



**ETIQA LIFE INSURANCE BERHAD**  
**201701025113 (1239279-P)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Condensed Financial Statements**  
**for the six months period ended 30 June 2020**

**ETIQA LIFE INSURANCE BERHAD**  
**201701025113 (1239279-P)**  
**(Incorporated in Malaysia)**

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**ETIQA LIFE INSURANCE BERHAD**  
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**UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	30.6.2020 RM'000	31.12.2019 RM'000
<b>Assets:</b>			
Property, plant and equipment		29,602	28,514
Investment properties		934,425	933,970
Prepaid land lease payments		802	815
Intangible assets		44,778	43,322
Investments	13	10,563,382	10,484,024
Financing receivables		242,613	226,848
Reinsurance assets	14	77,143	68,710
Insurance receivables	15	30,414	25,717
Other assets	16	155,915	174,507
Derivative assets		1,440	876
Current tax assets		32,138	-
Cash and bank balances		64,838	2,828
<b>Total Assets</b>		<u>12,177,490</u>	<u>11,990,131</u>
<b>Equity and liabilities:</b>			
Share capital		100,000	100,000
Reserves	17	1,264,604	1,534,903
<b>Total Equity</b>		<u>1,364,604</u>	<u>1,634,903</u>
Insurance contract liabilities	18	9,888,489	9,565,875
Derivative liabilities		421	-
Deferred tax liabilities, net		328,551	317,596
Insurance payables	19	23,503	15,331
Other liabilities	20	535,649	420,279
Current tax liabilities		36,273	36,147
<b>Total Liabilities</b>		<u>10,812,886</u>	<u>10,355,228</u>
<b>Total Equity and Liabilities</b>		<u>12,177,490</u>	<u>11,990,131</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

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**UNAUDITED INTERIM CONDENSED INCOME STATEMENT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

		<b>1.1.2020</b>	<b>1.1.2019</b>
		<b>to</b>	<b>to</b>
		<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Operating revenue</b>		<u>1,046,960</u>	<u>1,058,207</u>
Gross earned premiums		818,637	811,360
Earned premiums ceded to reinsurers		<u>(17,069)</u>	<u>(14,020)</u>
<b>Net earned premiums</b>		<u>801,568</u>	<u>797,340</u>
Fee and commission income		434	2,089
Investment income	21	228,323	246,847
Realised (losses)/gains		(190,224)	41,227
Fair value gains		114,393	450,153
Other operating income/(expenses), net	22	<u>4,131</u>	<u>(4,528)</u>
<b>Other revenue</b>		<u>157,057</u>	<u>735,788</u>
Gross benefits and claims paid		(478,904)	(548,514)
Claims ceded to reinsurers		5,271	6,052
Gross change to contract liabilities		(322,614)	(649,786)
Change in contract liabilities ceded to reinsurers		<u>8,433</u>	<u>6,543</u>
<b>Net benefits and claims</b>		<u>(787,814)</u>	<u>(1,185,705)</u>
Management expenses	23	(75,977)	(85,431)
Fee and commission expenses		(50,619)	(51,201)
Taxation borne by policyholders	25	<u>(6,652)</u>	<u>(53,512)</u>
<b>Other expenses</b>		<u>(133,248)</u>	<u>(190,144)</u>
<b>Profit before tax</b>		37,563	157,279
Taxation	25	<u>(8,597)</u>	<u>(42,395)</u>
<b>Net profit for the period</b>		<u>28,966</u>	<u>114,884</u>
<b>Basic earnings per share (sen)</b>	31	<u>28.97</u>	<u>114.88</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

**UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
<b>Net profit for the period</b>	28,966	114,884
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently reclassified to income statement</b>		
Change in value of Fair Value through Other Comprehensive Income Reserve ("FVOCI") financial assets, net		
- Fair value changes	17,174	21,642
- Transfer to profit or loss upon disposal	(17,624)	(1,065)
Tax effect relating to FVOCI financial assets	1,185	(1,453)
25		
<b>Other comprehensive income for the period, net of tax</b>	735	19,124
<b>Total comprehensive income for the period</b>	29,701	134,008

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

Note	Share Capital RM'000	FVOCI RM'000	Non-distributable		Retained Earnings			Total Equity RM'000
			Other Reserves RM'000 (Note 17)		Non-Par Fund Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
<b>At 1 January 2020</b>	100,000	29,772	54,465		801,285	649,381	1,450,666	1,634,903
Net profit for the period	-	-	-		17,129	11,837	28,966	28,966
Other comprehensive income for the period	-	735	-		-	-	-	735
Total comprehensive income for the period	-	735	-		17,129	11,837	28,966	29,701
Dividend on ordinary shares	-	-	-		-	(300,000)	(300,000)	(300,000)
<b>At 30 June 2020</b>	<u>100,000</u>	<u>30,507</u>	<u>54,465</u>		<u>818,414</u>	<u>361,218</u>	<u>1,179,632</u>	<u>1,364,604</u>
<b>At 1 January 2019</b>	100,000	2,392	54,465		947,512	1,081,897	2,029,409	2,186,266
Net profit for the period	-	-	-		119,239	(4,355)	114,884	114,884
Other comprehensive income for the period	-	19,124	-		-	-	-	19,124
Total comprehensive income for the period	-	19,124	-		119,239	(4,355)	114,884	134,008
Dividend on ordinary shares	-	-	-		-	(800,000)	(800,000)	(800,000)
<b>At 30 June 2019</b>	<u>100,000</u>	<u>21,516</u>	<u>54,465</u>		<u>1,066,751</u>	<u>277,542</u>	<u>1,344,293</u>	<u>1,520,274</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

