



MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

| CONTENTS | PAGE |
|--|-------------|
| Unaudited Interim Condensed Statements of Financial Position | 1 |
| Unaudited Interim Condensed Statements of Comprehensive Income | 2 - 3 |
| Unaudited Interim Condensed Statements of Changes in Equity | 4 - 5 |
| Unaudited Interim Condensed Statements of Cash Flows | 6 - 8 |
| Notes to the Unaudited Interim Condensed Financial Statements | 9 - 57 |

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Note | Group | | Company | |
|--|------|---------------------|----------------------|---------------------|----------------------|
| | | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 |
| Assets: | | | | | |
| Property, plant and equipment | | 119,424 | 124,065 | 1,092 | 1,149 |
| Investment properties | | 915,005 | 914,550 | - | - |
| Prepaid land lease payments | | 17,341 | 17,584 | - | - |
| Right-of-use assets ("ROU") | | 19,906 | 23,119 | - | - |
| Intangible assets | | 91,310 | 93,440 | 7 | 6 |
| Investment in subsidiaries | | - | - | 2,488,438 | 2,488,438 |
| Investment in associates | | 1,238 | 1,238 | - | - |
| Investments | 13 | 34,954,247 | 33,153,705 | 982,997 | 557,419 |
| Financing receivables | | 300,404 | 278,332 | 7,950 | 3,231 |
| Reinsurance/retakaful assets | 14 | 3,888,647 | 3,447,733 | - | - |
| Insurance/Takaful receivables | 15 | 965,882 | 593,180 | - | - |
| Other assets | 16 | 531,265 | 499,471 | 2,854 | 13,082 |
| Derivative assets | | 2,278 | 35,151 | - | - |
| Deferred tax assets | | 562 | 19,459 | 562 | 389 |
| Current tax assets | | 174,341 | 207,913 | - | - |
| Cash and bank balances | | 898,182 | 404,153 | 18,808 | 881 |
| Total Assets | | 42,880,032 | 39,813,093 | 3,502,708 | 3,064,595 |
| Equity: | | | | | |
| Share capital | | 660,866 | 660,866 | 660,866 | 660,866 |
| Reserves | 17 | 5,943,497 | 5,955,988 | 2,568,251 | 2,382,716 |
| Total Equity | | 6,604,363 | 6,616,854 | 3,229,117 | 3,043,582 |
| Liabilities: | | | | | |
| Insurance/Takaful contract liabilities | 18 | 31,760,177 | 29,844,344 | - | - |
| Expense liabilities | 19 | 719,094 | 683,995 | - | - |
| Derivative liabilities | | 15,095 | - | - | - |
| Deferred tax liabilities | | 566,733 | 558,980 | 2,784 | 1,407 |
| Insurance/Takaful payables | 20 | 1,022,796 | 642,361 | - | - |
| Other liabilities | 21 | 2,063,012 | 1,357,464 | 268,732 | 19,606 |
| Current tax liabilities | | 128,762 | 109,095 | 2,075 | - |
| Total Liabilities | | 36,275,669 | 33,196,239 | 273,591 | 21,013 |
| Total equity and liabilities | | 42,880,032 | 39,813,093 | 3,502,708 | 3,064,595 |

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

| | Note | Group | | Company | |
|---|-------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| Operating revenue | | 4,993,649 | 4,507,934 | 450,112 | 876,603 |
| Gross earned premiums/ contributions | 22(a) | 4,219,476 | 3,621,361 | - | - |
| Earned premiums/contributions ceded to reinsurers/retakaful | 22(b) | (685,839) | (527,299) | - | - |
| Net earned premiums/ contributions | | 3,533,637 | 3,094,062 | - | - |
| Fee and commission income | 23 | 43,766 | 51,653 | - | - |
| Investment income | 24 | 661,023 | 670,181 | 450,112 | 876,603 |
| Realised (losses)/gains | | (128,730) | 48,790 | (9,013) | 218 |
| Fair value gains | | 156,091 | 962,118 | - | - |
| Other operating income/ (expenses), net | 25 | 100,613 | (20,499) | 1,690 | (557) |
| Other revenue | | 832,763 | 1,712,243 | 442,789 | 876,264 |
| Gross benefits and claims paid | 26(a) | (1,692,207) | (1,739,428) | - | - |
| Claims ceded to reinsurers/ retakaful | 26(b) | 77,031 | 185,976 | - | - |
| Gross change in contract/certificate liabilities | 26(c) | (1,956,744) | (2,131,899) | - | - |
| Change in contract/certificate liabilities ceded to reinsurers/retakaful | 26(d) | 324,006 | 234,998 | - | - |
| Net benefits and claims | | (3,247,914) | (3,450,353) | - | - |
| Management expenses | 27 | (427,169) | (443,650) | (28,622) | (23,905) |
| Reimbursement of shared services | | 20,514 | 17,395 | 20,514 | 17,395 |
| Change in expense liabilities | 19 | (35,099) | (87,123) | - | - |
| Fee and commission expenses | | (300,808) | (306,115) | - | - |
| Interest on subordinated obligations | | - | (5,535) | - | - |
| Tax borne by policyholders/ participants | 30 | (13,266) | (80,249) | - | - |
| Other expenses | | (755,828) | (905,277) | (8,108) | (6,510) |

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (CONTD.)

| | | Group | | Company | |
|--|----|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| Profit before taxation | | 362,658 | 450,674 | 434,681 | 869,754 |
| Taxation | 30 | (117,169) | (140,160) | (3,200) | (324) |
| Zakat | | (14,775) | (4,780) | - | - |
| Net profit for the period | | <u>230,714</u> | <u>305,735</u> | <u>431,481</u> | <u>869,430</u> |
| Item that may be subsequently reclassified to income statement | | | | | |
| Change in value of financial assets at Fair Value through Other | | | | | |
| Comprehensive Income ("FVOCI") , net | | 4,228 | 90,938 | 4,295 | 911 |
| - Fair value changes | | 39,936 | 165,310 | 8,139 | 911 |
| - Transfer to profit and loss upon disposal | | (121,323) | (6,557) | (2,488) | - |
| - Fair value adjustments on FVOCI financial assets backing participants' funds | | 87,720 | (45,553) | - | - |
| Tax effect relating to FVOCI financial assets | | (2,105) | (22,262) | (1,356) | - |
| Currency translation differences | | 2,467 | 9,142 | - | - |
| Other comprehensive income for the period, net of tax | | <u>6,695</u> | <u>100,080</u> | <u>4,295</u> | <u>911</u> |
| Total comprehensive income for the period | | <u>237,409</u> | <u>405,815</u> | <u>435,776</u> | <u>870,341</u> |

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

| Group | Note | <---Non-distributable---> | | | Retained Earnings | | | Total Equity RM'000 |
|---|------|----------------------------|----------------------------|-----------------------------|---|--|--|------------------------|
| | | Share Capital RM'000 | FVOCI Reserve RM'000 | Other Reserves RM'000 | Non- Distributable Non-Par Surplus RM'000 | Distributable Retained Profits RM'000 | Sub-total Retained Profits RM'000 | |
| At 1 January 2020 | | 660,866 | 137,747 | 57,131 | 776,496 | 4,984,614 | 5,761,110 | 6,616,854 |
| Net profit after tax for the period | | - | - | - | 20,609 | 210,105 | 230,714 | 230,714 |
| Other comprehensive income for the period | | - | 4,228 | 2,467 | - | - | - | 6,695 |
| Total comprehensive income | | - | 4,228 | 2,467 | 20,609 | 210,105 | 230,714 | 237,409 |
| Disposal of subsidiary | | - | - | - | - | 341 | 341 | 341 |
| Dividend on ordinary shares | 10 | - | - | - | - | (250,241) | (250,241) | (250,241) |
| At 30 June 2020 | | 660,866 | 141,975 | 59,598 | 797,105 | 4,944,819 | 5,741,924 | 6,604,363 |
| At 1 January 2019 | | 660,866 | 1,187 | 52,139 | 922,723 | 4,403,290 | 5,326,013 | 6,040,205 |
| Net profit after tax for the period | | - | - | - | 119,238 | 186,498 | 305,736 | 305,736 |
| Other comprehensive income for the period | | - | 90,938 | 9,142 | - | - | - | 100,080 |
| Total comprehensive income | | - | 90,938 | 9,142 | 119,238 | 186,498 | 305,736 | 405,816 |
| Reclassify from retained profits to FVOCI reserve | | - | 3,932 | - | - | (3,932) | (3,932) | - |
| Dividend on ordinary shares | | - | - | - | - | (250,241) | (250,241) | (250,241) |
| At 30 June 2019 | | 660,866 | 96,057 | 61,281 | 1,041,961 | 4,335,615 | 5,377,576 | 6,195,780 |

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

| | Note | Share Capital RM'000 | Non-distributable FVOCI Reserve RM'000 | Distributable Retained Profits RM'000 | Total Equity RM'000 |
|---|------|-------------------------|---|---|------------------------|
| At 1 January 2020 | | 660,866 | 4,732 | 2,377,984 | 3,043,582 |
| Net profit after tax for the period | | - | - | 431,481 | 431,481 |
| Other comprehensive income for the period | | - | 4,295 | - | 4,295 |
| Total comprehensive income | | - | 4,295 | - | 4,295 |
| Dividend on ordinary shares | 10 | - | - | (250,241) | (250,241) |
| At 30 June 2020 | | 660,866 | 9,027 | 2,559,224 | 3,229,117 |
| At 1 January 2019 | | 660,866 | - | 1,759,301 | 2,420,167 |
| Net profit after tax for the period | | - | - | 869,430 | 869,430 |
| Other comprehensive income for the period | | - | 911 | - | 911 |
| Total comprehensive loss | | - | 911 | 869,430 | 870,341 |
| Dividend on ordinary shares | | - | - | (250,241) | (250,241) |
| At 30 June 2019 | | 660,866 | 911 | 2,378,490 | 3,040,267 |

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

MAYBANK AGEAS HOLDINGS BERHAD

197701002387 (33361-W)

(Incorporated in Malaysia)

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

| | Note | Group | | Company | |
|--|------|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| | | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 1.1.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before taxation | | 362,658 | 450,674 | 434,681 | 869,754 |
| <i>Adjustments for:</i> | | | | | |
| Amortisation of: | | | | | |
| - intangible assets | 27 | 7,669 | 6,998 | - | - |
| - prepaid land lease payments | 27 | 13 | 13 | - | - |
| Net amortisation of premiums | 24 | 12,058 | 9,776 | 1,269 | - |
| Depreciation of property, plant and equipment | 27 | 7,621 | 7,387 | 58 | 58 |
| Right-of-use expenses: | | | | | |
| - Depreciation | 27 | 4,692 | 1,245 | - | - |
| - Lease liability interest | 27 | 301 | 149 | - | - |
| - Termination | 27 | (56) | - | - | - |
| Fair value gains on investment | | (156,092) | (962,118) | - | - |
| Losses/(gains) on disposal of: | | | | | |
| - subsidiary | | 11,501 | - | 11,501 | - |
| - investments | | 117,652 | (48,571) | - | - |
| - property, plant and equipment | | - | (1) | - | - |
| Gross dividend income | 24 | (31,577) | (31,114) | (439,966) | (875,000) |
| Interest/profit income | 24 | (637,360) | (640,699) | (11,472) | (1,770) |
| Impairment losses/(Reversal of impairment losses) on: | | | | | |
| - receivables | 25 | 997 | (893) | - | - |
| - financing receivables | 25 | (129) | 122 | - | - |
| - insurance/takaful receivables | 25 | 8,030 | (2,655) | - | - |
| - investments | 25 | 2,045 | (1,461) | 1,558 | (540) |
| - reinsurance assets | 25 | (477) | (7,565) | - | - |
| Rental income | 24 | (6,723) | (10,248) | - | 166 |
| Bad debts (recovery)/written off | 25 | (1,132) | 1,763 | - | - |
| Taxation of life and takaful funds | 30 | (13,266) | (80,249) | - | - |
| Unrealised (gains)/losses on foreign exchange | 25 | (67,138) | 12,196 | (34) | 65 |
| <i>Operating cash flows before working capital changes</i> | | <u>(378,713)</u> | <u>(1,295,250)</u> | <u>(2,405)</u> | <u>(7,267)</u> |

The accompanying notes form an integral part of the financial statements.

