

Unaudited Condensed  
Interim Financial Statements  
For The Financial Period From  
1 January 2022 To 30 June 2022

Company No.  
196801000442 (8029-A)

**ZURICH LIFE INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

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# ZURICH LIFE INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

## UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30.06.2022 RM'000	31.12.2021 RM'000
<b>ASSETS</b>			
Property, plant and equipment		24,621	27,439
Right-of-use assets		13,037	14,781
Intangible assets		1,453	1,952
Investment properties		54,950	57,103
Investments	11	7,095,940	7,460,455
Available-for-sale financial assets		4,900,632	5,048,218
Financial assets at fair value through profit or loss		1,887,992	2,107,071
Loans and receivables		307,316	305,166
Reinsurance assets	13	123,708	84,553
Insurance receivables		70,138	31,198
Other receivables		24,838	21,629
Tax recoverable		7,258	12,405
Deferred tax assets		12,267	9,152
Cash and cash equivalents		285,608	274,635
Non-current assets held-for-sale		18,400	16,250
<b>Total assets</b>		<b>7,732,218</b>	<b>8,011,552</b>
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>			
Share capital		579,000	579,000
Retained earnings		900,932	812,722
Other reserves		(40,216)	30,760
<b>Total equity</b>		<b>1,439,716</b>	<b>1,422,482</b>
Insurance contract liabilities	14	4,387,608	4,673,472
Deferred tax liabilities		159,577	162,515
Lease liabilities		13,340	15,190
Other liabilities		132,891	109,780
Insurance payables		1,592,865	1,624,706
Current tax liabilities		6,221	3,407
<b>Total liabilities</b>		<b>6,292,502</b>	<b>6,589,070</b>
<b>Total equity, policyholders' funds and liabilities</b>		<b>7,732,218</b>	<b>8,011,552</b>

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

# **ZURICH LIFE INSURANCE MALAYSIA BERHAD**

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## **UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	<b>6 months ended 30.06.2022 RM'000</b>	<b>6 months ended 30.06.2021 RM'000</b>
Gross earned premiums	415,894	417,457
Premiums ceded to reinsurers	<u>(15,052)</u>	<u>(15,935)</u>
<b>Net earned premiums</b>	<u>400,842</u>	<u>401,522</u>
Investment income	150,116	157,509
Realised gains and losses	(11,519)	(7,632)
Fair value gains and losses	(207,740)	(57,183)
Fee and commission income	<u>1,431</u>	<u>1,502</u>
<b>Other revenue</b>	<u>(67,712)</u>	<u>94,196</u>
<b>Total revenue</b>	<u>333,130</u>	<u>495,718</u>
Gross benefits and claims paid	(370,786)	(317,024)
Claims ceded to reinsurers	23,877	8,478
Gross change to contract liabilities	185,833	40,400
Change in contract liabilities ceded to reinsurers	<u>39,155</u>	<u>(7,194)</u>
<b>Net claims</b>	<u>(121,921)</u>	<u>(275,340)</u>
Fee and commission expenses	(59,391)	(60,546)
Management expenses	(64,061)	(57,904)
Other operating income - net	<u>21,789</u>	<u>7,366</u>
<b>Other expenses - net</b>	<u>(101,663)</u>	<u>(111,084)</u>
Operating profit	109,546	109,294
Finance cost	<u>(203)</u>	<u>(370)</u>
Profit before taxation	109,343	108,924
Taxation	<u>(21,133)</u>	<u>(41,631)</u>
<b>Net profit for the financial period</b>	<u>88,210</u>	<u>67,293</u>
<b>Basic/diluted earnings per share (sen)</b>	<u>15.23</u>	<u>11.62</u>

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

# **ZURICH LIFE INSURANCE MALAYSIA BERHAD**

(Incorporated in Malaysia)

## **UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	<b>6 months ended 30.06.2022 RM'000</b>	<b>6 months ended 30.06.2021 RM'000</b>
<b>Net profit for the financial period</b>	88,210	67,293
<b>Other comprehensive income/(loss):</b>		
Item that may not be subsequently reclassified to profit or loss :		
Deferred tax on revaluation surplus of property upon disposal	-	3,534
Change in insurance contract liabilities	-	(1,197)
Other comprehensive income for the financial period	-	2,337
Item that may be subsequently reclassified to profit or loss :		
Fair value change on available-for-sale financial assets, net of deferred tax:		
Gross fair value change arising during the financial period	(175,407)	(218,417)
Transferred to statement of profit or loss upon disposal	(9,280)	(4,077)
Deferred tax	13,680	15,165
Net fair value changes	(171,007)	(207,329)
Change in insurance contract liabilities arising from net fair value changes	100,031	121,696
Other comprehensive loss for the financial period, net of tax	(70,976)	(85,633)
<b>Total comprehensive income/(loss) for the financial period</b>	<b>17,234</b>	<b>(16,003)</b>

