

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

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

Company No.

200801013654 (814942-M)

## **MANULIFE INSURANCE BERHAD**

(Incorporated in Malaysia)

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## MANULIFE INSURANCE BERHAD

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### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
<b>ASSETS</b>			
Property and equipment		20,169	20,537
Investment property		46,802	46,802
Intangible assets	12	43,809	47,365
Loans and receivables		365,264	314,710
Available-for-sale financial assets	13(a)	3,367,522	3,523,659
Financial asset at fair value through profit or loss	13(b)	1,917,266	1,827,526
Reinsurance assets	14	10,672	5,718
Insurance receivables		9,228	16,877
Right-of-use assets		1,411	1,995
Current tax asset	16	22,245	23,192
Cash and cash equivalents		94,032	84,747
<b>TOTAL ASSETS</b>		<b>5,898,420</b>	<b>5,913,128</b>
<b>EQUITY, POLICYHOLDERS' FUND AND LIABILITIES</b>			
Share capital		200,000	200,000
Retained earnings		383,404	357,133
Fair value reserves		15,293	41,506
<b>TOTAL EQUITY</b>		<b>598,697</b>	<b>598,639</b>
Insurance contract liabilities	15	4,314,349	4,360,216
Insurance claim liabilities		71,869	56,304
Financial liability at fair value through profit or loss		372	21
Deferred tax liabilities		42,420	59,508
Reinsurance liabilities		3,500	4,257
Insurance payables		711,232	671,859
Lease liabilities		1,575	2,137
Current tax liability	16	20,580	22,245
Other payables		133,826	137,942
<b>TOTAL LIABILITIES</b>		<b>5,299,723</b>	<b>5,314,489</b>
<b>TOTAL EQUITY, POLICYHOLDERS' FUND AND LIABILITIES</b>		<b>5,898,420</b>	<b>5,913,128</b>

The accompanying notes form an integrated part of these unaudited condensed interim financial statements.

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### UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

	<b>30.06.2021</b>	<b>Cumulative 6 months ended 30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Premium income		
Gross premiums	473,575	430,790
Premiums ceded to reinsurers	(48,180)	(44,522)
Net premiums	425,395	386,268
Investment income	101,349	86,176
Net realised gains/(losses)	99,842	(36,237)
Net fair value losses	(2,637)	(142,741)
Fee income	1,742	1,551
Other operating income	1,760	1,327
<b>Total revenue</b>	<b>627,451</b>	<b>296,344</b>
Gross benefits and claims paid and payable	(400,668)	(392,887)
Claims ceded to reinsurers	18,606	14,521
Gross change in insurance contract liabilities	(91,565)	154,673
Change in insurance contract liabilities ceded to reinsurers	757	10,678
<b>Net claims</b>	<b>(472,870)</b>	<b>(213,015)</b>
Fee and commission expenses	(37,378)	(15,645)
Investment expenses	(4,919)	(4,792)
Management expenses	(71,287)	(68,488)
Other operating (expenses)/income	(9,541)	20,760
<b>Other expenses</b>	<b>(123,125)</b>	<b>(68,165)</b>
<b>Profit before taxation</b>	<b>31,456</b>	<b>15,164</b>
Taxation	(5,185)	(3,867)
<b>Net profit for the financial period</b>	<b>26,271</b>	<b>11,297</b>
<b>Net profit attributable to:</b>		
Equity holder of the Company	26,271	11,297
Basic and diluted earnings per share (sen)	7.51	3.23

The accompanying notes form an integrated part of these unaudited condensed interim financial statements.

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

	<u>30.06.2021</u>	<u>Cumulative 6 months ended 30.06.2020</u>
	RM'000	RM'000
<b>Net profit for the financial period</b>	26,271	11,297
<b>Other comprehensive (loss)/income, net of tax:</b>		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:-		
Fair value change on available-for-sale financial assets:		
- Gross fair value change	(179,697)	101,752
- Deferred tax	16,052	(10,029)
	(163,645)	91,723
Change in insurance contract liabilities arising from unrealised net fair value changes	137,432	(75,007)
Net (loss)/income	(26,213)	16,716
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>	(26,213)	16,716
<b>Other comprehensive (loss)/income for the financial period</b>	(26,213)	16,716
<b>Total comprehensive income for the financial period</b>	<u>58</u>	<u>28,013</u>
<b>Total comprehensive income attributable to:</b>		
Equity holder of the Company	<u>58</u>	<u>28,013</u>

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

	<b>Share capital</b>	<b>Non-distributable Fair value reserve</b>	<b>Distributable Retained earnings</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021</b>	200,000	41,506	357,133	598,639
Net profit for the financial period	-	-	26,271	26,271
Other comprehensive loss for the financial period	-	(26,213)	-	(26,213)
Total comprehensive (loss)/income for the financial period	-	(26,213)	26,271	58
<b>At 30 June 2021</b>	<u>200,000</u>	<u>15,293</u>	<u>383,404</u>	<u>598,697</u>
<b>At 1 January 2020</b>	200,000	12,763	327,856	540,619
Net profit for the financial period	-	-	11,297	11,297
Other comprehensive income for the financial period	-	16,716	-	16,716
Total comprehensive income for the financial period	-	16,716	11,297	28,013
<b>At 30 June 2020</b>	<u>200,000</u>	<u>29,479</u>	<u>339,153</u>	<u>568,632</u>

Included in the retained earnings are surplus from Non-participating life fund (net of deferred tax) of approximately RM 91,335,000 (1 January 2021: RM 68,652,000; 30 June 2020: RM 95,508,000; 1 January 2020: RM 68,652,000). 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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## MANULIFE INSURANCE BERHAD

