

13. ACCOUNTANTS' REPORT

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER
2024 AND THE FINANCIAL PERIOD ENDED 30 JUNE 2025

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

1. HISTORICAL FINANCIAL INFORMATION**1.1 GENERAL INFORMATION**

The principal activity of Chubb Insurance Malaysia Berhad (the "Company") is the underwriting of general insurance business. There has been no significant change in the nature of this activity during the financial periods presented in the Accountants' Report.

The address of the principal place of business and registered office of the Company is Wisma Chubb, 38 Jalan Sultan Ismail 50250 Kuala Lumpur.

This Accountants' Report comprises the financial information of the Company which includes the statements of financial position as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and for the financial periods ended 30 June 2025 and 30 June 2024 and material accounting policies and other explanatory notes (together, the "Historical Financial Information")

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.2 STATEMENTS OF FINANCIAL POSITION

		As at			
	Note	31.12.2022	31.12.2023	31.12.2024	30.06.2025
		Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
ASSETS					
Property and equipment	2.3	40,833	40,778	40,550	42,399
Right-of-use assets	2.4	1,694	2,015	1,304	1,181
Intangible assets	2.5	9,371	9,708	15,801	17,778
Investments	2.6	1,299,880	1,483,826	1,459,297	1,512,362
Insurance contract assets	2.12	-	13	19	9
Reinsurance contract assets	2.12	317,214	255,660	198,515	230,411
Other receivables	2.7	49,907	47,439	45,582	51,822
Deferred tax assets	2.8	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	2.9	100,000	100,000	100,000	100,000
Retained earnings	2.10	925,503	969,659	769,418	807,287
Equity reserve	2.11	7,982	6,275	5,682	6,399
Total equity		1,033,485	1,075,934	875,100	913,686
Deferred tax liabilities	2.8	-	4,197	2,876	8,487
Insurance contract liabilities	2.12	871,820	852,473	845,569	946,373
Reinsurance contract liabilities	2.12	111	-	3,722	3,501
Lease liabilities	2.4	1,758	1,947	1,296	1,197
Current tax liabilities		7,010	5,521	2,484	-
Other payables	2.13	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

The accompanying notes form an integral part of this historical financial information.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.3 STATEMENTS OF COMPREHENSIVE INCOME

	Note	Financial year ended/period ended				
		31.12.2022 Audited RM'000	31.12.2023 Audited RM'000	31.12.2024 Audited RM'000	30.06.2025 Audited RM'000	30.06.2024 Unaudited RM'000
Insurance revenue	2.14	671,447	690,954	703,495	375,590	343,365
Insurance service expense	2.14	(409,801)	(331,474)	(342,453)	(263,612)	(203,591)
Insurance service result before reinsurance contracts held		261,646	359,480	361,042	111,978	139,774
Allocation of reinsurance premiums	2.15	(122,441)	(142,565)	(143,873)	(71,942)	(66,049)
Amounts recoverable from reinsurers for incurred claims	2.15	101,224	5,268	(22,905)	48,991	15,980
Net expense from reinsurance contracts held		(21,217)	(137,297)	(166,778)	(22,951)	(50,069)
Insurance service result		240,429	222,183	194,264	89,027	89,705
Investment income from financial assets measured at fair value through profit or loss ("FVTPL")		40,735	48,269	52,439	25,368	26,403
Interest income from financial assets not measured at FVTPL		5,106	5,822	4,593	2,006	2,085
Net fair value (losses)/gains on financial assets		(17,790)	20,950	3,296	16,714	2,560
Net realised gains		2,698	2,091	5,160	42	1,425
Total investment income	2.16	30,749	77,132	65,488	44,130	32,473
Insurance finance expense for insurance contracts issued	2.17	(14,498)	(27,848)	(25,748)	(11,942)	(14,159)
Reinsurance finance income for reinsurance contracts held	2.18	5,139	9,841	8,070	3,026	4,500
Net foreign exchange (losses)/gains		(7)	(96)	26	(43)	(20)
Net insurance financial result		(9,366)	(18,103)	(17,652)	(8,959)	(9,679)
Other income		4,616	2,289	3,441	2,382	2,155
Other operating expense	2.19	(120,548)	(123,295)	(145,878)	(76,124)	(69,689)
Finance cost		-	(99)	(97)	(48)	-
Total expenses		(115,932)	(121,105)	(142,534)	(73,790)	(67,534)

The accompanying notes form an integral part of this historical financial information.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.3 STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Financial year ended/period ended				
		31.12.2022	31.12.2023	31.12.2024	30.06.2025	30.06.2024
		Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000	Unaudited RM'000
Profit before taxation		145,880	160,107	99,566	50,408	44,965
Taxation	2.20	(37,241)	(40,951)	(25,807)	(12,539)	(11,262)
Net profit for the financial year/period and total comprehensive income for the financial year/period attributable to the owner of the Company		<u>108,639</u>	<u>119,156</u>	<u>73,759</u>	<u>37,869</u>	<u>33,703</u>
Earnings per share (sen)						
Basic		108.64	119.16	73.76	37.87	33.70
Diluted		108.64	119.16	73.76	37.87	33.70

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1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.4 STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	-----Non-Distributable-----		Distributable	Total equity RM'000
		Equity reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<u>Audited</u>					
As at 1 January 2022	100,000	8,660	-	816,864	925,524
Net profit for the financial year and total comprehensive income for the financial year attributable to the owner of the Company	-	-	-	108,639	108,639
Transactions with owners in their capacity as owners:					
Share-based long term incentive plan vested	-	1,118	-	-	1,118
Share-based long term incentive plan paid	-	(1,796)	-	-	(1,796)
As at 31 December 2022	100,000	7,982	-	925,503	1,033,485
<u>Audited</u>					
As at 1 January 2023	100,000	7,982	-	925,503	1,033,485
Net profit for the financial year and total comprehensive income for the financial year attributable to the owner of the Company	-	-	-	119,156	119,156
Transactions with owners in their capacity as owners:					
Dividend paid (2022 interim dividend) (Note 2.23)	-	-	-	(75,000)	(75,000)
Share-based long term incentive plan vested	-	2,680	-	-	2,680
Share-based long term incentive plan paid	-	(4,387)	-	-	(4,387)
As at 31 December 2023	100,000	6,275	-	969,659	1,075,934

The accompanying notes form an integral part of this historical financial information.

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1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.4 STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Share capital RM'000	-----Non-Distributable-----		Distributable	Total equity RM'000
		Equity reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<u>Audited</u>					
As at 1 January 2024	100,000	6,275	-	969,659	1,075,934
Net profit for the financial year and total comprehensive income for the financial year attributable to the owner of the Company	-	-	-	73,759	73,759
Transactions with owners in their capacity as owners:					
Dividend paid (2023 interim dividend) (Note 2.23)	-	-	-	(110,000)	(110,000)
Dividend declared (2024 interim dividend) (Note 2.23)	-	-	-	(164,000)	(164,000)
Share-based long term incentive plan vested	-	1,253	-	-	1,253
Share-based long term incentive plan paid	-	(1,846)	-	-	(1,846)
As at 31 December 2024	100,000	5,682	-	769,418	875,100
<u>Audited</u>					
As at 1 January 2025	100,000	5,682	-	769,418	875,100
Net profit for the financial period and total comprehensive income for the financial period attributable to the owner of the Company	-	-	-	37,869	37,869
Transactions with owners in their capacity as owners:					
Share-based long term incentive plan vested	-	717	-	-	717
Share-based long term incentive plan paid	-	-	-	-	-
As at 30 June 2025	100,000	6,399	-	807,287	913,686

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1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.4 STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Share capital RM'000	-----Non-Distributable-----		Distributable	Total equity RM'000
		Equity reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<u>Unaudited</u>					
As at 1 January 2024	100,000	6,275	-	969,659	1,075,934
Net profit for the financial period and total comprehensive income for the financial period attributable to the owner of the Company	-	-	-	33,703	33,703
Transactions with owners in their capacity as owners:					
Dividend paid (2023 interim dividend) (Note 2.23)	-	-	-	(110,000)	(110,000)
Share-based long term incentive plan vested	-	1,042	-	-	1,042
Share-based long term incentive plan paid	-	-	-	-	-
As at 30 June 2024	100,000	7,317	-	893,362	1,000,679

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1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.5 STATEMENTS OF CASH FLOWS

	Note	Financial year ended/period ended				
		31.12.2022	31.12.2023	31.12.2024	30.06.2025	30.06.2024
		Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000	Unaudited RM'000
OPERATING ACTIVITIES						
Profit before taxation		145,880	160,107	99,566	50,408	44,965
Investment income from financial assets measured at FVTPL		(40,735)	(48,269)	(52,439)	(25,368)	(26,403)
Interest income from financial assets not measured at FVTPL		(5,106)	(5,822)	(4,593)	(2,006)	(2,085)
Realised gains in profit or loss	2.6	(2,698)	(2,091)	(5,160)	(42)	(1,425)
Net fair value losses/(gains) on financial assets	2.6	17,790	(20,950)	(3,296)	(16,714)	(2,560)
Realised (gains)/losses on foreign exchange		(385)	481	(560)	100	365
Depreciation of property and equipment	2.3	3,845	2,421	2,212	1,180	1,116
Depreciation of right-of-use assets	2.4	1,111	1,083	1,165	661	574
Amortisation of intangible assets	2.5	2,089	2,698	3,562	1,934	1,560
Interest charged on lease liabilities	2.4	128	99	97	48	52
Gain on disposal of property and equipment		(647)	(40)	(285)	-	(285)
Property and equipment written off	2.19	34	18	81	-	7
Employee share-based long term incentive plan		1,118	2,680	1,253	717	1,042
Changes in working capital						
(Increase)/decrease in reinsurance contract assets		(58,467)	61,554	57,145	(31,896)	389
Increase/(decrease) in reinsurance contract liabilities		111	(111)	3,722	(221)	-
(Increase)/decrease in other receivables		3,541	2,342	1,050	(6,618)	(1,932)
(Increase)/decrease in insurance contract assets		-	(13)	(6)	10	13
Increase/(decrease) in insurance contract liabilities		20,040	(19,347)	(6,904)	100,804	48,311
Increase/(decrease) in other payables		(7,455)	(16,890)	19,616	(5,713)	(16,309)
(Increase)/decrease in FVTPL investments		17,223	(164,663)	26,915	(37,998)	(67,827)
Decrease in lease liabilities		(1)	(7)	(12)	(4)	(9)
Cash generated from/(used in) operating activities		97,416	(44,720)	143,129	29,282	(20,441)

The accompanying notes form an integral part of this historical financial information.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

1 HISTORICAL FINANCIAL INFORMATION (CONTINUED)

1.5 STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	Financial year ended/period ended				
		31.12.2022	31.12.2023	31.12.2024	30.06.2025	30.06.2024
		Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000	Unaudited RM'000
Interest income received		55,341	57,908	63,876	29,441	30,263
Dividend income received		66	66	33	-	-
Income tax paid		(46,731)	(36,611)	(30,165)	(11,723)	(13,793)
Shared-based long term incentive plan paid		(1,796)	(4,387)	(1,846)	-	-
Net cash flows generated from/ (used in) operating activities		104,296	(27,744)	175,027	47,000	(3,971)
INVESTING ACTIVITIES						
Proceeds from disposal of property and equipment		14	140	407	-	407
Purchase of property and equipment	2.3	(1,740)	(2,484)	(2,187)	(3,029)	(589)
Purchase of intangible assets	2.5	(3,781)	(3,035)	(9,655)	(3,911)	(2,006)
Net cash flows used in investing activities		(5,507)	(5,379)	(11,435)	(6,940)	(2,188)
FINANCING ACTIVITIES						
Payment of lease liabilities	2.4	(1,211)	(1,307)	(1,190)	(681)	(586)
Dividend paid	2.23	-	(75,000)	(110,000)	(164,000)	(110,000)
Net cash flows used in financing activities		(1,211)	(76,307)	(111,190)	(164,681)	(110,586)
Net increase/(decrease) in cash and cash equivalents		97,578	(109,430)	52,402	(124,621)	(116,745)
Cash and cash equivalents at beginning of the financial year/period		247,400	344,978	235,548	287,950	235,548
Cash and cash equivalents at end of the financial year/period		344,978	235,548	287,950	163,329	118,803
Cash and cash equivalents comprise:						
Fixed and call deposits (with maturity of less than three months)		327,166	228,439	276,655	146,646	108,622
Cash and bank balances		17,812	7,109	11,295	16,683	10,181
		344,978	235,548	287,950	163,329	118,803

Included in the statements of cash flows above are the cash flows and non-cash flow changes in liabilities arising from financing activities as disclosed in Note 2.4(b) to the financial information.

The accompanying notes form an integral part of this historical financial information.

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2 NOTES TO THE FINANCIAL INFORMATION**2.1 MATERIAL ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial information.

(a) Basis of preparation

The historical financial information of the Company for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and the historical interim financial information for the 6 months financial period ended 30 June 2025 has been prepared in accordance with MFRS 134 "Interim Financial Reporting" ("MFRS 134") and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") and the Prospectus Guidelines issued by the SC. The historical financial information has been prepared for purposes of inclusion in the prospectus approved by the Board of Directors of the Company in connection with the initial public offering of the ordinary shares in the Company in conjunction with the listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

The historical financial information has been prepared under the historical cost convention unless otherwise indicated in this summary of material accounting policies. The historical financial information is presented in Ringgit Malaysia ("RM").

(i) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company and are effective

The new accounting standards, amendments and improvements to published standards and interpretations to existing standards that are applicable for the Company over the financial years/period are as follows:

Financial year ended 31 December 2022:

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual improvements to MFRS 9 'Fees in the '10-per cent' test for Derecognition of Financial Liabilities
- Annual improvements to illustrative example accompanying MFRS 16 Leases: Lease Incentive
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

Financial year ended 31 December 2023:

- Amendments to MFRS 17 Insurance Contracts: Initial Application of MRS 17 and 9 – Comparative Information
- MFRS 17 Insurance Contracts and its amendments
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 112 on International Tax Reform - Pillar Two Model Rules

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company and are effective (continued)

The new accounting standards, amendments and improvements to published standards and interpretations to existing standards that are applicable for the Company over the financial years/period are as follows: (continued)

Financial year ended 31 December 2024:

- Amendments to MFRS 16 'Lease Liability on Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 on Supplier Finance Arrangements
- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-Current' (2020 amendments) and 'Non-current Liabilities with Covenants' (2022 amendments)

Financial period ended 30 June 2025

- Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of the above standards, amendments to the published standards and interpretations to existing standards did not have any material impact on the financial statements of the Company for the financial years ended 31 December 2022, 31 December 2023, 31 December 2024, and for the financial periods ended 30 June 2024 and 30 June 2025, except for the adoption of MFRS 17 and MFRS 9 as disclosed in Note 2.28 to the Accountant's Report.

(ii) Standards that are early adopted by the Company**Amendments to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021" ("2021 amendments") effective for annual periods beginning on or after 1 April 2021**

The Company early adopted the 2021 amendments for the first time in its annual financial statements ended 31 December 2021.

The adoption of the above amendments to the published standards did not have any material impact on the financial statements of the Company for the financial year ended 31 December 2021.

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

Several new standards and amendments to standards and interpretations are effective for financial year beginning on or after 1 January 2026:

- Amendments to MFRS 9 and MFRS 7 'Classification and Measurement of Financial Instruments' (effective 1 January 2026)
- Annual Improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026)
- MFRS 18 "Presentation and Disclosures in Financial Statements" (effective 1 January 2027)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

Several new standards and amendments to standards and interpretations are effective for financial year beginning on or after 1 January 2026: (continued)

- MFRS 19 "Subsidiaries without Public Accountability: Disclosures" (effective 1 January 2027)

None of the accounting standards, amendments to published standards and interpretations to existing standards listed above are expected to give rise to any material financial impact to the Company upon initial application.

(b) Property and equipment

(i) Measurement basis

Property and equipment are initially recorded at cost. These include expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year/period in which they are incurred.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Depreciation

Freehold land is not depreciated.

Depreciation is calculated using the straight-line basis to allocate the costs of other property and equipment to their residual values over the expected useful lives of the assets.

The expected useful lives of the property and equipment are as follows:

Buildings	50 years
Computers	3 - 10 years
Office equipment, furniture and fittings	3 - 10 years
Motor vehicles	5 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are credited or charged in profit or loss.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(c) Intangible assets***Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring in use the specific software.

Costs associated with maintaining computer software programmes are recognised as an expense incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and appropriate portion of relevant overheads.

Computer software costs recognised as assets are amortised over their estimated useful lives of 3 to 7 years.

Work-in-progress is not amortised until the asset is ready for its intended use.

(d) LeasesLessee

The Company leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e., the commencement date).

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(d) Leases (continued)****Lessee (continued)****(ii) ROU assets**

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

Lessee (continued)

(iv) Reassessment of lease liabilities

A reassessment of the lease liability takes place if the cash flows change based on the original terms and conditions.

(v) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

Lessor

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

(e) Financial assets

(i) Initial recognition

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at their fair value plus or minus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

(ii) Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- Amortised cost ("AC");
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (continued)

(ii) Classification and measurement (continued)

(1) Debt instruments

The classification and subsequent measurement of debt instruments depend on:

- a. the Company's business model for managing the financial asset; and
- b. the cash flow characteristics of the financial asset

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- AC: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any expected credit loss ("ECL") allowance recognised. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate ("EIR") method.
- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net fair value gains/ (losses) on financial assets. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.
- FVTPL: Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the profit or loss within net fair value gains/(losses) on financial assets in the period in which it arises.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (continued)

(ii) Classification and measurement (continued)

(1) Debt instruments (continued)

Business model assessment

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely payments of principal and interest ("SPPI")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows meet SPPI test. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Company has determined that an accounting mismatch is reduced if all its debt instruments are measured at FVTPL. For these instruments, the Company has applied the option to designate these financial assets at FVTPL.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (continued)

(ii) Classification and measurement (continued)

(2) Equity instruments

The Company measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented as other gains and losses. Dividends from equity investments are recognised in profit or loss as dividend income.

(3) Other financial assets

The Company measures all its other financial assets at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised. Interest revenue from these financial assets, if any, is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

(4) Summary of measurement categories

Type of financial instruments	Classification	Reason
Cash and cash equivalents	AC	SPPI, hold to collect business model
Malaysia government securities and guaranteed loans	FVTPL	Designated, accounting mismatch
Other debt securities	FVTPL	Designated, accounting mismatch
Equity securities	FVTPL	Mandatory
Other financial assets	AC	SPPI, hold to collect business model

(iii) Impairment

The Company assesses on a forward-looking basis ECL associated with its debt instrument assets carried at AC and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(e) Financial assets (continued)****(iii) Impairment (continued)**

The Company measures loss allowance based on three-stage model for impairment depending on the changes in credit quality since initial recognition as summarised below:

- financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Company. ECL are provided for expected credit losses that result from default events that are possible within the next 12-months (12-month ECL).
- if a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired. A loss allowance is provided for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).
- if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. A loss allowance is then provided for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).
- A pervasive concept in measuring the ECL in accordance with MFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (lifetime ECL).

(1) Measurement of ECL

ECL is a probability-weighted estimate of the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The ECL is the discounted product of the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"), defined as follows:

- PD – an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD – an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD – an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (continued)

(iii) Impairment (continued)

(1) Measurement of ECL (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (that is, the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a financial instrument portfolio from the point of initial recognition throughout the lifetime of the financial instrument. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

Loss allowances for ECL are presented as follows:

- AC: the loss allowance is deducted from the gross carrying amount of the assets; and
- FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

(2) Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (continued)

(iii) Impairment (continued)

(2) Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- disappearance of an active market for a security due to financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

(3) Low credit risk financial assets

For financial assets that have low credit risk, loss allowance is calculated and the financial asset is measured using 12-month ECL, provided that the financial asset meets the following criteria:

- the financial instrument has a low risk of default;
- the borrower is considered to have a strong capacity to meet its obligation in the near term; and
- the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

(4) Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (continued)

(iii) Impairment (continued)

(4) Write-off (continued)

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in this historical financial information.

The Company's debt instruments are designated as FVTPL since initial recognition to reduce the accounting mismatch created by assets and liabilities being measured on different bases and, therefore, do not have any loss allowance from expected credit loss as of reporting date. All other financial assets are short-term and low risk in nature and loss allowance, if any, is immaterial to be disclosed.

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

(f) Financial liabilities

The Company classifies and subsequently measures its financial liabilities at AC. Interest expenses and foreign exchange gains and losses are recognised and presented in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the reduced financial liability or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(g) Other receivables from Malaysian Motor Insurance Pool ("MMIP")**

The Company's share of investment return of MMIP is recognised as receivable when the right to receive is established. The advances to and receivables from MMIP are classified as part of other receivables.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

The Company classifies the cash flows for the purchase and disposal of investments in financial assets in its operating cash flows as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of the cash flows for payment of insurance claims benefits.

(i) Provisions

Provisions are recognised when the Company has a present obligation, either legal or constructive, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each date of the statement of financial position and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost expense.

(j) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial information. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Equity instruments

Ordinary share capital

The Company has issued ordinary shares that are classified as equity. Ordinary shares are recorded at nominal value.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid. No provision is made for a proposed dividend.

(l) Insurance and reinsurance contracts

(i) Contracts classification

The Company issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract under which the Company (insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The recognition and measurement of insurance contracts are set out in Note 2.1(l)(iv) and Note 2.1(l)(vi) to the financial information.

Investment contracts are those contracts that do not transfer significant insurance risk.

When insurance contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position similar to investment contracts.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(I) Insurance and reinsurance contracts (continued)****(ii) Separating components**

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be separated and not accounted for under MFRS 17. After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company does not have any contracts that require further separation or combination of insurance contracts.

Insurance contracts with refund features are not separated under MFRS 17. Where refunds are paid to the policyholder in all circumstances, they are accounted for as non-distinct investment components and are measured as part of the insurance contracts.

The Company has reinsurance contracts issued which contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately.

(iii) Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together and dividing each portfolio into annual cohorts and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous at initial recognition;
- any contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- any remaining contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business.

The Company assesses and monitors the onerousness of a portfolio of insurance contracts at the local regulatory reporting product lines level to better align with the facts and circumstances and to minimise undue cost and effort. The Company deems the local regulatory reporting product lines level as sets of contracts that have similar insurance risk, are managed together, and are priced within the same insurance rate changes.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(l) Insurance and reinsurance contracts (continued)****(iii) Level of aggregation (continued)**

For the product lines deemed as onerous, these product lines are always priced with a low expected profitability margins due to the historical low price adequacy level of the market in which the Company operates in as a result of competition and or regulatory constraints on pricing.

All other contracts measured using the premium allocation approach ("PAA"), the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones.

The level of aggregation for reinsurance contracts are similar to insurance contracts except for profitability:

- net gain position at initial recognition;
- at initial recognition, there is no significant possibility of a net gain arising subsequently;
or
- any remaining contracts in the portfolio.

(iv) Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

A group of reinsurance contracts held is recognised at the earlier of:

- The beginning of the coverage period of the group; or
- The date the Company recognises an onerous group of underlying contracts, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Insurance and reinsurance contracts (continued)

(v) Contract Boundary

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

(vi) Initial and subsequent measurement*Insurance Contracts*

The Company applies the PAA to all the insurance contracts that it issues as the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage ("LRC") for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that are not onerous at initial recognition, the Company measures the LRC as:

- the amount of premiums, if any, received at initial recognition;
- decreased for any insurance acquisition cash flows at that date;
- increased or decreased for any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Insurance and reinsurance contracts (continued)

(vi) Initial and subsequent measurement (continued)*Insurance Contracts (continued)*

Subsequently, the Company measures the carrying amount of the LRC at the end of each reporting period as the LRC at the beginning of the period:

- increased by any premiums received in the period;
- decreased for insurance acquisition cash flows paid in the period;
- increased for any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period;
- increased for any adjustment to the financing component, where applicable;
- decreased by the amount recognised as insurance revenue for the services provided in the period; and
- decreased for any investment component paid or transferred to the liability for incurred claims.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the LRC for such onerous group depicting the losses recognised.

The Company does not adjust the LRC for insurance contracts issued for the effect of the time value of money, because most insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company estimates the liability for incurred claims ("LIC") as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). Future cash flows are adjusted for the time value of money.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Insurance and reinsurance contracts (continued)

(vi) Initial and subsequent measurement (continued)*Reinsurance Contracts*

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

On initial recognition, the remaining coverage for reinsurance contracts held is:

- the amount of ceding premiums paid;
- increased by broker fees paid to a party other than the reinsurance; and
- increased by any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

At each of the subsequent reporting dates, the remaining coverage for reinsurance contracts held is:

- increased for ceding premiums paid in the period;
- increased for broker fees paid in the period; and
- decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Insurance and reinsurance contracts (continued)

(vi) Initial and subsequent measurement (continued)*Insurance acquisition cash flows*

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts; and
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

As of the reporting date, the Company does not have any asset for insurance acquisition cash flows for renewals outside the contract boundary as of the reporting date.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(I) Insurance and reinsurance contracts (continued)****(vii) Derecognition and contract modification**

The Company derecognises a contract when it is extinguished, i.e., when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(viii) Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in profit or loss into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

(1) *Insurance revenue*

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Insurance and reinsurance contracts (continued)

(viii) Presentation (continued)*(2) Insurance service expenses*

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items:

- incurred claims and other insurance service expenses
- losses on onerous contracts and reversals of such losses
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein
- Impairment losses on assets for insurance acquisition cash flows and its reversals

(3) Net income or expense from reinsurance contracts held

Net income or expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the Company of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(l) Insurance and reinsurance contracts (continued)****(viii) Presentation (continued)****(4) *Insurance finance income or expenses***

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

(m) Other revenue recognition**(i) Rental income**

Rental income from investment property is recognised on an accrual basis and straight-line basis over the term of the lease.

(ii) Investment income

Interest income from securities such as government securities, bonds and loan stocks are recognised using the effective interest rate method.

The interest income from fixed deposits with financial institutes, are recognised in the historical financial information on the accrual basis.

Dividend income is recognised when the right to receive payment is established.