	Note	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		37,563	157,279
Adjustments for:			
Taxation borne by policyholders	25	6,652	53,512
Depreciation of property, plant and equipment	23	3,007	2,887
Amortisation of intangible assets	23	3,538	2,992
Fair value losses on financial assets at fair value through profit and loss ("FVTPL")		(114,393)	(450,153)
Amortisation of prepaid land lease payments	23	13	13
Amortisation of premium on investments	21	1,739	2,487
Net (gain)/loss on foreign exchange	22	(5,654)	2,257
Allowance for impairment/(reversal of impairment) losses on insurance receivables	22	120	(56)
Allowance for impairment losses on other assets	22	964	62
Allowance for impairment losses on financing receivables	22	68	157
(Reversal)/allowance for impairment losses on investments	22	(50)	227
Insurance receivables recovered/(written-off)	22	(7)	941
Net (gain)/loss on disposal of investment		190,224	(41,226)
Interest income	21	(202,615)	(221,716)
Gross dividend income	21	(18,188)	(16,109)
Rental income	21	(23,104)	(20,945)
Operating cash flows before working capital changes		<u>(120,123)</u>	<u>(527,391)</u>
Changes in working capital:			
Increase in reinsurance assets		(8,433)	(6,543)
Increase in insurance receivables		(4,810)	(3,203)
Decrease in other assets		1,125	39,966
Increase in financing receivables		(15,833)	(1,233)
Decrease in amount due from related parties		7,543	7,297
Increase in other liabilities		110,873	46,040
Increase in insurance contract liabilities		322,614	649,786
Increase in insurance payables		8,172	1,998
(Increase)/decrease in placement of deposits with financial institutions		(201,873)	111,427
Interest income received		219,223	223,954
Dividend income received		17,734	15,119
Rental income received		18,605	20,490
Carried forward		<u>354,817</u>	<u>577,707</u>

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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTD.)**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Brought forward	354,817	577,707
Tax paid	<u>(35,122)</u>	<u>(251,987)</u>
Net cash flows generated from operating activities	<u>319,695</u>	<u>325,720</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investments	4,177,079	4,144,888
Purchase of investments	<u>(4,125,222)</u>	<u>(3,646,883)</u>
Purchase of property, plant and equipment	(5,875)	(1,445)
Addition to investment properties	(455)	(2,158)
Purchase of intangible assets	<u>(3,212)</u>	<u>(7,496)</u>
Net cash flows generated from investing activities	<u>42,315</u>	<u>486,906</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividend paid	10 <u>(300,000)</u>	<u>(800,000)</u>
Net cash flows used in financing activity	<u>(300,000)</u>	<u>(800,000)</u>
<b>Net increase in cash and cash equivalents</b>	62,010	12,626
Cash and cash equivalents at beginning of period	<u>2,828</u>	<u>97,416</u>
Cash and cash equivalents at end of period	<u>64,838</u>	<u>110,042</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances of:		
Shareholder's fund	225	361
Life insurance funds	<u>64,613</u>	<u>109,681</u>
	<u>64,838</u>	<u>110,042</u>

This unaudited condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

The immediate and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad ("MAHB") and Malayan Banking Berhad ("Maybank") respectively, both of which are incorporated in Malaysia. Maybank is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

**2. BASIS OF PREPARATION**

The unaudited interim condensed financial statements of the Company for the financial period ended 30 June 2020 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 - *Interim Financial Reporting* as issued by the Malaysian Accounting Standards Board ("MASB") and International Accounting Standard ("IAS") 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

The unaudited interim condensed financial statements of the Company have been prepared on a historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The unaudited interim condensed financial statements do not include all the information and disclosures required in audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2019.

The explanatory notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2019.

As at the reporting date, the Company has met the minimum capital requirements as prescribed by Risk-Based Capital Framework for Insurers ("the RBC Framework") issued by BNM.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTD.)**

**2. BASIS OF PREPARATION (CONTD.)**

The unaudited interim condensed financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand ("RM'000") unless otherwise stated.

The unaudited interim condensed financial statements were approved for issue by the Board of Directors on 10 August 2020.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The audited annual financial statements of the Company for the financial year ended 31 December 2019 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The significant accounting policies adopted in preparing these unaudited interim condensed financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2019 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs"), Issues Committee ("IC") Interpretations, amendments to MFRSs and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2020:

Revised Conceptual Framework for Financial Reporting  
Amendment to MFRS 3 - *Definition of a Business*  
Amendment to MFRS 101 and MFRS 108 - *Definition of Material*  
Amendment to MFRS 7, MFRS 9 and MFRS 139 - *Interest Rate Benchmark Reform*

The adoption of the above new MFRSs, IC Interpretation, amendments to MFRSs and annual improvements to MFRSs do not have financial implication to the Company's financial statements.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of unaudited interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2019.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTD.)**

**5. AUDITOR'S REPORT ON PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2019 was not qualified.

**6. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Company was not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2020.

However, as is common for insurer, surplus for life funds will only be transferred at the financial year end upon approval by the Appointed Actuary.

**7. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 2020.

**8. CHANGES IN ESTIMATES**

There were no material changes in estimates for the interim financial period ended 30 June 2020.

**9. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance or repayment of debt and equity securities for the interim financial period ended 30 June 2020.

**10. DIVIDENDS PAID**

A final single tier dividend of 300 sen per ordinary share on 100,000,000 ordinary shares amounting to RM300,000,000.00 for the financial year ended 31 December 2019 was approved by the shareholder in the Annual General Meeting held on 4 June 2020. Thereafter, the final dividend was paid on 17 June 2020.

**11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD**

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim condensed financial statements.

**12. CHANGES IN THE COMPOSITION OF THE COMPANY**

There were no changes in the composition of the Company during the interim financial period ended 30 June 2020.

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**13. INVESTMENTS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian government papers	686,352	421,303
Equity securities*	931,996	1,408,238
Debt securities*	7,088,689	6,973,852
Unit and property trust funds	184,872	126,088
Structured products	104,524	189,467
Deposits with financial institutions*	1,566,949	1,365,076
	<u>10,563,382</u>	<u>10,484,024</u>

\* Included in the equity securities, structured products and deposits with financial institutions are balances invested in ultimate holding company and other related companies within the Maybank Group amounting to RM19,884,000, 27,682,000 and 728,360,000 (2019: RM22,343,000, 27,699,000 and RM44,907,000).

