

Company No.

197001000564 (9827-A)

CHUBB INSURANCE MALAYSIA BERHAD  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

Company No.

197001000564 (9827-A)

CHUBB INSURANCE MALAYSIA BERHAD  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

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CHUBB INSURANCE MALAYSIA BERHAD  
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023

	Note	30.06.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
<b>ASSETS</b>				
Property and equipment		39,852	40,833	43,416
Right-of-use		1,580	1,694	2,479
Intangible assets		9,532	9,371	7,679
Investments	11	1,397,724	1,299,880	1,339,400
Reinsurance contract assets	12	263,223	322,142	265,678
Other receivables		50,603	49,907	54,721
Deferred tax assets		-	462	747
Cash and cash equivalents		229,828	344,978	247,400
Total assets		<u>1,992,342</u>	<u>2,069,267</u>	<u>1,961,520</u>
<b>EQUITY AND LIABILITIES</b>				
Share capital		100,000	100,000	100,000
Retained earnings		895,191	929,204	820,565
Equity reserve		6,453	7,982	8,660
Total equity		<u>1,001,644</u>	<u>1,037,186</u>	<u>929,225</u>
Insurance contract liabilities	13	870,718	871,820	851,780
Reinsurance contract liabilities	12	-	169	2,061
Deferred tax liabilities		21	-	-
Leased liabilities		1,642	1,758	2,516
Current tax liabilities		3,368	7,010	16,785
Other payables		114,949	151,324	159,153
Total liabilities		<u>990,698</u>	<u>1,032,081</u>	<u>1,032,295</u>
Total equity and liabilities		<u>1,992,342</u>	<u>2,069,267</u>	<u>1,961,520</u>

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

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CHUBB INSURANCE MALAYSIA BERHAD  
(Incorporated in Malaysia)

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

	6 months ended <u>30.06.2023</u> RM'000	6 months ended <u>30.06.2022</u> RM'000 Restated
Insurance revenue	338,320	332,924
Insurance service expense	(191,156)	(199,463)
Insurance service result before reinsurance contracts held	<u>147,164</u>	<u>133,461</u>
Allocation of reinsurance premiums	(65,189)	(61,141)
Amounts recoverable from reinsurers for incurred claims	(10,057)	28,310
Net expense from reinsurance contracts held	<u>(75,246)</u>	<u>(32,831)</u>
Insurance service result	<u>71,918</u>	<u>100,630</u>
Investment income	26,096	21,668
Net fair value gains/ (losses) on financial assets	13,246	(24,389)
Realised gains	1,713	2,355
Total investment income	<u>41,055</u>	<u>(366)</u>
Insurance finance income/ (expense) for insurance contracts issued	7,871	(2,034)
Reinsurance finance (expense)/ income for reinsurance contracts held	(2,468)	843
Net forex (expense)/ income	(51)	4
Net insurance financial result	<u>5,352</u>	<u>(1,187)</u>
Other income	724	810
Management expenses	(64,427)	(64,610)
Total management expenses	<u>(63,703)</u>	<u>(63,800)</u>
Profit before taxation	54,622	35,277
Taxation	(13,635)	(8,916)
Total comprehensive income for the financial year	<u>40,987</u>	<u>26,361</u>
Earnings per share (sen)		
Basic	<u>40.99</u>	<u>26.36</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 2023**

	Share capital RM'000	-----Non-Distributable----- Equity reserve RM'000	Fair value reserves RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 31 December 2022, as previously reported	100,000	7,982	(21,547)	873,237	959,672
Impact of initial application of MFRS 17	-	-	-	77,514	77,514
Impact of initial application of MFRS 9	-	-	21,547	(21,547)	-
At 1 January 2023, restated	100,000	7,982	-	929,204	1,037,186
Total comprehensive income for the year	-	-	-	40,987	40,987
Dividend paid	-	-	-	(75,000)	(75,000)
Comprehensive income for financial period:					
share-based long term incentive plan vested	-	677	-	-	677
share-based long term incentive plan paid	-	(2,206)	-	-	(2,206)
	-	(1,529)	-	-	(1,529)
At 30 June 2023	100,000	6,453	-	895,191	1,001,644
At 31 December 2021, as previously reported	100,000	8,660	(8,027)	762,870	863,503
Impact of initial application of MFRS 17	-	-	-	65,722	65,722
Impact of initial application of MFRS 9	-	-	8,027	(8,027)	-
At 1 January 2022, restated	100,000	8,660	-	820,565	929,225
Total comprehensive income for the year	-	-	-	26,361	26,361
Comprehensive income for financial period - share-based long term incentive plan vested	-	226	-	-	226
	-	226	-	-	226
At 30 June 2022, restated	100,000	8,886	-	846,926	955,812