(n) Foreign currencies**(i) Functional currency**

Functional currency is the currency of the primary economic environment in which an entity operates.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(n) Foreign currencies (continued)****(ii) Transactions and balances in foreign currencies (continued)**

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(o) Employee benefits**(i) Short term benefits**

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expenses in the period in which the associated services are rendered by employees of the Company.

(ii) Post-employment benefits

The Company pays fixed contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The Company's legal or constructive obligation is limited to the amount that it agrees to contribute to the EPF. The Company's contributions to the EPF are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.1 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(o) Employee benefits (continued)****(iii) Share-based long term incentive plan**

The eligible employees of the Company participate in an equity-settled, share-based long term incentive plan offered by its ultimate holding company, Chubb Limited ("Chubb"). The long-term incentive plan consists of a restricted share grant plan, a restricted share option plan and an employee share participation plan.

Employees' services received in exchange for the share-based long term incentive plan are recognised as an expense in the Company's profit or loss over the vesting period of the grant with a corresponding increase in equity reserves.

The annual expense is based on an amortised calculation that is reflective of the current financial period's expense portion of all share grants issued in the current and prior financial period/years. There is no liability to the Company for the unamortised portion of the share grants issued. The amortised calculation incorporates the fair market value of Chubb's common stock at grant date, in determining the expense amount.

At each date of statement of financial position, the Company revises its estimate of the number of options that are expected to become vest. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity reserves over the remaining vesting period.

(p) Income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year/period are outlined below.

(a) Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under MFRS 4 'Insurance Contracts'. However, when measuring liabilities for incurred claims, the Company now discounts projected future claims payment, both gross and net of reinsurance and other recoveries and associated claims handling costs, to a present value using risk-free discount rates (derived from market yields on government bonds) to reflect the time value of money. The explicit risk adjustment for non-financial risk is set as the provision of risk margin for adverse deviation ("PRAD").

(i) Liability for remaining coverage – Onerous groups

The Company has assessed and identified insurance contracts that are onerous based on the facts and circumstances which indicate that the contracts are onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

Loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(ii) Liability for incurred claims

Liabilities for incurred claims for each group of business are estimated by reference to a variety of estimation techniques, generally based on a statistical analysis of historical experience which assumes an underlying pattern of claims development, claims payment and the direct and indirect claims-related expenses. Risk adjustment on non-financial risk (PRAD) was also included in liabilities for incurred claims. PRAD is a component of the value of the insurance liabilities which is set at a level such that there is a higher level of confidence (or probability) that the provisions will ultimately be sufficient. For the purpose of this valuation basis, the level of confidence is at 75% at an overall Company level.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****(a) Insurance and reinsurance contracts (continued)****(ii) Liability for incurred claims (continued)**

The final selected estimates are based on a judgemental consideration of results of each method and qualitative information, for example, the class of business, the maturity of the portfolio and expected term to settlement of the class. Projections are based on historical experience and external benchmarks where relevant.

The ultimate costs of outstanding claims were assessed using four standard actuarial valuation methods:

- Chain Ladder method on incurred claims and paid claims
- Average Claim Size method
- Bornhuetter-Ferguson method on incurred claims and paid claims
- Expected loss ratio method

The key assumptions and the sensitivity analysis of liabilities of incurred claims are disclosed in Note 2.25 (e) to the financial information.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of government bonds. The illiquidity premium adjustment is set as zero.

Discount rates applied for discounting of future cash flows are listed below:

	<u>1 year</u>	<u>5 years</u>	<u>10 years</u>	<u>20 years</u>	<u>30 years</u>
<u>December 2022</u>					
MYR	3.37%	3.86%	4.09%	4.57%	4.52%
USD	5.07%	3.95%	3.75%	3.63%	3.27%
<u>December 2023</u>					
MYR	3.20%	3.59%	3.82%	4.26%	4.24%
USD	4.76%	3.50%	3.45%	3.46%	3.23%
<u>December 2024</u>					
MYR	3.01%	3.37%	3.59%	3.88%	3.91%
USD	4.18%	4.02%	4.07%	4.10%	3.84%
<u>June 2024</u>					
MYR	2.97%	3.37%	3.63%	3.97%	4.00%
USD	5.05%	4.06%	3.94%	3.91%	3.63%
<u>June 2025</u>					
MYR	3.04%	3.23%	3.52%	3.98%	4.29%
USD	3.87%	3.43%	3.72%	4.04%	3.92%

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.3 PROPERTY AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor Vehicles RM'000	Renovation work-in- progress RM'000	Total RM'000
<u>Audited</u>							
<u>Cost</u>							
As at 1 January 2022	15,206	36,071	16,218	20,123	740	-	88,358
Additions	-	-	1,114	626	-	-	1,740
Disposals	(161)	(239)	-	(1,156)	(180)	-	(1,736)
Write-offs	-	-	(2,454)	(634)	-	-	(3,088)
As at 31 December 2022	15,045	35,832	14,878	18,959	560	-	85,274
<u>Accumulated depreciation</u>							
As at 1 January 2022	-	13,393	14,202	16,791	556	-	44,942
Depreciation charge for the financial year (Note 2.19)	-	770	1,268	1,792	15	-	3,845
Disposals	-	(133)	-	(1,029)	(130)	-	(1,292)
Write-offs	-	-	(2,454)	(600)	-	-	(3,054)
As at 31 December 2022	-	14,030	13,016	16,954	441	-	44,441
<u>Net carrying amount</u>							
As at 31 December 2022	15,045	21,802	1,862	2,005	119	-	40,833

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.3 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor Vehicles RM'000	Renovation work-in- progress RM'000	Total RM'000
<u>Audited Cost</u>							
As at 1 January 2023	15,045	35,832	14,878	18,959	560	-	85,274
Additions	-	-	1,145	1,339	-	-	2,484
Disposals	-	-	-	-	(449)	-	(449)
Write-offs	-	-	(1,254)	(367)	-	-	(1,621)
As at 31 December 2023	15,045	35,832	14,769	19,931	111	-	85,688
<u>Accumulated depreciation</u>							
As at 1 January 2023	-	14,030	13,016	16,954	441	-	44,441
Depreciation charge for the financial year (Note 2.19)	-	765	963	690	3	-	2,421
Disposals	-	-	-	-	(349)	-	(349)
Write-offs	-	-	(1,254)	(349)	-	-	(1,603)
As at 31 December 2023	-	14,795	12,725	17,295	95	-	44,910
<u>Net carrying amount</u>							
As at 31 December 2023	15,045	21,037	2,044	2,636	16	-	40,778

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.3 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor Vehicles RM'000	Renovation work-in- progress RM'000	Total RM'000
<u>Audited</u>							
<u>Cost</u>							
As at 1 January 2024	15,045	35,832	14,769	19,931	111	-	85,688
Additions	-	-	907	1,280	-	-	2,187
Disposals	(48)	(147)	-	-	-	-	(195)
Write-offs	-	-	-	(302)	-	-	(302)
As at 31 December 2024	14,997	35,685	15,676	20,909	111	-	87,378
<u>Accumulated depreciation</u>							
As at 1 January 2024	-	14,795	12,725	17,295	95	-	44,910
Depreciation charge for the financial year (Note 2.19)	-	762	821	629	-	-	2,212
Disposals	-	(73)	-	-	-	-	(73)
Write-offs	-	-	-	(221)	-	-	(221)
As at 31 December 2024	-	15,484	13,546	17,703	95	-	46,828
<u>Net carrying amount</u>							
As at 31 December 2024	14,997	20,201	2,130	3,206	16	-	40,550

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.3 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land	Buildings	Computers	Office equipment, furniture and fittings	Motor Vehicles	Renovation work-in- progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Audited</u>							
<u>Cost</u>							
As at 1 January 2025	14,997	35,685	15,676	20,909	111	-	87,378
Additions	-	-	1,105	475	-	1,449	3,029
Disposals	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
As at 30 June 2025	14,997	35,685	16,781	21,384	111	1,449	90,407
<u>Accumulated depreciation</u>							
As at 1 January 2025	-	15,484	13,546	17,703	95	-	46,828
Depreciation charge for the financial period (Note 2.19)	-	381	460	339	-	-	1,180
Disposals	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
As at 30 June 2025	-	15,865	14,006	18,042	95	-	48,008
<u>Net carrying amount</u>							
As at 30 June 2025	14,997	19,820	2,775	3,342	16	1,449	42,399

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.4 LEASES**The Company as a lessee

The Company leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
(a) Right-of-use assets				
Carrying amount of right-of-use assets by class of underlying assets:				
Offices	1,033	1,374	916	629
Equipment	661	395	276	151
Motor vehicles	-	246	112	401
	<u>1,694</u>	<u>2,015</u>	<u>1,304</u>	<u>1,181</u>
Additions to the right-of-use assets during the financial year/period	<u>326</u>	<u>1,404</u>	<u>454</u>	<u>538</u>
Depreciation charge of right-of-use assets by class of underlying assets (Note 2.19):				
Offices	(815)	(781)	(789)	(398)
Equipment	(296)	(279)	(242)	(125)
Motor vehicles	-	(23)	(134)	(138)
	<u>(1,111)</u>	<u>(1,083)</u>	<u>(1,165)</u>	<u>(661)</u>
(b) Lease liabilities				
Current	911	1,004	911	704
Non-current	847	943	385	493
	<u>1,758</u>	<u>1,947</u>	<u>1,296</u>	<u>1,197</u>
Interest expenses	<u>(128)</u>	<u>(99)</u>	<u>(97)</u>	<u>(48)</u>
Total cash outflows for leases	<u>(1,211)</u>	<u>(1,307)</u>	<u>(1,190)</u>	<u>(681)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.4 LEASES (CONTINUED)

The Company as a lessee (continued)

(b) Lease liabilities (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
As at 1 January	2,516	1,758	1,947	1,296
Additions	326	1,404	454	538
Interest expense	128	99	97	48
Cash flows	(1,211)	(1,307)	(1,190)	(681)
Lease modification	(1)	(7)	(12)	(4)
As at 31 December/30 June	<u>1,758</u>	<u>1,947</u>	<u>1,296</u>	<u>1,197</u>

The Company as a lessor

The Company leases out its building under operating leases with rentals payable monthly. The Company classifies it as operating lease as the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>	<u>30.06.2024</u>
	Audited	Audited	Audited	Audited	Unaudited
	RM'000	RM'000	RM'000	RM'000	RM'000
Rental income	<u>1,362</u>	<u>1,311</u>	<u>1,210</u>	<u>605</u>	<u>604</u>

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Within one year	2,118	655	202	-
Later than one year but not later than 3 years	655	-	-	-
Rental income	<u>2,773</u>	<u>655</u>	<u>202</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.5 INTANGIBLE ASSETS

	Computer software RM'000	Work-in- progress RM'000	Total RM'000
<u>Audited</u>			
<u>Cost</u>			
As at 1 January 2022	19,119	604	19,723
Additions	-	3,781	3,781
Write-offs	(236)	-	(236)
Reclassification	3,793	(3,793)	-
As at 31 December 2022	<u>22,676</u>	<u>592</u>	<u>23,268</u>
<u>Accumulated amortisation</u>			
As at 1 January 2022	12,044	-	12,044
Amortisation for the financial year (Note 2.19)	2,089	-	2,089
Write-offs	(236)	-	(236)
As at 31 December 2022	<u>13,897</u>	<u>-</u>	<u>13,897</u>
<u>Net carrying amount</u>			
As at 31 December 2022	<u>8,779</u>	<u>592</u>	<u>9,371</u>
<u>Audited</u>			
<u>Cost</u>			
As at 1 January 2023	22,676	592	23,268
Additions	812	2,223	3,035
Write-offs	(1,255)	-	(1,255)
Reclassification	2,652	(2,652)	-
As at 31 December 2023	<u>24,885</u>	<u>163</u>	<u>25,048</u>
<u>Accumulated amortisation</u>			
As at 1 January 2023	13,897	-	13,897
Amortisation for the financial year (Note 2.19)	2,698	-	2,698
Write-offs	(1,255)	-	(1,255)
As at 31 December 2023	<u>15,340</u>	<u>-</u>	<u>15,340</u>
<u>Net carrying amount</u>			
As at 31 December 2023	<u>9,545</u>	<u>163</u>	<u>9,708</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.5 INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000	Work-in- progress RM'000	Total RM'000
<u>Audited</u>			
<u>Cost</u>			
As at 1 January 2024	24,885	163	25,048
Additions	4,348	5,307	9,655
Write-offs	925	-	925
Reclassification	446	(446)	-
As at 31 December 2024	<u>30,604</u>	<u>5,024</u>	<u>35,628</u>
<u>Accumulated amortisation</u>			
As at 1 January 2024	15,340	-	15,340
Amortisation for the financial year (Note 2.19)	3,562	-	3,562
Write-offs	925	-	925
As at 31 December 2024	<u>19,827</u>	<u>-</u>	<u>19,827</u>
<u>Net carrying amount</u>			
As at 31 December 2024	<u>10,777</u>	<u>5,024</u>	<u>15,801</u>
<u>Audited</u>			
<u>Cost</u>			
As at 1 January 2025	30,604	5,024	35,628
Additions	-	3,911	3,911
Reclassification	1,940	(1,940)	-
As at 30 June 2025	<u>32,544</u>	<u>6,995</u>	<u>39,539</u>
<u>Accumulated amortisation</u>			
As at 1 January 2025	19,827	-	19,827
Amortisation for the financial period (Note 2.19)	1,934	-	1,934
As at 30 June 2025	<u>21,761</u>	<u>-</u>	<u>21,761</u>
<u>Net carrying amount</u>			
As at 30 June 2025	<u>10,783</u>	<u>6,995</u>	<u>17,778</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.6 INVESTMENTS**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
Malaysian government securities and guaranteed loans	747,908	956,526	899,439	938,146
Debt securities	551,597	526,925	559,483	573,841
Equity securities	375	375	375	375
	<u>1,299,880</u>	<u>1,483,826</u>	<u>1,459,297</u>	<u>1,512,362</u>
Fair value through profit or loss ("FVTPL")	<u>1,299,880</u>	<u>1,483,826</u>	<u>1,459,297</u>	<u>1,512,362</u>
The following instruments mature after 12 months:				
Malaysian government securities and guaranteed loans	545,063	785,033	787,933	806,207
Debt securities	421,135	380,738	331,816	365,619
	<u>966,198</u>	<u>1,165,771</u>	<u>1,119,749</u>	<u>1,171,826</u>
Current	<u>333,682</u>	<u>318,055</u>	<u>339,548</u>	<u>340,536</u>
(a) FVTPL				
<u>Fair value</u>				
Unquoted equity securities	375	375	375	375
Unquoted debt securities	551,597	526,925	559,483	573,841
Malaysian government securities and guaranteed loans	747,908	956,526	899,439	938,146
	<u>1,299,880</u>	<u>1,483,826</u>	<u>1,459,297</u>	<u>1,512,362</u>
(b) Carrying values of financial instruments				
<u>FVTPL</u>				
As at 1 January	1,339,400	1,299,880	1,483,826	1,459,297
Purchases	570,741	721,650	705,117	298,468
Maturities	(365,000)	(420,000)	(440,000)	(225,000)
Disposals	(222,964)	(136,987)	(292,033)	(35,470)
Realised gains in profit or loss	2,698	2,091	5,160	42
Fair value gains recorded in profit or loss	(17,790)	20,950	3,296	16,714
Net change in interest receivables	(445)	2,629	(306)	26
Amortisation of premium	(6,760)	(6,387)	(5,763)	(1,715)
As at 31 December/30 June	<u>1,299,880</u>	<u>1,483,826</u>	<u>1,459,297</u>	<u>1,512,362</u>

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.6 INVESTMENTS (CONTINUED)****(c) Estimation of fair values**Fair value hierarchy

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

For financial instruments where quoted prices are generally not available, fair value is measured using valuation technique that include the use of recent traded prices, adjusted with observable yield curves provided by the bond pricing agency (Level 2).

Financial instruments that are valued not based on observable market data are categorised as Level 3.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
<u>Fair value investments</u>				
Valuation techniques				
- market observable inputs (Level 2)	1,299,505	1,483,451	1,458,922	1,511,987
- unobservable inputs (Level 3)	375	375	375	375
	<u>1,299,880</u>	<u>1,483,826</u>	<u>1,459,297</u>	<u>1,512,362</u>

There are no investments that are valued based on Level 1 category.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.7 OTHER RECEIVABLES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Amount due from Malaysian Motor Insurance Pool ("MMIP")	40,708	38,107	36,108	36,354
Deposits	652	649	620	1,232
Prepayment	984	1,325	939	2,851
Other charges due from intermediaries	4,429	5,231	6,884	8,452
Other receivables	3,134	2,127	1,031	2,933
	<u>49,907</u>	<u>47,439</u>	<u>45,582</u>	<u>51,822</u>
Current	49,255	46,790	44,962	50,590
Non-current	652	649	620	1,232
	<u>49,907</u>	<u>47,439</u>	<u>45,582</u>	<u>51,822</u>

As at 30 June 2025, there is a net receivable of RM25,987,000 (2024: RM RM24,012,000 net receivable, 2023: RM22,954,000 net receivable and 2022: RM23,160,000 net receivable) from MMIP, after setting off the amounts receivable from MMIP against the Company's share of MMIP's net insurance contract liabilities of RM10,367,000 (2024: RM12,096,000, 2023: RM15,154,000 and 2022: RM17,548,000) included in Note 2.12 to the financial information.

The carrying amounts disclosed above approximate fair values at the reporting date.

2.8 DEFERRED TAX ASSETS AND LIABILITIES

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year/period	1,916	1,631	(4,197)	(2,876)
Recognised in profit or loss (Note 2.20)	(285)	(5,828)	1,321	(5,611)
At end of financial year/period	<u>1,631</u>	<u>(4,197)</u>	<u>(2,876)</u>	<u>(8,487)</u>
Deferred tax assets/(liabilities) expected to be settled after more than 12 months after the reporting date	<u>1,631</u>	<u>(4,197)</u>	<u>(2,876)</u>	<u>(8,487)</u>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes related to the same authority. The following amounts determined after appropriate set off are shown in the statement of financial position:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	1,631	-	-	-
Deferred tax liabilities	-	4,197	2,876	8,487

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.8 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax assets</u>				
Investments	10,465	6,039	4,031	228
Other receivables	416	(127)	(152)	4
Reinsurance contract liabilities	27	-	893	840
Leased liabilities	422	467	311	287
Other payables	10,963	10,423	12,603	11,062
	<u>22,293</u>	<u>16,802</u>	<u>17,686</u>	<u>12,421</u>
<u>Deferred tax liabilities</u>				
Property and equipment	1,190	1,348	1,571	1,657
Right-of-use-assets	407	484	313	284
Insurance contract assets	-	3	5	2
Reinsurance contract assets	483	(872)	2,083	1,488
Insurance contract liabilities	18,582	20,036	16,590	17,449
Other receivables	-	-	-	28
	<u>20,662</u>	<u>20,999</u>	<u>20,562</u>	<u>20,908</u>
Deferred tax assets/(liabilities) (after off-setting)	<u>1,631</u>	<u>(4,197)</u>	<u>(2,876)</u>	<u>(8,487)</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.9 SHARE CAPITAL**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Issued and paid up:				
100,000,000 ordinary shares with no par value				
At beginning and end of financial year/period	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

2.10 RETAINED EARNINGS

Under the single-tier tax system which came into effect on 1 January 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are single-tier dividends and are tax exempt on the hands of shareholders.

As at 30 June 2025, the Company is already under the single-tier tax system. The Company also has no tax exempt income available for future distribution of tax exempt dividends.

The Company may distribute single tier tax exempt dividend to its shareholder out of its retained earnings. Pursuant to Section 51 (1) of the Financial Services Act 2013, the Company is required to obtain Bank Negara Malaysia ("BNM")'s written approval prior to declaring or paying any dividend.

Pursuant to the Risk-Based Capital Framework for Insurers ("RBC Framework"), the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

The eligible employees of the Company participate in an equity-settled, share-based long term incentive plan offered by its ultimate holding company, Chubb Limited. The long term incentive plan consists of a restricted share grant plan, a restricted share option plan and an employee share participation plan.

2.11 EQUITY RESERVE**Restricted Share Grant Plan**

Under Chubb Limited's long term incentive plan, 2,357 (2024: 2,117, 2023: 2,032 and 2022: 2,598) restricted ordinary shares of Chubb Limited were awarded during the financial period/year ended 30 June 2025 to the eligible employees of the Company. These shares vest at various dates over a 4 year period from the grant dates and any unvested shares are cancelled on termination of the employment of the eligible employees. This plan is a Company scheme with expenses incurred under the scheme charged out by Chubb Limited to the Company on an annual basis. The annual expense is based on an amortised calculation that is reflective of the current financial period's expense portion of all restricted share grants issued in the current and prior financial period/years and is consistent with the treatment required by MFRS 2 'Share-based Payment'. There is no liability to the Company for the unamortised portion of the restrictive stock grants issued. The amortised calculation incorporates the fair market value of Chubb Limited's common stock at the grant date, in determining the expense amount. Expected future dividend payments in relation to the restrictive stock grants issued are made directly by Chubb Limited to the eligible employees.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.11 EQUITY RESERVE (CONTINUED)**Restricted Share Option Plan

Under Chubb Limited's long term incentive plan, restrictive share options were granted to eligible employees of the Company over Chubb Limited's shares. The exercisable price of these options is the fair market value at the issue date. These options vest at various dates over a 3 year period from the grant date and any unvested options are cancelled on termination of employment. This plan is a Company scheme with expenses incurred under the scheme charged out by Chubb Limited to the Company on an annual basis. Any option not exercised or cancelled pursuant to the terms of plan will be forfeited by the tenth anniversary from the date of grant.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31.12.2022		31.12.2023		31.12.2024		30.06.2025	
	<u>Audited</u>		<u>Audited</u>		<u>Audited</u>		<u>Audited</u>	
	Average exercise price per share	Share options	Average exercise price per share	Share options	Average exercise price per share	Share options	Average exercise price per share	Share options
	<u>RM</u>	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>	<u>Units</u>
At beginning of financial year/period		30,931		27,768		23,900		23,713
Granted	942.65	3,004	983.81	2,709	1,123.97	2,812	1,242.05	3,143
Forfeited	853.79	(631)	929.81	(414)	857.76	(1,092)	991.96	(417)
Exercised	528.56	(5,074)	509.83	(4,030)	512.25	(5,851)	675.39	(2,731)
Transferred out		(462)		(2,209)		(153)		-
Transferred in		-		76		4,097		277
At end of financial year/period		<u>27,768</u>		<u>23,900</u>		<u>23,713</u>		<u>23,985</u>

Out of the 23,985 outstanding options as at 30 June 2025, 17,984 options were exercisable. Options granted in 2025 resulted in 3,143 shares options being issued at the exercise price of RM1,242.05 each. 2,731 options were exercised in 2025 at the exercise price of RM675.39.

Out of the 23,713 outstanding options as at 31 December 2024, 17,744 options were exercisable. Options granted in 2024 resulted in 2,812 shares options being issued at the exercise price of RM1,123.97 each. 5,851 options were exercised in 2024 at the exercise price of RM512.25.

Out of the 23,900 outstanding options as at 31 December 2023, 19,158 options were exercisable. Options granted in 2023 resulted in 2,709 shares options being issued at the exercise price of RM983.81 each. 4,030 options were exercised in 2023 at the exercise price of RM509.83.

Out of the 27,768 outstanding options as at 31 December 2022, 22,116 options were exercisable. Options granted in 2022 resulted in 3,004 shares options being issued at the exercise price of RM942.65 each. 5,074 options were exercised in 2022 at the exercise price of RM528.56.

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.11 EQUITY RESERVE (CONTINUED)**Restricted Share Option Plan (continued)

Share options outstanding at the end of the financial year/period have the following expiry date and exercise prices:

	Exercise price per share	Share Option			
		31.12.2022	31.12.2023	31.12.2024	30.06.2025
		<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
	RM	Units	Units	Units	Units
2023	366.11	2,591	-	-	-
2024	414.86	2,790	2,586	-	-
2025	492.12	2,996	2,736	207	-
2026	507.60	2,936	2,582	2,582	2,252
2027	596.01	3,124	2,814	2,907	2,276
2028	613.41	2,287	2,049	2,287	2,035
2029	574.10	2,629	2,302	2,571	2,406
2030	643.60	2,763	2,080	2,653	2,453
2031	707.18	2,982	2,099	2,415	2,192
2032	853.34	2,670	2,159	2,261	1,823
2033	894.37	-	2,493	2,764	2,558
2034	1,092.63	-	-	3,066	2,847
2035	1,242.05	-	-	-	3,143
		<u>27,768</u>	<u>23,900</u>	<u>23,713</u>	<u>23,985</u>

The weighted average fair value of options granted during the financial period/year ended 30 June 2025 determined using the Black-Scholes valuation model was RM342.04 (2024: RM293.89, 2023: RM255.02 and 2022: RM173.45) per option. The significant inputs into the model were share price of RM1,242.05 (2024: RM1,123.97, 2023: RM983.81 and 2022: RM942.65), at the grant date, the exercise price shown above, volatility of 23.00% (2024: 22.00%, 2023: 23.00% and 2022: 20.00%), dividend yield of 1.26% (2024: 1.44%, 2023: 1.65% and 2022: 1.67%) an expected option life of 5 years and on annual risk-free interest rate of 4.03% (2024: 4.42%, 2023: 4.04% and 2022: 1.90%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

Employee Share Purchase Plan

Local eligible employees of the Company have the right to acquire ordinary shares of Chubb Limited. The price paid by eligible employees is set at a discount of 15% (2024: 15%, 2023: 15% and 2022: 15%) to the fair value of the ordinary shares at the date of acquisition. The Company collects monies from these local eligible employees and acquires ordinary shares in Chubb Limited on their behalf on a bi-annual basis. The discount incurred at the Company level is borne by Chubb Limited and not reimbursed from the Company.

The total expenses of employee equity-settled share-based long term incentive plan for the financial period/year of 30 June 2025 was RM1,009,079 (30 June 2024: RM974,840; 31 December 2024: RM1,576,235; 31 December 2023: RM2,228,915 and 31 December 2022: RM1,079,638).

