ended 30 September 2022 of RM166.5 million.

The profit before tax of general insurance segment for the quarter under review of RM131.0 million, an increase of 16.2% or RM18.3 million as compared to the preceding quarter ended 30 September 2022 of RM112.7 million. The higher profit before tax was mainly contributed by higher underwriting profit, from business growth and higher investment income.

The profit before tax of life insurance segment for the quarter under review of RM144.8 million, an increase of 118.1% or RM78.4 million as compared to the preceding quarter ended 30 September 2022 of RM66.4 million due mainly to fair value gains on investments in current quarter.

The investment holding segment registered a loss before tax of RM8.3 million as compared to a loss before tax of RM12.6 million in the preceding quarter ended 30 September 2022 due to lower management expenses in the current quarter.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

1. Review of results (continued)

1.7 Review of other comprehensive income

Table 3: Other comprehensive income for current quarter and financial year to date

RM'million	Individual period Three months ended 31 December		Cumulative period Twelve months ended 31 December	
	2022	2021	2022	2021
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Fair value of available-for-sale ("AFS") financial assets				
- Net gains/(losses) arising during the year	175.2	(23.4)	(137.5)	(257.7)
- Net realised gains transferred to profit or loss	(8.7)	(5.6)	(36.5)	(40.1)
Gains/(Losses) on cash flow hedge	-	0.3	(7.8)	(9.0)
Tax effects thereon	(20.4)	7.1	27.2	45.7
Change in insurance contract liabilities arising from net fair value change on:				
- AFS financial assets	(110.7)	(5.0)	90.1	132.3
- Cash flow hedge reserve	-	(0.3)	7.8	9.0
Tax effects thereon	8.9	0.4	(7.8)	(11.3)
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment and right-of-use assets	-	0.1	-	5.9
Tax effects thereon	-	-	-	(1.3)
Reversal of deferred tax on revaluation surplus of land and buildings upon disposal	0.4	-	0.4	-
Total other comprehensive gain/(loss) for the year, net of tax	44.7	(26.4)	(64.1)	(126.5)

The Group recorded a total other comprehensive loss of RM64.1 million for the period ended 31 December 2022, an increase of RM62.4 million as compared to the total other comprehensive loss of the preceding period ended 31 December 2021 of RM126.5 million due to lower fair value loss from AFS financial assets, mainly from the general insurance segment for the financial year under review.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities

1. Review of results (continued)

1.8 Review of Statement of Financial Position

Table 4: Review of assets and liabilities

RM'million	As at	As at	Changes	
	31 December 2022	31 December 2021	Amount	%
Total assets	24,683.1	23,643.5	1,039.6	4.4%
Total liabilities	20,453.1	19,499.3	953.8	4.9%
Total equity	4,230.0	4,144.2	85.8	2.1%

Total assets

As at 31 December 2022, the Group's total assets increased by RM1.04 billion to RM24.68 billion from RM23.64 billion as at 31 December 2021, mainly attributable to increase in investments and intangible assets for the financial year under review.

Total liabilities

As at 31 December 2022, the Group's total liabilities increased by RM953.8 million to RM20.45 billion from RM19.50 billion as at 31 December 2021 due mainly to increase in insurance contract liabilities. The increase in insurance contract liabilities was attributable to business growth.

Total equity

The Group's total equity as at 31 December 2022 increased by 2.1% or RM85.8 million to RM4.23 billion from RM4.14 billion as at 31 December 2021. This is mainly attributable to the net profit generated for the year ended 31 December 2022.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

2. Current year prospects

The Malaysian economy grew slower in the fourth quarter of 2022 (7.0%; 3Q 2022: 14.2%) as support from the stimulus measures and low base effect waned. At 7.0%, the growth was still above the long-term average of 5.1%. Private sector activity remained the key driver of growth, supported by private consumption and investment. Overall, the Malaysian economy expanded by 8.7% in 2022.

