

ALLIANZ MALAYSIA BERHAD (197201000819)

**UNAUDITED QUARTERLY RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

ALLIANZ MALAYSIA BERHAD (197201000819)

**Condensed consolidated statement of financial position
as at 31 March 2024 - unaudited**

	31 March 2024 RM'000	← Audited → 31 December 2023 RM'000
Assets		
Property, plant and equipment	115,554	116,959
Right-of-use assets	51,187	43,670
Intangible assets	425,178	425,639
Investments	23,965,055	23,052,458
Derivative financial assets	14,923	17,028
Reinsurance contract assets	480,914	542,263
Current tax assets	39,831	36,323
Other assets	275,632	125,973
Cash and cash equivalents	1,425,871	1,561,635
Total assets	26,794,145	25,921,948

ALLIANZ MALAYSIA BERHAD (197201000819)**Condensed consolidated statement of financial position
as at 31 March 2024 - unaudited (continued)**

	31 March 2024 RM'000	← Audited → 31 December 2023 RM'000
Equity		
Share capital:		
Ordinary Shares	236,037	236,037
Irredeemable Convertible Preference Shares ("ICPS")	534,992	534,992
Reserves	4,565,240	4,369,591
Total equity attributable to owners of the Company	5,336,269	5,140,620
Liabilities		
Deferred tax liabilities	584,297	539,242
Insurance contract liabilities	20,070,435	19,315,930
Reinsurance contract liabilities	71,445	69,777
Derivative financial liabilities	7,154	4,875
Lease liabilities	30,986	25,304
Other liabilities	670,045	803,793
Current tax liabilities	23,514	22,407
Total liabilities	21,457,876	20,781,328
Total equity and liabilities	26,794,145	25,921,948
Net asset per ordinary share (RM)	29.98	28.88
Diluted net asset per ordinary share (RM)	15.41	14.85

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

Condensed consolidated statement of profit or loss
For the period ended 31 March 2024 - unaudited

	Note (Part B)	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance revenue		1,336,937	1,161,374	1,336,937	1,161,374
Insurance service expenses		(1,007,624)	(826,267)	(1,007,624)	(826,267)
Net expenses from reinsurance contracts held		(74,974)	(75,669)	(74,974)	(75,669)
Insurance service result		254,339	259,438	254,339	259,438
Interest revenue on financial assets not measured at fair value through profit or loss ("FVTPL")		138,854	126,612	138,854	126,612
Net losses on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal		(326)	(769)	(326)	(769)
Net gains on FVTPL investments		339,606	106,104	339,606	106,104
Dividend income		46,226	41,013	46,226	41,013
Net credit impairment losses on financial assets		(100)	(36)	(100)	(36)
Net investment income	4	524,260	272,924	524,260	272,924
Finance expenses from insurance contracts issued		(502,692)	(263,017)	(502,692)	(263,017)
Finance income from reinsurance contracts held		4,115	4,733	4,115	4,733
Net insurance finance expenses		(498,577)	(258,284)	(498,577)	(258,284)
Net insurance and investment results		280,022	274,078	280,022	274,078
Other operating income		11,295	288	11,295	288
Other operating expenses		(40,336)	(42,077)	(40,336)	(42,077)
Profit before tax	5	250,981	232,289	250,981	232,289
Tax expense	6	(61,151)	(59,603)	(61,151)	(59,603)
Profit for the period		189,830	172,686	189,830	172,686
Profit for the period attributable to: Owners of the Company		189,830	172,686	189,830	172,686
Basic earnings per ordinary share (sen)	10(a)	106.66	97.03	106.66	97.03
Diluted earnings per ordinary share (sen)	10(b)	54.83	49.88	54.83	49.88

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

Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 31 March 2024 - unaudited

	Note (Part B)	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the period attributable to owners of the Company		189,830	172,686	189,830	172,686
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Net gains on investments in debt securities measured at FVOCI		36,441	154,903	36,441	154,903
Net realised losses transferred to profit or loss		326	769	326	769
Tax effects thereon		(4,488)	(18,889)	(4,488)	(18,889)
Fair value losses on cash flow hedge		(2,439)	(49)	(2,439)	(49)
Tax effects thereon		195	4	195	4
Changes in expected credit losses		111	30	111	30
Tax effects thereon		(18)	(9)	(18)	(9)
Finance expenses from insurance contract issued		(70,752)	(63,031)	(70,752)	(63,031)
Tax effects thereon		7,713	8,911	7,713	8,911
Finance income from reinsurance contract held		1,339	3,458	1,339	3,458
Tax effects thereon		(321)	(830)	(321)	(830)
Items that will not be reclassified subsequently to profit or loss					
Net gains/(losses) on investments in equity instruments measured at FVOCI		40,991	(18,981)	40,991	(18,981)
Tax effects thereon		(3,279)	1,518	(3,279)	1,518
Total other comprehensive income for the period, net of tax	1.5	5,819	67,804	5,819	67,804
Total comprehensive income for the period, net of tax		195,649	240,490	195,649	240,490
Total comprehensive income for the period attributable to: Owners of the Company		195,649	240,490	195,649	240,490

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 period ended 31 March 2024 - unaudited

