

Company No.

197001000564 (9827-A)

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

Company No.

197001000564 (9827-A)

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

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Company No.

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

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	<u>Note</u>	<u>30.06.2022</u> RM'000	<u>31.12.2021</u> RM'000
<b>ASSETS</b>			
Property and equipment		41,837	43,416
Right-of-use assets		2,010	2,479
Intangible assets		8,162	7,679
Investments			
-Available-for-sale financial assets ("AFS")	11	1,326,476	1,339,400
Reinsurance assets	12	266,992	263,196
Insurance receivables		109,709	96,269
Other receivables		47,865	49,279
Deferred tax assets		27,355	21,502
Cash and cash equivalents		250,574	247,400
Total assets		<u>2,080,980</u>	<u>2,070,620</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		100,000	100,000
Retained earnings		796,600	762,870
Available-for-sale fair value reserves		(26,563)	(8,027)
Equity reserve		8,886	8,660
Total equity		<u>878,923</u>	<u>863,503</u>
Insurance contract liabilities	13	1,001,861	973,602
Investment contract liabilities		642	681
Insurance payables		58,337	55,132
Lease liabilities		2,066	2,516
Current tax liabilities		5,028	16,785
Other payables		134,123	158,401
Total liabilities		<u>1,202,057</u>	<u>1,207,117</u>
Total equity and liabilities		<u>2,080,980</u>	<u>2,070,620</u>

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

Company No.

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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 2022**

	6 months ended <u>30.06.2022</u> RM'000	6 months ended <u>30.06.2021</u> RM'000
Gross earned premiums	333,791	341,809
Premiums ceded to reinsurers	(81,643)	(77,243)
Net earned premiums	<u>252,148</u>	<u>264,566</u>
Net investment income	21,668	21,567
Realised gains/(losses)	1,418	(337)
Commission income	17,047	15,498
Other operating revenue	902	845
Net income	<u>41,035</u>	<u>37,573</u>
Total revenue	<u>293,183</u>	<u>302,139</u>
Gross claims paid	(131,411)	(125,985)
Claims ceded to reinsurers	33,868	18,495
Gross change to contract liabilities	(19,588)	(17,915)
Change in contract liabilities ceded to reinsurers	(1,079)	6,029
Net claims incurred	<u>(118,210)</u>	<u>(119,376)</u>
Commission expense	(50,491)	(48,269)
Management expenses	(79,439)	(81,685)
Finance cost	(69)	(69)
Total other expenses	<u>(129,999)</u>	<u>(130,023)</u>
Profit before taxation	44,974	52,740
Taxation	(11,244)	(13,185)
Profit for the financial period	<u>33,730</u>	<u>39,555</u>
Earnings per share (sen)		
Basic	<u>33.73</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 2022 (CONTINUED)

	6 months ended <u>30.06.2022</u> RM'000	6 months ended <u>30.06.2021</u> RM'000
Profit for the financial period	33,730	39,555
Other comprehensive income:		
<u>Items that may be subsequently reclassified to income statement:</u>		
Available-for-sale fair value reserves		
Net losses arising during the financial period	(22,034)	(17,589)
Net realised gains transferred to income statement	(2,355)	(623)
	<u>(24,389)</u>	<u>(18,212)</u>
Tax effects thereon	5,853	4,371
	<u>(18,536)</u>	<u>(13,841)</u>
Total comprehensive income for the financial period	<u>15,194</u>	<u>25,714</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 2022**

	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 2022	100,000	8,660	(8,027)	762,870	863,503
Profit for the financial period	-	-	-	33,730	33,730
Other comprehensive income for the financial period	-	-	(18,536)	-	(18,536)
Comprehensive income for the financial period- share-based long term incentive plan vested	-	226	-	-	226
	-	226	-	-	226
At 30 June 2022	<u>100,000</u>	<u>8,886</u>	<u>(26,563)</u>	<u>796,600</u>	<u>878,923</u>
At 1 January 2021	100,000	16,402	19,670	672,072	808,144
Profit for the financial period	-	-	-	39,555	39,555
Other comprehensive income for the financial period	-	-	(13,841)	-	(13,841)
Comprehensive income for the financial period- 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>

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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 2022**

