



ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

Unaudited Interim Condensed Financial Statements
for the six months period ended 30 June 2022

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

CONTENTS	PAGES
Unaudited Interim Condensed Statement of Financial Position	1
Unaudited Interim Condensed Income Statement	2
Unaudited Interim Condensed Statement of Comprehensive Income	3
Unaudited Interim Condensed Statement of Changes in Equity	4
Unaudited Interim Condensed Statement of Cash Flows	5 - 6
Notes to the Unaudited Interim Condensed Financial Statements	7 - 45

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30.6.2022 RM'000	31.12.2021 RM'000
Assets:			
Property, plant and equipment		11,365	12,421
Investment properties		311,895	311,866
Right-of-use assets ("ROU")		4,781	4,991
Intangible assets		29,038	30,574
Investment in subsidiary		* -	* -
Investment in associate		152	152
Investments	13	1,627,496	1,657,572
Financing receivables		27,251	26,150
Reinsurance assets	14	3,622,472	3,871,090
Insurance receivables	15	480,217	246,397
Other assets	16	66,335	78,038
Derivative assets		-	-
Current tax assets	17	17,608	28,239
Cash and bank balances		14,767	10,724
Total Assets		6,213,377	6,278,214
Equity:			
Share capital		229,879	229,879
Reserves	18	891,480	959,500
Total Equity		1,121,359	1,189,379
Liabilities:			
Insurance contract liabilities	19	4,366,016	4,595,449
Derivative liabilities		798	545
Deferred tax liabilities, net		12,143	33,801
Insurance payables	20	605,471	360,870
Other liabilities	21	90,426	86,750
Dividend payable	10	-	-
Current tax liabilities		17,164	11,420
Total Liabilities		5,092,018	5,088,835
Total Equity and Liabilities		6,213,377	6,278,214

* Representing RM 1

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	Note	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Operating revenue		<u>960,248</u>	<u>808,522</u>
Gross earned premiums		784,889	691,064
Earned premiums ceded to reinsurers		<u>(528,039)</u>	<u>(458,074)</u>
Net earned premiums	22	<u>256,850</u>	<u>232,990</u>
Fee and commission income	23	51,517	27,928
Investment income	24	34,903	30,756
Realised (losses)/gains		(1,764)	13,481
Fair value losses		(12,000)	(25,829)
Other operating income/(expenses), net	25	<u>1,126</u>	<u>11,147</u>
Other revenue		<u>73,782</u>	<u>57,483</u>
Gross benefits and claims paid		(307,745)	(257,835)
Claims ceded to reinsurers		195,207	151,272
Gross change to contract liabilities		369,889	(934,092)
Change in contract liabilities ceded to reinsurers		<u>(384,591)</u>	<u>935,190</u>
Net benefits and claims		<u>(127,240)</u>	<u>(105,465)</u>
Management expenses	26	(70,456)	(61,487)
Fee and commission expenses	28	<u>(60,454)</u>	<u>(34,156)</u>
Other expenses		<u>(130,910)</u>	<u>(95,643)</u>
Profit before tax		72,482	89,365
Taxation	29	<u>(19,073)</u>	<u>(19,244)</u>
Net profit for the financial period		<u>53,409</u>	<u>70,121</u>
Basic earnings per share (sen)	30	<u>25.17</u>	<u>33.05</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 2021 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 2022

	Note	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Net profit for the financial period		<u>53,409</u>	<u>70,121</u>
Other comprehensive income/(loss):			
Items that will be subsequently reclassified subsequently to income statement:			
Change in fair value of debt securities at Fair through Other Comprehensive Income ("FVOCI")			
- Fair value changes		(64,212)	(40,085)
- Transfer to profit or loss upon disposal		(556)	(3,709)
Tax effect relating to financial assets at FVOCI	29	18,135	10,511
		(46,633)	(33,283)
Currency translation differences		<u>812</u>	<u>552</u>
Items that will not be subsequently reclassified to income statement			
Change in fair value of equity securities at FVOCI			
- Fair value changes		(880)	(726)
Tax effect relating to equity securities at FVOCI	29	246	174
		(634)	(552)
Other comprehensive loss for the financial period, net of tax		<u>(46,455)</u>	<u>(33,283)</u>
Total comprehensive income for the financial period		<u><u>6,954</u></u>	<u><u>36,838</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 2021 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

		<-----Non-distributable----->					
	Note	Share Capital RM'000	FVOCI Reserve RM'000	Revaluation Reserve RM'000	Currency Translation Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2022		229,879	(5,102)	76,391	14,410	873,801	1,189,379
Net profit for the financial period		-	-	-	-	53,409	53,409
Other comprehensive (loss) / income for the financial period		-	(47,267)	-	812	-	(46,455)
Total comprehensive (loss) / income for the financial period		-	(47,267)	-	812	53,409	6,954
Reclassification upon disposals of equity securities		-	348	-	-	(348)	-
Dividend on ordinary shares	10	-	-	-	-	(74,974)	(74,974)
At 30 June 2022		<u>229,879</u>	<u>(52,021)</u>	<u>76,391</u>	<u>15,222</u>	<u>851,888</u>	<u>1,121,359</u>
At 1 January 2021		229,879	32,413	76,391	13,843	808,823	1,161,349
Net profit for the financial period		-	-	-	-	70,121	70,121
Other comprehensive income for the financial period		-	(33,835)	-	552	-	(33,283)
Total comprehensive income for the financial period		-	(33,835)	-	552	70,121	36,838
Dividend on ordinary shares		-	-	-	-	(59,996)	(59,996)
At 30 June 2021		<u>229,879</u>	<u>(1,422)</u>	<u>76,391</u>	<u>14,395</u>	<u>818,948</u>	<u>1,138,191</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 2021 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	Note	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		72,482	89,365
Adjustments for:			
Depreciation of property, plant and equipment	26	1,506	1,659
Amortisation of intangible assets	26	3,402	3,178
Depreciation of right-use-assets	26	1,067	1,090
Lease liabilities interest	26	47	66
Fair value losses on financial assets at fair value through profit and loss (FVTPL)		12,000	12,904
Amortisation of premium on investments	24	478	335
Net gain on foreign exchange	25	(1,492)	(6,974)
Reversal of impairment losses on reinsurance asset	25	(758)	(454)
Allowance for/(reversal of) impairment losses on insurance receivables	25	2,116	(3,975)
Written off bad debts	25	29	103
Write back/(recovery) of impairment of other receivables	25	35	(1)
Allowance for impairment losses on financing receivables	25	64	48
Loss/(gain) on disposal of investments		1,764	(4,859)
Interest income	24	(29,047)	(24,495)
(Reversal of)/allowance for impairment losses on investments	25	(335)	314
Gross dividend income	24	(1,649)	(1,655)
Rental income	24	(6,736)	(6,908)
Operating cash flows before working capital changes		54,973	59,741
Changes in working capital:			
Decrease/(increase) in reinsurance assets		249,375	(1,035,379)
Increase in insurance receivables		(235,965)	(97,804)
Decrease in other assets		921	11,398
(Increase)/decrease in financing receivables		(1,165)	948
Decrease in amount due from related parties		11,240	1,475
Increase in other liabilities		5,048	69,461
Carried forward		84,427	(990,160)

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTD.)

