



ETIQA FAMILY TAKAFUL BERHAD
199301011506 (266243-D)
(Incorporated in Malaysia)

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

ETIQA FAMILY TAKAFUL BERHAD
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ETIQA FAMILY TAKAFUL BERHAD
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UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	30.6.2020			31.12.2019		
	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
ASSETS						
Property, plant and equipment	249	-	249	315	-	315
Right-of-use assets ("ROU")	686	-	686	678	-	678
Intangible assets	4,302	-	4,302	4,604	-	4,604
Investments	13 2,401,555	11,880,750	14,256,005	2,230,830	11,465,206	13,669,976
Financing receivables	15,733	-	15,733	15,567	-	15,567
Retakaful assets	14 -	127,813	127,813	-	111,198	111,198
Takaful receivables	15 -	185,877	185,877	-	120,399	120,399
Other assets	16 41,219	113,924	142,836	157,929	132,600	161,207
Qard receivables	10,456	-	-	-	-	-
Current tax assets	61,563	21,501	83,064	38,572	20,412	58,984
Cash and bank balances	599	85,466	86,065	5,922	120,189	126,111
Total Assets	2,536,362	12,415,331	14,902,630	2,454,417	11,970,004	14,269,039
EQUITY, LIABILITIES AND PARTICIPANTS' FUNDS						
Equity						
Share capital	100,000	-	100,000	100,000	-	100,000
Reserves	17 1,712,021	-	1,705,721	1,698,548	-	1,692,488
Total Equity	1,812,021	-	1,805,721	1,798,548	-	1,792,488
Liabilities and Participants' Funds						
Participants' funds	18 -	3,740,125	3,740,125	-	3,690,961	3,690,961
Takaful certificate liabilities	19 -	8,038,194	8,018,194	-	7,804,488	7,784,488
Expense liabilities	20 570,462	-	570,462	535,282	-	535,282
Deferred tax liabilities	31,380	49,439	80,819	28,764	48,526	77,290
Takaful payables	21 2,561	44,761	47,322	1,949	29,785	31,734
Other liabilities	22 83,732	532,356	603,781	89,874	396,244	356,796
Current tax liabilities	36,206	-	36,206	-	-	-
Qard payables	-	10,456	-	-	-	-
Total Liabilities and Participants' Funds	724,341	12,415,331	13,096,909	655,869	11,970,004	12,476,551
Total Equity, Liabilities and Participants' Funds	2,536,362	12,415,331	14,902,630	2,454,417	11,970,004	14,269,039

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 INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	1.1.2020 to 30.6.2020			1.1.2019 to 30.6.2019			
	Shareholder's	Family		Shareholder's	Family		
	Note	fund	Company	fund	Takaful fund	Company	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Operating revenue		200,547	1,064,044	1,109,443	236,382	1,136,813	1,185,573
Gross earned contributions		-	830,617	830,617	-	893,009	893,009
Earned contributions ceded to retakaful		-	(52,606)	(52,606)	-	(40,219)	(40,219)
Net earned contributions		-	778,011	778,011	-	852,790	852,790
Fee and commission income	23	155,148	9	9	187,622	131	131
Investment income	24	45,399	233,427	278,826	48,760	243,804	292,564
Realised gains		19,371	132,706	152,077	1,779	9,726	11,505
Fair value gains		18,439	95,673	113,872	89,650	331,953	420,004
Other operating (expenses)/ income, net	25	357	(4,104)	(3,747)	(365)	365	-
Other revenue		238,714	457,711	541,037	327,446	585,979	724,204
Gross benefits and claims paid		-	(679,985)	(679,985)	-	(521,388)	(521,388)
Claims ceded to retakaful		-	28,350	28,350	-	30,642	30,642
Gross change in certificate liabilities		-	(233,706)	(423,270)	-	(549,358)	(738,733)
Change in certificate liabilities ceded to retakaful		-	16,615	16,615	-	18,589	18,589
Net benefits and claims		-	(868,726)	(1,058,290)	-	(1,021,515)	(1,210,890)
Management expenses	26	(74,801)	(15,986)	(90,787)	(82,976)	(13,804)	(96,780)
Change in expense liabilities	20	(35,180)	-	(35,180)	(66,192)	-	(66,192)
Fee and commission expenses		(63,675)	(155,513)	(64,040)	(63,296)	(188,008)	(63,682)
Profit on subordinated obligation		-	-	-	(5,535)	-	(5,535)
Tax borne by participants	29	-	(5,933)	(5,933)	-	(26,067)	(26,067)
Other expenses		(173,656)	(177,432)	(195,940)	(217,999)	(227,879)	(258,256)
Operating profit before surplus transfers		65,058	189,564	64,818	109,447	189,375	107,848
Surplus transferred to participants' funds		-	(189,564)	-	-	(189,375)	-
Surplus attributable to shareholder		-	-	-	-	-	-
Profit before taxation		65,058	-	64,818	109,447	-	107,848
Taxation	29	(41,808)	-	(41,808)	(51,555)	-	(51,555)
Zakat		(7,458)	-	(7,458)	(2,068)	-	(2,068)
Net profit for the period		15,792	-	15,552	55,824	-	54,225
Basic and diluted earnings per share (sen)	33			15.55			54.23

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			1.1.2019 to 30.6.2019		
	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
Net profit for the period	15,792	-	15,552	55,824	-	54,225
Other comprehensive income:						
Item that may be subsequently reclassified to income statement						
Net gains on Fair Value through Other Comprehensive Income ("FVOCI") financial assets:						
- Fair value changes	23,348	95,987	119,335	18,657	183,299	201,956
- Transfer to profit and loss upon disposal	(24,935)	(168,896)	(193,831)	(1,449)	(9,413)	(10,862)
Tax effects relating to components of other comprehensive income	29 (732)	(6,109)	(6,841)	(4,130)	13,437	9,307
Other comprehensive income/(loss) attributable to participants	-	79,018	79,018	-	(187,323)	(187,323)
Other comprehensive (loss)/ income for the period, net of tax	(2,319)	-	(2,319)	13,078	-	13,078
Total comprehensive income for the period	13,473	-	13,233	68,902	-	67,303

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

	Attributable to Equity Holder of the Company			Total Equity RM'000
	Share Capital RM'000	Non-Distributable FVOCI Reserve RM'000	Distributable Retained Profits RM'000	
At 1 January 2020	100,000	23,668	1,668,820	1,792,488
Net profit after tax for the period	-	-	15,552	15,552
Other comprehensive loss for the period	-	(2,319)	-	(2,319)
Total comprehensive income/(loss) for the period	-	(2,319)	15,552	13,233
At 30 June 2020	100,000	21,349	1,684,372	1,805,721
At 1 January 2019	100,000	512	1,540,301	1,640,813
Net profit after tax for the period	-	-	54,225	54,225
Other comprehensive income for the period	-	13,078	-	13,078
Total comprehensive income for the period	-	13,078	54,225	67,303
Dividend on ordinary shares	-	-	(75,000)	(75,000)
At 30 June 2019	100,000	13,590	1,519,526	1,633,116

