

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 198301008983)

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE FINANCIAL PERIOD FROM
1 JANUARY 2021 TO 30 SEPTEMBER 2021

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD
(Company No. 198301008983)
(Incorporated in Malaysia)

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ALLIANZ LIFE INSURANCE MALAYSIA BERHAD
(Company No. 198301008983)
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Condensed statement of financial position as at 30 September 2021 - unaudited

	Note	30.09.2021 RM'000	31.12.2020 RM'000
Assets			
Property, plant and equipment	5	27,718	28,737
Right-of-use assets		20,630	24,725
Intangible asset		19,752	19,110
Investments	7	14,264,271	13,533,254
Derivative financial assets		50,578	81,738
Reinsurance assets	8	100,522	68,120
Insurance receivables	6	96,899	57,584
Other receivables, deposits and prepayments		74,989	68,627
Cash and cash equivalents		942,112	818,179
Total assets		<u>15,597,471</u>	<u>14,700,074</u>
Equity, policyholders' funds and liabilities			
Share capital		236,600	236,600
Fair value reserve		2,195	8,910
Revaluation reserve		2,891	2,891
Retained earnings		1,289,271	1,200,516
Total equity		<u>1,530,957</u>	<u>1,448,917</u>
Insurance contract liabilities	8	12,920,202	12,152,476
Deferred tax liabilities		390,485	403,470
Derivative financial liabilities		2,273	301
Lease liabilities		11,256	15,125
Insurance payables	9	317,357	252,521
Other payables and accruals		415,615	419,850
Current tax liabilities		9,326	7,414
Total policyholders' funds and liabilities		<u>14,066,514</u>	<u>13,251,157</u>
Total equity, policyholders' funds and liabilities		<u>15,597,471</u>	<u>14,700,074</u>

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

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 198301008983)

(Incorporated in Malaysia)

**Condensed statement of profit or loss
for the 9 month period ended 30 September 2021 - unaudited**

	Note	9 months period ended 30.09.2021 RM'000	9 months period ended 30.09.2020 RM'000
Operating revenue		<u>2,809,589</u>	<u>2,584,118</u>
Gross earned premiums		2,376,931	2,196,728
Premiums ceded to reinsurers		<u>(101,355)</u>	<u>(71,534)</u>
Net earned premiums		<u>2,275,576</u>	<u>2,125,194</u>
Investment income		432,658	387,390
Realised gains and losses		6,600	(6,607)
Fair value gains and losses		(336,878)	(38,831)
Other operating income		<u>31,978</u>	<u>23,828</u>
Investment and other income		<u>134,358</u>	<u>365,780</u>
Gross benefits and claims paid		(961,104)	(943,406)
Claims ceded to reinsurers		75,629	40,392
Gross change in contract liabilities		(810,934)	(777,539)
Change in contract liabilities ceded to reinsurers		<u>8,414</u>	<u>(528)</u>
Net benefits and claims		<u>(1,687,995)</u>	<u>(1,681,081)</u>
Fee and commission expense		(386,096)	(361,328)
Management expenses		(186,724)	(176,891)
Interest expenses		(352)	(517)
Other operating expenses		<u>(32,306)</u>	<u>(28,267)</u>
Other expenses		<u>(605,478)</u>	<u>(567,003)</u>
Profit before tax		116,461	242,890
Tax expense		<u>(27,706)</u>	<u>(85,854)</u>
Net profit for the period		<u>88,755</u>	<u>157,036</u>
Profit attributable to:			
Owners of the Company		<u>88,755</u>	<u>157,036</u>
Basic earnings per ordinary share (sen)	10	<u>37.51</u>	<u>66.37</u>

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

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 198301008983)

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**Condensed statement of profit or loss and other comprehensive income
for the 9 month period ended 30 September 2021 - unaudited**

	9 months period ended 30.09.2021 RM'000	9 months period ended 30.09.2020 RM'000
Net profit for the period attributable to owners of the Company	88,755	157,036
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Fair value of available-for-sale financial assets		
- Net (losses)/gains arising during the financial period	(114,863)	112,690
- Net realised gains transferred to profit or loss	(31,278)	(23,453)
Losses on cash flow hedge	(9,381)	(4,050)
Tax effects thereon	13,853	(7,758)
Change in insurance contract liabilities arising from net fair value change on:		
- AFS financial assets	137,309	(83,278)
- Cash flow hedge reserve	9,381	4,050
Tax effects thereon	(11,736)	6,338
Total other comprehensive (loss)/income for the period, net of tax	<u>(6,715)</u>	<u>4,539</u>
Total comprehensive income for the period attributable to owners of the Company	<u>82,040</u>	<u>161,575</u>

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

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

(Company No. 198301008983)

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**Condensed statement of changes in equity
for the 9 month period ended 30 September 2021 - unaudited**

	←————— <i>Non-distributable</i> —————→			← <i>Distributable</i> →		Total equity RM'000
	Share capital RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings - Life non-participating fund surplus* RM'000		
At 1 January 2020	236,600	6,037	2,891	971,897	60,940	1,278,365
Total other comprehensive income for the period	-	4,539	-	-	-	4,539
Profit/(loss) for the period	-	-	-	167,721	(10,685)	157,036
Total comprehensive income/(loss) for the period	-	4,539	-	167,721	(10,685)	161,575
At 30 September 2020	236,600	10,576	2,891	1,139,618	50,255	1,439,940
At 1 January 2021	236,600	8,910	2,891	1,137,320	63,196	1,448,917
Total other comprehensive loss for the period	-	(6,715)	-	-	-	(6,715)
Profit/(loss) for the period	-	-	-	105,143	(16,388)	88,755
Total comprehensive (loss)/income for the period	-	(6,715)	-	105,143	(16,388)	82,040
At 30 September 2021	236,600	2,195	2,891	1,242,463	46,808	1,530,957

* Non-distributable retained earnings comprise of non-participating fund surplus, net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the life non-participating fund to the shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the Company.