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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	6 months ended 30.06.2020
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial period	26,271	11,297
Adjustments for non-cash items	(182,344)	76,883
Operating (loss)/income before changes in operating assets and liabilities	(156,073)	88,180
Purchase of investments	(1,919,090)	(1,787,374)
Proceeds from disposal and maturity of investments	1,908,004	1,760,050
Interest income received	58,377	58,223
Dividend income received	43,792	28,694
Rental income received	986	798
Decrease in insurance receivables	7,649	10,993
Increase in reinsurance assets	(5,711)	(9,559)
(Increase)/decrease in loan receivables	(10,009)	1,399
Decrease/(increase) in other receivables	2,440	(9,932)
(Increase)/decrease in fixed and call deposits	(44,256)	13,546
Increase/(decrease) in insurance contract liabilities	91,565	(154,673)
Increase in insurance claims liabilities	15,565	9,478
Increase in payables	37,075	25,194
Cash generated from operations	30,314	35,017
Interest paid	(31)	(41)
Income taxes paid	(19,567)	(9,505)
Net cash inflow from operating activities	10,716	25,471
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(495)	(3,844)
Purchase of intangible assets	(438)	(8,516)
Net cash outflow from investing activities	(933)	(12,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(498)	(549)
Net cash outflow from financing activities	(498)	(549)
Net increase during the financial period	9,285	12,562
Cash and cash equivalents at 1 January	84,747	61,927
Cash and cash equivalents at 30 June	94,032	74,489

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

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the unaudited condensed statement of cash flows comprise the following:

	<b>As at 30.06.2021</b>	<b>As at 30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	90,018	73,977
Short-term deposits*	4,014	512
Cash and cash equivalents	<u>94,032</u>	<u>74,489</u>

\* Short-term deposits with original maturities of less than 3 months.

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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

#### **1. BASIS OF PREPARATION**

The condensed interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and International Accounting Standard (“IAS”) 34: Interim Financial Reporting and should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2020, which were prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2020.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company in the unaudited condensed interim financial statements are consistent with those adopted in the Company’s audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following amendments/interpretation to MFRS:

<u>Description</u>	<u>Effective Date</u>
Covid-19-Related Rent Concessions (Amendment to MFRS 16 <i>Leases</i> )	1 June 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

Other than as discussed above, the adoption of the above amendments/interpretation to standards issued by Malaysian Accounting Standards Board (“MASB”) in the current financial year do not have any material impact to the financial statements of the Company.

#### **3. SEASONAL/CYCLICAL FACTORS**

The business operations of the Company are subject to the sales cycle of the life insurance business.

#### **4. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 June 2021.

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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

#### **5. CHANGE IN ESTIMATES**

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2021, other than as disclosed in Note 15.

#### **6. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period ended 30 June 2021.

#### **7. DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year.

#### **8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

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

#### **9. CHANGES IN COMPOSITION OF THE COMPANY**

There is no change in the Company's composition for the current financial period to date.

#### **10. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the date of this report since the last annual statement of financial position date.

#### **11. SIGNIFICANT EVENTS**

There is no significant event during the financial period to date.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

#### 12. INTANGIBLE ASSET

	Exclusive right RM'000	Computer software RM'000	Computer software in progress RM'000	Distribution agreement RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2020	40,000	7,412	2,476	28,739	78,627
Additions	3,000	149	7,972	-	11,121
Transfer to computer software	-	7,800	(7,800)	-	-
At 31 December 2020/1 January 2021	43,000	15,361	2,648	28,739	89,748
Additions	-	128	310	-	438
At 30 June 2021	43,000	15,489	2,958	28,739	90,186
<b>Accumulated amortisation</b>					
At 1 January 2020	30,051	5,017	-	20	35,088
Amortisation during the financial year	5,658	1,572	-	65	7,295
At 31 December 2020/1 January 2021	35,709	6,589	-	85	42,383
Amortisation during the financial period	2,758	1,196	-	40	3,994
At 30 June 2021	38,467	7,785	-	125	46,377
<b>Net carrying amount</b>					
At 30 June 2021	4,533	7,704	2,958	28,614	43,809
At 31 December 2020	7,291	8,772	2,648	28,654	47,365

The Exclusive Right is a definite life intangible asset and relates to a 10-year exclusive bancassurance agreement entered between the Company and Alliance Bank Malaysia Berhad ("ABMB") on 13 June 2013. The Exclusive Right is amortised over the duration of the agreement and the annual amortisation amount is calculated with reference to the benefits generated from the partnership (which is defined as the annualized premium equivalent) in which the Company expects to recognise the related revenue.

The Distribution Agreement relates to a 20-year distribution right entered between the Company and an agency leadership corporation on 23 September 2019. The Distribution Agreement is amortised over the duration of the agreement and the annual amortisation amount is calculated based on the consumption pattern of the distribution, which is the contracted number of agents.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 13. FINANCIAL ASSETS

##### (a) Available-for-sale

	As at 30.06.2021	As at 31.12.2020
	RM'000	RM'000
Equity securities		
- Quoted in Malaysia	700,376	933,213
- Quoted outside Malaysia	151,026	169,407
- Unquoted – local	1,944	1,944
Real estate investment trusts	13,528	14,704
Unit trust funds*	-	78,725
Unit trust funds – Investment in subsidiary* (i)	581,680	465,603
Malaysian Government Securities	261,028	324,663
Government Investment Issues	219,097	217,067
Corporate debt securities		
- Unquoted	1,417,950	1,298,649
Accrued interest	20,893	19,684
	<u>3,367,522</u>	<u>3,523,659</u>
Current	1,592,972	1,735,176
Non-current	1,774,550	1,788,483
	<u>3,367,522</u>	<u>3,523,659</u>

\* Being investment in unit trust funds managed by a related company.