The general insurance segment recorded premium growth of 9.6% for the year ended 31 December 2022 matching the industry growth of 9.7% and maintained its market leading position with 13.3% market share. While life insurance segment annualised new business declined by 3.8% for the year ended 31 December 2022, this has outperformed the industry's decline of 8.8% and the market share has improved to 9.5% (2021: 9.0%).

Economic headwinds arising from ongoing supply chain disruptions, higher prices and lower real disposable income are expected to persist in 2023 and outlook for both general insurance and life insurance industries are expected to continue to be challenging. The Group will maintain its growth momentum by enhancing efficiency and competitiveness. The Group continues to focus on accelerating digital capabilities, with the aim of simplifying and scaling up processes, and to create timely customer focused solutions. The Group will also continue to execute its strategic initiatives of expanding its distribution capabilities while also maintaining focus on product profitability.

The Group's financial strength, diversified distributions and product offerings as well as strong focus on execution of its strategic initiatives will continue to position it to deliver sustainable profitable growth in 2023.

3. Profit forecast

The Group did not issue any profit forecast or profit guarantee as at the date of the Report.

4. Investment income

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	190,513	171,757	723,078	659,439
Dividend income	34,945	22,950	142,282	117,925
Accretion of discounts	1,085	1,038	3,955	4,382
Amortisation of premiums	(7,907)	(7,675)	(31,360)	(26,820)
Other income	1,130	1,345	5,003	5,000
	<u>219,766</u>	<u>189,415</u>	<u>842,958</u>	<u>759,926</u>

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

5. Realised gains and losses

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Realised gains on disposal	173	-	188	1
Realised losses on disposal	(97)	-	(99)	-
Total net realised gains for property, plant and equipment	76	-	89	1
Financial assets				
Realised gains on disposal:				
Malaysian government securities	703	1,540	1,255	3,067
Malaysian government guaranteed bonds	(344)	-	-	5,593
Quoted equity securities of corporations in Malaysia	28,409	73,923	134,654	191,092
Quoted equity securities of corporations outside Malaysia	1,040	771	13,606	8,631
Quoted unit trusts in Malaysia	11	104	65	566
Unquoted unit trusts outside Malaysia	-	155	41	227
Unquoted bonds of corporations in Malaysia	(154)	527	1,986	3,563
Realised losses on disposal:				
Malaysian government securities	(2,832)	(4,329)	(10,638)	(4,329)
Malaysian government guaranteed bonds	441	(3,765)	-	(8,408)
Quoted equity securities of corporations in Malaysia	(35,110)	(20,514)	(91,720)	(142,548)
Quoted equity securities of corporations outside Malaysia	(32)	(428)	(4,434)	(3,301)
Quoted unit trusts in Malaysia	-	(115)	-	(119)
Unquoted unit trusts outside Malaysia	-	(558)	-	(558)
Unquoted unit trusts outside Malaysia	(16)	-	(627)	(15)
Unquoted bonds of corporations in Malaysia	1,061	-	(16)	-
Total net realised (losses)/gains for financial assets	(6,823)	47,311	44,172	53,461
Total net realised (losses)/gains	(6,747)	47,311	44,261	53,462

6. Fair value gains and losses

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial instruments				
Held for trading financial assets	253,578	(48,116)	(212,872)	(187,209)
Designated upon initial recognition financial assets	57,817	(33,891)	(117,205)	(173,729)
Derivatives financial assets	4,149	(5,355)	(19,283)	(27,263)
Derivatives financial liabilities	4,433	623	443	(1,422)
Total fair value gains/(losses) on financial instruments at Fair Value Through Profit or Loss	319,977	(86,739)	(348,917)	(389,623)
Impairment loss on AFS financial investments	(2,282)	(7,140)	(42,031)	(41,134)
Total net fair value gains/(losses)	317,695	(93,879)	(390,948)	(430,757)

The gains or losses arising from fair value changes of derivative financial assets/liabilities are based on the indicative market prices from the issuing banks.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

7. Profit before tax

Profit before tax for the financial year under review is arrived at after charging/(crediting):

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	7,273	6,810	26,735	24,579
Depreciation of property, plant and equipment	4,491	4,120	16,013	14,624
Depreciation of right-of-use assets	5,275	4,766	21,136	18,765
Insurance and other receivables:				
- (Reversal of)/Allowance for impairment loss	(7,306)	(7,436)	(28,142)	1,535
- Bad debts recovered	(5)	(4)	(52)	(23)
- Bad debts written off	-	-	69	-
Interest expense	142	182	791	966
Interest income	(241)	(111)	(648)	(416)
Property, plant and equipment written off	3	780	270	780
Unrealised foreign exchange losses/(gains)	17,515	273	(21,781)	(4,852)

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial year ended 31 December 2022.