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UNAUDITED INTERIM CONDENSED STATEMENT 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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation and zakat		64,818	107,848
Adjustments for:			
Depreciation of property, plant and equipment	26	66	69
Amortisation of intangible assets	26	414	388
Interest on lease liability	26	12	16
Depreciation of right-of-use assets	26	112	92
Fair value gains on investments		(113,872)	(420,004)
Realised gains on disposal of investments		(152,077)	(11,505)
Realised loss on foreign exchange	25	95	-
Unrealised gains on foreign exchange	25	(219)	-
(Reversal)/allowance of impairment losses on investments	25	(193)	174
Allowance of impairment losses on takaful receivables	25	5,242	481
Allowance of impairment losses on other receivables	25	-	35
Reversal of impairment losses on financing receivables	25	-	(176)
Recovery of takaful receivables	25	-	(140)
Profit income	24	(279,523)	(292,360)
Finance cost		-	5,535
Gross dividend/distribution income	24	(8,614)	(5,866)
Net amortisation of premiums	24	8,226	4,959
Tax borne by participants	29	5,933	26,067
Surplus transferred to participant's fund	18	189,564	189,375
Operating cash flows before working capital changes		<u>(280,016)</u>	<u>(395,012)</u>
Changes in working capital:			
Increase in takaful receivables		(70,720)	(56,208)
(Increase)/decrease in other assets		(2,053)	12,498
Increase/(decrease) in takaful payables		15,588	(15,196)
Increase in other liabilities		242,037	63,264
Increase in expense liabilities	20	35,180	66,192
(Increase)/decrease in financing receivables		(166)	382
Increase in placements of deposits with financial institutions		(2,598,775)	(217,837)
Increase in retakaful assets		(16,615)	(18,589)
Increase in takaful certificate liabilities		<u>233,706</u>	<u>546,072</u>
Operating cash flows after working capital changes and carried forward		<u>(2,441,834)</u>	<u>(14,434)</u>

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

	Note	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)			
Brought forward		(2,441,834)	(14,434)
Profit income received		299,757	286,354
Gross dividend/distribution income received		8,806	7,027
Zakat paid		(2,542)	(7,328)
Taxation paid		(25,245)	(18,375)
COVID-19 donation paid	18	(10,000)	-
Surplus paid to participants	18	(32,899)	(599)
Withholding tax borne by participants	18	(18,483)	(5,690)
Net cash flows (used in)/generated from operating activities		<u>(2,222,440)</u>	<u>246,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		4,229,592	2,341,045
Purchase of investments		(2,046,985)	(2,282,307)
Purchase of intangible assets		(111)	(39)
Purchase of property, plant and equipment		-	(37)
Net cash flows generated from investing activities		<u>2,182,496</u>	<u>58,662</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(75,000)
Payment of lease liabilities		(102)	(90)
Profit paid on subordinated obligation		-	(1,189)
Withdrawal on subordinated obligation		-	(300,000)
Net cash flows used in financing activities		<u>(102)</u>	<u>(376,279)</u>
Decrease in cash and cash equivalents		(40,046)	(70,662)
Cash and cash equivalents at beginning of period		<u>126,111</u>	<u>147,196</u>
Cash and cash equivalents at end of period		<u><u>86,065</u></u>	<u><u>76,534</u></u>
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's fund		599	13,739
Family Takaful fund		85,466	62,795
		<u><u>86,065</u></u>	<u><u>76,534</u></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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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 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 Takaful Framework for Takaful Operators ("the RBCT Framework") issued by BNM.

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.

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 businesses 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 takaful operator, surplus for family 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

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

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13. INVESTMENTS

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
30.6.2020			
Malaysian government papers	34,138	240,927	275,065
Equity securities	41,300	385,796	427,096
Debt securities	1,729,669	8,096,197	9,825,866
Unit and property trust funds	3,648	27,905	31,553
Investment-linked units	26,300	-	-
Deposits with financial institutions*	566,500	3,129,925	3,696,425
	<u>2,401,555</u>	<u>11,880,750</u>	<u>14,256,005</u>
31.12.2019			
Malaysian government papers	95,666	356,978	452,644
Equity securities	49,216	400,084	449,300
Debt securities	1,870,125	9,791,900	11,662,025
Unit and property trust funds	932	7,425	8,357
Investment-linked units	26,060	-	-
Deposits with financial institutions*	188,831	908,819	1,097,650
	<u>2,230,830</u>	<u>11,465,206</u>	<u>13,669,976</u>

* Included in the deposits with financial institutions are balances invested in other related companies within the Maybank Group amounting to RM2,050,582,000 (2019: RM289,935,000)

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

30.6.2020			
Fair value through profit or loss ("FVTPL"):			
- Designated upon initial recognition	1,124,298	5,731,149	6,855,447
- Held for trading ("HFT")	71,248	498,468	543,416
Fair value through other comprehensive income ("FVOCI")	639,509	2,521,208	3,160,717
Amortised cost ("AC")	566,500	3,129,925	3,696,425
	<u>2,401,555</u>	<u>11,880,750</u>	<u>14,256,005</u>
31.12.2019			
Fair value through profit or loss ("FVTPL"):			
- Designated upon initial recognition	1,287,506	6,326,192	7,613,698
- Held for trading ("HFT")	76,208	487,057	537,205
Fair value through other comprehensive income ("FVOCI")	678,285	3,750,713	4,428,998
Amortised cost ("AC")	188,831	901,244	1,090,075
	<u>2,230,830</u>	<u>11,465,206</u>	<u>13,669,976</u>

13. INVESTMENTS (CONTD.)

The following investments will mature after 12 months:

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
30.6.2020			
FVTPL			
- Designated upon initial recognition	1,124,298	5,472,638	6,596,936
- HFT	-	84,767	84,767
FVOCI	567,051	2,438,285	3,005,336
	<u>1,691,349</u>	<u>7,995,690</u>	<u>9,687,039</u>
31.12.2019			
FVTPL			
- Designated upon initial recognition	1,267,439	6,038,165	7,305,604
- HFT	-	71,973	71,973
FVOCI	673,282	3,720,744	4,394,026
	<u>1,940,721</u>	<u>9,830,882</u>	<u>11,771,603</u>
(i) FVTPL			
- Designated upon initial recognition			
30.6.2020			
<u>At fair value:</u>			
Malaysian government papers	-	148,275	148,275
Unquoted debt securities in Malaysia	1,124,298	5,582,874	6,707,172
Total financial assets designated as FVTPL upon initial recognition	<u>1,124,298</u>	<u>5,731,149</u>	<u>6,855,447</u>
31.12.2019			
<u>At fair value:</u>			
Malaysian government papers	-	148,481	148,481
Unquoted debt securities in Malaysia	1,287,506	6,177,711	7,465,217
Total financial assets designated as FVTPL upon initial recognition	<u>1,287,506</u>	<u>6,326,192</u>	<u>7,613,698</u>

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13. INVESTMENTS (CONTD.)