The Company's financial investments are summarised by categories as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value through profit and loss ("FVTPL")		
- Designated upon initial recognition	6,680,470	6,511,482
- Held for trading ("HFT")	1,738,246	2,063,368
Fair value through other comprehensive income ("FVOCI")	577,717	642,383
Amortised Cost ("AC")	1,566,949	1,266,791
	<u>10,563,382</u>	<u>10,484,024</u>

The following investments mature after 12 months:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
FVTPL		
- Designated upon initial recognition	6,284,109	6,345,296
- HFT	479,045	428,813
FVOCI	512,583	622,556
	<u>7,275,737</u>	<u>7,396,665</u>

13. INVESTMENTS (CONTD.)

	30.6.2020 RM'000	31.12.2019 RM'000
<b>(a) FVTPL</b>		
<b>(i) Designated upon initial recognition</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	385,693	319,964
Debt securities:		
Unquoted in Malaysia	5,998,065	5,955,488
Unquoted outside Malaysia	192,886	47,902
Structured products	103,826	188,128
<b>Total financial assets designated as FVTPL upon initial recognition</b>	<b>6,680,470</b>	<b>6,511,482</b>
<b>(ii) HFT</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	177,426	26,618
Equity securities:		
Quoted in Malaysia	860,040	1,333,779
Quoted outside Malaysia	10,115	12,618
Unquoted in Malaysia	61,841	61,841
Unquoted debt securities in Malaysia	443,254	402,800
Unit and property trust funds:		
Quoted in Malaysia	40,751	14,671
Quoted outside Malaysia	144,121	111,417
Structured products	698	1,339
Fixed and call deposits with licensed banks	-	98,285
<b>Total HFT financial assets</b>	<b>1,738,246</b>	<b>2,063,368</b>
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(b) FVOCI</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	123,233	74,721
Debt securities:		
Unquoted in Malaysia	454,484	567,662
<b>Total FVOCI financial assets</b>	<b>577,717</b>	<b>642,383</b>

**13. INVESTMENTS (CONTD.)**

**(b) FVOCI (Contd.)**

Movements in the allowances for impairment losses on financial assets at FVOCI are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<b>Total ECL RM'000</b>
	<b>12 months ECL RM'000</b>	<b>&lt;----- Lifetime ECL -----&gt; not credit impaired RM'000</b>	<b>credit impaired RM'000</b>	
<b>30.06.2020</b>				
At 1 January	281	16	-	297
Net adjustment of loss allowance	6	-	-	6
New financial assets originated or purchased	82	-	-	82
Financial assets that have been derecognised	(138)	-	-	(138)
At 30 June	<u>231</u>	<u>16</u>	<u>-</u>	<u>247</u>
<b>31.12.2019</b>				
At 1 January	156	-	-	156
Net adjustment of loss allowance	(48)	-	-	(48)
New financial assets originated or purchased	179	16	-	195
Financial assets that have been derecognised	(6)	-	-	(6)
At 31 December	<u>281</u>	<u>16</u>	<u>-</u>	<u>297</u>

**13. INVESTMENTS (CONTD.)**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(c) AC</b>		
Fixed and call deposits with:		
Licensed banks	1,463,023	1,110,524
Other financial institutions	103,926	156,267
<b>Total AC financial assets</b>	<u>1,566,949</u>	<u>1,266,791</u>

The carrying amounts of AC financial assets are reasonable approximations of fair values due to the short term maturity of the financial assets.

**Fair Value of Financial Investments**

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 29 to the unaudited interim condensed financial statements.

**14. REINSURANCE ASSETS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurers' share of insurance contract liabilities (Note 18):		
Claims liabilities	7,336	8,148
Actuarial liabilities	69,807	60,562
	<u>77,143</u>	<u>68,710</u>

**15. INSURANCE RECEIVABLES**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Due premiums including agents/brokers and co-insurers balances *	29,872	24,844
Due from reinsurers and cedants	1,432	1,643
	<u>31,304</u>	<u>26,487</u>
Allowance for impairment losses	(890)	(770)
	<u>30,414</u>	<u>25,717</u>

\* Included in due premiums including agents/brokers and co-insurers are balances related to companies with significant influence over the Maybank Group amounting to RM843,000 (2019: RM226,000). The amount receivable is subject to settlement terms stipulated in the underlying insurance contract.

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

Movements in allowance for impairment losses for Insurance receivables are as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Lifetime ECL</b>		
At 1 January	770	348
Net adjustment of loss allowance (Note 22)	120	422
At 30 June/31 December	<u>890</u>	<u>770</u>



**16. OTHER ASSETS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from stockbrokers	4,107	5,461
Amount due from a fund manager	33	405
	<u>4,140</u>	<u>5,866</u>
Sundry receivables, deposits and prepayments**	13,393	12,144
Allowance for impairment losses	(157)	(157)
	<u>13,236</u>	<u>11,987</u>
Income due and accrued**	133,612	145,267
Allowance for impairment losses	(1,948)	(984)
	<u>131,664</u>	<u>144,283</u>
Amounts due from related companies* (Note 28(b)):		
- Immediate holding company	-	1,632
- Penultimate holding company	4	-
- Other related companies	6,871	10,739
	<u>6,875</u>	<u>12,371</u>
<b>Total Other Assets</b>	<u>155,915</u>	<u>174,507</u>

Movements in allowance for impairment losses for other assets are as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Lifetime ECL</b>		
At 1 January	1,141	725
Net adjustment of loss allowance (Note 22)	964	416
At 30 June/31 December	<u>2,105</u>	<u>1,141</u>

\* Amounts due from related companies are non-trade in nature, unsecured, interest free and repayable in the short-term.

\*\* Included in the sundry receivables, deposits and prepayments and income due and accrued are balances due from ultimate holding company and other related companies within the Maybank Group amounting to RM19,000 and RM1,556,000 (2019: RM19,000 and RM891,000) respectively. These balances are unsecured, interest-free and repayable in the short-term.

