

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 2023**

Registration No.

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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 2023

| | Note | Group | | | Company | | |
|--|------|---------------------|----------------------------------|--------------------------------|---------------------|----------------------------------|--------------------------------|
| | | 30.6.2023 RM'000 | Restated 31.12.2022 RM'000 | Restated 1.1.2022 RM'000 | 30.6.2023 RM'000 | Restated 31.12.2022 RM'000 | Restated 1.1.2022 RM'000 |
| ASSETS | | | | | | | |
| Property, plant and equipment | | 41,178 | 47,061 | 52,101 | 41,178 | 47,061 | 52,101 |
| Intangible assets | | 179,943 | 179,943 | 179,943 | 179,943 | 179,943 | 179,943 |
| Investments: Fair value through profit or loss | 11 | 79,669 | - | - | 1,840,422 | - | - |
| Investments: Fair value through other comprehensive income | 11 | 1,683,888 | - | - | - | - | - |
| Investments: Available-for-sale | 11 | - | 1,744,097 | 1,325,866 | - | 1,809,056 | 1,496,868 |
| Reinsurance contract assets | 12 | 378,316 | 428,172 | 570,816 | 378,316 | 428,172 | 570,816 |
| Other receivables | | 739,108 | 624,137 | 863,481 | 662,503 | 559,321 | 692,247 |
| Income tax recoverable | | 5,400 | 2,833 | - | 5,400 | 2,833 | - |
| Cash and bank balances | | 57,475 | 57,591 | 49,572 | 56,880 | 57,088 | 49,514 |
| Total Assets | | 3,164,977 | 3,083,834 | 3,041,779 | 3,164,642 | 3,083,474 | 3,041,489 |
| EQUITY AND LIABILITIES | | | | | | | |
| Share capital | | 403,471 | 403,471 | 403,471 | 403,471 | 403,471 | 403,471 |
| Retained earnings | | 950,763 | 968,730 | 888,126 | 933,721 | 945,184 | 855,432 |
| Other reserves | | (9,846) | (26,562) | (8,787) | 7,196 | (3,016) | 23,907 |
| Total Equity | | 1,344,388 | 1,345,639 | 1,282,810 | 1,344,388 | 1,345,639 | 1,282,810 |
| Insurance contract liabilities | 12 | 1,725,969 | 1,628,528 | 1,646,782 | 1,725,969 | 1,628,528 | 1,646,782 |
| Provision for taxation | | - | - | 155 | - | - | 155 |
| Deferred tax liabilities | | 22,562 | 9,434 | 11,078 | 22,562 | 9,434 | 11,078 |
| Other payables | | 72,058 | 100,233 | 100,954 | 71,723 | 99,873 | 100,664 |
| Total Liabilities | | 1,820,589 | 1,738,195 | 1,758,969 | 1,820,254 | 1,737,835 | 1,758,679 |
| Total Equity and Liabilities | | 3,164,977 | 3,083,834 | 3,041,779 | 3,164,642 | 3,083,474 | 3,041,489 |

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 FINANCIAL PERIOD ENDED 30 JUNE 2023**

| | Group | | Company | |
|---|--|--|--|--|
| | 6 months financial period ended | Restated 6 months financial period ended | 6 months financial period ended | Restated 6 months financial period ended |
| Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Insurance revenue | 603,833 | 489,189 | 603,833 | 489,189 |
| Insurance service expenses | (487,740) | (480,832) | (487,740) | (480,832) |
| Net (expenses)/income from reinsurance contract | (48,569) | 58,518 | (48,569) | 58,518 |
| Insurance service result | 67,524 | 66,875 | 67,524 | 66,875 |
| Investment income | 49,330 | 36,986 | 41,620 | 33,269 |
| Realised (loss)/gain | 1,648 | (1,979) | (123) | 2,050 |
| Unrealised gain | 89 | - | 31,590 | - |
| Net impairment loss on financial assets | (174) | - | - | - |
| Net Investment income | 50,893 | 35,007 | 73,087 | 35,319 |
| Finance expenses from insurance contracts | (26,580) | (6,371) | (26,580) | (6,371) |
| Finance income from reinsurance contracts | 7,173 | 1,456 | 7,173 | 1,456 |
| Net insurance finance expenses | (19,407) | (4,915) | (19,407) | (4,915) |
| Net insurance and investment result | 99,010 | 96,967 | 121,204 | 97,279 |
| Other operating income | 4,346 | 777 | 4,346 | 777 |
| Other operating expenses | (15,782) | (14,976) | (13,858) | (13,171) |
| Finance costs | (407) | (467) | (407) | (467) |
| | (11,843) | (14,666) | (9,919) | (12,861) |
| PROFIT BEFORE TAXATION | 87,167 | 82,301 | 111,285 | 84,418 |
| Taxation | (12,254) | (13,932) | (19,877) | (13,932) |
| NET PROFIT FOR THE FINANCIAL PERIOD | 74,913 | 68,369 | 91,408 | 70,486 |
| Attributable to: | | | | |
| - Owner of the Company | 74,913 | 68,369 | 91,408 | 70,486 |
| BASIC EARNINGS PER SHARE (SEN) | 13 | 19 | 17 | 23 |
| | | | | 17 |