	←————— Attributable to owners of the Company —————→								
	←————— Non-distributable —————→					————— Distributable —————→			
	Ordinary shares RM'000	Irredeemable Convertible Preference Shares RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings Life fund ¹ RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023	236,037	534,992	(79,210)	(19,890)	48,870	(50,230)	1,692,021	2,264,334	4,677,154
Net gains on investments in debt securities measured at FVOCI	-	-	136,014	-	-	136,014	-	-	136,014
Net realised losses transferred to profit or loss	-	-	769	-	-	769	-	-	769
Fair value losses on cash flow hedge	-	-	(45)	-	-	(45)	-	-	(45)
Finance expense from insurance contract issued	-	-	-	(54,120)	-	(54,120)	-	-	(54,120)
Finance income from reinsurance contract held	-	-	-	2,628	-	2,628	-	-	2,628
Changes in expected credit losses	-	-	21	-	-	21	-	-	21
Net losses on investments in equity instruments measured at FVOCI	-	-	(17,463)	-	-	(17,463)	-	-	(17,463)
Total other comprehensive income/(losses) for the period	-	-	119,296	(51,492)	-	67,804	-	-	67,804
Profit for the period	-	-	-	-	-	-	71,113	101,573	172,686
Total comprehensive income/(losses) for the period	-	-	119,296	(51,492)	-	67,804	71,113	101,573	240,490
At 31 March 2023	236,037	534,992	40,086	(71,382)	48,870	17,574	1,763,134	2,365,907	4,917,644

ALLIANZ MALAYSIA BERHAD (197201000819)
Condensed consolidated statement of changes in equity for the period ended 31 March 2024 - unaudited (continued)

	←————— Attributable to owners of the Company —————→								
	←————— Non-distributable —————→					————— Distributable —————→			
	Ordinary shares RM'000	Irredeemable Convertible Preference Shares RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings Life fund ¹ RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2024	236,037	534,992	136,525	(125,261)	52,816	64,080	1,839,772	2,465,739	5,140,620
Net gains on investments in debt securities measured at FVOCI	-	-	31,953	-	-	31,953	-	-	31,953
Net realised losses transferred to profit or loss	-	-	326	-	-	326	-	-	326
Fair value losses on cash flow hedge	-	-	(2,244)	-	-	(2,244)	-	-	(2,244)
Finance expense from insurance contract issued	-	-	-	(63,039)	-	(63,039)	-	-	(63,039)
Finance income from reinsurance contract held	-	-	-	1,018	-	1,018	-	-	1,018
Changes in expected credit losses	-	-	93	-	-	93	-	-	93
Net gains on investments in equity instruments measured at FVOCI	-	-	37,712	-	-	37,712	-	-	37,712
Total other comprehensive income/(losses) for the period	-	-	67,840	(62,021)	-	5,819	-	-	5,819
Profit for the period	-	-	-	-	-	-	88,178	101,652	189,830
Total comprehensive income/(losses) for the period	-	-	67,840	(62,021)	-	5,819	88,178	101,652	195,649
At 31 March 2024	236,037	534,992	204,365	(187,282)	52,816	69,899	1,927,950	2,567,391	5,336,269

¹ Non-distributable retained earnings comprise Life fund surplus (which includes Participating and Non-Participating funds), 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 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 2023.

**Condensed consolidated statement of cash flows
For the period ended 31 March 2024 - unaudited**

	Three months ended 31 March 2024 RM'000	Three months ended 31 March 2023 RM'000
Cash flows from operating activities		
Profit before tax	250,981	232,289
Purchase of financial assets at FVOCI	(1,741,669)	(2,087,299)
Maturity of financial assets at FVOCI	838,893	702,666
Proceeds from sale of financial assets at FVOCI	512,640	1,128,887
Purchase of financial assets at FVTPL	(786,937)	(922,633)
Maturity of financial assets at FVTPL	149,000	18,000
Proceeds from sale of financial assets at FVTPL	508,052	221,749
Non-cash items:		
Investment income	(280,361)	(238,977)
Realised gains recorded in profit or loss	(62,172)	(9,507)
Interest on lease liabilities	320	130
Fair value gains on investments recorded in profit or loss	(211,828)	(36,957)
Unrealised foreign exchange gains	(9,897)	(1,618)
Depreciation of property, plant and equipment	3,509	3,416
Depreciation of right-of-use assets	5,186	5,608
Amortisation of intangible assets	6,892	5,931
Allowance for expected credit losses	100	36
Loss on disposal of property, plant and equipment	120	-
Property, plant and equipment written off	236	205
Allowance for impairment loss on LRC receivables	354	811
Bad debts recovered on LRC receivables	-	(1)
Net gains on financial investments and derivatives	(19,949)	(3,483)
Changes in working capital:		
Increase in other assets	(149,659)	(31,796)
Increase in insurance contract liabilities	712,131	125,922
Increase in reinsurance contract liabilities	64,356	71,364
Increase in other liabilities	144,457	132,041
Cash used in operations	(65,245)	(683,216)

