

# DANAJAMIN NASIONAL BERHAD

Registration No. : 2009011011656 (854686-K)

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

		As at 30 June 2021	As at 31 December 2020
	Note	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS</b>			
Property, plant and equipment		675	777
Intangible assets		436	578
Right-of-use assets		134	1,132
Available-for-sale securities	3	784,374	770,108
Deposits and placements with licensed banks	4	1,623,920	1,672,692
Insurance receivables	5	224,328	225,898
Reinsurance assets	6	1,176	4,026
Tax recoverable		30,572	30,560
Other assets		6,365	6,250
Cash and cash equivalents		15,358	1,681
<b>TOTAL ASSETS</b>		<b><u>2,687,338</u></b>	<b><u>2,713,702</u></b>
<b>LIABILITIES AND EQUITY</b>			
Premium liabilities	7	284,018	298,449
Lease liabilities		137	1,166
Insurance payables	8	1,137	1,137
Deferred income		1,169	1,065
Other liabilities	9	7,288	10,841
Deferred tax liabilities	10	7,820	10,861
Subordinated Sukuk	11	505,655	505,721
<b>TOTAL LIABILITIES</b>		<b><u>807,224</u></b>	<b><u>829,240</u></b>
Share capital		1,000,000	1,000,000
Retained earnings		840,460	831,265
Contingency reserve		13,835	15,207
Available-for-sale fair value reserve		25,819	37,990
<b>TOTAL EQUITY</b>		<b><u>1,880,114</u></b>	<b><u>1,884,462</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>2,687,338</u></b>	<b><u>2,713,702</u></b>

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

# DANAJAMIN NASIONAL BERHAD

Registration No. : 2009011011656 (854686-K)

## UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six Months Ended 30 June 2021 RM'000	Six Months Ended 30 June 2020 RM'000
	Note		
Gross earned premiums	12(a)	19,083	49,562
Premiums ceded to reinsurance	12(b)	(2,850)	(425)
Net earned premiums		16,233	49,137
Investment income		36,431	47,954
Other operating income		1,844	693
		<b>54,508</b>	<b>97,784</b>
Gross/net claims paid		-	(80,413)
Change in gross/net claims liabilities		-	80,443
Net claims incurred		-	<b>30</b>
Management expenses		(17,444)	(18,939)
Finance cost		(11,945)	(12,033)
<b>Profit before taxation</b>		<b>25,119</b>	<b>66,842</b>
Taxation		(9,696)	(18,688)
<b>Net profit for the financial period</b>		<b>15,423</b>	<b>48,154</b>
<b>Other comprehensive income:</b>			
<u>Items that may be subsequently reclassified</u> <u>to profit or loss:</u>			
Available-for-sale fair value reserve:			
Net (loss)/gain arising during the financial period		(16,015)	15,063
Tax effect thereon		3,844	(3,615)
<b>Other comprehensive (loss)/income for the</b> <b>financial period, net of tax</b>		<b>(12,171)</b>	<b>11,448</b>
<b>Total comprehensive income for the</b> <b>financial period</b>		<b>3,252</b>	<b>59,602</b>
Basic earnings per share (sen)	13	<b>1.54</b>	<b>4.82</b>

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

# DANAJAMIN NASIONAL BERHAD

Registration No. : 2009011011656 (854686-K)

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

	Non-Distributable			Distributable	Total RM'000
	Share capital RM'000	AFS fair value reserve RM'000	Contingency reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2021</b>	<b>1,000,000</b>	<b>37,990</b>	<b>15,207</b>	<b>831,265</b>	<b>1,884,462</b>
Net profit for the financial period	-	-	-	15,423	15,423
Dividend paid	-	-	-	(7,600)	(7,600)
Available-for-sale ("AFS") fair value reserve:					
Net gain arising during the financial period	-	(16,015)	-	-	(16,015)
Tax effect thereon	-	3,844	-	-	3,844
Transfer from contingency reserve	-	-	(1,372)	1,372	-
<b>At 30 June 2021</b>	<b>1,000,000</b>	<b>25,819</b>	<b>13,835</b>	<b>840,460</b>	<b>1,880,114</b>
<b>At 1 January 2020</b>	<b>1,000,000</b>	<b>32,597</b>	<b>19,106</b>	<b>751,114</b>	<b>1,802,817</b>
Net profit for the financial period	-	-	-	48,154	48,154
Available-for-sale ("AFS") fair value reserve:					
Net gain arising during the financial period	-	15,063	-	-	15,063
Tax effect thereon	-	(3,615)	-	-	(3,615)
Transfer from contingency reserve	-	-	(2,316)	2,316	-
<b>At 30 June 2020</b>	<b>1,000,000</b>	<b>44,045</b>	<b>16,790</b>	<b>801,584</b>	<b>1,862,419</b>

