

Company No.

197001000564 (9827A)

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Company No.

197001000564 (9827A)

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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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 31 DECEMBER 2021**

	<u>Note</u>	<u>31.12.2021</u> RM'000	<u>31.12.2020</u> RM'000
<b>ASSETS</b>			
Property and equipment		43,416	47,260
Right-of-use assets		2,479	2,193
Intangible assets		7,679	5,442
Investments			
-Available-for-sale financial assets ("AFS")	11	1,339,400	1,315,124
Reinsurance assets	12	263,196	249,019
Insurance receivables		96,269	105,990
Other receivables		49,279	50,546
Deferred tax assets		21,502	12,418
Current tax assets		-	1,642
Cash and cash equivalents		247,400	259,267
Total assets		<u>2,070,620</u>	<u>2,048,901</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		100,000	100,000
Retained earnings		762,870	672,072
Available-for-sale fair value reserves		(8,027)	19,670
Equity reserve		8,660	16,402
Total equity		<u>863,503</u>	<u>808,144</u>
Insurance contract liabilities	13	973,602	1,010,498
Investment contract liabilities		681	579
Insurance payables		55,132	56,281
Lease liabilities		2,516	2,240
Current tax liabilities		16,785	-
Other payables		158,401	171,159
Total liabilities		<u>1,207,117</u>	<u>1,240,757</u>
Total equity and liabilities		<u>2,070,620</u>	<u>2,048,901</u>

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

Company No.

197001000564 (9827A)

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

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	<u>31.12.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Gross earned premiums	669,744	760,915
Premiums ceded to reinsurers	(156,302)	(199,167)
Net earned premiums	<u>513,442</u>	<u>561,748</u>
Net investment income	45,116	53,645
Realised gains	400	7,729
Commission income	27,264	41,207
Other operating revenue	<u>1,858</u>	<u>1,713</u>
Net income	<u>74,638</u>	<u>104,294</u>
Total revenue	<u>588,080</u>	<u>666,042</u>
Gross claims paid	(234,174)	(310,855)
Claims ceded to reinsurers	43,691	64,393
Gross change to contract liabilities	15,268	(60,673)
Change in contract liabilities ceded to reinsurers	<u>15,786</u>	<u>33,163</u>
Net claims incurred	<u>(159,429)</u>	<u>(273,972)</u>
Fair value losses	(8,277)	-
Commission expense	(94,071)	(96,804)
Management expenses	(151,541)	(166,008)
Finance cost	<u>(135)</u>	<u>(130)</u>
Total other expenses	<u>(254,024)</u>	<u>(262,942)</u>
Profit before taxation	174,627	129,128
Taxation	<u>(43,829)</u>	<u>(33,309)</u>
Profit for the financial year	<u>130,798</u>	<u>95,819</u>
Earnings per share (sen)		
Basic	<u>130.80</u>	<u>95.82</u>

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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

	<u>31.12.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Profit for the financial year	130,798	95,819
Other comprehensive income:		
<u>Items that may be subsequently reclassified to profit or loss:</u>		
Available-for-sale fair value reserves		
Net (losses)/gains arising during the financial year	(34,954)	16,840
Net realised gains transferred to profit or loss	(1,490)	(7,512)
	<u>(36,444)</u>	<u>9,328</u>
Tax effects thereon	8,747	(2,239)
	<u>(27,697)</u>	<u>7,089</u>
Total comprehensive income for the financial year	<u>103,101</u>	<u>102,908</u>

