

ALLIANZ MALAYSIA BERHAD (197201000819)

**UNAUDITED QUARTERLY RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

ALLIANZ MALAYSIA BERHAD (197201000819)

**Condensed consolidated statement of financial position
as at 30 June 2024 - unaudited**

	30 June 2024 RM'000	← Audited → 31 December 2023 RM'000
Assets		
Property, plant and equipment	116,054	116,959
Right-of-use assets	45,899	43,670
Intangible assets	421,142	425,639
Investments	24,435,160	23,052,458
Derivative financial assets	14,302	17,028
Reinsurance contract assets	582,924	542,263
Current tax assets	52,500	36,323
Other assets	225,162	125,973
Cash and cash equivalents	1,420,214	1,561,635
Total assets	27,313,357	25,921,948

ALLIANZ MALAYSIA BERHAD (197201000819)**Condensed consolidated statement of financial position
as at 30 June 2024 - unaudited (continued)**

	30 June 2024 RM'000	← Audited → 31 December 2023 RM'000
Equity		
Share capital:		
Ordinary Shares	238,581	236,037
Irredeemable Convertible Preference Shares ("ICPS")	532,448	534,992
Reserves	4,630,177	4,369,591
Total equity attributable to owners of the Company	5,401,206	5,140,620
Liabilities		
Deferred tax liabilities	629,647	539,242
Insurance contract liabilities	20,505,592	19,315,930
Reinsurance contract liabilities	145,344	69,777
Derivative financial liabilities	7,244	4,875
Lease liabilities	25,762	25,304
Other liabilities	569,029	803,793
Current tax liabilities	29,533	22,407
Total liabilities	21,912,151	20,781,328
Total equity and liabilities	27,313,357	25,921,948
Net asset per ordinary share (RM)	30.21	28.88
Diluted net asset per ordinary share (RM)	15.60	14.85

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 period ended 30 June 2024 - unaudited**

	Note (Part B)	Individual period Three months ended 30 June		Cumulative period Six months ended 30 June	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Insurance revenue		1,371,080	1,164,677	2,708,017	2,326,051
Insurance service expenses		(1,234,059)	(932,335)	(2,241,683)	(1,758,602)
Net income/(expenses) from reinsurance contracts held		24,930	(62,218)	(50,044)	(137,887)
Insurance service result		161,951	170,124	416,290	429,562
Interest revenue on financial assets not measured at fair value through profit or loss ("FVTPL")		136,727	154,769	275,581	281,381
Net gains on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal		564	851	238	82
Net gains on FVTPL investments		262,753	17,114	602,359	123,218
Dividend income		26,575	25,309	72,801	66,322
Net credit impairment gains/(losses) on financial assets		22	(247)	(78)	(283)
Net investment income	4	426,641	197,796	950,901	470,720
Finance expenses from insurance contracts issued		(327,223)	(114,520)	(829,915)	(377,537)
Finance income from reinsurance contracts held		4,367	5,270	8,482	10,003
Net insurance finance expenses		(322,856)	(109,250)	(821,433)	(367,534)
Net insurance and investment results		265,736	258,670	545,758	532,748
Other operating income		266	287	5,397	575
Other operating expenses		(41,216)	(36,081)	(75,388)	(78,158)
Profit before tax	5	224,786	222,876	475,767	455,165
Tax expense	6	(57,770)	(56,202)	(118,921)	(115,805)
Profit for the period		167,016	166,674	356,846	339,360
Profit for the period attributable to: Owners of the Company		167,016	166,674	356,846	339,360
Basic earnings per ordinary share (sen)	10(a)	63.78	57.92	170.44	154.95
Diluted earnings per ordinary share (sen)	10(b)	48.35	48.14	103.31	98.02

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 period ended 30 June 2024 - unaudited**

	Note (Part B)	Individual period Three months ended 30 June		Cumulative period Six months ended 30 June	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the period attributable to owners of the Company		167,016	166,674	356,846	339,360
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Net (losses)/gains on investments in debt securities measured at FVOCI		(14,905)	50,635	21,536	205,538
Net realised gains transferred to profit or loss		(564)	(851)	(238)	(82)
Tax effects thereon		1,605	(5,046)	(2,883)	(23,935)
Fair value gains/(losses) on cash flow hedge		48	(4,988)	(2,391)	(5,037)
Tax effects thereon		(4)	399	191	403
Changes in expected credit losses		(26)	257	85	287
Tax effects thereon		(5)	(45)	(23)	(54)
Finance (expenses)/income from insurance contract issued		(1,919)	815	(72,671)	(62,216)
Tax effects thereon		(637)	275	7,076	9,186
Finance (expenses)/income from reinsurance contract held		(231)	590	1,108	4,048
Tax effects thereon		55	(141)	(266)	(971)
Items that will not be reclassified subsequently to profit or loss					
Net gains/(losses) on investments in equity instruments measured at FVOCI		16,484	(21,936)	57,475	(40,917)
Tax effects thereon		(1,319)	1,755	(4,598)	3,273
Total other comprehensive (losses)/income for the period, net of tax	1.7	(1,418)	21,719	4,401	89,523
Total comprehensive income for the period, net of tax		165,598	188,393	361,247	428,883
Total comprehensive income for the period attributable to: Owners of the Company		165,598	188,393	361,247	428,883

