

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.  
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**TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.**  
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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	<u>Note</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
		RM'000	RM'000
<b>ASSETS</b>			
Property, plant and equipment		171,419	174,343
Right-of-use assets		1,353	453
Investment properties		174,735	174,735
Intangible assets		75,226	82,296
Financial investments			
Available-for-sale ("AFS") financial assets	8a	5,803,284	5,992,772
Fair value through profit or loss ("FVTPL") financial assets	8b	1,724,519	1,550,959
Held-to-maturity ("HTM") financial assets	8c	937,192	952,551
Loans and receivables ("LAR")	8d	391,947	427,129
Tax recoverable		25,859	10,282
Insurance receivables		22,991	23,622
Other receivables		20,984	20,196
Cash and cash equivalents		314,123	312,896
<b>TOTAL ASSETS</b>		<u>9,663,632</u>	<u>9,722,234</u>
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>			
Share capital		226,000	226,000
Retained earnings		829,935	687,709
Available-for-sale reserve		53,021	111,040
Asset revaluation reserve		3,334	3,334
<b>TOTAL EQUITY</b>		<u>1,112,290</u>	<u>1,028,083</u>
Insurance contract liabilities	9	7,620,539	7,772,714
Insurance payables		572,152	557,539
Lease liabilities		1,359	458
Other payables		59,224	67,264
Provision for agency long association benefits		35,402	34,014
Current tax liabilities		-	4,048
Deferred tax liabilities		262,666	258,114
<b>TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES</b>		<u>8,551,342</u>	<u>8,694,151</u>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>		<u>9,663,632</u>	<u>9,722,234</u>

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

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Gross earned premium revenue	714,927	642,429
Premiums ceded to reinsurers	(23,980)	(23,368)
Net earned revenue	<u>690,947</u>	<u>619,061</u>
Investment income	183,104	178,038
Net realised gains/(losses)	47,792	(118,349)
Net fair value gains/(losses)	13,185	(12,779)
Commission income	893	4,290
Other income	<u>244,974</u>	<u>51,200</u>
Gross benefits and claims paid	(606,729)	(491,228)
Claims ceded to reinsurers	15,119	11,350
Gross change to insurance contract liabilities	21,106	(39,489)
Net insurance benefits and claims	<u>(570,504)</u>	<u>(519,367)</u>
Commission and agency expenses	(78,332)	(70,638)
Management expenses	(84,263)	(81,200)
Other operating income/ (expenses) – net	94	(43)
Other expenses	<u>(162,501)</u>	<u>(151,881)</u>
Profit/(loss) before taxation	202,916	(987)
Taxation	(55,690)	(1,902)
Net profit/(loss) for the financial period	<u><u>147,226</u></u>	<u><u>(2,889)</u></u>

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Other comprehensive (losses)/income:		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Fair value change on available-for-sale financial assets:		
Net losses arising during the financial period	(199,432)	(106,706)
Realised gains transferred to profit or loss	(77,955)	(20,612)
Impairment losses transferred to profit or loss	30,163	138,961
Tax effects thereon	34,142	(6,869)
	<hr/>	<hr/>
Fair value gains, net of tax	(213,082)	4,774
Change in insurance contract liabilities arising from net fair value losses	155,063	19,139
	<hr/>	<hr/>
Net fair value change	(58,019)	23,913
	<hr/>	<hr/>
Total other comprehensive (losses)/income	(58,019)	23,913
	<hr/>	<hr/>
Total comprehensive income for the financial period	89,207	21,024
	<hr/> <hr/>	<hr/> <hr/>
Basic earnings per share (sen)	65.14	(1.28)
	<hr/> <hr/>	<hr/> <hr/>

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

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

		<u>Non-Distributable</u>		<u>Distributable</u>	
	<u>Share capital</u>	<u>Available- for-sale reserve</u>	<u>Asset revaluation reserve</u>	<u>Retained earnings*</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Issued and fully paid ordinary shares:					
At 1 January 2020	226,000	67,108	3,208	652,479	948,795
Total comprehensive income/(losses) for the financial period	-	23,913	-	(2,889)	21,024
Dividend payable for the financial year ended 31 December 2019	-	-	-	(5,000)	(5,000)
At 30 June 2020	<u>226,000</u>	<u>91,021</u>	<u>3,208</u>	<u>644,590</u>	<u>964,819</u>
Issued and fully paid ordinary shares:					
At 1 January 2021	226,000	111,040	3,334	687,709	1,028,083
Total comprehensive (losses)/income for the financial period	-	(58,019)	-	147,226	89,207
Dividend paid for the financial year ended 31 December 2020	-	-	-	(5,000)	(5,000)
At 30 June 2021	<u>226,000</u>	<u>53,021</u>	<u>3,334</u>	<u>829,935</u>	<u>1,112,290</u>

\* Included in the retained earnings as at 30 June 2021 is unallocated surplus in the Non-participating Life Fund (net of deferred tax) of RM831,001,000 (30 June 2020: RM641,834,000). These amounts are only distributable upon the actual recommended transfer from Non-participating Life Fund to the Shareholders' Fund by the Appointed Actuary.

