

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the Financial Years and Period Under Review presented below have been extracted from the Accountants' Report included in Section 13 of this Prospectus ("Financial Statements"). Our Financial Statements are prepared in accordance with the MFRS. Our Company adopted MFRS 17 effective on 1 January 2023 and the standard is required to be retrospectively applied. In this respect, the financial results for the Financial Years and Period Under Review have been prepared under MFRS 17.

The following selected historical financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Section 12.2 of this Prospectus together with the Accountants' Report in Section 13 of this Prospectus.

12.1.1 Historical statement of comprehensive income

	Audited		Unaudited	Audited	
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	671,447	690,954	703,495	343,365	375,590
Insurance service expense	(409,801)	(331,474)	(342,453)	(203,591)	(263,612)
Insurance service result before reinsurance contracts held	261,646	359,480	361,042	139,774	111,978
Allocation of reinsurance premiums	(122,441)	(142,565)	(143,873)	(66,049)	(71,942)
Amounts recoverable from reinsurers for incurred claims	101,224	5,268	(22,905) ⁽⁷⁾	15,980	48,991
Net expense from reinsurance contracts held	(21,217)	(137,297)	(166,778)	(50,069)	(22,951)
Insurance service result	240,429	222,183	194,264	89,705	89,027
Investment income from financial assets measured at fair value through profit or loss ("FVTPL")	40,735	48,269	52,439	26,403	25,368
Interest income from financial assets not measured at FVTPL	5,106	5,822	4,593	2,085	2,006
Net fair value (losses)/ gains on financial assets	(17,790)	20,950	3,296	2,560	16,714
Net realised gains	2,698	2,091	5,160	1,425	42
Total investment income	30,749	77,132	65,488	32,473	44,130
Insurance finance expense for insurance contracts issued	(14,498)	(27,848)	(25,748)	(14,159)	(11,942)
Reinsurance finance income for reinsurance contracts held	5,139	9,841	8,070	4,500	3,026
Net foreign exchange (losses)/ gains	(7)	(96)	26	(20)	(43)
Net insurance financial result	(9,366)	(18,103)	(17,652)	(9,679)	(8,959)
Other income	4,616	2,289	3,441	2,155	2,382
Other operating expense	(120,548)	(123,295)	(145,878)	(69,689)	(76,124)
Finance cost	-	(99)	(97)	-	(48)
Total expenses	(115,932)	(121,105)	(142,534)	(67,534)	(73,790)
PBT	145,880	160,107	99,566	44,965	50,408
Taxation	(37,241)	(40,951)	(25,807)	(11,262)	(12,539)
PAT⁽¹⁾	108,639	119,156	73,759	33,703	37,869
Other selected financial data					
Insurance service result margin ⁽²⁾ (%)	35.8	32.2	27.6	26.1	23.7
PBT margin ⁽³⁾ (%)	21.7	23.2	14.2	13.1	13.4
PAT margin ⁽⁴⁾ (%)	16.2	17.2	10.5	9.8	10.1
Effective tax rate ⁽⁵⁾ (%)	25.5	25.6	25.9	25.0	24.9
Basic and diluted EPS ⁽⁶⁾ (sen)	10.86	11.92	7.38	3.37	3.79

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) The PAT is wholly attributable to the owner of our Company as we do not have any non-controlling interest.
- (2) Computed based on insurance service result over insurance revenue.
- (3) Computed based on PBT over insurance revenue.
- (4) Computed based on PAT over insurance revenue.
- (5) Computed based on taxation over PBT
- (6) Computed based on PAT over our issued Shares upon our Listing of 1,000,000,000. Diluted EPS is equivalent to basic EPS as there were no potentially dilutive equity instruments in issue.
- (7) The amounts recoverable from reinsurers for incurred claims was negative for the FYE 2024 mainly due to the decrease in incurred claims and other expenses recovered from our reinsurers.

12.1.2 Historical statement of financial position

	Audited			
	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Property and equipment	40,833	40,778	40,550	42,399
Right-of-use assets	1,694	2,015	1,304	1,181
Intangible assets	9,371	9,708	15,801	17,778
Investments	1,299,880	1,483,826	1,459,297	1,512,362
Insurance contract assets	-	13	19	9
Reinsurance contract assets	317,214	255,660	198,515	230,411
Other receivables	49,907	47,439	45,582	51,822
Deferred tax assets	1,631	-	-	-
Tax recoverable	-	-	-	2,311
Cash and cash equivalents	344,978	235,548	287,950	163,329
Total assets	2,065,508	2,074,987	2,049,018	2,021,602
EQUITY AND LIABILITIES				
Share capital	100,000	100,000	100,000	100,000
Retained earnings	925,503	969,659	769,418	807,287
Equity reserve	7,982	6,275	5,682	6,399
Total equity	1,033,485	1,075,934	875,100	913,686
Deferred tax liabilities	-	4,197	2,876	8,487
Insurance contract liabilities	871,820	852,473	845,569	946,373
Reinsurance contract liabilities	111	-	3,722	3,501
Lease liabilities	1,758	1,947	1,296	1,197
Current tax liabilities	7,010	5,521	2,484	-
Other payables	151,324	134,915	317,971	148,358
Total liabilities	1,032,023	999,053	1,173,918	1,107,916
Total equity and liabilities	2,065,508	2,074,987	2,049,018	2,021,602
Other selected financial data				
Total borrowing (RM'000)	-	-	-	-
Gearing ratio (times)	N/A	N/A	N/A	N/A

12. FINANCIAL INFORMATION (Cont'd)

Current assets and current liabilities are not applicable to a general insurance business. Our Company presents our assets and liabilities based on liquidity as the timing and amount of insurance/reinsurance contract balances are inherently uncertain. This approach is consistent with MFRS 17 (Insurance Contracts), which focuses on measurement of insurance/reinsurance contract balances rather than their classification by maturity.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our financial information with respect to the FYE 2022, FYE 2023, FYE 2024, and FPE 2024 and FPE 2025, which have been derived from the Accountants' Report as set out in Section 13 of this Prospectus.

There are no accounting policies that are peculiar to our Company due to the nature of the business and industry in which we are involved. See Note 2.1 of the Accountants' Report as set out in Section 13 of this Prospectus for further details on the accounting policies of our Company.

12.2.1 Overview of our business

We are a licensed insurer in Malaysia, specialising in general insurance. Under the "Chubb" brand, we offer a wide range of products catering to both the consumer and commercial sectors.

See Section 7 of this Prospectus for further information on our business operations.

12.2.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been and may be affected by a number of factors, including those set out below:

(a) Our financial performance depends on our ability to retain existing customers and expand our customer base mainly through our distribution partners

We primarily work with distribution partners who are intermediaries to solicit, arrange, or distribute insurance policies on our behalf. Our distribution partners include registered agents, licensed insurance brokers and bancassurance partners. In addition, we also solicit our customers directly through our head office in Kuala Lumpur and branch offices, as well as through telemarketing and our online platforms, including our website. Through the network of our distribution partners and direct sales, our overall customer base increased from approximately 229,000 customers in the FYE 2022 to approximately 260,000 customers in the FYE 2024, representing a CAGR of approximately 6.6%.

There can be no assurance that we will be able to retain existing customers or maintain the growth rate of our customer base. Several factors could negatively impact our ability to retain or expand our customer base, including if we fail to offer competitive products, our distribution partners fail to meet sales targets, or if we are not able to meet evolving customer expectations (such as online and digital purchasing and customer service experience, or changes in customer demands and preferences).

Furthermore, economic conditions can adversely impact insurance purchase decisions by both individual consumers and businesses. As a result, any adverse changes in economic conditions or consumer behaviour could negatively impact our business operations and financial performance. See Section 5.1.14 of this Prospectus for further details.

12. FINANCIAL INFORMATION (Cont'd)

(b) Receipt of insurance premiums

As a general insurance provider, our insurance revenue is primarily derived from the premiums we receive for underwriting risks. Due to the nature of our business, underwriting insurance risk can be volatile, which can result in unpredictable earnings. As such, our ability to generate and grow insurance revenue depends largely on our capability to retain customers and secure new business, as well as our capacity to invest sufficient resources to expand sales through our distribution channels. Based on MFRS 4, our total GWP grew from RM673.9 million in 2022 to RM723.5 million in 2024, representing a CAGR of 3.6%. It continued to grow by 16.0% to RM410.7 million for the 1st half of 2025 compared to RM354.2 million for the 1st half of 2024.

The pricing of the insurance premiums for the policies we underwrite is influenced by several factors, broadly categorised into economic and market conditions, competitive pressures and internal operational factors such as distribution network, product innovation, pricing and reputation. As a result, any unfavourable operational environment or macroeconomic conditions could influence pricing and negatively impact both our business operations and financial performance. See Section 5.1.2 of this Prospectus for further details.

(c) Availability of liquidity and cash resources to fund our business operations and growth

Liquidity in the general insurance industry is related to our ability to generate sufficient cash from our business operations, to meet our financial commitments and operational expenses. For the Financial Years and Period Under Review, we funded our liquidity requirements through cash generated from operating activities. If we are unable to secure the necessary funds to meet our capital and cash requirements, it could result in financial distress, which would adversely affect both our business operations and financial performance.

Our liquidity is influenced by the frequency and severity of claims under our insurance contracts. In addition, catastrophic occurrences, such as natural disasters could result in a significant number of claims. As a regulated insurance company, we are subject to requirements intended to ensure our solvency in light of extreme events. However, there can be no guarantee that our liquidity will be sufficient to meet the financial demands associated with the unpredictable timing and effects of highly catastrophic event. Any such occurrence could negatively affect our business operations and financial performance.

In FYE 2023, we had negative net cash flows used in operating activities of RM27.7 million, primarily due to increased investment in financial assets. After excluding the investment assets, our adjusted net cash flows generated from operating activities was positive at RM136.9 million. Subsequently, we recorded positive net cash flows generated from operating activities of RM175.0 million for the FYE 2024 and RM47.0 million for the FPE 2025. In addition to premium, investment income is another source of funds, accounting for 28.3%, 64.7%, 88.8% and 116.5% of our PAT for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025, respectively. Our management utilises monthly cash flow reporting and forecasting to identify known, expected and potential cash outflows to determine the appropriate operating liquidity to cover expected and potential payments. See Section 12.2.12 of this Prospectus for further details.

12. FINANCIAL INFORMATION (Cont'd)**(d) Reinsurance may be inadequate or unavailable at desired levels that could limit our ability to underwrite new business, expose us to counterparty risk and fail to provide sufficient protection against potential losses**

As part of our risk management strategy, we transfer a portion of the risks from our insurance products to reinsurers through reinsurance arrangements. Under these reinsurance arrangements, the reinsurers assume a portion of the losses and related expenses (including commissions) in exchange for a premium.

Our access to reinsurance on a timely and cost-effective basis is contingent upon various factors. Failure to renew or secure adequate reinsurance coverage may require us to review our risk appetite and could potentially limit our ability to underwrite new policies or restrict the range of products we can offer. Moreover, regulatory changes affecting reinsurance arrangements in the industry could adversely affect our business operations and financial performance. See Section 5.1.7 of this Prospectus for further details.

(e) Impact of inflation

Our business is exposed to the effects of inflation, which reflects the rising prices of goods and services, impacting both our costs as a general insurer and customers' purchasing power. Inflation directly influences the cost of claims, as the price of materials for car repairs or building reconstruction increases, leading to higher claim payouts. If premiums are not adjusted promptly to keep pace with inflation, our profitability could be adversely affected. General insurers, including our Company, may need to increase premiums to offset the rising claims costs. However, significant premium increases could cause customers to reduce their coverage, switch to a more affordable provider or even terminate non-essential policies altogether.

Our financial performance for the Financial Years and Period Under Review was not materially affected by inflation. However, there can be no assurance that future inflation will not have an impact on our business operations and financial performance.

(f) Government/economic/fiscal/monetary policies

Our business is exposed to risks arising from government, economic, fiscal or monetary policies in Malaysia. Any unfavourable changes in these policies or economic conditions may materially affect our operations in Malaysia. See Section 5.2.2 of this Prospectus for further details.

12.2.3 Significant accounting estimates and judgements

The operation of our business requires that we rely on certain estimates and judgements, which are continually evaluated by the senior leadership of our Company and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions concerning the future and the resulting accounting estimates will rarely equal the related actual results. Estimates and assumptions that may have a significant risk of causing a material adjustment to our Company's financial results include:

- Liability for remaining coverage – onerous groups: We assess and identify insurance contracts that are onerous. Loss-recovery components are determined with reference to losses incurred through underlying policies and the recovery expected from corresponding reinsurance to the extent applicable; and

12. FINANCIAL INFORMATION (Cont'd)

- Liability for incurred claims: The liabilities for incurred claims are estimated using various techniques that are generally based on a statistical analysis of historical data which assumes an underlying pattern of claims development, claims payment and claims related expenses. This includes assumptions in respect of average claims costs, claims handling costs, inflation factors and the average number of claims for each applicable year.