	Note	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Brought forward		84,427	(990,160)
(Decrease)/increase in insurance contract liabilities		(229,433)	1,020,793
Increase in insurance payables		244,601	71,312
Decrease in placement of deposits with financial institutions			
financial institutions		100,271	141,900
Interest income received		27,991	22,822
Dividend income received		1,625	1,576
Rental income received		6,778	6,812
Currency translation reserves		812	553
Tax paid		(5,976)	(14,251)
Net cash flows generated from operating activities		<u>231,096</u>	<u>261,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		158,177	414,529
Purchase of investments		(305,824)	(623,742)
Addition to investment properties under construction		(29)	-
Purchase of property, plant and equipment		(527)	(1,949)
Proceeds from disposal of derivatives		-	1,796
Purchase of derivatives		(1,123)	-
Purchase of intangible assets		(1,788)	(825)
Net cash flows used in investing activities		<u>(151,114)</u>	<u>(210,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(74,974)	-
Payment of lease liabilities		(965)	(749)
Net cash flows used in financing activities		<u>(75,939)</u>	<u>(749)</u>
Net increase in cash and cash equivalents		4,043	50,417
Cash and cash equivalents at beginning of financial period		10,724	31,962
Cash and cash equivalents at end of financial period		<u>14,767</u>	<u>82,379</u>
Cash and cash equivalents comprise:			
Cash and bank balances:			
Shareholder's fund		(83)	26,316
General fund		14,850	56,063
		<u>14,767</u>	<u>82,379</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 2021 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 2022**

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, penultimate and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad ("MAHB"), Etiqa International Holdings Sdn Bhd ("EIHSB") and Malayan Banking Berhad ("MBB") respectively, all of which are incorporated in Malaysia. MBB 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 period ended 30 June 2022 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 2021.

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 2021.

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.

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 2022.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTD.)**

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the following accounting amendments to Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Company's financial year beginning 1 January 2022:

MFRS 116 Property, Plant and Equipment

*(Amendments to MFRS 116): Property, Plant and Equipment
- Proceeds before Intended Use*

MFRS 137 Provision, Contingent Liabilities and Contingent Assets

*(Amendments to MFRS 137): Onerous Contracts - Cost of
Fulfilling a Contract*

MFRS 3 Business Combinations

(Amendments to MFRS 3): Reference to the Conceptual Framework

Annual Improvements to MFRS Standards 2018 - 2020:

MFRS 1 First-time Adoption of MFRSs

MFRS 9 Financial Instruments

MFRS 141 Agriculture

The adoption of the above amended standards do not have any significant financial impacts 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 2021.

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 2021 was not qualified.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTD.)**

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 2022.

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 2022.

8. CHANGES IN ESTIMATES

There were no material changes in estimates for the interim financial period ended 30 June 2022.

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 2022.

10. DIVIDENDS

A final single-tier tax exempt dividend of 35.34sen per ordinary share on 212,151,399 ordinary shares amounting to RM74,974,304.41 for the financial year ended 31 December 2021 was approved by the shareholders in Annual General Meeting ("AGM") held on 8 April 2022. Thereafter, the final dividend was paid on 20 April 2022.

11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD

There were no material events subsequent to the end of the reporting period that would require adjustments or disclosure in 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 2022.

13. INVESTMENTS

	30.6.2022	31.12.2021
	RM'000	RM'000
Malaysian government papers	246,326	223,572
Equity securities	161,241	141,819
Debt securities	905,941	877,975
Unit and property trust fund	983	930
Deposits with financial institutions	313,005	413,276
	<u>1,627,496</u>	<u>1,657,572</u>

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

	30.6.2022	31.12.2021
	RM'000	RM'000
Fair value through profit and loss ("FVTPL") (Note a)		
- Designated upon initial recognition	47,856	56,325
- Held for trading ("HFT")	154,897	138,259
	<u>202,753</u>	<u>194,584</u>
Fair value through other comprehensive income ("FVOCI") (Note b)	1,111,738	1,049,712
Amortised Cost ("AC") (Note c)	313,005	413,276
	<u>1,627,496</u>	<u>1,657,572</u>

The following investments mature after 12 months:

	30.6.2022	31.12.2021
	RM'000	RM'000
FVTPL		
- Designated upon initial recognition	20,262	24,486
FVOCI	1,054,501	1,010,299
	<u>1,074,763</u>	<u>1,034,785</u>

13. INVESTMENTS (CONTD.)

	30.6.2022 RM'000	31.12.2021 RM'000
(a) FVTPL		
(i) Designated upon initial recognition		
<u>At fair value</u>		
Debt securities:		
Unquoted in Malaysia	35,437	36,041
Unquoted outside Malaysia	12,419	20,284
Total financial assets designated as FVTPL		
upon initial recognition	47,856	56,325
(ii) HFT		
<u>At fair value</u>		
Equity securities:		
Quoted in Malaysia	71,753	55,168
Quoted outside Malaysia		-
Unquoted in Malaysia	82,161	82,161
Unit and property trust funds:		
Quoted in Malaysia	983	930
Total HFT financial assets	154,897	138,259
Total FVTPL financial assets	202,753	194,584
	30.6.2022	31.12.2021
	RM'000	RM'000
(b) FVOCI		
<u>At fair value</u>		
Malaysian government papers	246,326	223,572
Equity securities:		
Quoted in Malaysia	7,327	4,490
Debt securities:		
Unquoted in Malaysia	849,988	821,650
Unquoted outside Malaysia	8,097	-
Total FVOCI financial assets	1,111,738	1,049,712

