


Shape your future

Reports And
Statutory Financial
Statements
31 December 2022





At Zurich, we want to create a brighter future together to benefit people and planet. This could mean pursuing net-zero to safeguard the Earth, our only home. It could mean preparing for the effects of climate change and building resilience. For others, it means using the latest technology available to actively manage medical conditions or track fitness to avoid ill-health now or in the future.

We're working with partners big and small to find solutions to the most pressing societal and environmental problems. And we're making sure we look after all our stakeholders, from investors to customers to employees. By working together, you have the ability to

shape your future.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CONTENTS	PAGE
CORPORATE GOVERNANCE STATEMENT	1 - 17
DIRECTORS' REPORT	18 - 22
STATEMENT BY DIRECTORS	23
STATUTORY DECLARATION	23
SHARIAH COMMITTEE'S REPORT	24 - 26
INDEPENDENT AUDITORS' REPORT	27 - 30
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	31 - 32
STATEMENT OF PROFIT OR LOSS	33 - 34
STATEMENT OF COMPREHENSIVE INCOME	35
STATEMENT OF CHANGES IN EQUITY	36
STATEMENT OF CASH FLOWS	37
NOTES TO THE FINANCIAL STATEMENTS	38 - 139

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT

Introduction

Zurich General Takaful Malaysia Berhad (“ZGTMB” or “the Company”) is committed to effective corporate governance for the benefit of its shareholders, customers, employees, and other stakeholders based on the principles of fairness, transparency and accountability.

The Board of Directors (“the Board”) is satisfied that the Company has complied with all prescriptive requirements of including the principles of Shariah and adopts the Corporate Governance policy document issued by Bank Negara Malaysia (“BNM”). The Board has continued its commitment in ensuring that the highest principles and best practices in corporate governance are practised as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Company.

The Board

The Board is responsible for the overall governance of the Company by ensuring strategic guidance, internal control, risk management and reporting procedures are in place. The Board exercises due diligence and care in discharging its duties and responsibilities to ensure compliance with relevant rules, regulations, directives, and guidelines in addition to adopting best practices and acting in the best interest of its shareholders.

The Board Charter

The Board Charter sets out the Board’s roles, responsibilities and procedures of the Board and the Board Committees of the Company in accordance with the principles prescribed under the Policy Document on Corporate Governance issued by BNM. The Board regularly reviews the Charter and ensures it remains consistent and relevant to the Board’s objectives and responsibilities, and all regulations/laws in connection thereto.

Composition of the Board

The composition of the Board since the date of the last report is as follows:

Name of Directors	Designation
Hasnah binti Omar	Chairperson,
Dato’ Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	Independent Non-Executive Director
Manogaran Sinnathamby	Independent Non-Executive Director
Datin Joan Hoi Lai Ping (appointed on 1 March 2022)	Independent Non-Executive Director
Matthew William Swinfen Cottrell	Executive Director

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Composition of the Board (continued)

The Board comprises four Independent Non-Executive Directors and one Executive Director, each from diverse backgrounds and qualification and bring a wide range of professional skills and operational experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities, and competencies to the Company. The roles and activities of the Chairperson and Chief Executive Officer ("CEO") are distinct and separate.

The appointments to the Board were approved by BNM. All appointments and reappointments of the Board are subject to evaluation and review by the Nomination and Remuneration Committee and approved by the Board before the applications are submitted to BNM for approval.

Roles and Responsibilities of the Board

The Board sets the strategic direction and vision of the Company. It has an overall responsibility for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of long-term implications of the Board's decisions on the Company and its customers, officers, and general public. In fulfilling this role, the Board shall:

- (a) approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Company's risk profile;
- (b) oversee the selection, performance, remuneration, succession plans of the CEO, control function heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Company;
- (c) oversee the implementation of the Company's governance framework and Internal Control Framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- (d) together with Senior Management, promote a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- (e) promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- (f) oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- (g) promote timely and effective communication between the Company and BNM and other relevant regulatory bodies on matters affecting or that may affect the safety and soundness of the Company; and
- (h) promote Shariah compliance in accordance with expectations set out in the Shariah Governance Framework issued by BNM.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Profile of Directors

Hasnah binti Omar

Malaysian, Female

Chairperson, Independent Non-Executive Director

Cik Hasnah binti Omar was appointed as an Independent Non-Executive Director and Chairperson of the Board of Directors of the Company on 5 August 2019 and 1 January 2021 respectively. Cik Hasnah is a member of the Audit Committee, the Risk Management and Sustainability Committee, and the Nomination and Remuneration Committee of the Company.

Cik Hasnah graduated and received her BA (Hons) from University of Malaya in 1981 and holds a Masters in Public Administration from Harvard University, USA in 1991. Cik Hasnah also holds a Masters in Banking Law Executive (Islamic and Conventional) from International Islamic University of Malaysia in 2010.

Cik Hasnah has vast experience in finance, banking and capital market having worked in various capacities with BNM, Securities Commission ("SC"), and the Asian Development Bank (ADB), Manila, Philippines.

In 1981, Cik Hasnah joined BNM, where she largely worked in the Bank Examination Department of BNM which was responsible for the examinations of commercial banks, merchant banks, discount houses and finance companies. She led the examinations of a number of financially distressed banks during the mid-1980s. For about one and a half years, she served as the Head of Public Affairs Unit of the Bank, amongst others, assisting the Governor and Senior Management in managing the press and public perception of BNM's policies.

Cik Hasnah worked with SC from 1991 until 2013, culminating her career in SC as the Director of Market Oversight Business Group. She was actively involved in the Brokers Monitoring System during the Asian Market Crisis 1997/1998. She was also responsible for the formulation and implementation of the Compliance Function Framework for the industry and the formulation of Risk-based Capital for stockbroking companies. She was primarily responsible for the formulation and implementation of Brokers' Consolidation Policy and together with BNM, she contributed to the formulation of a regulatory framework for Investment Banks. Cik Hasnah represented SC as a member of Financial Stability Committee of Financial Services Authority of Labuan ("FSA") and as a Board Member of Capital Market Compensation Fund.

Cik Hasnah spent two years, from January 2009 to December 2010 with the Asian Development Bank (ADB) in Manila on a secondment basis. Amongst others, she advised ADB on Islamic finance matters, she was a Mission Leader for the Financial Sector and Capital Markets Sovereign Loan Program and Technical Assistance ("TA") for Vietnam, and involved as a Mission Member in sovereign loan programs and TA for Thailand, Indonesia, Brunei and Philippines. She was a Co-Mission Leader for the ASEAN Regional Capital Markets Integration TA. She returned to serve the SC in January 2011 until May 2013.

Cik Hasnah is currently the Chairperson and Independent Non-Executive Director of Zurich Takaful Malaysia Berhad and MIDF Amanah Assets Management Berhad. She also sits on the Board of Malaysian Industrial Development Finance Berhad (MIDF) and Bond Pricing Agency Malaysia Sdn Bhd. She also serves as a member of the Appeals Committee of the Securities Industry Dispute Resolution Centre since 2015.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Profile of Directors (continued)

Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah

Malaysian, Male

Independent Non-Executive Director

Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah was appointed as an Independent Non-Executive Director of the Company on 17 May 2021. He is the Chairman of the Nomination and Remuneration Committee and a member of the Risk Management and Sustainability Committee, and the Audit Committee of the Company.

Dato' Wan Mohd Fadzmi is a professional banker with over 25 years of experience in domestic and international banking. His career began in Melbourne, Australia as a Cost Estimator with Peter Slattery & Co in March 1986. Upon his return to Malaysia in 1988, Dato' Wan Mohd Fadzmi joined Malayan Banking Berhad (MBB) and held various positions at MBB's head office until December 1994. In December 1994, Dato' Wan Mohd Fadzmi moved to MBB's London branch as its Credit & Marketing Manager. This was followed by his appointment as General Manager/Country Head of the London branch in September 1999 where he was responsible for the UK operations. Dato' Wan Mohd Fadzmi then spent three years as MBB's New York General Manager/Country Head and had the overall responsibility for the New York City branch's banking operations. Dato' Wan Mohd Fadzmi then returned to the head office in Malaysia to helm Overseas Operations in November 2005 before leaving for the republic of China in September 2006. He spent the following four years as the General Manager/Chief Executive of MBB's Hong Kong branch.

Thereafter, he joined RHB Bank Berhad as Director, Global Business Banking Strategic Business Group in July 2010 where he was responsible for RHB's international banking operations comprising of branches in Singapore, Thailand and Brunei Darussalam.

Dato' Wan Mohd Fadzmi was then appointed as the President/Chief Executive Officer of Bank Pertanian (M) Berhad (Agrobank) in July 2011 until August 2017 and was fully responsible for leading Agrobank's full operations via 188 outlets in Peninsular Malaysia, Sabah and Sarawak.

Dato' Wan Mohd Fadzmi has received many accolades in his career including Outstanding CEO 2017 from Association Development Financial Institution in Asia Pacific in Macau, China and CEO of the Year at the Global Islamic Finance Award 2016 in Jakarta, Indonesia.

Dato' Wan Mohd Fadzmi holds a Bachelor of Construction Economics from RMIT University, Melbourne, Australia and attended the Advanced Management Program at The Wharton Business School, University of Pennsylvania, USA and the Senior Executive Finance Program at the Templeton College, University of Oxford, United Kingdom. He is a Chartered Banker at the Asian Institute of Chartered Bankers, a Fellow of Institute of Corporate Directors Malaysia and Chartered Professional in Islamic Finance.

He currently sits as the Non-Executive Chairman and Independent Director of Sumitomo Mitsui Banking Corporation Berhad, Independent Non-Executive Director at Hap Seng Consolidated Berhad, and Chairman of Sedania Assalam Capital Sdn Bhd.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Profile of Directors (continued)

Manogaran Sinnathamby

Malaysian, Male

Independent Non-Executive Director

Mr Manogaran Sinnathamby was appointed as an Independent Non-Executive Director of the Company on 17 May 2021. He is the Chairman of the Risk Management and Sustainability Committee and is also a member of the Audit Committee and the Nomination and Remuneration Committee of the Company.

Mr Manogaran is a Fellow-CIP of the Australian and New Zealand Institute of Insurance and Finance, a Chartered Insurer of Chartered Insurance Institute of London and an Associate of the Malaysian Insurance Institute.

Mr Manogaran joined the Malaysian insurance industry in 1976, held various responsibilities and positions and have a total of 44 years of experience in all areas of operation especially in the business development, claims, underwriting and reinsurance.

From 2004 to 2006 prior to the merger with Aviva Insurance Berhad, Mr Manogaran was the Chief Operating Officer of Mitsui Sumitomo Insurance (M) Berhad. He oversaw the operations of the Company, involved in formulating and implementing business strategies and plans. Subsequently, he held the position of Executive Vice President in MSIG Insurance (M) Bhd and was in charge of claims, underwriting and reinsurance.

In 2015, he was the Chief Executive Officer of the Malaysian Motor Insurance Pool ("MMIP") till he retired in 2020. He provided support, guidance and strategic recommendations to the MMIP Council for effective governance and oversight function of MMIP, ensuring the administration of the MMIP are in accordance with the Collective Agreement signed by the member companies, ensuring the Administration Manager services are in accordance with the Service Level Agreement signed with MMIP and acted as the liaison with various stakeholders such as BNM, Persatuan Insuran Am Malaysia and ISM Insurance Services Malaysia Berhad.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Profile of Directors (continued)

Matthew William Swinfen Cottrell

British, Male

Executive Director

Mr Matthew William Swinfen Cottrell was appointed as an Executive Director of the Company on 11 November 2021.

Mr Matthew Cottrell obtained his education from Heathfield Comprehensive School, East Sussex, United Kingdom in 1984 and 1986.

Mr Matthew Cottrell has more than 34 years of experience with Zurich in various roles especially in claims handling. He is currently the Regional Chief Claims Officer at Zurich Asia Pacific, a position he held since April 2016. In his current role, Mr Matthew Cottrell is accountable for the strategic, technical and operational execution for Life and non-Life Claims functions including new acquisitions such as One Path (ANZ Life Business), Covermore, Kono Insurance and Macquarie Life across Asia and Oceania (APAC) where Zurich has a direct and indirect presence through the effective deployment of over 900 claims personnel. He is an active member of Zurich's APAC Regional Executive Committee and the Global Claims Executive Team, introducing and influencing wider Claims and other strategies.

Mr Matthew Cottrell also serves as a Board Member for Zurich Takaful Malaysia Berhad.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Profile of Directors (continued)

Datin Joan Hoi Lai Ping

Malaysian, Female

Independent Non-Executive Director

Datin Joan Hoi Lai Ping was appointed as an Independent Non-Executive Director of the Company on 1 March 2022. Datin Joan is the Chairperson of the Audit Committee. She is also a member of the Nomination and Remuneration Committee, and Risk Management and Sustainability Committee of the Company.

Datin Joan Hoi was a former Partner of Accenture, specialising in Change Management and the financial services industry. She joined Accenture in year 1994 as a Manager and was promoted to be an Associate Partner in year 1999 and made Partner in year 2005. She retired from Accenture in March 2009 after 15 years.

Datin Joan Hoi served as the Head of the Finance Service Human Performance Service Line in ASEAN from year 2000 and Lead for Talent and Organization Performance in Kuala Lumpur from year 2005. During her time with Accenture, she worked with organisations to implement different types of change such as merger integration, group organisation structure changes including designing of group wide organisation structure, designation and implementation of new business operating models for commercial and corporate banking, bank branches, trade finance, collections, sales and marketing functions, creation of Human Resource shared services for an airline, reengineering of business functions/customer segments in banks, sales force effectiveness and learning centers. Besides Malaysia, Datin Joan Hoi has also worked with organisations in Australia, Indonesia and assisted projects in Portugal, Singapore, Korea and China.

Prior to joining Accenture, Datin Joan Hoi was in the banking industry for 11 years, working with Hong Leong Finance and the Commonwealth Bank of Australia. As a banker, she evaluated property development projects, managed loan syndications, managed the credit department, the regional office overseeing branches, business banking, corporate banking, implemented risk rating, centralization and underwent two mergers.

Datin Joan Hoi is the author of "Take on Change", a management book launched in Malaysia in June 2012 which provides valuable insights and perspectives on managing change effectively. She also served as a mentor for a leadership development programme.

Datin Joan Hoi graduated with a Bachelor of Economics from Monash University, Victoria, Australia in 1983. Datin Joan Hoi is a member of the Malaysian Institute of Accountants.

Datin Joan Hoi is currently an Independent Director of Malaysia Building Society Berhad. She is also an Independent Director of General Rewards Sdn. Bhd., a private property investment company.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Directors' Training

The Directors are encouraged to attend programmes and seminars to keep abreast with the latest developments in the industry and marketplace and to enhance the discharge of their duties. The training programmes attended by the Directors during the financial year ended 31 December 2022 included areas of leadership, governance, risk management, finance, investment, cybersecurity information technology, climate change and takaful related matters.

Board Meetings

The Board is scheduled to meet at least four times a year with additional meetings being convened as necessary. For the financial year ended 31 December 2022, the Board met eight times. All the Directors satisfied the minimum attendance of 75% of the Board meetings.

The number of meetings attended by each member of the Board for the financial year ended 31 December 2022 is as follows:

Name of Directors	No. of Board Meetings Attended
Hasnah binti Omar	8/8
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	8/8
Manogaran Sinnathamby	8/8
Datin Joan Hoi Lai Ping (appointed on 1 March 2022)	6/6
Matthew William Swinfen Cottrell	7/8

Board Committees

The Board has established Board Committees. The Board Committees are the Audit Committee, Nomination and Remuneration Committee, Risk Management and Sustainability Committee. The Board Committees are chaired by an Independent Non-Executive Director.

Each Board Committee operates within defined terms of reference. The Board Committees have the authority to examine particular issues, but they report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters rest with the Board.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Audit Committee (“AC”)

The principal objectives of the AC are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company. The AC meets regularly with Senior Management, the internal auditors and the external auditors to review the Company’s financial reporting, the nature and scope of audit reviews and the effectiveness of the systems of internal control and compliance.

The AC functions on the Terms of Reference approved by the Board. The principal duties and responsibilities of the AC are:

- (i) To approve the internal auditors’ audit plan, review the adequacy of the scope, functions, resources and competency and ensure that it has the necessary authority to carry out its work;
- (ii) To review the results of the internal audit process and ensure that appropriate actions are taken on the recommendations given by the internal auditors;
- (iii) To consider the appointment of the external auditors, the audit fees and any question of resignation or dismissal;
- (iv) To discuss with the external auditors before the audit commences, the nature and scope of audit;
- (v) To provide assurance that the financial information presented by Management is relevant, reliable and timely;
- (vi) To review the Compliance Policy and oversee its implementation, establish the Compliance function, review and evaluate the effectiveness of the overall management of compliance risk;
- (vii) To oversee compliance with relevant laws and regulations and observance of a proper code of conduct;
- (viii) To determine the quality, adequacy and effectiveness of the Company’s internal control environment;
- (ix) To ensure that the officers who perform the Shariah review function are qualified to undertake compliance function responsibilities and have sound understanding of the relevant Shariah requirements applicable to Islamic financial business; and
- (x) To provide oversight over shariah review related matters including the shariah review plan on a yearly basis.

The AC meets at least once every quarter, or more frequently as circumstances dictate. For the financial year ended 31 December 2022, the AC held four meetings to review the Company’s financial reporting, the nature and scope of audit reviews and the effectiveness of the systems of internal control and compliance.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Audit Committee (“AC”) (continued)

The members and number of meetings attended by each member of the AC for the financial year ended 31 December 2022 is as follows:

Members	No. of AC Meetings Attended
Datin Joan Hoi Lai Ping, Chairperson (appointed on 1 March 2022)	3/3
Hasnah binti Omar	4/4
Dato’ Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	4/4
Manogaran Sinnathamby	4/4

Nomination and Remuneration Committee (“NRC”)

The NRC assists the Board in fulfilling its fiduciary responsibilities relating to assessment of the nomination and selection process of Board members and Senior Management, review of the remuneration framework of Board members and Senior Management, annual review of the effectiveness of the Board, Board Committees, individual Directors and the Chief Executive Officer. In considering the right candidate for appointment to the Board, the NRC takes into account the required mix of skills, experience and other core competencies that are necessary to enable the Company to achieve its corporate objectives and fulfill its fiduciary responsibilities.

The principal duties and responsibilities of the NRC as per the Terms of Reference approved by Board are:

- (i) To develop and recommend a formal, clear and transparent remuneration policy and framework for fixing the remuneration for Directors, the Chief Executive Officer, key senior officers (including the expatriates, if any) and members of the Shariah Committee of the Company;
- (ii) To recommend specific remuneration packages for Directors, the Chief Executive Officer, key senior officers (including the expatriates, if any) and members of the Shariah Committee of the Company; and
- (iii) To review and assess the nomination and selection of the Board, Senior Management (including the Chief Executive Officer and expatriates), members of the Shariah Committee and the Company Secretary, the performance of the Board, Chief Executive Officer and Shariah Committee, fit and proper assessments, succession planning and training and development needs.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Nomination and Remuneration Committee (“NRC”) (continued)

The members and number of meetings attended by each member of the NRC for the financial year ended 31 December 2022 is as follows:

Members	No. of NRC Meetings Attended
Dato’ Wan Mohd Fadzmi bin Che Wan Othman Fadzilah, Chairman	6/6
Hasnah binti Omar	6/6
Manogaran Sinnathamby	6/6
Datin Joan Hoi Lai Ping (appointed on 1 March 2022)	3/3

Risk Management and Sustainability Committee (“RMSC”)

The RMSC reviews the risk management framework of the Company to ensure risks at all levels are managed effectively. It also reviews risk management policies and action plans, and evaluates the adequacy of overall risk management policies and procedures.

The RMSC functions on the Terms of Reference approved by the Board. The principal duties and responsibilities of RMSC are as follows:

- (i) To review and recommend risk management strategies, policies and risk tolerance to the Board for approval;
- (ii) To review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks;
- (iii) To ensure that there are adequate infrastructure, resources and systems in place for an effective risk management;
- (iv) To review the management’s periodic reports on risk exposure, risk portfolio composition and risk management activities;
- (v) To provide oversight on sustainability related matters which include review of the Company’s sustainability strategy and objectives, review of the Company’s approach and conduct concerning sustainability, assessing progress against agreed actions at least annually, review of legislative and regulatory developments and reporting requirements relating to sustainability, review of the proposal to the Board for approval targets on environmental, social and corporate governance (“ESG”) matters which have a material impact on business strategy, underwriting or business performance; and

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Risk Management and Sustainability Committee (“RMSC”) (continued)

The RMSC functions on the Terms of Reference approved by the Board. The principal duties and responsibilities of RMSC are as follows: (continued)

- (vi) To provide oversight over technology-related matters which include review of technology frameworks, review and recommendation of technology risk appetite and risk tolerance for technology related events, ensure key performance indicators and forward looking risk indicators are in place, ensure adequacy of IT and cybersecurity strategic plans and effective implementation of sound and robust technology risk management framework (“TRMF”) and cyber resilience framework (“CRF”) and ensure that risk assessments undertaken in relation to material technology applications submitted to BNM are robust and comprehensive.

