

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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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 2020

	<u>Note</u>	<u>30.06.2020</u> RM'000	<u>31.12.2019</u> RM'000
ASSETS			
Property and equipment		48,078	50,084
Right-of-use assets		1,745	2,217
Intangible assets		3,386	2,890
Investments			
-Available-for-sale financial assets ("AFS")	11	1,303,437	1,233,435
Reinsurance assets	12	290,277	222,325
Insurance receivables		129,763	115,500
Other receivables		51,473	60,502
Deferred tax assets		17,719	20,566
Current tax assets		3,076	988
Cash and cash equivalents		259,949	290,411
Total assets		<u>2,108,903</u>	<u>1,998,918</u>
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Retained earnings		655,811	616,253
Available-for-sale fair value reserves		21,597	12,581
Equity reserve		13,914	12,450
Total equity		<u>791,322</u>	<u>741,284</u>
Insurance contract liabilities	13	1,080,753	1,010,722
Investment contract liabilities		730	511
Insurance payables		74,014	72,301
Lease liabilities		1,803	2,286
Other payables		160,281	171,814
Total liabilities		<u>1,317,581</u>	<u>1,257,634</u>
Total equity and liabilities		<u>2,108,903</u>	<u>1,998,918</u>

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

Company No.

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CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Gross earned premiums	397,170	435,099
Premiums ceded to reinsurers	(106,013)	(112,043)
Net earned premiums	<u>291,157</u>	<u>323,056</u>
Net investment income	26,835	29,896
Realised gains/(loss)	1,131	(282)
Commission income	24,128	29,287
Other operating revenue	846	736
Net income	<u>52,940</u>	<u>59,637</u>
Total revenue	<u>344,097</u>	<u>382,693</u>
Gross claims paid	(139,178)	(173,649)
Claims ceded to reinsurers	17,445	28,622
Gross change to contract liabilities	(96,183)	(27,241)
Change in contract liabilities ceded to reinsurers	67,594	6,045
Net claims incurred	<u>(150,321)</u>	<u>(166,223)</u>
Commission expense	(52,114)	(62,907)
Management expenses	(88,855)	(99,267)
Finance cost	(63)	(27)
Total other expenses	<u>(141,032)</u>	<u>(162,201)</u>
Profit before taxation	52,744	54,269
Taxation	(13,186)	(13,567)
Profit for the financial period	<u>39,558</u>	<u>40,702</u>
Earnings per share (sen)		
Basic	<u>39.56</u>	<u>40.70</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 2020**

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
Profit for the financial period	39,558	40,702
Other comprehensive income:		
<u>Items that may be subsequently reclassified to income statement:</u>		
Available-for-sale fair value reserves		
Net gains arising during the financial period	14,200	10,323
Net realised gains transferred to income statement	<u>(2,336)</u>	<u>(21)</u>
	11,864	10,302
Tax effects thereon	<u>(2,848)</u>	<u>(2,472)</u>
	<u>9,016</u>	<u>7,830</u>
Total comprehensive income for the financial period	<u><u>48,574</u></u>	<u><u>48,532</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 2020**

	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 2020	100,000	12,450	12,581	616,253	741,284
Profit for the financial year	-	-	-	39,558	39,558
Other comprehensive income for the financial year	-	-	9,016	-	9,016
Comprehensive income for the financial year- share-based long term incentive plan vested	-	1,464	-	-	1,464
	-	1,464	-	-	1,464
At 30 June 2020	<u>100,000</u>	<u>13,914</u>	<u>21,597</u>	<u>655,811</u>	<u>791,322</u>
At 1 January 2019	100,000	10,295	1,306	669,533	781,134
Profit for the financial year	-	-	-	87,720	87,720
Other comprehensive income for the financial year	-	-	11,275	-	11,275
Dividend paid	-	-	-	(141,000)	(141,000)
Comprehensive income for the financial year- share-based long term incentive plan vested	-	2,155	-	-	2,155
	-	2,155	-	-	2,155
At 31 December 2019	<u>100,000</u>	<u>12,450</u>	<u>12,581</u>	<u>616,253</u>	<u>741,284</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 2020