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>	
	<----- Lifetime ECL ----->			
	12 months ECL RM'000	not credit impaired RM'000	credit impaired RM'000	Total ECL RM'000
30.6.2022				
At 1 January 2022	54	699	154	907
Writeback	(10)	(220)	-	(230)
New financial assets originated or purchased	5	47	-	52
Financial assets that have been derecognised	(3)	-	(154)	(157)
Allowance for impairment loss	(8)	(173)	(154)	(335)
At 30 June 2022	<u>46</u>	<u>526</u>	<u>-</u>	<u>572</u>
31.12.2021				
At 1 January 2021	385	285	154	824
Allowance made	129	321	-	450
New financial assets originated or purchased	25	-	-	25
Financial assets that have been derecognised	(182)	-	-	(182)
Allowance for impairment loss	(28)	321	-	293
Changes due to change in credit risk	(35)	35	-	-
Changes in risk parameters	(268)	58	-	(210)
At 31 December 2021	<u>54</u>	<u>699</u>	<u>154</u>	<u>907</u>

During the period, the Company has disposed equity securities from the FVOCI financial assets as the equity securities no longer aligned with the long term investment strategy as a high dividend yield stocks. The cumulative loss on disposal amounted to RM483,000.

13. INVESTMENTS (CONTD.)

	30.6.2022	31.12.2021
	RM'000	RM'000
(c) AC		
<u>At cost</u>		
Deposits and placements with:		
Licensed financial institutions	313,005	393,276
Others	-	20,000
Total AC financial assets	<u>313,005</u>	<u>413,276</u>

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

Total investments	<u>1,627,496</u>	<u>1,657,572</u>
--------------------------	------------------	------------------

Fair Value of Financial 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 34 of the unaudited interim condensed financial statements.

14. REINSURANCE ASSETS

	30.6.2022	31.12.2021
	RM'000	RM'000
Reinsurers' share of insurance contract liabilities (Note 19):		
Claims liabilities	3,290,064	3,674,655
Premium liabilities	342,849	207,633
	<u>3,632,913</u>	<u>3,882,288</u>
Allowance for impairment losses	(10,441)	(11,198)
	<u>3,622,472</u>	<u>3,871,090</u>

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

	30.6.2022	31.12.2021
	RM'000	RM'000
Lifetime ECL		
At 1 January 2022/ 1 January 2021	11,198	13,546
Net adjustment of loss allowance	(757)	(2,348)
At 30 June 2022/ 31 December 2021	<u>10,441</u>	<u>11,198</u>

15. INSURANCE RECEIVABLES

	30.6.2022	31.12.2021
	RM'000	RM'000
Due from agents and intermediaries	441,983	205,288
Due from reinsurers and cedants	41,981	42,740
	<u>483,964</u>	<u>248,028</u>
Allowance for impairment losses	(3,747)	(1,631)
	<u>480,217</u>	<u>246,397</u>

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

	Not credit-impaired RM'000	Credit- impaired RM'000	Total RM'000
<u>Gross carrying amount</u>			
At 1 January 2021	226,481	36,527	263,008
Decrease	(7,449)	(7,531)	(14,980)
At 31 December 2021/ 1 January 2022	<u>219,032</u>	<u>28,996</u>	<u>248,028</u>
Increase	169,331	66,605	235,936
At 30 June 2022	<u>388,363</u>	<u>95,601</u>	<u>483,964</u>

Lifetime ECL

At 1 January 2021	1,478	3,807	5,285
Decrease	(286)	(3,368)	(3,654)
At 31 December 2021/ 1 January 2022	<u>1,192</u>	<u>439</u>	<u>1,631</u>
Increase	451	1,665	2,116
At 30 June 2022	<u>1,643</u>	<u>2,104</u>	<u>3,747</u>

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

16. OTHER ASSETS

	30.6.2022	31.12.2021
	RM'000	RM'000
Sundry receivables, deposits and prepayments	3,570	3,160
Income due and accrued	14,993	13,963
Allowance for impairment losses	(35)	-
	<u>14,958</u>	<u>13,963</u>
Amounts due from related companies* (Note 33(b)):		
- Other related companies	4,263	16,048
Share of net assets in the Malaysian Motor Insurance Pool ("MMIP")	<u>43,544</u>	<u>44,867</u>
Total other assets	<u>66,335</u>	<u>78,038</u>

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

	Not credit-impaired RM'000	Credit- impaired RM'000	Total RM'000
<u>Gross carrying amount</u>			
At 1 January 2021	22,873	-	22,873
Increase	8,680	-	8,680
At 31 December 2021/ 1 January 2022	<u>31,553</u>	<u>-</u>	<u>31,553</u>
Decrease	(10,493)	-	(10,493)
At 30 June 2022	<u>21,060</u>	<u>-</u>	<u>21,060</u>
<u>Lifetime ECL</u>			
1 January 2022	-	-	-
Increase	35	-	35
At 30 June 2022	<u>35</u>	<u>-</u>	<u>35</u>

* Amounts due from related companies are non-trade in nature, 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. CURRENT TAX ASSETS

	30.6.2022	31.12.2021
	RM'000	RM'000
Current tax assets	17,608	28,239

- (a) The current tax assets arise from the appeals made by the Company prior to its Conversion of Composite Licences to Single Licenses ("Licence Split") on 28 December 2017.

The Inland Revenue Board of Malaysia ("IRBM") had raised additional assessments to the Company for Years of Assessment ("YA") 2013 to 2015, totalling RM12,883,000, YA2015 additional assessments amounting to RM7,214,000 was raised on 26 November 2020. IRBM had raised the additional assessments in respect to the profit commission earned on reinsurance ceded for life business as incidental income of the Company under Section 60(8) of the Income Tax Act, 1967, disallowing the deduction of expenses directly attributable to rental income of its investment properties, and disallowing the deduction of an under accrual fee.

The Company has made full settlement on the additional assessments raised and submitted the notices of appeal by filing Form Q with the Special Commissioner of Income Tax ("SCIT").

The Ministry of Finance ("MOF") has issued pronouncement on 25 February 2022 in respond to letter of application submitted by Persatuan Insurans Hayat Malaysia ("LIAM") dated 7 December 2020, to conclude that the profit commission earned on reinsurance ceded for life business should not be treated under incidental income of the Company under Section 60(8) of the Income Tax Act, 1967, hence not subject to tax. The industry is awaiting decision by IRBM.