MAYBANK AGEAS HOLDINGS BERHAD

197701002387 (33361-W)

(Incorporated in Malaysia)

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

| | Group | | Company | |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| | 1.1.2020 to 30.6.2020 | 1.1.2019 to 30.6.2019 | 1.1.2020 to 1.1.2020 | 1.1.2019 to 30.6.2019 |
| Note | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.) | | | | |
| Net increase in placements of deposits with financial institutions | (5,011,686) | (591,707) | (617,114) | (178,779) |
| Increase in reinsurance assets | (440,914) | (318,197) | - | - |
| (Increase)/decrease in financing receivables | (22,072) | (155) | 254 | (25) |
| Increase in insurance receivables | (372,702) | (205,196) | - | - |
| (Increase)/decrease in other assets | (31,794) | 396,181 | (2,364) | (5,281) |
| Increase in insurance payables | 380,435 | 57,299 | - | - |
| Increase/(decrease) in other liabilities | 705,548 | 184,826 | (540) | (1,735) |
| Increase in expense liabilities | 35,099 | 87,123 | - | - |
| Increase in insurance/takaful contract liabilities | 1,915,833 | 2,140,660 | - | - |
| Foreign exchange effects | 219 | 341 | - | - |
| Investment income received | 700,647 | 663,830 | 13,707 | 3,576 |
| Dividends received | 31,512 | 31,258 | 439,996 | 875,000 |
| Tax paid | (104,116) | (335,839) | (2,080) | (460) |
| Tax refunds | 58,016 | - | - | - |
| Zakat paid | (5,358) | (11,040) | - | - |
| Mudharabah paid | (90,260) | (25,503) | - | - |
| <i>Operating cash flows after working capital changes</i> | (2,630,306) | 778,631 | (170,546) | 685,029 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Net proceeds from investments | 3,154,467 | (297,214) | 198,473 | (435,809) |
| Disposal of subsidiary | (10,000) | - | (10,000) | - |
| Purchase of investment properties | (455) | (2,158) | - | - |
| Purchase of intangible assets | (416) | (8,947) | - | - |
| Purchase of property, plant and equipment | (12,193) | (2,301) | - | - |

The accompanying notes form an integral part of the financial statements.

MAYBANK AGEAS HOLDINGS BERHAD

197701002387 (33361-W)

(Incorporated in Malaysia)

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

| | Group | | Company | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1.1.2020 to 30.6.2020 | 1.1.2019 to 30.6.2019 | 1.1.2020 to 30.6.2019 | 1.1.2019 to 30.6.2019 |
| Note | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES (CONTD.) | | | | |
| Proceeds from disposal of intangible assets | - | 1 | - | - |
| Proceeds from disposal of property, plant and equipment | 4,467 | 1 | - | - |
| <i>Net cash invested in/ (used in) investing activities</i> | <u>3,135,870</u> | <u>(310,618)</u> | <u>188,473</u> | <u>(435,809)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Interest paid on subordinated obligation | - | (1,189) | - | - |
| Redemption of subordinated obligations | - | (300,000) | - | - |
| Payment of lease liabilities | (5,860) | (4,107) | - | - |
| Dividend paid | - | (250,241) | - | (250,241) |
| <i>Net cash used in financing activities</i> | <u>(5,860)</u> | <u>(555,537)</u> | <u>-</u> | <u>(250,241)</u> |
| Net increase/(decrease) in cash and cash equivalents | 499,704 | (87,524) | 17,927 | (1,021) |
| Effects of exchange rate changes | (5,675) | 4,531 | - | - |
| Cash and cash equivalents at beginning of period | <u>404,153</u> | <u>487,146</u> | <u>881</u> | <u>1,866</u> |
| Cash and cash equivalents at end of period | <u>898,182</u> | <u>404,153</u> | <u>18,808</u> | <u>845</u> |
| Cash and cash equivalents comprise: | | | | |
| Cash and bank balances: | | | | |
| Shareholders' and general funds | 209,752 | 120,350 | 18,808 | 845 |
| Life fund | 535,812 | 130,354 | - | - |
| General takaful fund | 67,152 | 33,260 | - | - |
| Family takaful fund | 85,466 | 120,189 | - | - |
| | <u>898,182</u> | <u>404,153</u> | <u>18,808</u> | <u>845</u> |

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

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

The unaudited interim condensed financial statements of the Group and 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 audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Group and the Company for the year ended 31 December 2019.

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

As at the reporting date, the Group's subsidiaries which operate in Malaysia, Etiqa General Insurance Berhad ("EGIB"), Etiqa Life Insurance Berhad ("ELIB"), Etiqa General Takaful Berhad ("EGTB") and Etiqa Family Takaful Berhad ("EFTB"), have met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Insurers ("the RBC Framework") and the Risk-Based Capital Framework for Takaful Operators ("the RBCT Framework") issued by BNM.

Whilst the Group's overseas subsidiary, Etiqa Insurance Pte Ltd ("EIPL") has met the minimum capital requirements as prescribed by Singapore Insurance Act and Insurance ("Valuation and Capital") Regulations 2004.

2. BASIS OF PREPARATION (CONTD.)

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

The unaudited interim condensed financial statements were approved for issue by the Board of Directors on 21 August 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The audited annual financial statements of the Group and of the Company for the financial year ended 31 December 2019 were prepared in accordance with MFRS and IFRS and the requirement of the Companies Act, 2016 in Malaysia.

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

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unaudited interim condensed financial statements require 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2019.

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

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

6. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group and the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2020.

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

7. UNUSUAL ITEMS

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

8. CHANGES IN ESTIMATES

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

9. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

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

10. DIVIDENDS PAID

A final single-tier dividend of 99.30sen per ordinary share on 252,005,522 ordinary shares amounting to RM250,241,483.35 for the financial year ended 31 December 2019 was approved by the shareholders in Annual General Meeting held on 5 June 2020. The final dividend was paid on 5 August 2020.

11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD

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

12. CHANGES IN THE COMPOSITION OF THE GROUP OR THE COMPANY

On 15 June 2020, the Company has disposed one of its wholly owned subsidiary, Overseas Investment Pte. Ltd. ("OIPL") ("formerly known as Etiqa Overseas Investment Pte Ltd") with a consideration of USD1.00 which is equivalent to approximately RM4.28. The disposal was inclusive the shareholdings in its associate, Pak-Kuwait Takaful Ltd. ("PKTCL") based in Pakistan. Compensation of RM10 million was paid to the buyer in relation to the existing liabilities in PKTCL as per agreed between buyer and seller.

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

13. INVESTMENTS

| Group | 30.6.2020 | 31.12.2019 |
|--------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Malaysian government papers | 1,134,942 | 1,519,563 |
| Singapore government securities | 866,375 | 690,150 |
| Equity securities | 1,670,361 | 2,435,767 |
| Debt securities | 22,525,029 | 24,742,499 |
| Unit and property trust funds | 241,021 | 175,651 |
| Structured products | 104,526 | 189,468 |
| Investment Linked Units | - | 300 |
| Deposits with financial institutions | 8,411,993 | 3,400,307 |
| | 34,954,247 | 33,153,705 |

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

| | | |
|---|-------------------|-------------------|
| Fair value through profit and loss ("FVTPL")(Note a) | | |
| - Designated upon initial recognition (Note a)(i) | 14,984,138 | 15,792,967 |
| - Held for trading ("HFT")(Note a)(ii) | 2,433,673 | 2,779,799 |
| Fair value through other comprehensive income ("FVOCI") (Note b) | 9,124,443 | 11,286,492 |
| Amortised Cost ("AC")(Note c) | 8,411,993 | 3,294,447 |
| | 34,954,247 | 33,153,705 |

The following investments mature after 12 months:

| | | |
|---------------------------------------|-------------------|-------------------|
| FVTPL | | |
| - Designated upon initial recognition | 8,604,516 | 13,661,041 |
| - HFT | 479,046 | 500,794 |
| FVOCI | 5,547,544 | 6,348,287 |
| | 14,631,106 | 20,510,122 |

(a) FVTPL

(i) Designated upon initial recognition

At fair value

| | | |
|--|-------------------|-------------------|
| Malaysian government papers | 533,969 | 468,444 |
| Singapore government securities | 153,587 | 87,384 |
| Equity securities: | | |
| Quoted outside Malaysia | 159,490 | 400,808 |
| Debt securities: | | |
| Quoted outside Malaysia | 1,085,719 | 1,104,380 |
| Unquoted in Malaysia | 12,730,295 | 13,456,220 |
| Unquoted outside Malaysia | 192,886 | 47,902 |
| Unit and property trust funds: | | |
| Quoted in Malaysia | - | 39,701 |
| Quoted outside Malaysia | 24,365 | - |
| Structured products | 103,827 | 188,128 |
| Total financial assets designated as FVTPL upon initial recognition | 14,984,138 | 15,792,967 |

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

13. INVESTMENTS (CONTD.)

Group (contd.)

(a) FVTPL (CONTD.)

| | 30.6.2020 | 31.12.2019 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| (ii) HFT | | |
| <u>At fair value</u> | | |
| Malaysian government papers | 192,756 | 36,119 |
| Equity securities: | | |
| Quoted in Malaysia | 1,348,290 | 1,876,547 |
| Quoted outside Malaysia | 17,225 | 13,056 |
| Unquoted in Malaysia | 145,356 | 145,356 |
| Debt securities: | | |
| Unquoted in Malaysia | 512,691 | 465,271 |
| Unit and property trust funds: | | |
| Quoted in Malaysia | 72,535 | 24,533 |
| Quoted outside Malaysia | 144,121 | 111,417 |
| Structured products | 699 | 1,340 |
| Investment Linked Units | - | 300 |
| Fixed and call deposits with licensed banks | - | 105,860 |
| Total HFT financial assets | <u>2,433,673</u> | <u>2,779,799</u> |

(b) FVOCI

| | | |
|---------------------------------|------------------|-------------------|
| <u>At fair value</u> | | |
| Malaysian government papers | 408,217 | 1,015,000 |
| Singapore government securities | 712,788 | 602,766 |
| Debt securities: | | |
| Quoted outside Malaysia | 1,622,875 | 1,238,396 |
| Unquoted in Malaysia | 6,307,904 | 8,035,476 |
| Unquoted outside Malaysia | 72,659 | 394,854 |
| Total FVOCI financial assets | <u>9,124,443</u> | <u>11,286,492</u> |

13. INVESTMENTS (CONTD.)

Group (contd.)

(b) FVOCI (CONTD.)

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

| | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | |
|--|----------------------------|--|--|------------------------|
| | 12 months ECL RM'000 | Lifetime ECL not credit impaired RM'000 | Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
| 30.6.2020 | | | | |
| At 1 January 2020 | 4,296 | 167 | 165 | 4,628 |
| Net adjustment of loss allowance | (18) | - | - | (18) |
| Amount written off | (33) | (29) | - | (62) |
| New financial assets originated or purchased | 529 | - | - | 529 |
| Financial assets derecognised | (874) | - | (12) | (886) |
| At 30 June 2020 | <u>3,900</u> | <u>138</u> | <u>153</u> | <u>4,191</u> |
| 31.12.2019 | | | | |
| At 1 January 2019 | 3,892 | 277 | 200 | 4,369 |
| Net adjustment of loss allowance | (984) | (60) | - | (1,044) |
| Amount written off | (133) | (18) | - | (151) |
| New financial assets originated or purchased | 2,034 | 78 | - | 2,112 |
| Financial assets derecognised | (513) | (110) | (35) | (658) |
| At 31 December 2019 | <u>4,296</u> | <u>167</u> | <u>165</u> | <u>4,628</u> |

13. INVESTMENTS (CONTD.)

Group (contd.)

