

Prudential BSN Takaful Berhad

(Company No. 200601020898 (740651-H))
(Incorporated in Malaysia)

**Unaudited condensed interim
financial statements
for the half-year ended
30 June 2021**

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Prudential BSN Takaful Berhad

(Company No. 200601020898 (740651-H))

(Incorporated in Malaysia)

Condensed interim financial statements

Unaudited statements of financial position as at 30 June 2021

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| | ← As at 30 June 2021 → | | | ← As at 31 December 2020 → | | | |
|-------------------------------------|------------------------|---------------------|------------------|----------------------------|---------------------|------------------|------------------|
| | Takaful operator | Family takaful fund | Company | Takaful operator | Family takaful fund | Company | |
| Note | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Assets | | | | | | | |
| Property and equipment | 27,288 | - | 27,288 | 29,278 | - | 29,278 | |
| Right-of-use assets | 73,382 | - | 73,382 | 76,465 | - | 76,465 | |
| Intangible assets | 136,056 | - | 136,056 | 130,211 | - | 130,211 | |
| Investments | 2 | 408,086 | 4,641,543 | 5,046,377 | 349,037 | 4,374,000 | 4,720,608 |
| Retakaful assets | 3 | - | 48,929 | 48,929 | - | 39,036 | 39,036 |
| Trade and other receivables | | 283,840 | 55,256 | 179,357 | 199,779 | 49,490 | 128,818 |
| Cash and cash equivalents | | 83,786 | 65,773 | 149,559 | 120,067 | 90,434 | 210,501 |
| Total assets | | 1,012,438 | 4,811,501 | 5,660,948 | 904,837 | 4,552,960 | 5,334,917 |
| Equity | | | | | | | |
| Capital | | 100,000 | - | 100,000 | 100,000 | - | 100,000 |
| Reserves | | 399,824 | - | 399,824 | 378,223 | - | 378,223 |
| Total equity | | 499,824 | - | 499,824 | 478,223 | - | 478,223 |
| Liabilities | | | | | | | |
| Participants' fund | 4 | - | 4,288,821 | 4,285,569 | - | 4,195,971 | 4,193,542 |
| Takaful contract liabilities | 5 | - | 136,945 | 136,945 | - | 118,461 | 118,461 |
| Provision for wakalah fees | | 65,816 | - | 65,816 | 58,068 | - | 58,068 |
| Takaful payables | | - | 14,257 | 14,257 | - | 10,513 | 10,513 |
| Trade and other payables | | 363,852 | 343,836 | 547,949 | 288,074 | 188,069 | 355,692 |
| Lease liabilities | | 75,452 | - | 75,452 | 77,379 | - | 77,379 |
| Current tax liabilities | | 7,145 | 15,638 | 22,783 | 669 | 11,247 | 11,916 |
| Deferred tax liabilities | | 349 | 12,004 | 12,353 | 2,424 | 28,699 | 31,123 |
| Total liabilities | | 512,614 | 4,811,501 | 5,161,124 | 426,614 | 4,552,960 | 4,856,694 |
| Total equity and liabilities | | 1,012,438 | 4,811,501 | 5,660,948 | 904,837 | 4,552,960 | 5,334,917 |

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2020.

Prudential BSN Takaful Berhad

(Company No. 200601020898 (740651-H))

(Incorporated in Malaysia)

Condensed interim financial statements

Unaudited statements of profit or loss and other comprehensive income for the period ended 30 June 2021