The members and number of meetings attended by each member of the RMSC for the financial year ended 31 December 2022 is as follows:

Members	No. of RMSC Meetings Attended
Manogaran Sinnathamby, Chairman	4/4
Hasnah binti Omar	4/4
Dato’ Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	4/4
Datin Joan Hoi Lai Ping (appointed on 1 March 2022)	3/3

Shariah Committee (“SC”)

The SC is entrusted by the Board to ensure that the Company’s operations and products offered are in accordance with the Shariah. All matters which require the Shariah Committee’s opinion and decisions are deliberated at the Shariah Committee’s meetings with the attendance of the Management and the representatives from the Shariah Department. Thereon, the said matters are brought to the attention of the Board for an informed decision making.

The principal duties and responsibilities of SC are as follows:

1. **Responsibility and accountability**
The SC is expected to understand that in the course of discharging the duties and responsibilities as a SC member, they are responsible and accountable for all Shariah decisions, opinions and views provided by them. The SC is also expected to perform an oversight role on Shariah matters related to the Company’s business operations and activities.
2. **Advise the Board and the Company**
The SC shall advise the Board and provide input to the Company on any matters related to Shariah in order for the Company to comply with Shariah principles at all times.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Shariah Committee ("SC") (continued)

The principal duties and responsibilities of SC are as follows: (continued)

3. Endorse Shariah policies and procedures
The SC is expected to endorse Shariah policies and procedures prepared by the Company and to ensure the contents do not contain any elements which are not in line with Shariah.
4. Endorse and validate relevant documentations
To ensure that the products of the Company comply with Shariah principles, the SC must approve:
 - (i) The terms and conditions contained in the forms, contracts, agreements or other legal documentations used in executing the transactions; and
 - (ii) The product manual, marketing advertisements, sales illustrations and brochures used to describe the product.
5. Assess work carried out by Shariah review and Shariah audit
To assess the work carried out by Shariah review and Shariah audit in order to ensure compliance with Shariah principles which forms part of their duties in providing their assessment of Shariah compliance and accurate information in the annual report.
6. Assist related parties on Shariah matters
The related parties of the Company such as its legal counsel, auditor or consultant may seek advice on Shariah matters from the SC and the SC is expected to provide the necessary assistance to the requesting party.
7. Advise on matters to be referred to the Shariah Advisory Council ("SAC")
The SC may advise the Company to consult the SAC of Bank Negara Malaysia on Shariah matters that could not be resolved.
8. Provide written Shariah opinions
The SC is required to record any opinion given. In particular, the SC shall prepare written Shariah opinions in the following circumstances:
 - (i) Where the Company make reference to the SAC for advice; or
 - (ii) Where the Company submit applications to BNM for new product approval.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Shariah Committee ("SC") (continued)

The members and number of meetings attended by each member of the SC for the financial year ended 31 December 2022 is as follows:

Members	No. of SC Meetings Attended
Dr Mohamed Fairouz Bin Abdul Khir, Chairman	8/8
Dr Zulkifli Bin Hasan	6/8
Dr Wan Marhaini Binti Wan Ahmad	7/8
Dr Zaharuddin Bin Abdul Rahman	7/8
Prof Dr Zurina Binti Shafii	7/8

Other Key Elements of Risk Management and Internal Control

Organisational structure and management accountability

The Company has an organisation structure showing all reporting lines as well as clearly documented job descriptions for all management and executive employees. The officers of the Company have knowledge of their respective authority and operating limits which are documented in the Company's internal control procedures.

The human resource procedures of the Company provide for the setting of goals and training of each staff. The Company conducts formal appraisals for each staff on an annual basis.

The Company has established procedures to avoid and to deal with any conflict of interest situation. None of the Directors and Senior Management of the Company has, in any circumstances, conflicts of interest referred to in Part B, paragraph 14 of of BNM/RH/PD 029-9 Corporate Governance as issued by BNM and paragraph 67 of the Islamic Financial Services Act 2013 ("IFSA").

Corporate independence

The Company has complied with the requirements of BNM's Policy Document on Related Party Transactions (BNM/RH/GL 018-6) in respect of all its related party undertakings. Necessary disclosures were made to the Board and, where required, the Board's prior approval for the transaction was obtained. All material related party transactions have been disclosed in the financial statements.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Other Key Elements of Risk Management and Internal Control (continued)

Internal controls

The responsibility of maintaining a system of internal controls rests with the Board. The Company has established internal controls which cover all levels of personnel and business processes that ensure the Company's operations are running in an effective and efficient manner as well as safeguarding the assets of the Company and stakeholders' interests.

Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures corrective action is taken in a timely manner, where necessary. The internal audit function reports directly to the Board through the Audit Committee, and its findings and recommendations are communicated to the Senior Management and all levels of staff concerned. The Chief Internal Auditor has unrestricted access to the Chairman and members of the Audit Committee, and the internal audit function performs their duties within the ambit of the Audit Charter approved by the Audit Committee and the Board.

The Information Technology ("IT") Steering Committee is responsible for establishing effective IT and information systems plans, authorising IT related expenditure based on authority limits and monitoring the progress of approved projects. The Company has increased the security controls for the IT systems and has put in place business resumption and contingency plans to ensure continued operations of mission critical functions. The Company has complied with the requirements of BNM's Risk Management in Technology (RMiT) Policy Document (BNM/RH/PD 028-98) and Guidelines on Business Continuity Management (BNM/RH/GL/013-3).

Public accountability

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. All staff and agents of the Company are required to comply with the Code of Ethics and Conduct.

Risk management

The RMSC meets regularly, at least four times a year, to review risk management reports of the Company. The RMSC has categorised risks into seven risk types affecting the Company namely Property and Casualty Risk, Market Risk, Credit Risk, Operational Risk, Strategic and Reputation Risk, Capital Management and Liquidity Risk, and Shariah Risk.

The Company has established, within its risk management framework, a structured approach to enterprise-wide risk management. The process involves risk identification and assessment process whereby all department heads of the Company are required to assess their operations and identify risks affecting their operations, identify existing controls in place to mitigate those risks and the probability of the risks occurring and its impact severity.

Financial reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Company. Reports on the financial condition and performance of the Company are reviewed at the Board, Executive Committee and Management Committee meetings. Financial statements and reports are lodged with the regulatory and supervisory authorities, and annual financial statements prepared in accordance with applicable regulations and approved accounting standards are audited.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Other Key Elements of Risk Management and Internal Control (continued)

Remuneration policy

The Company's remuneration policy is based on Zurich Insurance Group Limited's ("ZIGL") remuneration philosophy. The Company operates a balanced and effectively managed remuneration system, which is aligned with risk considerations and provides for competitive total remuneration opportunities to attract, retain, motivate and reward employees to deliver outstanding performance.

The remuneration system is also an important element of the risk management framework and is designed to not encourage inappropriate risk taking through effective governance and a clearly defined performance management process which supports the overall business strategy and plans. Aligned with the Company's corporate governance standards, there are separate responsibilities for the business planning and performance management process and for the implementation of the remuneration system.

The Board of Directors reviews and approves the remuneration rules regularly, at least once a year, and amends them, as necessary, from time to time. The Board of Directors may approve amendments to the remuneration architecture in general or to the applicable plans including exceptions to the short-term incentive plan and/or long-term incentive plan target amounts, to the performance criteria, vesting and/or performance periods and related retention periods.

With respect to the regular review and the oversight of the implementation of the Zurich's Remuneration Rules ("ZRR") issued by the Group, the Board of Directors is supported by the Nomination and Remuneration Committee and respective monitoring process as stated in the ZRR.

The guiding principles of the remuneration philosophy as set out in the ZRR are as follows:

- The remuneration architecture is simple, transparent and can be put into practice.
- Remuneration is tied to long-term results for individuals who have a material impact on the Company's risk profile.
- The structure and level of total remuneration are aligned with the Company's risk policies and risk-taking capacity.
- A high-performance culture is promoted by differentiating total remuneration based on the relative performance of business and individuals.
- Expected performance is clearly defined through a structured system of performance management and this is used to support remuneration decisions.
- Variable remuneration awards are linked to key performance factors which can include the performance of the Company, business units, functions as well as individual achievements.
- The Company's Short Term Incentive Plan ("STIP"), General Insurance Performance Plan ("GIPP") and Long Term Incentive Plan ("LTIP") are forms of variable remuneration which are linked to appropriate performance criteria and the overall expenditure on variable pay is considered in connection with the Company's long term economic performance.
- The structure of the LTIP links remuneration with the future development of performance and risk by including features for deferred remuneration.
- Employees are provided with a range of benefits based on local market practices.
- Reward decisions are made on basis of merit – performance, skills, experience, qualifications and potential – and are free from discrimination towards or against particular diverse backgrounds. The remuneration system and practices ensure all employees have equal opportunities.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Other Key Elements of Risk Management and Internal Control (continued)

Remuneration policy (continued)

Total remuneration and its composition may be influenced by factors such as scope and complexity of the role, level of responsibility, risk exposure, business performance and affordability, individual performance, professional experience, internal equity, external competitiveness and legal requirements.

Total remuneration can include elements of base salary and variable remuneration.

- Base salary is the fixed pay for the role performed, determined by the scope and complexity of the role and is reviewed regularly. Overall base salary structures are positioned to manage salaries around the relevant market medians. Key factors to be taken into account are the individual's overall experience and performance.
- The variable remuneration architecture is aligned with the achievement of the key financial objectives and the execution of the business strategy, Enterprise Risk Management Framework and operational plans, via short-term and long-term incentive plans. The plan designs are reviewed regularly by the Nomination and Remuneration Committee and the Board of Directors. The incentive plans are discretionary and can be terminated, modified, changed or revised, at any time, except for previously awarded grants. A claw-back framework is in place, however, for members of the Executive Committee and, in some jurisdictions, may apply for additional STIP and LTIP participants based on local legal and regulatory requirements to allow for recovery, forfeiture and/or claw-back, subject to specific conditions. Malus conditions are also in place to reduce or eliminate awards applicable to all STIP, GIPP and LTIP participants.
- Variable remuneration is structured such that, on average, there is a higher weighting towards the longer-term sustainable performance for the most senior employees of the Company, including the individuals with the most impact on the Company's risk profile for key risk takers. This ensures that a significant portion of the variable pay for the senior group is deferred to promote the risk awareness of the participants and to encourage the participants to operate the business in a sustainable manner.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITY

The Company is principally engaged in the underwriting of all classes of general takaful business. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

Net profit for the financial year

RM'000

36,075

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been declared or paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

SHARE CAPITAL

On 21 March 2022, the Company increased its paid-up share capital to RM422,000,000 via the allotment of 45,000,000 new ordinary shares to its immediate holding company for cash of RM45,000,000.

The new ordinary shares issued ranked pari passu with existing shares as of that date.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report to the date of this report or who were appointed during the financial year are as follows:

<u>Name of Directors</u>	<u>Designation</u>
Hasnah binti Omar	Chairperson, Independent Non-Executive Director
Dato' Wan Mohd Fadzmi bin Che Wan	Independent Non-Executive Director
Othman Fadzilah	
Manogaran Sinnathamby	Independent Non-Executive Director
Datin Joan Hoi Lai Ping	Independent Non-Executive Director
(appointed on 1 March 2022)	
Matthew William Swinfen Cottrell	Executive Director

DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 25(a) to the financial statements or benefits receivable from related corporations) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE COST

The Company, through its ultimate holding corporation, Zurich Insurance Group Ltd. ("ZIGL"), has maintained a Directors' and Officers' Liability Insurance ("Group's D&O Insurance") on a group basis up to an aggregate limit of USD350 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office in the Company. The Company has also placed a Directors' and Officers' Liability Insurance with a local insurer up to the deductible amount under the Group's D&O Insurance. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

The total amount paid and payable for indemnity insurance effected for the Directors of the Company for the financial year amounted to RM10,887.

There was no indemnity given to, or insurance effected for, the auditors of the Company during and at the end of the financial year.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

Details of Directors' remuneration paid and payable by the Company are set out in Note 25(a) to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e)(ii) and (f)(i), contingent and other liabilities do not include liabilities arising from contracts of takaful underwritten in the ordinary course of business of the Company.

- (g) Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for its takaful liabilities in accordance with the valuation methods specified in Part B of the RBCT Framework issued by BNM.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 25 to the financial statements.

IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Zurich Holdings Malaysia Berhad, a company incorporated in Malaysia, as the immediate holding company of the Company. The penultimate holding and ultimate holding companies are Zurich Insurance Company Ltd. and Zurich Insurance Group Ltd. respectively. Both companies are incorporated in Switzerland.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

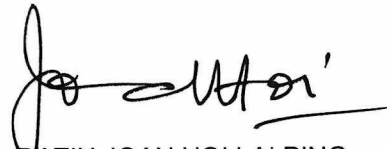
AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of the Directors in accordance with their resolution dated 14 March 2023.



HASNAH BINTI OMAR
DIRECTOR



DATIN JOAN HOI LAI PING
DIRECTOR

Kuala Lumpur
14 March 2023

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

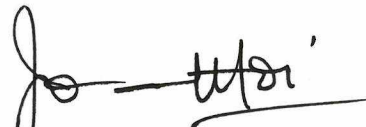
STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Hasnah binti Omar and Datin Joan Hoi Lai Ping, being two of the Directors of Zurich General Takaful Malaysia Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 31 to 139 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and the cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 14 March 2023.



HASNAH BINTI OMAR
DIRECTOR



DATIN JOAN HOI LAI PING
DIRECTOR

Kuala Lumpur
14 March 2023

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Shamsul Azman Bin Alias, being the officer primarily responsible for the financial management of Zurich General Takaful Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 139 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.



SHAMSUL AZMAN BIN ALIAS

Subscribed and solemnly declared by the above named Shamsul Azman Bin Alias at Kuala Lumpur in Malaysia on 14 March 2023, before me.



COMMISSIONER FOR OATHS

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jin Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Beneficent, the Merciful

In carrying out the roles and the responsibilities of the Zurich General Takaful Malaysia Berhad's Shariah Committee ("SC") as prescribed in the Shariah Governance Policy Document for Islamic Financial Institutions issued by Bank Negara Malaysia ("BNM") and in compliance with our letter of appointment, we hereby submit our report for the financial year ended 31 December 2022.

The Management of the Company is responsible to ensure that its conduct of businesses, dealing and activities are in accordance with the Shariah rules, principles and resolution made by the relevant Shariah authorities. Therefore, it is our responsibility to institute an independent opinion based on our review on the conduct and businesses entered by the Company to produce this report.

We had six (6) seating of scheduled meetings and two (2) special meetings for the financial year 2022 with the attendance of all members of SC were above 75%. During the meeting, we reviewed inter alia products, transactions, services, processes, documents, and updates on shariah control functions activities of the Company.

In carrying out our roles and responsibilities, we have sought all the relevant information and explanations which we consider necessary in order to provide us with fair evidence to give reasonable assurance that the Company has complied with the Shariah rules and principles.

At the management level, the Head of Shariah Management Services who reports to us, oversees the conduct and effectiveness of the internal Shariah functions i.e., Shariah Advisory and Business Development, Research and Training, and Secretariat. This is further substantiated by Shariah Compliance which resides in the Compliance Department, Shariah Risk at the Risk Management Department and Shariah Audit that resides in the Internal Audit Department. The roles of these functions are vital in facilitating new research & product development activities, refining existing products & procedures, providing Shariah training, managing Shariah non-compliance risks, conducting Shariah review & audit and coordinating with us on any matter that requires our decision.

The following are the major developments that took place during the financial year which comes under our purview:

Shariah Governance

We have approved in our meetings, initiatives in strengthening the Shariah governance of the Company following the issuance of Policy Document on Shariah Governance and other related guidelines by BNM. This includes the review and update of the Shariah Non-Compliance Event Reporting Guideline and Shariah Framework that aim, among others, to improve and strengthen the Shariah governance and compliance culture within Zurich Malaysia.

Shariah Training & Awareness

Throughout 2022, Shariah trainings and briefing sessions were held for various Company's stakeholders. The awareness program was further reinforced via annual Z-fence program in collaboration with Shariah Control functions. Overall, we are of the view that these programs would nourish the awareness of Shariah and Takaful and inculcate the Shariah compliance culture within the Company.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT (CONTINUED)

Shariah Control Functions

The Shariah Control function plays a vital role in achieving the objective of ensuring Shariah compliance in the Company.

In 2022, the Shariah Compliance function had presented to us, among others, the Shariah Compliance plan and its progress updates, the result of the review conducted by the Shariah Compliance and the rectification action taken by the business management to close the findings. The management also updated us on the revised Shariah Non-Compliance (SNC) event reporting process. The updated process also aligned with the guidance issued by the Malaysia Takaful Association (MTA). In addition, Shariah Compliance also participated in the webinar during the Z-Fence program to educate and increase the awareness among the staff on the roles of the Shariah Compliance function and the importance of adherence to Shariah requirements.

Shariah Risks Management presented to us, shariah risk initiatives to increase awareness among staff and to promote the Shariah Risk culture in the Company. This included leading the Z-Fence Awareness virtual and physical initiatives with strong participation from all three lines of defence. Awareness sessions on Operational Risk Integrated Online Network (ORION) and SNC reporting had also been conducted for targeted functions in collaboration with Risk Management. From a Governance framework perspective, Shariah Risk Management Policy and Standard Operating Procedure (SOP) have been updated as part of a regular review process to reflect current arrangements of potential Shariah non-compliance incidents.

In the same period, Internal Audit had presented to us one (1) report on Shariah Risks and Governance for our information.

Shariah Non-Compliance

In 2022, no Shariah non-compliance (SNC) incident was reported to the Shariah Committee.

Business Zakat

During the financial year, the Company had done their responsibility to perform zakat guided by the internal policy that was approved by us.

Conclusion

Based on the above, in our opinion, nothing has come to the Shariah committee's attention that causes the Shariah Committee to believe that the operations, business, affairs and activities of the Islamic Financial Institutions ("IFI") involved any material Shariah non-compliances.

On that note, we, being the members of Shariah Committee of Zurich General Takaful Malaysia Berhad, do hereby certify that to our best knowledge the businesses and activities of the Company for the year ended 31 December 2022 have been conducted in conformity with the Shariah rules and principles.