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**CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

| | Group | | Company | |
|---|--|--|--|--|
| | 6 months financial period ended <u>30.6.2023</u> RM'000 | Restated 6 months financial period ended <u>30.6.2022</u> RM'000 | 6 months financial period ended <u>30.6.2023</u> RM'000 | Restated 6 months financial period ended <u>30.6.2022</u> RM'000 |
| Net profit for the financial period | 74,913 | 68,369 | 91,408 | 70,486 |
| Other comprehensive income/(loss): | | | | |
| <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 | - | (45,696) | - | (43,783) |
| - Net realised loss/(gain) transferred to income statement | - | 1,979 | - | (2,050) |
| Fair value through other comprehensive income ("FVOCI") reserve | | | | |
| - Net profit on fair value arising during the financial period and allowance for impairment transferred to income statement | 25,889 | - | - | - |
| - Net realised gain transferred to income statement | (1,771) | - | - | - |
| | <u>24,118</u> | <u>(43,717)</u> | <u>-</u> | <u>(45,833)</u> |
| Tax effects | <u>(7,623)</u> | <u>11,000</u> | <u>-</u> | <u>11,000</u> |
| | <u>16,495</u> | <u>(32,717)</u> | <u>-</u> | <u>(34,833)</u> |
| Total comprehensive income for the financial period | <u>91,408</u> | <u>35,652</u> | <u>91,408</u> | <u>35,653</u> |
| Total comprehensive income attributable: | | | | |
| - Owner of the Company | <u>91,408</u> | <u>35,652</u> | <u>91,408</u> | <u>35,653</u> |

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**CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

| Group | Non-distributable | | | | Distributable | Total equity RM'000 |
|---|-------------------------|-------------------------------|-------------------------|--------------------------------------|-----------------------------|------------------------|
| | Share capital RM'000 | Revaluation reserve RM'000 | FVOCI reserve RM'000 | Available-for-sale reserve RM'000 | Retained earnings RM'000 | |
| At 1 January 2022, as previously reported | 403,471 | 7,196 | - | (15,983) | 845,676 | 1,240,360 |
| Adjustment on initial application of MFRS 17 | - | - | - | - | 42,450 | 42,450 |
| At 1 January 2022, restated | 403,471 | 7,196 | - | (15,983) | 888,126 | 1,282,810 |
| Net profit for the financial period | - | - | - | - | 68,369 | 68,369 |
| Other comprehensive income for the financial period | - | - | - | (32,717) | - | (32,717) |
| Dividend paid | - | - | - | - | (50,000) | (50,000) |
| At 30 June 2022, restated | 403,471 | 7,196 | - | (48,700) | 906,495 | 1,268,462 |
| At 1 January 2023 | 403,471 | 7,196 | - | (33,758) | 968,730 | 1,345,639 |
| Adjustment on initial application of MFRS 9 | - | - | (33,537) | 33,758 | (221) | - |
| At 1 January 2023, restated | 403,471 | 7,196 | (33,537) | - | 968,509 | 1,345,639 |
| Net profit for the financial period | - | - | - | - | 74,913 | 74,913 |
| Other comprehensive income for the financial period | - | - | 16,495 | - | - | 16,495 |
| Dividend paid | - | - | - | - | (92,659) | (92,659) |
| At 30 June 2023 | 403,471 | 7,196 | (17,042) | - | 950,763 | 1,344,388 |

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**CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

| | Share capital RM'000 | Revaluation reserve RM'000 | Non-distributable Available- for-sale reserve RM'000 | Distributable Retained earnings RM'000 | Total equity RM'000 |
|---|----------------------------|----------------------------------|--|---|---------------------------|
| Company | | | | | |
| At 1 January 2022, as previously reported | 403,471 | 7,196 | 16,711 | 812,982 | 1,240,360 |
| Adjustment on initial application of MFRS 17 | - | - | - | 42,450 | 42,450 |
| At 1 January 2022, restated | 403,471 | 7,196 | 16,711 | 855,432 | 1,282,810 |
| Net profit for the financial period | - | - | - | 70,486 | 70,486 |
| Other comprehensive income for the financial period | - | - | (34,833) | - | (34,833) |
| Dividend paid | - | - | - | (50,000) | (50,000) |
| At 30 June 2022, restated | 403,471 | 7,196 | (18,122) | 875,918 | 1,268,463 |
| | | | | | |
| At 1 January 2023 | 403,471 | 7,196 | (10,212) | 945,184 | 1,345,639 |
| Adjustment on initial application of MFRS 9 | - | - | 10,212 | (10,212) | - |
| At 1 January 2023, restated | 403,471 | 7,196 | - | 934,972 | 1,345,639 |
| Net profit for the financial period | - | - | - | 91,408 | 91,408 |
| Dividend paid | - | - | - | (92,659) | (92,659) |
| At 30 June 2023 | 403,471 | 7,196 | - | 933,721 | 1,344,388 |

