

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

CONTENTS	PAGE(S)
UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION	1
UNAUDITED CONDENSED INCOME STATEMENTS	2 - 3
UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	4
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY	5 - 8
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS	9 - 10
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	11 - 55

AIA BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Group		Company	
		30.06.2020 RM'000	31.12.2019 RM'000	30.06.2020 RM'000	31.12.2019 RM'000
Property, plant and equipment		442,309	446,272	441,196	444,966
Investment properties		346,130	363,130	346,130	363,130
Intangible assets		131,073	129,487	120,477	118,087
Right-of-use assets		134,847	134,388	134,448	133,917
Investment in subsidiaries		-	-	487,859	487,859
Investment in associates		5,978	16,397	88	88
Available-for-sale financial assets	11	9,838,225	9,196,675	9,077,164	8,610,624
Fair value through profit or loss financial assets	12	41,512,044	40,156,127	40,102,442	39,063,935
Loans and receivables		4,145,121	4,525,445	4,158,582	4,483,243
Reinsurance/retakaful assets	14	430,622	405,827	391,275	375,679
Insurance/takaful receivables	15	329,915	324,950	282,747	278,331
Deferred tax assets		2,385	2,384	-	-
Current tax assets		210,329	173,115	196,213	159,305
Cash and cash equivalents		2,095,467	1,287,050	1,712,978	799,146
Total assets		59,624,445	57,161,247	57,451,599	55,318,310
Equity and liabilities					
Share capital		810,000	810,000	810,000	810,000
Retained earnings		3,415,886	3,365,427	3,387,962	3,369,914
Asset revaluation reserve		32,026	32,026	32,026	32,026
Available-for-sale fair value reserve		632,400	480,060	611,282	467,322
Total equity attributable to:					
Owners of the parent		4,890,312	4,687,513	4,841,270	4,679,262
Non-controlling interest		60,576	59,548	-	-
Total equity		4,950,888	4,747,061	4,841,270	4,679,262
Insurance/takaful contract liabilities	17	45,547,095	43,877,289	43,696,973	42,265,173
Deferred tax liabilities		777,076	675,244	761,815	666,694
Insurance/takaful payables	18	7,001,759	6,826,113	6,974,587	6,788,201
Derivative financial instrument		34,590	9,213	34,590	9,213
Current tax liabilities		10,636	-	-	-
Other payables		1,163,686	889,263	1,004,060	773,178
Lease liabilities		138,715	137,064	138,304	136,589
Total liabilities		54,673,557	52,414,186	52,610,329	50,639,048
Total equity and liabilities		59,624,445	57,161,247	57,451,599	55,318,310

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

AIA BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

	Note	Group		Company	
		6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000	6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000
Gross earned premiums/contributions	19(a)	5,437,899	4,816,818	4,786,719	4,662,473
Premiums/contributions ceded to reinsurers/retakaful operators	19(b)	(607,157)	(533,374)	(582,367)	(523,685)
Net earned premiums/contributions revenue	19	4,830,742	4,283,444	4,204,352	4,138,788
Investment income		1,135,485	1,109,000	1,098,990	1,098,949
Net realised gains		21,766	4,518	25,099	4,426
Fair value gains		339,406	1,663,610	281,619	1,663,486
Other operating income		38,595	15,705	39,280	28,431
Total net revenue		6,365,994	7,076,277	5,649,340	6,934,080
Gross benefits and claims paid	20(a)	(3,814,572)	(3,629,999)	(3,613,707)	(3,586,622)
Claims ceded to reinsurers/retakaful operators	20(b)	371,651	332,300	378,035	327,771
Gross change to insurance/takaful contract liabilities	20(c)	(1,659,126)	(2,679,013)	(1,431,800)	(2,667,964)
Change in insurance/takaful contract liabilities ceded to reinsurers/retakaful operators	20(d)	24,727	80,582	15,596	79,203
Net insurance/takaful benefits and claims		(5,077,320)	(5,896,130)	(4,651,876)	(5,847,612)
Fee and commission expenses		(591,765)	(480,769)	(448,438)	(441,565)
Management expenses		(527,633)	(424,920)	(432,012)	(405,250)
Other expenses		(1,119,398)	(905,689)	(880,450)	(846,815)

AIA BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>6 months</u> <u>period ended</u> <u>30.06.2020</u> <u>RM'000</u>	<u>6 months</u> <u>period ended</u> <u>30.06.2019</u> <u>RM'000</u>	<u>6 months</u> <u>period ended</u> <u>30.06.2020</u> <u>RM'000</u>	<u>6 months</u> <u>period ended</u> <u>30.06.2019</u> <u>RM'000</u>
Profit before share of profit from associate		169,276	274,458	117,014	239,653
Share of profit from associate		81	1,363	-	-
Profit before tax		169,357	275,821	117,014	239,653
Tax expense attributable to policyholders and unitholders		(79,258)	(176,301)	(73,171)	(176,301)
Profit before tax attributable to shareholders		90,099	99,520	43,843	63,352
Tax expense		(118,765)	(210,148)	(98,966)	(202,985)
Tax expense attributable to policyholders and unitholders		79,258	176,301	73,171	176,301
Tax expense attributable to shareholders		(39,507)	(33,847)	(25,795)	(26,684)
Profit after tax for the period		<u>50,592</u>	<u>65,673</u>	<u>18,048</u>	<u>36,668</u>
Profit attributable to:					
Owners of the parent		50,459	65,673	18,048	36,668
Non-controlling interest		133	-	-	-
		<u>50,592</u>	<u>65,673</u>	<u>18,048</u>	<u>36,668</u>
Basic earnings per share (sen)	21	<u>26.37</u>	<u>34.23</u>		

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

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

	Group		Company	
	6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000	6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000
Profit after tax for the period	50,592	65,673	18,048	36,668
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss:</u>				
Net gains arising during the period	223,172	440,120	215,312	432,600
Net realised gains transferred to income statements	(26,085)	(4,503)	(29,418)	(4,412)
Deferred taxation	(43,926)	(103,242)	(41,934)	(101,459)
Change in takaful contract liabilities	74	-	-	-
	153,235	332,375	143,960	326,729
Share of other comprehensive income from associate	-	1,387	-	-
Total other comprehensive income - net of tax, for the period	153,235	333,762	143,960	326,729
Total comprehensive income for the period	203,827	399,435	162,008	363,397
Total comprehensive income attributable to:				
Owners of the parent	202,799	399,435	162,008	363,397
Non-controlling interest	1,028	-	-	-
	203,827	399,435	162,008	363,397

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Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

<u>Group</u>	Attributable to owners of the Company							Non-controlling interest RM'000	Total RM'000
	Non-Distributable			Distributable					
	Share capital RM'000	Available-for-sale fair reserve RM'000	Asset revaluation reserve RM'000	Share-based reserves RM'000	Retained earnings* RM'000	Total RM'000			
At 1 January 2020	810,000	480,060	32,026	-	3,365,427	4,687,513	59,548	4,747,061	
Profit after tax for the period	-	-	-	-	50,459	50,459	133	50,592	
Other comprehensive income for the period	-	152,340	-	-	-	152,340	895	153,235	
Total comprehensive income for the period	-	152,340	-	-	50,459	202,799	1,028	203,827	
Share based compensation :									
- value of employee services	-	-	-	4,678	-	4,678	-	4,678	
- repayment to ultimate parent company	-	-	-	(4,678)	-	(4,678)	-	(4,678)	
At 30 June 2020	810,000	632,400	32,026	-	3,415,886	4,890,312	60,576	4,950,888	

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

<u>Group</u>	Non-Distributable				Distributable	Total RM'000
	Share capital RM'000	Available-for- sale fair value reserve RM'000	Asset revaluation reserve RM'000	Share-based reserves RM'000	Retained earnings* RM'000	
At 1 January 2019						
- As previously reported	1,450,890	41,642	28,618	-	3,261,029	4,782,179
- Opening adjustment on adoption of MFRS 16	-	-	2,235	-	-	2,235
- As adjusted	1,450,890	41,642	30,853	-	3,261,029	4,784,414
Profit after tax for the period	-	-	-	-	65,673	65,673
Other comprehensive income for the period	-	333,762	-	-	-	333,762
Total comprehensive income for the period	-	333,762	-	-	65,673	399,435
Share based compensation :						
- value of employee services	-	-	-	5,352	-	5,352
- repayment to ultimate parent company	-	-	-	(5,352)	-	(5,352)
At 30 June 2019	1,450,890	375,404	30,853	-	3,326,702	5,183,849

* Included in retained earnings is RM1,796 million (2019: RM2,479 million) which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

<u>Company</u>	Non-Distributable				Distributable	Total RM'000
	Share capital RM'000	Available-for- sale fair value reserve RM'000	Asset revaluation reserve RM'000	Share-based reserves RM'000	Retained earnings* RM'000	
At 1 January 2020	810,000	467,322	32,026	-	3,369,914	4,679,262
Profit after tax for the period	-	-	-	-	18,048	18,048
Other comprehensive income for the period	-	143,960	-	-	-	143,960
Total comprehensive income for the period	-	143,960	-	-	18,048	162,008
Share based compensation :						
- value of employee services	-	-	-	4,678	-	4,678
- repayment to ultimate parent company	-	-	-	(4,678)	-	(4,678)
At 30 June 2020	810,000	611,282	32,026	-	3,387,962	4,841,270