| | ← As at 30 June 2021 → | | | ← As at 30 June 2020 → | | |
|---|------------------------|---------------------|-----------|------------------------|---------------------|-----------|
| | Takaful operator | Family takaful fund | Company | Takaful operator | Family takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating revenue | 427,502 | 1,272,563 | 1,280,343 | 362,240 | 1,026,250 | 1,038,261 |
| Wakalah fee income | 418,749 | - | - | 349,689 | - | - |
| Gross contributions | - | 1,211,769 | 1,210,796 | - | 983,593 | 983,053 |
| Contributions ceded to retakaful | - | (28,038) | (28,038) | - | (26,546) | (26,546) |
| Change in unearned contribution reserves | - | - | - | - | - | - |
| Net earned contributions | 418,749 | 1,183,731 | 1,182,758 | 349,689 | 957,047 | 956,507 |
| Surplus sharing from family takaful fund | 86,500 | - | - | 36,000 | - | - |
| Investment income | 8,753 | 60,794 | 69,547 | 12,551 | 42,657 | 55,208 |
| Realised gains/(losses) on investments | 1,274 | 14,216 | 15,490 | 1,431 | (47,513) | (46,082) |
| Fair value (losses)/gains on investments | (8,678) | (210,093) | (218,771) | 905 | 100,770 | 101,675 |
| Other operating income | (91) | 2,608 | 2,517 | 5 | 801 | 806 |
| Other income | 87,758 | (132,475) | (131,217) | 50,892 | 96,715 | 111,607 |
| Gross benefits and claims paid | - | (385,209) | (385,209) | - | (296,617) | (296,617) |
| Claims ceded to retakaful | - | 16,599 | 16,599 | - | 22,679 | 22,679 |
| Gross change to contract liabilities | - | (18,484) | (18,484) | - | (21,551) | (21,551) |
| Change in contract liabilities ceded to retakaful | - | 11,682 | 11,682 | - | (7,753) | (7,753) |
| Net benefits and claims | - | (375,412) | (375,412) | - | (303,242) | (303,242) |

Prudential BSN Takaful Berhad

(Company No. 200601020898 (740651-H))

(Incorporated in Malaysia)

Condensed interim financial statements

Unaudited statements of profit or loss and other comprehensive income for the period ended 30 June 2021 (continued)

| | ← As at 30 June 2021 → | | | ← As at 30 June 2020 → | | |
|--|------------------------|---------------------|------------------|------------------------|---------------------|------------------|
| | Takaful operator | Family takaful fund | Company | Takaful operator | Family takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Surplus sharing to takaful operator | - | (86,500) | - | - | (36,000) | - |
| Wakalah fee expense | - | (418,749) | - | - | (349,689) | - |
| Management expenses | (205,436) | - | (205,436) | (163,249) | - | (163,249) |
| Commission expenses | (243,191) | - | (243,191) | (188,496) | - | (188,496) |
| Increase in provision for wakalah fees | (7,749) | - | (7,749) | (9,130) | - | (9,130) |
| Other operating expenses | (5,118) | (1,762) | (6,880) | (5,609) | (1,465) | (7,074) |
| Other expenses | (461,494) | (507,011) | (463,256) | (366,484) | (387,154) | (367,949) |
| Surplus attributable to participants before taxation | - | 168,833 | - | - | 363,366 | - |
| Tax expense attributable to participants | - | 12,303 | 12,303 | - | (7,336) | (7,336) |
| Surplus distributed to participants | - | (86,500) | (86,500) | - | (43,584) | (43,584) |
| Net surplus attributable to participants | - | (94,636) | (93,663) | - | (312,446) | (311,906) |
| Profit before zakat and taxation | 45,013 | - | 45,013 | 34,097 | - | 34,097 |
| Zakat | (3,010) | - | (3,010) | (2,039) | - | (2,039) |
| Tax expense | (20,402) | - | (20,402) | (5,596) | - | (5,596) |
| Net profit | 21,601 | - | 21,601 | 26,462 | - | 26,462 |

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2020.

Prudential BSN Takaful Berhad

(Company No. 200601020898 (740651-H))

(Incorporated in Malaysia)

Condensed interim financial statements

Unaudited statement of changes in equity for the period ended 30 June 2021

| | ← Non-distributable → | | | ← Distributable → | | | |
|--|-----------------------|---------------|----------------------|-----------------------|--------------|---------|--------------|
| | ← Capital → | | | ← Retained earnings → | | | |
| | ← Takaful operator → | | | | Family | | |
| | Share capital | Share premium | Revaluation reserves | Takaful operator | takaful fund | Company | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2020 | 100,000 | - | 1,925 | 325,290 | - | 325,290 | 427,215 |
| Net profit and total comprehensive income for the year | - | - | - | 51,008 | - | 51,008 | 51,008 |
| At 31 December 2020/1 January 2021 | 100,000 | - | 1,925 | 376,298 | - | 376,298 | 478,223 |
| Net profit and total comprehensive income for the period | - | - | - | 21,601 | - | 21,601 | 21,601 |
| At 30 June 2021 | 100,000 | - | 1,925 | 397,899 | - | 397,899 | 499,824 |

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2020.

