



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

Abridged Audited Financial Statements
31 December 2020

ETIQA LIFE INSURANCE BERHAD
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(Incorporated in Malaysia)

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	2020	2019
	RM'000	RM'000
Assets		
Property, plant and equipment	34,952	28,514
Investment properties	953,610	933,970
Prepaid land lease payments	789	815
Right-of-use assets	86	-
Intangible assets	43,554	43,322
Investments	11,093,586	10,484,024
Financing receivables	250,074	226,848
Reinsurance assets	85,359	68,710
Insurance receivables	22,982	25,717
Other assets	154,097	174,507
Derivative assets	10,891	876
Current tax assets	12,084	-
Cash and bank balances	44,703	2,828
Total Assets	<u>12,706,767</u>	<u>11,990,131</u>
Equity and Liabilities:		
Share capital	100,000	100,000
Reserves	1,338,676	1,534,903
Total Equity	<u>1,438,676</u>	<u>1,634,903</u>
Liabilities		
Insurance contract liabilities	10,444,964	9,565,875
Derivative liabilities	3,473	-
Deferred tax liabilities, net	340,870	317,596
Insurance payables	23,208	15,331
Other liabilities	455,576	420,279
Current tax liabilities	-	36,147
Total Liabilities	<u>11,268,091</u>	<u>10,355,228</u>
Total Equity and Liabilities	<u>12,706,767</u>	<u>11,990,131</u>

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INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM'000	RM'000
Operating revenue	<u>2,190,392</u>	<u>2,189,132</u>
Gross earned premiums	1,737,786	1,706,101
Earned premiums ceded to reinsurers	<u>(35,041)</u>	<u>(30,113)</u>
Net earned premiums	<u>1,702,745</u>	<u>1,675,988</u>
Fee and commission income	434	4,241
Investment income	452,606	483,031
Realised (losses)/gains	(49,647)	98,536
Fair value gains	274,713	579,855
Other operating expenses, net	<u>(19,411)</u>	<u>(17,588)</u>
Other revenue	<u>658,695</u>	<u>1,148,075</u>
Gross benefits and claims paid	(1,079,267)	(1,090,810)
Claims ceded to reinsurers	9,865	12,117
Gross change in contract liabilities	(879,089)	(1,152,669)
Change in contract liabilities ceded to reinsurers	<u>16,649</u>	<u>19,599</u>
Net benefits and claims	<u>(1,931,842)</u>	<u>(2,211,763)</u>
Management expenses	(155,161)	(165,018)
Fee and commission expenses	(102,514)	(107,655)
Taxation borne by policyholders	<u>(42,669)</u>	<u>(77,360)</u>
Other expenses	<u>(300,344)</u>	<u>(350,033)</u>
Profit before taxation	129,254	262,267
Taxation	<u>(26,518)</u>	<u>(41,010)</u>
Net profit for the financial year	<u>102,736</u>	<u>221,257</u>
Basic and diluted earnings per share (sen)	102.74	221.26

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM'000	RM'000
Net profit for the financial year	<u>102,736</u>	<u>221,257</u>
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to income statement		
Change in fair value of financial assets at Fair Value through other Comprehensive Income ("FVOCI")		
- Fair value changes	20,922	32,341
- Transfer to profit or loss upon disposal	(21,054)	(2,319)
Tax effect relating to financial assets at FVOCI	1,169	(2,642)
	1,037	27,380
Other comprehensive income for the financial year, net of tax	<u>1,037</u>	<u>27,380</u>
Total comprehensive income for the financial year	<u>103,773</u>	<u>248,637</u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<----- Non-distributable ----->			Retained Earnings			Total Equity RM'000
	Share Capital RM'000	FVOCI Reserves RM'000	Revaluation Reserves RM'000	Non-Par Fund Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Earnings RM'000	
At 1 January 2020	100,000	29,772	54,465	801,285	649,381	1,450,666	1,634,903
Net profit for the financial year	-	-	-	71,067	31,669	102,736	102,736
Other comprehensive income for the financial year	-	1,037	-	-	-	-	1,037
Total comprehensive income for the financial year	-	1,037	-	71,067	31,669	102,736	103,773
Transfer from non-Par fund surplus upon recommendation by Appointed Actuary ¹	-	-	-	(37,088)	37,088	-	-
Dividend on ordinary shares	-	-	-	-	(300,000)	(300,000)	(300,000)
At 31 December 2020	100,000	30,809	54,465	835,264	418,138	1,253,402	1,438,676
At 1 January 2019	100,000	2,392	54,465	947,512	1,081,897	2,029,409	2,186,266
Net profit for the financial year	-	-	-	186,954	34,303	221,257	221,257
Other comprehensive income for the financial year	-	27,380	-	-	-	-	27,380
Total comprehensive income for the financial year	-	27,380	-	186,954	34,303	221,257	248,637
Transfer from non-Par fund surplus upon recommendation by Appointed Actuary ¹	-	-	-	(333,181)	333,181	-	-
Dividend on ordinary shares	-	-	-	-	(800,000)	(800,000)	(800,000)
At 31 December 2019	100,000	29,772	54,465	801,285	649,381	1,450,666	1,634,903

¹ In accordance with the Financial Services Act 2013, the unallocated surplus of the Non-Participating ("non-Par") fund is only available for distribution to the shareholder upon approval by the Appointed Actuary. The approved transfer from the non-Par fund unallocated surplus for the financial year ended 31 December 2020 and 31 December 2019 were RM48,800,000 and RM438,395,000 (RM37,088,000 and RM333,181,000, net of tax at 24%) respectively.

