

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE FINANCIAL PERIOD FROM

1 JANUARY 2022 TO 30 SEPTEMBER 2022

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

Contents	Page
Condensed statement of financial position - unaudited	1
Condensed statement of profit or loss - unaudited	2
Condensed statement of profit or loss and other comprehensive income - unaudited	3
Condensed statement of changes in equity - unaudited	4
Condensed statement of cash flows - unaudited	5-6
Notes to the condensed interim financial statements	7-26
Statement by Directors	27

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

Condensed statement of financial position as at 30 September 2022 - unaudited

	Note	30.9.2022 RM'000	31.12.2021 RM'000
Assets			
Property, plant and equipment	5	79,595	81,050
Right-of-use assets		26,689	24,234
Intangible assets		85,303	85,682
Deferred tax assets		55,682	34,404
Investments	6	5,267,181	5,445,428
Reinsurance assets	7	874,778	1,006,403
Insurance receivables	8	188,929	125,839
Loans and receivables		75,772	80,086
Deferred acquisition costs		133,248	123,662
Current tax assets		17,265	9,856
Cash and cash equivalents		361,736	349,892
Total assets		7,166,178	7,366,536
Equity and liabilities			
Share capital		379,168	379,168
Retained earnings		1,955,844	1,814,776
Other reserves		(48,827)	39,240
Total equity		2,286,185	2,233,184
Insurance contract liabilities	9	4,429,369	4,389,087
Insurance payables	10	235,855	267,398
Other payables and accruals		194,913	459,785
Lease liabilities		19,856	17,082
Total liabilities		4,879,993	5,133,352
Total equity and liabilities		7,166,178	7,366,536

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

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

Condensed statement of profit or loss**for the 9 month period ended 30 September 2022 - unaudited**

	Note	9 months period ended 30.9.2022 RM'000	9 months period ended 30.9.2021 RM'000
Operating revenue		2,035,916	1,945,643
Gross earned premiums		1,897,970	1,812,320
Premiums ceded to reinsurers		(187,077)	(199,153)
Net earned premiums		1,710,893	1,613,167
Investment income		137,945	133,323
Realised gains and losses		370	428
Fair value gains and losses		(30,980)	-
Fee and commission income		27,185	33,399
Other operating income		239	1,501
Other income		134,759	168,651
Gross claims paid		(1,076,489)	(719,181)
Claims ceded to reinsurers		155,201	51,760
Gross change in claims liabilities		69,228	(237,337)
Change in claims liabilities ceded to reinsurers		(151,328)	(27,206)
Net claims incurred		(1,003,388)	(931,964)
Fee and commission expense		(244,417)	(228,186)
Management expenses		(278,523)	(295,632)
Finance cost		(511)	(487)
Other operating expenses		(1,010)	(2,431)
Other expenses		(524,461)	(526,736)
Profit before tax		317,803	323,118
Tax expense		(106,210)	(80,590)
Profit for the period		211,593	242,528
Profit attributable to:			
Owners of the Company		211,593	242,528
Basic earnings per ordinary share (sen)	12	55.8	64.0

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

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

**Condensed statement of profit or loss and other comprehensive income
for the 9 month period ended 30 September 2022 - unaudited**

	9 months period ended 30.9.2022 RM'000	9 months period ended 30.9.2021 RM'000
Profit for the period	211,593	242,528
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss		
Fair value of available-for-sale ("AFS") financial assets		
- Net unrealised losses arising during the year	(115,523)	(120,910)
- Realised gains transferred to income statement	(355)	(427)
	<u>(115,878)</u>	<u>(121,337)</u>
Tax effect thereon	27,811	29,121
	<u>(88,067)</u>	<u>(92,216)</u>
Item that may not be reclassified subsequently to profit or loss		
Revaluation reserve	-	5,742
Tax effects thereon	-	(1,244)
	<u>-</u>	<u>4,498</u>
Total other comprehensive loss for the period	<u>(88,067)</u>	<u>(87,718)</u>
Total comprehensive income for the period	<u>123,526</u>	<u>154,810</u>
Total comprehensive income attributable to: Owners of the Company	<u>123,526</u>	<u>154,810</u>