Prudential BSN Takaful Berhad

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(Company No. 200601020898 (740651-H))

(Incorporated in Malaysia)

Condensed interim financial statements

Unaudited statement of cash flows for the period ended 30 June 2021

| | 30 June 2021 RM'000 | 30 June 2020 RM'000 |
|---|------------------------|------------------------|
| Profit before zakat and taxation | 45,013 | 34,097 |
| Adjustments for: | | |
| Depreciation on property and equipment | 1,718 | 1,982 |
| Reversal of provisions of intangible assets and property and equipment | 2,219 | - |
| Depreciation of right-of-use assets | 3,083 | 3,142 |
| Amortisation of intangible assets | 8,081 | 7,472 |
| Investment income | (69,547) | (55,208) |
| Realised (gains)/losses on disposal on investments | (15,490) | 46,082 |
| Fair value losses/(gains) on investments | 218,771 | (101,675) |
| Gains on disposal of property and equipment | (158) | - |
| Increase in provision for wakalah fee | 7,749 | 9,130 |
| Profit/(Loss) from operations before changes in operating assets and liabilities | 201,439 | (54,978) |
| Increase in family takaful fund | 92,026 | 309,923 |
| (Increase)/Decrease in retakaful assets | (9,893) | 7,158 |
| Increase in trade and other receivables | (47,397) | (24,674) |
| Increase in takaful contract liabilities | 18,484 | 21,551 |
| Increase in takaful payables | 3,744 | 7,115 |
| Increase in trade and other payables | 176,942 | 43,131 |
| Tax paid | (16,000) | (10,000) |
| Net cash generated from operating activities | 419,345 | 299,227 |
| Cash flows from investing activities | | |
| Investment income received | 66,405 | 51,739 |
| Investment in intangible asset | (15,474) | (23,698) |
| Proceeds from maturity/disposal of investments | 18,730,310 | 14,820,512 |
| Proceeds from disposal of property and equipment | 247 | - |
| Purchase of investments | (19,259,360) | (15,220,468) |
| Purchase of property and equipment | (488) | (678) |
| Net cash used in investing activities | (478,360) | (372,593) |
| Cash flows from financing activities | | |
| Payment of lease liabilities | (1,927) | (1,921) |
| Net cash used in financing activities | (1,927) | (1,921) |
| Net decrease in cash and cash equivalents | (60,942) | (75,287) |
| Cash and cash equivalents at 1 January | 210,501 | 525,157 |
| Cash and cash equivalents at 30 June | 149,559 | 449,870 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | | |
| - Takaful operator | 83,786 | 132,539 |
| - Family takaful fund | 65,773 | 317,331 |
| | 149,559 | 449,870 |

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2020.

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting*

1. Basis of preparation

The unaudited condensed interim financial statements of the Company for the period ended 30 June 2021 have been prepared in accordance with MFRS 134 Interim Financial Reporting.

A Takaful Operator is required to present consolidated financial statements for itself and the Takaful funds it manages and controls in accordance with the requirements of MFRS 10, Consolidated Financial Statements. The statements of financial position and the statements of profit or loss and other comprehensive income of the Takaful Operator and Family Takaful Fund are supplementary financial information presented in accordance with the requirements of BNM and Islamic Financial Services Act 2013 in Malaysia to segregate assets, liabilities, income and expenses of Takaful funds from its own. The statements of financial position and profit or loss and other comprehensive income of the Takaful Operator include only assets, liabilities, income and expenses of the Takaful Operator, excluding the Takaful funds managed by it. The statements of financial position and profit or loss and other comprehensive income of the Family Takaful Fund include only the assets, liabilities, income and expenses of the Family Takaful Fund that is set up, managed and controlled by the Takaful Operator.