##### (i) Unit trust funds – investment in subsidiary

	2021 RM'000	2020 RM'000
At fair value:		
Available-for-sale	<u>581,680</u>	<u>465,603</u>

Details of the Company's investment in subsidiary – Unit trust funds in Malaysia are as follows:

Name of wholesale unit trust fund	Principal activities	% of ownership held by the Company	
		2021	2020
Manulife Cash Management Fund	Investment in money market fund	92.8	86.8
Manulife Wholesale Corporate Bond Fund	Investment in corporate bonds	86.2	85.2
Manulife Wholesale Government Bond Fund	Investment in sovereign bonds	85.7	84.2

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 13. FINANCIAL ASSETS (CONTINUED)

##### (b) Fair value through profit or loss - designated upon initial recognition

	As at 30.06.2021	As at 31.12.2020
	RM'000	RM'000
Equity securities		
- Quoted in Malaysia	701,062	712,512
- Quoted outside Malaysia	22,654	13,231
Private equities		
- Unquoted outside Malaysia	17,563	-
Real estate investment trusts	-	5,747
Unit trust funds*	186,292	161,892
Malaysian Government Securities	53,364	66,372
Government Investment Issues	100,560	62,831
Corporate debt securities		
- Unquoted	584,355	492,617
Mutual funds		
- Quoted outside Malaysia	243,423	304,436
Forward foreign exchange contract	-	1,149
Accrued interest	7,993	6,739
	<u>1,917,266</u>	<u>1,827,526</u>
Current	1,203,077	1,212,705
Non-current	714,189	614,821
	<u>1,917,266</u>	<u>1,827,526</u>

During the six months period ended 30 June 2021, there were no changes in classification of financial assets nor transfer between fair value hierarchy of financial assets as a result of a change in the purpose or the use of these financial assets.

#### 14. REINSURANCE ASSETS/(LIABILITIES)

	As at 30.06.2021	As at 31.12.2020
	RM'000	RM'000
Reinsurance assets on:		
- Insurance claims liabilities	10,672	5,718
Reinsurance liabilities on:		
- Insurance contract liabilities	(3,500)	(4,257)

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 15. INSURANCE CONTRACT LIABILITIES

	Gross		Net	
	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Actuarial liabilities	2,747,445	2,721,191	2,750,945	2,725,448
Unallocated surplus/(deficit)	55,848	(10,286)	55,848	(10,286)
Fair value reserve	139,720	277,152	139,720	277,152
Asset revaluation reserve	2,361	2,361	2,361	2,361
Investment-linked policyholders' account	1,368,975	1,369,798	1,368,975	1,369,798
	<u>4,314,349</u>	<u>4,360,216</u>	<u>4,317,849</u>	<u>4,364,473</u>
Current	1,597,406	1,582,158	1,598,575	1,583,135
Non-current	2,716,943	2,778,058	2,719,274	2,781,338
	<u>4,314,349</u>	<u>4,360,216</u>	<u>4,317,849</u>	<u>4,364,473</u>

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

	Gross		Net	
	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
At 1 January	4,360,216	4,125,326	4,364,473	4,130,738
Inforce reserve movement	51,095	60,222	50,398	59,277
New business reserve	5,389	21,840	5,329	21,630
Discount rate and other changes	(30,230)	(89,417)	(30,230)	(89,417)
Unallocated surplus	66,134	60,999	66,134	60,999
Fair value reserve, net of tax	(137,432)	156,714	(137,432)	156,714
Asset revaluation reserve				
- Revaluation adjustment	-	259	-	259
- Reversal of accumulated depreciation on revaluation	-	215	-	215
	-	474	-	474
Investment-linked policyholders' account	(823)	24,058	(823)	24,058
At 30 June/31 December	<u>4,314,349</u>	<u>4,360,216</u>	<u>4,317,849</u>	<u>4,364,473</u>

As the Non-participating life fund's unallocated surplus and fair value reserve are classified as equity, only the associated Participating life fund's unallocated surplus and fair value reserve are included in the above presentation.

For the current period ended 30 June 2021, the applicable assumption changes resulted in lower actuarial liabilities of RM30.2 million (30 June 2020: lower actuarial liabilities of RM40.1 million), with a corresponding increase in unallocated surplus for the participating business of RM18.6 million (30 June 2020: increase in unallocated surplus of RM23.0 million) and increase in net profit before tax of RM11.6 million (30 June 2020: increase in net profit before tax of RM17.1 million).

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 16. CURRENT TAX ASSET/(LIABILITY)

	<b>As at 30.06.2021</b>	<b>As at 31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax asset	22,245	23,192
Current tax liability	(20,580)	(22,245)
	<u>1,665</u>	<u>947</u>

Included in the current tax assets are a pending appeal case arising from two notices of additional assessment ("Forms JA") of RM22.2 million for years of assessment ("YA") 2017 and 2018, and tax paid in excess to the Inland Revenue Board ("IRB"). The High Court rejected the Company's application for leave to apply for judicial review in a decision delivered on 14th July 2021. The Company will not be appealing against the decision of the High Court. A hearing date for the Company's application to the Special Commissioner of Income Tax ("SCIT") on the assessments has yet to be fixed.

The Company has made above tax payment in 2021. In line with the opinion by the external advisor, the Company believes strongly that there are good grounds to contest the additional assessment and hence has treated the above tax payment as tax recoverable.

#### 17. FINANCIAL ASSET/(LIABILITY) AT FAIR VALUE THROUGH PROFIT OR LOSS

##### Derivatives

The table below shows the fair value of derivative financial instruments, recorded as asset or liability, together with their notional amounts. The notional amount, recorded gross, is the amount of the derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured.