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
(i) FVTPL (contd.)			
- HFT			
30.6.2020			
<u>At fair value:</u>			
Malaysian government papers	-	15,330	15,330
Quoted equity securities in Malaysia	40,067	385,796	425,863
Quoted equity securities outside Malaysia	1,233	-	1,233
Unquoted debt securities in Malaysia	-	69,437	69,437
Quoted unit and property trust funds in Malaysia	3,648	25,039	28,687
Investment-linked units	26,300	-	-
Quoted unit and property trust funds outside Malaysia	-	2,866	2,866
Total HFT financial assets	71,248	498,468	543,416
31.12.2019			
<u>At fair value:</u>			
Malaysian government papers	-	9,502	9,502
Quoted equity securities in Malaysia	49,216	400,084	449,300
Unquoted debt securities in Malaysia	-	62,471	62,471
Quoted unit and property trust funds Malaysia	932	7,425	8,357
Investment-linked units	26,060	-	-
Islamic investment accounts with: Licensed financial institutions	-	7,575	7,575
Total HFT financial assets	76,208	487,057	537,205
(ii) FVOCI			
30.6.2020			
<u>At fair value:</u>			
Malaysian government papers	34,138	77,322	111,460
Unquoted debt securities in Malaysia	605,371	2,443,886	3,049,257
Total FVOCI financial assets	639,509	2,521,208	3,160,717
31.12.2019			
<u>At fair value:</u>			
Malaysian government papers	95,666	198,995	294,661
Unquoted debt securities in Malaysia	582,619	3,551,718	4,134,337
Total FVOCI financial assets	678,285	3,750,713	4,428,998

13. INVESTMENTS (CONTD.)

(ii) 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>	
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
30.6.2020				
Shareholder's fund				
At 1 January	194	-	-	194
Net adjustment of loss allowance	7	-	-	7
New financial assets originated or purchased	69	-	-	69
Financial assets that have been derecognised	(20)	-	-	(20)
At 30 June	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
Family Takaful fund				
At 1 January	1,268	23	-	1,291
Net adjustment of loss allowance	6	-	-	6
New financial assets originated or purchased	68	-	-	68
Financial assets that have been derecognised	(323)	-	-	(323)
Changes due to change in credit risk	23	(23)	-	-
At 30 June	<u>1,042</u>	<u>-</u>	<u>-</u>	<u>1,042</u>

13. INVESTMENTS (CONTD.)

(ii) 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>	
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	ECL
	RM'000	impaired	impaired	RM'000
31.12.2019				
Shareholder's fund				
At 1 January	147	-	-	147
Net adjustment of loss allowance	(63)	-	-	(63)
New financial assets originated or purchased	116	-	-	116
Financial assets that have been derecognised	(6)	-	-	(6)
At 31 December	<u>194</u>	<u>-</u>	<u>-</u>	<u>194</u>
Family Takaful fund				
At 1 January	1,438	41	-	1,479
Net adjustment of loss allowance	(415)	(18)	-	(433)
New financial assets originated or purchased	372	-	-	372
Financial assets that have been derecognised	(127)	-	-	(127)
At 31 December	<u>1,268</u>	<u>23</u>	<u>-</u>	<u>1,291</u>

13. INVESTMENTS (CONTD.)

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
(iii) AC			
Deposits and placements with financial institutions			
30.6.2020			
<u>At cost:</u>			
Islamic investment accounts with:			
Licensed financial institutions	544,190	2,670,379	3,214,569
Others	22,310	459,546	481,856
Total AC financial assets	<u>566,500</u>	<u>3,129,925</u>	<u>3,696,425</u>
31.12.2019			
<u>At cost:</u>			
Islamic investment accounts with:			
Licensed financial institutions	111,771	531,521	643,292
Others	77,060	369,723	446,783
Total AC financial assets	<u>188,831</u>	<u>901,244</u>	<u>1,090,075</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 Investments

An analysis of the different fair value measurement basis used in the determination of the fair values of investments are further disclosed in Note 31 of the unaudited interim condensed financial statements.

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14. RETAKAFUL ASSETS

	30.6.2020	31.12.2019
Family Takaful fund/Company	RM'000	RM'000
Retakaful operators' share of takaful certificate liabilities (Note 19):		
Claims liabilities	6,594	9,928
Actuarial liabilities	121,219	101,270
Total retakaful assets	<u>127,813</u>	<u>111,198</u>

15. TAKAFUL RECEIVABLES

	30.6.2020	31.12.2019
Family Takaful fund/Company	RM'000	RM'000
Due contributions including agents/brokers, cedants and co-takaful balances *	180,165	108,864
Due from retakaful operators	<u>16,830</u>	<u>17,411</u>
	196,995	126,275
Allowance for impairment losses	<u>(11,118)</u>	<u>(5,876)</u>
	<u>185,877</u>	<u>120,399</u>

Movements in the allowance for impairment losses for Takaful receivables are as follows:

	30.6.2020	31.12.2019
	RM'000	RM'000
Lifetime ECL		
At 1 January	5,876	3,971
Net adjustment of loss allowance (Note 25)	<u>5,242</u>	<u>1,905</u>
At 30 June/31 December	<u>11,118</u>	<u>5,876</u>

* Included in due contributions including agents/brokers and co-takaful balances are balances due from companies with significant influence over the Maybank Group amounting to RM2,419,000 (2019: RM2,769,000). The receivable amounts are subject to settlement terms stipulated in the takaful certificates. These balances are unsecured, interest-free and repayable in the short term.

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

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16. OTHER ASSETS

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
30.6.2020			
Sundry receivables, deposits and prepayments **	7,429	610	8,039
Allowance for impairment losses	<u>(2,426)</u>	<u>(508)</u>	<u>(2,934)</u>
	5,003	102	5,105
Income and profit due and accrued **	23,854	113,592	137,446
Amounts due from Family Takaful fund *	12,307	-	-
Amounts due from stockbrokers	55	230	285
Total Other Assets	<u>41,219</u>	<u>113,924</u>	<u>142,836</u>
31.12.2019			
Sundry receivables, deposits and prepayments **	5,240	604	5,844
Allowance for impairment losses	<u>(2,426)</u>	<u>(508)</u>	<u>(2,934)</u>
	2,814	96	2,910
Income and profit due and accrued **	25,740	132,130	157,870
Amounts due from Family Takaful fund *	129,322	-	-
Amounts due from stockbrokers	53	374	427
Total Other Assets	<u>157,929</u>	<u>132,600</u>	<u>161,207</u>

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

Lifetime ECL	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
30.06.2020			
At 1 January / 30 June	<u>2,426</u>	<u>508</u>	<u>2,934</u>
31.12.2019			
At 1 January	2,303	508	2,811
Net adjustment of loss allowance	<u>123</u>	<u>-</u>	<u>123</u>
At 31 December	<u>2,426</u>	<u>508</u>	<u>2,934</u>

* The amounts due from Family Takaful fund are non-trade in nature, unsecured, not subject to any profit elements and repayable in the short term.