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) for the financial period	147,226	(2,889)
Investment income	(183,105)	(175,943)
Interest expense for lease liabilities	30	30
Realised gain of AFS financial assets	(77,955)	(20,612)
Fair value (gains)/losses of FVTPL financial assets	(13,185)	12,779
Depreciation of property, plant and equipment	3,273	3,097
Depreciation of right-of-use assets	269	323
Write-offs of property, plant and equipment	2	-
Amortisation of intangible assets	10,080	11,650
Impairment of AFS financial assets	30,163	138,961
(Write back of impairment loss)/impairment loss of insurance receivables	(35)	63
Impairment loss of loan receivables	10	-
Write back of impairment loss of other receivable	-	(61)
Recovery of write-offs of insurance receivables	-	(3)
Provision for agency long association benefits	3,694	3,316
Taxation	55,690	1,902
Changes in working capital:		
Purchase of financial assets	(908,583)	(1,094,622)
Proceeds from maturity and disposal of financial assets	757,503	1,054,238
Decrease in loans	25,032	10,801
Decrease in insurance receivables	666	3,318
Decrease in other receivables	5,024	25,151
Increase in insurance contract liabilities	2,888	66,047
Increase in insurance payables	14,613	4,988
Decrease in other payables	(13,214)	(22,304)
	(139,914)	20,230
Dividend income received	45,879	32,211
Interest income received	140,344	142,219
Rental income received	2,505	524
Agency long association benefits paid	(2,306)	(2,423)
Income tax paid	(36,623)	(12,529)
Net cash inflows from operating activities	9,885	180,232

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(351)	(1,179)
Purchase of intangible assets	(3,010)	(86,592)
Net cash outflows from investing activities	<u>(3,361)</u>	<u>(87,771)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(5,000)	-
Payment to lease liabilities	(297)	(314)
Net cash outflows from financing activities	<u>(5,297)</u>	<u>(314)</u>
Net increase in cash and cash equivalents	1,227	92,147
Cash and cash equivalents at 1 January	312,896	354,463
Cash and cash equivalents at 30 June	<u>314,123</u>	<u>446,610</u>
Cash and cash equivalents comprise:		
Cash and bank balances	34,454	48,183
Fixed and call deposits with maturity of less than three months	279,669	398,427
	<u>314,123</u>	<u>446,610</u>

(i) An analysis of changes in liabilities arising from financing activities is as follows:

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
<b>Lease liabilities</b>		
As at 1 January	458	543
Lease additions	1,168	334
Interest expense for lease liabilities	30	30
Payment to lease liabilities	(297)	(314)
As at 30 June	<u>1,359</u>	<u>593</u>

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



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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021

### 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 31 December 2020.

#### 1.1 Basis of Preparation

The condensed interim financial statements of the Company are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2020.

The interim financial statements are authorised for issue by the Board of Directors on 12 August 2021.

#### 1.2 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Company

(a) The standards applicable for the first time for the financial year beginning on 1 January 2021:

- Amendments to MFRS 16, COVID-19 Related Rent Concessions
- Amendments to MFRS 9, 139 & 7 "Interest Rate Benchmark Reform"

(b) The Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial period:

##### Financial year beginning after 1 January 2022

- Amendments to MFRS 116 "Proceeds before intended use"

Amendments to MFRS 116 "Proceeds before intended use" prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognized in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL  
STATEMENTS - 30 JUNE 2021 (CONTINUED)

1.2 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Company (continued)

(b) The Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial period: (continued)

Financial year beginning on/after 1 January 2022 (continued)

- Amendments to MFRS 3 - "Reference to the Contractual Framework"

Amendments to MFRS 3 "Reference to Conceptual Framework" replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 "Provisions, contingent liabilities and contingent assets" and IC Interpretation 21 "Levies" when falls within their scope. It also clarifies that contingent assets should not be recognized at the acquisition date.

The amendments shall be applied prospectively.