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

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

**Condensed statement of changes in equity
for the 9 month period ended 30 September 2022 - unaudited**

	← Non distributable Available-for-sale		→ Distributable			
	Share capital RM'000	Capital reserve RM'000	fair value reserve RM'000	Asset revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2021	379,168	4,523	128,943	11,803	1,722,412	2,246,849
Fair value of available-for-sale financial assets	-	-	(92,216)	-	-	(92,216)
Revaluation for property, plant and equipment and right-of-use assets	-	-	-	4,498	-	4,498
Total other comprehensive income for the period	-	-	(92,216)	4,498	-	(87,718)
Profit for the period	-	-	-	-	242,528	242,528
Total comprehensive income for the period	-	-	(92,216)	4,498	242,528	154,810
At 30 September 2021	379,168	4,523	36,727	16,301	1,964,940	2,401,659
At 1 January 2022	379,168	4,523	18,304	16,413	1,814,776	2,233,184
Fair value of available-for-sale financial assets	-	-	(88,067)	-	-	(88,067)
Total other comprehensive income for the period	-	-	(88,067)	-	-	(88,067)
Profit for the period	-	-	-	-	211,593	211,593
Total comprehensive income for the period	-	-	(88,067)	-	211,593	123,526
<i>Contributions by and distributions to owners of the Company</i>						
- Dividends paid to the owners of the Company	-	-	-	-	(70,525)	(70,525)
Total transactions with owners of the Company	-	-	-	-	(70,525)	(70,525)
At 30 September 2022	379,168	4,523	(69,763)	16,413	1,955,844	2,286,185

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

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

Condensed statement of cash flows**for the 9 month period ended 30 September 2022 - unaudited**

	9 months period ended 30.9.2022 RM'000	9 months period ended 30.9.2021 RM'000
Operating activities		
Profit before tax	317,803	323,118
Investment income	(137,945)	(133,323)
Realised gains recorded in profit or loss	(355)	(427)
Realised gain on disposal of property, plant and equipment	(15)	(1)
Rental income of property, plant and equipment	(475)	(197)
Purchases of financial investments	(589,143)	(1,048,146)
Placement of fixed deposits	(190,801)	(228,481)
Maturity of fixed deposits	358,526	225,380
Proceeds from disposal of financial investments	50,364	111,760
Maturity of financial investments	400,000	595,000
Non-cash items:		
Depreciation of property, plant and equipment	7,303	6,723
Depreciation of right-of-use assets	12,897	10,760
Amortisation of intangible assets	12,102	11,897
(Reversal)/ Allowance for impairment loss on receivables	(22,815)	7,878
Reversal of impairment loss on reinsurance assets	(2,575)	(3)
Bad debts recovered	(47)	(18)
Property, plant and equipment written off	85	-
Bad debts written off on receivables	-	(1)
Bad debts written off on other receivables	69	-
Impairment loss on investments	30,980	-
Interest expense	510	416
Interest on lease liabilities	511	487
Changes in working capital:		
Change in reinsurance assets	134,200	13,748
Change in insurance receivables	(40,297)	(38,723)
Change in loans and receivables	444	(1,215)
Change in deferred acquisition costs	(9,586)	(4,159)
Change in insurance contract liabilities	40,282	212,072
Change in insurance payables	(31,543)	(13,179)
Change in other payables and accruals	(25,747)	(10,082)
	314,732	41,284
Dividend income from unquoted unit trust	17,707	20,669
Interest income received	126,858	116,863
Rental income received	475	197
Bad debt recovered	47	18
Interest on lease liabilities	(511)	(487)
Income tax paid	(107,085)	(86,830)
Net cash flows from operating activities	352,223	91,714

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

Condensed statement of cash flows (continued)**for the 9 month period ended 30 September 2022 - unaudited**