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

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD

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**Condensed statement of cash flows
for the 9 month period ended 30 September 2021 - unaudited**

	9 months period ended 30.09.2021 RM'000	9 months period ended 30.09.2020 RM'000
Cash flows from operating activities		
Profit before tax	116,461	242,890
<i>Adjustments for:</i>		
Investment income	(432,658)	(387,390)
Interest income	(305)	(420)
Interest expense	352	517
Realised (gain)/loss recorded in profit or loss	(6,600)	6,607
Fair value losses/(gains) on investments recorded in profit or loss	302,884	(74,763)
Purchases of financial investments	(3,533,711)	(2,787,793)
Maturity of financial investments	523,913	243,030
Proceeds from sale of financial investments	1,401,629	1,311,283
Change in loans and receivables	422,174	(25,355)
Impairment loss on receivables	1,093	3,413
Amortisation of intangible assets	5,872	5,092
Depreciation of property, plant and equipment	3,508	3,601
Depreciation of right-of-use assets	4,108	3,854
Property, plant and equipment written off	1	-
Unrealised foreign exchange (gains)/losses	(5,125)	887
Impairment loss on AFS financial investments	33,994	113,594
Operating loss before changes in working capital	(1,162,410)	(1,340,953)
Changes in working capital:		
Change in reinsurance assets	(32,402)	7,618
Change in insurance receivables	(40,408)	(26,844)
Change in other receivables, deposits and prepayments	(6,057)	(11,803)
Change in insurance contract liabilities	902,680	831,419
Change in insurance payables	64,836	18,405
Change in other payables	25,576	37,815
Cash used in operations	(248,185)	(484,343)

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Condensed statement of cash flows
for the 9 month period ended 30 September 2021 - unaudited
(continued)

	9 months period ended 30.09.2021 RM'000	9 months period ended 30.09.2020 RM'000
Cash flows from operating activities (continued)		
Tax paid	(24,926)	(20,200)
Dividend received	83,157	49,525
Interest received	356,937	327,006
Interest paid	(352)	(470)
Net cash generated from/(used in) operating activities	166,631	(128,482)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,410)	(5,320)
Acquisition of intangible assets	(594)	(412)
Net cash used in investing activities	(9,004)	(5,732)
Cash flows from financing activities		
Repayment of subordinated loans to immediate holding company	-	(54,300)
Payment of loan interest to immediate holding company	-	(1,238)
Repayment of lease liabilities	(3,882)	(3,569)
Dividend paid to owners of the Company	(29,812)	-
Net cash used in financing activities	(33,694)	(59,107)
Net increase in cash and cash equivalents	123,933	(193,321)
Cash and cash equivalents as at 1 January	818,179	887,935
Cash and cash equivalents as at 30 September	942,112	694,614
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	822,799	628,982
Cash and bank balances	119,313	65,632
	942,112	694,614

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

Notes to the condensed interim financial statements

1. Basis of preparation

These condensed interim financial statements of the Company as at and for the nine month period ended 30 September 2021 are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* and International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. They do not include all of the information 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 the condensed interim financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the condensed interim financial statements, and the reported amount of income and expenses during the year. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following:

MFRSs/ Amendments/ Interpretation

Amendments to MFRS 16, *COVID-19 Related Rent Concessions beyond 30 June 2021*

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

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting, effective for annual periods beginning on or after 1 January 2018. The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The Company has applied the temporary exemption under Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* ("the Amendments") which enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. Hence, the Company has not adopted MFRS 9 for the financial year beginning on or after 1 January 2018.

Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contract

The Amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9, *Financial Instruments* before the forthcoming new insurance contracts standard.

The Amendments provide 2 different approaches for the Company:

- (i) temporary exemption from MFRS 9 for entities that meet specific requirements; and
- (ii) the overlay approach. Both approaches are optional.

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

1. Basis of preparation (continued)**Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract* (continued)**

The Company's business activity is predominantly insurance as the liabilities connected with the Company's insurance businesses made up approximately 90% of the Company's total liabilities. Hence, the Company qualifies for the temporary exemption from applying MFRS 9 and will defer and adopt MFRS 9 together with MFRS 17 for the financial year beginning on or after 1 January 2023.