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 30 June 2024 - unaudited

	←————— Attributable to owners of the Company —————→						Retained earnings Life fund ¹ RM'000	Retained earnings RM'000	Total equity RM'000
	←————— 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			
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	-	-	181,603	-	-	181,603	-	-	181,603
Net realised losses transferred to profit or loss	-	-	(82)	-	-	(82)	-	-	(82)
Fair value losses on cash flow hedge	-	-	(4,634)	-	-	(4,634)	-	-	(4,634)
Finance expense from insurance contract issued	-	-	-	(53,030)	-	(53,030)	-	-	(53,030)
Finance income from reinsurance contract held	-	-	-	3,077	-	3,077	-	-	3,077
Changes in expected credit losses	-	-	233	-	-	233	-	-	233
Net losses on investments in equity instruments measured at FVOCI	-	-	(37,644)	-	-	(37,644)	-	-	(37,644)
Total other comprehensive income/(losses) for the period	-	-	139,476	(49,953)	-	89,523	-	-	89,523
Profit for the period	-	-	-	-	-	-	144,022	195,338	339,360
Total comprehensive income/(losses) for the period	-	-	139,476	(49,953)	-	89,523	144,022	195,338	428,883
Contributions by and distributions to owners of the Company									
Dividends to owners of the Company	-	-	-	-	-	-	-	(119,654)	(119,654)
Total transactions with owners of the Company	-	-	-	-	-	-	-	(119,654)	(119,654)
At 30 June 2023	236,037	534,992	60,266	(69,843)	48,870	39,293	1,836,043	2,340,018	4,986,383

ALLIANZ MALAYSIA BERHAD (197201000819)
Condensed consolidated statement of changes in equity for the period ended 30 June 2024 - unaudited (continued)

	← Attributable to owners of the Company →						Retained earnings Life fund ¹ RM'000	Retained earnings RM'000	Total equity RM'000
	← 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			
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	-	-	18,653	-	-	18,653	-	-	18,653
Net realised losses transferred to profit or loss	-	-	(238)	-	-	(238)	-	-	(238)
Fair value losses on cash flow hedge	-	-	(2,200)	-	-	(2,200)	-	-	(2,200)
Finance expense from insurance contract issued	-	-	-	(65,595)	-	(65,595)	-	-	(65,595)
Finance income from reinsurance contract held	-	-	-	842	-	842	-	-	842
Changes in expected credit losses	-	-	62	-	-	62	-	-	62
Net gains on investments in equity instruments measured at FVOCI	-	-	52,877	-	-	52,877	-	-	52,877
Total other comprehensive income/(losses) for the period	-	-	69,154	(64,753)	-	4,401	-	-	4,401
Profit for the period	-	-	-	-	-	-	168,630	188,216	356,846
Total comprehensive income/(losses) for the period	-	-	69,154	(64,753)	-	4,401	168,630	188,216	361,247
Contributions by and distributions to owners of the Company									
Conversion of ICPS to ordinary shares	2,544	(2,544)	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	(100,661)	(100,661)
Total transactions with owners of the Company	2,544	(2,544)	-	-	-	-	-	(100,661)	(100,661)
At 30 June 2024	238,581	532,448	205,679	(190,014)	52,816	68,481	2,008,402	2,553,294	5,401,206

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 30 June 2024 - unaudited**

	Six months ended 30 June 2024 RM'000	Six months ended 30 June 2023 RM'000
Cash flows from operating activities		
Profit before tax	475,767	455,165
Purchase of financial assets at FVOCI	(2,906,782)	(4,314,911)
Maturity of financial assets at FVOCI	1,783,766	1,684,257
Proceeds from sale of financial assets at FVOCI	805,725	2,108,451
Purchase of financial assets at FVTPL	(1,644,795)	(1,589,919)
Maturity of financial assets at FVTPL	219,000	104,554
Proceeds from sale of financial assets at FVTPL	918,064	421,073
Non-cash items:		
Investment income	(481,236)	(440,135)
Realised gains recorded in profit or loss	(137,132)	(1,148)
Interest on lease liabilities	658	241
Fair value gains on investments recorded in profit or loss	(332,494)	(2,652)
Unrealised foreign exchange gains	(6,027)	(30,048)
Depreciation of property, plant and equipment	7,082	7,327
Depreciation of right-of-use assets	11,015	11,241
Amortisation of intangible assets	14,101	12,303
Allowance for expected credit losses	78	283
Loss on disposal of property, plant and equipment	(2)	(2)
Property, plant and equipment written off	873	206
Allowance for impairment loss on LRC receivables	1,971	2,976
Bad debts recovered on LRC receivables	-	(6)
Net (gains)/losses on financial investments and derivatives	(38,004)	154
Changes in working capital:		
Increase in other assets	(99,189)	(13,309)
Increase in insurance contract liabilities	1,166,806	327,348
Increase in reinsurance contract liabilities	36,014	37,410
Increase in other liabilities	51,581	395,035
Cash used in operations	(153,160)	(824,106)

