

Registration No.

198601000381 (149520-U)

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

**CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL
PERIOD ENDED 30 JUNE 2022**

Registration No.

198601000381 (149520-U)

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

CONTENTS

	PAGE
CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION	1
CONDENSED UNAUDITED INCOME STATEMENT	2
CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY	4 - 5
CONDENSED UNAUDITED STATEMENT OF CASH FLOWS	6 - 8
NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS	9 - 24

Registration No.

198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Group		Company	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Property, plant and equipment		47,389	52,101	47,389	52,101
Intangible assets		179,943	179,943	179,943	179,943
Investments: Available-for-sale	10	1,733,644	1,325,866	1,798,649	1,496,868
Reinsurance assets	11	679,045	613,161	679,045	613,161
Insurance receivables		154,947	106,753	154,947	106,753
Loans and receivables (excluding insurance receivables)		506,795	863,481	436,468	692,247
Deferred tax assets		8,827	2,327	8,827	2,327
Tax recoverable		6,533		6,533	
Cash and bank balances		27,273	49,572	27,202	49,514
Total Assets		<u>3,344,396</u>	<u>3,193,204</u>	<u>3,339,003</u>	<u>3,192,914</u>
EQUITY AND LIABILITIES					
Share capital		403,471	403,471	403,471	403,471
Retained earnings		859,477	845,676	828,899	812,982
Other reserves		(41,504)	(8,787)	(10,926)	23,907
Total Equity		<u>1,221,444</u>	<u>1,240,360</u>	<u>1,221,444</u>	<u>1,240,360</u>
Insurance contract liabilities	12	1,923,621	1,738,402	1,923,621	1,738,402
Provision for taxation		-	155	-	155
Other financial liabilities		40,972	28,228	40,972	28,228
Insurance payables		72,662	79,510	72,662	79,510
Other payables		85,697	106,549	80,304	106,259
Total Liabilities		<u>2,122,952</u>	<u>1,952,844</u>	<u>2,117,559</u>	<u>1,952,554</u>
Total Equity and Liabilities		<u>3,344,396</u>	<u>3,193,204</u>	<u>3,339,003</u>	<u>3,192,914</u>

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

Registration No.

198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

**CONDENSED UNAUDITED INCOME STATEMENT
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Note	Group		Company	
		6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000	6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000
Gross earned premiums		503,375	475,994	503,375	475,994
Premiums ceded to reinsurers		(115,641)	(109,037)	(115,641)	(109,037)
NET EARNED PREMIUMS		387,734	366,957	387,734	366,957
Investment income		36,986	36,086	33,269	36,370
Realised (loss)/gain		(1,945)	1,136	2,084	134
Other operating income		251	-	251	-
Fee and commission income		31,248	28,111	31,248	28,111
OTHER REVENUE		66,540	65,333	66,852	64,615
TOTAL REVENUE		454,274	432,290	454,586	431,572
Gross claims paid		(257,130)	(195,150)	(257,130)	(195,150)
Claims ceded to reinsurers		96,481	30,363	96,481	30,363
Gross change to insurance contract liabilities		(101,954)	(36,092)	(101,954)	(36,092)
Change in insurance contract liabilities ceded to reinsurers		47,794	19,027	47,794	19,027
NET CLAIMS INCURRED		(214,809)	(181,852)	(214,809)	(181,852)
Other operating expense		(453)	(1,355)	(453)	(1,355)
Fair value losses		-	(5,358)	-	-
Fee and commission expense		(67,645)	(52,413)	(67,645)	(52,413)
Management expenses		(94,609)	(97,471)	(92,805)	(95,931)
Finance costs		(467)	(546)	(467)	(546)
OTHER EXPENSES		(163,174)	(157,143)	(161,370)	(150,245)
PROFIT BEFORE TAXATION		76,291	93,295	78,407	99,475
Taxation		(12,490)	(15,887)	(12,490)	(17,173)
NET PROFIT FOR THE FINANCIAL PERIOD		63,801	77,408	65,917	82,302
Attributable to:					
- Owner of the Company		63,801	77,408	65,917	82,302
BASIC EARNINGS PER SHARE (SEN)	13	16	19	16	20

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Registration No.