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS**

	Note	31.12.2022		31.12.2023		31.12.2024		30.06.2025	
		Audited		Audited		Audited		Audited	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Insurance contracts									
Accident and Health	(a)	-	51,925	-	63,573	-	71,691	-	85,794
Property and Casualty	(b)	-	542,331	(13)	508,079	(19)	440,697	(9)	499,563
Motor	(c)	-	277,564	-	280,821	-	333,181	-	361,016
Total insurance contracts		-	871,820	(13)	852,473	(19)	845,569	(9)	946,373
Expected to be settled more than 12 months after the reporting date		-	315,612	-	312,248	-	276,408	-	347,264
Reinsurance contracts									
Accident and Health		5,248	(111)	6,432	-	5,170	(901)	8,000	(427)
Property and Casualty		293,777	-	235,755	-	169,758	(1,820)	198,295	(3,074)
Motor		18,189	-	13,473	-	23,587	(1,001)	24,116	-
Total reinsurance contracts		317,214	(111)	255,660	-	198,515	(3,722)	230,411	(3,501)
Expected to be settled more than 12 months after the reporting date		169,640	44	102,011	-	55,110	-	88,332	-

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a) Accident and Health – Insurance contracts

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2022</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	6,651	-	46,602	3,634	56,887
	<u>6,651</u>	<u>-</u>	<u>46,602</u>	<u>3,634</u>	<u>56,887</u>
Insurance revenue from contracts measured under PAA	(162,457)	-	-	-	(162,457)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	40,395	1,831	42,226
Amortisation of insurance acquisition cash flows	33,005	-	-	-	33,005
Losses on onerous contracts and reversals	-	-	-	-	-
Changes related to past service - liabilities for incurred claims	-	-	(13,996)	(2,242)	(16,238)
	<u>33,005</u>	<u>-</u>	<u>26,399</u>	<u>(411)</u>	<u>58,993</u>
Total insurance service result	<u>(129,452)</u>	<u>-</u>	<u>26,399</u>	<u>(411)</u>	<u>(103,464)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	1,090	-	1,090
Effect of movements in exchange rates	1	-	-	-	1
	<u>1</u>	<u>-</u>	<u>1,090</u>	<u>-</u>	<u>1,091</u>
Total changes in the statement of comprehensive income	<u>(129,451)</u>	<u>-</u>	<u>27,489</u>	<u>(411)</u>	<u>(102,373)</u>
Investment components	(728)	-	728	-	-
<u>Cash flows</u>					
Premiums received	163,152	-	-	-	163,152
Claims and other insurance service expenses paid including investment component paid	-	-	(33,537)	-	(33,537)
Insurance acquisition cash flows	(32,204)	-	-	-	(32,204)
	<u>130,948</u>	<u>-</u>	<u>(33,537)</u>	<u>-</u>	<u>97,411</u>
<u>At 31 December 2022 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	7,420	-	41,282	3,223	51,925
	<u>7,420</u>	<u>-</u>	<u>41,282</u>	<u>3,223</u>	<u>51,925</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a) Accident and Health – Insurance contracts (continued)

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2023</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	7,420	-	41,282	3,223	51,925
	<u>7,420</u>	<u>-</u>	<u>41,282</u>	<u>3,223</u>	<u>51,925</u>
Insurance revenue from contracts measured under PAA	(184,265)	-	-	-	(184,265)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	57,472	2,218	59,690
Amortisation of insurance acquisition cash flows	38,190	-	-	-	38,190
Losses on onerous contracts and reversals	-	-	-	-	-
Changes related to past service - liabilities for incurred claims	-	-	(6,378)	(2,076)	(8,454)
	<u>38,190</u>	<u>-</u>	<u>51,094</u>	<u>142</u>	<u>89,426</u>
Total insurance service result	(146,075)	-	51,094	142	(94,839)
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	1,788	-	1,788
Effect of movements in exchange rates	1	-	-	-	1
	<u>1</u>	<u>-</u>	<u>1,788</u>	<u>-</u>	<u>1,789</u>
Total changes in the statement of comprehensive income	(146,074)	-	52,882	142	(93,050)
Investment components	(791)	-	791	-	-
<u>Cash flows</u>					
Premiums received	184,013	-	-	-	184,013
Claims and other insurance service expenses paid including investment component paid	-	-	(43,147)	-	(43,147)
Insurance acquisition cash flows	(36,168)	-	-	-	(36,168)
	<u>147,845</u>	<u>-</u>	<u>(43,147)</u>	<u>-</u>	<u>104,698</u>
<u>At 31 December 2023 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	8,400	-	51,808	3,365	63,573
	<u>8,400</u>	<u>-</u>	<u>51,808</u>	<u>3,365</u>	<u>63,573</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(a) Accident and Health – Insurance contracts (continued)**

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2024</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	8,400	-	51,808	3,365	63,573
	<u>8,400</u>	<u>-</u>	<u>51,808</u>	<u>3,365</u>	<u>63,573</u>
Insurance revenue from contracts measured under PAA	(201,693)	-	-	-	(201,693)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	69,799	2,604	72,403
Amortisation of insurance acquisition cash flows	43,041	-	-	-	43,041
Losses on onerous contracts and reversals	-	-	-	-	-
Changes related to past service - liabilities for incurred claims	-	-	(5,461)	(1,855)	(7,316)
	<u>43,041</u>	<u>-</u>	<u>64,338</u>	<u>749</u>	<u>108,128</u>
Total insurance service result	<u>(158,652)</u>	<u>-</u>	<u>64,338</u>	<u>749</u>	<u>(93,565)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	1,990	-	1,990
Effect of movements in exchange rates	(5)	-	-	-	(5)
	<u>(5)</u>	<u>-</u>	<u>1,990</u>	<u>-</u>	<u>1,985</u>
Total changes in the statement of comprehensive income	<u>(158,657)</u>	<u>-</u>	<u>66,328</u>	<u>749</u>	<u>(91,580)</u>
Investment components	(530)	-	530	-	-
<u>Cash flows</u>					
Premiums received	201,031	-	-	-	201,031
Claims and other insurance service expenses paid including investment component paid	-	-	(55,335)	-	(55,335)
Insurance acquisition cash flows	(45,998)	-	-	-	(45,998)
	<u>155,033</u>	<u>-</u>	<u>(55,335)</u>	<u>-</u>	<u>99,698</u>
<u>At 31 December 2024 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	4,246	-	63,331	4,114	71,691
	<u>4,246</u>	<u>-</u>	<u>63,331</u>	<u>4,114</u>	<u>71,691</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(a) Accident and Health – Insurance contracts (continued)**

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2025</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	4,246	-	63,331	4,114	71,691
	<u>4,246</u>	<u>-</u>	<u>63,331</u>	<u>4,114</u>	<u>71,691</u>
Insurance revenue from contracts measured under PAA	(110,935)	-	-	-	(110,935)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	42,679	2,330	45,009
Amortisation of insurance acquisition cash flows	24,053	-	-	-	24,053
Losses on onerous contracts and reversals	-	-	-	-	-
Changes related to past service - liabilities for incurred claims	-	-	(9,514)	(1,741)	(11,255)
	<u>24,053</u>	<u>-</u>	<u>33,165</u>	<u>589</u>	<u>57,807</u>
Total insurance service result	<u>(86,882)</u>	<u>-</u>	<u>33,165</u>	<u>589</u>	<u>(53,128)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	1,114	-	1,114
Effect of movements in exchange rates	(2)	-	-	-	(2)
	<u>(2)</u>	<u>-</u>	<u>1,114</u>	<u>-</u>	<u>1,112</u>
Total changes in the statement of comprehensive income	<u>(86,884)</u>	<u>-</u>	<u>34,279</u>	<u>589</u>	<u>(52,016)</u>
Investment components	(41)	-	41	-	-
<u>Cash flows</u>					
Premiums received	115,288	-	-	-	115,288
Claims and other insurance service expenses paid including investment component paid	-	-	(25,269)	-	(25,269)
Insurance acquisition cash flows	(23,900)	-	-	-	(23,900)
	<u>91,388</u>	<u>-</u>	<u>(25,269)</u>	<u>-</u>	<u>66,119</u>
<u>At 30 June 2025 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	8,709	-	72,382	4,703	85,794
	<u>8,709</u>	<u>-</u>	<u>72,382</u>	<u>4,703</u>	<u>85,794</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(b) Property and Casualty – Insurance contracts

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2022</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	53,424	2,683	386,429	40,508	483,044
	<u>53,424</u>	<u>2,683</u>	<u>386,429</u>	<u>40,508</u>	<u>483,044</u>
Insurance revenue from contracts measured under PAA	(350,847)	-	-	-	(350,847)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	170,491	15,277	185,768
Amortisation of insurance acquisition cash flows	69,711	-	-	-	69,711
Losses on onerous contracts and reversals	-	(1,180)	-	-	(1,180)
Changes related to past service - liabilities for incurred claims	-	-	3,543	(9,420)	(5,877)
	<u>69,711</u>	<u>(1,180)</u>	<u>174,034</u>	<u>5,857</u>	<u>248,422</u>
Total insurance service result	<u>(281,136)</u>	<u>(1,180)</u>	<u>174,034</u>	<u>5,857</u>	<u>(102,425)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	8,966	-	8,966
Effect of movements in exchange rates	8	-	17	-	25
	<u>8</u>	<u>-</u>	<u>8,983</u>	<u>-</u>	<u>8,991</u>
Total changes in the statement of comprehensive income	<u>(281,128)</u>	<u>(1,180)</u>	<u>183,017</u>	<u>5,857</u>	<u>(93,434)</u>
Investment components	-	-	-	-	-
<u>Cash flows</u>					
Premiums received	356,750	-	-	-	356,750
Claims and other insurance service expenses paid including investment component paid	-	-	(135,677)	-	(135,677)
Insurance acquisition cash flows	(68,352)	-	-	-	(68,352)
	<u>288,398</u>	<u>-</u>	<u>(135,677)</u>	<u>-</u>	<u>152,721</u>
<u>At 31 December 2022 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	60,694	1,503	433,769	46,365	542,331
	<u>60,694</u>	<u>1,503</u>	<u>433,769</u>	<u>46,365</u>	<u>542,331</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(b) Property and Casualty – Insurance contracts (continued)**

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>		<u>Present value of future cash flows</u>		
	<u>RM'000</u>	<u>Loss component RM'000</u>	<u>RM'000</u>	<u>Risk adjustment RM'000</u>	
<u>At 1 January 2023</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	60,694	1,503	433,769	46,365	542,331
	<u>60,694</u>	<u>1,503</u>	<u>433,769</u>	<u>46,365</u>	<u>542,331</u>
Insurance revenue from contracts measured under PAA	(359,011)	-	-	-	(359,011)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	155,259	14,408	169,667
Amortisation of insurance acquisition cash flows	68,939	-	-	-	68,939
Losses on onerous contracts and reversals	-	(1,249)	-	-	(1,249)
Changes related to past service - liabilities for incurred claims	-	-	(98,585)	(15,682)	(114,267)
	<u>68,939</u>	<u>(1,249)</u>	<u>56,674</u>	<u>(1,274)</u>	<u>123,090</u>
Total insurance service result	<u>(290,072)</u>	<u>(1,249)</u>	<u>56,674</u>	<u>(1,274)</u>	<u>(235,921)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	18,845	-	18,845
Effect of movements in exchange rates	89	-	35	-	124
	<u>89</u>	<u>-</u>	<u>18,880</u>	<u>-</u>	<u>18,969</u>
Total changes in the statement of comprehensive income	<u>(289,983)</u>	<u>(1,249)</u>	<u>75,554</u>	<u>(1,274)</u>	<u>(216,952)</u>
Investment components	-	-	-	-	-
<u>Cash flows</u>					
Premiums received	347,467	-	-	-	347,467
Claims and other insurance service expenses paid including investment component paid	-	-	(95,710)	-	(95,710)
Insurance acquisition cash flows	(69,070)	-	-	-	(69,070)
	<u>278,397</u>	<u>-</u>	<u>(95,710)</u>	<u>-</u>	<u>182,687</u>
<u>At 31 December 2023 (Audited)</u>					
Insurance contract assets	(13)	-	-	-	(13)
Insurance contract liabilities	49,121	254	413,613	45,091	508,079
	<u>49,108</u>	<u>254</u>	<u>413,613</u>	<u>45,091</u>	<u>508,066</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(b) Property and Casualty – Insurance contracts (continued)**

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM'000
	Excluding loss		Present value of		
	<u>component</u> RM'000	<u>Loss component</u> RM'000	<u>future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2024</u>					
Insurance contract assets	(13)	-	-	-	(13)
Insurance contract liabilities	49,121	254	413,613	45,091	508,079
	<u>49,108</u>	<u>254</u>	<u>413,613</u>	<u>45,091</u>	<u>508,066</u>
Insurance revenue from contracts measured under PAA	(351,727)	-	-	-	(351,727)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	131,700	11,929	143,629
Amortisation of insurance acquisition cash flows	67,737	-	-	-	67,737
Losses on onerous contracts and reversals	-	359	-	-	359
Changes related to past service - liabilities for incurred claims	-	-	(116,509)	(18,456)	(134,965)
	<u>67,737</u>	<u>359</u>	<u>15,191</u>	<u>(6,527)</u>	<u>76,760</u>
Total insurance service result	<u>(283,990)</u>	<u>359</u>	<u>15,191</u>	<u>(6,527)</u>	<u>(274,967)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	16,580	-	16,580
Effect of movements in exchange rates	(22)	-	5	-	(17)
	<u>(22)</u>	<u>-</u>	<u>16,585</u>	<u>-</u>	<u>16,563</u>
Total changes in the statement of comprehensive income	<u>(284,012)</u>	<u>359</u>	<u>31,776</u>	<u>(6,527)</u>	<u>(258,404)</u>
Investment components	-	-	-	-	-
<u>Cash flows</u>					
Premiums received	355,804	-	-	-	355,804
Claims and other insurance service expenses paid including investment component paid	-	-	(88,970)	-	(88,970)
Insurance acquisition cash flows	(75,818)	-	-	-	(75,818)
	<u>279,986</u>	<u>-</u>	<u>(88,970)</u>	<u>-</u>	<u>191,016</u>
<u>At 31 December 2024 (Audited)</u>					
Insurance contract assets	(19)	-	-	-	(19)
Insurance contract liabilities	45,101	613	356,419	38,564	440,697
	<u>45,082</u>	<u>613</u>	<u>356,419</u>	<u>38,564</u>	<u>440,678</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(b) Property and Casualty – Insurance contracts (continued)**

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss</u>		<u>Present value of</u>		
	<u>component</u> RM'000	<u>Loss component</u> RM'000	<u>future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2025</u>					
Insurance contract assets	(19)	-	-	-	(19)
Insurance contract liabilities	45,101	613	356,419	38,564	440,697
	<u>45,082</u>	<u>613</u>	<u>356,419</u>	<u>38,564</u>	<u>440,678</u>
Insurance revenue from contracts measured under PAA	(179,338)	-	-	-	(179,338)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	80,245	8,402	88,647
Amortisation of insurance acquisition cash flows	36,648	-	-	-	36,648
Losses on onerous contracts and reversals	-	(13)	-	-	(13)
Changes related to past service - liabilities for incurred claims	-	-	4,043	(2,894)	1,149
	<u>36,648</u>	<u>(13)</u>	<u>84,288</u>	<u>5,508</u>	<u>126,431</u>
Total insurance service result	<u>(142,690)</u>	<u>(13)</u>	<u>84,288</u>	<u>5,508</u>	<u>(52,907)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	6,642	-	6,642
Effect of movements in exchange rates	45	-	(1)	-	44
	<u>45</u>	<u>-</u>	<u>6,641</u>	<u>-</u>	<u>6,686</u>
Total changes in the statement of comprehensive income	<u>(142,645)</u>	<u>(13)</u>	<u>90,929</u>	<u>5,508</u>	<u>(46,221)</u>
Investment components	-	-	-	-	-
<u>Cash flows</u>					
Premiums received	191,181	-	-	-	191,181
Claims and other insurance service expenses paid including investment component paid	-	-	(43,618)	-	(43,618)
Insurance acquisition cash flows	(42,466)	-	-	-	(42,466)
	<u>148,715</u>	<u>-</u>	<u>(43,618)</u>	<u>-</u>	<u>105,097</u>
<u>At 30 June 2025 (Audited)</u>					
Insurance contract assets	(9)	-	-	-	(9)
Insurance contract liabilities	51,161	600	403,730	44,072	499,563
	<u>51,152</u>	<u>600</u>	<u>403,730</u>	<u>44,072</u>	<u>499,554</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

(c) Motor – Insurance contracts

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2022</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	74,656	5,623	212,182	19,388	311,849
	<u>74,656</u>	<u>5,623</u>	<u>212,182</u>	<u>19,388</u>	<u>311,849</u>
Insurance revenue from contracts measured under PAA	(158,143)	-	-	-	(158,143)
<u>Insurance service expenses</u>					
Incurring claims and directly attributable expenses	-	-	116,524	6,992	123,516
Amortisation of insurance acquisition cash flows	23,832	-	-	-	23,832
Losses on onerous contracts and reversals	-	(2,283)	-	-	(2,283)
Changes related to past service - liabilities for incurred claims	-	-	(34,202)	(8,477)	(42,679)
	<u>23,832</u>	<u>(2,283)</u>	<u>82,322</u>	<u>(1,485)</u>	<u>102,386</u>
Total insurance service result	<u>(134,311)</u>	<u>(2,283)</u>	<u>82,322</u>	<u>(1,485)</u>	<u>(55,757)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	4,442	-	4,442
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,442</u>	<u>-</u>	<u>4,442</u>
Total changes in the statement of comprehensive income	<u>(134,311)</u>	<u>(2,283)</u>	<u>86,764</u>	<u>(1,485)</u>	<u>(51,315)</u>
Investment components	-	-	-	-	-
<u>Cash flows</u>					
Premiums received	145,940	-	-	-	145,940
Claims and other insurance service expenses paid including investment component paid	-	-	(106,158)	-	(106,158)
Insurance acquisition cash flows	(22,752)	-	-	-	(22,752)
	<u>123,188</u>	<u>-</u>	<u>(106,158)</u>	<u>-</u>	<u>17,030</u>
<u>At 31 December 2022 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	63,533	3,340	192,788	17,903	277,564
	<u>63,533</u>	<u>3,340</u>	<u>192,788</u>	<u>17,903</u>	<u>277,564</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(c) Motor – Insurance contracts (continued)**

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2023</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	63,533	3,340	192,788	17,903	277,564
	<u>63,533</u>	<u>3,340</u>	<u>192,788</u>	<u>17,903</u>	<u>277,564</u>
Insurance revenue from contracts measured under PAA	(147,678)	-	-	-	(147,678)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	-	-	110,866	6,291	117,157
Amortisation of insurance acquisition cash flows	21,602	-	-	-	21,602
Losses on onerous contracts and reversals	-	653	-	-	653
Changes related to past service - liabilities for incurred claims	-	-	(14,207)	(6,247)	(20,454)
	<u>21,602</u>	<u>653</u>	<u>96,659</u>	<u>44</u>	<u>118,958</u>
Total insurance service result	<u>(126,076)</u>	<u>653</u>	<u>96,659</u>	<u>44</u>	<u>(28,720)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	-	7,215	-	7,215
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>7,215</u>	<u>-</u>	<u>7,215</u>
Total changes in the statement of comprehensive income	<u>(126,076)</u>	<u>653</u>	<u>103,874</u>	<u>44</u>	<u>(21,505)</u>
Investment components	-	-	-	-	-
<u>Cash flows</u>					
Premiums received	145,076	-	-	-	145,076
Claims and other insurance service expenses paid including investment component paid	-	-	(99,455)	-	(99,455)
Insurance acquisition cash flows	(20,859)	-	-	-	(20,859)
	<u>124,217</u>	<u>-</u>	<u>(99,455)</u>	<u>-</u>	<u>24,762</u>
<u>At 31 December 2023 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	61,674	3,993	197,207	17,947	280,821
	<u>61,674</u>	<u>3,993</u>	<u>197,207</u>	<u>17,947</u>	<u>280,821</u>

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(c) Motor – Insurance contracts (continued)**

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	
<u>At 1 January 2024</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	61,674	3,993	197,207	17,947	280,821
	<u>61,674</u>	<u>3,993</u>	<u>197,207</u>	<u>17,947</u>	<u>280,821</u>
Insurance revenue from contracts measured under PAA	(150,075)	-	-	-	(150,075)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	45	-	116,393	7,356	123,794
Amortisation of insurance acquisition cash flows	22,156	-	94	-	22,250
Losses on onerous contracts and reversals	-	6,465	-	-	6,465
Changes related to past service - liabilities for incurred claims	-	-	8,408	(3,352)	5,056
	<u>22,201</u>	<u>6,465</u>	<u>124,895</u>	<u>4,004</u>	<u>157,565</u>
Total insurance service result	<u>(127,874)</u>	<u>6,465</u>	<u>124,895</u>	<u>4,004</u>	<u>7,490</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	20	7,116	42	7,178
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>20</u>	<u>7,116</u>	<u>42</u>	<u>7,178</u>
Total changes in the statement of comprehensive income	<u>(127,874)</u>	<u>6,485</u>	<u>132,011</u>	<u>4,046</u>	<u>14,668</u>
Other Movements	(352)	416	(4,461)	1,915	(2,482)
<u>Cash flows</u>					
Premiums received	159,347	-	-	-	159,347
Claims and other insurance service expenses paid including investment component paid	(45)	-	(95,301)	-	(95,346)
Insurance acquisition cash flows	(23,733)	-	(94)	-	(23,827)
	<u>135,569</u>	<u>-</u>	<u>(95,395)</u>	<u>-</u>	<u>40,174</u>
<u>At 31 December 2024 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	69,017	10,894	229,362	23,908	333,181
	<u>69,017</u>	<u>10,894</u>	<u>229,362</u>	<u>23,908</u>	<u>333,181</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

(c) Motor – Insurance contracts (continued)

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Present value of future cash flows</u>	<u>Risk adjustment</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 1 January 2025</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	69,017	10,894	229,362	23,908	333,181
	<u>69,017</u>	<u>10,894</u>	<u>229,362</u>	<u>23,908</u>	<u>333,181</u>
Insurance revenue from contracts measured under PAA	(85,317)	-	-	-	(85,317)
<u>Insurance service expenses</u>					
Incurred claims and directly attributable expenses	(45)	-	68,793	4,746	73,494
Amortisation of insurance acquisition cash flows	13,598	-	(94)	-	13,504
Losses on onerous contracts and reversals	-	1,432	-	-	1,432
Changes related to past service - liabilities for incurred claims	-	-	(5,697)	(3,359)	(9,056)
	<u>13,553</u>	<u>1,432</u>	<u>63,002</u>	<u>1,387</u>	<u>79,374</u>
Total insurance service result	<u>(71,764)</u>	<u>1,432</u>	<u>63,002</u>	<u>1,387</u>	<u>(5,943)</u>
<u>Insurance finance expenses</u>					
Insurance finance expenses	-	18	4,140	28	4,186
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>18</u>	<u>4,140</u>	<u>28</u>	<u>4,186</u>
Total changes in the statement of comprehensive income	<u>(71,764)</u>	<u>1,450</u>	<u>67,142</u>	<u>1,415</u>	<u>(1,757)</u>
Other movements	12	11	503	46	572
<u>Cash flows</u>					
Premiums received	96,299	-	-	-	96,299
Claims and other insurance service expenses paid including investment component paid	45	-	(50,719)	-	(50,674)
Insurance acquisition cash flows	(16,699)	-	94	-	(16,605)
	<u>79,645</u>	<u>-</u>	<u>(50,625)</u>	<u>-</u>	<u>29,020</u>
<u>At 30 June 2025 (Audited)</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	76,910	12,355	246,382	25,369	361,016
	<u>76,910</u>	<u>12,355</u>	<u>246,382</u>	<u>25,369</u>	<u>361,016</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(d) Accident and Health – Reinsurance contracts**

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2022</u>					
Reinsurance contract assets	96	-	11,666	875	12,637
Reinsurance contract liabilities	-	-	-	-	-
	<u>96</u>	<u>-</u>	<u>11,666</u>	<u>875</u>	<u>12,637</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(10,830)	-	-	-	(10,830)
Recoveries of incurred claims and other insurance service expenses	-	-	3,139	152	3,291
Changes relating to past service - adjustments to incurred claims	-	-	(6,907)	(694)	(7,601)
Recoveries and reversals of recoveries of losses on onerous underlying	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	1	-	1
	<u>(10,830)</u>	<u>-</u>	<u>(3,767)</u>	<u>(542)</u>	<u>(15,139)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	247	-	247
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>247</u>	<u>-</u>	<u>247</u>
Total changes in the statement of comprehensive income	<u>(10,830)</u>	<u>-</u>	<u>(3,520)</u>	<u>(542)</u>	<u>(14,892)</u>
<u>Cash flows</u>					
Premiums paid net of ceding commissions	10,979	-	-	-	10,979
Recoveries from reinsurance	-	-	(3,587)	-	(3,587)
	<u>10,979</u>	<u>-</u>	<u>(3,587)</u>	<u>-</u>	<u>7,392</u>
<u>At 31 December 2022 (Audited)</u>					
Reinsurance contract assets	460	-	4,491	297	5,248
Reinsurance contract liabilities	(215)	-	68	36	(111)
	<u>245</u>	<u>-</u>	<u>4,559</u>	<u>333</u>	<u>5,137</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(d) Accident and Health – Reinsurance contracts (continued)

	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment RM'000	
<u>At 1 January 2023</u>					
Reinsurance contract assets	460	-	4,491	297	5,248
Reinsurance contract liabilities	(215)	-	68	36	(111)
	<u>245</u>	<u>-</u>	<u>4,559</u>	<u>333</u>	<u>5,137</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(12,617)	-	-	-	(12,617)
Recoveries of incurred claims and other insurance service expenses	-	-	5,249	219	5,468
Changes relating to past service - adjustments to incurred claims	-	-	(970)	(219)	(1,189)
Recoveries and reversals of recoveries of losses on onerous underlying	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
	<u>(12,617)</u>	<u>-</u>	<u>4,279</u>	<u>-</u>	<u>(8,338)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	230	-	230
Effect of movements in exchange rates	7	-	(4)	-	3
	<u>7</u>	<u>-</u>	<u>226</u>	<u>-</u>	<u>233</u>
Total changes in the statement of comprehensive income	<u>(12,610)</u>	<u>-</u>	<u>4,505</u>	<u>-</u>	<u>(8,105)</u>
Other Movements	-	-	-	-	-
<u>Cash flows</u>					
Premiums paid net of ceding commissions	12,693	-	-	-	12,693
Recoveries from reinsurance	-	-	(3,293)	-	(3,293)
	<u>12,693</u>	<u>-</u>	<u>(3,293)</u>	<u>-</u>	<u>9,400</u>
<u>At 31 December 2023 (Audited)</u>					
Reinsurance contract assets	328	-	5,771	333	6,432
Reinsurance contract liabilities	-	-	-	-	-
	<u>328</u>	<u>-</u>	<u>5,771</u>	<u>333</u>	<u>6,432</u>

