



**Life Insurance**

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

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

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

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**ETIQA LIFE INSURANCE BERHAD**  
**201701025113 (1239279-P)**  
**(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
<b>Assets:</b>			
Property, plant and equipment		30,783	32,875
Investment properties		971,270	971,170
Prepaid land lease payments		750	763
Right-of-use assets ("ROU")		36	53
Intangible assets		47,928	48,730
Investments	13	10,836,363	11,513,272
Financing receivables		265,422	265,527
Reinsurance assets	14	109,490	110,404
Insurance receivables	15	38,359	23,755
Other assets	16	153,431	149,976
Current tax assets		2,135	11,555
Cash and bank balances		32,249	47,196
<b>Total Assets</b>		<u>12,488,216</u>	<u>13,175,276</u>
<b>Equity and liabilities:</b>			
Share capital		100,000	100,000
Reserves	17	1,292,360	1,473,215
<b>Total Equity</b>		<u>1,392,360</u>	<u>1,573,215</u>
Insurance contract liabilities	18	10,308,919	10,768,463
Derivative liabilities		1,915	2,192
Deferred tax liabilities, net		280,499	333,944
Insurance payables	19	18,227	25,312
Other liabilities	20	473,868	455,668
Dividend payable	10	-	-
Current tax liabilities		12,428	16,482
<b>Total Liabilities</b>		<u>11,095,856</u>	<u>11,602,061</u>
<b>Total Equity and Liabilities</b>		<u>12,488,216</u>	<u>13,175,276</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 LIFE INSURANCE BERHAD**  
**201701025113 (1239279-P)**  
**(Incorporated in Malaysia)**

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

		<b>1.1.2022</b>	<b>1.1.2021</b>
		<b>to</b>	<b>to</b>
		<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Operating revenue</b>		<u>1,129,377</u>	<u>1,166,573</u>
Gross earned premiums		874,988	921,028
Earned premiums ceded to reinsurers		<u>(25,020)</u>	<u>(15,739)</u>
<b>Net earned premiums</b>		<u>849,968</u>	<u>905,289</u>
Fee and commission income	21	5,447	4,436
Investment income, net	22	254,389	245,545
Realised losses, net		(20,626)	(2,908)
Fair value losses, net		(746,728)	(456,784)
Other operating income, net	23	<u>26,811</u>	<u>20,424</u>
<b>Other revenue</b>		<u>(480,707)</u>	<u>(189,287)</u>
Gross benefits and claims paid		(661,824)	(584,106)
Claims ceded to reinsurers		16,023	5,924
Gross change to contract liabilities		421,243	56,562
Change in contract liabilities ceded to reinsurers		<u>(914)</u>	<u>6,388</u>
<b>Net benefits and claims</b>		<u>(225,472)</u>	<u>(515,232)</u>
Management expenses	24	(81,753)	(81,077)
Fee and commission expenses	26	(51,759)	(50,183)
Taxation borne by policyholders	27	<u>41,228</u>	<u>18,855</u>
<b>Other expenses</b>		<u>(92,284)</u>	<u>(112,405)</u>
<b>Profit before tax</b>		51,505	88,365
Taxation	27	<u>(14,246)</u>	<u>(25,597)</u>
<b>Net profit for the financial period</b>		<u>37,259</u>	<u>62,768</u>
Basic and diluted earnings per share (sen)	28	<u>37.26</u>	<u>62.77</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 FINANCIAL PERIOD ENDED 30 JUNE 2022**

		<b>1.1.2022</b>	<b>1.1.2021</b>
		<b>to</b>	<b>to</b>
		<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>		<u>37,259</u>	<u>62,768</u>
<b>Items that may be subsequently reclassified to income statement</b>			
Change in fair value of debt securities at fair value through other comprehensive income ("FVOCI")			
- Fair value changes		(91,687)	(21,674)
- Transfer to profit or loss upon disposal		(533)	(1,106)
- Fair value adjustments for FVOCI debt securities backing the Participating Fund	18	38,840	(8,981)
Tax effect relating to debt securities at FVOCI	27	8,001	4,063
		(45,379)	(27,698)
<b>Items that will not be subsequently reclassified to income statement</b>			
Change in fair value of equity securities at fair value through other comprehensive income ("FVOCI")			
- Fair value changes		(4,886)	(3,608)
- Fair value adjustments for FVOCI equity securities backing the Participating Fund	18	2,747	1,992
Tax effect relating to equity securities at FVOCI	27	454	296
		(1,685)	(1,320)
<b>Other comprehensive loss for the financial period, net of tax</b>		<u>(47,064)</u>	<u>(29,018)</u>
<b>Total comprehensive (loss)/income for the financial period</b>		<u>(9,805)</u>	<u>33,750</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 INTERM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022

Note	Non-distributable			Retained Earnings			Total Equity RM'000
	Share Capital RM'000	FVOCI Reserves RM'000	Other Reserves RM'000 (Note 17)	Non-Par Fund Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
<b>At 1 January 2022</b>	100,000	(1,475)	54,465	909,101	511,124	1,420,225	1,573,215
Net profit for the period	-	-	-	36,116	1,143	37,259	37,259
Other comprehensive loss for the financial period	-	(47,064)	-	-	-	-	(47,064)
Total comprehensive income/(loss) for the financial period	-	(47,064)	-	36,116	1,143	37,259	(9,805)
Reclassification upon disposals of equity securities	-	870	-	(776)	(94)	(870)	-
Dividend on ordinary shares	-	-	-	-	(171,050)	(171,050)	(171,050)
<b>At 30 June 2022</b>	<b>100,000</b>	<b>(47,669)</b>	<b>54,465</b>	<b>944,441</b>	<b>341,123</b>	<b>1,285,564</b>	<b>1,392,360</b>
<b>At 1 January 2021</b>	100,000	30,809	54,465	835,264	418,138	1,253,402	1,438,676
Net profit/(loss) for the period	-	-	-	66,453	(3,685)	62,768	62,768
Other comprehensive loss for the financial period	-	(29,018)	-	-	-	-	(29,018)
Total comprehensive income/(loss) for the financial period	-	(29,018)	-	66,453	(3,685)	62,768	33,750
Dividend on ordinary shares	-	-	-	-	(47,000)	(47,000)	(47,000)
<b>At 30 June 2021</b>	<b>100,000</b>	<b>1,791</b>	<b>54,465</b>	<b>901,717</b>	<b>367,453</b>	<b>1,269,170</b>	<b>1,425,426</b>