	6 months ended <u>30.06.2022</u> RM'000	6 months ended <u>30.06.2021</u> RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	44,974	52,740
Investment income	(21,668)	(21,567)
Realised gain on AFS investments	(2,355)	(623)
Realised loss on foreign exchange	937	960
Depreciation of property and equipment	1,974	2,191
Depreciation of right-of-use	562	578
Amortisation of intangible assets	983	567
Interest charged on lease liabilities	69	69
Loss/(gain) on disposal of property and equipment	-	(2)
Property and equipment written off	11	-
Increase/(decrease) in allowance for impairment of doubtful debts	383	(2,313)
Bad debts written off	1	2,276
Employees share-based long term incentive plan	226	1,450
Changes in working capital:		
Increase in reinsurance assets	(3,796)	(7,857)
(Increase)/decrease in insurance receivables	(13,824)	1,567
Decrease/(increase) in other receivables	41	(791)
Increase in insurance contract liabilities	28,259	1,838
Increase/(decrease) in insurance payables	3,205	(1,235)
Decrease in lease liabilities	-	(8)
Decrease in other payables	(25,215)	(35,705)
Net increase in AFS investments	(12,631)	(12,994)
(Decrease)/increase in investment contract liabilities	(39)	104
Cash generated from/(used in) operating activities	<u>2,097</u>	<u>(18,755)</u>
Interest income received	26,571	26,281
Income tax paid	<u>(23,010)</u>	<u>(9,392)</u>
Net cash flows generated from/(used in) operating activities	<u>5,658</u>	<u>(1,866)</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 2022 (CONTINUED)**

	6 months ended <u>30.06.2022</u> RM'000	6 months ended <u>30.06.2021</u> RM'000
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property and equipment	-	2
Purchase of property and equipment	(406)	(351)
Purchase of intangible assets	(1,466)	(1,887)
	<u>          </u>	<u>          </u>
Net cash flows used in investing activities	(1,872)	(2,236)
	<u>          </u>	<u>          </u>
<b>FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(612)	(638)
	<u>          </u>	<u>          </u>
Net cash flows used in financing activities	(612)	(638)
	<u>          </u>	<u>          </u>
Net increase/(decrease) in cash and cash equivalents	3,174	(4,740)
Cash and cash equivalents at beginning of the financial period	247,400	259,267
	<u>          </u>	<u>          </u>
Cash and cash equivalents at end of the financial period	250,574	254,527
	<u>          </u>	<u>          </u>
Cash and cash equivalents comprise:		
Fixed and call deposits:		
-Licensed financial institutions in Malaysia	245,400	252,643
Cash and bank balances	5,174	1,884
	<u>          </u>	<u>          </u>
	250,574	254,527
	<u>          </u>	<u>          </u>

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2022**

**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 2021.

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 2021.

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 2021, except for the adoption of the following:

**MFRSs, Interpretation and Amendments effective for annual periods beginning on or after 1 January 2022**

- a) Annual Improvements to MFRS 9 ‘Fees in the 10 per cent Test for Derecognition of Financial Liabilities’
- b) Amendments to MFRS 3 ‘Reference to Conceptual Framework’
- c) Amendments to MFRS 116 ‘Proceeds before Intended Use’
- d) Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- e) Amendments to MFRS 137 ‘Onerous Contracts—Cost of Fulfilling a Contract’

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 2022.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2022 (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 2022.

**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 2022.

**7 DIVIDEND**

No dividend has been paid by the Company in the current interim financial period ended 30 June 2022.

**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 2021 that 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 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.

The Tribunal has completed its hearing of the oral submissions from BNM, PIAM, all the insurers and MyCC. The matter now rests with the Tribunal to consider all oral submissions and to deliver its decision thereafter.

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 2022 (CONTINUED)

11 INVESTMENTS

	<u>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
Malaysian Government Securities and guaranteed loans	772,157	778,790
Debt securities	553,944	560,235
Equity securities	375	375
	<u>1,326,476</u>	<u>1,339,400</u>
AFS	<u>1,326,476</u>	<u>1,339,400</u>
The following instruments mature after 12 months:		
Malaysian Government Securities and guaranteed loans	533,901	493,284
Debt securities	493,084	529,696
	<u>1,026,985</u>	<u>1,022,980</u>

(a) AFS

	<u>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
<u>Fair Value</u>		
Unquoted equity securities	375	375
Unquoted debt securities	553,944	560,235
Malaysian Government Securities and guaranteed loans	772,157	778,790
	<u>1,326,476</u>	<u>1,339,400</u>

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

11 INVESTMENTS (CONTINUED)

(b) Carrying values of financial instruments

	<u>AFS</u> RM'000
At 1 January 2021	1,315,124
Purchases	551,405
Maturities	(360,000)
Disposals	(117,346)
Realised gains in profit and loss	1,490
Fair value losses recorded in:	
Other comprehensive income	(36,444)
Allowance for impairment*	(8,277)
Net change in interest receivables	(402)
Amortisation of premium	(6,150)
At 31 December 2021	<u>1,339,400</u>
Purchases	329,841
Maturities	(155,000)
Disposals	(162,210)
Realised gains in statement of profit and loss	2,355
Fair value losses recorded in:	
Other comprehensive income	(24,389)
Net change in interest receivables	(314)
Amortisation of premium	(3,207)
At 30 June 2022	<u><u>1,326,476</u></u>