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(d) Accident and Health – Reinsurance contracts (continued)**

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2024</u>					
Reinsurance contract assets	328	-	5,771	333	6,432
Reinsurance contract liabilities	-	-	-	-	-
	<u>328</u>	<u>-</u>	<u>5,771</u>	<u>333</u>	<u>6,432</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(12,425)	-	-	-	(12,425)
Recoveries of incurred claims and other insurance service expenses	-	-	4,865	150	5,015
Changes relating to past service - adjustments to incurred claims	-	-	(914)	(187)	(1,101)
Recoveries and reversals of recoveries of losses on onerous underlying	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
	<u>(12,425)</u>	<u>-</u>	<u>3,951</u>	<u>(37)</u>	<u>(8,511)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	202	-	202
Effect of movements in exchange rates	(4)	-	-	-	(4)
	<u>(4)</u>	<u>-</u>	<u>202</u>	<u>-</u>	<u>198</u>
Total changes in the statement of comprehensive income	<u>(12,429)</u>	<u>-</u>	<u>4,153</u>	<u>(37)</u>	<u>(8,313)</u>
Other Movements	-	-	-	-	-
<u>Cash flows</u>					
Premiums paid net of ceding commissions	10,749	-	-	-	10,749
Recoveries from reinsurance	-	-	(4,599)	-	(4,599)
	<u>10,749</u>	<u>-</u>	<u>(4,599)</u>	<u>-</u>	<u>6,150</u>
<u>At 31 December 2024 (Audited)</u>					
Reinsurance contract assets	(48)	-	4,929	289	5,170
Reinsurance contract liabilities	(1,304)	-	396	7	(901)
	<u>(1,352)</u>	<u>-</u>	<u>5,325</u>	<u>296</u>	<u>4,269</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(d) Accident and Health – Reinsurance contracts (continued)

	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment RM'000	
<u>At 1 January 2025</u>					
Reinsurance contract assets	(48)	-	4,929	289	5,170
Reinsurance contract liabilities	(1,304)	-	396	7	(901)
	<u>(1,352)</u>	<u>-</u>	<u>5,325</u>	<u>296</u>	<u>4,269</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(5,993)	-	-	-	(5,993)
Recoveries of incurred claims and other insurance service expenses	-	-	3,654	196	3,850
Changes relating to past service - adjustments to incurred claims	-	-	(753)	(109)	(862)
Recoveries and reversals of recoveries of losses on onerous underlying	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
	<u>(5,993)</u>	<u>-</u>	<u>2,901</u>	<u>87</u>	<u>(3,005)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	84	-	84
Effect of movements in exchange rates	(1)	-	-	-	(1)
	<u>(1)</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>83</u>
Total changes in the statement of comprehensive income	<u>(5,994)</u>	<u>-</u>	<u>2,985</u>	<u>87</u>	<u>(2,922)</u>
Other Movements	-	-	-	-	-
<u>Cash flows</u>					
Premiums paid net of ceding commissions	8,020	-	-	-	8,020
Recoveries from reinsurance	-	-	(1,794)	-	(1,794)
	<u>8,020</u>	<u>-</u>	<u>(1,794)</u>	<u>-</u>	<u>6,226</u>
<u>At 30 June 2025 (Audited)</u>					
Reinsurance contract assets	1,273	-	6,361	366	8,000
Reinsurance contract liabilities	(599)	-	155	17	(427)
	<u>674</u>	<u>-</u>	<u>6,516</u>	<u>383</u>	<u>7,573</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(e) Property and Casualty – Reinsurance contracts**

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2022</u>					
Reinsurance contract assets	14,664	1,312	182,775	18,930	217,681
Reinsurance contract liabilities	-	-	-	-	-
	<u>14,664</u>	<u>1,312</u>	<u>182,775</u>	<u>18,930</u>	<u>217,681</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(106,516)	-	-	-	(106,516)
Recoveries of incurred claims and other insurance service expenses	-	-	85,827	7,934	93,761
Changes relating to past service - adjustments to incurred claims	-	-	27,618	(1,591)	26,027
Recoveries and reversals of recoveries of losses on onerous underlying	-	(620)	-	-	(620)
Effect of changes in the risk of reinsurers non-performance	-	-	3	-	3
	<u>(106,516)</u>	<u>(620)</u>	<u>113,448</u>	<u>6,343</u>	<u>12,655</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	4,554	-	4,554
Effect of movements in exchange rates	4	-	15	-	19
	<u>4</u>	<u>-</u>	<u>4,569</u>	<u>-</u>	<u>4,573</u>
Total changes in the statement of comprehensive income	<u>(106,512)</u>	<u>(620)</u>	<u>118,017</u>	<u>6,343</u>	<u>17,228</u>
<u>Cash flows</u>					
Premiums paid net of ceding commissions	114,251	-	-	-	114,251
Recoveries from reinsurance	-	-	(55,383)	-	(55,383)
	<u>114,251</u>	<u>-</u>	<u>(55,383)</u>	<u>-</u>	<u>58,868</u>
<u>At 31 December 2022 (Audited)</u>					
Reinsurance contract assets	22,403	692	245,409	25,273	293,777
Reinsurance contract liabilities	-	-	-	-	-
	<u>22,403</u>	<u>692</u>	<u>245,409</u>	<u>25,273</u>	<u>293,777</u>

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(e) Property and Casualty – Reinsurance contracts (continued)**

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2023</u>					
Reinsurance contract assets	22,403	692	245,409	25,273	293,777
Reinsurance contract liabilities	-	-	-	-	-
	<u>22,403</u>	<u>692</u>	<u>245,409</u>	<u>25,273</u>	<u>293,777</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(123,996)	-	-	-	(123,996)
Recoveries of incurred claims and other insurance service expenses	-	-	62,321	6,469	68,790
Changes relating to past service - adjustments to incurred claims	-	-	(61,350)	(9,877)	(71,227)
Recoveries and reversals of recoveries of losses on onerous underlying	-	(663)	-	-	(663)
Effect of changes in the risk of reinsurers non-performance	-	-	6	-	6
	<u>(123,996)</u>	<u>(663)</u>	<u>977</u>	<u>(3,408)</u>	<u>(127,090)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	9,219	-	9,219
Effect of movements in exchange rates	5	-	21	-	26
	<u>5</u>	<u>-</u>	<u>9,240</u>	<u>-</u>	<u>9,245</u>
Total changes in the statement of comprehensive income	<u>(123,991)</u>	<u>(663)</u>	<u>10,217</u>	<u>(3,408)</u>	<u>(117,845)</u>
<u>Cash flows</u>					
Premiums paid net of ceding commissions	120,514	-	-	-	120,514
Recoveries from reinsurance	-	-	(60,691)	-	(60,691)
	<u>120,514</u>	<u>-</u>	<u>(60,691)</u>	<u>-</u>	<u>59,823</u>
<u>At 31 December 2023 (Audited)</u>					
Reinsurance contract assets	18,926	29	194,935	21,865	235,755
Reinsurance contract liabilities	-	-	-	-	-
	<u>18,926</u>	<u>29</u>	<u>194,935</u>	<u>21,865</u>	<u>235,755</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(e) Property and Casualty – Reinsurance contracts (continued)

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2024</u>					
Reinsurance contract assets	18,926	29	194,935	21,865	235,755
Reinsurance contract liabilities	-	-	-	-	-
	<u>18,926</u>	<u>29</u>	<u>194,935</u>	<u>21,865</u>	<u>235,755</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(123,764)	-	-	-	(123,764)
Recoveries of incurred claims and other insurance service expenses	-	-	43,463	4,035	47,498
Changes relating to past service - adjustments to incurred claims	-	-	(77,909)	(11,255)	(89,164)
Recoveries and reversals of recoveries of losses on onerous underlying	-	168	-	-	168
Effect of changes in the risk of reinsurers non-performance	-	-	8	-	8
	<u>(123,764)</u>	<u>168</u>	<u>(34,438)</u>	<u>(7,220)</u>	<u>(165,254)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	7,553	-	7,553
Effect of movements in exchange rates	10	-	(2)	-	8
	<u>10</u>	<u>-</u>	<u>7,551</u>	<u>-</u>	<u>7,561</u>
Total changes in the statement of comprehensive income	<u>(123,754)</u>	<u>168</u>	<u>(26,887)</u>	<u>(7,220)</u>	<u>(157,693)</u>
Other Movements	(70)	-	-	-	(70)
<u>Cash flows</u>					
Premiums paid net of ceding commissions	115,428	-	-	-	115,428
Recoveries from reinsurance	-	-	(25,482)	-	(25,482)
	<u>115,428</u>	<u>-</u>	<u>(25,482)</u>	<u>-</u>	<u>89,946</u>
<u>At 31 December 2024 (Audited)</u>					
Reinsurance contract assets	8,554	(132)	145,156	16,180	169,758
Reinsurance contract liabilities	1,976	329	(2,590)	(1,535)	(1,820)
	<u>10,530</u>	<u>197</u>	<u>142,566</u>	<u>14,645</u>	<u>167,938</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(e) Property and Casualty – Reinsurance contracts (continued)**

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss-recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2025</u>					
Reinsurance contract assets	8,554	(132)	145,156	16,180	169,758
Reinsurance contract liabilities	1,976	329	(2,590)	(1,535)	(1,820)
	<u>10,530</u>	<u>197</u>	<u>142,566</u>	<u>14,645</u>	<u>167,938</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(61,706)	-	-	-	(61,706)
Recoveries of incurred claims and other insurance service expenses	-	-	24,305	2,701	27,006
Changes relating to past service - adjustments to incurred claims	-	-	18,608	663	19,271
Recoveries and reversals of recoveries of losses on onerous underlying	-	(1)	-	-	(1)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	(3)	-	(3)
	<u>(61,706)</u>	<u>(1)</u>	<u>42,910</u>	<u>3,364</u>	<u>(15,433)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	2,578	-	2,578
Effect of movements in exchange rates	(1)	-	1	-	-
	<u>(1)</u>	<u>-</u>	<u>2,579</u>	<u>-</u>	<u>2,578</u>
Total changes in the statement of comprehensive income	<u>(61,707)</u>	<u>(1)</u>	<u>45,489</u>	<u>3,364</u>	<u>(12,855)</u>
Other Movements					
<u>Cash flows</u>					
Premiums paid net of ceding commissions	62,384	-	-	-	62,384
Recoveries from reinsurance	-	-	(22,246)	-	(22,246)
	<u>62,384</u>	<u>-</u>	<u>(22,246)</u>	<u>-</u>	<u>40,138</u>
<u>At 30 June 2025 (Audited)</u>					
Reinsurance contract assets	9,921	(160)	171,180	17,354	198,295
Reinsurance contract liabilities	1,286	356	(5,371)	655	(3,074)
	<u>11,207</u>	<u>196</u>	<u>165,809</u>	<u>18,009</u>	<u>195,221</u>

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(f) Motor – Reinsurance contracts (continued)

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2022</u>					
Reinsurance contract assets	1,027	191	24,592	2,619	28,429
Reinsurance contract liabilities	-	-	-	-	-
	<u>1,027</u>	<u>191</u>	<u>24,592</u>	<u>2,619</u>	<u>28,429</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(5,095)	-	-	-	(5,095)
Recoveries of incurred claims and other insurance service expenses	-	-	3,800	267	4,067
Changes relating to past service - adjustments to incurred claims	-	-	(15,746)	(1,887)	(17,633)
Recoveries and reversals of recoveries of losses on onerous underlying	-	(75)	-	-	(75)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	3	-	3
	<u>(5,095)</u>	<u>(75)</u>	<u>(11,943)</u>	<u>(1,620)</u>	<u>(18,733)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	338	-	338
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>338</u>	<u>-</u>	<u>338</u>
Total changes in the statement of comprehensive income	<u>(5,095)</u>	<u>(75)</u>	<u>(11,605)</u>	<u>(1,620)</u>	<u>(18,395)</u>
Other Movements	-	-	-	-	-
<u>Cash flows</u>					
Premiums paid net of ceding commissions	10,737	-	-	-	10,737
Recoveries from reinsurance	-	-	(2,582)	-	(2,582)
	<u>10,737</u>	<u>-</u>	<u>(2,582)</u>	<u>-</u>	<u>8,155</u>
<u>At 31 December 2022 (Audited)</u>					
Reinsurance contract assets	6,669	116	10,405	999	18,189
Reinsurance contract liabilities	-	-	-	-	-
	<u>6,669</u>	<u>116</u>	<u>10,405</u>	<u>999</u>	<u>18,189</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

(g) Motor – Reinsurance contracts (continued)

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2023</u>					
Reinsurance contract assets	6,669	116	10,405	999	18,189
Reinsurance contract liabilities	-	-	-	-	-
	<u>6,669</u>	<u>116</u>	<u>10,405</u>	<u>999</u>	<u>18,189</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(5,952)	-	-	-	(5,952)
Recoveries of incurred claims and other insurance service expenses	-	-	4,238	326	4,564
Changes relating to past service - adjustments to incurred claims	-	-	(99)	(414)	(513)
Recoveries and reversals of recoveries of losses on onerous underlying	-	32	-	-	32
Reinsurance acquisition cash flows amortisation	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
	<u>(5,952)</u>	<u>32</u>	<u>4,139</u>	<u>(88)</u>	<u>(1,869)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	392	-	392
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>392</u>	<u>-</u>	<u>392</u>
Total changes in the statement of comprehensive income	<u>(5,952)</u>	<u>32</u>	<u>4,531</u>	<u>(88)</u>	<u>(1,477)</u>
Other Movements	-	-	-	-	-
<u>Cash flows</u>					
Premiums paid net of ceding commissions	2,026	-	-	-	2,026
Recoveries from reinsurance	-	-	(5,265)	-	(5,265)
	<u>2,026</u>	<u>-</u>	<u>(5,265)</u>	<u>-</u>	<u>(3,239)</u>
<u>At 31 December 2023 (Audited)</u>					
Reinsurance contract assets	2,743	148	9,671	911	13,473
Reinsurance contract liabilities	-	-	-	-	-
	<u>2,743</u>	<u>148</u>	<u>9,671</u>	<u>911</u>	<u>13,473</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)****(h) Motor – Reinsurance contracts (continued)**

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss- recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2024</u>					
Reinsurance contract assets	2,743	148	9,671	911	13,473
Reinsurance contract liabilities	-	-	-	-	-
	<u>2,743</u>	<u>148</u>	<u>9,671</u>	<u>911</u>	<u>13,473</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(7,684)	-	-	-	(7,684)
Recoveries of incurred claims and other insurance service expenses	-	-	4,233	323	4,556
Changes relating to past service - adjustments to incurred claims	-	-	8,922	904	9,826
Recoveries and reversals of recoveries of losses on onerous underlying	-	291	-	-	291
Reinsurance acquisition cash flows amortisation	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	(2)	-	(2)
	<u>(7,684)</u>	<u>291</u>	<u>13,153</u>	<u>1,227</u>	<u>6,987</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	-	315	-	315
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>315</u>	<u>-</u>	<u>315</u>
Total changes in the statement of comprehensive income	<u>(7,684)</u>	<u>291</u>	<u>13,468</u>	<u>1,227</u>	<u>7,302</u>
Other Movements	(12)	-	147	-	135
<u>Cash flows</u>					
Premiums paid net of ceding commissions	3,941	-	-	-	3,941
Recoveries from reinsurance	-	-	(2,265)	-	(2,265)
	<u>3,941</u>	<u>-</u>	<u>(2,265)</u>	<u>-</u>	<u>1,676</u>
<u>At 31 December 2024 (Audited)</u>					
Reinsurance contract assets	(11)	439	21,021	2,138	23,587
Reinsurance contract liabilities	(1,001)	-	-	-	(1,001)
	<u>(1,012)</u>	<u>439</u>	<u>21,021</u>	<u>2,138</u>	<u>22,586</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.12 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(i) Motor – Reinsurance contracts (continued)

	<u>Assets for remaining coverage</u>		<u>Assets for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss-recovery component</u> RM'000	<u>Present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	
<u>At 1 January 2025</u>					
Reinsurance contract assets	(11)	439	21,021	2,138	23,587
Reinsurance contract liabilities	(1,001)	-	-	-	(1,001)
	<u>(1,012)</u>	<u>439</u>	<u>21,021</u>	<u>2,138</u>	<u>22,586</u>
<u>Net (expense)/income from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(4,243)	-	-	-	(4,243)
Recoveries of incurred claims and other insurance service expenses	-	-	1,822	130	1,952
Changes relating to past service - adjustments to incurred claims	-	-	(2,102)	(175)	(2,277)
Recoveries and reversals of recoveries of losses on onerous underlying	-	55	-	-	55
Reinsurance acquisition cash flows amortisation	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
	<u>(4,243)</u>	<u>55</u>	<u>(280)</u>	<u>(45)</u>	<u>(4,513)</u>
<u>Reinsurance finance income</u>					
Finance income from reinsurance contracts held	-	1	361	2	364
Effect of movements in exchange rates	-	-	-	-	-
	<u>-</u>	<u>1</u>	<u>361</u>	<u>2</u>	<u>364</u>
Total changes in the statement of comprehensive income	<u>(4,243)</u>	<u>56</u>	<u>81</u>	<u>(43)</u>	<u>(4,149)</u>
Other Movements	11	11	503	46	571
<u>Cash flows</u>					
Premiums paid net of ceding commissions	6,261	-	-	-	6,261
Recoveries from reinsurance	-	-	(1,153)	-	(1,153)
	<u>6,261</u>	<u>-</u>	<u>(1,153)</u>	<u>-</u>	<u>5,108</u>
<u>At 30 June 2025 (Audited)</u>					
Reinsurance contract assets	1,017	506	20,452	2,141	24,116
Reinsurance contract liabilities	-	-	-	-	-
	<u>1,017</u>	<u>506</u>	<u>20,452</u>	<u>2,141</u>	<u>24,116</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.13 OTHER PAYABLES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
Accrued liabilities	35,720	32,724	38,454	34,409
Payroll liabilities	7,770	8,638	9,270	5,018
Deposit held on bonds	62,041	59,897	60,071	64,737
Advanced premium	3,383	4,184	4,107	3,816
Dividend payables	-	-	164,000	-
Other payables	42,410	29,472	42,069	40,378
	<u>151,324</u>	<u>134,915</u>	<u>317,971</u>	<u>148,358</u>
Current	133,224	119,045	300,674	126,061
Non-current	18,100	15,870	17,297	22,297
	<u>151,324</u>	<u>134,915</u>	<u>317,971</u>	<u>148,358</u>

The carrying amounts disclosed above approximate fair value at the reporting date.

2.14 INSURANCE SERVICE RESULT

	<u>Accident and health</u> RM'000	<u>Property and Casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
<u>Financial year ended 31 December 2022 (Audited)</u>				
Insurance revenue from contracts measured under PAA	<u>162,457</u>	<u>350,847</u>	<u>158,143</u>	<u>671,447</u>
<u>Insurance service expenses</u>				
Incurred claims and directly attributable expenses	(42,226)	(185,768)	(123,516)	(351,510)
Acquisition expenses cashflow amortisation	(33,005)	(69,711)	(23,832)	(126,548)
Losses on onerous contracts and reversals	-	1,180	2,283	3,463
Changes related to past service - liabilities for incurred claims	16,238	5,877	42,679	64,794
	<u>(58,993)</u>	<u>(248,422)</u>	<u>(102,386)</u>	<u>(409,801)</u>
<u>Financial year ended 31 December 2023 (Audited)</u>				
Insurance revenue from contracts measured under PAA	<u>184,265</u>	<u>359,011</u>	<u>147,678</u>	<u>690,954</u>
<u>Insurance service expenses</u>				
Incurred claims and directly attributable expenses	(59,690)	(169,667)	(117,157)	(346,514)
Acquisition expenses cashflow amortisation	(38,190)	(68,939)	(21,602)	(128,731)
Losses on onerous contracts and reversals	-	1,249	(653)	596
Changes related to past service - liabilities for incurred claims	8,454	114,267	20,454	143,175
	<u>(89,426)</u>	<u>(123,090)</u>	<u>(118,958)</u>	<u>(331,474)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.14 INSURANCE SERVICE RESULT (CONTINUED)

	<u>Accident and health</u> RM'000	<u>Property and Casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
<u>Financial year ended 31 December 2024 (Audited)</u>				
Insurance revenue from contracts measured under PAA	201,693	351,727	150,075	703,495
<u>Insurance service expenses</u>				
Incurring claims and directly attributable expenses	(72,403)	(143,629)	(123,794)	(339,826)
Acquisition expenses cashflow amortisation	(43,041)	(67,737)	(22,250)	(133,028)
Losses on onerous contracts and reversals	-	(359)	(6,465)	(6,824)
Changes related to past service - liabilities for incurred claims	7,316	134,965	(5,056)	137,225
	<u>(108,128)</u>	<u>(76,760)</u>	<u>(157,565)</u>	<u>(342,453)</u>
<u>Financial period ended 30 June 2025 (Audited)</u>				
Insurance revenue from contracts measured under PAA	110,935	179,338	85,317	375,590
<u>Insurance service expenses</u>				
Incurring claims and directly attributable expenses	(45,009)	(88,647)	(73,494)	(207,150)
Acquisition expenses cashflow amortisation	(24,053)	(36,648)	(13,504)	(74,205)
Losses on onerous contracts and reversals	-	13	(1,432)	(1,419)
Changes related to past service - liabilities for incurred claims	11,255	(1,149)	9,056	19,162
	<u>(57,807)</u>	<u>(126,431)</u>	<u>(79,374)</u>	<u>(263,612)</u>
<u>Financial period ended 30 June 2024 (Unaudited)</u>				
Insurance revenue from contracts measured under PAA	100,771	169,791	72,803	343,365
<u>Insurance service expenses</u>				
Incurring claims and directly attributable expenses	(34,551)	(86,424)	(53,478)	(174,453)
Acquisition expenses cashflow amortisation	(21,579)	(33,160)	(10,976)	(65,715)
Losses on onerous contracts and reversals	-	(22)	32	10
Changes related to past service - liabilities for incurred claims	1,000	30,742	4,825	36,567
	<u>(55,130)</u>	<u>(88,864)</u>	<u>(59,597)</u>	<u>(203,591)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.15 NET EXPENSE FROM REINSURANCE CONTRACTS HELD

	<u>Accident and health</u> RM'000	<u>Property and Casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
<u>Financial year ended 31 December 2022 (Audited)</u>				
Allocation of reinsurance premiums	(10,830)	(106,516)	(5,095)	(122,441)
<u>Amounts recoverable from reinsurers for incurred claims</u>				
Recoveries of incurred claims and other insurance service expenses	3,291	93,761	4,067	101,119
Changes relating to past service - adjustments to incurred claims	(7,601)	26,027	(17,633)	793
Recoveries and reversals of recoveries of losses on onerous underlying	-	(620)	(75)	(695)
Effect of changes in the risk of reinsurers non-performance	1	3	3	7
	<u>(4,309)</u>	<u>119,171</u>	<u>(13,638)</u>	<u>101,224</u>
<u>Financial year ended 31 December 2023 (Audited)</u>				
Allocation of reinsurance premiums	(12,617)	(123,996)	(5,952)	(142,565)
<u>Amounts recoverable from reinsurers for incurred claims</u>				
Recoveries of incurred claims and other insurance service expenses	5,468	68,790	4,564	78,822
Changes relating to past service - adjustments to incurred claims	(1,189)	(71,227)	(513)	(72,929)
Recoveries and reversals of recoveries of losses on onerous underlying	-	(663)	32	(631)
Effect of changes in the risk of reinsurers non-performance	-	6	-	6
	<u>4,279</u>	<u>(3,094)</u>	<u>4,083</u>	<u>5,268</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.15 NET EXPENSE FROM REINSURANCE CONTRACTS HELD (CONTINUED)

	Accident and health RM'000	Property and Casualty RM'000	Motor RM'000	Total RM'000
<u>Financial year ended 31 December 2024 (Audited)</u>				
Allocation of reinsurance premiums	(12,425)	(123,764)	(7,684)	(143,873)
<u>Amounts recoverable from reinsurers for incurred claims</u>				
Recoveries of incurred claims and other insurance service expenses	5,015	47,498	4,556	57,069
Changes relating to past service - adjustments to incurred claims	(1,101)	(89,164)	9,826	(80,439)
Recoveries and reversals of recoveries of losses on onerous underlying	-	168	291	459
Effect of changes in the risk of reinsurers non-performance	-	8	(2)	6
	<u>3,914</u>	<u>(41,490)</u>	<u>14,671</u>	<u>(22,905)</u>
<u>Financial period ended 30 June 2025 (Audited)</u>				
Allocation of reinsurance premiums	(5,993)	(61,706)	(4,243)	(71,942)
<u>Amounts recoverable from reinsurers for incurred claims</u>				
Recoveries of incurred claims and other insurance service expenses	3,850	27,006	1,952	32,808
Changes relating to past service - adjustments to incurred claims	(862)	19,271	(2,277)	16,132
Recoveries and reversals of recoveries of losses on onerous underlying	-	(1)	55	54
Reinsurance acquisition cash flows amortisation	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	(3)	-	(3)
	<u>2,988</u>	<u>46,273</u>	<u>(270)</u>	<u>48,991</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.15 NET EXPENSE FROM REINSURANCE CONTRACTS HELD (CONTINUED)