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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Note	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		51,505	88,365
Adjustments for:			
Taxation borne by policyholders	27	(41,228)	(18,855)
Depreciation of property, plant and equipment	24	3,399	2,978
Amortisation of intangible assets	24	3,988	3,801
Depreciation of right-use-assets	24	17	17
Lease liabilities interest	24	1	1
Fair value losses on financial assets at fair value through profit and loss ("FVTPL")		746,728	456,784
Amortisation of prepaid land lease payments	24	13	13
Amortisation of premium on investments	22	1,999	3,683
Net gain on foreign exchange	23	(26,464)	(18,173)
Allowance for/(reversal of) impairment losses on insurance receivables	23	125	(3,908)
Allowance for/(reversal of) impairment losses on other assets	23	941	(86)
(Reversal of)/allowance for impairment losses on financing receivables	23	(368)	2
(Reversal of)/allowance for impairment losses on investments	23	(45)	88
Losses on disposal of investment		20,626	2,909
Interest income	22	(210,853)	(201,583)
Gross dividend income	22	(27,749)	(27,884)
Rental income	22	(30,455)	(32,517)
Operating cash flows before working capital changes		492,180	255,635
Changes in working capital:			
Decrease/(increase) in reinsurance assets		914	(6,388)
Increase in insurance receivables		(14,729)	(2,818)
Increase in other assets		(6,606)	(16,849)
Decrease/(increase) in financing receivables		473	(8,336)
Increase in amounts due from related parties		(7,993)	(23,495)
Increase in other liabilities		29,046	30,313
Decrease in insurance contract liabilities		(421,245)	(56,562)
Decrease in insurance payables		(7,085)	(1,534)
Decrease in placement of deposits with financial institutions		163,706	659,406
Interest income received		212,063	208,062
Dividends income received		26,155	25,997
Rental income received		30,101	29,595
Carried forward		496,980	1,093,026

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

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Brought forward	496,980	1,093,026
Tax paid	(9,357)	(19,917)
Net cash flows generated from operating activities	<u>487,623</u>	<u>1,073,109</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investments	1,608,353	3,100,743
Purchase of investments	(1,935,264)	(4,119,365)
Proceeds from disposal of property, plant and equipment	35	3,410
Purchase of property, plant and equipment	(1,606)	(5,800)
Additions to investment properties	(100)	(266)
Purchase of intangible assets	(2,920)	(4,422)
Net cash flows used in investing activities	<u>(331,502)</u>	<u>(1,025,700)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividend paid	(171,050)	-
Payment of lease liabilities	(18)	(17)
Net cash flows used in financing activity	<u>(171,068)</u>	<u>(17)</u>
<b>Net increase in cash and cash equivalents</b>	<b>(14,947)</b>	<b>47,392</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>47,196</b>	<b>44,703</b>
<b>Cash and cash equivalents at end of financial period</b>	<b><u>32,249</u></b>	<b><u>92,095</u></b>
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances of:</b>		
Shareholder's fund	166	228
Life insurance funds	32,083	91,867
	<u>32,249</u>	<u>92,095</u>

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



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS FINANCIAL 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 ("Maybank") respectively, all 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 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 the 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.

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

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

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

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

The unaudited condensed interim financial statements were approved for issue by the Board of Directors on 11 August 2022.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the unaudited interim condensed 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.

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

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

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2021 was not qualified.

**6. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Company was not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2022.

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

**7. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 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 dividend of 171.05sen per ordinary share on 100,000,000 ordinary shares amounting to RM171,050,000.00 for the financial year ended 31 December 2021 was approved by the shareholder in Annual General Meeting held on 22 February 2022.

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

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

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

There were no changes in the composition of the Company during the interim financial period ended 30 June 2022.

**13. INVESTMENTS**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian government papers	887,685	875,983
Equity securities	1,471,434	1,574,717
Debt securities	6,960,427	7,398,269
Unit and property trust funds	624,357	574,696
Structured products	152,756	186,197
Deposits with financial institutions	739,704	903,410
	<u>10,836,363</u>	<u>11,513,272</u>

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

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value through profit and loss ("FVTPL")		
- Designated upon initial recognition	6,242,655	6,685,610
- Held for trading ("HFT")	2,565,407	2,672,106
Fair value through other comprehensive income ("FVOCI")	1,288,597	1,252,146
Amortised Cost ("AC")	739,704	903,410
	<u>10,836,363</u>	<u>11,513,272</u>

The following investments mature after 12 months:

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
FVTPL		
- Designated upon initial recognition	6,088,011	6,444,703
- HFT	484,814	505,755
FVOCI	1,226,684	1,217,708
	<u>7,799,509</u>	<u>8,168,166</u>

13. INVESTMENTS (CONTD.)

	30.6.2022 RM'000	31.12.2021 RM'000
<b>(a) FVTPL</b>		
<b>(i) Designated upon initial recognition</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	554,826	585,448
Debt securities:		
Unquoted in Malaysia	5,426,845	5,801,220
Unquoted outside Malaysia	108,341	113,061
Structured products	152,643	185,881
<b>Total financial assets designated as FVTPL upon initial recognition</b>	<b>6,242,655</b>	<b>6,685,610</b>
<b>(ii) HFT</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	48,350	-
Debt securities:		
Unquoted in Malaysia	483,066	551,832
Equity securities:		
Quoted in Malaysia	1,262,991	1,462,148
Quoted outside Malaysia	68,684	5,268
Unquoted in Malaysia	77,846	77,846
Unit and property trust funds:		
Quoted in Malaysia	26,248	28,938
Quoted outside Malaysia	598,109	545,758
Structured products	113	316
<b>Total HFT financial assets</b>	<b>2,565,407</b>	<b>2,672,106</b>
	<b>30.6.2022 RM'000</b>	<b>31.12.2021 RM'000</b>
<b>(b) FVOCI</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	284,509	290,535
Debt securities:		
Unquoted in Malaysia	942,175	932,156
Equity securities:		
Quoted in Malaysia	61,913	29,455
<b>Total FVOCI financial assets</b>	<b>1,288,597</b>	<b>1,252,146</b>