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**ZURICH LIFE INSURANCE MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	Issued and fully paid ordinary shares		Non-distributable		Retained earnings			
	Numbers of shares	Share capital	Available- for-sale fair value reserve	Asset revaluation reserve	Non- Distributable Non-Par unallocated surplus <sup>1</sup>	Distributable retained earnings	Total retained earnings	Total
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	579,000	579,000	30,760	-	472,946	339,776	812,722	1,422,482
Net profit for the financial period	-	-	-	-	81,161	7,049	88,210	88,210
Other comprehensive loss for the financial period	-	-	(70,976)	-	-	-	-	(70,976)
At 31 June 2022	<u>579,000</u>	<u>579,000</u>	<u>(40,216)</u>	<u>-</u>	<u>554,107</u>	<u>346,825</u>	<u>900,932</u>	<u>1,439,716</u>
At 1 January 2021 (as previously stated)	579,000	579,000	126,345	11,128	405,105	192,497	597,602	1,314,075
Adjustments	-	-	-	-	(58,060)	182,141	124,081	124,081
At 1 January 2021 (as restated)	579,000	579,000	126,345	11,128	347,045	374,638	721,683	1,438,156
Net profit/(loss) for the financial period	-	-	-	-	94,564	(27,271)	67,293	67,293
Realisation of revaluation reserve upon disposal	-	-	-	(13,465)	5,593	7,872	13,465	-
Other comprehensive (loss)/income for the financial period	-	-	(85,633)	2,337	-	-	-	(83,296)
At 30 June 2021	<u>579,000</u>	<u>579,000</u>	<u>40,712</u>	<u>-</u>	<u>447,202</u>	<u>355,239</u>	<u>802,441</u>	<u>1,422,153</u>

<sup>1</sup>In accordance with the FSA, the unallocated surplus of the Non-Participating ("Non-Par") fund is only available for distribution to the shareholders upon approval by the Appointed Actuary. There was no transfer from Non-Par fund unallocated surplus for the financial period ended 30 June 2022 (2021: Nil).

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

## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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### UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	6 months ended 30.06.2022 RM'000	6 months ended 30.06.2021 RM'000
<b>OPERATING ACTIVITIES</b>		
Cash utilised in operating activities	(138,657)	(216,234)
Dividend/distribution income received	34,964	37,386
Interest/profit income received	124,788	119,295
Rental income on investment properties received	1,859	2,581
Property maintenance expenses paid	(1,932)	(2,246)
Income tax paid	(5,462)	(10,685)
Net cash inflows/(outflows) from operating activities	15,560	(69,903)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	170	-
Proceeds from disposal of non-current assets held-for-sale	-	118,091
Purchase of property, plant and equipment	(169)	(2,625)
Purchase of intangible assets	(132)	(139)
Net cash (outflows)/inflows from investing activities	(131)	115,327
<b>FINANCING ACTIVITY</b>		
Payment of lease liabilities	(4,456)	(5,539)
Net cash outflows from financing activity	(4,456)	(5,539)
Net increase in cash and cash equivalents	10,973	39,885
Cash and cash equivalents at the beginning of the financial period	274,635	265,538
<b>Cash and cash equivalents at the end of the financial period</b>	<b>285,608</b>	<b>305,423</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	285,608	305,423

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

## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

#### 1. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021, which were prepared in accordance with the MFRS and International Financial Reporting Standards ("IFRS").

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the change in the financial position and performance of the Company since the financial year ended 31 December 2021.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following:

Description	Effective for annual financial periods beginning on or after
• Amendments to MFRS 16 Leases (Annual Improvements to MFRS Standards 2018 – 2020)	1 January 2022
• Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 – 2020)	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment (Reference to Property, Plant and Equipment – Proceeds before Intended Use)	1 January 2022
• Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Reference to Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022
• Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
• Amendments to MFRS 9 Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)	1 January 2022

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



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

**3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the audited financial statements for the financial year ended 31 December 2021 was not qualified.