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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 2023

	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated
OPERATING ACTIVITIES		
Profit before tax	54,622	35,277
Investment income	(26,096)	(21,668)
Realised gains in statement of profit or loss	(1,713)	(2,355)
Fair value (gains)/ losses recorded in statement of profit or loss	(13,246)	24,389
Realised gains on foreign exchange	51	(4)
Depreciation of property and equipment	1,298	1,974
Depreciation of right-of-use	537	562
Amortisation of intangible assets	1,365	983
Interest charged on lease liabilities	50	69
Property and equipment written off	15	11
Employees share-based long term incentive plan	677	226
Change in working capital		
Increase/ (decrease) in reinsurance contract assets	58,938	(3,112)
Decrease in reinsurance contract liabilities	(169)	(2,061)
(Decrease)/ increase in other receivables	(232)	3,343
(Decrease)/ increase in insurance contract liabilities	(1,172)	7,590
Decrease in other payables	(36,375)	(30,496)
Net increase in FVPL investments	(85,618)	(12,631)
Decrease in lease liabilities	(3)	-
Cash (used in)/ generated from operating activities	(47,071)	2,097
Interest income received	28,365	26,571
Income tax paid	(16,794)	(23,010)
Shared-based long term incentive plan paid	(2,206)	-
Net cash flows (used in)/ generated from operating activities	(37,706)	5,658

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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 2023 (CONTINUED)

	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated
INVESTING ACTIVITIES		
Purchase of property and equipment	(332)	(406)
Purchase of intangible assets	(1,526)	(1,466)
Net cash flows used in investing activities	(1,858)	(1,872)
FINANCING ACTIVITIES		
Payment of lease liabilities	(586)	(612)
Dividend paid	(75,000)	-
Net cash flows used in financing activities	(75,586)	(612)
Net (decrease)/increase in cash and cash equivalents	(115,150)	3,174
Cash and cash equivalents at beginning of the financial period	344,978	247,400
Cash and cash equivalents at end of the financial period	229,828	250,574
Cash and cash equivalents comprise:		
Fixed and call deposits:		
- Licensed financial institutions in Malaysia	227,731	245,400
Cash and bank balances	2,097	5,174
	229,828	250,574

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

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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2023**

**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 2022.

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 2022.

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 2022, except for the adoption of the following:

**MFRSs, Interpretation and Amendments effective for annual periods beginning on or after 1 January 2023**

- a) MFRS 17 ‘Insurance Contracts’
- b) Amendments to MFRS 17 ‘Insurance Contracts’
- c) Amendments to MFRS 17 ‘Insurance Contracts’: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- d) Amendments to MFRS 108 ‘Definition of Accounting Estimates’
- e) Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’
- f) Amendments to MFRS 101 ‘Disclosure of Accounting Policies’ and MFRS Practice Statement 2 ‘Making Materiality Judgements’

The adoption of the above pronouncements did not have any material impact to the current and prior period financial statements of the Company except for that discussed below.



CHUBB INSURANCE MALAYSIA BERHAD  
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2023 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Changes in accounting and reporting policy

(i) MFRS 17 'Insurance Contracts'

MFRS 17 'Insurance Contracts' was issued in May 2017, replacing MFRS 4 'Insurance Contracts' for annual periods 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:

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 is 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 liability for remaining coverage ("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.

The liability for incurred claims ("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.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Changes in accounting and reporting policy (continued)

(i) MFRS 17 'Insurance Contracts' (continued)

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 the statement of profit or loss.

Presentation and disclosure

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS17. 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 the new line, net income/ expenses from reinsurance contracts held. Insurance finance income/ expense will mainly include the accretion of the discount rate on insurance contract assets and liabilities and impact of changes in interest rates.



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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Changes in accounting and reporting policy (continued)

(i) MFRS 17 'Insurance Contracts' (continued)

Presentation and disclosure (continued)

Statement of comprehensive income (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, amortization of insurance acquisition cash flows, and losses and reversal of losses on onerous contracts.
- net income (expenses) from reinsurance contracts held which includes revenues and expenses related to ceded business.

(ii) 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 January 1, 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, there by 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.