(c) AC

| <u>At cost</u> | 30.6.2020 | 31.12.2019 |
|---------------------------------|------------------|-------------------|
| | RM'000 | RM'000 |
| Fixed and call deposits with: | | |
| Licensed financial institutions | 7,614,624 | 2,580,330 |
| Others | 797,369 | 714,117 |
| Total AC financial assets | <u>8,411,993</u> | <u>3,294,447</u> |

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

Company

| | | |
|--------------------------------------|----------------|----------------|
| Malaysian government papers | - | 135,140 |
| Debt securities | 338,457 | 394,854 |
| Deposits with financial institutions | 644,540 | 27,425 |
| | <u>982,997</u> | <u>557,419</u> |

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

| | | |
|----------------|----------------|----------------|
| FVOCI (Note a) | 338,457 | 529,994 |
| AC (Note b) | 644,540 | 27,425 |
| | <u>982,997</u> | <u>557,419</u> |

The following investments mature after 12 months:

| | | |
|-------|----------------|----------------|
| FVOCI | 318,294 | 459,531 |
| | <u>318,294</u> | <u>459,531</u> |

13. INVESTMENTS (CONTD.)

Company (contd.)

| | 30.6.2020 | 31.12.2019 |
|------------------------------|----------------|----------------|
| | RM'000 | RM'000 |
| (a) FVOCI | | |
| <u>At fair value</u> | | |
| Malaysian government papers | - | 135,140 |
| Debt securities: | | |
| Unquoted in Malaysia | 338,457 | 394,854 |
| Total FVOCI financial assets | <u>338,457</u> | <u>529,994</u> |

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

| 30.6.2020 | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | |
|--|-----------------------|-----------------------|-----------------------|---------------|
| | 12 months | Lifetime ECL | Lifetime ECL | Total |
| | ECL | not credit | credit | ECL |
| | RM'000 | impaired | impaired | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2020 | 363 | - | - | 363 |
| Amount written off | (30) | - | - | (30) |
| Financial assets derecognised | (37) | - | - | (37) |
| At 30 June 2020 | <u>296</u> | <u>-</u> | <u>-</u> | <u>296</u> |
| 31.12.2019 | | | | |
| At 1 January 2019 | - | - | - | - |
| New financial assets originated or purchased | 363 | - | - | 363 |
| At 30 June 2019 | <u>363</u> | <u>-</u> | <u>-</u> | <u>363</u> |

| | 30.6.2020 | 31.12.2019 |
|---------------------------------|----------------|---------------|
| | RM'000 | RM'000 |
| (b) AC | | |
| <u>At cost</u> | | |
| Fixed and call deposits with: | | |
| Licensed financial institutions | 642,516 | 25,425 |
| Others | 2,024 | 2,000 |
| Total AC financial assets | <u>644,540</u> | <u>27,425</u> |

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

Fair Value of Financial Investments

An analysis of the different fair value measurement basis used in the determination of the fair values of Investments are further disclosed in Note 34.

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

14. REINSURANCE/RETAKAFUL ASSETS

| Group | 30.6.2020 | 31.12.2019 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| Reinsurers' share of: | 3,431,744 | 3,109,294 |
| Life insurance contract liabilities | 179,133 | 74,534 |
| General insurance contract liabilities | 3,252,611 | 3,034,760 |
| Retakaful operators' share of: | 465,249 | 350,989 |
| Family Takaful certificate liabilities | 127,813 | 111,198 |
| General Takaful certificate liabilities | 337,436 | 239,791 |
| | 3,896,993 | 3,460,283 |
| Allowance for impairment losses | (8,346) | (12,550) |
| | 3,888,647 | 3,447,733 |

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

| | | |
|-------------------------------------|---------|--------|
| Lifetime ECL | | |
| At 1 January | 12,550 | 2,642 |
| Net adjustment of loss allowance | (4,204) | 9,908 |
| At 30 June/31 December | 8,346 | 12,550 |

15. INSURANCE/TAKAFUL RECEIVABLES

| Group | 30.6.2020 | 31.12.2019 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| Due premiums including agents/brokers and co-insurers/co-takaful balances | 845,073 | 553,739 |
| Due from reinsurers/retakaful operators and cedants | 153,600 | 70,785 |
| | <u>998,673</u> | <u>624,524</u> |
| Allowance for impairment losses | (32,791) | (31,344) |
| | <u>965,882</u> | <u>593,180</u> |

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

| | | |
|----------------------------------|---------------|---------------|
| Lifetime ECL | | |
| At 1 January | 31,344 | 13,963 |
| Net adjustment of loss allowance | 1,447 | 17,381 |
| At 30 June/31 December | <u>32,791</u> | <u>31,344</u> |

Included in the due from premiums including agents/brokers and co-insurers/co-takaful balances and balances due from reinsurers/retakaful operators and cedants are balances due from related parties amounting to RM11,749,000 (2019: RM13,706,000) respectively. The amount receivables are subject to settlement terms stipulated in the underlying insurance contracts.

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

16. OTHER ASSETS

| Group | 30.6.2020 RM'000 | 31.12.2019 RM'000 |
|--|-----------------------------------|------------------------------------|
| Management fees | 382 | 380 |
| Allowance for impairment losses | (79) | (98) |
| | <u>303</u> | <u>282</u> |
| Sundry receivables, deposits and prepayments | 139,059 | 82,807 |
| Allowance for impairment losses | (4,496) | (4,495) |
| | <u>134,563</u> | <u>78,312</u> |
| Income and profits due and accrued | 342,490 | 358,937 |
| Allowance for impairment losses | (1,949) | (983) |
| | <u>340,541</u> | <u>357,954</u> |
| Amount due from:* | | |
| - Ultimate holding company | 788 | - |
| - Holding company | 236 | 5,840 |
| - Other related companies within the Maybank Group | 228 | 196 |
| Amount due from stockbrokers | 4,427 | 5,925 |
| Share of net assets in the Malaysian Motor Insurance Pool ("MMIP") | 48,105 | 48,889 |
| Goods and Services Tax recoverable | 2,074 | 2,073 |
| | <u>55,858</u> | <u>62,923</u> |
| Total Other Assets | <u>531,265</u> | <u>499,471</u> |

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

Lifetime ECL

| | | |
|----------------------------------|--------------|--------------|
| At 1 January/31 December | 5,576 | 11,395 |
| Net adjustment of loss allowance | 948 | (5,819) |
| At 30 June/31 December | <u>6,524</u> | <u>5,576</u> |

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

16. OTHER ASSETS (CONTD.)

| | 30.6.2020 | 31.12.2019 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| Company | | |
| Income and profits due and accrued | - | 7,208 |
| | <u>-</u> | <u>7,208</u> |
| Amount due from:* | | |
| - Holding company | 214 | 4,757 |
| - Subsidiaries/associates within the MAHB Group | 2,640 | 8,278 |
| | <u>2,854</u> | <u>13,035</u> |
| Allowance for impairment losses | - | (7,161) |
| Total Other Assets | <u>2,854</u> | <u>13,082</u> |

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

Lifetime ECL

| | | |
|------------------------|----------|--------------|
| At 1 January | 7,161 | 7,161 |
| Disposal of associate | (7,161) | - |
| At 30 June/31 December | <u>-</u> | <u>7,161</u> |

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

Included in sundry receivables, deposits and prepayments and income due and profit accrued of the Group are balances due from related parties amounting to RM13,911,000 (2019: RM7,496,000).

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

17. OTHER RESERVES

| <u>Group</u> | Revaluation reserve RM'000 | Currency translation reserve RM'000 | Total RM'000 |
|----------------------------|---|--|-------------------------|
| 30.6.2020 | | | |
| At 1 January 2020 | 788 | 56,343 | 57,131 |
| Other comprehensive income | - | 2,467 | 2,467 |
| At 30 June 2020 | 788 | 58,810 | 59,598 |
| 31.12.2019 | | | |
| At 1 January 2019 | 788 | 51,351 | 52,139 |
| Other comprehensive income | - | 9,142 | 9,142 |
| At 30 June 2019 | 788 | 60,493 | 61,281 |

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

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 Group.

18. INSURANCE/TAKAFUL CONTRACT LIABILITIES

| Group | 30.6.2020 | | | 31.12.2019 | | |
|--|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| | Gross RM'000 | Reinsurance RM'000 | Net RM'000 | Gross RM'000 | Reinsurance RM'000 | Net RM'000 |
| Life Insurance/Family Takaful (Note A) | 25,544,527 | (306,946) | 25,237,581 | 24,055,922 | (185,732) | 23,870,190 |
| General Insurance/Takaful (Note B) | 6,215,650 | (3,590,047) | 2,625,603 | 5,788,422 | (3,274,551) | 2,513,871 |
| | <u>31,760,177</u> | <u>(3,896,993)</u> | <u>27,863,184</u> | <u>29,844,344</u> | <u>(3,460,283)</u> | <u>26,384,061</u> |

(A) Life Insurance/Family Takaful

The Life Insurance/Family Takaful contract liabilities and its movements are further analysed as follows:

(i) Life Insurance/Family Takaful contract liabilities

| | 30.6.2020 | | | 31.12.2019 | | |
|---|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| | Gross RM'000 | Reinsurance RM'000 | Net RM'000 | Gross RM'000 | Reinsurance RM'000 | Net RM'000 |
| Claim liabilities | 205,013 | (13,930) | 191,083 | 182,953 | (18,076) | 164,877 |
| Actuarial liabilities | 20,635,109 | (293,016) | 20,342,093 | 19,105,614 | (167,656) | 18,937,958 |
| DPF's unallocated surplus | 2,626,487 | - | 2,626,487 | 2,639,150 | - | 2,639,150 |
| DPF's FVOCI reserves | 276,730 | - | 276,730 | 297,982 | - | 297,982 |
| Net asset value ("NAV") attributable to unitholders | 1,801,188 | - | 1,801,188 | 1,830,223 | - | 1,830,223 |
| | <u>25,544,527</u> | <u>(306,946)</u> | <u>25,237,581</u> | <u>24,055,922</u> | <u>(185,732)</u> | <u>23,870,190</u> |

18. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTD.)

(A) Life Insurance/Family Takaful (Contd.)

(ii) Movements of Life Insurance/Family Takaful contract liabilities

| | Claim liabilities RM'000 | Actuarial liabilities RM'000 | DPF's Unallocated Surplus RM'000 | DPF's FVOCI reserves RM'000 | NAV attributable to unitholders RM'000 | Gross Total liabilities RM'000 | Reinsurance assets RM'000 | Net Total liabilities RM'000 |
|--|-----------------------------|---------------------------------|-------------------------------------|--------------------------------|---|-----------------------------------|------------------------------|---------------------------------|
| 30.6.2020 | | | | | | | | |
| At 1 January 2020 (as previously stated) | 182,953 | 19,105,614 | 2,639,150 | 297,982 | 1,830,223 | 24,055,922 | (185,732) | 23,870,190 |
| Effect of adopting MFRS 9 | - | - | - | - | - | - | - | - |
| At 1 January 2020 | 182,953 | 19,105,614 | 2,639,150 | 297,982 | 1,830,223 | 24,055,922 | (185,732) | 23,870,190 |
| Net earned premiums | - | - | 766,386 | - | 291,121 | 1,057,507 | - | 1,057,507 |
| Other revenue | - | - | 116,039 | - | (162,973) | (46,934) | - | (46,934) |
| Experience/benefit variation | - | - | - | - | - | - | - | - |
| Net benefits and claims | 22,060 | - | (274,196) | - | (153,816) | (405,952) | 4,146 | (401,806) |
| Other expenses | - | (10,000) | (131,455) | - | (17,920) | (159,375) | - | (159,375) |
| Change in reserves : | | | | | | | | |
| - Discounting | - | 251,117 | (150,567) | - | - | 100,550 | (6,302) | 94,248 |
| - Assumptions | - | 183,173 | 241,909 | - | - | 425,082 | (20,712) | 404,370 |
| - Policy Movements | - | 1,078,253 | (515,373) | - | - | 562,880 | (98,289) | 464,591 |
| Exchange differences | - | 26,952 | (4,814) | 436 | - | 22,574 | (57) | 22,517 |
| Changes in FVOCI reserves | - | - | - | (21,688) | - | (21,688) | - | (21,688) |
| Taxation | - | - | (30,237) | - | 14,553 | (15,684) | - | (15,684) |
| Transfer to shareholders' funds | - | - | 2,544 | - | - | 2,544 | - | 2,544 |
| Surplus paid to participants | - | - | (32,899) | - | - | (32,899) | - | (32,899) |
| At 30 June 2020 | 205,013 | 20,635,109 | 2,626,487 | 276,730 | 1,801,188 | 25,544,527 | (306,946) | 25,237,581 |

18. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTD.)

