

Unaudited Condensed
Interim Financial Statements
For The Financial Period From
1 January 2021 To 30 June 2021

Company No.
196801000442 (8029-A)

ZURICH LIFE INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

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ZURICH LIFE INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	30.06.2021 RM'000	31.12.2020 RM'000
ASSETS			
Property, plant and equipment		27,217	27,205
Right-of-use assets		22,641	28,095
Intangible assets		2,409	2,958
Investment properties		74,510	74,510
Investments	11	7,398,414	7,504,295
Available-for-sale financial assets		5,019,365	5,159,930
Financial assets at fair value through profit or loss		2,068,444	2,037,226
Loans and receivables		310,605	307,139
Reinsurance assets	13	47,445	54,639
Insurance receivables		28,003	37,966
Other receivables		21,527	25,752
Tax recoverable		17,541	10,065
Deferred tax assets		32,461	71,773
Cash and cash equivalents		305,423	265,538
Non-current asset held-for-sale		193	117,132
Total assets		7,977,784	8,219,928
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital		579,000	579,000
Retained earnings		773,310	597,602
Other reserves		40,712	137,473
Total equity		1,393,022	1,314,075
Insurance contract liabilities	14	4,654,897	4,974,657
Deferred tax liabilities		131,068	80,222
Lease liabilities		23,312	28,616
Other liabilities		118,008	111,978
Insurance payables		1,655,766	1,702,055
Current tax liabilities		1,711	8,325
Total liabilities		6,584,762	6,905,853
Total equity, policyholders' funds and liabilities		7,977,784	8,219,928

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

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

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
Gross earned premiums	417,457	392,895
Premiums ceded to reinsurers	(15,935)	(14,301)
Net earned premiums	401,522	378,594
Investment income	157,509	155,047
Realised gains and losses	5,229	(9,832)
Fair value gains and losses	(61,248)	(60,535)
Fee and commission income	1,502	814
Other revenue	102,992	85,494
Total revenue	504,514	464,088
Gross benefits and claims paid	(317,024)	(328,503)
Claims ceded to reinsurers	8,478	4,557
Gross change to contract liabilities	199,261	(23,941)
Change in contract liabilities ceded to reinsurers	(7,194)	1,668
Net claims	(116,479)	(346,219)
Fee and commission expenses	(60,546)	(56,514)
Management expenses	(57,904)	(66,883)
Other operating expenses - net	(1,429)	(660)
Other expenses	(119,879)	(124,057)
Operating profit	268,156	(6,188)
Finance cost	(370)	(707)
Profit/(loss) before taxation	267,786	(6,895)
Taxation	(105,543)	16,658
Net profit for the financial period	162,243	9,763
Basic/diluted earnings per share (sen)	28.02	1.69

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

ZURICH LIFE INSURANCE MALAYSIA BERHAD
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
Net profit for the financial period	162,243	9,763
Other comprehensive income/(loss):		
Item that will not be reclassified to profit or loss		
Fair value change on revaluation reserve, net of deferred tax:		
- Gross fair value transferred to retained earnings/ unallocated surplus	(28,442)	-
- Deferred Tax	3,533	-
Net fair value changes	(24,909)	-
Change in unallocated surplus arising from net fair value changes	13,781	-
Other comprehensive loss for the financial period, net of tax	(11,128)	-
Item that may be subsequently reclassified to profit or loss		
Fair value change on available-for-sale financial assets, net of deferred tax:		
- Gross fair value change arising during the financial period	(218,417)	74,984
- Gross fair value transferred to statement of profit or loss	(4,077)	9,909
- Deferred tax	15,165	(6,726)
Net fair value changes	(207,329)	78,167
Change in insurance contract liabilities arising from net fair value changes	121,696	(45,888)
Other comprehensive (loss)/income for the financial period, net of tax	(85,633)	32,279
Total comprehensive income for the financial period	65,482	42,042