198601000381 (149520-U)

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

**CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<u>Group</u>		<u>Company</u>	
	6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000	6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000
Net profit for the financial period	63,801	77,408	65,917	82,302
Other comprehensive income:				
<u>Items that may be subsequently reclassified to income statements</u>				
Available-for-sale reserve				
- Net loss on fair value arising during the financial period and allowance for impairment transferred to income statements	(45,696)	(33,970)	(43,783)	(41,152)
- Net realised loss/(gain) transferred to income statements	1,979	(1,002)	(2,050)	-
	<u>(43,717)</u>	<u>(34,972)</u>	<u>(45,833)</u>	<u>(41,152)</u>
Tax effects	11,000	8,590	11,000	9,876
	<u>(32,717)</u>	<u>(26,382)</u>	<u>(34,833)</u>	<u>(31,276)</u>
Total comprehensive income for the financial period	<u>31,084</u>	<u>51,026</u>	<u>31,084</u>	<u>51,026</u>
Total comprehensive income attributable:				
- Owner of the Company	<u>31,084</u>	<u>51,026</u>	<u>31,084</u>	<u>51,026</u>

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Registration No.

198601000381 (149520-U)

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

**CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

		Non-distributable		Distributable	
	Share capital RM'000	Revaluation reserve RM'000	Available- for-sale reserve RM'000	Retained earnings RM'000	Total RM'000
Group					
At 1 January 2021	403,471	7,196	28,361	876,061	1,315,089
Net profit for the financial period	-	-	-	77,408	77,408
Other comprehensive income for the financial period	-	-	(26,382)	-	(26,382)
Dividend paid	-	-	-	(159,572)	(159,572)
At 30 June 2021	<u>403,471</u>	<u>7,196</u>	<u>1,979</u>	<u>793,897</u>	<u>1,206,543</u>
At 1 January 2022	403,471	7,196	(15,983)	845,676	1,240,360
Net profit for the financial period	-	-	-	63,801	63,801
Other comprehensive income for the financial period	-	-	(32,717)	-	(32,717)
Dividend paid	-	-	-	(50,000)	(50,000)
At 30 June 2022	<u>403,471</u>	<u>7,196</u>	<u>(48,700)</u>	<u>859,477</u>	<u>1,221,444</u>

Registration No.

198601000381 (149520-U)

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

CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONTINUED)

		Non-distributable		Distributable	
	Share capital	Revaluation reserve	Available- for-sale reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 1 January 2021	403,471	7,196	74,333	830,089	1,315,089
Net profit for the financial period	-	-	-	82,302	82,302
Other comprehensive income for the financial period	-	-	(31,276)	-	(31,276)
Dividend paid	-	-	-	(159,572)	(159,572)
At 30 June 2021	<u>403,471</u>	<u>7,196</u>	<u>43,057</u>	<u>752,819</u>	<u>1,206,543</u>
At 1 January 2022	403,471	7,196	16,711	812,982	1,240,360
Net profit for the financial period	-	-	-	65,917	65,917
Other comprehensive income for the financial period	-	-	(34,833)	-	(34,833)
Dividend paid	-	-	-	(50,000)	(50,000)
At 30 June 2022	<u>403,471</u>	<u>7,196</u>	<u>(18,122)</u>	<u>828,899</u>	<u>1,221,444</u>

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Registration No.

198601000381 (149520-U)

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

**CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<u>Group</u>		<u>Company</u>	
	6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000	6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial period	63,801	77,408	65,917	82,302
Adjustment of:				
Property, plant and equipment				
- depreciation	3,069	2,796	3,069	2,796
- gain on disposal	(34)	(134)	(34)	(134)
- write-offs	-	3	-	3
Depreciation for right-of-use ("ROU") assets	3,524	3,726	3,524	3,726
Amortisation of asset restoration	47	54	47	54
Interest on lease liability	467	546	467	546
Loss/(gain) on disposal of available-for-sale financial assets	1,979	(1,002)	(2,050)	-
Investment income	(36,986)	(36,086)	(33,269)	(36,370)
Allowance for impairment of investments	-	5,358	-	-
Allowance for/(write-back of) impairment of insurance and other receivables	47	(1,579)	47	(1,579)
Bad debts written back	(402)	(137)	(402)	(137)
Tax expense	12,490	15,887	12,490	17,173
	<u>48,002</u>	<u>66,840</u>	<u>49,806</u>	<u>68,380</u>
Purchases of investments	(860,609)	(366,424)	(520,474)	(356)
Proceeds from disposal of investments	401,995	403,402	174,910	-
Increase in reinsurance assets	(65,710)	(27,747)	(65,710)	(27,747)
Increase in insurance receivables	(48,016)	(21,057)	(48,016)	(21,057)
Decrease in loans and receivables	355,089	50,770	253,990	90,773
Increase in insurance contract liabilities	185,219	47,619	185,219	47,619
Increase in other financial liabilities	12,744	6,798	12,744	6,798
Decrease in insurance payables	(6,848)	(4,287)	(6,848)	(4,287)
Decrease in other payables	(19,058)	(23,138)	(24,162)	(23,093)
	<u>2,808</u>	<u>132,776</u>	<u>11,459</u>	<u>137,030</u>

Registration No.

