

Company No.

197001000564 (9827A)

**CHUBB INSURANCE MALAYSIA BERHAD**  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

Company No.

197001000564 (9827A)

**CHUBB INSURANCE MALAYSIA BERHAD**  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

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Company No.

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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	<u>Note</u>	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
<b>ASSETS</b>			
Property and equipment		45,417	47,260
Right-of-use assets		2,261	2,193
Intangible assets		6,763	5,442
Investments			
-Available-for-sale financial assets ("AFS")	11	1,307,715	1,315,124
Reinsurance assets	12	256,876	249,019
Insurance receivables		104,460	105,990
Other receivables		49,463	50,546
Deferred tax assets		16,789	12,418
Current tax assets		-	1,642
Cash and cash equivalents		254,527	259,267
Total assets		<u>2,044,271</u>	<u>2,048,901</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		100,000	100,000
Retained earnings		711,627	672,072
Available-for-sale fair value reserves		5,829	19,670
Equity reserve		17,852	16,402
Total equity		<u>835,308</u>	<u>808,144</u>
Insurance contract liabilities	13	1,012,336	1,010,498
Investment contract liabilities		683	579
Insurance payables		55,046	56,281
Lease liabilities		2,309	2,240
Current tax liabilities		2,178	-
Other payables		136,411	171,159
Total liabilities		<u>1,208,963</u>	<u>1,240,757</u>
Total equity and liabilities		<u>2,044,271</u>	<u>2,048,901</u>

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

Company No.

197001000564 (9827A)

**CHUBB INSURANCE MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INCOME STATEMENT**  
**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Gross earned premiums	341,809	397,170
Premiums ceded to reinsurers	(77,243)	(106,013)
Net earned premiums	<u>264,566</u>	<u>291,157</u>
Net investment income	21,567	26,835
Realised (loss)/gains	(337)	1,131
Commission income	15,498	24,128
Other operating revenue	845	846
Net income	<u>37,573</u>	<u>52,940</u>
Total revenue	<u>302,139</u>	<u>344,097</u>
Gross claims paid	(125,985)	(139,178)
Claims ceded to reinsurers	18,495	17,445
Gross change to contract liabilities	(17,915)	(96,183)
Change in contract liabilities ceded to reinsurers	6,029	67,595
Net claims incurred	<u>(119,376)</u>	<u>(150,321)</u>
Commission expense	(48,269)	(52,114)
Management expenses	(81,685)	(88,855)
Finance cost	(69)	(63)
Total other expenses	<u>(130,023)</u>	<u>(141,032)</u>
Profit before taxation	52,740	52,744
Taxation	(13,185)	(13,186)
Profit for the financial period	<u>39,555</u>	<u>39,558</u>
Earnings per share (sen)		
Basic	<u>39.56</u>	<u>39.56</u>

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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Profit for the financial period	39,555	39,558
Other comprehensive income:		
<u>Items that may be subsequently reclassified to income statement:</u>		
Available-for-sale fair value reserves		
Net (losses)/gains arising during the financial period	(17,589)	14,200
Net realised gains transferred to income statement	(623)	(2,336)
	<u>(18,212)</u>	<u>11,864</u>
Tax effects thereon	4,371	(2,848)
	<u>(13,841)</u>	<u>9,016</u>
Total comprehensive income for the financial period	<u><u>25,714</u></u>	<u><u>48,574</u></u>

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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Share capital RM'000	Equity reserve RM'000	Non- distributable Fair value reserves RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2021	100,000	16,402	19,670	672,072	808,144
Profit for the financial year	-	-	-	39,555	39,555
Other comprehensive income for the financial year	-	-	(13,841)	-	(13,841)
Comprehensive income for the financial year- share-based long term incentive plan vested	-	1,450	-	-	1,450
	-	1,450	-	-	1,450
At 30 June 2021	<u>100,000</u>	<u>17,852</u>	<u>5,829</u>	<u>711,627</u>	<u>835,308</u>
At 1 January 2020	100,000	12,450	12,581	616,253	741,284
Profit for the financial year	-	-	-	95,819	95,819
Other comprehensive income for the financial year	-	-	7,089	-	7,089
Dividend paid	-	-	-	(40,000)	(40,000)
Comprehensive income for the financial year- share-based long term incentive plan vested	-	3,952	-	-	3,952
	-	3,952	-	-	3,952
At 31 December 2020	<u>100,000</u>	<u>16,402</u>	<u>19,670</u>	<u>672,072</u>	<u>808,144</u>