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

<u>Company</u>	Non-Distributable				Distributable	Total RM'000
	Share capital RM'000	Available-for- sale fair value reserve RM'000	Asset revaluation reserve RM'000	Share-based reserves RM'000	Retained earnings* RM'000	
At 1 January 2019						
- As previously reported	1,450,890	40,244	28,618	-	3,266,919	4,786,671
- Opening adjustment on adoption of MFRS 16	-	-	2,235	-	-	2,235
- As adjusted	1,450,890	40,244	30,853	-	3,266,919	4,788,906
Profit after tax for the period	-	-	-	-	36,668	36,668
Other comprehensive income for the period	-	326,729	-	-	-	326,729
Total comprehensive income for the period	-	326,729	-	-	36,668	363,397
Share based compensation :						
- value of employee services	-	-	-	5,352	-	5,352
- repayment to ultimate parent company	-	-	-	(5,352)	-	(5,352)
At 30 June 2019	1,450,890	366,973	30,853	-	3,303,587	5,152,303

* Included in retained earnings is RM1,796 million (2019: RM2,479 million) which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

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

AIA BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

	Group		Company	
	6 months	6 months	6 months	6 months
	period ended	period ended	period ended	period ended
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	90,099	99,520	43,843	63,352
Tax expense attributable to policyholders and unitholders	79,258	176,301	73,171	176,301
Rental, interest and dividend income	(1,138,993)	(1,098,756)	(1,101,394)	(1,088,664)
Net amortisation of premium on investments	13,573	11,495	11,314	11,146
Realised gains	(26,086)	(4,503)	(29,419)	(4,412)
Fair value gains	(339,406)	(1,663,610)	(281,619)	(1,663,486)
Interest expense on lease liabilities	2,934	2,551	2,926	2,527
Bad debts recovery from insurance/takaful receivable	1,002	-	-	-
Allowance for impairment losses	(472)	-	(503)	-
Writeback of allowance for impairment losses	-	(4,625)	-	(2,883)
Write off of property, plant and equipment	4,452	-	4,452	-
Write off of allowance for bad debts	(210)	1,507	-	-
Depreciation				
- property, plant and equipment	14,307	16,451	14,069	16,312
- right of use assets	10,508	13,943	10,438	13,758
Amortisation				
- intangible assets	10,204	6,784	7,567	5,939
Share of profit from associate	(81)	(1,363)	-	-
Changes in working capital:				
Increase in AFS and FVTPL financial assets	(1,390,241)	(318,014)	(968,771)	(272,533)
Increase in reinsurance/retakaful assets	(24,795)	(80,520)	(15,596)	(79,203)
Increase in insurance/takaful certificates receivables	(6,151)	(29,351)	(3,055)	(26,702)
Decrease/(Increase) in loans and receivables	358,887	(114,531)	308,607	(131,973)
Increase in insurance/takaful certificates payables	176,798	195,033	186,386	194,102
Increase in insurance/takaful contract liabilities	1,668,653	2,679,070	1,431,800	2,667,963
Decrease/(Increase) in other payables	278,841	(9,921)	228,715	1,936
Cash used in operating activities	<u>(216,919)</u>	<u>(122,539)</u>	<u>(77,069)</u>	<u>(116,520)</u>
Income taxes paid	(86,603)	(161,545)	(81,856)	(160,160)
Rental income received	3,513	10,409	3,513	10,409
Interest income received	920,782	911,706	886,606	903,856
Interest paid	(2,934)	(2,551)	(2,926)	(2,527)
Dividend income received	236,780	178,207	229,812	178,064
Net cash inflows from operating activities	<u>854,619</u>	<u>813,687</u>	<u>958,080</u>	<u>813,122</u>

AIA BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)

	Group		Company	
	6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000	6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(16,242)	(11,040)	(14,409)	(11,040)
Purchase of property, plant and equipment	(10,344)	(13,203)	(10,298)	(12,400)
Purchase of investment properties	(9,807)	(418)	(9,807)	(418)
Settlement of derivative instruments	(480)	-	(480)	-
Proceed from disposal of property, plant and equipment	-	29	-	29
Net cash outflows from investing activities	(36,873)	(24,632)	(34,994)	(23,829)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment for lease liabilities	(9,329)	(13,932)	(9,254)	(13,758)
Net cash outflows from financing activities	(9,329)	(13,932)	(9,254)	(13,758)
NET INCREASE IN CASH AND CASH EQUIVALENTS	808,417	775,123	913,832	775,535
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,287,050	872,332	799,146	839,783
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,095,467	1,647,455	1,712,978	1,615,318
<u>Cash and cash equivalents comprised:</u>				
Cash and bank balances	1,083,886	298,922	866,460	285,988
Fixed and call deposits with licensed financial institutions	1,011,581	1,348,533	846,518	1,329,330
	2,095,467	1,647,455	1,712,978	1,615,318

The Group and Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows as the purchases are funded from cash flows associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under the operating activities.

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

Registration No.
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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance business, including investment-linked business. The principal activities of the subsidiaries are engaged in the management of family takaful, including investment-linked business, underwriting of all classes of general insurance business, investment holding and managing private retirement scheme and asset management business.

There have been no significant changes in these activities during the financial period.

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act 2016 and the Financial Services Act, 2013 (“FSA”) and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

The immediate holding company of the Company is Orange Policy Sdn. Bhd. (“OPSB”), whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The interim financial statements are authorised for issue by the Board of Directors on 19 August 2020.

2 Basis of preparation

The condensed interim financial statements of the Group and the Company are prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting.

The Group and the Company have adopted the MFRS framework issued by the Malaysian Accounting Standards Board (“MASB”) and Revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia (“BNM”).

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 Group’s consolidated audited financial statements for the financial year ended 31 December 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group and the Company for the condensed interim financial statements are consistent with those adopted by the Group’s consolidated audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following:

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and effects arising from adoption of revised MFRS

3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial period beginning on or after 1 January 2020

The following accounting standards, amendments and interpretations have been adopted for the first time for the financial period beginning on 1 January 2020.

- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 9, 139 & 7 "Interest Rate Benchmark Reform"
- Amendments to MFRS 16 "Covid-19-Related Rent Concessions"
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"
- The Conceptual Framework for Financial Reporting (Revised 2018)

The adoption of the above accounting standards, amendments and interpretations does not have any significant financial impact on the financial statements.

3.2 Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted

The Group will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning on/after 1 January 2023

- MFRS 17 "Insurance Contracts" replaces MFRS 4 "Insurance Contracts" and the related interpretations.

MFRS 17 "Insurance Contracts" replaces MFRS 4 "Insurance Contracts" 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 are related to financial risks either in profit or loss or in other comprehensive income.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and effects arising from adoption of revised MFRS (continued)

3.2 Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted (continued)

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

- MFRS 17 “Insurance Contracts” replaces MFRS 4 “Insurance Contracts” and the related interpretations. (continued)

Alternative measurement models are provided for the different insurance coverages:

- a) Simplified premium allocation approach if the insurance coverage period is a year or less; and
- b) Variable fee approach should be applied for insurance contracts that specify a link between payments to the policyholders 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.

The Group is in the midst of conducting a detailed assessment of the new standard. On 17 August 2020, the Malaysian Accounting Standards Board (“MASB”) issued the Amendments to MFRS 17 and the Amendments to MFRS 4 that defers the effective date of MFRS 17 and the temporary exemption from applying MFRS 9 to annual reporting periods beginning on or after 1 January 2023.

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’

Amendments to MFRS 101 ‘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.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

4 SEASONALITY OR CYCLICALITY

The business operations of the Group and of the Company were not significantly affected by seasonality or cyclical factors during the interim financial period.

5 UNUSUAL ITEMS

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

6 CHANGES IN ESTIMATES

There were no material changes in the basis used for the accounting estimates for the current financial period ended 30 June 2020.

7 ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase and repayment of debt and equity securities during the current financial period ended 30 June 2020.

8 DIVIDEND PAID

No dividend has been paid or declared in respect of the current financial period ended 30 June 2020.