**Condensed consolidated statement of cash flows
For the period ended 31 March 2024 - unaudited (continued)**

	Three months ended 31 March 2024 RM'000	Three months ended 31 March 2023 RM'000
Cash flows from operating activities (continued)		
Tax paid	(47,429)	(62,982)
Dividends received	46,226	41,013
Interest income received	209,015	190,224
Interest paid on lease liabilities	(320)	(130)
Net cash generated from/(used in) operating activities	142,247	(515,091)
Investing activities		
Proceeds from disposal of property, plant and equipment	1	-
Acquisition of property, plant and equipment	(4,121)	(5,415)
Acquisition of intangible assets	(4,771)	(1,868)
Net cash used in investing activities	(8,891)	(7,283)
Financing activities		
Dividends paid to owners of the Company	(262,099)	(262,099)
Repayment of lease liabilities	(7,021)	(5,786)
Net cash used in financing activities	(269,120)	(267,885)
Net decrease in cash and cash equivalents	(135,764)	(790,259)
Cash and cash equivalents at 1 January	1,561,635	2,258,940
Cash and cash equivalents at 31 March	1,425,871	1,468,681
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks (with maturity of less than three months)	1,008,518	1,391,624
Cash and bank balances	417,353	77,057
	1,425,871	1,468,681

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 period ended 31 March 2024 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 2023.

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 period. 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 2023, except for the adoption of the following:

MFRSs/ Amendments/ Interpretation	Effective date
Amendments to MFRS 101, <i>Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current</i>	1 January 2024
Amendments to MFRS 16, <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 107, <i>Statement of Cash Flows</i> and MFRS 7, <i>Financial Instruments: Disclosures - Supplier Finance Arrangements</i>	1 January 2024

The adoption of the above did not have any significant effects on the interim report upon their initial application, and it is not likely to affect future 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 period 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 period that have a material effect in the current period.

5. **Seasonal or cyclical factors**

The operations of the Group for the financial period 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 2023.

7. **Changes in group composition**

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

8. **Capital commitments**

	Transactions value Three months ended 31 March	
	2024	2023
	RM'000	RM'000
Property, plant and equipment: Contracted but not provided for	652	6,721
Software development: Contracted but not provided for	6,493	4,077

9. **Related party transactions**

Significant related party transactions are as follows:

	Transactions value Three months ended 31 March	
	2024	2023
	RM'000	RM'000
Related companies* Payment of reinsurance premium ceded, net of commission income	(65,021)	(85,221)

* 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 on the 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 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 imposed financial penalties for the said infringement on each of the 22 general insurers ("MyCC's Decision").

In view of the impact of the Covid-19 pandemic, MyCC had granted a reduction of 25% of the said financial penalties imposed and a moratorium period of up to 6 months for the payment of the financial penalties to be made by 6 equal monthly instalments. The financial penalty imposed on 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 MyCC's Decision ("Appeal") with the Competition Appeal Tribunal ("CAT") and a formal Notice of Application was filed to the stay MyCC's 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, the CAT allowed the Stay Application, pending the disposal of the Appeal.

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

On 2 September 2022, the CAT unanimously allowed AGIC's appeal along with the appeals of PIAM and the other 21 general insurers ("CAT's Decision") thereby setting aside MyCC'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 MyCC's 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 ("AGIC's JR Proceedings") 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 ("AGIC's Appeal"). The matter was then fixed for further case management on 8 September 2022.

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

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

10. Changes in contingent liabilities (continued)

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

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

MyCC in turn filed a further affidavit on 17 April 2023 and in response thereto, on 2 May 2023, AGIC's solicitors filed a further affidavit on behalf of AGIC.

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

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

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

On 15 February 2024, MyCC filed an appeal at the Court of Appeal against the High Court's decision in dismissing MyCC's Leave Application. The Court of Appeal had fixed the case management on 15 May 2024. In the said case management, the Court of Appeal fixed the hearing for MyCC's Leave Appeal on 22 May 2025.

11. Debt and equity securities

There were no other issuances of shares, shares buy-backs and repayment of debt and equity securities by the Group during the financial period under review.

12. Subsequent event

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

13. Dividend paid

A second single tier interim dividend of 69.0 sen per ordinary share and a second single tier interim dividend of 82.8 sen per ICPS for the financial year ended 31 December 2023 were paid on 8 February 2024 to the entitled ordinary shareholders and ICPS holders of the Company respectively.

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

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 period ended 31 March 2024 - unaudited**

	Investment holding		General insurance		Life insurance		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment insurance revenue	-	-	754,845	661,468	582,092	499,906	1,336,937	1,161,374
Segment results	(3,600)	(4,038)	132,329	139,813	122,252	96,514	250,981	232,289
Segment assets	647,434	445,167	7,709,973	7,057,155	18,436,738	16,750,872	26,794,145	24,253,194
Segment liabilities	84,616	9,977	4,882,631	4,329,881	16,490,629	14,995,693	21,457,876	19,335,551

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 period to date

RM'million	Individual Period Three months ended 31 March		Changes		Cumulative period Three months ended 31 March		Changes	
	2024	2023	Amount	%	2024	2023	Amount	%
	Insurance revenue	1,336.9	1,161.4	175.5	15.1%	1,336.9	1,161.4	175.5
Profit before tax	251.0	232.3	18.7	8.0%	251.0	232.3	18.7	8.0%
Profit after tax	189.8	172.7	17.1	9.9%	189.8	172.7	17.1	9.9%
Profit for the period attributable to owners of the Company	189.8	172.7	17.1	9.9%	189.8	172.7	17.1	9.9%

