

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 31 DECEMBER 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 DECEMBER 2020

CONTENTS	PAGE
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED CONDENSED INCOME STATEMENT	2
UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME	3
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY	4
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS	5 – 6
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	7 – 14

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	<u>Note</u>	<u>31.12.2020</u> RM'000	<u>31.12.2019</u> RM'000
ASSETS			
Property and equipment		47,260	50,084
Right-of-use assets		2,192	2,217
Intangible assets		5,442	2,890
Investments			
-Available-for-sale financial assets ("AFS")	11	1,315,124	1,233,435
Reinsurance assets	12	249,019	222,325
Insurance receivables		105,990	115,500
Other receivables		51,497	60,502
Deferred tax assets		12,418	20,566
Current tax assets		1,642	988
Cash and cash equivalents		252,068	290,411
Total assets		<u>2,042,652</u>	<u>1,998,918</u>
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Retained earnings		672,072	616,253
Available-for-sale fair value reserves		19,670	12,581
Equity reserve		16,402	12,450
Total equity		<u>808,144</u>	<u>741,284</u>
Insurance contract liabilities	13	1,010,498	1,010,722
Investment contract liabilities		579	511
Insurance payables		56,281	72,301
Lease liabilities		2,239	2,286
Other payables		164,911	171,814
Total liabilities		<u>1,234,508</u>	<u>1,257,634</u>
Total equity and liabilities		<u>2,042,652</u>	<u>1,998,918</u>

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

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE 12 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Gross earned premiums	760,915	862,113
Premiums ceded to reinsurers	(199,167)	(222,922)
Net earned premiums	<u>561,748</u>	<u>639,191</u>
Net investment income	53,645	60,985
Realised gains	7,729	1,091
Commission income	41,207	52,975
Other operating revenue	1,713	1,641
Net income	<u>104,294</u>	<u>116,692</u>
Total revenue	<u>666,042</u>	<u>755,883</u>
Gross claims paid	(310,855)	(373,068)
Claims ceded to reinsurers	64,393	65,608
Gross change to contract liabilities	(60,673)	(19,529)
Change in contract liabilities ceded to reinsurers	33,163	(476)
Net claims incurred	<u>(273,972)</u>	<u>(327,465)</u>
Commission expense	(96,804)	(121,461)
Management expenses	(166,008)	(189,636)
Finance cost	(130)	(199)
Total other expenses	<u>(262,942)</u>	<u>(311,296)</u>
Profit before taxation	129,128	117,122
Taxation	(33,309)	(29,402)
Profit for the financial period	<u>95,819</u>	<u>87,720</u>
Earnings per share (sen)		
Basic	<u>95.82</u>	<u>87.72</u>

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

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	<u>31.12.2020</u> RM'000	<u>31.12.2019</u> RM'000
Profit for the financial period	95,819	87,720
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	16,840	14,891
Net realised gains transferred to income statement	(7,512)	(56)
	<u>9,328</u>	<u>14,835</u>
Tax effects thereon	(2,239)	(3,560)
	<u>7,089</u>	<u>11,275</u>
Total comprehensive income for the financial period	<u>102,908</u>	<u>98,995</u>

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

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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	-	-	-	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>
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>

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

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	<u>31.12.2020</u> RM'000	<u>31.12.2019</u> RM'000
OPERATING ACTIVITIES		
Profit before tax	129,128	117,122
Investment income	(53,645)	(60,985)
Realised gain on AFS investments	(7,512)	(56)
Realised loss on foreign exchange	(221)	(1,039)
Depreciation of property and equipment	4,597	4,736
Depreciation of right-of-use	1,498	1,729
Amortisation of intangible assets	1,024	902
Interest charge on lease liabilities	130	199
Loss on disposal of property and equipment	4	4
Property and equipment written off	66	-
Intangible assets expensed off	43	2
(Decrease)/increase in allowance for impairment of doubtful debts	(2,103)	1,327
Bad debts written off	4,360	270
Employees share-based long term incentive plan	3,952	2,155
Changes in working capital:		
(Increase)/decrease in reinsurance assets	(26,694)	3,445
Decrease in insurance receivables	7,253	16,216
Decrease in other receivables	9,953	7,367
(Decrease)/increase in insurance contract liabilities	(224)	7,018
(Decrease)/increase in insurance payables	(16,020)	3,627
Decrease in lease liabilities	(37)	-
(Decrease)/increase in other payables	(6,684)	5,432
Net increase in AFS investments	(67,574)	(17,958)
Increase/(decrease) in investment contract liabilities	68	(79)
Cash (used in)/generated from operating activities	(18,638)	91,433
Interest income received	55,291	58,378
Dividend income received	132	66
Income tax paid	(28,054)	(29,289)
Net cash flows generated from operating activities	<u>8,731</u>	<u>120,588</u>

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

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020
(CONTINUED)