The carrying amounts (other than prepayments) are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**17. OTHER RESERVES**

	<b>30.6.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revaluation Reserve</b>		
At 1 January	54,465	54,465
Other comprehensive income	-	-
At 30 June	<u>54,465</u>	<u>54,465</u>

The revaluation reserve of the Company represents the difference between the carrying amount of properties previously classified as self-occupied and transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.

18. INSURANCE CONTRACT LIABILITIES

	←----- 30.6.2020 -----→			←----- 31.12.2019 -----→		
	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000
Claims liabilities	72,255	(7,336)	64,919	67,697	(8,148)	59,549
Actuarial liabilities	7,523,561	(69,807)	7,453,754	7,116,930	(60,562)	7,056,368
Participating fund unallocated surplus	640,959	-	640,959	703,636	-	703,636
Participating fund revaluation reserve	24,431	-	24,431	24,431	-	24,431
NAV attributable to unitholders	1,627,283	-	1,627,283	1,653,181	-	1,653,181
	<u>9,888,489</u>	<u>(77,143)</u>	<u>9,811,346</u>	<u>9,565,875</u>	<u>(68,710)</u>	<u>9,497,165</u>

Movements of Life Insurance contract liabilities

	←--- Participating fund ---→					Gross RM'000	Reinsurance RM'000	Net RM'000
	Claims Liabilities RM'000	Actuarial Liabilities RM'000	DPF's Unallocated Surplus RM'000	Revaluation reserve RM'000	NAV attributable to unitholders RM'000			
<b>30.6.2020</b>								
At 1 January 2020	67,697	7,116,930	703,636	24,431	1,653,181	9,565,875	(68,710)	9,497,165
Premiums received	-	-	291,353	-	264,160	555,513	-	555,513
Other revenue	-	-	178,902	-	(168,196)	10,706	-	10,706
Net benefits and claims	4,558	-	(253,745)	-	(135,470)	(384,657)	812	(383,845)
Other expenses	-	-	(38,110)	-	(24)	(38,134)	-	(38,134)
Change in Reserve :								
- Discounting	-	227,144	(150,567)	-	-	76,577	(1,835)	74,742
- Assumptions	-	(47,883)	52,345	-	-	4,462	(763)	3,699
- Policy movements	-	227,370	(133,645)	-	-	93,725	(6,647)	87,078
Taxation	-	-	(11,754)	-	13,632	1,878	-	1,878
Non-Par transferred to Par fund*	-	-	2,544	-	-	2,544	-	2,544
At 30 June 2020	<u>72,255</u>	<u>7,523,561</u>	<u>640,959</u>	<u>24,431</u>	<u>1,627,283</u>	<u>9,888,489</u>	<u>(77,143)</u>	<u>9,811,346</u>

\* Release of reserve set aside in Non-Par fund in support of deficit in Annuity Par fund caused by investment variance.

18. INSURANCE CONTRACT LIABILITIES (CONTD.)

Movements of Life Insurance contract liabilities (Contd.)

	<---- Participating fund ---->				NAV		Reinsurance RM'000	Net RM'000
	Claims Liabilities RM'000	Actuarial Liabilities RM'000	Unallocated Surplus RM'000	Revaluation reserve RM'000	attributable to unitholders RM'000	Gross RM'000		
<b>31.12.2019</b>								
At 1 January 2019	72,892	6,338,837	616,865	24,431	1,360,181	8,413,206	(49,111)	8,364,095
Premiums received	-		594,858	-	493,318	1,088,176	-	1,088,176
Other revenue	-	-	568,182	-	105,502	673,684	-	673,684
Net benefits and claims	(5,195)	-	(562,128)	-	(297,672)	(864,995)	(1,475)	(866,470)
Other expenses	-	-	(83,125)	-	(46)	(83,171)	-	(83,171)
Change in Reserve :								
- Discounting	-	312,039	(147,707)	-	-	164,332	(2,619)	161,713
- Assumptions	-	155,060	(109,862)	-	-	45,198	2,690	47,888
- Policy movements	-	310,994	(114,088)	-	-	196,906	(18,195)	178,711
Taxation	-	-	(37,709)	-	(8,102)	(45,811)	-	(45,811)
Par surplus transferred to shareholder's fund	-	-	(21,650)	-	-	(21,650)	-	(21,650)
At 31 December 2019	<b>67,697</b>	<b>7,116,930</b>	<b>703,636</b>	<b>24,431</b>	<b>1,653,181</b>	<b>9,565,875</b>	<b>(68,710)</b>	<b>9,497,165</b>

**ETIQA LIFE INSURANCE BERHAD**  
**201701025113 (1239279-P)**  
**(Incorporated in Malaysia)**

**19. INSURANCE PAYABLES**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to agents and intermediaries	10,686	10,208
Due to reinsurers and cedants	12,817	5,123
	<u>23,503</u>	<u>15,331</u>

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**20. OTHER LIABILITIES**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Premium deposits	176,476	147,532
Dividend payable to policyholders	68,170	73,564
Amount due to related companies* (Note 28(b)):		
- Ultimate holding company	1,618	739
- Immediate holding company	542	-
- Penultimate holding company	-	285
- Other related companies	1,574	15
Amount due to stockbrokers	109,729	23,635
Claims pending disbursement	23,824	18,916
Sundry payables and accrued liabilities**	153,716	155,593
<b>Total other liabilities</b>	<u>535,649</u>	<u>420,279</u>

\* Amounts due to related companies are non-trade in nature, unsecured, interest free and repayable in the short term.

\*\* Included in the sundry payables and accrued liabilities are balances due to ultimate holding company and companies with significant influence over the Maybank Group amounting to RM98,000 (2019: RM218,000).