**4. SEASONAL OR CYCLICAL FACTORS**

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

**5. UNUSUAL ITEMS**

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

**6. CHANGE IN ACCOUNTING ESTIMATES**

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

**7. DEBT AND EQUITY SECURITIES**

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

**8. DIVIDEND PAYMENT**

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

**9. SUBSEQUENT EVENT**

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

**10. CHANGES IN COMPOSITION OF THE COMPANY**

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

# **ZURICH LIFE INSURANCE MALAYSIA BERHAD**

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

### **11. INVESTMENTS**

	<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Securities/Government Investment Issues	964,421	707,353
Corporate debt securities	3,824,697	4,239,661
Equity securities	1,149,705	1,344,413
Unit trusts	849,801	863,862
Loans	307,316	305,166
	<u>7,095,940</u>	<u>7,460,455</u>

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

Available-for-sale ("AFS") financial assets	4,900,632	5,048,218
Fair value through profit or loss ("FVTPL") financial assets	1,887,992	2,107,071
Loans and receivables ("LAR")	307,316	305,166
	<u>7,095,940</u>	<u>7,460,455</u>

Investments that mature after 12 months:

AFS financial assets	4,370,535	4,463,666
FVTPL financial assets	165,692	174,146
LAR	1,725	3,115
	<u>4,537,952</u>	<u>4,640,927</u>

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

#### **12. FAIR VALUE MEASUREMENTS**

##### **(a) Determination of fair value and fair value hierarchy**

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

##### **Level 1 - Quoted market price**

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

##### **Level 2 - Valuation Techniques - Market Observable Input**

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

##### **Level 3 - Valuation Techniques - Unobservable input**

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

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

#### 12. FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 June 2022</u>				
AFS financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	958,266	-	958,266
- Corporate debt securities	-	3,624,771	36,642	3,661,413
- Equity securities	-	-	19,044	19,044
- Unit trusts	261,909	-	-	261,909
FVTPL financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	6,155	-	6,155
- Corporate debt securities	-	162,742	542	163,284
- Equity securities	1,130,661	-	-	1,130,661
- Unit trusts	587,892	-	-	587,892
Non-financial assets:				
- Investment properties	-	-	54,950	54,950
- Non-current assets held-for-sale	-	18,400	-	18,400
	<u>1,980,462</u>	<u>4,770,334</u>	<u>111,178</u>	<u>6,861,974</u>

## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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

#### 12. FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2021</u>				
AFS financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	699,264	-	699,264
- Corporate debt securities	-	4,034,158	37,498	4,071,656
- Equity securities	-	-	19,044	19,044
- Unit trusts	258,254	-	-	258,254
FVTPL financial assets:				
- Malaysian Government Securities/ Government Investment Issues	-	8,089	-	8,089
- Corporate debt securities	-	167,447	558	168,005
- Equity securities	1,325,369	-	-	1,325,369
- Unit trusts	605,608	-	-	605,608
Non-financial assets:				
- Investment properties	-	-	57,103	57,103
- Non-current assets held-for-sale	-	16,250	-	16,250
	<u>2,189,231</u>	<u>4,925,208</u>	<u>114,203</u>	<u>7,228,642</u>

#### 13. REINSURANCE ASSETS

	<u>30.06.2022</u>	<u>31.12.2021</u>
	<u>RM'000</u>	<u>RM'000</u>
Reinsurers' share of insurance contract liabilities (Note 14)	<u>123,708</u>	<u>84,553</u>

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

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

**14. INSURANCE CONTRACT LIABILITIES**

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

	<b>30.06.2022</b>			<b>31.12.2021</b>		
	<b>Gross</b>	<b>Re- insurance</b>	<b>Net</b>	<b>Gross</b>	<b>Re- insurance</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Liability for future policyholders' benefits	3,135,872	(104,468)	3,031,404	3,219,724	(61,800)	3,157,924
Net asset value attributable to unitholders	1,270,215	-	1,270,215	1,362,762	-	1,362,762
Actuarial liabilities	4,406,087	(104,468)	4,301,619	4,582,486	(61,800)	4,520,686
Claims liabilities	132,857	(19,240)	113,617	135,695	(22,753)	112,942
	4,538,944	(123,708)	4,415,236	4,718,181	(84,553)	4,633,628
Life Participating Fund:						
- Unallocated deficit	(142,894)	-	(142,894)	(136,298)	-	(136,298)
- Available-for-sale reserve	(15,651)	-	(15,651)	84,380	-	84,380
- Asset revaluation reserve	7,209	-	7,209	7,209	-	7,209
	<u>4,387,608</u>	<u>(123,708)</u>	<u>4,263,900</u>	<u>4,673,472</u>	<u>(84,553)</u>	<u>4,588,919</u>