Condensed consolidated statement of cash flows
For the period ended 30 June 2024 - unaudited (continued)

	Six months ended 30 June 2024 RM'000	Six months ended 30 June 2023 RM'000
Cash flows from operating activities (continued)		
Tax paid	(89,856)	(106,673)
Dividends received	72,801	66,322
Interest income received	421,650	384,401
Interest paid on lease liabilities	(658)	(241)
	250,777	(480,297)
Investing activities		
Proceeds from disposal of property, plant and equipment	1	4
Acquisition of property, plant and equipment	(9,003)	(14,634)
Acquisition of intangible assets	(7,650)	(4,652)
	(16,652)	(19,282)
Financing activities		
Dividends paid to owners of the Company	(362,760)	(381,753)
Repayment of lease liabilities	(12,786)	(11,694)
	(375,546)	(393,447)
Net decrease in cash and cash equivalents	(141,421)	(893,026)
Cash and cash equivalents at 1 January	1,561,635	2,258,940
Cash and cash equivalents at 30 June	1,420,214	1,365,914
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks (with maturity of less than three months)	989,923	827,060
Cash and bank balances	430,291	538,854
	1,420,214	1,365,914

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 30 June 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 Six months ended 30 June	
	2024 RM'000	2023 RM'000
Property, plant and equipment: Contracted but not provided for	1,298	5,108
Software development: Contracted but not provided for	4,655	4,115

9. Related party transactions

Significant related party transactions are as follows:

	Transactions value Six months ended 30 June	
	2024 RM'000	2023 RM'000
Related companies* Payment of reinsurance premium ceded, net of commission income	(145,209)	(142,162)

* 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

Save for the issuance of 800,000 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 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) 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.

(b) A first single tier interim dividend of 26.5 sen per ordinary share and a first single tier interim dividend of 31.8 sen per ICPS for the financial year ending 31 December 2024 were paid on 12 June 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 30 June 2024 - unaudited

	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
Segment insurance revenue	-	-	1,534,660	1,327,404	1,173,357	998,647	2,708,017	2,326,051
Segment results	(2,185)	(3,816)	248,549	263,791	229,403	195,190	475,767	455,165
Segment assets	540,291	434,631	7,745,401	7,216,790	19,027,665	17,168,722	27,313,357	24,820,143
Segment liabilities	16,343	9,916	4,895,706	4,491,957	17,000,102	15,331,887	21,912,151	19,833,760

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 30 June		Changes		Cumulative period Six months ended 30 June		Changes	
	2024	2023	Amount	%	2024	2023	Amount	%
	Insurance revenue	1,371.1	1,164.7	206.4	17.7%	2,708.0	2,326.1	381.9
Profit before tax	224.8	222.9	1.9	0.9%	475.8	455.2	20.6	4.5%
Profit after tax	167.0	166.7	0.3	0.2%	356.8	339.4	17.4	5.1%
Profit for the period attributable to owners of the Company	167.0	166.7	0.3	0.2%	356.8	339.4	17.4	5.1%
RM'million	Individual Period Three months ended 30 June		Changes		Cumulative period Six months ended 30 June		Changes	
	2024	2023	Amount	%	2024	2023	Amount	%
	Insurance revenue by segments							
General insurance	779.9	665.9	114.0	17.1%	1,534.7	1,327.4	207.3	15.6%
Life insurance	591.2	498.8	92.4	18.5%	1,173.3	998.7	174.6	17.5%
Total insurance revenue	1,371.1	1,164.7	206.4	17.7%	2,708.0	2,326.1	381.9	16.4%

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 year quarter against preceding year corresponding quarter (Second Quarter 2024 versus Second Quarter 2023)

For the second quarter ended 30 June 2024, the Group recorded an insurance revenue of RM1.37 billion, an increase of 17.7% or RM206.4 million as compared to the preceding year quarter ended 30 June 2023 of RM1.16 billion due mainly to higher insurance revenue from both insurance segments.