	9 months period ended 30.9.2022 RM'000	9 months period ended 30.9.2021 RM'000
Investing activities		
Proceeds from disposal of property, plant and equipment	25	1,454
Purchase of property, plant and equipment	(5,944)	(8,091)
Purchase of intangible assets	(11,722)	(5,589)
Net cash flows used in investing activities	<u>(17,641)</u>	<u>(12,226)</u>
Financing activities		
Dividend paid to owners of the Company	(310,160)	(249,872)
Repayment of lease liabilities	(12,578)	(10,762)
Net cash flows used in financing activities	<u>(322,738)</u>	<u>(260,634)</u>
Net increase/ (decrease) in cash and cash equivalents	11,844	(181,146)
Cash and cash equivalents at beginning of period	349,892	325,251
Cash and cash equivalents at end of period	<u>361,736</u>	<u>144,105</u>
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institution (with maturity of less than three months)	358,686	139,686
Cash and bank balances	3,050	4,419
	<u>361,736</u>	<u>144,105</u>

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

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

Notes to the condensed interim financial statements

1. Basis of preparation

Statement of compliance

The condensed interim financial statements of the Company as at and for the nine month period ended 30 September 2022 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 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 2021.

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 2021, except for the adoption of the following:

MFRSs/ Amendments/ Interpretation

Amendments to MFRS 16, Leases – Covid-19 - Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework

Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

- *Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*
- *Amendment to MFRS 9 Financial Instruments*
- *Amendment to MFRS 141 Agriculture*
- *Amendment to Illustrative Example accompanying MFRS 16 Leases*

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 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 Contracts

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

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

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.

The Company's business activity is predominantly insurance as the liabilities connected with the Company's insurance businesses made up of more than 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, Insurance Contracts for the financial year beginning on or after 1 January 2023.

The following additional disclosures, required by MFRS 9 for company 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"):

	Fair value as at 30.9.2022	Change in fair value	Cash flows characteristic
	RM'000	RM'000	
Financial assets			
Malaysian government securities	1,897,579	(63,590)	SPPI
Malaysian government guaranteed bonds	677,304	(25,222)	SPPI
Unquoted debt securities	1,527,651	(35,707)	SPPI
Unquoted unit trust in Malaysia	1,103,161	8,641	Non-SPPI
Fixed deposits with licensed banks	61,486	-	SPPI
Loans and other receivables	75,772	-	SPPI
Cash and cash equivalents	361,736	-	SPPI
	<u>5,704,689</u>	<u>(115,878)</u>	

* Insurance receivables and reinsurance assets have been excluded from the above assessment as they will be under the scope of MFRS 17, Insurance Contracts.

Other than the financial assets included in the table above and assets that are within the scope of MFRS 17, Insurance Contract, 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 Contracts (continued)

	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Changes in fair value during the year			
<u>Investments</u>			
Malaysian government securities	(63,590)	-	(63,590)
Malaysian government guaranteed bonds	(25,222)	-	(25,222)
Unquoted debt securities	(35,707)	-	(35,707)
Unquoted unit trust in Malaysia	-	8,641	8,641
	<u>(124,519)</u>	<u>8,641</u>	<u>(115,878)</u>

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

1. Basis of preparation (continued)**Amendments to MFRS 4 - Applying MFRS 9 - Financial Instruments with MFRS 4 - Insurance Contracts (continued)****Financial assets with SPPI cash flows****Gross carrying amounts under MFRS 139 by credit risk rating grades****Investments**

	AAA	AA	A	BBB	Non- investment grade	Non-rated	Past-due but not impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysian government securities	-	-	-	-	-	1,897,579	-	1,897,579
Malaysian government guaranteed bonds	-	-	-	-	-	677,304	-	677,304
Unquoted debt securities	855,965	667,815	-	11,097	-	-	-	1,534,877
Fixed deposits	17,974	43,512	-	-	-	-	-	61,486
Loans and other receivables	-	-	-	-	-	75,772	-	75,772
Cash and cash equivalents	225,927	135,573	143	-	-	93	-	361,736
	<u>1,099,866</u>	<u>846,900</u>	<u>143</u>	<u>11,097</u>	<u>-</u>	<u>2,650,748</u>	<u>-</u>	<u>4,608,754</u>

* All financial assets with SPPI cash flows of the Company as at 30 September 2022 have low credit risk.