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

# DANAJAMIN NASIONAL BERHAD

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## UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<b>Six Months Ended 30 June 2021 RM'000</b>	<b>Six Months Ended 30 June 2020 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>25,119</b>	66,842
Adjustments for:		
Depreciation of property, plant and equipment	<b>254</b>	746
Depreciation of right-of-use assets	<b>976</b>	992
Amortisation of intangible assets	<b>284</b>	479
Net (accretion of discount)/amortisation of premiums for AFS securities	<b>(14)</b>	33
Bad debts recovered	-	(100)
Interest income	<b>(36,417)</b>	(47,987)
Finance cost	<b>11,945</b>	12,033
	<b>2,147</b>	33,038
Purchase of AFS securities	<b>(30,175)</b>	-
Decrease in deposits and placements with licensed banks	<b>47,700</b>	74,700
Investment income received	<b>37,397</b>	46,590
Decrease in insurance receivables	<b>1,570</b>	53,499
Decrease in reinsurance assets	<b>2,850</b>	425
Increase in other assets	<b>(115)</b>	(3,236)
Decrease in premium liabilities	<b>(14,431)</b>	(86,715)
Decrease in claims liabilities	-	(80,443)
Decrease in other liabilities	<b>(3,522)</b>	(199)
Increase in deferred income	<b>104</b>	-
Income tax paid	<b>(8,903)</b>	(18,323)
Net cash inflows from operating activities	<b>34,622</b>	19,336
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(157)</b>	(32)
Purchase of intangible assets	<b>(148)</b>	(118)
Net cash outflows from investing activities	<b>(305)</b>	(150)

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## UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<b>Six Months Ended 30 June 2021</b>	Six Months Ended 30 June 2020
	<b>RM'000</b>	RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Profit paid on Subordinated Sukuk	<b>(11,968)</b>	(11,967)
Dividend paid	<b>(7,600)</b>	-
Cash payment for principal portion of lease liability	<b>(1,029)</b>	(1,024)
Interest portion of lease liability	<b>(43)</b>	(66)
Net cash outflows from financing activities	<b>(20,640)</b>	(13,057)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>13,677</b>	6,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<b>1,681</b>	2,311
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>15,358</b>	8,440
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	<b>15,358</b>	8,440

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## UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

A reconciliation of liabilities from financing activities is as follows:

	<u>Lease</u> <u>Liabilities</u> RM'000	<u>Subordinated</u> <u>Sukuk</u> RM'000	<u>Total</u> RM'000
<b>At 1 January 2021</b>	<b>1,166</b>	<b>505,721</b>	<b>506,887</b>
Cashflow			
Profit paid on subordinated sukuk	-	(11,968)	(11,968)
Cash payment on principal portion of lease liability	(1,029)	-	(1,029)
Interest portion of lease liability	(43)	-	(43)
Interest charge / Profit expense	<u>43</u>	<u>11,902</u>	<u>11,945</u>
<b>At 30 June 2021</b>	<b><u>137</u></b>	<b><u>505,655</u></b>	<b><u>505,792</u></b>
<b>At 1 January 2020</b>	<b>2,811</b>	<b>505,655</b>	<b>508,466</b>
Cashflow			
Profit paid on subordinated sukuk	-	(11,967)	(11,967)
Cash payment on principal portion of lease liability	(1,024)	-	(1,024)
Interest portion of lease liability	(66)	-	(66)
Interest charge / Profit expense	66	11,967	12,033
Modification/Renewals	<u>402</u>	<u>-</u>	<u>402</u>
<b>At 30 June 2020</b>	<b><u>2,189</u></b>	<b><u>505,655</u></b>	<b><u>507,844</u></b>

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## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 1. BASIS OF PREPARATION

The condensed interim financial statements of the Company as at and for the six month period ended 30 June 2021 are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and International Accounting Standards (“IAS”) 34, Interim Financial Reporting. They do not include all of the information and disclosures required for full annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020.

