

Registration No.

198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD
ENDED 30 JUNE 2020**

Registration No.

198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

**CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2020**

| | Note | Group | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 30.06.2020 RM'000 | 31.12.2019 RM'000 | 30.06.2020 RM'000 | 31.12.2019 RM'000 |
| ASSETS | | | | | |
| Property, plant and equipment | | 22,201 | 25,832 | 22,201 | 25,832 |
| Intangible assets | | 179,943 | 179,943 | 179,943 | 179,943 |
| Investments: Available-for-sale | | 1,675,681 | 1,656,128 | 1,725,719 | 1,675,858 |
| Reinsurance assets | 10 | 268,961 | 250,742 | 268,961 | 250,742 |
| Insurance receivables | | 118,428 | 86,293 | 118,428 | 86,293 |
| Loans and receivables (excluding insurance receivables) | | 421,073 | 427,618 | 360,206 | 406,550 |
| Cash and bank balances | | 40,767 | 25,906 | 40,724 | 25,872 |
| Total Assets | | 2,727,054 | 2,652,462 | 2,716,182 | 2,651,090 |
| EQUITY AND LIABILITIES | | | | | |
| Share capital | | 403,471 | 403,471 | 403,471 | 403,471 |
| Retained earnings | | 839,250 | 818,144 | 797,521 | 782,119 |
| Other reserves | | 33,244 | 25,060 | 74,973 | 61,085 |
| Total Equity | | 1,275,965 | 1,246,675 | 1,275,965 | 1,246,675 |
| Insurance contract liabilities | 11 | 1,276,514 | 1,240,974 | 1,276,514 | 1,240,974 |
| Deferred tax liabilities | | 16,653 | 8,353 | 16,653 | 8,353 |
| Provision for taxation | | 6,029 | 1,142 | 6,029 | 1,142 |
| Other financial liabilities | | 12,658 | 11,754 | 12,658 | 11,754 |
| Insurance payables | | 59,052 | 53,334 | 59,052 | 53,334 |
| Other payables | | 80,183 | 90,230 | 69,311 | 88,858 |
| Total Liabilities | | 1,451,089 | 1,405,787 | 1,440,217 | 1,404,415 |
| Total Equity and Liabilities | | 2,727,054 | 2,652,462 | 2,716,182 | 2,651,090 |

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

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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**CONDENSED UNAUDITED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

| | Group | | Company | |
|---|---|---|---|---|
| | 6 months period ended <u>30.6.2020</u> RM'000 | 6 months period ended <u>30.6.2019</u> RM'000 | 6 months period ended <u>30.6.2020</u> RM'000 | 6 months period ended <u>30.6.2019</u> RM'000 |
| Gross earned premiums | 430,487 | 444,632 | 430,487 | 444,632 |
| Premiums ceded to reinsurers | (86,356) | (85,437) | (86,356) | (85,437) |
| NET EARNED PREMIUMS | 344,131 | 359,195 | 344,131 | 359,195 |
| Investment income | 40,903 | 41,796 | 43,417 | 40,385 |
| Realised gain | 10,512 | 602 | 664 | 169 |
| Fee and commission income | 23,345 | 20,369 | 23,345 | 20,369 |
| OTHER REVENUE | 74,760 | 62,767 | 67,426 | 60,923 |
| TOTAL REVENUE | 418,891 | 421,962 | 411,557 | 420,118 |
| Gross claims paid | (188,895) | (248,588) | (188,895) | (248,588) |
| Claims ceded to reinsurers | 21,566 | 28,538 | 21,566 | 28,538 |
| Gross change to insurance contract liabilities | (25,725) | 15,788 | (25,725) | 15,788 |
| Change in insurance contract liabilities ceded to reinsurers | 2,722 | (13,159) | 2,722 | (13,159) |
| NET CLAIMS INCURRED | (190,332) | (217,421) | (190,332) | (217,421) |
| Other operating income | 51 | 1,462 | 51 | 1,460 |
| Fee and commission expense | (47,331) | (45,496) | (47,331) | (45,496) |
| Management expenses | (92,893) | (94,826) | (91,263) | (93,306) |
| Finance costs | (182) | (597) | (182) | (597) |
| OTHER EXPENSES | (140,355) | (139,457) | (138,725) | (137,939) |
| PROFIT BEFORE TAXATION | 88,204 | 65,084 | 82,500 | 64,758 |
| Taxation | (11,297) | (3,367) | (11,297) | (3,367) |
| PROFIT FOR THE PERIOD | 76,907 | 61,717 | 71,203 | 61,391 |
| Attributable to: | | | | |
| - Owner of the Company | 76,907 | 61,717 | 71,203 | 61,391 |
| BASIC EARNINGS PER SHARE (SEN) | 19 | 15 | 18 | 15 |