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 2022 did not have any material impact on the current and/or prior periods and is not likely to affect future periods.

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

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 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.

6. Investments

	30.9.2022	31.12.2021
	RM'000	RM'000
Malaysian government securities	1,897,579	1,999,293
Malaysian government guaranteed bonds	677,304	662,938
Unquoted debt securities	1,527,651	1,433,491
Unquoted equity securities	*	*
Unquoted unit trust in Malaysia	1,103,161	1,118,437
Fixed deposits	61,486	231,269
	<u>5,267,181</u>	<u>5,445,428</u>

* Denotes RM 4

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

	Total	
	30.9.2022	31.12.2021
	RM'000	RM'000
Loans and receivables ("L&R")	61,486	231,269
Available-for-sale financial assets ("AFS")	5,205,695	5,214,159
	<u>5,267,181</u>	<u>5,445,428</u>

6. Investments (continued)

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

	30.9.2022		31.12.2021	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Loans and receivables				
Fixed deposits	61,486	61,486	231,269	231,269
Available-for-sale				
Malaysian government securities	1,897,579	1,897,579	1,999,293	1,999,293
Malaysian government guaranteed bonds	677,304	677,304	662,938	662,938
Unquoted debt securities	1,527,651	1,527,651	1,433,491	1,433,491
Unquoted equity securities	*	-	*	-
Unquoted unit trust in Malaysia	1,103,161	1,103,161	1,118,437	1,118,437
	<u>5,205,695</u>	<u>5,205,695</u>	<u>5,214,159</u>	<u>5,214,159</u>
	<u>5,267,181</u>	<u>5,267,181</u>	<u>5,445,428</u>	<u>5,445,428</u>

* Denotes RM 4

6. Investments (continued)

The carrying values of the financial investments are stated as follows:

	L&R	AFS	Total
	RM'000	RM'000	RM'000
At 1 January 2021	178,318	5,022,169	5,200,487
Purchases	295,642	1,295,794	1,591,436
Maturities	(241,940)	(735,000)	(976,940)
Disposals	-	(211,863)	(211,863)
Impairment	-	(5,504)	(5,504)
Fair value loss recorded in other comprehensive income	-	(145,577)	(145,577)
Accretion	-	1,024	1,024
Amortisation	-	(7,308)	(7,308)
Movement in income due and accrued	(751)	424	(327)
At 31 December 2021/ 1 January 2022	231,269	5,214,159	5,445,428
Purchases	190,801	589,143	779,944
Maturities	(358,526)	(400,000)	(758,526)
Disposals	-	(50,009)	(50,009)
Impairment	-	(30,980)	(30,980)
Fair value gains recorded in other comprehensive income	-	(115,879)	(115,879)
Accretion	-	555	555
Amortisation	-	(7,174)	(7,174)
Movement in income due and accrued	(2,058)	5,880	3,822
At 30 September 2022	61,486	5,205,695	5,267,181

7. Reinsurance assets

	Note	30.9.2022 RM'000	31.12.2021 RM'000
Non-current			
Reinsurance of insurance contracts			
Claims liabilities		256,612	308,402
Current			
Reinsurance of insurance contracts			
Claims liabilities		505,960	608,073
Allowance for impairment		-	(2,575)
Premium liabilities		112,206	92,503
		<u>618,166</u>	<u>698,001</u>
	9	<u>874,778</u>	<u>1,006,403</u>

8. Insurance receivables

		30.9.2022 RM'000	31.12.2021 RM'000
Current			
Due premiums including agent, brokers and co-insurers balances		179,318	111,693
Due from reinsurers and cedants		21,807	55,736
		<u>201,125</u>	<u>167,429</u>
Allowance for impairment		(30,660)	(53,475)
		<u>170,465</u>	<u>113,954</u>
Due from related companies	8.1	18,464	11,885
		<u>188,929</u>	<u>125,839</u>

8. Insurance receivables (continued)

	30.9.2022 RM'000	31.12.2021 RM'000
Movement in allowance for impairment		
Balance at the beginning of the period/year	53,475	53,415
Impairment loss recognised/(reversed)	(22,815)	60
Balance at the end of the period/year	<u>30,660</u>	<u>53,475</u>

8.1 Amount due from related companies

The amounts due from related companies are unsecured.