The preparation of financial statements is in conformity with the MFRS which requires the use of certain accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Directors to exercise their judgement in the process of applying the Company’s accounting policies. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

### 2. ACCOUNTING POLICIES

The accounting policies and the critical accounting estimates and assumptions applied in the preparation of the interim financial statements are consistent with those adopted in the preparation of the Company’s financial statements for the financial year ended 31 December 2020.

### 3. AVAILABLE-FOR-SALE SECURITIES

	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000
<u>At fair value</u>		
<u>Unquoted in Malaysia:</u>		
Malaysian Government Securities	30,913	31,220
Government Investment Issues	97,284	80,153
Corporate debt securities	656,177	658,735
	<u>784,374</u>	<u>770,108</u>
Mature within 12 months	117,336	46,550
Mature after 12 months	667,038	723,558
	<u>784,374</u>	<u>770,108</u>

## DANAJAMIN NASIONAL BERHAD

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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 3. AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

##### Fair value hierarchy

The fair value analyses financial instruments carried at fair value, by valuation method. The different level have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

##### Recurring fair value measurements

The available-for-sale securities, which are under Level 2 of the fair value hierarchy, are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing agencies and other service provider. Where prices have not been determined in an active market, instruments with fair values are based on broker quotes.

#### 4. DEPOSITS AND PLACEMENTS WITH LICENSED BANKS

The deposits and placements are maturing within 12 months, and the carrying amounts approximate the fair values due to the relatively short-term maturity of these balances.

#### 5. INSURANCE RECEIVABLES

	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Premium receivables	<u>223,838</u>	<u>225,898</u>
Guarantee fee related receivables	890	400
Less: Allowance for doubtful debts	<u>(400)</u>	<u>(400)</u>
	<u>490</u>	<u>-</u>
Total insurance receivables	<u><u>224,328</u></u>	<u><u>225,898</u></u>
Receivable within 12 months	40,945	43,642
Receivable after 12 months	<u>183,383</u>	<u>182,256</u>
	<u><u>224,328</u></u>	<u><u>225,898</u></u>
Gross/net amount of recognised financial assets presented in the statement of financial position	<u><u>224,328</u></u>	<u><u>225,898</u></u>

There are no financial assets subject to an enforceable master netting arrangement or similar agreement and financial instruments received as collateral as at 30 June 2021 (31 December 2020: Nil).



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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 6. REINSURANCE ASSETS

	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Reinsurance assets	<b>1,176</b>	4,026
Receivable within 12 months	<b>722</b>	2,189
Receivable after 12 months	<b>454</b>	1,837
	<b>1,176</b>	4,026

#### 7. PREMIUM LIABILITIES

		Gross RM'000	Reinsurance RM'000	Net RM'000
<u>Unexpired risk reserve</u>	Note			
At 1 January 2021		<b>298,449</b>	<b>(4,026)</b>	<b>294,423</b>
Premiums written during the financial period	12	<b>4,652</b>	-	<b>4,652</b>
Premiums earned during the financial period	12	<b>(19,083)</b>	<b>2,850</b>	<b>(16,233)</b>
At 30 June 2021		<b>284,018</b>	<b>(1,176)</b>	<b>282,842</b>
Payable within 12 months		<b>66,735</b>	<b>(722)</b>	<b>66,013</b>
Payable after 12 months		<b>217,283</b>	<b>(454)</b>	<b>216,829</b>
		<b>284,018</b>	<b>(1,176)</b>	<b>282,842</b>
<u>Unexpired risk reserve</u>				
At 1 January 2020		378,388	(3,775)	374,613
Premiums written during the financial year		(10,422)	110	(10,312)
Premiums earned during the financial year		(69,517)	(361)	(69,878)
At 31 December 2020		298,449	(4,026)	294,423
Payable within 12 months		86,545	(2,189)	84,356
Payable after 12 months		211,904	(1,837)	210,067
		298,449	(4,026)	294,423

The URR calculation for the financial period ended 30 June 2021 has taken into account the Covid-19 impact assessments which included adjustments to obligors' credit rating and valuation of their collaterals/securities.