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

	Financial assets with SPPI cash flow RM'000	All other financial assets RM'000	Total* RM'000
Fair value as at 30 September 2021			
Investments	2,429,089	11,750,156	14,179,245
Malaysian government securities and government guaranteed bonds	2,088,832	5,004,730	7,093,562
Unquoted bonds of corporations	96,299	3,759,418	3,855,717
Quoted equity securities and unit trusts	-	2,865,372	2,865,372
Unquoted equity securities and unit trusts	-	120,636	120,636
Structured deposits	-	-	-
Fixed and call deposits with licensed banks	243,958	-	243,958
Derivative financial assets	-	50,578	50,578
Other receivables, deposits and prepayments	74,989	-	74,989
Cash and cash equivalents	942,112	-	942,112
	3,446,190	11,800,734	15,246,924
Fair value as at 31 December 2020			
Investments	3,000,982	10,447,550	13,448,532
Malaysian government securities and government guaranteed bonds	2,224,651	4,110,273	6,334,924
Unquoted bonds of corporations	94,596	3,643,747	3,738,343
Quoted equity securities and unit trusts	-	2,552,203	2,552,203
Unquoted equity securities and unit trusts	-	68,179	68,179
Structured deposits	-	73,148	73,148
Fixed and call deposits with licensed banks	681,735	-	681,735
Derivative financial assets	-	81,738	81,738
Other receivables, deposits and prepayments	68,627	-	68,627
Cash and cash equivalents	818,179	-	818,179
	3,887,788	10,529,288	14,417,076

1. Basis of preparation (continued)**Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract* (continued)**

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

	Financial assets with SPPI cash flow RM'000	All other financial assets RM'000	Total* RM'000
Changes in fair value during the period			
30 September 2021			
Investments			
Malaysian government securities and government guaranteed bonds	(134,076)	(208,747)	(342,823)
Unquoted bonds of corporations	(3,188)	(105,567)	(108,755)
Quoted equity securities and unit trusts	-	25,979	25,979
Unquoted equity securities and unit trusts	-	(194)	(194)
Structured deposits	-	722	722
Derivative financial assets	-	(33,335)	(33,335)
	<u>(137,264)</u>	<u>(321,142)</u>	<u>(458,406)</u>
30 September 2020			
Investments			
Malaysian government securities and government guaranteed bonds	76,397	116,487	192,884
Unquoted bonds of corporations	2,173	104,691	106,864
Quoted equity securities and unit trusts	-	(161,398)	(161,398)
Unquoted equity securities and unit trusts	-	2,667	2,667
Structured deposits	-	(1,103)	(1,103)
Derivative financial assets	-	20,036	20,036
	<u>78,570</u>	<u>81,380</u>	<u>159,950</u>

* Insurance receivables, reinsurance assets, policy loans, automatic premium loans and deferred acquisition cost have been excluded from the above assessment as they will be under the scope of MFRS 17, *Insurance Contracts*. Other than the financial assets listed in the table above and the assets that are within the scope of MFRS 17, *Insurance Contracts*, all other assets in the statement of financial position are non-financial assets.

1. Basis of preparation (continued)

Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contract* (continued)

Financial assets with SPPI cash flows*

	AAA RM'000	AA RM'000	A RM'000	AA- RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
Gross carrying amounts under MFRS 139 by credit risk rating grades								
30 September 2021								
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	2,088,832	-	2,088,832
Unquoted bonds of corporations	45,283	51,016	-	-	-	-	-	96,299
Fixed and call deposits with licensed banks	51,960	120,366	-	-	-	-	71,632	243,958
Other receivables and deposits	-	-	-	-	-	64,970	10,019	74,989
Cash and cash equivalents	391,669	342,127	3,481	-	-	120	204,715	942,112
Total financial assets*	488,912	513,509	3,481	-	-	2,153,922	286,366	3,446,190
31 December 2020								
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	2,224,651	-	2,224,651
Unquoted bonds of corporations	41,358	53,238	-	-	-	-	-	94,596
Fixed and call deposits with licensed banks	19,719	538,451	-	-	-	-	123,565	681,735
Other receivables and deposits	-	-	-	-	-	62,194	6,433	68,627
Cash and cash equivalents	357,264	266,973	3,298	-	-	253	190,391	818,179
Total financial assets*	418,341	858,662	3,298	-	-	2,287,098	320,389	3,887,788

* Credit risk of these financial assets is considered low for the purposes of MFRS 9.

Except as disclosed above, the adoption of new standards, amendments to standards and interpretations by the Company for the first time for the financial year beginning on or after 1 January 2021 did not have any material impact on the current and/or prior periods.

2. Items of an unusual nature

The results of the Company for the current interim period were not substantially affected by any item, transaction or event of a material and unusual nature.

3. Changes in estimates

There were no significant changes in basis used for amounts reported in the prior financial year that have a material effect for the financial period under review.

4. Seasonal or cyclical factors

The operations of the Company for the current interim period were not significantly affected by seasonality or cyclical factors.

5. Property, plant and equipment

The Company's property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. There were no changes in the valuation of property, plant and equipment that were brought forward from the Company's audited financial statement for the year ended 31 December 2020.

6. Insurance receivables

		30.09.2021	31.12.2020
		RM'000	RM'000
Current			
Due premiums including agents, brokers and co-insurers balances		80,861	44,995
Due from reinsurers and cedants		11,794	7,558
Group claims receivable		1,105	831
Due from related company	6.1	6,681	6,649
		<u>100,441</u>	<u>60,033</u>
Less: Allowance for impairment		(3,542)	(2,449)
		<u>96,899</u>	<u>57,584</u>
		30.09.2021	31.12.2020
		RM'000	RM'000
Movement in allowance for impairment			
Balance at the beginning of the period/year		2,449	3,949
Impairment loss recognised/(reversed)		1,093	(1,500)
Balance at the end of the period/year		<u>3,542</u>	<u>2,449</u>

6.1 Amount due from related company

The amount due from related company is unsecured and receivable in accordance with normal trade terms.