See Note 2.2 of the Accountants' Report as set out in Section 13 of this Prospectus for further details.

12.2.4 Overview of our results of operations

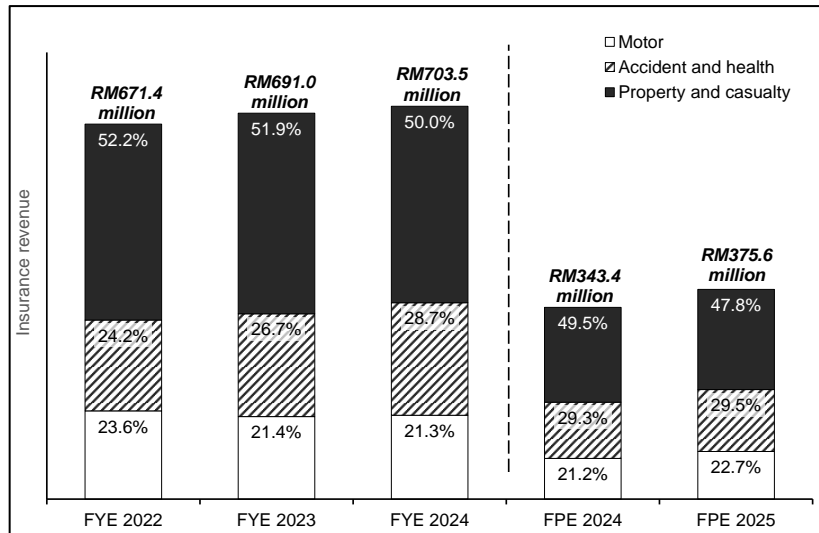
For the Financial Years and Period Under Review, our revenue was derived from general insurance services. The insurance revenue is recognised over the period of the insurance contract, using the PAA.

The amount of insurance revenue recognised during each financial year/period is based on the proportion of the total expected premium receipts which corresponds to the insurance contract services provided during the respective financial years/period. Generally, the allocation of the expected premium receipts to each financial year/period of the insurance contract services is based on the passage of time. However, if the expected pattern of risk differs significantly over time, the allocation of premium is then based on the expected timing of incurred insurance service expenses.

Between the FYE 2022 and FYE 2024, our insurance revenue grew at a CAGR of 2.4% from RM671.4 million for the FYE 2022 to RM703.5 million for the FYE 2024. This was mainly attributed to the accident and health segment, including personal accident, and medical and health products, as well as liability products under the property and casualty segment.

For the FPE 2025, our insurance revenue continued to grow by 9.4% to RM375.6 million (FPE 2024: RM343.4 million), which was contributed by growth from all segments including property and casualty, accident and health, as well as motor segments.

See Section 12.2.5 of this Prospectus for further analysis of our insurance revenue by products.



12. FINANCIAL INFORMATION (Cont'd)**12.2.5 Insurance revenue****(i) Insurance revenue segmented by products and services**

Insurance revenue	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Property and casualty segment	350,847	52.2	359,011	51.9	351,727	50.0
Liability	105,480	15.7	112,962	16.3	127,657	18.1
Fire	140,664	20.9	141,822	20.5	127,205	18.1
Others ⁽¹⁾	104,703	15.6	104,227	15.1	96,865	13.8
Accident and health segment	162,457	24.2	184,265	26.7	201,693	28.7
Personal accident	117,239	17.5	133,852	19.4	148,420	21.1
Medical and health	45,218	6.7	50,413	7.3	53,273	7.6
Motor segment	158,143	23.6	147,678	21.4	150,075	21.3
Total	671,447	100.0	690,954	100.0	703,495	100.0
Insurance revenue	FPE 2024		FPE 2025			
	RM'000	%	RM'000	%		
Property and casualty segment	169,791	#49.5	179,338	47.8		
Liability	59,612	17.4	64,792	17.3		
Fire	63,228	18.4	64,394	17.1		
Others ⁽¹⁾	46,951	13.7	50,152	13.4		
Accident and health segment	100,771	29.3	110,935	29.5		
Personal accident	73,657	#21.4	79,801	21.2		
Medical and health	27,114	7.9	31,134	8.3		
Motor segment	72,803	21.2	85,317	22.7		
Total	343,365	100.0	375,590	100.0		

Notes:

Percentage has been rounded.

(1) Other insurance products include cargo, bond, contractor's all risks and engineering, workmen, marine hull and aviation, offshore-related services and general accident insurance products.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Number of policies by products and services**

			Number of policies ('000)				
			FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
Property and casualty segment			183	166	173	87	78
Liability			15	15	15	9	9
Fire			52	35	33	18	16
Others ⁽¹⁾			116	116	125	60	53
Accident and health segment			371	440	645	419	321
Personal accident			318	378	577	382	297
Medical and health			53	62	68	37	24
Motor segment			181	179	208	90	140
Total			735	785	1,026	596	539

Note:

- (1) Other insurance products include cargo, bond, contractor's all risks and engineering, workmen, marine hull and aviation, offshore-related services and general accident insurance products.

(iii) Average insurance revenue per policy by products and services

			Average insurance revenue per policy (RM/policy)				
			FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
Property and casualty segment			1,917	2,163	2,033	1,952	2,299
Liability			7,032	7,531	8,510	6,624	7,199
Fire			2,705	4,052	3,855	3,513	4,025
Others ⁽¹⁾			903	899	775	783	946
Accident and health segment			438	419	313	241	346
Personal accident			369	354	257	193	269
Medical and health			853	813	783	733	1,297
Motor segment			874	825	722	809	609
Total⁽²⁾			914	880	686	576	697

Notes:

- (1) Other insurance products include cargo, bond, contractor's all risks and engineering, workmen, marine hull and aviation, offshore-related services and general accident insurance products.
- (2) Computed based on the total insurance revenue divided by the total number of policies.

Generally, the average insurance revenue per policy for all segments fluctuates from year to year. This was mainly attributed to a combination of factors such as product mix, introduction of new products, new business secured with different premium sizes, as well as premium adjustments. The insurance revenue is primarily derived from the premiums we receive for underwriting risks and the insurance premiums vary depending on the risks we underwrite and coverage provided.

12. FINANCIAL INFORMATION (Cont'd)**(a) FYE 2023 compared to FYE 2022**

Our insurance revenue increased by RM19.5 million or 2.9% to RM691.0 million for the FYE 2023 (FYE 2022: RM671.4 million), mainly contributed by the property and casualty segment, as well as the accident and health segment. The performance of each segment is as follows:

Property and casualty segment

Insurance revenue from the property and casualty segment increased by RM8.2 million or 2.3% to RM359.0 million for the FYE 2023 (FYE 2022: RM350.8 million), which was mainly contributed by liability products. The insurance revenue from liability products grew by RM7.5 million or 7.1% to RM113.0 million for the FYE 2023 (FYE 2022: RM105.5 million), driven by higher average premium size for new policies underwritten and new business secured. This was reflected in the increase in average insurance revenue per policy, which increased by 7.1% for the FYE 2023, mainly due to the growth in the medical malpractice program, as well as new business secured during the year from customers in the oil and gas industry, financial service industry as well as mechanical and electrical industry, to provide liabilities insurance coverage.

Accident and health segment

Insurance revenue from the accident and health segment increased by RM21.8 million or 13.4% to RM184.3 million for the FYE 2023 (FYE 2022: RM162.5 million). This was mainly attributed to a higher number of policies underwritten. In FYE 2023, the number of policies underwritten increased by 18.6% to approximately 440,000 policies in the FYE 2023 (FYE 2022: approximately 371,000 policies). The increase in the number of policies underwritten was mainly driven by the following products:

- insurance revenue from personal accident products increased by RM16.6 million or 14.2% to RM133.9 million for the FYE 2023 (FYE 2022: RM117.2 million). This increase was contributed by our appointed agents and digital partners, which was reflected in the growth of 18.9% in the number of policies to approximately 378,000 policies for the FYE 2023 (FYE 2022: approximately 318,000 policies).
- insurance revenue from medical and health products increased by RM5.2 million or 11.5% to RM50.4 million for the FYE 2023 (FYE 2022: RM45.2 million). This was mainly attributed to an increase in the uptake of group policies, and the number of medical and health policies increased by 17.0% to approximately 62,000 policies for the FYE 2023 (FYE 2022: approximately 53,000 policies).

Motor segment

Insurance revenue from the motor segment declined by RM10.5 million or 6.6% to RM147.7 million for the FYE 2023 (FYE 2022: RM158.1 million). This was reflected in the decrease in the number of policies by 1.1% to approximately 179,000 policies for the FYE 2023 (FYE 2022: approximately 181,000 policies), resulting from the decline in renewal policies as a result of increased competition in market pricing post-pandemic.

(b) FYE 2024 compared to FYE 2023

Our insurance revenue increased by RM12.5 million or 1.8% to RM703.5 million for the FYE 2024 (FYE 2023: RM691.0 million), mainly contributed by the accident and health segment, as well as the motor segment. The performance of each segment is as follows:

12. FINANCIAL INFORMATION (Cont'd)

Property and casualty segment

Insurance revenue from the property and casualty segment declined by RM7.3 million or 2.0% to RM351.7 million for the FYE 2024 (FYE 2023: RM359.0 million), as a result of lower insurance revenue from the following products:

- insurance revenue from fire products decreased by RM14.6 million or 10.3% to RM127.2 million for the FYE 2024 (FYE 2023: RM141.8 million), due to the decrease in the number of policies by 5.7% to approximately 33,000 policies for the FYE 2024 (FYE 2023: approximately 35,000 policies), mainly as a result of more selective underwriting decisions.
- insurance revenue from other insurance products decreased by RM7.4 million or 7.1% to RM96.9 million for the FYE 2024 (FYE 2023: RM104.2 million). This was due to a 39.1% decrease in insurance revenue from contractors' all-risk and engineering products, resulting from non-recurring project extension endorsements, macroeconomic factors and more selective underwriting decisions.

Accident and health segment

Insurance revenue from the accident and health segment increased by RM17.4 million or 9.5% to RM201.7 million for the FYE 2024 (FYE 2023: RM184.3 million). This was mainly attributed to a higher number of policies underwritten as reflected in an increase of 46.6% in the number of policies to approximately 645,000 policies underwritten for the FYE 2024 (FYE 2023: approximately 440,000 policies), mainly contributed by the following:

- insurance revenue from personal accident products increased by RM14.6 million or 10.9% to RM148.4 million for the FYE 2024 (FYE 2023: RM133.9 million). The increase in insurance revenue was primarily contributed by our appointed agents and digital partners, and was mainly driven by a higher number of policy renewals for our personal accident product. This was reflected in the growth in the number of policies by 52.6% to approximately 577,000 policies for the FYE 2024 (FYE 2023: approximately 378,000 policies).
- insurance revenue from medical and health products increased by RM2.9 million or 5.7% to RM53.3 million for the FYE 2024 (FYE 2023: RM50.4 million), on the back of an increase in the number of policies by 9.7% to approximately 68,000 policies for the FYE 2024 (FYE 2023: approximately 62,000 policies). This was primarily due to an increase in policy renewals as well as uptake of group policies.

Motor segment

Insurance revenue from the motor segment increased by RM2.4 million or 1.6%, to RM150.1 million for the FYE 2024 (FYE 2023: RM147.7 million). This was attributed to the higher number of policies underwritten as reflected in an increase of 16.2% in the number of policies to approximately 208,000 policies for the FYE 2024 (FYE 2023: approximately 179,000 policies).

12. FINANCIAL INFORMATION (Cont'd)**(c) FPE 2025 compared to FPE 2024**

Our insurance revenue increased by RM32.2 million or 9.4% to RM375.6 million for the FPE 2025 (FPE 2024: RM343.4 million), contributed by all segments, including property and casualty, accident and health, as well as motor segments. The performance of each segment is as follows:

Property and casualty segment

Insurance revenue from the property and casualty segment grew by RM9.5 million or 5.6% to RM179.3 million for the FPE 2025 (FPE 2024: RM169.8 million), mainly contributed by the following products:

- insurance revenue from liability products increased by RM5.2 million or 8.7% to RM 64.8 million for the FPE 2025 (FPE 2024: RM59.6 million), driven by the higher average premium size. This was reflected in the increase in average insurance revenue per policy of 8.7% for the FPE 2025. This was mainly due to an increase in new business secured from customers in the construction industry and healthcare industry as well as a municipal government body for liabilities insurance coverage.
- insurance revenue from fire products increased by RM1.2 million or 1.8% to RM64.4 million for the FPE 2025 (FPE 2024: RM63.2 million), driven by higher average premium size for new business secured. This was reflected in the increase in average insurance revenue per policy, which increased by 14.6% for the FPE 2025, mainly attributable to new business secured from customers in the power generation industry to provide fire coverage for their infrastructure and facilities.
- insurance revenue from other products also increased by RM3.2 million or 6.8% to RM50.2 million for the FPE 2025 (FPE 2024: RM47.0 million), mainly attributed to the cargo and bond products.