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

**14. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	<b>Gross</b>			<b>Reinsurance</b>			
	<b>With DPF</b>	<b>Without DPF</b>	<b>Total</b>	<b>With DPF</b>	<b>Without DPF</b>	<b>Total</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Actuarial liabilities</u>							
At 1 January 2021	2,567,903	2,288,345	4,856,248	(27,037)	(17,757)	(44,794)	4,811,454
Benefit and claims experience variation	(24,667)	21,413	(3,254)	(18,021)	1,015	(17,006)	(20,260)
Change due to valuation basis:							
Model enhancement	(247,135)	1,337	(245,798)	-	-	-	(245,798)
Yield movement	(47,626)	(102,671)	(150,297)	-	-	-	(150,297)
Assumption changes	8,631	14,787	23,418	-	-	-	23,418
Increase in net asset value attributable to unitholders	-	102,169	102,169	-	-	-	102,169
At 31 December 2021	2,257,106	2,325,380	4,582,486	(45,058)	(16,742)	(61,800)	4,520,686
Benefit and claims experience variation	(13,737)	11,880	(1,857)	(41,124)	(1,544)	(42,668)	(44,525)
Change due to valuation basis:							
Model enhancement	-	740	740	-	-	-	740
Yield movement	-	(82,735)	(82,735)	-	-	-	(82,735)
Assumption changes	-	-	-	-	-	-	-
Reduce in net asset value attributable to unitholders	-	(92,547)	(92,547)	-	-	-	(92,547)
At 30 June 2022	<u>2,243,369</u>	<u>2,162,718</u>	<u>4,406,087</u>	<u>(86,182)</u>	<u>(18,286)</u>	<u>(104,468)</u>	<u>4,301,619</u>

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

**14. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	<b>Gross</b>			<b>Reinsurance</b>			
	<b>With DPF</b>	<b>Without DPF</b>	<b>Total</b>	<b>With DPF</b>	<b>Without DPF</b>	<b>Total</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Claims liabilities</u>							
At 1 January 2021	53,352	65,056	118,408	(1,578)	(8,267)	(9,845)	108,563
Movement in claim provisions	(6,755)	24,042	17,287	391	(13,299)	(12,908)	4,379
At 31 December 2021	46,597	89,098	135,695	(1,187)	(21,566)	(22,753)	112,942
Movement in claim provisions	(2,210)	(628)	(2,838)	453	3,060	3,513	675
At 30 June 2022	44,387	88,470	132,857	(734)	(18,506)	(19,240)	113,617



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**ZURICH LIFE INSURANCE MALAYSIA BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**14. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	<b>2022</b>			<b>2021</b>		
	<b>With DPF</b>	<b>Without DPF*</b>	<b>Total</b>	<b>With DPF</b>	<b>Without DPF*</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Unallocated (deficit)/surplus</u>						
At 1 January (as previously stated)	(136,298)	472,946	336,648	(241,917)	405,105	163,188
Adjustment	-	-	-	(239,659)	(58,060)	(297,719)
At 1 January (as restated)	(136,298)	472,946	336,648	(481,576)	347,045	(134,531)
Premium received	52,796	348,046	400,842	124,456	711,302	835,758
Payment due to death, surrenders, benefits and claims	(133,869)	(213,040)	(346,909)	(273,972)	(387,955)	(661,927)
Net investment income	35,932	(117,453)	(81,521)	138,097	83,060	221,157
Management expenses and commissions	(17,342)	(80,458)	(97,800)	13,229	(189,670)	(176,441)
Change in life insurance fund actuarial liabilities	15,947	163,290	179,237	317,551	(61,077)	256,474
Change in claims liabilities	40,670	(1,515)	39,155	17,629	12,285	29,914
Tax expense	(730)	(17,709)	(18,439)	(6,690)	(47,637)	(54,327)
Asset revaluation reserve	-	-	-	14,978	5,593	20,571
Net (deficit)/surplus for the financial period/year	<u>(6,596)</u>	<u>81,161</u>	<u>74,565</u>	<u>345,278</u>	<u>125,901</u>	<u>471,179</u>
At 30 June/31 December	<u>(142,894)</u>	<u>554,107</u>	<u>411,213</u>	<u>(136,298)</u>	<u>472,946</u>	<u>336,648</u>