6.2 Financial assets

There is no netting off of gross amount of recognised financial assets against the gross amount of financial liabilities in the statement of financial position.

There are no financial assets that are subject to enforceable master netting arrangement or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received (2020: Nil).

7. Investments

	30.09.2021	31.12.2020
	RM'000	RM'000
Malaysian government securities	4,694,936	3,881,091
Malaysian government guaranteed bonds	2,398,626	2,453,833
Quoted equity securities of corporations in Malaysia	2,778,835	2,493,098
Quoted equity securities of corporations outside Malaysia	46,794	1,637
Unquoted equity securities of corporations in Malaysia	2,147	2,147
Unquoted bonds of corporations in Malaysia	3,728,505	3,612,616
Unquoted bonds of corporations outside Malaysia	127,212	125,727
Quoted unit trusts in Malaysia	39,743	57,468
Unquoted unit trusts in Malaysia	38,955	37,647
Unquoted unit trusts outside Malaysia	79,534	28,385
Structured deposits with licensed financial institutions	-	73,148
Fixed and call deposits with licensed financial institutions	243,958	681,735
	<u>14,179,245</u>	<u>13,448,532</u>
Policy loans	7,864	7,915
Automatic premium loans	77,162	76,807
	<u>14,264,271</u>	<u>13,533,254</u>

7. Investments (continued)

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

	30.09.2021	31.12.2020
	RM'000	RM'000
Available-for-sale financial assets ("AFS")	2,982,895	3,100,681
Loans and receivables ("LAR")	328,984	766,457
Fair value through profit or loss ("FVTPL")		
- Held for trading ("HFT")	6,477,661	5,621,189
- Designated upon initial recognition ("DUIR")	4,474,731	4,044,927
	<u>14,264,271</u>	<u>13,533,254</u>
	← Fair Value →	
	30.09.2021	31.12.2020
	RM'000	RM'000
Available-for-sale		
Malaysian government securities	1,085,918	1,133,241
Malaysian government guaranteed bonds	1,007,739	1,091,410
Quoted equity securities of corporations in Malaysia	740,440	717,726
Quoted equity securities of corporations outside Malaysia	1,751	-
Unquoted bonds of corporations in Malaysia	96,404	94,596
Quoted unit trusts in Malaysia	26,222	38,946
Unquoted unit trusts in Malaysia	22,274	22,615
	<u>2,980,748</u>	<u>3,098,534</u>
	← Cost →	
	30.09.2021	31.12.2020
	RM'000	RM'000
Unquoted equity securities of corporations in Malaysia	<u>2,147</u>	<u>2,147</u>
Total available-for-sale financial investments	<u>2,982,895</u>	<u>3,100,681</u>

7. Investments (continued)

	Amotised cost 30.09.2021 RM'000	Fair Value 30.09.2021 RM'000	Amotised cost 31.12.2020 RM'000	Fair Value 31.12.2020 RM'000
Loans and receivables				
Policy loans	7,864	7,864	7,915	7,915
Automatic premium loans	77,162	77,162	76,807	76,807
Fixed and call deposits with licensed financial institutions	243,958	243,958	681,735	681,735
	<u>328,984</u>	<u>328,984</u>	<u>766,457</u>	<u>766,457</u>
			← Fair Value →	
			30.09.2021	31.12.2020
			RM'000	RM'000
Fair value through profit or loss				
Held for trading				
Malaysian government securities			1,826,215	1,440,551
Malaysian government guaranteed bonds			847,689	828,398
Quoted equity securities of corporations in Malaysia			2,038,395	1,775,372
Quoted equity securities of corporations outside Malaysia			45,043	1,637
Unquoted bonds of corporations in Malaysia			1,610,583	1,513,292
Quoted unit trusts in Malaysia			13,521	18,522
Unquoted unit trusts in Malaysia			16,681	15,032
Unquoted unit trusts outside Malaysia			79,534	28,385
			<u>6,477,661</u>	<u>5,621,189</u>
			← Fair Value →	
			30.09.2021	31.12.2020
			RM'000	RM'000
Fair value through profit or loss				
Designated upon initial recognition				
Malaysian government securities			1,782,803	1,307,299
Malaysian government guaranteed bonds			543,198	534,025
Unquoted bonds of corporations in Malaysia			2,021,518	2,004,728
Unquoted bonds of corporations outside Malaysia			127,212	125,727
Structured deposits with licensed financial institutions			-	73,148
			<u>4,474,731</u>	<u>4,044,927</u>
Total fair value through profit or loss financial investments			<u>10,952,392</u>	<u>9,666,116</u>