For the quarter under review, the general insurance segment recorded an insurance revenue of RM779.9 million, an increase of 17.1% or RM114.0 million as compared to the preceding year quarter ended 30 June 2023 of RM665.9 million due mainly to increase in gross earned premiums from motor business.

For the quarter under review, the life insurance segment registered an insurance revenue of RM591.2 million, an increase of 18.5% or RM92.4 million as compared to the preceding year quarter ended 30 June 2023 of RM498.8 million. This increase was mainly attributed to higher insurance revenue from investment-linked protection business.

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

The Group recorded an insurance revenue of RM2.71 billion for the financial period ended 30 June 2024, an increase of 16.4% or RM381.9 million as compared to the preceding financial period ended 30 June 2023 of RM2.33 billion due mainly to higher insurance revenue from both insurance segments.

The general insurance segment recorded an insurance revenue of RM1.53 billion for the financial period ended 30 June 2024, an increase of 15.6% or RM207.3 million as compared to the preceding financial period ended 30 June 2023 of RM1.33 billion due mainly to increase in gross earned premiums from motor business.

The life insurance segment recorded an insurance revenue of RM1.17 billion for the financial period ended 30 June 2024, an increase of 17.5% or RM174.6 million as compared to the preceding financial period ended 30 June 2023 of RM998.7 million. This increase was mainly attributed to higher insurance revenue from investment-linked protection business.

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 30 June		Changes		Cumulative period Six months ended 30 June		Changes	
	2024	2023	Amount	%	2024	2023	Amount	%
Profit before tax by segments								
General insurance	116.2	124.0	(7.8)	(6.3%)	248.5	263.8	(15.3)	(5.8%)
Life insurance	107.1	98.7	8.4	8.5%	229.4	195.2	34.2	17.5%
Investment holding	1.5	0.2	1.3	>100%	(2.1)	(3.8)	1.7	44.7%
Total profit before tax	224.8	222.9	1.9	0.9%	475.8	455.2	20.6	4.5%
General Insurance								
Gross written premium	800.4	686.0	114.4	16.7%	1,685.0	1,462.1	222.9	15.2%
Reinsurance ratio	-4.0%	10.6%	N/A	(14.6 pts)	1.9%	12.2%	N/A	(10.3 pts)
Claims ratio	69.2%	49.6%	N/A	19.6 pts	62.2%	47.6%	N/A	14.6 pts
Expense ratio	24.9%	26.4%	N/A	(1.5 pts)	24.3%	25.6%	N/A	(1.3 pts)
Combined ratio *	90.1%	86.6%	N/A	3.5 pts	88.4%	85.4%	N/A	3.0 pts
Life Insurance								
Annualised new premium ("ANP")	211.1	157.8	53.3	33.9%	445.9	321.2	124.7	38.9%
Expense ratio #	12.3%	11.3%	N/A	1.0 pts	11.7%	10.9%	N/A	0.8 pts
Gross written premium	901.1	825.9	75.2	9.1%	1,920.8	1,755.1	165.7	9.4%
Block persistency ratio	82.9%	85.5%	N/A	(2.6 pts)	82.2%	85.4%	N/A	(3.2 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 current quarter and financial period to date

	Investment holding Individual Period Three months ended 30 June		General insurance Individual Period Three months ended 30 June		Life insurance Individual Period Three months ended 30 June		Consolidated Individual Period Three months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	-	-	779,815	665,936	591,265	498,741	1,371,080	1,164,677
Claims and benefits	-	(15)	(538,384)	(332,297)	(360,146)	(315,042)	(898,530)	(647,354)
Acquisition and administrative expenses (net)	-	-	(179,219)	(160,775)	(155,695)	(129,051)	(334,914)	(289,826)
(Losses)/Reversal of losses on onerous contracts	-	-	(1,446)	1,944	831	2,901	(615)	4,845
Insurance service expenses	-	(15)	(719,049)	(491,128)	(515,010)	(441,192)	(1,234,059)	(932,335)
Net income/(expenses) from reinsurance contracts held	-	-	31,140	(70,415)	(6,210)	8,197	24,930	(62,218)
Insurance service result	-	(15)	91,906	104,393	70,045	65,746	161,951	170,124
Net investment income	4,261	3,799	60,745	53,661	361,635	140,336	426,641	197,796
Net (re-)insurance finance expenses	-	-	(21,871)	(17,378)	(300,985)	(91,872)	(322,856)	(109,250)
Net insurance and investment results	4,261	3,784	130,780	140,676	130,695	114,210	265,736	258,670
Other operating income	2	4	247	264	17	19	266	287
Other operating expenses	(2,848)	(3,567)	(14,807)	(16,961)	(23,561)	(15,553)	(41,216)	(36,081)
Profit before tax	1,415	221	116,220	123,979	107,151	98,676	224,786	222,876

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 current quarter and financial period to date (continued)