In preparing the Company-level financial statements, the balances and transactions of the Takaful Operator are amalgamated and combined with those of the takaful funds. Interfund assets and liabilities, income and expenses relating to transactions between the funds are eliminated in full during amalgamation. The accounting policies adopted for the Takaful Operator and takaful funds are uniform for like transactions and events in similar circumstances.

The takaful funds are consolidated and amalgamated from the date of control and continue to be consolidated until the date such control ceases which occur when the Company's license to manage takaful business is withdrawn or surrendered.

The significant accounting policies applied in the unaudited condensed interim financial statements are consistent with those adopted in the audited annual financial statement of the Company for the financial year ended 31 December 2020, except for the adoption of the following accounting standards, amendments and interpretations that are effective during the current financial period:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- (i) Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2020. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 December 2020.

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(Company No. 200601020898 (740651-H))

(Incorporated in Malaysia)

2. Investments

| | ← 30 June 2021 → | | | ← 31 December 2020 → | | |
|---------------------------------------|----------------------------|-------------------------------|-------------------|----------------------------|-------------------------------|-------------------|
| | Takaful operator RM'000 | Family takaful fund RM'000 | Company RM'000 | Takaful operator RM'000 | Family takaful fund RM'000 | Company RM'000 |
| Malaysian government investment issue | 5,300 | 134,057 | 139,357 | 5,525 | 192,449 | 197,974 |
| Islamic debts securities | 97,475 | 1,505,856 | 1,603,331 | 120,647 | 1,409,586 | 1,530,233 |
| Equity securities | - | 1,940,133 | 1,940,133 | - | 1,952,969 | 1,952,969 |
| Unit trust funds | 79,059 | 205,027 | 284,086 | 78,967 | 154,253 | 233,220 |
| Deposits with financial institutions | 223,000 | 856,470 | 1,079,470 | 141,469 | 664,743 | 806,212 |
| Investment-linked funds | 3,252 | - | - | 2,429 | - | - |
| | <u>408,086</u> | <u>4,641,543</u> | <u>5,046,377</u> | <u>349,037</u> | <u>4,374,000</u> | <u>4,720,608</u> |

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

| | ← 30 June 2021 → | | | ← 31 December 2020 → | | |
|--|----------------------------|-------------------------------|-------------------|----------------------------|-------------------------------|-------------------|
| | Takaful operator RM'000 | Family takaful fund RM'000 | Company RM'000 | Takaful operator RM'000 | Family takaful fund RM'000 | Company RM'000 |
| Receivables | | | | | | |
| - Deposits with financial institutions | 223,000 | 856,470 | 1,079,470 | 141,469 | 664,743 | 806,212 |
| Fair value through profit or loss (Held-for-trading) | | | | | | |
| Malaysian government investment issue | 5,300 | 134,057 | 139,357 | 5,525 | 192,449 | 197,974 |
| Islamic debts securities | 97,475 | 1,505,856 | 1,603,331 | 120,647 | 1,409,586 | 1,530,233 |
| Equity securities | - | 1,940,133 | 1,940,133 | - | 1,952,969 | 1,952,969 |
| Unit trust funds | 79,059 | 205,027 | 284,086 | 78,967 | 154,253 | 233,220 |
| Investment-linked funds | 3,252 | - | - | 2,429 | - | - |
| | <u>185,086</u> | <u>3,785,073</u> | <u>3,966,907</u> | <u>207,568</u> | <u>3,709,257</u> | <u>3,914,396</u> |
| | <u>408,086</u> | <u>4,641,543</u> | <u>5,046,377</u> | <u>349,037</u> | <u>4,374,000</u> | <u>4,720,608</u> |

Prudential BSN Takaful Berhad

(Company No. 200601020898 (740651-H))

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2. Investments (continued)