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**ETIQA LIFE INSURANCE BERHAD**  
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**21. INVESTMENT INCOME**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>		
<b>(i) Designated upon initial recognition</b>		
Interest income	145,348	179,715
<b>(ii) HFT</b>		
Interest income	11,466	10,826
Dividend income		
- Quoted in Malaysia	17,286	15,552
- Quoted outside Malaysia	26	172
- Unit and property trusts	876	385
<b>Financial assets at FVOCI</b>		
Interest income	10,088	8,152
<b>Financial assets at AC</b>		
Interest income	26,746	14,230
Interest income from financing receivables and other loans	8,967	8,793
Rental income	23,104	20,945
Rental expense	(12,978)	(8,737)
Amortisation of premiums, net	(1,739)	(2,487)
Other investment income	-	4
Investment related expenses	(867)	(703)
<b>Total investment income</b>	<b>228,323</b>	<b>246,847</b>

**22. OTHER OPERATING INCOME/(EXPENSES), NET**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Other income</b>		
Reversal of impairment losses on		
- Investment	50	-
- Insurance receivables	-	56
Insurance receivables recovered	7	-
Unrealised gain on foreign exchange	5,460	-
Realised gain on foreign exchange	194	-
Sundry income	755	777
<b>Other expenses</b>		
Impairment losses on		
- Other assets (Note 16)	(964)	(62)
- Investment	-	(227)
- Insurance receivables (Note 15)	(120)	
- Financing receivables	(68)	(157)
Insurance receivables written off	-	(941)
Unrealised loss on foreign exchange	-	(1,601)
Realised loss on foreign exchange	-	(656)
Sundry expenditure	(1,183)	(1,717)
<b>Total other operating income/(expenses), net</b>	<b>4,131</b>	<b>(4,528)</b>

**23. MANAGEMENT EXPENSES**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Employee benefits expense (Note 23(a))	46,954	46,471
Directors' fee and remuneration (Note 24)	452	508
Auditors' remuneration:		
- statutory audit	222	220
- regulatory related services	9	10
- other services	75	-
Amortisation of intangible assets	3,538	2,992
Amortisation of prepaid land lease payments	13	13
Bank charges	1,770	2,247
Depreciation of property, plant and equipment	3,007	2,887
Other management fees	177	360

**23. MANAGEMENT EXPENSES (CONTD.)**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Professional fees	1,112	400
Assured medical fees	500	1,053
Rental of offices/premises	2,376	2,090
Electronic data processing expenses	294	1,374
Information technology outsourcing	2,885	2,719
Postage and stamp duties	224	502
Printing and stationery	122	397
Promotional and marketing cost	7,112	14,280
Training expenses	329	673
Utilities, assessment and maintenance	724	764
Entertainment	78	221
Travelling expenses	211	1,236
Office facilities expenses	411	450
Legal fees	67	44
Other expenses	3,315	3,520
<b>Total management expenses</b>	<b>75,977</b>	<b>85,431</b>

(a) Employee benefits expense:

Wages, salaries and bonuses	35,781	35,794
Employee Provident Fund ("EPF")	5,675	5,765
Social Security Contribution ("SOCSO")	224	211
Share based compensation	953	415
Other benefits	4,321	4,286
	<b>46,954</b>	<b>46,471</b>



**23. MANAGEMENT EXPENSES (CONTD.)**

(b) The details of Chief Executive Officer's ("CEO's") remuneration during the year are as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Salary	394	315
Bonus	279	-
EPF and Pension Scheme	108	50
Other emoluments	14	8
	<u>795</u>	<u>373</u>

**24. DIRECTORS' FEES AND REMUNERATION**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Executive director:		
Fees	10	60
Other emoluments	-	8
	<u>10</u>	<u>68</u>
Non-executive directors:		
Fees	390	390
Other emoluments	52	50
	<u>442</u>	<u>440</u>
<b>Total Directors' Fees and Remuneration</b>	<u>452</u>	<u>508</u>

**24. DIRECTORS' FEES AND REMUNERATION (CONTD.)**

The details of the remuneration of the directors of the Company are as follows:

	<b>Fees RM'000</b>	<b>Other Emoluments RM'000</b>	<b>Total RM'000</b>
<b>1.1.2020 to 30.6.2020</b>			
<b>Executive director</b>			
Datuk Nora Abd. Manaf (Ceased w.e.f 31 January 2020)	10	-	10
	<u>10</u>	<u>-</u>	<u>10</u>
<b>Non-executive directors</b>			
Datuk Mohd Najib Abdullah (Chairman)	90	10	100
Mr. Philippe Pol Arthur Latour	60	8	68
Dato' Johan Ariffin	60	8	68
Mr. Loh Lee Soon	60	10	70
Mr. Frank J.G Van Kempen	60	8	68
Mr. Wong Pakshong Kat Jeong Colin Stewart	60	8	68
	<u>390</u>	<u>52</u>	<u>442</u>
	<u>400</u>	<u>52</u>	<u>452</u>
<b>1.1.2019 to 30.6.2019</b>			
<b>Executive director</b>			
Datuk Nora Abd. Manaf	60	8	68
	<u>60</u>	<u>8</u>	<u>68</u>
<b>Non-executive directors</b>			
Datuk Mohd Najib Abdullah (Chairman)	90	10	100
Mr. Philippe Pol Arthur Latour	60	8	68
Dato' Johan Ariffin	60	8	68
Mr. Loh Lee Soon	60	8	68
Mr. Frank J.G Van Kempen	60	8	68
Mr. Wong Pakshong Kat Jeong Colin Stewart	60	8	68
	<u>390</u>	<u>50</u>	<u>440</u>
	<u>450</u>	<u>58</u>	<u>508</u>

**25. INCOME TAX EXPENSE**

**Major components of income tax expense**

The major components of income tax expense for the financial period ended 30 June 2020 and 30 June 2019 are as follows:

	<b>1.1.2020 to 30.6.2020 RM'000</b>	<b>1.1.2019 to 30.6.2019 RM'000</b>
<b><u>Income Statement:</u></b>		
<u>Income tax:</u>		
Current financial period		
- Malaysia	4,915	571
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	3,682	41,824
Income tax expense recognised in income statement	8,597	42,395
<b><u>Statement of Comprehensive Income:</u></b>		
Deferred income tax related to other comprehensive income:		
- Fair value changes on FVOCI financial assets	(1,185)	1,453