**13. INVESTMENTS (CONTD.)**

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

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months	<----- Lifetime ECL ----->		Total
	ECL	not credit	credit	ECL
	RM'000	impaired	impaired	RM'000
<b>30.06.2022</b>		RM'000	RM'000	RM'000
At 1 January 2022	41	323	-	364
Net adjustment of loss allowance	(2)	(75)	-	(77)
New financial assets originated or purchased	2	34	-	36
Financial assets that have been derecognised	(4)	-	-	(4)
At 30 June 2022	<u>37</u>	<u>282</u>	<u>-</u>	<u>319</u>
<b>31.12.2021</b>				
At 1 January 2021	212	153	-	365
Net adjustment of loss allowance	133	69	-	202
New financial assets originated or purchased	26	-	-	26
Financial assets that have been derecognised	(110)	-	-	(110)
Changes due to change in credit risk	(4)	4	-	-
Changes due to change in risk parameters	(216)	97	-	(119)
At 31 December 2021	<u>41</u>	<u>323</u>	<u>-</u>	<u>364</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 RM2,450,000.

**13. INVESTMENTS (CONTD.)**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(c) AC</b>		
Fixed and call deposits with:		
Licensed financial institutions	642,606	848,152
Other licensed financial institutions	97,098	55,258
<b>Total AC financial assets</b>	<u>739,704</u>	<u>903,410</u>

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

**Fair Value of Financial Investments**

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 32 to the unaudited interim condensed financial statements.

**14. REINSURANCE ASSETS**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurers' share of insurance contract liabilities (Note 18):		
Claims liabilities	23,326	23,342
Actuarial liabilities	86,164	87,062
	<u>109,490</u>	<u>110,404</u>

**15. INSURANCE RECEIVABLES**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from agents and intermediaries	32,427	22,368
Due from reinsurers and cedants	6,239	1,569
	<u>38,666</u>	<u>23,937</u>
Allowance for impairment losses	(307)	(182)
	<u>38,359</u>	<u>23,755</u>

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

	<b>Not credit-impaired</b>	<b>Credit- impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Gross carrying amount</u></b>			
At 1 January 2021	22,547	4,553	27,100
Decrease	(631)	(2,532)	(3,163)
At 31 December 2021	<u>21,916</u>	<u>2,021</u>	<u>23,937</u>
Increase	13,812	917	14,729
At 30 June 2022	<u>35,728</u>	<u>2,938</u>	<u>38,666</u>
<b><u>Lifetime ECL</u></b>			
At 1 January 2021	900	3,218	4,118
Decrease	(836)	(3,100)	(3,936)
At 31 December 2021	<u>64</u>	<u>118</u>	<u>182</u>
Increase	10	115	125
At 30 June 2022	<u>74</u>	<u>233</u>	<u>307</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**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from stockbrokers	4,117	856
Amount due from a fund manager	54	574
Sundry receivables, deposits and prepayments	10,605	5,783
Allowance for impairment losses	(253)	(253)
	10,352	5,530
Income due and accrued	134,564	134,779
Allowance for impairment losses	(1,102)	(161)
	133,462	134,618
Amounts due from related companies* (Note 31(b)):		
- Other related companies	5,446	8,398
<b>Total other assets</b>	<b>153,431</b>	<b>149,976</b>

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

	<b>Not credit-impaired RM'000</b>	<b>Credit- impaired RM'000</b>	<b>Total ** RM'000</b>
<b><u>Gross carrying amount</u></b>			
At 1 January 2021	141,030	7,476	148,506
Increase/(decrease)	(2,005)	2,889	884
At 31 December 2021	139,025	10,365	149,390
Increase	1,426	212	1,638
At 30 June 2022	140,451	10,577	151,028
<b><u>Lifetime ECL</u></b>			
At 1 January 2021	62	235	297
Increase	18	99	117
At 31 December 2021	80	334	414
Increase/(decrease)	(17)	958	941
At 30 June 2022	63	1,292	1,355

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

\*\* Movement for impairment losses for other assets is net of prepayments.

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. RESERVES**

	<b>Note</b>	<b>30.6.2022</b> <b>RM'000</b>	<b>31.12.2021</b> <b>RM'000</b>
<b><u>Non-distributable:</u></b>			
FVOCI reserve	(i)	<u>(47,669)</u>	<u>(1,475)</u>
<b><u>Other reserves:</u></b>			
Revaluation reserve	(ii)	<u>54,465</u>	<u>54,465</u>
		<u>6,796</u>	<u>52,990</u>
<b><u>Retained profits:</u></b>			
Distributable	(iii)	341,123	511,124
Non-distributable non-Par fund surplus	(iv)	<u>944,441</u>	<u>909,101</u>
		<u>1,285,564</u>	<u>1,420,225</u>
<b>Total reserves</b>		<u>1,292,360</u>	<u>1,473,215</u>

- (i) The FVOCI reserve arose from the changes in the fair value of the financial assets carried at FVOCI of the Shareholder and non-Par funds.
- (ii) The revaluation reserve 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 entire distributable retained earnings may be distributed to the shareholder under the single-tier system.
- (iv) Non-distributable non-Par fund surplus represents the unallocated surplus of the non-Par fund. In accordance with the Financial Services Act 2013, in Malaysia, the unallocated surplus is only available for distribution to the shareholder's fund upon approval by the Appointed Actuary. Upon such approval, the distribution is presented as a transfer from non-distributable non-Par fund surplus to distributable retained profits.