9 CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group and the Company during the period under review.

10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There were no material events 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, except for the Board has approved to pay a final dividend of RM260 million or RM1.3552 per ordinary share on 191,859,543 ordinary shares for the financial year ended 31 December 2019. The payment of the final dividend was completed on 14 August 2020.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian government securities	2,573,973	2,308,533	1,820,360	2,061,777
Cagamas papers	255,990	254,249	235,749	233,830
Unquoted corporate debt securities	6,792,015	6,423,027	6,318,897	6,109,680
Unquoted equity securities	4,625	4,625	4,625	4,625
Controlled Structured Entities (Note 13)	-	-	498,498	-
Deposits with licensed bank	101,250	101,010	101,250	101,010
Accrued interest	110,372	105,231	97,785	99,702
	<u>9,838,225</u>	<u>9,196,675</u>	<u>9,077,164</u>	<u>8,610,624</u>
<u>Carrying values of financial instruments</u>				
At 1 January	9,196,675	8,766,691	8,610,624	8,416,978
Purchases	1,462,040	899,499	837,172	741,565
Maturities	(15,500)	(281,553)	(11,500)	(256,453)
Disposals at amortised cost	(1,006,085)	(887,304)	(543,505)	(842,201)
Fair value gains/(losses) recorded in:				
Other comprehensive income	197,161	570,598	185,894	559,634
Unrealised foreign exchange gain/(loss)	3,408	(567)	3,408	(567)
Movement in accrued interest	5,141	(2,153)	(1,917)	(3,087)
Net amortisation of premiums	(4,615)	(5,986)	(3,012)	(5,245)
Acquisition of subsidiaries	-	137,450	-	-
At 30 June/31 December	<u>9,838,225</u>	<u>9,196,675</u>	<u>9,077,164</u>	<u>8,610,624</u>
Current	305,723	325,705	257,772	291,660
Non current	<u>9,532,502</u>	<u>8,870,970</u>	<u>8,819,392</u>	<u>8,318,964</u>
	<u>9,838,225</u>	<u>9,196,675</u>	<u>9,077,164</u>	<u>8,610,624</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments

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

Group

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>At 30 June 2020</u>				
Malaysian government securities	2,573,973	-	2,573,973	-
Cagamas papers	255,990	-	255,990	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	6,792,015	-	6,792,015	-
Deposits with licensed bank	101,250	-	101,250	-
Accrued interest	110,372	-	110,372	-
Total assets on a recurring fair value measurement basis	<u>9,838,225</u>	<u>-</u>	<u>9,833,600</u>	<u>4,625</u>
<u>At 31 December 2019</u>				
Malaysian government securities	2,308,533	-	2,308,533	-
Cagamas papers	254,249	-	254,249	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	6,423,027	-	6,423,027	-
Deposits with licensed bank	101,010	-	101,010	-
Accrued interest	105,231	-	105,231	-
Total assets on a recurring fair value measurement basis	<u>9,196,675</u>	<u>-</u>	<u>9,192,050</u>	<u>4,625</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments (continued)

Company

	<u>Carrying</u> <u>RM'000</u>	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>
<u>At 30 June 2020</u>				
Malaysian government securities	1,820,360	-	1,820,360	-
Cagamas papers	235,749	-	235,749	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	6,318,897	-	6,318,897	-
Controlled Structured Entities (Note 13)	498,498	-	498,498	-
Deposits with licensed bank	101,250	-	101,250	-
Accrued interest	97,785	-	97,785	-
Total assets on a recurring fair value measurement basis	<u>9,077,164</u>	<u>-</u>	<u>9,072,539</u>	<u>4,625</u>

At 31 December 2019

Malaysian government securities	2,061,777	-	2,061,777	-
Cagamas papers	233,830	-	233,830	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	6,109,680	-	6,109,680	-
Deposits with licensed bank	101,010	-	101,010	-
Accrued interest	99,702	-	99,702	-
Total assets on a recurring fair value measurement basis	<u>8,610,624</u>	<u>-</u>	<u>8,605,999</u>	<u>4,625</u>

The table below sets out the summary of changes in level 3 fair value for financial assets for the period ended 30 June 2020.

	<u>Group and Company</u>
	<u>Unquoted equity securities</u>
	<u>RM'000</u>
At 1 January 2020/30 June 2020	<u>4,625</u>

Fair value hierarchy for financial and non-financial instruments

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entirety. The three-level hierarchy is defined as per Note 16 to the condensed financial statements.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

	Group		Company	
	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian government securities	5,693,473	5,741,633	5,478,968	5,575,662
Cagamas papers	1,298,404	1,283,329	1,298,404	1,283,329
Equity securities of corporations				
- Quoted	10,732,623	9,907,872	10,290,217	9,570,146
- Unquoted	709,840	721,633	667,735	675,825
Quoted real estate investment trust funds	440,374	551,598	432,259	544,671
Unquoted corporate debt securities	19,976,309	19,463,210	19,294,228	18,945,904
Mutual funds				
- Quoted	1,847,197	1,698,243	1,837,005	1,688,147
- Unquoted	530,291	501,687	530,291	501,687
Accrued interest	283,533	286,922	273,335	278,564
	<u>41,512,044</u>	<u>40,156,127</u>	<u>40,102,442</u>	<u>39,063,935</u>
<u>Carrying values of financial instruments</u>				
At 1 January	40,156,127	35,393,740	39,063,935	35,388,499
Purchases	5,647,666	7,832,332	5,173,468	7,827,333
Maturities	(28,000)	(920,900)	(28,000)	(920,900)
Disposals at fair value	(4,661,806)	(5,051,538)	(4,433,910)	(5,051,538)
Fair value gains recorded in income statements	404,204	1,839,418	334,280	1,839,194
Unrealised foreign exchange gain	6,200	(355)	6,200	(355)
Movement in accrued interest	(3,389)	(2,141)	(5,229)	(2,142)
Net amortisation of premiums	(8,958)	(16,156)	(8,302)	(16,156)
Acquisition of subsidiaries	-	1,081,727	-	-
At 30 June/31 December	<u>41,512,044</u>	<u>40,156,127</u>	<u>40,102,442</u>	<u>39,063,935</u>
Current	14,516,738	13,762,149	14,473,202	13,727,743
Non current	26,995,306	26,393,978	25,629,240	25,336,192
	<u>41,512,044</u>	<u>40,156,127</u>	<u>40,102,442</u>	<u>39,063,935</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments

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

Group

	Carrying amount	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2020</u>				
Malaysian government securities	5,693,473	-	5,693,473	-
Cagamas papers	1,298,404	-	1,298,404	-
Equity securities of corporations				
- Quoted	10,732,623	10,731,996	627	-
- Unquoted	709,840	-	709,807	33
Quoted real estate investment trust funds	440,374	440,374	-	-
Unquoted corporate debt securities	19,976,309	-	19,976,309	-
Mutual funds				
- Quoted	1,847,197	1,847,197	-	-
- Unquoted	530,291	-	-	530,291
Accrued interest	283,533	520	283,013	-
Total assets on a recurring fair value measurement basis	<u>41,512,044</u>	<u>13,020,087</u>	<u>27,961,633</u>	<u>530,324</u>

	Carrying amount	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
<u>At 31 December 2019</u>				
Malaysian government securities	5,741,633	-	5,741,633	-
Cagamas papers	1,283,329	-	1,283,329	-
Equity securities of corporations				
- Quoted	9,907,872	9,906,625	1,247	-
- Unquoted	721,633	-	721,600	33
Quoted real estate investment trust funds	551,598	551,598	-	-
Unquoted corporate debt securities	19,463,210	-	19,463,210	-
Mutual funds				
- Quoted	1,698,243	1,698,243	-	-
- Unquoted	501,687	-	-	501,687
Accrued interest	286,922	779	286,143	-
Total assets on a recurring fair value measurement basis	<u>40,156,127</u>	<u>12,157,245</u>	<u>27,497,162</u>	<u>501,720</u>

AIA BHD.
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments (continued)

Company

	Carrying amount	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2020</u>				
Malaysian government securities	5,478,968	-	5,478,968	-
Cagamas papers	1,298,404	-	1,298,404	-
Equity securities of corporations				
- Quoted	10,290,217	10,289,590	627	-
- Unquoted	667,735	-	667,702	33
Quoted real estate investment trust funds	432,259	432,259	-	-
Unquoted corporate debt securities	19,294,228	-	19,294,228	-
Mutual funds				
- Quoted	1,837,005	1,837,005	-	-
- Unquoted	530,291	-	-	530,291
Accrued interest	273,335	-	273,335	-
Total assets on a recurring fair value measurement basis	<u>40,102,442</u>	<u>12,558,854</u>	<u>27,013,264</u>	<u>530,324</u>

Company

At 30 June 2019

	Carrying amount	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
Malaysian government securities	5,575,662	-	5,575,662	-
Cagamas papers	1,283,329	-	1,283,329	-
Equity securities of corporations				
- Quoted	9,570,146	9,568,899	1,247	-
- Unquoted	675,825	-	675,792	33
Quoted real estate investment trust funds	544,671	544,671	-	-
Unquoted corporate debt securities	18,945,904	-	18,945,904	-
Mutual funds				
- Quoted	1,688,147	1,688,147	-	-
- Unquoted	501,687	-	-	501,687
Accrued interest	278,564	-	278,564	-
Total assets on a recurring fair value measurement basis	<u>39,063,935</u>	<u>11,801,717</u>	<u>26,760,498</u>	<u>501,720</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments (continued)

The tables below set out the summary of changes in level 3 fair value for financial assets for the financial period.

	Group and Company		
	Malaysian government guaranteed loans	Equity securities	Mutual funds
	RM'000	RM'000	RM'000
At 31 December 2018	8,000	33	424,322
Acquisition during the financial year	-	-	64,695
Disposal during the financial year	-	-	(2,174)
Maturity during the financial year	(8,000)	-	-
Fair value gains recorded in income statements	-	-	14,844
At 31 December 2019	-	33	501,687
Acquisition during the financial period	-	-	21,012
Disposal during the financial period	-	-	(1,048)
Fair value losses recorded in income statements	-	-	8,640
At 30 June 2020	-	33	530,291

Fair value hierarchy for financial and non-financial instruments

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entirety. The three-level hierarchy is defined as per Note 16 to the condensed financial statements.