9. Insurance contract liabilities

General insurance contract liabilities consist of:

	← 30.9.2022	→	← 31.12.2021	→		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	2,254,530	(513,580)	1,740,950	2,078,094	(454,938)	1,623,156
Provision for incurred but not reported claims ("IBNR")	870,631	(248,992)	621,639	1,116,295	(461,537)	654,758
(i)	<u>3,125,161</u>	<u>(762,572)</u>	<u>2,362,589</u>	<u>3,194,389</u>	<u>(916,475)</u>	<u>2,277,914</u>
Allowance for impairment	-	-	-	-	2,575	2,575
Provision for outstanding claims (i)	3,125,161	(762,572)	2,362,589	3,194,389	(913,900)	2,280,489
Provision for unearned premiums (ii)	1,304,208	(112,206)	1,192,002	1,194,698	(92,503)	1,102,195
(ii)	<u>4,429,369</u>	<u>(874,778)</u>	<u>3,554,591</u>	<u>4,389,087</u>	<u>(1,006,403)</u>	<u>3,382,684</u>
	Note 7			Note 7		

9. Insurance contract liabilities (continued)

(i) Provision for outstanding claims

	← 30.9.2022 →	← 31.12.2021 →				
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At the beginning of period/year	3,194,389	(913,900)	2,280,489	2,724,555	(734,819)	1,989,736
Claims incurred in the current accident period/year	1,293,219	(223,208)	1,070,011	1,781,865	(383,073)	1,398,792
Other movements in claims incurred in prior accident period/years	(285,958)	219,335	(66,623)	(334,740)	137,826	(196,914)
Claims paid during the period/year	(1,076,489)	155,201	(921,288)	(977,291)	66,166	(911,125)
At the end of period/year	<u>3,125,161</u>	<u>(762,572)</u>	<u>2,362,589</u>	<u>3,194,389</u>	<u>(913,900)</u>	<u>2,280,489</u>

(ii) Provision for unearned premiums

	← 30.9.2022 →	← 31.12.2021 →				
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At the beginning of period/year	1,194,698	(92,503)	1,102,195	1,176,241	(92,614)	1,083,627
Premiums written in the period/year	2,007,480	(206,780)	1,800,700	2,430,563	(287,853)	2,142,710
Premiums earned during the period/year	(1,897,970)	187,077	(1,710,893)	(2,412,106)	287,964	(2,124,142)
At the end of period/year	<u>1,304,208</u>	<u>(112,206)</u>	<u>1,192,002</u>	<u>1,194,698</u>	<u>(92,503)</u>	<u>1,102,195</u>
	Note 7			Note 7		

10. Insurance payables

	Note	30.9.2022 RM'000	31.12.2021 RM'000
Non-current			
Performance bond deposits	10.1	29,728	18,399
Current			
Due to reinsurers and cedants		71,468	104,114
Due to agents and intermediaries		39,000	45,738
Performance bond deposits	10.1	55,026	56,183
Due to related companies	10.2	40,633	42,964
		<u>206,127</u>	<u>248,999</u>
		<u>235,855</u>	<u>267,398</u>

10.1 Performance bond deposits

Performance bond deposits are collateral deposits received from policyholders for guarantees issued on behalf of policyholders.

10.2 Amount due to related companies

The amount due to related companies are unsecured.

11. Earnings per ordinary share

Basic earnings per ordinary share

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

	30.9.2022	30.9.2021
Profit for the period attributable to ordinary shareholders (RM'000)	211,593	242,528
Weighted average number of ordinary shares ('000)	379,168	379,168
Basic earnings per ordinary share (sen)	55.8	64.0

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.

12. Capital commitments

	30.9.2022 RM'000	31.12.2021 RM'000
Property, plant and equipment		
Contracted but not provided for	1,206	562
Intangible assets		
Contracted but not provided for	2,760	2,655

13. Related party transactions

Significant related party transactions are as follows:

	Amount transacted for the period ended 30 September	
	2022 RM'000	2021 RM'000
Trade		
Related companies*		
Reinsurance premiums	(141,688)	(125,572)
Reinsurance commission	12,663	10,560

*Related companies are companies within the Allianz SE Group.