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023**

| | Group | | Company | |
|--|--|--|--|--|
| | 6 months financial period ended <u>30.6.2023</u> RM'000 | Restated 6 months financial period ended <u>30.6.2022</u> RM'000 | 6 months financial period ended <u>30.6.2023</u> RM'000 | Restated 6 months financial period ended <u>30.6.2022</u> RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net profit for the financial period | 74,913 | 68,369 | 91,408 | 70,486 |
| Adjustment of: | | | | |
| Property, plant and equipment | | | | |
| - depreciation | 3,574 | 3,069 | 3,574 | 3,069 |
| - gain on disposal | (4) | (34) | (4) | (34) |
| Depreciation for right-of-use ("ROU") assets | 3,314 | 3,524 | 3,314 | 3,524 |
| Amortisation of asset restoration | 47 | 47 | 47 | 47 |
| Interest on lease liability | 407 | 467 | 407 | 467 |
| Unrealised gain on FVTPL financial assets | (89) | - | (31,590) | - |
| Loss/(gain) on disposal of available-for- sale financial assets | - | 1,979 | - | (2,050) |
| Loss on disposal of FVTPL financial assets | 123 | - | 123 | - |
| Gains on disposal of FVOCI financial assets | (1,771) | - | - | - |
| Investment income | (49,330) | (36,986) | (41,620) | (33,269) |
| Allowance for impairment of investments | 174 | - | - | - |
| Write-back of impairment other receivables | - | (3) | - | (3) |
| Tax expense | 12,254 | 13,932 | 19,877 | 13,932 |
| | 43,612 | 54,364 | 45,536 | 56,169 |
| Purchases of investments | (321,365) | (860,609) | (100,000) | (520,474) |
| Proceeds from disposal of investments | 326,152 | 401,995 | 100,101 | 174,910 |
| Decrease/(increase) in reinsurance contract assets | 49,856 | (61,294) | 49,856 | (61,294) |
| (Increase)/decrease in other receivables | (111,576) | 355,089 | (99,783) | 253,990 |
| Increase in insurance contract liabilities | 97,441 | 134,637 | 97,441 | 134,637 |
| Decrease in other payables | (24,068) | (21,374) | (24,043) | (26,479) |
| | 60,052 | 2,808 | 69,108 | 11,459 |

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CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

| | Group | | Company | |
|---|--|--|--|--|
| | 6 months financial period ended <u>30.6.2023</u> RM'000 | Restated 6 months financial period ended <u>30.6.2022</u> RM'000 | 6 months financial period ended <u>30.6.2023</u> RM'000 | Restated 6 months financial period ended <u>30.6.2022</u> RM'000 |
| Tax paid | (9,316) | (14,678) | (9,316) | (14,678) |
| Investment income received: | | | | |
| - Interest | 45,266 | 42,993 | 8,098 | 6,403 |
| - Dividend | 2,103 | 733 | 30,123 | 28,659 |
| Interest paid on lease liabilities | (407) | (467) | (407) | (467) |
| Net cash generated from operating activities | <u>97,698</u> | <u>31,389</u> | <u>97,606</u> | <u>31,376</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | (3,379) | (1,565) | (3,379) | (1,565) |
| Proceeds from disposal of property, plant and equipment | 4 | 34 | 4 | 34 |
| Net cash used in investing activities | <u>(3,375)</u> | <u>(1,531)</u> | <u>(3,375)</u> | <u>(1,531)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payment of lease liabilities | (1,780) | (2,157) | (1,780) | (2,157) |
| Dividend paid | (92,659) | (50,000) | (92,659) | (50,000) |
| Net cash used in financing activities | <u>(94,439)</u> | <u>(52,157)</u> | <u>(94,439)</u> | <u>(52,157)</u> |
| NET MOVEMENT IN CASH AND CASH EQUIVALENTS | (116) | (22,299) | (208) | (22,312) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | <u>57,591</u> | <u>49,572</u> | <u>57,088</u> | <u>49,514</u> |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | <u>57,475</u> | <u>27,273</u> | <u>56,880</u> | <u>27,202</u> |
| Cash and bank balances | <u>57,475</u> | <u>27,273</u> | <u>56,880</u> | <u>27,202</u> |

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CONDENSED UNAUDITED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

Reconciliation of liabilities arising from financing activities

| | <u>Group/Company</u> | |
|----------------------------|---|---|
| | <u>6 months financial period ended 30.6.2023 RM'000</u> | <u>6 months financial period ended 30.6.2022 RM'000</u> |
| Lease liabilities | | |
| At 1 January | 20,259 | 24,277 |
| Cash flows | (2,187) | (2,624) |
| Interest charge | 407 | 467 |
| Lease (reduction)/addition | <u>(2,404)</u> | <u>320</u> |
| At 30 June | <u>16,075</u> | <u>22,440</u> |

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023

1 BASIS OF PREPARATION OF THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

The condensed unaudited financial statements have been prepared in accordance with 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 2022.

The condensed unaudited financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and building and those financial instruments which have been measured at their fair values.

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 in the Directors’ best knowledge of current events and actions, actual results may differ from the 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 2022, save for the following accounting standards which are effective from the financial year beginning on or after 1 January 2023:

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101 Presentation of Financial Statements – Disclosures of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

The applications of the new standards and amendments to standards above do not have any material financial impact to the current or future period except to the extent described in Note 2 Changes in Accounting Policies.

2 CHANGES IN ACCOUNTING POLICIES

(a) Adoption of MFRS 17 “Insurance Contracts”

MFRS 17 “Insurance Contracts” replaces MFRS 4 “Insurance Contracts” It establishes the principles for the recognition, measurement, presentation and disclosures of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features that an entity issue.

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (CONTINUED)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Adoption of MFRS 17 “Insurance Contracts” (Continued)

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims. Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

MFRS 17 (“the Standard”) requires a current measurement model where estimates are re-measured at each reporting period. This general measurement model (“GMM model”), which is the default measurement model under the Standard, is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment for non-financial risk (collectively known as “*fulfilment cashflows*”) and a contractual service margin (“CSM”) representing the unearned profit of the contract (“GMM model”). CSM will be released to profit or loss over the period that services are provided to the policyholder. Therefore, at initial recognition, no profit shall be recognised. However, a loss shall be immediately recognised if the group of contracts is onerous at the date that the group is determined to be onerous.

Premium Allocation Approach (“PAA”) is one of the alternative and simplified measurement models provided and applies to those insurance contracts with coverage period of one year or less and/or when it is reasonably expected to produce a measurement of the liability for remaining coverage (“LRC”) which is not materially different from using the GMM model. Under PAA, at initial recognition, LRC is measured at the amount of premiums received net of insurance acquisition cashflows paid and less the net amount of premiums and acquisition cashflows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

The Group and the Company adopt PAA for the insurance contracts issued and reinsurance contracts held that meet the eligibility criteria above.