(A) Life Insurance/Family Takaful (Contd.)

(ii) Movements of Life Insurance/Family Takaful contract liabilities (contd.)

| | Claim liabilities RM'000 | Actuarial liabilities RM'000 | DPF's Unallocated Surplus RM'000 | DPF's FVOCI reserves RM'000 | NAV attributable to unitholders RM'000 | Gross Total liabilities RM'000 | Reinsurance assets RM'000 | Net Total liabilities RM'000 |
|---------------------------------|-----------------------------|---------------------------------|-------------------------------------|--------------------------------|---|-----------------------------------|------------------------------|---------------------------------|
| 31.12.2019 | | | | | | | | |
| At 1 January 2019 | 228,329 | 16,477,186 | 2,401,223 | (16,191) | 1,504,839 | 20,595,386 | (126,041) | 20,469,345 |
| Net earned premiums | - | - | 3,079,094 | - | 560,480 | 3,639,574 | - | 3,639,574 |
| Other revenue | - | - | 1,704,222 | (15,895) | 122,799 | 1,811,126 | - | 1,811,126 |
| Experience/benefit variation | 1,028,718 | - | - | - | (262) | 1,028,456 | - | 1,028,456 |
| Net benefits and claims | (1,074,094) | - | (1,574,650) | - | (343,879) | (2,992,623) | (631) | (2,993,254) |
| Other expenses | - | - | (666,041) | - | (4,731) | (670,772) | - | (670,772) |
| Change in reserves: | | | | | | | | |
| - Discounting | - | 389,538 | (160,292) | - | - | 229,246 | (64,175) | 165,071 |
| - Assumptions | - | (39,322) | 38,770 | - | - | (552) | 56,635 | 56,083 |
| - Policy Movements | - | 2,238,074 | (1,882,488) | - | (31) | 355,555 | (51,508) | 304,047 |
| Exchange differences | - | 6,875 | (87) | 108 | - | 6,896 | (12) | 6,884 |
| Changes in FVOCI reserves | - | - | - | 347,838 | - | 347,838 | - | 347,838 |
| Taxation | - | - | (69,237) | (17,878) | (8,992) | (96,107) | - | (96,107) |
| Transfer to shareholders' funds | - | - | (177,700) | - | - | (177,700) | - | (177,700) |
| Surplus paid to participants | - | 33,263 | (53,664) | - | - | (20,401) | - | (20,401) |
| At 31 December 2019 | 182,953 | 19,105,614 | 2,639,150 | 297,982 | 1,830,223 | 24,055,922 | (185,732) | 23,870,190 |

18. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTD.)

(B) General Insurance/General Takaful

| | <u>30.6.2020</u> | | | <u>31.12.2019</u> | | |
|--|------------------|-----------------------|------------------|-------------------|-----------------------|------------------|
| | Gross RM'000 | Reinsurance RM'000 | Net RM'000 | Gross RM'000 | Reinsurance RM'000 | Net RM'000 |
| Claim liabilities (i) | 4,526,005 | (3,146,351) | 1,379,654 | 4,187,105 | (2,941,598) | 1,245,507 |
| Premiums/contribution liabilities (ii) | 1,463,762 | (443,696) | 1,020,066 | 1,378,799 | (332,953) | 1,045,846 |
| Unallocated surplus of General Takaful fund | 194,191 | - | 194,191 | 182,124 | - | 182,124 |
| FVOCl reserves | 31,692 | - | 31,692 | 40,394 | - | 40,394 |
| | 6,215,650 | (3,590,047) | 2,625,603 | 5,788,422 | (3,274,551) | 2,513,871 |
| (i) Claims liabilities | | | | | | |
| At 1 January/31 December | 4,187,105 | (2,941,598) | 1,245,507 | 3,759,920 | (2,658,712) | 1,101,208 |
| Claims incurred in the current accident year | 920,698 | (338,038) | 582,660 | 2,063,577 | (796,594) | 1,266,983 |
| Movements in claims incurred in prior accident years | (118,762) | 109,055 | (9,707) | (80,427) | 36,971 | (43,456) |
| Claims paid during the period | (490,991) | 42,136 | (448,855) | (1,554,364) | 472,450 | (1,081,914) |
| Movements in Unallocated Loss Adjustment | | | | | | |
| Expenses (ULAE) | 521 | 18 | 539 | 1,310 | - | 1,310 |
| Movements in PRAD | 27,734 | (18,212) | 9,522 | (3,228) | 4,445 | 1,217 |
| Exchange differences | (300) | 288 | (12) | 317 | (158) | 159 |
| At 30 June/31 December | 4,526,005 | (3,146,351) | 1,379,654 | 4,187,105 | (2,941,598) | 1,245,507 |
| (ii) Premium/contribution liabilities | | | | | | |
| At 1 January/31 December | 1,378,799 | (332,953) | 1,045,846 | 1,241,697 | (349,993) | 891,704 |
| Premiums/contributions written in the period | 1,655,586 | (640,844) | 1,014,742 | 3,111,020 | (943,231) | 2,167,789 |
| Premiums/contributions earned during the period | (1,570,641) | 530,079 | (1,040,562) | (2,974,217) | 960,375 | (2,013,842) |
| Exchange differences | 18 | 22 | 40 | 299 | (104) | 195 |
| At 30 June/31 December | 1,463,762 | (443,696) | 1,020,066 | 1,378,799 | (332,953) | 1,045,846 |

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

19. EXPENSE LIABILITIES

| Group | 30.6.2020 | 31.12.2019 |
|-----------------------------|------------------|-------------------|
| | RM'000 | RM'000 |
| UWF of General Takaful Fund | 148,632 | 148,713 |
| UER of Family Takaful Fund | 570,462 | 535,282 |
| | <u>719,094</u> | <u>683,995</u> |

| | UWF of | UER of | |
|--|---------------------|---------------------|---------------|
| | General | Family | |
| | Takaful Fund | Takaful Fund | Total |
| | RM'000 | RM'000 | RM'000 |

30.6.2020

| | | | |
|--|----------------|----------------|----------------|
| At 1 January 2020 | 148,713 | 535,282 | 683,995 |
| Wakalah fee received during the period | 256,628 | - | 256,628 |
| Wakalah fee earned during the period | (256,709) | - | (256,709) |
| Movement in UWF | (81) | - | (81) |
| Movement in UER | - | 35,180 | 35,180 |
| At 30 June 2020 | <u>148,632</u> | <u>570,462</u> | <u>719,094</u> |

31.12.2019

| | | | |
|--------------------------------------|----------------|----------------|----------------|
| At 1 January 2019 | 127,590 | 445,941 | 573,531 |
| Wakalah fee received during the year | 514,135 | - | 514,135 |
| Wakalah fee earned during the year | (493,012) | - | (493,012) |
| Movement in UWF | 21,123 | - | 21,123 |
| Movement in UER | - | 89,341 | 89,341 |
| At 31 December 2019 | <u>148,713</u> | <u>535,282</u> | <u>683,995</u> |

20. INSURANCE/TAKAFUL PAYABLES

| | 30.6.2020 | 31.12.2019 |
|----------------------------------|------------------|-------------------|
| | RM'000 | RM'000 |
| Group | | |
| Due to agents and intermediaries | 191,027 | 226,515 |
| Due to reinsurers and cedants | 741,360 | 366,314 |
| Due to retakaful operators | 90,409 | 49,532 |
| | <u>1,022,796</u> | <u>642,361</u> |

Included in the amount due to agents and intermediaries, reinsurers and cedants and retakaful operators are balances due to related parties amounting to RM98,000 and NIL. (2019: RM23,568,000 and NIL).

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

21. OTHER LIABILITIES

| | 30.6.2020 | 31.12.2019 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| Group | | |
| Premium/contribution deposits | 295,261 | 218,999 |
| Dividend payable to policyholders | 68,170 | 73,564 |
| ROU lease liabilities | 19,684 | 22,663 |
| ROU Provision of restoration | 1,302 | 1,257 |
| Amount due to*: | | |
| - Ultimate holding company | 11,477 | 8,670 |
| - Holding company | 361 | 285 |
| - Other related companies within the Maybank Group | 114 | 342 |
| Amount due to stockbrokers | 111,287 | 24,300 |
| Surplus payable | 227,408 | 187,425 |
| Unclaimed monies | 104,925 | 82,032 |
| Provisions for expenses | 65,755 | 110,573 |
| Service tax payable | 36,900 | 25,239 |
| Zakat payable | 20,046 | 11,962 |
| Claims pending disbursement | 23,825 | 18,916 |
| Withholding tax payable | 44,043 | 38,463 |
| Sundry payables and accrued liabilities | <u>1,032,454</u> | <u>532,774</u> |
| Total Other Liabilities | <u>2,063,012</u> | <u>1,357,464</u> |

21. OTHER LIABILITIES (Contd.)

| | 30.6.2020 | 31.12.2019 |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| Company | | |
| Amount due to*: | | |
| - Ultimate holding company | 1,408 | 1,141 |
| Provisions for expenses | 172 | 954 |
| Sundry payables and accrued liabilities | 267,151 | 17,511 |
| Total Other Liabilities | <u>268,731</u> | <u>19,606</u> |

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

Included in the sundry payables and accrued liabilities of the Group are balances due to related parties amounting to RM269,672,000 (2019: RM22,185,000).