14. Changes in contingent liabilities

On 10 August 2016, the Malaysia Competition Commission (“MyCC”) commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia (“PIAM”) and all 22 general insurers including the Company of Section 4(2)(a) of the Competition Act 2010 (“CA”). The alleged infringement is in relation to the agreement reached between PIAM and the Federation Of Automobile Workshop Owners' Association Of Malaysia (“FAWOAM”) in relation to trade discount rates for parts for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops. These rates were applied by AGIC pursuant to a members’ circular issued by PIAM, which arose from Bank Negara Malaysia (“BNM”)’s directive to PIAM to engage FAWOAM to resolve the issues of parts trade discounts and labour hourly rate.

On 22 February 2017, the Company received MyCC’s notice of its proposed decision (“Proposed Decision”) that the Company and all the other 21 general insurers who are PIAM members had infringed one of the prohibitions under Part II of the CA. The Proposed Decision included a proposed financial penalty of RM213,454,814 on all the 22 general insurers. The Company, as one of the members of PIAM, had a share of RM27,480,883 of the proposed penalty.

Following the parties’ submission of their respective written representations and the Hearing of the Oral Representations, on 25 September 2020, the Company’s solicitors received MyCC’s Decision that parties had infringed the prohibition under section 4 of the CA and which imposes on each of the 22 general insurers financial penalties for the said infringement.

In view of the impact of the Covid-19 pandemic, MyCC had granted a reduction of 25% of the financial penalties imposed on the 22 general insurers and a moratorium period of up to 6 months for the payment of the financial penalties to be made by 6 equal monthly instalments. The financial penalty imposed on the Company, taking into account the 25% reduction amounts to RM18,549,595.97.

Appeal filed with the Competition Appeal Tribunal (“CAT”)

On 13 October 2020, the Company filed a Notice of Appeal against the Decision (“Appeal”) with the Competition Appeal Tribunal (“CAT”) and a formal Notice of Application was filed in relation to the stay of the Decision on 12 November 2020 (“Stay Application”).

In response to AGIC’s Notice of Appeal, MyCC filed a Statement in Reply (“SIR”) and the Company filed its Reply to the SIR on 11 December 2020.

Upon conclusion of the hearing of the respective parties’ submissions, on 23 March 2021 CAT allowed the Stay Application, pending the disposal of the Appeal.

As for the appeal proceedings before CAT, MyCC as well as several other insurers have presented their oral submissions on hearing dates in March and April 2022. The Company presented its submissions in reply on 21 April 2022 and 22 April 2022 whereupon all parties’ submissions concluded. CAT had then indicated that its judgement would likely be delivered at the end of June 2022.

On 2 September 2022, the CAT unanimously allowed the Company’s appeal along with the appeals of PIAM and the other 21 general insurers (“CAT’s Decision”) thereby setting aside MyCC’s Decision.

This matter will be kept in view in the event of any appeal by MyCC against CAT’s Decision.

14. Changes in contingent liabilities (continued)

Application for leave for Judicial Review filed at the High Court of Malaya

Separately, on 26 April 2021 the High Court of Malaya granted the Company leave to apply for Judicial Review of MyCC's Decision and an interim stay of the Decision until the hearing of any objection or application by MyCC to set it aside. The Company filed its Notice of Hearing of Application for Judicial Review at the High Court on 9 May 2021 and MyCC then filed an application against the orders granting the Company leave to apply for judicial review and interim stay ("MyCC's Setting Aside Application").

On conclusion of the parties' submissions, the High Court decided on 20 October 2021 to allow MyCC's Setting Aside Application. On its solicitors' recommendation, the Company filed a Notice of Appeal against the said decision on 18 November 2021. The matter was then fixed for further case management on 8 September 2022.

In light of the CAT's Decision, the Company through its solicitors have filed the necessary cause papers to withdraw MyCC's Setting Aside Application since the same has been superseded by the CAT's Decision, thereby vacating the case management on 8 September 2022.