**25. INCOME TAX EXPENSE (CONTD.)**

**Reconciliation between tax expense and accounting profit**

The reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	<u>37,563</u>	<u>157,279</u>
Taxation at Malaysian statutory tax rate of 24%	9,015	37,747
Income not subject to tax	(73)	(12)
Expenses not deductible for tax purpose	1,184	1,467
(Surplus)/deficit arising of Annuity Non-Par not deductible for tax purpose	<u>(1,529)</u>	<u>3,193</u>
Tax expense for the financial period	<u>8,597</u>	<u>42,395</u>

Domestic income tax for shareholder's fund are calculated on the estimated assessable profit for the financial period at Malaysian statutory tax rate of 24% (2019: 24%)

**Taxation borne by policyholders**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Income tax:</u>		
Current financial period	(1,805)	19,902
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	<u>8,457</u>	<u>33,610</u>
	<u>6,652</u>	<u>53,512</u>

The income tax borne by policyholders are calculated based on the statutory rate of 8% (2019: 8%) of the estimated assessable investment income net of allowable deductions for the financial period.

**26. OPERATING LEASE COMMITMENTS**

**The Company as lessor**

The Company has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	30,092	33,304
Between one and five years	61,939	63,708
	<u>92,031</u>	<u>97,012</u>

Rental income on investment properties recognised in the income statement during the financial period is disclosed in Note 21.

**27. OTHER COMMITMENTS AND CONTINGENCIES**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
Property, plant and equipment	1,612	3,073
Intangible assets	4,060	6,659
	<u>5,672</u>	<u>9,732</u>
Approved but not contracted for:		
Property, plant and equipment	<u>31,014</u>	<u>14,211</u>

## **28. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes the directors and the Chief Executive Officer of the Company.

The Company has related party relationships with its shareholders and their related companies, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholders.

Related party transactions have been entered into in the normal course of business under normal trade terms.

(a) Significant transactions of the Company with related parties during the financial period were as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income/(expenses):</b>		
Ultimate holding company:		
Commission and fee expenses	(37,584)	(41,146)
Dividend income	1,000	788
Interest income	1,122	5,117
Rental income	1,330	1,467
Other income	-	119
Other expenses	(972)	(1,144)
Employee's Share Grant Plan ("ESGP")	<u>(1,988)</u>	<u>(811)</u>
Immediate holding company:		
Rental income	257	184
Shared service costs	(3,771)	(4,158)
Remuneration of a seconded employee	(48)	(23)
Dividend paid	<u>(300,000)</u>	<u>(800,000)</u>
Fellow subsidiaries within the MAHB Group:		
Rental income	2,906	3,122
Shared service income	45,157	70,211
Rental expenses	<u>(1,068)</u>	<u>(1,046)</u>

**28. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)**

- (a) Significant transactions of the Company with related parties during the financial period were as follows: (Contd.)

**Income/(expenses): (Contd.)**

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Other related companies within the Maybank Group:		
Interest income	8,994	3,269
Rental income	2,336	2,401
Other investment expenses	(94)	(94)
Information technology outsourcing	(2,885)	(2,719)
	<u>          </u>	<u>          </u>
Companies with significant influence over the Maybank Group:		
Gross insurance premium income	761	756
Claims paid	(2,085)	(21)
	<u>          </u>	<u>          </u>

- (b) Included in the statement of financial position of the Company are amounts due from/(to) related companies represented by the following:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Ultimate holding company:		
Fixed and call deposits (Note 13)	-	260,683
Structured deposits	27,682	27,699
Quoted shares	19,884	22,343
Derivatives	(408)	199
Bank balances*	55,764	(3,969)
Income due and accrued (Note 16)	-	26
Amount due to ultimate holding company (Note 20)	(1,618)	(739)
Sundry receivables, deposits and prepayments (Note 16)	8	8
Sundry payables and accrued liabilities (Note 20)	(98)	(187)
	<u>          </u>	<u>          </u>

- \* The Company has no overdraft facility. The credit balance as at 31 December 2019 above arose from the short tenure overnight placement under Maybank's Liquidity Concentration Services to minimise idle cash balances.

**28. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)**

(b) Included in the statement of financial position of the Company are amounts due from/(to) related companies represented by the following: (Contd.)

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Immediate holding company:		
Amount due from immediate holding company (Note 16)	-	1,632
Amount due to immediate holding company (Note 20)	<u>(542)</u>	<u>-</u>
Penultimate holding company:		
Amount due from penultimate holding company (Note 16)	4	-
Amount due to penultimate holding company (Note 20)	<u>-</u>	<u>(285)</u>
Fellow subsidiaries within the MAHB Group:		
Amount due from other related companies (Note 16)	6,788	10,656
Amount due to other related companies (Note 20)	<u>(1,561)</u>	<u>-</u>
Other related companies within the Maybank Group:		
Fixed and call deposits (Note 13)	728,360	184,224
Income due and accrued (Note 16)	1,556	865
Sundry receivables, deposits and prepayments (Note 16)	11	11
Amount due from other related companies (Note 16)	83	83
Amount due to other related companies (Note 20)	<u>(13)</u>	<u>(15)</u>
Companies with significant influence over the Maybank Group:		
Outstanding premium (Note 15)	843	226
Claims payable (Note 19)	<u>-</u>	<u>(31)</u>

(c) Key management personnel compensation

(i) The remuneration of key management personnel compensation during the year was as follows:

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term employee benefits		
- Fees	400	450
- Salaries, allowances and bonuses	725	373
- EPF and pension scheme	108	50
- Other emoluments and benefits-in-kind	14	8
	<u>1,247</u>	<u>881</u>



**28. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)**

(c) Key management personnel compensation (contd.)

(ii) The number of shares awarded for ESGP to key management personnel were as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>'000</b>	<b>'000</b>
At 1 January	236	104
Awarded	-	132
At 30 June/31 December	<u>236</u>	<u>236</u>

**29. FAIR VALUE MEASUREMENTS**

The Company classifies its financial instruments measured at fair value according to the Fair Value hierarchy.