198601000381 (149520-U)

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

CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	Group		Company	
	6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000	6 months financial period ended <u>30.6.2022</u> RM'000	6 months financial period ended <u>30.6.2021</u> RM'000
Tax paid	(14,678)	(9,811)	(14,678)	(9,811)
Investment income received:				
- Interest	42,993	40,206	6,403	6,958
- Dividend	733	2,250	28,659	31,247
Interest paid on lease liabilities	(467)	(546)	(467)	(546)
Net cash generated from operating activities	<u>31,389</u>	<u>164,875</u>	<u>31,376</u>	<u>164,878</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,565)	(2,964)	(1,565)	(2,964)
Proceeds from disposal of property, plant and equipment	34	134	34	134
Net cash used in investing activities	<u>(1,531)</u>	<u>(2,830)</u>	<u>(1,531)</u>	<u>(2,830)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of lease liabilities	(2,157)	(2,039)	(2,157)	(2,039)
Dividend paid	(50,000)	(159,572)	(50,000)	(159,572)
Net cash used in financing activities	<u>(52,157)</u>	<u>(161,611)</u>	<u>(52,157)</u>	<u>(161,611)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(22,299)	434	(22,312)	437
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>49,572</u>	<u>40,806</u>	<u>49,514</u>	<u>40,751</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>27,273</u>	<u>41,240</u>	<u>27,202</u>	<u>41,188</u>
Cash and bank balances	<u>27,273</u>	<u>41,240</u>	<u>27,202</u>	<u>41,188</u>

Registration No.

198601000381 (149520-U)

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

CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONTINUED)

Reconciliation of liabilities arising from financing activities

	<u>Group/Company</u>	
	<u>6 months</u> <u>financial</u> <u>period</u> <u>ended</u> <u>30.6.2022</u> <u>RM'000</u>	<u>6 months</u> <u>financial</u> <u>period</u> <u>ended</u> <u>30.6.2021</u> <u>RM'000</u>
Lease liabilities		
At 1 January	24,277	27,393
Cash flows	(2,624)	(2,585)
Interest charge	467	546
Lease addition	320	727
	<hr/>	<hr/>
At 30 June	<u>22,440</u>	<u>26,081</u>

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

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022

1 BASIS OF PREPARATION OF THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

The unaudited condensed interim 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 2021.

The condensed unaudited financial statements have been prepared under the historical cost convention, except for land and building and 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 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 Directors to exercise their judgment 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 estimates.

The Group and the Company have adopted the same accounting policies, methods of computations and presentation as the audited financial statements for the financial year ended 31 December 2021, save for the following accounting standards which are effective from the financial year beginning on or after 1 January 2022::

Annual Improvements to Illustrative Example accompanying MFRS 16 ‘Leases: Lease Incentives’

The amendments removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

Amendments to MFRS 3 “Reference to the Conceptual Framework”

Amendments to MFRS 3 “Reference to the Conceptual Framework” replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combination on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 “Provisions, contingent liabilities and contingent assets” and IC Interpretation 21 “Levies” when falls within their scope. It also clarifies that contingent assets should not be recognized at the acquisition date.

The amendments have been applied prospectively.

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

1 BASIS OF PREPARATION OF THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
(CONTINUED)

Amendments to MFRS 116 “Proceeds before Intended Use”

Amendments to MFRS 116 “Proceeds before Intended Use” prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognized in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments have been applied retrospectively.

Amendments to MFRS 137 “Onerous Contracts – Cost of Fulfilling a Contract”

Amendments to MFRS 137 “Onerous Contracts – Cost of Fulfilling a Contract” clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The application of the above amendments to the respective standards do not have any material financial impact to the current reporting period.

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 financial period under review.