\* During the financial year ended 31 December 2021, the Company has made full impairment loss on one of the unquoted debt securities following the downgrading of the debt security's credit rating by Malaysian Rating Corporation Berhad ("MARC") to BB (negative outlook) due to the heightened liquidity risk faced by the issuer of debt security.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2022 (CONTINUED)**

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>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
Valuation techniques		
- market observable inputs (Level 2)	1,326,101	1,339,025
- unobservable inputs (Level 3)	375	375
	<u>1,326,476</u>	<u>1,339,400</u>

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

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STATEMENTS – 30 JUNE 2022 (CONTINUED)

11 INVESTMENTS (CONTINUED)

(c) Estimation of fair values (continued)

Fair value investments (continued)

The movements of impairment allowance for investments of which the fair value is categorised as level 3 are shown below:

	<u>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
<u>Level 3</u>		
At 1 January	375	375
Transfer from Level 2 to Level 3	-	8,277
Fair value loss recognised in profit or loss	-	(8,277)
At 30 June/31 December	<u>375</u>	<u>375</u>

12 REINSURANCE ASSETS

	<u>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
Reinsurance of insurance contracts		
Claims liabilities	250,300	251,379
Premium liabilities	16,692	11,817
	<u>266,992</u>	<u>263,196</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2022 (CONTINUED)**

**13 INSURANCE CONTRACT LIABILITIES**

	30.06.2022			31.12.2021		
	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
General insurance	<u>1,001,861</u>	<u>(266,992)</u>	<u>734,869</u>	<u>973,602</u>	<u>(263,196)</u>	<u>710,406</u>
Provision for claims reported	501,032	(144,437)	356,595	482,104	(113,308)	368,796
Provision for incurred but not reported claims ("IBNR")	<u>253,454</u>	<u>(105,863)</u>	<u>147,591</u>	<u>252,794</u>	<u>(138,071)</u>	<u>114,723</u>
Claims liabilities	754,486	(250,300)	504,186	734,898	(251,379)	483,519
Premium liabilities	<u>247,375</u>	<u>(16,692)</u>	<u>230,683</u>	<u>238,704</u>	<u>(11,817)</u>	<u>226,887</u>
	<u>1,001,861</u>	<u>(266,992)</u>	<u>734,869</u>	<u>973,602</u>	<u>(263,196)</u>	<u>710,406</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2022 (CONTINUED)**

13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) CLAIMS LIABILITIES

	30.06.2022			31.12.2021		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January	734,898	(251,379)	483,519	750,166	(235,593)	514,573
Increase in claims incurred/recoveries anticipated over the financial period/year	156,597	(33,537)	123,060	342,596	(108,805)	233,791
Changes in key assumptions	(5,598)	748	(4,850)	(123,690)	49,328	(74,362)
Claims paid during the financial period/year	(131,411)	33,868	(97,543)	(234,174)	43,691	(190,483)
At 30 June/31 December	<u>754,486</u>	<u>(250,300)</u>	<u>504,186</u>	<u>734,898</u>	<u>(251,379)</u>	<u>483,519</u>

(ii) PREMIUM LIABILITIES

At 1 January	238,704	(11,817)	226,887	260,332	(13,426)	246,906
Premiums written during the financial period/year	342,462	(86,518)	255,944	648,116	(154,693)	493,423
Premiums earned during the financial period/year	(333,791)	81,643	(252,148)	(669,744)	156,302	(513,442)
At 30 June/31 December	<u>247,375</u>	<u>(16,692)</u>	<u>230,683</u>	<u>238,704</u>	<u>(11,817)</u>	<u>226,887</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2022 (CONTINUED)**

**14 CAPITAL STRUCTURE**

The capital structure of the Company as at 30 June 2022, as prescribed under the RBC Framework is provided below:

	<u>30.06.2022</u> RM'000	<u>31.12.2021</u> RM'000
Eligible Tier 1 Capital:		
Share capital	100,000	100,000
Retained earnings	796,600	762,870
	<hr/>	<hr/>
	896,600	862,870
Tier 2 Capital:		
AFS reserves	(26,563)	(8,027)
Equity reserve	8,886	8,660
Amount deducted from capital	(35,517)	(29,181)
	<hr/>	<hr/>
	(53,194)	(28,548)
	<hr/>	<hr/>
Total capital available	<u>843,406</u>	<u>834,322</u>

**15 IMPACT OF COVID-19**

During first half of 2022, Malaysia has entered into the transition to endemic phase with Malaysia's social and economic activity showed signs of recovery. Consistent with the economy, the Company's gross written premiums also reported a positive growth during the period.