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## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

### 8. INSURANCE PAYABLES

	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Reinsurance premium payable	<u>1,137</u>	<u>1,137</u>
Payable within 12 months	710	710
Payable after 12 months	<u>427</u>	<u>427</u>
	<u>1,137</u>	<u>1,137</u>
Gross/net amount of recognised financial liabilities presented in the statement of financial position	<u>1,137</u>	<u>1,137</u>

There are no financial liabilities subject to an enforceable master netting arrangement or similar agreement and financial instruments received as collateral as at 30 June 2021 (31 December 2020: Nil).

### 9. OTHER LIABILITIES

	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Provision for unutilised leave	566	269
Provision for loan interest subsidy	26	43
Provision for audit fees	180	185
Provision for bonus and related EPF	1,177	3,878
Amount due to a related party	32	137
Accrued expenses	1,235	1,954
Other payables	<u>4,072</u>	<u>4,375</u>
	<u>7,288</u>	<u>10,841</u>

The amount due to a related party is unsecured, interest-free and had no fixed terms of repayment. The balances are payable within 12 months, and the carrying amounts approximate the fair values due to the relatively short-term maturity of these balances.

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## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

### 10. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets and current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown in the condensed statement of financial position:

	<b>As at 30 June 2021 RM'000</b>	<b>As at 31 December 2020 RM'000</b>
Deferred tax liabilities (net)	<b><u>(7,820)</u></b>	<b><u>(10,861)</u></b>
<u>Deferred tax assets</u>		
Before offsetting	<b>520</b>	1,202
Offsetting	<b><u>(520)</u></b>	<u>(1,202)</u>
After offsetting	<b><u>-</u></b>	<u>-</u>
<u>Deferred tax liabilities</u>		
Before offsetting	<b>(8,340)</b>	(12,063)
Offsetting	<b>520</b>	1,202
After offsetting	<b><u>(7,820)</u></b>	<u>(10,861)</u>

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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 10. DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows:

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>	<b>AFS securities</b>	<b>AFS fair value reserve</b>	<b>Provisions</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2021	91	10	(67)	(11,996)	1,101	(10,861)
(Charged)/credited to profit or loss	(191)	(27)	(3)	-	(581)	(802)
Credited to equity	-	-	-	3,843	-	3,843
<b>Balance as at 30 June 2021</b>	<b>(100)</b>	<b>(17)</b>	<b>(70)</b>	<b>(8,153)</b>	<b>520</b>	<b>(7,820)</b>

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>	<b>AFS securities</b>	<b>AFS fair value reserve</b>	<b>Provisions</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2020	224	(183)	202	(10,293)	1,180	(8,870)
(Charged)/credited to profit or loss	(133)	193	(269)	-	(79)	(288)
Charged to equity	-	-	-	(1,703)	-	(1,703)
<b>Balance as at 31 December 2020</b>	<b>91</b>	<b>10</b>	<b>(67)</b>	<b>(11,996)</b>	<b>1,101</b>	<b>(10,861)</b>

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## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

### 11. SUBORDINATED SUKUK

On 6 October 2017, the Company issued Subordinated Sukuk Murabahah of RM500 million which is a part of a Sukuk Programme of up to RM2.0 billion for the issuance of Senior and Subordinated Sukuk Murabahah.

The Subordinated Sukuk has a tenure of 10 years, with a callable option made available from year 5 onwards. The Subordinated Sukuk, which will be redeemed at its nominal value upon maturity, is subordinated unsecured obligations of the Company.