RM'million	Individual Period Three months ended 31 March		Changes		Cumulative period Three months ended 31 March		Changes	
	2024	2023	Amount	%	2024	2023	Amount	%
	Insurance revenue by segments							
General insurance	754.8	661.5	93.3	14.1%	754.8	661.5	93.3	14.1%
Life insurance	582.1	499.9	82.2	16.4%	582.1	499.9	82.2	16.4%
Total insurance revenue	1,336.9	1,161.4	175.5	15.1%	1,336.9	1,161.4	175.5	15.1%

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 period to date (continued)

RM'million	Individual Period Three months ended 31 March		Changes		Cumulative period Three months ended 31 March		Changes	
	2024	2023	Amount	%	2024	2023	Amount	%
Profit before tax by segments								
General insurance	132.3	139.8	(7.5)	(5.4%)	132.3	139.8	(7.5)	(5.4%)
Life insurance	122.3	96.5	25.8	26.7%	122.3	96.5	25.8	26.7%
Investment holding	(3.6)	(4.0)	0.4	(10.0%)	(3.6)	(4.0)	0.4	(10.0%)
Total profit before tax	251.0	232.3	18.7	8.0%	251.0	232.3	18.7	8.0%
General Insurance								
Gross written premium	884.6	776.1	108.5	14.0%	884.6	776.1	108.5	14.0%
Reinsurance ratio	7.9%	13.8%	N/A	(5.9 pts)	7.9%	13.8%	N/A	(5.9 pts)
Claims ratio	55.0%	45.6%	N/A	9.4 pts	55.0%	45.6%	N/A	9.4 pts
Expense ratio	24.1%	24.8%	N/A	(0.7 pts)	24.1%	24.8%	N/A	(0.7 pts)
Combined ratio *	87.0%	84.2%	N/A	2.8 pts	87.0%	84.2%	N/A	2.8 pts
Life Insurance								
Annualised new premium ("ANP")	234.8	163.4	71.4	43.8%	234.8	163.4	71.4	43.8%
Expense ratio #	11.1%	10.6%	N/A	0.5 pts	11.1%	10.6%	N/A	0.5 pts
Gross written premium	1,019.7	929.2	90.5	9.7%	1,019.7	929.2	90.5	9.7%
Block persistency ratio	82.9%	85.4%	N/A	(2.5 pts)	82.9%	85.4%	N/A	(2.5 pts)

* Combined ratio for General insurance segment is defined as the sum of insurance service expenses, the reinsurance result and non-directly attributable expenses, divided by insurance revenue.

Expense ratio for Life insurance segment weighted for 10% of Single Premium.

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)

Table 2: Statement of profit or loss by segments for financial period ended 31 March:

	Investment holding		General insurance		Life insurance		Consolidated	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance revenue	-	-	754,845	661,468	582,092	499,906	1,336,937	1,161,374
Claims and benefits	-	-	(413,032)	(294,258)	(271,406)	(248,832)	(684,438)	(543,090)
Acquisition and administrative expenses (net)	-	-	(175,922)	(151,746)	(143,599)	(116,835)	(319,521)	(268,581)
Losses on onerous contracts	-	-	(2,093)	(7,444)	(1,572)	(7,152)	(3,665)	(14,596)
Insurance service expenses	-	-	(591,047)	(453,448)	(416,577)	(372,819)	(1,007,624)	(826,267)
Net (expenses)/income from reinsurance contracts held	-	-	(59,589)	(91,174)	(15,385)	15,505	(74,974)	(75,669)
Insurance service result	-	-	104,209	116,846	150,130	142,592	254,339	259,438
Net investment income	3,635	2,849	59,756	54,924	460,869	215,151	524,260	272,924
Net (re-)insurance finance expenses	-	-	(21,553)	(17,230)	(477,024)	(241,054)	(498,577)	(258,284)
Net insurance and investment results	3,635	2,849	142,412	154,540	133,975	116,689	280,022	274,078
Other operating income	3	6	259	264	11,033	19	11,295	289
Other operating expenses	(7,238)	(6,893)	(10,342)	(14,991)	(22,756)	(20,194)	(40,336)	(42,078)
(Loss)/Profit before tax	(3,600)	(4,038)	132,329	139,813	122,252	96,514	250,981	232,289

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

1. Review of results (continued)

1.1 Insurance revenue of the current quarter/year-to-date ("YTD") against preceding year corresponding quarter/YTD (First Quarter 2024 versus First Quarter 2023)

The Group recorded an insurance revenue of RM1.34 billion for the financial period ended 31 March 2024, an increase of 15.1% or RM175.5 million as compared to the preceding financial period ended 31 March 2023 of RM1.16 billion due mainly to higher insurance revenue from both insurance segments.

The general insurance segment recorded an insurance revenue of RM754.8 million for the financial period ended 31 March 2024, an increase of 14.1% or RM93.3 million as compared to the preceding financial period ended 31 March 2023 of RM661.5 million due mainly to increase in gross earned premiums from motor business.

The life insurance segment recorded an insurance revenue of RM582.1 million for the financial period ended 31 March 2024, an increase of 16.4% or RM82.2 million as compared to the preceding financial period ended 31 March 2023 of RM499.9 million. This increase was mainly attributed to higher opening CSM balance and growth in investment-linked protection business portfolio.