13 CONTROLLED STRUCTURED ENTITIES

The Company has determined that its investment in wholesale unit trust funds amounting to RM490,000,000 as disclosed in Note 11 to the financial statements as investment in structured entities ("investee funds"). The Company invests in a investee fund whose objective is to achieve medium to long-term returns while preserving capital and whose investment strategy does not include the use of leverage. The investee fund is managed by Affin Hwang Asset Management Berhad and applies various investment strategies to accomplish the investment objectives. The investee fund finances its operations through the creation of investee fund units which entitles the holder to variable returns and available for sale value in the investee fund's net assets.

The Company holds 68.9% of the Affin Hwang Income Fund 4, a fund established in Malaysia, and thus has control over the investee fund. The remaining investment of 31.1% is by virtue of the shareholding through the Company's wholly-owned subsidiary company, AIA General Berhad. The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The investee fund is classified as available-for-sale investment and the change in fair value of the investee fund is included in the statement of financial position in the Company's financial statements.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

13 CONTROLLED STRUCTURED ENTITIES (CONTINUED)

The Company's exposure to investments in the investee fund is disclosed below.

	2020
Number of wholesale unit trust funds	<u>1</u>
Average net asset value per unit of wholesale unit trust funds:	
Affin Hwang Income Fund 4 (RM)	1.0255
Fair value of underlying net assets:	RM'000
Malaysian Government Securities	476,026
Unquoted corporate debt securities	13,324
Cash and cash equivalents	<u>9,148</u>
	<u>498,498</u>
Total fair value gain for the financial period	<u>8,498</u>

The Company's maximum exposure to loss from its interests in the investee fund is equal to the fair value of its investment in the investee fund.

As the Company has control over the investee fund which is considered a controlled structured entity, the structured entity is consolidated at the Group level. The underlying assets of the structured entity are duly consolidated in the financial statements.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

14 REINSURANCE/RETAKAFUL ASSETS

	<u>30.06.2020</u>	<u>31.12.2019</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Group</u>		
Reinsurance/retakaful of insurance contracts	430,622	405,827
Receivable within 12 months	418,464	395,063
Receivable after 12 months	12,158	10,764
	<u>430,622</u>	<u>405,827</u>
<u>Company</u>		
Reinsurance of insurance contracts	391,275	375,679
Receivable within 12 months	391,275	375,679

15 INSURANCE/TAKAFUL RECEIVABLES

<u>Group</u>		
Outstanding premiums/contributions including agents' balances	287,634	289,408
Amount due from reinsurers/retakaful operators	68,460	60,382
	356,094	349,790
Allowance for impairment losses	(26,179)	(24,840)
	<u>329,915</u>	<u>324,950</u>
Receivable within 12 months	<u>329,915</u>	<u>324,950</u>
<u>Company</u>		
Outstanding premiums including agents' balances	236,509	239,902
Amount due from reinsurers	67,187	59,154
	303,696	299,056
Allowance for impairment losses	(20,949)	(20,725)
	<u>282,747</u>	<u>278,331</u>
Receivable within 12 months	<u>282,747</u>	<u>278,331</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

15 INSURANCE/TAKAFUL RECEIVABLES (CONTINUED)

Offsetting of financial assets and financial liabilities

The following table shows the assets and liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at each financial period end:

	Gross amount of recognised financial assets/ (liabilities) RM'000	Gross amount of recognised financial assets/(liabilities) set off in the statements of financial position RM'000	Net amount of financial assets/(liabilities) presented in the statements of financial position RM'000
<u>Group</u>			
<u>At 30 June 2020</u>			
Insurance/takaful receivables	448,569	(91,068)	357,501
Insurance/takaful payables	(7,092,827)	91,068	(7,001,759)
	<u>(6,644,258)</u>	<u>-</u>	<u>(6,644,258)</u>
<u>At 31 December 2019</u>			
Insurance/takaful receivables	401,863	(52,073)	349,790
Insurance/takaful payables	(6,878,186)	52,073	(6,826,113)
	<u>(6,476,323)</u>	<u>-</u>	<u>(6,476,323)</u>
<u>Company</u>			
<u>At 30 June 2020</u>			
Insurance receivables	387,655	(83,959)	303,696
Insurance payables	(7,058,546)	83,959	(6,974,587)
	<u>(6,670,891)</u>	<u>-</u>	<u>(6,670,891)</u>
<u>At 31 December 2019</u>			
Insurance receivables	341,967	(42,911)	299,056
Insurance payables	(6,831,112)	42,911	(6,788,201)
	<u>(6,489,145)</u>	<u>-</u>	<u>(6,489,145)</u>

Certain amount due from reinsurers/retakaful operators and amount due to reinsurers/retakaful operators were set off for presentation purpose because they have enforceable right to set off and they intend either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

16 FAIR VALUE MEASUREMENTS

Fair value measurements on a recurring basis

The Group measures at fair value for financial instruments classified at fair value through profit or loss, available for sale and investments in non-consolidated investment funds on a recurring basis. The fair value of a financial instrument is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgement used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgement is used in measuring fair value. Conversely, financial instruments traded in other than active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgement. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

An other than active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the period ended 30 June 2020.

The following methods and assumptions were used by the Group to estimate the fair value of financial instruments:

Level 1 - Financial instruments 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 measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions 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 Group's own models whereby the majority of assumptions are market observable.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

16 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

Level 3 - Financial instruments measured 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 is 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 at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the Group'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 Group's own data.

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the period ended 30 June 2020, there is no transfer of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There is no transfer of assets from Level 2 to Level 1 during the period ended 30 June 2020.

The Group's Level 2 financial instruments include debt securities and deposits with licensed bank. The fair values of Level 2 financial instruments are estimated using values obtained from private pricing services and brokers corroborated with internal review as necessary. When the quotes from third-party pricing services and brokers are not available, internal valuation techniques and observable inputs will be used to derive the fair value for the financial instruments.

Significant unobservable inputs for level 3 fair value measurements

The following table shows the valuation techniques used in determination of fair values within level 3, as well as the significant unobservable inputs used in the valuation models:

<u>Description</u>	<u>Valuation techniques</u>	<u>Valuation unobservable inputs</u>
Private equity funds	Net asset value	Net asset value
Common and preferred shares of private companies	Cost	Cost
Investment properties and properties held for own use	Discounted cash flows	Expected market rental growth, discount rate and yield

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

16 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

Valuation processes

The Group has the valuation policies, procedures and analyses in place to govern the valuation of financial assets required for financial reporting purposes, including level 3 fair values. In determining the fair values of financial assets, the Group in general uses third party pricing providers and, only in rare cases when no third-party prices exist, will use prices derived from internal models. Chief Investment Officers of the Group are required to review the reasonableness of the prices used and report price exceptions, if any. The Group's investment team analyses reported price exceptions and reviews price challenge responses from third party pricing providers and provides the final recommendation on the appropriate price to be used. Any changes in valuation policies are reviewed and approved by the Group Pricing Committee ("GPC") which is part of the Group's wider financial risk governance processes. Changes in level 2 and 3 fair values are analysed at each reporting date.

A significant increase/(decrease) in any of the unobservable input may result in a significantly lower/(higher) fair value measurement. The Group has subscriptions to private pricing services for gathering such information. If the information from private pricing services is not available, the Group uses the proxy pricing method based on internally-developed valuation inputs.

Fair value for assets and liabilities for which fair value is disclosed at reporting date

A summary of the fair value hierarchy of assets and liabilities not carried at fair value but for which fair value is disclosed as at 30 June 2020 is set out below.

Group

	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>At 30 June 2020</u>				
Financial assets				
Loans and receivables	-	377,794	3,823,877	4,201,671
Financial liabilities				
Insurance payables	-	-	7,001,759	7,001,759
Other payables	-	1,163,686	-	1,163,686
	-	1,163,686	7,001,759	8,165,445

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

16 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value for assets and liabilities for which fair value is disclosed at reporting date (continued)

A summary of the fair value hierarchy of assets and liabilities not carried at fair value but for which fair value is disclosed as at 30 June 2020 is set out below. (continued)

Group

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2019</u>				
Financial assets				
Loans and receivables	-	328,457	4,252,613	4,581,070
Financial liabilities				
Insurance payables	-	-	6,826,113	6,826,113
Other payables	-	889,263	-	889,263
	-	889,263	6,826,113	7,715,376

Company

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 30 June 2020</u>				
Financial assets				
Loans and receivables	-	394,101	3,820,067	4,214,168
Financial liabilities				
Insurance payables	-	-	6,974,587	6,974,587
Other payables	-	1,004,060	-	1,004,060
	-	1,004,060	6,974,587	7,978,647
<u>At 31 December 2019</u>				
Financial assets				
Loans and receivables	-	289,963	4,247,834	4,537,797
Financial liabilities				
Insurance payables	-	-	6,788,201	6,788,201
Other payables	-	773,178	-	773,178
	-	773,178	6,788,201	7,561,379