	<b>As at 30 June 2021 RM'000</b>	<b>As at 31 December 2020 RM'000</b>
Due within 12 months	<b>5,655</b>	5,721
Due after 12 months	<b>500,000</b>	500,000
	<b><u>505,655</u></b>	<u>505,721</u>
Fair value	<b><u>512,800</u></b>	<u>517,715</u>

The estimated fair value is generally based on quoted and observable market prices at the date of the condensed statement of financial position and is within Level 2 of the fair value hierarchy.

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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 12. NET EARNED PREMIUMS

	Note	Six month ended 30 June 2021 RM'000	Six month ended 30 June 2020 RM'000
12(a) Gross earned premiums			
Gross written premium	7	4,652	(37,153)
Change in gross premium liabilities		<u>14,431</u>	<u>86,715</u>
		<u>19,083</u>	<u>49,562</u>
12(b) Premiums ceded to reinsurance			
Gross written premium ceded	7	-	-
Change in ceded premium liabilities		<u>(2,850)</u>	<u>(425)</u>
		<u>(2,850)</u>	<u>(425)</u>
Net earned premiums		<u>16,233</u>	<u>49,137</u>
(i) Gross written premium			
Gross written premium during the financial year		23,834	3,068
Reversal of premium due to early redemption		<u>(19,182)</u>	<u>(40,221)</u>
		<u>4,652</u>	<u>(37,153)</u>

#### 13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the reporting period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the reporting period:

	Six month ended 30 June 2021	Six month ended 30 June 2020
Net profit for the financial year (RM'000)	15,423	48,154
Weighted average number of shares in issue ('000)	1,000,000	1,000,000
Basic earnings per share (sen)	<u>1.54</u>	<u>4.82</u>

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these condensed interim financial statements.

Diluted earnings per share are not presented as there were no dilutive potential ordinary shares as at the end of reporting period.

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## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

### 14. DIVIDEND PAID

The final dividend of 0.76 sen per ordinary shares under single tier system amounting to RM7,600,000.00 for the financial year ended 31 December 2020 was paid to entitled shareholder of the Company on 31 May 2021.

### 15. CAPITAL COMMITMENTS

	As at 30 June 2021 <u>RM'000</u>	As at 31 December 2020 <u>RM'000</u>
<b>Capital expenditure</b>		
Approved and contracted for:		
- Property, plant and equipment	-	95
- Intangible assets - computer software	<u>118</u>	<u>306</u>
	<u><u>118</u></u>	<u><u>401</u></u>

There is no capital expenditure approved but not contracted for as at 30 June 2021 (2020: nil).

### 16. SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of, and their relationship with the Company, are as follows:

<u>Related parties</u>	<u>Relationship</u>
Credit Guarantee Corporation Malaysia Berhad	Shareholder
Ministry of Finance (Incorporated)	Shareholder
Bank Negara Malaysia	Related party of shareholder
Key management personnel	The key management personnel of the Company includes the Board of Directors, CEO and Management

Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The key management personnel of the Company include all the Directors of the Company and employees of the Company who make certain critical decisions in relation to the strategic direction of the Company.

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## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

### 16. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

The significant related parties balance at the end of the financial period is as follows:

	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000
Other liabilities (Note 9)		
Amount due to a related party	<u>32</u>	<u>137</u>

### 17. REGULATORY CAPITAL REQUIREMENT

The Risk-Based Capital ("RBC") Framework as prescribed by Bank Negara Malaysia ("BNM") came into effect on 1 January 2015. Under the prescribed RBC Framework, the Company needs to maintain a capital adequacy level that commensurate with the risk profiles. The Company is required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130%. The Company has been in compliance with the said requirement.

The capital structure of the Company as at 30 June 2021, as prescribed under the RBC Framework is shown below:

	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000
<b>Tier 1 Capital</b>		
Paid-up share capital	1,000,000	1,000,000
Retained earnings	840,460	831,265
	<u>1,840,460</u>	<u>1,831,265</u>
<b>Tier 2 Capital</b>		
Contingency reserve	13,835	15,207
Available-for-sale fair value reserve	25,819	37,990
Subordinated Sukuk	500,000	500,000
	<u>539,654</u>	<u>553,197</u>
<b>Total capital available</b>	<u>2,380,114</u>	<u>2,384,462</u>



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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 18. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Shareholders' Fund and Insurance Fund in accordance with the Financial Services Act 2013.