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**CHUBB INSURANCE MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	-	130,798	130,798
Other comprehensive income for the financial year	-	-	(27,697)	-	(27,697)
Dividend paid				(40,000)	(40,000)
Comprehensive income for the financial year:					
share-based long term incentive plan vested	-	2,530	-	-	2,530
share-based long term incentive plan paid	-	(10,272)	-	-	(10,272)
	-	(7,742)	-	-	(7,742)
At 31 December 2021	<u>100,000</u>	<u>8,660</u>	<u>(8,027)</u>	<u>762,870</u>	<u>863,503</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 FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	<u>31.12.2021</u> RM'000	<u>31.12.2020</u> RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	174,627	129,128
Investment income	(45,116)	(53,645)
Realised gain on AFS investments	(1,490)	(7,512)
Allowance for impairment of investments	8,277	-
Realised losses/(gain) on foreign exchange	1,082	(220)
Depreciation of property and equipment	4,280	4,597
Depreciation of right-of-use	1,151	1,498
Amortisation of intangible assets	1,316	1,024
Interest charge on lease liabilities	135	130
Loss on disposal of property and equipment	8	3
Property and equipment written off	3	66
Intangible assets expensed off	30	43
Decrease in allowance for impairment of doubtful debts	(2,270)	(2,103)
Bad debts written off	2,282	4,360
Bad debts recovered	(4)	-
Employees share-based long term incentive plan vested	2,530	3,952
Changes in working capital:		
Increase in reinsurance assets	(14,177)	(26,694)
Decrease in insurance receivables	9,713	7,253
(Increase)/decrease in other receivables	(781)	10,903
Decrease in insurance contract liabilities	(36,896)	(224)
Decrease in insurance payables	(1,149)	(16,020)
Decrease in lease liabilities	(33)	(37)
Decrease in other payables	(13,840)	(435)
Net increase in AFS investments	(74,059)	(67,574)
Increase in investment contract liabilities	102	68
Cash generated/(used in) operating activities	15,721	(11,439)
Interest income received	53,584	55,291
Dividend income received	132	132
Income tax paid	(25,739)	(28,054)
Employees share-based long term incentive plan paid	(10,272)	-
Net cash flows generated from operating activities	<u>33,426</u>	<u>15,930</u>

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

	<u>31.12.2021</u> RM'000	<u>31.12.2020</u> RM'000
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property and equipment	2	2
Purchase of property and equipment	(449)	(1,844)
Purchase of intangible assets	(3,583)	(3,619)
	<hr/>	<hr/>
Net cash flows used in investing activities	(4,030)	(5,461)
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(1,263)	(1,613)
Dividend paid	(40,000)	(40,000)
	<hr/>	<hr/>
Net cash flows used in financing activities	(41,263)	(41,613)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(11,867)	(31,144)
Cash and cash equivalents at beginning of the financial year	259,267	290,411
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial year	247,400	259,267
	<hr/>	<hr/>
 Cash and cash equivalents comprise:		
Fixed and call deposits:		
-Licensed financial institutions in Malaysia	229,152	242,648
Cash and bank balances	18,248	16,619
	<hr/>	<hr/>
	247,400	259,267
	<hr/>	<hr/>

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



**CHUBB INSURANCE MALAYSIA BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 condensed interim 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 year 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 year under review.

**4 UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow in the current interim financial year ended 31 December 2021.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**5 MATERIAL CHANGES IN ESTIMATES**

There were no material changes in the basis used for accounting estimates in the current interim financial year ended 31 December 2021.

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

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities in the current interim financial year ended 31 December 2021.

**7 DIVIDEND**

The Company paid an interim single tier dividend of RM0.40 per ordinary share totalling RM40,000,000 in respect of the financial year ended 31 December 2021 on 20 December 2021. The dividend has been approved by Bank Negara Malaysia and accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ended 31 December 2021.

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

There were no material events after the current interim financial year 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 year under review.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**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.

The Tribunal has completed its hearing of oral submissions from Bank Negara Malaysia ("BNM"), Persatuan Insurans Am Malaysia ("PIAM") and all the insurers. The Tribunal will now hear MyCC's counsel's defence which anticipated to take place around March/April 2022.