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

ZURICH LIFE INSURANCE MALAYSIA BERHAD

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

	Issued and fully paid ordinary shares		Non-distributable		Retained earnings			Total
	Numbers of shares '000	Share capital RM'000	Available- for-sale fair value reserve RM'000	Asset revaluation reserve RM'000	Non-Par unallocated surplus ¹ RM'000	Distributable retained earnings RM'000	Total retained earnings RM'000	
At 1 January 2021	579,000	579,000	126,345	11,128	405,105	192,497	597,602	1,314,075
Net profit for the financial period	-	-	-	-	62,050	100,193	162,243	162,243
Other comprehensive (loss)/income for the financial period	-	-	(85,633)	(11,128)	5,593	7,872	13,465	(83,296)
At 30 June 2021	<u>579,000</u>	<u>579,000</u>	<u>40,712</u>	<u>-</u>	<u>472,748</u>	<u>300,562</u>	<u>773,310</u>	<u>1,393,022</u>
At 1 January 2020	579,000	579,000	101,363	11,128	403,053	330,478	733,531	1,425,022
Net profit/(loss) for the financial period	-	-	-	-	13,176	(3,413)	9,763	9,763
Other comprehensive income for the financial period	-	-	32,279	-	-	-	-	32,279
At 30 June 2020	<u>579,000</u>	<u>579,000</u>	<u>133,642</u>	<u>11,128</u>	<u>416,229</u>	<u>327,065</u>	<u>743,294</u>	<u>1,467,064</u>

¹In accordance with the FSA, the unallocated surplus of the Non-Participating ("Non-Par") fund is only available for distribution to the shareholders upon approval by the Appointed Actuary. There was no transfer from Non-Par fund unallocated surplus for the financial period ended 30 June 2021 (2020: Nil).

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

ZURICH LIFE INSURANCE MALAYSIA BERHAD
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
OPERATING ACTIVITIES		
Cash utilised in operating activities	(216,234)	(146,189)
Dividend/distribution income received	37,386	28,429
Interest/profit income received	119,295	127,598
Rental income on investment properties received	2,581	4,191
Property maintenance expenses paid	(2,246)	(3,617)
Interest expenses on lease liabilities	(370)	(707)
Income tax paid	<u>(10,685)</u>	<u>(6,754)</u>
Net cash (outflows)/inflows from operating activities	<u>(70,273)</u>	<u>2,951</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,625)	(553)
Purchase of intangible assets	(139)	-
Proceeds from sale of non-current asset held-for-sale	<u>118,091</u>	<u>-</u>
Net cash inflows/(outflows) from investing activities	<u>115,327</u>	<u>(553)</u>
FINANCING ACTIVITIES		
Payment of lease liabilities	<u>(5,169)</u>	<u>(4,664)</u>
Net cash outflows from financing activities	<u>(5,169)</u>	<u>(4,664)</u>
Net increase/(decrease) in cash and cash equivalents	39,885	(2,266)
Cash and cash equivalents at the beginning of the financial period	<u>265,538</u>	<u>274,156</u>
Cash and cash equivalents at the end of the financial period	<u>305,423</u>	<u>271,890</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>305,423</u>	<u>271,890</u>
	<u>305,423</u>	<u>271,890</u>

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2020, which were prepared in accordance with the MFRS and International Financial Reporting Standards ("IFRS").

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the change in the financial position and performance of the Company since the financial year ended 31 December 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the unaudited 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:

MFRS, Interpretations and amendments	Effective Date
<ul style="list-style-type: none">Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform Phase 2	1 January 2021
<ul style="list-style-type: none">Amendments to MFRS 16 "Covid 19 - Related Rent Concessions beyond 20 June 2021"	1 April 2021

The adoption of the above mentioned standards, amendments and interpretations issued by Malaysian Accounting Standards Board ("MASB") in the current financial year did not have any material impact to the unaudited condensed interim financial statements of the Company.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

4. SEASONAL OR CYCLICAL FACTORS

The Company's business operations are not significantly affected by any unusual seasonal or cyclical factors.

5. UNUSUAL ITEMS

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period under review.

6. CHANGE IN ACCOUNTING ESTIMATES

There was no material changes in basis used for accounting estimates for the current financial period to date.