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**CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

| | <u>Group</u> | | <u>Company</u> | |
|--|---|---|---|---|
| | <u>6 months period ended 30.6.2020 RM'000</u> | <u>6 months period ended 30.6.2019 RM'000</u> | <u>6 months period ended 30.6.2020 RM'000</u> | <u>6 months period ended 30.6.2019 RM'000</u> |
| Profit for the period | 76,907 | 61,717 | 71,203 | 61,391 |
| Other comprehensive income: | | | | |
| <u>Items that may be subsequently reclassified to the income statement</u> | | | | |
| Available-for-sale reserves | | | | |
| - Net gain on fair value arising during the period | 23,080 | 28,373 | 18,936 | 28,266 |
| - Net realised gain transferred to income statement | <u>(10,511)</u> | <u>(595)</u> | <u>(663)</u> | <u>(162)</u> |
| | 12,569 | 27,778 | 18,273 | 28,104 |
| Tax effects | <u>(4,385)</u> | <u>(6,745)</u> | <u>(4,385)</u> | <u>(6,745)</u> |
| | 8,184 | 21,033 | 13,888 | 21,359 |
| Total comprehensive income for the period | <u>85,091</u> | <u>82,750</u> | <u>85,091</u> | <u>82,750</u> |
| Total comprehensive income attributable: | | | | |
| - Owner of the Company | <u>85,091</u> | <u>82,750</u> | <u>85,091</u> | <u>82,750</u> |

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CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

| | | Non-distributable | | Distributable | |
|--|----------------------------|-----------------------------------|--|--------------------------------|-----------------|
| | Share capital RM'000 | Revaluation reserves RM'000 | Available- for-sale reserves RM'000 | Retained earnings RM'000 | Total RM'000 |
| Group | | | | | |
| At 1 January 2019, as previously stated | 403,471 | 4,916 | (4,358) | 768,345 | 1,172,374 |
| Impact of change in accounting policy | - | - | - | (874) | (874) |
| At 1 January 2019, as restated | 403,471 | 4,916 | (4,358) | 767,471 | 1,171,500 |
| Profit for the period | - | - | - | 61,717 | 61,717 |
| Other comprehensive income for the period | - | - | 21,033 | - | 21,033 |
| Dividend paid | - | - | - | (66,210) | (66,210) |
| At 30 June 2019 | 403,471 | 4,916 | 16,675 | 762,978 | 1,188,040 |
| At 1 January 2020 | 403,471 | 4,916 | 20,144 | 818,144 | 1,246,675 |
| Profit for the period | - | - | - | 76,907 | 76,907 |
| Other comprehensive income for the period | - | - | 8,184 | - | 8,184 |
| Dividend paid | - | - | - | (55,801) | (55,801) |
| At 30 June 2020 | 403,471 | 4,916 | 28,328 | 839,250 | 1,275,965 |

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CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)

| | Non-distributable | | Distributable | | |
|--|-------------------|-------------------------|------------------------------------|----------------------|-----------|
| | Share capital | Revaluation reserves | Available- for-sale reserves | Retained earnings | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Company | | | | | |
| At 1 January 2019, as previously stated | 403,471 | 4,916 | 25,751 | 738,236 | 1,172,374 |
| Impact of change in accounting policy | - | - | - | (874) | (874) |
| At 1 January 2019, as restated | 403,471 | 4,916 | 25,751 | 737,362 | 1,171,500 |
| Profit for the period | - | - | - | 61,391 | 61,391 |
| Other comprehensive income for the period | - | - | 21,359 | - | 21,359 |
| Dividend paid | - | - | - | (66,210) | (66,210) |
| At 30 June 2019 | 403,471 | 4,916 | 47,110 | 732,543 | 1,188,040 |
| At 1 January 2020 | 403,471 | 4,916 | 56,169 | 782,119 | 1,246,675 |
| Profit for the period | - | - | - | 71,203 | 71,203 |
| Other comprehensive income for the period | - | - | 13,888 | - | 13,888 |
| Dividend paid | - | - | - | (55,801) | (55,801) |
| At 30 June 2020 | 403,471 | 4,916 | 70,057 | 797,521 | 1,275,965 |