Accident and health segment

The insurance revenue from the accident and health segment increased by RM10.2 million or 10.1% to RM110.9 million for the FPE 2025 (FPE 2024: RM100.8 million). This was mainly attributed to the higher average premium size, as reflected in the increase in average insurance revenue per policy by 43.6% for the FPE 2025, contributed by the following products:

- insurance revenue from personal accident products increased by RM6.1 million or 8.3% to RM79.8 million for the FPE 2025 (FPE 2024: RM73.7 million), due to a higher average premium size from new business secured through our digital partners. This was reflected in the increase in average insurance revenue per policy of 39.4% for the FPE 2025.
- insurance revenue from medical and health products increased by RM4.0 million or 14.8% to RM31.1 million for the FPE 2025 (FPE 2024: RM27.1 million), which was due to higher average premium size for new business secured. This was reflected in the increase in average insurance revenue per policy by 76.9% for the FPE 2025, arising from new group medical insurance business secured from a range of corporate entities across various industries including telecommunication, financial institutions and manufacturing.

12. FINANCIAL INFORMATION (Cont'd)**Motor segment**

Insurance revenue from the motor segment grew by RM12.5 million or 17.2% to RM85.3 million for the FPE 2025 (FPE 2024: RM72.8 million). This was attributed to the increase in number of policies underwritten as reflected in an increase of 55.6% in the number of policies to approximately 140,000 policies for the FPE 2025 (FPE 2024: approximately 90,000 policies), primarily due to the rise in the uptake of motor products.

12.2.6 Insurance service expense and net expense from reinsurance contracts held

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Insurance service expense	409,801	95.1	331,474	70.7	342,453	67.2
- Claims	286,716	66.5	203,339	43.4	202,601	39.8
<i>Incurring claims and directly attributable expenses</i>	351,510	#81.5	346,514	73.9	339,826	66.7
<i>Changes related to past service - liabilities for incurred claims</i>	(64,794)	(15.0)	(143,175)	(30.5)	(137,225)	(26.9)
- Acquisition expenses cashflow amortisation	126,548	29.4	128,731	#27.4	133,028	26.1
- Losses on onerous contracts and reversals	(3,463)	(0.8)	(596)	(0.1)	6,824	1.3
Net expense from reinsurance contracts held	21,217	4.9	137,297	29.3	166,778	32.8
Allocation of reinsurance premiums	122,441	28.4	142,565	30.4	143,873	28.3
Amounts recoverable from reinsurers for incurred claims	(101,224)	(23.5)	(5,268)	(1.1)	22,905	4.5
Total	431,018	100.0	468,771	100.0	509,231	100.0
	FPE 2024		FPE 2025			
	RM'000	%	RM'000	%		
Insurance service expense	203,591	80.3	263,612	92.0		
- Claims	137,886	54.4	187,988	65.6		
<i>Incurring claims and directly attributable expenses</i>	174,453	68.8	207,150	72.3		
<i>Changes related to past service - liabilities for incurred claims</i>	(36,567)	(14.4)	(19,162)	(6.7)		
- Acquisition expenses cashflow amortisation	65,715	25.9	74,205	25.9		
- Losses on onerous contracts and reversals	(10)	*	1,419	0.5		
Net expense from reinsurance contracts held	50,069	19.7	22,951	8.0		
Allocation of reinsurance premiums	66,049	26.0	71,942	25.1		
Amounts recoverable from reinsurers for incurred claims	(15,980)	(6.3)	(48,991)	(17.1)		
Total	253,660	100.0	286,563	100.0		

Notes:

Percentage has been rounded.

* Less than 0.1%.

12. FINANCIAL INFORMATION (Cont'd)

(a) FYE 2023 compared to FYE 2022

Our insurance service expense declined by RM78.3 million or 19.1% to RM331.5 million for the FYE 2023 (FYE 2022: RM409.8 million). This was attributed to the absence of large claims in the FYE 2023.

The decrease was partially offset by an increase in acquisition expenses cashflow amortisation by RM2.2 million mainly for the accident and health segment on the back of the increase in insurance revenue from this segment by 13.4% for the FYE 2023.

Our net expense from reinsurance contracts held increased by RM116.1 million for the FYE 2023, primarily due to a decrease in the amounts recoverable from our reinsurers, particularly in the property and casualty segment. This arose mainly from adjustments to the incurred claims, as well as a decrease in incurred claims and other expenses recovered from our reinsurers. The higher claims recovered from our reinsurers for the FYE 2022 were mainly due to large claims for our fire products.

(b) FYE 2024 compared to FYE 2023

Our insurance service expense increased by RM11.0 million or 3.3% to RM342.5 million for the FYE 2024 (FYE 2023: RM331.5 million). This was primarily contributed by the increase in losses on onerous contracts and reversals by RM7.4 million pertaining to the losses on onerous groups of contracts resulting from growth in the motor segment.

The increase was also partly attributed to the increase in acquisition expenses cashflow amortisation by RM4.3 million, mainly for the accident and health segment on the back of the increase in insurance revenue from this segment by 9.5% for the FYE 2024.

Our net expense from reinsurance contracts held increased by RM29.5 million for the FYE 2024, mainly due to the decrease in incurred claims and other expenses recovered from our reinsurers, as well as adjustments made to incurred claims.

(c) FPE 2025 compared to FPE 2024

Our insurance service expense increased by RM60.0 million or 29.5% to RM263.6 million for the FPE 2025 (FPE 2024: RM203.6 million). This was mainly attributed to higher claims arising from an increase in incurred claims for motor as well as medical and health products, coupled with deterioration in the liabilities for incurred claims.

Our net expense from reinsurance contracts held decreased by RM27.1 million for the FPE 2025, primarily due to an increase in the amounts recoverable from our reinsurers, particularly in the property and casualty segment. This arose mainly from the recovery of large claims.

12. FINANCIAL INFORMATION (Cont'd)

12.2.7 Insurance service result

(i) Insurance service result segmented by products and services

Insurance service result	FYE 2022			FYE 2023			FYE 2024		
	RM'000	%	Insurance service result margin %	RM'000	%	Insurance service result margin %	RM'000	%	Insurance service result margin %
Property and casualty segment	115,080	47.9	32.8	108,831	49.0	30.3	109,713	56.5	31.2
Liability	31,031	12.9	29.4	31,120	14.0	27.5	30,175	15.5	23.6
Fire	47,166	19.6	33.5	34,014	15.3	24.0	30,214	15.6	23.8
Others ⁽¹⁾	36,883	#15.4	35.2	43,697	19.7	41.9	49,324	25.4	50.9
Accident and health segment	88,325	36.7	54.4	86,501	38.9	46.9	85,054	43.8	42.2
Personal accident	66,042	27.5	56.3	62,551	#28.1	46.7	57,168	29.4	38.5
Medical and health	22,283	#9.2	49.3	23,950	10.8	47.5	27,886	14.4	52.3
Motor segment	37,024	15.4	23.4	26,851	12.1	18.2	(503)	(0.3)	(0.3)
Insurance service result / Insurance service result margin	240,429	100.0	35.8	222,183	100.0	32.2	194,264	100.0	27.6

12. FINANCIAL INFORMATION (Cont'd)

Insurance service result	FPE 2024			FPE 2025		
	RM'000	%	Insurance service result margin %	RM'000	%	Insurance service result margin %
Property and casualty segment	37,851	42.2	22.3	37,474	42.1	20.9
Liability	7,764	#8.6	13.0	4,802	5.4	7.4
Fire	13,784	15.4	21.8	15,590	17.5	24.2
Others ⁽¹⁾	16,303	18.2	34.7	17,082	19.2	34.1
Accident and health segment	43,151	48.1	42.8	50,123	56.3	45.2
Personal accident	30,038	33.5	40.8	41,333	46.4	51.8
Medical and health	13,113	14.6	48.4	8,790	9.9	28.2
Motor segment	8,703	9.7	12.0	1,430	1.6	1.7
Insurance service result / Insurance service result margin	89,705	100.0	26.1	89,027	100.0	23.7

Notes:

Percentage has been rounded.

(1) Other insurance products include cargo, bond, contractor's all risks and engineering, workmen, marine hull and aviation, offshore-related services and general accident insurance products.

12. FINANCIAL INFORMATION (Cont'd)**(a) FYE 2023 compared to FYE 2022**

Our insurance service result declined by RM18.2 million or 7.6% to RM222.2 million for the FYE 2023 (FYE 2022: RM240.4 million) and the insurance service result margin declined from 35.8% for the FYE 2022 to 32.2% for the FYE 2023. This was mainly attributed to the property and casualty, accident and health, as well as the motor segments. The performance of each segment is as follows:

Property and casualty segment

Insurance service result from the property and casualty segment decreased by RM6.2 million or 5.4% to RM108.8 million for the FYE 2023 (FYE 2022: RM115.1 million) and the insurance service result margin for this segment declined from 32.8% for the FYE 2022 to 30.3% for the FYE 2023. The decrease in our insurance service result and insurance service result margin was mainly attributed to fire products arising from higher claims incurred coupled with lower reinsurance recoveries. Consequently, the insurance service result margin for fire products decreased from 33.5% for the FYE 2022 to 24.0% for the FYE 2023.

The decrease was partly offset by an increase in insurance service result from other insurance products, mainly offshore related-services and bond products. This was mainly due to the reversal in claims incurred following the release of claims reserves as a result of the reduction in estimated claims liabilities.

Accident and health segment

Insurance service result from the accident and health segment declined by RM1.8 million or 2.1% to RM86.5 million for the FYE 2023 (FYE 2022: RM88.3 million) and the insurance service result margin declined from 54.4% for the FYE 2022 to 46.9% for the FYE 2023. This was mainly due to the decline in insurance service result from personal accident products by RM3.5 million for the FYE 2023, attributed to higher frequency of claims. Consequently, the insurance service result margin for the personal accident products decreased from 56.3% for the FYE 2022 to 46.7% for the FYE 2023.

The decrease was partially offset by an increase in insurance service result from medical and health products, which increased by RM1.7 million for the FYE 2023. This was reflected in the increase in insurance revenue from these products by 11.5% for the FYE 2023 on the back of a higher number of policies underwritten during the year. However, the insurance service result margin declined from 49.3% for the FYE 2022 to 47.5% for the FYE 2023, due to the higher frequency of claims for these products.

Motor segment

Insurance service result from the motor segment decreased by RM10.2 million or 27.5% to RM26.9 million for the FYE 2023 (FYE 2022: RM37.0 million). This was also reflected in the decline in insurance revenue for the motor segment by 6.6% for the FYE 2023 mainly on the back of lower number of policies underwritten during the year resulting from increased competition in market pricing post-pandemic.

The insurance service result margin from the motor segment decreased from 23.4% for the FYE 2022 to 18.2% for the FYE 2023. This was mainly attributed to higher average cost of claims in FYE 2023. In addition, the higher margin in FYE 2022 was attributed to the higher reinsurance recoveries pertaining to the flood in the FYE 2021, where the claims were processed in the FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)**(b) FYE 2024 compared to FYE 2023**

Our insurance service result decreased by RM27.9 million or 12.6% to RM194.3 million for the FYE 2024 (FYE 2023: RM222.2 million) and the insurance service result margin declined from 32.2% for the FYE 2023 to 27.6% for the FYE 2024. This was mainly due to the accident and health, as well as motor segments. The performance for each segment is as follows:

Property and casualty segment

Insurance service result from the property and casualty segment grew by RM0.9 million or 0.8% to RM109.7 million for the FYE 2024 (FYE 2023: RM108.8 million) and the insurance service result margin improved from 30.3% for the FYE 2023 to 31.2% for the FYE 2024. This was mainly attributable to the increase in insurance service result from the other insurance products by RM5.6 million due to lower frequency of claims. Consequently, the insurance service result margin from the other insurance products improved from 41.9% for the FYE 2023 to 50.9% for the FYE 2024.

The increase in insurance service results from the property and casualty segment was partially moderated by a decrease in insurance service result of RM3.8 million from fire products, which was reflected in the decline in insurance revenue from fire products by 10.3% for the FYE 2024 mainly due to lower renewal policies following more selective underwriting decisions.

Meanwhile, the improvement in the insurance service result margin from the property and casualty segment was partially offset by the decrease in the insurance service result margin from liability products from 27.5% for the FYE 2023 to 23.6% for the FYE 2024. This was due to higher frequency of claims coupled with higher average cost of claims.