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  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**11 INVESTMENTS**

	<u>31.12.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Malaysian Government Securities and guaranteed loans	778,790	714,567
Debt securities	560,235	600,182
Equity securities	375	375
	<u>1,339,400</u>	<u>1,315,124</u>
AFS	<u>1,339,400</u>	<u>1,315,124</u>

The following investments mature after 12 months:

Malaysian Government Securities and guaranteed loans	493,284	551,371
Debt securities	529,696	482,796
	<u>1,022,980</u>	<u>1,034,167</u>

(a) AFS

	<u>31.12.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>Fair Value</u>		
Unquoted equity securities	375	375
Unquoted debt securities	560,235	600,182
Malaysian Government Securities and guaranteed loans	778,790	714,567
	<u>1,339,400</u>	<u>1,315,124</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	551,405
Maturities	(360,000)
Disposals	(117,346)
Realised gains in statement of 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)
	<hr/>
At 31 December 2021	<u><u>1,339,400</u></u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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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>31.12.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Valuation techniques		
- market observable inputs (Level 2)	1,339,025	1,314,749
- unobservable inputs (Level 3)	375	375
	<u>1,339,400</u>	<u>1,315,124</u>

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

**12 REINSURANCE ASSETS**

	<u>31.12.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Reinsurance of insurance contracts		
Claims liabilities	251,379	235,593
Premium liabilities	11,817	13,426
	<u>263,196</u>	<u>249,019</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13 INSURANCE CONTRACT LIABILITIES**

	31.12.2021			31.12.2020		
	<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
General insurance	<u>973,602</u>	<u>(263,196)</u>	<u>710,406</u>	<u>1,010,498</u>	<u>(249,019)</u>	<u>761,479</u>
Provision for claims reported	482,104	(113,308)	368,796	533,230	(133,253)	399,977
Provision for incurred but not reported claims ("IBNR")	<u>252,794</u>	<u>(138,071)</u>	<u>114,723</u>	<u>216,936</u>	<u>(102,340)</u>	<u>114,596</u>
Claims liabilities	734,898	(251,379)	483,519	750,166	(235,593)	514,573
Premium liabilities	<u>238,704</u>	<u>(11,817)</u>	<u>226,887</u>	<u>260,332</u>	<u>(13,426)</u>	<u>246,906</u>
	<u>973,602</u>	<u>(263,196)</u>	<u>710,406</u>	<u>1,010,498</u>	<u>(249,019)</u>	<u>761,479</u>

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# CHUBB INSURANCE MALAYSIA BERHAD

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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

#### (i) CLAIMS LIABILITIES

	31.12.2021			31.12.2020		
	<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	750,166	(235,593)	514,573	689,493	(202,430)	487,063
Increase in claims incurred/recoveries anticipated over the financial year	342,596	(108,805)	233,791	401,482	(121,567)	279,915
Changes in key assumptions	(123,690)	49,328	(74,362)	(29,954)	24,011	(5,943)
Claims paid during the financial year	(234,174)	43,691	(190,483)	(310,855)	64,393	(246,462)
At 31 December	<u>734,898</u>	<u>(251,379)</u>	<u>483,519</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	648,116	(154,693)	493,423	700,018	(192,698)	507,320
Premiums earned during the financial year	(669,744)	156,302	(513,442)	(760,915)	199,167	(561,748)
At 31 December	<u>238,704</u>	<u>(11,817)</u>	<u>226,887</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  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**14 CAPITAL STRUCTURE**

The capital structure of the Company as at 31 December 2021, as prescribed under the RBC Framework is provided below:

	<u>31.12.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	100,000	100,000
Retained earnings	762,870	672,072
	<u>862,870</u>	<u>772,072</u>
<u>Tier 2 Capital</u>		
Available-for-sale fair value reserve	(8,027)	19,670
Equity reserve	8,660	16,402
Amount deducted from capital	(29,181)	(17,860)
	<u>834,322</u>	<u>790,284</u>

**15 IMPACT OF COVID-19**

During the financial year 2021, worldwide social and economic activity continued to be impacted by the spread and threat of the coronavirus (COVID-19). While the Company's revenue was adversely impacted during the financial year, it was negated by lower claims and management expenses incurred. As a result, the Company's profitability for the financial year was not impacted by the pandemic.