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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	52,740	52,744
Investment income	(21,567)	(26,835)
Realised gain on AFS investments	(623)	(2,336)
Realised loss on foreign exchange	960	1,204
Depreciation of property and equipment	2,191	2,298
Depreciation of right-of-use	578	824
Amortisation of intangible assets	567	532
Interest charge on lease liabilities	69	64
(Gain)/loss on disposal of property and equipment	(2)	1
Property and equipment written off	-	62
(Decrease)/increase in allowance for impairment of doubtful debts	(2,313)	320
Bad debts written off	2,276	-
Employees share-based long term incentive plan	1,450	1,464
Changes in working capital:		
Increase in reinsurance assets	(7,857)	(67,952)
Decrease/(increase) in insurance receivables	1,567	(14,583)
(Increase)/decrease in other receivables	(791)	8,582
Increase in insurance contract liabilities	1,838	70,031
(Decrease)/increase in insurance payables	(1,235)	1,713
Decrease in lease liabilities	(8)	-
Decrease in other payables	(35,705)	(12,747)
Net increase in AFS investments	(12,994)	(56,143)
Increase in investment contract liabilities	104	219
Cash used in operating activities	<u>(18,755)</u>	<u>(40,538)</u>
Interest income received	26,281	27,623
Income tax paid	<u>(9,392)</u>	<u>(15,274)</u>
Net cash flows used in operating activities	<u>(1,866)</u>	<u>(28,189)</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021 (CONTINUED)

	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	2	1
Purchase of property and equipment	(351)	(355)
Purchase of intangible assets	(1,887)	(1,029)
Net cash flows used in investing activities	(2,236)	(1,383)
FINANCING ACTIVITIES		
Payment of lease liabilities	(638)	(890)
Net cash flows used in financing activities	(638)	(890)
Net decrease in cash and cash equivalents	(4,740)	(30,462)
Cash and cash equivalents at beginning of the financial period	259,267	290,411
Cash and cash equivalents at end of the financial period	254,527	259,949
Cash and cash equivalents comprise:		
Fixed and call deposits:		
-Licensed financial institutions in Malaysia	252,643	257,116
Cash and bank balances	1,884	2,833
	254,527	259,949

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2021**

**1 BASIS OF PREPARATION**

The condensed interim financial statements of Chubb Insurance Malaysia Berhad (“the Company”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting. The unaudited condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the financial year ended 31 December 2020.

The notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to gain an understanding of changes in the financial position and performance of the Company since the financial year ended 31 December 2020.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company’s audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following:

**MFRSs, Interpretation and Amendments effective for annual periods beginning on or after 1 January 2021**

- a) Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 “Interest Rate Benchmark Reform- Phase 2”
- b) Amendments to MFRS 16 “COVID-19 Related Rent Concessions beyond 30 June 2021”

There were no material changes to the Company’s accounting policies.

All other standards, amendments to published standards and interpretations that are effective for the current financial period are not relevant to the Company.

**3 COMMENTS ON SEASONALITY OR CYCLICALITY**

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the financial period under review.

**4 UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow in the current interim financial period ended 30 June 2021.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2021 (CONTINUED)**

**5 MATERIAL CHANGES IN ESTIMATES**

There were no material changes in the basis used for accounting estimates in the current interim financial period ended 30 June 2021.

**6 DEBT AND EQUITY SECURITIES ISSUED BY THE COMPANY**

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities during the current interim financial period ended 30 June 2021.

**7 DIVIDEND**

No dividend has been paid by the Company in the current interim financial period ended 30 June 2021.

**8 EVENTS SUBSEQUENT TO THE INTERIM FINANCIAL PERIOD**

There were no material events after the current interim financial period that has not been reflected in the financial statements for the period to date.

**9 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY**

There were no changes in the composition of the Company during the current interim financial period under review.

**10 CONTINGENT LIABILITIES**

It was disclosed in the Company's audited financial statements for the financial year ended 31 December 2020 that the Malaysia Competition Commission ("MyCC") had issued its 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 PIAM and the other 21 other insurers, had infringed the prohibitions in Section 4 of the Competition Act prohibition 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.

As a result of the finding, MyCC had imposed a financial penalty of RM4,218,671 on the Company in 2020. Based on the legal opinions obtained, the Company is of the view that MyCC has wrongly concluded the infringement. It filed a Notice of Appeal and an Application for a Stay of Decision to the Competition Appeal Tribunal ("the Tribunal") on the finding by MyCC and the financial penalty imposed.

On 23 March 2021, the Tribunal allowed the Application for a Stay of Decision on the financial penalty imposed pending the outcome of the Appeal.

There has been no significant development in the Appeal since the last disclosure.