The measurement of liability for incurred claims (“LIC”) follows the default GMM model.

An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks:

- a) in profit and loss or
- b) disaggregated between profit and loss and in other comprehensive income.

The use of OCI option results in the elimination of accounting mismatches with income or expenses included in profit or loss on the underlying assets held. The amount that exactly matches income or expenses recognised in profit or loss on underlying assets is included in finance income or expenses from insurance contracts issued. The remaining amount of finance income or expenses from insurance contracts issued for the period is recognised in OCI.

The Group and the Company adopt the treatment which best minimise the accounting mismatches on the income or expenses on the underlying assets held.

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (CONTINUED)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Adoption of MFRS 17 “Insurance Contracts” (Continued)

Transition

Generally, the Standard requires a full retrospective approach to be applied on transition but in the event that this is impractical due to, for example, insufficient historical data, problems in making a segmentation of insurance groups or to be run models at initial recognition, a modified retrospective approach is allowable. A modified retrospective approach is an approximation to retrospective application, with prescribed modifications to address some of the challenges of retrospective application.

At 1 January 2022, the Group and the Company applied modified and full retrospective approach as follows:

- Groups of contracts with available historical information applied full retrospective approach. This is applicable for groups of contracts with cohort year 2021 and onwards:
- Groups of contracts which did not have the full information required applied the modified retrospective approach. The modification was applied to groups of contracts with cohort years prior to 2021 where all these contracts have been grouped under one cohort year 2020.

The Group and the Company have applied the transition provisions in MFRS 17 and have not disclosed the impact of the adoption of MFRS 17 on each financial statement line item and EPS. The effects of adopting MFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity. The Group and the Company have restated and reclassified certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (CONTINUED)

2 **CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

(b) **Adoption of MFRS 9 “Financial Instruments”**

MFRS 9 replaces the guidance in MFRS 139 “Financial Instruments: Recognition and Measurement” on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value on OCI (provided the instrument is not held for trading). A debt instruments is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

Transition

Changes in accounting policies resulting from the adoption of MFRS 9 will be applied retrospectively.

As permitted by the transitional provisions of MFRS 9, the Group and Company have elected not to restate comparative figures and continued to report these comparative figures under the previous accounting policies governed under MFRS 139. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained profits and other reserves of the current financial year.

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2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of MFRS 9 “Financial Instruments” (Continued)

The following table explains the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group’s and the Company’s financial assets and financial liabilities as at 1 January 2023.

| <u>Group</u> | <u>Original classification under MFRS 139</u> | <u>New classification under MFRS 9</u> | <u>Original carrying amount under MFRS 139</u> | <u>New carrying amount under MFRS 9</u> |
|--|---|--|--|---|
| Financial assets | | | | |
| Malaysian Government Securities | Available-for-sale | FVOCI | 149,772 | 149,772 |
| Government Investment Issues | Available-for-sale | FVOCI | 147,320 | 147,320 |
| Corporate debt securities | Available-for-sale | FVOCI | 1,367,201 | 1,367,201 |
| Unit trusts | Available-for-sale | FVTPL | 79,804 | 79,804 |
| Fixed and call deposits with licensed financial institutions | Loan and receivables | Amortised cost | 570,212 | 570,212 |
| Staff loans | Loan and receivables | Amortised cost | 398 | 398 |
| Other receivables | Loan and receivables | Amortised cost | 50,836 | 50,836 |
| Cash and bank balances | Loan and receivables | Amortised cost | 57,591 | 57,591 |
| | | | <u>2,423,134</u> | <u>2,423,134</u> |
| Financial liabilities | | | | |
| Other financial liabilities | Amortised cost | Amortised cost | 41,403 | 41,403 |
| Other payables | Amortised cost | Amortised cost | 89,358 | 89,358 |
| | | | <u>130,761</u> | <u>130,761</u> |
| <u>Company</u> | | | | |
| Financial assets | | | | |
| Unit trusts | Available-for-sale | FVTPL | 79,804 | 1,809,056 |
| Controlled structured entities | Available-for-sale | FVTPL | 1,729,252 | - |
| Fixed and call deposits with licensed financial institutions | Loan and receivables | Amortised cost | 505,396 | 505,396 |
| Staff loans | Loan and receivables | Amortised cost | 398 | 398 |
| Other receivables | Loan and receivables | Amortised cost | 50,836 | 50,836 |
| Cash and bank balances | Loan and receivables | Amortised cost | 57,088 | 57,088 |
| | | | <u>2,422,774</u> | <u>2,422,774</u> |
| Financial liabilities | | | | |
| Other financial liabilities | Amortised cost | Amortised cost | 41,403 | 41,403 |
| Other payables | Amortised cost | Amortised cost | 88,998 | 88,998 |
| | | | <u>130,401</u> | <u>130,401</u> |

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2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of MFRS 9 “Financial Instruments” (Continued)

Summary of the impact on classification and measurement, and a reconciliation of the investment of the Group and the Company upon adoption of MFRS 9 are as follows:

Statement of Financial Position as at 1 January 2023.