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**18. 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	93,999	(23,326)	70,673	107,686	(23,342)	84,344
Actuarial liabilities	7,363,137	(86,164)	7,276,973	7,535,372	(87,062)	7,448,310
Participating fund unallocated surplus	604,707	-	604,707	726,754	-	726,754
Participating fund FVOCI reserve	(33,356)	-	(33,356)	3,679	-	3,679
Participating fund revaluation reserve	24,431	-	24,431	24,431	-	24,431
Net Asset Value ("NAV") attributable to unitholders	2,256,001	-	2,256,001	2,370,541	-	2,370,541
	<b>10,308,919</b>	<b>(109,490)</b>	<b>10,199,429</b>	<b>10,768,463</b>	<b>(110,404)</b>	<b>10,658,059</b>

**Movements of Life Insurance contract liabilities**

	<--- Participating fund --->						Gross RM'000	Reinsurance RM'000	Net RM'000
	Claims Liabilities RM'000	Actuarial Liabilities RM'000	Unallocated Surplus RM'000	FVOCI reserve RM'000	Revaluation reserve RM'000	NAV attributable to unitholders RM'000			
<b>30.6.2022</b>									
At 1 January 2022	107,686	7,535,372	726,754	3,679	24,431	2,370,541	10,768,463	(110,404)	10,658,059
Premiums received	-	-	283,534	-	-	338,227	621,761	-	621,761
Other revenue	-	-	(165,024)	-	-	(242,503)	(407,527)	-	(407,527)
Net benefits and claims	(13,687)	-	(282,301)	-	-	(229,747)	(525,735)	16	(525,719)
Other expenses	-	-	(41,319)	-	-	(27)	(41,346)	-	(41,346)
Change in reserves :									
- Discounting	-	(245,224)	104,455	-	-	-	(140,769)	4,981	(135,788)
- Assumptions	-	(21,867)	19,635	-	-	-	(2,232)	170	(2,062)
- Policy movements	-	94,856	(52,151)	-	-	-	42,705	(4,253)	38,452
Changes in FVOCI reserve									
- debt securities	-	-	-	(38,840)	-	-	(38,840)	-	(38,840)
- equity securities	-	-	-	(2,747)	-	-	(2,747)	-	(2,747)
Taxation	-	-	12,390	3,286	-	19,510	35,186	-	35,186
Reclassification upon disposals of equity securities	-	-	(1,266)	1,266	-	-	-	-	-
At 30 June 2022	<b>93,999</b>	<b>7,363,137</b>	<b>604,707</b>	<b>(33,356)</b>	<b>24,431</b>	<b>2,256,001</b>	<b>10,308,919</b>	<b>(109,490)</b>	<b>10,199,429</b>

18. INSURANCE CONTRACT LIABILITIES (CONTD.)

Movements of Life Insurance contract liabilities (Contd.)

	<--- Participating fund --->						NAV attributable to unitholders	Gross RM'000	Reinsurance RM'000	Net RM'000
	Claims Liabilities RM'000	Actuarial Liabilities RM'000	Unallocated Surplus RM'000	FVOCI reserve RM'000	Revaluation reserve RM'000					
<b>31.12.2021</b>										
At 1 January 2021	81,836	7,758,496	667,536	-	24,431	1,912,665	10,444,964	(85,359)	10,359,605	
Premiums received	-	-	557,695	-	-	873,133	1,430,828	-	1,430,828	
Other revenue	-	-	6,756	-	-	30,155	36,911	-	36,911	
Net benefits and claims	25,850	-	(536,619)	-	-	(443,437)	(954,206)	(13,901)	(968,107)	
Other expenses	-	-	(65,908)	-	-	(48)	(65,956)	-	(65,956)	
Change in reserves :										
- Discounting	-	(343,944)	156,517	-	-	-	(187,427)	5,629	(181,798)	
- Assumptions	-	(63,663)	74,937	-	-	-	11,274	(2,300)	8,974	
- Policy movements	-	184,483	(108,164)	-	-	-	76,319	(14,473)	61,846	
Changes in FVOCI reserve										
- debt securities	-	-	-	8,762	-	-	8,762	-	8,762	
- equity securities	-	-	-	(4,684)	-	-	(4,684)	-	(4,684)	
Taxation	-	-	(296)	(399)	-	(1,927)	(2,622)	-	(2,622)	
Surplus transferred to shareholder's fund	-	-	(25,700)	-	-	-	(25,700)	-	(25,700)	
At 31 December 2021	107,686	7,535,372	726,754	3,679	24,431	2,370,541	10,768,463	(110,404)	10,658,059	

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**19. INSURANCE PAYABLES**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to agents and intermediaries	13,458	12,995
Due to reinsurers and cedants	4,769	12,317
	<u>18,227</u>	<u>25,312</u>

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

**20. OTHER LIABILITIES**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Premium deposits	187,268	170,063
Dividend payable to policyholders	68,243	71,026
Lease liabilities	34	52
ROU restoration cost	1	1
Amount due to related companies* (Note 31(b)):		
- Ultimate holding company	7,185	6,132
- Immediate holding company	1,532	4,484
- Penultimate holding company	34	20
- Other related companies	26	9,086
Amount due to stockbrokers	20,153	406
Claims pending disbursement	7,374	7,036
Sundry payables and accrued liabilities*	182,018	187,362
<b>Total other liabilities</b>	<u>473,868</u>	<u>455,668</u>

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

**21. FEE AND COMMISSION INCOME**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurance commission income	<u>5,447</u>	<u>4,436</u>

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**22. INVESTMENT INCOME, NET**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>		
<b>(i) Designated upon initial recognition</b>		
Interest income	154,214	148,957
<b>(ii) HFT</b>		
Interest income	12,290	12,591
Dividend income		
Equity securities		
- Quoted in Malaysia	22,856	25,592
- Quoted outside Malaysia	2,008	224
- Unit and property trusts	654	804
<b>Financial assets at FVOCI</b>		
Interest income	28,111	19,069
Dividend income		
Equity securities		
- Quoted in Malaysia	2,231	1,264
<b>Financial assets at AC</b>		
Interest income	6,769	10,302
Interest income from financing receivables and other loans	9,469	10,664
Rental income	30,455	32,517
Rental related expense	(11,536)	(11,454)
Amortisation of premiums	(1,999)	(3,683)
Other investment income	1	-
Investment related expenses	(1,134)	(1,302)
<b>Total investment income, net</b>	<b>254,389</b>	<b>245,545</b>