** Included in sundry receivables, deposits and prepayments and income and profit due and accrued are balances due from other related companies within the Maybank Group amounting to RM3,284,000 and RM6,781,000 (2019: RM4,570,000 and RM1,006,000) respectively.

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

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17. RESERVES

Shareholder's fund/Company	Note	30.6.2020 RM'000	31.12.2019 RM'000
Non-distributable:			
FVOCI reserve	(i)	21,349	23,668
Distributable:			
Retained profits	(ii)	1,690,672	1,674,880
Less: Seed money elimination		<u>(6,300)</u>	<u>(6,060)</u>
		<u>1,684,372</u>	<u>1,668,820</u>
		<u>1,705,721</u>	<u>1,692,488</u>

- (i) The FVOCI reserve of the Company arose from changes in the fair value of the investments classified as FVOCI financial assets.
- (ii) The entire distributable retained profits may be distributed to the shareholder under the single-tier system.

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18. PARTICIPANTS' FUND

Family Takaful fund/Company	30.6.2020	31.12.2019
	RM'000	RM'000
(i) Accumulated surplus	1,986,488	1,858,306
(ii) Surplus attributable to participants	1,582,032	1,582,032
(iii) FVOCI reserve	171,605	250,623
	<u>3,740,125</u>	<u>3,690,961</u>
(i) Accumulated surplus		
At 1 January	1,858,306	1,783,530
Surplus arising during the period/year	189,564	257,879
Surplus attributable to participants during the period/year	-	(163,467)
COVID-19 charity donation*	(10,000)	-
Surplus paid to participants during the period/year	(32,899)	(601)
Withholding tax borne by participants	(18,483)	(19,035)
At 30 June/31 December	<u>1,986,488</u>	<u>1,858,306</u>
(ii) Surplus attributable to participants		
At 1 January	1,582,032	1,446,340
Surplus attributable to participants during the period/year	-	163,467
Transfer to takaful certificate liabilities (Note 19(ii))	-	(27,775)
At 30 June/31 December	<u>1,582,032</u>	<u>1,582,032</u>
(iii) FVOCI reserve		
At 1 January	250,623	3,469
Fair value changes	95,987	280,927
Realised gain transferred to income statement	(168,896)	(15,895)
Deferred tax on fair value changes	(6,109)	(17,878)
At 30 June/31 December	<u>171,605</u>	<u>250,623</u>

* In April 2020, the Board and Shariah Committee have endorsed the decision to donate RM10 million as an aid to the government hospitals to demonstrate the Company's support in combating the COVID-19 outbreak. The COVID-19 charity amount has been utilised from the unallocated surplus brought forward in PRF Mudharabah fund.

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19. TAKAFUL CERTIFICATE LIABILITIES

Family Takaful fund/Company	Gross RM'000	Retakaful assets RM'000 (Note 14)	Net RM'000
30.6.2020			
Family Takaful fund	8,038,194	(127,813)	7,910,381
Less: Seed money elimination	(20,000)	-	(20,000)
Company	<u>8,018,194</u>	<u>(127,813)</u>	<u>7,890,381</u>
31.12.2019			
Family Takaful fund	7,804,488	(111,198)	7,693,290
Less: Seed money elimination	(20,000)	-	(20,000)
Company	<u>7,784,488</u>	<u>(111,198)</u>	<u>7,673,290</u>

(i) The Family Takaful certificate liabilities and its movements are further analysed as follows:

	Gross RM'000	Retakaful assets RM'000	Net RM'000
30.6.2020			
Claims liabilities (Note (ii))	132,757	(6,594)	126,163
Actuarial liabilities (Note (ii))	7,712,594	(121,219)	7,591,375
NAV attributable to unit holders (Note (ii))	192,843	-	192,843
	<u>8,038,194</u>	<u>(127,813)</u>	<u>7,910,381</u>
31.12.2019			
Claims liabilities (Note (ii))	117,961	(9,928)	108,033
Actuarial liabilities (Note (ii))	7,491,538	(101,270)	7,390,268
NAV attributable to unit holders (Note (ii))	194,989	-	194,989
	<u>7,804,488</u>	<u>(111,198)</u>	<u>7,693,290</u>

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19. TAKAFUL CERTIFICATE LIABILITIES (CONTD.)

Family Takaful fund (contd.)

(ii) The movements of the Family Takaful certificate liabilities are as follows:

	Claims Liabilities RM'000	Actuarial Liabilities RM'000	NAV Attributable to Unit holders RM'000	Gross Liabilities RM'000	Retakaful Assets RM'000	Net Liabilities RM'000
30.6.2020						
At 1 January	117,961	7,491,538	194,989	7,804,488	(111,198)	7,693,290
Net earned contributions	-	-	26,961	26,961	-	26,961
Other revenue	-	-	5,211	5,211	-	5,211
Experience/benefit variation	-	-	-	-	-	-
Claims intimated during the period	676,435	-	-	676,435	(25,016)	651,419
Claims paid during the period	(661,639)	-	(18,346)	(679,985)	28,350	(651,635)
Other expenses	-	-	(16,893)	(16,893)	-	(16,893)
Taxation	-	-	921	921	-	921
Increase in certificate reserves	-	221,056	-	221,056	(19,949)	201,107
At 30 June	<u>132,757</u>	<u>7,712,594</u>	<u>192,843</u>	<u>8,038,194</u>	<u>(127,813)</u>	<u>7,910,381</u>

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19. TAKAFUL CERTIFICATE LIABILITIES (CONTD.)

Family Takaful fund (contd.)