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

| | Group | | Company | |
|---|--|--|--|--|
| | 6 months period ended <u>30.06.2020</u> RM'000 | 6 months period ended <u>30.06.2019</u> RM'000 | 6 months period ended <u>30.06.2020</u> RM'000 | 6 months period ended <u>30.06.2019</u> RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit for the period | 76,907 | 61,717 | 71,203 | 61,391 |
| Adjustment of: | | | | |
| Property, plant and equipment | | | | |
| - depreciation | 2,736 | 2,560 | 2,736 | 2,560 |
| - gain on disposal | (1) | (7) | (1) | (7) |
| - write off | 5 | 8 | 5 | 8 |
| Depreciation for right-of-use ("ROU") assets | 3,338 | 3,217 | 3,338 | 3,217 |
| Amortisation of asset restoration | 58 | - | 58 | - |
| Interest on lease liability | 182 | 597 | 182 | 597 |
| Gain on disposal of AFS financial assets | (10,511) | (595) | (663) | (162) |
| Investment income | (40,903) | (41,796) | (43,417) | (40,385) |
| Write-back of impairment of insurance and other receivables | (1,509) | (2,836) | (1,509) | (2,836) |
| Bad debts written back | (21) | (238) | (21) | (238) |
| Tax expense | 11,297 | 3,367 | 11,297 | 3,367 |
| Profit from operations before changes in operating assets and liabilities | 41,578 | 25,994 | 43,208 | 27,512 |
| Purchases of investments | (393,150) | (272,604) | (41,063) | (32,584) |
| Proceeds from disposal of investments | 393,238 | 259,809 | 10,000 | 40,812 |
| (Increase)/decrease in reinsurance assets | (16,788) | 10,372 | (16,788) | 10,372 |
| Increase in insurance receivables | (32,083) | (1,860) | (32,083) | (1,860) |
| Decrease in loans and receivables | 5,232 | 44,087 | 45,028 | 24,123 |
| Increase/(decrease) in insurance contract liabilities | 35,540 | (14,794) | 35,540 | (14,794) |
| Increase in other financial liabilities | 904 | 3,511 | 904 | 3,511 |
| Increase/(decrease) in insurance payables | 5,718 | (10,589) | 5,718 | (10,589) |
| Decrease in other payables | (7,454) | (16,974) | (16,953) | (16,983) |
| | <u>32,735</u> | <u>26,952</u> | <u>33,511</u> | <u>29,520</u> |

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

| | <u>Group</u> | | <u>Company</u> | |
|---|--|--|--|--|
| | 6 months period ended <u>30.06.2020</u> RM'000 | 6 months period ended <u>30.06.2019</u> RM'000 | 6 months period ended <u>30.06.2020</u> RM'000 | 6 months period ended <u>30.06.2019</u> RM'000 |
| Tax paid | (2,495) | (4,505) | (2,495) | (4,505) |
| Investment income received: | | | | |
| - Interest | 41,054 | 38,144 | 7,297 | 6,116 |
| - Dividend | 4,649 | 6,471 | 37,621 | 35,930 |
| Interest paid on lease liabilities | (182) | (597) | (182) | (597) |
| Net cash generated from operating activities | <u>75,761</u> | <u>66,465</u> | <u>75,752</u> | <u>66,464</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | (2,293) | (730) | (2,293) | (730) |
| Proceeds from disposal of property, plant and equipment | 1 | 8 | 1 | 8 |
| Net cash used in investing activities | <u>(2,292)</u> | <u>(722)</u> | <u>(2,292)</u> | <u>(722)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payment of lease liabilities | (2,807) | (2,759) | (2,807) | (2,759) |
| Dividend paid | (55,801) | (66,210) | (55,801) | (66,210) |
| Net cash used in financing activities | <u>(58,608)</u> | <u>(68,969)</u> | <u>(58,608)</u> | <u>(68,969)</u> |
| NET MOVEMENT IN CASH AND CASH EQUIVALENTS | 14,861 | (3,226) | 14,852 | (3,227) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | <u>25,906</u> | <u>22,552</u> | <u>25,872</u> | <u>22,532</u> |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | <u>40,767</u> | <u>19,326</u> | <u>40,724</u> | <u>19,305</u> |
| Cash and bank balances | <u>40,767</u> | <u>19,326</u> | <u>40,724</u> | <u>19,305</u> |