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/CONTRIBUTIONS

| | 1.1.2020 | 1.1.2019 |
|--|------------------|------------------|
| | to | to |
| | 30.6.2020 | 30.6.2019 |
| | RM'000 | RM'000 |
| Group | | |
| (a) Gross earned premiums/contributions | | |
| Life Insurance contracts | 1,822,209 | 1,305,465 |
| General Insurance contracts | 849,982 | 816,998 |
| Family Takaful contracts | 830,617 | 893,009 |
| General Takaful contracts | 801,991 | 799,680 |
| Gross premiums/contributions | <u>4,304,799</u> | <u>3,815,152</u> |
| Change in premium/contribution liabilities | (85,324) | (193,791) |
| Gross earned premiums/contributions | <u>4,219,475</u> | <u>3,621,361</u> |

22. NET EARNED PREMIUMS/CONTRIBUTIONS (CONTD.)

| Group | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
|--|---|---|
| (b) Earned premiums/contributions ceded to reinsurers/retakaful operators | | |
| Life Insurance contracts | (106,977) | (14,548) |
| General Insurance contracts | (535,199) | (487,712) |
| Family Takaful contracts | (52,606) | (40,219) |
| General Takaful contracts | (106,585) | (73,207) |
| Premium/contribution ceded to reinsurers/retakaful operators | (801,367) | (615,686) |
| Change in premium/contribution liabilities | 115,528 | 88,386 |
| Earned premium/contribution ceded to reinsurers/retakaful operators | (685,839) | (527,299) |
| Net earned premiums/contributions | 3,533,636 | 3,094,062 |

23. FEE AND COMMISSION INCOME

| Group | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
|--|---|---|
| Profit commission | 270 | 46 |
| Reinsurance/retakaful commission income | 42,714 | 51,523 |
| Others | 782 | 84 |
| Fee and commission income related to insurance/takaful contracts | 43,766 | 51,653 |

24. INVESTMENT INCOME

| | Group | | Company | |
|--|---|---|---|---|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| FVTPL Financial Assets | | | | |
| (i) Designated upon initial recognition | | | | |
| Interest/profit income | 324,944 | 400,832 | - | - |
| Dividend/distribution income | | | | |
| Equity securities: | | | | |
| - quoted outside Malaysia | 3,028 | 7,403 | - | - |
| | <u>327,972</u> | <u>408,235</u> | <u>-</u> | <u>-</u> |
| (ii) HFT | | | | |
| Interest/profit income | 13,640 | 12,469 | - | - |
| Dividend/distribution income | | | | |
| Equity securities: | | | | |
| - quoted in Malaysia | 26,981 | 22,342 | - | - |
| - quoted outside Malaysia | 49 | 172 | - | - |
| - unquoted in Malaysia | - | 800 | - | - |
| - unit and property trusts | 1,519 | 396 | - | - |
| | <u>42,189</u> | <u>36,179</u> | <u>-</u> | <u>-</u> |
| FVOCI Financial Assets | | | | |
| Interest/profit income | 184,310 | 175,742 | 8,987 | 1,041 |
| | <u>184,310</u> | <u>175,742</u> | <u>8,987</u> | <u>1,041</u> |
| AC Financial Assets | | | | |
| Interest/profit income | 105,150 | 41,854 | 2,476 | 726 |
| Dividend | | | | |
| - From subsidiaries | - | - | 439,966 | 875,000 |
| | <u>105,150</u> | <u>41,854</u> | <u>442,442</u> | <u>875,726</u> |
| Interest income from financing receivables | 9,316 | 9,802 | 9 | 4 |
| Rental income /(expenses), net | 6,723 | 10,248 | - | (166) |
| Net amortisation of premiums | (12,058) | (9,776) | (1,269) | |
| Other investment income | - | 25 | - | - |
| Management fee income | - | 1 | - | - |
| Investment related expenses | (2,579) | (2,128) | (56) | (1) |
| | <u>1,402</u> | <u>8,171</u> | <u>(1,317)</u> | <u>(164)</u> |
| Total investment income | <u>661,023</u> | <u>670,181</u> | <u>450,112</u> | <u>876,603</u> |

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

25. OTHER OPERATING INCOME/(EXPENSES), NET

| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| <u>Other income</u> | | | | |
| Bad debt recovered | 1,281 | 140 | - | - |
| Gain on foreign exchange | | | | |
| - realised | 33,031 | 1,388 | 1 | - |
| - unrealised | 68,893 | 7 | 47 | - |
| Investment-linked management fee income | 3 | - | - | - |
| Processing income | 66 | 43 | - | - |
| Reversal of impairment losses on: | | | | |
| - Financing receivables | 129 | 279 | - | - |
| - receivables | 6 | - | - | - |
| - insurance/takaful receivables | 3 | 177 | - | - |
| - reinsurance/retakaful assets | 477 | - | - | - |
| - investments | 2,325 | - | 1,558 | - |
| Surrender charges | 10 | - | - | - |
| Sundry income | 17,104 | 7,884 | 99 | 48 |
| | <u>123,328</u> | <u>9,918</u> | <u>1,704</u> | <u>48</u> |
| <u>Other expenses</u> | | | | |
| Bad debts written off | (149) | (1,903) | - | - |
| Impairment losses on: | | | | |
| - financing receivables | - | (157) | - | - |
| - receivables | (1,003) | (893) | - | - |
| - insurance/takaful receivables | (8,033) | (2,832) | - | - |
| - reinsurance/retakaful assets | - | (7,565) | - | - |
| - investments | (280) | (1,461) | - | (540) |
| - other impairments | - | (63) | - | - |
| Losses on foreign exchange | | | | |
| - realised | (1,114) | (692) | (1) | - |
| - unrealised | (1,755) | (12,203) | (13) | (65) |
| Sundry expenditure | (10,381) | (2,648) | (1) | - |
| | <u>(22,715)</u> | <u>(30,417)</u> | <u>(15)</u> | <u>(605)</u> |
| Total Other Operating Income/ (Expenses), Net | <u>100,613</u> | <u>(20,499)</u> | <u>1,690</u> | <u>(557)</u> |

26. NET BENEFITS AND CLAIMS

| Group | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
|---|---|---|
| (a) Gross Benefits and Claims Paid | | |
| Life Insurance | (518,184) | (283,867) |
| General Insurance | (169,939) | (570,281) |
| Family Takaful | (679,984) | (363,892) |
| General Takaful | (324,100) | (521,388) |
| | <u>(1,692,207)</u> | <u>(1,739,428)</u> |
| (b) Claims Ceded to Reinsurers/Retakaful | | |
| Life Insurance | 5,271 | 6,051 |
| General Insurance | 32,210 | 139,082 |
| Family Takaful | 28,351 | 10,201 |
| General Takaful | 11,199 | 30,642 |
| | <u>77,031</u> | <u>185,976</u> |
| (c) Gross Change in Contract/Certificate Liabilities | | |
| Life Insurance | (1,127,891) | (203,470) |
| General Insurance | (154,238) | (1,109,699) |
| Family Takaful | (423,272) | (79,993) |
| General Takaful | (251,343) | (738,737) |
| | <u>(1,956,744)</u> | <u>(2,131,899)</u> |
| (d) Change in Contract/Certificate Liabilities Ceded to Reinsurers/Retakaful | | |
| Life Insurance | 103,622 | 187,897 |
| General Insurance | 121,879 | 10,528 |
| Family Takaful | 16,615 | 17,984 |
| General Takaful | 81,890 | 18,589 |
| | <u>324,006</u> | <u>234,998</u> |

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

27. MANAGEMENT EXPENSES

| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| Employee benefits expense (a) | 266,659 | 256,509 | 25,964 | 21,364 |
| Directors' remuneration (Note 28) | 3,370 | 3,743 | 977 | 968 |
| Shariah Committee's remuneration (Note 29) | 186 | 198 | - | - |
| Auditors' remuneration: | | | | |
| - statutory audits | 1,444 | 1,164 | 36 | 29 |
| - regulatory related services | 72 | 37 | - | - |
| - other services | 117 | 27 | 12 | 11 |
| Amortisation of intangible assets | 7,669 | 6,998 | - | - |
| Amortisation of prepaid land lease payments | 13 | 13 | - | - |
| Auto assist service | 3,574 | 7,726 | - | - |
| Assured medical fees | 500 | 2,461 | - | - |
| Bank charges | 9,358 | 14,131 | 3 | 4 |
| Depreciation of property, plant and equipment | 7,621 | 7,387 | 58 | 58 |
| Right-of-use expenses: | | | | |
| - Lease interest | 301 | 149 | - | - |
| - Depreciation | 4,692 | 1,245 | - | - |
| - Lease termination | (56) | - | - | - |
| Other management fees | 5,624 | 11,207 | 145 | 629 |
| Professional fees | 2,764 | 3,360 | 496 | - |
| Rental of offices/premises | 3,002 | 3,053 | 375 | 214 |
| Office facilities expenses | 1,038 | 1,252 | 2 | 8 |
| Agency related expenses | 2,182 | 1,951 | - | - |
| Electronic data processing expenses | 11,555 | 15,574 | 363 | 191 |
| Information technology outsourcing | 12,276 | 11,943 | - | - |
| Postage and stamp duties | 1,884 | 1,951 | 2 | 2 |
| Printing and stationery | 2,258 | 3,568 | 5 | 11 |
| Promotional and marketing cost | 49,782 | 58,970 | - | - |
| Training expenses | 1,412 | 2,695 | 70 | 128 |
| Utilities, assessment and maintenance | 6,142 | 3,737 | 84 | 56 |
| Entertainment | 413 | 768 | 3 | 6 |
| Travelling expenses | 1,423 | 2,873 | 22 | 47 |
| Legal fees | 229 | 317 | 3 | 16 |
| Other expenses | 19,665 | 18,643 | 2 | 163 |
| Total Management Expenses | 427,169 | 443,650 | 28,622 | 23,905 |

27. MANAGEMENT EXPENSES (CONTD.)

| | Group | | Company | |
|---------------------------------------|---|---|---|---|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| (a) Employee Benefits Expense: | | | | |
| Wages, salaries and bonuses | 191,024 | 198,368 | 21,191 | 16,813 |
| EPF, CPF and TAP | 30,157 | 29,494 | 2,632 | 2,157 |
| SOCSSO | 1,135 | 1,048 | 85 | 49 |
| Share based compensation | 3,906 | 1,814 | - | 464 |
| Other benefits | 40,437 | 25,785 | 2,056 | 1,881 |
| | 266,659 | 256,509 | 25,964 | 21,364 |

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

| | Company | |
|--------------------------|---|---|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| Salary | 870 | 870 |
| Directors fees | 82 | 91 |
| Bonus | 1,450 | 1,440 |
| EPF and Pension Scheme | 378 | 376 |
| Share based compensation | - | 270 |
| Other emoluments | 48 | 64 |
| | 2,828 | 3,112 |

28. DIRECTORS' REMUNERATION

| | Group | | Company | |
|--------------------------|---|---|---|---|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| Executive directors: | | | | |
| Fees | 231 | 271 | 91 | 91 |
| Other emoluments | 20 | 30 | 10 | 12 |
| | <u>251</u> | <u>301</u> | <u>101</u> | <u>103</u> |
| Non-executive directors: | | | | |
| Fees: | | | | |
| Directors | 2,593 | 2,850 | 593 | 589 |
| Committees | 133 | 122 | 133 | 122 |
| Other emoluments | 393 | 469 | 150 | 154 |
| | <u>3,119</u> | <u>3,442</u> | <u>876</u> | <u>865</u> |
| | <u>3,370</u> | <u>3,743</u> | <u>977</u> | <u>968</u> |

28. DIRECTORS' REMUNERATION (CONTD.)

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

1.1.2020 to 30.6.2020

Executive director(s):

Datuk Nora Abd. Manaf
Dato' Mohamed Rafique Merican
Dato' Amirul Feisal Wan Zahir

Non-executive directors:

Andrew King Sun Cheung
Daniela Adaggi
Dato' Johan Ariffin
Dato' Majid Mohamad
Dato' Mohamed Rafique Merican
Datuk Mohd Najib Abdullah
Datuk R. Karunakaran
Datuk Sulaiman Salleh
Dr. John Lee Hin Hock
Encik Hj. Sallim Bin Abdul Kadir
Encik Kamaludin Ahmad
Mohamad Shukor Ibrahim
Mr. Antonio Cano
Mr. Bart K.A De Smet
Mr. Frank J.G. Van Kempen
Mr. Gary Lee Crist
Mr. Koh Heng Kong
Mr. Lee Hin Sze
Mr. Loh Lee Soon
Mr. Philippe Pol Arthur Latour
Mr. Wong Pakshong Kat Jeong Colin Stewart
Professor Dr Rusni Hassan
Serina Abdul Samad

| | <----- Company -----> | | | <-----Subsidiaries-----> | | | Group |
|--|-----------------------|------------|------------|--------------------------|------------|--------------|--------------|
| | Fees | Other | Total | Fees | Other | Total | Grand |
| | RM'000 | emoluments | RM'000 | RM'000 | emoluments | RM'000 | Total |
| | | RM'000 | RM'000 | | RM'000 | RM'000 | RM'000 |
| | - | - | - | 70 | 6 | 76 | 76 |
| | - | - | - | 70 | 4 | 74 | 74 |
| | 91 | 10 | 101 | - | - | - | 101 |
| | <u>91</u> | <u>10</u> | <u>101</u> | <u>140</u> | <u>10</u> | <u>150</u> | <u>251</u> |
| | - | - | - | 58 | 1 | 59 | 59 |
| | - | - | - | 60 | 8 | 68 | 68 |
| | 108 | 18 | 126 | 294 | 28 | 322 | 448 |
| | 89 | 14 | 103 | 180 | 18 | 198 | 301 |
| | 14 | 4 | 18 | - | - | - | 18 |
| | 89 | 14 | 103 | 180 | 18 | 198 | 301 |
| | 115 | 18 | 133 | - | - | - | 133 |
| | - | - | - | 4 | 2 | 6 | 6 |
| | - | - | - | 91 | 12 | 103 | 103 |
| | - | - | - | 114 | 18 | 132 | 132 |
| | - | - | - | 76 | 6 | 82 | 82 |
| | - | - | - | 30 | 6 | 36 | 36 |
| | 62 | 4 | 66 | - | - | - | 66 |
| | 13 | - | 13 | - | - | - | 13 |
| | - | - | - | 246 | 34 | 280 | 280 |
| | 117 | 26 | 143 | - | - | - | 143 |
| | 30 | 14 | 44 | 120 | 16 | 136 | 180 |
| | - | - | - | 13 | 2 | 15 | 15 |
| | 47 | 20 | 67 | 60 | 10 | 70 | 137 |
| | 14 | 4 | 18 | 122 | 14 | 136 | 154 |
| | 28 | 14 | 42 | 234 | 34 | 268 | 310 |
| | - | - | - | 58 | 8 | 66 | 66 |
| | - | - | - | 60 | 8 | 68 | 68 |
| | <u>726</u> | <u>150</u> | <u>876</u> | <u>2,000</u> | <u>243</u> | <u>2,243</u> | <u>3,119</u> |
| | <u>817</u> | <u>160</u> | <u>977</u> | <u>2,140</u> | <u>253</u> | <u>2,393</u> | <u>3,370</u> |