7. DEBT AND EQUITY SECURITIES

There were no issuances or repayments of debt and equity securities for the current financial period under review.

8. DIVIDEND PAYMENT

There was no dividend paid during the current financial period under review.

9. SUBSEQUENT EVENT

There are no material subsequent events from the end of the current financial period under review to the date of these unaudited condensed interim financial statements.

10. CHANGES IN COMPOSITION OF THE COMPANY

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

11. INVESTMENTS

	30.06.2021	31.12.2020
	RM'000	RM'000
Malaysian Government Securities/Government Investment Issues	700,294	691,414
Corporate debt securities	4,245,836	4,434,069
Equity securities	1,328,134	1,354,619
Unit trusts	813,545	717,054
Loans	310,605	307,139
	<u>7,398,414</u>	<u>7,504,295</u>

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

Available-for-sale ("AFS") financial assets	5,019,365	5,159,930
Fair value through profit or loss ("FVTPL") financial assets	2,068,444	2,037,226
Loans and receivables ("LAR")	310,605	307,139
	<u>7,398,414</u>	<u>7,504,295</u>

Investments that mature after 12 months:

AFS financial assets	4,474,609	4,700,174
FVTPL financial assets	185,006	191,411
LAR	3,236	3,265
	<u>4,662,851</u>	<u>4,894,850</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

12. FAIR VALUE MEASUREMENTS

(a) Determination of fair value and fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted market price

Included in the quoted price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Valuation Techniques - Market Observable Input

Financial instruments in this category are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. It includes financial instruments for which pricing is obtained via pricing services, but where prices have not been determined in an active market, instruments with fair values based on broker quotes and discounted cash flows, the price of the most recent transactions may be used provided that there has not been a significant change in economic circumstances since the time of the transaction, or if the conditions have changed, that price should be adjusted to reflect the change in conditions by reference to current prices for similar financial instruments and investment in structured products with fair values obtained via investment bankers and/or fund managers.

Level 3 - Valuation Techniques - Unobservable input

Non-market observable inputs mean that fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unquoted equity securities, un-rated securities, investment properties, non-performing loans and debt securities from organisations in default. Valuation techniques of these portfolios are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data and judgments. The judgement applied in valuing the non-performing loans is explained in Note 3(ii) to the financial statements.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

12. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Financial instruments and non-financial assets carried at fair value

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 June 2021</u>				
AFS financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	692,130	-	692,130
- Corporate debt securities	-	4,066,687	-	4,066,687
- Equity securities	-	-	16,677	16,677
- Unit trusts	243,871	-	-	243,871
FVTPL financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	8,164	-	8,164
- Corporate debt securities	-	179,149	-	179,149
- Equity securities	1,311,457	-	-	1,311,457
- Unit trusts	569,674	-	-	569,674
Non-financial assets:				
- Investment properties	-	-	74,510	74,510
- Non-current assets held-for-sale	-	-	193	193
	<u>2,125,002</u>	<u>4,946,130</u>	<u>91,380</u>	<u>7,162,512</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

12. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Financial instruments and non-financial assets carried at fair value (continued)

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2020</u>				
AFS financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	682,818	-	682,818
- Corporate debt securities	-	4,248,912	-	4,248,912
- Equity securities	-	-	16,677	16,677
- Unit trusts	211,523	-	-	211,523
FVTPL financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	8,596	-	8,596
- Corporate debt securities	-	185,157	-	185,157
- Equity securities	1,337,942	-	-	1,337,942
- Unit trusts	505,531	-	-	505,531
Non-financial assets:				
- Investment properties	-	-	74,510	74,510
- Non-current assets held-for-sale	-	116,939	193	117,132
	<u>2,054,996</u>	<u>5,242,422</u>	<u>91,380</u>	<u>7,388,798</u>

13. REINSURANCE ASSETS

	30.06.2021	31.12.2020
	RM'000	RM'000
Reinsurers' share of insurance contract liabilities (Note 14)	<u>47,445</u>	<u>54,639</u>

The carrying amounts disclosed above in respect of the reinsurance of insurance contracts approximate fair values at the date of the statement of financial position.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INSURANCE CONTRACT LIABILITIES