	<b>Notional amount RM'000</b>	<b>Fair value (loss)/gain recognised as</b>		<b>Net carrying amount RM'000</b>
		<b>Financial Asset RM'000</b>	<b>Financial Liabilities RM'000</b>	
<b>30 June 2021</b>				
<b>Hedging derivative:</b>				
Forward foreign exchange contract				
- Less than 1 year	<u>149,167</u>	<u>-</u>	<u>(372)</u>	<u>(372)</u>
<b>31 December 2020</b>				
<b>Hedging derivative:</b>				
Forward foreign exchange contract				
- Less than 1 year	196,038	1,149	-	1,149
- Less than 1 year	<u>4,368</u>	<u>-</u>	<u>(21)</u>	<u>(21)</u>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 18. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions have been entered into in the normal course of business under negotiated terms with the respective parties. The significant related party transactions during the financial period between the Company and its related parties are set out as below:

	<b>30.06.2021</b>	<b>Cumulative 6 months ended 30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expenses/(income):</b>		
<b>Intermediate holding company</b>		
Reimbursement of personnel expenses	1,918	2,062
Reimbursement of software maintenance expenses	2,178	1,550
Provision of IT infrastructure support and maintenance services		
- Paid and payable	5,704	199
- Waiver of prior year's expenses	(2,232)	-
Reimbursement of overhead expenses	(383)	(396)
Reimbursement of finance support expenses	90	114
Reimbursement of HR support expenses	311	393
Provision of staff claims system	15	27
Reimbursement of consultation fee	16	-
Reimbursement of education and training expenses	33	-
Reimbursement of IT development services	129	4,543
	<hr/>	<hr/>
<b>Subsidiary of ultimate holding company</b>		
Provision of IT infrastructure support and maintenance services	40	-
	<hr/>	<hr/>
<b>Subsidiaries of immediate holding company</b>		
Outsourcing fee income	(1,253)	(1,099)
Fund management expenses	5,906	5,263
Rental of office premises	(348)	(348)
Management fees and maintenance charges	50	50
	<hr/>	<hr/>
<b>Immediate holding company</b>		
Outsourcing fee income	(499)	(457)
Outsourcing fee expenses	251	352
Rental income	(45)	(45)
Rental expenses	813	807
	<hr/>	<hr/>



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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 19. FINANCIAL INSTRUMENTS

##### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- i) Available-for-sale (“AFS”);
- ii) Fair value through profit or loss - designated upon initial recognition (“FVTPL”);
- iii) Loans and receivables excluding prepayments (“LAR”); and
- iv) Other financial liabilities measured at amortised cost (“OL”).

	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>LAR</u> RM'000	<u>OL</u> RM'000	<u>Total</u> RM'000
<b>30 June 2021</b>					
<b>Financial assets</b>					
Loans and receivables	-	-	355,628	-	355,628
AFS financial assets	3,367,522	-	-	-	3,367,522
Financial assets at FVTPL	-	1,917,266	-	-	1,917,266
Insurance receivables	-	-	9,228	-	9,228
Cash and cash equivalents	-	-	94,032	-	94,032
	<u>3,367,522</u>	<u>1,917,266</u>	<u>458,888</u>	<u>-</u>	<u>5,743,676</u>
<b>Financial liabilities</b>					
Financial liability at FVTPL	-	372	-	-	372
Insurance payables	-	-	-	711,232	711,232
Other payables	-	-	-	133,826	133,826
	<u>-</u>	<u>372</u>	<u>-</u>	<u>845,058</u>	<u>845,430</u>
<b>31 December 2020</b>					
<b>Financial assets</b>					
Loans and receivables	-	-	307,853	-	307,853
AFS financial assets	3,523,659	-	-	-	3,523,659
Financial assets at FVTPL	-	1,827,526	-	-	1,827,526
Insurance receivables	-	-	16,877	-	16,877
Cash and cash equivalents	-	-	84,747	-	84,747
	<u>3,523,659</u>	<u>1,827,526</u>	<u>409,477</u>	<u>-</u>	<u>5,760,662</u>
<b>Financial liabilities</b>					
Financial liability at FVTPL	-	21	-	-	21
Insurance payables	-	-	-	671,859	671,859
Other payables	-	-	-	137,942	137,942
	<u>-</u>	<u>21</u>	<u>-</u>	<u>809,801</u>	<u>809,822</u>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY

##### a) Freehold property and investment property

The fair value of the Company's freehold property and investment property is determined based on the income method conducted by an independent qualified valuer.

Under the income method, the market value of the properties is determined based on the net annual income which is derived by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of the investment.

##### Fair value hierarchy

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:-

Level 1 – Fair value is derived from unadjusted quoted price in active markets for identical properties that the entity can access at the measurement date.

Level 2 – Fair value is estimated using inputs that are observable for the properties, either directly or indirectly.

Level 3 – Fair value is estimated using unobservable inputs for the properties.

The fair value of freehold property and investment property is classified within Level 3 of the fair value hierarchy. The fair value of the properties is as follows:

	Freehold property		Investment property	
	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Carrying amount	10,777	10,604	46,802	46,802
Fair value as stated in valuation report*	10,604	10,604	46,802	46,802

\* Based on the valuation conducted by an independent qualified valuer as at 31 December 2020.

Description of valuation techniques used and significant unobservable inputs to valuation of freehold properties and investment properties:

	Valuation technique	Significant unobservable inputs	Range
2020			
Freehold/ investment property	Income method	Term period's net yield Reversionary period's net yield Void factor Average rental for term period Average rental for reversionary period Outgoings for term period Outgoings for reversionary period	5.00% - 6.50% 6.00% 5.00% RM4.55 psf RM4.76 psf RM1.75 psf RM1.75 psf

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### a) Freehold property and investment property (continued)

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

The reconciliation from beginning to ending balances for the freehold property and investment property are as follows:

	Freehold property		Investment property	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January	10,604	10,345	46,802	51,290
Additions	288	-	-	-
Depreciation charge for the period/year	(115)	(215)	-	-
Fair value gain/(loss)	-	474	-	(4,488)
At 30 June/31 December	<u>10,777</u>	<u>10,604</u>	<u>46,802</u>	<u>46,802</u>