1.2 Profit before tax of the current quarter/YTD against preceding year corresponding quarter/YTD (First Quarter 2024 versus First Quarter 2023)

The Group recorded a profit before tax of RM251.0 million for the three months ended 31 March 2024, an increase of 8.0% or RM18.7 million as compared to the preceding three months ended 31 March 2023 of RM232.3 million due mainly to higher profit contribution from life insurance segment.

The general insurance segment delivered a profit before tax of RM132.3 million for the three months ended 31 March 2024, a decrease of 5.4% or RM7.5 million as compared to the preceding three months ended 31 March 2023 of RM139.8 million. The lower profit before tax was mainly driven by lower claims experience in preceding financial period, and lower fair value gain from investment assets.

The life insurance segment recorded a higher profit before tax of RM122.3 million for the three months ended 31 March 2024, an increase of 26.7% or RM25.8 million as compared to the preceding three months ended 31 March 2023 of RM96.5 million due mainly to higher insurance service results from investment-linked protection business and higher investment income from larger assets base.

The investment holding segment registered a loss before tax of RM3.6 million for the three months ended 31 March 2024 as compared to a loss before tax of RM4.0 million for the preceding three months ended 31 March 2023 due mainly to higher investment income.

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

1. Review of results (continued)

Table 3: Financial review for current quarter as compared with immediate preceding quarter

RM'million	Investment holding		General insurance		Life insurance		Consolidated	
	Current Year Quarter 31 March 2024	Immediate Preceding Quarter 31 December 2023	Current Year Quarter 31 March 2024	Immediate Preceding Quarter 31 December 2023	Current Year Quarter 31 March 2024	Immediate Preceding Quarter 31 December 2023	Current Year Quarter 31 March 2024	Immediate Preceding Quarter 31 December 2023
Insurance revenue	-	-	754.8	738.5	582.1	571.0	1,336.9	1,309.5
Insurance service expenses	-	-	(591.0)	(561.0)	(416.6)	(542.3)	(1,007.6)	(1,103.3)
Net (expenses)/income from reinsurance contracts held	-	-	(59.6)	(54.8)	(15.4)	26.2	(75.0)	(28.6)
Insurance service result	-	-	104.2	122.7	150.1	54.9	254.3	177.6
Net investment income	3.6	3.2	59.8	59.0	460.9	305.0	524.3	367.2
Net insurance and investment results	3.6	3.2	142.4	174.1	134.0	130.7	280.0	308.0
Net other operating income and expense	(7.2)	(6.2)	(10.1)	(22.9)	(11.7)	(39.5)	(29.0)	(68.6)
(Loss)/Profit before tax	(3.6)	(3.0)	132.3	151.2	122.3	91.2	251.0	239.4
(Loss)/Profit for the period attributable to owners of the Company	(4.0)	(2.4)	99.7	113.1	94.1	83.0	189.8	193.7

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

1. Review of results (continued)

1.3 Insurance revenue of the current quarter against the preceding quarter (First Quarter 2024 versus Fourth Quarter 2023)

The Group recorded an insurance revenue of RM1.34 billion for the quarter under review, a increase of 2.1% or RM27.4 million as compared to the preceding quarter ended 31 December 2023 of RM1.31 billion.

The general insurance segment recorded an insurance revenue of RM754.8 million for the quarter under review, an increase of 2.2% or RM16.3 million as compared to the preceding quarter ended 31 December 2023 of RM738.5 million due mainly to higher gross earned premiums from motor business for the quarter under review.

The life insurance segment registered an insurance revenue of RM582.1 million for the quarter under review, a marginal increase of 1.9% or RM11.1 million as compared to the preceding quarter ended 31 December 2023 of RM571.0 million due mainly to higher opening CSM balance and growth in investment-linked protection business portfolio.

1.4 Profit before tax of the current quarter against the preceding quarter (First Quarter 2024 versus Fourth Quarter 2023)

The Group recorded a profit before tax of RM251.0 million for the quarter under review, an increase of 4.8% or RM11.6 million as compared to the preceding quarter ended 31 December 2023 of RM239.4 million.

The profit before tax of general insurance segment for the quarter under review of RM132.3 million, a decrease of 12.5% or RM18.9 million as compared to the preceding quarter ended 31 December 2023 of RM151.2 million. The lower profit before tax was mainly contributed by higher claims from Motor & Fire business and lower investment income for the quarter under review.

The profit before tax of life insurance segment for the quarter under review of RM122.3 million, an increase of 34.1% or RM31.1 million as compared to the preceding quarter ended 31 December 2023 of RM91.2 million due mainly to lower claim experience from investment-linked protection and savings.

The investment holding segment registered a loss before tax of RM3.6 million as compared to a loss before tax of RM3.0 million in the preceding quarter ended 31 December 2023 due to higher expenses in current quarter.