- Amendments to MFRS 137 - "Onerous Contracts - Cost of Fulfilling a Contract"

Amendments to MFRS 137 "Onerous contracts – cost of fulfilling a contract" clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contracts as well as an allocation of other costs directly related to fulfilling contracts.

The amendments also clarify that before recognizing a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognized.

The amendments shall be applied retrospectively.

- Annual Improvements to MFRS 9 "Fees in the '10 per cent' test for Derecognition of Financial Liabilities

Annual Improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities" clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL  
STATEMENTS - 30 JUNE 2021 (CONTINUED)

1.2 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Company (continued)

- (b) The Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial period: (continued)

Financial year beginning on/after 1 January 2023

- MFRS 17 'Insurance Contracts'

MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 'Revenue'. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts.

Insurance contracts, (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17.

Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

MFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

- Simplified Premium Allocation Approach if the insurance coverage period is a year or less.
- Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items.

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

1.2 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Company (continued)

(b) The Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial period: (continued)

### Financial year beginning on/after 1 January 2023 (continued)

- Amendments to MFRS 17 "Insurance Contracts"

Amendments to MFRS 17 Insurance Contracts defers the effective date of MFRS 17 Insurance Contracts. An entity shall apply MFRS 17 and Amendments to MFRS 17 for annual reporting periods beginning on or after 1 January 2023. If an entity applies MFRS 17 earlier, it shall disclose that fact. Early application is permitted for entities that apply MFRS 9 Financial Instruments on or before the date of initial application of MFRS 17.

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-Current

Amendments to MFRS 101 of Classification of Liabilities as Current or Non-Current clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

The amendments shall be applied retrospectively.

Other than MFRS 9 and MFRS 17, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Company in the year of initial application.

The Company has yet to assess the full impact of MFRS 9 and MFRS 17 onto the Company's accounting policies and will complete the process prior to the reporting requirement deadline.

## 2 SEASONAL OR CYCLICAL FACTORS

There were no significant seasonal or cyclical factors that affect the business of the Company for the six months period under review.

## 3 UNUSUAL ITEMS

The World Health Organisation ("WHO") had declared COVID-19 as a pandemic on 11 March 2020 causing one of the most severe economic and financial market turmoil. This was followed by a Movement Control Order ("MCO") imposed by the Malaysian Government on 18 March 2020 to control the spread of the pandemic. The pandemic has disrupted business operations globally and locally.

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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

### 3 UNUSUAL ITEMS (CONTINUED)

Bank Negara Malaysia ("BNM") had announced a number of measures to assist policyholders to manage the impact of the COVID-19 outbreak. The relief measures that are provided to the affected policyholders of the Company include:

- Deferment of payment of life insurance premiums;
- Extension of flexibilities to reinstate or preserve life insurance protection; and
- Expedited claims processing.

To-date, the take-up rates of these relief measures have been minimal with no significant financial impact to the Company.

Higher interest rates and volatile equity markets have impacted the Company's insurance contract liabilities and investment performance respectively.

While the current period's results of the Company have largely remained resilient, the Company remains cautious amid ongoing uncertainties to the economy arising from the COVID-19 pandemic. The Company will continue to closely monitor the developing situation and the potential impact on its operations and will respond accordingly. The Company has also stepped up efforts in its digital transformation and its ambition to be a digital, customer-centric market leader to be better prepared for future uncertainties.

### 4 CHANGE IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the financial period ended 30 June 2021.

### 5 DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period.

### 6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There is no material event subsequent to the end of the period under review that has not been reflected in the interim financial statements.

### 7 DIVIDENDS

A final single tier dividend of 2.21 sen (2020: 2.21 sen) per ordinary share on 226,000,000 ordinary shares amounting to RM5,000,000 (2020: RM5,000,000) for the financial year ended 31 December 2020 was approved at the Annual General Meeting held on 24 June 2021 and this dividend was paid in full on 28 June 2021.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)**

**8 FINANCIAL INVESTMENTS**

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
Malaysian government securities	572,643	564,744
Malaysian government guaranteed bonds	1,566,662	1,658,607
Government investment issues	427,407	449,463
Corporate debt securities	3,090,579	3,103,202
Equity securities	1,902,141	1,962,357
Collective investment schemes	905,563	757,909
Loans	391,947	416,989
Fixed and call deposits with licensed financial institutions	-	10,140
	<u>8,856,942</u>	<u>8,923,411</u>

The Company's financial investments are summarised by the following categories:

AFS financial assets	5,803,284	5,992,772
FVTPL financial assets	1,724,519	1,550,959
HTM financial assets	937,192	952,551
Loans and receivables	391,947	427,129
	<u>8,856,942</u>	<u>8,923,411</u>

**8a AFS FINANCIAL ASSETS**

At fair value:

Malaysian government securities	308,145	298,529
Malaysian government guaranteed bonds	1,115,421	1,211,710
Government investment issues	251,157	270,525
Corporate debt securities	2,518,574	2,545,137
Equity securities	1,407,867	1,514,353
Collective investment schemes	202,120	152,518
	<u>5,803,284</u>	<u>5,992,772</u>
Current	221,756	157,880
Non-current	5,581,528	5,834,892
	<u>5,803,284</u>	<u>5,992,772</u>

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8 FINANCIAL INVESTMENTS (CONTINUED)

8a AFS FINANCIAL ASSETS (CONTINUED)

Movement in impairment allowance accounts:

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
Provision for impairment loss:		
At 1 January	141,641	62,889
Transferred to realized gain upon disposal	(30,672)	(130,705)
Impairment loss during the financial period/year	30,163	209,457
At 30 June/31 December	<u>141,132</u>	<u>141,641</u>

The impairment losses arose on equity securities for which there have been significant or prolonged decline in fair value.

8b FVTPL FINANCIAL ASSETS

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
At fair value:		
Malaysian government securities	32,264	34,023
Malaysian government guaranteed bonds	10,309	5,869
Government investment issues	59,389	62,016
Corporate debt securities	424,840	395,656
Equity securities	494,274	448,004
Collective investment schemes	703,443	605,391
	<u>1,724,519</u>	<u>1,550,959</u>
Current	30,115	10,207
Non-current	1,694,404	1,540,752
	<u>1,724,519</u>	<u>1,550,959</u>

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8 FINANCIAL INVESTMENTS (CONTINUED)

8c HTM FINANCIAL ASSETS

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
At amortised cost:		
Malaysian government securities	232,234	232,192
Malaysian government guaranteed bonds	440,932	441,028
Government investment issues	116,861	116,922
Corporate debt securities	147,165	162,409
	<u>937,192</u>	<u>952,551</u>
Current	15,644	20,241
Non-current	921,548	932,310
	<u>937,192</u>	<u>952,551</u>
At fair value:		
Malaysian government securities	250,133	262,624
Malaysian government guaranteed bonds	479,199	506,955
Government investment issues	125,630	133,132
Corporate debt securities	159,626	181,044
	<u>1,014,588</u>	<u>1,083,755</u>



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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL  
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8 FINANCIAL INVESTMENTS (CONTINUED)

8d LOANS AND RECEIVABLES

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
At amortised cost:		
Secured:		
Policy loans*	391,171	415,670
Mortgage loans	776	923
Other loans	-	396
Fixed and call deposits with licensed financial institutions	-	10,140
	<u>391,947</u>	<u>427,129</u>

\* Accrued interest income is included at fixed rate

The carrying values of loans and receivables approximate the fair values at the date of the statement of financial position.

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
Current	-	10,536
Non-current	391,947	416,593
	<u>391,947</u>	<u>427,129</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)**

8 FINANCIAL INVESTMENTS (CONTINUED)

8e CARRYING VALUES OF FINANCIAL INSTRUMENTS

	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>HTM</u> RM'000	<u>LAR</u> RM'000	<u>Total</u> RM'000
At 1 January 2020	5,759,386	1,096,138	963,724	461,177	8,280,425
Purchases/placement	1,833,484	487,403	-	10,140	2,331,027
Maturities	(621,029)	(41,926)	(10,000)	-	(672,955)
Disposals	(1,200,247)	(164,580)	(1,000)	-	(1,365,827)
Decrease in loans	-	-	-	(44,188)	(44,188)
Movement of investment income accrued	1,207	391	(97)	-	1,501
Fair value gains/(losses) recorded in:					
- Profit or loss	23,532	173,533	(19)	-	197,046
- Other comprehensive income	192,340	-	-	-	192,340
Accretion/(amortisation) adjustment	4,099	-	(57)	-	4,042
At 31 December 2020	<u>5,992,772</u>	<u>1,550,959</u>	<u>952,551</u>	<u>427,129</u>	<u>8,923,411</u>
Purchases	654,807	266,097	-	-	920,904
Maturities	(154,796)	(5,000)	(15,000)	-	(174,796)
Disposals	(490,843)	(100,977)	-	-	(591,820)
Decrease in loans	-	-	-	(25,042)	(25,042)
Decrease in fixed and call deposit	-	-	-	(10,140)	(10,140)
Movement of investment income accrued	(766)	255	(334)	-	(845)
Fair value losses recorded in:					
- Profit or loss	78,463	13,185	-	-	91,648
- Other comprehensive loss	(277,895)	-	-	-	(277,895)
Accretion/(amortisation) adjustment	1,542	-	(25)	-	1,517
At 30 June 2021	<u><u>5,803,284</u></u>	<u><u>1,724,519</u></u>	<u><u>937,192</u></u>	<u><u>391,947</u></u>	<u><u>8,856,942</u></u>