8. Tax expense

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	267,482	193,025	704,426	625,586
Tax expense				
Income tax	83,130	57,678	213,957	180,738
Deferred tax	18,014	(19,327)	17,638	(33,649)
Total tax expense	101,144	38,351	231,595	147,089
Effective tax rate	38%	20%	33%	24%

The Group's consolidated effective tax rate for the financial year under review is higher than the statutory tax rate of 24% (2021: 24%) due mainly to following:

- Impact of Cukai Makmur for Year of Assessment 2022 (one-off tax of 33% that will be imposed on chargeable income in excess of RM100 million (2021:24%));
- Recognition of deferred tax assets arising from the fair value loss of financial assets from life insurance segment;
- In addition to the 24% income tax on the assessable income of the Shareholders' Fund, there is also an 8% income tax on the assessable investment income net of allowable deductions of the Life Fund; and
- Effects of certain non-deductible expenses.

9. Status of corporate proposal announced/implemented

As at the date of the Report, there are no corporate proposals announced by the Group.

10. Borrowings and debts securities

The Group has no outstanding borrowings and debts securities for the financial year under review.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)
11. Changes in material litigation

There were no material litigation in the current quarter.

12. Earnings per ordinary share
(a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group are calculated by dividing the net profit attributable to shareholders adjusted for preference dividends by the weighted average number of ordinary shares in issue.

		Individual period		Cumulative period	
		Three months ended		Twelve months ended	
		31 December		31 December	
		2022	2021	2022	2021
Profit attributable to ordinary shareholders	(RM'000)	166,338	154,674	472,831	478,497
Adjustment:					
- Preference dividends declared		(139,300)	(127,422)	(171,603)	(127,422)
Adjusted profit attributable to ordinary shareholders		27,038	27,252	301,228	351,075
Weighted average number of ordinary shares in issue	('000)	177,511	177,325	177,911	177,325
Basic earnings per ordinary share	(sen)	15.23	15.37	169.31	197.98

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share of the Group are calculated by dividing the net diluted profit attributable to shareholders by the diluted weighted average number of ordinary shares in issue.

		Individual period		Cumulative period	
		Three months ended		Twelve months ended	
		31 December		31 December	
		2022	2021	2022	2021
Profit attributable to ordinary shareholders	(RM'000)	166,338	154,674	472,831	478,497
Weighted average number of ordinary shares in issue	('000)	177,511	177,325	177,911	177,325
Effect of conversion of ICPS	('000)	168,237	168,697	168,237	168,697
Diluted weighted average number of ordinary shares during the year	('000)	345,748	346,022	346,148	346,022
Diluted earnings per ordinary share	(sen)	48.11	44.70	136.60	138.29

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

13. Dividend

The Board of Directors declared the following single tier interim dividend for the financial year ended 31 December 2022 which were paid on 5 August 2022 to the entitled shareholders and ICPS holders of the Company respectively whose names appeared on the Register of Members and/or Record of Depositors on 19 July 2022:

- (a) 16.0 sen per ordinary share; and
- (b) 19.2 sen per ICPS

The Board of Directors also declared the following single tier interim dividend for the financial year ended 31 December 2022 which were paid on 17 February 2023 to the entitled shareholders and ICPS holders of the Company respectively whose names appeared on the Register of Members and/or Record of Depositors on 26 January 2023:

- (a) 69.0 sen per ordinary share; and
- (b) 82.8 sen per ICPS

The Board of Directors have not recommended any payment of final dividend for the financial year ended 31 December 2022.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