(b) Carrying values of financial investments are as follows:

| Company | Receivables RM'000 | FVTPL RM'000 | Total RM'000 |
|--|-------------------------------|-------------------------|-------------------------|
| At 1 January 2020 | 351,295 | 3,048,859 | 3,400,154 |
| Purchases | 29,316,646 | 5,285,785 | 34,602,431 |
| Maturities/disposals | (28,861,729) | (4,646,191) | (33,507,920) |
| Fair value gains recognised in profit or loss | - | 225,943 | 225,943 |
| At 31 December 2020/1 January 2021 | 806,212 | 3,914,396 | 4,720,608 |
| Purchases | 16,182,574 | 3,076,786 | 19,259,360 |
| Maturities/disposals | (15,909,316) | (2,805,504) | (18,714,820) |
| Fair value losses recognised in profit or loss | - | (218,771) | (218,771) |
| At 30 June 2021 | <u>1,079,470</u> | <u>3,966,907</u> | <u>5,046,377</u> |

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2. Investments (continued)

(c) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

| Company | Fair value of financial instruments carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|---------------------------------------|--|-------------------|------------------|-------------------------------|------------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Total RM'000 | | |
| 30 June 2021 | | | | | |
| Malaysian government investment issue | - | 139,357 | 139,357 | 139,357 | 139,357 |
| Islamic debt securities | - | 1,603,331 | 1,603,331 | 1,603,331 | 1,603,331 |
| Equity securities | 1,940,133 | - | 1,940,133 | 1,940,133 | 1,940,133 |
| Unit trust funds | 284,086 | - | 284,086 | 284,086 | 284,086 |
| | <u>2,224,219</u> | <u>1,742,688</u> | <u>3,966,907</u> | <u>3,966,907</u> | <u>3,966,907</u> |
| At 31 December 2020 | | | | | |
| Malaysian government investment issue | - | 197,974 | 197,974 | 197,974 | 197,974 |
| Islamic debt securities | - | 1,530,233 | 1,530,233 | 1,530,233 | 1,530,233 |
| Equity securities | 1,952,969 | - | 1,952,969 | 1,952,969 | 1,952,969 |
| Unit trust funds | 233,220 | - | 233,220 | 233,220 | 233,220 |
| | <u>2,186,189</u> | <u>1,728,207</u> | <u>3,914,396</u> | <u>3,914,396</u> | <u>3,914,396</u> |

There are no financial instruments which are not carried at fair value and not carried at level 3.

2. Investments (continued)

(c) Fair value information (continued)

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2020: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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3. Retakaful asset

| | Note | ← 30 June 2021 → | | ← 31 December 2020 → | |
|--|-------|-------------------------------|-------------------|-------------------------------|-------------------|
| | | Family takaful fund RM'000 | Company RM'000 | Family takaful fund RM'000 | Company RM'000 |
| Retakaful for actuarial liabilities | 4 (i) | 26,946 | 26,946 | 28,735 | 28,735 |
| Retakaful for takaful contract liabilities | 5 | 21,983 | 21,983 | 10,301 | 10,301 |
| | | <u>48,929</u> | <u>48,929</u> | <u>39,036</u> | <u>39,036</u> |

4. Participants' fund

(i) Family takaful fund

Family takaful fund at end of the period/year comprise the following:

| | ← 30 June 2021 → | | | ← 31 December 2020 → | | |
|-----------------------|------------------|---------------------------------|------------------|----------------------|---------------------------------|------------------|
| | Gross RM'000 | Retakaful (Note 3) RM'000 | Net RM'000 | Gross RM'000 | Retakaful (Note 3) RM'000 | Net RM'000 |
| Actuarial liabilities | 257,867 | (26,946) | 230,921 | 256,531 | (28,735) | 227,796 |
| Seed money | 3,252 | - | 3,252 | 2,429 | - | 2,429 |
| Participants' account | 4,027,702 | - | 4,027,702 | 3,937,011 | - | 3,937,011 |
| | <u>4,288,821</u> | <u>(26,946)</u> | <u>4,261,875</u> | <u>4,195,971</u> | <u>(28,735)</u> | <u>4,167,236</u> |

Prudential BSN Takaful Berhad

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4. Participants' fund (continued)

(i) Family takaful fund (continued)