	Investment holding Cumulative period Six months ended 30 June		General insurance Cumulative period Six months ended 30 June		Life insurance Cumulative period Six months ended 30 June		Consolidated Cumulative period Six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	-	-	1,534,660	1,327,404	1,173,357	998,647	2,708,017	2,326,051
Claims and benefits	-	(15)	(951,416)	(626,555)	(631,552)	(563,874)	(1,582,968)	(1,190,444)
Acquisition and administrative expenses (net)	-	-	(355,141)	(312,521)	(299,294)	(245,886)	(654,435)	(558,407)
Losses on onerous contracts	-	-	(3,539)	(5,500)	(741)	(4,251)	(4,280)	(9,751)
Insurance service expenses	-	(15)	(1,310,096)	(944,576)	(931,587)	(814,011)	(2,241,683)	(1,758,602)
Net (expenses)/income from reinsurance contracts held	-	-	(28,449)	(161,589)	(21,595)	23,702	(50,044)	(137,887)
Insurance service result	-	(15)	196,115	221,239	220,175	208,338	416,290	429,562
Net investment income	7,896	6,648	120,501	108,585	822,504	355,487	950,901	470,720
Net (re-)insurance finance expenses	-	-	(43,424)	(34,608)	(778,009)	(332,926)	(821,433)	(367,534)
Net insurance and investment results	7,896	6,633	273,192	295,216	264,670	230,899	545,758	532,748
Other operating income	5	10	506	528	4,886	38	5,397	576
Other operating expenses	(10,086)	(10,460)	(25,149)	(31,952)	(40,153)	(35,747)	(75,388)	(78,159)
(Loss)/Profit before tax	(2,185)	(3,817)	248,549	263,792	229,403	195,190	475,767	455,165

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 (Second Quarter 2024 versus Second Quarter 2023)

For the second quarter ended 30 June 2024, the Group recorded a profit before tax of RM224.8 million, an increase of 0.9% or RM1.9 million as compared to the preceding year quarter ended 30 June 2023 of RM222.9 million.

For the quarter under review, the general insurance segment recorded a lower profit before tax of RM116.2 million, a decrease of 6.3% or RM7.8 million as compared to a profit before tax of the preceding year quarter ended 30 June 2023 of RM124.0 million. The lower profit before tax was mainly contributed by higher claims from fire and engineering large losses for the quarter.

For the quarter under review, the life insurance segment recorded a higher profit before tax of RM107.1 million, an increase of 8.5% or RM8.4 million as compared to a profit before tax of the preceding year quarter ended 30 June 2023 of RM98.7 million due mainly to higher insurance service results from investment-linked protection business and higher net investment income.

For the quarter under review, the investment holding segment registered a profit before tax of RM1.5 million as compared to a profit before tax of the preceding year quarter ended 30 June 2023 of RM0.2 million due mainly to lower expenses in the current quarter.

1.4 Profit before tax of the current YTD against preceding YTD

The Group recorded a profit before tax of RM475.8 million for the six months ended 30 June 2024, an increase of 4.5% or RM20.6 million as compared to the preceding six months ended 30 June 2023 of RM455.2 million due mainly to higher profit contribution from life insurance segment.

The general insurance segment delivered a profit before tax of RM248.5 million for the six months ended 30 June 2024, a decrease of 5.8% or RM15.3 million as compared to the preceding six months ended 30 June 2023 of RM263.8 million. The lower profit before tax was mainly driven by higher claims from fire and engineering large losses.

The life insurance segment recorded a higher profit before tax of RM229.4 million for the six months ended 30 June 2024, an increase of 17.5% or RM34.2 million as compared to the preceding six months ended 30 June 2023 of RM195.2 million due mainly to higher insurance service results from investment-linked protection business and higher net investment income.

The investment holding segment registered a loss before tax of RM2.1 million for the six months ended 30 June 2024 as compared to a loss before tax of RM3.8 million for the preceding six months ended 30 June 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 30 June 2024	Immediate Preceding Quarter 31 March 2024	Current Year Quarter 30 June 2024	Immediate Preceding Quarter 31 March 2024	Current Year Quarter 30 June 2024	Immediate Preceding Quarter 31 March 2024	Current Year Quarter 30 June 2024	Immediate Preceding Quarter 31 March 2024
Insurance revenue	-	-	779.9	754.8	591.2	582.1	1,371.1	1,336.9
Insurance service expenses	-	-	(719.0)	(591.0)	(515.0)	(416.6)	(1,234.0)	(1,007.6)
Net income/(expenses) from reinsurance contracts held	-	-	31.1	(59.6)	(6.2)	(15.4)	24.9	(75.0)
Insurance service result	-	-	92.0	104.2	70.0	150.1	162.0	254.3
Net investment income	4.3	3.6	60.7	59.8	361.6	460.9	426.6	524.3
Net insurance and investment results	4.3	3.6	130.8	142.4	130.6	134.0	265.7	280.0
Net other operating income and expense	(2.8)	(7.2)	(14.6)	(10.1)	(23.5)	(11.7)	(40.9)	(29.0)
Profit/(Loss) before tax	1.5	(3.6)	116.2	132.3	107.1	122.3	224.8	251.0
Profit/(Loss) for the period attributable to owners of the Company	1.3	(4.0)	87.2	99.7	78.5	94.1	167.0	189.8