(ii) The movements of the Family Takaful certificate liabilities are as follows (contd.):

	Claims Liabilities RM'000	Actuarial Liabilities RM'000	NAV Attributable to Unit holders RM'000	Gross Liabilities RM'000	Retakaful Assets RM'000	Net Liabilities RM'000
31.12.2019						
At 1 January	155,436	6,734,718	163,622	7,053,776	(73,802)	6,979,974
Net earned contributions	-	-	67,162	67,162	-	67,162
Other revenue	-	-	17,242	17,242	-	17,242
Claims intimated during the year	1,031,424	-	-	1,031,424	(58,123)	973,301
Claims paid during the year	(1,068,899)	-	(46,469)	(1,115,368)	58,967	(1,056,401)
Other expenses	-	-	(5,678)	(5,678)	-	(5,678)
Taxation	-	-	(890)	(890)	-	(890)
Transfer from participant's funds (Note 18(ii))	-	27,775	-	27,775	-	27,775
Increase in certificate reserves	-	729,045	-	729,045	(38,240)	690,805
At 31 December	<u>117,961</u>	<u>7,491,538</u>	<u>194,989</u>	<u>7,804,488</u>	<u>(111,198)</u>	<u>7,693,290</u>

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20. EXPENSE LIABILITIES

Shareholder's fund/Company	30.6.2020 RM'000	31.12.2019 RM'000
At 1 January	535,282	445,941
Movement in unexpired expense reserves ("UER")	35,180	89,341
At 30 June/31 December	<u>570,462</u>	<u>535,282</u>

21. TAKAFUL PAYABLES

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
30.6.2020			
Amounts due to agents and brokers	2,561	22,131	24,692
Amounts due to retakaful operators	-	22,630	22,630
	<u>2,561</u>	<u>44,761</u>	<u>47,322</u>
31.12.2019			
Amounts due to agents and brokers	1,949	21,299	23,248
Amounts due to retakaful operators	-	8,486	8,486
	<u>1,949</u>	<u>29,785</u>	<u>31,734</u>

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

22. OTHER LIABILITIES

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
30.6.2020			
Contribution deposits	1,555	84,953	86,508
ROU lease liabilities			
- lease liabilities	690	-	690
- provision for restoration/dismantling costs	52	-	52
Amounts due to Shareholder's fund*	-	12,307	-
Amount due to stockbrokers	99	1,242	1,341
Unclaimed monies	121	72,694	72,815
Service tax payable	-	12,791	12,791
Surplus payable to participants	-	16,055	16,055
Withholding tax payable	-	33,792	33,792
Amount due to related companies* (Note 30(ii)):			
- ultimate holding company*	4,233	-	4,233
- immediate holding company*	690	-	690
- other related companies*	2,067	18	2,085
Zakat payable	10,517	-	10,517
Provisions for expenses	35,493	-	35,493
Sundry payables and accrued liabilities **	28,215	298,504	326,719
Total Other Liabilities	<u>83,732</u>	<u>532,356</u>	<u>603,781</u>

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22. OTHER LIABILITIES (CONTD.)

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
31.12.2019			
Contribution deposits	100	71,368	71,468
ROU lease liabilities			
- lease liabilities	660	-	660
- provision for restoration/dismantling costs	52	-	52
Amounts due to Shareholder's fund*	-	129,322	-
Amount due to stockbrokers	-	644	644
Unclaimed monies	104	39,446	39,550
Service tax payable	-	3,805	3,805
Surplus payable to participants	-	16,048	16,048
Withholding tax payable	-	29,840	29,840
Amount due to related companies* (Note 30(ii)):			
- ultimate holding company*	4,816	-	4,816
- immediate holding company*	993	-	993
- other related companies*	5,121	167	5,288
Zakat payable	6,935	-	6,935
Provisions for expenses	34,221	-	34,221
Sundry payables and accrued liabilities **	36,872	105,604	142,476
Total Other Liabilities	89,874	396,244	356,796

* Amounts due to holding companies, related companies and the Shareholder's and Family Takaful funds in the respective funds are non-trade in nature, unsecured, not subject to any profit elements and are repayable in the short term. The amounts payable are subject to settlement terms stipulated in the takaful certificates.

** Included in sundry payables and accrued liabilities are balances due to ultimate holding company and other related companies within the Maybank Group amounting to RM12,940,000 (2019: RM19,599,000).

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

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23. FEE AND COMMISSION INCOME

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2020 to 30.6.2020			
Wakalah fee income from:			
Family takaful fund	155,148	-	-
Others	-	9	9
Total fee and commission income	155,148	9	9
1.1.2019 to 30.6.2019			
Wakalah fee income from:			
Family takaful fund	187,622	-	-
Profit commission	-	46	46
Others	-	85	85
Total fee and commission income	187,622	131	131

24. INVESTMENT INCOME

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2020 to 30.6.2020			
Financial assets at FVTPL:			
- Designated upon initial recognition			
Profit income	26,870	135,652	162,522
- HFT			
Dividend income:			
Quoted equity securities in Malaysia	853	7,169	8,022
Quoted equity securities outside Malaysia	4	10	14
Unit and property trust funds	75	503	578
Financial assets at FVOCI:			
Profit income	12,073	56,916	68,989
Financial assets at AC:			
Profit income	7,004	41,008	48,012
Profit income from financing receivables	83	-	83
Rental income	27	-	27
Net amortisation of premiums	(1,173)	(7,053)	(8,226)
Investment related expenses	(417)	(778)	(1,195)
Total investment income	45,399	233,427	278,826

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24. INVESTMENT INCOME (CONTD.)

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2019 to 30.6.2019			
Financial assets at FVTPL:			
- Designated upon initial recognition			
Profit income	36,129	148,899	185,028
- HFT			
Profit income	-	1,643	1,643
Dividend income:			
Quoted equity securities in Malaysia	566	5,300	5,866
Financial assets at FVOCI:			
Profit income	6,769	81,507	88,276
Financial assets at AC:			
Profit income	5,573	11,840	17,413
Profit income from financing receivables	345	-	345
Rental income	26	-	26
Net amortisation of premiums	(481)	(4,478)	(4,959)
Other investment income	-	10	10
Investment related expenses	(167)	(917)	(1,084)
Total investment income	48,760	243,804	292,564

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25. OTHER OPERATING (EXPENSES)/INCOME, NET

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2020 to 30.6.2020			
Other income			
Surrender charges	10	-	10
Reversal of impairment losses on investments	-	249	249
Processing fee income	66	-	66
Unrealised gain on foreign exchange	65	154	219
Sundry income	817	9,393	10,210
	<u>958</u>	<u>9,796</u>	<u>10,754</u>
Other expenses			
Allowance for impairment losses on:			
- Investments	(56)	-	(56)
- Takaful receivables	-	(5,242)	(5,242)
Realised loss on foreign exchange	(32)	(63)	(95)
Sundry expenditure	(513)	(8,595)	(9,108)
	<u>(601)</u>	<u>(13,900)</u>	<u>(14,501)</u>
Total other operating expenses, net	<u>357</u>	<u>(4,104)</u>	<u>(3,747)</u>
1.1.2019 to 30.6.2019			
Other income			
Reversal of impairment losses on financing receivables	176	-	176
Processing fee income	43	-	43
Recovery of takaful receivables	-	140	140
Sundry income	349	792	1,141
	<u>568</u>	<u>932</u>	<u>1,500</u>
Other expenses			
Impairment losses on:			
- Investments	(88)	(86)	(174)
- Takaful receivables	-	(481)	(481)
- Other assets	(35)	-	(35)
Sundry expenditure	(810)	-	(810)
	<u>(933)</u>	<u>(567)</u>	<u>(1,500)</u>
Total other operating expenses, net	<u>(365)</u>	<u>365</u>	<u>-</u>