Allah knows best.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT (CONTINUED)

On behalf of the Committee:

Chairman of the Shariah Committee :



ASSOC. PROF. DR. MOHAMED FAIROOZ
ABDUL KHIR

Shariah Committee :



ASSOC. PROF. DR. ZULKIFLI HASAN

Kuala Lumpur
14 March 2023

201701045981 (1260157-U)

**Independent auditors' report to the member of
Zurich General Takaful Malaysia Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Zurich General Takaful Malaysia Berhad, which comprise the statement of financial position as at 31 December 2022, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 139.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, the Corporate Governance Statement and Shariah Committee's Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

201701045981 (1260157-U)

**Independent auditors' report to the member of
Zurich General Takaful Malaysia Berhad (cont'd.)**

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

201701045981 (1260157-U)

**Independent auditors' report to the member of
Zurich General Takaful Malaysia Berhad (cont'd.)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Building a better
working world

201701045981 (1260157-U)

**Independent auditors' report to the member of
Zurich General Takaful Malaysia Berhad (cont'd.)**

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
14 March 2023

Brandon Bruce Sta Maria

Brandon Bruce Sta Maria
No. 02937/09/2023 J
Chartered Accountant

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		2022			2021		
		Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
ASSETS	Note						
Property and equipment	4	2,658	-	2,658	2,533	-	2,533
Right-of-use assets	5	4,738	-	4,738	1,891	-	1,891
Intangible assets	6	22,248	-	22,248	24,394	-	24,394
Investments	7	485,733	903,843	1,389,576	383,073	617,443	1,000,516
Retakaful assets	9	-	95,081	95,081	-	111,885	111,885
Takaful receivables	8	-	57,371	57,371	-	47,151	47,151
Other receivables	10	21,144	210	1,314	32,551	378	2,148
Current tax assets		3,395	-	3,395	-	-	-
Deferred tax assets	17	24,059	3,429	27,488	17,716	3,815	21,531
Cash and cash equivalents	11	134,515	247,265	381,780	121,521	333,915	455,436
TOTAL ASSETS		698,490	1,307,199	1,985,649	583,679	1,114,587	1,667,485

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

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

		2022			2021		
		Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
LIABILITIES	Note						
Takaful contract liabilities	12	-	1,198,730	1,198,730	-	996,661	996,661
Lease liabilities	13	5,118	-	5,118	2,341	-	2,341
Takaful payables	14	-	28,521	28,521	-	32,628	32,628
Other payables	15	76,139	77,287	133,386	46,621	83,504	99,344
Expense liabilities	16	56,349	-	56,349	46,168	-	46,168
Current tax liabilities		-	2,661	2,661	4,382	1,794	6,176
TOTAL LIABILITIES		137,606	1,307,199	1,424,765	99,512	1,114,587	1,183,318
SHAREHOLDERS' EQUITY							
Share capital	18	422,000	-	422,000	377,000	-	377,000
Retained earnings	19(a)	143,251	-	143,251	107,176	-	107,176
Available-for-sale reserve	19(b)	(4,367)	-	(4,367)	(9)	-	(9)
		560,884	-	560,884	484,167	-	484,167
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		698,490	1,307,199	1,985,649	583,679	1,114,587	1,667,485

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

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		2022			2021		
		Takaful Operator	General Takaful Fund	Company	Takaful Operator	General Takaful Fund	Company
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned contributions	20	-	744,314	744,314	-	674,253	674,253
Contribution ceded to retakaful operators	20	-	(51,379)	(51,379)	-	(49,542)	(49,542)
Net earned contributions	20	-	692,935	692,935	-	624,711	624,711
Wakalah fee income		255,344	-	-	220,191	-	-
Investment income	21	17,664	31,087	48,751	13,766	24,158	37,924
Realised gains	22	21	65	86	37	65	102
Fee and commission income	23	-	3,554	3,554	-	9,443	9,443
Other operating income - net		1	-	1	2	4	6
Other income		273,030	34,706	52,392	233,996	33,670	47,475
Total revenue		273,030	727,641	745,327	233,996	658,381	672,186
Gross benefits and claims paid	24	-	(307,884)	(307,884)	-	(223,917)	(223,917)
Claims ceded to retakaful operators	24	-	13,310	13,310	-	12,898	12,898
Gross change in contract liabilities	24	-	(132,032)	(158,329)	-	(182,370)	(204,284)
Change in contract liabilities ceded to retakaful operators	24	-	(10,090)	(10,090)	-	(3,861)	(3,861)
Net benefits and claims		-	(436,696)	(462,993)	-	(397,250)	(419,164)

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

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

		2022			2021		
	Note	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
Wakalah fee expenses		-	(255,344)	-	-	(220,191)	-
Fee and commission expenses	23	(91,613)	-	(91,613)	(77,575)	-	(77,575)
Management expenses	25	(118,206)	-	(118,206)	(113,721)	-	(113,721)
Expense liabilities	16	(10,181)	-	(10,181)	(6,133)	-	(6,133)
Other operating expenses - net		(29)	(1,449)	(1,478)	(92)	(1,693)	(1,785)
Tax borne by participants' fund	26	-	(7,855)	(7,855)	-	(5,333)	(5,333)
Other expenses		(220,029)	(264,648)	(229,333)	(197,521)	(227,217)	(204,547)
Total underwriting surplus from operations		53,001	26,297	53,001	36,475	33,914	48,475
Surplus declared and payable to participants		-	-	-	-	(12,000)	-
Surplus declared and payable to Takaful Operator		-	-	-	12,000	(12,000)	-
Surplus transferred to unallocated surplus		-	(26,297)	-	-	(9,914)	-
Profit before taxation		53,001	-	53,001	48,475	-	48,475
Zakat		(1,366)	-	(1,366)	(1,249)	-	(1,249)
Taxation	26	(15,560)	-	(15,560)	(13,796)	-	(13,796)
Net profit for the financial year		36,075	-	36,075	33,430	-	33,430
Basic earnings per share (sen)	28			9.53			10.01

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

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		2022			2021		
	Note	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
Net profit for the financial year		36,075	-	36,075	33,430	-	33,430
Other comprehensive loss:							
<u>Items that may be subsequently reclassified to profit or loss:</u>							
Fair value change on available-for-sale financial assets, net of deferred tax:							
- Gross fair value change arising during the financial year		(5,713)	-	(5,713)	(5,239)	-	(5,239)
- Fair value gain transferred to statement of profit or loss on disposal		(21)	-	(21)	(37)	-	(37)
- Deferred tax	17	1,376	-	1,376	1,266	-	1,266
Other comprehensive loss for the financial year, net of tax		(4,358)	-	(4,358)	(4,010)	-	(4,010)
Total comprehensive income for the financial year		31,717	-	31,717	29,420	-	29,420

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

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Issued and fully paid ordinary shares	Non- distributable Available- for-sale reserve	Distributable Retained earnings	Total
	Share capital RM'000	RM'000	RM'000	RM'000
At 1 January 2022	377,000	(9)	107,176	484,167
Issuance of shares during the financial year (Note 18)	45,000	-	-	45,000
Net profit for the financial year	-	-	36,075	36,075
Other comprehensive loss for the financial year	-	(4,358)	-	(4,358)
At 31 December 2022	422,000	(4,367)	143,251	560,884
At 1 January 2021	317,000	4,001	73,746	394,747
Issuance of shares during the financial year (Note 18)	60,000	-	-	60,000
Net profit for the financial year	-	-	33,430	33,430
Other comprehensive loss for the financial year	-	(4,010)	-	(4,010)
At 31 December 2021	377,000	(9)	107,176	484,167

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

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES			
Cash utilised in operating activities	29	(135,692)	(48,677)
Investment income received		52,745	40,965
Interest expense on lease liabilities	13	27	91
Income tax paid		(33,055)	(21,320)
Net cash outflows from operating activities		(115,975)	(28,941)
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(913)	(2,274)
Purchase of intangible assets	6	(56)	(349)
Net cash outflows from investing activities		(969)	(2,623)
FINANCING ACTIVITIES			
Proceeds from issuance of shares	18	45,000	60,000
Payment of lease liabilities	13	(1,712)	(1,377)
Net cash inflows from financing activities		43,288	58,623
Net (decrease)/increase in cash and cash equivalents		(73,656)	27,059
Cash and cash equivalents at the beginning of the financial year		455,436	428,377
Cash and cash equivalents at the end of the financial year		381,780	455,436
Cash and cash equivalents comprise:			
Cash and bank balances	11	196,065	123,554
Fixed deposits with licensed financial institutions with original maturities of less than 3 months	11	185,715	331,882
		381,780	455,436

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

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company are as follows:

Registered office

Level 25, Mercu 3,
No. 3, Jalan Bangsar, KL Eco City,
59200 Kuala Lumpur.

Principal place of business

Level 26 - 28, Mercu 3,
No. 3, Jalan Bangsar, KL Eco City,
59200 Kuala Lumpur.

The Company is engaged principally in the underwriting of all classes of general takaful business. There has been no significant change in the nature of this activity during the financial year.

The Directors regard Zurich Holdings Malaysia Berhad, a company incorporated and domiciled in Malaysia as the immediate holding company. The penultimate holding and ultimate holding companies are Zurich Insurance Company Ltd. and Zurich Insurance Group Ltd. respectively. Both companies are incorporated in Switzerland.

Zurich Insurance Group Ltd. is listed on the SIX Swiss Exchange and produces financial statements available for public use.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 March 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and comply with the requirements of the Companies Act 2016 in Malaysia.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The inclusion of separate financial information of the Takaful fund and the Takaful Operator together with the Company-level financial statements in the statement of financial position and the statement of profit or loss as well as the related notes to the financial statements represents additional supplementary information presented in accordance with the requirements of BNM pursuant to the Islamic Financial Services Act 2013 in Malaysia to separate assets, liabilities, income and expenses of the Takaful fund from that of the Takaful Operator. The accounting policies adopted for the Takaful Operator and Takaful fund are uniform for like transactions and events in similar circumstances.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Takaful Operators ("the RBCT Framework") as at the date of the statement of financial position.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of terminology under relevant standards. The use of key terms such with as "insurance", "reinsurance" in the financial statements refers to Shariah compliant Takaful or Islamic insurance transactions, assets or liabilities.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All the values in these financial statements have been rounded to the nearest thousand (RM'000), except when indicated otherwise.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation (continued)****Standards, amendments to published standards and interpretations**

- (i) Amendments to published standards that are applicable and effective to the Company

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new pronouncements as follows:

Descriptions	Effective for annual financial periods beginning on or after
<ul style="list-style-type: none"> Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> (Annual Improvements to MFRS Standards 2018 – 2020) 	1 January 2022
<ul style="list-style-type: none"> Amendments to MFRS 16 <i>Leases</i> (Annual Improvements to MFRS Standards 2018 – 2020) 	1 January 2022
<ul style="list-style-type: none"> Amendments to MFRS 116 <i>Property, Plant and Equipment</i> (Reference to Property, Plant and Equipment – Proceeds before Intended Use) 	1 January 2022
<ul style="list-style-type: none"> Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> (Reference to Onerous Contracts - Cost of Fulfilling a Contract) 	1 January 2022
<ul style="list-style-type: none"> Amendments to MFRS 3 <i>Business Combinations</i> (Reference to the Conceptual Framework) 	1 January 2022
<ul style="list-style-type: none"> Amendments to MFRS 9 <i>Financial Instruments</i> (Annual Improvements to MFRS Standards 2018 – 2020) 	1 January 2022

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation (continued)****Standards, amendments to published standards and interpretations (continued)**

- (ii) Standards and Amendments to published standards that are issued but not yet effective

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but are not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these Standards and Amendments to Standards, if applicable, when they become effective.

Descriptions	Effective for annual financial periods beginning on or after
• MFRS 17 <i>Insurance Contracts</i> and amendments	1 January 2023
• Amendments to MFRS 17 <i>Insurance Contracts</i> – Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
• Amendments to MFRS 101 <i>Presentation of Financial Statements</i> (Reference to Classification of Liabilities as Current of Non-current)	1 January 2023
• Amendments to MFRS 101 <i>Presentation of Financial Statements</i> (Disclosure of Accounting Policies)	1 January 2023
• Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> – Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112 <i>Income Taxes</i> – Deferred Tax Related to Assets and Liabilities arising from Single Transaction	1 January 2023
• Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
• Amendments to MFRS 16 <i>Leases</i> – Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 101 <i>Presentation of Financial Statements</i> (Non-current Liabilities with Covenants)	1 January 2024

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Standards, amendments to published standards and interpretations (continued)

- (ii) Standards and Amendments to published standards that are issued but not yet effective (continued)

The Directors expect that the adoption of the above new pronouncements will have no material impact on the financial statements in the period of initial application except as discussed below:

- MFRS 17 “Insurance Contracts” and its Amendments

MFRS 17 “Insurance Contracts” and its Amendments has become effective on 1 January 2023. The Company will be applying MFRS 17 for the first time in the current financial year ending 31 December 2023. Accordingly, it will restate comparative information for the financial year ended 31 December 2022, including the opening balance as at 1 January 2022, by applying the transition requirements of MFRS 17.

The Company determined the transition approach at groups of takaful contracts levels, depending on availability of reasonable and supportable historical information. The Company will apply a retrospective transition approach and expects that most groups of takaful contracts will follow either a full retrospective approach or modified retrospective approach.

The Company has assessed that its takaful contracts issued and retakaful contracts held in force as of transition date will be eligible for the application of Premium Application Approach (“PAA”) for such contracts under MFRS 17. Due to their short-term nature, such in force contracts will typically use the full retrospective transition approach. The Company has assessed the practicability of selected transition approaches on initial adoption of MFRS 17:

- a) Full retrospective approach (“FRA”) – The Company has ascertained that it will apply the FRA to all portfolio of takaful contracts that are effective from the year 2016 and unexpired portfolio of takaful contracts that are effective from 2015 and prior, as if MFRS 17 had always been applied; and
- b) Modified retrospective approach (“MRA”) – For portfolios that expired from 2015 and prior, the application of FRA is impracticable and hence, MRA is adopted.

As the Company currently applies best estimate reserving under its current accounting policies, the implementation of MFRS 17 is not expected to have a significant impact on general takaful nominal reserves. The impact on shareholders’ equity at transition is expected to result from the offsetting effects from the application of discounting (positive effect) and risk adjustment for non-financial risk for the Company’s loss reserves (negative effect). Overall, it is expected that there will be minimal increase in shareholders’ equity for the Company with the transition of MFRS 17. Furthermore, the effect of onerous groups of contracts is expected to be not material to the Company’s financial statements.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Standards, amendments to published standards and interpretations (continued)

(ii) Standards and Amendments to published standards that are issued but not yet effective (continued)

- MFRS 17 “Insurance Contracts” and its Amendments (continued)

The overall profitability of takaful contracts should continue to be intact as the fundamentals of the contracts itself have not changed. Hence it is expected that there will be no significant impact to the business, financial strength, as well as the ability of the Company to meet its obligations.

MFRS 17 will also significantly change how takaful and retakaful contracts are presented and disclosed in the Company’s financial statements. The financial statements of the Company under MFRS 17 will continue to disclose the statements of financial position and profit or loss by funds and for the Company. Under MFRS 17, portfolios of takaful contracts that are assets and those that are liabilities, and portfolios of retakaful contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as takaful receivables and payables will no longer be presented separately. Any assets or liabilities from cash flows arising before the recognition of the related groups of contracts will also be presented in the same line item as the related portfolios of contracts.

Under MFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into a takaful service result, comprising of takaful revenue and takaful service expenses; and takaful finance income or expenses. Amounts from retakaful contracts will be presented separately. There will be clear delineation of investment-related results in the statement of profit or loss.

MFRS 17 also requires extensive new disclosures on amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts as well as disclosures about significant judgements made when applying MFRS 17. There will also be expanded disclosures about the nature and extent of risk from takaful and retakaful contracts.

The Company is fully compliant with the requirements of MFRS 17 on the effective date of 1 January 2023.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Standards, amendments to published standards and interpretations (continued)

(ii) Standards and Amendments to published standards that are issued but not yet effective (continued)

- MFRS 9 “Financial Instruments” and its Amendments

MFRS 9 has become effective for the Company on 1 January 2023. The Company’s predominance ratio reflecting the share of liabilities connected to takaful contracts compared to total liabilities has consistently exceeded 90 percent. Due to the strong interaction between the underlying assets held and the measurement of takaful contracts, the Company has used the option to defer the full implementation of MFRS 9 until MFRS 17 became effective on 1 January 2023 in accordance with the Amendments to MFRS 4 “Extension of the Temporary Exemption from Applying MFRS 9”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets:

- Amortised cost (“AC”)
- Fair value through profit or loss (“FVTPL”)
- Fair value through other comprehensive income (“FVOCI”)

The basis of classification depends on the Company’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For financial liabilities, the standard retains most of the MFRS 139 requirements. MFRS 9 also introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

Upon adoption on 1 January 2023, the Company have classified and measured all its available-for-sale debt securities at FVOCI. There will be no significant changes to the Company’s accounting for financial liabilities as it largely retains the MFRS 139 requirements. All the financial liabilities will remain as amortised cost as there has not been significant change in the requirements for financial liabilities under MFRS 9.

For the years ended 31 December 2022 and 31 December 2021, the effects from adopting MFRS 9 are disclosed in Note 36 which shows the fair value and carrying value of financial assets separately between financial assets with contractual cash flows that are solely payments of principal and interest (“SPPI”) and other financial assets. Other financial assets consist of assets with contractual cash flows that are not SPPI and assets measured at fair value through profit or loss under MFRS 139.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Standards, amendments to published standards and interpretations (continued)

(ii) Standards and Amendments to published standards that are issued but not yet effective (continued)

- MFRS 9 “Financial Instruments” and its amendments (continued)

The Company has adopted MFRS 9 on the required effective date of 1 January 2023, without restating prior periods’ information and recognising any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application, in opening retained earnings.

2.2 Summary of significant accounting policies

(a) Property and equipment and depreciation

Property and equipment are initially stated at cost. These include expenditure that is directly attributed to the acquisition of the assets.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives. The expected useful lives of the assets are as follows:

Computer hardware	5 years
Fixtures and fittings	5 to 10 years
Motor vehicles	5 to 10 years

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each date of the statement of financial position.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(a) Property and equipment and depreciation (continued)

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Please refer to Note 2.2(i) to the financial statements for the accounting policy on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are credited or charged to profit or loss.

(b) Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring in use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the establishment of identifiable and unique software systems controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads to prepare the asset for its intended use.

Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives, not exceeding a period of three years.

Computer software under development is not amortised until the asset is ready for its intended use. In the interim, it is reviewed for impairment at each reporting date.

Other intangible assets

Other intangible assets are the 15-year exclusive bancatakaful agreement with Alliance Islamic Bank Berhad for the distribution of the Company's takaful products, and direct customer relationship acquired through the acquisition of general takaful portfolio from a third party. These assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 15 years.

At each reporting date, the Company assesses whether there is any indication of impairment of its intangible assets. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount as set out in Note 2.2(i).

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(c) Leases

The Company as a lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e., the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Company is a lessee, it has elected to apply the practical expedient provided in MFRS 16 so as not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of the lease liability.

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. Please refer to (iii) on reassessment of lease liabilities.

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(c) Leases (continued)

The Company as a lessee (continued)

(ii) ROU assets (continued)

ROU assets are subsequently measured at cost less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurements of the lease liabilities.

The amortisation period is as follows:

- Leasehold premises 2 – 6 years

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of profit or loss.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(c) Leases (continued)

The Company as a lessee (continued)

(iii) Lease liabilities (continued)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

(iv) Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

(d) Investments and other financial assets

The Company classifies its financial assets into the following categories: Loans and receivables ("LAR") and available-for-sale ("AFS") financial assets.

The classification depends on the purpose for which the investments were acquired or originated. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

LAR category consist of financing receivables. Financing receivables includes debt instruments that are not quoted in an active market (including fixed deposits with licensed Islamic financial institutions with maturities of more than 3 months).

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective profit method.

(ii) AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other assets' categories. These investments are initially recognised at fair value. After initial measurement, AFS financial assets are remeasured at fair value.

Fair value gains and losses of monetary and non-monetary financial assets are reported in the statement of comprehensive income and reported as a separate component of equity until the investment is derecognised, or investment is determined to be impaired.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(d) Investments and other financial assets (continued)

(ii) AFS financial assets (continued)

Fair value gains and losses of monetary instruments denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost of the instrument and other changes in the carrying amount of the instrument.

The translation differences on monetary instruments are recognised in profit or loss; translation differences on non-monetary instruments are reported in the statement of comprehensive income and shown as a separate component of equity until the investment is derecognised.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity is transferred through the statement of comprehensive income to profit or loss.

(e) Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted or published (closing) prices at the date of the statement of financial position.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flows analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument. Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate, over-night and time deposits with financial institutions is their carrying value. The carrying value is the amount of the deposit/placement and accrued profit. The fair value of fixed profit/yield-bearing deposits is measured using estimated discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the date of the statement of financial position.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(f) Recognition of financial assets

All regular way of purchases and sales of financial assets are recognised on trade date which is the date that the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or market convention.

(g) Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred, and the Company has also transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that was recognised in other comprehensive income is reclassified to profit or loss.

(h) Impairment of financial assets

The Company assesses at each date of the statement of financial position, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective profit rate/yield. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at the date of the statement of financial position.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(h) Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) AFS financial assets

In the case of equity investments classified as AFS, a significant or prolonged decline in the fair value of the financial asset below its cost is objective evidence of impairment, resulting in the recognition of an impairment loss.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from equity through the statement of comprehensive income to profit or loss. Reversals of impairment losses classified as AFS are reversed through profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in profit or loss.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value-in-use. For the purposes of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

An impairment loss is charged to profit or loss immediately. A subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(j) Takaful receivables

Takaful receivables are recognised when due and measured at initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, takaful receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that the takaful receivable is impaired, the Company reduces the carrying amount of the takaful receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers objective evidence that a takaful receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for financial assets. These processes are described in Note 2.2(i) to the financial statements.

Takaful receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.2(h) to the financial statements, have been met.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions with original maturity of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one of more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

(m) Provisions

Provisions are recognised when the Company has a present obligation, either legal or constructive, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Summary of significant accounting policies (continued)****(m) Provisions (continued)**

Provisions are reviewed at each date of the statement of financial position and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Other financial liabilities and takaful payable

Other financial liabilities and takaful payables are recognised when due and measured on initial recognition at the fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liability and a takaful payable are derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially modified terms, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Equity instrumentsOrdinary share capital

The Company has issued ordinary shares that are classified as equity. Ordinary shares are recorded at nominal value.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid. No provision is made for a proposed dividend.

(p) Takaful product classification

A takaful contract is an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund (General Risk Fund) providing for mutual financial benefits payable to the takaful participants or their beneficiaries on the occurrence of pre-agreed events.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(p) Takaful product classification (continued)

Contracts where insignificant takaful risks are accepted by the Funds are classified as service contracts. The Company defines takaful risk to be significant by comparing benefits paid with benefits payable if the takaful event did not occur. Based on this definition, all takaful contracts issued by the Company met the definition of takaful contracts as at the date of this statement of financial position.

Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

(q) General Takaful Fund

Contribution income

Contribution for direct and co-takaful business is recognised in respect of risks assumed during the particular financial year as soon as the amount can be reliably measured, based on issuance of certificates, and in accordance with the principles of Shariah as advised by the Company's Shariah Committee.