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES

Group

	<u>Gross</u> <u>RM'000</u>	<u>Reinsurance</u> <u>RM'000</u>	<u>Net</u> <u>RM'000</u>
<u>At 30 June 2020</u>			
Life insurance/family takaful	45,214,363	(411,265)	44,803,098
General insurance	322,490	(19,357)	303,133
Expense liabilities	10,242	-	10,242
	<u>45,547,095</u>	<u>(430,622)</u>	<u>45,116,473</u>
<u>At 31 December 2019</u>			
Life insurance/family takaful	43,564,789	(389,033)	43,175,756
General insurance	303,411	(16,794)	286,617
Expense liabilities	9,089	-	9,089
	<u>43,877,289</u>	<u>(405,827)</u>	<u>43,471,462</u>

Company

At 30 June 2020

Life insurance	<u>43,696,973</u>	<u>(391,275)</u>	<u>43,305,698</u>
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At 31 December 2019

Life insurance	<u>42,265,173</u>	<u>(375,679)</u>	<u>41,889,494</u>
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	<u>Group</u>		<u>Company</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	1,301,486	1,417,343	1,002,034	1,151,379
Non-current	44,245,609	42,459,946	42,694,939	41,113,794
	<u>45,547,095</u>	<u>43,877,289</u>	<u>43,696,973</u>	<u>42,265,173</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/family takaful

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

(i) Life insurance/family takaful contract liabilities

Group

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 30 June 2020</u>			
Claims liabilities	434,417	(136,235)	298,182
Actuarial liabilities	33,261,774	(275,030)	32,986,744
Unallocated surplus	1,577,369	-	1,577,369
Asset revaluation reserve	165,029	-	165,029
Available for sales reserve	135	-	135
Net asset value attributable to unitholders	<u>9,775,639</u>	<u>-</u>	<u>9,775,639</u>
	<u>45,214,363</u>	<u>(411,265)</u>	<u>44,803,098</u>

At 31 December 2019

Claims liabilities	456,026	(146,649)	309,377
Actuarial liabilities	32,607,357	(242,384)	32,364,973
Unallocated surplus	1,414,042	-	1,414,042
Asset revaluation reserve	165,029	-	165,029
Available for sales reserve	61	-	61
Net asset value attributable to unitholders	<u>8,910,024</u>	<u>-</u>	<u>8,910,024</u>
Surplus attributable to participants	12,250	-	12,250
	<u>43,564,789</u>	<u>(389,033)</u>	<u>43,175,756</u>

Company

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 30 June 2020</u>			
Claims liabilities	359,326	(116,775)	242,551
Actuarial liabilities	33,051,730	(274,500)	32,777,230
Unallocated surplus	1,408,662	-	1,408,662
Asset revaluation reserve	165,029	-	165,029
Net asset value attributable to unitholders	<u>8,712,226</u>	<u>-</u>	<u>8,712,226</u>
	<u>43,696,973</u>	<u>(391,275)</u>	<u>43,305,698</u>

At 31 December 2019

Claims liabilities	385,213	(133,867)	251,346
Actuarial liabilities	32,435,957	(241,812)	32,194,145
Unallocated surplus	1,293,992	-	1,293,992
Asset revaluation reserve	165,029	-	165,029
Net asset value attributable to unitholders	<u>7,984,982</u>	<u>-</u>	<u>7,984,982</u>
	<u>42,265,173</u>	<u>(375,679)</u>	<u>41,889,494</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/family takaful (continued)

The life insurance/family takaful contract liabilities and its movements are further analysed as follows:
(continued)

(ii) Movements of life insurance/family takaful contract liabilities (continued)

Group

	<u>With DPF</u>	<u>Without DPF</u>	<u>Gross</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>Total</u>
			<u>RM'000</u>
<u>At 31 December 2019</u>			
At 1 January 2019			
- As previously reported	27,435,813	11,217,614	38,653,427
- Opening adjustment on adoption of MFRS 16	8,055	-	8,055
- As adjusted	27,443,868	11,217,614	38,661,482
Policy movement	(336,788)	419,527	82,739
Movement in claims liabilities	(2,681)	37,748	35,067
Model refinement	3,106	2,529	5,635
Adjustments due to changes in assumptions:			
Lapse and surrender rates	-	70,242	70,242
Discount rate	1,095,301	568,505	1,663,806
Fund growth rate	-	(1,093)	(1,093)
Change in bonus	47,563	-	47,563
Others	77	75,052	75,129
Change in net asset value attributable to unitholders	-	1,617,648	1,617,648
Change in asset revaluation reserve	6,264	-	6,264
Acquisition of subsidiaries	1,283,307	-	1,283,307
Unallocated surplus	17,000	-	17,000
At 31 December 2019	<u>29,557,017</u>	<u>14,007,772</u>	<u>43,564,789</u>
		<u>Reinsurance/Retakaful</u>	
	<u>With DPF</u>	<u>Without DPF</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2019	(7,071)	(260,944)	(268,015)
Policy movement	(2,022)	(67,626)	(69,648)
Movement in claims liabilities	161	(38,177)	(38,016)
Acquisition of subsidiaries	(13,354)	-	(13,354)
At 31 December 2019	<u>(22,286)</u>	<u>(366,747)</u>	<u>(389,033)</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/family takaful (continued)

The life insurance/family takaful contract liabilities and its movements are further analysed as follows:
(continued)

(ii) Movements of life insurance/family takaful contract liabilities (continued)

Company

	<u>With DPF</u>	<u>Without DPF</u>	<u>Gross</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>Total</u>
			<u>RM'000</u>
<u>At 30 June 2020</u>			
At 1 January 2020	28,257,401	14,007,772	42,265,173
Policy movement	(199,463)	267,890	68,427
Movement in claims liabilities	1,830	(27,717)	(25,887)
Model refinement	(20)	118	98
Adjustments due to changes in assumptions:			
Discount rate	282,173	184,389	466,562
Fund growth rate	-	294	294
Change in bonus	(770)	-	(770)
Others	(157,519)	238,681	81,162
Change in net asset value attributable to unitholders	-	727,244	727,244
Unallocated surplus	114,670	-	114,670
At 30 June 2020	<u>28,298,302</u>	<u>15,398,671</u>	<u>43,696,973</u>

	<u>With DPF</u>	<u>Without DPF</u>	<u>Reinsurance</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>Total</u>
			<u>RM'000</u>
At 1 January 2020	(8,932)	(366,747)	(375,679)
Policy movement	1,840	(34,528)	(32,688)
Movement in claims liabilities	(144)	17,236	17,092
At 30 June 2020	<u>(7,236)</u>	<u>(384,039)</u>	<u>(391,275)</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/family takaful (continued)

The life insurance/family takaful contract liabilities and its movements are further analysed as follows:
(continued)

(ii) Movements of life insurance/family takaful contract liabilities (continued)

Company

	<u>With DPF</u>	<u>Without DPF</u>	<u>Gross</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>Total</u>
			<u>RM'000</u>
<u>At 31 December 2019</u>			
At 1 January 2019			
- As previously reported	27,409,607	11,217,614	38,627,221
- Opening adjustment on adoption of MFRS 16	8,055	-	8,055
- As adjusted	27,417,662	11,217,614	38,635,276
Policy movement	(336,788)	419,527	82,739
Movement in claims liabilities	(2,681)	37,748	35,067
Model refinement	3,106	2,529	5,635
Adjustments due to changes in assumptions:			
Lapse and surrender rates	-	70,242	70,242
Discount rate	1,095,301	568,505	1,663,806
Fund growth rate	-	(1,093)	(1,093)
Change in bonus	47,563	-	47,563
Others	77	75,052	75,129
Change in net asset value attributable to unitholders	-	1,617,648	1,617,648
Change in asset revaluation reserve	6,264	-	6,264
Unallocated surplus	26,897	-	26,897
At 31 December 2019	<u>28,257,401</u>	<u>14,007,772</u>	<u>42,265,173</u>

	<u>With DPF</u>	<u>Without DPF</u>	<u>Reinsurance</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>Total</u>
			<u>RM'000</u>
At 1 January 2019	(7,071)	(260,944)	(268,015)
Policy movement	(2,022)	(67,626)	(69,648)
Movement in claims liabilities	161	(38,177)	(38,016)
At 31 December 2019	<u>(8,932)</u>	<u>(366,747)</u>	<u>(375,679)</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

17 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance

Group

	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000
<u>At 30 June 2020</u>			
Provision for claims reported by policyholders	127,114	(13,666)	113,448
Provision for incurred but not reported ("IBNR") claims	81,139	(2,741)	78,398
Claims liabilities (i)	208,253	(16,407)	191,846
Premium liabilities (ii)	114,237	(2,950)	111,287
	<u>322,490</u>	<u>(19,357)</u>	<u>303,133</u>
<u>At 31 December 2019</u>			
Provision for claims reported by policyholders	111,225	(11,462)	99,763
Provision for incurred but not reported ("IBNR") claims	80,840	(2,449)	78,391
Claims liabilities (i)	192,065	(13,911)	178,154
Premium liabilities (ii)	111,346	(2,883)	108,463
	<u>303,411</u>	<u>(16,794)</u>	<u>286,617</u>

(i) Claims liabilities

Group

	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000
<u>At 30 June 2020</u>			
At 1 January 2020	192,065	(13,911)	178,154
Claims incurred in the current accident year	49,667	(3,093)	46,574
Movement in claims incurred in prior accident years	(8,155)	81	(8,074)
Claims paid during the financial period	(24,836)	694	(24,142)
Others	(2,705)	-	(2,705)
Change in expense liabilities and risk margin	2,217	(178)	2,039
At 30 June 2020	<u>208,253</u>	<u>(16,407)</u>	<u>191,846</u>