	<u>Accident and health</u> RM'000	<u>Property and Casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
<u>Financial period ended 30 June 2024 (Unaudited)</u>				
Allocation of reinsurance premiums	(5,773)	(56,625)	(3,651)	(66,049)
<u>Amounts recoverable from reinsurers for incurred claims</u>				
Recoveries of incurred claims and other insurance service expenses	3,805	30,658	1,760	36,223
Changes relating to past service - adjustments to incurred claims	(522)	(17,092)	(2,612)	(20,226)
Recoveries and reversals of recoveries of losses on onerous underlying	-	(17)	-	(17)
Reinsurance acquisition cash flows amortisation	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
	<u>3,283</u>	<u>13,549</u>	<u>(852)</u>	<u>15,980</u>

2.16 TOTAL INVESTMENT INCOME

	<u>Financial year ended/period ended</u>				
	<u>31.12.2022</u> Audited RM'000	<u>31.12.2023</u> Audited RM'000	<u>31.12.2024</u> Audited RM'000	<u>30.06.2025</u> Audited RM'000	<u>30.06.2024</u> Unaudited RM'000
<u>Investment income from financial assets measured at FVTPL</u>					
Interest income	49,878	54,714	58,976	27,461	29,178
Dividend income					
- unquoted equity securities in Malaysia	66	66	33	-	-
Amortisation of premium (Note 2.6)	(6,760)	(6,387)	(5,763)	(1,715)	(3,014)
Other investment expense from MMIP	(436)	1,997	1,434	717	1,337
Investment advisory fees and custodian charges	(2,013)	(2,121)	(2,241)	(1,095)	(1,098)
	<u>40,735</u>	<u>48,269</u>	<u>52,439</u>	<u>25,368</u>	<u>26,403</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.16 TOTAL INVESTMENT INCOME (CONTINUED)**

	Financial year ended/period ended				
	31.12.2022	31.12.2023	31.12.2024	30.06.2025	30.06.2024
	Audited	Audited	Audited	Audited	Unaudited
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Interest income from financial assets not measured at FVTPL</u>					
Cash and cash equivalents - interest income	5,106	5,822	4,593	2,006	2,085
<u>Net fair value losses/(gains) on financial assets</u>					
Malaysian government securities and guaranteed loans	(11,397)	9,391	1,810	12,759	872
Unquoted debt securities in Malaysia	(6,393)	11,559	1,486	3,955	1,688
	(17,790)	20,950	3,296	16,714	2,560
<u>Net realised gains</u>					
Malaysian government securities and guaranteed loans	1,623	1,203	607	21	142
Unquoted debt securities in Malaysia	1,075	888	4,553	21	1,283
	2,698	2,091	5,160	42	1,425
Total investment income	30,749	77,132	65,488	44,130	32,473

2.17 INSURANCE FINANCE EXPENSE FOR INSURANCE CONTRACTS ISSUED

	Accident and health RM'000	Property and Casualty RM'000	Motor RM'000	Total RM'000
<u>Financial year ended 31 December 2022 (Audited)</u>				
Interest accreted to insurance contracts using current financial assumptions	(1,306)	(11,032)	(5,304)	(17,642)
Due to changes in interest rates and other financial assumptions	216	2,066	862	3,144
Total insurance finance expenses from insurance contracts issued	(1,090)	(8,966)	(4,442)	(14,498)
<u>Financial year ended 31 December 2023 (Audited)</u>				
Interest accreted to insurance contracts using current financial assumptions	(1,547)	(14,898)	(5,959)	(22,404)
Due to changes in interest rates and other financial assumptions	(241)	(3,947)	(1,256)	(5,444)
Total insurance finance expenses from insurance contracts issued	(1,788)	(18,845)	(7,215)	(27,848)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.17 INSURANCE FINANCE EXPENSE FOR INSURANCE CONTRACTS ISSUED

	<u>Accident and health</u> RM'000	<u>Property and Casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
<u>Financial year ended 31 December 2024 (Audited)</u>				
Interest accreted to insurance contracts using current financial assumptions	(1,770)	(13,337)	(5,922)	(21,029)
Due to changes in interest rates and other financial assumptions	<u>(220)</u>	<u>(3,243)</u>	<u>(1,256)</u>	<u>(4,719)</u>
Total insurance finance expenses from insurance contracts issued	<u>(1,990)</u>	<u>(16,580)</u>	<u>(7,178)</u>	<u>(25,748)</u>
<u>Financial period ended 30 June 2025 (Audited)</u>				
Interest accreted to insurance contracts using current financial assumptions	(1,064)	(5,916)	(3,847)	(10,827)
Due to changes in interest rates and other financial assumptions	<u>(50)</u>	<u>(726)</u>	<u>(339)</u>	<u>(1,115)</u>
Total insurance finance expenses from insurance contracts issued	<u>(1,114)</u>	<u>(6,642)</u>	<u>(4,186)</u>	<u>(11,942)</u>
<u>Financial period ended 30 June 2024 (Unaudited)</u>				
Interest accreted to insurance contracts using current financial assumptions	(879)	(6,811)	(3,148)	(10,838)
Due to changes in interest rates and other financial assumptions	<u>(187)</u>	<u>(2,345)</u>	<u>(789)</u>	<u>(3,321)</u>
Total insurance finance expenses from insurance contracts issued	<u>(1,066)</u>	<u>(9,156)</u>	<u>(3,937)</u>	<u>(14,159)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.18 REINSURANCE FINANCE INCOME FOR REINSURANCE CONTRACTS HELD

	Accident and health RM'000	Property and Casualty RM'000	Motor RM'000	Total RM'000
<u>Financial year ended 31 December 2022 (Audited)</u>				
Interest accreted to reinsurance contracts using current financial assumptions	297	5,457	375	6,129
Due to changes in interest rates and other financial assumptions	(50)	(903)	(37)	(990)
Total reinsurance finance income from reinsurance contracts held	247	4,554	338	5,139
<u>Financial year ended 31 December 2023 (Audited)</u>				
Interest accreted to reinsurance contracts using current financial assumptions	197	7,291	327	7,815
Due to changes in interest rates and other financial assumptions	33	1,928	65	2,026
Total reinsurance finance income from reinsurance contracts held	230	9,219	392	9,841
<u>Financial year ended 31 December 2024 (Audited)</u>				
Interest accreted to reinsurance contracts using current financial assumptions	178	6,054	287	6,519
Due to changes in interest rates and other financial assumptions	24	1,499	28	1,551
Total reinsurance finance income from reinsurance contracts held	202	7,553	315	8,070
<u>Financial period ended 30 June 2025 (Audited)</u>				
Interest accreted to reinsurance contracts using current financial assumptions	85	2,200	349	2,634
Due to changes in interest rates and other financial assumptions	(1)	378	15	392
Total reinsurance finance income from reinsurance contracts held	84	2,578	364	3,026
<u>Financial period ended 30 June 2024 (Unaudited)</u>				
Interest accreted to reinsurance contracts using current financial assumptions	90	3,180	123	3,393
Due to changes in interest rates and other financial assumptions	21	1,061	25	1,107
Total reinsurance finance income from reinsurance contracts held	111	4,241	148	4,500

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.19 EXPENSES BY NATURE**

	<u>Note</u>	Expenses attributed to insurance acquisition cash flow*	Other direct attributable expenses	Other operating expenses	Total
		RM'000	RM'000	RM'000	RM'000
<u>Financial year ended 31 December 2022 (Audited)</u>					
Employee benefits expense	2.19(a)	23,376	-	52,778	76,154
Directors' remuneration	2.19(b)	-	-	795	795
Auditors' remuneration					
- Statutory audit		-	-	424	424
- Audit-related services		-	-	544	544
- Non-audit services		-	-	85	85
Depreciation of property and equipment	2.3	-	-	3,845	3,845
Depreciation of right-of-use assets	2.4	-	-	1,111	1,111
Property and equipment written off		-	-	34	34
Amortisation of intangible assets	2.5	-	-	2,089	2,089
Electronic data processing expenses ("EDP")		32	-	16,521	16,553
Advertising		5,297	-	1,110	6,407
Printing and stationery		83	-	106	189
Electricity and water		317	-	519	836
Postage and telephone		500	-	(140)	360
Regional technical service charges		-	-	11,338	11,338
Outsourced services fees		-	-	17,479	17,479
Other expenses		468	-	11,910	12,378
Commission		123,308	-	-	123,308
Claims handling expenses		-	5,504	-	5,504
		<u>153,381</u>	<u>5,504</u>	<u>120,548</u>	<u>279,433</u>

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cost.

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.19 EXPENSES BY NATURE (CONTINUED)**

	<u>Note</u>	Expenses attributed to insurance acquisition cash flow*	Other direct attributable expenses	Other operating expenses	Total
		RM'000	RM'000	RM'000	RM'000
<u>Financial year ended 31 December 2023 (Audited)</u>					
Employee benefits expense	2.19(a)	21,800	-	58,296	80,096
Directors' remuneration	2.19(b)	-	-	834	834
Auditors' remuneration					
- Statutory audit		-	-	522	522
- Audit-related services		-	-	225	225
- Non-audit services		-	-	30	30
Depreciation of property and equipment	2.3	-	-	2,421	2,421
Depreciation of right-of-use assets	2.4	-	-	1,083	1,083
Property and equipment written off		-	-	18	18
Amortisation of intangible assets	2.5	-	-	2,698	2,698
Electronic data processing expenses ("EDP")		30	-	15,122	15,152
Advertising		4,940	-	2,222	7,162
Printing and stationery		78	-	190	268
Electricity and water		295	-	886	1,181
Postage and telephone		466	-	(110)	356
Regional technical service charges		-	-	12,548	12,548
Outsourced services fees		-	-	13,653	13,653
Other expenses		436	-	12,657	13,093
Commission		98,052	-	-	98,052
Claims handling expenses		-	1,757	-	1,757
		<u>126,097</u>	<u>1,757</u>	<u>123,295</u>	<u>251,149</u>

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cost.

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.19 EXPENSES BY NATURE (CONTINUED)

	<u>Note</u>	Expenses attributed to insurance acquisition cash flow*	Other direct attributable expenses	Other operating expenses	Total
		RM'000	RM'000	RM'000	RM'000
<u>Financial year ended 31 December 2024 (Audited)</u>					
Employee benefits expense	2.19(a)	23,174	-	61,611	84,785
Directors' remuneration	2.19(b)	-	-	933	933
Auditors' remuneration					
- Statutory audit		-	-	529	529
- Audit-related services		-	-	76	76
- Non-audit services		-	-	210	210
Depreciation of property and equipment	2.3	-	-	2,212	2,212
Depreciation of right-of-use assets	2.4	-	-	1,165	1,165
Property and equipment written off		-	-	81	81
Amortisation of intangible assets	2.5	-	-	3,562	3,562
Electronic data processing expenses ("EDP")		-	-	20,342	20,342
Advertising		7,208	-	8,090	15,298
Printing and stationery		39	-	962	1,001
Electricity and water		349	-	733	1,082
Postage and telephone		267	-	162	429
Regional technical service charges		-	-	18,218	18,218
Outsourced services fees		-	-	13,105	13,105
Other expenses		1,272	-	13,887	15,159
Commission		113,334	-	-	113,334
Claims handling expenses		-	4,575	-	4,575
		145,643	4,575	145,878	296,096

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cost.

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.19 EXPENSES BY NATURE (CONTINUED)

	Note	Expenses attributed to insurance acquisition cash flow*	Other direct attributable expenses	Other operating expenses	Total
		RM'000	RM'000	RM'000	RM'000
<u>Financial period ended 30 June 2025 (Audited)</u>					
Employee benefits expense	2.19(a)	13,905	-	32,024	45,929
Directors' remuneration	2.19(b)	-	-	472	472
Auditors' remuneration					
- Statutory audit		-	-	264	264
- Audit-related services		-	-	-	-
- Non-audit services		-	-	65	65
Depreciation of property and equipment	2.3	-	-	1,180	1,180
Depreciation of right-of-use assets	2.4	-	-	661	661
Amortisation of intangible assets	2.5	-	-	1,934	1,934
Electronic data processing expenses ("EDP")		153	-	11,700	11,853
Advertising		8,001	-	980	8,981
Printing and stationery		240	-	647	887
Electricity and water		166	-	345	511
Postage and telephone		217	-	(30)	187
Regional technical service charges		-	-	9,109	9,109
Outsourced services fees		-	-	7,847	7,847
Other expenses		2,154	-	8,926	11,080
Commission		58,135	-	-	58,135
Claims handling expenses		-	4,218	-	4,218
		<u>82,971</u>	<u>4,218</u>	<u>76,124</u>	<u>163,313</u>

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cost.

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.19 EXPENSES BY NATURE (CONTINUED)

	Note	Expenses attributed to insurance acquisition cash flow*	Other direct attributable expenses	Other operating expenses	Total
		RM'000	RM'000	RM'000	RM'000
<u>Financial period ended 30 June 2024 (Unaudited)</u>					
Employee benefits expense	2.19(a)	11,254	-	29,982	41,236
Directors' remuneration	2.19(b)	-	-	444	444
Auditors' remuneration					
- Statutory audit		-	-	257	257
- Audit-related services		-	-	-	-
- Non-audit services		-	-	65	65
Depreciation of property and equipment	2.3	-	-	1,116	1,116
Depreciation of right-of-use assets	2.4	-	-	574	574
Property and equipment written off		-	-	7	7
Amortisation of intangible assets	2.5	-	-	1,560	1,560
Electronic data processing expenses ("EDP")		-	-	11,087	11,087
Advertising		3,501	-	4,021	7,522
Printing and stationery		19	-	832	851
Electricity and water		170	-	369	539
Postage and telephone		130	-	57	187
Regional technical service charges		-	-	6,274	6,274
Outsourced services fees		-	-	4,944	4,944
Other expenses		618	-	8,100	8,718
Commission		76,051	-	-	76,051
Claims handling expenses		-	1,688	-	1,688
		91,743	1,688	69,689	163,120

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cost.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.19 EXPENSES BY NATURE (CONTINUED)****(a) Employee benefits expense**

	Financial year ended/period ended				
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>	<u>30.06.2024</u>
	Audited	Audited	Audited	Audited	Unaudited
	RM'000	RM'000	RM'000	RM'000	RM'000
Wages and salaries	53,724	54,986	57,664	32,591	28,376
Social security contributions	379	424	437	259	211
Contributions to defined contribution plan EPF	8,462	8,463	8,929	4,714	4,378
Other benefits	13,589	16,223	17,755	8,365	8,271
	<u>76,154</u>	<u>80,096</u>	<u>84,785</u>	<u>45,929</u>	<u>41,236</u>

(b) Directors' remuneration

The Directors' remuneration and other emoluments are as follows:

	<u>Fees</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<u>Financial year ended 31 December 2022</u>			
<u>(Audited)</u>			
Executive Directors:			
Olivier Bouchard	86	21	107
Non-executive Directors:			
Dato Mohzani bin Abdul Wahab	139	47	186
Cheryl Khor Hui Peng	127	36	163
Dr. Heng Kiah Ngan	127	36	163
Susan Yuen Su Min	130	46	176
Total Directors' remuneration	<u>609</u>	<u>186</u>	<u>795</u>
<u>Financial year ended 31 December 2023</u>			
<u>(Audited)</u>			
Executive Directors:			
Olivier Bouchard	89	20	109
Non-executive Directors:			
Dato Mohzani bin Abdul Wahab	144	50	194
Cheryl Khor Hui Peng	131	47	178
Dr. Heng Kiah Ngan	131	39	170
Susan Yuen Su Min	134	49	183
Total Directors' remuneration	<u>629</u>	<u>205</u>	<u>834</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.19 EXPENSES BY NATURE (CONTINUED)****(b) Directors' remuneration (continued)**

	<u>Fees</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Financial year ended 31 December 2024</u>			
<u>(Audited)</u>			
Executive Directors:			
Olivier Bouchard	96	27	123
Non-executive Directors:			
Dato Mohzani bin Abdul Wahab	154	62	216
Cheryl Khor Hui Peng	142	58	200
Dr. Heng Kiah Ngan	141	47	188
Susan Yuen Su Min	144	62	206
Total Directors' remuneration	<u>677</u>	<u>256</u>	<u>933</u>
<u>Financial period ended 30 June 2025</u>			
<u>(Audited)</u>			
Executive Directors:			
Olivier Bouchard	47	14	61
Non-executive Directors:			
Dato Mohzani bin Abdul Wahab	76	33	109
Cheryl Khor Hui Peng	70	33	103
Dr. Heng Kiah Ngan	70	25	95
Susan Yuen Su Min	71	33	104
Total Directors' remuneration	<u>334</u>	<u>138</u>	<u>472</u>
<u>Financial period ended 30 June 2024</u>			
<u>(Unaudited)</u>			
Executive Directors:			
Olivier Bouchard	46	13	59
Non-executive Directors:			
Dato Mohzani bin Abdul Wahab	74	30	104
Cheryl Khor Hui Peng	68	26	94
Dr. Heng Kiah Ngan	68	22	90
Susan Yuen Su Min	69	28	97
Total Directors' remuneration	<u>325</u>	<u>119</u>	<u>444</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.19 EXPENSES BY NATURE (CONTINUED)****(b) Directors' remuneration (continued)**

The number of executive and non-executive Directors whose total remuneration received during the financial year/period that fall within the following bands are as follows:

	Financial year ended/period ended				
	<u>31.12.2022</u> Audited	<u>31.12.2023</u> Audited	<u>31.12.2024</u> Audited	<u>30.06.2025</u> Audited	<u>30.06.2024</u> Unaudited
Executive Directors:					
RM1-RM100,000	-	-	-	1	1
RM100,001-RM4,000,000	1	1	1	-	-
Non-executive Directors:					
RM1-RM100,000	-	-	-	1	3
RM100,001-RM200,000	4	4	4	3	1

(c) Compensation of Key Management Personnel

The compensation of the key management personnel including Chief Executive Officer is as follows:

	Financial year ended/period ended				
	<u>31.12.2022</u> Audited RM'000	<u>31.12.2023</u> Audited RM'000	<u>31.12.2024</u> Audited RM'000	<u>30.06.2025</u> Audited RM'000	<u>30.06.2024</u> Unaudited RM'000
<u>Fixed remuneration</u>					
Cash-based	9,057	8,779	9,618	4,458	4,408
Contributions to defined contribution plan, EPF	868	693	769	292	339
Benefits-in-kind and other remuneration	386	380	494	11	11
<u>Variable remuneration</u>					
Cash-based	1,647	2,049	2,066	19	364
Contributions to defined contribution plan, EPF	128	132	115	-	-
Shares and share-linked instruments (Deferred)	1,772	2,240	1,988	-	-
Benefits-in-kind and other remuneration	290	166	213	68	27
	<u>14,148</u>	<u>14,439</u>	<u>15,263</u>	<u>4,848</u>	<u>5,149</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.19 EXPENSES BY NATURE (CONTINUED)

(c) Compensation of Key Management Personnel (continued)

All Senior Officers have received variable remuneration during the financial year/period.

	Financial year ended/period ended				
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>	<u>30.06.2024</u>
	Audited	Audited	Audited	Audited	Unaudited
	No. of officer	No. of officer	No. of officer	No. of officer	No. of officer
Guaranteed bonus	-	-	-	-	-
Sign-on awards	-	1	1	-	-
Severance payments	-	-	2	-	-
	RM'000	RM'000	RM'000	RM'000	RM'000
Guaranteed bonus	-	-	-	-	-
Sign-on awards	-	250	540	-	-
Severance payments	-	-	480	-	-

	As at			
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
<u>Deferred remuneration</u>				
Outstanding shares and share-linked instruments as at 31 December/30 June		3,845	3,317	4,237
Shares and share-linked instruments paid during the financial year/period		1,693	2,828	1,106
				3,316
				-

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.20 TAXATION**

	Financial year ended/period ended				
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>	<u>30.06.2024</u>
	Audited	Audited	Audited	Audited	Unaudited
	RM'000	RM'000	RM'000	RM'000	RM'000
Current income tax:					
Current financial year/period	40,442	34,420	27,049	6,928	11,262
(Over)/under provision in prior financial years	(3,486)	703	79	-	-
	<u>36,956</u>	<u>35,123</u>	<u>27,128</u>	<u>6,928</u>	<u>11,262</u>
Deferred tax (Note 2.8):					
Origination and reversal of temporary differences	(102)	5,915	(1,412)	5,611	-
Under/(over) provision in prior financial years	387	(87)	91	-	-
	<u>285</u>	<u>5,828</u>	<u>(1,321)</u>	<u>5,611</u>	<u>-</u>
Total	<u>37,241</u>	<u>40,951</u>	<u>25,807</u>	<u>12,539</u>	<u>11,262</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Financial year ended/period ended				
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>	<u>30.06.2024</u>
	Audited	Audited	Audited	Audited	Unaudited
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>145,880</u>	<u>160,107</u>	<u>99,566</u>	<u>50,408</u>	<u>44,965</u>
Taxation at Malaysian statutory tax rate of 24%	35,010	38,426	23,896	12,098	10,792
Special one-off (Cukai Makmur) at 33%	4,484	-	-	-	-
Income not subject to tax	(323)	(362)	(344)	(130)	-
Expenses not deductible for tax purposes	1,556	2,184	2,176	571	470
(Over)/under provision of tax in prior financial years	(3,486)	703	79	-	-
Tax expense for the financial year/period	<u>37,241</u>	<u>40,951</u>	<u>25,807</u>	<u>12,539</u>	<u>11,262</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.20 TAXATION (CONTINUED)**Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model rules

The OECD's Pillar Two Model rules ("the rules") aims to ensure that multinational enterprises with global revenues exceeding EUR 750 million pay a minimum effective tax rate on income arising in each jurisdiction in which they operate. The framework imposes a top-up tax on profits arising in jurisdictions where the effective tax rate is below 15%.

According to the rules, Chubb Limited group may be subject to a top-up tax payment calculated as the variance between the tax rate under the framework or a 15% minimum tax rate. The effective tax rate for the Company is well above the minimum tax rate, and as such the Company is unlikely to be impacted.

2.21 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the financial year/period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	Financial year ended/period ended				
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>	<u>30.06.2024</u>
	Audited	Audited	Audited	Audited	Unaudited
	RM'000	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary equity holders	108,639	119,156	73,759	37,869	33,703
Weighted average number of shares in issue	100,000	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>108.64</u>	<u>119.16</u>	<u>73.76</u>	<u>37.87</u>	<u>33.70</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.22 RELATED PARTY BALANCES AND TRANSACTIONS**

The related parties of, and their relationship with the Company, are as follows:

<u>Company</u>	<u>Country of incorporation</u>	<u>Relationship</u>
Chubb Limited	Switzerland	Ultimate holding company
Chubb INA International Holdings Ltd	United States	Immediate holding company
Chubb Tempest Reinsurance Ltd	Bermuda	Subsidiary of ultimate holding company
Chubb Tempest Reinsurance Ltd, Labuan Branch	Labuan	Subsidiary of ultimate holding company
Chubb Asia Pacific Pte Ltd	Singapore	Subsidiary of immediate holding
Chubb Services UK Limited	United Kingdom	Subsidiary of immediate holding company
Cover Direct, Inc	United States	Subsidiary of immediate holding company
Chubb Insurance Hong Kong Limited	Hong Kong	Subsidiary of immediate holding company
Chubb Business Services Malaysia Sdn. Bhd. (formerly known as Chubb IT Development Centre Sdn. Bhd.)	Malaysia	Subsidiary of immediate holding company
ACE INA Overseas Insurance Co Ltd	Bermuda	Subsidiary of immediate holding company
Chubb INA Overseas Insurance Co Ltd	Bermuda	Subsidiary of immediate holding company
Chubb INA Holdings Inc	United States	Subsidiary of ultimate holding company
Chubb International Management Corporation	United States	Subsidiary of immediate holding company
ACE American Fire and Marine Insurance Company Korea	Korea	Subsidiary of ultimate holding company
Chubb Business Services (A branch of Chubb Asia Pacific Pte Ltd)	Philippines	Subsidiary of immediate holding company
Chubb European Group SE	France	Subsidiary of immediate holding company

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.22 RELATED PARTY BALANCES AND TRANSACTIONS (COTINUED)**

- (a) In the normal course of business, the Company undertakes at agreed terms and prices, various transactions with its ultimate holding company and related companies, being subsidiaries of Chubb Limited.

The significant related party balances as at the date of the statement of financial position and significant related party transactions arising from normal business transactions during the financial year/period are set out below.