14. Derivatives Financial Instruments

(i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows:

As at 31 December 2022

	Nominal value				Assets				Liabilities			
	< 1 year RM'000	1 - 3 years RM'000	>3 years RM'000	Total RM'000	< 1 year RM'000	1 - 3 years RM'000	>3 years RM'000	Total RM'000	< 1 year RM'000	1 - 3 years RM'000	>3 years RM'000	Total RM'000
Derivatives held for trading at fair value through profit or loss												
Collateralised interest rate swap	-	-	400,000	400,000	-	-	16,590	16,590	-	-	-	-
Cross currency swap	-	8,037	90,703	98,740	-	805	1,601	2,406	-	-	1,293	1,293
Derivatives used for hedging												
Forward purchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	8,037	490,703	498,740	-	805	18,191	18,996	-	-	1,293	1,293

As at 31 December 2021

	Nominal value				Assets				Liabilities			
	< 1 year RM'000	1 - 3 years RM'000	>3 years RM'000	Total RM'000	< 1 year RM'000	1 - 3 years RM'000	>3 years RM'000	Total RM'000	< 1 year RM'000	1 - 3 years RM'000	>3 years RM'000	Total RM'000
Derivatives held for trading at fair value through profit or loss												
Collateralised interest rate swap	-	-	400,000	400,000	-	-	35,642	35,642	-	-	-	-
Cross currency swap	-	-	98,740	98,740	-	-	2,037	2,037	-	-	1,641	1,641
Derivatives used for hedging												
Forward purchase agreements	60,000	-	-	60,000	7,837	-	-	7,837	-	-	-	-
Total	60,000	-	498,740	558,740	7,837	-	37,679	45,516	-	-	1,641	1,641

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

14. Derivatives Financial Instruments (continued)

As at 31 December 2022, the Group has positions in the following types of derivative financial instruments:

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

(ii) The Group's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

Market Risk

The Group takes positions in derivatives for hedging purposes based on certain assumptions, analysis, outlook and other factors into consideration to conclude how an investment will likely perform in future. Risk of losses or opportunity cost occurs when market parameters moves in different directions from positions taken.

Credit Risk

Credit risk is the risk of a financial loss if the counterparties to the derivative financial instruments fail to meet its contractual obligations. As at the reporting date, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM18,996,000 (2021: RM45,516,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. The credit risk exposure will be partly mitigated by collateral posting.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

(iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post or receive cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour. As at the reporting date, the Group had received cash collateral of RM11,198,000 (2021: RM40,191,000) on the derivative contracts.

(iv) There have been no changes since the end of the previous financial period in respect of the following:

- the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- the related accounting policies.

(v) Fair value changes of financial liabilities

Other than fair value changes arising from derivatives which are classified as liabilities when they are at fair value loss position as at the end of the reporting period, there were no gains or losses arising from fair value changes of other financial liabilities.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

15. Insurance receivables

Additional Disclosure Information

The Group has not provided the credit risk analysis for the financial assets of the investment-linked funds. This is due to the fact that, in investment-linked business, 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 but not impaired as at the reporting date is as follows:

	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
31 December 2022					
Insurance receivables	12,674	7,294	5,195	5,816	30,979
31 December 2021					
Insurance receivables	3,853	3,354	3,954	3,690	14,851

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

15. Insurance receivables (continued)

Additional Disclosure Information (continued)

(ii) Past-due and impaired financial assets

Based on combination of collective and individual assessment of receivables, there are impaired financial assets as presented in the table below. 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	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
At 1 January	56,377	55,865	2,575	2,578	1,538	742
Impairment loss (reversed)/recognised	(28,142)	739	(2,575)	(3)	-	796
Written off	(112)	(227)	-	-	-	-
At 31 December	28,123	56,377	-	2,575	1,538	1,538

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)

16. Auditors' report on preceding annual financial statements

The auditors' report of the Group's audited financial statements for the financial year ended 31 December 2021 was not qualified.

BY ORDER OF THE BOARD

Ng Siew Gek
Company Secretary

Kuala Lumpur
23 February 2023