Accident and health segment

Insurance service result from the accident and health segment declined by RM1.4 million or 1.7%, to RM85.1 million for the FYE 2024 (FYE 2023: RM86.5 million) and the insurance service result margin declined from 46.9% for the FYE 2023 to 42.2% for the FYE 2024, primarily due to personal accident products.

Insurance service result from personal accident products decreased by RM5.4 million for the FYE 2024, resulting from higher frequency of claims. As a result, the insurance service result margin for personal accident products decreased from 46.7% for the FYE 2023 to 38.5% for the FYE 2024.

The decrease was partially offset by an increase in insurance service result from medical and health products, which rose by RM3.9 million for the FYE 2024, due to a reduction in claims and commissions. Consequently, the insurance service result margin improved from 47.5% for the FYE 2023 to 52.3% for the FYE 2024.

Motor segment

Insurance service result from the motor segment decreased by RM27.4 million to a loss of RM0.5 million for the FYE 2024 (FYE 2023: RM26.9 million) and the insurance service result margin declined from 18.2% for the FYE 2023 to a loss margin of 0.3% for the FYE 2024. The loss insurance service result of RM0.5 million and loss insurance service result margin of 0.3% for the FYE 2024 was mainly attributed to higher claims from the commercial vehicle portfolio. This was mainly driven by the higher claim cost of prosthesis and orthosis relating to bodily injury claims from the commercial vehicle portfolio.

12. FINANCIAL INFORMATION (Cont'd)

(c) FPE 2025 compared to FPE 2024

Our insurance service result declined by RM0.7 million or 0.8% to RM89.0 million for the FPE 2025 (FPE 2024: RM89.7 million) and the insurance service result margin declined from 26.1% for the FPE 2024 to 23.7% for the FPE 2025. This was primarily attributed to the decline in the motor segment and was partially offset by an increase in the accident and health segment. The performance of each segment is as follows:

Property and casualty segment

Insurance service result from the property and casualty segment decreased by RM0.4 million or 1.0% to RM37.5 million for the FPE 2025 (FPE 2024: RM37.9 million) and the insurance service result margin declined from 22.3% for the FPE 2024 to 20.9% for the FPE 2025. This was mainly due to the decrease in insurance service result from liability products by RM3.0 million and decline in insurance service result margin from 13.0% for the FPE 2024 to 7.4% for the FPE 2025, which was mainly due to a number of large professional indemnity losses during the FPE 2025.

The decrease in insurance service result and insurance service result margin from this segment was partially offset by an increase in insurance service result from fire products by RM1.8 million and the insurance service result margin improved from 21.8% for the FPE 2024 to 24.2% for the FPE 2025, which was due to lower claims.

Accident and health segment

Insurance service result from the accident and health segment increased by RM7.0 million or 16.2% to RM50.1 million for the FPE 2025 (FPE 2024: RM43.2 million) and the insurance service result margin improved from 42.8% for the FPE 2024 to 45.2% for the FPE 2025. This was primarily contributed by personal accident products, where the insurance service result increased by RM11.3 million due to lower claims incurred.

The increase in insurance service result from this segment was partially offset by a decrease in insurance service result from the medical and health products, which declined by RM4.3 million. The decline in insurance service result margin for medical and health products from 48.4% for the FPE 2024 to 28.2% for the FPE 2025 was mainly due to higher claims driven by changes in portfolio mix where there had been higher proportion of group hospitalisation scheme that had higher frequency of claims and costs.

Motor segment

Insurance service result from the motor segment declined by RM7.3 million or 83.6% to RM1.4 million for the FPE 2025 (FPE 2024: RM8.7 million) and the insurance service result margin declined from 12.0% for the FPE 2024 to 1.7% for the FPE 2025. This was attributed to higher claims as a result of worsening claims experience which was reflected in higher average cost of claims for the FPE 2025, coupled with an increase in commission.

12. FINANCIAL INFORMATION (Cont'd)**12.2.8 Total investment income and other income**

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Total investment income	30,749	86.9	77,132	97.1	65,488	95.0
Interest income	54,984	155.4	60,536	76.2	63,569	92.3
Net fair value (losses)/gains on financial assets	(17,790)	(50.3)	20,950	26.4	3,296	4.8
Net realised gains	2,698	7.6	2,091	2.6	5,160	7.5
Other investment expense from MMIP ⁽¹⁾	(436)	(1.2)	1,997	2.5	1,434	2.1
Dividend income	66	0.2	66	0.1	33	*
Investment advisory fees and custodian charges	(2,013)	(5.7)	(2,121)	(2.7)	(2,241)	(3.3)
Amortisation of premium ⁽²⁾	(6,760)	(19.1)	(6,387)	(8.0)	(5,763)	(8.4)
Other income⁽³⁾	4,616	13.1	2,289	2.9	3,441	5.0
Total	35,365	100.0	79,421	100.0	68,929	100.0

	FPE 2024		FPE 2025	
	RM'000	%	RM'000	%
Total investment income	32,473	93.8	44,130	94.9
Interest income	31,263	90.3	29,467	63.4
Net fair value gains on financial assets	2,560	7.4	16,714	35.9
Net realised gains	1,425	4.1	42	0.1
Other investment expense from MMIP ⁽¹⁾	1,337	3.9	717	1.5
Investment advisory fees and custodian charges	(1,098)	(3.2)	(1,095)	(2.3)
Amortisation of premium ⁽²⁾	(3,014)	(8.7)	(1,715)	(3.7)
Other income⁽³⁾	2,155	6.2	2,382	5.1
Total	34,628	100.0	46,512	100.0

Notes:

* Less than 0.1%.

(1) Share of investment expenses or income for the MMIP. MMIP is an insurance pool established to provide insurance coverage for high-risk vehicles or drivers who find it difficult to obtain insurance through the standard commercial market.

(2) Refers to the gradual reduction of the excess price (the premium) paid for a bond over its remaining life, ensuring the investment value is accurately reflected over time.

(3) Mainly comprised rental income from related party, in-house adjuster fee income, as well as service charges and handling fees.

12. FINANCIAL INFORMATION (Cont'd)**(a) FYE 2023 compared to FYE 2022**

Our total investment income increased by RM46.4 million or 150.8% to RM77.1 million for the FYE 2023 (FYE 2022: RM30.7 million). This was mainly attributed to the following:

- an increase of RM38.7 million in net fair value gains on financial assets, including MGS and guaranteed loans, as well as the unquoted debt securities in Malaysia, on the back of higher market price as a result of lower bond yields.
- an increase of RM5.6 million in interest income, mainly comprising the bond coupon payments from MGS and debt securities held.
- RM2.0 million from the share of investment income from the MMIP for the FYE 2023.

(b) FYE 2024 compared to FYE 2023

Our total investment income declined by RM11.6 million or 15.1% to RM65.5 million for the FYE 2024 (FYE 2023: RM77.1 million). This was mainly due to the decrease of RM17.7 million in the net fair value gains on financial assets, including MGS and guaranteed loans, as well as the unquoted debt securities in Malaysia, primarily due to moderate movement in bond yields.

The decrease in total investment income was partially offset by the following:

- an increase of RM3.1 million in the net realised gain, mainly from the disposal of unquoted debt securities.
- an increase of RM3.0 million in interest income, mainly comprising the bond coupon payments from MGS and debt securities held.

(c) FPE 2025 compared to FPE 2024

Our total investment income increased by RM11.7 million or 35.9% to RM44.1 million for the FPE 2025 (FPE 2024: RM32.5 million). This was mainly attributed to an increase of RM14.2 million in net fair value gains on financial assets, namely MGS and guaranteed loans, on the back of higher market prices as a result of lower bond yields.

The increase in total investment income was partially moderated by the following:

- a decrease of RM1.8 million in interest income, mainly comprising the bond coupon payments from MGS and debt securities held.
- a decrease of RM1.4 million in net realised gain from unquoted debt securities in Malaysia as well as MGS and guaranteed loans.

12. FINANCIAL INFORMATION (Cont'd)**12.2.9 Net insurance financial result**

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Insurance finance expense for insurance contracts issued	14,498	154.8	27,848	153.8	25,748	145.8
Reinsurance finance income for reinsurance contracts held	(5,139)	(54.9)	(9,841)	(54.3)	(8,070)	(45.7)
Net foreign exchange losses/(gains)	7	0.1	96	0.5	(26)	(0.1)
Net insurance financial result	9,366	100.0	18,103	100.0	17,652	100.0

	FPE 2024		FPE 2025	
	RM'000	%	RM'000	%
Insurance finance expense for insurance contracts issued	14,159	146.3	11,942	133.3
Reinsurance finance income for reinsurance contracts held	(4,500)	(46.5)	(3,026)	(33.8)
Net foreign exchange losses	20	0.2	43	0.5
Net insurance financial result	9,679	100.0	8,959	100.0

(a) FYE 2023 compared to FYE 2022

Our net insurance financial result increased by RM8.7 million or 93.3% to RM18.1 million for the FYE 2023 (FYE 2022: RM9.4 million). This was primarily attributed to the increase in insurance finance expense for insurance contracts issued, resulting from changes in interest rates and other financial assumptions.

In addition, reinsurance finance income for reinsurance contracts held increased, arising from the changes in interest rates and other financial assumptions.

Changes in interest rates will affect the insurance finance expenses for insurance contracts issued and reinsurance finance income for reinsurance contracts held through the unwinding/accretion of interest component and change in present value component.

Accretion of interest component reflects the increase in the present value of future cash flows, using the discount rate applied at initial recognition or subsequent measurement. Change in present value component is the change in present value of future cash flows due to changes in discount rates or other financial assumptions.

Insurance finance expense can either increase or decrease depending on the magnitude of the interest rate change. When interest rates increase, accrual of interest will increase the liabilities and while change in present value will reduce the liabilities and vice versa. The net impact of the two components is influenced by factors such as the stability of interest rates and portfolio duration.

Insurance finance expense is not materially influenced by other financial assumptions.

12. FINANCIAL INFORMATION (Cont'd)**(b) FYE 2024 compared to FYE 2023**

Our net insurance financial result decreased by RM0.5 million or 2.5% to RM17.7 million for the FYE 2024 (FYE 2023: RM18.1 million). This was primarily attributed to the decrease in insurance finance expense for insurance contracts issued, resulting from a decline in interest accrued to these contracts, along with changes in interest rates and other financial assumptions.

In addition, reinsurance finance income for reinsurance contracts held decreased due to the reduction in interest accrued to reinsurance contracts, as well as changes in interest rates and other financial assumptions.

(c) FPE 2025 compared to FPE 2024

Our net insurance financial result decreased by RM0.7 million or 7.4% to RM9.0 million for the FPE 2025 (FPE 2024: RM9.7 million). This was mainly attributed to the decrease in insurance finance expense for insurance contracts issued due to changes in interest rates and other financial assumptions.

In addition, reinsurance finance income for reinsurance contracts held decreased due to a reduction in interest accrued to reinsurance contracts, as well as changes in interest rates and other financial assumptions.

12.2.10 Other operating expense

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Employee benefits expense ⁽¹⁾	52,778	43.8	58,296	47.3	61,611	#42.2
EDP expenses	16,521	13.7	15,122	12.3	20,342	13.9
Regional technical service charges	11,338	9.4	12,548	10.2	18,218	12.5
Outsourced services fees ⁽²⁾	17,479	14.5	13,653	11.1	13,105	9.0
Depreciation and amortisation	7,045	5.8	6,202	5.0	6,939	4.8
Advertising	1,110	0.9	2,222	1.8	8,090	5.5
Others ⁽³⁾	14,277	11.9	15,252	12.3	17,573	12.1
Total	120,548	100.0	123,295	100.0	145,878	100.0

	FPE 2024		FPE 2025	
	RM'000	%	RM'000	%
Employee benefits expense ⁽¹⁾	29,982	43.0	32,024	42.0
EDP expenses	11,087	15.9	11,700	15.4
Regional technical service charges	6,274	9.0	9,109	12.0
Outsourced services fees ⁽²⁾	4,944	7.1	7,847	10.3
Depreciation and amortisation	3,250	4.7	3,775	5.0
Advertising	4,021	5.8	980	1.3
Others ⁽³⁾	10,131	14.5	10,689	14.0
Total	69,689	100.0	76,124	100.0

Notes:

Percentage has been rounded.

(1) Refers to staff costs which comprised mainly wages, salaries, bonuses, social security contributions and contributions to the Employees Provident Fund.

(2) Comprised telemarketing expenses.

12. FINANCIAL INFORMATION (Cont'd)

(3) Comprised mainly agency training expenses, building administrative, repair and maintenance as well as bank charges.

(a) FYE 2023 compared to FYE 2022

Other operating expenses increased by RM2.7 million or 2.3% to RM123.3 million for the FYE 2023 (FYE 2022: RM120.5 million). This was mainly attributed to the following:

- an increase in employee benefits expense by RM5.5 million mainly contributed by salary increment and bonuses.
- an increase in advertising expenses by RM1.1 million arising from increased marketing activities.