		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
		Audited	Audited	Audited	Audited
		RM'000	RM'000	RM'000	RM'000
Significant related party balances:					
<u>Reinsurance contract assets – assets/(liabilities) for remaining coverage</u>					
Chubb Tempest Reinsurance Ltd, Labuan Branch	Labuan	(10,141)	(10,820)	(9,997)	(8,659)
Chubb Tempest Reinsurance Ltd	Bermuda	(10)	-	-	-
Other related companies within Chubb Company	Others	<u>(99)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Reinsurance contract assets – assets for incurred claims</u>					
Chubb Tempest Reinsurance Ltd, Labuan Branch	Labuan	<u>2,450</u>	<u>1,469</u>	<u>7,097</u>	<u>879</u>
<u>Insurance contract liabilities – assets/(liabilities) for remaining coverage</u>					
Chubb Insurance Hong Kong Limited	Hong Kong	(422)	(61)	74	(448)
Chubb European Group SE	France	-	2	914	-
Other related companies within Chubb Company	Others	<u>(231)</u>	<u>(45)</u>	<u>(14)</u>	<u>(45)</u>
<u>Insurance contract liabilities – liabilities for incurred claims</u>					
Chubb Insurance Hong Kong Limited	Hong Kong	<u>(83)</u>	<u>(91)</u>	<u>(81)</u>	<u>(81)</u>
<u>Other receivables</u>					
Chubb INA International Holdings Ltd	United States	21	-	-	-
Chubb Samaggi Insurance Public Company Limited	Thailand	-	-	16	-
Chubb Asia Pacific Pte Ltd	Singapore	1,630	1,436	-	-
Other related companies within Chubb Company	Others	<u>28</u>	<u>138</u>	<u>11</u>	<u>4</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.22 RELATED PARTY BALANCES AND TRANSACTIONS (COTINUED)**

		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
		Audited	Audited	Audited	Audited
		RM'000	RM'000	RM'000	RM'000
Significant related party balances (continued):					
<u>Other payables</u>					
Chubb Asia Pacific Pte Ltd	Singapore	(11,011)	(12,673)	(20,037)	(7,510)
	United Kingdom				
Chubb Services UK Limited	United States	(4,382)	(4,552)	(3,693)	(2,659)
Cover Direct, Inc	States	(2,689)	(3,139)	(5,144)	(4,048)
Chubb Business Services Malaysia Sdn. Bhd. (f.k.a. Chubb IT Development Centre Sdn. Bhd.)	Malaysia	(4,510)	(2,918)	(6,555)	(2,828)
	United States				
Chubb INA Holdings Inc	United States	(339)	(395)	(502)	(448)
ACE American Insurance Company	States	(933)	-	(725)	(19)
Other related companies within Chubb Company	Others	(630)	(716)	(464)	(502)

		<u>Financial year ended/period ended</u>				
		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>	<u>30.06.2024</u>
		Audited	Audited	Audited	Audited	Unaudited
		RM'000	RM'000	RM'000	RM'000	RM'000

Significant related party transactions:

Insurance revenue

Chubb Insurance Hong Kong Limited	Hong Kong	1	610	743	396	226
Chubb European Group SE	France	752	1,058	992	8	20
Other related companies within Chubb Company	Others	514	573	885	(397)	195

Insurance service income/(expense)

Chubb Insurance Hong Kong Limited	Hong Kong	(716)	(1,032)	(3,058)	(147)	(123)
Other related companies within Chubb Company	Others	(454)	(230)	(407)	(60)	(124)

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.22 RELATED PARTY BALANCES AND TRANSACTIONS (COTINUED)

		Financial year ended/period ended				
		31.12.2022	31.12.2023	31.12.2024	30.06.2025	30.06.2024
		Audited	Audited	Audited	Audited	Unaudited
		RM'000	RM'000	RM'000	RM'000	RM'000
Significant related party transactions:						
<u>Allocation of reinsurance premium</u>						
Chubb Tempest Reinsurance Ltd. Labuan Branch	Labuan	(87,919)	(104,120)	(117,285)	(59,457)	(51,377)
Other related companies within Chubb Company	Others	(1,056)	(875)	(884)	(458)	(405)
<u>Amounts recoverable/(payables) from reinsurers for incurred claims</u>						
Chubb Tempest Reinsurance Ltd. Labuan Branch	Labuan	70,399	7,483	35,410	11,363	3,582
Other related companies within Chubb Company	Others	(181)	573	94	(42)	99
<u>Other income - Accounting and administration services</u>						
Chubb Business Services Malaysia Sdn. Bhd. (f.k.a. Chubb IT Development Centre Sdn. Bhd.)	Malaysia	240	240	240	120	120
<u>Rental and other income</u>						
Chubb Business Services Malaysia Sdn. Bhd. (f.k.a. Chubb IT Development Centre Sdn. Bhd.)	Malaysia	1,422	1,361	1,259	632	629
<u>Other operating expense - EDP system charges</u>						
Chubb Services UK Limited	United Kingdom	(4,414)	(4,415)	(3,826)	(2,168)	(1,984)
Cover Direct, Inc	United States	(2,061)	(2,520)	(4,657)	(2,379)	(1,064)
Chubb Business Services Malaysia Sdn. Bhd. (f.k.a. Chubb IT Development Centre Sdn. Bhd.)	Malaysia	(2,671)	(826)	(1,483)	(596)	(528)
Chubb INA Holdings Inc	United States	(340)	(391)	(516)	(463)	(210)
ACE American Fire and Marine Insurance Company Korea	Korea	(12)	(13)	(8)	-	-

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.22 RELATED PARTY BALANCES AND TRANSACTIONS (COTINUED)

		Financial year ended/period ended				
		31.12.2022	31.12.2023	31.12.2024	30.06.2025	30.06.2024
		Audited	Audited	Audited	Audited	Unaudited
		RM'000	RM'000	RM'000	RM'000	RM'000
Significant related party transactions (continued):						
<u>Other operating expense - Technical support and consultancy services</u>						
Chubb Asia Pacific Pte Ltd	Singapore	(11,246)	(12,444)	(18,080)	(8,970)	(9,047)
Cover Direct, Inc	United States	(41)	(37)	(182)	-	-
<u>Other operating expense - Service fees and others</u>						
Cover Direct, Inc	United States	(622)	(518)	(398)	(334)	(265)
Chubb International Management Corporation	United States	(87)	(107)	(92)	(47)	(43)
Chubb Business Service (Philippines)	Philippines	(213)	(260)	(295)	(201)	(210)
<u>Other operating expense - Employee share-based incentive plan</u>						
Chubb Limited	Switzerland	(1,796)	(4,387)	(1,846)	-	-
<u>Capital expenditure – Work-in-progress</u>						
Chubb Services UK Limited	United Kingdom	-	-	-	(584)	-
Chubb Business Services Malaysia Sdn. Bhd. (f.k.a. Chubb IT Development Centre Sdn. Bhd.)	Malaysia	(1,853)	(2,092)	(5,199)	(2,802)	(1,919)
Chubb Asia Pacific Pte Ltd	Singapore	-	-	(4,299)	-	-

(b) The remuneration of directors and other key management personnel during the financial year/period are set out in Note 2.19 to the financial information.

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.23 DIVIDENDS

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>As at</u> <u>30.06.2025</u>
	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
<u>Dividends</u>				
<u>In respect of financial year ended</u> <u>31 December 2022</u>				
Dividend of RM0.75 per share on 100,000,000 ordinary shares, paid on 20 January 2023	-	75,000	-	-
<u>In respect of financial year ended</u> <u>31 December 2023</u>				
Dividend of RM1.10 per share on 100,000,000 ordinary shares, paid on 2 February 2024 (2023 interim dividend)	-	-	110,000	-
<u>In respect of financial year ended</u> <u>31 December 2024</u>				
Dividend of RM1.64 per share on 100,000,000 ordinary shares, paid on 3 January 2025 (2024 interim dividend)	-	-	164,000	-
	-	75,000	274,000	-

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.24 OPERATING SEGMENTS**

Segment information is presented in respect of the Company's class of business segments. This is based on the Company's management and internal reporting structure. There is no inter-segment trade.

Segment results are net insurance result which is directly attributable to a segment as well as other operating expense that can be allocated on a reasonable basis.

<u>For the financial year ended</u> <u>31 December 2022 (Audited)</u>	<u>Accident and</u> <u>health</u> RM'000	<u>Property and</u> <u>casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
Insurance revenue	162,457	350,847	158,143	671,447
Insurance service expense	(58,993)	(248,422)	(102,386)	(409,801)
Allocation of reinsurance premiums	(10,830)	(106,516)	(5,095)	(122,441)
Amounts recoverable from reinsurers for incurred claims	(4,309)	119,171	(13,638)	101,224
Insurance service result	<u>88,325</u>	<u>115,080</u>	<u>37,024</u>	<u>240,429</u>
Insurance finance expense for insurance contracts issued	(1,090)	(8,966)	(4,442)	(14,498)
Reinsurance finance income for reinsurance contracts held	247	4,554	338	5,139
Net foreign exchange (losses)/gains	(1)	(6)	-	(7)
Net insurance financial result	<u>(844)</u>	<u>(4,418)</u>	<u>(4,104)</u>	<u>(9,366)</u>
Other operating expense	<u>(47,961)</u>	<u>(52,198)</u>	<u>(20,389)</u>	<u>(120,548)</u>
Net insurance result after other operating expense	<u>39,520</u>	<u>58,464</u>	<u>12,531</u>	<u>110,515</u>
Investment income from financial assets measured at FVTPL				40,735
Interest income from financial assets not measured at FVTPL				5,106
Net fair value losses on financial assets				(17,790)
Net realised gains				2,698
Total investment income				<u>30,749</u>
Other income				4,616
Finance cost				-
Total income				<u>4,616</u>
Profit before tax				<u>145,880</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.24 OPERATING SEGMENTS (CONTINUED)**

<u>For the financial year ended</u> <u>31 December 2023 (Audited)</u>	<u>Accident and</u> <u>health</u> RM'000	<u>Property and</u> <u>casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
Insurance revenue	184,265	359,011	147,678	690,954
Insurance service expense	(89,426)	(123,090)	(118,958)	(331,474)
Allocation of reinsurance premiums	(12,617)	(123,996)	(5,952)	(142,565)
Amounts recoverable from reinsurers for incurred claims	4,279	(3,094)	4,083	5,268
Insurance service result	<u>86,501</u>	<u>108,831</u>	<u>26,851</u>	<u>222,183</u>
Insurance finance expense for insurance contracts issued	(1,788)	(18,845)	(7,215)	(27,848)
Reinsurance finance income for reinsurance contracts held	230	9,219	392	9,841
Net foreign exchange gains/losses	2	(98)	-	(96)
Net insurance financial result	<u>(1,556)</u>	<u>(9,724)</u>	<u>(6,823)</u>	<u>(18,103)</u>
Other operating expense	<u>(46,756)</u>	<u>(54,917)</u>	<u>(21,622)</u>	<u>(123,295)</u>
Net insurance result after other operating expense	<u>38,189</u>	<u>44,190</u>	<u>(1,594)</u>	<u>80,785</u>
Investment income from financial assets measured at FVTPL				48,269
Interest income from financial assets not measured at FVTPL				5,822
Net fair value gains on financial assets				20,950
Net realised gains				<u>2,091</u>
Total investment income				<u>77,132</u>
Other income				2,289
Finance cost				(99)
Total income				<u>2,190</u>
Profit before tax				<u>160,107</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.24 OPERATING SEGMENTS (CONTINUED)**

<u>For the financial year ended</u> <u>31 December 2024 (Audited)</u>	<u>Accident and</u> <u>health</u> RM'000	<u>Property and</u> <u>casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
Insurance revenue	201,693	351,727	150,075	703,495
Insurance service expense	(108,128)	(76,760)	(157,565)	(342,453)
Allocation of reinsurance premiums	(12,425)	(123,764)	(7,684)	(143,873)
Amounts recoverable from reinsurers for incurred claims	3,914	(41,490)	14,671	(22,905)
Insurance service result	<u>85,054</u>	<u>109,713</u>	<u>(503)</u>	<u>194,264</u>
Insurance finance expense for insurance contracts issued	(1,990)	(16,580)	(7,178)	(25,748)
Reinsurance finance income for reinsurance contracts held	202	7,553	315	8,070
Net foreign exchange gains	1	25	-	26
Net insurance financial result	<u>(1,787)</u>	<u>(9,002)</u>	<u>(6,863)</u>	<u>(17,652)</u>
Other operating expense	<u>(50,212)</u>	<u>(69,484)</u>	<u>(26,182)</u>	<u>(145,878)</u>
Net insurance result after other operating expense	<u>33,055</u>	<u>31,227</u>	<u>(33,548)</u>	<u>30,734</u>
Investment income from financial assets measured at FVTPL				52,439
Interest income from financial assets not measured at FVTPL				4,593
Net fair value gains on financial assets				3,296
Net realised gains				5,160
Total investment income				<u>65,488</u>
Other income				3,441
Finance cost				(97)
Total income				<u>3,344</u>
Profit before tax				<u>99,566</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.24 OPERATING SEGMENTS (CONTINUED)**

<u>For the financial period ended</u> <u>30 June 2025 (Audited)</u>	<u>Accident and</u> <u>health</u> RM'000	<u>Property and</u> <u>casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
Insurance revenue	110,935	179,338	85,317	375,590
Insurance service expense	(57,807)	(126,431)	(79,374)	(263,612)
Allocation of reinsurance premiums	(5,993)	(61,706)	(4,243)	(71,942)
Amounts recoverable from reinsurers for incurred claims	2,988	46,273	(270)	48,991
Insurance service result	<u>50,123</u>	<u>37,474</u>	<u>1,430</u>	<u>89,027</u>
Insurance finance expense for insurance contracts issued	(1,114)	(6,642)	(4,186)	(11,942)
Reinsurance finance income for reinsurance contracts held	84	2,578	364	3,026
Net foreign exchange gains/(losses)	1	(44)	-	(43)
Net insurance financial result	<u>(1,029)</u>	<u>(4,108)</u>	<u>(3,822)</u>	<u>(8,959)</u>
Other operating expense	<u>(28,097)</u>	<u>(32,145)</u>	<u>(15,882)</u>	<u>(76,124)</u>
Net insurance result after other operating expense	<u>20,997</u>	<u>1,221</u>	<u>(18,274)</u>	<u>3,944</u>
Investment income from financial assets measured at FVTPL				25,368
Interest income from financial assets not measured at FVTPL				2,006
Net fair value gains on financial assets				16,714
Net realised gains				42
Total investment income				<u>44,130</u>
Other income				2,382
Finance cost				(48)
Total income				<u>2,334</u>
Profit before tax				<u><u>50,408</u></u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.24 OPERATING SEGMENTS (CONTINUED)**

<u>For the financial period ended</u> <u>30 June 2024 (Unaudited)</u>	<u>Accident and</u> <u>health</u> RM'000	<u>Property and</u> <u>casualty</u> RM'000	<u>Motor</u> RM'000	<u>Total</u> RM'000
Insurance revenue	100,771	169,791	72,803	343,365
Insurance service expense	(55,130)	(88,864)	(59,597)	(203,591)
Allocation of reinsurance premiums	(5,773)	(56,625)	(3,651)	(66,049)
Amounts recoverable from reinsurers for incurred claims	<u>3,283</u>	<u>13,549</u>	<u>(852)</u>	<u>15,980</u>
Insurance service result	<u>43,151</u>	<u>37,851</u>	<u>8,703</u>	<u>89,705</u>
Insurance finance expense for insurance contracts issued	(1,066)	(9,156)	(3,937)	(14,159)
Reinsurance finance income for reinsurance contracts held	111	4,241	148	4,500
Net foreign exchange losses	<u>(2)</u>	<u>(10)</u>	<u>(8)</u>	<u>(20)</u>
Net insurance financial result	<u>(957)</u>	<u>(4,925)</u>	<u>(3,797)</u>	<u>(9,679)</u>
Other operating expense	<u>(23,170)</u>	<u>(34,776)</u>	<u>(11,743)</u>	<u>(69,689)</u>
Net insurance result after other operating expense	<u>19,024</u>	<u>(1,850)</u>	<u>(6,837)</u>	<u>10,337</u>
Investment income from financial assets measured at FVTPL				26,403
Interest income from financial assets not measured at FVTPL				2,085
Net fair value gains on financial assets				2,560
Net realised gains				<u>1,425</u>
Total investment income				<u>32,473</u>
Other income				2,155
Finance cost				-
Total income				<u>2,155</u>
Profit before tax				<u>44,965</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK**

The Company recognises the importance of effective risk management practices and embedding risk culture within the Company and therefore, it is the commitment of the Company to integrate Enterprise Risk Management ("ERM") into strategic planning and decision making.

(a) Risk Appetite

The risk appetite outlines the degree of risk the Company is willing to assume in pursuit of its strategic objectives against the capital exposed to the risk. The risk appetite is formulated by the Board and is reviewed annually. The risk appetite articulates the risks, controls and returns for material exposures. The Company in general has a conservative risk appetite with a prudent Risk Management Framework in place.

(b) Risk Management Framework ("RMF")

The Company's RMF describes the role of ERM and helps the Company to achieve its business objectives, meet its corporate obligations and at the same time maintain the Company's reputation.

The RMF puts in place a structure and a process to mitigate risks as they are identified or emerge by assessing them against the Company's established appetite and tolerance levels, thus helping to protect and maintain the capital in the interests of all key stakeholders.

(c) Risk Governance and Oversight

The responsibility and oversight of ERM rests with the Board of Directors ("Board"), with the Enterprise Risk Committee ("ERC") responsible for oversight, policy development, execution and maintaining the appropriate infrastructure. Primary ownership for the daily execution of risk management and controls rests with the business and operating units.

The Board has ultimate risk management responsibility and is also responsible for providing the overall Company direction and strategy, setting financial objectives and for monitoring compliance with regulatory requirements and ethical standards. Chubb's Board has a specific charter setting out its duties and responsibilities. In discharging its responsibility for overall risk management and control, the Board delegates a number of key functions to the Board Risk Management Committee ("BRMC").

The ERC is charged with the responsibility of monitoring, assessing and reporting on risk related activities and meets at least once a quarter, and reports to the BRMC through the Chief Risk Officer ("CRO"). Its objective is to establish, maintain and monitor compliance within a sound risk management framework that integrates risk management into all activities of the business. Its role is to provide advice and assistance including submitting recommendations to the Board on risk management.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)****(d) Capital Management and Capital Adequacy**

Prudent capital management is the foundation for ensuring the Company is able to fulfil its financial obligations to its shareholders, policyholders, regulators and other key stakeholders. The Board is ultimately responsible for determining that the Company's capital is adequate after taking into account the Company's strategic objectives, size and the complexity of its business.

The Company has separately documented its Internal Capital Adequacy Assessment Process ("ICAAP") to ensure that the capital held is adequate based on the Company's risk profile, business mix and complexity of operations. ICAAP outlines the procedures, systems, controls and personnel to identify, measure, monitor and manage the risks arising from capital related activities of the Company. Capital Management is a fundamental aspect of risk management. Capital adequacy assessments and stress tests are conducted on a regular basis, to ensure that sufficient capital is held to meet the minimum regulatory requirement with an additional buffer to withstand a range of adverse or extreme risk event scenarios.

(e) Major Risks

The Company considers insurance risks, financial risks and operational risks as its major risks.

1 Insurance Risk

The Company has in place underwriting guidelines which ensure that underwriting risk undertaken adhere to proper control procedures, to mitigate the Company's exposure to potential financial liabilities resulting from incurring higher claims cost than expected.

This is due to the nature of claims which can be unpredictable in frequency and severity, and the risk of change in legal or economic conditions affecting insurance pricing and conditions of insurance or reinsurance cover.

The underwriting and claims monitoring programme incorporates standards for underwriting procedures, policy retention limits, use of reinsurance and the setting of claims reserves. Underwriting standards are established to manage the initial insurability of customers. Renewal underwriting standards are in place for business that renews on a periodic basis.

1.1 Reinsurance risk

In the normal course of business, the Company limits the amount of loss on any one policy by reinsuring certain levels of risk with other reinsurers or insurers. Reinsurance does not discharge the Company's liability as the primary insurer. Failure of reinsurers to honour their obligations could result in losses to the Company. In order to minimise losses from reinsurance insolvencies, the Company's reinsurance arrangement is in line with BNM's JPI/GPI 22 on "Guidelines on General Reinsurance Arrangement".

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)****(e) Major Risks (continued)****1 Insurance Risk (continued)****1.2 Concentration risk**

The table below sets out the concentration of the Company's insurance contract liabilities (net) by portfolio.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
Accident and Health	51,925	63,573	71,691	85,794
Property and Casualty	542,331	508,066	440,678	499,554
Motor	<u>277,564</u>	<u>280,821</u>	<u>333,181</u>	<u>361,016</u>
	<u>871,820</u>	<u>852,460</u>	<u>845,550</u>	<u>946,364</u>

The table below sets out the concentration of the Company's reinsurance contract assets (net) by portfolio.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
Accident and Health	5,137	6,432	4,269	7,573
Property and Casualty	293,777	235,755	167,938	195,221
Motor	<u>18,189</u>	<u>13,473</u>	<u>22,586</u>	<u>24,116</u>
	<u>317,103</u>	<u>255,660</u>	<u>194,793</u>	<u>226,910</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)****(e) Major Risks (continued)****1 Insurance Risk (continued)****1.3 Key assumptions**

The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claims handling costs, claims inflation factors and average number of claims for each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation, affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

1.4 Sensitivity analysis

The liability for incurred claims and liability for remaining coverage are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit after tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. As the insurance contract liabilities are now discounted, there will be an additional sensitivity test analysis on the discount rates.

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.4 Sensitivity analysis (continued)

	Change in assumptions RM'000	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after tax gross of reinsurance RM'000	Impact on profit after tax net of reinsurance RM'000	Impact on equity gross of reinsurance RM'000	Impact on equity net of reinsurance RM'000
<u>31 December 2022 (Audited)</u>							
Ultimate loss ratio for the latest accident year	+ 10%	35,041	24,706	(26,631)	(18,777)	(26,631)	(18,777)
Average claims handling expenses	+ 10%	3,272	3,272	(2,487)	(2,487)	(2,487)	(2,487)
Discount rate	+ 1%	10,331	6,296	(7,852)	(4,785)	(7,852)	(4,785)
PRAD*	+ 10%	6,749	4,089	(5,129)	(3,108)	(5,129)	(3,108)
Weighted average term to settlement	+ 10%	(3,819)	(2,408)	2,902	1,830	2,902	1,830
Ultimate loss ratio for the latest accident year	- 10%	(35,041)	(24,706)	26,631	18,777	26,631	18,777
Average claims handling expenses	- 10%	(3,272)	(3,272)	2,487	2,487	2,487	2,487
Discount rate	- 1%	(10,758)	(6,561)	8,176	4,986	8,176	4,986
PRAD*	- 10%	(6,749)	(4,089)	5,129	3,108	5,129	3,108
Weighted average term to settlement	- 10%	3,807	2,404	(2,893)	(1,827)	(2,893)	(1,827)

* Provision for Risk of Adverse Deviation

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.4 Sensitivity analysis (continued)

	Change in assumptions RM'000	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after tax gross of reinsurance RM'000	Impact on profit after tax net of reinsurance RM'000	Impact on equity gross of reinsurance RM'000	Impact on equity net of reinsurance RM'000
<u>31 December 2023 (Audited)</u>							
Ultimate loss ratio for the latest accident year	+ 10%	34,702	26,893	(26,374)	(20,439)	(26,374)	(20,439)
Average claims handling expenses	+ 10%	3,588	3,588	(2,727)	(2,727)	(2,727)	(2,727)
Discount rate	+ 1%	(10,363)	(6,916)	7,876	5,256	7,876	5,256
PRAD*	+ 10%	6,640	4,329	(5,046)	(3,290)	(5,046)	(3,290)
Weighted average term to settlement	+ 10%	(3,607)	(2,534)	2,741	1,926	2,741	1,926
Ultimate loss ratio for the latest accident year	- 10%	(34,702)	(26,893)	26,374	20,439	26,374	20,439
Average claims handling expenses	- 10%	(3,588)	(3,588)	2,727	2,727	2,727	2,727
Discount rate	- 1%	10,801	7,212	(8,209)	(5,481)	(8,209)	(5,481)
PRAD*	- 10%	(6,640)	(4,329)	5,046	3,290	5,046	3,290
Weighted average term to settlement	- 10%	3,621	2,424	(2,752)	(1,842)	(2,752)	(1,842)

* Provision for Risk of Adverse Deviation

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.4 Sensitivity analysis (continued)

	Change in assumptions RM'000	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after tax gross of reinsurance RM'000	Impact on profit after tax net of reinsurance RM'000	Impact on equity gross of reinsurance RM'000	Impact on equity net of reinsurance RM'000
<u>31 December 2024 (Audited)</u>							
Ultimate loss ratio for the latest accident year	+ 10%	42,011	35,869	(31,928)	(27,260)	(31,928)	(27,260)
Average claims handling expenses	+ 10%	4,612	4,586	(3,505)	(3,485)	(3,505)	(3,485)
Discount rate	+ 1%	(9,561)	(7,504)	7,266	5,703	7,266	5,703
PRAD*	+ 10%	7,428	5,656	(5,645)	(4,299)	(5,645)	(4,299)
Weighted average term to settlement	+ 10%	(2,991)	(2,467)	2,273	1,875	2,273	1,875
Ultimate loss ratio for the latest accident year	- 10%	(41,990)	(35,848)	31,912	27,244	31,912	27,244
Average claims handling expenses	- 10%	(4,612)	(4,586)	3,505	3,485	3,505	3,485
Discount rate	- 1%	9,892	7,765	(7,518)	(5,901)	(7,518)	(5,901)
PRAD*	- 10%	(7,433)	(5,661)	5,649	4,302	5,649	4,302
Weighted average term to settlement	- 10%	2,996	2,378	(2,277)	(1,807)	(2,277)	(1,807)

* Provision for Risk of Adverse Deviation

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.4 Sensitivity analysis (continued)

	Change in assumptions RM'000	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after tax gross of reinsurance RM'000	Impact on profit after tax net of reinsurance RM'000	Impact on equity gross of reinsurance RM'000	Impact on equity net of reinsurance RM'000
<u>30 June 2025 (Audited)</u>							
Ultimate loss ratio for the latest accident year	+ 10%	31,912	28,104	(24,253)	(21,359)	(24,253)	(21,359)
Average claims handling expenses	+ 10%	5,178	5,150	(3,935)	(3,914)	(3,935)	(3,914)
Discount rate	+ 1%	(11,637)	(8,904)	8,844	6,767	8,844	6,767
PRAD*	+ 10%	8,333	6,215	(6,333)	(4,723)	(6,333)	(4,723)
Weighted average term to settlement	+ 10%	(3,633)	(2,953)	2,761	2,244	2,761	2,244
Ultimate loss ratio for the latest accident year	- 10%	(29,509)	(25,800)	22,427	19,608	22,427	19,608
Average claims handling expenses	- 10%	(5,178)	(5,150)	3,935	3,914	3,935	3,914
Discount rate	- 1%	12,045	9,219	(9,154)	(7,006)	(9,154)	(7,006)
PRAD*	- 10%	(8,333)	(6,215)	6,333	4,723	6,333	4,723
Weighted average term to settlement	- 10%	3,633	2,941	(2,761)	(2,235)	(2,761)	(2,235)

* Provision for Risk of Adverse Deviation

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and incurred but not reported ("IBNR") for each successive accident year at each reporting date, together with cumulative payments to-date.

The table provides a historical perspective on the adequacy of the unpaid claims estimates established in previous years. The Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserve when there is considerable uncertainty. Generally, the uncertainty associated with ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence of adequacy of provision is relatively at its highest.

The Company believes that the estimate of the total claims outstanding as at 30 June 2025 is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than seven years before the end of the annual reporting period in which it first applies MFRS 17.