| | Group | | | Company | | |
|--|--------------------|--------------------------------|--------------------------------|--------------------|--------------------------------|--------------------------------|
| | 1.1.2023 RM'000 | MFRS 9 adjustment RM'000 | Restated 1.1.2023 RM'000 | 1.1.2023 RM'000 | MFRS 9 adjustment RM'000 | Restated 1.1.2023 RM'000 |
| ASSETS | | | | | | |
| Property, plant and equipment | 47,061 | - | 47,061 | 47,061 | - | 47,061 |
| Intangible assets | 179,943 | - | 179,943 | 179,943 | - | 179,943 |
| Investments: Fair value through profit or loss | - | 79,804 | 79,804 | - | 1,809,056 | 1,809,056 |
| Investments: Fair value through other comprehensive income | - | 1,664,293 | 1,664,293 | - | - | - |
| Investment: Available-for-sale | 1,744,097 | (1,744,097) | - | 1,809,056 | (1,809,056) | - |
| Reinsurance contract assets | 428,172 | - | 428,172 | 428,172 | - | 428,172 |
| Other receivables | 624,137 | - | 624,137 | 559,321 | - | 559,321 |
| Income tax recoverable | 2,833 | - | 2,833 | 2,833 | - | 2,833 |
| Cash and bank balances | 57,591 | - | 57,591 | 57,088 | - | 57,088 |
| Total Assets | 3,083,834 | - | 3,083,834 | 3,083,474 | - | 3,083,474 |
| EQUITY AND LIABILITIES | | | | | | |
| Share capital | 403,471 | - | 403,471 | 403,471 | - | 403,471 |
| Retained earnings | 968,730 | (221) | 968,509 | 945,184 | (10,212) | 934,972 |
| Other reserves | (26,562) | 221 | (26,341) | (3,016) | 10,212 | 7,196 |
| Total Equity | 1,345,639 | - | 1,345,639 | 1,345,639 | - | 1,345,639 |
| Insurance contract liabilities | 1,628,528 | - | 1,628,528 | 1,628,528 | - | 1,628,528 |
| Deferred tax liabilities | 9,434 | - | 9,434 | 9,434 | - | 9,434 |
| Other payables | 100,233 | - | 100,233 | 99,873 | - | 99,873 |
| Total Liabilities | 1,738,195 | - | 1,738,195 | 1,737,835 | - | 1,737,835 |
| Total Equity and Liabilities | 3,083,834 | - | 3,083,834 | 3,083,474 | - | 3,083,474 |

Financial liabilities

There were no changes to the Group's and the Company's classification and measurement of the financial liabilities on the adoption of MFRS 9.

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3 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.

4 EXCEPTIONAL ITEMS

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

5 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.

6 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.

7 DIVIDEND PAID

During the six-month financial period ended 30 June 2023, the Company paid a first and final dividend of 22.97 sen per share amounting to RM92,658,693 in respect of the financial year ended 31 December 2022 on 30 June 2023. (2022:RM50,000,000).

8 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 2023, in respect of which this announcement is made.

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9 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 2023.

10 CONTINGENT LIABILITY AND CONTINGENT ASSET

The Group and the Company did not have any contingent liability or contingent asset as at 30 June 2023 that may significantly render the financial results as reported misleading or inappropriate.

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11 INVESTMENTS

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

| | Group | | | Company | | |
|---|----------------------------|-----------------------------|---------------------------|----------------------------|------------------------------|---------------------------|
| | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 |
| Fair value through profit or loss ("FVTPL") | | | | | | |
| - Unit trusts | 79,669 | - | - | 1,840,422 | - | - |
| Fair value through other comprehensive income ("FVOCI") | | | | | | |
| - Debt securities | 1,683,888 | - | - | - | - | - |
| Available-for-sale ("AFS") | | | | | | |
| - Unit trusts | - | 79,804 | 80,207 | - | 1,809,056 | 1,496,868 |
| - Debt securities | - | 1,664,293 | 1,230,092 | - | - | - |
| - Equity securities | - | - | 15,567 | - | - | - |
| | <u>-</u> | <u>1,744,097</u> | <u>1,325,866</u> | <u>-</u> | <u>1,809,056</u> | <u>1,496,868</u> |
| | <u>1,763,557</u> | <u>1,744,097</u> | <u>1,325,866</u> | <u>1,840,422</u> | <u>1,809,056</u> | <u>1,496,868</u> |
| Current: | | | | | | |
| | Group | | | Company | | |
| | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RsM'000 | <u>1.1.2022</u> RM'000 |
| FVTPL | - | - | - | - | - | - |
| FVOCI | - | - | - | - | - | - |
| AFS | - | 17,806 | 121,390 | - | - | - |
| | <u>-</u> | <u>17,806</u> | <u>121,390</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Non-current: | | | | | | |
| | Group | | | Company | | |
| | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 |
| FVTPL | 79,669 | - | - | 1,840,422 | - | - |
| FVOCI | 1,683,888 | - | - | - | - | - |
| AFS | - | 1,726,291 | 1,204,476 | - | 1,809,056 | 1,496,868 |
| | <u>1,763,557</u> | <u>1,726,291</u> | <u>1,204,476</u> | <u>1,840,422</u> | <u>1,809,056</u> | <u>1,496,868</u> |

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11 INVESTMENTS (CONTINUED)

(a) Fair value through profit or loss ("FVTPL")

| | Group | | | Company | | |
|--------------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|---------------------------|
| | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 |
| <u>Fair value</u> | | | | | | |
| Unit trusts | 79,669 | - | - | 79,669 | - | - |
| Controlled structured entities | - | - | - | 1,760,753 | - | - |
| | <u>79,669</u> | <u>-</u> | <u>-</u> | <u>1,840,422</u> | <u>-</u> | <u>-</u> |