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

1. Review of results (continued)

1.5 Insurance revenue of the current quarter against the preceding quarter (Second Quarter 2024 versus First Quarter 2024)

The Group recorded an insurance revenue of RM1.37 billion for the quarter under review, an increase of 2.6% or RM34.2 million as compared to the preceding quarter ended 31 March 2024 of RM1.34 billion.

The general insurance segment recorded an insurance revenue of RM779.9 million for the quarter under review, an increase of 3.3% or RM25.1 million as compared to the preceding quarter ended 31 March 2024 of RM754.8 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 RM591.2 million for the quarter under review, a marginal increase of 1.6% or RM9.1 million as compared to the preceding quarter ended 31 March 2024 of RM582.1 million due mainly to higher insurance revenue from investment-linked protection business.

1.6 Profit before tax of the current quarter against the preceding quarter (Second Quarter 2024 versus First Quarter 2024)

The Group recorded a profit before tax of RM224.8 million for the quarter under review, a decrease of 10.4% or RM26.2 million as compared to the preceding quarter ended 31 March 2024 of RM251.0 million.

The profit before tax of general insurance segment for the quarter under review of RM116.2 million, a decrease of 12.2% or RM16.1 million as compared to the preceding quarter ended 31 March 2024 of RM132.3 million. The lower profit before tax was mainly contributed by higher claims from fire and engineering large losses for the quarter under review.

The profit before tax of life insurance segment for the quarter under review of RM107.1 million, a decrease of 12.4% or RM15.2 million as compared to the preceding quarter ended 31 March 2024 of RM122.3 million due mainly to higher claim experience from investment-linked protection business.

The investment holding segment registered a profit before tax of RM1.5 million as compared to a loss before tax of RM3.6 million in the preceding quarter ended 31 March 2024 due to lower 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 4: Other comprehensive income for current quarter and financial period to date

RM'million	Individual period		Cumulative period	
	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Net (losses)/gains on investments in debt securities measured at FVOCI	(15.0)	50.4	21.5	205.5
Net realised gains transferred to profit or loss	(0.6)	(0.9)	(0.2)	(0.1)
Tax effects thereon	1.6	(5.0)	(2.9)	(23.9)
Fair value losses on cash flow hedge	-	(5.0)	(2.4)	(5.0)
Tax effects thereon	-	0.4	0.2	0.4
Changes in expected credit losses	-	0.3	0.1	0.3
Finance (expenses)/income from insurance contract issued	(1.9)	0.8	(72.7)	(62.2)
Tax effects thereon	(0.6)	0.3	7.1	9.2
Finance (expenses)/income from reinsurance contract held	(0.2)	0.6	1.1	4.0
Tax effects thereon	0.1	(0.1)	(0.3)	(1.0)
Items that will not be reclassified subsequently to profit or loss				
Net gains/(losses) on investments in equity instruments measured at FVOCI	16.5	(21.9)	57.5	(40.9)
Tax effects thereon	(1.3)	1.8	(4.6)	3.3
Total other comprehensive (losses)/income for the period, net of tax	(1.4)	21.7	4.4	89.5

The Group recorded a total OCI of RM4.4 million for the period ended 30 June 2024, a decrease of RM85.1 million as compared to the total other comprehensive income of the preceding period ended 30 June 2023 of RM89.5 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)

1.8 Review of Statement of Financial Position

Table 5: Review of assets and liabilities

RM'million	As at 30 June 2024	As at 31 December 2023	Changes Amount	%
Total assets	27,313.4	25,921.9	1,391.5	5.4%
Total liabilities	21,912.2	20,781.3	1,130.9	5.4%
- Contractual service margin ("CSM")	3,456.2	3,248.2	208.0	6.4%
Total equity	5,401.2	5,140.6	260.6	5.1%

Total assets

As at 30 June 2024, the Group's total assets increased by RM1.39 billion to RM27.31 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 30 June 2024, the Group's total liabilities increased by RM1.13 billion to RM21.91 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 30 June 2024, CSM was at RM3.46 billion, an increase of RM208.0 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 30 June 2024 increased by 5.1% or RM260.6 million to RM5.40 billion from RM5.14 billion as at 31 December 2023. This is mainly attributable to the net profit generated for the period ended 30 June 2024.