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

Reconciliation of liabilities arising from financing activities

| | Group | | Company | |
|-------------------------------|--|--|--|--|
| | 6 months period ended <u>30.06.2020</u> RM'000 | 6 months period ended <u>30.06.2019</u> RM'000 | 6 months period ended <u>30.06.2020</u> RM'000 | 6 months period ended <u>30.06.2019</u> RM'000 |
| Lease liabilities | | | | |
| At 31 December 2019/2018 | 8,482 | - | 8,482 | - |
| Effect of adoption of MFRS 16 | - | 24,637 | - | 24,637 |
| At 1 January 2020/ 2019 | 8,482 | 24,637 | 8,482 | 24,637 |
| Cash flows | (2,989) | (3,356) | (2,989) | (3,356) |
| Interest charge | 182 | 597 | 182 | 597 |
| Lease addition | 155 | 494 | 155 | 494 |
| At 30 June 2020/2019 | 5,830 | 22,372 | 5,830 | 22,372 |

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2020

1 BASIS OF PREPARATION OF THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

The condensed unaudited financial statements have been prepared in accordance to the Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting which do not include all the information as required for a full annual financial statements and should, therefore, be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2019.

The condensed unaudited financial statements have been prepared under the historical cost convention, except for those financial instruments which have been measured at their fair values and insurance liabilities which have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework for Insurers issued by Bank Negara Malaysia.

The Group and the Company have adopted the same accounting policies, methods of computations and presentation as its audited financial statements for the financial year ended 31 December 2019, save and except for the adoption of Amendments to MFRS 101 “Presentation of Financial Statements- Definition of Material” and Amendments to MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Material” which were effected on 1 January 2020.

The amendments have been applied prospectively.

The preparation of the condensed unaudited financial statements in conformity with MFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2020 (CONTINUED)

2 COMMENTS ON SEASONALITY OR CYCLICALITY

The Group and the Company are principally engaged in the underwriting of all classes of general insurance business. Its product and services are generally dependent on the performance of the Malaysian economy, customers demand and local market competition. Its business operations were not significantly affected by any seasonal or cyclical factors during the period under review.

3 EXCEPTIONAL ITEMS

In the first quarter 2020, the rapid spread of the Covid-19 has been declared a pandemic. Globally, measures are being taken to contain it and these have led to a significant volatility in the financial markets and resulting in an adverse impact on the global business and economic activities.

There is an increasing likelihood that the Covid-19 and the continuous efforts could cause undesirable effects on the Malaysian economy. The Company is closely monitoring the developing situation and the potential impact of the spread of Covid-19 on its operations.

There were no other unusual items affecting the Group's and the Company's assets, liabilities, equity, net income or cash flows.

4 ACCOUNTING ESTIMATES

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

5 ISSUANCE OR REPAYMENT OF DEBIT AND EQUITY SECURITIES

There were no issuances, repurchases and repayment of debt or equity securities during the period under review.

6 DIVIDEND PAID

During the six month period ended 30 June 2020, the Company paid a first and final dividend of RM0.14 per share amounting to RM55,800,920 in respect of the financial year ended 31 December 2019 on 29 June 2020 (2019:RM66,209,811).

7 EVENTS AFTER THE REPORTING PERIOD

There was no material event or transaction after the reporting period to the date of this announcement, which could affect substantially the results of the Group and the Company for the period ended 30 June 2020, in respect of which this announcement is made.

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- 30 JUNE 2020 (CONTINUED)

8 EFFECT OF CHANGE IN COMPOSITION

There were no change to the composition of the Group and the Company during the period ended 30 June 2020.

9 CONTINGENT LIABILITIES AND CONTINGENT ASSET

In August 2016, Malaysia Competition Commission (“MyCC”) commenced investigation under Section 15(1) of the Competition Act 2010 (“the Act”) against the General Insurance Association of Malaysia (“PIAM”) and its 22 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes. On 22 February 2017, MyCC issued a proposed decision to all 22 member companies, proposing to impose collective penalty of MYR213.5 million on the general insurance industry. As an ‘industry collective action’, the Company together with PIAM, submitted a written representation and made oral representation to MyCC on 25 April 2017 and 29 January 2018 respectively to defend the allegation.

There have been some activities on this case during the last financial year but none this year, hence the status is still open and has remained largely unchanged.

The Group and the Company did not have any other contingent liability or contingent asset as at 30 June 2020 that may significantly render the financial results as reported misleading or inappropriate.