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
OPERATING ACTIVITIES		
Profit before tax	52,744	54,269
Investment income	(26,835)	(29,896)
Realised gain on AFS investments	(2,336)	(21)
Realised loss on foreign exchange	1,204	299
Depreciation of property and equipment	2,298	2,418
Depreciation of right-of-use	824	930
Amortisation of intangible assets	532	426
Interest charge on lease liabilities	64	27
Loss on disposal of property and equipment	1	4
Property and equipment written off	62	-
Increase/(decrease) in allowance for impairment of doubtful debts	320	(419)
Bad debts written off	-	53
Employees share-based long term incentive plan	1,464	909
Changes in working capital:		
Increase in reinsurance assets	(67,952)	(10,102)
Increase in insurance receivables	(14,583)	(12,969)
Decrease in other receivables	8,582	7,639
Increase in insurance contract liabilities	70,031	31,086
Increase in insurance payables	1,713	11,078
Decrease in other payables	(12,747)	(6,804)
Net increase in AFS investments	(56,143)	(40,098)
Increase in investment contract liabilities	219	112
Cash (used in)/generated from operating activities	(40,538)	8,941
Interest income received	27,623	28,403
Income tax paid	(15,274)	(11,654)
Net cash flows (used in)/ generated from operating activities	<u>(28,189)</u>	<u>25,690</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 2020 (CONTINUED)

	6 months ended <u>30.06.2020</u> RM'000	6 months ended <u>30.06.2019</u> RM'000
INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	1	21
Purchase of property and equipment	(355)	(662)
Purchase of intangible assets	(1,029)	(37)
Net cash flows used in investing activities	<u>(1,383)</u>	<u>(678)</u>
FINANCING ACTIVITIES		
Payment of lease liabilities	(890)	(947)
Net cash flows used in financing activities	<u>(890)</u>	<u>(947)</u>
Net (decrease)/ increase in cash and cash equivalents	(30,462)	24,065
Cash and cash equivalents at beginning of the financial period	<u>290,411</u>	<u>315,188</u>
Cash and cash equivalents at end of the financial period	<u><u>259,949</u></u>	<u><u>339,253</u></u>
Cash and cash equivalents comprise:		
Fixed and call deposits:		
-Licensed financial institutions in Malaysia	257,116	331,103
Cash and bank balances	2,833	8,150
	<u><u>259,949</u></u>	<u><u>339,253</u></u>

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CHUBB INSURANCE MALAYSIA BERHAD
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –
30 JUNE 2020**

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 2019.

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 2019.

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 2019, except for the adoption of the following:

MFRSs, Interpretation and Amendments effective for annual periods beginning on or after 1 January 2020

- a) The Conceptual Framework for Financial Reporting (Revised 2018)
- b) Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’
- c) Amendments to MFRS 3 ‘Definition of a Business’

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 2020.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –
30 JUNE 2020 (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 2020.

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 2020.

7 DIVIDEND

No dividend has been paid by the Company in the current interim financial period ended 30 June 2020.

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

At the date of this report, there does not exist any contingent liability of the Company which has arisen since the end of the financial period under review.

For the purpose of this paragraph, contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS – 30 JUNE 2020 (CONTINUED)

11 INVESTMENTS

	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Malaysian Government Securities and guaranteed loans	789,306	782,327
Debt securities	513,756	450,733
Equity securities	375	375
	<u>1,303,437</u>	<u>1,233,435</u>

AFS	<u>1,303,437</u>	<u>1,233,435</u>
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The following instruments mature after 12 months:

Malaysian Government Securities and guaranteed loans	621,478	655,432
Debt securities	381,611	344,246
	<u>1,003,089</u>	<u>999,678</u>

(a) AFS

	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>Fair Value</u>		
Unquoted equity securities	375	375
Unquoted debt securities	513,756	450,733
Malaysian Government Securities and guaranteed loans	789,306	782,327
	<u>1,303,437</u>	<u>1,233,435</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS – 30 JUNE 2020 (CONTINUED)