##### b) Financial assets and financial liabilities

###### (i) Determination of fair values

The fair values of the Company's financial assets and financial liabilities are determined as follows:

- (i) The carrying amounts of financial assets and financial liabilities, such as loans and receivables, insurance receivables, cash and cash equivalents, insurance payables and other payables (other than amount payable under Distribution Agreement) are reasonable approximations of their fair values due to the relatively short term maturity of these balances and the immaterial impact of discounting;
- (ii) The carrying amount of amount payable under Distribution Agreement discounted using the discount rate that reflects the current market assessment of the time value of money, are reasonable approximations of their fair values;
- (iii) The fair values of quoted equities and investments in real estate investment trusts are based on quoted market prices as at the reporting date;
- (iv) The fair values of Malaysian Government Securities, Government Investment Issues and unquoted corporate debt securities are based on indicative market prices;
- (v) The fair values of negotiable instruments of deposit are calculated using the discounted cash flow method based on the maturity of the instruments at discount rates representing the average market rates quoted by at least two licensed banks;
- (vi) The fair values of mutual funds and unit trust funds are based on the net asset values of the underlying funds as at the reporting date; and
- (vii) The fair values of forward foreign exchange contracts are based on valuations provided by the financial institutions making reference to quoted market prices.

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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

#### **20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)**

##### **b) Financial assets and financial liabilities (continued)**

###### **(i) Determination of fair values**

The fair values of the Company's financial assets and financial liabilities are determined as follows: (continued)

- (viii) The fair values of private equities are measured based on private equities' net asset value or fair values reported in investees' financial statements as a measure of fair value.

###### **(ii) Fair value hierarchy**

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

In determining the fair value of its financial instruments, the Company uses observable market data, when available, and minimises the use of unobservable inputs to the extent possible when determining fair value.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### b) Financial assets and financial liabilities (continued)

##### (ii) Fair value hierarchy (continued)

The following table presents the Company's financial assets and liabilities that are carried at fair value as at reporting date.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>30 June 2021</b>				
<b>AFS financial assets</b>				
Equity securities				
- Quoted in Malaysia	700,376	700,376	-	-
- Quoted outside Malaysia	151,026	151,026	-	-
Real estate investment trusts	13,528	13,528	-	-
Unit trust funds	581,680	581,680	-	-
Malaysian Government Securities	261,028	-	261,028	-
Government Investment Issues	219,097	-	219,097	-
Corporate debt securities				
- Unquoted	1,417,950	-	1,417,950	-
Accrued interest	20,893	-	20,893	-
	<u>3,365,578</u>	<u>1,446,610</u>	<u>1,918,968</u>	<u>-</u>
<b>Financial assets at FVTPL</b>				
Equity securities				
- Quoted in Malaysia	701,062	701,062	-	-
- Quoted outside Malaysia	22,654	22,654	-	-
Private equities				
- Unquoted outside Malaysia	17,563	-	-	17,563
Unit trust funds	186,292	186,292	-	-
Malaysian Government Securities	53,364	-	53,364	-
Government Investment Issues	100,560	-	100,560	-
Corporate debt securities				
- Unquoted	584,355	-	584,355	-
Mutual funds				
- Quoted outside Malaysia	243,423	243,423	-	-
Accrued interest	7,993	-	7,993	-
	<u>1,917,266</u>	<u>1,153,431</u>	<u>746,272</u>	<u>17,563</u>
	<u>5,282,844</u>	<u>2,600,041</u>	<u>2,665,240</u>	<u>17,563</u>
<b>Financial liabilities at FVTPL</b>				
Forward foreign exchange contract	372	-	372	-

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### b) Financial assets and financial liabilities (continued)

##### (ii) Fair value hierarchy (continued)

The following table presents the Company's financial assets and liabilities that are carried at fair value as at reporting date. (continued)

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000
<b>31 December 2020</b>			
<b>AFS financial assets</b>			
Equity securities			
- Quoted in Malaysia	933,213	933,213	-
- Quoted outside Malaysia	169,407	169,407	-
Real estate investment trusts	14,704	14,704	-
Unit trust funds	544,328	544,328	-
Malaysian Government Securities	324,663	-	324,663
Government Investment Issues	217,067	-	217,067
Corporate debt securities			
- Unquoted	1,298,649	-	1,298,649
Accrued interest	19,684	-	19,684
	<u>3,521,715</u>	<u>1,661,652</u>	<u>1,860,063</u>
<b>Financial assets at FVTPL</b>			
Equity securities			
- Quoted in Malaysia	712,512	712,512	-
- Quoted outside Malaysia	13,231	13,231	-
Real estate investment trusts	5,747	5,747	-
Unit trust funds	161,892	161,892	-
Malaysian Government Securities	66,372	-	66,372
Government Investment Issues	62,831	-	62,831
Corporate debt securities			
- Unquoted	492,617	-	492,617
Mutual funds			
- Quoted outside Malaysia	304,436	304,436	-
Forward foreign exchange contract	1,149	-	1,149
Accrued interest	6,739	-	6,739
	<u>1,827,526</u>	<u>1,197,818</u>	<u>629,708</u>
	<u>5,349,241</u>	<u>2,859,470</u>	<u>2,489,771</u>

Unquoted equity securities of RM1,944,444 (31 December 2020: RM1,944,444) of the Company as disclosed in Note 13(a) are not disclosed in the fair value hierarchy above as they are measured at cost as fair value is not readily available.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial periods.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### b) Financial assets and financial liabilities (continued)

##### (iii) Financial assets which are measured at fair value using significant unobservable inputs (Level 3)

The reconciliation from beginning to ending balance for the investment in private equities:

	Private Equities RM'000	Total RM'000
At 1 January 2021	-	-
Total loss recognised in profit or loss	(97)	(97)
Capital contributions	17,639	17,639
Currency movement	21	21
At 30 June 2021	<u>17,563</u>	<u>17,563</u>

Description of valuation methodology and significant unobservable inputs to valuation of private equities:

	Fair Value RM'000	Valuation Methodology	Unobservable Input	Input Values
<b>2021</b>				
Private equities	17,563	Net asset value ("NAV")	NAV	NAV

#### 21. TOTAL CAPITAL ASSETS

The capital structure of the Company as prescribed under the Risk-Based Capital Framework is as below:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	200,000	200,000
Retained earnings of the Company*	289,607	288,481
Eligible contract liabilities	<u>534,299</u>	<u>401,284</u>
	1,023,906	889,765
<b>Eligible Tier 2 Capital</b>		
Eligible reserves	157,302	321,019
Amounts deducted from capital	<u>(48,376)</u>	<u>(43,827)</u>
<b>Total Capital Available</b>	<u>1,132,832</u>	<u>1,166,957</u>

\* Only distributable retained earnings of the Company are included in the determination of Total Capital Available.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 22. CAPITAL AND OTHER COMMITMENTS

	<u>As at 30.06.2021</u> RM'000	<u>As at 31.12.2020</u> RM'000
<b>Other commitments</b>		
<b>Exclusive bancassurance agreement</b>		
- Authorised but not provided for	(i) <u>6,000</u>	<u>7,500</u>
<b>Distribution agreement</b>		
- Authorised but not provided for	(ii) <u>5,363</u>	<u>5,363</u>
<b>Investment in Private Equities</b>		
At 1 January	-	-
Capital committed during the financial period	29,046	-
Capital called during the financial period	<u>(17,563)</u>	-
At 30 June	<u>11,483</u>	<u>-</u>

- (i) The Company is committed to pay annual fees under the terms of the exclusive bancassurance agreement. The annual fees will be expensed off to the profit or loss in the year of settlement.
- (ii) The Company is committed to pay annual consultancy fees under the terms of the Distribution Agreement. The annual consultancy fees will be amortised to profit or loss over 20 years.



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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 23. INSURANCE FUNDS

The Company's activities are managed by funds and segregated into Life fund, Investment-linked funds and Shareholders' fund in accordance with the Financial Services Act 2013.

The Company's unaudited condensed statement of financial position and statement of profit or loss have been further analysed by funds as follows:

#### Interim Statement of Financial Position by Funds as at 30 June 2021

	Shareholder's Fund	Insurance Funds		Elimination	Total
		Life Fund	Investment- linked funds		
Assets	RM'000	RM'000	RM'000	RM'000	RM'000
Property and equipment	-	20,169	-	-	20,169
Investment property	-	46,802	-	-	46,802
Intangible assets	33,146	10,663	-	-	43,809
Loans and receivables	173,319	217,499	113,301	(138,855)	365,264
Available-for-sale financial assets	443,098	2,924,424	-	-	3,367,522
Financial assets at fair value through profit or loss	-	653,181	1,264,085	-	1,917,266
Reinsurance assets	-	10,672	-	-	10,672
Insurance receivables	-	9,228	-	-	9,228
Right-of-use assets	1,411	-	-	-	1,411
Current tax assets	-	22,245	-	-	22,245
Cash and cash equivalents	14,209	60,902	18,921	-	94,032
<b>Total assets</b>	<b>665,183</b>	<b>3,975,785</b>	<b>1,396,307</b>	<b>(138,855)</b>	<b>5,898,420</b>
<b>Equity, Policyholders' Funds and Liabilities</b>					
Share capital	200,000	-	-	-	200,000
Retained earnings	383,404	-	-	-	383,404
Fair value reserves	15,293	-	-	-	15,293
<b>Total equity</b>	<b>598,697</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>598,697</b>
Insurance contract liabilities	-	2,945,374	1,368,975	-	4,314,349
Insurance claim liabilities	-	71,869	-	-	71,869
Financial liability at fair value through profit or loss	-	-	372	-	372
Deferred tax liabilities	21,060	10,714	10,646	-	42,420
Reinsurance liabilities	-	3,500	-	-	3,500
Insurance payables	-	711,232	-	-	711,232
Lease liabilities	1,575	-	-	-	1,575
Current tax liabilities	11,169	573	8,838	-	20,580
Other payables	32,682	232,523	7,476	(138,855)	133,826
<b>Total equity, policyholders' funds and liabilities</b>	<b>665,183</b>	<b>3,975,785</b>	<b>1,396,307</b>	<b>(138,855)</b>	<b>5,898,420</b>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 23. INSURANCE FUNDS (CONTINUED)

##### Interim Statement of Financial Position by Funds as at 31 December 2020

Assets	Shareholder's Fund RM'000	Insurance Funds		Elimination RM'000	Total RM'000
		Life Fund RM'000	Investment- linked funds RM'000		
Property and equipment	-	20,537	-	-	20,537
Investment property	-	46,802	-	-	46,802
Intangible assets	35,945	11,420	-	-	47,365
Loans and receivables	174,182	195,186	93,992	(148,650)	314,710
Available-for-sale financial assets	421,708	3,101,951	-	-	3,523,659
Financial assets at fair value through profit or loss	-	532,897	1,294,629	-	1,827,526
Reinsurance assets	-	5,718	-	-	5,718
Insurance receivables	-	16,877	-	-	16,877
Right-of-use assets	1,995	-	-	-	1,995
Current tax assets	7,151	20,477	(4,436)	-	23,192
Cash and cash equivalents	25,850	50,019	8,878	-	84,747
<b>Total assets</b>	<b>666,831</b>	<b>4,001,884</b>	<b>1,393,063</b>	<b>(148,650)</b>	<b>5,913,128</b>
<b>Equity, Policyholders' Funds and Liabilities</b>					
Share capital	200,000	-	-	-	200,000
Retained earnings	357,133	-	-	-	357,133
Fair value reserves	41,506	-	-	-	41,506
<b>Total equity</b>	<b>598,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>598,639</b>
Insurance contract liabilities	-	2,990,418	1,369,798	-	4,360,216
Insurance claim liabilities	-	56,304	-	-	56,304
Financial liability at fair value through profit or loss	-	-	21	-	21
Deferred tax liabilities	25,626	22,028	11,854	-	59,508
Reinsurance liabilities	-	4,257	-	-	4,257
Insurance payables	-	671,859	-	-	671,859
Lease liabilities	2,137	-	-	-	2,137
Current tax liability	-	22,245	-	-	22,245
Other payables	40,429	234,773	11,390	(148,650)	137,942
<b>Total equity, policyholders' funds and liabilities</b>	<b>666,831</b>	<b>4,001,884</b>	<b>1,393,063</b>	<b>(148,650)</b>	<b>5,913,128</b>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 23. INSURANCE FUNDS (CONTINUED)