In respect of the disallowing the deduction of expenses directly attributable to rental income of its investment properties, the Court has not fixed a hearing date, however both the Company and IRBM are filling cause paper by 13 September 2022 whilst awaiting IRBM decision on the MOF's pronouncement. The disallowing of deduction of an under accrual fee has been resolved and settled at Dispute Resolution Preceeding level.

- (b) The Company has overpayment of taxes for YA2019 amounted to RM12,247,000, upon the finalisation of its tax returns. IRBM has approved the overpayment for YA2019 to be offset from current year's installments effective February 2022.

18. RESERVES

	Note	30.6.2022 RM'000	31.12.2021 RM'000
Non-distributable:			
FVOCI reserve	(i)	<u>(52,021)</u>	<u>(5,102)</u>
Other reserves:			
Revaluation reserve	(ii)	76,391	76,391
Currency translation reserve	(iii)	<u>15,222</u>	<u>14,410</u>
		<u>91,613</u>	<u>90,801</u>
Retained profits:			
Distributable	(iv)	<u>851,888</u>	<u>873,801</u>
Total reserves		<u>891,480</u>	<u>959,500</u>

- (i) The FVOCI reserve of the Company arose from changes in the fair values of the financial assets at FVOCI of the Company.
- (ii) The revaluation reserve of the Company represents the difference between the carrying amount of properties previously classified as self-occupied properties but subsequently transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.
- (iii) The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company.
- (iv) The entire distributable retained earnings may be distributed to the shareholder under the single-tier system.

19. INSURANCE CONTRACT LIABILITIES

	<----- 30.6.2022 ----->			<----- 31.12.2021 ----->		
	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000
Claims liabilities (i)	3,744,839	(3,290,064)	454,775	4,114,728	(3,674,655)	440,073
Premium liabilities (ii)	621,177	(342,849)	278,328	480,721	(207,633)	273,088
	<u>4,366,016</u>	<u>(3,632,913)</u>	<u>733,103</u>	<u>4,595,449</u>	<u>(3,882,288)</u>	<u>713,161</u>

(i) Claims liabilities

	<----- 30.6.2022 ----->			<----- 31.12.2021 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2022/ 1 January 2021	4,114,728	(3,674,655)	440,073	4,121,910	(3,717,694)	404,216
Claims incurred in the current accident period/year	448,538	(312,461)	136,077	1,548,817	(1,314,453)	234,364
Other movements in claims incurred in prior accident years	(502,102)	492,132	(9,970)	(544,761)	549,578	4,817
Claims paid during the period/year	(307,745)	195,207	(112,538)	(1,090,304)	886,368	(203,936)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	264	-	264	(402)	-	(402)
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	(8,844)	9,713	869	79,468	(78,454)	1,014
At 30 June 2022/ 31 December 2021	<u>3,744,839</u>	<u>(3,290,064)</u>	<u>454,775</u>	<u>4,114,728</u>	<u>(3,674,655)</u>	<u>440,073</u>

(ii) Premium liabilities

	<----- 30.6.2022 ----->			<----- 31.12.2021 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2022/ 1 January 2021	480,721	(207,633)	273,088	473,818	(226,315)	247,503
Premiums written in the period/year	925,345	(663,255)	262,090	1,443,156	(965,868)	477,288
Premiums earned during the period/year	(784,889)	528,039	(256,850)	(1,436,253)	984,550	(451,703)
At 30 June 2022/ 31 December 2021	<u>621,177</u>	<u>(342,849)</u>	<u>278,328</u>	<u>480,721</u>	<u>(207,633)</u>	<u>273,088</u>

20. INSURANCE PAYABLES

	30.6.2022	31.12.2021
	RM'000	RM'000
Due to agents and intermediaries	123,233	124,811
Due to reinsurers and cedants	482,238	236,059
	<u>605,471</u>	<u>360,870</u>

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

21. OTHER LIABILITIES

	30.6.2022	31.12.2021
	RM'000	RM'000
Lease liabilities	4,695	4,807
Provision for restoration costs	1,261	1,261
Amount due to related companies* (Note 33(b)):		
- Ultimate holding company	3,708	3,023
- Immediate holding company	1,337	3,180
- Penultimate holding company	34	8
- Other related companies	776	189
Amount due to subsidiary* (Note 33(b)):	1,614	1,616
Amount due to stockbrokers		-
Provision for land development costs	160	163
Sundry payables and accrued liabilities	76,841	72,503
Total other liabilities	<u>90,426</u>	<u>86,750</u>

The movement of provision for land development costs is disclosed as follows:

	30.6.2022	31.12.2021
	RM'000	RM'000
At 1 January	163	711
Payment for development	(3)	(548)
At 30 June/31 December	<u>160</u>	<u>163</u>

* Amounts due to related companies and subsidiary are non-trade in nature, unsecured, interest free and are repayable on demand.

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

22. NET EARNED PREMIUMS

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
(a) Gross earned premiums		
Gross premiums	925,345	777,766
Change in premium liabilities	(140,456)	(86,702)
Gross earned premiums	<u>784,889</u>	<u>691,064</u>
(b) Earned premium ceded to reinsurers		
Gross premiums ceded to reinsurer	(663,255)	(558,264)
Change in premium liabilities	135,216	100,190
Gross earned premiums ceded to reinsurers	<u>(528,039)</u>	<u>(458,074)</u>
Net earned premium	<u>256,850</u>	<u>232,990</u>

23. FEE AND COMMISSION INCOME

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Reinsurance commission income	<u>51,517</u>	<u>27,928</u>

24. INVESTMENT INCOME

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Financial assets at FVTPL		
(i) Designated upon initial recognition		
Interest income	<u>1,352</u>	<u>837</u>
(ii) HFT		
Interest income	31	-
Dividend income		
- Quoted in Malaysia	966	871
- Quoted outside Malaysia	-	55
- Unquoted in Malaysia	500	500
- Unit and property trusts	18	7
	<u>1,515</u>	<u>1,433</u>

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

24. INVESTMENT INCOME (CONTD.)

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Financial assets at FVOCI		
Interest income	24,266	19,854
Dividend Income		
- Quoted in Malaysia	165	222
	<u>24,431</u>	<u>20,076</u>
Financial assets at AC		
Interest income	<u>3,147</u>	<u>3,453</u>
Interest income from financing receivables and other loans	251	351
Rental income	6,736	6,908
Rental expense	(1,902)	(1,798)
Amortisation of premiums	(478)	(335)
Investment related expenses	(149)	(169)
	<u>4,458</u>	<u>4,957</u>
Total investment income	<u>34,903</u>	<u>30,756</u>