10 REINSURANCE ASSETS

| | <u>Group / Company</u> | |
|------------------------------------|------------------------|-------------------|
| | <u>30.06.2020</u> | <u>31.12.2019</u> |
| | RM'000 | RM'000 |
| Reinsurance of insurance contracts | 272,002 | 255,214 |
| Allowance for impairment | <u>(3,041)</u> | <u>(4,472)</u> |
| | <u>268,961</u> | <u>250,742</u> |

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2020 (CONTINUED)

11 INSURANCE CONTRACT LIABILITIES

| <u>Group / Company</u> | 30.06.2020 | | | 31.12.2019 | | |
|---|------------------------|------------------------------|----------------------|------------------------|------------------------------|----------------------|
| | <u>Gross</u> RM'000 | <u>Reinsurance</u> RM'000 | <u>Net</u> RM'000 | <u>Gross</u> RM'000 | <u>Reinsurance</u> RM'000 | <u>Net</u> RM'000 |
| Provision for outstanding claims | 565,876 | (126,659) | 439,217 | 589,091 | (129,187) | 459,904 |
| Provision for incurred but not reported claims ("IBNR") | 297,418 | (93,656) | 203,762 | 248,478 | (88,406) | 160,072 |
| Claims liabilities (i) | 863,294 | (220,315) | 642,979 | 837,569 | (217,593) | 619,976 |
| Premium liabilities (ii) | 413,220 | (51,687) | 361,533 | 403,405 | (37,621) | 365,784 |
| | <u>1,276,514</u> | <u>(272,002)</u> | <u>1,004,512</u> | <u>1,240,974</u> | <u>(255,214)</u> | <u>985,760</u> |
| (i) Claims liabilities | | | | | | |
| At 1 January | 837,569 | (217,593) | 619,976 | 853,986 | (209,631) | 644,355 |
| Claims incurred in the current accident period / year | 173,339 | (24,148) | 149,191 | 506,717 | (79,210) | 427,507 |
| Other movements in claims incurred in prior accident years | (7,659) | 5,110 | (2,549) | (9,531) | 11,950 | 2,419 |
| Movement of IBNR at 75% confidence level | 48,940 | (5,250) | 43,690 | 4,248 | (4,627) | (379) |
| Claims paid during the period / year | (188,895) | 21,566 | (167,329) | (517,851) | 63,925 | (453,926) |
| At 30 June / 31 December | <u>863,294</u> | <u>(220,315)</u> | <u>642,979</u> | <u>837,569</u> | <u>(217,593)</u> | <u>619,976</u> |

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2020 (CONTINUED)

11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

| <u>Group / Company</u> | 30.06.2020 | | | 31.12.2019 | | |
|--|------------------------|------------------------------|----------------------|------------------------|------------------------------|----------------------|
| | <u>Gross</u> RM'000 | <u>Reinsurance</u> RM'000 | <u>Net</u> RM'000 | <u>Gross</u> RM'000 | <u>Reinsurance</u> RM'000 | <u>Net</u> RM'000 |
| (ii) Premium liabilities | | | | | | |
| At 1 January | 403,405 | (37,621) | 365,784 | 405,715 | (32,935) | 372,780 |
| Premiums written in the period / year | 440,302 | (100,422) | 339,880 | 872,016 | (166,655) | 705,361 |
| Premiums earned during the period / year | (430,487) | 86,356 | (344,131) | (874,326) | 161,969 | (712,357) |
| At 30 June / 31 December | <u>413,220</u> | <u>(51,687)</u> | <u>361,533</u> | <u>403,405</u> | <u>(37,621)</u> | <u>365,784</u> |

Registration No.

198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2020 (CONTINUED)

12 REGULATORY CAPITAL REQUIREMENTS

Regulatory capital is the minimum amount of assets that must be held throughout the year to meet statutory solvency requirements governed under the Risk-based Capital Framework. As part of the statutory requirements, the Company is required to provide a capital position on a quarterly basis to Bank Negara Malaysia.

The capital structure of the Company as at 30 June 2020, as prescribed under the Framework, is provided below:

| | <u>30.06.2020</u> | <u>31.12.2019</u> |
|--------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Eligible Tier 1 Capital</u> | | |
| Share capital (paid-up) | 403,471 | 403,471 |
| Retained earnings | 797,521 | 782,119 |
| | <u>1,200,992</u> | <u>1,185,590</u> |
| <u>Tier 2 Capital</u> | | |
| Available-for-sale reserves | 70,057 | 56,169 |
| Revaluation reserves | 4,916 | 4,916 |
| | <u>74,973</u> | <u>61,085</u> |
| Amounts deducted from Capital | (179,943) | (179,943) |
| Total Capital Available | <u>1,096,022</u> | <u>1,066,732</u> |

The Company has met the minimum capital requirements specified in the framework for the period ended 30 June 2020 and financial year ended 2019.