The analysis of life insurance contract liabilities and the movements are as follows:

	30.06.2021			31.12.2020		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liability for future policyholders' benefits	3,234,429	(30,981)	3,203,448	3,595,655	(44,794)	3,550,861
Net asset value attributable to unitholders	1,291,954	-	1,291,954	1,260,593	-	1,260,593
Actuarial liabilities	4,526,383	(30,981)	4,495,402	4,856,248	(44,794)	4,811,454
Claims liabilities	128,515	(16,464)	112,051	118,408	(9,845)	108,563
	4,654,898	(47,445)	4,607,453	4,974,656	(54,639)	4,920,017
Life Participating Fund:						
- Unallocated deficit	(106,442)	-	(106,442)	(241,917)	-	(241,917)
- Available-for-sale reserve	99,232	-	99,232	220,928	-	220,928
- Asset revaluation reserve	7,209	-	7,209	20,990	-	20,990
	4,654,897	(47,445)	4,607,452	4,974,657	(54,639)	4,920,018

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Actuarial liabilities</u>							
At 1 January 2020	2,321,228	2,020,757	4,341,985	(7,798)	(16,324)	(24,122)	4,317,863
Benefit and claims experience variation	(8,063)	42,989	34,926	(19,239)	(1,433)	(20,672)	14,254
Change due to valuation basis:							
Model enhancement	166,390	1,209	167,599	-	-	-	167,599
Yield movement	40,708	52,074	92,782	-	-	-	92,782
Assumption changes	47,640	(3,031)	44,609	-	-	-	44,609
Net asset value attributable to unitholders	-	174,347	174,347	-	-	-	174,347
At 31 December 2020	2,567,903	2,288,345	4,856,248	(27,037)	(17,757)	(44,794)	4,811,454
Benefit and claims experience variation	23,001	8,093	31,094	10,729	3,084	13,813	44,907
Change due to valuation basis:							
Model enhancement	(4,395)	12	(4,383)	-	-	-	(4,383)
Bonus revision	(242,739)	-	(242,739)	-	-	-	(242,739)
Yield movement	(51,756)	(93,442)	(145,198)	-	-	-	(145,198)
Assumption changes	-	-	-	-	-	-	-
Net asset value attributable to unitholders	-	31,361	31,361	-	-	-	31,361
At 30 June 2021	<u>2,292,014</u>	<u>2,234,369</u>	<u>4,526,383</u>	<u>(16,308)</u>	<u>(14,673)</u>	<u>(30,981)</u>	<u>4,495,402</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Claims liabilities</u>							
At 1 January 2020	59,328	56,014	115,342	(1,104)	(6,438)	(7,542)	107,800
Movement in claim provisions	(5,976)	9,042	3,066	(474)	(1,829)	(2,303)	763
At 31 December 2020	53,352	65,056	118,408	(1,578)	(8,267)	(9,845)	108,563
Movement in claim provisions	(12,195)	22,302	10,107	476	(7,095)	(6,619)	3,488
At 30 June 2021	41,157	87,358	128,515	(1,102)	(15,362)	(16,464)	112,051

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	2021			2020		
	With DPF	Without DPF*	Total	With DPF	Without DPF*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Unallocated surplus/(deficit)</u>						
At 1 January	(241,917)	405,105	163,188	(160,785)	403,053	242,268
Premium received	58,917	342,605	401,522	134,231	669,942	804,173
Payment due to death, surrenders, benefits and claims	(118,475)	(190,071)	(308,546)	(299,302)	(381,093)	(680,395)
Net investment income	53,014	36,210	89,224	163,971	192,130	356,101
Management expenses and commissions	(18,101)	(96,512)	(114,613)	(48,858)	(216,904)	(265,762)
Change in life insurance fund actuarial liabilities	288,084	31,674	319,758	(240,701)	(276,628)	(517,329)
Change in claims liabilities	(11,205)	4,011	(7,194)	19,714	3,261	22,975
Tax expense	(917)	(65,867)	(66,784)	(9,261)	11,344	2,083
Funding (refund to)/from Shareholders' Fund	(130,820)	-	(130,820)	199,074	-	199,074
Asset revaluation reserve	14,978	5,593	20,571	-	-	-
Net surplus/(deficit) for the financial period/year	<u>135,475</u>	<u>67,643</u>	<u>203,118</u>	<u>(81,132)</u>	<u>2,052</u>	<u>(79,080)</u>
At 30 June/31 December	<u>(106,442)</u>	<u>472,748</u>	<u>366,306</u>	<u>(241,917)</u>	<u>405,105</u>	<u>163,188</u>