The Company's statement of financial position and statement of comprehensive income have been further analysed by Shareholders' Fund and Insurance Fund.

#### Condensed Statement of Financial Position

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>ASSETS</b>						
Property, plant and equipment	-	-	675	777	675	777
Intangible assets	-	-	436	578	436	578
Right-of-use assets	-	-	134	1,132	134	1,132
Available-for-sale securities	-	-	784,374	770,108	784,374	770,108
Malaysian Government Securities	-	-	30,913	31,220	30,913	31,220
Government Investment Issues	-	-	97,284	80,153	97,284	80,153
Corporate debt securities	-	-	656,177	658,735	656,177	658,735
Deposits and placements with licensed banks	-	-	1,623,920	1,672,692	1,623,920	1,672,692
Insurance receivables	-	-	224,328	225,898	224,328	225,898
Reinsurance assets	-	-	1,176	4,026	1,176	4,026
Tax recoverable	-	-	30,572	30,560	30,572	30,560
Other assets	-	-	6,365	6,250	6,365	6,250
Cash and cash equivalents	-	-	15,358	1,681	15,358	1,681
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>2,687,338</b>	<b>2,713,702</b>	<b>2,687,338</b>	<b>2,713,702</b>

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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 18. INSURANCE FUNDS (CONTINUED)

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	<u>As at 30 June 2021 RM'000</u>	<u>As at 31 December 2020 RM'000</u>	<u>As at 30 June 2021 RM'000</u>	<u>As at 31 December 2020 RM'000</u>	<u>As at 30 June 2021 RM'000</u>	<u>As at 31 December 2020 RM'000</u>
<b>LIABILITIES AND EQUITY</b>						
Premium liabilities	-	-	<b>284,018</b>	298,449	<b>284,018</b>	298,449
Lease liability	-	-	<b>137</b>	1,166	<b>137</b>	1,166
Insurance payables	-	-	<b>1,137</b>	1,137	<b>1,137</b>	1,137
Deferred income	-	-	<b>1,169</b>	1,065	<b>1,169</b>	1,065
Other liabilities	-	-	<b>7,288</b>	10,841	<b>7,288</b>	10,841
Deferred tax liabilities	-	-	<b>7,820</b>	10,861	<b>7,820</b>	10,861
Subordinated Sukuk	<b>505,655</b>	505,721	-	-	<b>505,655</b>	505,721
Amount due (from)/to						
Shareholders'/Insurance funds	<b>(2,359,950)</b>	(2,352,193)	<b>2,359,950</b>	2,352,193	-	-
<b>TOTAL LIABILITIES</b>	<b>(1,854,295)</b>	(1,846,472)	<b>2,661,519</b>	2,675,712	<b>807,224</b>	829,240
Share capital	<b>1,000,000</b>	1,000,000	-	-	<b>1,000,000</b>	1,000,000
Retained earnings	<b>840,460</b>	831,265	-	-	<b>840,460</b>	831,265
Contingency reserve	<b>13,835</b>	15,207	-	-	<b>13,835</b>	15,207
Available-for-sale fair value reserve	-	-	<b>25,819</b>	37,990	<b>25,819</b>	37,990
<b>TOTAL EQUITY</b>	<b>1,854,295</b>	1,846,472	<b>25,819</b>	37,990	<b>1,880,114</b>	1,884,462
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>-</b>	-	<b>2,687,338</b>	2,713,702	<b>2,687,338</b>	2,713,702

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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 18. INSURANCE FUNDS (CONTINUED)