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26. MANAGEMENT EXPENSES

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2020 to 30.6.2020			
Employee benefits expenses (Note (a))	42,690	11,119	53,809
Directors' remuneration (Note 27)	307	-	307
Shariah Committee remuneration (Note 28)	148	-	148
Auditors' remuneration:			
- statutory audits	180	5	185
- regulatory services	10	-	10
- other services	105	-	105
Depreciation of property, plant and equipment	66	-	66
Right-of-use expenses:			
-Depreciation	112	-	112
-Interest on lease liability	12	-	12
Amortisation of intangible assets	414	-	414
Bank and financing charges	1,287	703	1,990
Electronic data processing expenses	2,780	857	3,637
Entertainment expenses	58	2	60
Information technology outsourcing	2,138	986	3,124
Office facilities expenses	90	19	109
Other management fees	19	8	27
Postage and stamp duties	331	16	347
Printing and stationery	345	31	376
Professional fees	58	-	58
Promotional and marketing costs	12,985	-	12,985
Rental of offices/premises	2,043	483	2,526
Training expenses	433	41	474
Travelling expenses	374	20	394
Utilities, assessment and maintenance	2,251	857	3,108
Other expenses	5,565	839	6,404
Total management expenses	74,801	15,986	90,787

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26. MANAGEMENT EXPENSES (CONTD.)

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2019 to 30.6.2019			
Employee benefits expenses (Note (a))	43,104	10,142	53,246
Directors' remuneration (Note 27)	448	-	448
Shariah Committee remuneration (Note 28)	185	-	185
Auditors' remuneration:			
- statutory audits	191	5	196
- regulatory services	10	-	10
- other services	16	-	16
Depreciation of property, plant and equipment	69	-	69
Right-of-use expenses:			
-Depreciation	92	-	92
-Interest on lease liability	16	-	16
Amortisation of intangible assets	388	-	388
Assured medical fees	1,408	-	1,408
Bank and financing charges	1,208	994	2,202
Electronic data processing expenses	5,538	1,009	6,547
Entertainment expenses	104	11	115
Legal fees	17	2	19
Information technology outsourcing	2,166	1	2,167
Office facilities expenses	160	28	188
Other management fees	176	14	190
Postage and stamp duties	424	44	468
Printing and stationery	443	166	609
Professional fees	795	23	818
Promotional and marketing costs	15,847	-	15,847
Rental of offices/premises	2,112	489	2,601
Training expenses	761	90	851
Travelling expenses	500	29	529
Utilities, assessment and maintenance	754	127	881
Other expenses	6,044	630	6,674
Total management expenses	82,976	13,804	96,780

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26. MANAGEMENT EXPENSES (CONTD.)

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
(a) Employee benefits expenses			
1.1.2020 to 30.6.2020			
Wages, salaries and bonuses	32,468	8,558	41,026
Employees' Provident Fund ("EPF")	5,190	1,313	6,503
Social Security Organisation ("SOCSO")	224	45	269
Share based compensation	743	249	992
Other benefits	4,065	954	5,019
	<u>42,690</u>	<u>11,119</u>	<u>53,809</u>
1.1.2019 to 30.6.2019			
Wages, salaries and bonuses	32,049	8,197	40,246
Employees' Provident Fund ("EPF")	5,384	1,069	6,453
Social Security Organisation ("SOCSO")	213	38	251
Share based compensation	391	91	482
Other benefits	5,067	747	5,814
	<u>43,104</u>	<u>10,142</u>	<u>53,246</u>

(b) The details of Chief Executive Officer ("CEO") remuneration during the financial period are as follows:

Shareholder's fund/Company	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Salaries	383	383
Bonus	371	518
EPF	121	144
Share based compensation	64	35
Other emoluments	6	12
	<u>945</u>	<u>1,092</u>

27. DIRECTORS' REMUNERATION

	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Shareholder's fund/Company		
Executive director:		
Fees	10	-
Non-executive directors:		
Fees	270	390
Other emoluments	27	58
	<u>297</u>	<u>448</u>
Total director's fees and remuneration	<u>307</u>	<u>448</u>

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

	Fees RM'000	Other Emoluments RM'000	Total RM'000
1.1.2020 to 30.6.2020			
Executive director:			
Dato' Mohamed Rafique Merican			
Mohd Wahiduddin Merican (Ceased w.e.f 31 January 2020)	10	-	10
Non-executive directors:			
Dato' Majid Mohamad (Chairman)	90	10	100
Mr. Andrew King Sun Cheung (Appointed w.e.f 7 February 2020)	58	1	59
Mr. Philippe Pol Arthur Latour (Ceased w.e.f 7 February 2020)	2	-	2
Dato' Johan Ariffin	60	8	68
Mr. Wong Pakshong Kat Jeong Colin Stewart	60	8	68
Total director's fees and remuneration	<u>280</u>	<u>27</u>	<u>307</u>
1.1.2019 to 30.6.2019			
Non-executive directors:			
Dato' Majid Mohamad (Chairman)	90	19	109
Mr. Philippe Pol Arthur Latour	60	8	68
Dato' Mohamed Rafique Merican Mohd Wahiduddin Merican	60	6	66
Dato' Johan Ariffin	60	8	68
Dr. Abdul Rahim Abdul Rahman	60	9	69
Mr. Wong Pakshong Kat Jeong Colin Stewart	60	8	68
Total director's fees and remuneration	<u>390</u>	<u>58</u>	<u>448</u>

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28. SHARIAH COMMITTEE'S REMUNERATION

Shareholder's fund/Company	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Fees	102	123
Other emoluments	46	62
Total shariah committee's remuneration	148	185

The total remuneration of the Shariah Committee of the Company are as follows:

	Fees RM'000	Other Emoluments RM'000	Total RM'000
1.1.2020 to 30.6.2020			
Shariah committee:			
Assoc Prof Dr. Aznan Hasan (Chairman)	24	10	34
Dr. Sarip Bin Adul	19	10	29
Prof Dr. Rusni Hassan	19	9	28
Prof Dr. Abdul Rahim Abdul Rahman	19	8	27
Prof Dato' Dr. Mohd Azmi Omar	19	9	28
Assoc Prof Dr. Azman Mohd Noor (Appointed w.e.f 1 June 2020)	2	-	2
	102	46	148
1.1.2019 to 30.6.2019			
Shariah committee:			
Assoc Prof Dr. Aznan Hasan (Chairman) (Appointed w.e.f 1 June 2019)	8	2	10
Dr. Ahcene Lahsasna (Ceased as Chairman w.e.f 31 May 2019)	20	11	31
Dr. Sarip Bin Adul	19	10	29
Prof Dr. Rusni Hassan	19	8	27
Prof Dr. Abdul Rahim Abdul Rahman	19	10	29
Prof Dato' Dr. Mohd Azmi Omar	19	11	30
Dato' Dr. Anhar Opir	19	10	29
	123	62	185