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**23. OTHER OPERATING INCOME, NET**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Gain/(losses) on foreign exchange:		
- Realised	356	(487)
- Unrealised	26,464	18,173
Reversal/(impairment) losses on:		
- Investment	45	(88)
- Financing receivables	368	(2)
- Insurance receivables (Note 15)	(125)	3,908
- Other assets (Note 16)	(941)	86
Management fee income	1,676	-
Sundry expenditure	(1,032)	(1,166)
<b>Total other operating income, net</b>	<b>26,811</b>	<b>20,424</b>

**24. MANAGEMENT EXPENSES**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Employee benefits expense (Note 24(a))	47,776	47,467
Directors' fee and remuneration (Note 25)	474	482
Auditors' remuneration:		
- Statutory audit	216	261
- Regulatory related services	30	26
- Other assurance services	204	8
Amortisation of intangible assets	3,988	3,801
Amortisation of prepaid land lease payments	13	13
Bank charges	1,670	1,795

**24. MANAGEMENT EXPENSES (CONTD.)**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	3,399	2,978
ROU expenses:		
- Depreciation	17	17
- Lease liabilities interest	1	1
Other management fees	1,150	164
Professional fees	351	(486)
Assured medical fees	435	666
Rental of offices/premises	2,181	2,483
Electronic data processing expenses	1,134	318
Information technology outsourcing	3,427	3,141
Postage and stamp duties	419	278
Printing and stationery	215	201
Promotional and marketing cost	8,886	12,728
Training expenses	727	266
Utilities, assessment and maintenance	732	601
Entertainment	66	40
Travelling expenses	191	163
Office facilities expenses	363	463
Legal fees	141	30
Other expenses	3,547	3,172
<b>Total management expenses</b>	<b>81,753</b>	<b>81,077</b>
<b>(a) Employee benefits expense:</b>		
Wages, salaries and bonuses	35,564	36,628
Employee Provident Fund ("EPF")	5,693	5,421
Social Security Contribution ("SOCSO")	242	247
Share-based compensation	757	1,181
Other benefits	5,520	3,990
	<b>47,776</b>	<b>47,467</b>



**24. MANAGEMENT EXPENSES (CONTD.)**

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

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Salary	403	372
EPF	118	103
Share based compensation	49	-
Other emoluments	344	284
	<u>914</u>	<u>759</u>

**25. DIRECTORS' FEES AND REMUNERATION**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Directors of the Company</b>		
Non-executive directors:		
Fees	390	400
Other emoluments	84	82
	<u>474</u>	<u>482</u>
<b>Total directors' fees and remuneration</b>	<u>474</u>	<u>482</u>

**25. DIRECTORS' REMUNERATION (CONTD.)**

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

	<b>Fees</b> <b>RM'000</b>	<b>Other</b> <b>emoluments</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>1.1.2022 to 30.6.2022</b>			
<b>Directors of the Company:</b>			
<b>Non-executive directors</b>			
Datuk Mohd Najib Bin Abdullah (Chairman)	90	14	104
Mr. Philippe Pol Arthur Latour	60	12	72
Mr. Frank Johan Gerard Van Kempen	60	12	72
Mr. Wong Pakshong Kat			
Jeong Colin Stewart	60	14	74
Puan Norazilla Binti Md Tahir	60	17	77
Dr Ariffin Yahaya	60	15	75
	<u>390</u>	<u>84</u>	<u>474</u>
<b>Total directors' fees and remuneration</b>	<b>390</b>	<b>84</b>	<b>474</b>
<b>1.1.2021 to 30.6.2021</b>			
<b>Directors of the Company:</b>			
<b>Non-executive directors</b>			
Datuk Mohd Najib Bin Abdullah (Chairman)	90	14	104
Mr. Philippe Pol Arthur Latour	60	12	72
Dato' Johan Bin Ariffin	60	12	72
Mr. Loh Lee Soon	60	14	74
Mr. Frank Johan Gerard Van Kempen	60	14	74
Mr. Wong Pakshong Kat			
Jeong Colin Stewart	60	14	74
Puan Norazilla Binti Md Tahir			
<i>(Appointed w.e.f 1 June 2021)</i>	10	2	12
	<u>400</u>	<u>82</u>	<u>482</u>
<b>Total directors' fees and remuneration</b>	<b>400</b>	<b>82</b>	<b>482</b>

**26. FEE AND COMMISSION EXPENSES**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Costs incurred for the acquisition of insurance contracts expensed in the current financial period	<u>51,759</u>	<u>50,183</u>

**27. 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:

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Income Statement:</u></b>		
<u>Income tax:</u>		
Current financial period	1,545	1,990
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	12,701	23,607
Income tax expense recognised in income statement	<u>14,246</u>	<u>25,597</u>

**Statement of Comprehensive Income:**

Deferred income tax related to other comprehensive income:		
- Fair value changes on debt securities at FVOCI	(8,001)	(4,063)
- Fair value changes on equity securities at FVOCI	(454)	(296)
	<u>(8,455)</u>	<u>(4,359)</u>

**27. 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:

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	<u>51,505</u>	<u>88,365</u>
Taxation at Malaysian statutory tax rate of 24% (2021:24%)	12,361	21,208
Income not subject to tax	(85)	(110)
Expenses not deductible for tax purposes	673	2,148
Deficit arising from Annuity Non-Par fund not subject to tax	1,350	2,351
Prosperity tax rate differential	(53)	-
Tax expense for the financial period	<u>14,246</u>	<u>25,597</u>

Domestic income tax for shareholder's fund is calculated on the estimated assessable profit for the financial period at Malaysian statutory tax rate of 24%.