3 EXCEPTIONAL ITEMS

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

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

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 DEBT AND EQUITY SECURITIES

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

6 DIVIDEND PAID

During the six month financial period ended 30 June 2022, the Company paid a first and final dividend of RM0.12 per share amounting to RM50,000,000 in respect of the financial year ended 31 December 2021 on 30 June 2022. (2021:RM159,571,816).

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 financial period ended 30 June 2022, in respect of which this announcement is made.

8 EFFECT OF CHANGE IN COMPOSITION

There was no change to the composition of the Group and the Company during the financial period ended 30 June 2022.

9 CONTINGENT LIABILITY AND CONTINGENT ASSET

The Group and Company did not have any contingent liability or contingent asset as at 30 June 2022 that may significantly render the financial results as reported misleading or inappropriate.

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

10 INVESTMENTS

The Group's and the Company's financial investments are summarised by categories as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30.6.2022</u>	<u>31.12.2021</u>	<u>30.6.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets ("AFS")	1,733,644	1,325,866	1,798,649	1,496,868
Loans and receivables ("LAR")	506,795	863,481	436,468	692,247
	<u>2,240,439</u>	<u>2,189,347</u>	<u>2,235,117</u>	<u>2,189,115</u>
Current:				
	<u>Group</u>		<u>Company</u>	
	<u>30.6.2022</u>	<u>31.12.2021</u>	<u>30.6.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000	RM'000	RM'000
AFS	81,363	121,390	-	-
LAR	452,368	814,742	382,042	643,508
	<u>533,731</u>	<u>936,132</u>	<u>382,042</u>	<u>643,508</u>
Non current:				
	<u>Group</u>		<u>Company</u>	
	<u>30.6.2022</u>	<u>31.12.2021</u>	<u>30.6.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000	RM'000	RM'000
AFS	1,652,281	1,204,476	1,798,649	1,496,868
LAR	54,427	48,739	54,426	48,739
	<u>1,706,708</u>	<u>1,253,215</u>	<u>1,853,075</u>	<u>1,545,607</u>

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

10 INVESTMENTS (CONTINUED)

(a) Available-for-sale ("AFS")

	<u>Group</u>		<u>Company</u>	
	<u>30.6.2022</u>	<u>31.12.2021</u>	<u>30.6.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000	RM'000	RM'000
<u>Fair value</u>				
Equity securities	-	15,527	-	-
Malaysian Government Securities	172,352	159,300	-	-
Government Investment Issues	170,741	119,153	-	-
Corporate debt securities:				
Unquoted	1,295,280	938,862	-	-
	<u>1,638,373</u>	<u>1,232,842</u>	-	-
Unit trusts	79,381	80,207	79,381	80,207
Controlled structured entities	-	-	1,719,268	1,416,661
	<u>1,717,754</u>	<u>1,313,049</u>	<u>1,798,649</u>	<u>1,496,868</u>
<u>Accrued interest income</u>				
Equity securities	-	40	-	-
Malaysian Government Securities	692	699	-	-
Government Investment Issues	1,417	1,025	-	-
Corporate debt securities:				
Unquoted	13,781	11,053	-	-
	<u>15,890</u>	<u>12,817</u>	-	-
	<u>1,733,644</u>	<u>1,325,866</u>	<u>1,798,649</u>	<u>1,496,868</u>

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

10 INVESTMENTS (CONTINUED)

(b) Carrying values of financial assets

<u>Group</u>	<u>AFS</u> RM'000	<u>Total</u> RM'000
At 1 January 2021	1,625,511	1,625,511
Purchases	645,133	645,133
Disposals	(865,364)	(865,364)
Fair value losses recorded in:		
Other comprehensive income	(59,352)	(59,352)
Allowance for impairment	(13,285)	(13,285)
Movement in investment income due and accrued	(6,777)	(6,777)
At 31 December 2021	<u>1,325,866</u>	<u>1,325,866</u>
At 1 January 2022	1,325,866	1,325,866
Purchases	860,609	860,609
Disposals	(403,974)	(403,974)
Fair value losses recorded in:		
Other comprehensive income	(43,705)	(43,705)
Amortisation of premium	(733)	(733)
Movement in investment income due and accrued	(4,419)	(4,419)
At 30 June 2022	<u>1,733,644</u>	<u>1,733,644</u>
<u>Company</u>		
At 1 January 2021	1,701,942	1,701,942
Purchases	80,567	80,567
Disposals	(209,823)	(209,823)
Fair value losses recorded in:		
Other comprehensive income	(75,818)	(75,818)
At 31 December 2021	<u>1,496,868</u>	<u>1,496,868</u>
At 1 January 2022	1,496,868	1,496,868
Purchases	520,474	520,474
Disposals	(172,860)	(172,860)
Fair value losses recorded in:		
Other comprehensive income	(45,833)	(45,833)
At 30 June 2022	<u>1,798,649</u>	<u>1,798,649</u>