7. Investments (continued)

Movements in carrying values of financial instruments

	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	Total RM'000
At 1 January 2020	2,936,088	798,996	4,674,061	3,387,434	11,796,579
Purchases/Placements	566,850	40,346,778	2,367,347	855,510	44,136,485
Maturities	(42,000)	(40,386,615)	(172,200)	(213,030)	(40,813,845)
Disposals	(343,911)	-	(1,310,781)	(96,517)	(1,751,209)
Fair value gains/(losses) recorded in:					
Profit or loss					
- Unrealised gains	-	-	65,587	87,408	152,995
- Movement in impairment allowance	(137,566)	-	-	-	(137,566)
Insurance contract liabilities	138,800	-	-	-	138,800
Other comprehensive income	3,763	-	-	-	3,763
Amortisation of premiums/Accretion of discounts	(112)	-	(737)	(1,022)	(1,871)
Unrealised foreign exchange losses	-	-	(780)	(2,069)	(2,849)
Movement in income due and accrued	(21,231)	7,298	(1,308)	27,213	11,972
At 31 December 2020	3,100,681	766,457	5,621,189	4,044,927	13,533,254
	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	Total RM'000
At 1 January 2021	3,100,681	766,457	5,621,189	4,044,927	13,533,254
Purchases/Placements	365,950	36,361,060	2,261,066	906,695	39,894,771
Maturities	(20,002)	(36,783,234)	(196,664)	(307,247)	(37,307,147)
Disposals	(285,018)	-	(1,060,915)	(49,096)	(1,395,029)
Fair value gains/(losses) recorded in:					
Profit or loss					
- Unrealised losses	-	-	(136,100)	(136,550)	(272,650)
- Movement in impairment allowance	(33,994)	-	-	-	(33,994)
Insurance contract liabilities	(137,309)	-	-	-	(137,309)
Other comprehensive income	(8,832)	-	-	-	(8,832)
Amortisation of premiums/Accretion of discounts	(378)	-	(2,251)	(5,362)	(7,991)
Unrealised foreign exchange (losses)/gain	-	-	(3,040)	1,684	(1,356)
Movement in income due and accrued	1,797	(15,299)	(5,624)	19,680	554
At 30 September 2021	2,982,895	328,984	6,477,661	4,474,731	14,264,271

8. Insurance contract liabilities

	30.09.2021			31.12.2020		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Actuarial liabilities	9,434,567	(47,503)	9,387,064	9,067,076	(39,088)	9,027,988
Unallocated surplus	(37,245)	-	(37,245)	(109,723)	-	(109,723)
Hedging reserve	6,895	-	6,895	15,526	-	15,526
Available-for-sale fair value reserve	233,864	-	233,864	360,186	-	360,186
Net asset value attributable to unitholders	2,515,161	-	2,515,161	2,144,196	-	2,144,196
Revaluation reserve	6,992	-	6,992	6,992	-	6,992
Benefits and claims liabilities	759,968	(53,019)	706,949	668,223	(29,032)	639,191
	<u>12,920,202</u>	<u>(100,522)</u>	<u>12,819,680</u>	<u>12,152,476</u>	<u>(68,120)</u>	<u>12,084,356</u>

8. Insurance contract liabilities (continued)

	← Gross →			← Reinsurance →			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
At 1 January 2020	4,198,874	6,564,797	10,763,671	(528)	(68,585)	(69,113)	10,694,558
Premiums received	102,048	2,847,070	2,949,118	(5,518)	(100,101)	(105,619)	2,843,499
Liabilities paid for death, maturities, surrenders, benefits and claims	(303,287)	(987,508)	(1,290,795)	3,024	51,887	54,911	(1,235,884)
Movements in benefits and claim liabilities	40,008	50,811	90,819	(246)	6,778	6,532	97,351
Benefits and claims experience variation	23,071	(176,778)	(153,707)	1,128	44,550	45,678	(108,029)
Fees deducted	(11,464)	(684,136)	(695,600)	1,127	24	1,151	(694,449)
Expected interest on reserve/net investment income attributable to Universal Life Fund	155,752	216,606	372,358	-	(267)	(267)	372,091
Adjustments due to changes in assumptions	70,454	48,274	118,728	-	(1,393)	(1,393)	117,335
Net asset value attributable to unitholders	-	13,739	13,739	-	-	-	13,739
Hedging reserve	(4,085)	-	(4,085)	-	-	-	(4,085)
Available-for-sale fair value reserve	138,800	-	138,800	-	-	-	138,800
Unallocated surplus	(139,792)	-	(139,792)	-	-	-	(139,792)
Deferred tax effects:							
- Hedging reserve	327	-	327	-	-	-	327
- Available-for-sale fair value reserve	(11,105)	-	(11,105)	-	-	-	(11,105)
At 31 December 2020	4,259,601	7,892,875	12,152,476	(1,013)	(67,107)	(68,120)	12,084,356