The levels of the fair value hierarchy as defined by MFRS are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- Level 1 : Active Market – quoted price

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices which represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include listed derivatives, quoted equities and unit and property trust funds traded on an exchange.

- Level 2 : No Active Market – valuation techniques using observable input

Refers to inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of Level 2 financial instruments include corporate and government bonds, less liquid equities and over-the-counter ("OTC") derivatives.

- Level 3 : No Active Market – valuation techniques using

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

Examples of Level 3 financial instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

29. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair value measurements and classification within the fair value hierarchy

	Valuation technique using:			Total RM'000
	Level 1 Using Quoted market prices RM'000	Level 2 Using Observable inputs RM'000	Level 3 Using Significant unobservable inputs RM'000	
<b>30.6.2020</b>				
<b><u>Assets</u></b>				
<b>Investment Properties</b>	-	-	934,425	934,425
<b>Financial assets at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	385,693	-	385,693
Debt securities, structured products and NCDs	-	6,294,777	-	6,294,777
<b>(ii) HFT</b>				
Equity securities	870,155	-	61,841	931,996
Malaysian government papers	-	177,426	-	177,426
Debt securities, structured products and NCDs	-	443,952	-	443,952
Unit and property trust funds	184,872	-	-	184,872
<b>Financial assets at FVOCI</b>				
Malaysian government papers	-	123,233	-	123,233
Debt securities, structured products and NCDs	-	454,484	-	454,484
Derivative assets	-	1,440	-	1,440
<b>Total Assets</b>	<b>1,055,027</b>	<b>7,881,005</b>	<b>996,266</b>	<b>9,932,298</b>
<b><u>Liabilities</u></b>				
Derivative Liabilities	-	(421)	-	(421)
<b>Total Liabilities</b>	<b>-</b>	<b>(421)</b>	<b>-</b>	<b>(421)</b>

29. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair value measurements and classification within the fair value hierarchy (Contd.)

	Valuation technique using:			Total RM'000
	Level 1 Using Quoted market prices RM'000	Level 2 Using Observable inputs RM'000	Level 3 Using Significant unobservable inputs RM'000	
<b>31.12.2019</b>				
<b><u>Assets</u></b>				
<b>Investment Properties</b>	-	-	933,970	933,970
<b>Financial assets at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	319,964	-	319,964
Debt securities, structured products and NCDs	-	6,191,518	-	6,191,518
<b>(ii) HFT</b>				
Equity securities	1,346,397	-	61,841	1,408,238
Malaysian government papers	-	26,618	-	26,618
Debt securities, structured products and NCDs	-	404,139	-	404,139
Unit and property trust funds	126,088	-	-	126,088
Fixed and call deposits with licenced banks	-	98,285	-	98,285
<b>Financial assets at FVOCI</b>				
Malaysian government papers	-	74,721	-	74,721
Debt securities, structured products and NCDs	-	567,662	-	567,662
Derivative assets	-	877	-	877
<b>Total Assets</b>	<b>1,472,485</b>	<b>7,683,784</b>	<b>995,811</b>	<b>10,152,080</b>
<b><u>Liabilities</u></b>				
Derivative Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**29. FAIR VALUE MEASUREMENTS (CONTD.)**

**(b) Transfer between Level 1 and Level 2 in the fair value hierarchy**

Assets and liabilities of the Company are recognised in the financial statements on a recurring basis. The Company determines whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and Level 2 for the Company during the financial period ended 30 June 2020.

**(c) Movements of Level 3 financial instruments and non-financial assets**

	<b>Investment properties RM'000</b>	<b>Financial instruments measured at fair value at FVTPL RM'000</b>
<b>30.6.2020</b>		
At 1 January 2020	933,970	61,841
Addition	455	-
At 30 June 2020	<u>934,425</u>	<u>61,841</u>
Total gains recognised in income statement at the end of the reporting period	<u>-</u>	<u>-</u>
<b>31.12.2019</b>		
At 1 January 2019	912,840	56,467
Recognised in the income statement:		
Fair value gain	18,333	5,374
Addition	2,797	-
At 31 December 2019	<u>933,970</u>	<u>61,841</u>
Total gains recognised in income statement at the end of the reporting year	<u>18,333</u>	<u>5,374</u>

**(d) Sensitivity of fair value measurements to changes in unobservable input assumptions**

The Company's exposure to financial instruments measured with valuation techniques using significant unobservable inputs comprised a small number of financial instruments which constitute an insignificant component of the Company's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

**30. REGULATORY CAPITAL REQUIREMENT**

The capital structure of the Company as at 30 June 2020 and 31 December 2019, as prescribed under the RBC Framework is provided below:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid up)	100,000	100,000
Reserves, including retained earnings	2,992,588	3,318,606
	<u>3,092,588</u>	<u>3,418,606</u>
<b>Tier 2 Capital</b>		
Revaluation reserve	90,362	90,362
FVOCI reserve	30,508	29,772
	<u>120,870</u>	<u>120,134</u>
<b>Amount deducted from Capital</b>	<u>(44,778)</u>	<u>(43,322)</u>
<b>Total Capital Available</b>	<u>3,168,680</u>	<u>3,495,418</u>

**31. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period.

	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary equity holders	<u>28,966</u>	<u>114,884</u>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>'000</b>	<b>'000</b>
Number of ordinary shares in issue	<u>100,000</u>	<u>100,000</u>
	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>sen</b>	<b>sen</b>
Basic earnings per share	<u>28.97</u>	<u>114.88</u>

There have been no other transactions involving ordinary shares between the reporting date and the authorisation date of the unaudited interim condensed financial statements.