The total participant's fund and its movements are analysed as follows:

| | ← 30 June 2021 → | | | ← 31 December 2020 → | | |
|---|------------------|---------------------------------|------------------|----------------------|---------------------------------|------------------|
| | Gross RM'000 | Retakaful (Note 3) RM'000 | Net RM'000 | Gross RM'000 | Retakaful (Note 3) RM'000 | Net RM'000 |
| Total Participants' fund | | | | | | |
| At 1 January | 4,195,971 | (28,735) | 4,167,236 | 3,250,278 | (12,379) | 3,237,899 |
| Gross earned contributions | 1,211,769 | (28,038) | 1,183,731 | 2,167,251 | (54,165) | 2,113,086 |
| Benefits and claims paid during the year | (385,209) | 16,599 | (368,610) | (668,543) | 43,144 | (625,399) |
| Experience variation | (20,027) | 13,228 | (6,799) | (31,607) | (5,335) | (36,942) |
| Fees deducted | (417,903) | - | (417,903) | (761,923) | - | (761,923) |
| Credit of profit or/and change in unit-prices | (135,083) | - | (135,083) | 370,642 | - | 370,642 |
| Surplus sharing to takaful operator | (86,500) | - | (86,500) | (91,750) | - | (91,750) |
| Profit paid to participants | (86,500) | - | (86,500) | (9,155) | - | (9,155) |
| Tax expense | 12,303 | - | 12,303 | (29,222) | - | (29,222) |
| At 30 June/31 December | <u>4,288,821</u> | <u>(26,946)</u> | <u>4,261,875</u> | <u>4,195,971</u> | <u>(28,735)</u> | <u>4,167,236</u> |

4. Participants' fund (continued)

(i) Family takaful fund (continued)

Valuation of family takaful contract liabilities

The liability for family takaful contracts is based on current assumptions, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, investment returns, expenses, lapse, surrender rates and discount rates. The mortality and morbidity assumptions are based on retakaful operators' tables adjusted when appropriate to reflect the unique risk exposure, product characteristics, target markets, own claims severity and frequency experiences. The mortality and morbidity assumptions are re-assessed based on own experience as the Company credible own experience is available.

Estimates are made as to future investment income arising from the assets backing family takaful contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments and allowing for future growth of the business, as appropriate. Expenses are borne by the takaful operator and do not affect the family takaful fund.

Lapse rate is based on the historical experience of lapses. Discount rate for liabilities accord a level of guarantee no less certain than that accorded by a Government Islamic Issue.

(ii) Company

| | ← 30 June 2021 → | | | ← 31 December 2020 → | | |
|-----------------------|------------------|-----------------|------------------|----------------------|-----------------|------------------|
| | Retakaful | | Net | Retakaful | | Net |
| | Gross | (Note 3) | | Gross | (Note 3) | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Actuarial liabilities | 257,867 | (26,946) | 230,921 | 256,531 | (28,735) | 227,796 |
| Participants' account | 4,027,702 | - | 4,027,702 | 3,937,011 | - | 3,937,011 |
| | <u>4,285,569</u> | <u>(26,946)</u> | <u>4,258,623</u> | <u>4,193,542</u> | <u>(28,735)</u> | <u>4,164,807</u> |

Prudential BSN Takaful Berhad

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5. Takaful contract liabilities

| | ← 30 June 2021 → | | | ← 31 December 2020 → | | |
|---|------------------|---------------------------------|----------------|----------------------|---------------------------------|----------------|
| | Gross RM'000 | Retakaful (Note 3) RM'000 | Net RM'000 | Gross RM'000 | Retakaful (Note 3) RM'000 | Net RM'000 |
| Provision for claims reported by participants | 70,230 | (21,983) | 48,247 | 59,557 | (10,301) | 49,256 |
| Provision for IBNR | 66,715 | - | 66,715 | 58,904 | - | 58,904 |
| Provision for outstanding claims | <u>136,945</u> | <u>(21,983)</u> | <u>114,962</u> | <u>118,461</u> | <u>(10,301)</u> | <u>108,160</u> |
| At 1 January | 118,461 | (10,301) | 108,160 | 89,955 | (18,738) | 71,217 |
| Claims incurred during the period/year | 395,882 | (28,281) | 367,601 | 661,280 | (34,707) | 626,573 |
| Benefits and claims paid during the period/year | (385,209) | 16,599 | (368,610) | (668,543) | 43,144 | (625,399) |
| Increase in IBNR | 7,811 | - | 7,811 | 35,769 | - | 35,769 |
| At 30 June/31 December | <u>136,945</u> | <u>(21,983)</u> | <u>114,962</u> | <u>118,461</u> | <u>(10,301)</u> | <u>108,160</u> |