Contributions in respect of risks incepted before the reporting date for which certificates are issued subsequent to the end of reporting date are accrued for at the reporting date.

Inward retakaful contributions are accounted for upon notification by the ceding companies or upon receipt of the statement of accounts.

Outward retakaful contributions are recognised in the same financial year as the original certificate to which the retakaful relates.

Takaful contract liabilities recognition

Takaful Fund's contract liabilities, which are made up of claim liabilities and contribution liabilities, are recognised when contracts are entered into and contributions are charged.

(a) Claim liabilities

Liabilities for outstanding claims are recognised in respect of both direct takaful business and co-takaful business. The claim liabilities are the best estimate together with related provision of risk margin for adverse deviation less retakaful recoveries, if any, to settle the contractual obligations at the reporting date.

Provision for claim liabilities is made for the estimated costs of all claims together with related expenses less retakaful recoveries, in respect of claims notified but not settled at the date of statement of financial position. Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the date of the statement of financial position, based on an actuarial valuation with additional risk margin.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(q) General Takaful Fund (continued)

Takaful contract liabilities recognition (continued)

(b) Contribution liabilities

The unearned contribution reserves ("UCR") represent contributions received after wakalah fee deduction for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised in a statement of profit or loss of the General Takaful Fund.

Contribution liabilities refer to the higher of:

- I. the aggregate of the unearned contribution reserves ("UCR"); or
- II. the best estimate value of the unexpired risk reserves ("URR") at the valuation date and the Fund Provision of Risk Margin for Adverse Deviation ("FPRAD"), calculated at the overall fund level.

UCR represents the portion of the contribution of takaful certificates written that relate to the unexpired periods of the certificates at the end of the financial year.

In determining the UCR at the date of the statement of financial position, the method that most accurately reflects the actual unearned contribution is used, as follows:

- 25% method for marine cargo, aviation cargo, and transit business; and
- 1/365th method for all other classes of direct and facultative inwards business.

At each reporting date, the Company assesses whether the UCR is sufficient to cover all expected future cash flows relating to future claims plus the additional risk margin against current takaful contracts. The applied risk margin is to achieve the same probability of sufficiency of future claims as per the estimate of the outstanding claim liabilities, see Note 3(c).

(r) Retakaful

The Company cedes takaful risk in the normal course of business for all its businesses. Retakaful assets represent amounts recoverable from retakaful companies. Amounts recoverable from retakaful are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the retakaful operator's policies and are in accordance with the related retakaful contracts.

Ceded retakaful arrangements do not relieve the Company from its obligations to participants. Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(r) Retakaful (continued)

Retakaful assets and receivables are reviewed for impairment at the date of the statement of financial position or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence, as a result of an event that occurred after initial recognition of the retakaful asset, that the Company may not receive all outstanding amounts due under the terms of the contract, and the event has a reliably measurable impact on the amounts that the Company will receive from the retakaful operators. The impairment loss is recorded in the profit or loss.

The Company also assumes retakaful risk in the normal course of business for general takaful contracts when applicable.

Contributions and claims on assumed retakaful are recognised as revenue or expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the retakaful business.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Retakaful contracts that do not transfer significant takaful risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified contributions or fees to be retained by the takaful fund. Investment income on these contracts is accounted for using the effective yield method when accrued.

(s) Expense liabilities

The expense liabilities of the Takaful Operator's fund consist of cost to service all in-force certificates as well as to process all future claims. The expense liabilities are released over the term of the Takaful certificates and recognised in profit or loss of the Takaful Operator Fund.

The expense liabilities are reported at the higher of the aggregate of unearned wakalah fee ("UWF") and unexpired expense risk ("UER") together with related provision of risk margin for adverse deviation as at the end of the financial year.

Unearned wakalah fee ("UWF")

The UWF represents the portion of wakalah fee income allocated for management expenses of General Takaful certificates that relate to the unexpired periods of certificates at the end of the financial year. The method used in computing UWF is consistent with the calculation of UCR, with a portion being earned upfront to reflect the acquisition cost.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(s) Expense liabilities (continued)

Unexpired expense risk ("UER")

The UER is the estimated expenses costs to service all in-force certificates as well as to process all outstanding claims and future incurred losses as at valuation date. In estimating the UER, the following costs are considered:

- Unallocated adjustment expenses with respect to claims liabilities;
- Unallocated adjustment expenses with respect to the unexpired risk future loss; and
- On-going certificate servicing cost arising from the unearned portion of the contribution collected.

The Company applies a risk margin to achieve the same probability of sufficiency of future expenses as per the estimate of the outstanding claims liabilities.

(t) Wakalah fee

The wakalah fee is defined as a fee arranged under wakalah contract where the Takaful Operator is entitled to receive fees for carrying out the authorised tasks that have been delegated to the Takaful Operator. The wakalah fee is an income to the Takaful Operator and is charged to the participants and correspondingly recognised as an expense in the respective funds' profit or loss. The fee can be a fixed amount or as a percentage ratio of the contribution or fund value. The manner of payment can be in one lump sum or in several payments. This is in accordance with the principal of wakalah as approved by the Shariah Committee and the fee is determined and agreed between the participants and the Takaful Operator at the time of entering into the contract.

Commission, acquisition costs and management expenses of the General Takaful Fund are borne by the Takaful Operator and included as a component of wakalah fee income.

(u) Commission and acquisition costs

Commission and acquisition costs are borne by the Takaful Operator in the Takaful Operator Fund's profit or loss at an agreed percentage for each certificate underwritten. This is in accordance with the principles of wakalah as approved by the Shariah Committee and is as agreed between the participants and the Takaful Operator.

Gross commission and agency expenses, which are costs directly incurred in securing contributions on takaful certificates, and income derived from retakaful companies in the course of ceding contributions to retakaful, are charged to profit or loss in the period in which they are incurred.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(v) Other revenue recognition

Investment income including the amount of amortisation of premium and accretion of discount is recognised on a time proportion basis that takes into account the effective yield of the asset. Profits including the amount of amortisation of contribution and accretion of discount are recognised on a time proportion basis taking into account the principal outstanding and the effective date over the period to maturity, when it is determined that such income will accrue to the Company.

Dividend income is recognised in the profit or loss when the right to receive payment is established.

Realised gain or loss arising on disposals of investments are credited or charged to profit or loss.

(w) Zakat

Zakat represents alms payable by the Company to comply with the principles of Shariah and as approved by the Shariah Committee of the Company. Zakat is only provided for when obligation exists at the reporting date.

(x) Income taxes

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is determined according to the tax laws enacted in the jurisdiction in which the Company operates and includes all taxes based upon taxable profits.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on the amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided for in full, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(x) Income taxes (continued)

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each date of the statement of financial position and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

(y) Employee benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave is recognised when the absences occur.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions or variable contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to the employee services in the current and preceding financial year. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, the Company makes such contributions to the Employees Provident Fund ("EPF").

Once the contributions have been paid, the Company has no further payment obligations.

Share-based long-term incentive plan

The ultimate holding corporation, Zurich Insurance Group Ltd ("ZIGL"), operates a global long term incentive plan ("LTIP") wherein performance-based target shares administered by a central shareholding vehicle are granted to eligible directors and senior executives of the ZIGL and its subsidiary companies ("ZIGL Group") based on the financial and performance criteria and such conditions as it may deem fit. The Company purchases the right to shares from this holding vehicle for Malaysian resident directors and senior executives who participate in the plan. When shares vest with the participants, the central share vehicle transfers those shares directly to the participants. The Company does not bear any exchange or price risk in relation to payments for these rights to shares.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(y) Employee benefits (continued)

Share-based long-term incentive plan (continued)

The cost of this equity-settled share-based compensation for the Company (being the fair value at grant date) is recognised in the statement of profit or loss over the vesting period of the grant.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

- (a) when the Company can no longer withdraw the offer of those benefits; and
- (b) when the Company recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Takaful Operator makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equate to the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) The ultimate liability arising from claims incurred under takaful contracts

The estimation of claims "Incurred But Not Reported" ("IBNR") is subjected to a greater degree of uncertainty than the estimation of the cost of notified claims to the Takaful Operator. IBNR claims may not be apparent to the certificate until many years after the event giving rise to the claim. The long-tailed classes of business will typically display greater variations between initial estimates and final outcomes because there is a greater degree of uncertainty in estimating IBNR reserves. For the short-tailed classes, claims are generally typically reported soon after the claim event and, hence, tend to display lower level of uncertainty.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) The ultimate liability arising from claims incurred under takaful contracts (continued)

The Takaful Operator uses a variety of estimation techniques, generally based upon actuarial analyses of historical experience, which assume that the development pattern of the current claims will be consistent with past experience. Due to the fact that the ultimate claim liabilities are dependent upon the outcome of future events, allowance is made with the following consideration:

- Changes in the Company's processes which might accelerate or slow down the development claims, compared with the data from previous periods;
- Changes in the legislative environment;
- Changes in the mix of business;
- Impact of large losses and catastrophic events;
- The attitude of claimants towards settlement of their claims;
- The effects of social and economic inflation; and
- Medical and technological developments.

Large and/or significant weather-related events impacting each relevant business class are generally assessed separately (whenever it is deemed as appropriate), being measured on a case-by-case basis or projected separately in order to allow for the effect of the development and incidence of these claims.

Where possible, the Company adopts multiple techniques to estimate the required level of liabilities. The final estimates are selected after due consideration is given to the strengths and weaknesses of the various techniques used and the information available at hand.

Liabilities are evaluated gross of retakaful. A separate estimate is made of the amounts that will be recoverable based upon the gross liabilities.

(b) Assets arising from retakaful contracts

Retakaful recoveries are also computed with the considerations described above. In addition, the recoverability of these assets is assessed on a periodic basis so that the balance is reflective of the amounts that will ultimately be received.

(c) Actuarial assumptions and methods

The process for determining the value of outstanding claim liabilities including the cost of claims handling is described below.

The methods used to establish the ultimate cost of claims include the following:

- Projecting ultimate number of claims and multiplying by projected ultimate average cost;
- Projecting ultimate claim payment amounts;
- Projecting ultimate claim incurred amounts; and
- Applying plan or forecast loss ratios to the earned contributions.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Actuarial assumptions and methods (continued)

Additional qualitative judgements are also used to assess the extent to which past trends may not apply in the future. Thus, there is uncertainty surrounding changes to these patterns from whatever cause and known facts of individual claims at hand.

Projected retakaful assets are derived by applying retakaful to gross ratios observed on claims and contributions.

Projected payments are implicitly allowed for future inflation since any recent inflationary effects are likely to be incorporated in the Takaful Operator's outstanding claims and hence reflected in the valuation process.

For the above reasons, Provision of Risk Margin for Adverse Deviation ("PRAD") is added to the central estimate established above. The establishment of the risk margin takes into account the variability of the outcome of each class of business and the diversification benefit of underwriting a number of classes of business. In accordance with Bank Negara Malaysia's 'Risk-Based Capital Framework for Takaful Operators', the Takaful Operator has established the level of risk margin to provide a probability of adequacy of 75%.

(d) Assumptions applied for MFRS 16 "Leases"

Determination of incremental borrowing rate

The lease liabilities are measured at the present value of the remaining lease payments over the lease term, discounted using the Company's incremental borrowing rate as the rate implicit in the lease is generally not readily determinable.

Extension and termination options

Any options to extend or terminate a lease that the Company is reasonably certain to exercise are included in the lease term. The right-of-use asset is initially recognised at an amount equal to the lease liability adjusted for lease prepayments made or lease incentives received, initial direct costs and any estimated costs to dismantle or restore the leased asset.

The lease term will be considered to extend beyond the non-cancellable period if the lessee has an extension option that is considered to be reasonably certain to exercise, or a termination option that is considered to be reasonably certain not to exercise.

The Company has a lease contract that include extension and termination options. The Company has included the renewal period as part of the lease term as the Company is reasonably certain to exercise the option to extend the lease. The Company considers all relevant facts and circumstances that create an economic incentive to exercise or not to exercise the option including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. PROPERTY AND EQUIPMENT

<u>Takaful Operator/Company</u>	Computer hardware	Fixtures and fittings	Motor vehicle	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January 2021	1,299	-	314	1,613
Additions	1,997	277	-	2,274
Disposals	-	-	(314)	(314)
At 31 December 2021 / 1 January 2022	3,296	277	-	3,573
Additions	457	147	309	913
At 31 December 2022	3,753	424	309	4,486
Accumulated depreciation				
At 1 January 2021	527	-	47	574
Charge for the financial year (Note 25)	491	22	52	565
Disposals	-	-	(99)	(99)
At 31 December 2021 / 1 January 2022	1,018	22	-	1,040
Charge for the financial year (Note 25)	713	34	41	788
At 31 December 2022	1,731	56	41	1,828
Net carrying amount				
At 31 December 2021	2,278	255	-	2,533
At 31 December 2022	2,022	368	268	2,658

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. RIGHT-OF-USE ASSETS

The Company's leases are operating lease agreements entered in respect of rented premises. Rental contracts are typically made for fixed periods of 2 to 6 years but may have extension periods.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

	2022	2021
	Takaful Operator/ Company RM'000	Takaful Operator/ Company RM'000
Cost		
At 1 January	6,267	5,515
Remeasurement	4,462	752
At 31 December	<u>10,729</u>	<u>6,267</u>
Accumulated depreciation		
At 1 January	4,376	2,830
Charge for the financial year (Note 25)	1,615	1,546
At 31 December	<u>5,991</u>	<u>4,376</u>
Net carrying amount		
At 31 December	<u>4,738</u>	<u>1,891</u>

There are no short-term leases and leases of low-value assets as at 31 December 2022 and 2021.

The following are the amounts recognised in profit or loss:

	2022	2021
	Takaful Operator/ Company RM'000	Takaful Operator/ Company RM'000
Depreciation of right-of-use asset (Note 25)	1,615	1,546
Interest expense on lease liabilities (Note 13)	27	91
Total amount recognised in profit or loss	<u>1,642</u>	<u>1,637</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6. INTANGIBLE ASSETS**

<u>Takaful Operator/Company</u>	<u>Computer Software RM'000</u>	<u>Other intangible assets RM'000</u>	<u>Total RM'000</u>
Cost			
At 1 January 2021	2,095	30,000	32,095
Additions	349	-	349
At 31 December 2021 / 1 January 2022	2,444	30,000	32,444
Additions	56	-	56
At 31 December 2022	2,500	30,000	32,500
Accumulated amortisation			
At 1 January 2021	1,911	4,000	5,911
Charge for the financial year (Note 25)	139	2,000	2,139
At 31 December 2021 / 1 January 2022	2,050	6,000	8,050
Charge for the financial year (Note 25)	202	2,000	2,202
At 31 December 2022	2,252	8,000	10,252
Net carrying amount			
At 31 December 2021	394	24,000	24,394
At 31 December 2022	248	22,000	22,248

Other intangible assets relate to the exclusive bancatakaful agreement with Alliance Islamic Bank Berhad and direct customer relationship acquired through the acquisition of a general takaful portfolio from a third party. These assets are measured at cost less any accumulated amortisation and any impairment losses. Both assets are amortised over their useful lives of 15 years using the straight-line method.

The Company conducts an impairment assessment when there is an indication of impairment in accordance with its accounting policies in Note 2.2(i). In the impairment assessment conducted by the Company, the future economic benefits that are attributable to the bancatakaful agreement are valued at the present value of projected cash flows to be derived from the tenure of the agreement of 15 years using the discounted cash flow model.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6. INTANGIBLE ASSETS (CONTINUED)**

The following key assumptions have been used in the cash flow projections in respect of:

Key assumptions	2022	2021
<u>Bancatakaful agreement:</u>		
Bancatakaful average annualised gross written contribution growth rate	13.40%	13.58%
Discount rate – pre tax	9.53%	12.13%
<u>Direct customer relationship:</u>		
Discount rate – pre tax	9.53%	12.13%

Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly in order to result in an impairment loss.

7. INVESTMENTS

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

		Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2022</u>				
Loans and receivables	(a)	32,033	438,842	470,875
Available-for-sale ("AFS") financial assets	(b)	453,700	465,001	918,701
		<u>485,733</u>	<u>903,843</u>	<u>1,389,576</u>
The following investments mature after 12 months:				
AFS financial assets		<u>418,311</u>	<u>361,359</u>	<u>779,670</u>
<u>At 31 December 2021</u>				
Loans and receivables	(a)	-	163,067	163,067
Available-for-sale ("AFS") financial assets	(b)	383,073	454,376	837,449
		<u>383,073</u>	<u>617,443</u>	<u>1,000,516</u>
The following investments mature after 12 months:				
AFS financial assets		<u>311,621</u>	<u>353,203</u>	<u>664,824</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENTS (CONTINUED)

(a) Loans and receivables

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2022</u>			
Amortised cost:			
Fixed deposits with licensed financial institutions	32,033	438,842	470,875
	<u>32,033</u>	<u>438,842</u>	<u>470,875</u>
<u>At 31 December 2021</u>			
Amortised cost:			
Fixed deposits with licensed financial institutions	-	163,067	163,067
	<u>-</u>	<u>163,067</u>	<u>163,067</u>

As at 31 December 2022, fixed deposits of RM470,875,000 (2021: RM163,067,000), placed with a licensed Islamic bank, has a maturity term of more than 3 months.

(b) AFS financial assets

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2022</u>			
Fair value:			
Government Investment Issues	158,582	-	158,582
Islamic debt securities, unquoted	295,118	465,001	760,119
	<u>453,700</u>	<u>465,001</u>	<u>918,701</u>
<u>At 31 December 2021</u>			
Fair value:			
Government Investment Issues	88,027	-	88,027
Islamic debt securities, unquoted	295,046	454,376	749,422
	<u>383,073</u>	<u>454,376</u>	<u>837,449</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. INVESTMENTS (CONTINUED)****(c) Carrying value of financial instruments**

The movements in the Company's AFS financial assets are summarised in the table below by measurement category.

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
At 1 January 2021	281,784	434,551	716,335
Purchases	146,911	95,894	242,805
Disposals (sale and redemptions)	(39,037)	(65,569)	(104,606)
Realised profit transferred from profit or loss on disposal (Note 22)	37	65	102
Fair value loss recorded in:			
- Other comprehensive income	(5,276)	-	(5,276)
- Takaful contract liabilities	-	(8,403)	(8,403)
Amortisation of premium	(1,346)	(2,162)	(3,508)
At 31 December 2021 / 1 January 2022	383,073	454,376	837,449
Purchases	159,823	141,009	300,832
Disposals (sale and redemptions)	(80,658)	(119,752)	(200,410)
Realised profit transferred from profit or loss on disposal (Note 22)	21	65	86
Fair value loss recorded in:			
- Other comprehensive income	(5,734)	-	(5,734)
- Takaful contract liabilities	-	(7,716)	(7,716)
Amortisation of premium	(2,825)	(2,981)	(5,806)
At 31 December 2022	453,700	465,001	918,701

The fair value hierarchy of investments is disclosed in Note 33 to the financial statements.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. TAKAFUL RECEIVABLES

	<u>2022</u>	<u>2021</u>
	General Takaful Fund/ Company RM'000	General Takaful Fund/ Company RM'000
<u>At 31 December</u>		
Due contributions including agents/brokers and co-takaful balance	58,042	46,755
Due from retakaful and cedants	9,764	8,967
	67,806	55,722
Allowance for impairment loss	(10,435)	(8,571)
	<u>57,371</u>	<u>47,151</u>

The carrying amounts disclosed above approximate fair values at the date of the statement of financial position due to their short-term maturity.

9. RETAKAFUL ASSETS

	<u>2022</u>	<u>2021</u>
	General Takaful Fund/ Company RM'000	General Takaful Fund/ Company RM'000
<u>At 31 December</u>		
Retakaful of takaful contracts		
Claim liabilities (Note 12(i))	87,110	97,201
Contribution liabilities (Note 12(ii))	7,971	14,684
	<u>95,081</u>	<u>111,885</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**10. OTHER RECEIVABLES**

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2022</u>			
Amount due from related companies * (Note 30(c))	627	-	627
Other receivables, deposits, and prepayments	400	62	462
Income due and accrued	77	148	225
	<u>1,104</u>	<u>210</u>	<u>1,314</u>
Inter-fund balances			
Amount due from General Takaful Fund * (Note 15)	20,040	-	-
	<u>20,040</u>	<u>-</u>	<u>-</u>
	<u>21,144</u>	<u>210</u>	<u>1,314</u>
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2021</u>			
Amount due from related companies * (Note 30(c))	1,070	-	1,070
Other receivables, deposits and prepayments	582	113	695
Income due and accrued	118	265	383
	<u>1,770</u>	<u>378</u>	<u>2,148</u>
Inter-fund balances			
Amount due from General Takaful Fund * (Note 15)	18,781	-	-
Surplus receivable from General Takaful Fund *	12,000	-	-
	<u>30,781</u>	<u>-</u>	<u>-</u>
	<u>32,551</u>	<u>378</u>	<u>2,148</u>

The carrying amounts (excluding prepayments) approximate fair values at the date of the statement of financial position due to their short-term maturity.