**Taxation borne by policyholders**

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Income tax:</u>		
Current financial period	13,492	13,411
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	<u>(54,720)</u>	<u>(32,266)</u>
	<u>(41,228)</u>	<u>(18,855)</u>

The income tax borne by policyholders are calculated based on the statutory rate of 8% (2021: 8%) of the estimated assessable investment income net of allowable deductions for the financial period.

**28. EARNINGS PER SHARE**

Basic and diluted earnings per share are 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 in issue during the financial period.

	<b>1.1.2022 to 30.6.2022 RM'000</b>	<b>1.1.2021 to 30.6.2021 RM'000</b>
Profit attributable to ordinary equity holders	<u>37,259</u>	<u>62,768</u>
	<b>30.6.2022 '000</b>	<b>30.6.2021 '000</b>
Weighted average number of ordinary shares in issue	<u>100,000</u>	<u>100,000</u>
	<b>1.1.2022 to 30.6.2022 sen</b>	<b>1.1.2021 to 30.6.2021 sen</b>
Basic and diluted earnings per share	<u>37.26</u>	<u>62.77</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.

**29. 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 reporting date but not recognised as receivables, are as follows:

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	57,499	56,851
Between one and five years	80,841	87,655
	<u>138,340</u>	<u>144,506</u>

Rental income on investment properties recognised in the income statement during the financial period is disclosed in Note 22.

**30. OTHER COMMITMENTS AND CONTINGENCIES**

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
Property, plant and equipment	20	50
Intangible assets	3,706	966
	<u>3,726</u>	<u>1,016</u>
Approved but not contracted for:		
Property, plant and equipment	<u>31,481</u>	<u>19,952</u>

### 31. SIGNIFICANT RELATED PARTY 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 holding companies, fellow subsidiary companies, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholders.

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

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

	<b>1.1.2022 to 30.6.2022 RM'000</b>	<b>1.1.2021 to 30.6.2021 RM'000</b>
<b>Income/(expenses):</b>		
Ultimate holding company:		
Commission and fee expenses	(31,434)	(36,327)
Dividend income	853	1,029
Interest income	35	17
Rental income	2,815	1,885
Custodian fee	(1,123)	(1,264)
Hedging fee income	30	54
Other expenses	(73)	(76)
ESGP	<u>(1,000)</u>	<u>(1,214)</u>
Immediate holding company:		
Rental income	402	318
Shared service costs	(8,465)	(17,541)
Remuneration of a seconded employee	(49)	(73)
Dividend paid	(171,050)	(47,000)
MBB chargeback cost	<u>(100)</u>	<u>-</u>
Penultimate holding company:		
Other (expenses)/income	<u>(698)</u>	<u>45</u>

**31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

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

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

	<b>1.1.2022 to 30.6.2022 RM'000</b>	<b>1.1.2021 to 30.6.2021 RM'000</b>
Fellow subsidiaries within the MAHB Group:		
Rental income	3,326	3,310
Rental expenses	(1,047)	(1,113)
Other income/(expenses)	28	(438)
Hedging fee income	58	-
Shared service income	<u>21,983</u>	<u>18,171</u>
Fellow subsidiaries within the EIHSB Group:		
Consultation fees	-	654
Rental income	577	-
Shared service costs	<u>(104)</u>	<u>-</u>
Other related companies within the Maybank Group:		
Interest income	4,948	5,306
Rental income	2,598	2,354
Other investment expenses	(94)	(94)
Information technology outsourcing	<u>(3,427)</u>	<u>(3,141)</u>
Companies with significant influence over the Maybank Group:		
Gross insurance premium income	57	(34)
Claims paid	<u>(1,458)</u>	<u>-</u>

- (b) 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:

	<b>Note</b>	<b>30.6.2022 RM'000</b>	<b>31.12.2021 RM'000</b>
Ultimate holding company:			
Fixed and call deposits		21,685	-
Quoted shares		29,123	23,878
Derivatives		(316)	(400)
Bank balances		23,638	43,607
Income due and accrued		8	-
Amount due to ultimate holding company	20	(7,185)	(6,132)
Provision for custodian fee		(53)	(226)
Sundry receivables, deposits and prepayments		29	216
Sundry payables and accrued liabilities		<u>(24)</u>	<u>(181)</u>



**31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (b) 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.)

		<b>30.6.2022</b>	<b>31.12.2021</b>
		<b>RM'000</b>	<b>RM'000</b>
Immediate holding company:			
Amount due to immediate holding company	20	<u>(1,532)</u>	<u>(4,484)</u>
Penultimate holding company:			
Amount due to penultimate holding company	20	<u>(34)</u>	<u>(20)</u>
Fellow subsidiaries within the MAHB Group:			
Amount due from other related companies	16	5,049	8,246
Amount due to other related companies	20	<u>-</u>	<u>(9,061)</u>
Fellow subsidiaries within the EIHSB Group:			
Amount due from other related companies	16	<u>393</u>	<u>148</u>
Other related companies within the Maybank Group:			
Fixed and call deposits		463,097	584,233
Income due and accrued		892	924
Amount due from other related companies	16	4	4
Amount due to other related companies	20	<u>(26)</u>	<u>(25)</u>
Companies with significant influence over the Maybank Group:			
Insurance receivables		55	86
Insurance payables		<u>-</u>	<u>(1,474)</u>

- (c) Key management personnel compensation

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

	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short-term employee benefits</b>		
- Salaries, allowances and bonuses	713	620
- Fees	390	400
- Contribution to EPF	118	103
- Other emoluments	167	118
	<u>1,388</u>	<u>1,241</u>

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

(c) Key management personnel compensation (contd.)

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

<b>Award date</b>	<b>30.6.2022 Units '000</b>	<b>31.12.2021 Units '000</b>
At 1 January	56	56
Awarded	-	-
At 30 June/31 December	56	56

**32. 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 which represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include listed derivatives, quoted equities and unit and property trust funds traded on an exchange.