The increase in other operating expenses was partially offset by the decrease in outsourced services fees by RM3.8 million due to a decrease in telemarketing expenses.

(b) FYE 2024 compared to FYE 2023

Other operating expenses increased by RM22.6 million or 18.3% to RM145.9 million for the FYE 2024 (FYE 2023: RM123.3 million). This was mainly attributed to the following:

- an increase in advertising expenses by RM5.9 million for marketing activities, mainly campaigns for accident and health, as well as motor products.
- an increase in regional technical service charges by RM5.7 million, mainly for the IT support provided during the FYE 2024 to facilitate the implementation and post launch support of a new digital platform launched during the FYE 2024.
- an increase in EDP expenses by RM5.2 million, mainly for the implementation of a new digital platform for our fire products.
- an increase in employee benefits expense by RM3.3 million, mainly contributed by salary increment and bonuses.
- an increase in other expenses by RM2.3 million arising mainly from agency training expenses and bank charges incurred.

(c) FPE 2025 compared to FPE 2024

Other operating expenses increased by RM6.4 million or 9.2% to RM76.1 million for the FPE 2025 (FPE 2024: RM69.7 million). This was mainly due to the following:

- an increase in outsourced services fees by RM2.9 million due to higher telemarketing expenses attributed to increased outreach as part of our ongoing effort to drive customer acquisition.
- an increase in regional technical service charges by RM2.8 million mainly pertaining to IT support services.
- an increase in employee benefits expense by RM2.0 million mainly contributed by salary increment and bonuses.

The increase in other operating expenses was partially offset by a decrease in advertising expenses by RM3.0 million due to a decrease in marketing activities.

12. FINANCIAL INFORMATION (Cont'd)**12.2.11 PBT, PAT and effective tax rate**

	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
PBT (RM'000)	145,880	160,107	99,566	44,965	50,408
PBT margin ⁽¹⁾	21.7%	23.2%	14.2%	13.1%	13.4%
Taxation (RM'000)	37,241	40,951	25,807	11,262	12,539
Effective tax rate ⁽²⁾	25.5%	25.6%	25.9%	25.0%	24.9%
Statutory tax rate	24.0%	24.0%	24.0%	24.0%	24.0%
PAT (RM'000)	108,639	119,156	73,759	33,703	37,869
PAT margin ⁽³⁾	16.2%	17.2%	10.5%	9.8%	10.1%

Notes:

- (1) Computed based on PBT over insurance revenue.
- (2) Computed based on taxation over PBT.
- (3) Computed based on PAT over insurance revenue.

(a) FYE 2023 compared to FYE 2022

Our PBT increased by RM14.2 million or 9.8% to RM160.1 million for the FYE 2023 (FYE 2022: RM145.9 million) and the PBT margin improved from 21.7% for the FYE 2022 to 23.2% for the FYE 2023.

The increase in PBT for the FYE 2023 was mainly contributed by the higher total investment income of RM46.4 million for the FYE 2023, which has contributed to the improvement in PBT margin from 21.7% for the FYE 2022 to 23.2% for the FYE 2023.

The increase in PBT and PBT margin was partially moderated by the following:

- a decrease of RM18.2 million in our insurance service result due to higher claims incurred mainly from fire, personal accident, and motor products.
- higher insurance finance expense for insurance contracts issued of RM13.4 million.
- an increase of RM2.7 million in other operating expenses arising mainly from higher employee benefits expense.

Similarly, our PAT increased by RM10.5 million or 9.7% to RM119.2 million for the FYE 2023 (FYE 2022: RM108.6 million) and the PAT margin improved from 16.2% for the FYE 2022 to 17.2% for the FYE 2023.

Our effective tax rate for the FYE 2022 was 25.5% which was higher than the statutory tax rate of 24.0%. This was mainly due to the imposition of a one-off windfall tax of 33% on taxable income exceeding RM100 million for the FYE 2022.

For the FYE 2023, our effective tax rate was 25.6% which was also higher than the statutory tax rate of 24.0%. This was primarily attributed to non-deductible expenses such as depreciation of non-qualifying plant and equipment, overseas agency training, entertainment expenses, as well as underprovision in prior years.

12. FINANCIAL INFORMATION (Cont'd)**(b) FYE 2024 compared to FYE 2023**

Our PBT declined by RM60.5 million or 37.8% to RM99.6 million for the FYE 2024 (FYE 2023: RM160.1 million), was mainly due to the following:

- insurance service result decreased by RM27.9 million due to higher claims incurred mainly from motor and personal accident products.
- other operating expenses increased by RM22.6 million, mainly comprising EDP expenses, technical service charges and advertising expenses.
- total investment income decreased by RM11.6 million on the back of a decline in net fair value gains on financial assets.

The PBT margin decreased from 23.2% for the FYE 2023 to 14.2% for the FYE 2024, mainly due to the decrease in insurance service result margin from 32.2% for the FYE 2023 to 27.6% for the FYE 2024. The decrease in PBT margin for the FYE 2024 was also partly attributed to the higher other operating expenses arising from the higher EDP expenses, technical service charges and advertising expenses, coupled with lower total investment income due to the decline in net fair value gains on financial assets.

Similarly, our PAT decreased by RM45.4 million or 38.1% to RM73.8 million for the FYE 2024 (FYE 2023: RM119.2 million) and the PAT margin decreased from 17.2% for the FYE 2023 to 10.5% for the FYE 2024.

Our effective tax rate was 25.9% for the FYE 2024, which was higher than the statutory tax rate of 24.0%. This was mainly attributed to non-deductible expenses, such as depreciation of non-qualifying plant and equipment, overseas agency training, entertainment expenses, as well as underprovision in prior years.

(c) FPE 2025 compared to FPE 2024

Our PBT increased by RM5.4 million, or 12.1%, to RM50.4 million for the FPE 2025 (FPE 2024: RM45.0 million) and the PBT margin improved from 13.1% for the FPE 2024 to 13.4% for the FPE 2025. Similarly, our PAT also increased by RM4.2 million or 12.4% to RM37.9 million for the FPE 2025 (FPE 2024: RM33.7 million) and the PAT margin also increased from 9.8% for the FPE 2024 to 10.1% for the FPE 2025. The improvement for the FPE 2025 was primarily due to a RM11.7 million increase in total investment income for the FPE 2025.

The increase was partially moderated by a decrease in insurance service result margin from 26.1% for the FPE 2024 to 23.7% for the FPE 2025, coupled with an increase in other operating expenses of RM6.4 million.

Our effective tax rate for the FPE 2025 was 24.9%, which was higher than the statutory tax rate of 24.0%. This was mainly due to non-deductible expenses, such as depreciation of non-qualifying plant and equipment, overseas agency training, as well as entertainment expenses.

12. FINANCIAL INFORMATION (Cont'd)**12.2.12 Liquidity and capital resources**

As a licensed insurer operating in the general insurance industry in Malaysia, we are subject to the RBC Framework, which requires insurers to maintain sufficient capital relative to the risks inherent in their business, including insurance, market, credit, and operational risks. Under the RBC Framework, insurance companies are required to satisfy a minimum supervisory target capital level of 130%.

Capital adequacy ratio is computed as follows:

Capital adequacy ratio = Total capital available / Total capital required x 100%

Capital resources are the financial reserves available to absorb unexpected losses and to ensure our company can continue meeting its obligations under financially stressed conditions. Our capital structure, as prescribed by the RBC Framework, is provided in the table below:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Eligible Tier 1 Capital				
Share capital	100,000	100,000	100,000	100,000
Retained earnings	873,237	894,862	700,416	734,198
	<u>973,237</u>	<u>994,862</u>	<u>800,416</u>	<u>834,198</u>
Tier 2 Capital				
Available-for-sale reserve	(21,547) ⁽¹⁾	-	-	-
Eligible reserves	7,982	6,275	5,682	6,399
Amount deducted from capital ⁽²⁾	(34,311)	(29,131)	(34,715)	(36,692)
Total capital available	<u>925,361</u>	<u>972,006</u>	<u>771,383</u>	<u>803,905</u>

Notes:

- (1) This refers to the unrealised losses on available-for-sale financial assets under our investment portfolio. Reclassification from retained earnings to fair value reserve pursuant to the application of MFRS 9.
- (2) This includes intangible assets and deferred tax assets.

Our capital adequacy ratio for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 well exceeded the minimum supervisory target capital level of 130%.

Liquidity in the general insurance industry is related to our ability to generate sufficient cash from our business operations to meet our financial commitments and operational expenses. We fund our liquidity requirements through internally generated funds from our general insurance business, including insurance premiums and net investment income from investment portfolios. We place fixed-income investments in government and corporate debt that meet our standards for liquidity and credit quality. We have the flexibility to lengthen or shorten the duration of most fixed income accounts as needed to optimise total returns and liquidity requirements.

Based on our audited statements of financial position as at 30 June 2025, we have cash and cash equivalents of RM163.3 million and no outstanding bank borrowings. Our cash inflows and cash balances are used to pay claims and related expenses, reinsurance premiums and other operating costs. We generate cash flow by collecting premiums and then subtracting claim payments as they are incurred.

Our board is of the opinion that, after taking into consideration the expected cash flows to be generated from our operations, our liquidity in the form of investment in sovereign bonds, money market instruments and cash, and capital expenditure to be incurred of approximately RM22.0 million over the next 12 months, we will have sufficient working capital for 12 months from the date of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**(i) Cash flow**

The following is our cash flow for the Financial Years and Period Under Review based on our audited Financial Statements, which should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net cash flows generated from/ (used in) operating activities	104,296	(27,744)	175,027	47,000
Net cash flows used in investing activities	(5,507)	(5,379)	(11,435)	(6,940)
Net cash flows used in financing activities	(1,211)	(76,307)	(111,190)	(164,681)
Net increase /(decrease) in cash and cash equivalents	<u>97,578</u>	<u>(109,430)</u>	<u>52,402</u>	<u>(124,621)</u>
Cash and cash equivalents at beginning of the financial year/period	247,400	344,978	235,548	287,950
Cash and cash equivalent at end of the financial year/period	<u>344,978</u>	<u>235,548</u>	<u>287,950</u>	<u>163,329</u>

(a) Net cash flows generated from/used in operating activities**FYE 2022**

For the FYE 2022, our net cash flows generated from operating activities was RM104.3 million, taking into account the PBT of RM145.9 million and the changes in working capital. This was mainly attributed to:

- an increase of RM58.5 million in reinsurance contract assets, mainly driven by higher claims recoveries from reinsurance arising from major flood claims in the prior year.
- an increase of RM20.0 million in insurance contract liabilities, mainly attributed to higher claims for the FYE 2023 as well as adjustments to prior year flood claims.
- a decrease of RM17.2 million in FVTPL investments attributed to net fair value losses from our investment portfolio for the FYE 2022, arising from the acquisition and disposal of MGS, corporate bonds and guaranteed loans for the FYE 2022.
- a decrease of RM7.5 million in other payables, mainly attributed to lower accrued liability primarily for policy printing fees and regional management expenses. The decrease is also partly attributed to a reduction in deposits held on bonds due to refund of deposits for bonds contracts completed during the year.
- a decrease of RM3.5 million in other receivables, mainly attributed to a decrease of RM4.2 million in amounts due from MMIP. This reflected a reduction in assets held under MMIP attributed to the surplus distribution from MMIP of RM2.0 million.

12. FINANCIAL INFORMATION (Cont'd)

Additionally, we received interest income of RM55.3 million, primarily from our investment portfolios, which consisted mainly of MGS and guaranteed loans, as well as debt securities based on agreed-upon interest/coupon rates. This was offset by income tax payments of RM46.7 million and the payment of RM1.8 million under the share-based long-term incentive plan pursuant to the employee remuneration program under our ultimate holding company, Chubb Limited.

FYE 2023

For the FYE 2023, our net cash flows used in operating activities were RM27.7 million, taking into account our PBT of RM160.1 million and the changes in working capital, including:

- an increase of RM164.7 million in FVTPL investments, attributed to an increased investment in financial assets, mainly MGS and guaranteed loans. For the FYE 2023, the acquisition of investments cost RM721.7 million, driven by higher purchases of the MGS and guaranteed loans (FYE 2022: RM570.7 million).

- a decrease of RM61.6 million in reinsurance contract assets following the settlement of claims mainly from the property and casualty portfolio.

This was reflected in a reduction of 11.3% in total net cash outflow for reinsurance for the FYE 2023, primarily attributed to higher reinsurance recoveries in the property and casualty, and motor portfolios.

- a decrease of RM19.3 million in insurance contract liabilities, mainly attributed to lower claims payments made for the FYE 2023 in relation to property and casualty and motor portfolios. This was reflected in a decrease by 13.5% in claims and other insurance service expense paid, including investment component paid, for the FYE 2023.