* These balances are non-profit bearing, unsecured and repayable in the short-term.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CASH AND CASH EQUIVALENTS

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2022</u>			
Cash and bank balances	82,889	113,176	196,065
Fixed deposits with licensed financial institutions with original maturities of less than 3 months	51,626	134,089	185,715
	<u>134,515</u>	<u>247,265</u>	<u>381,780</u>
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2021</u>			
Cash and bank balances	20,129	103,425	123,554
Fixed deposits with licensed financial institutions with original maturities of less than 3 months	101,392	230,490	331,882
	<u>121,521</u>	<u>333,915</u>	<u>455,436</u>

12. TAKAFUL CONTRACT LIABILITIES

The General takaful contract liabilities and movements are further analysed as follows:

	General Takaful Fund/Company		
	Gross	Re-takaful	Net
<u>At 31 December 2022</u>	RM'000	RM'000	RM'000
Provision for claims	463,810	(63,599)	400,211
Provision for incurred but not reported claims ("IBNR")	303,135	(15,764)	287,371
Provision for adverse deviation ("PRAD")	40,708	(7,747)	32,961
Claim liabilities (i)	807,653	(87,110)	720,543
Contribution liabilities (ii)	301,598	(7,971)	293,627
AFS reserve (iii)	(3,587)	-	(3,587)
Unallocated surplus (iv)	93,066	-	93,066
	<u>1,198,730</u>	<u>(95,081)</u>	<u>1,103,649</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**12. TAKAFUL CONTRACT LIABILITIES (CONTINUED)**

The General takaful contract liabilities and movements are further analysed as follows: (continued)

	General Takaful Fund/Company		
	Gross	Re-takaful	Net
<u>At 31 December 2022</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>(i) Claim liabilities</u>			
At 1 January 2022	675,621	(97,201)	578,420
Claims incurred in the current accident year	468,978	(11,362)	457,616
Other movements in claims incurred in prior accident years	(27,432)	4,810	(22,622)
Claims paid during the financial year (Notes 24(a) and 24(b))	(307,884)	13,310	(294,574)
Movement in PRAD	(1,630)	3,333	1,703
At 31 December 2022	<u>807,653</u>	<u>(87,110)</u>	<u>720,543</u>

(ii) Contribution liabilities

At 1 January 2022	251,994	(14,684)	237,310
Contribution written in the financial year (Notes 20(a) and 20(b))	793,918	(44,666)	749,252
Contribution earned during the financial year (Notes 20(a) and 20(b))	(744,314)	51,379	(692,935)
At 31 December 2022	<u>301,598</u>	<u>(7,971)</u>	<u>293,627</u>

	General Takaful Fund/Company		
	Gross	Deferred tax	Net
	RM'000	RM'000	RM'000
<u>(iii) AFS reserve</u>			
At 1 January 2022	2,996	(719)	2,277
Fair value movements arising from AFS financial assets	(7,716)	1,852	(5,864)
At 31 December 2022	<u>(4,720)</u>	<u>1,133</u>	<u>(3,587)</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. TAKAFUL CONTRACT LIABILITIES (CONTINUED)

The General takaful contract liabilities and movements are further analysed as follows: (continued)

	General Takaful Fund/ Company RM'000
<u>At 31 December 2022</u>	
<u>(iv) Unallocated surplus</u>	
At 1 January 2022	66,769
Surplus arising during the year	26,297
At 31 December 2022	<u>93,066</u>

	General Takaful Fund/Company		
	Gross	Re- takaful	Net
	RM'000	RM'000	RM'000
<u>At 31 December 2021</u>			
Provision for claims	382,303	(69,096)	313,207
Provision for incurred but not reported claims ("IBNR")	250,980	(17,025)	233,955
Provision for adverse deviation ("PRAD")	42,338	(11,080)	31,258
Claim liabilities (i)	675,621	(97,201)	578,420
Contribution liabilities (ii)	251,994	(14,684)	237,310
AFS reserve (iii)	2,277	-	2,277
Unallocated surplus (iv)	66,769	-	66,769
	<u>996,661</u>	<u>(111,885)</u>	<u>884,776</u>
<u>(i) Claim liabilities</u>			
At 1 January 2021	493,251	(101,062)	392,189
Claims incurred in the current accident year	417,959	(15,469)	402,490
Other movements in claims incurred in prior accident years	(15,416)	6,728	(8,688)
Claims paid during the financial year (Notes 24(a) and 24(b))	(223,917)	12,898	(211,019)
Movement in PRAD	3,744	(296)	3,448
At 31 December 2021	<u>675,621</u>	<u>(97,201)</u>	<u>578,420</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**12. TAKAFUL CONTRACT LIABILITIES (CONTINUED)**

The General takaful contract liabilities and movements are further analysed as follows: (continued)

	General Takaful Fund/Company		
	Gross	Re-takaful	Net
<u>At 31 December 2021</u>	RM'000	RM'000	RM'000
<u>(ii) Contribution liabilities</u>			
At 1 January 2021	236,736	(13,298)	223,438
Contribution written in the financial year (Notes 20(a) and 20(b))	689,511	(50,928)	638,583
Contribution earned during the financial year (Notes 20(a) and 20(b))	(674,253)	49,542	(624,711)
At 31 December 2021	<u>251,994</u>	<u>(14,684)</u>	<u>237,310</u>

	General Takaful Fund/Company		
	Gross	Deferred tax	Net
	RM'000	RM'000	RM'000
<u>(iii) AFS reserve</u>			
At 1 January 2021	11,399	(2,736)	8,663
Fair value movements arising from AFS financial assets	(8,403)	2,017	(6,386)
At 31 December 2021	<u>2,996</u>	<u>(719)</u>	<u>2,277</u>

	General Takaful Fund/Company
	RM'000
<u>(iv) Unallocated surplus</u>	
At 1 January 2021	56,855
Surplus arising during the year	33,914
Surplus distributed to participants during the year	(12,000)
Surplus distributed to Takaful Operator during the year	(12,000)
At 31 December 2021	<u>66,769</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. LEASE LIABILITIES

	2022	2021
	Takaful Operator/ Company RM'000	Takaful Operator/ Company RM'000
Non-current lease liabilities	3,058	284
Current lease liabilities	2,060	2,057
Total lease liabilities	<u>5,118</u>	<u>2,341</u>

Reconciliation of movement of lease liabilities to cash flows arising from financing activities.

	2022	2021
	Takaful Operator/ Company RM'000	Takaful Operator/ Company RM'000
At 1 January	2,341	2,875
Payment of lease liabilities	(1,712)	(1,377)
Remeasurement	4,462	752
Accrued interest	27	91
At 31 December	<u>5,118</u>	<u>2,341</u>

14. TAKAFUL PAYABLES

	2022	2021
	General Takaful Fund/ Company RM'000	General Takaful Fund/ Company RM'000
<u>At 31 December</u>		
Due to agents and intermediaries	6,313	8,916
Due to retakaful operators and cedants	22,208	23,712
	<u>28,521</u>	<u>32,628</u>

The carrying amounts of financial liabilities disclosed above approximate the fair values at the date of the statement of financial position due to their short-term maturity.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. OTHER PAYABLES

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2022</u>			
Amount due to related companies *			
(Note 30 (c))	4,711	-	4,711
Accruals for staff costs	6,077	-	6,077
Other payables and accruals	65,351	26,283	91,634
Surplus payable to participants	-	30,964	30,964
	<u>76,139</u>	<u>57,247</u>	<u>133,386</u>
Inter-fund balances			
Amount due to Takaful Operator *	-	20,040	-
(Note 10)	<u>76,139</u>	<u>77,287</u>	<u>133,386</u>
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2021</u>			
Amount due to related companies *			
(Note 30(c))	4,373	-	4,373
Contribution deposits	-	481	481
Accruals for staff costs	5,708	-	5,708
Other payables and accruals	36,540	20,551	57,091
Surplus payable to participants	-	31,691	31,691
	<u>46,621</u>	<u>52,723</u>	<u>99,344</u>
Inter-fund balances			
Amount due to Takaful Operator *	-	18,781	-
(Note 10)	-	12,000	-
Surplus payable to Takaful Operator *	-	30,781	-
	<u>46,621</u>	<u>83,504</u>	<u>99,344</u>

The carrying amounts of financial liabilities disclosed above approximate the fair values at the date of the statement of financial position due to their short-term maturity.

* These balances are profit-free, unsecured and repayable in the short-term.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. EXPENSE LIABILITIES

	2022	2021
	Takaful Operator/ Company RM'000	Takaful Operator/ Company RM'000
At 1 January	46,168	40,035
Increase during the financial year	10,181	6,133
At 31 December	<u>56,349</u>	<u>46,168</u>

17. DEFERRED TAXATION

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>2022</u>			
At 1 January 2022	17,716	3,815	21,531
Recognised in:			
Statement of profit or loss	4,967	(2,238)	2,729
Other comprehensive income	1,376	-	1,376
Takaful contract liabilities	-	1,852	1,852
At 31 December 2022	<u>24,059</u>	<u>3,429</u>	<u>27,488</u>
<u>2021</u>			
At 1 January 2021	12,306	728	13,034
Recognised in:			
Statement of profit or loss	4,144	1,070	5,214
Other comprehensive income	1,266	-	1,266
Takaful contract liabilities	-	2,017	2,017
At 31 December 2021	<u>17,716</u>	<u>3,815</u>	<u>21,531</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**17. DEFERRED TAXATION (CONTINUED)**

Net deferred tax assets shown on the statement of financial position have been determined after considering appropriate offsetting as follows:

Takaful Operator

	2022	2021
	RM'000	RM'000
Deferred tax assets	24,250	17,860
Deferred tax liabilities	(191)	(144)
	<u>24,059</u>	<u>17,716</u>

The components and movements of deferred tax assets and liabilities of the Takaful Operator during the financial year prior to offsetting are as follows:

(i) Deferred tax assets

	Property, and equipment RM'000	Investments RM'000	Provisions RM'000	Leases RM'000	Expense liabilities RM'000	Total RM'000
2022						
At 1 January 2022	-	954	5,949	120	10,837	17,860
Recognised in:						
Statement of profit or loss	-	371	2,098	(23)	2,568	5,014
Other comprehensive income	-	1,376	-	-	-	1,376
At 31 December 2022	<u>-</u>	<u>2,701</u>	<u>8,047</u>	<u>97</u>	<u>13,405</u>	<u>24,250</u>
2021						
At 1 January 2021	157	-	3,383	65	9,506	13,111
Recognised in:						
Statement of profit or loss	(157)	(312)	2,566	55	1,331	3,483
Other comprehensive income	-	1,266	-	-	-	1,266
At 31 December 2021	<u>-</u>	<u>954</u>	<u>5,949</u>	<u>120</u>	<u>10,837</u>	<u>17,860</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The components and movements of deferred tax assets and liabilities of the Takaful Operator during the financial year prior to offsetting are as follows: (continued)

(ii) Deferred tax liabilities

2022	Property, and equipment RM'000	Investments RM'000	Total RM'000
At 1 January 2022	(144)	-	(144)
Recognised in:			
Statement of profit or loss	(47)	-	(47)
At 31 December 2022	<u>(191)</u>	<u>-</u>	<u>(191)</u>
2021			
At 1 January 2021	-	(805)	(805)
Recognised in:			
Statement of profit or loss	(144)	805	661
At 31 December 2021	<u>(144)</u>	<u>-</u>	<u>(144)</u>

General Takaful Fund

	2022 RM'000	2021 RM'000
Deferred tax assets	3,429	3,815
Deferred tax liabilities	-	-
	<u>3,429</u>	<u>3,815</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The components and movements of deferred tax assets and liabilities of the General Takaful Fund during the financial year prior to offsetting are as follows:

(i) Deferred tax assets

	Investments RM'000	Unutilised tax savings from general takaful portfolio acquisition RM'000	Allowance for impairment loss RM'000	Total RM'000
2022				
At 1 January 2022	263	2,573	979	3,815
Recognised in:				
Statement of profit or loss	149	(2,573)	186	(2,238)
Takaful contract liabilities	1,852	-	-	1,852
At 31 December 2022	<u>2,264</u>	<u>-</u>	<u>1,165</u>	<u>3,429</u>
2021				
At 1 January 2021	-	1,094	1,671	2,765
Recognised in:				
Statement of profit or loss	982	1,479	(692)	1,769
Takaful contract liabilities	(719)	-	-	(719)
At 31 December 2021	<u>263</u>	<u>2,573</u>	<u>979</u>	<u>3,815</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The components and movements of deferred tax assets and liabilities of the General Takaful Fund during the financial year prior to offsetting are as follows: (continued)

(ii) Deferred tax liabilities

	Investments RM'000	Total RM'000
2022		
At 1 January 2022		
Recognised in:		
Statement of profit or loss	-	-
Other comprehensive income	-	-
At 31 December 2022	-	-
2021		
At 1 January 2021	(2,037)	(2,037)
Recognised in:		
Statement of profit or loss	(699)	(699)
Other comprehensive income	2,736	2,736
At 31 December 2021	-	-
<u>Company</u>		
	2022	2021
	RM'000	RM'000
Deferred tax assets	27,679	21,675
Deferred tax liabilities	(191)	(144)
	<u>27,488</u>	<u>21,531</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The components and movements of deferred tax assets and liabilities of the Company during the financial year prior to offsetting are as follows:

(i) Deferred tax assets

	Property, and equipment RM'000	Investments RM'000	Provisions RM'000	Leases RM'000	Expense liabilities RM'000	Unutilised tax savings from general takaful portfolio acquisition RM'000	Allowance for impairment loss RM'000	Total RM'000
2022								
At 1 January 2022	-	1,217	5,949	120	10,837	2,573	979	21,675
Recognised in:								
Statement of profit or loss	-	520	2,098	(23)	2,568	(2,573)	186	2,776
Other comprehensive income	-	1,376	-	-	-	-	-	1,376
Takaful contract liabilities	-	1,852	-	-	-	-	-	1,852
At 31 December 2022	-	4,965	8,047	97	13,405	-	1,165	27,679
2021								
At 1 January 2021	157	-	3,383	65	9,506	1,094	1,671	15,876
Recognised in:								
Statement of profit or loss	(157)	670	2,566	55	1,331	1,479	(692)	5,252
Other comprehensive income	-	1,266	-	-	-	-	-	1,266
Takaful contract liabilities	-	(719)	-	-	-	-	-	(719)
At 31 December 2021	-	1,217	5,949	120	10,837	2,573	979	21,675

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The components and movements of deferred tax assets and liabilities of the Company during the financial year prior to offsetting are as follows: (continued)

(ii) Deferred tax liabilities

	Property, and equipment RM'000	Investments RM'000	Total RM'000
2022			
At 1 January 2022	(144)	-	(144)
Recognised in:			
Statement of profit or loss	(47)	-	(47)
At 31 December 2022	<u>(191)</u>	<u>-</u>	<u>(191)</u>
2021			
At 1 January 2021	-	(2,842)	(2,842)
Recognised in:			
Statement of profit or loss	(144)	106	(38)
Takaful contract liabilities	-	2,736	2,736
At 31 December 2021	<u>(144)</u>	<u>-</u>	<u>(144)</u>

18. SHARE CAPITAL

	Takaful Operator/Company	
	Number of shares	Share capital RM'000
<u>Issued and fully paid up</u>		
At 1 January 2022	343,369,750	377,000
Issued during the financial year	45,000,000	45,000
At 31 December 2022	<u>388,369,750</u>	<u>422,000</u>
	Number of shares	Share capital RM'000
<u>Issued and fully paid up</u>		
At 1 January 2021	283,369,750	317,000
Issued during the financial year	60,000,000	60,000
At 31 December 2021	<u>343,369,750</u>	<u>377,000</u>

On 21 March 2022, the Company increased its paid-up share capital to RM422,000,000 (2021: RM377,000,000) via the allotment of 45,000,000 (2021: 60,000,000) new ordinary shares to its immediate holding company for cash of RM45,000,000 (2021: 60,000,000).

The new ordinary shares issued in the current and previous financial years ranked pari passu with existing shares as of the issuance date.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. RESERVES

(a) Retained earnings

The Company is under the single-tier tax system wherein dividends paid are tax exempted in the hands of the shareholders. The Company may distribute single-tier exempt dividends to its shareholders out of its retained earnings. Pursuant to Section 60(1) of the Islamic Financial Services Act 2013, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend. Pursuant to the RBC Framework for Takaful Operators, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

(b) Available-for-sale reserve

The available-for-sale reserve of the Company represents the fair value gains or losses of the available-for-sale financial assets, net of deferred tax.

20. NET EARNED CONTRIBUTIONS

	2022	2021
	General Takaful Fund/ Company RM'000	General Takaful Fund/ Company RM'000
(a) Gross earned contributions		
- Takaful contracts (Note 12(ii))	793,918	689,511
- Change in gross contribution liabilities	(49,604)	(15,258)
	<u>744,314</u>	<u>674,253</u>
(b) Contributions ceded to retakaful operators		
- Takaful contracts (Note 12(ii))	(44,666)	(50,928)
- Change in retakaful contribution liabilities	(6,713)	1,386
	<u>(51,379)</u>	<u>(49,542)</u>
Net earned contributions	<u>692,935</u>	<u>624,711</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**21. INVESTMENT INCOME**

	2022		
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
AFS financial assets			
Hibah/profit income			
- Government Investment Issues	5,116	-	5,116
- Islamic debt securities, unquoted	13,080	20,557	33,637
Amortisation			
- Government Investment Issues	(1,265)	-	(1,265)
- Islamic debt securities, unquoted	(2,308)	(2,639)	(4,947)
	<u>14,623</u>	<u>17,918</u>	<u>32,541</u>
Loans and receivables			
Hibah/profit income			
- fixed deposits with licensed Islamic financial institutions	3,041	13,169	16,210
	<u>17,664</u>	<u>31,087</u>	<u>48,751</u>
	2021		
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
AFS financial assets			
Hibah/profit income			
- Government Investment Issues	601	-	601
- Islamic debt securities, unquoted	12,410	19,116	31,526
Amortisation			
- Government Investment Issues	(178)	-	(178)
- Islamic debt securities, unquoted	(2,373)	(2,439)	(4,812)
	<u>10,460</u>	<u>16,677</u>	<u>27,137</u>
Loans and receivables			
Hibah/profit income			
- fixed deposits with licensed Islamic financial institutions	3,306	7,481	10,787
	<u>13,766</u>	<u>24,158</u>	<u>37,924</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. REALISED GAINS

	2022		
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
AFS financial assets			
Realised gains			
- Islamic debt securities, unquoted	21	65	86
	<u>21</u>	<u>65</u>	<u>86</u>
	2021		
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
AFS financial assets			
Realised gains			
- Islamic debt securities, unquoted	37	65	102
	<u>37</u>	<u>65</u>	<u>102</u>

23. FEE AND COMMISSION

	2022 RM'000	2021 RM'000
(a) Fee and commission income		
Retakaful commission income recognised in General Takaful Fund	3,554	9,443
(b) Fee and commission expenses		
Gross commission expenses recognised in Takaful Operator Fund	(91,613)	(77,575)

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. NET BENEFITS AND CLAIMS

	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2022</u>		
(a) Gross benefits and claims paid	(307,884)	(307,884)
(b) Claims ceded to retakaful operators	13,310	13,310
(c) Gross change in contract liabilities	(132,032)	(158,329)
(d) Change in contract liabilities ceded to retakaful operators	(10,090)	(10,090)
	General Takaful Fund RM'000	Company RM'000
<u>At 31 December 2021</u>		
(a) Gross benefits and claims paid	(223,917)	(223,917)
(b) Claims ceded to retakaful operators	12,898	12,898
(c) Gross change in contract liabilities	(182,370)	(204,284)
(d) Change in contract liabilities ceded to retakaful operators	(3,861)	(3,861)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**25. MANAGEMENT EXPENSES**

	2022	2021
	Takaful Operator/ Company RM'000	Takaful Operator/ Company RM'000
Staff costs (including Chief Executive Officer and Executive Directors):		
- salaries and bonus	11,482	12,143
- defined contribution plans	2,381	2,451
- other employee benefits	25	142
	<u>13,888</u>	<u>14,736</u>
Directors' remuneration (Note 25(a))	536	502
Auditors' remuneration:		
- statutory audit	194	180
- regulatory-related audit	32	30
- other assurance services	100	-
Shariah committee remuneration (Note 25(b))	109	104
Other professional fees	80	302
Office rental	129	26
Depreciation of property and equipment (Note 4)	788	565
Amortisation of intangible assets (Note 6)	2,202	2,139
Depreciation of right-of-use assets (Note 5)	1,615	1,546
Training expenses	390	226
Repairs and maintenance expenses	27	170
Information technology expenses	11,603	9,941
Advertising, promotional and entertainment expenses	6,690	4,142
Printing and stationery expenses	1,678	2,089
Postage, courier and telephone charges	553	538
Motor vehicle expenses	422	426
Breakdown service assistance expenses	8,433	5,272
Outsourcing costs paid to related party	35,408	32,481
Other expenses	33,329	38,306
	<u>104,318</u>	<u>98,985</u>
Total management expenses	<u>118,206</u>	<u>113,721</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. MANAGEMENT EXPENSES (CONTINUED)