**CHUBB INSURANCE MALAYSIA BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2023 (CONTINUED)**

**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(a) Changes in accounting and reporting policy (continued)

(ii) MFRS 9 'Financial instruments' (continued)

Classification and measurement

MFRS 9 requires financial assets to be classified either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). 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 solely payments of principal and interest ("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. Under the new model, FVPL is the residual category – financial assets should therefore be classified as FVPL 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 FVPL 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 FVPL to reduce the accounting mismatch arising from the recognition of the changes in IFRS 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 change the classification of its financial liabilities.

Impairment

MFRS 9 requires the Company to record expected credit losses on all of its financial assets not measured at FVPL. The Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The quantitative impact of applying MFRS 9 is disclosed in note 2(b) below.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2023 (CONTINUED)**

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(b) Effect of adoption MFRS 17 and MFRS 9

Classification of financial assets and financial liabilities

The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Company's financial assets as at transition.

Financial assets

	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 139	31.12.2022 RM'000	01.01.2022 RM'000	New carrying amount under MFRS 9	31.12.2022 RM'000	01.01.2022 RM'000
Investments	Available-for-sale	Fair value through profit or loss	1,299,880	1,299,880	1,339,400	1,299,880	1,339,400	
Other receivables (excluding prepayments)	Loans and receivables	Amortised cost	48,924	48,924	54,158	48,924	54,158	
Cash and cash equivalents	Loans and receivables	Amortised cost	344,978	344,978	247,400	344,978	247,400	
Total financial assets			1,693,782	1,693,782	1,640,958	1,693,782	1,640,958	

Financial liabilities

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

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30 JUNE 2023 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Effect of adoption MFRS 17 and MFRS 9 (continued)

Impact of the adoption of MFRS 17 and MFRS 9

The following table reconciles the opening of Statement of Financial Position and the related impact of the adoption of MFRS 17 and MFRS 9 at 1 January 2022.

	As reported as at <u>31.12.2021</u> RM'000	Impact of adoption of MFRS 17 and <u>MFRS 9</u> RM'000	Restated balance as at <u>01.01.2022</u> RM'000
<b>ASSETS</b>			
Property and equipment	43,416	-	43,416
Right-of-use	2,479	-	2,479
Intangible assets	7,679	-	7,679
Investments	1,339,400	-	1,339,400
Reinsurance contract assets	263,196	2,482	265,678
Insurance receivables	96,269	(96,269)	-
Other receivables	49,279	5,442	54,721
Deferred tax assets	21,502	(20,755)	747
Cash and cash equivalents	247,400	-	247,400
Total assets	<u>2,070,620</u>	<u>(109,100)</u>	<u>1,961,520</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	100,000	-	100,000
Retained earnings	762,870	57,695	820,565
Available-for-sale fair value reserves	(8,027)	8,027	-
Equity reserve	8,660	-	8,660
Total equity	<u>863,503</u>	<u>65,722</u>	<u>929,225</u>
Insurance contract liabilities	973,602	(121,822)	851,780
Reinsurance contract liabilities	-	2,061	2,061
Investment contract liabilities	681	(681)	-
Insurance payables	55,132	(55,132)	-
Leased liabilities	2,516	-	2,516
Current tax liabilities	16,785	-	16,785
Other payables	158,401	752	159,153
Total liabilities	<u>1,207,117</u>	<u>(174,822)</u>	<u>1,032,295</u>
Total equity and liabilities	<u>2,070,620</u>	<u>(109,100)</u>	<u>1,961,520</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2023 (CONTINUED)**

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Effect of adoption MFRS 17 and MFRS 9 (continued)

Impact of the adoption of MFRS 17 and MFRS 9 (continued)

The following table reconciles the opening of Statement of Financial Position and the related impact of the adoption of MFRS 17 and MFRS 9 at 31 December 2022.