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

1. Review of results (continued)

1.5 Review of other comprehensive income

Table 4: Other comprehensive income for current quarter and financial period to date

RM'million	Individual period		Cumulative period	
	Three months ended 31 March		Three months ended 31 March	
	2024	2023	2024	2023
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Net gains on investments in debt securities measured at FVOCI	36.5	154.8	36.5	154.8
Net realised losses transferred to profit or loss	0.3	0.8	0.3	0.8
Tax effects thereon	(4.5)	(18.9)	(4.5)	(18.9)
Fair value losses on cash flow hedge	(2.4)	-	(2.4)	-
Tax effects thereon	0.2	-	0.2	-
Changes in expected credit losses	0.1	-	0.1	-
Finance expenses from insurance contract issued	(70.8)	(63.0)	(70.8)	(63.0)
Tax effects thereon	7.7	8.9	7.7	8.9
Finance income from reinsurance contract held	1.3	3.5	1.3	3.5
Tax effects thereon	(0.3)	(0.8)	(0.3)	(0.8)
Items that will not be reclassified subsequently to profit or loss				
Net gains/(losses) on investments in equity instruments measured at FVOCI	41.0	(19.0)	41.0	(19.0)
Tax effects thereon	(3.3)	1.5	(3.3)	1.5
Total other comprehensive income for the period, net of tax	5.8	67.8	5.8	67.8

The Group recorded a total OCI of RM5.8 million for the period ended 31 March 2024, a decrease of RM62.0 million as compared to the total other comprehensive income of the preceding period ended 31 March 2023 of RM67.8 million due to fair value losses from Malaysian government securities, Malaysian government guaranteed bonds and unquoted corporate bonds for the financial period under review.

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

1. Review of results (continued)

1.6 Review of Statement of Financial Position

Table 5: Review of assets and liabilities

RM'million	As at 31 March 2024	As at 31 December 2023	Changes Amount	%
Total assets	26,794.2	25,921.9	872.3	3.4%
Total liabilities	21,457.9	20,781.3	676.6	3.3%
- Contractual service margin ("CSM")	3,381.9	3,248.2	133.7	4.1%
Total equity	5,336.3	5,140.6	195.7	3.8%

Total assets

As at 31 March 2024, the Group's total assets increased by RM872.3 million to RM26.79 billion from RM25.92 billion as at 31 December 2023, mainly attributable to increase in investments for the financial period under review.

Total liabilities

As at 31 March 2024, the Group's total liabilities increased by RM676.6 million to RM21.46 billion from RM20.78 billion as at 31 December 2023 due mainly to increase in insurance contract liabilities. The increase in insurance contract liabilities was attributable to business growth.

As at 31 March 2024, CSM was at RM3.38 billion, an increase of RM133.7 million from the end of 2023. The growth in CSM is contributed by new business generated, in-force movements offset by releases for the period.

Total equity

The Group's total equity as at 31 March 2024 increased by 3.8% or RM195.7 million to RM5.34 billion from RM5.14 billion as at 31 December 2023. This is mainly attributable to the net profit generated for the period ended 31 March 2024.

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

2. Current year prospects

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%), driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1.0%).

The Group achieved strong financial performance during the financial period ended 31 March 2024 with a growth of 15.1% on insurance revenue, reaffirming its position as a leading insurance and financial services provider in Malaysia.

The general insurance segment recorded premium growth of 13.6% for the period ended 31 March 2024 which is higher than industry growth of 10.0%. Meanwhile the life insurance segment annualised new business increased by 43.8%, outperformed the industry growth of 22.4% for the period ended 31 March 2024 with the market share of 11.8% mainly contributed from agency and bancassurance business.

All key distribution channels in both the general and life business segment have posted strong growth in the first quarter of 2024 with major contribution from the motor business and investment-linked protection business respectively.

The Group seek to expand its distribution channels to accelerate growth through various strategic initiatives with the focus on operational scalability and efficiency to provide better services to our customers. The Group will continue to expand its distribution channels and market segments. Digital innovation remains a continuous effort within the Group to improve business processes and customer experience.

The Group's financial strength, diversified distribution and strong focus on execution of its strategic initiatives will continue to maintain its profitability in 2024.

3. Profit forecast

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

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

4. Net investment income

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Investment income from financial assets not measured at FVTPL	138,528	125,843	138,528	125,843
Interest revenue on financial assets not measured at FVTPL	138,854	126,612	138,854	126,612
- Interest income	136,580	125,714	136,580	125,714
- Interest expense	(908)	(1,215)	(908)	(1,215)
- Other investment income	3,182	2,113	3,182	2,113
Net losses on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	(326)	(769)	(326)	(769)
- Realised gains	1,079	5,531	1,079	5,531
- Realised losses	(1,405)	(6,300)	(1,405)	(6,300)
Net credit impairment losses on financial assets	(100)	(36)	(100)	(36)
Net investment income - not measured at FVTPL	138,428	125,807	138,428	125,807
Net gains on FVTPL investments	339,606	106,104	339,606	106,104
- Interest income	64,604	58,149	64,604	58,149
- Realised gains	62,498	10,276	62,498	10,276
- Other investment income	676	722	676	722
- Fair value gains	211,828	36,957	211,828	36,957
Net investment income - other investment	339,606	106,104	339,606	106,104
Dividend income	46,226	41,013	46,226	41,013
- Dividend income not measured at FVTPL	9,337	9,760	9,337	9,760
- Dividend income measured at FVTPL	36,889	31,253	36,889	31,253
Total net investment income	524,260	272,924	524,260	272,924

The net gain or loss for each class of financial instrument is as follows:

Malaysian government securities	57,106	50,096	57,106	50,096
Malaysian government guaranteed bonds	22,639	23,603	22,639	23,603
Unquoted bonds of corporations in Malaysia	41,436	39,633	41,436	39,633
Unquoted bonds of corporations outside Malaysia	940	933	940	933
Fixed deposits with licensed banks	11,447	7,646	11,447	7,646
Other investments	4,960	3,932	4,960	3,932
Investment income from financial assets not measured at FVTPL	138,528	125,843	138,528	125,843