Saved as disclosed above, the Company does not have any other contingent assets and liabilities since the last annual balance sheet date.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL  
STATEMENTS – 30 JUNE 2021 (CONTINUED)

11 INVESTMENTS

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Malaysian Government Securities and guaranteed loans	726,246	714,567
Debt securities	581,094	600,182
Equity securities	375	375
	<u>1,307,715</u>	<u>1,315,124</u>
AFS	<u>1,307,715</u>	<u>1,315,124</u>
The following instruments mature after 12 months:		
Malaysian Government Securities and guaranteed loans	537,743	551,371
Debt securities	484,483	482,796
	<u>1,022,226</u>	<u>1,034,167</u>

(a) AFS

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>Fair Value</u>		
Unquoted equity securities	375	375
Unquoted debt securities	581,094	600,182
Malaysian Government Securities and guaranteed loans	726,246	714,567
	<u>1,307,715</u>	<u>1,315,124</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL  
STATEMENTS – 30 JUNE 2021 (CONTINUED)

11 INVESTMENTS (CONTINUED)

(b) Carrying values of financial instruments

	<u>AFS</u> RM'000
At 1 January 2020	1,233,435
Purchases	759,187
Maturities	(290,000)
Disposals	(401,613)
Realised gains in statement of profit and loss	7,512
Fair value gains recorded in:	
Other comprehensive income	9,328
Net change in interest receivables	(637)
Amortisation of premium	(2,088)
	<hr/>
At 31 December 2020	1,315,124
Purchases	239,468
Maturities	(145,000)
Disposals	(81,474)
Realised gains in statement of profit and loss	623
Fair value losses recorded in:	
Other comprehensive income	(18,212)
Net change in interest receivables	58
Amortisation of premium	(2,872)
	<hr/>
At 30 June 2021	<u>1,307,715</u>

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11 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).

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market and instruments with fair values based on broker quotes (Level 2).

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

Fair value investments

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Valuation techniques		
- market observable inputs (Level 2)	1,307,340	1,314,749
- unobservable inputs (Level 3)	375	375
	<u>1,307,715</u>	<u>1,315,124</u>

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

12 REINSURANCE ASSETS

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Reinsurance of insurance contracts		
Claims liabilities	241,622	235,593
Premium liabilities	15,254	13,426
	<u>256,876</u>	<u>249,019</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2021 (CONTINUED)**

**13 INSURANCE CONTRACT LIABILITIES**

	30.06.2021			31.12.2020		
	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
General insurance	<u>1,012,336</u>	<u>(256,876)</u>	<u>755,460</u>	<u>1,010,498</u>	<u>(249,019)</u>	<u>761,479</u>
Provision for claims reported	508,861	(134,622)	374,239	533,230	(133,253)	399,977
Provision for incurred but not reported claims ("IBNR")	<u>259,220</u>	<u>(107,000)</u>	<u>152,220</u>	<u>216,936</u>	<u>(102,340)</u>	<u>114,596</u>
Claims liabilities	768,081	(241,622)	526,459	750,166	(235,593)	514,573
Premium liabilities	<u>244,255</u>	<u>(15,254)</u>	<u>229,001</u>	<u>260,332</u>	<u>(13,426)</u>	<u>246,906</u>
	<u>1,012,336</u>	<u>(256,876)</u>	<u>755,460</u>	<u>1,010,498</u>	<u>(249,019)</u>	<u>761,479</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2021 (CONTINUED)**

13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

(i) **CLAIMS LIABILITIES**

	30.06.2021			31.12.2020		
	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 January	750,166	(235,593)	514,573	689,493	(202,430)	487,063
Increase in claims incurred/recoveries anticipated over the financial period/year	164,090	(31,879)	132,211	401,482	(121,567)	279,915
Changes in key assumptions	(20,190)	7,355	(12,835)	(29,954)	24,011	(5,943)
Claims paid during the financial year	(125,985)	18,495	(107,490)	(310,855)	64,393	(246,462)
At 30 June/31 December	<u>768,081</u>	<u>(241,622)</u>	<u>526,459</u>	<u>750,166</u>	<u>(235,593)</u>	<u>514,573</u>

(ii) **PREMIUM LIABILITIES**

At 1 January	260,332	(13,426)	246,906	321,229	(19,895)	301,334
Premiums written during the financial year	325,732	(79,071)	246,661	700,018	(192,698)	507,320
Premiums earned during the financial year	(341,809)	77,243	(264,566)	(760,915)	199,167	(561,748)
At 30 June/31 December	<u>244,255</u>	<u>(15,254)</u>	<u>229,001</u>	<u>260,332</u>	<u>(13,426)</u>	<u>246,906</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2021 (CONTINUED)**

**14 CAPITAL STRUCTURE**

The capital structure of the Company as at 30 June 2021, as prescribed under the RBC Framework is provided below:

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	100,000	100,000
Retained earnings	711,627	672,072
	<u>811,627</u>	<u>772,072</u>
<u>Tier 2 Capital</u>		
Available-for-sale fair value reserve	5,829	19,670
Equity reserve	17,852	16,402
Amount deducted from capital	(23,552)	(17,860)
	<u>811,756</u>	<u>790,284</u>

**15 IMPACT OF COVID-19**

While the Company's revenue was adversely impacted during the financial period, it was negated by lower claims and management expenses incurred. As a result, the Company's profitability for the financial year was not significantly impacted by the pandemic.