AIA BHD.
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)

17 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(i) Claims liabilities (continued)

Group

	<u>Gross</u> <u>RM'000</u>	<u>Reinsurance</u> <u>RM'000</u>	<u>Net</u> <u>RM'000</u>
<u>At 31 December 2019</u>			
At 1 January 2019	188,323	(11,831)	176,492
Claims incurred in the current accident year	62,265	(2,282)	59,983
Movement in claims incurred in prior accident years	33,846	(4,741)	29,105
Claims paid during the financial year	(87,209)	5,045	(82,164)
Others	(5,665)	-	(5,665)
Change in expense liabilities and risk margin	505	(102)	403
At 31 December 2019	<u>192,065</u>	<u>(13,911)</u>	<u>178,154</u>

(ii) Premium liabilities

Group

	<u>Gross</u> <u>RM'000</u>	<u>Reinsurance</u> <u>RM'000</u>	<u>Net</u> <u>RM'000</u>
<u>At 30 June 2020</u>			
At 1 January 2020	111,346	(2,883)	108,463
Premium written during the financial period (Note 19)	148,426	(8,805)	139,621
Premium earned during the financial period	(145,535)	8,738	(136,797)
At 30 June 2020	<u>114,237</u>	<u>(2,950)</u>	<u>111,287</u>

At 31 December 2019

At 1 January 2019	117,054	(3,164)	113,890
Premium written during the financial period	297,727	(18,912)	278,815
Premium earned during the financial period	(303,435)	19,193	(284,242)
At 31 December 2019	<u>111,346</u>	<u>(2,883)</u>	<u>108,463</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

18 INSURANCE/TAKAFUL PAYABLES

	<u>30.06.2020</u> RM'000	<u>31.12.2019</u> RM'000
<u>Group</u>		
Dividend payable to policyholders	6,192,002	6,002,222
Due to reinsurers /retakaful operators	252,282	213,108
Due to agents and insureds	384,302	426,090
Premium deposits	173,173	184,693
	<u>7,001,759</u>	<u>6,826,113</u>
<u>Company</u>		
Dividend payable to policyholders	6,191,547	6,001,936
Due to reinsurers	240,803	194,460
Due to agents and insureds	377,359	418,051
Premium deposits	164,878	173,754
	<u>6,974,587</u>	<u>6,788,201</u>

The carrying amounts disclosed above approximate their fair values as at the date of the statements of financial position. All amounts are payable within one year.

Offsetting of financial assets and financial liabilities

Certain amounts due from reinsurers and amounts due to reinsurers were set off for presentation purpose because they have the enforceable right to set off and they intend either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously as disclosed in Note 15 to the financial statements.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

19 NET EARNED PREMIUMS/CONTRIBUTIONS REVENUE

	Group		Company	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000	RM'000	RM'000
(a) Gross earned premiums/contributions				
Insurance/takaful contracts:				
Life/family takaful	5,292,364	4,662,473	4,786,719	4,662,473
General (Note 17(B)(ii))	148,426	154,403	-	-
Gross premium/contributions	<u>5,440,790</u>	<u>4,816,876</u>	<u>4,786,719</u>	<u>4,662,473</u>
Change in premium liabilities	(2,891)	(58)	-	-
	<u><u>5,437,899</u></u>	<u><u>4,816,818</u></u>	<u><u>4,786,719</u></u>	<u><u>4,662,473</u></u>
(b) Premiums/contributions ceded to reinsurers/ retakaful operators				
Insurance/takaful contracts:				
Life/family takaful	(598,419)	(523,685)	(582,367)	(523,685)
General (Note 17(B)(ii))	(8,805)	(9,627)	-	-
Gross premium/contributions ceded	<u>(607,224)</u>	<u>(533,312)</u>	<u>(582,367)</u>	<u>(523,685)</u>
Change in premium liabilities	67	(62)	-	-
	<u><u>(607,157)</u></u>	<u><u>(533,374)</u></u>	<u><u>(582,367)</u></u>	<u><u>(523,685)</u></u>
Net earned premiums/ contributions revenue	<u><u>4,830,742</u></u>	<u><u>4,283,444</u></u>	<u><u>4,204,352</u></u>	<u><u>4,138,788</u></u>

20 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

(a) Gross benefits and claims paid

Insurance/takaful contracts:				
Life/family takaful	(3,789,736)	(3,586,622)	(3,613,707)	(3,586,622)
General	(24,836)	(43,377)	-	-
	<u><u>(3,814,572)</u></u>	<u><u>(3,629,999)</u></u>	<u><u>(3,613,707)</u></u>	<u><u>(3,586,622)</u></u>

(b) Claims ceded to reinsurers/ retakaful operators

Insurance/takaful contracts:				
Life/family takaful	370,957	327,771	378,035	327,771
General	694	4,529	-	-
	<u><u>371,651</u></u>	<u><u>332,300</u></u>	<u><u>378,035</u></u>	<u><u>327,771</u></u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

20 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS (CONTINUED)

	Group		Company	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000	RM'000	RM'000
(c) Gross change to insurance/ takaful contract liabilities:				
Insurance/takaful contracts:				
Life/family takaful	(1,642,938)	(2,668,266)	(1,431,800)	(2,667,964)
General	(16,188)	(10,747)	-	-
	<u>(1,659,126)</u>	<u>(2,679,013)</u>	<u>(1,431,800)</u>	<u>(2,667,964)</u>
(d) Change in insurance/takaful liabilities ceded to reinsurers/ retakaful operators				
Insurance/takaful contracts:				
Life/family takaful	22,232	79,203	15,596	79,203
General	2,495	1,379	-	-
	<u>24,727</u>	<u>80,582</u>	<u>15,596</u>	<u>79,203</u>

21 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial period.

In the financial year ended 31 December 2019, the Company reduced its issued share capital from RM1,450,890,000 to RM810,000,000 by cancelling RM640,890,000 as confirmed in the Court order and consolidated every 4 ordinary shares into 1 ordinary share ("Share Consolidation"). The fractional entitlements of shares were disregarded. Upon completion of Share Consolidation, the number of issued and paid-up shares of the Company reduced from 767,438,174 to 191,859,543. The comparative basic earnings per share has been adjusted retrospectively based on current period's new number of shares.

	Group	
	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000
Profit after tax attributable to the shareholder	50,592	65,673
Weighted average number of shares in issue during the financial period	191,860	191,860
Basic earnings per share (sen)	<u>26.37</u>	<u>34.23</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

22 CAPITAL COMMITMENTS

	Group		Company	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property and equipment	3,211	1,954	3,211	1,954
Investment properties	18,567	30,156	18,567	30,156
Intangible assets	17,484	4,981	14,959	4,981
Investments	154,025	171,678	154,025	171,678
	<u>193,287</u>	<u>208,769</u>	<u>190,762</u>	<u>208,769</u>
Approved but not contracted for:				
Property and equipment	2,708	1,705	2,708	1,705
Investment properties	-	5,840	-	5,840
Intangible assets	9,629	28,411	9,540	28,411
	<u>12,337</u>	<u>35,956</u>	<u>12,248</u>	<u>35,956</u>
Total	<u>205,624</u>	<u>244,725</u>	<u>203,010</u>	<u>244,725</u>

23 REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2020, as prescribed under the RBC Framework is provided below:

	Company	
	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid up)	810,000	810,000
Reserves, including retained earnings	10,835,007	10,910,255
	<u>11,645,007</u>	<u>11,720,255</u>
<u>Tier 2 Capital</u>		
Revaluation reserves	203,580	203,580
Available-for-sale fair value	724,939	551,463
	<u>928,519</u>	<u>755,043</u>
Amount deducted from capital	(608,336)	(605,946)
Total capital available	<u>11,965,190</u>	<u>11,869,352</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS

The Group's principal activities are organised by funds and segregated into Shareholders, General, Life, Family Takaful and Investment-linked funds in accordance with the FSA.

The Group's statements of financial position and income statements analysed by Life/Family Takaful Fund, Shareholders' and General Funds have been presented together as one fund.

The life insurance business offers a wide range of participating and non-participating whole life, term assurance, endowment as well as investment-linked products.

The General insurance business offers general insurance products which include personal accident, motor, fire and other classes.