- a decrease of RM16.9 million in other payables, mainly attributed to the settlement and lower unclaimed money balances as at 31 December 2023 compared to 31 December 2022, as well as lower unallocated cash.

- a decrease of RM2.3 million in other receivables, mainly attributed to a decrease of RM2.6 million due from MMIP, following the surplus distribution from MMIP.

Additionally, we received interest income of RM57.9 million, primarily from our investment portfolios, which consisted mainly of MGS and guaranteed loans, as well as debt securities based on agreed-upon interest/coupon rates. This was offset by income tax payments of RM36.6 million and the payment of RM4.4 million under the share-based long-term incentive plan pursuant to the employee remuneration program under our ultimate holding company, Chubb Limited.

There were negative net cash flow in operating activities of RM27.7 million for the FYE 2023, mainly attributed to increased investment in financial assets, mainly MGS and guaranteed loans. For the FYE 2023, the acquisition of investments cost RM721.7 million, driven by higher purchases of the MGS and guaranteed loans (FYE 2022: RM570.7 million).

12. FINANCIAL INFORMATION (Cont'd)**FYE 2024**

For the FYE 2024, our net cash flows generated from operating activities were RM175.0 million, taking into account our PBT of RM99.6 million and changes in working capital. This was mainly attributed to:

- a decrease of RM57.1 million in reinsurance contract assets and an increase of RM3.7 million in reinsurance contract liabilities. This was mainly due to lower reinsurance recoveries from the ceded reinsurance of the property and casualty portfolios. This was reflected in a 58.0% decrease in reinsurance recoveries for the FYE 2024.

The decrease was also partly attributed to a reduction in reinsurance premiums paid (net of ceding commissions), which was reflected in a 3.8% decrease in cash flow from reinsurance premiums paid for the FYE 2024.

- a decrease of RM26.9 million in FVTPL investments mainly attributed to the disposal of MGS and guaranteed loans. For the FYE 2024, the disposal of investments was RM292.0 million, related to the disposal of the MGS and guaranteed loans (FYE 2023: RM137.0 million).
- an increase of RM19.6 million in other payables, mainly attributed to a higher amount due to related parties, and unallocated receipts received towards the end of the year.
- a decrease of RM6.9 million in insurance contract liabilities mainly attributed to lower claims reported for the FYE 2024 in relation to the property and casualty portfolio.

Additionally, we received interest income of RM63.9 million, primarily from our investment portfolios, which consisted mainly of MGS, guaranteed loans, and debt securities based on agreed-upon interest/coupon rates. This was offset by income tax payments of RM30.2 million and the payment of RM1.8 million under the share-based long-term incentive plan pursuant to the employee remuneration program under our ultimate holding company, Chubb Limited.

FPE 2025

For the FPE 2025, our net cash flows generated from operating activities were RM47.0 million, taking into account our PBT of RM50.4 million and changes in working capital. This was mainly attributed to:

- an increase of RM100.8 million in insurance contract liabilities, mainly attributed to increased liabilities arising from newly underwritten policies as well as higher claims due to deterioration of claims experience for our accident and health, as well as motor portfolios.
- an increase of RM38.0 million in FVTPL investments attributed to the acquisitions of investment assets for the FPE 2025, which consisted mainly of MGS and guaranteed loans, amounting to RM298.5 million.
- an increase of RM31.9 million in reinsurance contract assets, mainly attributed to higher claims recoveries from reinsurance for the accident and health, as well as motor portfolios.
- an increase of RM6.6 million in other receivables mainly attributed to higher prepayments as of the FPE 2025 pertaining mainly to prepaid expenses such as staff insurance, a higher amount due from intermediaries relating to stamp duties and taxes, as well as amounts due from related parties.

12. FINANCIAL INFORMATION (Cont'd)

- a decrease of RM5.7 million in other payables, mainly attributed to lower payroll liabilities pertaining to accrued bonuses, a lower amount due to related parties, as well as lower accrued liabilities in relation to regional management expenses.

Additionally, we received interest income of RM29.4 million, primarily from our investment portfolios, which consisted mainly of MGS and guaranteed loans, as well as debt securities based on agreed-upon interest/coupon rates. This was offset by income tax payments of RM11.7 million.

(b) Net cash flows used in investing activities**FYE 2022**

For the FYE 2022, our net cash flows used in investing activities were RM5.5 million, which was attributed to RM3.8 million used for intangible assets related to the development and enhancement of existing systems and software to cater to business growth as well as regulatory requirements, such as MFRS 17 compliance, as well as sanction and screening processes.

Additionally, RM1.7 million was allocated for the purchase of replacement hardware, including computers and office equipment.

FYE 2023

For the FYE 2023, our net cash flows used in investing activities was RM5.4 million, which was attributed to RM3.0 million used for the intangible assets related to the development and enhancement of our existing systems and software to cater to business growth as well as regulatory requirements, such as compliance with MFRS 17.

Additionally, RM2.5 million was allocated for the purchase of replacement hardware, including computers and office equipment.

FYE 2024

For the FYE 2024, our net cash flows used in investing activities were RM11.4 million, which was attributed to RM9.7 million used for the intangible assets, including RM4.3 million for software implementation. Additionally, RM5.3 million was used for the ongoing development and integration of computer software for e-invoicing and enhancement of a digital platform for intermediaries.

Additionally, RM2.2 million was allocated for the purchase of replacement hardware, including computers and office equipment.

FPE 2025

For the FPE 2025, our net cash flows used in investing activities were RM6.9 million, which was attributed to RM3.9 million used for intangible assets related to the enhancement of existing systems and software, as well as a digital platform for intermediaries.

Additionally, RM3.0 million was used for the purchase of property and equipment, comprising mainly RM1.4 million for the renovation of our head office as well as RM1.6 million for the purchase of replacement hardware including computers and office equipment.

12. FINANCIAL INFORMATION (Cont'd)**(c) Net cash flows used in financing activities****FYE 2022**

For the FYE 2022, our net cash flows used in financing activities were RM1.2 million for lease liabilities payments for the rental of our branch offices.

FYE 2023

For the FYE 2023, our net cash flows used in financing activities were RM76.3 million, mainly attributed to RM75.0 million in dividend paid and RM1.3 million for lease liabilities payments for the rental of our branch offices.

FYE 2024

For the FYE 2024, our net cash flows used in financing activities were RM111.2 million, mainly attributed to RM110.0 million in dividend paid in respect of the FYE 2023.

In addition, RM1.2 million was used for lease liabilities payments for the rental of our branch offices.

FPE 2025

For the FPE 2025, our net cash flows used in financing activities were RM164.7 million, mainly attributed to RM164.0 million in dividend paid in respect of the FYE 2024.

(ii) Bank borrowings

As at 30 June 2025, we have no outstanding bank borrowings.

(iii) Total capital available

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>
Total capital available (RM'000)	925,361	972,006	771,383	803,905

Total capital available increased by 5.0% to RM972.0 million as at 31 December 2023 (as at 31 December 2022: RM925.4 million), mainly attributed to an increase in retained earnings on the back of higher PAT generated for the FYE 2023 and partially moderated by the dividend paid of RM75.0 million.

Total capital available decreased by 20.6% to RM771.4 million as at 31 December 2024 (as at 31 December 2023: RM972.0 million). This was attributed to the decrease in retained earnings in relation to RM110.0 million of dividend paid and RM164.0 million of dividend declared for the FYE 2024.

Total capital available increased by 4.2% to RM803.9 million as at 30 June 2025 (as at 31 December 2024: RM771.4 million), mainly attributed to the increase in retained earnings on the back of our PAT generated for the FPE 2025.

12. FINANCIAL INFORMATION (Cont'd)

12.2.13 Financial instrument, treasury policies and objectives

As at the LPD, we do not use any other financial instruments. Our operations have been funded through shareholders' equity and cash generated from our operations.

The main objective of our capital management is to ensure sustainable shareholders' equity to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our capital adequacy ratio at an optimal level based on, amongst other factors, our business requirements and prevailing economic conditions as prescribed under the RBC Framework. See Note 2.25 of the Accountants Report included in Section 13 of this Prospectus for further details on our capital.

12.2.14 Material litigation and contingent liabilities

(i) Material litigation

Save as disclosed in Section 14.7 of this Prospectus, we are not engaged in any other governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

(ii) Contingent liabilities

As at the LPD, save as disclosed in Note 2.26 of the Accountants' Report included in Section 13 of this Prospectus and Section 12.3 of this Prospectus, we do not have any other material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.2.15 Key financial ratios

Our key financial ratios for the Financial Years and Period Under Review based on the historical financial information prepared in accordance with MFRS 17, are as follows:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025
NA per Share ⁽¹⁾ (RM/Share)	10.33	10.76	8.75	9.14
Return on equity ⁽²⁾ (%)	11.1	11.3	7.6	4.2
Return on assets ⁽³⁾ (%)	5.4	5.8	3.6	1.9
Investment leverage ratio ⁽⁴⁾ (%)	125.8	137.9	166.8	165.5
Investment yield ⁽⁵⁾ (%)	2.3	5.5	4.5	3.0
Gearing ratio ⁽⁶⁾ (times)	N/A	N/A	N/A	N/A
Current ratio (times)	N/A	N/A	N/A	N/A
Trade receivables turnover (days)	N/A	N/A	N/A	N/A
Trade payables turnover (days)	N/A	N/A	N/A	N/A

Notes:

- (1) Computed based on total equity over the number of Shares for the respective financial years/period.
- (2) Computed based on PAT over average total equity at the beginning and end of the respective financial years/period.
- (3) Computed based on PAT over average total assets at the beginning and end of the respective financial years/period.
- (4) Computed based on investments over total equity for the respective financial years/period.
- (5) Computed based on total investment income over average investments at the beginning and end of the respective financial years/period.
- (6) For the Financial Years and Period Under Review, we had no outstanding bank borrowings.

12. FINANCIAL INFORMATION (Cont'd)**(i) NA per Share**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RM	RM	RM	RM
NA per Share ⁽¹⁾ (RM/Share)	10.33	10.76	8.75	9.14
Total equity (RM'000)	1,033,485	1,075,934	875,100	913,686
Number of Shares ('000)	100,000	100,000	100,000	100,000

Note:

(1) Computed based on total equity over the number of Shares for the respective financial years/period.

The NA per Share increased by 4.2% to RM10.76 as at 31 December 2023 (as at 31 December 2022: RM10.33). This was mainly attributed to higher retained earnings on the back of higher PAT generated for the FYE 2023.

The NA per Share decreased by 18.7% to RM8.75 as at 31 December 2024 (as at 31 December 2023: RM10.76). This was mainly attributed to a reduction in retained earnings following the payment of a RM110.0 million dividend and the declaration of a further RM164.0 million dividend for the FYE 2024.

The NA per Share increased by 4.5% to RM9.14 as at 30 June 2025 (as at 31 December 2024: RM8.75). This was mainly attributed to the increase in retained earnings by 4.9% on the back of our PAT generated for the FPE 2025.

(ii) Return on equity

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2024</u>	<u>FPE 2025</u>
PAT (RM'000)	108,639	119,156	73,759	33,703	37,869
Average total equity ⁽¹⁾ (RM'000)	979,505	1,054,710	975,517	1,038,307	894,393
Return on equity ⁽²⁾ (%)	11.1	11.3	7.6	3.2	4.2

Notes:

(1) The average total equity is computed as below:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2024</u>	<u>FPE 2025</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Total equity as at 1 January	925,524	1,033,485	1,075,934	1,075,934	875,100
Total equity as at 31 December/ 30 June	1,033,485	1,075,934	875,100	1,000,679	913,686
Average total equity	979,505	1,054,710	975,517	1,038,307	894,393

(2) Computed based on PAT over average total equity at the beginning and end of the respective financial years/period.

The return on equity improved from 11.1% as at 31 December 2022 to 11.3% as at 31 December 2023, mainly attributed to higher PAT generated for the FYE 2023. This was driven by higher total investment income, which increased by 150.8% for the FYE 2023, resulting from higher interest income from investment assets, as well as net fair value gains of RM21.0 million on financial assets during the year.

12. FINANCIAL INFORMATION (Cont'd)

The return on equity declined from 11.3% as at 31 December 2023 to 7.6% as at 31 December 2024, mainly attributed to lower PAT generated for the FYE 2024. This was attributed to lower insurance profit as reflected in the decrease in insurance service result, which decreased by 12.6% for the FYE 2024. The decrease in PAT was also partly attributed to a decline in total investment income, which decreased by 15.1% for the FYE 2024, due to lower net fair value gains on financial assets and interest income.

The return on equity increased from 3.2% as at 30 June 2024 to 4.2% as at 30 June 2025, mainly attributed to higher PAT generated for the FPE 2025. This was driven by higher total investment income, which increased by 35.9% for the FPE 2025, resulting from the net fair value gains of RM16.7 million on financial assets for the FPE 2025.