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Gross estimated liabilities for incurred claims for the financial year ended 31 December 2022

<u>Audited</u> <u>Accident year</u>	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000
At end of accident year	465,667	508,386	511,495	527,127	489,591	425,587	312,591	343,312
One year later	419,774	429,937	454,671	443,108	438,801	340,677	312,210	
Two years later	413,319	419,641	454,011	440,460	441,397	319,442		
Three years later	404,762	411,250	449,465	440,330	426,935			
Four years later	402,296	409,981	443,059	440,046				
Five years later	404,248	408,542	443,415					
Six years later	402,631	404,834						
Seven years later	401,973							
Current estimate of cumulative claims incurred	401,973	404,834	443,415	440,046	426,935	319,442	312,210	343,312
At end of accident year	(120,578)	(158,548)	(180,681)	(181,004)	(157,632)	(117,828)	(73,508)	(88,761)
One year later	(335,296)	(319,636)	(332,828)	(319,242)	(281,458)	(200,748)	(175,803)	
Two years later	(364,033)	(365,672)	(380,641)	(356,089)	(324,900)	(230,426)		
Three years later	(377,282)	(379,343)	(401,103)	(369,009)	(353,654)			
Four years later	(383,020)	(384,823)	(409,948)	(382,443)				
Five years later	(387,247)	(386,822)	(414,284)					
Six years later	(397,396)	(389,169)						
Seven years later	(398,127)							
Cumulative payments to-date	(398,127)	(389,169)	(414,284)	(382,443)	(353,654)	(230,426)	(175,803)	(88,761)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Gross estimated liabilities for incurred claims for the financial year ended 31 December 2022 (continued)

<u>Audited</u>										
<u>Accident year</u>	<u>Prior years</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross undiscounted liabilities for incurred claims	10,181	3,846	15,665	29,131	57,603	73,281	89,016	136,407	254,551	669,681
Effect of discounting	(111)	(72)	(432)	(1,110)	(2,780)	(3,471)	(5,134)	(9,172)	(13,518)	(35,800)
Gross discounted liabilities for incurred claims	10,070	3,774	15,233	28,021	54,823	69,810	83,882	127,235	241,033	633,881
Claims handling expenses										32,721
Risk adjustment										70,066
Others										(1,338)
Gross liabilities for incurred claims										<u>735,330</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)

Gross estimated liabilities for incurred claims for the financial year ended 31 December 2023

<u>Audited</u> <u>Accident year</u>	<u>2016</u> RM'000	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000
At end of accident year	508,386	511,495	527,127	489,591	425,587	312,591	343,312	335,605
One year later	429,937	454,671	443,108	438,801	340,677	312,210	296,401	
Two years later	419,641	454,011	440,460	441,397	319,442	302,031		
Three years later	411,250	449,465	440,330	426,935	310,411			
Four years later	409,981	443,059	440,046	418,462				
Five years later	408,542	443,415	434,793					
Six years later	404,834	429,536						
Seven years later	394,674							
Current estimate of cumulative claims incurred	394,674	429,536	434,793	418,462	310,411	302,031	296,401	335,605
At end of accident year	(158,548)	(180,681)	(181,004)	(157,632)	(117,828)	(73,508)	(88,761)	(88,465)
One year later	(319,636)	(332,828)	(319,242)	(281,458)	(200,748)	(175,803)	(163,393)	
Two years later	(365,672)	(380,641)	(356,089)	(324,900)	(230,426)	(211,393)		
Three years later	(379,343)	(401,103)	(369,009)	(353,654)	(244,200)			
Four years later	(384,823)	(409,948)	(382,443)	(362,923)				
Five years later	(386,822)	(414,284)	(392,927)					
Six years later	(389,169)	(416,504)						
Seven years later	(392,597)							
Cumulative payments to-date	(392,597)	(416,504)	(392,927)	(362,923)	(244,200)	(211,393)	(163,393)	(88,465)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Gross estimated liabilities for incurred claims for the financial year ended 31 December 2023 (continued)Audited

<u>Accident year</u>	<u>Prior years</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross undiscounted liabilities for incurred claims	8,216	2,077	13,032	41,866	55,539	66,211	90,638	133,008	247,140	657,727
Effect of discounting	(89)	(37)	(369)	(1,576)	(2,403)	(3,587)	(4,845)	(7,710)	(12,793)	(33,409)
Gross discounted liabilities for incurred claims	8,127	2,040	12,663	40,290	53,136	62,624	85,793	125,298	234,347	624,318
Claims handling expenses										35,884
Risk adjustment										68,669
Others										160
Gross liabilities for incurred claims										<u>729,031</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Gross estimated liabilities for incurred claims for the financial year ended 31 December 2024

<u>Audited</u> <u>Accident year</u>	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000
At end of accident year	511,495	527,127	489,591	425,587	312,591	343,312	335,605	325,708
One year later	454,671	443,108	438,801	340,677	312,210	296,401	297,437	
Two years later	454,011	440,460	441,397	319,442	302,031	280,860		
Three years later	449,465	440,330	426,935	310,411	278,377			
Four years later	443,059	440,046	418,462	294,212				
Five years later	443,415	434,793	411,099					
Six years later	429,536	431,412						
Seven years later	426,125							
Current estimate of cumulative claims incurred	426,125	431,412	411,099	294,212	278,377	280,860	297,437	325,708
At end of accident year	(180,681)	(181,004)	(157,632)	(117,828)	(73,508)	(88,761)	(88,465)	(95,001)
One year later	(332,828)	(319,242)	(281,458)	(200,748)	(175,803)	(163,393)	(171,263)	
Two years later	(380,641)	(356,089)	(324,900)	(230,426)	(211,393)	(185,156)		
Three years later	(401,103)	(369,009)	(353,654)	(244,200)	(228,024)			
Four years later	(409,948)	(382,443)	(362,923)	(255,454)				
Five years later	(414,284)	(392,927)	(366,510)					
Six years later	(416,504)	(400,020)						
Seven years later	(417,144)							
Cumulative payments to-date	(417,144)	(400,020)	(366,510)	(255,454)	(228,024)	(185,156)	(171,263)	(95,001)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.5 Claims development table (continued)

Gross estimated liabilities for incurred claims for the financial year ended 31 December 2024 (continued)

<u>Audited</u> <u>Accident year</u>	<u>Prior years</u> RM'000	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>Total</u> RM'000
Gross undiscounted liabilities for incurred claims	5,361	8,981	31,392	44,589	38,758	50,353	95,704	126,174	230,707	632,019
Effect of discounting	(63)	(288)	(677)	(1,226)	(1,304)	(2,135)	(3,144)	(5,909)	(10,172)	(24,918)
Gross discounted liabilities for incurred claims	5,298	8,693	30,715	43,363	37,454	48,218	92,560	120,265	220,535	607,101
Claims handling expenses										41,861
Risk adjustment										66,586
Others										150
Gross liabilities for incurred claims										<u>715,698</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Gross estimated liabilities for incurred claims for financial period ended 30 June 2025

<u>Audited</u> <u>Accident year</u>	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2025</u> RM'000
At end of accident year	527,127	489,591	425,587	312,591	343,312	335,605	325,708	196,575
One year later	443,108	438,801	340,677	312,210	296,401	297,437	303,301	
Two years later	440,460	441,397	319,442	302,031	280,860	304,211		
Three years later	440,330	426,935	310,411	278,377	288,872			
Four years later	440,046	418,462	294,212	278,253				
Five years later	434,793	411,099	292,651					
Six years later	431,412	404,959						
Seven years later	429,580							
Current estimate of cumulative claims incurred	429,580	404,959	292,651	278,253	288,872	304,211	303,301	196,575
At end of accident year	(181,004)	(157,632)	(117,828)	(73,508)	(88,761)	(88,465)	(95,001)	(27,059)
One year later	(319,242)	(281,458)	(200,748)	(175,803)	(163,393)	(171,263)	(145,928)	
Two years later	(356,089)	(324,900)	(230,426)	(211,393)	(185,156)	(187,450)		
Three years later	(369,009)	(353,654)	(244,200)	(228,024)	(191,711)			
Four years later	(382,443)	(362,923)	(255,454)	(235,522)				
Five years later	(392,927)	(366,510)	(259,357)					
Six years later	(400,020)	(367,883)						
Seven years later	(405,497)							
Cumulative payments to-date	(405,497)	(367,883)	(259,357)	(235,522)	(191,711)	(187,450)	(145,928)	(27,059)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.5 Claims development table (continued)

Gross estimated liabilities for incurred claims for the financial period ended 30 June 2025 (continued)

<u>Audited</u> <u>Accident year</u>	<u>Prior years</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2025</u> RM'000	<u>Total</u> RM'000
Gross undiscounted liabilities for incurred claims	27,393	24,083	37,076	33,294	42,731	97,161	116,761	157,373	169,516	705,388
Effect of discounting	(801)	(463)	(941)	(1,018)	(1,856)	(4,181)	(5,475)	(7,197)	(7,915)	(29,847)
Gross discounted liabilities for incurred claims	26,592	23,620	36,135	32,276	40,875	92,980	111,286	150,176	161,601	675,541
Claims handling expenses										46,846
Risk adjustment										74,144
Others										107
Gross liabilities for incurred claims										<u>796,638</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Net estimated liabilities for incurred claims for the financial year ended 31 December 2022(Audited)

<u>Accident year</u>	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000
At end of accident year	294,111	383,254	406,854	397,779	367,657	296,144	234,253	242,318
One year later	283,517	338,221	375,033	358,130	341,927	242,335	202,837	
Two years later	281,604	337,398	374,241	360,108	338,646	234,213		
Three years later	277,990	334,081	373,458	357,182	336,075			
Four years later	277,431	335,093	367,722	360,668				
Five years later	273,343	333,363	366,471					
Six years later	270,042	325,491						
Seven years later	268,663							
Current estimate of cumulative claims incurred	268,663	325,491	366,471	360,668	336,075	234,213	202,837	242,318
At end of accident year	(104,029)	(139,422)	(161,085)	(156,711)	(133,173)	(89,744)	(67,188)	(76,210)
One year later	(224,228)	(265,183)	(290,806)	(271,821)	(237,288)	(155,854)	(140,626)	
Two years later	(246,896)	(298,988)	(324,229)	(302,030)	(271,855)	(176,116)		
Three years later	(259,025)	(310,325)	(340,158)	(314,009)	(289,242)			
Four years later	(263,917)	(315,435)	(345,975)	(326,116)				
Five years later	(263,825)	(317,263)	(348,198)					
Six years later	(266,691)	(319,218)						
Seven years later	(266,925)							
Cumulative payments to-date	(266,925)	(319,218)	(348,198)	(326,116)	(289,242)	(176,116)	(140,626)	(76,210)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Net estimated liabilities for incurred claims for the financial year ended 31 December 2022 (continued)

<u>Audited</u> <u>Accident year</u>	<u>Prior years</u> RM'000	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>Total</u> RM'000
Net undiscounted liabilities for incurred claims	4,131	1,738	6,273	18,273	34,552	46,833	58,097	62,211	166,108	398,216
Effect of discounting	(30)	(33)	(156)	(657)	(1,322)	(2,573)	(4,004)	(4,723)	(7,686)	(21,184)
Net discounted liabilities for incurred claims	4,101	1,705	6,117	17,616	33,230	44,260	54,093	57,488	158,422	377,032
Claims handling expenses										32,721
Non-performance risk of reinsurers										31
Risk adjustment										43,461
Others										(4,893)
Net liabilities for incurred claims										<u>448,352</u>

<u>Audited</u>	<u>Estimates of the present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	<u>Total</u> RM'000
Gross liabilities for incurred claims	665,264	70,066	735,330
Amounts recoverable from reinsurers	(260,373)	(26,605)	(286,978)
Total net liabilities for incurred claims	<u>404,891</u>	<u>43,461</u>	<u>448,352</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Net estimated liabilities for incurred claims for the financial year ended 31 December 2023

<u>Audited</u> <u>Accident year</u>	<u>2016</u> RM'000	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000
At end of accident year	383,254	406,854	397,779	367,657	296,144	234,253	242,318	259,652
One year later	338,221	375,033	358,130	341,927	242,335	202,837	222,780	
Two years later	337,398	374,241	360,108	338,646	234,213	197,770		
Three years later	334,081	373,458	357,182	336,075	230,659			
Four years later	335,093	367,722	360,668	332,033				
Five years later	333,363	366,471	358,967					
Six years later	325,491	358,050						
Seven years later	323,155							
Current estimate of cumulative claims incurred	323,155	358,050	358,967	332,033	230,659	197,770	222,780	259,652
At end of accident year	(139,422)	(161,085)	(156,711)	(133,173)	(89,744)	(67,188)	(76,210)	(81,796)
One year later	(265,183)	(290,806)	(271,821)	(237,288)	(155,854)	(140,626)	(136,553)	
Two years later	(298,988)	(324,229)	(302,030)	(271,855)	(176,116)	(143,021)		
Three years later	(310,325)	(340,158)	(314,009)	(289,242)	(186,542)			
Four years later	(315,435)	(345,975)	(326,116)	(296,940)				
Five years later	(317,263)	(348,198)	(334,928)					
Six years later	(319,218)	(350,171)						
Seven years later	(321,335)							
Cumulative payments to-date	(321,335)	(350,171)	(334,928)	(296,940)	(186,542)	(143,021)	(136,553)	(81,796)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Net estimated liabilities for incurred claims for the financial year ended 31 December 2023 (continued)

<u>Audited</u> <u>Accident year</u>	<u>Prior years</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>Total</u> RM'000
Net undiscounted liabilities for incurred claims	3,051	1,820	7,879	24,039	35,093	44,117	54,749	86,227	177,856	434,831
Effect of discounting	(22)	(36)	(184)	(733)	(1,107)	(2,367)	(4,380)	(4,998)	(7,949)	(21,776)
Net discounted liabilities for incurred claims	3,029	1,784	7,695	23,306	33,986	41,750	50,369	81,229	169,907	413,055
Claims handling expenses										35,884
Non-performance risk of reinsurers										26
Risk adjustment										45,559
Others										1,021
Net liabilities for incurred claims										<u>495,545</u>

<u>Audited</u>	<u>Estimates of the present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	<u>Total</u> RM'000
Gross liabilities for incurred claims	660,362	68,669	729,031
Amounts recoverable from reinsurers	(210,376)	(23,110)	(233,486)
Total net liabilities for incurred claims	<u>449,986</u>	<u>45,559</u>	<u>495,545</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Net estimated liabilities for incurred claims for the financial year ended 31 December 2024Audited

<u>Accident year</u>	<u>2017</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000
At end of accident year	406,854	397,779	367,657	296,144	234,253	242,318	259,652	270,667
One year later	375,033	358,130	341,927	242,335	202,837	222,780	244,931	
Two years later	374,241	360,108	338,646	234,213	197,770	215,840		
Three years later	373,458	357,182	336,075	230,659	190,173			
Four years later	367,722	360,668	332,033	224,785				
Five years later	366,471	358,967	333,122					
Six years later	358,050	354,519						
Seven years later	356,530							
Current estimate of cumulative claims incurred	356,530	354,519	333,122	224,785	190,173	215,840	244,931	270,667
At end of accident year	(161,085)	(156,711)	(133,173)	(89,744)	(67,188)	(76,210)	(81,796)	(83,699)
One year later	(290,806)	(271,821)	(237,288)	(155,854)	(140,626)	(136,553)	(149,057)	
Two years later	(324,229)	(302,030)	(271,855)	(176,116)	(143,021)	(156,230)		
Three years later	(340,158)	(314,009)	(289,242)	(186,542)	(152,662)			
Four years later	(345,975)	(326,116)	(296,940)	(195,224)				
Five years later	(348,198)	(334,928)	(300,477)					
Six years later	(350,171)	(339,473)						
Seven years later	(350,697)							
Cumulative payments to-date	(350,697)	(339,473)	(300,477)	(195,224)	(152,662)	(156,230)	(149,057)	(83,699)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.5 Claims development table (continued)

Net estimated liabilities for incurred claims for the financial year ended 31 December 2024 (continued)

<u>Audited</u> <u>Accident year</u>	<u>Prior years</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net undiscounted liabilities for incurred claims	3,286	5,833	15,046	32,645	29,561	37,511	59,610	95,874	186,968	466,334
Effect of discounting	(44)	(201)	(323)	(928)	(1,082)	(1,769)	(2,566)	(4,350)	(7,747)	(19,010)
Net discounted liabilities for incurred claims	3,242	5,632	14,723	31,717	28,479	35,742	57,044	91,524	179,221	447,324
Claims handling expenses										41,861
Non-performance risk of reinsurers										20
Risk adjustment										49,506
Others										(9,004)
Net liabilities for incurred claims										<u>529,707</u>

<u>Audited</u>	<u>Estimates of the present value of future cash flows</u>	<u>Risk adjustment</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Gross liabilities for incurred claims	649,112	66,586	715,698
Amounts recoverable from reinsurers	(168,911)	(17,080)	(185,991)
Total net liabilities for incurred claims	<u>480,201</u>	<u>49,506</u>	<u>529,707</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)1 Insurance Risk (continued)1.5 Claims development table (continued)Net estimated liabilities for incurred claims for the financial period ended 30 June 2025

<u>Audited</u> <u>Accident year</u>	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2025</u> RM'000
At end of accident year	397,779	367,657	296,144	234,253	242,318	259,652	270,667	165,393
One year later	358,130	341,927	242,335	202,837	222,780	244,931	255,230	
Two years later	360,108	338,646	234,213	197,770	215,840	246,793		
Three years later	357,182	336,075	230,659	190,173	214,298			
Four years later	360,668	332,033	224,785	189,482				
Five years later	358,967	333,122	223,458					
Six years later	354,519	330,545						
Seven years later	352,729							
Current estimate of cumulative claims incurred	352,729	330,545	223,458	189,482	214,298	246,793	255,230	165,393
At end of accident year	(156,711)	(133,173)	(89,744)	(67,188)	(76,210)	(81,796)	(83,699)	(25,679)
One year later	(271,821)	(237,288)	(155,854)	(140,626)	(136,553)	(149,057)	(127,276)	
Two years later	(302,030)	(271,855)	(176,116)	(143,021)	(156,230)	(159,992)		
Three years later	(314,009)	(289,242)	(186,542)	(152,662)	(161,956)			
Four years later	(326,116)	(296,940)	(195,224)	(158,428)				
Five years later	(334,928)	(300,477)	(197,882)					
Six years later	(339,473)	(301,809)						
Seven years later	(344,022)							
Cumulative payments to-date	(344,022)	(301,809)	(197,882)	(158,428)	(161,956)	(159,992)	(127,276)	(25,679)

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

1 Insurance Risk (continued)

1.5 Claims development table (continued)

Net estimated liabilities for incurred claims for the financial period ended 30 June 2025 (continued)

<u>Audited</u> <u>Accident year</u>	<u>Prior years</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2025</u> RM'000	<u>Total</u> RM'000
Net undiscounted liabilities for incurred claims	7,627	8,707	28,736	25,576	31,054	52,342	86,801	127,954	139,714	508,511
Effect of discounting	(216)	(207)	(685)	(956)	(1,564)	(2,316)	(3,961)	(5,861)	(6,454)	(22,220)
Net discounted liabilities for incurred claims	7,411	8,500	28,051	24,620	29,490	50,026	82,840	122,093	133,260	486,291
Claims handling expenses										46,846
Non-performance risk of reinsurers										24
Risk adjustment										53,611
Others										(3,444)
Net liabilities for incurred claims										<u>583,328</u>

<u>Audited</u>	<u>Estimates of the present value of future cash flows</u> RM'000	<u>Risk adjustment</u> RM'000	<u>Total</u> RM'000
Gross liabilities for incurred claims	722,494	74,144	796,638
Amounts recoverable from reinsurers	(192,777)	(20,533)	(213,310)
Total net liabilities for incurred claims	<u>529,717</u>	<u>53,611</u>	<u>583,328</u>

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)****(e) Major Risks (continued)****2 Financial Risk**

The Board recognises the Company's exposure to business, economic and financial risks and the need to develop and implement measures to mitigate the risks identified as having potentially adverse impact on the Company's operations and impairment of its financial strength. The Board has assumed the primary responsibility of developing and implementing the Company's risk management program by evaluating, managing and monitoring the principal risks.

2.1 Credit Risk

Credit risk is the risk of financial loss resulting from a failure of a debtor to honour its obligations to the Company.

The Company manages its credit risk in respect of receivables by establishing defined tolerance on credit period, putting in place collection procedures and rigorously monitoring its credit portfolio.

In terms of exposures to debt securities, the Company maintains a diversified portfolio of investments in government guaranteed and minimum A-rated financial instruments at the time of purchase issued by companies with strong credit ratings.

The Company monitors credit risk associated with reinsurance by following the counterparties' limits set and reviewed periodically by the Malaysian Reinsurance Committee ("MRC"). When selecting its reinsurers, the Company considers their relative financial security. The security of the reinsurer is assessed based on external rating information and annual reports. The Company also ensures that its reinsurers are financially resilient to fulfil the contractual obligations in a timely manner. The reinsurers are required to maintain a minimum financial strength rating and are assessed annually. To reduce credit risk, The Company limits the proportion of exposure to reinsurers with lower ratings in relation to the overall reinsurance exposure. The Company's reinsurance program is also approved by the Board, taking into consideration the recommendations of the MRC.

Credit exposure

The table below shows the maximum exposure to credit risk for the components in the statement of financial position.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVTPL	1,299,505	1,483,451	1,458,922	1,511,987
Insurance contract assets	-	13	19	9
Reinsurance contract assets – amounts recoverable from reinsurers	286,978	233,486	185,991	213,310
Other receivables *	48,923	46,114	44,643	48,971
Cash and cash equivalents	<u>344,978</u>	<u>235,548</u>	<u>287,950</u>	<u>163,329</u>
	<u>1,980,384</u>	<u>1,998,612</u>	<u>1,977,525</u>	<u>1,937,606</u>

* Excluding prepayments which are not subject to credit risk.

All the financial assets above are neither past due nor impaired.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)2 Financial Risk (continued)2.1 Credit Risk (continued)Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Standard & Poor's Financial Services LLC's ("S&P"), Rating Agency of Malaysia's ("RAM") or Malaysian Rating Corporation Berhad's ("MARC") credit rating of counterparties. AAA is the highest possible rating.

	Government <u>Guaranteed</u> RM'000	<u>AAA</u> RM'000	<u>AA</u> RM'000	<u>A</u> RM'000	<u>BBB</u> RM'000	<u>Not Rated</u> RM'000	<u>Total</u> RM'000
<u>31.12.2022</u>							
<u>(Audited)</u>							
Investments	747,908	312,107	239,490	-	-	-	1,299,505
Insurance							
contract assets	-	-	-	-	-	-	-
Reinsurance							
contract assets - amount recoverable from reinsurers	-	-	19,604	265,527	13	1,834	286,978
Other receivables	-	-	-	-	-	48,923	48,923
Cash and cash equivalents	-	258,140	7,764	78,740	315	19	344,978
	<u>747,908</u>	<u>570,247</u>	<u>266,858</u>	<u>344,267</u>	<u>328</u>	<u>50,776</u>	<u>1,980,384</u>
<u>31.12.2023</u>							
<u>(Audited)</u>							
Investments	956,526	313,335	213,590	-	-	-	1,483,451
Insurance							
contract assets	-	-	-	-	-	13	13
Reinsurance							
contract assets - amount recoverable from reinsurers	-	-	179,397	54,455	181	(547)	233,486
Other receivables	-	-	-	-	-	46,114	46,114
Cash and cash equivalents	-	184,633	4,262	46,380	254	19	235,548
	<u>956,526</u>	<u>497,968</u>	<u>397,249</u>	<u>100,835</u>	<u>435</u>	<u>45,599</u>	<u>1,998,612</u>

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)2 Financial Risk (continued)2.1 Credit Risk (continued)Credit exposure by credit rating

	Government Guaranteed RM'000	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Not Rated RM'000	Total RM'000
<u>31.12.2024</u>							
<u>(Audited)</u>							
Investments	899,439	335,248	224,235	-	-	-	1,458,922
Insurance contract assets	-	-	-	-	-	19	19
Reinsurance contract assets - amount recoverable from reinsurers	-	-	141,843	43,957	124	67	185,991
Other receivables	-	-	-	-	-	44,643	44,643
Cash and cash equivalents	-	217,268	4,032	66,485	147	18	287,950
	899,439	552,516	370,110	110,442	271	44,747	1,977,525
<u>30.06.2025</u>							
<u>(Audited)</u>							
Investments	938,146	302,418	266,370	5,053	-	-	1,511,987
Insurance contract assets	-	-	-	-	-	9	9
Reinsurance contract assets - amount recoverable from reinsurers	-	-	169,027	44,137	165	(19)	213,310
Other receivables	-	-	-	-	-	48,971	48,971
Cash and cash equivalents	-	138,088	4,100	21,072	51	18	163,329
	938,146	440,506	439,497	70,262	216	48,979	1,937,606

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)2 Financial Risk (continued)2.1 Credit Risk (continued)Expected credit loss

As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, the Company has assessed the possible default events of the lifetime ECL for other receivables and cash and cash equivalents. The probability of default is deemed low based on the economic scenarios.

2.2 Liquidity risk

Liquidity risk arises when the Company does not have the availability of funds to honour all cash outflow commitments as they fall due.

The Company's principal liquidity objective is to ensure that funds are available to meet its insurance and reinsurance obligations. Management utilises monthly cash flow reporting and forecasting to identify known, expected and potential cash outflows to determine an appropriate operating liquidity to cover expected and potential payments.

Maturity profiles

The table in the following page summarises the maturity profile of portfolios of insurance contracts issued that are liabilities with portfolios of reinsurance contracts held that are assets and liabilities of the Company based on the remaining contractual undiscounted net cash flows expected to be paid out in the periods presented.