	As reported as at <u>31.12.2022</u> RM'000	Impact of adoption of MFRS 17 and <u>MFRS 9</u> RM'000	Restated balance as at <u>31.12.2022</u> RM'000
<b>ASSETS</b>			
Property and equipment	40,833	-	40,833
Right-of-use	1,694	-	1,694
Intangible assets	9,371	-	9,371
Investments	1,299,880	-	1,299,880
Reinsurance contract assets	314,349	7,793	322,142
Insurance receivables	110,407	(110,407)	-
Other receivables	45,379	4,528	49,907
Deferred tax assets	24,940	(24,478)	462
Cash and cash equivalents	344,978	-	344,978
<b>Total assets</b>	<u>2,191,831</u>	<u>(122,564)</u>	<u>2,069,267</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	100,000	-	100,000
Retained earnings	873,237	55,967	929,204
Available-for-sale fair value reserves	(21,547)	21,547	-
Equity reserve	7,982	-	7,982
<b>Total equity</b>	<u>959,672</u>	<u>77,514</u>	<u>1,037,186</u>
Insurance contract liabilities	1,022,214	(1,022,214)	-
Reinsurance contract liabilities	-	871,820	871,820
Investment contract liabilities	530	(361)	169
Insurance payables	45,680	(45,680)	-
Leased liabilities	1,758	-	1,758
Current tax liabilities	7,010	-	7,010
Other payables	154,967	(3,643)	151,324
<b>Total liabilities</b>	<u>1,232,159</u>	<u>(200,078)</u>	<u>1,032,081</u>
<b>Total equity and liabilities</b>	<u>2,191,831</u>	<u>(122,564)</u>	<u>2,069,267</u>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2023 (CONTINUED)**

**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 2023.

**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 2023.

**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 2023.

**7 DIVIDEND**

No dividend has been paid by the Company in the current interim financial period ended 30 June 2023.

**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.



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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –  
30 JUNE 2023 (CONTINUED)**

10 CONTINGENT LIABILITIES

It was disclosed in the Company's audited financial statements for the financial year ended 31 December 2022 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.

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.

However, MyCC filed an application to seek leave to commence judicial review proceedings in the High Court to review the decision of the Tribunal ("MyCC Leave Application"). The Company also filed an Affidavit to oppose. On 8 May 2023, a case management hearing for the Judicial Review leave application was carried out where the Court issued directions in respect of the filing and exchange of affidavits and submissions for the Judicial Review leave application. The hearing of the Judicial Review leave application was set for 30 November 2023.

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

11 INVESTMENTS

	<u>30.06.2023</u>	<u>31.12.2022</u>	<u>01.01.2022</u>
	RM'000	RM'000	RM'000
		Restated	Restated
Malaysian government securities and guaranteed loans	769,296	747,908	778,790
Debt securities	628,053	551,597	560,235
Equity securities	375	375	375
	<u>1,397,724</u>	<u>1,299,880</u>	<u>1,339,400</u>
Fair value through profit or loss ("FVPL")	<u>1,397,724</u>	<u>1,299,880</u>	<u>1,339,400</u>
The following instruments mature after 12 months:			
Malaysian government securities and guaranteed loans	556,750	545,063	493,284
Debt securities	437,237	421,135	529,696
	<u>993,987</u>	<u>966,198</u>	<u>1,022,980</u>

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11 INVESTMENTS (CONTINUED)

(a) FVPL

	<u>30.06.2023</u> RM'000	<u>31.12.2022</u> RM'000 Restated	<u>01.01.2022</u> RM'000 Restated
<u>Fair value</u>			
Unquoted equity securities	375	375	375
Unquoted debt securities	628,053	551,597	560,235
Malaysian government securities and guaranteed loans	769,296	747,908	778,790
	<u>1,397,724</u>	<u>1,299,880</u>	<u>1,339,400</u>

(b) Carrying values of financial instruments

	<u>FVPL</u> RM'000
At 1 January 2022, restated	1,339,400
Purchases	570,741
Maturities	(365,000)
Disposals	(222,964)
Realised gains in statement of profit or loss	2,698
Fair value losses recorded in:	
Statement of profit or loss	(17,790)
Net change in interest receivables	(445)
Amortisation of premium	(6,760)
At 31 December 2022, restated	<u>1,299,880</u>
Purchases	372,228
Maturities	(180,000)
Disposals	(106,610)
Realised gains in statement of profit or loss	1,713
Fair value gains recorded in:	
Statement of profit or loss	13,246
Net change in interest receivables	643
Amortisation of premium	(3,376)
At 30 June 2023	<u>1,397,724</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.