25. OTHER OPERATING INCOME/(EXPENSES), NET

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
<u>Other income</u>		
Gains on foreign exchange:		
- Realised	336	870
- Unrealised	1,156	6,104
Reversal of impairment losses on:		
- Insurance receivables	-	3,975
- Reinsurance assets	758	454
- Other assets	-	1
- Investments	335	-
Reinsurance tax recovery	-	1,243
Management fee income	17,607	-
Sundry income	58	45
	<u>20,250</u>	<u>12,692</u>

25. OTHER OPERATING INCOME/(EXPENSES), NET (CONTD.)

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Other expenses		
Bad debts written off	(29)	(103)
Allowance for impairment losses on:		
- Financing receivables	(64)	(48)
- Insurance receivables	(2,116)	-
- Other assets	(35)	-
- Investments	-	(314)
Management fee expenses	(16,455)	-
Sundry expenditure	(425)	(1,080)
	<u>(19,124)</u>	<u>(1,545)</u>
Total other operating income/(expenses), net	<u>1,126</u>	<u>11,147</u>

26. MANAGEMENT EXPENSES

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Employee benefits expense (Note 26(a))	39,428	38,209
Directors' fee and remuneration (Note 27)	554	534
Auditors' remuneration:		
- statutory audit	172	184
- regulatory related services	7	7
- other services	84	-
Amortisation of intangible assets	3,402	3,178
Bank charges	2,018	1,645
Depreciation of property, plant and equipment	1,506	1,659
Right-of-use expenses:		
- depreciation	1,067	1,090
- Interest expenses	47	66
Other management fees	3,243	(1,089)
Professional fees	2,842	959
Rental of offices/premises	2,040	2,089
Expenses of low-value assets	11	-
Electronic data processing expenses	-	(372)
Information technology outsourcing	2,201	2,663

26. MANAGEMENT EXPENSES (CONTD.)

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Postage and stamp duties	401	293
Printing and stationery	(20)	92
Promotional and marketing cost	5,656	5,809
Training expenses	370	210
Utilities, assessment and maintenance	769	969
Entertainment	58	45
Travelling expenses	91	60
Office facilities expenses	252	572
Legal fees	52	33
Other expenses	4,205	2,582
Total management expenses	70,456	61,487

(a) Employee benefits expense:

Wages, salaries and bonuses	28,512	28,186
Employee Provident Fund ("EPF")	4,544	4,302
Social Security Contribution ("SOCSO")	213	209
Employee's Share Grant Plan ("ESGP")	615	994
Other benefits	5,544	4,518
	39,428	38,209

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

Salaries	366	322
Bonus	250	200
EPF	102	84
ESGP	78	92
Other emoluments	49	28
	845	726

27. DIRECTORS' FEES AND REMUNERATION

	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Executive director:		
Fees	60	60
Other emoluments	12	12
	<u>72</u>	<u>72</u>
Non-executive directors:		
Fees	390	390
Other emoluments	92	72
	<u>482</u>	<u>462</u>
Total Directors' Fees and Remuneration	<u>554</u>	<u>534</u>

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

	Fees RM'000	Other Emoluments RM'000	Total RM'000
1.1.2022 to 30.6.2022			
Executive director			
Datuk Normala Binti Abdul Manaf	60	12	72
	<u>60</u>	<u>12</u>	<u>72</u>
Non-executive directors			
Datuk Mohd Najib Bin Abdullah (Chairman)	90	12	102
Mr. Frank J.G. Van Kempen	60	10	70
Mr. Koh Heng Kong	60	29	89
Ms. Serina bBinti Abdul Samad	60	14	74
Ms. Daniela Adaggi	60	12	72
Mr. Mohamad Shukor Bin Ibrahim	60	15	75
	<u>390</u>	<u>92</u>	<u>482</u>
	<u>450</u>	<u>104</u>	<u>554</u>

27. DIRECTORS' REMUNERATION (CONTD.)

	Fees RM'000	Other emoluments RM'000	Total RM'000
1.1.2021 to 30.6.2021			
Executive director			
Datuk Normala Binti Abdul Manaf	60	12	72
	<u>60</u>	<u>12</u>	<u>72</u>
Non-executive directors			
Datuk Mohd Najib Bin Abdullah (Chairman)	90	12	102
Mr. Frank J.G. Van Kempen	60	12	72
Mr. Koh Heng Kong	60	12	72
Ms. Serina Binti Abdul Samad	60	12	72
Ms. Daniela Adaggi	60	12	72
Mr. Mohamad Shukor Bin Ibrahim	60	12	72
	<u>390</u>	<u>72</u>	<u>462</u>
	<u>450</u>	<u>84</u>	<u>534</u>

28. FEE AND COMMISSION EXPENSES

	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Costs incurred for the acquisition of insurance contracts	<u>60,454</u>	<u>34,156</u>

29. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial period ended 30 June 2022 and 30 June 2021 are as follows:

	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
<u>Income Statement:</u>		
<u>Income tax:</u>		
Current financial period		
- Malaysia	22,485	27,405
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	(3,412)	(8,161)
Income tax expense recognised in income statement	19,073	19,244
<u>Statement of Comprehensive Income:</u>		
Deferred income tax related to other comprehensive income:		
- Fair value changes on debt securities at FVOCI	(18,135)	(10,511)
- Fair value changes on equity securities at FVOCI	(246)	(174)
	(18,381)	(10,685)

29. TAXATION (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:

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Profit before taxation	<u>72,482</u>	<u>89,365</u>
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	17,396	21,448
Income not subject to tax	(587)	(2,537)
Expenses not deductible for tax purposes	2,928	333
Effect of weighted average tax rate on deferred tax	(664)	-
Tax expense for the financial period	<u>19,073</u>	<u>19,244</u>

Domestic income tax for shareholder's fund and general fund are calculated on the estimated assessable profit for the financial period at Malaysian statutory tax rate of 24% (2021: 24%)

30. 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 number of ordinary shares in issue during the financial period.