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	2	21
Purchase of property and equipment	(1,844)	(1,275)
Purchase of intangible assets	(3,619)	(1,251)
	<u> </u>	<u> </u>
Net cash flows used in investing activities	<u>(5,461)</u>	<u>(2,505)</u>
 FINANCING ACTIVITIES		
Payment of lease liabilities	(1,613)	(1,860)
Dividend paid	(40,000)	(141,000)
	<u> </u>	<u> </u>
Net cash flows used in financing activities	<u>(41,613)</u>	<u>(142,860)</u>
 Net decrease in cash and cash equivalents	(38,343)	(24,777)
Cash and cash equivalents at beginning of the financial period	290,411	315,188
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the financial period	<u>252,068</u>	<u>290,411</u>
 Cash and cash equivalents comprise:		
Fixed and call deposits:		
-Licensed financial institutions in Malaysia	242,648	277,414
Cash and bank balances	9,420	12,997
	<u> </u>	<u> </u>
	<u>252,068</u>	<u>290,411</u>

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

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –
31 DECEMBER 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 31 December 2020.

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS –
31 DECEMBER 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 31 December 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 31 December 2020.

7 DIVIDEND

The Company paid an interim single tier dividend of RM0.40 per ordinary share totalling RM40,000,000 in respect of the year ended 31 December 2020 on 24 November 2020. 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 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

On 25 September 2020, the Malaysia Competition Commission ("MyCC") has issued its Notice of Finding of an Infringement under Section 40 of the Competition Act 2010. MyCC has determined that the Company, together with PIAM and the other 21 other insurers, have 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 has imposed a financial penalty of RM4,218,671 on the Company. The Company has 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. It is now awaiting for the case to be heard by the Tribunal.

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

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

11 INVESTMENTS

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Malaysian Government Securities and guaranteed loans	714,567	782,327
Debt securities	600,182	450,733
Equity securities	375	375
	<u>1,315,124</u>	<u>1,233,435</u>
 AFS	 <u>1,315,124</u>	 <u>1,233,435</u>

The following instruments mature after 12 months:

Malaysian Government Securities and guaranteed loans	551,371	655,432
Debt securities	482,796	344,246
	<u>1,034,167</u>	<u>999,678</u>

(a) AFS

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>Fair Value</u>		
Unquoted equity securities	375	375
Unquoted debt securities	600,182	450,733
Malaysian Government Securities and guaranteed loans	714,567	782,327
	<u>1,315,124</u>	<u>1,233,435</u>

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 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)
Realised gains in statement of profit and loss	56
Fair value gains recorded in:	
Other comprehensive income	14,835
Net change in interest receivables	766
Accretion of discount	181
	<hr/>
At 31 December 2019	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

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 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>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Valuation techniques		
- market observable inputs (Level 2)	1,314,749	1,233,060
- unobservable inputs (Level 3)	375	375
	<u>1,315,124</u>	<u>1,233,435</u>

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

12 REINSURANCE ASSETS

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Reinsurance of insurance contracts		
Claims liabilities	235,593	202,430
Premium liabilities	13,426	19,895
	<u>249,019</u>	<u>222,325</u>

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES

	31.12.2020			31.12.2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
General insurance	1,010,498	(249,019)	761,479	1,010,722	(222,325)	788,397
Provision for claims reported	533,230	(133,253)	399,977	549,112	(129,143)	419,969
Provision for incurred but not reported claims ("IBNR")	216,936	(102,340)	114,596	140,381	(73,287)	67,094
Claims liabilities	750,166	(235,593)	514,573	689,493	(202,430)	487,063
Premium liabilities	260,332	(13,426)	246,906	321,229	(19,895)	301,334
	1,010,498	(249,019)	761,479	1,010,722	(222,325)	788,397

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) CLAIMS LIABILITIES

	31.12.2020			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	401,482	(121,567)	279,915	464,260	(114,232)	350,028
Changes in key assumptions	(29,954)	24,011	(5,943)	(71,663)	49,100	(22,563)
Claims paid during the financial year	(310,855)	64,393	(246,462)	(373,068)	65,608	(307,460)
At 31 December	<u>750,166</u>	<u>(235,593)</u>	<u>514,573</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	700,018	(192,698)	507,320	849,602	(219,953)	629,649
Premiums earned during the financial year	(760,915)	199,167	(561,748)	(862,113)	222,922	(639,191)
At 31 December	<u>260,332</u>	<u>(13,426)</u>	<u>246,906</u>	<u>321,229</u>	<u>(19,895)</u>	<u>301,334</u>

Company No.

197001000564 (9827A)

CHUBB INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

14 CAPITAL STRUCTURE

The capital structure of the Company as at 31 December 2020, as prescribed under the RBC Framework is provided below:

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	100,000	100,000
Retained earnings	672,071	616,253
	<u>772,071</u>	<u>716,253</u>
<u>Tier 2 Capital</u>		
Available-for-sale fair value reserve	19,670	12,581
Equity reserve	16,402	12,450
Amount deducted from capital	(17,860)	(23,456)
	<u>790,283</u>	<u>717,828</u>