(iii) Return on assets

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2024</u>	<u>FPE 2025</u>
PAT (RM'000)	108,639	119,156	73,759	33,703	37,869
Average total assets ⁽¹⁾ (RM'000)	2,010,633	2,070,248	2,062,003	2,052,658	2,035,310
Return on assets ⁽²⁾ (%)	5.4	5.8	3.6	1.6	1.9

Notes:

(1) *The average total assets are computed as follows:*

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2024</u>	<u>FPE 2025</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Total assets as at 1 January	1,955,758	2,065,508	2,074,987	2,074,987	2,049,018
Total assets as at 31 December/ 30 June	2,065,508	2,074,987	2,049,018	2,030,328	2,021,602
Average total assets	2,010,633	2,070,248	2,062,003	2,052,658	2,035,310

(2) *Computed based on PAT over average total assets at the beginning and end of the respective financial years/period.*

The return on assets improved from 5.4% as at 31 December 2022 to 5.8% as at 31 December 2023, mainly attributed to higher PAT generated for the FYE 2023 as discussed above.

The return on assets declined from 5.8% as at 31 December 2023 to 3.6% as at 31 December 2024, mainly attributed to lower PAT generated for the FYE 2024 as discussed above.

The return on assets improved from 1.6% as at 30 June 2024 to 1.9% as at 30 June 2025, mainly attributed to higher PAT generated for the FPE 2025 as discussed above.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Investment leverage ratio**

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>
Investments (RM'000)	1,299,880	1,483,826	1,459,297	1,512,362
Total equity (RM'000)	1,033,485	1,075,934	875,100	913,686
Investment leverage ratio ⁽¹⁾ (%)	125.8	137.9	166.8	165.5

Note:

(1) Computed based on investments over total equity for the respective financial years/period.

The investment leverage ratio increased from 125.8% as at 31 December 2022 to 137.9% as at 31 December 2023. This was mainly attributed to higher investments driven by the increased investment in financial assets, primarily MGS and guaranteed loans, as well as net fair value gains of RM21.0 million on financial assets for the FYE 2023.

The investment leverage ratio increased from 137.9% as at 31 December 2023 to 166.8% as at 31 December 2024. This was mainly attributed to a reduction in total equity, driven by a decrease in retained earnings following the payment of a RM110.0 million dividend and the declaration of a further RM164.0 million dividend for the FYE 2024.

The investment leverage ratio declined from 166.8% as at 31 December 2024 to 165.5% as at 30 June 2025. This was mainly attributed to an increase in total equity on the back of an increase in retained earnings.

(v) Investment yield

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2024</u>	<u>FPE 2025</u>
Total investment income (RM'000)	30,749	77,132	65,488	32,473	44,130
Average investments ⁽¹⁾ (RM'000)	1,319,640	1,391,853	1,471,562	1,518,620	1,485,830
Investment yield ⁽²⁾ (%)	2.3%	5.5%	4.5%	2.1%	3.0%

Notes:

(1) The average investments are computed as below:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2024</u>	<u>FPE 2025</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investments as at 1 January	1,339,400	1,299,880	1,483,826	1,483,826	1,459,297
Investments as at 31 December/ 30 June	1,299,880	1,483,826	1,459,297	1,553,413	1,512,362
Average investments	1,319,640	1,391,853	1,471,562	1,518,620	1,485,830

(2) Computed based on total investment income over average investments at the beginning and end of the respective financial years/period.

12. FINANCIAL INFORMATION (Cont'd)

The investment yield increased from 2.3% as at 31 December 2022 to 5.5% as at 31 December 2023. This was mainly attributed to higher investments resulting from increased investment in financial assets, as well as net fair value gains of RM21.0 million on financial assets for the FYE 2023.

The investment yield declined from 5.5% as at 31 December 2023 to 4.5% as at 31 December 2024, mainly attributed to a lower net fair value gains on financial assets and interest income for the FYE 2024.

The investment yield increased from 2.1% as at 30 June 2024 to 3.0% as at 30 June 2025. This was mainly attributed to net fair value gains of RM16.7 million on financial assets for the FPE 2025.

12.2.16 Trend analysis

Save as disclosed in this section and in Sections 5, 7 and 8 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events and factors that are reasonably likely to have a material effect on our business, financial condition and results of operations or that would make our historical financial statements not indicative of future financial performance. Accordingly, taking into consideration our business strategies and future plans and the expected increase in depreciation in line with the increase in our capital expenditure, we do not expect any material adverse impact on our revenue recognition and operating expenses moving forward.

12.2.17 Significant changes/events

There are no significant changes that have occurred which may have a material effect on our financial position and results of operations since the FPE 2025 up to the LPD.

12.2.18 Order book

Due to the nature of our business, we do not maintain an order book.

12.2.19 Capital expenditures and divestitures**Capital expenditures**

Our capital expenditures for the Financial Years and Period Under Review and up to the LPD are set out below:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>	<u>From 1 July 2025 up to the LPD</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Intangible assets	3,781	3,035	9,655	3,911	3,276
Property and equipment	1,740	2,484	2,187	3,029	2,355
- Computers	1,114	1,145	907	1,105	664
- Office equipment, furniture and fittings	626	1,339	1,280	475	477
- Renovation work-in- progress	-	-	-	1,449	1,214
Total	<u>5,521</u>	<u>5,519</u>	<u>11,842</u>	<u>6,940</u>	<u>5,631</u>

Our capital expenditure was funded via internally generated funds.

12. FINANCIAL INFORMATION (Cont'd)

FYE 2022

For the FYE 2022, our capital expenditures were RM5.5 million, comprising:

- RM3.8 million used for intangible assets related to the development and enhancement of existing systems and software to cater to business growth as well as regulatory requirements, such as MFRS 17 compliance, as well as sanction and screening processes.
- RM1.7 million for the purchase of replacement hardware, including computers and office equipment.

FYE 2023

For the FYE 2023, our capital expenditures were RM5.5 million, comprising:

- RM3.0 million for intangible assets, specifically for the development and enhancement of our existing systems and software to cater to business growth as well as regulatory requirements.
- RM2.5 million for the purchase of replacement hardware, including computers and office equipment.

FYE 2024

For the FYE 2024, our capital expenditures were RM11.8 million, comprising:

- RM9.7 million for intangible assets, including RM4.3 million for completed software implementation and RM5.3 million for the ongoing development and integration of computer software for e-invoicing and enhancement of a digital platform for intermediaries.
- RM2.2 million for the purchase of replacement hardware, including computers and office equipment.

FPE 2025

For the FPE 2025, our capital expenditures were RM6.9 million, comprising:

- RM3.9 million for intangible assets, pertaining to the enhancement of existing systems and software, as well as a digital platform for intermediaries.
- RM3.0 million mainly for the renovation of our head office as well as the purchase of replacement hardware, including computers and office equipment.

From 1 July 2025 up to the LPD

From 1 July 2025 up to the LPD, our capital expenditures were RM5.6 million, comprising:

- RM3.3 million for intangible assets, pertaining to enhancement of existing systems and software to meet business and regulatory needs.
- RM2.4 million for the purchase of replacement hardware, including computers and office equipment, as well as renovation of our head office.

12. FINANCIAL INFORMATION (Cont'd)**Capital divestitures**

Our capital divestitures for the Financial Years and Period Under Review and up to the LPD are set out below:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>	<u>From 1 July 2025</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>up to the LPD</u>
					<u>RM'000</u>
Property and equipment	1,736	449	195	-	-
- Freehold land	161	-	48	-	-
- Buildings	239	-	147	-	-
- Office equipment, furniture and fittings	1,156	-	-	-	-
- Motor vehicles	180	449	-	-	-
Total	1,736	449	195	-	-

FYE 2022

For the FYE 2022, our capital divestitures were RM1.7 million, comprising RM1.2 million from the disposal of office equipment, furniture and fittings following the disposal of franking machines and RM0.4 million from the disposal of a shoplot in Gombak as well as RM0.2 million from the disposal of one motor vehicle.

FYE 2023

For the FYE 2023, our capital divestitures were RM0.4 million, attributed to the disposal of a motor vehicle.

FYE 2024

For the FYE 2024, our capital divestitures were RM0.2 million, attributed to the disposal of a shoplot in Jerantut.

FPE 2025 and from 1 July 2025 up to the LPD

We did not have any capital divestitures for the FPE 2025 and from 1 July 2025 up to the LPD.

12.2.20 Material commitment for capital expenditures

As at the LPD, our Company's material commitments for capital expenditure are set out below:

	RM'000
Approved and contracted for:	
Office renovation	2,085
Total	2,085

The capital commitments above will be funded by internally generated funds.

12. FINANCIAL INFORMATION (Cont'd)**12.2.21 Financial risk management**

Our Company recognises the importance of effective risk management practices and embedding them throughout our Company. Therefore, we are committed to integrating Enterprise Risk Management into our strategic planning and decision-making processes, taking into account, amongst other things, the following factors:

- risk appetite;
- risk management framework;
- risk governance and oversight;
- capital management and capital adequacy; and
- major risks including insurance and reinsurance risks, as well as other financial risks including credit, liquidity, foreign currency, interest rate, and operational risks.

See Note 2.25 in Section 13 of this Prospectus for further details on our Risk Management Framework.

12.3 CAPITALISATION AND INDEBTEDNESS

The table below sets out our capitalisation and indebtedness as at 30 September 2025 and on the assumption that our IPO and Listing had occurred on 30 September 2025. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 30 September 2025 and is provided for illustrative purposes only.

	Unaudited	
	As at 30 September	After our IPO and
	2025	Listing
	RM'000	RM'000
Indebtedness		
Current		
Unsecured and unguaranteed:		
- Lease liabilities	567	567
Non-current		
Unsecured and unguaranteed:		
- Lease liabilities	455	455
Total indebtedness	1,022	1,022
Capitalisation		
- Share capital	100,000	100,000
Total capitalisation	100,000	100,000
Total capitalisation and indebtedness	101,022	101,022
Contingent liabilities⁽¹⁾	4,219	4,219

Note:

- (1) As at 30 September 2025, our Company had contingent liabilities amounting RM4.2 million, being the estimated financial penalty by the MyCC on our Company's infringement of the prohibitions in Section 4 of the Competition Act which impacted all general insurers in Malaysia. The Kuala Lumpur High Court has ruled in favour of our Company and an appeal has been made by MyCC against the decision. The case is currently set for hearing on 30 April 2026.

12. FINANCIAL INFORMATION (Cont'd)**12.4 DIVIDEND POLICY**

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board at any time and from time to time. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

- (i) our expected financial performance;
- (ii) tax considerations;
- (iii) level of cash, gearing, return on equity and retained earnings;
- (iv) working capital requirements;
- (v) projected levels of capital expenditure and other growth and investment plans; and
- (vi) capital adequacy and prudential compliance requirements including meeting our individual target capital level.

Any declaration and/or payment of dividends by us is subject to prior approval of BNM, which approval is discretionary and if granted, may be granted with or without conditions.

While dividends are discretionary and subject to change, our Company currently targets a dividend payout ratio of at least 20% of our PAT for each financial year from the FYE 2026 onwards after taking into account any one or more of the foregoing considerations. The declaration and payment of any dividend is also subject to the confirmation of our Board, the approval of our shareholders (where required), and any other requirement under applicable law, and provided that such distribution will not be detrimental to our Company's cash requirements and/or any plans approved by our Board.

The following table sets out the dividends declared and/or paid by our Company for the respective financial years under review:

	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000
Dividends declared	-	75,000 ⁽¹⁾	274,000 ⁽²⁾
Dividends paid	-	75,000	110,000 ⁽³⁾
PAT	108,639	119,156	73,759
Dividend payout ratio ⁽⁴⁾ (%)	-	62.9	371.5

Notes:

- (1) Dividends of RM75.0 million in respect of the FYE 2022 was declared by our Board in January 2023 after receipt of BNM's approval.
- (2) Comprises dividends of RM110.0 million in respect of the FYE 2023 and dividends of RM164.0 million in respect of the FYE 2024, which were declared by our Board in January 2024 and December 2024 respectively, after receipt of BNM's approval.
- (3) Out of the dividends of RM274.0 million declared in the FYE 2024, RM110.0 million in respect of the FYE 2023 was paid in February 2024, and RM164.0 million in respect of the FYE 2024 was paid in January 2025.
- (4) Dividend payout ratio is computed based on dividends declared over PAT.

The dividends declared above were funded by cash from our operations and paid from our retained earnings.

From 1 January 2025 and up to the LPD, our Company did not declare any dividends. Subsequent to the LPD, no dividend has been declared, made or paid by us. We have no intention to declare any further dividends prior to our Listing.