(b) Fair value through other comprehensive income ("FVOCI")

| | Group | | | Company | | |
|-------------------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|---------------------------|
| | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 | <u>30.6.2023</u> RM'000 | <u>31.12.2022</u> RM'000 | <u>1.1.2022</u> RM'000 |
| <u>Fair value</u> | | | | | | |
| Malaysian Government Securities | 155,674 | - | - | - | - | - |
| Government Investment Issues | 152,411 | - | - | - | - | - |
| Corporate debt securities: Unquoted | <u>1,359,718</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>1,667,803</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Accrued interest income</u> | | | | | | |
| Malaysian Government Securities | 848 | - | - | - | - | - |
| Government Investment Issues | 1,290 | - | - | - | - | - |
| Corporate debt securities: Unquoted | <u>13,947</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>16,085</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>1,683,888</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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11 INVESTMENTS (CONTINUED)

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

| | Group | | | Company | | |
|---------------------------------|------------------|-------------------|-----------------|------------------|-------------------|-----------------|
| | <u>30.6.2023</u> | <u>31.12.2022</u> | <u>1.1.2022</u> | <u>30.6.2023</u> | <u>31.12.2022</u> | <u>1.1.2022</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Fair value</u> | | | | | | |
| Equity securities | - | - | 15,527 | - | - | - |
| Malaysian Government Securities | - | 148,874 | 159,300 | - | - | - |
| Government Investment Issues | - | 146,136 | 119,153 | - | - | - |
| Corporate debt securities: | | | | | | |
| Unquoted | - | 1,353,969 | 938,862 | - | - | - |
| | - | 1,648,979 | 1,232,842 | - | - | - |
| Unit trusts | - | 79,804 | 80,207 | - | 79,804 | 80,207 |
| Controlled structured entities | - | - | - | - | 1,729,252 | 1,416,661 |
| | - | 1,728,783 | 1,313,049 | - | 1,809,056 | 1,496,868 |
| <u>Accrued interest income</u> | | | | | | |
| Equity securities | - | - | 40 | - | - | - |
| Malaysian Government Securities | - | 898 | 699 | - | - | - |
| Government Investment Issues | - | 1,184 | 1,025 | - | - | - |
| Corporate debt securities: | | | | | | |
| Unquoted | - | 13,232 | 11,053 | - | - | - |
| | - | 15,314 | 12,817 | - | - | - |
| | - | 1,744,097 | 1,325,866 | - | 1,809,056 | 1,496,868 |

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11 INVESTMENTS (CONTINUED)

(d) Carrying values of financial assets

| <u>Group</u> | <u>FVTPL</u> RM'000 | <u>FVOCI</u> RM'000 | <u>AFS</u> RM'000 | <u>Total</u> RM'000 |
|---|------------------------|------------------------|----------------------|------------------------|
| At 1 January 2022 | - | - | 1,325,866 | 1,325,866 |
| Purchases | - | - | 1,244,988 | 1,244,988 |
| Disposals | - | - | (791,712) | (791,712) |
| Amortisation | - | - | (1,157) | (1,157) |
| Fair value losses recorded in: | | | | |
| Other comprehensive income | - | - | (26,277) | (26,277) |
| Movement in investment income due and accrued | - | - | (7,611) | (7,611) |
| At 31 December 2022 | - | - | 1,744,097 | 1,744,097 |
| At 1 January 2023 | - | - | 1,744,097 | 1,744,097 |
| Adjustment on initial application of MFRS 9 | 79,804 | 1,664,293 | (1,744,097) | - |
| At 1 January 2023, restated | 79,804 | 1,664,293 | - | 1,744,097 |
| Purchases | 100,000 | 221,365 | - | 321,365 |
| Disposals | (100,223) | (224,502) | - | (324,725) |
| Amortisation | - | (119) | - | (119) |
| Fair value gains recorded in: | 88 | - | - | 88 |
| Income statement | | | | |
| Other comprehensive income | - | 23,944 | - | 23,944 |
| Movement in investment income due and accrued | - | (1,093) | - | (1,093) |
| At 30 June 2023 | 79,669 | 1,683,888 | - | 1,763,557 |

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11 INVESTMENTS (CONTINUED)

(d) Carrying values of financial assets (continued)

| <u>Company</u> | <u>FVTPL</u> RM'000 | <u>AFS</u> RM'000 | <u>Total</u> RM'000 |
|---|------------------------|----------------------|------------------------|
| At 1 January 2022 | - | 1,496,868 | 1,496,868 |
| Purchases | - | 520,473 | 520,473 |
| Disposals | - | (172,860) | (172,860) |
| Fair value losses recorded in: | | | |
| Other comprehensive income | - | (35,425) | (35,425) |
| At 31 December 2022 | <u>-</u> | <u>1,809,056</u> | <u>1,809,056</u> |
| At 1 January 2023 | - | 1,809,056 | 1,809,056 |
| Adjustment on initial application of MFRS 9 | <u>1,809,056</u> | <u>(1,809,056)</u> | <u>-</u> |
| At 1 January 2023, restated | 1,809,056 | - | 1,809,056 |
| Purchases | 100,000 | - | 100,000 |
| Disposals | (100,224) | - | (100,224) |
| Fair value gains recorded in: | | | |
| Income statement | 31,590 | - | 31,590 |
| At 30 June 2023 | <u>1,840,422</u> | <u>-</u> | <u>1,840,422</u> |

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11 INVESTMENTS (CONTINUED)