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8 FINANCIAL INVESTMENTS (CONTINUED)

8f FAIR VALUES OF FINANCIAL INSTRUMENTS

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>HTM</u> RM'000	<u>Total</u> RM'000
<u>30 June 2021</u>				
Level 1	1,433,515	497,193	-	1,930,708
Level 2	4,353,871	1,227,326	1,014,588	6,595,785
Level 3	15,898	-	-	15,898
	<u>5,803,284</u>	<u>1,724,519</u>	<u>1,014,588</u>	<u>8,542,391</u>
<u>31 December 2020</u>				
Level 1	1,541,756	451,088	-	1,992,844
Level 2	4,435,118	1,099,871	1,083,755	6,618,744
Level 3	15,898	-	-	15,898
	<u>5,992,772</u>	<u>1,550,959</u>	<u>1,083,755</u>	<u>8,627,486</u>

Level 1 financial instruments are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions that are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

Level 3 financial instruments are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category are unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

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8 FINANCIAL INVESTMENTS (CONTINUED)

8f FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the changes in the Level 3 instruments:

	As at 30.06.2021 RM'000	AFS As at 31.12.2020 RM'000
At the beginning of the financial period/year	15,898	14,187
Fair value gains recognized in other comprehensive income	-	1,711
	<u>15,898</u>	<u>15,898</u>

9 INSURANCE CONTRACT LIABILITIES

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Life insurance contract liabilities	<u>7,620,539</u>	<u>7,772,714</u>

The life insurance contract liabilities and the movements are further analysed as follows:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Actuarial liabilities	5,586,553	5,748,803
Unallocated surplus	426,447	383,206
Provision for outstanding claims	274,309	250,315
Available-for-sale fair value adjustment	351,132	506,195
Asset revaluation surplus adjustment	46,706	46,706
Net asset value attributable to unitholders (Note 13)	935,392	837,489
	<u>7,620,539</u>	<u>7,772,714</u>

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9 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	With DPF RM'000	Without DPF RM'000	Gross Total RM'000
At 1 January 2021	5,463,996	2,308,718	7,772,714
Premiums received	118,881	598,212	717,093
Liabilities paid for death, maturities, surrenders, benefits and claims	(386,523)	(227,456)	(613,979)
Benefits and claims experience variation	(43,241)	(194,466)	(237,707)
Policy movements	152,210	(78,056)	74,154
Movement in unallocated surplus	43,241	-	43,241
Available-for-sale fair value adjustment	(155,063)	-	(155,063)
Net asset value attributable to unitholders	-	(3,908)	(3,908)
Movement in provision for outstanding claims	11,956	12,038	23,994
At 30 June 2021	<u>5,205,457</u>	<u>2,415,082</u>	<u>7,620,539</u>
At 1 January 2020	5,500,315	1,757,720	7,258,035
Premiums received	291,657	1,059,696	1,351,353
Liabilities paid for death, maturities, surrenders, benefits and claims	(737,162)	(424,437)	(1,161,599)
Benefits and claims experience variation	(53)	(83,494)	(83,547)
Policy movements	264,857	(151,948)	112,909
Adjustments due to changes in assumptions:			
Mortality/morbidity	(8,332)	13,670	5,338
Lapse and surrender rates	-	(6,018)	(6,018)
Expenses	(3,338)	25,649	22,311
Unit fund growth rate	-	103	103
Others	35	(124)	(89)
Movement in unallocated deficit	(4,647)	-	(4,647)
Available-for-sale fair value adjustment	121,964	-	121,964
Net asset value attributable to unitholders	-	89,235	89,235
Movement in provision for outstanding claims	36,642	28,666	65,308
Asset revaluation surplus adjustment	2,058	-	2,058
At 31 December 2020	<u>5,463,996</u>	<u>2,308,718</u>	<u>7,772,714</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)**

10 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
Authorised and contracted but not provided for:		
- Computer hardware and software	2,668	3,318
- Renovation	446	-
	<u>3,114</u>	<u>3,318</u>
Approved and not contracted for:		
- Computer hardware and software	-	3,113
- Renovation	99	99
	<u>99</u>	<u>3,212</u>