*The unallocated surplus of the Life Non-Participating fund is reported under non-distributable retained earnings in the statement of changes in equity.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

14. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	2021 RM'000	2020 RM'000
<u>Available-for-sale reserve</u>		
At 1 January	220,928	172,197
Fair value change on available-for-sale financial assets, net of tax:		
- Gross fair value change	(128,112)	51,886
- Deferred taxation	6,416	(3,155)
	<u>(121,696)</u>	<u>48,731</u>
At 30 June/31 December	<u>99,232</u>	<u>220,928</u>
	2021 RM'000	2020 RM'000
<u>Asset revaluation reserve</u>		
At 1 January	20,990	20,990
Fair value change, net of tax:		
- Gross fair value transferred to unallocated surplus	(14,978)	-
- Deferred taxation	1,197	-
	<u>(13,781)</u>	<u>-</u>
At 30 June/31 December	<u>7,209</u>	<u>20,990</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

15. TOTAL CAPITAL AVAILABLE

The regulated capital of the Company as at 30 June 2021 comprised capital available of RM1,854,746,000 (31 December 2020: RM1,765,910,000).

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

	30.06.2021	31.12.2020
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	579,000	579,000
Reserves, including retained earnings	<u>1,192,484</u>	<u>958,638</u>
	<u>1,771,484</u>	<u>1,537,638</u>
<u>Tier 2 Capital</u>		
Assets revaluation reserves	-	24,910
Available-for-sale reserves	<u>115,723</u>	<u>275,135</u>
	<u>115,723</u>	<u>300,045</u>
Less:		
Deferred tax assets	<u>(32,461)</u>	<u>(71,773)</u>
Total Capital Available	<u>1,854,746</u>	<u>1,765,910</u>

ZURICH LIFE INSURANCE MALAYSIA BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16. INSURANCE FUNDS

The Company's operating activities are organised by funds and segregated into Life insurance (including Unit-Linked business) and Shareholders' funds in accordance with the FSA.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2021

	Life Fund RM'000	Share- holders' Fund RM'000	Total RM'000
Assets			
Property, plant and equipment	27,217	-	27,217
Right-of-use assets	22,641	-	22,641
Intangible assets	2,409	-	2,409
Investment properties	52,560	21,950	74,510
Investments	6,786,466	611,948	7,398,414
AFS	4,407,417	611,948	5,019,365
FVTPL	2,068,444	-	2,068,444
LAR	310,605	-	310,605
Reinsurance assets	47,445	-	47,445
Insurance receivables	28,003	-	28,003
Other receivables	21,079	448	21,527
Tax recoverable	5,994	11,547	17,541
Deferred tax assets	-	32,461	32,461
Cash and cash equivalents	264,171	41,252	305,423
Non-current assets held-for-sale	193	-	193
Total assets	7,258,178	719,606	7,977,784
Equity, policyholders' funds and liabilities			
Share capital	-	579,000	579,000
Retained earnings	472,748	300,562	773,310
Other reserves	32,324	8,388	40,712
Total equity	505,072	887,950	1,393,022
Insurance contract liabilities	4,654,897	-	4,654,897
Deferred tax liabilities	131,068	-	131,068
Lease liabilities	23,312	-	23,312
Other liabilities	87,708	30,300	118,008
Insurance payables	1,655,766	-	1,655,766
Current tax liabilities	1,711	-	1,711
Total liabilities	6,554,462	30,300	6,584,762
Total equity, policyholders' funds and liabilities	7,059,534	918,250	7,977,784
Inter-fund balances	198,644	(198,644)	-