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

4. Net investment income (continued)

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Malaysian government securities	30,484	57,751	30,484	57,751
Malaysian government guaranteed bonds	17,169	33,242	17,169	33,242
Quoted equity securities of corporations in Malaysia	235,424	(57,834)	235,424	(57,834)
Quoted unit trusts in Malaysia	5,913	3,779	5,913	3,779
Unquoted unit trusts in Malaysia	2,938	7,491	2,938	7,491
Unquoted unit trusts outside Malaysia	8,662	11,989	8,662	11,989
Unquoted bonds of corporations in Malaysia	32,050	42,639	32,050	42,639
Fixed deposits with licensed banks	3,253	3,768	3,253	3,768
Other investments	4,537	682	4,537	682
<u>Derivative financial assets/liabilities:</u>				
Collateralised interest rate swap	(953)	2,384	(953)	2,384
Cross currency swap	129	213	129	213
Net gains on FVTPL investments	339,606	106,104	339,606	106,104
Quoted equity securities of corporations in Malaysia	9,337	9,760	9,337	9,760
Dividend income not measured at FVTPL	9,337	9,760	9,337	9,760
Quoted equity securities of corporations in Malaysia	33,782	27,106	33,782	27,106
Quoted equity securities of corporations outside Malaysia	36	351	36	351
Quoted unit trusts in Malaysia	1,757	1,369	1,757	1,369
Unquoted unit trusts in Malaysia	1,314	2,427	1,314	2,427
Dividend income measured at FVTPL	36,889	31,253	36,889	31,253
Malaysian government securities	(106)	(18)	(106)	(18)
Malaysian government guaranteed bonds	(45)	(4)	(45)	(4)
Unquoted bonds of corporations in Malaysia	40	18	40	18
Fixed deposits with licensed banks	(3)	(9)	(3)	(9)
Other investments	14	(23)	14	(23)
Net credit impairment losses on financial assets	(100)	(36)	(100)	(36)
Total interest revenue and investment income	524,260	272,924	524,260	272,924

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

5. Profit before tax

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

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	6,892	5,931	6,892	5,931
Depreciation of property, plant and equipment	3,509	3,416	3,509	3,416
Depreciation of right-of-use assets	5,186	5,608	5,186	5,608
Allowance for impairment loss on receivables	354	811	354	811
Bad debts recovered on LRC receivables	-	(1)	-	(1)
Interest on lease liabilities	320	130	320	130
Interest income	(201,184)	(183,863)	(201,184)	(183,863)
Interest expenses	908	1,215	908	1,215
Property, plant and equipment written off	236	205	236	205
Unrealised foreign exchange gains	(9,897)	(1,618)	(9,897)	(1,618)

6. Tax expense

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax	250,981	232,289	250,981	232,289
Tax expense				
Income tax	33,473	37,228	33,473	37,228
Deferred tax	27,678	22,375	27,678	22,375
Total tax expense	61,151	59,603	61,151	59,603
Effective tax rate	24%	26%	24%	26%

The Group's consolidated effective tax rate for the financial period under review is close to the statutory tax rate of 24% (2023: 24%).

7. Status of corporate proposal announced/implemented

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

8. Borrowings and debts securities

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

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

9. Changes in material litigation

There were no material litigation in the current quarter.

10. 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		Three months ended	
		31 March		31 March	
		2024	2023	2024	2023
Profit attributable to ordinary shareholders	(RM'000)	189,830	172,686	189,830	172,686
Weighted average number of ordinary shares in issue	('000)	177,969	177,969	177,969	177,969
Basic earnings per ordinary share	(sen)	106.66	97.03	106.66	97.03

(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		Three months ended	
		31 March		31 March	
		2024	2023	2024	2023
Profit attributable to ordinary shareholders	(RM'000)	189,830	172,686	189,830	172,686
Weighted average number of ordinary shares in issue	('000)	177,969	177,969	177,969	177,969
Effect of conversion of ICPS	('000)	168,237	168,237	168,237	168,237
Diluted weighted average number of ordinary shares during the year	('000)	346,206	346,206	346,206	346,206
Diluted earnings per ordinary share	(sen)	54.83	49.88	54.83	49.88

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

11. Dividend

The Board of Directors of the Company has declared the following second single tier interim dividends for the financial year ended 31 December 2023 which were paid on 8 February 2024 to the entitled shareholders and ICPS holders of the Company respectively whose names appeared on the Record of Depositors on 24 January 2024:

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

The Board of Directors of the Company has declared the following first single tier interim dividends for the financial year ending 31 December 2024 which to be paid on 12 June 2024 to the entitled shareholders and ICPS holders of the Company respectively whose names appeared on the Record of Depositors on 29 May 2024:

- (a) 26.5 sen per ordinary share; and
- (b) 31.8 sen per ICPS

12. Fair value information

Policy on transfer between levels

-The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

-Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

-Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

-Level 3 fair value is valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Transfers between Level 1, Level 2 and Level 3 fair values

-There has been no transfer between Level 1, Level 2 and 3 fair value hierarchy during the current interim period ended 31 March 2024 (2023: no transfer in either direction).