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

10 INVESTMENTS (CONTINUED)

(c) Fair values of financial assets

The following tables show investments recorded at fair value, analysed by the different basis of fair values as follows:

<u>Group</u>	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>30 June 2022</u>			
<u>Financial Assets</u>			
Available-for-sale financial assets:			
- Malaysian Government Securities	-	173,044	173,044
- Government Investment Issues	-	172,158	172,158
- Corporate debt securities	-	1,309,061	1,309,061
- Unit trusts	79,381	-	79,381
	<u>79,381</u>	<u>1,654,263</u>	<u>1,733,644</u>

31 December 2021

Financial Assets

Available-for-sale financial assets:			
- Malaysian Government Securities	-	159,999	159,999
- Government Investment Issues	-	120,178	120,178
- Corporate debt securities	-	949,915	949,915
- Equity securities	-	15,567	15,567
- Unit trusts	80,207	-	80,207
	<u>80,207</u>	<u>1,245,659</u>	<u>1,325,866</u>

Company

Level 1
RM'000

30 June 2022

Financial Assets

Available-for-sale financial assets:	
- Unit trusts	79,381
- Controlled structured entities	1,719,268
	<u>1,798,649</u>

31 December 2021

Financial Assets

Available-for-sale financial assets:	
- Unit trusts	80,207
- Controlled structured entities	1,416,661
	<u>1,496,868</u>

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

10 INVESTMENTS (CONTINUED)

(c) Fair values of financial assets (continued)

There were no investments held by the Group and the Company that were classified under Level 3 as at 30 June 2022 (31.12.2021: Nil).

Level 1

Included in the quoted price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. These are considered as Level 1 valuation basis.

Level 2

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable, and considered as Level 2 valuation basis.

Level 3

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private non quoted securities. As observable prices are not available for those securities, valuation techniques are used to derive the fair value. There were no investments valued using this basis during the period.

There were no transfers of financial assets between levels during the period.

11 REINSURANCE ASSETS

	Group / Company	
	30.6.2022	31.12.2021
	RM'000	RM'000
Reinsurance of insurance contracts	683,936	618,226
Allowance for impairment	(4,891)	(5,065)
	<u>679,045</u>	<u>613,161</u>

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

12 INSURANCE CONTRACT LIABILITIES

<u>Group / Company</u>	30.6.2022			31.12.2021		
	<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	908,924	(437,688)	471,236	782,793	(362,492)	420,301
Provision for incurred but not reported claims ("IBNR")	477,476	(183,506)	293,970	501,653	(210,908)	290,745
Claims liabilities (i)	1,386,400	(621,194)	765,206	1,284,446	(573,400)	711,046
Premium liabilities (ii)	537,221	(62,742)	474,479	453,956	(44,826)	409,130
	<u>1,923,621</u>	<u>(683,936)</u>	<u>1,239,685</u>	<u>1,738,402</u>	<u>(618,226)</u>	<u>1,120,176</u>
(i) Claims liabilities						
At 1 January	1,284,446	(573,400)	711,046	877,940	(225,655)	652,285
Claims incurred in the current accident period / year	328,338	(126,144)	202,194	590,979	(281,516)	309,463
Other movements in claims incurred in prior accident years	54,923	(45,533)	9,390	(7,716)	(2,772)	(10,488)
Movement of IBNR at 75% confidence level	(24,177)	27,402	3,225	183,446	(120,562)	62,884
Claims paid during the financial period / year	(257,130)	96,481	(160,649)	(360,203)	57,105	(303,098)
At 30 June / 31 December	<u>1,386,400</u>	<u>(621,194)</u>	<u>765,206</u>	<u>1,284,446</u>	<u>(573,400)</u>	<u>711,046</u>

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

12 INSURANCE CONTRACT LIABILITIES (CONTINUED)

<u>Group / Company</u>	30.6.2022			31.12.2021		
	<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	453,956	(44,826)	409,130	433,390	(49,646)	383,744
Premiums written in the period / year	586,640	(133,557)	453,083	943,330	(201,287)	742,043
Premiums earned during the financial period / year	(503,375)	115,641	(387,734)	(922,764)	206,107	(716,657)
At 30 June / 31 December	<u>537,221</u>	<u>(62,742)</u>	<u>474,479</u>	<u>453,956</u>	<u>(44,826)</u>	<u>409,130</u>

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

13 **BASIC EARNINGS PER SHARE (SEN)**

Basic earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Group and the Company by the weighted average number of ordinary shares in issue during the financial period.