Individual fund's revenue, expense, assets and liabilities are those amounts resulting from the operating activities of the respective funds that are directly attributable to the respective funds and the relevant portion that can be allocated on a reasonable basis to the respective funds. Individual fund's revenue, expense, assets and liabilities are determined before inter-fund balances and inter-fund transactions are eliminated as part of the consolidation process.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2020

At 30 June 2020

<u>Group</u>	Shareholders' and General Fund	Life/Family Takaful Fund	Inter-fund Elimination	Total
	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Property, plant and equipment	2,170	440,139	-	442,309
Investment properties	-	346,130	-	346,130
Intangible assets	10,596	120,477	-	131,073
Right-of-use assets	399	134,448	-	134,847
Investment in associates	-	5,978	-	5,978
Available-for-sale financial assets	2,052,199	7,807,361	(21,335)	9,838,225
Fair value through profit or loss financial assets	18,498	41,493,546	-	41,512,044
Loans and receivables	3,534,760	4,174,538	(3,564,177)	4,145,121
Reinsurance/retakaful assets	19,356	411,266	-	430,622
Insurance/takaful receivables	37,051	292,864	-	329,915
Deferred tax assets	3,379	-	(994)	2,385
Current tax assets	75,901	134,428	-	210,329
Cash and cash equivalents	237,853	1,857,614	-	2,095,467
Total assets	5,992,162	57,218,789	(3,586,506)	59,624,445
<u>Equity and liabilities</u>				
Total equity	4,990,594	(72,002)	32,296	4,950,888
Insurance/takaful contract liabilities	332,732	45,235,698	(21,335)	45,547,095
Deferred tax liabilities	510,944	267,126	(994)	777,076
Insurance/takaful payables	9,681	6,992,078	-	7,001,759
Derivative	-	34,590	-	34,590
Current tax liabilities	10,636	-	-	10,636
Other payables	137,164	4,622,995	(3,596,473)	1,163,686
Lease liabilities	411	138,304	-	138,715
Total liabilities	1,001,568	57,290,791	(3,618,802)	54,673,557
Total equity and liabilities	5,992,162	57,218,789	(3,586,506)	59,624,445

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2020 (CONTINUED)

At 31 December 2019

<u>Group</u>	Shareholders' and General Fund	Life/Family Takaful Fund	Inter-fund Elimination	Total
	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Property, plant and equipment	2,376	443,896	-	446,272
Investment properties	-	363,130	-	363,130
Right-of-use assets	471	133,917	-	134,388
Intangible assets	11,400	118,087	-	129,487
Investment in associates	-	16,397	-	16,397
Available-for-sale financial assets	1,671,947	7,524,728	-	9,196,675
Fair value through profit or loss financial assets	18,500	40,137,627	-	40,156,127
Loans and receivables	3,671,186	4,523,230	(3,668,971)	4,525,445
Reinsurance/retakaful assets	16,793	389,034	-	405,827
Insurance/takaful receivables	40,334	284,616	-	324,950
Deferred tax assets	3,713	-	(1,329)	2,384
Current tax assets	39,318	133,797	-	173,115
Cash and cash equivalents	222,531	1,064,519	-	1,287,050
Total assets	5,698,569	55,132,978	(3,670,300)	57,161,247
<u>Equity and liabilities</u>				
Total equity	4,819,131	(72,070)	-	4,747,061
Insurance/takaful contract liabilities	312,500	43,564,789	-	43,877,289
Deferred tax liabilities	481,896	194,677	(1,329)	675,244
Insurance/takaful payables	10,866	6,815,247	-	6,826,113
Derivative	-	9,213	-	9,213
Other payables	73,701	4,484,533	(3,668,971)	889,263
Lease liabilities	475	136,589	-	137,064
Total liabilities	879,438	55,205,048	(3,670,300)	52,414,186
Total equity and liabilities	5,698,569	55,132,978	(3,670,300)	57,161,247

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2020 (CONTINUED)

At 30 June 2020

<u>Company</u>	Shareholders' Fund	Life Fund	Inter-fund Elimination	Total
	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Property, plant and equipment	1,057	440,139	-	441,196
Investment properties	-	346,130	-	346,130
Intangible assets	-	120,477	-	120,477
Right-of-use assets	-	134,448	-	134,448
Investment in subsidiaries	487,859	-	-	487,859
Investment in associates	-	88	-	88
Available-for-sale financial assets	1,294,499	7,804,000	(21,335)	9,077,164
Fair value through profit or loss financial assets	-	40,102,442	-	40,102,442
Loans and receivables	3,443,152	4,153,177	(3,437,747)	4,158,582
Reinsurance assets	-	391,275	-	391,275
Insurance receivables	-	282,747	-	282,747
Current tax assets	59,571	136,642	-	196,213
Cash and cash equivalents	72,981	1,639,997	-	1,712,978
Total assets	5,359,119	55,551,562	(3,459,082)	57,451,599
<u>Equity and liabilities</u>				
Total equity	4,841,270	-	-	4,841,270
Insurance contract liabilities	-	43,718,308	(21,335)	43,696,973
Deferred tax liabilities	503,735	258,080	-	761,815
Insurance payables	-	6,974,587	-	6,974,587
Derivative	-	34,590	-	34,590
Other payables	14,114	4,427,693	(3,437,747)	1,004,060
Lease liabilities	-	138,304	-	138,304
Total liabilities	517,849	55,551,562	(3,459,082)	52,610,329
Total equity and liabilities	5,359,119	55,551,562	(3,459,082)	57,451,599

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2020 (CONTINUED)

At 31 December 2019

<u>Company</u>	Shareholders' Fund	Life Fund	Inter-fund Elimination	Total
	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Property, plant and equipment	1,070	443,896	-	444,966
Investment properties	-	363,130	-	363,130
Right-of-use assets	-	133,917	-	133,917
Intangible assets	-	118,087	-	118,087
Investment in subsidiaries	487,859	-	-	487,859
Investment in associates	-	88	-	88
Available-for-sale financial assets	1,089,695	7,520,929	-	8,610,624
Fair value through profit or loss financial assets	-	39,063,935	-	39,063,935
Loans and receivables	3,553,139	4,476,315	(3,546,211)	4,483,243
Reinsurance assets	-	375,679	-	375,679
Insurance receivables	-	278,331	-	278,331
Current tax assets	24,361	134,944	-	159,305
Cash and cash equivalents	5,049	794,097	-	799,146
Total assets	5,161,173	53,703,348	(3,546,211)	55,318,310
<u>Equity and liabilities</u>				
Total equity	4,679,262	-	-	4,679,262
Insurance contract liabilities	-	42,265,173	-	42,265,173
Deferred tax liabilities	476,039	190,655	-	666,694
Insurance payables	-	6,788,201	-	6,788,201
Derivative	-	9,213	-	9,213
Other payables	5,872	4,313,517	(3,546,211)	773,178
Lease liabilities	-	136,589	-	136,589
Total liabilities	481,911	53,703,348	(3,546,211)	50,639,048
Total equity and liabilities	5,161,173	53,703,348	(3,546,211)	55,318,310

AIA BHD.
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

6 months period ended 30 June 2020

<u>Group</u>	Shareholders' and General Fund	Life/Family Takaful Fund	Inter-fund Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	145,535	5,292,364	-	5,437,899
Premiums/contributions ceded to reinsurers/retakaful operators	(8,738)	(598,419)	-	(607,157)
Net earned premiums/contributions revenue	136,797	4,693,945	-	4,830,742
Investment income	38,388	1,097,097	-	1,135,485
Net realised gains/(losses)	21,913	(147)	-	21,766
Fair value (losses)/gains	(1)	339,407	-	339,406
Other operating income/(expenses)	228,347	(169,153)	(20,599)	38,595
Total net revenue	425,444	5,961,149	(20,599)	6,365,994
Gross benefits and claims paid	(24,836)	(3,789,736)	-	(3,814,572)
Claims ceded to reinsurers/ retakaful operators	694	370,957	-	371,651
Gross change to insurance/ takaful contract liabilities	(16,188)	(1,642,938)	-	(1,659,126)
Change in insurance/takaful contract liabilities ceded to reinsurers/ retakaful operators	2,495	22,232	-	24,727
Net insurance/takaful benefits and claims	(37,835)	(5,039,485)	-	(5,077,320)
Fee and commission expenses	(143,328)	(448,437)	-	(591,765)
Management expenses	(165,052)	(383,180)	20,599	(527,633)
Other expenses	(308,380)	(831,617)	20,599	(1,119,398)
Profit before share of profit from associate	79,229	90,047	-	169,276
Share of profit from associate	-	81	-	81
Profit before tax	79,229	90,128	-	169,357
Tax expense attributable to policyholders and unitholders	-	(79,258)	-	(79,258)
Profit before tax attributable to shareholders	79,229	10,870	-	90,099
Transfer from Revenue Accounts	10,870	(10,870)	-	-
Profit before tax attributable to shareholders	90,099	-	-	90,099
Tax expense attributable to shareholders	(39,507)	-	-	(39,507)
Profit after tax for the period	50,592	-	-	50,592

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

6 months period ended 30 June 2020

<u>Group</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life/Family Takaful Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit after tax for the period	50,592	-	-	50,592
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	223,172	-	-	223,172
Net realised gains transferred to income statements	(26,085)	-	-	(26,085)
Deferred taxation	(43,926)	-	-	(43,926)
Change in takaful contract liabilities	74			74
Change in available-for-sale fair value reserves	153,235	-	-	153,235
Total other comprehensive income - net of tax, for the period	<u>153,235</u>	<u>-</u>	<u>-</u>	<u>153,235</u>
Total comprehensive income for the period	<u><u>203,827</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>203,827</u></u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