##### Condensed Statement of Comprehensive Income

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	Six months ended <b>30 June 2021</b> RM'000	Six months ended 30 June 2020 RM'000	Six months ended <b>30 June 2021</b> RM'000	Six months ended 30 June 2020 RM'000	Six months ended <b>30 June 2021</b> RM'000	Six months ended 30 June 2020 RM'000
Gross earned premiums	-	-	<b>19,083</b>	49,562	<b>19,083</b>	49,562
Premiums ceded to reinsurance	-	-	<b>(2,850)</b>	(425)	<b>(2,850)</b>	(425)
Net earned premiums	-	-	<b>16,233</b>	49,137	<b>16,233</b>	49,137
Investment income	-	-	<b>36,431</b>	47,954	<b>36,431</b>	47,954
Other operating income	-	-	<b>1,844</b>	693	<b>1,844</b>	693
	-	-	<b>54,508</b>	97,784	<b>54,508</b>	97,784
Gross/net claims paid	-	-	-	(80,413)	-	(80,413)
Change in gross/net claims liabilities	-	-	-	80,443	-	80,443
Net claim incurred	-	-	-	30	-	30
Management expenses	<b>(1,638)</b>	(1,287)	<b>(15,806)</b>	(17,652)	<b>(17,444)</b>	(18,939)
Finance cost	<b>(11,901)</b>	(11,967)	<b>(44)</b>	(66)	<b>(11,945)</b>	(12,033)
(Loss)/ profit before taxation	<b>(13,539)</b>	(13,254)	<b>38,658</b>	80,096	<b>25,119</b>	66,842
Taxation	-	-	<b>(9,696)</b>	(18,688)	<b>(9,696)</b>	(18,688)
<b>Net (loss)/ profit for the financial period</b>	<b>(13,539)</b>	(13,254)	<b>28,962</b>	61,408	<b>15,423</b>	48,154

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### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

#### 18. INSURANCE FUNDS (CONTINUED)

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended
	<u>30 June 2021</u>	<u>30 June 2020</u>	<u>30 June 2021</u>	<u>30 June 2020</u>	<u>30 June 2021</u>	<u>30 June 2020</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other comprehensive income:</b>						
<u>Items that may be subsequently reclassified to profit or loss:</u>						
Available-for-sale fair value reserve:						
Net (loss)/gain arising during the financial period	-	-	<b>(16,015)</b>	15,063	<b>(16,015)</b>	15,063
Tax effect thereon	-	-	<b>3,844</b>	(3,615)	<b>3,844</b>	(3,615)
<b>Other comprehensive (loss)/income for the financial period, net of tax</b>	<u>-</u>	<u>-</u>	<u><b>(12,171)</b></u>	<u>11,448</u>	<u><b>(12,171)</b></u>	<u>11,448</u>
<b>Total comprehensive (loss)/income for the financial period</b>	<u><b>(13,539)</b></u>	<u>(13,254)</u>	<u><b>16,792</b></u>	<u>72,856</u>	<u><b>3,252</b></u>	<u>59,602</u>

## **DANAJAMIN NASIONAL BERHAD**

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### **NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)**

#### **19. IMPLICATION OF COVID 19 ON THE COMPANY BUSINESS**

On the local front, Malaysia has not been spared and since the first implementation of Movement Control Order (“MCO”) in March 2020, there have been several impositions of MCOs at varying degrees of seriousness, leading to much anxiety amongst the business community as they struggle to overcome the disruptions brought upon by pandemic.

Based on the Company’s assessment in first half of 2021, the Covid-19 has continued to put a strain on the cash flows of certain obligors of the Company and their ability to meet the build-up of the guarantee fees and/or service coupon/profit payments in 2021 based on their respective financial guarantee contracts on a timely basis. In addition, there could be further requests by obligors for temporary exemptions in meeting the covenants in the financial guarantee contracts such as deferment in building up of the coupon, principal and/or guarantee fees build-up, and even a restructuring and/or refinancing of the existing contracts to better match the obligors' expected cash flow projections. This may lead to deterioration in the obligors' credit ratings and hence, an increase in premium liabilities in 2021.

Notwithstanding the various restrictions on economic activities and the timing of such impositions which we are unable to anticipate given the uncertainties, the impact of Covid-19 on the Company's business and results are limited except for on premium liabilities which impact the Company has incorporated into its assessment as disclosed in Note 7 although the full impact cannot be reliably estimated based on current available data. The Company is closely monitoring the developing situation and the potential impact of the resurgence of Covid-19 on its operations.