(a) Directors' and Chief Executive Officers' remuneration

The Directors' and Chief Executive Officers' remuneration and other emoluments during the current financial year are as follows:

	Takaful Operator/Company				
	Fees	Salary	Bonus	Others	Benefits- in kind
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
Chief Executive Officer					
- Nazrul Hisham Bin Abdul Hamid	-	-	210	25	-
- Shamsul Azman Bin Alias	-	520	-	63	14
	<u>-</u>	<u>520</u>	<u>210</u>	<u>88</u>	<u>14</u>
Non-Executive Directors					
- Hasnah binti Omar	172	-	-	27	-
- Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	90	-	-	31	-
- Manogaran Sinnathamby	90	-	-	29	-
- Datin Joan Hoi Lai Ping	75	-	-	22	-
	<u>427</u>	<u>-</u>	<u>-</u>	<u>109</u>	<u>-</u>

The remuneration of the Executive Director of the Company, Matthew William Swinfen Cottrell is paid by the Group during the financial year.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. MANAGEMENT EXPENSES (CONTINUED)

(a) Directors' and Chief Executive Officers' remuneration (continued)

	Takaful Operator/Company				
	Fees	Salary	Bonus	Others	Benefits- in kind
	RM'000	RM'000	RM'000	RM'000	RM'000
2021					
Chief Executive Officer					
- Nazrul Hisham Bin Abdul Hamid	-	600	177	94	25
	-	600	177	94	25
Non-Executive Directors					
- Hasnah binti Omar	171	-	-	36	-
- Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	56	-	-	22	-
- Manogaran Sinnathamby	56	-	-	20	-
- Dr Mohd Nordin bin Mohd Zain	38	-	-	19	-
- Onn Kien Hoe	38	-	-	21	-
- Dr Md Khalil bin Ruslan	18	-	-	7	-
	377	-	-	125	-

The remuneration of the Executive Directors of the Company, Matthew William Swinfen Cottrell and Kevin John Wright were paid by the Group during the previous financial year.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**25. MANAGEMENT EXPENSES (CONTINUED)****(a) Directors' and Chief Executive Officer's remuneration (continued)**

The number of Executive and Non-Executive Directors whose total remuneration received or receivable during the current financial year which fall within the following bands are analysed as follows:

	Number of Directors	
	2022	2021
Non-Executive Directors:		
RM100,000 or less	1	5
RM100,001 – RM300,000	3	1

(b) Shariah Committee remuneration

The Shariah Committee remuneration and other emoluments during the current financial year are as follows:

	2022		
	Takaful Operator/Company		
	Fees RM'000	Allowance RM'000	Total RM'000
Shariah Committee Members			
- Dr Mohamed Fairouz Bin Abdul Khir	23	6	29
- Dr Zulkifli Bin Hasan	15	5	20
- Dr Wan Marhaini Binti Wan Ahmad	15	5	20
- Dr Zaharuddin Bin Abdul Rahman	15	5	20
- Prof Dr Zurina Binti Shafii	15	5	20
	83	26	109

	2021		
	Takaful Operator/Company		
	Fees RM'000	Allowance RM'000	Total RM'000
Shariah Committee Members			
- Dr Mohamed Fairouz Bin Abdul Khir	19	5	24
- Dr Zulkifli Bin Hasan	15	5	20
- Dr Wan Marhaini Binti Wan Ahmad	15	5	20
- Dr Zaharuddin Bin Abdul Rahman	8	2	10
- Prof Dr Zurina Binti Shafii	8	2	10
- Dr Md Khalil Bin Ruslan	7	3	10
- Dr Yusri Bin Mohamad	7	3	10
	79	25	104

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. TAXATION**(a) Tax borne by participants

	<u>2022</u>	<u>2021</u>
<u>General Takaful Fund/Company</u>		
Current income tax:		
Current year's provision	6,420	6,992
Over provision of tax expense in prior year	(803)	(589)
	<u>5,617</u>	<u>6,403</u>
Deferred income tax:		
Deferred tax relating to origination and reversal of temporary differences	(335)	(1,070)
Under provision of deferred tax in prior year	2,573	-
	<u>2,238</u>	<u>(1,070)</u>
Tax borne by participants	<u>7,855</u>	<u>5,333</u>

The income tax for General Takaful Fund is calculated at the statutory income tax rate of 24% (2021: 24%) of the estimated assessable surplus for the year.

A reconciliation of income tax expenses applicable to surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the General Takaful Fund is as follows:

	<u>2022</u>	<u>2021</u>
<u>General Takaful Fund/Company</u>		
Surplus before taxation	<u>7,855</u>	<u>5,333</u>
Taxation at Malaysian statutory tax rate of 24%	1,885	1,280
Expenses non-deductible for tax purposes	4,112	4,642
Under provision of deferred taxation	2,573	-
Over provision of tax in prior financial year	(803)	(589)
Effect of different tax rate due to Prosperity tax at 33%	88	-
Tax borne by participants	<u>7,855</u>	<u>5,333</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. TAXATION (CONTINUED)**(b) Taxation

	Takaful Operator	Company
<u>2022</u>		
Current income tax:		
Current year's provision	18,841	25,261
Under provision of tax expense in prior year	1,686	883
	<u>20,527</u>	<u>26,144</u>
Deferred income tax:		
Deferred tax relating to origination and reversal of temporary differences	(3,763)	(4,098)
Over provision of deferred tax in prior year	(1,204)	1,369
	<u>(4,967)</u>	<u>(2,729)</u>
Tax borne by participants (Note 26(a))	-	(7,855)
Tax expense for the year	<u>15,560</u>	<u>15,560</u>
	Takaful Operator	Company
<u>2021</u>		
Current income tax:		
Current year's provision	17,059	24,051
Under provision of tax expense in prior year	881	292
	<u>17,940</u>	<u>24,343</u>
Deferred income tax:		
Deferred tax relating to origination and reversal of temporary differences	(3,522)	(4,592)
Over provision of deferred tax in prior year	(622)	(622)
	<u>(4,144)</u>	<u>(5,214)</u>
Tax borne by participants (Note 26(a))	-	(5,333)
Tax expense for the year	<u>13,796</u>	<u>13,796</u>

The income tax for Takaful Operator and Company is calculated at the statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. TAXATION (CONTINUED)****(b) Taxation (continued)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Takaful Operator and Company is as follows:

	<u>2022</u>	<u>2021</u>
<u>Takaful Operator Fund/Company</u>		
Profit before taxation	53,001	48,475
Taxation at Malaysian statutory tax rate	12,720	11,634
Expenses non-deductible for tax purposes	2,102	1,903
Over provision of deferred taxation	(1,204)	(622)
Under provision of tax in prior financial year	1,686	881
Effect of different tax rate due to Prosperity tax at 33%	256	-
Tax expense for the year	<u>15,560</u>	<u>13,796</u>

27. DIVIDENDS

The Directors have not recommended the payment of any dividend for the current financial year.

28. EARNINGS PER SHARE

The basic earnings per ordinary share are calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share are not presented as there were no dilutive potential ordinary shares as at the date of the statement of financial position.

	<u>2022</u>	<u>2021</u>
	<u>RM'000</u>	<u>RM'000</u>
Profit attributable to ordinary equity holders	<u>36,075</u>	<u>33,430</u>
Weighted average number of ordinary shares	<u>378,630</u>	<u>334,000</u>
Basic earnings per share (sen)	<u>9.53</u>	<u>10.01</u>

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

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**29. CASH FLOWS**

	Note	2022 RM'000	2021 RM'000
Net profit for the financial year		36,075	33,430
Adjustments for:			
Depreciation of property and equipment	4	788	565
Amortisation of intangible assets	6	2,202	2,139
Depreciation of right-of-use assets	5	1,615	1,546
Loss on disposal of property and equipment		-	215
Allowance for impairment loss on takaful receivables		1,864	1,609
Investment income	21	(48,751)	(37,924)
Realised gains	22	(86)	(102)
Tax expense	26	23,415	19,129
Changes in working capital:			
Decrease in retakaful assets		16,804	2,475
Increase in investments		(406,417)	(297,676)
Increase in takaful receivables		(12,084)	(10,326)
Decrease/(increase) in other receivables		834	(528)
Increase in takaful contract liabilities		207,933	207,542
Increase in other payables		34,042	22,007
(Decrease)/increase in takaful payables		(4,107)	1,089
Increase in expense liabilities		10,181	6,133
Cash utilised in operating activities		(135,692)	(48,677)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**30. SIGNIFICANT RELATED PARTY DISCLOSURES****(a) Related parties and relationships**

The related parties and their relationships with the Company as at 31 December 2022 are as follows:

<u>Name of company</u>	<u>Relationship</u>
Zurich Insurance Group Limited ("ZIGL")	Ultimate holding company
Zurich Insurance Company Ltd. ("ZICL")	Penultimate holding company
Zurich Holdings Malaysia Berhad ("ZHMB")	Immediate holding company
Zurich Shared Services Malaysia Sdn. Bhd. ("ZSSM")	Subsidiary of ZSM
Zurich Services Malaysia Sdn. Bhd. ("ZSM")	Subsidiary of ZICL
Zurich Life Insurance Malaysia Berhad	Subsidiary of ZICL
Zurich Global Investment Management Inc.	Subsidiary of ZICL
Zurich Takaful Malaysia Berhad	Subsidiary of ZHMB
Zurich General Insurance Malaysia Berhad	Subsidiary of ZHMB

(b) Related party transactions

In the normal course of business, the Company undertakes various transactions with other companies deemed related by virtue of being subsidiaries and associated companies of ZIGL, collectively known as ZIGL Group, at agreed terms and prices.

The significant related party transactions during the financial year with related parties are as follows:

	2022	2021
Expenses/(income)	RM'000	RM'000
<u>General Takaful Fund/Company</u>		
<u>Trade</u>		
Subsidiary of immediate holding company		
Contribution, commission and claims on co-takaful and retakaful arrangement	1,165	855
<u>Takaful Operator/Company</u>		
<u>Non-trade</u>		
Penultimate holding company		
Reimbursement costs	6	238
Subsidiary of immediate holding company		
Outsourcing expenses	27,801	25,575
Reimbursement costs	6,580	6,681
Subsidiary of penultimate holding company		
Outsourcing expenses	7,607	6,906
Reimbursement costs	3,077	3,821

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****(c) Related party balances**

The significant outstanding balances of the Company with its related parties as at 31 December are as follows:

	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<u>2022</u>			
Amount due from related companies:			
Takaful receivables *	-	122	122
Other receivables ** (Note 10)	627	-	627
Amount due to related companies:			
Other payables ** (Note 15)	(4,711)	-	(4,711)
<u>2021</u>			
Amount due from related companies:			
Takaful receivables *	-	205	205
Other receivables ** (Note 10)	1,070	-	1,070
Amount due to related companies:			
Other payables ** (Note 15)	(4,373)	-	(4,373)

* These balances are unsecured, interest-free and payable in accordance with the relevant takaful contracts.

** Terms and conditions related to the above balances are disclosed in Notes 10 and 15.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management personnel's remuneration

The remuneration of the key management personnel including Executive Directors/CEO during the financial year are as follows:

	2022	2021
	Takaful	Takaful
	Operator/	Operator/
	Company	Company
	RM'000	RM'000
Salary	1,621	2,563
Bonus	530	664
Defined contribution plans	295	403
Other benefits	14	25
	<u>2,460</u>	<u>3,655</u>
Included in the total remuneration of key management personnel is the Directors' emoluments/CEO's remuneration (Note 25(a))	<u>1,368</u>	<u>1,398</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel of the Company including the Directors, Chief Executive Officer, members of the Executive Committee and other key responsible persons of the Company.

The estimated cash value of benefits-in-kind provided to the CEO of the Company during the year amounted to RM14,000 (2021: RM25,000).

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. RISK MANAGEMENT FRAMEWORK

Risk Governance Structure

The Company adopts the three lines of defence model approach to governance and enterprise risk management. The Company's risk governance structure and risk reporting requirements are incorporated in the Company's Risk Management Framework. The Framework explains the underlying approach and defines an on-going and consistent process for identifying, analysing, evaluating, treating, monitoring and reporting significant risks faced by the business units, divisions, stakeholders and, ultimately, the Company. It also outlines the key aspects of the risks management process and identifies the main reporting procedures.

The adoption of the Framework is the responsibility of the Board with some of the responsibilities delegated to the Risk Management and Sustainability Committee including oversight over technology-related matters and sustainability related matters. The Company has established Senior Management committees which act as a platform for two-way communication between the Management and the Board. The Committees are the Asset Liability Management and Investment Committee ("ALMIC"), Human Resource Committee ("HRC"), Information Technology Steering Committee ("ITSC"), Business Continuity Management ("BCM"), Risk and Control Committee ("RCC"), Occupational Safety and Health Committee ("OSHC") and the various Senior Management Committees for General Businesses. All these committees are chaired by the Chief Executive Officer or a member of the Senior Management team.

They are responsible to oversee the development and assess the effectiveness of risk management policies, review risk exposures and portfolio composition, and ensure that infrastructure, resources and systems are put in place for effective risk management activities.

Governance and Regulatory Framework

The Company is required to comply with the IFSA and BNM regulations, as applicable.

The Company is also required to comply with all Zurich Group's policies and standards. If there is any conflict with the local laws or regulations, the local laws and regulations have priority while the stricter rules will apply where possible.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. RISK MANAGEMENT FRAMEWORK (CONTINUED)

Capital Management

The Company's capital management policy is to create shareholder's value, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements, and make strategic investments for business growth.

The minimum Capital Adequacy Ratio ("CAR") under the RBCT Framework regulated by BNM is 130% for each takaful operator. The Company complied with the minimum CAR as at 31 December 2022.

The regulated capital of the Company as at 31 December 2022 comprised of Available Capital of RM600,875,000. (2021: RM507,682,000).

The capital structure of the Company as at 31 December 2022, as prescribed under the RBCT Framework, is shown below:

	2022	2021
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	422,000	377,000
Reserves including retained earnings	236,317	173,945
	<u>658,317</u>	<u>550,945</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserves	(7,954)	2,268
Less:		
<u>Deductions</u>		
Other intangible assets	(22,000)	(24,000)
Deferred tax assets	<u>(27,488)</u>	<u>(21,531)</u>
Total Capital Available	<u>600,875</u>	<u>507,682</u>

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. TAKAFUL RISK

The Company underwrites various general takaful contracts, which are mostly on annual coverage and annual contribution basis, the exception being short term contribution such as Marine Cargo which covers the duration in which the cargo is being transported. The Company also underwrites some non-annual certificates with coverage period of more than one year such as Long-Term Fire Homeowner, Contractor's All Risks and Workmen's Compensation. A majority of the takaful business written by the Company is Motor and Fire. Other classes of business include Health, Personal Accident, Engineering, Liability, Bond and other miscellaneous classes.

The Company's underwriting strategy is to build balanced portfolios based on a large number of homogeneous risks. This reduces the variability of the portfolio's outcome. The underwriting strategy is set out in an annual business plan that establishes the classes of business to be written, and the industry sectors in which the Company is prepared to underwrite.

Takaful risk is risk of loss or of adverse change arising from the underwritten takaful businesses. This can be due to adverse deviation in portfolio experience as well as underlying assumptions/expectations on which product, pricing, underwriting, claims, reserving and retakaful have been made.

The Company sets to manage its takaful risks by having a clearly defined framework as follows:

- Writing a balanced mix and spread of business, geographically and between classes of business;
- Underwriting strategies focused on profitable classes of business are clearly articulated to stakeholders;
- Underwriting authority limits for capacity are in place according to individuals' capacity in the underwriting process;
- Mitigating takaful risks through purchase of both proportional and non-proportional retakaful treaties;
- Regular monitoring of claims experience and comparing actual experience against that implied in pricing; and
- Actuarial models, using information from the management information systems, are used in calculating contributions and monitoring claims patterns. Historical experience and actuarial methods are used as part of the process.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. TAKAFUL RISK (CONTINUED)

The table below sets out the concentration of the general takaful contracts' claim liabilities by class of business:

	2022		
	General Takaful Fund/Company		
	Gross	Re-takaful	Net
	RM'000	RM'000	RM'000
Fire	56,587	(30,030)	26,557
Motor	616,801	(7,398)	609,403
Marine, Aviation and Transit	6,155	(2,174)	3,981
Miscellaneous	128,110	(47,508)	80,602
At 31 December	807,653	(87,110)	720,543

	2021		
	General Takaful Fund/Company		
	Gross	Re-takaful	Net
	RM'000	RM'000	RM'000
Fire	71,027	(33,065)	37,962
Motor	474,455	(9,075)	465,380
Marine, Aviation and Transit	6,660	(3,592)	3,068
Miscellaneous	123,479	(51,469)	72,010
At 31 December	675,621	(97,201)	578,420

Key Assumptions

The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of initial expected loss ratios, average claim costs, claim handling costs, claim inflation factors and average number of claims for each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation, may affect the estimates.

Other key circumstances which may affect the reliability of assumptions include variation in profit rates, delays in settlement and changes in foreign currency rates.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**32. TAKAFUL RISK (CONTINUED)****Sensitivities**

The takaful claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis below is performed on the total portfolio for movements in key assumptions with all other assumptions held constant, showing the impact on gross and net claim liabilities, profit before tax and equity. The correlation among assumptions will have a significant effect in determining the ultimate claim liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The impact from the opposite direction of the change in assumptions is expected to have the same opposite impact to gross and net claim liabilities, profit before tax and equity.

	<u>Change in assumptions</u>	<u>Impact on gross claim liabilities</u> RM'000	<u>Impact on net claim liabilities</u> RM'000	<u>Impact on profit before tax</u> RM'000	<u>Impact on equity*</u> RM'000
		< -----Increase / (Decrease)----- >			
<u>31 December 2022</u>					
Average claim cost	+10%	68,133	59,757	(59,757)	(45,415)
Average number of claims	+10%	42,757	36,936	(36,936)	(28,072)
	<u>Change in assumptions</u>	<u>Impact on gross claims liabilities</u> RM'000	<u>Impact on net claims liabilities</u> RM'000	<u>Impact on profit before tax</u> RM'000	<u>Impact on equity*</u> RM'000
		< -----Increase / (Decrease)----- >			
<u>31 December 2021</u>					
Average claim cost	+10%	57,497	48,371	(48,371)	(36,762)
Average number of claims	+10%	39,993	32,764	(32,764)	(24,901)

* Impact on equity is stated net of 24% tax.

Claims Development Table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting year, together with cumulative payments to-date.