	<u>30.06.2023</u> RM'000	<u>31.12.2022</u> RM'000 Restated	<u>01.01.2022</u> RM'000 Restated
<u>Fair value investments</u>			
Valuation techniques			
- market observable inputs (Level 2)	1,397,349	1,299,505	1,339,025
- unobservable inputs (Level 3)	375	375	375
	<u>1,397,724</u>	<u>1,299,880</u>	<u>1,339,400</u>

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



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12 REINSURANCE CONTRACT ASSETS/LIABILITIES

	Assets for remaining coverage		Recoveries on incurred claims		Total RM'000
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	PV of future cash flows RM'000	Risk adjustment RM'000	
<u>At 31 December 2022</u>					
Reinsurance contract assets	29,415	808	265,350	26,569	322,142
Reinsurance contract liabilities	(273)	-	68	36	(169)
	<u>29,142</u>	<u>808</u>	<u>265,418</u>	<u>26,605</u>	<u>321,973</u>
<u>Net income/(expense) from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(65,189)	-	-	-	(65,189)
Recoveries of incurred claims and other insurance service expenses	-	-	35,929	2,347	38,276
Changes relating to past service - adjustments to incurred claims	-	-	(41,559)	(6,694)	(48,253)
Recoveries and reversals of recoveries of losses on onerous underlying	-	(86)	-	-	(86)
Effect of changes in the risk of reinsurers non-performance	-	-	6	-	6
	<u>(65,189)</u>	<u>(86)</u>	<u>(5,624)</u>	<u>(4,347)</u>	<u>(75,246)</u>
<u>Insurance finance expenses</u>					
Finance income from reinsurance contracts held	-	-	(2,468)	-	(2,468)
Effect of movements in exchange rates	5	-	14	-	19
	<u>5</u>	<u>-</u>	<u>(2,454)</u>	<u>-</u>	<u>(2,449)</u>
Total changes in the statement of comprehensive income	<u>(65,184)</u>	<u>(86)</u>	<u>(8,078)</u>	<u>(4,347)</u>	<u>(77,695)</u>
<u>Cash flows</u>					
Premiums paid net of ceding commissions	58,179	-	-	-	58,179
Recoveries from reinsurance	-	-	(39,234)	-	(39,234)
	<u>58,179</u>	<u>-</u>	<u>(39,234)</u>	<u>-</u>	<u>18,945</u>
<u>At 30 June 2023</u>					
Reinsurance contract assets	22,137	722	218,106	22,258	263,223
Reinsurance contract liabilities	-	-	-	-	-
	<u>22,137</u>	<u>722</u>	<u>218,106</u>	<u>22,258</u>	<u>263,223</u>



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12 REINSURANCE CONTRACT ASSETS/LIABILITIES (CONTINUED)

	Assets for remaining coverage		Recoveries on incurred claims		Total RM'000
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	PV of future cash flows RM'000	Risk adjustment RM'000	
<u>At 1 January 2022</u>					
Reinsurance contract assets	14,908	1,489	226,933	22,348	265,678
Reinsurance contract liabilities	704	14	(2,855)	76	(2,061)
	<u>15,612</u>	<u>1,503</u>	<u>224,078</u>	<u>22,424</u>	<u>263,617</u>
<u>Net income/(expense) from reinsurance contracts held</u>					
Allocation of reinsurance premiums paid	(122,441)	-	-	-	(122,441)
Recoveries of incurred claims and other insurance service expenses	-	-	92,766	8,353	101,119
Changes relating to past service - adjustments to incurred claims	-	-	4,965	(4,172)	793
Recoveries and reversals of recoveries of losses on onerous underlying	-	(695)	-	-	(695)
Effect of changes in the risk of reinsurers non-performance	-	-	7	-	7
	<u>(122,441)</u>	<u>(695)</u>	<u>97,738</u>	<u>4,181</u>	<u>(21,217)</u>
<u>Insurance finance expenses</u>					
Finance income from reinsurance contracts held	-	-	5,139	-	5,139
Effect of movements in exchange rates	4	-	15	-	19
	<u>4</u>	<u>-</u>	<u>5,154</u>	<u>-</u>	<u>5,158</u>
Total changes in the statement of comprehensive income	<u>(122,437)</u>	<u>(695)</u>	<u>102,892</u>	<u>4,181</u>	<u>(16,059)</u>
<u>Cash flows</u>					
Premiums paid net of ceding commissions	135,967	-	-	-	135,967
Recoveries from reinsurance	-	-	(61,552)	-	(61,552)
	<u>135,967</u>	<u>-</u>	<u>(61,552)</u>	<u>-</u>	<u>74,415</u>
<u>At 31 December 2022</u>					
Reinsurance contract assets	29,415	808	265,350	26,569	322,142
Reinsurance contract liabilities	(273)	-	68	36	(169)
	<u>29,142</u>	<u>808</u>	<u>265,418</u>	<u>26,605</u>	<u>321,973</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2023 (CONTINUED)**