The management of the Company believes that the criteria to disclose the above as a contingent liability are met. Saved as disclosed above, the Company does not have any other contingent assets and liabilities since the last annual balance sheet date.

15. Debt and equity securities

There were no issuances of shares, shares buy-backs and repayments 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 that have not been reported in this report for the financial period under review.

17. Regulatory capital requirements

The Risk Based Capital (“RBC”) Framework came into effect on 1 January 2009. Under the RBC Framework, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum Capital Adequacy Ratio (“CAR”) of 130% and an internal target capital level determined by BNM or level determined under the Internal Capital Adequate Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The Company has been in compliance with the said requirement.

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

	30.9.2022	31.12.2021
	RM'000	RM'000
Tier 1 Capital		
Paid up share capital	379,168	379,168
Retained earnings	1,955,844	1,814,776
	<u>2,335,012</u>	<u>2,193,944</u>
Tier 2 Capital		
Reserves	(48,827)	39,240
	<u>(48,827)</u>	<u>39,240</u>
Amounts deducted from capital	(140,985)	(120,087)
Total capital available	<u><u>2,145,200</u></u>	<u><u>2,113,097</u></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 63.2 sen per ordinary share under single tier system amounting to RM239,634,297.98 for the financial year ended 31 December 2021 was paid to the entitled shareholder of the Company on 19 January 2022.

A final dividend of 18.6 sen per ordinary share under single tier system amounting to RM70,525,283.90 for the financial year ended 31 December 2021 was paid to the entitled shareholder of the Company on 20 July 2022.

20. Financial instruments

20.1 Fair value of financial instruments

The basis of estimation of fair values for financial instruments is as follows:

- (a) The fair values of Malaysian government securities, Malaysian government guaranteed bonds and unquoted debt securities are based on the fair values provided by the Company's custodian bank.
- (b) The fair values of unquoted unit trust in Malaysia are based on the net asset values of the unquoted unit trust in Malaysia as at the date of the statements of assets and liabilities obtained from fund manager.
- (c) The carrying amounts of fixed deposits are assumed to reasonably approximate their fair values.
- (d) The carrying amounts of cash and cash equivalents, insurance receivables and other receivables, insurance payables, and other payables and accruals reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

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

20. Financial instruments (continued)**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.

30.9.2022	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Financial assets										
Malaysian government securities	-	1,897,579	-	1,897,579	-	-	-	-	1,897,579	1,897,579
Malaysian government guaranteed bonds	-	677,304	-	677,304	-	-	-	-	677,304	677,304
Unquoted debt securities	-	1,527,651	-	1,527,651	-	-	-	-	1,527,651	1,527,651
Unquoted unit trust in Malaysia	-	1,103,161	-	1,103,161	-	-	-	-	1,103,161	1,103,161
	-	5,205,695	-	5,205,695	-	-	-	-	5,205,695	5,205,695

20. Financial instruments (continued)

20.2 Fair value information (continued)

31.12.2021	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Financial assets										
Malaysian government securities	-	1,999,293	-	1,999,293	-	-	-	-	1,999,293	1,999,293
Malaysian government guaranteed bonds	-	662,938	-	662,938	-	-	-	-	662,938	662,938
Unquoted debt securities	-	1,433,491	-	1,433,491	-	-	-	-	1,433,491	1,433,491
Unquoted unit trust in Malaysia	-	1,118,437	-	1,118,437	-	-	-	-	1,118,437	1,118,437
	-	5,214,159	-	5,214,159	-	-	-	-	5,214,159	5,214,159

20. Financial instruments (continued)

20.2 Fair value information (continued)

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the current interim period ended 30 September 2020 (2019: no transfer in either directions).

Level 3 fair value

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

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

Company No. 200601015674 (735426-V)

(Incorporated in Malaysia)

Statement by Directors

In the opinion of the Directors, the condensed interim financial statements set out on pages 1 to 26 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 2022 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:

Dr. Muhammed Bin Abdul Khalid

Wang Wee Keong

Kuala Lumpur,

Date: 23 November 2022