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

16. INSURANCE FUNDS (CONTINUED)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS
AS AT 31 DECEMBER 2020**

	Life Fund	Share- holders' Fund	Total
	RM'000	RM'000	RM'000
Assets			
Property, plant and equipment	27,205	-	27,205
Right-of-use assets	28,095	-	28,095
Intangible assets	2,958	-	2,958
Investment properties	52,560	21,950	74,510
Investments	6,906,551	597,744	7,504,295
AFS	4,562,186	597,744	5,159,930
FVTPL	2,037,226	-	2,037,226
LAR	307,139	-	307,139
Reinsurance assets	54,639	-	54,639
Insurance receivables	37,966	-	37,966
Other receivables	25,099	653	25,752
Tax recoverable	4,036	6,029	10,065
Deferred tax assets	-	71,773	71,773
Cash and cash equivalents	260,867	4,671	265,538
Non-current assets held-for-sale	82,050	35,082	117,132
Total assets	7,482,026	737,902	8,219,928
Equity, policyholders' funds and liabilities			
Share capital	-	579,000	579,000
Retained earnings	405,105	192,497	597,602
Other reserves	117,409	20,064	137,473
Total equity	522,514	791,561	1,314,075
Insurance contract liabilities	4,974,657	-	4,974,657
Deferred tax liabilities	80,222	-	80,222
Lease liabilities	28,616	-	28,616
Other liabilities	110,678	1,300	111,978
Insurance payables	1,702,055	-	1,702,055
Current tax liabilities	5,067	3,258	8,325
Total liabilities	6,901,295	4,558	6,905,853
Total equity, policyholders' funds and liabilities	7,423,809	796,119	8,219,928
Inter-fund balances	58,217	(58,217)	-

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

16. INSURANCE FUNDS (CONTINUED)

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	Life Fund RM'000	Share- holders' Fund RM'000	Total RM'000
Gross earned premiums	417,457	-	417,457
Premiums ceded to reinsurers	(15,935)	-	(15,935)
Net earned premiums	401,522	-	401,522
Investment income	146,391	11,118	157,509
Realised gains and losses	4,081	1,148	5,229
Fair value gains and losses	(61,248)	-	(61,248)
Fee and commission income	1,502	-	1,502
Other revenue	90,726	12,266	102,992
Total revenue	492,248	12,266	504,514
Gross benefits and claims paid	(317,024)	-	(317,024)
Claims ceded to reinsurers	8,478	-	8,478
Gross change to contract liabilities	199,261	-	199,261
Change in contract liabilities ceded to reinsurers	(7,194)	-	(7,194)
Net claims	(116,479)	-	(116,479)
Fee and commission expenses	(60,546)	-	(60,546)
Management expenses	(55,783)	(2,121)	(57,904)
Other operating expenses – net	584	(2,013)	(1,429)
Other expenses	(115,745)	(4,134)	(119,879)
Operating profit	260,024	8,132	268,156
Finance cost	(370)	-	(370)
Profit before taxation	259,654	8,132	267,786
Funding (refund from)/to	(130,820)	130,820	-
Taxation	(66,784)	(38,759)	(105,543)
Net profit for the financial period	62,050	100,193	162,243

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

16. INSURANCE FUNDS (CONTINUED)

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

	Life Fund	Share- holders' Fund	Total
	RM'000	RM'000	RM'000
Gross earned premiums	392,895	-	392,895
Premiums ceded to reinsurers	(14,301)	-	(14,301)
Net earned premiums	378,594	-	378,594
Investment income	140,441	14,606	155,047
Realised gains and losses	(9,954)	122	(9,832)
Fair value gains and losses	(60,535)	-	(60,535)
Fee and commission income	814	-	814
Other revenue	70,766	14,728	85,494
Total revenue	449,360	14,728	464,088
Gross benefits and claims paid	(328,503)	-	(328,503)
Claims ceded to reinsurers	4,557	-	4,557
Gross change to contract liabilities	(23,941)	-	(23,941)
Change in contract liabilities ceded to reinsurers	1,668	-	1,668
Net claims	(346,219)	-	(346,219)
Fee and commission expenses	(56,514)	-	(56,514)
Management expenses	(66,200)	(683)	(66,883)
Other operating expenses – net	(210)	(450)	(660)
Other expenses	(122,924)	(1,133)	(124,057)
Operating profit	(19,783)	13,595	(6,188)
Finance cost	(707)	-	(707)
Profit before taxation	(20,490)	13,595	(6,895)
Funding (from)/to	17,449	(17,449)	-
Taxation	16,217	441	16,658
Net profit/(loss) for the financial period	13,176	(3,413)	9,763