##### Statement of Profit or Loss by Funds for the six months period ended 30 June 2021

	Shareholder's fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000
Premium income					
Gross premiums	-	313,830	160,250	(505)	473,575
Premiums ceded to reinsurers	-	(48,180)	-	-	(48,180)
Net premiums	-	265,650	160,250	(505)	425,395
Investment income	11,112	71,787	18,450	-	101,349
Net realised gains	2,542	97,300	-	-	99,842
Net fair value (losses)/gains	(588)	(33,659)	31,610	-	(2,637)
Fee income	-	10,718	-	(8,976)	1,742
Other operating income	-	240	1,520	-	1,760
<b>Total revenue</b>	<b>13,066</b>	<b>412,036</b>	<b>211,830</b>	<b>(9,481)</b>	<b>627,451</b>
Gross benefits and claims paid and payable	-	(195,950)	(204,718)	-	(400,668)
Claims ceded to reinsurers	-	18,606	-	-	18,606
Gross change in insurance contract liabilities	-	(92,388)	823	-	(91,565)
Change in insurance contract liabilities ceded to reinsurers	-	757	-	-	757
<b>Net claims</b>	<b>-</b>	<b>(268,975)</b>	<b>(203,895)</b>	<b>-</b>	<b>(472,870)</b>
Fee and commission expenses	-	(37,378)	-	-	(37,378)
Investment expenses	(99)	(4,820)	-	-	(4,919)
Management expenses	(7,401)	(61,811)	(11,560)	9,485	(71,287)
Other operating (expenses)/income	(3,956)	(9,206)	3,625	(4)	(9,541)
<b>Other expenses</b>	<b>(11,456)</b>	<b>(113,215)</b>	<b>(7,935)</b>	<b>9,481</b>	<b>(123,125)</b>
Profit from operations	1,610	29,846	-	-	31,456
Transfer from/(to) revenue account	29,846	(29,846)	-	-	-
<b>Profit before taxation</b>	<b>31,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,456</b>
Taxation	(5,185)	-	-	-	(5,185)
<b>Net profit for the financial period</b>	<b>26,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,271</b>

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## MANULIFE INSURANCE BERHAD

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 23. INSURANCE FUNDS (CONTINUED)

##### Statement of Profit or Loss by Funds for the six months period ended 30 June 2020

	Shareholder's fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000
Premium income					
Gross premiums	-	290,809	140,488	(507)	430,790
Premiums ceded to reinsurers	-	(44,522)	-	-	(44,522)
Net premiums	-	246,287	140,488	(507)	386,268
Investment income	4,628	69,711	11,837	-	86,176
Net realised loss	(1,191)	(35,046)	-	-	(36,237)
Net fair value loss	(2,494)	(56,706)	(83,541)	-	(142,741)
Fee income	-	8,840	-	(7,289)	1,551
Other operating income	-	207	1,120	-	1,327
<b>Total revenue</b>	<b>943</b>	<b>233,293</b>	<b>69,904</b>	<b>(7,796)</b>	<b>296,344</b>
Gross benefits and claims paid and payable	-	(183,024)	(209,863)	-	(392,887)
Claims ceded to reinsurers	-	14,521	-	-	14,521
Gross change in insurance contract liabilities	-	27,481	127,192	-	154,673
Change in insurance contract liabilities ceded to reinsurers	-	10,678	-	-	10,678
<b>Net claims</b>	<b>-</b>	<b>(130,344)</b>	<b>(82,671)</b>	<b>-</b>	<b>(213,015)</b>
Fee and commission expenses	-	(15,645)	-	-	(15,645)
Investment expenses	(102)	(4,690)	-	-	(4,792)
Management expenses	(7,821)	(58,422)	(10,048)	7,803	(68,488)
Other operating (expenses)/income	(13,191)	11,143	22,815	(7)	20,760
<b>Other (expenses)/income</b>	<b>(21,114)</b>	<b>(67,614)</b>	<b>12,767</b>	<b>7,796</b>	<b>(68,165)</b>
(Loss)/profit from operations	(20,171)	35,335	-	-	15,164
Transfer from/(to) revenue account	35,335	(35,335)	-	-	-
<b>Profit before taxation</b>	<b>15,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,164</b>
Taxation	(3,867)	-	-	-	(3,867)
<b>Net profit for the financial period</b>	<b>11,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,297</b>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 23. INSURANCE FUNDS (CONTINUED)