The carrying amounts of mortgage loans, other secured loans and fixed deposits, approximate their fair values. Carrying amounts of cash and cash equivalents, other assets and deposits (current) and other liabilities (current) and accruals reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

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

12. Fair value information (continued)

The table below analyses financial instruments carried at fair value.

As at 31 March 2024

	Fair value of financial instruments carried at fair value			Total RM'000	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000			
Financial assets						
Malaysian government securities	-	9,441,486	-	9,441,486	9,441,486	9,441,486
Malaysian government guaranteed bonds	-	3,221,880	-	3,221,880	3,221,880	3,221,880
Quoted equity securities of corporations in Malaysia	3,351,190	-	-	3,351,190	3,351,190	3,351,190
Quoted equity securities of corporations outside Malaysia	64,230	-	-	64,230	64,230	64,230
Unquoted equity securities of corporations in Malaysia	-	-	14,732	14,732	14,732	14,732
Unquoted bonds of corporations in Malaysia	-	6,135,410	-	6,135,410	6,135,410	6,135,410
Unquoted bonds of corporations outside Malaysia	-	109,368	-	109,368	109,368	109,368
Quoted unit trusts in Malaysia	65,041	-	-	65,041	65,041	65,041
Unquoted unit trusts in Malaysia	-	484,726	-	484,726	484,726	484,726
Unquoted unit trusts outside Malaysia	-	376,482	-	376,482	376,482	376,482
Collateralised interest rate swap	-	14,923	-	14,923	14,923	14,923
Other investments	-	-	12,308	12,308	12,308	12,308
Fixed deposits with licensed banks	-	330,761	357,441	688,202	688,202	688,202
	<u>3,480,461</u>	<u>20,115,036</u>	<u>384,481</u>	<u>23,979,978</u>	<u>23,979,978</u>	<u>23,979,978</u>
Financial liability						
Cross currency swap	-	7,154	-	7,154	7,154	7,154
	<u>-</u>	<u>7,154</u>	<u>-</u>	<u>7,154</u>	<u>7,154</u>	<u>7,154</u>

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

12. Fair value information (continued)

The table below analyses financial instruments carried at fair value. (continued)

As at 31 December 2023

	Fair value of financial instruments carried at fair value			Total RM'000	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000			
Financial assets						
Malaysian government securities	-	8,922,906	-	8,922,906	8,922,906	8,922,906
Malaysian government guaranteed bonds	-	3,161,120	-	3,161,120	3,161,120	3,161,120
Quoted equity securities of corporations in Malaysia	3,129,958	-	-	3,129,958	3,129,958	3,129,958
Quoted equity securities of corporations outside Malaysia	88,998	-	-	88,998	88,998	88,998
Unquoted equity securities of corporations in Malaysia	-	-	14,511	14,511	14,511	14,511
Unquoted bonds of corporations in Malaysia	-	6,012,173	-	6,012,173	6,012,173	6,012,173
Unquoted bonds of corporations outside Malaysia	-	106,385	-	106,385	106,385	106,385
Quoted unit trusts in Malaysia	90,911	-	-	90,911	90,911	90,911
Unquoted unit trusts in Malaysia	-	479,451	-	479,451	479,451	479,451
Unquoted unit trusts outside Malaysia	-	305,435	-	305,435	305,435	305,435
Collateralised interest rate swap	-	16,857	-	16,857	16,857	16,857
Cross currency swap	-	171	-	171	171	171
Commercial paper	-	4,957	-	4,957	4,957	4,957
Other investments	-	-	14,772	14,772	14,772	14,772
Fixed deposits with licensed banks	-	368,775	352,106	720,881	720,881	720,881
	<u>3,309,867</u>	<u>19,378,230</u>	<u>381,389</u>	<u>23,069,486</u>	<u>23,069,486</u>	<u>23,069,486</u>
Financial liability						
Cross currency swap	-	4,875	-	4,875	4,875	4,875
	<u>-</u>	<u>4,875</u>	<u>-</u>	<u>4,875</u>	<u>4,875</u>	<u>4,875</u>

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

13. 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 March 2024

	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 FVTPL												
Collateralised interest rate swap	-	-	400,000	400,000	-	-	14,923	14,923	-	-	-	-
Cross currency swap	-	56,697	42,043	98,740	-	-	-	-	-	5,300	1,854	7,154
Total	-	56,697	442,043	498,740	-	-	14,923	14,923	-	5,300	1,854	7,154

As at 31 December 2023

	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 FVTPL												
Collateralised interest rate swap	-	-	400,000	400,000	-	-	16,857	16,857	-	-	-	-
Cross currency swap	-	56,697	42,043	98,740	-	171	-	171	-	3,912	963	4,875
Total	-	56,697	442,043	498,740	-	171	16,857	17,028	-	3,912	963	4,875

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

13. Derivatives Financial Instruments (continued)

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

As at 31 March 2024, 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 RM14,923,000 (2023: RM17,028,000). 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 RM5,967,000 (2023: RM5,967,000) 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)

14. Auditors' report on preceding annual financial statements

The auditors' report of the Group's audited financial statements for the financial year ended 31 December 2023 was not qualified.

BY ORDER OF THE BOARD

Ng Siew Gek
Company Secretary

Kuala Lumpur
23 May 2024