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

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

Examples of Level 2 financial instruments include corporate and government bonds, 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 financial instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

32. FAIR VALUE MEASUREMENTS (CONTD.)

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

	Fair value measurement using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Significant unobservable inputs RM'000	
<b>30.6.2022</b>				
<b><u>Assets</u></b>				
<b>Investment Properties</b>	-	-	971,270	971,270
<b>Financial assets at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	554,826	-	554,826
Debt securities and structured products	-	5,687,829	-	5,687,829
<b>(ii) HFT</b>				
Equity securities	1,331,675	-	77,846	1,409,521
Malaysian government papers	-	48,350	-	48,350
Debt securities and structured products	-	483,179	-	483,179
Unit and property trust funds	26,248	598,109	-	624,357
<b>Financial assets at FVOCI</b>				
Equity securities	61,913	-	-	61,913
Malaysian government papers	-	284,509	-	284,509
Debt securities and structured products	-	942,175	-	942,175
<b>Total Assets</b>	<b>1,419,836</b>	<b>8,598,977</b>	<b>1,049,116</b>	<b>11,067,929</b>
<b><u>Liabilities</u></b>				
<b>Derivative liabilities</b>	-	1,915	-	1,915
<b>Total Liabilities</b>	-	1,915	-	1,915

32. FAIR VALUE MEASUREMENTS (CONTD.)

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

	Fair value measurement using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Significant unobservable inputs RM'000	
<b>31.12.2021</b>				
<b><u>Assets</u></b>				
<b>Investment Properties</b>	-	-	971,170	971,170
<b>Financial assets at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	585,448	-	585,448
Debt securities and structured products	-	6,100,162	-	6,100,162
<b>(ii) HFT</b>				
Equity securities	1,467,416	-	77,846	1,545,262
Debt securities and structured products	-	552,148	-	552,148
Unit and property trust funds	28,938	545,758	-	574,696
<b>Financial assets at FVOCI</b>				
Equity securities	29,455	-	-	29,455
Malaysian government papers	-	290,535	-	290,535
Debt securities and structured products	-	932,156	-	932,156
<b>Total Assets</b>	<b>1,525,809</b>	<b>9,006,207</b>	<b>1,049,016</b>	<b>11,581,032</b>
<b><u>Liabilities</u></b>				
<b>Derivative liabilities</b>	-	2,192	-	2,192
<b>Total liabilities</b>	-	2,192	-	2,192

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

**(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.

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

	Investment properties RM'000	Financial instruments measured at fair value designated at FVTPL RM'000	Total RM'000
<b>30.6.2022</b>			
At 1 January 2022	971,170	77,846	1,049,016
Addition, at cost	100	-	100
At 30 June 2022	<u>971,270</u>	<u>77,846</u>	<u>1,049,116</u>
Total gains recognised in income statement for assets and financial instruments measured at Level 3 of the fair value hierarchy at the end of reporting period	<u>-</u>	<u>-</u>	<u>-</u>
<b>31.12.2021</b>			
At 1 January 2021	953,610	67,101	1,020,711
Recognised in the income statement:			
Fair value gain	17,230	10,745	27,975
Addition, at cost	330	-	330
At 31 December 2021	<u>971,170</u>	<u>77,846</u>	<u>1,049,016</u>
Total gains recognised in income statement for assets and financial instruments measured at Level 3 of the fair value hierarchy at the end of reporting year	<u>17,230</u>	<u>10,745</u>	<u>27,975</u>

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

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

The Company's exposure to financial investments measured with valuation techniques using significant unobservable inputs comprised a small number of financial investments which constitute an insignificant component of the Company's portfolio of financial investments. 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.

**(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.

	<b>Valuation method</b>	<b>Significant unobservable inputs</b>	<b>Range</b>
<b>30.6.2022</b>			
Building	Income capitalisation	Rental per square foot	RM3.50 to RM10.25
Shop lots	Comparison	Sales price per square foot for similar properties	RM63.58 to RM593.18
<b>31.12.2021</b>			
Building	Income capitalisation	Rental per square foot	RM3.50 to RM10.25
Shop lots	Comparison	Sales price per square foot for similar properties	RM63.58 to RM593.18

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.

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

**(e) Sensitivity of fair value measurements to changes in unobservable input assumptions (Contd.)**

**(i) Investment properties (Contd.)**

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.

<b>Company</b>	<b>Changes in variables</b>	<b>Impact on carrying value RM'000 Increase/ (decrease)</b>	<b>Impact on profit before tax RM'000 Increase/ (decrease)</b>	<b>Impact on equity* RM'000 Increase/ (decrease)</b>
<b>30.6.2022</b>	+5%	3,892	3,673	2,568
	-5%	(3,892)	(3,673)	(2,568)
<b>31.12.2021</b>	+5%	3,892	3,673	2,568
	-5%	(3,892)	(3,673)	(2,568)

\* Impact on Company's Equity is net of corporate tax of 24%

**33. 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:

	<b>30.6.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Paid up share capital	100,000	100,000
Reserves, including retained earnings	3,110,431	3,318,950
	<u>3,210,431</u>	<u>3,418,950</u>
<b>Tier 2 Capital</b>		
Revaluation reserve	90,362	90,362
FVOCI reserves	(84,851)	1,977
	<u>5,511</u>	<u>92,339</u>
<b>Amount deducted from Capital</b>	<u>(69,136)</u>	<u>(55,380)</u>
<b>Total Capital Available</b>	<u>3,146,806</u>	<u>3,455,909</u>