28. DIRECTORS' REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

| | <----- Company -----> | | | ----- Subsidiaries ----- | | | Group Grand Total RM'000 |
|---|-----------------------|-------------------------------|-----------------|--------------------------|-------------------------------|-----------------|-----------------------------------|
| | Fees RM'000 | Other emoluments RM'000 | Total RM'000 | Fees RM'000 | Other emoluments RM'000 | Total RM'000 | |
| 1.1.2019 to 30.6.2019 | | | | | | | |
| Executive director(s): | | | | | | | |
| Datuk Nora Abd. Manaf | - | - | - | 120 | 14 | 134 | 134 |
| Dato' Mohamed Rafique Merican | - | - | - | 60 | 4 | 64 | 64 |
| Dato' Amirul Feisal Wan Zahir | 91 | 12 | 103 | - | - | - | 103 |
| | <u>91</u> | <u>12</u> | <u>103</u> | <u>180</u> | <u>18</u> | <u>198</u> | <u>301</u> |
| Non-executive directors: | | | | | | | |
| Dato' Johan Ariffin | 107 | 20 | 127 | 269 | 31 | 301 | 428 |
| Dato' Majid Mohamad | 75 | 8 | 83 | 180 | 19 | 199 | 282 |
| Dato' Mohamed Rafique Merican | 14 | 4 | 18 | 60 | 6 | 66 | 84 |
| Dato' Mohd Salleh Hj Harun | - | - | - | 69 | 4 | 73 | 73 |
| Datuk Mohd Najib Abdullah | 89 | 14 | 103 | 180 | 18 | 198 | 301 |
| Datuk R. Karunakaran | 115 | 8 | 123 | - | - | - | 123 |
| Datuk Sulaiman Salleh | - | - | - | 17 | 2 | 19 | 19 |
| Dr Abdul Rahim Abd Rahman | - | - | - | 120 | 15 | 135 | 135 |
| Dr. John Lee Hin Hock | - | - | - | 111 | 15 | 126 | 126 |
| Encik Hj. Sallim Bin Abdul Kadir | - | - | - | 139 | 26 | 165 | 165 |
| Encik Kamaludin Ahmad | - | - | - | 92 | 11 | 104 | 104 |
| Mr. Bart K.A De Smet | 75 | 6 | 81 | - | - | - | 81 |
| Mr. Frank J.G. Van Kempen | - | - | - | 271 | 42 | 313 | 313 |
| Mr. Gary Lee Crist | 117 | 30 | 147 | - | - | - | 147 |
| Mr. Koh Heng Kong | 30 | 18 | 48 | 120 | 34 | 154 | 202 |
| Mr. Lee Hin Sze | - | - | - | 12 | 2 | 14 | 14 |
| Mr. Loh Lee Soon | 47 | 24 | 71 | 120 | 20 | 140 | 211 |
| Mr. Philippe Pol Arthur Latour | 14 | 4 | 18 | 240 | 28 | 268 | 286 |
| Mr. Wong Pakshong Kat Jeong Colin Stewart | 28 | 18 | 46 | 259 | 42 | 301 | 347 |
| | <u>711</u> | <u>154</u> | <u>865</u> | <u>2,261</u> | <u>315</u> | <u>2,576</u> | <u>3,441</u> |
| | <u>802</u> | <u>166</u> | <u>968</u> | <u>2,441</u> | <u>333</u> | <u>2,774</u> | <u>3,743</u> |

29. SHARIAH COMMITTEE'S REMUNERATION

| | Group | |
|------------------|------------------|------------------|
| | 1.1.2020 | 1.1.2019 |
| | to | to |
| | 30.6.2020 | 30.6.2019 |
| | RM'000 | RM'000 |
| Fees | 128 | 129 |
| Other emoluments | 58 | 69 |
| | <u>186</u> | <u>198</u> |

The total remuneration of the Shariah Committee of the Takaful subsidiaries are as follows:

| | 1.1.2020 to 30.6.2020 | | | 1.1.2019 to 30.6.2019 | | |
|------------------------------------|------------------------------|-------------------|---------------|------------------------------|-------------------|---------------|
| | Fees | Other | Total | Fees | Other | Total |
| | RM'000 | emoluments | RM'000 | RM'000 | emoluments | RM'000 |
| | | RM'000 | RM'000 | | RM'000 | RM'000 |
| Shariah committee: | | | | | | |
| Assoc. Prof. Dr. Azman Mohd Noor | 30 | 12 | 42 | - | - | - |
| Assoc. Prof. Dr. Aznan Hasan | - | - | - | 8 | 3 | 11 |
| Dato' Dr. Anhar Opir | 24 | 12 | 36 | 20 | 11 | 31 |
| Dr. Ahcene Lahsasna | 24 | 12 | 36 | 21 | 12 | 33 |
| Dr. Sarip Adul | 24 | 10 | 34 | 20 | 10 | 30 |
| Prof. Dato' Dr. Mohd Azmi Omar | 24 | 12 | 36 | 20 | 13 | 33 |
| Prof. Dr. Abdul Rahim Abdul Rahman | 2 | - | 2 | 20 | 11 | 31 |
| Prof. Dr. Rusni Hassan | - | - | - | 20 | 9 | 29 |
| | <u>128</u> | <u>58</u> | <u>186</u> | <u>129</u> | <u>69</u> | <u>198</u> |

30. INCOME TAX EXPENSE

Major components of income tax expense

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

Income Statement

| | Group | | Company | |
|---|----------------|----------------|--------------|------------|
| | 1.6.2020 | 1.6.2019 | 1.6.2020 | 1.6.2019 |
| | to | to | to | to |
| | 30.6.2020 | 30.6.2019 | 30.6.2020 | 30.6.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Income tax:</u> | | | | |
| Current financial period | | | | |
| - Malaysia | 110,584 | 76,060 | 3,357 | 324 |
| - Foreign | - | 3,086 | - | - |
| | <u>110,584</u> | <u>79,146</u> | <u>3,357</u> | <u>324</u> |
| <u>Deferred taxation:</u> | | | | |
| Relating to origination and reversal of temporary differences | | | | |
| | 6,585 | 61,014 | (157) | - |
| | <u>117,169</u> | <u>140,160</u> | <u>3,200</u> | <u>324</u> |
| <u>Statement of Comprehensive</u> | | | | |
| <u>Income:</u> | | | | |
| Deferred income tax related to other comprehensive income: | | | | |
| - Fair value changes on FVOCI investments | (2,105) | (22,262) | (1,356) | - |

30. INCOME TAX EXPENSE (CONTD.)

Reconciliation between tax expense and accounting profit

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

| | Group | | Company | |
|--|---|---|---|---|
| | 1.6.2020 to 30.6.2020 RM'000 | 1.6.2019 to 30.6.2019 RM'000 | 1.6.2020 to 30.6.2020 RM'000 | 1.6.2019 to 30.6.2019 RM'000 |
| Profit before taxation | <u>362,658</u> | <u>450,674</u> | <u>434,681</u> | <u>869,754</u> |
| Taxation at Malaysian statutory tax rate of 24% (2019: 24%) | 87,038 | 108,162 | 104,323 | 208,741 |
| Effects of tax in different jurisdiction | 1,667 | 6,583 | - | - |
| Tax exemption | (30) | (30) | - | - |
| Income not subject to tax | (149,173) | (68,786) | (105,592) | (210,000) |
| Expenses not deductible for tax purposes | 184,901 | 95,229 | 4,469 | 1,583 |
| Effects of changes in foreign tax rate | (1,126) | (825) | - | - |
| Onshore tax in interest at 25% | (109) | - | - | - |
| Under provision of taxation in prior financial period | (4) | - | - | - |
| Effect of zakat deduction | (2,591) | (1,248) | - | - |
| Effects of different tax rate on offshore business activities | (1,125) | (2,118) | - | - |
| Others | (750) | - | - | - |
| Deficit arising of Annuity Non-Par not deductible for tax purposes | (1,529) | 3,193 | - | - |
| | <u>117,169</u> | <u>140,160</u> | <u>3,200</u> | <u>324</u> |

30. INCOME TAX EXPENSE (CONTD.)

Tax borne by policyholders/participants

| | Group | |
|---|------------------|------------------|
| | 1.6.2020 | 1.6.2019 |
| | to | to |
| | 30.6.2020 | 30.6.2019 |
| | RM'000 | RM'000 |
| <u>Income tax:</u> | | |
| Current financial period | | |
| - Malaysia | <u>(2,894)</u> | <u>19,970</u> |
| <u>Deferred taxation:</u> | | |
| Relating to origination and reversal of | | |
| temporary differences | <u>16,160</u> | <u>60,279</u> |
| | <u>13,266</u> | <u>80,249</u> |

Taxation of shareholders' and general funds

The income tax for shareholders' fund and general fund in relation to the Malaysia and Singaporean operations are calculated at the statutory tax rate of 24% (2019: 24%) and 17% (2019: 17%) of the estimated assessable profit respectively for the financial period.

Taxation of life insurance and family takaful business

The income tax for the Life and Family Takaful funds are calculated based on the statutory rate of 8% (2019: 8%) of the estimated assessable investment income net of allowable deductions for the financial period for the Malaysian operations.

31. OPERATING LEASE COMMITMENTS

The Group as a lessor

The Group 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:

| | 30.6.2020 | 31.12.2019 |
|----------------------------|------------------|-------------------|
| | RM'000 | RM'000 |
| Group | | |
| Not later than one year | 21,502 | 27,801 |
| Between one and five years | 25,433 | 38,582 |
| | <u>46,935</u> | <u>66,383</u> |

32. OTHER COMMITMENTS AND CONTINGENCIES

| | 30.6.2020 | 31.12.2019 |
|----------------------------------|------------------|-------------------|
| | RM'000 | RM'000 |
| Group | | |
| Approved and contracted for: | | |
| Property, plant and equipment | 1,736 | 3,115 |
| Intangible assets | 4,590 | 8,799 |
| Information Technology Services | 2,825 | 6,016 |
| Others | - | 43 |
| | <u>9,151</u> | <u>17,973</u> |
| Approved and not contracted for: | | |
| Property, plant and equipment | 46,015 | 18,934 |
| Intangible assets | 793 | 119 |
| Information Technology Services | 328 | - |
| | <u>47,136</u> | <u>19,053</u> |

33. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group or 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 Group or 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 Group and of the Company either directly or indirectly. The key management personnel includes the Directors and Chief Executive Officers of the Group and of the Company.