11 REGULATORY CAPITAL FRAMEWORK

The capital structure of the Company, consisting of all funds, as at 30 June 2021, as prescribed under the RBC Framework is provided below:

	As at <u>30.06.2021</u> RM'000	As at <u>31.12.2020</u> RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	226,000	226,000
Reserves, including retained earnings	2,234,314	1,915,960
Tier 2 Capital	468,659	695,354
Amount deducted from capital	(75,226)	(82,295)
Total capital available	<u>2,853,747</u>	<u>2,755,019</u>

The Company has met both the minimum and internal capital requirements specified in the RBC Framework for the six months period ended 30 June 2021 and for the financial year ended 31 December 2020.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)**

12 **INSURANCE FUNDS**

The Company's activities are organised by funds and segregated into the Life Fund and Shareholders' Fund ("SHF") in accordance with the Financial Services Act, 2013 and Insurance Regulations, 1996. The Company's statement of financial position and statement of comprehensive income have been further analysed by funds which includes Life Fund and the SHF. The Life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Investment-linked products. Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (Chief Operating decision maker). The company has two segments comprises Life Fund and Shareholders' Fund in Malaysia.

Unaudited Condensed Statement of Financial Position by Funds

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Property, plant and equipment	-	-	171,419	174,343	-	-	171,419	174,343
Right-of-use assets	-	-	1,353	453	-	-	1,353	453
Investment properties	-	-	174,735	174,735	-	-	174,735	174,735
Intangible assets	58,800	67,200	16,426	15,096	-	-	75,226	82,296
Financial investments								
AFS financial assets	151,320	138,518	5,651,964	5,854,254	-	-	5,803,284	5,992,772
FVTPL financial assets	-	-	1,724,519	1,550,959	-	-	1,724,519	1,550,959
HTM financial assets	-	-	937,192	952,551	-	-	937,192	952,551
Loans and receivables	232	643	391,715	426,486	-	-	391,947	427,129
Tax Recoverable	4,368	-	21,491	10,282	-	-	25,859	10,282
Insurance receivables	-	-	22,991	23,622	-	-	22,991	23,622
Other receivables	7,517	25,713	15,399	15,171	(1,932)	(20,688)	20,984	20,196
Cash and cash equivalents	2,188	6,991	311,935	305,905	-	-	314,123	312,896
<b>TOTAL ASSETS</b>	<b>224,425</b>	<b>239,065</b>	<b>9,441,139</b>	<b>9,503,857</b>	<b>(1,932)</b>	<b>(20,688)</b>	<b>9,663,632</b>	<b>9,722,234</b>

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12 **INSURANCE FUNDS (CONTINUED)**

Unaudited Condensed Statement of Financial Position by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>								
Share capital	226,000	226,000	-	-	-	-	226,000	226,000
(Retained losses)/ retained earnings	(1,066)	12,281	831,001	675,428	-	-	829,935	687,709
Available-for-sale reserve	(1,504)	2,062	54,525	108,978	-	-	53,021	111,040
Asset revaluation reserve	-	-	3,334	3,334	-	-	3,334	3,334
<b>TOTAL EQUITY</b>	<b>223,430</b>	<b>240,343</b>	<b>888,860</b>	<b>787,740</b>	<b>-</b>	<b>-</b>	<b>1,112,290</b>	<b>1,028,083</b>
Insurance contract liabilities	-	-	7,620,539	7,772,714	-	-	7,620,539	7,772,714
Insurance payables	-	-	572,152	557,539	-	-	572,152	557,539
Lease liabilities	-	-	1,359	458	-	-	1,359	458
Other payables	1,470	-	59,686	87,952	(1,932)	(20,688)	59,224	67,264
Provision for agency long association benefits	-	-	35,402	34,014	-	-	35,402	34,014
(Tax recoverable)/current tax liabilities	-	(1,860)	-	5,908	-	-	-	4,048
(Deferred tax asset)/deferred tax liabilities	(475)	582	263,141	257,532	-	-	262,666	258,114
<b>TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES</b>	<b>995</b>	<b>(1,278)</b>	<b>8,552,279</b>	<b>8,716,117</b>	<b>(1,932)</b>	<b>(20,688)</b>	<b>8,551,342</b>	<b>8,694,151</b>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>	<b>224,425</b>	<b>239,065</b>	<b>9,441,139</b>	<b>9,503,857</b>	<b>(1,932)</b>	<b>(20,688)</b>	<b>9,663,632</b>	<b>9,722,234</b>