**ETIQA LIFE INSURANCE BERHAD**  
**201701025113 (1239279-P)**  
**(Incorporated in Malaysia)**

**32. INSURANCE FUNDS**

**UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS**

	Total		Shareholder's Fund		Life Fund	
	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000
<b>Assets:</b>						
Property, plant and equipment	29,602	28,514	-	-	29,602	28,514
Investment properties	934,425	933,970	-	-	934,425	933,970
Prepaid land lease payments	802	815	-	-	802	815
Intangible assets	44,778	43,322	-	-	44,778	43,322
Investments	10,563,382	10,484,024	574,332	403,697	9,989,050	10,080,327
Financing receivables	242,613	226,848	14,708	8,921	227,905	217,927
Reinsurance assets	77,143	68,710	-	-	77,143	68,710
Insurance receivables	30,414	25,717	-	-	30,414	25,717
Other assets	155,915	174,507	7,671	5,791	148,244	168,716
Derivative assets	1,440	876	-	-	1,440	876
Current tax assets	32,138	-	(4,914)	-	37,052	-
Cash and bank balances	64,838	2,828	225	-	64,613	2,828
<b>Total Assets</b>	<b>12,177,490</b>	<b>11,990,131</b>	<b>592,022</b>	<b>418,409</b>	<b>11,585,468</b>	<b>11,571,722</b>

32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS (CONTD.)

	Total		Shareholder's Fund		Life Fund	
	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000
<b>Equity and liabilities:</b>						
Share capital	100,000	100,000	100,000	100,000	-	-
Reserves	1,264,604	1,534,903	1,264,604	1,534,903	-	-
<b>Total Equity</b>	<b>1,364,604</b>	<b>1,634,903</b>	<b>1,364,604</b>	<b>1,634,903</b>	<b>-</b>	<b>-</b>
Insurance contract liabilities	9,888,489	9,565,875	-	-	9,888,489	9,565,875
Derivative liabilities	421	-	-	-	421	-
Deferred tax liabilities, net	328,551	317,596	255,274	252,776	73,277	64,820
Insurance payables	23,503	15,331	-	-	23,503	15,331
Other liabilities <sup>@</sup>	535,649	420,279	(1,125,762)	(1,567,176)	1,661,411	1,987,455
Current tax liabilities	36,273	36,147	97,906	97,906	(61,633)	(61,759)
<b>Total Liabilities</b>	<b>10,812,886</b>	<b>10,355,228</b>	<b>(772,582)</b>	<b>(1,216,494)</b>	<b>11,585,468</b>	<b>11,571,722</b>
<b>Total equity and liabilities</b>	<b>12,177,490</b>	<b>11,990,131</b>	<b>592,022</b>	<b>418,409</b>	<b>11,585,468</b>	<b>11,571,722</b>
Inter fund balances	-	-	(1,127,890)	(1,536,252)	1,127,890	1,536,252

<sup>@</sup> - Included in other liabilities is the amounts due to life and investment-linked funds which are unsecured, not subject to any interest elements and repayable in the short-term.



32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS

	Total		Shareholder's Fund		Life Fund	
	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
<b>Operating revenue</b>	1,046,960	1,058,207	7,973	3,162	1,038,987	1,055,045
Gross earned premiums	818,637	811,360	-	-	818,637	811,360
Earned premiums ceded to reinsurers	(17,069)	(14,020)	-	-	(17,069)	(14,020)
<b>Net earned premiums</b>	801,568	797,340	-	-	801,568	797,340
Fee and commission income	434	2,089	-	-	434	2,089
Investment income	228,323	246,847	7,973	3,162	220,350	243,685
Realised losses	(190,224)	41,227	14,012	(40)	(204,236)	41,267
Fair value gains/(losses)	114,393	450,153	346	146	114,047	450,007
Other operating income/(expenses), net	4,131	(4,528)	77	(184)	4,054	(4,344)
<b>Other revenue</b>	157,057	735,788	22,408	3,084	134,649	732,704
Gross benefits and claims paid	(478,904)	(548,514)	-	-	(478,904)	(548,514)
Claims ceded to reinsurers	5,271	6,052	-	-	5,271	6,052
Gross change to contract liabilities	(322,614)	(649,786)	-	-	(322,614)	(649,786)
Change in contract liabilities ceded to reinsurers	8,433	6,543	-	-	8,433	6,543
<b>Net benefits and claims</b>	(787,814)	(1,185,705)	-	-	(787,814)	(1,185,705)

32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS (CONTD.)

	Total		Shareholder's Fund		Life Fund	
	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Management expenses	(75,977)	(85,431)	(5,372)	(6,899)	(70,605)	(78,532)
Fee and commission expenses	(50,619)	(51,201)	-	-	(50,619)	(51,201)
Taxation borne by policyholders	(6,652)	(53,512)	-	-	(6,652)	(53,512)
<b>Other expenses</b>	<b>(133,248)</b>	<b>(190,144)</b>	<b>(5,372)</b>	<b>(6,899)</b>	<b>(127,876)</b>	<b>(183,245)</b>
	37,563	157,279	17,036	(3,815)	20,527	161,094
<b>Surplus from/(to):</b>						
- Life Non-Par Funds	-	-	20,527	161,094	(20,527)	(161,094)
<b>Profit before tax</b>	<b>37,563</b>	<b>157,279</b>	<b>37,563</b>	<b>157,279</b>	<b>-</b>	<b>-</b>
Taxation	(8,597)	(42,395)	(8,597)	(42,395)	-	-
<b>Net profit for the period</b>	<b>28,966</b>	<b>114,884</b>	<b>28,966</b>	<b>114,884</b>	<b>-</b>	<b>-</b>

32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS BY FUNDS

	Total		Shareholder's Fund		Life Fund	
	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Cash flows from:						
Operating activities	319,695	325,720	224,396	1,108,967	95,299	(783,247)
Investing activities	42,315	486,906	75,829	(308,971)	(33,514)	795,877
Financing activities	(300,000)	(800,000)	(300,000)	(800,000)	-	-
Net increase/(decrease) in cash and cash equivalents	62,010	12,626	225	(4)	61,785	12,630
Cash and cash equivalents:						
Cash and cash equivalents at beginning of period	2,828	97,416	-	365	2,828	97,051
Cash and cash equivalents at end of period	64,838	110,042	225	361	64,613	109,681