8. Insurance contract liabilities (continued)

	← Gross →			← Reinsurance →			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
At 1 January 2021	4,259,601	7,892,875	12,152,476	(1,013)	(67,107)	(68,120)	12,084,356
Premiums received	69,439	2,307,492	2,376,931	(5,113)	(96,242)	(101,355)	2,275,576
Liabilities paid for death, maturities, surrenders, benefits and claims	(187,565)	(773,420)	(960,985)	2,357	73,272	75,629	(885,356)
Movements in benefits and claim liabilities	33,137	58,608	91,745	49	(24,036)	(23,987)	67,758
Benefits and claims experience variation	2,221	(70,748)	(68,527)	1,625	8,697	10,322	(58,205)
Fees deducted	(3,617)	(547,976)	(551,593)	-	69	69	(551,524)
Expected interest on reserve/net investment income attributable to Universal Life Fund	104,534	(20,100)	84,434	(10)	(293)	(303)	84,131
Adjustments due to changes in assumptions	(104,512)	(73,707)	(178,219)	-	7,223	7,223	(170,996)
Net asset value attributable to unitholders	-	36,415	36,415	-	-	-	36,415
Hedging reserve	(9,381)	-	(9,381)	-	-	-	(9,381)
Available-for sale fair value reserve	(137,309)	-	(137,309)	-	-	-	(137,309)
Unallocated surplus	72,478	-	72,478	-	-	-	72,478
Deferred tax effect:							
- Hedging reserve	750	-	750	-	-	-	750
- Available-for-sale fair value reserve	10,987	-	10,987	-	-	-	10,987
At 30 September 2021	4,110,763	8,809,439	12,920,202	(2,105)	(98,417)	(100,522)	12,819,680

9. Insurance payable

	30.09.2021	31.12.2020
Current	RM'000	RM'000
Due to reinsurers and cedants	122,214	84,750
Due to agents, brokers and reinsurers	148,226	132,202
Due to related company	9.1 46,917	35,569
	<u>317,357</u>	<u>252,521</u>

9.1 Amount due to related company

The amounts due to related company are unsecured and payable in accordance with normal trade terms.

9.2 Financial liabilities

There is no netting off of gross amount of recognised financial liabilities against the gross amount of financial assets in the statement of financial position.

There are no financial liabilities that are subject to enforceable master netting arrangement or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received (2020: Nil).

10. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	30.09.2021	31.12.2020
Profit attributable to ordinary shareholders (RM'000)	88,755	157,036
Weighted average number of ordinary shares in issue ('000)	236,600	236,600
Basic earnings per ordinary share (sen)	<u>37.51</u>	<u>66.37</u>

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

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

11. Capital commitments

	30.09.2021 RM'000	30.09.2020 RM'000
Property, plant and equipment: Contracted but not provided for	<u>1,369</u>	<u>547</u>
Software development: Contracted but not provided for	<u>11</u>	<u>1,695</u>

12. Related party transactions

Significant related party transactions are as follows:

	Amount transacted for the period ended 30 September	
	2021 RM'000	2020 RM'000
Reinsurance premium and commission	<u>(88,154)</u>	<u>(67,866)</u>

* Related companies are companies within the Allianz SE group.

13. Changes in Company's composition

There were no changes in the composition of the Company during the financial period under review.

14. Changes in contingent liabilities or contingent assets

The Company does not have contingent liabilities and contingent assets as the date of this report.

15. Debt and equity securities

There were no other issuance of shares, shares buy-back and repayment of debt and equity securities by the Company during the financial period under review.

16. Significant events

There were no significant event subsequent to the end of the financial period under review but have not been reported in this report for the financial period under review.

17. Regulatory capital requirement

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

	30.09.2021	31.12.2020
	RM'000	RM'000
Tier 1 Capital		
Paid up share capital	236,600	236,600
Eligible reserves, including retained earnings	2,049,099	1,806,116
	<u>2,285,699</u>	<u>2,042,716</u>
Tier 2 Capital		
Revaluation reserve	9,883	9,883
Available-for-sale reserve	236,059	369,096
General reserve	6,894	15,526
	<u>252,836</u>	<u>394,505</u>
Amount deducted from capital	(43,230)	(39,860)
Total capital available	<u>2,495,305</u>	<u>2,397,361</u>

18. Events after the interim period

There were no material events after the interim period that have not been reflected in the condensed interim financial statements for the current interim period.

19. Dividend paid

An interim dividend of 12.6 sen per ordinary share under single tier system amounting to RM29,811,600.00 for the financial year ended 31 December 2020 was paid to the entitled shareholder of the Company on 19 January 2021.

20. Financial Instruments

20.1 Fair value of financial instruments

The Company's basis in estimation of fair values for financial instruments is as follows:

- The fair values of structured deposits, collateralised interest rate swap, forward purchase agreements and cross currency swap are based on the indicative market prices from the issuing banks;
- The fair values of quoted equity securities of corporations in and outside Malaysia and quoted unit trusts in Malaysia are based on quoted market bid price as at the end of the reporting period;
- The unquoted equity securities of corporations in Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified;
- The fair values of Malaysian government securities, Malaysian government guaranteed bonds, Ringgit denominated bonds by foreign issuers outside Malaysia, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank;
- The fair values of unquoted unit trusts in and outside Malaysia are based on the net asset values of the unit trusts as at the date of the statements of assets and liabilities obtained from fund managers;
- The carrying amount of Malaysian government guaranteed loans, policy loans, mortgage loans, automatic premium loans and fixed and call deposits approximate their fair values; and
- The carrying amounts of cash and cash equivalents, insurance receivables, other receivables and deposits (current), insurance payables and other payables (current) and accruals reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Estimation of the fair values of Malaysian government securities, Malaysian government guaranteed bonds, Ringgit denominated bonds by foreign issuers outside Malaysia, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

It was not practicable to estimate the fair value of the Company's investment in unquoted equity securities of corporations in Malaysia due to lack of comparable quoted market prices and inability to estimate fair value without incurring excessive costs.