	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Profit attributable to ordinary equity holders	<u>53,409</u>	<u>70,121</u>
	30.6.2022 '000	30.6.2021 '000
Weighted average number of ordinary shares in issue	<u>212,151</u>	<u>212,151</u>
	1.1.2022 to 30.6.2022 sen	1.1.2021 to 30.6.2021 sen
Basic and diluted earnings per share	<u>25.17</u>	<u>33.05</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.

31. 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:

	30.6.2022	31.12.2021
	RM'000	RM'000
Not later than one year	10,927	22,545
Between one and five years	43,496	88,658
	<u>54,423</u>	<u>111,203</u>

Rental income on investment properties recognised in the income statement during the financial period is disclosed in Note 24.

32. OTHER COMMITMENTS AND CONTINGENCIES

	30.6.2022	31.12.2021
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	16	2
Intangible assets	210	1,210
	<u>226</u>	<u>1,212</u>
Approved and not contracted for:		
Property, plant and equipment	10,637	3,803
Intangible assets	-	398
	<u>10,637</u>	<u>4,201</u>

33. 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 Chief Executive Officers of the Company.

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

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:

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
	RM'000	RM'000
Income/(expenses):		
Ultimate holding company:		
Gross premium income	6,195	4,522
Commissions and fees expenses	(11,014)	(11,501)
Claims paid	(802)	(215)
Interest income	92	112
Rental income	244	248
ESGP	(662)	(857)
Other expenses	(172)	(70)
	<u> </u>	<u> </u>

33. 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.):

	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Income/(expenses) (contd.):		
Immediate holding company:		
Gross premium income	-	4
Rental income	91	73
Dividend paid/payable	(74,974)	(59,996)
Claims paid	-	-
Shared service cost	(9,424)	(17,377)
Remuneration of seconded employee	(49)	(99)
	<u> </u>	<u> </u>
Penultimate holding company:		
Other expenses	(280)	(35)
	<u> </u>	<u> </u>
Fellow subsidiaries within the MAHB Group:		
Gross premium income	3	1,803
Premium ceded to reinsurers	(93)	(22)
Commissions and fee expenses	(1)	(431)
Reinsurance commission income	5	11
Rental income	4,939	5,074
Rental expenses	(1,034)	(987)
Shared service cost income/(cost)	12,502	16,893
Claims paid	(2,402)	(3,687)
Claims recovery from reinsurers	3,359	1,536
Other income	-	2
Other expenses	(2)	(35)
	<u> </u>	<u> </u>
Fellow subsidiaries within the EIHSB Group:		
Consultation fees	(3,894)	(832)
	<u> </u>	<u> </u>
Other related companies within the Maybank Group:		
Gross premium income	1,898	1,759
Interest income	1,903	2,028
Insurance expenses	(156)	(136)
Information technology outsourcing	(2,577)	(2,663)
	<u> </u>	<u> </u>
Companies with significant influence over the Maybank Group:		
Gross insurance premium income	1,152	3,183
Claims paid	(1,360)	(127)
	<u> </u>	<u> </u>

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

(b) Included in the statements of financial position of the Company are amounts due from/(to) related companies as follows:

	Note	30.6.2022 RM'000	31.12.2021 RM'000
Ultimate holding company:			
Fixed and call deposits		42,455	55,777
Derivatives		(624)	(465)
Bank balances		14,640	10,605
Income and profits due and accrued		65	85
Outstanding premiums		1,310	26
Claim liabilities		(46,911)	(46,232)
Provision for custodian fee		-	(23)
Amount due to ultimate holding company	21	<u>(3,708)</u>	<u>(3,023)</u>
Immediate holding company:			
Amount due to holding company	21	<u>(1,337)</u>	<u>(3,180)</u>
Penultimate holding company:			
Amount due to penultimate holding company	21	<u>(34)</u>	<u>(8)</u>
Fellow subsidiaries within the MAHB Group:			
Outstanding premiums		382	-
Amount due to reinsurers and cedants		(28,261)	(28,471)
Outstanding premiums ceded		(56)	(18)
Outstanding claims recoveries		77	125
Claims liabilities		(4,075)	(3,805)
Reinsurance assets		(256)	10
Amount due from other related companies	16	4,263	16,048
Amount due to other related companies	21	<u>(371)</u>	<u>(6)</u>

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

(b) Included in the statements of financial position of the Company are amounts due from/(to) related companies as follows (Contd.) :

	Note	30.6.2022 RM'000	31.12.2021 RM'000
Other related companies within the Maybank Group:			
Fixed and call deposits		210,148	227,316
Income due and accrued		376	308
Claims liabilities		(50)	(50)
Amount due from other related companies	16	-	-
Amount due to other related companies	21	(405)	(183)
Companies with significant influence over the Maybank Group:			
Claims liabilities		(11,026)	(5,825)
Subsidiary:			
Amount due to subsidiary	21	(1,614)	(1,616)

(c) Key management personnel compensation

(i) The remuneration of key management personnel during the financial period was as follows:

	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Short-term employee benefits		
- Fees	450	450
- Salaries, allowances and bonuses	729	606
- EPF	102	84
- ESGP	78	92
- Other emoluments and benefits-in-kind	49	28
	<u>1,408</u>	<u>1,260</u>

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

	30.6.2022 '000	31.12.2021 '000
At 1 January 2022/ 1 January 2021	528	396
Awarded	-	132
At 30 June 2022/ 31 December 2021	<u>528</u>	<u>528</u>

34. FAIR VALUE MEASUREMENTS

(a) Valuation principle

The Company continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective and periodic reviews are performed to ensure the model remains suitable for its intended use.

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 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, structured products, NCDs/NICDs, 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, private equity investments and investment properties.

34. FAIR VALUE MEASUREMENTS (CONTD.)

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

	Valuation technique using:			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
30.6.2022				
<u>Assets</u>				
Investment Properties	-	-	311,895	311,895
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	47,856	-	47,856
(ii) HFT				
Equity securities	71,753	-	82,161	153,914
Unit and property trust funds	983	-	-	983
Financial assets at FVOCI				
Equity securities	7,327	-	-	7,327
Malaysian government papers	-	246,325	-	246,325
Debt securities	-	858,086	-	858,086
Derivative assets	-	-	-	-
Total assets	80,063	1,152,267	394,056	1,626,386
<u>Liabilities</u>				
Derivative liabilities	-	798	-	798
Total liabilities	-	798	-	798

34. FAIR VALUE MEASUREMENTS (CONTD.)

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

	Valuation technique using:			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using Significant unobservable inputs RM'000	
31.12.2021				
<u>Assets</u>				
Investment Properties	-	-	311,866	311,866
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	56,325	-	56,325
(ii) HFT				
Equity securities	55,168	-	82,161	137,329
Unit and property trust funds	930	-	-	930
Financial assets at FVOCI				
Malaysian government papers	-	223,572	-	223,572
Equity securities	4,490	-	-	4,490
Debt securities	-	821,650	-	821,650
Total assets	60,588	1,101,547	394,027	1,556,162
<u>Liabilities</u>				
Derivative Liabilities	-	545	-	545
Total liabilities	-	545	-	545

(c) 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 2022.