6 months period ended 30 June 2019

Group	Shareholders' and		Inter-fund	
	General Fund	Life Fund	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	154,345	4,662,473	-	4,816,818
Premiums ceded to reinsurers	(9,689)	(523,685)	-	(533,374)
Net earned premiums	144,656	4,138,788	-	4,283,444
Investment income	39,235	1,069,765	-	1,109,000
Net realised gains	381	4,137	-	4,518
Fair value gains	124	1,663,486	-	1,663,610
Other operating income	31,235	680	(16,210)	15,705
Total net revenue	215,631	6,876,856	(16,210)	7,076,277
Gross benefits and claims paid	(43,377)	(3,586,622)	-	(3,629,999)
Claims ceded to reinsurers	4,529	327,771	-	332,300
Gross change to insurance contract liabilities	(10,746)	(2,668,267)	-	(2,679,013)
Change in insurance contract liabilities ceded to reinsurers	1,379	79,203	-	80,582
Net insurance benefits and claims	(48,215)	(5,847,915)	-	(5,896,130)
Fee and commission expenses	(39,204)	(441,565)	-	(480,769)
Management expenses	(80,853)	(360,277)	16,210	(424,920)
Other expenses	(120,057)	(801,842)	16,210	(905,689)
Profit before share of profit from associate	47,359	227,099	-	274,458
Share of profit from associate	1,061	302	-	1,363
Profit before tax	48,420	227,401	-	275,821
Tax expense attributable to policyholders and unitholders	-	(176,301)	-	(176,301)
Profit before tax attributable to shareholders	48,420	51,100	-	99,520
Transfer from Revenue Accounts	51,100	(51,100)	-	-
Profit before tax attributable to shareholders	99,520	-	-	99,520
Tax expense attributable to shareholders	(33,847)	-	-	(33,847)
Profit after tax for the period	65,673	-	-	65,673

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

6 months period ended 30 June 2019

<u>Group</u>	<u>Shareholders' and General Fund</u>	<u>Life Fund</u>	<u>Inter-fund Elimination</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit after tax for the period	65,673	-	-	65,673
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	440,120	-	-	440,120
Net realised gains transferred to income statements	(4,503)	-	-	(4,503)
Deferred taxation	(103,242)	-	-	(103,242)
Change in available-for-sale fair value reserves	332,375	-	-	332,375
Share of other comprehensive income from associate	1,387	-	-	1,387
Total other comprehensive income - net of tax, for the period	333,762	-	-	333,762
Total comprehensive income for the period	399,435	-	-	399,435

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

6 months period ended 30 June 2020

<u>Company</u>	<u>Shareholders' Fund</u>	<u>Life Fund</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Gross earned premiums	-	4,786,719	4,786,719
Premiums ceded to reinsurers	-	(582,367)	(582,367)
Net earned premiums	-	4,204,352	4,204,352
Investment income	16,674	1,082,316	1,098,990
Net realised gains/(losses)	25,246	(147)	25,099
Fair value gains	-	281,619	281,619
Other operating income/(expenses)	41,105	(1,825)	39,280
Total net revenue	83,025	5,566,315	5,649,340
Gross benefits and claims paid	-	(3,613,707)	(3,613,707)
Claims ceded to reinsurers	-	378,035	378,035
Gross change to insurance contract liabilities	-	(1,431,800)	(1,431,800)
Change in insurance contract liabilities ceded to reinsurers	-	15,596	15,596
Net insurance benefits and claims	-	(4,651,876)	(4,651,876)
Fee and commission expenses	-	(448,438)	(448,438)
Management expenses	(50,054)	(381,958)	(432,012)
Other expenses	(50,054)	(830,396)	(880,450)
Profit before tax	32,971	84,043	117,014
Tax expense attributable to policyholders and unitholders	-	(73,171)	(73,171)
Profit before tax attributable to shareholders	32,971	10,872	43,843
Transfer from Revenue Accounts	10,872	(10,872)	-
Profit before tax attributable to shareholders	43,843	-	43,843
Tax expense attributable to shareholders	(25,795)	-	(25,795)
Profit after tax for the period	18,048	-	18,048

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

**STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE
2020**

6 months period ended 30 June 2020

<u>Company</u>	<u>Shareholders' Fund</u>	<u>Life Fund</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit after tax for the period	18,048	-	18,048
Other comprehensive income:			
<u>Items that may be subsequently reclassified to profit or loss</u>			
Net gains arising during the period	215,312	-	215,312
Net realised gains transferred to income statements	(29,418)	-	(29,418)
Deferred taxation	(41,934)	-	(41,934)
Change in available-for-sale fair value reserves	143,960	-	143,960
Total comprehensive income for the period	162,008	-	162,008

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

6 months period ended 30 June 2019

<u>Company</u>	<u>Shareholders' Fund</u> <u>RM'000</u>	<u>Life Fund</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Gross earned premiums	-	4,662,473	4,662,473
Premiums ceded to reinsurers	-	(523,685)	(523,685)
Net earned premiums	-	4,138,788	4,138,788
Investment income	29,185	1,069,764	1,098,949
Net realised gains	289	4,137	4,426
Fair value gains	-	1,663,486	1,663,486
Other operating income	27,751	680	28,431
Total net revenue	57,225	6,876,855	6,934,080
Gross benefits and claims paid	-	(3,586,622)	(3,586,622)
Claims ceded to reinsurers	-	327,771	327,771
Gross change to insurance contract liabilities	-	(2,667,964)	(2,667,964)
Change in insurance contract liabilities ceded to reinsurers	-	79,203	79,203
Net insurance benefits and claims	-	(5,847,612)	(5,847,612)
Fee and commission expenses	-	(441,565)	(441,565)
Management expenses	(44,973)	(360,277)	(405,250)
Other expenses	(44,973)	(801,842)	(846,815)
Profit before tax	12,252	227,401	239,653
Tax expense attributable to policyholders and unitholders	-	(176,301)	(176,301)
Profit before tax attributable to shareholders	12,252	51,100	63,352
Transfer from Revenue Accounts	51,100	(51,100)	-
Profit before tax attributable to shareholders	63,352	-	63,352
Tax expense attributable to shareholders	(26,684)	-	(26,684)
Profit after tax for the period	36,668	-	36,668

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

**STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE
2020**

6 months period ended 30 June 2019

<u>Company</u>	<u>Shareholders' Fund</u>	<u>Life Fund</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit after tax for the period	36,668	-	36,668
Other comprehensive income:			
<u>Items that may be subsequently reclassified to profit or loss</u>			
Net gains arising during the period	432,600	-	432,600
Net realised gains transferred to income statements	(4,412)	-	(4,412)
Deferred taxation	(101,459)	-	(101,459)
Change in available-for-sale fair value reserves	326,729	-	326,729
Total comprehensive income for the period	363,397	-	363,397

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

Included in the Income Statements for the period ended 30 June 2020 and 2019, and the Statements of Financial Position as at 30 June 2020 and 31 December 2019 of the Life fund are the segmental information for the Investment-Linked funds.

**STATEMENTS OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS
AS AT 30 JUNE 2020**

	30.06.2020	Group 31.12.2019
	RM'000	RM'000
<u>Assets</u>		
Fair value through profit or loss financial assets	8,676,046	7,857,116
Other receivables	52,975	24,593
Current tax assets	9,876	7,900
Deferred tax assets	-	-
Cash and cash equivalents	710,600	611,128
Total assets	<u>9,449,497</u>	<u>8,500,737</u>
<u>Less: Liabilities</u>		
Other payables	87,947	11,469
Deferred tax liabilities	64,709	41,995
Total liabilities	<u>152,656</u>	<u>53,464</u>
Net asset value	<u>9,296,841</u>	<u>8,447,273</u>

**INCOME STATEMENTS FOR INVESTMENT-LINKED FUNDS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

	30.06.2020	Group 30.06.2019
	RM'000	RM'000
Investment income	141,786	114,187
Fair value gains	135,957	318,816
Other operating income	194	2,522
	<u>277,937</u>	<u>435,525</u>
Management expenses	(42,619)	(35,700)
Profit before tax	<u>235,318</u>	<u>399,825</u>
Tax expense	(13,591)	(27,731)
Profit after tax	<u>221,727</u>	<u>372,094</u>

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

24 INSURANCE/TAKAFUL FUNDS (CONTINUED)

Included in the Income Statements for the period ended 30 June 2020 and 2019, and the Statements of Financial Position as at 30 June 2020 and 31 December 2019 of the Life fund are the segmental information for the Investment-Linked funds.

**STATEMENTS OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS
AS AT 30 JUNE 2020**

	30.06.2020	Company 31.12.2019
	RM'000	RM'000
<u>Assets</u>		
Fair value through profit or loss financial assets	8,181,737	7,470,113
Other receivables	64,518	22,805
Current tax assets	9,873	7,897
Deferred tax assets	-	-
Cash and cash equivalents	623,510	535,782
Total assets	<u>8,879,638</u>	<u>8,036,597</u>
<u>Less: Liabilities</u>		
Other payables	73,643	10,842
Deferred tax liabilities	60,690	40,773
Total liabilities	<u>134,333</u>	<u>51,615</u>
Net asset value	<u><u>8,745,305</u></u>	<u><u>7,984,982</u></u>

**INCOME STATEMENTS FOR INVESTMENT-LINKED FUNDS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020**

	30.06.2020	Company 30.06.2019
	RM'000	RM'000
Investment income	133,780	114,187
Fair value gains	103,746	318,816
Other operating income	3,337	2,522
	<u>240,863</u>	<u>435,525</u>
Management expenses	(42,619)	(35,700)
Profit before tax	<u>198,244</u>	<u>399,825</u>
Tax expense	(10,796)	(27,731)
Profit after tax	<u><u>187,448</u></u>	<u><u>372,094</u></u>