34. INSURANCE FUNDS

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS

	Total		Shareholder's Fund		Life 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
<b>Assets:</b>						
Property, plant and equipment	30,783	32,875	-	-	30,783	32,875
Investment properties	971,270	971,170	-	-	971,270	971,170
Prepaid land lease payments	750	763	-	-	750	763
Right-of-use assets	36	53	-	-	36	53
Intangible assets	47,928	48,730	-	-	47,928	48,730
Investments	10,836,363	11,513,272	394,057	437,235	10,442,306	11,076,037
Financing receivables	265,422	265,527	21,502	21,107	243,920	244,420
Reinsurance assets	109,490	110,404	-	-	109,490	110,404
Insurance receivables	38,359	23,755	-	-	38,359	23,755
Other assets	153,431	149,976	5,911	4,921	147,520	145,055
Current tax assets	2,135	11,555	7,502	11,555	(5,367)	-
Cash and bank balances	32,249	47,196	166	158	32,083	47,038
<b>Total Assets</b>	<b>12,488,216</b>	<b>13,175,276</b>	<b>429,138</b>	<b>474,976</b>	<b>12,059,078</b>	<b>12,700,300</b>

34. INSURANCE FUNDS (CONTD.)

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

	Total		Shareholder's Fund		Life 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
<b>Equity and liabilities:</b>						
Share capital	100,000	100,000	100,000	100,000	-	-
Reserves	1,292,360	1,473,215	1,292,360	1,473,215	-	-
<b>Total Equity</b>	<b>1,392,360</b>	<b>1,573,215</b>	<b>1,392,360</b>	<b>1,573,215</b>	<b>-</b>	<b>-</b>
Insurance contract liabilities	10,308,919	10,768,463	-	-	10,308,919	10,768,463
Derivative liabilities	1,915	2,192	-	-	1,915	2,192
Deferred tax liabilities, net	280,499	333,944	276,942	271,854	3,557	62,090
Insurance payables	18,227	25,312	-	-	18,227	25,312
Other liabilities <sup>1</sup>	473,868	455,668	(1,237,959)	(1,370,938)	1,711,827	1,826,606
Current tax liabilities	12,428	16,482	(2,205)	845	14,633	15,637
<b>Total Liabilities</b>	<b>11,095,856</b>	<b>11,602,061</b>	<b>(963,222)</b>	<b>(1,098,239)</b>	<b>12,059,078</b>	<b>12,700,300</b>
<b>Total Equity and Liabilities</b>	<b>12,488,216</b>	<b>13,175,276</b>	<b>429,138</b>	<b>474,976</b>	<b>12,059,078</b>	<b>12,700,300</b>

<sup>1</sup> Included in other liabilities are the interfund balances elimination, amount due from life fund to shareholder's fund of RM1,240,000 (2021 : RM1,372,000) which is unsecured, not subject to any interest elements and are repayable in the short term.

34. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS

	Total		Shareholder's Fund		Life 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
<b>Operating revenue</b>	1,129,377	1,166,573	7,905	7,836	1,121,472	1,158,737
Gross earned premiums	874,988	921,028	-	-	874,988	921,028
Earned premiums ceded to reinsurers	(25,020)	(15,739)	-	-	(25,020)	(15,739)
<b>Net earned premiums</b>	849,968	905,289	-	-	849,968	905,289
Fee and commission income	5,447	4,436	-	-	5,447	4,436
Investment income, net	254,389	245,545	7,905	7,836	246,484	237,709
Realised (losses)/gains, net	(20,626)	(2,908)	77	1,191	(20,703)	(4,099)
Fair value losses, net	(746,728)	(456,784)	(1,444)	(1,389)	(745,284)	(455,395)
Other operating income, net	26,811	20,424	2,029	58	24,782	20,366
<b>Other revenue</b>	(480,707)	(189,287)	8,567	7,696	(489,274)	(196,983)
Gross benefits and claims paid	(661,824)	(584,106)	-	-	(661,824)	(584,106)
Claims ceded to reinsurers	16,023	5,924	-	-	16,023	5,924
Gross change to contract liabilities	421,243	56,562	-	-	421,243	56,562
Change in contract liabilities ceded to reinsurers	(914)	6,388	-	-	(914)	6,388
<b>Net benefits and claims</b>	(225,472)	(515,232)	-	-	(225,472)	(515,232)

34. INSURANCE FUNDS (CONTD.)

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

	Total		Shareholder's Fund		Life 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
Management expenses	(81,753)	(81,077)	(6,359)	(9,863)	(75,394)	(71,214)
Fee and commission expenses	(51,759)	(50,183)	-	-	(51,759)	(50,183)
Taxation borne by policyholders	41,228	18,855	-	-	41,228	18,855
<b>Other expenses</b>	<b>(92,284)</b>	<b>(112,405)</b>	<b>(6,359)</b>	<b>(9,863)</b>	<b>(85,925)</b>	<b>(102,542)</b>
	51,505	88,365	2,208	(2,167)	49,297	90,532
<b>Surplus from:</b>						
- Life Non-Par Funds	-	-	49,297	90,532	(49,297)	(90,532)
<b>Profit before tax</b>	<b>51,505</b>	<b>88,365</b>	<b>51,505</b>	<b>88,365</b>	<b>-</b>	<b>-</b>
Taxation	(14,246)	(25,597)	(14,246)	(25,597)	-	-
<b>Net profit for the financial period</b>	<b>37,259</b>	<b>62,768</b>	<b>37,259</b>	<b>62,768</b>	<b>-</b>	<b>-</b>

34. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS BY FUNDS

	Total		Shareholder's Fund		Life Fund	
	1.1.2022 to 30.6.2022 RM'000	1.1.2021 to 30.6.2021 RM'000	1.1.2022 to 30.6.2020 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
<b>Cash flows from:</b>						
Operating activities	487,623	1,073,109	181,596	10,015	306,027	1,063,094
Investing activities	(331,502)	(1,025,700)	(10,538)	(10,286)	(320,964)	(1,015,414)
Financing activities	(171,068)	(17)	(171,050)	-	(18)	(17)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,947)</b>	<b>47,392</b>	<b>8</b>	<b>(271)</b>	<b>(14,955)</b>	<b>47,663</b>
<b>Cash and cash equivalents:</b>						
Cash and cash equivalents at beginning of period	47,196	44,703	158	499	47,038	44,204
<b>Cash and cash equivalents at end of period</b>	<b>32,249</b>	<b>92,095</b>	<b>166</b>	<b>228</b>	<b>32,083</b>	<b>91,867</b>