29. 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 :

Shareholder's fund/Company	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
<u>Income Statement</u>		
Income tax:		
Tax expense for the period	38,460	30,282
Deferred taxation:		
Relating to origination and reversal of temporary differences	3,348	21,273
Income tax expense recognised in Income Statement	<u>41,808</u>	<u>51,555</u>

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 are as follows:

Shareholder's fund/Company	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Profit before taxation	<u>64,818</u>	<u>107,848</u>
Taxation at Malaysian statutory tax rate of 24%	15,556	25,884
Income not subject to tax	(42,085)	(66,517)
Expenses not deductible for tax purposes	70,928	93,436
Effect of zakat deduction and approved donation	(2,591)	(1,248)
Tax expense for the financial period	<u>41,808</u>	<u>51,555</u>

The domestic income tax for Shareholder's fund are calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial period.

29. INCOME TAX EXPENSE (CONTD.)

Taxation borne by participants

	1.1.2020 to 30.6.2020 RM'000	1.1.2019 to 30.6.2019 RM'000
Family Takaful fund/Company		

Income Statement

Income tax:		
Tax expense for the period	(1,089)	68
Deferred taxation:		
Relating to origination and reversal of temporary differences	7,022	25,999
Tax borne by participants recognised in Income Statement	<u>5,933</u>	<u>26,067</u>

The income tax for family takaful funds are calculated on the statutory rate of 8% (2019: 8%) of the estimated assessable investment income net of allowable deductions for the financial period.

Statement of Comprehensive Income

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2020 to 30.6.2020			
Deferred income tax related to other comprehensive income:			
- Fair value changes on FVOCI investments	<u>(732)</u>	<u>(6,109)</u>	<u>(6,841)</u>
1.1.2019 to 30.6.2019			
Deferred taxation:			
- Fair value changes on FVOCI investments	<u>(4,130)</u>	<u>13,437</u>	<u>9,307</u>

30. 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 all 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.

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

Income/(expenses):	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2020 to 30.6.2020			
Ultimate holding company:			
Gross contribution income	-	10,301	10,301
Other income	494	-	494
Commission and fee expenses	(2,222)	-	(2,222)
Bank charges	(60)	(134)	(194)
Claims paid	-	(1,663)	(1,663)
Employee's Share Grant Plan ("ESGP")	<u>(308)</u>	<u>-</u>	<u>(308)</u>
Immediate and penultimate holding companies :			
Gross contribution income	-	1,089	1,089
Shared service costs	(4,473)	(8)	(4,481)
Remuneration of a seconded employee	<u>(48)</u>	<u>-</u>	<u>(48)</u>
Fellow subsidiaries within the MAHB Group:			
Rental income	27	-	27
Rental expenses	(2,494)	-	(2,494)
Claims paid	-	(510)	(510)
Shared service costs	<u>(25,509)</u>	<u>-</u>	<u>(25,509)</u>

30. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

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

Income/(expenses) (contd.):	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
1.1.2020 to 30.6.2020			
Other related companies within the Maybank Group:			
Gross contribution income	-	2,664	2,664
Profit income	4,644	22,689	27,333
Other income	23	-	23
Information technology outsourcing	(2,138)	(986)	(3,124)
Commission and fee expenses	(18,810)	-	(18,810)
Investment expenses	(150)	(778)	(928)
Claims paid	-	(25)	(25)
<hr/>			
Companies with significant influence over the Maybank Group:			
Gross contribution income	-	10,510	10,510
Claims paid	-	(2,666)	(2,666)
<hr/>			
1.1.2019 to 30.6.2019			
Ultimate holding company:			
Gross contribution income	-	9,167	9,167
Other income	331	-	331
Commission and fee expenses	(2,840)	-	(2,840)
Bank charges	(41)	(186)	(227)
Claims paid	-	(5,255)	(5,255)
Employee's Share Grant Plan ("ESGP")	(141)	-	(141)
<hr/>			
Immediate and penultimate holding companies :			
Gross contribution income	-	1,022	1,022
Shared service costs	(4,524)	(14)	(4,538)
Claims paid	-	(8)	(8)
Remuneration of a seconded employee	(23)	-	(23)
Dividend paid	(75,000)	-	(75,000)
<hr/>			

30. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

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

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
Income/(expenses) (contd.):			
1.1.2019 to 30.6.2019 (contd.)			
Fellow subsidiaries within the MAHB Group:			
Gross contribution income	-	35	35
Rental income	26	-	26
Rental expenses	(2,578)	-	(2,578)
Claims paid	-	(307)	(307)
Shared service costs	<u>(20,579)</u>	<u>-</u>	<u>(20,579)</u>
Other related companies within the Maybank Group:			
Gross contribution income	-	1,249	1,249
Profit income	2,381	3,947	6,328
Other income	15	-	15
Commission and fee expenses	(25,987)	-	(25,987)
Information technology outsourcing	(2,166)	(1)	(2,167)
Investment expenses	(168)	(916)	(1,084)
Claims paid	<u>-</u>	<u>(8)</u>	<u>(8)</u>
Companies with significant influence over the Maybank Group:			
Gross contribution income	-	8,858	8,858
Claims paid	<u>-</u>	<u>(3,780)</u>	<u>(3,780)</u>

30. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

- (ii) Included in the statement of financial position of the Company are investments placed with and amounts due from/(to) related companies represented by the following:

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
30.6.2020			
Ultimate holding company:			
Bank balances	599	69,819	70,418
Claim liabilities	-	(508)	(508)
Sundry payables and accrued liabilities (Note 22)	(10,529)	-	(10,529)
Amount due to ultimate holding company (Note 22)	<u>(4,233)</u>	<u>-</u>	<u>(4,233)</u>
Immediate holding company:			
Amount due to immediate holding company (Note 22)	<u>(690)</u>	<u>-</u>	<u>(690)</u>
Fellow subsidiaries within the MAHB Group:			
Amount due to other related companies (Note 22)	<u>(2,067)</u>	<u>-</u>	<u>(2,067)</u>
Other related companies within the Maybank Group:			
Fixed and call deposits (Note 13)	433,869	1,616,713	2,050,582
Income due and accrued (Note 16)	1,340	5,441	6,781
Sundry receivables, deposits and prepayments (Note 16)	3,284	-	3,284
Claim liabilities	-	(221)	(221)
Sundry payables and accrued liabilities (Note 22)	(2,411)	-	(2,411)
Amount due to other related companies (Note 22)	<u>-</u>	<u>(18)</u>	<u>(18)</u>
Companies with significant influence over the Maybank Group:			
Outstanding contributions (Note 15)	-	2,419	2,419
Claim liabilities	<u>-</u>	<u>(411)</u>	<u>(411)</u>

30. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(ii) Included in the statement of financial position of the Company are investments placed with and amounts due from/(to) related companies represented by the following (contd.):

	Shareholder's fund RM'000	Family Takaful fund RM'000	Company RM'000
31.12.2019			
Ultimate holding company:			
Bank balances	5,922	111,838	117,760
Outstanding contributions (Note 15)	-	211	211
Claim liabilities	-	(25)	(25)
Sundry payables and accrued liabilities (Note 22)	(17,499)	-	(17,499)
Amount due to ultimate holding company (Note 22)	<u>(4,816)</u>	<u>-</u>	<u>(4,816)</u>
Immediate holding company:			
Claim liabilities	-	2	2
Amount due to immediate holding company (Note 22)	<u>(993)</u>	<u>-</u>	<u>(993)</u>
Fellow subsidiaries within the MAHB Group:			
Outstanding contributions (Note 15)	-	40	40
Claim liabilities	-	(25)	(25)
Amount due to other related companies (Note 22)	<u>(5,090)</u>	<u>-</u>	<u>(5,090)</u>
Other related companies within the Maybank Group:			
Fixed and call deposits (Note 13)	101,771	188,164	289,935
Income due and accrued (Note 16)	254	752	1,006
Outstanding contributions (Note 15)	-	99	99
Claim liabilities	-	(4)	(4)
Sundry receivables, deposits and prepayments (Note 16)	4,570	-	4,570
Sundry payables and accrued liabilities (Note 22)	(2,100)	-	(2,100)
Amount due to other related companies (Note 22)	<u>(31)</u>	<u>(167)</u>	<u>(198)</u>
Companies with significant influence over the Maybank Group:			
Outstanding contributions (Note 15)	-	2,419	2,419
Claim liabilities	<u>-</u>	<u>(143)</u>	<u>(143)</u>

30. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(iii) Key management personnel compensation

- (a) The remuneration of key management personnel during the financial period were as follows:

	1.1.2020	1.1.2019
	to	to
	30.6.2020	30.6.2019
	RM'000	RM'000
Short-term employee benefits		
Fees	280	390
Salaries, allowances and bonuses	754	901
EPF and pension scheme	121	144
Share based compensation	64	35
Other emoluments	33	70
	<u>1,252</u>	<u>1,540</u>

The remuneration of other key management personnel, being the non-executive directors of the Company are as disclosed in Notes 26 and 27 of the interim financial statements.

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

	30.6.2020	31.12.2019
	'000	'000
At 1 January	264	132
Awarded	-	132
At 30 June/31 December	<u>264</u>	<u>264</u>

31. FAIR VALUES 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 the MFRS are an indication of the observability of prices or valuation input. It can be classified by 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 represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on an exchange.

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

Refers to inputs other than quoted prices 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 other government bonds, less liquid equities and over-the-counter ("OTC") derivatives.

- Level 3 : No Active Market – Valuation techniques using unobservable input

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 instruments include corporate bonds in illiquid markets and private equity investments.

31. FAIR VALUES MEASUREMENTS (CONTD.)

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

Shareholder's fund

	Valuation techniques using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Non Observable inputs RM'000	
30.06.2020				
FVTPL financial investments				
- Designated upon initial recognition				
Debt securities	-	1,124,298	-	1,124,298
- HFT				
Equity securities	41,300	-	-	41,300
Unit and property trust funds	3,648	-	-	3,648
Investment-linked units	26,300	-	-	26,300
FVOCI financial investments				
Malaysian government papers	-	34,138	-	34,138
Debt securities	-	605,371	-	605,371
Total assets	71,248	1,763,807	-	1,835,055
31.12.2019				
FVTPL financial investments				
- Designated upon initial recognition				
Debt securities	-	1,287,506	-	1,287,506
- HFT				
Equity securities	49,216	-	-	49,216
Unit and property trust funds	932	-	-	932
Investment-linked units	26,060	-	-	26,060
FVOCI financial investments				
Malaysian government papers	-	95,666	-	95,666
Debt securities	-	582,619	-	582,619
Total assets	76,208	1,965,791	-	2,041,999

31. FAIR VALUES MEASUREMENTS (CONTD.)

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

Family Takaful fund

	Valuation techniques using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Non Observable inputs RM'000	
30.06.2020				
FVTPL financial investments				
- Designated upon initial recognition				
Malaysian government papers	-	148,275	-	148,275
Debt securities	-	5,582,874	-	5,582,874
- HFT				
Malaysian government papers	-	15,330	-	15,330
Debt securities	-	69,437	-	69,437
Equity securities	385,796	-	-	385,796
Unit and property trust funds	27,905	-	-	27,905
FVOCI financial investments				
Malaysian government papers	-	77,322	-	77,322
Debt securities	-	2,443,886	-	2,443,886
Total assets	413,701	8,337,124	-	8,750,825
31.12.2019				
FVTPL financial investments				
- Designated upon initial recognition				
Malaysian government papers	-	148,481	-	148,481
Debt securities	-	6,177,711	-	6,177,711
- HFT				
Malaysian government papers	-	9,502	-	9,502
Debt securities	-	62,471	-	62,471
Equity securities	400,084	-	-	400,084
Unit and property trust funds	7,425	-	-	7,425
Islamic investment accounts with:				
Licensed financial institutions	-	7,575	-	7,575
FVOCI financial investments				
Malaysian government papers	-	198,995	-	198,995
Debt securities	-	3,551,718	-	3,551,718
Total assets	407,509	10,156,453	-	10,563,962

31. FAIR VALUES 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) 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. There were no Level 3 financial instruments for the Company during the financial period ended 30 June 2020.

32. REGULATORY CAPITAL REQUIREMENT

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

Company	30.6.2020	31.12.2019
	RM'000	RM'000
Eligible Tier 1 Capital		
Paid up share capital	100,000	100,000
Valuation surplus in takaful funds	1,986,488	1,858,306
Retained earnings	<u>1,690,672</u>	<u>1,674,880</u>
	<u>3,777,160</u>	<u>3,633,186</u>
Tier 2 Capital		
FVOCI reserve	192,954	274,292
Amount deducted from capital	<u>(4,300)</u>	<u>(6,713)</u>
Total Capital Available	<u>3,965,814</u>	<u>3,900,765</u>

33. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the interim financial period.

	1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019
Profit attributable to ordinary equity holders (RM'000)	<u>15,552</u>	<u>54,225</u>
Weighted average number of ordinary shares in issue ('000)	<u>100,000</u>	<u>100,000</u>
Basic and diluted earnings per share (sen):	<u>15.55</u>	<u>54.23</u>

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