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

2. Current year prospects

The Malaysian economy advanced by 5.9% in the second quarter of 2024 (1Q 2024: 4.2%). The growth is driven by stronger domestic demand and further expansion in exports. Household spending increased amid sustained positive labour market conditions and larger policy support. Investment activity was underpinned by continued progress in multi-year projects and capacity expansion by firms. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.9% (1Q 2024: 1.5%).

The Group achieved strong financial performance during the financial period ended 30 June 2024 amid stronger economic backdrop with a growth of 16.4% on insurance revenue, continuing the growth momentum in 2024 for both general and life insurance segments.

The general insurance segment recorded premium growth of 15.1% for the period ended 30 June 2024 which is higher than industry growth of 9.5%. Meanwhile the life insurance segment annualised new business increased by 38.9%, outperformed the industry growth of 15.3% for the period ended 30 June 2024 with the market share of 11.2% 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 second quarter of 2024 with key contribution from the motor business and investment-linked protection business respectively.

The Group continue to focus on accelerating distribution transformation through agency recruitment and partnership expansion. The Group also strive to introduce new and comprehensive products to enhance offerings to customers. Digital innovation remains a continuous effort within the Group to improve business processes and customer experience.

The Group seek to increase value to all stakeholders. The focus on execution of its strategic initiatives and the expansion of its distribution channels will position the Group to continue to deliver sustainable profitable growth.

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		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Investment income from financial assets not measured at FVTPL	137,291	155,620	275,819	281,463
Interest revenue on financial assets not measured at FVTPL	136,727	154,769	275,581	281,381
- Interest income	138,332	127,899	274,912	253,613
- Interest expense	(1,189)	(1,216)	(2,097)	(2,431)
- Other investment (expense)/income	(416)	28,086	2,766	30,199
Net losses on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	564	851	238	82
- Realised gains	692	3,475	1,771	9,006
- Realised losses	(128)	(2,624)	(1,533)	(8,924)
Net credit impairment gains/(losses) on financial assets	22	(247)	(78)	(283)
Net investment income - not measured at FVTPL	137,313	155,373	275,741	281,180
Net gains on FVTPL investments	262,753	17,114	602,359	123,218
- Interest income	66,706	60,121	131,310	118,270
- Realised gains/(losses)	74,396	(9,210)	136,894	1,066
- Other investment income	985	508	1,661	1,230
- Fair value gains/(losses)	120,666	(34,305)	332,494	2,652
Net investment income - other investment	262,753	17,114	602,359	123,218
Dividend income	26,575	25,309	72,801	66,322
- Dividend income not measured at FVTPL	2,860	4,054	12,197	13,814
- Dividend income measured at FVTPL	23,715	21,255	60,604	52,508
Total net investment income	426,641	197,796	950,901	470,720

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

Malaysian government securities	58,603	52,482	115,709	102,578
Malaysian government guaranteed bonds	23,175	23,619	45,814	47,222
Unquoted bonds of corporations in Malaysia	42,394	39,695	83,830	79,328
Unquoted bonds of corporations outside Malaysia	920	973	1,860	1,906
Fixed deposits with licensed banks	11,314	8,939	22,761	16,585
Other investments	885	29,912	5,845	33,844
Investment income from financial assets not measured at FVTPL	137,291	155,620	275,819	281,463

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		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Malaysian government securities	23,680	40,286	54,164	98,037
Malaysian government guaranteed bonds	6,399	19,475	23,568	52,717
Quoted equity securities of corporations in Malaysia	195,163	(88,119)	430,587	(145,953)
Quoted unit trusts in Malaysia	4,287	(674)	10,200	3,105
Unquoted unit trusts in Malaysia	(1,491)	3,875	1,447	11,366
Unquoted unit trusts outside Malaysia	5,932	(226)	14,594	11,763
Unquoted bonds of corporations in Malaysia	22,966	35,931	55,016	78,570
Fixed deposits with licensed banks	3,654	3,395	6,907	7,163
Other investments	1,460	2,748	5,997	3,430
<u>Derivative financial assets/liabilities:</u>				
Collateralised interest rate swap	539	259	(414)	2,643
Cross currency swap	164	164	293	377
Net gains on FVTPL investments	262,753	17,114	602,359	123,218
Quoted equity securities of corporations in Malaysia	2,860	4,054	12,197	13,814
Dividend income not measured at FVTPL	2,860	4,054	12,197	13,814
Quoted equity securities of corporations in Malaysia	13,964	14,090	47,746	41,196
Quoted equity securities of corporations outside Malaysia	2,960	3,646	2,996	3,997
Quoted unit trusts in Malaysia	1,540	1,644	3,297	3,013
Unquoted unit trusts in Malaysia	5,251	1,875	6,565	4,302
Dividend income measured at FVTPL	23,715	21,255	60,604	52,508
Malaysian government securities	69	(10)	(37)	(28)
Malaysian government guaranteed bonds	32	(32)	(13)	(36)
Unquoted bonds of corporations in Malaysia	(62)	(72)	(22)	(54)
Fixed deposits with licensed banks	(17)	(104)	(20)	(113)
Other investments	-	(29)	14	(52)
Net credit impairment gains/(losses) on financial assets	22	(247)	(78)	(283)
Total interest revenue and investment income	426,641	197,796	950,901	470,720