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

16. INSURANCE FUNDS (CONTINUED)

INVESTMENT-LINKED FUND

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	30.06.2021	31.12.2020
	RM'000	RM'000
Assets		
Investments		
FVTPL	1,242,054	1,201,229
Other receivables	1,884	6,267
Cash and cash equivalents	61,474	71,888
Total assets	1,305,412	1,279,384
Liabilities		
Deferred tax liabilities	10,181	12,566
Other liabilities	1,246	1,305
	1,711	764
Total liabilities	13,138	14,635
Inter-fund balances	320	4,156
Net asset value attributable to unitholders (Note 14)	1,291,954	1,260,593

INVESTMENT-LINKED FUND

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	6 months ended 30.06.2021	6 months Ended 30.06.2020
	RM'000	RM'000
Investment income	23,143	18,681
Fair value gains and losses	(23,961)	(14,607)
	(818)	4,074
Fee and commission expenses	(6,491)	(6,913)
Management expenses	(22)	(24)
Other operating income/(expenses) – net	(100)	(14)
Loss before taxation	(7,431)	(2,877)
Taxation	1,200	628
Net loss for the financial period	(6,231)	(2,249)

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17. ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES

The Company has applied the temporary exemption from the adoption of MFRS 9 “Financial Instruments” from 1 January 2018 to no later than 1 January 2023.

In order to compare with entities applying MFRS 9, the amendments require deferring entities to disclose additional information including contractual cash flows characteristics and credit exposure of the financial assets. The following table presents 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”).

- (a) The following table shows the carrying amount under MFRS 139 for financial assets with SPPI cash flows analysed by credit quality:

	Government Guarantee	AAA to AA	A1 to A3	BBB1 and below	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2021						
AFS investments:						
Malaysian Government Securities/ Government Investment Issues	692,130	-	-	-	-	692,130
Corporate debt securities	<u>802,992</u>	<u>3,105,779</u>	<u>116,225</u>	<u>41,691</u>	<u>-</u>	<u>4,066,687</u>
	<u>1,495,122</u>	<u>3,105,780</u>	<u>116,225</u>	<u>41,690</u>	<u>-</u>	<u>4,758,817</u>
31 December 2020						
AFS investments:						
Malaysian Government Securities/ Government Investment Issues	682,818	-	-	-	-	682,818
Corporate debt securities	<u>854,431</u>	<u>3,229,329</u>	<u>93,710</u>	<u>71,442</u>	<u>-</u>	<u>4,248,912</u>
	<u>1,537,249</u>	<u>3,229,329</u>	<u>93,710</u>	<u>71,442</u>	<u>-</u>	<u>4,931,730</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

**17. ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES
(CONTINUED)**

(b) Fair value/carrying amount:

	Financial assets with SPPI cash flows	Other financial assets	Total
	RM'000	RM'000	RM'000
Fair value as at 30 June 2021	4,758,817	3,034,054	7,792,871
Fair value changes during the financial period	(218,417)	(8,830)	(227,247)
Financial assets that do not have low credit risk:			
- Fair value/carrying amount as at 30 June 2021 under MFRS 139	41,691	N/A	41,691
Fair value at 31 December 2020	4,931,730	2,951,480	7,883,210
Fair value changes during the financial year	75,974	(37)	75,937
Financial assets that do not have low credit risk:			
- Fair value/carrying amount at 31 December 2020 under MFRS 139	71,442	N/A	71,442

Zurich Life Insurance Malaysia Berhad

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