34. FAIR VALUE MEASUREMENTS (CONTD.)

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

	Assets and financial investments measured at fair value		
	Investment properties RM'000	Designated at FVTPL RM'000	Total RM'000
30.6.2022			
At 1 January 2022	311,866	82,161	394,027
Addition	29	-	29
At 30 June 2022	<u>311,895</u>	<u>82,161</u>	<u>394,056</u>
31.12.2021			
At 1 January 2021	287,860	82,013	369,873
Recognised in the income statement:			
Fair value gain/(loss)	21,024	148	21,172
Addition	2,982	-	2,982
At 31 December 2021	<u>311,866</u>	<u>82,161</u>	<u>394,027</u>
Total gains recognised in income statement for financial instruments measured at fair value at the end of the reporting year	<u>21,024</u>	<u>148</u>	<u>21,172</u>

(e) 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.

34. FAIR VALUE MEASUREMENTS (CONTD.)

(e) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd)

(i) Investment properties

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

All investment properties of the Company carried at fair values were classified under Level 3. The valuation of investment properties were performed by an accredited independent valuer using a variety of approaches such as the comparison method and the income capitalisation approach.

	Valuation method	Significant unobservable inputs	Range
30.6.2022			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM7.50
Land	Comparison	Sales price per square foot for similar properties	RM3,292.49
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,104.61
31.12.2021			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM7.50
Land	Comparison	Sales price per square foot for similar properties	RM3,833.56
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,221.57

34. FAIR VALUE MEASUREMENTS (CONTD.)

(e) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd)

(i) Investment properties (contd.)

Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold, adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. The income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process also considers the relationships including yield and discount rates. Recent transactions transacted in the market resulting in an increase in these inputs, would result in a significant increase in the estimated fair values of the investment properties.

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment properties.

(ii) Unquoted equity instruments

All unquoted equity instruments of the Company at fair values were classified under Level 3. The fair value of investments in unquoted equity instruments that do not have quoted market prices in an active market, are measured based on the adjusted net asset method by referencing to the annual financial statements of the entities that the Company invested in.

Net asset value	Changes in variables	Impact on profit before tax RM'000 Increase/ (decrease)	Impact on equity* RM'000 Increase/ (decrease)
30.6.2022	+5%	4,116	3,128
	-5%	(4,116)	(3,128)
31.12.2021	+5%	4,116	3,128
	-5%	(4,116)	(3,128)

* Impact on equity is computed after tax at the statutory tax rate.

35. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2022 and 31 December 2021, as prescribed under the RBC Framework is provided below:

	30.6.2022	31.12.2021
	RM'000	RM'000
Eligible Tier 1 Capital		
Paid up share capital	229,879	229,879
Reserves, including retained earnings	852,235	873,801
	<u>1,082,114</u>	<u>1,103,680</u>
Tier 2 Capital		
Revaluation reserve	76,391	76,391
FVOCI reserve	(52,369)	(5,102)
Currency translation reserve	15,222	14,410
	<u>39,244</u>	<u>85,699</u>
Amount deducted from Capital	<u>(29,037)</u>	<u>(30,574)</u>
Total Capital Available	<u>1,092,321</u>	<u>1,158,805</u>

36. UPDATE ON THE MALAYSIA COMPETITION COMMISSION (“MYCC”) AGAINST THE GENERAL INSURANCE ASSOCIATION OF MALAYSIA (“PIAM”) AND ITS 22 GENERAL INSURERS

On 22 February 2017, the Malaysia Competition Commission (“MyCC”) has issued a Proposed Decision against the General Insurance Association of Malaysia (“PIAM”) and its 22 general insurers, including the Company for an alleged infringement of the Competition Act 2010 (“CA 2010”). The MyCC alleged that PIAM and all 22 general insurers were parties to an anti-competitive agreement to fix the parts trade discount for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops.

PIAM and all the 22 general insurers have filed their respective written representations with the MyCC. The Company, represented by its legal counsel, Messrs Raja Darryl & Loh (“RDL”) has filed its written representations with the MyCC on 25 April 2017 and has further made oral representations on 14 December 2017 and 17 June 2019 to defend its position, in line with PIAM and other general insurers.

The MyCC has on 25 September 2020 issued their final decision (which is dated 14 September 2020) under Section 40 of the CA 2010 (“Final Decision”) and the financial penalty for the Company has been determined. The Company has since filed an appeal against the Final Decision with the Competition Appeal Tribunal (“CAT”) on 14 October 2020 and a stay of the financial penalty imposed pending the decision of the CAT on 27 October 2020. The stay application is now fixed for hearing on 25 February 2021 before the CAT, following which, there is also a case management session scheduled for 26 February 2021 in respect of the appeal proper.

36. UPDATE ON THE MALAYSIA COMPETITION COMMISSION (“MYCC”) AGAINST THE GENERAL INSURANCE ASSOCIATION OF MALAYSIA (“PIAM”) AND ITS 22 GENERAL INSURERS (CONTD.)

The parties have completed their oral submissions in respect of the stay applications on 12 March 2021. The CAT unanimously allowed the stay applications on 23 March 2021 that the cease and desist order as well as the financial penalty imposed be stayed pending the disposal of the appeal.

The CAT has now fixed various dates for the hearing of the appeals beginning November 2021. The CAT has requested for some additional hearing dates to be fixed in January 2022 and parties are in the midst of working out some additional common free dates (in January 2022) for the hearing of said appeals.

On 29 July 2021, the CAT directed the parties as follows:-

- (i) To file a set of common and separate issues by 12 August 2021; and
- (ii) To identify in writing the individuals each insurer intends to call as a witness.

The CAT then fixed 30 August 2021 as the next case management date.