	<u>Group</u>		<u>Company</u>	
	<u>30.6.2022</u>	<u>30.6.2021</u>	<u>30.6.2022</u>	<u>30.6.2021</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders	<u>63,801</u>	<u>77,408</u>	<u>65,917</u>	<u>82,302</u>
Weighted average number of shares in issue	<u>403,471</u>	<u>403,471</u>	<u>403,471</u>	<u>403,471</u>
Basic earnings per share (sen)	<u>16</u>	<u>19</u>	<u>16</u>	<u>20</u>

No diluted earnings per share is disclosed in these financial statements as there are no dilutive potential ordinary shares.

Registration No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

14 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 2022, as prescribed under the Framework, is provided below:

	<u>30.6.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	403,471	403,471
Retained earnings	828,899	812,982
	<u>1,232,370</u>	<u>1,216,453</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserve	(18,122)	16,711
Revaluation reserve	7,196	7,196
	<u>(10,926)</u>	<u>23,907</u>
Amounts deducted from Capital	(179,943)	(179,943)
Total Capital Available	<u>1,041,501</u>	<u>1,060,417</u>

The Company has met the minimum capital requirements specified in the framework for the financial period ended 30 June 2022 and financial year ended 2021.

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2022 (CONTINUED)

15 **AMENDMENTS TO MFRS 4 – APPLYING MFRS 9 “FINANCIAL INSTRUMENTS” WITH MFRS 4 “INSURANCE CONTRACTS” (“THE AMENDMENTS”)**

The Amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 “Financial Instruments” before the forthcoming new insurance contracts standard. This is because certain financial assets have to be measured at fair value through profit or loss under MFRS 9 whereas, under MFRS 4 “Insurance Contracts”, the related liabilities from insurance contracts are often measured on amortised cost basis.

The Amendments provide 2 different approaches for the Group and the Company:

- Temporary exemption from MFRS 9 for entities that meet specific requirements; and
- The overlay approach. Both approaches are optional.

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2021 at the least. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

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

The Group’s and the Company’s business activity is predominantly insurance as the insurance liabilities made up more than 90% of the Group’s and the Company’s total liabilities. Hence the Group’s and the Company qualify for the temporary exemption approach.

Amendments to MFRS 4 “Extension of the temporary exemption from applying MFRS 9” extend the expiry date for the temporary exemption from applying MFRS 9 by two years.

Management has decided to apply the extension of the temporary exemption from MFRS 9 for the current financial period and will adopt MFRS 9 for its annual period beginning 1 January 2023.

Company No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

15 AMENDMENTS TO MFRS 4 – APPLYING MFRS 9 “FINANCIAL INSTRUMENTS” WITH MFRS 4 “INSURANCE CONTRACTS” (“THE AMENDMENTS”) (CONTINUED)

As required under the Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, the following table provides the additional disclosure on the Group’s and the Company’s financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding (“SPPI”).

<u>Group</u>	<u>Note</u>	Fair value as at <u>30.06.2022</u> RM’000	Fair value as at <u>31.12.2021</u> RM’000	Changes in fair value <u>30.06.2022</u> RM’000	Changes in fair value <u>30.06.2021</u> RM’000	Cash flows characteristic
Financial assets						
Malaysian Government Securities	10(c)	173,044	159,999	(6,501)	(518)	SPPI
Government Investment Issues	10(c)	172,158	120,178	(6,732)	(717)	SPPI
Corporate debt securities	10(c)	1,309,061	949,915	(29,636)	(39,648)	SPPI
Equity securities		-	15,567	-	-	Non SPPI
Unit trusts	10(c)	79,381	80,207	(848)	5,911	Non SPPI
		<u>1,733,644</u>	<u>1,325,866</u>	<u>(43,717)</u>	<u>(34,972)</u>	
Loans and receivables*		500,632	858,547	-	-	SPPI
Cash and bank balances		27,273	49,572	-	-	SPPI
		<u>2,261,549</u>	<u>2,233,985</u>	<u>(43,717)</u>	<u>(34,972)</u>	
<u>Company</u>						
Financial assets						
Unit Trusts		79,381	80,207	(699)	(449)	Non SPPI
Controlled structured entities		1,719,268	1,416,661	(45,134)	(40,703)	Non SPPI
	10(c)	<u>1,798,649</u>	<u>1,496,868</u>	<u>(45,833)</u>	<u>(41,152)</u>	
Loans and receivables*		430,305	687,313	-	-	SPPI
Cash and bank balances		27,202	49,514	-	-	SPPI
		<u>2,256,156</u>	<u>2,233,695</u>	<u>(45,833)</u>	<u>(41,152)</u>	