(e) 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 2023</u> | | | |
| <u>Financial Assets</u> | | | |
| FVTPL: | | | |
| - Unit trusts | 79,669 | - | 79,669 |
| FVOCI: | | | |
| - Malaysian Government Securities | - | 156,521 | 156,521 |
| - Government Investment Issues | - | 153,702 | 153,702 |
| - Corporate debt securities | - | 1,373,665 | 1,373,665 |
| | <u>79,669</u> | <u>1,683,888</u> | <u>1,763,557</u> |
| <u>31 December 2022</u> | | | |
| <u>Financial Assets</u> | | | |
| AFS: | | | |
| - Malaysian Government Securities | - | 149,772 | 149,772 |
| - Government Investment Issues | - | 147,320 | 147,320 |
| - Corporate debt securities | - | 1,367,201 | 1,367,201 |
| - Unit trusts | 79,804 | - | 79,804 |
| | <u>79,804</u> | <u>1,664,293</u> | <u>1,744,097</u> |
| <u>Company</u> | | | <u>Level 1</u> RM'000 |
| <u>30 June 2023</u> | | | |
| <u>Financial Assets</u> | | | |
| FVTPL: | | | |
| - Unit trusts | | | 79,669 |
| - Controlled structured entities | | | 1,760,753 |
| | | | <u>1,840,422</u> |
| <u>31 December 2022</u> | | | |
| <u>Financial Assets</u> | | | |
| AFS: | | | |
| - Unit trusts | | | 79,804 |
| - Controlled structured entities | | | 1,729,252 |
| | | | <u>1,809,056</u> |

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11 INVESTMENTS (CONTINUED)

(e) 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 2023 (31.12.2022: 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 observables 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.

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12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the period/year as a result of cash flows and amounts recognised in the statement of profit or loss.

Insurance contracts

Analysis by remaining coverage and incurred claims

| Group / Company | LRC | | LIC | | 30.6.2023 |
|---|------------------------------------|--------------------------|--|--|------------------|
| | Excluding loss component RM'000 | Loss component RM'000 | Estimate of present value of future cash flows RM'000 | Risk adjustment for non-financial risk RM'000 | Total RM'000 |
| Opening liabilities | 397,180 | 77,006 | 1,008,142 | 146,200 | 1,628,528 |
| Changes in the statement of profit or loss and OCI | | | | | |
| Insurance revenue | (603,833) | - | - | - | (603,833) |
| Insurance service expenses | | | | | |
| Incurring claims and other insurance service expenses | - | - | 468,304 | 44,585 | 512,889 |
| Amortisation of insurance acquisition cash flows | 115,442 | - | - | - | 115,442 |
| Losses and reversal of losses on onerous contracts | - | (2,233) | - | - | (2,233) |
| Adjustments to liabilities for incurred claims | - | - | (96,506) | (41,852) | (138,358) |
| | 115,442 | (2,233) | 371,798 | 2,733 | 487,740 |
| Investment components | (507) | - | 507 | - | - |
| Insurance service result | (488,898) | (2,233) | 372,305 | 2,733 | (116,093) |
| Net finance expenses from insurance contracts | 10 | 7,860 | 16,354 | 2,356 | 26,580 |
| Total changes in the statement of profit or loss and OCI | (488,888) | 5,627 | 388,659 | 5,089 | (89,513) |
| Cash flows | | | | | |
| Premium received | 690,825 | - | - | - | 690,825 |
| Claims and other insurance service expenses paid | - | - | (337,490) | - | (337,490) |
| Insurance acquisition cash flows | (123,320) | - | - | - | (123,320) |
| Total cash flows | 567,505 | - | (337,490) | - | 230,015 |
| Transfer to other items in the statement of financial position | (43,061) | - | - | - | (43,061) |
| Closing liabilities | 432,736 | 82,633 | 1,059,311 | 151,289 | 1,725,969 |

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (CONTINUED)

12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Reinsurance contracts

Analysis by remaining coverage and incurred claims

30.6.2023

| Group / Company | Asset for remaining coverage | | Asset for incurred claims | | Total RM'000 |
|--|-----------------------------------|-------------------------|--|--|-----------------|
| | Excluding loss recovery component | Loss recovery component | Estimate of the present value of future cash flows | Risk adjustment for non-financial risk | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Opening assets | (28,414) | 9,290 | 382,807 | 64,489 | 428,172 |
| Changes in the statement of profit or loss and OCI | | | | | |
| Allocation of reinsurance premium paid | (97,149) | - | - | - | (97,149) |
| Amounts recoverable from reinsurers | | | | | |
| Recoveries of incurred claims and other insurance service expenses | - | 626 | 77,251 | 14,806 | 92,683 |
| Adjustments to assets for incurred claims | - | - | (26,573) | (17,494) | (44,067) |
| Effect of changes in non-performance risk of reinsurers | - | - | (36) | - | (36) |
| | - | 626 | 50,642 | (2,688) | 48,580 |
| Investment components | (107) | - | 107 | - | - |
| Net expenses from reinsurance contracts | (97,256) | 626 | 50,749 | (2,688) | (48,569) |
| Net finance income from reinsurance contracts | - | 1,071 | 5,084 | 1,018 | 7,173 |
| Total changes in the statement of profit or loss and OCI | (97,256) | 1,697 | 55,833 | (1,670) | (41,396) |
| Cash flows | | | | | |
| Premium paid | 103,667 | - | - | - | 103,667 |
| Amounts received | - | - | (112,127) | - | (112,127) |
| Total cash flows | 103,667 | - | (112,127) | - | (8,460) |
| Closing assets | (22,003) | 10,987 | 326,513 | 62,819 | 378,316 |

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (CONTINUED)