13 **INSURANCE CONTRACT LIABILITIES**

	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding Loss component RM'000	Loss component RM'000	PV of future cash flows RM'000	Risk adjustment RM'000	
<u>At 31 December 2022</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	131,647	4,844	667,838	67,491	871,820
	131,647	4,844	667,838	67,491	871,820
	(338,320)	-	-	-	(338,320)
Insurance revenue from contracts measured under PAA					
Insurance service expenses					
Incurred claims and directly attributable expenses	-	-	194,427	13,541	207,968
Acquisition expenses cashflow amortisation	64,687	-	-	-	64,687
Losses on onerous contracts and reversals	-	(485)	-	-	(485)
Changes related to past service - liabilities for incurred claims	-	-	(68,121)	(12,893)	(81,014)
Total insurance service result	(273,633)	(485)	126,306	648	(147,164)
Insurance finance expenses					
Insurance finance expenses	-	-	(7,871)	-	(7,871)
Effect of movements in exchange rates	41	-	29	-	70
	41	-	(7,842)	-	(7,801)
Total changes in the statement of comprehensive income	(273,592)	(485)	118,464	648	(154,965)
Investment components	(247)	-	247	-	-
<u>Cash flows</u>					
Premiums received	337,648	-	-	-	337,648
Claims and other insurance service expenses paid including investment	-	-	(116,720)	-	(116,720)
Insurance acquisition cash flows	(67,065)	-	-	-	(67,065)
	270,583	-	(116,720)	-	153,863
<u>At 30 June 2023</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	128,391	4,359	669,829	68,139	870,718
	128,391	4,359	669,829	68,139	870,718

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding Loss component RM'000	Loss component RM'000	PV of future cash flows RM'000	Risk adjustment RM'000	
<u>At 1 January 2022</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	134,731	8,306	645,213	63,530	851,780
	134,731	8,306	645,213	63,530	851,780
Insurance revenue from contracts measured under PAA	(671,447)	-	-	-	(671,447)
Insurance service expenses					
Incurred claims and directly attributable expenses	-	-	327,410	24,100	351,510
Acquisition expenses cashflow amortisation	126,548	-	-	-	126,548
Losses on onerous contracts and reversals	-	(3,463)	-	-	(3,463)
Changes related to past service - liabilities for incurred claims	-	-	(44,655)	(20,139)	(64,794)
Total insurance service result	(544,899)	(3,463)	282,755	3,961	(261,646)
Insurance finance expenses	-	-	14,498	-	14,498
Insurance finance expenses	9	-	17	-	26
Effect of movements in exchange rates	9	-	14,515	-	14,524
Total changes in the statement of comprehensive income	(544,890)	(3,463)	297,270	3,961	(247,122)
Investment components	(728)	-	728	-	-
<u>Cash flows</u>					
Premiums received	665,842	-	-	-	665,842
Claims and other insurance service expenses paid including investment	-	-	(275,372)	-	(275,372)
Insurance acquisition cash flows	(123,308)	-	-	-	(123,308)
	542,534	-	(275,372)	-	267,162
<u>At 31 December 2022</u>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	131,647	4,843	667,839	67,491	871,820
	131,647	4,843	667,839	67,491	871,820



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14 CAPITAL STRUCTURE

The capital structure of the Company as at 30 June 2023, as prescribed under the RBC Framework is provided below:

	<u>30.06.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000
Eligible Tier 1 Capital:		
Share capital	100,000	100,000
Retained earnings	<u>816,145</u>	<u>873,237</u>
	916,145	973,237
Tier 2 Capital:		
AFS reserves	-	(21,547)
Eligible reserves	6,453	7,982
Amount deducted from capital	<u>(34,471)</u>	<u>(34,311)</u>
	(28,018)	(47,876)
Total capital available	<u>888,127</u>	<u>925,361</u>

The components of capital available presented above is prepared under the RBC framework and will not reconcile to the components presented in this interim financial statements.



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CONFIRMATION BY OFFICER PRIMARILY RESPONSIBLE FOR THE  
FINANCIAL MANAGEMENT OF THE COMPANY

I, Abbas Choker, being the officer primarily responsible for the financial management of Chubb Insurance Malaysia Berhad, confirm that the financial statements set out on pages 1 to 22 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

A handwritten signature in black ink, appearing to read 'ABBAS CHOKER', with a large, stylized flourish above it.

ABBAS CHOKER

Kuala Lumpur

Date: 24 August 2023