* Loans and receivable excluded prepayment of RM6,163,091 (31.12.2021:RM4,933,767).

Insurance receivables and reinsurance assets have been excluded from the above and following table as they will be under the scope of MFRS 17 “Insurance Contracts”.

Company No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

15 **AMENDMENTS TO MFRS 4 – APPLYING MFRS 9 “FINANCIAL INSTRUMENTS” WITH MFRS 4 “INSURANCE CONTRACTS” (“THE AMENDMENTS”)**
(CONTINUED)

The following table provides information regard credit risk exposure of the Group’s and Company’s financial assets with SPPI cash flows under the Amendments to MFRS 4.

30.06.2022

Financial assets with SPPI cash flows	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>	<u>Total</u>
Gross carrying amounts under MFRS	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>						
Malaysian Government Securities	-	-	-	-	173,044	173,044
Government Investment Issues	-	-	-	-	172,158	172,158
Corporate debt securities	390,107	610,998	-	12,579	295,377	1,309,061
Loans and receivables						
Staff loans	-	-	-	-	499	499
Fixed and call deposits	132,382	209,881	68,115	-	41,835	452,213
Other receivables*	-	-	-	-	47,920	47,920
Cash and bank balances	19,197	7,433	547	-	96	27,273
Total	541,686	828,312	68,662	12,579	730,929	2,182,168
<u>Company</u>						
Loans and receivables						
Staff loans	-	-	-	-	499	499
Fixed and call deposits	80,182	191,717	68,115	-	41,834	381,848
Other receivables*	-	-	-	-	47,958	47,958
Cash and bank balances	19,197	7,433	546	-	26	27,202
Total	99,379	199,150	68,661	-	90,317	457,507

* Loans and receivable excluded prepayment of RM6,163,091

Financial assets with SPPI cash flows

All financial assets with SPPI cash flows of the Group and the Company as at 30 June 2022 have low credit risk.

Company No.

198601000381 (149520-U)

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

15 **AMENDMENTS TO MFRS 4 – APPLYING MFRS 9 “FINANCIAL INSTRUMENTS” WITH MFRS 4 “INSURANCE CONTRACTS” (“THE AMENDMENTS”)**
(CONTINUED)

The following table provides information regard credit risk exposure of the Group’s and Company’s financial assets with SPPI cash flows under the Amendments to MFRS 4.

31.12.2021

Financial assets with SPPI cash flows	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>	<u>Total</u>
Gross carrying amounts under MFRS	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>						
Malaysian Government Securities	-	-	-	-	159,999	159,999
Government Investment Issues	-	-	-	-	120,178	120,178
Corporate debt securities	249,694	324,426	-	-	375,795	949,915
Loans and receivables						
Staff loans	-	-	-	-	600	600
Fixed and call deposits	351,476	379,939	-	77,331	-	808,746
Other receivables*	-	-	-	-	49,201	49,201
Cash and bank balances	40,597	7,315	1,577	-	83	49,572
Total	641,767	711,680	1,577	77,331	705,856	2,138,211
<u>Company</u>						
Loans and receivables						
Staff loans	-	-	-	-	600	600
Fixed and call deposits	180,242	379,939	-	77,331	-	637,512
Other receivables*	-	-	-	-	49,201	49,201
Cash and bank balances	40,597	7,315	1,577	-	25	49,514
Total	220,839	387,254	1,577	77,331	49,826	736,827

* Loans and receivable excluded prepayment of RM4,933,767

Financial assets with SPPI cash flows

All financial assets with SPPI cash flows of the Group and the Company as at 31 December 2021 have low credit risk.