ETIQA LIFE INSURANCE BERHAD
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STATEMENT OF CASH FLOWS
FOR THE THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation:	129,254	262,267
Adjustments for:		
Taxation borne by policyholders	42,669	77,360
Depreciation of property, plant and equipment	6,078	5,749
Amortisation of intangible assets	7,150	6,237
Depreciation of right-of-use-assets	14	-
Interest on lease liabilities	1	-
Fair value gains on financial assets at fair value through profit or loss	(256,443)	(561,522)
Fair value gains on investment properties	(18,270)	(18,333)
Amortisation of prepaid land lease payments	26	26
Amortisation of premium on investments	4,199	4,616
Net loss on foreign exchange	10,035	11,681
Allowance for impairment losses on insurance receivables	3,348	422
(Reversal of)/allowance for impairment losses on other assets	(844)	416
Allowance for/(reversal of) impairment losses on financing receivables	562	(47)
Allowance for impairment losses on investment	68	141
Losses/(gains) on disposal of investments	49,647	(98,536)
Interest income	(401,571)	(428,338)
Gross dividend income	(33,841)	(36,082)
Rental income	(47,132)	(43,637)
Operating cash flows before working capital changes	(505,050)	(817,580)
Changes in working capital:		
Increase in reinsurance assets	(16,649)	(19,599)
Increase in insurance receivables	(613)	(2,297)
Decrease in other assets	(1,199)	63,457
Increase in financing receivables	(23,788)	(11,628)
Decrease in amounts due from related parties	38,522	6,627
Increase in other liabilities	7,805	30,407
Increase in insurance contract liabilities	879,089	1,152,669
Increase in insurance payables	7,877	788
Carried forward	385,994	402,844

ETIQA LIFE INSURANCE BERHAD
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STATEMENT OF CASH FLOWS (CONTD.)
FOR THE THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)		
Brought forward	385,994	402,844
Decrease in placement of deposits with financial institutions	(137,894)	(584,903)
Interest income received	418,247	428,111
Dividend received	31,883	36,257
Rental income received	43,053	41,103
Cash flows generated from operations	<u>741,283</u>	<u>323,412</u>
Tax paid	(92,975)	(351,691)
Net cash flows generated from/(used in) operating activities	<u>648,308</u>	<u>(28,279)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	7,021,241	7,216,560
Purchase of investments	(7,306,393)	(6,463,923)
Proceeds from sale of property, plant and equipment	184	-
Proceeds from disposal of intangible assets	231	300
Additions to investment properties	(1,370)	(2,797)
Purchase of property, plant and equipment	(12,700)	(5,144)
Purchase of intangible assets	(7,613)	(11,305)
Net cash flows (used in)/generated from investing activities	<u>(306,420)</u>	<u>733,691</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(300,000)	(800,000)
Payment of lease liabilities	(13)	-
Net cash used in financing activities	<u>(300,013)</u>	<u>(800,000)</u>
Net increase/(decrease) in cash and cash equivalents	41,875	(94,588)
Cash and cash equivalents at beginning of financial year	<u>2,828</u>	<u>97,416</u>
Cash and cash equivalents at end of financial year	<u>44,703</u>	<u>2,828</u>
Cash and cash equivalents comprise:		
Cash and bank balances:		
Shareholder's funds	499	-
Life insurance funds	44,204	2,828
	<u>44,703</u>	<u>2,828</u>

Notes:

- 1 The full set of these financial statements are available on the Company's website, <http://www.etiqa.com.my>
- 2 A copy of the audited annual financial statements is available at every branch of the Company in Malaysia

**Independent auditors' report to the member of
Etiqa Life Insurance Berhad
201701025113 (1239279-P)
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Report on the abridged financial statements

Opinion

The abridged financial statements, which comprise the summary statement of financial position as at 31 December 2020, the summary income statement, summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, are derived from the audited financial statements of Etiqa Life Insurance Berhad for the year ended 31 December 2020.

In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the presentation and disclosure requirements as prescribed by Bank Negara Malaysia.

Abridged financial statements

The abridged financial statements do not contain all the disclosures required by the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. Reading the abridged financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements of Etiqa Life Insurance Berhad and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 22 February 2021.

Directors' responsibility for the abridged financial statements

The directors are responsible for the preparation of the abridged financial statements in accordance with the presentation and disclosure requirements as prescribed by Bank Negara Malaysia.

Auditors' responsibility

Our responsibility is to express an opinion on whether the abridged financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Malaysian Approved Standard on Auditing, ISA 810 (Revised), "Engagements to Report on Summary Financial Statements".

**Independent auditors' report to the member of
Etiqa Life Insurance Berhad (contd.)
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Restriction on use

Our report on the abridged financial statements of Etiqa Life Insurance Berhad for the year ended 31 December 2020 is issued in compliance with Bank Negara Malaysia Guidelines and for no other purpose.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Brandon Bruce Sta Maria
No. 02937/09/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
22 February 2021