In setting provisions for claims, the Company considers to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development, and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. TAKAFUL RISK (CONTINUED)

General Takaful fund

Gross General Takaful Claim Liabilities for 2022:

	Prior to 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Accident Year:									
At end of the accident year		186,898	172,090	254,552	371,125	365,961	417,959	468,978	
One year later		167,895	163,196	257,548	372,466	356,916	420,729		
Two years later		159,460	160,558	251,847	373,585	344,724			
Three years later		162,319	156,532	249,602	372,688				
Four years later		157,256	155,594	245,882					
Five years later		159,277	154,920						
Six years later		154,860							
Current estimate of cumulative claims incurred		154,860	154,920	245,882	372,688	344,724	420,729	468,978	
At end of accident year		53,291	59,301	106,603	178,461	134,264	116,540	160,928	
One year later		115,463	113,620	187,064	263,564	194,810	198,323		
Two years later		130,448	131,411	213,548	294,657	225,309			
Three years later		135,805	136,840	219,583	319,179				
Four years later		137,570	143,733	225,398					
Five years later		138,583	145,038						
Six years later		141,022							
Cumulative payments to-date		141,022	145,038	225,398	319,179	225,309	198,323	160,928	
Direct and facultative inwards	19,361	13,838	9,882	20,484	53,509	119,415	222,406	308,050	766,945
Best Estimate of Claim Liabilities									766,945
Fund PRAD at 75% Confidence Level									40,708
Gross General Takaful Claim Liabilities									807,653

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. TAKAFUL RISK (CONTINUED)

General Takaful fund

Gross General Takaful Claim Liabilities for 2021:

	Prior to 2015 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
Accident Year:									
At end of the accident year		153,400	186,898	172,090	254,552	371,126	365,961	417,959	
One year later		140,108	167,895	163,196	257,548	372,466	356,916		
Two years later		137,760	159,460	160,558	251,849	373,585			
Three years later		140,401	162,319	156,532	249,602				
Four years later		139,991	157,256	155,594					
Five years later		139,347	159,276						
Six years later		137,985							
Current estimate of cumulative claims incurred		137,985	159,276	155,594	249,602	373,585	356,916	417,959	
At end of accident year		43,447	53,291	59,301	106,603	178,461	134,264	116,540	
One year later		90,643	115,463	113,620	187,064	263,564	194,810		
Two years later		106,009	130,448	131,411	213,548	294,658			
Three years later		125,668	135,805	136,840	219,583				
Four years later		130,885	137,570	143,733					
Five years later		132,105	138,583						
Six years later		132,368							
Cumulative payments to-date		132,368	138,583	143,733	219,583	294,658	194,810	116,540	
Direct and facultative inwards	22,641	5,617	20,693	11,861	30,019	78,927	162,106	301,419	633,283
Best Estimate of Claim Liabilities									633,283
Fund PRAD at 75% Confidence Level									42,338
Gross General Takaful Claim Liabilities									675,621

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. TAKAFUL RISK (CONTINUED)

General Takaful fund

Net General Takaful Claim Liabilities for 2022:

	Prior to 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Accident Year:									
At end of the accident year		75,207	91,768	231,143	350,375	349,737	402,490	457,616	
One year later		70,521	88,627	232,186	350,377	341,499	399,084		
Two years later		68,732	87,683	228,173	353,345	330,098			
Three years later		68,097	86,104	226,994	353,757				
Four years later		66,035	85,274	224,621					
Five years later		66,310	85,336						
Six years later		63,732							
Current estimate of cumulative claims incurred		63,732	85,336	224,621	353,757	330,098	399,084	457,616	
At end of accident year		27,600	31,247	99,480	175,488	133,766	115,278	160,294	
One year later		50,983	64,250	172,484	257,478	192,645	190,625		
Two years later		58,053	73,147	195,844	285,194	221,624			
Three years later		59,601	76,342	201,216	308,086				
Four years later		60,762	79,379	206,887					
Five years later		61,245	80,172						
Six years later		61,505							
Cumulative payments to-date		61,505	80,172	206,887	308,086	221,624	190,625	160,294	
Direct and facultative inwards	2,531	2,227	5,164	17,734	45,671	108,474	208,459	297,322	687,582
Best Estimate of Claim Liabilities									687,582
Fund PRAD at 75% Confidence Level									32,961
Net General Takaful Claim Liabilities									720,543

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. TAKAFUL RISK (CONTINUED)

General Takaful fund

Net General Takaful Claim Liabilities for 2021:

	Prior to 2015 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
Accident Year:									
At end of the accident year		60,770	75,207	91,768	231,143	350,374	349,737	402,490	
One year later		57,828	70,521	88,627	232,186	350,377	341,499		
Two years later		54,011	68,732	87,683	228,173	353,801			
Three years later		52,618	68,097	86,104	226,994				
Four years later		52,957	66,034	85,132					
Five years later		52,587	65,994						
Six years later		52,022							
Current estimate of cumulative claims incurred		52,022	65,994	85,132	226,994	353,801	341,499	402,490	
At end of accident year		19,313	27,600	31,247	99,480	175,488	133,765	115,277	
One year later		39,635	50,983	64,250	172,484	257,477	192,645		
Two years later		45,416	58,053	73,147	195,844	285,650			
Three years later		48,527	59,601	76,342	201,216				
Four years later		49,725	60,762	78,922					
Five years later		50,103	61,245						
Six years later		50,217							
Cumulative payments to-date		50,217	61,245	78,922	201,216	285,650	192,645	115,277	
Direct and facultative inwards	4,402	1,805	4,749	6,210	25,778	68,151	148,854	287,213	547,162
Best Estimate of Claim Liabilities									547,162
Fund PRAD at 75% Confidence Level									31,258
Net General Takaful Claim Liabilities									578,420

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**33. 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 significance 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.

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. Examples of main asset classes in this category are unquoted equity securities, un-rated securities 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 views 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 judgements.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**33. FAIR VALUE MEASUREMENTS (CONTINUED)****(b) Financial instruments and non-financial assets carried at fair value**

The following tables show the Takaful Operator's and General Takaful Fund's financial instruments 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>Takaful Operator</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2022</u>				
AFS financial assets:				
- Government Investment Issues	-	158,582	-	158,582
- Islamic debt securities, unquoted	-	295,118	-	295,118
	<u>-</u>	<u>453,700</u>	<u>-</u>	<u>453,700</u>
	<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 2021</u>				
AFS financial assets:				
- Government Investment Issues	-	88,027	-	88,027
- Islamic debt securities, unquoted	-	295,046	-	295,046
	<u>-</u>	<u>383,073</u>	<u>-</u>	<u>383,073</u>
	<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>General Takaful Fund</u>				
<u>31 December 2022</u>				
AFS financial assets:				
- Islamic debt securities, unquoted	-	465,001	-	465,001
	<u>-</u>	<u>465,001</u>	<u>-</u>	<u>465,001</u>
	<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 2021</u>				
AFS financial assets:				
- Islamic debt securities, unquoted	-	454,376	-	454,376
	<u>-</u>	<u>454,376</u>	<u>-</u>	<u>454,376</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**33. 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 which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy: (continued)

<u>Company</u>	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>31 December 2022</u>				
AFS financial assets:				
- Government Investment Issuesp	-	158,582	-	158,582
- Islamic debt securities, unquoted	-	760,119	-	760,119
	<u>-</u>	<u>918,701</u>	<u>-</u>	<u>918,701</u>

	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>31 December 2021</u>				
AFS financial assets:				
- Government Investment Issues	-	88,027	-	88,027
- Islamic debt securities, unquoted	-	749,422	-	749,422
	<u>-</u>	<u>837,449</u>	<u>-</u>	<u>837,449</u>

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**34. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements are as follows:

	General Takaful Fund/Company		
	Gross amount recognised as financial assets/ liabilities	Gross amount offset in the statement of financial position	Amount presented in the statement of financial position
	RM'000	RM'000	RM'000
<u>31 December 2022</u>			
Financial assets:			
Takaful receivables	68,751	(11,380)	57,371
Financial liabilities:			
Takaful payables	39,901	(11,380)	28,521

	General Takaful Fund/Company		
	Gross amount recognised as financial assets/ liabilities	Gross amount offset in the statement of financial position	Amount presented in the statement of financial position
	RM'000	RM'000	RM'000
<u>31 December 2021</u>			
Financial assets:			
Takaful receivables	54,457	(7,306)	47,151
Financial liabilities:			
Takaful payables	39,934	(7,306)	32,628

There are no financial instruments subjected to an enforceable master netting arrangement or financial collateral (including cash collateral) pledged or received as at 31 December 2022 and 2021.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK

The Company is exposed to financial risks, including credit risk, liquidity risk, market risk and operational risk during the normal course of its business. The Company has put in place established procedures and guidelines to monitor the risks on an on-going basis.

Credit Risk

The Company has exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is assumed through three (3) main mechanisms.

- i) The assumption of credit risk through investment strategies relating to financial assets;
- ii) Credit risk created through retakaful, where a retakaful asset represents an obligation of the retakaful operators to the Company; and
- iii) Receivables within the business, where the Company is owed payment or services by a third party. Most typically this arises from a sale of takaful certificates.

Minimum credit quality applies to investments in private debt securities/sukuk with a minimum rating of A- or A2 (at the date of investment) provided by Malaysian Rating Corporation Berhad ("MARC") and Rating Agency Malaysia Berhad ("RAM") respectively. The Company however intends to maintain an average rating of AA in the overall sukuk portfolio under current investment strategy and objectives. The Company does not solely depend on the rating report provided but also depends on publicly available issuer information together with in-house analysis based on information provided by the borrower/issuer, peer group comparisons, industry comparisons and other quantitative tools.

Retakaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary takaful operator. If a retakaful operator fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of retakaful operator is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company manages its credit risk in respect of receivables by establishing defined tolerance on credit periods, putting in place collection procedures and rigorously monitoring its credit portfolio.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**35. FINANCIAL RISK (CONTINUED)****Credit Risk (continued)****Credit Exposure**

The table below shows the maximum exposure to credit risk for the components on the statement of financial position which are subject to credit risk:

		2022		
		Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
	Note			
Loans and receivables	7(a)	32,033	438,842	470,875
AFS financial assets:				
- Government Investment Issues	7(b)	158,582	-	158,582
- Islamic debt securities, unquoted	7(b)	295,118	465,001	760,119
Takaful receivables	8	-	57,371	57,371
Retakaful assets *		-	87,110	87,110
Other receivables #		21,136	210	1,306
Cash and cash equivalents		134,515	247,265	381,780
		<u>641,384</u>	<u>1,295,799</u>	<u>1,917,143</u>
		2021		
		Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
	Note			
Loans and receivables	7(a)	-	163,067	163,067
AFS financial assets:				
- Government Investment Issues	7(b)	88,027	-	88,027
- Islamic debt securities, unquoted	7(b)	295,046	454,376	749,422
Takaful receivables	8	-	47,151	47,151
Retakaful assets *		-	97,201	97,201
Other receivables #		32,496	378	2,093
Cash and cash equivalents		121,521	333,915	455,436
		<u>537,090</u>	<u>1,096,088</u>	<u>1,602,397</u>

* Excludes retakaful operators' share of contribution liabilities.

Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022.
(2021: RM55,000)

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating

The table below provides information regarding the credit risk exposure of the Takaful Operator by classifying assets according to the Takaful Operator's credit rating of counterparties.

	Neither past-due nor impaired				Past due but not impaired	Impaired	Total
	Investment grade		Non-investment grade	Not rated			
	Government	(AAA to BBB)	(BB to C)				
	Guaranteed						
<u>Takaful Operator</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2022</u>							
Loans and receivables	-	32,033	-	-	-	-	32,033
AFS financial assets:							
- Government Investment Issues	158,582	-	-	-	-	-	158,582
- Islamic debt securities, unquoted	8,196	286,922	-	-	-	-	295,118
Other receivables #	-	-	-	21,136	-	-	21,136
Cash and cash equivalents	-	134,515	-	-	-	-	134,515
	166,778	453,470	-	21,136	-	-	641,384

Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the General Takaful Fund by classifying assets according to the General Takaful Fund's credit rating of counterparties (continued).

	Neither past-due nor impaired				Past due but not impaired	Impaired	Total
	Investment grade		Non-investment grade	Not rated			
	Government Guaranteed	(AAA to BBB)					
	RM'000	RM'000					
General Takaful Fund							
31 December 2022							
Loans and receivables	-	438,842	-	-	-	-	438,842
AFS financial assets:							
- Islamic debt securities, unquoted	42,837	422,164	-	-	-	-	465,001
Takaful receivables							
- Gross	-	5,030	-	49,346	2,995	10,435	67,806
- Allowance for impairment	-	-	-	-	-	(10,435)	(10,435)
Retakaful assets *							
- Gross	-	45,986	-	41,124	-	535	87,645
- Allowance for impairment	-	-	-	-	-	(535)	(535)
Other receivables	-	-	-	210	-	-	210
Cash and cash equivalents	-	247,265	-	-	-	-	247,265
	42,837	1,159,287	-	90,680	2,995	-	1,295,799

* Excludes retakaful operators' share of contribution liabilities.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties (continued).

ants, parties (continued).

	Neither past-due nor impaired						
	Investment grade		Non-investment grade	Not rated	Past due but not impaired	Impaired	Total
	Government Guaranteed	(AAA to BBB)	(BB to C)				
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2022							
Loans and receivables	-	470,875	-	-	-	-	470,875
AFS financial assets:							
- Government Investment Issues	158,582	-	-	-	-	-	158,582
- Islamic debt securities, unquoted	51,033	709,086	-	-	-	-	760,119
Takaful receivables							
- Gross	-	5,030	-	49,346	2,995	10,435	67,806
- Allowance for impairment	-	-	-	-	-	(10,435)	(10,435)
Retakaful assets *							
- Gross	-	45,986	-	41,124	-	535	87,645
- Allowance for impairment	-	-	-	-	-	(535)	(535)
Other receivables #	-	-	-	1,306	-	-	1,306
Cash and cash equivalents	-	381,780	-	-	-	-	381,780
	209,615	1,612,757	-	91,776	2,995	-	1,917,143

* Excludes retakaful operators' share of contribution liabilities.

Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the Takaful Operator by classifying assets according to the Takaful Operator's credit rating of counterparties. (continued)

	Neither past-due nor impaired			Past due but not impaired	Impaired	Total
	Investment grade		Non-			
	Government	(AAA to	investment			
	Guaranteed	BBB)	grade			
			(BB to C)			
<u>Takaful Operator</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2021</u>						
AFS financial assets:						
- Government Investment Issues	88,027	-	-	-	-	88,027
- Islamic debt securities, unquoted	8,423	286,623	-	-	-	295,046
Other receivables #	-	-	-	32,496	-	32,496
Cash and cash equivalents	-	121,521	-	-	-	121,521
	96,450	408,144	-	32,496	-	537,090

Excludes prepayments of RM55,000 from Takaful Operator fund as at 31 December 2021.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the General Takaful Fund by classifying assets according to the General Takaful Fund's credit rating of counterparties. (continued)

	Neither past-due nor impaired						Total
	Investment grade		Non- investment grade	Not rated	Past due but not impaired	Impaired	
	Government Guaranteed	(AAA to BBB)	(BB to C)				
<u>General Takaful Fund</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2021</u>							
Loans and receivables	-	163,067	-	-	-	-	163,067
AFS financial assets:							
- Islamic debt securities, unquoted	56,577	397,799	-	-	-	-	454,376
Takaful receivables							
- Gross	-	2,798	-	39,781	4,572	8,571	55,722
- Allowance for impairment	-	-	-	-	-	(8,571)	(8,571)
Retakaful assets *							
- Gross	-	47,181	12,251	37,769	-	1,184	98,385
- Allowance for impairment	-	-	-	-	-	(1,184)	(1,184)
Other receivables	-	-	-	378	-	-	378
Cash and cash equivalents	-	333,915	-	-	-	-	333,915
	<u>56,577</u>	<u>944,760</u>	<u>12,251</u>	<u>77,928</u>	<u>4,572</u>	<u>-</u>	<u>1,096,088</u>

* Excludes retakaful operators' share of contribution liabilities.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. (continued)

unimpairable. (continued)

Company	Neither past-due nor impaired				Past due but not impaired	Impaired	Total
	Investment grade		Non-investment grade	Not rated			
	Government Guaranteed	(AAA to BBB)	(BB to C)				
	RM'000	RM'000	RM'000				
31 December 2021							
Loans and receivables	-	163,067	-	-	-	-	163,067
AFS financial assets:							
- Government Investment Issues	88,027	-	-	-	-	-	88,027
- Islamic debt securities, unquoted	65,000	684,422	-	-	-	-	749,422
Takaful receivables							
- Gross	-	2,798	-	39,781	4,572	8,571	55,722
- Allowance for impairment	-	-	-	-	-	(8,571)	(8,571)
Retakaful assets *							
- Gross	-	47,181	12,251	37,769	-	1,184	98,385
- Allowance for impairment	-	-	-	-	-	(1,184)	(1,184)
Other receivables #	-	-	-	2,093	-	-	2,093
Cash and cash equivalents	-	455,436	-	-	-	-	455,436
	153,027	1,352,904	12,251	79,643	4,572	-	1,602,397

* Excludes retakaful operators' share of contribution liabilities.

Excludes prepayments of RM55,000 from Takaful Operator fund as at 31 December 2021.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the Takaful Operator by classifying assets according to the RAM and MARC credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

<u>Takaful Operator</u>	<u>Government Guaranteed</u> RM'000	<u>AAA to AA</u> RM'000	<u>A1 to A3</u> RM'000	<u>BBB1 to BBB3</u> RM'000	<u>BB and below</u> RM'000	<u>Not rated</u> RM'000	<u>Impaired</u> RM'000	<u>Total</u> RM'000
<u>31 December 2022</u>								
Loans and receivables	-	32,033	-	-	-	-	-	32,033
AFS financial assets:								
- Government Investment Issues	158,582	-	-	-	-	-	-	158,582
- Islamic debt securities, unquoted	8,196	266,057	15,784	5,081	-	-	-	295,118
Other receivables #	-	-	-	-	-	21,136	-	21,136
Cash and cash equivalents	-	131,343	3,172	-	-	-	-	134,515
	<u>166,778</u>	<u>429,433</u>	<u>18,956</u>	<u>5,081</u>	<u>-</u>	<u>21,136</u>	<u>-</u>	<u>641,384</u>

Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022.

The Takaful Operator actively manages its investment mix to ensure that there is no significant concentration of credit risk.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the General Takaful Fund by classifying assets according to the RAM and MARC credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade (continued).

<u>General Takaful Fund</u>	<u>Government Guaranteed</u>	<u>AAA to AA</u>	<u>A1 to A3</u>	<u>BBB1 to BBB3</u>	<u>BB and below</u>	<u>Not rated</u>	<u>Impaired</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2022</u>								
Loans and receivables	-	403,009	35,833	-	-	-	-	438,842
AFS financial assets:								
- Islamic debt securities, unquoted	42,837	400,585	16,498	5,081	-	-	-	465,001
Takaful receivables								
- Gross	-	8,025	-	-	-	49,346	10,435	67,806
- Allowance for impairment	-	-	-	-	-	-	(10,435)	(10,435)
Retakaful assets *								
- Gross	-	12,282	24,038	9,666	-	41,124	535	87,645
- Allowance for impairment	-	-	-	-	-	-	(535)	(535)
Other receivables	-	-	-	-	-	210	-	210
Cash and cash equivalents	-	182,627	64,638	-	-	-	-	247,265
	<u>42,837</u>	<u>1,006,528</u>	<u>141,007</u>	<u>14,747</u>	<u>-</u>	<u>90,680</u>	<u>-</u>	<u>1,295,799</u>

* Excludes retakaful operators' share of contribution liabilities.

The General Takaful Fund actively manages its investment mix to ensure that there is no significant concentration of credit risk.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the RAM and MARC credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade. (continued)

<u>Company</u>	<u>Government Guaranteed</u>	<u>AAA to AA</u>	<u>A1 to A3</u>	<u>BBB1 to BBB3</u>	<u>BB and below</u>	<u>Not rated</u>	<u>Impaired</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2022</u>								
Loans and receivables	-	435,042	35,833	-	-	-	-	470,875
AFS financial assets:								
- Government Investment Issues	158,582	-	-	-	-	-	-	158,582
- Islamic debt securities, unquoted	51,033	666,642	32,282	10,162	-	-	-	760,119
Takaful receivables								
- Gross	-	8,025	-	-	-	49,346	10,435	67,806
- Allowance for impairment	-	-	-	-	-	-	(10,435)	(10,435)
Retakaful assets *								
- Gross	-	12,282	24,038	9,666	-	41,124	535	87,645
- Allowance for impairment	-	-	-	-	-	-	(535)	(535)
Other receivables #	-	-	-	-	-	1,306	-	1,306
Cash and cash equivalents	-	313,970	67,810	-	-	-	-	381,780
	<u>209,615</u>	<u>1,435,961</u>	<u>159,963</u>	<u>19,828</u>	<u>-</u>	<u>91,776</u>	<u>-</u>	<u>1,917,143</u>

* Excludes retakaful operators' share of contribution liabilities.

Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022.

The Company actively manages its investment mix to ensure that there is no significant concentration of credit risk.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the Takaful Operator by classifying assets according to the RAM and MARC credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade. (continued)

	Government Guaranteed	AAA to AA	A1 to A3	BBB1 to BBB3	BB and below	Not rated	Impaired	Total
<u>Takaful Operator</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2021</u>								
AFS financial assets:								
- Government Investment Issues	88,027	-	-	-	-	-	-	88,027
- Islamic debt securities, unquoted	8,423	272,861	13,762	-	-	-	-	295,046
Other receivables #	-	-	-	-	-	32,496	-	32,496
Cash and cash equivalents	-	121,521	-	-	-	-	-	121,521
	<u>96,450</u>	<u>394,382</u>	<u>13,762</u>	<u>-</u>	<u>-</u>	<u>32,496</u>	<u>-</u>	<u>537,090</u>

Excludes prepayments of RM55,000 from Takaful Operator fund as at 31 December 2021.

The Takaful Operator actively manages its investment mix to ensure that there is no significant concentration of credit risk.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the General Takaful Fund by classifying assets according to the RAM and MARC credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade. (continued)

	Government Guaranteed	AAA to AA	A1 to A3	BBB1 to BBB3	BB and below	Not rated	Impaired	Total
<u>General Takaful Fund</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2021</u>								
Loans and receivables	-	142,876	20,191	-	-	-	-	163,067
AFS financial assets:								
- Islamic debt securities, unquoted	56,577	379,542	18,257	-	-	-	-	454,376
Takaful receivables								
- Gross	-	7,370	-	-	-	39,781	8,571	55,722
- Allowance for impairment	-	-	-	-	-	-	(8,571)	(8,571)
Retakaful assets *								
- Gross	-	19,401	17,733	10,047	12,251	37,769	1,184	98,385
- Allowance for impairment	-	-	-	-	-	-	(1,184)	(1,184)
Other receivables	-	-	-	-	-	378	-	378
Cash and cash equivalents	-	272,839	61,076	-	-	-	-	333,915
	<u>56,577</u>	<u>822,028</u>	<u>117,257</u>	<u>10,047</u>	<u>12,251</u>	<u>77,928</u>	<u>-</u>	<u>1,096,088</u>

* Excludes retakaful operators' share of contribution liabilities.