12. FINANCIAL INFORMATION (Cont'd)**12.5 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**

DRAFT FOR PURPOSE OF INCLUSION
IN THE PROSPECTUS EXPOSURE

The Board of Directors
Chubb Insurance Malaysia Berhad
Wisma Chubb
38 Jalan Sultan Ismail
50250 Kuala Lumpur

[] 2025

PwC/FS/CHUBB/AW/WHN/KCG/2025/006Vl0000ofqGSUIA2/01

Dear Sirs,

Reasonable Assurance Report on the Compilation of Pro Forma Statements of Financial Position of Chubb Insurance Malaysia Berhad

We have completed our reasonable assurance engagement to report on the compilation of the Pro Forma Statements of Financial Position of Chubb Insurance Malaysia Berhad (the “Company”) as at 30 June 2025 (the “Pro Forma Statements of Financial Position”). The Pro Forma Statements of Financial Position (which we have stamped for the purpose of identification), has been compiled by the Directors of the Company (the “Directors”) for submission to the Securities Commission Malaysia (“SC”) in connection with the initial public offering (“IPO”) of the ordinary shares in the Company and the listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad (the “Listing”).

The basis of which the Directors have compiled the Pro Forma Statements of Financial Position are described in the notes thereon to the Pro Forma Statements of Financial Position and are specified in paragraphs 9.18 and 9.20 of Chapter 9 Part II Division I: Equity of the Prospectus Guidelines issued by the SC (“Prospectus Guidelines”).

Directors’ Responsibilities for the Pro Forma Statements of Financial Position

The Pro Forma Statements of Financial Position has been compiled by the Directors to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Statements of Financial Position on the Company’s statement of financial position as at 30 June 2025 presented had the events or transactions been effected on that date. As part of this process, information about the Company’s financial position has been extracted by the Directors from the Company’s interim financial information for the 6 months financial period ended 30 June 2025 as contained in the Company’s Accountants’ Report, on which an audit opinion has been issued on [] 2025.

The Directors are responsible for compiling the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the Malaysian Institute of Accountants’ (“MIA”) Guidance Note for Issuers of Pro Forma Financial Information.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com.my*

12. FINANCIAL INFORMATION (Cont'd)



DRAFT FOR PURPOSE OF INCLUSION
IN THE PROSPECTUS EXPOSURE

The Board of Directors
Chubb Insurance Malaysia Berhad
 PwC/FS/CHUBB/AW/WHN/KCG/2025/006Vl0000ofqGSUIA2/01
 [] 2025

Reasonable Assurance Report on the Compilation of Pro Forma Statements of Financial Position of Chubb Insurance Malaysia Berhad (continued)

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position has been compiled, in all material respects, by the Directors on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

We conducted our engagement in accordance with the approved standard on assurance engagements in Malaysia, International Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" ("ISAE 3420"), issued by the MIA. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

The purpose of the Pro Forma Statements of Financial Position included in the submission to SC is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Company as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at that date would have been as presented.

12. FINANCIAL INFORMATION (Cont'd)



DRAFT FOR PURPOSE OF INCLUSION
IN THE PROSPECTUS EXPOSURE

The Board of Directors
Chubb Insurance Malaysia Berhad
PwC/FS/CHUBB/AW/WHN/KCG/2025/006Vl0000ofqGSUIA2/01
[] 2025

Reasonable Assurance Report on the Compilation of Pro Forma Statements of Financial Position of Chubb Insurance Malaysia Berhad (continued)

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria as disclosed in the notes thereon used by the Directors in the compilation of the Pro Forma Statements of Financial Position provides a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the events or transactions in respect of which the Pro Forma Statements of Financial Position has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

12. FINANCIAL INFORMATION (Cont'd)



DRAFT FOR PURPOSE OF INCLUSION
IN THE PROSPECTUS EXPOSURE

The Board of Directors
Chubb Insurance Malaysia Berhad
PwC/FS/CHUBB/AW/WHN/KCG/2025/006Vl0000ofqGSUIA2/01
[] 2025

Reasonable Assurance Report on the Compilation of Pro Forma Statements of Financial Position of Chubb Insurance Malaysia Berhad (continued)

Our Opinion

In our opinion, the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

Restriction on Distribution and Use

This report is issued for the sole purpose of submission to the SC in connection with the IPO and Listing and should not be used or relied upon for any other purpose. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

Yours faithfully,

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants
Kuala Lumpur

WONG HUI CHERN
03252/05/2026 J
Chartered Accountant

12. FINANCIAL INFORMATION *(Cont'd)*

PRO FORMA FINANCIAL INFORMATION

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

PRO FORMA STATEMENTS OF FINANCIAL POSITION

30 JUNE 2025

12. FINANCIAL INFORMATION (Cont'd)

PRO FORMA FINANCIAL INFORMATION (CONTINUED)

**CHUBB INSURANCE MALAYSIA BERHAD
PRO FORMA STATEMENTS OF FINANCIAL POSITION****1. INTRODUCTION**

The Pro Forma Statements of Financial Position ("Pro Forma SOFP") of Chubb Insurance Malaysia Berhad ("the Company") as at 30 June 2025 and the notes thereon, of which the Directors are solely responsible, have been prepared for illustrative purposes for submission to the Securities Commission Malaysia in connection with the initial public offering ("IPO") of the ordinary shares in the Company and the listing of and quotation for the entire issued share capital on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

2. THE PROPOSALS

The Company will undertake the following transactions in conjunction with and as an integral part of the IPO and Listing. The Proposals are viewed as one exercise being undertaken and are illustrated in accordance with Paragraphs 9.18 and 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

2.1 PROPOSED SUBDIVISION

In conjunction with the Listing, the Company proposes to undertake a subdivision of 100,000,000 existing ordinary shares into 1,000,000,000 ordinary shares ("Proposed Subdivision"). Upon the completion of the Proposed Subdivision, the Company will have 1,000,000,000 ordinary shares.

The Proposed Subdivision does not have any financial impact on the Pro Forma SOFP.

2.2 PROPOSED IPO

After the Proposed Subdivision, the Company proposes to undertake the proposed IPO comprising an offer for sale of 300,000,000 existing ordinary shares ("Offer Shares") by the existing shareholder of the Company, Chubb INA International Holdings Ltd. ("Selling Shareholder"), representing 30.0% of the issued ordinary shares of the Company, at an indicative price of RM[●] per Offer Share ("Proposed IPO") and subject to the clawback and reallocation provisions.

The Pro Forma SOFP has taken into account the estimated expenses of RM[●] for the Proposed IPO and Listing that are to be borne by the Company.

12. FINANCIAL INFORMATION (Cont'd)

PRO FORMA FINANCIAL INFORMATION (CONTINUED)

2. THE PROPOSALS (CONTINUED)

2.3 USE OF PROCEEDS

The Company will not receive any proceeds from the Proposed IPO as the Company will not be issuing any new shares.

The gross proceeds from the Proposed IPO of approximately RM[●] million will accrue entirely to the Selling Shareholder and will be used by the Selling Shareholder.

The estimated fees and expenses for the Proposed IPO and Listing to be borne by the Company are estimated to be RM[●] million, comprising only the initial listing fee and annual listing fee payable to Bursa Securities.

All other fees and expenses for the Proposed IPO and Listing comprising the fees payable to authorities (save for those to be borne by the Company), brokerage fee, underwriting commission, placement fee as well as the other professional and miscellaneous expenses in relation to the Proposed IPO and Listing which are estimated to be RM[●] million will be borne entirely by the Selling Shareholder.

12. FINANCIAL INFORMATION (Cont'd)

PRO FORMA FINANCIAL INFORMATION (CONTINUED)

3. PRO FORMA STATEMENTS OF FINANCIAL POSITION

The Pro Forma SOFP as at 30 June 2025 has been prepared for illustrative purposes only to show the effects on the audited statement of financial position ("SOFP") of the Company as at 30 June 2025 based on the assumption that the Proposed Subdivision and the Proposed IPO set out in Note 2 had been effected on that date, and should be read in conjunction with the notes in this section.

	Audited	Pro Forma I	Pro Forma II
	SOFP as at 30.06.2025	After Proposed Subdivision	After Pro Forma I and Proposed IPO
	RM'000	RM'000	RM'000
ASSETS			
Property and equipment	42,399	42,399	42,399
Right-of-use assets	1,181	1,181	1,181
Intangible assets	17,778	17,778	17,778
Investments	1,512,362	1,512,362	1,512,362
Insurance contract assets	9	9	9
Reinsurance contract assets	230,411	230,411	230,411
Other receivables	51,822	51,822	51,822
Deferred tax assets	-	-	-
Tax recoverable	2,311	2,311	2,311
Cash and cash equivalents	163,329	163,329	[•]
Total assets	2,021,602	2,021,602	[•]
EQUITY AND LIABILITIES			
Share capital	100,000	100,000	100,000
Retained earnings	807,287	807,287	[•]
Equity reserve	6,399	6,399	6,399
Total equity	913,686	913,686	[•]
Deferred tax liabilities	8,487	8,487	8,487
Insurance contract liabilities	946,373	946,373	946,373
Reinsurance contract liabilities	3,501	3,501	3,501
Lease liabilities	1,197	1,197	1,197
Other payables	148,358	148,358	148,358
Total liabilities	1,107,916	1,107,916	1,107,916
Total equity and liabilities	2,021,602	2,021,602	[•]
Supplementary information:			
Number of ordinary shares in issue ('000)	100,000	1,000,000	[•]
Net assets per ordinary share ⁽ⁱ⁾ (RM)	9.14	0.91	[•]

Note:

- (i) *Net assets per ordinary share is calculated as total equity divided by the number of ordinary shares in issue.*

12. FINANCIAL INFORMATION (Cont'd)**PRO FORMA FINANCIAL INFORMATION (CONTINUED)****4. BASIS OF PREPARATION OF THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**

The Pro Forma SOFP has been prepared based on the audited SOFP of the Company as at 30 June 2025 as contained in the Company's Accountants' Report for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and the financial period ended 30 June 2025 dated 30 October 2025 ("Accountants' Report") on which unmodified audit opinion has been issued. The financial information for the financial period ended 30 June 2025 in the Accountants' Report was prepared in accordance with Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" and International Accounting Standard 34 "Interim Financial Reporting" and Prospectus Guidelines issued by the SC.

The Pro Forma SOFP have been prepared in a manner consistent with the format of the financial statements and accounting policies of the Company.

The Pro Forma SOFP have been prepared in accordance with the Paragraphs 9.18 and 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines and the Malaysian Institute of Accountants' Guidance Note for Issuers of Pro Forma Financial Information, for illustrative purposes only, to show the effects of the transactions as set out in Note 2 on the Company's audited SOFP as at 30 June 2025 had the events or transactions been effected on 30 June 2025, and should be read in conjunction with the notes to the Pro Forma SOFP.

Such information, because of its hypothetical nature, does not give a true picture of the actual effects of the transactions or events on the financial information presented had the transaction or event occurred on 30 June 2025. Further, such information does not purport to predict the Company's future financial position.

5. EFFECTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**a) Pro Forma I – Proposed Subdivision**

Pro Forma I incorporates the effects of the Proposed Subdivision as set out in Note 2.1.

b) Pro Forma II – Proposed IPO

Pro Forma II incorporates the effects of Pro Forma I as set out in Note 2.1 and the Proposed IPO as set out in Note 2.2.

6. NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**6.1 CASH AND CASH EQUIVALENTS**

The movements in cash and cash equivalents are as follows:

	RM'000
Audited as at 30 June 2025/ Per Pro Forma SOFP I	163,329
Less: Estimated expenses for the Proposed IPO and Listing (Note 2.3)	([•])
	<hr/>
Per Pro Forma SOFP II	[•]
	<hr/>

6.2 RETAINED EARNINGS

The movements in retained earnings are as follows:

	RM'000
Audited as at 30 June 2025/ Per Pro Forma SOFP I	807,287
Less: Estimated expenses for the Proposed IPO and Listing (Note 2.3)	([•])
	<hr/>
Per Pro Forma SOFP II	[•]
	<hr/>

12. FINANCIAL INFORMATION (Cont'd)

PRO FORMA FINANCIAL INFORMATION (CONTINUED)

6.3 SHARE CAPITAL

The movements in share capital are as follows:

	Number of shares '000	RM'000
Audited as at 30 June 2025	100,000	100,000
Add: Effect of subdivision of shares (Note 2.1)	900,000	-
Per Pro Forma SOFP I and II	<u>1,000,000</u>	<u>100,000</u>

7. APPROVAL BY BOARD OF DIRECTORS

The Pro Forma Statements of Financial Position has been approved for issue in accordance with a resolution of the Board of Directors of Chubb Insurance Malaysia Berhad on 30 October 2025.

Signed on behalf of the Board of Directors

DATO' MOHZANI BIN ABDUL WAHAB
DIRECTOR

CHERYL KHOR HUI PENG
DIRECTOR