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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Financial Position by Funds (continued)

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Inter-fund elimination</u>		<u>Total</u>	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Additional information:								
Purchase of property, plant and equipment	-	-	351	2,684	-	-	351	2,684
Purchase of intangible assets	-	-	3,010	92,624	-	-	3,010	92,624

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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Comprehensive Income by Funds

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
Gross earned premium revenue	-	-	714,927	642,429	-	-	714,927	642,429
Premiums ceded to reinsurers	-	-	(23,980)	(23,368)	-	-	(23,980)	(23,368)
Net earned revenue	-	-	690,947	619,061	-	-	690,947	619,061
Investment income	1,791	2,105	181,313	175,933	-	-	183,104	178,038
Net realised gains/(losses)	1,665	1,000	46,127	(119,349)	-	-	47,792	(118,349)
Net fair value gains/(losses)	-	42	13,185	(12,821)	-	-	13,185	(12,779)
Commission income	-	-	893	4,290	-	-	893	4,290
Other income	3,456	3,147	241,518	48,053	-	-	244,974	51,200

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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Comprehensive Income by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
Gross benefits and claims paid	-	-	(606,729)	(491,228)	-	-	(606,729)	(491,228)
Claims ceded to reinsurers	-	-	15,119	11,350	-	-	15,119	11,350
Gross change to insurance contract liabilities	-	-	21,106	(39,489)	-	-	21,106	(39,489)
Net insurance benefits and claims	-	-	(570,504)	(519,367)	-	-	(570,504)	(519,367)
Commission and agency expenses	(2,239)	(2,164)	(76,093)	(68,474)	-	-	(78,332)	(70,638)
Management expenses	(9,195)	(9,910)	(75,068)	(71,290)	-	-	(84,263)	(81,200)
Other operating income/ (expenses) – net	-	-	94	(43)	-	-	94	(43)
Other expenses	(11,434)	(12,074)	(151,067)	(139,807)	-	-	(162,501)	(151,881)
(Loss)/profit before taxation	(7,978)	(8,927)	210,894	7,940	-	-	202,916	(987)
Taxation	(370)	(539)	(55,320)	(1,363)	-	-	(55,690)	(1,902)
Net (loss)/profit for the financial period	(8,348)	(9,466)	155,574	6,577	-	-	147,226	(2,889)

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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Comprehensive Income by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
Other comprehensive (losses)/income:								
<u>Items that may be reclassified subsequently to profit or loss</u>								
Fair value change on available-for-sale financial assets:								
Net (losses)/gains arising during financial period	(3,027)	2,366	(196,405)	(109,072)	-	-	(199,432)	(106,706)
Realised gains transferred to profit or loss	(1,665)	(1,000)	(76,290)	(19,612)	-	-	(77,955)	(20,612)
Impairment losses transferred to profit or loss	-	-	30,163	138,961	-	-	30,163	138,961
Tax effects thereon	1,126	(328)	33,016	(6,541)	-	-	34,142	(6,869)
Fair value (losses)/gains, net of tax	(3,566)	1,038	(209,516)	3,736	-	-	(213,082)	4,774
Change in insurance contract liabilities arising from net fair value losses	-	-	155,063	19,139	-	-	155,063	19,139
Net fair value change	(3,566)	1,038	(54,453)	22,875	-	-	(58,019)	23,913

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12 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Comprehensive Income by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
Other comprehensive (losses)/income: (continued)								
Total other comprehensive (losses)/income	(3,566)	1,038	(54,453)	22,875	-	-	(58,019)	23,913
Total comprehensive (losses)/income for the financial period	(11,914)	(8,428)	101,121	29,452	-	-	89,207	21,024
Additional information:								
Interest income	302	2,169	139,102	140,182	-	-	139,404	142,351
Interest expenses	-	-	(531)	(486)	-	-	(531)	(486)
Depreciation	-	-	(3,542)	(3,420)	-	-	(3,542)	(3,420)
Amortisation	(8,400)	(8,400)	(1,680)	(3,250)	-	-	(10,080)	(11,650)

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)**

13 INVESTMENT-LINKED FUND

The unaudited condensed statement of financial position and unaudited condensed statement of comprehensive income of investment-linked fund represent the assets, liabilities and net asset values of TokioMarine Orient Fund ("TMOF"), TokioMarine Enterprise Fund ("TMEF"), TokioMarine Bond Fund ("TMBF"), TokioMarine Dana Ikhtiar ("TMDI") and TokioMarine Luxury Fund ("TMLX").