11 INVESTMENTS (CONTINUED)

(b) Carrying values of financial instruments

	<u>AFS</u> RM'000
At 1 January 2019	1,199,639
Purchases	353,321
Maturities	(280,000)
Disposals	(55,363)
Fair value gains recorded in:	
Other comprehensive income	14,891
Net change in interest receivables	766
Accretion of discount	181
	<hr/>
At 31 December 2019	1,233,435
Purchases	349,058
Maturities	(100,000)
Disposals	(192,915)
Fair value gains recorded in:	
Other comprehensive income	14,200
Net change in interest receivables	319
Amortisation of premium	(660)
	<hr/>
At 30 June 2020	<u>1,303,437</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2020 (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>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Valuation techniques		
- market observable inputs (Level 2)	1,303,062	1,233,060
- unobservable inputs (Level 3)	375	375
	<u>1,303,437</u>	<u>1,233,435</u>

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

12 REINSURANCE ASSETS

	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Reinsurance of insurance contracts		
Claims liabilities	270,025	202,430
Premium liabilities	20,252	19,895
	<u>290,277</u>	<u>222,325</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2020 (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES

	30.06.2020			31.12.2019		
	<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>1,080,753</u>	<u>(290,277)</u>	<u>790,476</u>	<u>1,010,722</u>	<u>(222,325)</u>	<u>788,397</u>
Provision for claims reported	557,080	(157,436)	399,644	549,112	(129,143)	419,969
Provision for incurred but not reported claims ("IBNR")	<u>228,596</u>	<u>(112,589)</u>	<u>116,007</u>	<u>140,381</u>	<u>(73,287)</u>	<u>67,094</u>
Claims liabilities	785,676	(270,025)	515,651	689,493	(202,430)	487,063
Premium liabilities	<u>295,077</u>	<u>(20,252)</u>	<u>274,825</u>	<u>321,229</u>	<u>(19,895)</u>	<u>301,334</u>
	<u>1,080,753</u>	<u>(290,277)</u>	<u>790,476</u>	<u>1,010,722</u>	<u>(222,325)</u>	<u>788,397</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2020 (CONTINUED)

13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

(i) **CLAIMS LIABILITIES**

	30.06.2020			31.12.2019		
	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	689,493	(202,430)	487,063	669,964	(202,906)	467,058
Increase in claims incurred/recoveries anticipated over the financial period/year	235,970	(87,303)	148,667	464,260	(114,232)	350,028
Changes in key assumptions	(609)	2,263	1,654	(71,663)	49,100	(22,563)
Claims paid during the financial year	(139,178)	17,445	(121,733)	(373,068)	65,608	(307,460)
At 30 June/31 December	<u>785,676</u>	<u>(270,025)</u>	<u>515,651</u>	<u>689,493</u>	<u>(202,430)</u>	<u>487,063</u>

(ii) **PREMIUM LIABILITIES**

At 1 January	321,229	(19,895)	301,334	333,740	(22,864)	310,876
Premiums written during the financial year	371,018	(106,370)	264,648	849,602	(219,953)	629,649
Premiums earned during the financial year	(397,170)	106,013	(291,157)	(862,113)	222,922	(639,191)
At 30 June/31 December	<u>295,077</u>	<u>(20,252)</u>	<u>274,825</u>	<u>321,229</u>	<u>(19,895)</u>	<u>301,334</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2020 (CONTINUED)

14 CAPITAL STRUCTURE

The capital structure of the Company as at 30 June 2020, as prescribed under the RBC Framework is provided below:

	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	100,000	100,000
Retained earnings	655,811	616,253
	<u>755,811</u>	<u>716,253</u>
<u>Tier 2 Capital</u>		
Available-for-sale fair value reserve	21,597	12,581
Equity reserve	13,914	12,450
Amount deducted from capital	(21,105)	(23,456)
	<u>770,217</u>	<u>717,828</u>
Total capital available	<u><u>770,217</u></u>	<u><u>717,828</u></u>