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6. Investment-linked business

Unaudited statement of financial position as at 30 June 2021

| | 30 June 2021 RM'000 | 31 December 2020 RM'000 |
|--|------------------------|----------------------------|
| Assets | | |
| Investments | 2,558,427 | 2,476,625 |
| Income due and accrued | 6,940 | 6,747 |
| Amount due from family takaful fund | 61,855 | 71,465 |
| Cash and bank balances | 2,317 | 3,229 |
| Total investment-linked business assets | <u>2,629,539</u> | <u>2,558,066</u> |
| Liabilities | | |
| Other payables | 3,359 | 4,402 |
| Amount due to takaful operator | 6,970 | 6,979 |
| Current tax Liabilities | 7,590 | 5,739 |
| Deferred tax liabilities | 10,848 | 23,148 |
| Total investment-linked business liabilities | <u>28,768</u> | <u>40,268</u> |
| Net asset value of funds | <u>2,600,772</u> | <u>2,517,798</u> |
| Represented by: | | |
| Unit holders' account | <u>2,600,772</u> | <u>2,517,798</u> |

Unaudited statement of profit or loss and other comprehensive income for the period ended 30 June 2021

| | 30 June 2021 RM'000 | 30 June 2020 RM'000 |
|-----------------------------------|------------------------|------------------------|
| Investment income | 49,679 | 29,722 |
| Realised gains/(losses) | 14,939 | (52,107) |
| Fair value (losses)/gains | (153,746) | 83,922 |
| Investment management fees | (17,552) | (12,287) |
| Other operating income | 2,409 | 308 |
| (Deficit)/surplus before taxation | <u>(104,271)</u> | <u>49,557</u> |
| Taxation | (1,851) | 3,717 |
| (Deficit)/surplus after taxation | <u>(106,122)</u> | <u>53,274</u> |

7. Regulatory capital requirement

The capital structure of the Company as at 30 June 2021, as prescribed under the Risk Based Capital Framework for Takaful Operators (RBCT) is provided below:

| | 30 June 2021 | 31 December 2020 |
|---------------------------------------|-----------------------|-------------------------|
| | RM'000 | RM'000 |
| Eligible Tier 1 Capital | | |
| Ordinary share | 100,000 | 100,000 |
| Reserves, including retained earnings | 543,316 | 494,693 |
| | <u>643,316</u> | <u>594,693</u> |
| Tier 2 Capital | | |
| Revaluation reserves | 1,925 | 1,925 |
| | <u>1,925</u> | <u>1,925</u> |
| Amounts deducted from capital | (228,250) | (188,838) |
| Total capital available | <u><u>416,991</u></u> | <u><u>407,780</u></u> |

8. Seasonal or Cyclical Factors

The Company's business operations were not materially affected by any seasonal or cyclical factors during the period ended 30 June 2021.

9. Unusual items

There were no items of unusual nature and amount affecting assets, liabilities, equity, net income or cash flows of the Company during the period ended 30 June 2021.

10. Change in estimates

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

11. Debt and equities securities

There were no issuance, repurchase and repayment of debt, equity and securities by the Company during period ended 30 June 2021.

12. Dividends

No dividend was declared and paid during the period ended 30 June 2021.

13. Subsequent events

There were no other significant events subsequent to the end of the reporting date that require disclosure or adjustment to the unaudited condensed interim financial statements.

14. Changes in the composition of the Company

There was no change in the composition of the Company during the period ended 30 June 2021.

15. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not qualified.