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

2 Financial Risk (continued)

2.2 Liquidity Risk (continued)

Maturity profiles

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	>5 years RM'000	No maturity RM'000	Total RM'000
<u>31 December 2022 (Audited)</u>									
<u>Reinsurance contracts assets</u>									
Accident and Health	4,892	5,293	3,290	1,262	346	101	8	-	10,300
Property and Casualty	270,682	158,327	50,060	33,020	18,795	10,591	15,727	-	286,520
Motor	11,404	15,524	2,638	1,260	503	190	85	-	20,200
Total	286,978	179,144	55,988	35,542	19,644	10,882	15,820	-	317,020
<u>Insurance contract liabilities</u>									
Accident and Health	44,505	33,868	8,057	2,602	962	315	156	-	45,960
Property and Casualty	480,134	274,995	81,419	55,388	35,504	21,475	43,147	-	511,928
Motor	210,691	119,612	56,463	26,553	10,555	4,598	2,362	-	220,143
Total	735,330	428,475	145,939	84,543	47,021	26,388	45,665	-	778,031

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)2 Financial Risk (continued)2.2 Liquidity Risk (continued)Maturity profiles (continued)

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	>5 years RM'000	No maturity RM'000	Total RM'000
<u>31 December 2023 (Audited)</u>									
<u>Reinsurance contracts assets</u>									
Accident and Health	6,104	4,840	1,328	327	155	7	15	-	6,672
Property and Casualty	216,800	124,046	42,096	19,830	17,488	10,799	15,233	-	229,492
Motor	10,582	10,140	2,517	1,212	470	210	123	-	14,672
Total	233,486	139,026	45,941	21,369	18,113	11,016	15,371	-	250,836
<u>Insurance contract liabilities</u>									
Accident and Health	55,173	41,260	10,515	2,870	1,377	466	261	-	56,749
Property and Casualty	458,704	260,465	81,976	42,998	32,983	22,888	46,106	-	487,416
Motor	215,154	122,845	56,775	26,665	10,731	4,590	2,402	-	224,008
Total	729,031	424,570	149,266	72,533	45,091	27,944	48,769	-	768,173

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

2 Financial Risk (continued)

2.2 Liquidity Risk (continued)

Maturity profiles (continued)

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	>5 years RM'000	No maturity RM'000	Total RM'000
<u>31 December 2024 (Audited)</u>									
<u>Reinsurance contracts assets</u>									
Accident and Health	5,621	4,357	1,353	500	291	65	25	-	6,591
Property and Casualty	157,211	111,146	26,960	7,331	12,124	2,606	3,065	-	163,232
Motor	23,159	31,659	2,984	1,433	604	310	122	-	37,112
Total	185,991	147,162	31,297	9,264	13,019	2,981	3,212	-	206,935
<u>Insurance contract liabilities</u>									
Accident and Health	67,445	51,118	10,929	4,010	2,062	856	360	-	69,335
Property and Casualty	394,983	244,781	81,510	33,898	27,680	10,102	14,116	-	412,087
Motor	253,270	150,664	64,233	28,949	11,691	5,429	2,710	-	263,676
Total	715,698	446,563	156,672	66,857	41,433	16,387	17,186	-	745,098

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

2 Financial Risk (continued)

2.2 Liquidity Risk (continued)

Maturity profiles (continued)

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	>5 years RM'000	No maturity RM'000	Total RM'000
<u>30 June 2025 (Audited)</u>									
<u>Reinsurance contracts assets</u>									
Accident and Health	6,899	5,056	1,482	362	359	258	147	-	7,664
Property and Casualty	183,818	107,987	46,571	23,545	12,895	4,013	(160)	-	194,851
Motor	22,593	17,112	3,109	1,324	842	259	132	-	22,778
Total	213,310	130,155	51,162	25,231	14,096	4,530	119	-	225,293
<u>Insurance contract liabilities</u>									
Accident and Health	77,085	57,550	14,177	4,316	2,042	835	446	-	79,366
Property and Casualty	447,802	243,814	108,779	59,451	29,874	13,026	14,683	-	469,627
Motor	271,751	155,783	69,669	31,973	15,584	6,435	3,569	-	283,013
Total	796,638	457,147	192,625	95,740	47,500	20,296	18,698	-	832,006

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)2 Financial Risk (continued)2.2 Liquidity Risk (continued)Maturity profiles (continued)

The following table summarises the expected settlement of lease liabilities and financial liabilities that do not relate to insurance operations based on the remaining undiscounted cash flows, including interest receivable.

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	>5 years RM'000	No maturity RM'000	Total RM'000
<u>31 December 2022</u>									
<u>(Audited)</u>									
<u>Assets</u>									
Investments	1,299,880	339,568	222,406	144,029	223,442	215,018	334,289	375	1,479,127
Other receivables	48,923	48,271	-	-	-	-	-	652	48,923
Cash and cash equivalents	344,978	345,339	-	-	-	-	-	-	345,339
Total	1,693,781	733,178	222,406	144,029	223,442	215,018	334,289	1,027	1,873,389
<u>Liabilities</u>									
Lease liabilities	1,758	985	513	293	54	35	-	-	1,880
Other payables	151,324	133,298	9,728	5,679	1,824	1,049	267	-	151,845
Total	153,082	134,283	10,241	5,972	1,878	1,084	267	-	153,725

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)

2 Financial Risk (continued)

2.2 Liquidity Risk (continued)

Maturity profiles (continued)

The following table summarises the expected settlement of lease liabilities and financial liabilities that do not relate to insurance operations based on the remaining undiscounted cash flows, including interest receivable. (continued)

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	>5 years RM'000	No maturity RM'000	Total RM'000
<u>31 December 2023</u>									
<u>(Audited)</u>									
<u>Assets</u>									
Investments	1,483,826	322,996	90,603	416,931	190,491	191,153	484,227	375	1,696,776
Other receivables	46,114	45,465	-	-	-	-	-	649	46,114
Cash and cash equivalents	235,548	235,665	-	-	-	-	-	-	235,665
Total	1,765,488	604,126	90,603	416,931	190,491	191,153	484,227	1,024	1,978,555
<u>Liabilities</u>									
Lease liabilities	1,947	1,068	771	132	39	4	-	-	2,014
Other payables	134,915	119,160	8,924	4,458	2,198	633	190	-	135,563
Total	136,862	120,228	9,695	4,590	2,237	637	190	-	137,577

13. ACCOUNTANTS' REPORT (Cont'd)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)2 Financial Risk (continued)2.2 Liquidity Risk (continued)Maturity profiles (continued)

The following table summarises the expected settlement of lease liabilities and financial liabilities that do not relate to insurance operations based on the remaining undiscounted cash flows, including interest receivable. (continued)

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	≥5 years RM'000	No maturity RM'000	Total RM'000
<u>31 December 2024</u>									
<u>(Audited)</u>									
<u>Assets</u>									
Investments	1,459,297	343,735	245,492	172,582	190,153	114,930	589,645	375	1,656,912
Other receivables	44,643	44,023	-	-	-	-	-	620	44,643
Cash and cash equivalents	287,950	288,130	-	-	-	-	-	-	288,130
Total	1,791,890	675,888	245,492	172,582	190,153	114,930	589,645	995	1,989,685
<u>Liabilities</u>									
Lease liabilities	1,296	941	235	90	29	9	-	-	1,304
Other payables	317,971	300,766	9,386	4,164	2,235	435	1,685	-	318,671
Total	319,267	301,707	9,621	4,254	2,264	444	1,685	-	319,975

13. ACCOUNTANTS' REPORT (Cont'd)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Major Risks (continued)2 Financial Risk (continued)2.2 Liquidity Risk (continued)Maturity profiles (continued)

The following table summarises the expected settlement of lease liabilities and financial liabilities that do not relate to insurance operations based on the remaining undiscounted cash flows, including interest receivable. (continued)

	Carrying value RM'000	Up to 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	>5 years RM'000	No maturity RM'000	Total RM'000
<u>30 June 2025 (Audited)</u>									
<u>Assets</u>									
Investments	1,512,362	345,230	225,063	192,201	258,750	668,600	-	375	1,690,219
Other receivables	48,971	47,739	-	-	-	-	-	1,232	48,971
Cash and cash equivalents	163,329	163,566	-	-	-	-	-	-	163,566
Total	1,724,662	556,535	225,063	192,201	258,750	668,600	-	1,607	1,902,756
<u>Liabilities</u>									
Lease liabilities	1,197	349	134	41	-	-	-	-	524
Other payables	148,358	126,133	12,474	5,106	2,991	1,819	667	-	149,190
Total	149,555	126,482	12,608	5,147	2,991	1,819	667	-	149,714

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)****(e) Major Risks (continued)****2 Financial Risk (continued)****2.3 Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises of three types of risk, namely foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (equity price risk).

2.3.1 Foreign Currency Risk

Foreign currency risk is the exposure of a company's financial strength to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a reduction in measures of financial strength.

The Company transacts in minimal selected currencies and monitors corresponding assets and liabilities created at transaction level to ensure optimal currency positions.

The Company's primary transactions are carried out in Ringgit Malaysia ("RM"). Its exposure to foreign currency risk is minimum and mainly arises principally with respect to United State Dollar ("USD"), Australian Dollar ("AUD"), New Zealand Dollar ("NZD"), Singapore Dollar ("SGD") and New Taiwan Dollar ("TWD").

As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia, and hence, primarily denominated in the local currency as is its insurance contract liabilities.

The Company does not engage in derivative transactions for speculative purposes. Where deemed necessary in line with the Company's risk management policy, the Company enters into derivative transactions solely for hedging purposes.

As the Company's main foreign currency risk from recognised assets and liabilities arises from reinsurance contracts for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant concentration of foreign currency risk.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)**(e) Major Risks (continued)2 Financial Risk (continued)2.3 Market Risk (continued)

2.3.2 Interest Rate Risk

Interest rate risk refers to the effect of interest rate changes on the market value of a fixed income portfolio. When interest rates (yields) of fixed income securities increase, their prices will decrease, and vice versa. Fixed income securities with longer maturity and lower coupon rates are usually more sensitive to interest rate changes.

The Company is exposed to interest rate risk through its investments in fixed income securities and money market placements with the financial institutions. These investments are managed internally, aided by an appointed investment advisor which is a licensed fund manager. Interest rate risk is managed via management and monitoring of the portfolio duration with active support from the investment advisor.

The Company manages interest rate risk primarily by matching the timing of cash flows from its fixed income portfolio with the timing of cash flows from insurance and reinsurance contracts. Interest rate risk is monitored by calculating the mean duration of the investment portfolio and the insurance contracts. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in interest rates. The mean duration of insurance liabilities and assets are determined by means of projecting expected cash flows from the contracts. Any gap between the mean duration of the assets and the mean duration of the liabilities is minimised by means of buying and selling fixed-interest portfolio of different durations. The Company will always ensure the assets are consistently aligned with its liabilities with respect to effective duration.

The sensitivity analysis below illustrates impact of 100 basis points ("bps") increase or decrease in interest rate to investment value based on portfolio holdings as of 30 June 2025, holding other variables constant. Note that the sensitivity analysis assumes the following:

- 1) Money market rates are adjusted to the same quantum of any change in interest rate movement. This refers to money market placements with financial institutions.
- 2) Parallel shift in yields in the same quantum of any change in interest rate movement. This refers to investment in fixed income securities.

		<u>30 June 2025</u>		<u>30 June 2024</u>	
		<u>Audited</u>		<u>Unaudited</u>	
	<u>Variable charges</u>	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
Interest rate	+100 basis points	(34,582)	(34,582)	(32,149)	(32,149)
Interest rate	-100 basis points	34,582	34,582	32,149	32,149

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)**(e) Major Risks (continued)2 Financial Risk (continued)2.3 Market Risk (continued)

2.3.2 Interest Rate Risk (continued)

		<u>31 December 2024</u>		<u>31 December 2023</u>		<u>31 December 2022</u>	
		<u>Impact</u>	<u>Audited</u>	<u>Impact</u>	<u>Audited</u>	<u>Impact</u>	<u>Audited</u>
	<u>Variable</u>	<u>on profit</u>	<u>on</u>	<u>on profit</u>	<u>on</u>	<u>on profit</u>	<u>on</u>
	<u>charges</u>	<u>after tax</u>	<u>equity</u>	<u>after tax</u>	<u>equity</u>	<u>after tax</u>	<u>equity</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest rate	+100 basis points	(32,060)	(32,060)	(33,602)	(33,602)	(24,448)	(24,448)
Interest rate	-100 basis points	32,060	32,060	33,602	33,602	24,448	24,448

2.3.3 Equity Price Risk

Equity price risk refers to risk of changes in the value of an equity security. Securities may increase or decline in value due to various factors affecting equity market. Generally, it can be affected by industry-wide factors, or reasons specific to the company or its securities, such as management performance and financial positions. Price risk can be mitigated through diversification in general.

The Company is exposed to equity price risk arising from investment held by the Company and classified in the statement of financial position as investment in FVTPL that mainly consists of unquoted equities amounting to RM375,000 (2024: RM375,000).

As the Company's portfolio of investments in unquoted equities is insignificant, the impact arising from sensitivity in equity price risk is deemed minimal. There are no insurance or reinsurance contracts that are exposed to price risk.

3 Operational Risk

Operational risk is the risk of loss arising from system failure, human errors, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit.

Business risks, such as, changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.25 RISK MANAGEMENT FRAMEWORK (CONTINUED)****(e) Major Risks (continued)****Capital structure**

The capital structure of the Company as prescribed under the RBC Framework is provided below:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Eligible Tier 1 Capital:				
Share capital	100,000	100,000	100,000	100,000
Retained earnings	<u>873,237</u>	<u>894,862</u>	<u>700,416</u>	<u>734,198</u>
	973,237	994,862	800,416	834,198
Tier 2 Capital:				
AFS reserve	(21,547)	-	-	-
Eligible reserves	7,982	6,275	5,682	6,399
Amount deducted from capital	<u>(34,311)</u>	<u>(29,131)</u>	<u>(34,715)</u>	<u>(36,692)</u>
	(47,876)	(22,856)	(29,033)	(30,293)
Total capital available	<u>925,361</u>	<u>972,006</u>	<u>771,383</u>	<u>803,905</u>

These are based on statistical returns for financial year/period ended 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns. The accounting policies prescribed in the notes to the statistical returns are the accounting policies adopted in the historical financial information of the Company for the financial year/period then ended prepared in accordance with the MFRS, as modified by the BNM pursuant to Section 65 of the FSA 2013.

2.26 CONTINGENT LIABILITY

The Malaysia Competition Commission ("MyCC") had issued Notice of Finding of an Infringement under Section 40 of the Competition Act 2010 in September 2020. MyCC has determined that the Company, together with Persatuan Insurans Am Malaysia ("PIAM") and the other 21 other insurers, had infringed the prohibitions in Section 4 of the Competition Act in that the parties had entered into an agreement to fix the price of parts trade discount and labour rates for PIAM Approved Repairers Scheme ("PARS") workshops.

In MyCC's Final Decision, it imposed a financial penalty of RM4,218,671 on the Company in 2020. This Final Decision was set aside by the Competition Appeal Tribunal (the "Tribunal") on 2 September 2022.

MyCC filed an application to seek leave to commence judicial review proceedings in the High Court to review the decision of the Tribunal, and this was dismissed by the High Court with cost of RM10,000 to be paid to the Company on 16 January 2024. However, MyCC has, on 15 February 2024, filed an appeal against the dismissal of the leave application to the Court of Appeal. The hearing at the Court of Appeal which was initially fixed for 22 May 2025 has been rescheduled to 30 April 2026.

Saved as disclosed above, the Company does not have any other contingent assets and liabilities as at 30 June 2025.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.27 CAPITAL COMMITMENTS**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>As at</u> <u>30.06.2025</u>
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Authorised but not contracted for:				
- Office renovation	-	-	-	976

2.28 EFFECTS OF MFRS 17 AND MFRS 9 ADOPTION**a) MFRS 17 Insurance Contracts**

MFRS 17 'Insurance Contracts' was issued in May 2017, replacing MFRS 4 'Insurance Contracts' effective for annual periods beginning on or after 1 January 2023. This standard provides comprehensive guidance on the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held.

The Company has adopted the standard retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The nature of the changes in the accounting policies can be summarized as follows:

i. Classification and measurement

The adoption of MFRS 17 did not change the classification of the Company's insurance contracts.

The Company's insurance contracts are measured using the premium allocation approach ("PAA"). MFRS 17 provides an option to use PAA, for contracts that have a coverage period of one year or less or if certain eligibility criteria are met for longer term contracts. The PAA simplifies the measurement of insurance contracts in comparison with the general model in MFRS 17.

The accounting under the PAA is largely similar to the current approach under MFRS 4. The Company has defined its units of account for insurance contracts issued to align with the lines of business managed within the Company. Each line of business includes contracts that are subject to similar risks. All insurance contracts within the line of business represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- contracts that are onerous at initial recognition;
- contracts that have no significant possibility of becoming onerous subsequently; and
- a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. For reinsurance contracts held, the unit of account corresponds to the legal form of the reinsurance contract held.

The Company measures the LRC for insurance contracts issued at the amount of premiums received, less any acquisition cash flows paid. For reinsurance contracts held, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.28 EFFECTS OF MFRS 17 AND MFRS 9 ADOPTION (CONTINUED)****a) MFRS 17 Insurance Contracts (continued)****i. Classification and measurement (continued)**

The LIC is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

Contracts are recognised as onerous if they are expected to be loss making at inception. These contracts form their own groups, and expected losses are immediately recognised in profit or loss.

ii. Presentation and disclosure

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS 17. The following outlines some of the key presentation and disclosure changes:

Statement of financial position

Under MFRS 17, the assets and liabilities associated with insurance contracts issued will be presented as insurance contract assets and insurance contract liabilities and assets and liabilities associated with reinsurance contracts held will be presented as reinsurance contract assets and reinsurance contract liabilities. Insurance and reinsurance contract balances will comprise of the LIC and LRC.

If facts and circumstances indicate that a group of insurance contracts is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC with the amount of such an increase recognised in insurance service expenses and a loss component is established for the amount of the loss recognised.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised.

Statement of comprehensive income

The statement of comprehensive income will reflect insurance revenue as the key revenue line, while insurance service expenses will capture the Company's gross losses and expenses associated with servicing policies. Results associated with reinsurance, both premium and claim related, will be reflected in 2 lines, premiums and recoverables from reinsurance contracts held. Insurance finance income/expense will mainly include the accretion of the discount rate on insurance contracts and reinsurance contracts held and impact of changes in interest rates.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.28 EFFECTS OF MFRS 17 AND MFRS 9 ADOPTION (CONTINUED)****a) MFRS 17 Insurance Contracts (continued)****ii. Presentation and disclosure (continued)**

Underwriting performance will be presented in the statement of comprehensive income under insurance service result which will be composed of:

- insurance revenue which includes premiums related to direct and assumed business allocated based on the passage of time over the coverage period of a group of insurance contracts, similar to MFRS 4.
- insurance service expenses which include incurred claims and expenses related to direct and assumed business, amortisation of insurance acquisition cash flows, and losses and reversal of losses on onerous contracts.
- allocation of reinsurance premiums related to ceded business.
- amounts recoverable from reinsurers for incurred claims.

As permitted in paragraph C3(a) of MFRS 17, upon initial application of MFRS 17, the Company does not disclose the following information required by paragraph 28(f) of MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' for the current and each prior period presented:

- the amount of the adjustment for each affected financial statement line item;
- the amount of the adjustment for basic and diluted earnings per share.

b) MFRS 9 'Financial Instruments'

MFRS 9 'Financial Instruments' was issued in 2014, replacing MFRS 139 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 January 2018 except for entities whose liabilities are primarily insurance contract liabilities. The Company has elected, under the amendments to MFRS 4, to apply the temporary exemption from MFRS 9, thereby deferring the initial application date of MFRS 9 to align with the initial application of MFRS 17.

The Company has applied the standard retrospectively from 1 January 2023, with the restated financial results on comparatives for 2022 for financial instruments in the scope of MFRS 9. The key changes to the Company's accounting policies resulting from its adoption of MFRS 9 are summarised below.

i. Classification and measurement

MFRS 9 requires financial assets to be classified either at amortised cost, FVOCI or FVTPL. Classification under MFRS 9 for financial assets depends on the Company's business model for managing the financial assets and whether the contractual cashflows represent SPPI. The Company's business model is how the Company manages its financial assets in order to generate cashflows and create value for the entity either from collecting contractual cashflows, selling financial assets or both. If a financial asset is held to collect contractual cashflows, it is classified as amortised cost if it also meets the SPPI requirement. Financial assets that meet the SPPI requirement that are held both to collect the assets' contractual cashflows and to sell the assets are classified as FVOCI.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

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2 NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**2.28 EFFECTS OF MFRS 17 AND MFRS 9 ADOPTION (CONTINUED)****b) MFRS 9 'Financial Instruments' (continued)****i. Classification and measurement (continued)**

Under the new model, FVTPL is the residual category – financial assets should therefore be classified as FVTPL if they do not meet the criteria of FVOCI or amortised cost. Regardless of the business model assessment, the Company can elect to classify a financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The gains or losses of debt instruments initially classified as FVOCI are recycled to profit or loss on derecognition.

The Company at initial recognition has elected to designate all of its debt instruments at FVTPL to reduce the accounting mismatch arising from the recognition of the changes in MFRS 17 discount rates (and other financial market assumptions) in profit or loss. All other financial assets are classified as amortised cost.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities. The Company has not changed the classification of its financial liabilities.

ii. Impairment

MFRS 9 requires the Company to record expected credit losses on all of its financial assets not measured at FVTPL. The Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

2.29 SUBSEQUENT EVENT TO THE FINANCIAL PERIOD

The Company is currently in the midst of its application for the proposed listing of and quotation for the entire enlarged share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Proposed Listing").

In connection with the Proposed Listing, the Company plans to undertake a share subdivision which is subject to the Board of Directors' approval after the approval of the SC on the Company's application in relation to the Proposed Listing has been obtained.

As of the date of this report, the Company has yet to obtain the approval from Bursa Malaysia Securities Berhad and SC on the Company's Proposed Listing.

2.30 APPROVAL FOR HISTORICAL FINANCIAL INFORMATION

The historical financial information was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 February 2026.

13. ACCOUNTANTS' REPORT (Cont'd)**CHUBB INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

Registration No. 197001000564 (9827-A)

STATEMENT BY DIRECTORS

We, Dato' Mohzani Bin Abdul Wahab and Cheryl Khor Hui Peng, the Directors of Chubb Insurance Malaysia Berhad ("the Company"), state that, in the opinion of the Directors, the historical financial information set out on pages 2 to 153 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022, 31 December 2023 and 31 December 2024 and the Company's financial performance and cash flows for each of the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and of the financial position of the Company as at 30 June 2025 and of its financial performance and cash flows for the 6 months financial period ended 30 June 2025 in accordance with MFRS 134 "Interim Financial Reporting", International Accounting Standard 34 "Interim Financial Reporting" and the Prospectus Guidelines issued by the SC for the purposes of inclusion in the prospectus approved by the Board of Directors of the Company in connection with the initial public offering of the ordinary shares in the Company in conjunction with the listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with their resolution dated 11 February 2026.



DATO' MOHZANI BIN ABDUL WAHAB
DIRECTOR



CHERYL KHOR HUI PENG
DIRECTOR

Kuala Lumpur

13. ACCOUNTANTS' REPORT (Cont'd)



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

11 February 2026

Dear Sirs,

Reporting Accountants' Opinion on the Historical Financial Information contained in the Accountants' Report of Chubb Insurance Malaysia Berhad

Our opinion

We have audited the accompanying historical financial information of Chubb Insurance Malaysia Berhad ("the Company") which comprise the statements of financial position as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, and the statements comprehensive income, statements of changes in equity and statements of cash flows for the financial years ended 31 December 2022, 2023 and 2024, and for the financial period ended 30 June 2025, and notes to the financial information, including a summary of material accounting policy information (together, the "Historical Financial Information"), as set out on pages 2 to 153. The Historical Financial Information have been prepared by the directors of the Company for inclusion in the Company's prospectus for purposes of submission to the Securities Commission Malaysia ("SC") in connection with the initial public offering ("IPO") of the ordinary shares in the Company in conjunction with 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").

In our opinion, the accompanying Historical Financial Information gives a true and fair view of the financial position of the Company as at 31 December 2022, 31 December 2023 and 31 December 2024, and of its financial performance and cash flows for each of the financial years ended 31 December 2022, 2023 and 2024 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and of the financial position of the Company as at 30 June 2025 and of its financial performance and cash flows for the financial period ended 30 June 2025 in accordance with Malaysian Financial Reporting Standard 134 "Interim Financial Reporting" ("MFRS 134") and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

13. ACCOUNTANTS' REPORT (Cont'd)



The Board of Directors
Chubb Insurance Malaysia Berhad
PwC/FS/CHUBB/AW/WHN/KCG/2025/006Vl0000ofqGSUIA2/01
11 February 2026

Reporting Accountants' Opinion on the Historical Financial Information contained in the Accountants' Report of Chubb Insurance Malaysia Berhad (continued)

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Reporting Accountants' Responsibilities for the Audit of the Historical Financial Information" section of our opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants' ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Directors' Responsibilities for the Historical Financial Information

The directors of the Company (the "Directors") are responsible for the preparation of the financial information for the financial years ended 31 December 2022, 2023 and 2024 that gives a true and fair view in accordance with MFRS and IFRS and in accordance with the Prospectus Guidelines issued by SC ("the Prospectus Guidelines") and for the preparation of the financial information for the financial period ended 30 June 2025 that gives a true and fair view in accordance with MFRS 134 and IAS 34 and the Prospectus Guidelines. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

13. ACCOUNTANTS' REPORT (Cont'd)

**The Board of Directors
Chubb Insurance Malaysia Berhad
PwC/FS/CHUBB/AW/WHN/KCG/2025/006Vl0000ofqGSUIA2/01
11 February 2026**

Reporting Accountants' Opinion on the Historical Financial Information contained in the Accountants' Report of Chubb Insurance Malaysia Berhad (continued)

Reporting Accountants' Responsibilities for the Audit of the Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Historical Financial Information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Historical Financial Information of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our opinion to the related disclosures in the Historical Financial Information of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information of the Company, including the disclosures, and whether the Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. ACCOUNTANTS' REPORT (Cont'd)



The Board of Directors
Chubb Insurance Malaysia Berhad
PwC/FS/CHUBB/AW/WHN/KCG/2025/006VloooooofqGSUIA2/01
11 February 2026

Reporting Accountants' Opinion on the Historical Financial Information contained in the Accountants' Report of Chubb Insurance Malaysia Berhad (continued)

Other Matters

The comparative information for the statement of comprehensive income, statement of changes in equity and statement of cash flows and related explanatory notes for the financial period ended 30 June 2024 has not been audited.

Restriction on Distribution and Use

This opinion is issued for the sole purpose of submission to the Securities Commission Malaysia 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 opinion is shown or into whose hands it may come.

Yours faithfully,



PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants



WONG HUI CHERN
03252/05/2026 J
Chartered Accountant

Kuala Lumpur
11 February 2026