The Group and the Company have 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 shareholders.

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

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

| | Group | | Company | |
|-----------------------------------|---|---|---|---|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| <u>Income/(expenses):</u> | | | | |
| Ultimate holding company: | | | | |
| Gross premium/contribution income | 15,756 | 12,952 | - | - |
| Commission and fee expenses | (66,577) | (116,064) | - | - |
| Claims paid | (1,731) | (5,535) | - | - |
| Dividend Income | 1,000 | 788 | - | - |
| Interest/profit income | 2,155 | 7,731 | 238 | 350 |
| Rental income | 1,579 | 1,758 | - | - |
| Other income | 494 | 450 | - | - |
| Other expenses | (5,094) | (3,473) | (283) | (65) |

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

| | Group | | Company | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| <u>Income/(expenses) (contd.):</u> | | | | |
| Fellow subsidiaries/associates within the MAHB Group: | | | | |
| Gross premium/contribution income | - | - | (4) | - |
| Gross dividend income | - | - | 439,966 | 875,000 |
| Reimbursement of shared services | - | - | 18,657 | 16,644 |
| Rental expense | - | - | (276) | (214) |
| Reimbursement of expenses | - | - | 190 | - |
| Other expenses | - | - | (84) | (11) |
| Other related companies within the Maybank Group: | | | | |
| Gross premium/contribution income | 6,308 | 15,359 | - | - |
| Commission and fee expenses | (67,538) | (28,029) | - | - |
| Claims paid | (33) | (8) | - | - |
| Interest/profit income | 52,248 | 11,388 | 1,836 | - |
| Rental income (net) | 2,335 | 2,401 | - | - |
| Investment advisory fee | (94) | (94) | - | - |
| Management fee | (2,030) | 2 | - | - |
| Information Technology Outsourcing | (12,062) | (12,624) | - | (681) |
| Other expenses | (2,306) | (4,239) | - | (946) |
| Shareholders of MAHB: | | | | |
| Dividend paid | (250,241) | (250,241) | (250,241) | (250,241) |
| Reimbursement of expenses | (238) | (114) | (238) | 23 |

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

| | Group | | Company | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 1.1.2020 to 30.6.2020 | 1.1.2019 to 30.6.2019 | 1.1.2020 to 30.6.2020 | 1.1.2019 to 30.6.2019 |
| <u>Income/(expenses) (contd.):</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Companies related to a company with significant influence over Maybank Group: | | | | |
| Gross premium/contribution income | 17,785 | 14,150 | - | - |
| Claims paid | (5,247) | (4,263) | - | - |

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

| | Group | | Company | |
|------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 |
| Ultimate holding company: | | | | |
| Bank balances | 220,680 | 320,124 | 18,808 | 1,817 |
| Fixed deposits | 86,744 | 274,271 | 40,000 | - |
| Structured deposits | 27,682 | 27,699 | - | - |
| Debt securities | 20 | - | - | - |
| Derivative liabilities, net | (408) | 22,542 | - | - |
| Income and profits due and accrued | 443 | 225 | 12 | 3 |
| Claims liabilities | (58,903) | (58,402) | - | - |
| Outstanding premium/contributions | 21,713 | 8,389 | - | - |
| Other assets | 1,264 | (9,000) | - | - |
| Other liabilities | (22,624) | (17,726) | (1,459) | - |

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

| | Group | | Company | |
|---|---------------------|----------------------|---------------------|----------------------|
| | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 |
| Fellow subsidiaries/associates within the MAHB Group: | | | | |
| Other assets | - | - | 2,623 | 1,116 |
| Other related companies within the Maybank Group: | | | | |
| Bank balances | - | - | - | 330 |
| Fixed and call deposits | 3,737,227 | 610,812 | - | - |
| Income and profits due and accrued | 11,281 | 2,195 | - | 9 |
| Outstanding premiums/ contributions | - | 99 | - | - |
| Other assets | 97 | 4,583 | - | - |
| Other liabilities | (4,323) | (4,747) | - | - |
| Claims liabilities | (281) | (64) | - | - |
| Companies related to a company with significant influence over Maybank Group: | | | | |
| Outstanding premiums/ contributions | 2,419 | 2,645 | - | - |
| Claims liabilities | (2,069) | (1,810) | - | - |
| Insurance/Takaful receivables | 843 | - | - | - |
| Insurance/Takaful payables | - | (31) | - | - |
| Shareholders of MAHB: | | | | |
| Other assets | 235 | 1,083 | 231 | - |
| Other liabilities | (225) | (285) | - | - |

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(iii) The remuneration of key management personnel compensation during the period were as follows:

| | Group | | Company | |
|--|---|---|---|---|
| | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 | 1.1.2020 to 30.6.2020 RM'000 | 1.1.2019 to 30.6.2019 RM'000 |
| Short-term employee benefits | | | | |
| - Fees | 2,957 | 3,243 | 817 | 2,021 |
| - Salaries, allowances and bonuses | 5,119 | 5,672 | 2,320 | 3,795 |
| - Contribution to EPF and pension scheme | 789 | 778 | 378 | 499 |
| - Other emoluments | 643 | 100 | 208 | 99 |
| | <u>9,508</u> | <u>9,793</u> | <u>3,723</u> | <u>6,414</u> |

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

| | Group | | Company | |
|------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| | 30.6.2020 000 | 31.12.2019 000 | 30.6.2020 000 | 31.12.2019 000 |
| Award date | | | | |
| At 1 January | 1,236 | 604 | 416 | 208 |
| Awarded | - | 632 | - | 208 |
| At 30 June/31 December | <u>1,236</u> | <u>1,236</u> | <u>416</u> | <u>416</u> |

34. FAIR VALUE MEASUREMENTS

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

The levels of the Fair Value hierarchy as defined by the accounting standards, are an indication of the observability of prices or valuation input. It can be classified by the following hierarchies/levels:

- Level 1 : Active Market – quoted price

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

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

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

Examples of Level 2 financial instruments include corporate and other government bonds, less liquid equities, and OTC derivatives.

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

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.

34. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair Value Disclosures Based on 3-Level Hierarchy

| Group | 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 | |
| 30.6.2020 | | | | |
| <u>Assets</u> | | | | |
| Investment properties | - | - | 915,005 | 915,005 |
| Financial investments at FVTPL | | | | |
| (i) Designated upon initial recognition | | | | |
| Malaysian government papers | - | 533,969 | - | 533,969 |
| Singapore government securities | 153,587 | - | - | 153,587 |
| Equity securities | 159,490 | - | - | 159,490 |
| Unit and property trust funds | 24,365 | - | - | 24,365 |
| Debt securities, structured products, NCDs and NICDs | 1,085,718 | 13,027,009 | - | 14,112,727 |
| (ii) Held-for-trading (HFT) | | | | |
| Malaysian government papers | - | 192,756 | - | 192,756 |
| Equity securities | 1,365,515 | - | 145,356 | 1,510,871 |
| Unit and property trust funds | 216,656 | - | - | 216,656 |
| Debt securities, structured products, NCDs and NICDs | 27,002 | 486,388 | - | 513,390 |

34. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair Value Disclosures Based on 3-Level Hierarchy (Contd.)

| Group (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 | |
| 30.6.2020 | | | | |
| <u>Assets</u> | | | | |
| Financial investments at FVOCI | | | | |
| Malaysian government papers | - | 408,217 | - | 408,217 |
| Singapore government papers | 712,788 | - | - | 712,788 |
| Debt securities, structured products, NCDs and NICDs | 1,622,875 | 4,506,569 | - | 8,003,438 |
| Financial investments at AC | | | | |
| Derivative assets | - | 2,278 | - | 2,278 |
| Total Assets | 5,367,996 | 19,157,186 | 1,060,361 | 27,459,537 |
| <u>Liabilities</u> | | | | |
| Derivative liabilities | 14,675 | 420 | - | 15,095 |
| Total Liabilities | 14,675 | 420 | - | 15,095 |

34. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair Value Disclosures Based on 3-Level Hierarchy (Contd.)

| Group (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 | |
| <u>31.12.2019</u> | | | | |
| <u>Assets</u> | | | | |
| Investment properties | - | - | 914,550 | 914,550 |
| Financial investments at FVTPL | | | | |
| (i) Designated upon initial recognition | | | | |
| Malaysian government papers | - | 468,444 | - | 468,444 |
| Singapore government securities | 87,384 | - | - | 87,384 |
| Equity securities | 400,808 | - | - | 400,808 |
| Unit and property trust funds | 39,701 | - | - | 39,701 |
| Debt securities, structured products, NCDs and NICDs | 1,104,380 | 13,692,250 | - | 14,796,630 |
| (ii) Held-for-trading (HFT) | | | | |
| Malaysian government papers | - | 36,119 | - | 36,119 |
| Equity securities | 1,889,603 | - | 145,356 | 2,034,959 |
| Unit and property trust funds | 135,950 | - | - | 135,950 |
| Other debt securities, structured products NCDs and NICDs | - | 466,611 | - | 466,611 |
| Fixed and call deposits Licensed financial institutions | - | 105,860 | - | 105,860 |

34. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair Value Disclosures Based on 3-Level Hierarchy (Contd.)

| Group (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 | |
| <u>31.12.2019</u> | | | | |
| <u>Assets</u> | | | | |
| Financial investments at FVOCI | | | | |
| Malaysian government papers | - | 1,015,000 | - | 1,015,000 |
| Singapore government papers | 602,766 | - | - | 602,766 |
| Debt securities, structured products, NCDs and NICDs | 1,238,396 | 8,430,327 | - | 9,668,723 |
| Derivative assets | - | 35,151 | - | 35,151 |
| Total Assets | 5,498,988 | 24,249,762 | 1,059,906 | 30,808,656 |

34. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair Value Disclosures Based on 3-Level Hierarchy (Contd.)

| Company | 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 | |
| 30.6.2020 | | | | |
| <u>Assets</u> | | | | |
| Financial investments at FVOCI | | | | |
| Debt securities, structured products, NCDs and NICDs | - | 338,457 | - | 338,457 |
| Total Assets | - | 338,457 | - | 338,457 |
| 31.12.2019 | | | | |
| <u>Assets</u> | | | | |
| Financial investments at FVOCI | | | | |
| Malaysian government papers | - | 135,140 | - | 135,140 |
| Debt securities, structured products, NCDs and NICDs | - | 395,854 | - | 395,854 |
| Total Assets | - | 530,994 | - | 530,994 |

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

Assets and liabilities of the Group and the Company are recognised in the financial statements on a recurring basis. The Group and the Company determine 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 transfer between Level 1 and Level 2 for the Group and the Company during the financial period ended 30 June 2020.

34. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Reconciliation of Level 3 fair value hierarchy

Group

| | Financial instruments measured at fair value | | |
|---|---|---|-------------------------|
| | Investment properties RM'000 | Designated at FVTPL/HFT RM'000 | Total RM'000 |
| 30.6.2020 | | | |
| At 1 January 2020 | 914,550 | 145,356 | 1,059,906 |
| Addition to IPUC | 455 | - | 455 |
| As at 30 June 2020 | <u>915,005</u> | <u>145,356</u> | <u>1,060,361</u> |
| 31.12.2019 | | | |
| At 1 January 2019 | 890,672 | 140,157 | 1,030,829 |
| Recognised in income statement: | | | |
| Fair value gain | 21,082 | 5,199 | 26,281 |
| Purchases | 2,796 | - | 2,796 |
| At 31 December 2019 | <u>914,550</u> | <u>145,356</u> | <u>1,059,906</u> |
| Total gains or losses recognised in income statement for financial instruments measured at fair value at the end of the reporting period | <u>21,082</u> | <u>5,199</u> | <u>26,281</u> |

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

The Group'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 Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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

35. INSURANCE FUNDS

The Group's statement of financial position and Income Statement have been further analysed by funds.