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		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	7,209	6,372	14,101	12,303
Depreciation of property, plant and equipment	3,573	3,911	7,082	7,327
Depreciation of right-of-use assets	5,829	5,633	11,015	11,241
Allowance for impairment loss on LRC receivables	1,617	2,165	1,971	2,976
Bad debts recovered on LRC receivables	-	(5)	-	(6)
Interest on lease liabilities	338	111	658	241
Interest income	(205,038)	(188,020)	(406,222)	(371,883)
Interest expenses	1,189	1,216	2,097	2,431
Property, plant and equipment written off	637	1	873	206
Unrealised foreign exchange losses/(gains)	3,870	(28,430)	(6,027)	(30,048)

6. Tax expense

	Individual period		Cumulative period	
	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax	224,786	222,876	475,767	455,165
Tax expense				
Income tax	22,020	29,254	55,493	66,482
Deferred tax	35,750	26,948	63,428	49,323
Total tax expense	57,770	56,202	118,921	115,805
Effective tax rate	26%	25%	25%	25%

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		Six months ended	
		30 June		30 June	
		2024	2023	2024	2023
Profit attributable to ordinary shareholders	(RM'000)	167,016	166,674	356,846	339,360
Adjustment:					
- Preference dividends declared	(RM'000)	(53,499)	(63,593)	(53,499)	(63,593)
Adjusted profit attributable to ordinary shareholders	(RM'000)	113,517	103,081	303,347	275,767
Weighted average number of ordinary shares in issue	('000)	177,982	177,969	177,982	177,969
Basic earnings per ordinary share	(sen)	63.78	57.92	170.44	154.95

(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		Six months ended	
		30 June		30 June	
		2024	2023	2024	2023
Profit attributable to ordinary shareholders	(RM'000)	167,016	166,674	356,846	339,360
Weighted average number of ordinary shares in issue	('000)	177,982	177,969	177,982	177,969
Effect of conversion of ICPS	('000)	167,437	168,237	167,437	168,237
Diluted weighted average number of ordinary shares during the year	('000)	345,419	346,206	345,419	346,206
Diluted earnings per ordinary share	(sen)	48.35	48.14	103.31	98.02

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 first single tier interim dividends for the financial year ending 31 December 2024 which were 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 30 June 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 30 June 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	-	9,482,248	-	9,482,248	9,482,248	9,482,248
Malaysian government guaranteed bonds	-	3,154,868	-	3,154,868	3,154,868	3,154,868
Quoted equity securities of corporations in Malaysia	3,747,733	-	-	3,747,733	3,747,733	3,747,733
Quoted equity securities of corporations outside Malaysia	86,467	-	-	86,467	86,467	86,467
Unquoted equity securities of corporations in Malaysia	-	-	14,705	14,705	14,705	14,705
Unquoted bonds of corporations in Malaysia	-	6,174,171	-	6,174,171	6,174,171	6,174,171
Unquoted bonds of corporations outside Malaysia	-	108,847	-	108,847	108,847	108,847
Quoted unit trusts in Malaysia	86,991	-	-	86,991	86,991	86,991
Unquoted unit trusts in Malaysia	-	484,337	-	484,337	484,337	484,337
Unquoted unit trusts outside Malaysia	-	429,154	-	429,154	429,154	429,154
Collateralised interest rate swap	-	14,302	-	14,302	14,302	14,302
Other investments	-	-	10,684	10,684	10,684	10,684
Fixed deposits with licensed banks	-	389,793	265,162	654,955	654,955	654,955
	<u>3,921,191</u>	<u>20,237,720</u>	<u>290,551</u>	<u>24,449,462</u>	<u>24,449,462</u>	<u>24,449,462</u>
Financial liability						
Cross currency swap	-	7,244	-	7,244	7,244	7,244
	<u>-</u>	<u>7,244</u>	<u>-</u>	<u>7,244</u>	<u>7,244</u>	<u>7,244</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 30 June 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	-	-	14,302	14,302	-	-	-	-
Cross currency swap	-	56,697	42,043	98,740	-	-	-	-	-	5,240	2,004	7,244
Total	-	56,697	442,043	498,740	-	-	14,302	14,302	-	5,240	2,004	7,244

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 30 June 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 RM14,302,000 (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 August 2024