The unaudited condensed statement of financial position of the investment-linked fund is represented by:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
<b>ASSETS</b>		
Fair value through profit and loss financial assets	866,253	784,029
Other receivables	1,565	2,555
Cash and cash equivalents	74,684	58,418
<b>TOTAL ASSETS</b>	<u>942,502</u>	<u>845,002</u>
<b>LIABILITIES</b>		
Current tax liabilities	3,358	1,740
Other payables	1,491	743
Deferred tax liabilities	2,261	5,030
<b>TOTAL LIABILITIES</b>	<u>7,110</u>	<u>7,513</u>
Net asset value of funds (Note 9)	<u>935,392</u>	<u>837,489</u>

The unaudited condensed statement of financial position has been adjusted for TokioMarine Managed Fund ("TMMF") which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial period/year:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
<b>ASSETS</b>		
Investments in other linked funds of insurer	416,296	369,416
Cash and cash equivalents	1	1
Net asset value of TMMF	<u>416,297</u>	<u>369,417</u>

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13 INVESTMENT-LINKED FUND (CONTINUED)

The unaudited condensed statement of comprehensive income of the investment-linked fund is represented by:

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Investment income	14,807	9,561
Fair value losses on investments	(14,412)	(27,012)
Other operating income – net	32	17
Other income/(loss)	<u>427</u>	<u>(17,434)</u>
Management fees	(5,123)	(2,971)
Management expenses	(14)	(13)
Other expenses	<u>(5,137)</u>	<u>(2,984)</u>
Loss before taxation	(4,710)	(20,418)
Taxation	802	1,877
Net loss for the financial period	<u>(3,908)</u>	<u>(18,541)</u>

The unaudited condensed statement of comprehensive income have been adjusted for TokioMarine Managed Fund (“TMMF”) which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial period:

	6 months ended <u>30.06.2021</u> RM'000	6 months ended <u>30.06.2020</u> RM'000
Fair value loss on investments	(5,050)	(9,554)
Management expenses	(3)	(3)
Net loss for the financial period	<u>(5,053)</u>	<u>(9,557)</u>

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14 ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE  
CONTRACT LIABILITIES

MFRS 9 replaces MFRS 139 “Financial Instruments: Recognition and Measurement”. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Company’s business activities are predominantly insurance and hence qualify for the temporary exemption from applying MFRS 9 under the Amendments to MFRS 4, Insurance Contracts. Hence, the Company will defer and adopt MFRS 9 together with MFRS 17, Insurance Contracts on 1 January 2023.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9 and intends to adopt MFRS 9 together with MFRS 17 on 1 January 2023.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)**

14 **ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

	<b>Financial assets with SPPI cash flows (RM'000)</b>	<b>All other financial assets (RM'000)</b>
Fair value at end of reporting date	5,782,775	3,018,101
Fair value changes during the financial period	(178,895)	(184,469)
Gross carrying amount under MFRS 139 by credit risk rating grades as defined in MFRS 7	5,782,775	3,018,101
Financial assets defined in MFRS 9 B5.5.22, to separately disclose the following financial assets that do not have low credit risk:		
Fair value	-	-
Gross carrying amount	-	-

\* Insurance receivables and policy loans have been excluded from the above assessment as they are under the scope of MFRS 4 'Insurance Contracts'.

\* Other than the financial assets included in the table above and assets that are within the scope of MFRS 4 'Insurance Contracts', all other assets in the statement of financial position are non-financial asset.

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14 ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Financial assets with SPPI cash flows

	<u>AAA</u> RM'000	<u>AA</u> RM'000	<u>A</u> RM'000	<u>Government Guaranteed</u> RM'000	<u>Unrated</u> RM'000	<u>Total</u> RM'000
<u>30 June 2021</u>						
Investments						
Malaysian Government Securities	-	-	-	-	569,644	569,644
Malaysian Government Guaranteed Bond	-	-	-	1,562,575	-	1,562,575
Government Investment Issues	-	-	-	-	416,723	416,723
Corporate debt securities	995,500	1,535,094	309,220	-	58,136	2,897,950
Loans	-	-	-	-	776	776
Other receivables	-	-	-	-	20,984	20,984
Cash and cash equivalents	211,048	102,947	-	-	128	314,123
	<u>1,206,548</u>	<u>1,638,041</u>	<u>309,220</u>	<u>1,562,575</u>	<u>1,066,391</u>	<u>5,782,775</u>

All financial assets with SPPI cash flows of the Company as at 30 June 2021 have low credit risk.