20. Financial Instruments**20.2 Fair value information**

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

	Fair value of financial instruments carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
30.09.2021						
Financial assets						
Malaysian government securities	-	4,694,936	-	4,694,936	4,694,936	4,694,936
Malaysian government guaranteed bonds	-	2,398,626	-	2,398,626	2,398,626	2,398,626
Quoted equity securities of corporations in Malaysia	2,778,835	-	-	2,778,835	2,778,835	2,778,835
Quoted equity securities of corporations outside Malaysia	46,794	-	-	46,794	46,794	46,794
Unquoted bonds of corporations in Malaysia	-	3,728,505	-	3,728,505	3,728,505	3,728,505
Unquoted bonds of corporations outside Malaysia	-	127,212	-	127,212	127,212	127,212
Quoted unit trusts in Malaysia	39,743	-	-	39,743	39,743	39,743
Unquoted unit trusts in Malaysia	-	38,955	-	38,955	38,955	38,955
Unquoted unit trusts outside Malaysia	-	79,534	-	79,534	79,534	79,534
Structured deposits with licensed financial institutions	-	-	-	-	-	-
Collateralised interest rate swap	-	40,919	-	40,919	40,919	40,919
Forward purchase agreements	-	7,496	-	7,496	7,496	7,496
Cross currency swap	-	2,163	-	2,163	2,163	2,163
	2,865,372	11,118,346	-	13,983,718	13,983,718	13,983,718
Financial liabilities						
Cross currency swap	-	2,273	-	2,273	2,273	2,273
Lease liabilities	-	-	-	-	11,256	11,256
	-	2,273	-	2,273	13,529	13,529

20. Financial Instruments**20.2 Fair value information (continued)**

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

	Fair value of financial instruments carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
31.12.2020						
Financial assets						
Malaysian government securities	-	3,881,091	-	3,881,091	3,881,091	3,881,091
Malaysian government guaranteed bonds	-	2,453,833	-	2,453,833	2,453,833	2,453,833
Quoted equity securities of corporations in Malaysia	2,493,098	-	-	2,493,098	2,493,098	2,493,098
Quoted equity securities of corporations outside Malaysia	1,637	-	-	1,637	1,637	1,637
Unquoted bonds of corporations in Malaysia	-	3,612,616	-	3,612,616	3,612,616	3,612,616
Unquoted bonds of corporations outside Malaysia	-	125,727	-	125,727	125,727	125,727
Quoted unit trusts in Malaysia	57,468	-	-	57,468	57,468	57,468
Unquoted unit trusts in Malaysia	-	37,647	-	37,647	37,647	37,647
Unquoted unit trusts outside Malaysia	-	28,385	-	28,385	28,385	28,385
Structured deposits with licensed financial institutions	-	73,148	-	73,148	73,148	73,148
Collateralised interest rate swap	-	59,496	-	59,496	59,496	59,496
Forward purchase agreements	-	16,876	-	16,876	16,876	16,876
Cross currency swap	-	5,366	-	5,366	5,366	5,366
	<u>2,552,203</u>	<u>10,294,185</u>	<u>-</u>	<u>12,846,388</u>	<u>12,846,388</u>	<u>12,846,388</u>
Financial liabilities						
Cross currency swap	-	301	-	301	301	301
Lease liabilities	-	-	-	-	15,125	15,125
		<u>301</u>	<u>-</u>	<u>301</u>	<u>15,426</u>	<u>15,426</u>

Transfers between Level 1 and Level 2 fair values

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

21. Insurance funds

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

The Company's statement of financial position and statement of profit or loss have been further analysed by funds.

The life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment, as well as Investment-linked products.

Condensed statement of financial position by funds

Condensed statement of financial position as at 30 September 2021 - unaudited

	Shareholders' Funds		Life Fund		Total	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	-	-	27,718	28,737	27,718	28,737
Right-of-use assets	-	-	20,630	24,725	20,630	24,725
Intangible assets	10,225	13,634	9,527	5,476	19,752	19,110
Investments	271,191	243,993	13,993,080	13,289,261	14,264,271	13,533,254
Derivatives financial assets	-	-	50,578	81,738	50,578	81,738
Reinsurance assets	-	-	100,522	68,120	100,522	68,120
Insurance receivables	-	-	96,899	57,584	96,899	57,584
Other receivables, deposits and prepayments	26,961	31,027	48,028	37,601	74,989	68,627
Cash and cash equivalents	20,375	35,450	921,737	782,729	942,112	818,179
Total assets	328,752	324,104	15,268,719	14,375,971	15,597,471	14,700,074

21. Insurance funds (continued)

Condensed statement of financial position by funds

Condensed statement of financial position as at 30 September 2021 - unaudited (continued)