The General Takaful Fund actively manages its investment mix to ensure that there is no significant concentration of credit risk.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the RAM and MARC credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade. (continued)

<u>Company</u>	<u>Government Guaranteed</u>	<u>AAA to AA</u>	<u>A1 to A3</u>	<u>BBB1 to BBB3</u>	<u>BB and below</u>	<u>Not rated</u>	<u>Impaired</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2021</u>								
Loans and receivables	-	142,876	20,191	-	-	-	-	163,067
AFS financial assets:								
- Government Investment Issues	88,027	-	-	-	-	-	-	88,027
- Islamic debt securities, unquoted	65,000	652,403	32,019	-	-	-	-	749,422
Takaful receivables								
- Gross	-	7,370	-	-	-	39,781	8,571	55,722
- Allowance for impairment	-	-	-	-	-	-	(8,571)	(8,571)
Retakaful assets *								
- Gross	-	19,401	17,733	10,047	12,251	37,769	1,184	98,385
- Allowance for impairment	-	-	-	-	-	-	(1,184)	(1,184)
Other receivables #	-	-	-	-	-	2,093	-	2,093
Cash and cash equivalents	-	394,360	61,076	-	-	-	-	455,436
	<u>153,027</u>	<u>1,216,410</u>	<u>131,019</u>	<u>10,047</u>	<u>12,251</u>	<u>79,643</u>	<u>-</u>	<u>1,602,397</u>

* Excludes retakaful operators' share of contribution liabilities.

Excludes prepayments of RM55,000 from Takaful Operator fund as at 31 December 2021.

The Company actively manages its investment mix to ensure that there is no significant concentration of credit risk.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Age Analysis of Financial Assets Past Due But Not Impaired

A financial asset is deemed past due when the counterparty has failed to make payment when the outstanding amount is contractually due.

	General Takaful Fund/Company				Total RM'000
	Up to 3 months RM'000	3 months to 6 months RM'000	7 months to 12 months RM'000	> 12 months RM'000	
<u>31 December 2022</u>					
Takaful receivables	-	2,690	96	209	2,995
<u>31 December 2021</u>					
Takaful receivables	-	3,290	1,205	77	4,572

Impaired Financial Assets

At 31 December 2022, based on a combination of collective and individual assessments of receivables, there were impaired takaful receivables of RM10,435,000 (2021: RM8,571,000). For assets to be classified as "past-due and impaired", indicators of objective evidence of impairment are contractual payments in arrears for more than 90 days. In addition, full impairment is made on takaful receivables exhibiting objective evidence of impairment such as outstanding debts exceeding 180 days. The Company records impairment allowance for takaful receivables in a separate "allowance for impairment" account.

A reconciliation of the allowance for impairment loss of takaful receivables is as follows:

	2022 RM'000	2021 RM'000
At 1 January	8,571	6,962
Allowance for the financial year	1,864	1,609
At 31 December	10,435	8,571

No collateral is held as security for any past due or impaired assets.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected retakaful recoveries. The Company's policy is to maintain adequate liquidity to meet its liquidity needs under all conditions.

There are guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet takaful and investment contracts obligations.

The Company's catastrophe excess-of-loss retakaful contract contains clauses permitting the Company to make cash call claims and receive immediate payment for large losses should claims events exceed a certain amount.

For takaful contract liabilities and retakaful assets, maturity profiles are determined based on the estimated timing of net cash outflows of the recognised contribution liabilities.

Contribution liabilities, the retakaful's share of contribution liabilities and expense liabilities relating to the General takaful fund have been excluded from the analysis as there are no contractual obligations to make or receive payments on those liabilities.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity Profile

The table below summarises the maturity profile of the Takaful Operator's financial assets and financial liabilities based on remaining undiscounted contractual obligations, including profit payable and receivable.

	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 - 15 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Takaful Operator</u>							
<u>31 December 2022</u>							
Financial assets:							
Loans and receivables	32,033	32,033	-	-	-	-	32,033
AFS financial assets	453,700	53,898	276,052	133,190	45,579	-	508,719
Other receivables #	21,136	21,136	-	-	-	-	21,136
Cash and cash equivalents	134,515	134,515	-	-	-	-	134,515
	<u>641,384</u>	<u>241,582</u>	<u>276,052</u>	<u>133,190</u>	<u>45,579</u>	<u>-</u>	<u>696,403</u>
Financial liabilities:							
Lease liabilities	5,118	2,150	3,257	-	-	-	5,407
Other payables	76,139	76,139	-	-	-	-	76,139
	<u>81,257</u>	<u>78,289</u>	<u>3,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,546</u>

Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity Profile (continued)

The table below summarises the maturity profile of the General Takaful Fund's financial and takaful assets and financial and takaful liabilities based on remaining undiscounted contractual obligations, including profit payable and receivable. (continued)

For takaful contract liabilities and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised takaful liabilities. Contribution liabilities and the retakaful's share of contribution liabilities have been excluded from the analysis. (continued)

	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 - 15 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
General Takaful Fund							
31 December 2022							
Financial assets:							
Loans and receivables	438,842	438,842	-	-	-	-	438,842
AFS financial assets	465,001	121,416	162,603	173,171	66,600	-	523,790
Retakaful assets *	87,110	49,532	31,029	5,973	576	-	87,110
Takaful receivables	57,371	57,371	-	-	-	-	57,371
Other receivables	210	210	-	-	-	-	210
Cash and cash equivalents	247,265	247,265	-	-	-	-	247,265
	<u>1,295,799</u>	<u>914,636</u>	<u>193,632</u>	<u>179,144</u>	<u>67,176</u>	<u>-</u>	<u>1,354,588</u>
Financial liabilities:							
Takaful contract liabilities **	807,653	457,781	295,788	48,231	5,853	-	807,653
Other payables	77,287	77,287	-	-	-	-	77,287
Takaful payables	28,521	28,521	-	-	-	-	28,521
	<u>913,461</u>	<u>563,589</u>	<u>295,788</u>	<u>48,231</u>	<u>5,853</u>	<u>-</u>	<u>913,461</u>

* Excludes retakaful operators' share of contribution liabilities.

** Excludes contribution liabilities, AFS reserve and unallocated surplus.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity Profile (continued)

The table below summarises the maturity profile of the Company's financial and takaful assets and financial and takaful liabilities based on remaining undiscounted contractual obligations, including profit payable and receivable. (continued)

For takaful contract liabilities and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised takaful liabilities. Contribution liabilities and the retakaful's share of contribution liabilities have been excluded from the analysis. (continued)

Company	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 - 15 years	No maturity date	Total
31 December 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets:							
Loans and receivables	470,875	470,875	-	-	-	-	470,875
AFS financial assets	918,701	175,314	438,655	306,361	112,179	-	1,032,509
Retakaful assets *	87,110	49,532	31,029	5,973	576	-	87,110
Takaful receivables	57,371	57,371	-	-	-	-	57,371
Other receivables #	1,306	1,306	-	-	-	-	1,306
Cash and cash equivalents	381,780	381,780	-	-	-	-	381,780
	<u>1,917,143</u>	<u>1,136,178</u>	<u>469,684</u>	<u>312,334</u>	<u>112,755</u>	<u>-</u>	<u>2,030,951</u>
Financial liabilities:							
Takaful contract liabilities **	807,653	457,781	295,788	48,231	5,853	-	807,653
Lease liabilities	5,118	2,150	3,257	-	-	-	5,407
Other payables	133,386	133,386	-	-	-	-	133,386
Takaful payables	28,521	28,521	-	-	-	-	28,521
	<u>974,678</u>	<u>621,838</u>	<u>299,045</u>	<u>48,231</u>	<u>5,853</u>	<u>-</u>	<u>974,967</u>

* Excludes retakaful operators' share of contribution liabilities.

** Excludes contribution liabilities, AFS reserve and unallocated surplus.

Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity Profile (continued)

The table below summarises the maturity profile of the Takaful Operator's financial assets and financial liabilities based on remaining undiscounted contractual obligations, including profit payable and receivable. (continued)

	<u>Carrying value</u>	<u>Up to a year</u>	<u>1 – 3 years</u>	<u>3 – 5 years</u>	<u>5 - 15 years</u>	<u>No maturity date</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Takaful Operator							
31 December 2021							
Financial assets:							
AFS financial assets	383,073	85,324	189,697	112,126	32,950	-	420,097
Other receivables #	32,496	32,496	-	-	-	-	32,496
Cash and cash equivalents	121,521	121,521	-	-	-	-	121,521
	<u>537,090</u>	<u>239,341</u>	<u>189,697</u>	<u>112,126</u>	<u>32,950</u>	<u>-</u>	<u>574,114</u>
Financial liabilities:							
Lease liabilities	2,341	2,098	285	-	-	-	2,383
Other payables	46,621	46,621	-	-	-	-	46,621
	<u>48,962</u>	<u>48,719</u>	<u>285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,004</u>

Excludes prepayments of RM55,000 from Takaful Operator fund as at 31 December 2021.

Registration No.

201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity Profile (continued)

The table below summarises the maturity profile of the General Takaful Fund's financial and takaful assets and financial and takaful liabilities based on remaining undiscounted contractual obligations, including profit payable and receivable. (continued)

For takaful contract liabilities and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised takaful liabilities. Contribution liabilities and the retakaful's share of contribution liabilities have been excluded from the analysis. (continued)

	<u>Carrying value</u>	<u>Up to a year</u>	<u>1 – 3 years</u>	<u>3 – 5 years</u>	<u>5 - 15 years</u>	<u>No maturity date</u>	<u>Total</u>
<u>General Takaful Fund</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2021</u>							
Financial assets:							
Loans and receivables	163,067	163,067	-	-	-	-	163,067
AFS financial assets	454,376	117,597	197,527	131,524	51,408	-	498,056
Retakaful assets *	97,201	62,210	29,041	5,803	147	-	97,201
Takaful receivables	47,151	47,151	-	-	-	-	47,151
Other receivables	378	378	-	-	-	-	378
Cash and cash equivalents	333,915	333,915	-	-	-	-	333,915
	<u>1,096,088</u>	<u>724,318</u>	<u>226,568</u>	<u>137,327</u>	<u>51,555</u>	<u>-</u>	<u>1,139,768</u>
Financial liabilities:							
Takaful contract liabilities **	675,621	408,869	231,437	34,163	1,152	-	675,621
Other payables	83,504	83,504	-	-	-	-	83,504
Takaful payables	32,628	32,628	-	-	-	-	32,628
	<u>791,753</u>	<u>525,001</u>	<u>231,437</u>	<u>34,163</u>	<u>1,152</u>	<u>-</u>	<u>791,753</u>

* Excludes retakaful operators' share of contribution liabilities.

** Excludes contribution liabilities, AFS reserve and unallocated surplus.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**35. FINANCIAL RISK (CONTINUED)****Liquidity Risk (continued)****Maturity Profile (continued)**

The table below summarises the maturity profile of the Company's financial and takaful assets and financial and takaful liabilities based on remaining undiscounted contractual obligations, including profit payable and receivable. (continued)

For takaful contract liabilities and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised takaful liabilities. Contribution liabilities and the retakaful's share of contribution liabilities have been excluded from the analysis. (continued)

Company	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 - 15 years	No maturity date	Total
<u>31 December 2021</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Financial assets:							
Loans and receivables	163,067	163,067	-	-	-	-	163,067
AFS financial assets	837,449	202,921	387,224	243,650	84,358	-	918,153
Retakaful assets *	97,201	62,210	29,041	5,803	147	-	97,201
Takaful receivables	47,151	47,151	-	-	-	-	47,151
Other receivables #	2,093	2,093	-	-	-	-	2,093
Cash and cash equivalents	455,436	455,436	-	-	-	-	455,436
	<u>1,602,397</u>	<u>932,878</u>	<u>416,265</u>	<u>249,453</u>	<u>84,505</u>	<u>-</u>	<u>1,683,101</u>
Financial liabilities:							
Takaful contract liabilities **	675,621	408,869	231,437	34,163	1,152	-	675,621
Lease liabilities	2,341	2,098	285	-	-	-	2,383
Other payables	99,344	99,344	-	-	-	-	99,344
Takaful payables	32,628	32,628	-	-	-	-	32,628
	<u>809,934</u>	<u>542,939</u>	<u>231,722</u>	<u>34,163</u>	<u>1,152</u>	<u>-</u>	<u>809,976</u>

* Excludes retakaful operators' share of contribution liabilities.

** Excludes contribution liabilities, AFS reserve and unallocated surplus.

Excludes prepayments of RM55,000 from Takaful Operator fund as at 31 December 2021.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**35. FINANCIAL RISK (CONTINUED)****Liquidity Risk (continued)**

The table below summarises the current/non-current classification of assets:

	31 December 2022			31 December 2021		
	Takaful Operator	General Takaful Fund	Company	Takaful Operator	General Takaful Fund	Company
<u>Non-current assets</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property and equipment	2,658	-	2,658	2,533	-	2,533
Right-of-use assets	4,738	-	4,738	1,891	-	1,891
Intangible assets	22,248	-	22,248	24,394	-	24,394
AFS financial assets	418,311	361,359	779,670	311,621	353,203	664,824
	<u>447,955</u>	<u>361,359</u>	<u>809,314</u>	<u>340,439</u>	<u>353,203</u>	<u>693,642</u>
<u>Current assets *</u>						
Loans and receivables	32,033	438,842	470,875	-	163,067	163,067
AFS financial assets	35,389	103,642	139,031	71,452	101,173	172,625
Retakaful assets	-	95,081	95,081	-	111,885	111,885
Takaful receivables	-	57,371	57,371	-	47,151	47,151
Other receivables **	21,136	210	1,306	32,496	378	2,148
Current tax assets	3,395	-	3,395	-	-	-
Deferred tax assets	24,059	3,429	27,488	17,716	3,815	21,531
Cash and cash equivalents	134,515	247,265	381,780	121,521	333,915	455,436
	<u>250,527</u>	<u>945,840</u>	<u>1,176,327</u>	<u>243,185</u>	<u>761,384</u>	<u>973,843</u>
	<u>698,482</u>	<u>1,307,199</u>	<u>1,985,641</u>	<u>583,624</u>	<u>1,114,587</u>	<u>1,667,485</u>

* Expected recovery or settlement within 12 months from the date of the statement of financial position.

** Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022. (2021: RM55,000)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**35. FINANCIAL RISK (CONTINUED)****Market Risk**

Market risk is the risk of financial loss in the fair values of the Company's investments due to adverse changes or volatility of prices in economic and financial markets. Market risk comprises three types of risk i.e. foreign exchange rates (currency risk), market rates/profit yields and market prices (price risk).

The Company manages market risk through setting of investment policy and asset allocation, approving portfolio limit structures and risk management methodologies, approving hedging, and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with the Company's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework.

Profit Rates/Profit Yield Risks

Profit rate risk is part of market risk as any adverse movements in profit rates/ profit yield may affect the fair value of the Company's investments and reinvestment issues to the Company. The ALMIC actively monitors such developments and discussed changes in maturity profiles of the assets and liabilities to minimise overall mismatch.

The Company has no significant concentration of profit rate/profit yield risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact of profit before tax and takaful contract liabilities (due to changes in fair value of fixed and floating rate/yield financial instruments) and equity due to changes in the fair value of AFS financial assets. The correlation of variables will have a significant effect in determining the ultimate impact on profit rate/profit yield risk but to demonstrate the impact due to changes in variables, variables had to be changed in an individual basis. It should be noted that movements in these variables are non-linear.

The sensitivity analysis below illustrates impact of 50bps increase/decrease in profit rate/ profit yield to investment value based on portfolio holdings as at 31 December 2022, holding other variables constant.

	2022		2021	
	Impact on equity*	Impact on takaful contract liabilities*	Impact on equity*	Impact on takaful contract liabilities*
Changes in variables (RM)	RM'000	RM'000	RM'000	RM'000
	<------(Decrease) / Increase----->			
<u>Takaful Operator</u>				
+50 basis points	(5,183)	-	(4,307)	-
-50 basis points	5,271	-	4,452	-
<u>General Takaful Fund</u>				
+50 basis points	-	(4,965)	-	(4,702)
-50 basis points		5,053		4,883
<u>Company</u>				
+50 basis points	(5,183)	(4,965)	(4,307)	(4,702)
-50 basis points	5,271	5,053	4,452	4,883

* Impact on equity/takaful contract liabilities is stated net of tax at 24%.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. OPERATIONAL RISK

Operational risk arises from inadequate or failed performance of business functions or internal processes. Exposure to this risk can cause deficiencies or breakdowns in internal controls or processes, technology and external events such as interruption of business operations due to a breakdown of IT systems, cybersecurity incident, landslide or flood.

The Company has developed a comprehensive Standard Operating Procedures (“SOP”) to enable all relevant departments to implement measures to monitor and control the risk in order to avoid or reduce future losses. The Risk Management Department is assigned to facilitate the relevant departments in identifying and evaluating their operational risks and control weaknesses via a structured risk assessment process.

37. COMPLIANCE RISK

Compliance risk is the risk arising from violations of, or non-conformance with business principles, internal policies and procedures, related laws, rules and regulations issued by regulatory bodies i.e. BNM, Malaysian Takaful Association (“MTA”), Perbadanan Insurans Deposit Malaysia (“PIDM”) governing the takaful industry, products and activities.

Consequently, the exposure to this risk can damage the Company’s reputation and lead to legal or regulatory sanctions and/or financial loss.

The Legal Department and Compliance Department are assigned to look into all compliance aspects in observing the regulatory requirements prescribed by regulators, i.e., BNM, MTA, PIDM. It has developed internal policies and procedures (e.g. Anti-Money Laundering Framework, Introduction of New Products Framework, Outsourcing Framework) to align with the laws and guidelines issued by the authorities.

38. ADDITIONAL DISCLOSURES 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.

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**38. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The following table presents the Takaful Operator's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and profit on the principal outstanding ("SPPI"):

	2022		2021		Results of the cash flows characteristics test
	Fair value at 31 December	Change in fair value	Fair value at 31 December	Change in fair value	
<u>Takaful Operator</u>	RM'000	RM'000	RM'000	RM'000	
Loans and receivables	32,033	-	-	-	SPPI
AFS financial assets:					
Government Investment Issues	158,582	-	88,027	-	SPPI
Islamic debt securities, unquoted	295,118	(5,734)	295,046	(5,276)	SPPI
Other receivables *	21,136	-	32,496	-	SPPI
Cash and cash equivalents	134,515	-	121,521	-	SPPI
	<u>641,384</u>	<u>(5,734)</u>	<u>537,090</u>	<u>(5,276)</u>	

* Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022 (2021: RM55,000)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**38. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The following table presents the General Takaful Fund's and the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and profit on the principal outstanding ("SPPI"):

	2022		2021		Results of the cash flows characteristics test
	Fair value at 31 December	Change in fair value	Fair value at 31 December	Change in fair value	
<u>General Takaful Fund</u>	RM'000	RM'000	RM'000	RM'000	
Loans and receivables	438,842	-	163,067	-	SPPI
AFS financial assets:					
Islamic debt securities, unquoted	465,001	(7,716)	454,376	(8,403)	SPPI
Other receivables	210	-	378	-	SPPI
Cash and cash equivalents	247,265	-	333,915	-	SPPI
	<u>1,151,318</u>	<u>(7,716)</u>	<u>951,736</u>	<u>(8,403)</u>	
<u>Company</u>					
Loans and receivables	470,875	-	163,067	-	SPPI
AFS financial assets:					
Government Investment Issues	158,582	-	88,027	-	SPPI
Islamic debt securities, unquoted	760,119	(13,450)	749,422	(13,679)	SPPI
Other receivables *	1,306	-	2,093	-	SPPI
Cash and cash equivalents	381,780	-	455,436	-	SPPI
	<u>1,772,662</u>	<u>(13,450)</u>	<u>1,458,045</u>	<u>(13,679)</u>	

* Excludes prepayments of RM8,000 from Takaful Operator fund as at 31 December 2022 (2021: RM55,000)

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

Zurich General Takaful Malaysia Berhad

Registration No. 201701045981 (1260157-U)

Level 23A, Mercu 3,
No. 3, Jalan Bangsar, KL Eco City,
59200 Kuala Lumpur, Malaysia
Tel: 03-2109 6000 Fax: 03-2109 6888
Call Centre: 1-300-888-622
www.zurich.com.my