The Life and Family Takaful insurance businesses offer a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well as Unit-linked products.

The General Insurance and General Takaful insurance businesses offer general insurance/takaful products which include Motor, Fire, Marine, Aviation and Transit ("MAT") and Miscellaneous products.

UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2020

| | Total | | * Consolidation elimination | | Shareholders' and General Funds | | Life Fund | | General Takaful Fund | | Family Takaful Fund | |
|--|---------------------|----------------------|-----------------------------|----------------------|---------------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 | 30.6.2020 RM'000 | 31.12.2019 RM'000 |
| Assets: | | | | | | | | | | | | |
| Property, plant and equipment | 119,424 | 124,065 | | | 81,626 | 86,410 | 37,798 | 37,655 | - | - | - | - |
| Investment properties | 915,005 | 914,550 | | | (19,420) | (19,420) | 934,425 | 933,970 | - | - | - | - |
| Prepaid land lease payments | 17,341 | 17,584 | | | 16,539 | 16,769 | 802 | 815 | - | - | - | - |
| Right-of-use assets | 19,906 | 23,119 | | | 19,906 | 23,119 | - | - | - | - | - | - |
| Intangible assets | 91,310 | 93,440 | | | 42,128 | 45,537 | 49,182 | 47,903 | - | - | - | - |
| Investment in associates | 1,238 | 1,238 | | | 1,238 | 1,238 | - | - | - | - | - | - |
| Investments | 34,954,247 | 33,153,705 | (20,240) | (22,128) | 7,130,788 | 6,348,436 | 13,843,168 | 13,358,401 | 2,119,781 | 2,003,790 | 11,880,750 | 11,465,206 |
| Financing receivables | 300,404 | 278,332 | | | 65,340 | 54,606 | 235,064 | 223,726 | - | - | - | - |
| Reinsurance assets | 3,888,647 | 3,447,733 | | | 3,244,504 | 3,022,926 | 179,133 | 74,534 | 337,197 | 239,075 | 127,813 | 111,198 |
| Insurance receivables | 965,882 | 593,180 | | | 590,695 | 347,721 | 74,456 | 41,997 | 114,854 | 83,063 | 185,877 | 120,399 |
| Other assets | 531,265 | 499,471 | | | 389,371 | 153,502 | 9,939 | 191,510 | 18,031 | 21,859 | 113,924 | 132,600 |
| Derivative assets | 2,278 | 35,151 | | | 838 | 1,278 | 1,440 | 33,873 | - | - | - | - |
| Deferred tax assets | 562 | 19,459 | | | 562 | 8,843 | - | 1,972 | - | 4,128 | - | 4,516 |
| Current tax assets | 174,341 | 207,913 | | | 57,065 | 128,590 | 91,892 | 55,028 | 3,883 | 3,883 | 21,501 | 20,412 |
| Cash and bank balances | 898,182 | 404,153 | | | 209,752 | 120,350 | 535,812 | 130,354 | 67,152 | 33,260 | 85,466 | 120,189 |
| Total Assets | 42,880,032 | 39,813,093 | | | 11,830,932 | 10,339,905 | 15,993,111 | 15,131,738 | 2,660,898 | 2,389,058 | 12,415,331 | 11,974,520 |
| Equity and liabilities: | | | | | | | | | | | | |
| Share capital | 660,866 | 660,866 | | | 660,866 | 660,866 | - | - | - | - | - | - |
| Reserves | 5,943,497 | 5,955,988 | (240) | (2,128) | 5,943,737 | 5,958,116 | - | - | - | - | - | - |
| Total Equity | 6,604,363 | 6,616,854 | | | 6,604,603 | 6,618,982 | - | - | - | - | - | - |
| Liabilities: | | | | | | | | | | | | |
| Insurance/takaful contract liabilities | 31,760,177 | 29,844,344 | (20,000) | (20,000) | 4,083,947 | 3,859,212 | 13,814,011 | 12,580,472 | 2,103,900 | 1,929,211 | 11,778,319 | 11,495,449 |
| Expense liabilities | 719,094 | 683,995 | | | 719,094 | 683,995 | - | - | - | - | - | - |
| Derivative liabilities | 15,095 | - | | | 2,450 | - | 12,645 | - | - | - | - | - |
| Deferred tax liabilities | 566,733 | 558,980 | | | 301,630 | 306,035 | 209,321 | 187,363 | 6,343 | 12,540 | 49,439 | 53,042 |
| Insurance payables | 1,022,796 | 642,361 | | | 667,654 | 438,544 | 155,693 | 59,390 | 154,688 | 114,642 | 44,761 | 29,785 |
| Other liabilities | 2,063,012 | 1,357,464 | | | (677,207) | (1,675,958) | 1,801,440 | 2,304,513 | 395,967 | 332,665 | 542,812 | 396,244 |
| Current tax liabilities | 128,762 | 109,095 | | | 128,762 | 109,095 | - | - | - | - | - | - |
| Total Liabilities | 36,275,669 | 33,196,239 | | | 5,226,330 | 3,720,923 | 15,993,110 | 15,131,738 | 2,660,898 | 2,389,058 | 12,415,331 | 11,974,520 |
| Total equity and liabilities | 42,880,032 | 39,813,093 | | | 11,830,932 | 10,339,905 | 15,993,111 | 15,131,738 | 2,660,898 | 2,389,058 | 12,415,331 | 11,974,520 |

* The consolidation elimination indicated the group inter-fund elimination.

35. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT/REVENUE ACCOUNTS BY FUND

| | Total | | Consolidation elimination | | Shareholder Funds | | General fund | | Life Fund | | General Takaful Fund | | Family Takaful Fund | |
|--|---------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | 30.6.2020 RM'000 | 30.6.2019 RM'000 | 30.6.2020 RM'000 | 30.6.2019 RM'000 | 30.6.2020 RM'000 | 30.6.2019 RM'000 | 30.6.2020 RM'000 | 30.6.2019 RM'000 | 30.6.2020 RM'000 | 30.6.2019 RM'000 | 30.6.2020 RM'000 | 30.6.2019 RM'000 | 30.6.2020 RM'000 | 30.6.2019 RM'000 |
| Operating revenue | 4,993,649 | 4,507,934 | (421,252) | (467,558) | 514,947 | 563,615 | 873,689 | 846,111 | 2,096,004 | 1,585,941 | 866,217 | 843,012 | 1,064,044 | 1,136,813 |
| Gross earned premiums/contributions | 4,219,476 | 3,621,361 | (170) | (89) | - | - | 754,067 | 704,476 | 1,822,209 | 1,305,465 | 812,753 | 718,500 | 830,617 | 893,009 |
| Earned premiums/contributions ceded to reinsurers/retakaful | (685,839) | (527,299) | | | - | - | (435,427) | (400,502) | (106,977) | (14,548) | (90,829) | (72,030) | (52,606) | (40,219) |
| Net earned premiums/contributions | 3,533,637 | 3,094,062 | | | - | - | 318,640 | 303,974 | 1,715,232 | 1,290,917 | 721,924 | 646,470 | 778,011 | 852,790 |
| Fee and commission income | 43,766 | 51,653 | (411,776) | (440,049) | 412,393 | 440,049 | 34,096 | 44,159 | 3,033 | 2,166 | 6,011 | 5,197 | 9 | 131 |
| Investment income | 661,023 | 670,181 | | | 95,302 | 86,700 | 20,791 | 21,155 | 273,795 | 280,476 | 37,708 | 38,046 | 233,427 | 243,804 |
| Realised (losses)/gains | (128,730) | 48,790 | | | 54,444 | (4,721) | (10,022) | (464) | (334,369) | 41,953 | 28,511 | 2,296 | 132,706 | 9,726 |
| Fair value (losses)/gains | 156,091 | 962,118 | | | 22,244 | 102,206 | (6,769) | 6,525 | 41,365 | 518,327 | 3,577 | 3,107 | 95,674 | 331,953 |
| Other operating income/(expenses), net | 100,613 | (20,499) | | | 2,035 | 617 | 6,681 | (8,098) | 96,661 | (12,088) | (660) | (1,295) | (4,104) | 365 |
| Other revenue | 832,763 | 1,712,243 | | | 586,418 | 624,851 | 44,777 | 63,277 | 80,485 | 830,834 | 75,147 | 47,351 | 457,712 | 585,979 |
| Gross benefits and claims paid | (1,692,207) | (1,739,428) | | | - | - | (169,939) | (283,866) | (518,184) | (570,282) | (324,099) | (363,892) | (679,985) | (521,388) |
| Claims ceded to reinsurers | 77,031 | 185,976 | | | - | - | 32,210 | 139,082 | 5,272 | 6,051 | 11,199 | 10,201 | 28,350 | 30,642 |
| Gross change in contract/certificate liabilities | (1,956,744) | (2,131,899) | | | 178 | - | (154,238) | (203,471) | (1,128,069) | (1,109,702) | (251,344) | (79,993) | (423,271) | (738,733) |
| Change in contract/certificate liabilities ceded to reinsurers/retakaful | 324,006 | 234,998 | | | - | - | 121,879 | 187,896 | 103,622 | 10,529 | 81,890 | 17,984 | 16,615 | 18,589 |
| Net benefits and claims | (3,247,914) | (3,450,353) | | | 178 | - | (170,088) | (160,359) | (1,537,359) | (1,663,404) | (482,354) | (415,700) | (1,058,291) | (1,210,890) |
| Management expenses | (427,169) | (443,650) | 170 | 89 | (214,943) | (224,760) | (88,666) | (91,918) | (107,744) | (113,257) | - | - | (15,986) | (13,804) |
| Reimbursement of Shared Services | 20,514 | 17,395 | | | 20,514 | 17,395 | - | - | - | - | - | - | - | - |
| Change in expense liabilities | (35,099) | (87,123) | | | (35,099) | (87,123) | - | - | - | - | - | - | - | - |
| Fee and commission expenses | (300,808) | (306,115) | 411,776 | 440,049 | (135,374) | (135,672) | (56,815) | (70,877) | (108,206) | (99,064) | (256,676) | (252,543) | (155,513) | (188,008) |
| Interest on subordinated obligations | - | (5,535) | | | - | (5,535) | - | - | - | - | - | - | - | - |
| Tax borne by policyholders/participants | (13,266) | (80,249) | | | - | - | - | - | (6,653) | (53,512) | (680) | (670) | (5,933) | (26,067) |
| Other expenses | (755,828) | (905,277) | | | (364,902) | (435,695) | (145,481) | (162,795) | (222,603) | (265,833) | (257,356) | (253,213) | (177,432) | (227,879) |
| Surplus transfer from/(to): | 362,658 | 450,675 | | | 221,694 | 189,156 | 47,848 | 44,097 | 35,755 | 192,514 | 57,361 | 24,908 | - | - |
| - General Fund | - | - | | | 35,445 | 34,415 | (35,445) | (34,415) | - | - | - | - | - | - |
| - Life Par Fund | - | - | | | 2 | 10,323 | - | - | (2) | (10,323) | - | - | - | - |
| - Life Non Par Fund | - | - | | | 35,753 | 182,191 | - | - | (35,753) | (182,191) | - | - | - | - |
| - General Takaful Fund | - | - | | | 57,361 | 24,908 | - | - | - | - | (57,361) | (24,908) | - | - |
| - Family Fund | - | - | | | - | - | - | - | - | - | - | - | - | - |
| Profit before taxation | 362,658 | 450,675 | | | 350,255 | 440,993 | 12,403 | 9,682 | - | - | - | - | - | - |
| Taxation | (117,169) | (140,160) | | | (104,766) | (130,478) | (12,403) | (9,682) | - | - | - | - | - | - |
| Zakat | (14,775) | (4,780) | | | (14,775) | (4,780) | - | - | - | - | - | - | - | - |
| Net profit for the period | 230,714 | 305,735 | | | 230,714 | 305,735 | - | - | - | - | - | - | - | - |