Counsel for the insurers has completed oral rebuttal submissions on 22 April 2022. The CAT has informed parties that it will not require any further submissions after this date. The CAT will inform the Company's lawyers of the decision date (earlier estimated to be around [or after] the end of June 2022). The Company's lawyers have informed that there have been some indications lately that the CAT is only likely to deliver its decision in late July or early August 2022, given the number of issues to be decided upon.

37. INSURANCE FUNDS

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS

	Total		Shareholder's Fund		General Fund	
	30.6.2022 RM'000	31.12.2021 RM'000	30.6.2022 RM'000	31.12.2021 RM'000	30.6.2022 RM'000	31.12.2021 RM'000
Assets:						
Property, plant and equipment	11,365	12,421	414	418	10,951	12,003
Investment properties	311,895	311,866	174,581	174,552	137,314	137,314
Right-of-use assets	4,781	4,991	-	-	4,781	4,991
Intangible assets	29,038	30,574	-	-	29,038	30,574
Investment in subsidiary	* -	* -	* -	* -	-	-
Investment in associate	152	152	152	152	-	-
Investments	1,627,496	1,657,572	766,387	777,585	861,109	879,987
Financing receivables	27,251	26,150	26,762	25,553	489	597
Reinsurance assets	3,622,472	3,871,090	-	-	3,622,472	3,871,090
Insurance receivables	480,217	246,397	-	-	480,217	246,397
Other assets	66,335	78,038	8,622	7,941	57,713	70,097
Derivative assets	-	-	-	-	-	-
Current tax assets	17,608	28,239	-	-	17,608	28,239
Cash and bank balances	14,767	10,724	(83)	5	14,850	10,719
Total Assets	6,213,377	6,278,214	976,835	986,206	5,236,542	5,292,008

* Representing RM 1

37. INSURANCE FUNDS (CONTD.)

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

	Total		Shareholder's Fund		General Fund	
	30.6.2022 RM'000	31.12.2021 RM'000	30.6.2022 RM'000	31.12.2021 RM'000	30.6.2022 RM'000	31.12.2021 RM'000
<u>Equity and liabilities:</u>						
Share capital	229,879	229,879	229,879	229,879	-	-
Reserves	891,480	959,500	786,989	959,500	104,491	-
	<u>1,121,359</u>	<u>1,189,379</u>	<u>1,016,868</u>	<u>1,189,379</u>	<u>104,491</u>	<u>-</u>
Insurance contract liabilities	4,366,016	4,595,449	-	-	4,366,016	4,595,449
Derivative liabilities	798	545	275	190	523	355
Deferred tax liabilities, net	12,143	33,801	11,092	22,674	1,051	11,127
Insurance payables	605,471	360,870	-	-	605,471	360,870
Other liabilities ¹	90,426	86,750	(60,893)	(232,219)	151,319	318,969
Dividend payable	-	-	-	-	-	-
Current tax liabilities	17,164	11,420	9,493	6,182	7,671	5,238
Total Liabilities	<u>5,092,018</u>	<u>5,088,835</u>	<u>(40,033)</u>	<u>(203,173)</u>	<u>5,132,051</u>	<u>5,292,008</u>
Total equity and liabilities	<u>6,213,377</u>	<u>6,278,214</u>	<u>976,835</u>	<u>986,206</u>	<u>5,236,542</u>	<u>5,292,008</u>
Inter fund balances	-	-	(34,814)	(236,928)	34,814	236,928

¹ - Included in other liabilities is the amounts due to shareholders funds which are unsecured, not subject to any interest elements and are repayable on demand.

37. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS

	Total		Shareholder's Fund		General Fund	
	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
Operating revenue	960,248	808,522	15,097	14,076	945,151	794,446
Gross earned premiums	784,889	691,064	-	-	784,889	691,064
Earned premiums ceded to reinsurers	(528,039)	(458,074)	-	-	(528,039)	(458,074)
Net earned premiums	256,850	232,990	-	-	256,850	232,990
Fee and commission income	51,517	27,928	-	-	51,517	27,928
Investment income	34,903	30,756	15,097	14,076	19,806	16,680
Realised gains/(losses)	(1,764)	13,481	(1,082)	6,088	(682)	7,393
Fair value (losses)/gains	(12,000)	(25,829)	(4,615)	(11,884)	(7,385)	(13,945)
Other operating income/(expenses), net	1,126	11,147	630	2,192	496	8,955
Other revenue	73,782	57,483	10,030	10,472	63,752	47,011
Gross benefits and claims paid	(307,745)	(257,835)	-	-	(307,745)	(257,835)
Claims ceded to reinsurers	195,207	151,272	-	-	195,207	151,272
Gross change to contract liabilities	369,889	(934,092)	-	-	369,889	(934,092)
Change in contract liabilities ceded to reinsurers	(384,591)	935,190	-	-	(384,591)	935,190
Net benefits and claims	(127,240)	(105,465)	-	-	(127,240)	(105,465)
Management expenses	(70,456)	(61,487)	(1,617)	(1,312)	(68,839)	(60,175)
Fee and commission expenses	(60,454)	(34,156)	-	-	(60,454)	(34,156)
Other expenses	(130,910)	(95,643)	(1,617)	(1,312)	(129,293)	(94,331)
Surplus for the period	72,482	89,365	8,413	9,160	64,069	80,205
Taxation	(19,073)	(19,244)	(2,020)	(2,299)	(17,053)	(16,945)
Net profit for the financial period	53,409	70,121	6,393	6,861	47,016	63,260
Surplus transfer (net of tax) from:						
- General Fund	-	-	47,016	63,260	(47,016)	(63,260)
Net profit for the financial period	53,409	70,121	53,409	70,121	-	-

37. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS BY FUNDS

	Total		Shareholder's Fund		General Fund	
	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000	1.1.2022 to 30.6.2021 RM'000	1.1.2021 to 30.6.2021 RM'000
Cash flows from:						
Operating activities	231,096	261,357	109,056	150,501	122,040	110,856
Investing activities	(151,114)	(210,191)	(34,170)	(127,750)	(116,944)	(82,441)
Financing activities	(75,939)	(749)	(74,974)	-	(965)	(749)
Net increase/(decrease) in cash and cash equivalents	4,043	50,417	(88)	22,751	4,131	27,666
Cash and cash equivalents:						
Cash and cash equivalents at beginning of financial period	10,724	31,963	5	3,566	10,719	28,397
Cash and cash equivalents at end of financial period	14,767	82,380	(83)	26,317	14,850	56,063