##### Information on cash flows by Funds

	Shareholders' fund	Insurance funds		Total
		Life fund	Investment- linked funds	
30 June 2021	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from:</b>				
Operating activities	(11,641)	12,314	10,043	10,716
Investing activities	-	(933)	-	(933)
Financing activities	-	(498)	-	(498)
Net (decrease)/increase in cash and cash equivalents	(11,641)	10,883	10,043	9,285
At beginning of financial year	25,850	50,019	8,878	84,747
At end of financial period	14,209	60,902	18,921	95,032
<b>30 June 2020</b>				
<b>Cash flows from:</b>				
Operating activities	5,478	15,625	4,368	25,471
Investing activities	(3,000)	(9,360)	-	(12,360)
Financing activities	-	(549)	-	(549)
Net increase in cash and cash equivalents	2,478	5,716	4,368	12,562
At beginning of financial year	15,225	41,280	5,422	61,927
At end of financial period	17,703	46,996	9,790	74,489

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 24. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 *INSURANCE CONTRACTS*

In order to compare with entities applying MFRS 9, the amendments require deferring entities to disclose additional information including contractual cash flows characteristics and credit exposure of the financial assets. The following table presents 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"):

For the six months period ended 30 June 2021	Fair value as at 1 January 2021 RM'000	Change in fair value* RM'000	Fair value as at 30 June 2021 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
<b>Financial assets</b>					
Equity securities					
- Quoted in Malaysia	1,645,725	(244,287)	1,401,438	Non-SPPI	FVTPL
- Quoted outside Malaysia	182,638	(8,958)	173,680	Non-SPPI	FVTPL
- Unquoted – local	1,944	-	1,944	Non-SPPI	FVTPL
Private equities	-	17,563	17,563	Non-SPPI	FVTPL
Real estate investment trusts	20,451	(6,923)	13,528	Non-SPPI	FVTPL
Unit trust funds	706,220	61,752	767,972	Non-SPPI	FVTPL
Malaysian Government Securities	391,035	(76,643)	314,392	SPPI	FVOCI
Government Investment Issues	279,898	39,759	319,657	SPPI	FVOCI
Corporate debt securities					
- Unquoted	1,791,266	211,039	2,002,305	SPPI	FVOCI
Mutual funds	304,436	(61,013)	243,423	Non-SPPI	FVTPL
Forward foreign exchange contract	1,149	(1,149)	-	Non-SPPI	FVTPL
Accrued interest	26,423	2,463	28,886	SPPI	FVOCI
Loans and receivables	307,853	47,775	355,628	SPPI	Amortised cost
Insurance receivables	16,877	(7,649)	9,228	SPPI	Amortised cost
Cash and cash equivalents	84,747	9,285	94,032	SPPI	Amortised cost
	<u>5,760,662</u>	<u>(16,986)</u>	<u>5,743,676</u>		

\* Includes purchases, disposals, maturities and realised/unrealised gains/(losses).

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

(CONTINUED)

#### 24. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 *INSURANCE CONTRACTS* (CONTINUED)

For the financial year ended 31 December 2020	Fair value as at 1 January 2020 RM'000	Change in fair value* RM'000	Fair value as at 31 December 2020 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
<b>Financial assets</b>					
Equity securities					
- Quoted in Malaysia	1,399,158	246,567	1,645,725	Non-SPPI	FVTPL
- Quoted outside Malaysia	103,793	78,845	182,638	Non-SPPI	FVTPL
- Unquoted	1,944	-	1,944	Non-SPPI	FVTPL
Real estate investment trusts	23,712	(3,261)	20,451	Non-SPPI	FVTPL
Unit trust funds	722,506	(16,286)	706,220	Non-SPPI	FVTPL
Malaysian Government Securities	376,612	14,423	391,035	SPPI	FVOCI
Government Investment Issues	228,665	51,233	279,898	SPPI	FVOCI
Corporate debt securities					
- Unquoted	1,723,476	67,790	1,791,266	SPPI	FVOCI
Mutual funds	438,118	(133,682)	304,436	Non-SPPI	FVTPL
Forward foreign exchange contract	3,802	(2,653)	1,149	Non-SPPI	FVTPL
Accrued interest	25,376	1,047	26,423	SPPI	FVOCI
Loans and receivables	222,421	85,432	307,853	SPPI	Amortised cost
Insurance receivables	25,794	(8,917)	16,877	SPPI	Amortised cost
Cash and cash equivalents	61,927	22,820	84,747	SPPI	Amortised cost
	<u>5,357,304</u>	<u>403,358</u>	<u>5,760,662</u>		

\* Includes purchases, disposals, maturities and realised/unrealised gains/(losses).

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 24. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 *INSURANCE CONTRACTS* (CONTINUED)

The following table shows the fair value of financial assets by credit quality:

<b>As at 30 June 2021</b>	<b>AAA RM'000</b>	<b>AA RM'000</b>	<b>A RM'000</b>	<b>Non-rated RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>					
Malaysian Government Securities	-	-	-	314,392	314,392
Government Investment Issues	-	-	-	319,657	319,657
Corporate debt securities - Unquoted	925,835	694,452	8,637	373,381	2,002,305
Accrued interest	11,919	7,207	137	9,623	28,886
Loans and receivables	167,913	-	-	187,715	355,628
Insurance receivables	-	-	-	9,228	9,228
Cash and cash equivalents	91,163	90	2,774	5	94,032
	<u>1,196,830</u>	<u>701,749</u>	<u>11,548</u>	<u>1,214,001</u>	<u>3,124,128</u>
<b>As at 31 December 2020</b>					
<b>Financial assets</b>					
Malaysian Government Securities	-	-	-	391,035	391,035
Government Investment Issues	-	-	-	279,898	279,898
Corporate debt securities - Unquoted	766,120	621,730	4,112	399,304	1,791,266
Accrued interest	9,357	6,508	70	10,488	26,423
Loans and receivables	123,653	-	-	184,200	307,853
Insurance receivables	-	-	-	16,877	16,877
Cash and cash equivalents	80,415	-	4,313	19	84,747
	<u>979,545</u>	<u>628,238</u>	<u>8,495</u>	<u>1,281,821</u>	<u>2,898,099</u>