12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Insurance contracts

Analysis by remaining coverage and incurred claims

| <u>Group / Company</u> | Restated 31.12.2022 | | | | |
|---|--|-----------------------------|---|---|------------------|
| | LRC | | LIC | | Total |
| | Excluding loss component RM'000 | Loss component RM'000 | Estimate of the present value of future cash flows RM'000 | Risk adjustment for non- financial risk RM'000 | |
| Opening liabilities | 319,705 | 71,648 | 1,087,487 | 167,942 | 1,646,782 |
| Changes in the statement of profit or loss and OCI | | | | | |
| Insurance revenue | (1,033,072) | - | - | - | (1,033,072) |
| Insurance service expenses | | | | | |
| Incurring claims and other insurance service expenses | - | - | 917,776 | 71,276 | 989,052 |
| Amortisation of insurance acquisition cash flows | 197,913 | - | - | - | 197,913 |
| Losses and reversal of losses on onerous contracts | - | (2,002) | - | - | (2,002) |
| Adjustments to liabilities for incurred claims | - | - | (180,603) | (95,765) | (276,368) |
| | 197,913 | (2,002) | 737,173 | (24,489) | 908,595 |
| Investment components | (773) | - | 773 | - | - |
| Insurance service result | (835,932) | (2,002) | 737,946 | (24,489) | (124,477) |
| Net finance expenses from insurance contracts | 9 | 7,360 | 19,681 | 2,747 | 29,797 |
| Total changes in the statement of profit or loss and OCI | (835,923) | 5,358 | 757,627 | (21,742) | (94,680) |
| Cash flows | | | | | |
| Premium received | 1,203,363 | - | - | - | 1,203,363 |
| Claims and other insurance service expenses paid | - | - | (836,972) | - | (836,972) |
| Insurance acquisition cash flows | (217,364) | - | - | - | (217,364) |
| Total cash flows | 985,999 | - | (836,972) | - | 149,027 |
| Transfer to other items in the statement of financial position | (72,601) | - | - | - | (72,601) |
| Closing liabilities | 397,180 | 77,006 | 1,008,142 | 146,200 | 1,628,528 |

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (CONTINUED)

12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Reinsurance contracts

Analysis by remaining coverage and incurred claims

| Group / Company | Restated 31.12.2022 | | | | |
|--|---|-----------------------------------|--|--|------------------|
| | Asset for remaining coverage | | Asset for incurred claims | | Total RM'000 |
| | Excluding loss recovery component RM'000 | Loss recovery component RM'000 | Estimate of the present value of future cash flows RM'000 | Risk adjustment for non-financial Risk RM'000 | |
| Opening assets | (13,298) | 11,283 | 477,929 | 94,902 | 570,816 |
| Changes in the statement of profit or loss and OCI | | | | | |
| Allocation of reinsurance premium paid | (158,748) | - | - | - | (158,748) |
| Amounts recoverable from reinsurers | | | | | |
| Recoveries of incurred claims and other insurance service expenses | - | (2,622) | 269,858 | 33,311 | 300,547 |
| Adjustments to assets for incurred claims | - | - | (68,560) | (65,272) | (133,832) |
| Effect of changes in non-performance risk of reinsurers | - | - | (79) | - | (79) |
| | - | (2,622) | 201,219 | (31,961) | 166,636 |
| Investment components | (237) | - | 237 | - | - |
| Net expenses from reinsurance contracts | (158,985) | (2,622) | 201,456 | (31,961) | 7,888 |
| Net finance income from reinsurance contracts | - | 629 | 8,856 | 1,548 | 11,033 |
| Total changes in the statement of profit or loss and OCI | (158,985) | (1,993) | 210,312 | (30,413) | 18,921 |
| Cash flows | | | | | |
| Premium paid | 143,869 | - | - | - | 143,869 |
| Amounts received | - | - | (305,434) | - | (305,434) |
| Total cash flows | 143,869 | - | (305,434) | - | (161,565) |
| Closing assets | (28,414) | 9,290 | 382,807 | 64,489 | 428,172 |

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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (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>30.6.2023</u> | <u>Restated</u> | <u>30.6.2023</u> | <u>Restated</u> |
| | <u>RM'000</u> | <u>30.6.2022</u> | <u>RM'000</u> | <u>30.6.2022</u> |
| | | <u>RM'000</u> | | <u>RM'000</u> |
| Profit attributable to ordinary equity holders | <u>74,913</u> | <u>68,369</u> | <u>91,408</u> | <u>70,486</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>19</u> | <u>17</u> | <u>23</u> | <u>17</u> |

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

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2023 (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 2023, as prescribed under the Framework, is provided below:

| | <u>30.6.2023</u> | <u>Company</u> <u>31.12.2022</u> |
|--------------------------------|------------------|-------------------------------------|
| | RM'000 | RM'000 |
| <u>Eligible Tier 1 Capital</u> | | |
| Share capital (paid-up) | 403,471 | 403,471 |
| Retained earnings* | 865,985 | 878,805 |
| | <u>1,269,456</u> | <u>1,282,276</u> |
| <u>Tier 2 Capital</u> | | |
| Available-for-sale reserve | - | (10,212) |
| Revaluation reserve | 7,196 | 7,196 |
| | <u>7,196</u> | <u>(3,016)</u> |
| Amounts deducted from Capital | (179,943) | (179,943) |
| Total Capital Available | <u>1,096,709</u> | <u>1,099,317</u> |

* Retained earnings as computed under RBC Framework is different from the Retained earnings computed under MFRS 17 and will not agree to the amount stated in the Statement of Financial Position.

The Company has met the minimum capital requirements specified in the framework for the financial period ended 30 June 2023 and financial year ended 2022.