	Shareholders' Funds		Life Fund		Total	
	30.09.2021 RM'000	31.12.2020 RM'000	30.09.2021 RM'000	31.12.2020 RM'000	30.09.2021 RM'000	31.12.2020 RM'000
Equity, policyholders' funds and liabilities						
Share capital	236,600	236,600	-	-	236,600	236,600
Fair value reserve	1,963	8,666	232	244	2,195	8,910
Asset revaluation reserve	-	-	2,891	2,891	2,891	2,891
Retained earnings	46,808	63,196	1,242,463	1,137,320	1,289,271	1,200,516
Total equity	285,371	308,462	1,245,586	1,140,455	1,530,957	1,448,917
Insurance contract liabilities	-	-	12,920,202	12,152,476	12,920,202	12,152,476
Deferred tax liabilities	635	2,825	389,850	400,645	390,485	403,470
Derivative financial liabilities	-	-	2,273	301	2,273	301
Lease liabilities	-	-	11,256	15,125	11,256	15,125
Insurance payables	26,375	19,015	290,982	233,506	317,357	252,521
Other payables and accruals	4,638	(16,847)	410,977	436,698	415,615	419,850
Current tax liabilities	11,733	10,649	(2,407)	(3,235)	9,326	7,414
Total policyholders' funds and liabilities	43,381	15,642	14,023,133	13,235,516	14,066,514	13,251,157
Total equity, policyholders' funds and liabilities	328,752	324,104	15,268,719	14,375,971	15,597,471	14,700,074

21. Insurance funds (continued)

Condensed statement of profit or loss by funds
for the 9 month period ended 30 September 2021 - unaudited

	Shareholders' Funds		Life Fund		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating revenue	7,524	7,614	2,802,065	2,576,504	2,809,589	2,584,118
Gross earned premiums	-	-	2,376,931	2,196,728	2,376,931	2,196,728
Premiums ceded to reinsurers	-	-	(101,355)	(71,534)	(101,355)	(71,534)
Net earned premiums	-	-	2,275,576	2,125,194	2,275,576	2,125,194
Investment income	7,524	7,614	425,134	379,776	432,658	387,390
Realised gains and losses	577	853	6,023	(7,460)	6,600	(6,607)
Fair value gains and losses	-	-	(336,878)	(38,831)	(336,878)	(38,831)
Other operating income	1,002	962	30,976	22,866	31,978	23,828
Other revenue	9,103	9,429	125,255	356,351	134,358	365,780
Gross benefits and claims paid	(119)	(19)	(960,985)	(943,387)	(961,104)	(943,406)
Claims ceded to reinsurers	-	-	75,629	40,392	75,629	40,392
Gross change in contract liabilities	-	-	(810,934)	(777,539)	(810,934)	(777,539)
Change in contract liabilities ceded to reinsurers	-	-	8,414	(528)	8,414	(528)
Net benefits and claims	(119)	(19)	(1,687,876)	(1,681,062)	(1,687,995)	(1,681,081)
Fee and commission expense	(11,946)	(9,361)	(374,150)	(351,967)	(386,096)	(361,328)
Management expenses	(9,281)	(8,659)	(177,443)	(168,232)	(186,724)	(176,891)
Interest expenses	-	-	(352)	(517)	(352)	(517)
Other operating expenses	(1,969)	(1,003)	(30,337)	(27,264)	(32,306)	(28,267)
Other expenses	(23,196)	(19,023)	(582,282)	(547,980)	(605,478)	(567,003)
(Loss)/profit before tax	(14,212)	(9,613)	130,673	252,503	116,461	242,890
Tax expense	(2,176)	(1,072)	(25,530)	(84,782)	(27,706)	(85,854)
Net (loss)/profit after tax	(16,388)	(10,685)	105,143	167,721	88,755	157,036

21. Insurance funds (continued)

Investment-linked funds condensed statement of assets and liabilities Condensed statement of financial position as at 30 September 2021 - unaudited

	30.09.2021 RM'000	31.12.2020 RM'000
Assets		
Investments	2,316,130	1,953,237
Interest and dividend receivables, and other receivables	10,019	6,433
Cash and cash equivalents	204,715	190,391
Total assets	<u>2,530,864</u>	<u>2,150,061</u>
Liabilities		
Deferred tax liabilities	2,118	2,551
Other payables	10,124	540
Benefits and claims liabilities	3,461	2,774
Total liabilities	<u>15,703</u>	<u>5,865</u>
Net asset value of funds (Note 8)	<u>2,515,161</u>	<u>2,144,196</u>

Investment-linked funds condensed statement of income and expenditure for the 9 month period ended 30 September 2021 - unaudited

	2021 RM'000	2020 RM'000
Investment income	62,738	48,164
Realised losses	(3,490)	(43,414)
Fair value gains and losses	467	(85,528)
Other operating income	1,546	392
	<u>61,261</u>	<u>(80,386)</u>
Other operating expenses	(23,496)	(18,103)
Gain/(loss) before tax	<u>37,765</u>	<u>(98,489)</u>
Tax (expense)/income	(1,350)	629
Net profit/(loss) for the period	<u>36,415</u>	<u>(97,860)</u>

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD
(Company No. 198301008983)
(Incorporated in Malaysia)

Statement by Directors

In the opinion of the Directors, the condensed interim financial statements set out on pages 1 to 28 are drawn up in accordance with MFRS 134, *Interim Financial Reporting* and IAS 34, *Interim Financial Reporting* so as to present fairly the financial position of the Company as of 30 September 2021 and of its financial performance and cash flows for the period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Goh Ching Yin

Peter Ho Kok Wai

Kuala Lumpur,

Date: 24 November 2021