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

# **ZURICH LIFE INSURANCE MALAYSIA BERHAD**

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

### **14. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<u>Available-for-sale reserve</u>		
At 1 January	84,380	220,928
Fair value change on available-for-sale financial assets, net of tax:		
- Gross fair value change	(105,684)	(144,062)
- Deferred taxation	5,653	7,514
	<u>(100,031)</u>	<u>(136,548)</u>
At 30 June/31 December	<u>(15,651)</u>	<u>84,380</u>
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<u>Asset revaluation reserve</u>		
At 1 January	7,209	20,990
Fair value change, net of tax:		
- Gross fair value transferred to unallocated surplus	-	(14,978)
- Deferred taxation	-	1,197
	<u>-</u>	<u>(13,781)</u>
At 30 June/31 December	<u>7,209</u>	<u>7,209</u>

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

**15. TOTAL CAPITAL AVAILABLE**

The regulated capital of the Company as at 30 June 2022 comprised capital available of RM1,826,207,000 (31 December 2021: RM1,880,351,000).

The capital structure of the Company as at 30 June 2022, as prescribed under the RBC Framework, is shown below:

	<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier 1 Capital</u></b>		
Paid-up share capital	579,000	579,000
Reserves, including retained earnings	<u>1,302,128</u>	<u>1,217,361</u>
	1,881,128	1,796,361
<b><u>Tier 2 Capital</u></b>		
Available-for-sale reserves	(42,840)	93,142
Less:		
Deferred tax assets	<u>(12,081)</u>	<u>(9,152)</u>
<b>Total Capital Available</b>	<u>1,826,207</u>	<u>1,880,351</u>

## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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

#### 16. INSURANCE FUNDS

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

#### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2022

	Life Fund RM'000	Share- holders' Fund RM'000	Total RM'000
<b>Assets</b>			
Property, plant and equipment	24,621	-	24,621
Right-of-use assets	13,037	-	13,037
Intangible assets	1,453	-	1,453
Investment properties	33,000	21,950	54,950
Investments	6,412,223	683,717	7,095,940
AFS	4,216,915	683,717	4,900,632
FVTPL	1,887,992	-	1,887,992
LAR	307,316	-	307,316
Reinsurance assets	123,708	-	123,708
Insurance receivables	70,138	-	70,138
Other receivables	24,442	396	24,838
Tax recoverable	2,223	5,035	7,258
Deferred tax assets	186	12,081	12,267
Cash and cash equivalents	280,008	5,600	285,608
Non-current assets held-for-sale	18,400	-	18,400
<b>Total assets</b>	<b>7,003,439</b>	<b>728,779</b>	<b>7,732,218</b>
<b>Equity, policyholders' funds and liabilities</b>			
Share capital	-	579,000	579,000
Retained earnings	554,107	346,825	900,932
Other reserves	(34,132)	(6,084)	(40,216)
<b>Total equity</b>	<b>519,975</b>	<b>919,741</b>	<b>1,439,716</b>
Insurance contract liabilities	4,387,608	-	4,387,608
Deferred tax liabilities	159,577	-	159,577
Lease liabilities	13,340	-	13,340
Other liabilities	130,663	2,228	132,891
Insurance payables	1,592,865	-	1,592,865
Current tax liabilities	6,221	-	6,221
<b>Total liabilities</b>	<b>6,290,274</b>	<b>2,228</b>	<b>6,292,502</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>6,810,249</b>	<b>921,969</b>	<b>7,732,218</b>
<b>Inter-fund balances</b>	<b>41,852</b>	<b>(41,852)</b>	<b>-</b>
<b>Inter-fund loan</b>	<b>151,338</b>	<b>(151,338)</b>	<b>-</b>

## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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

#### 16. INSURANCE FUNDS (CONTINUED)

##### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS AS AT 31 DECEMBER 2021

	Life Fund	Share- holders' Fund	Total
	RM'000	RM'000	RM'000
<b>Assets</b>			
Property, plant and equipment	27,439	-	27,439
Right-of-use assets	14,781	-	14,781
Intangible assets	1,952	-	1,952
Investment properties	35,153	21,950	57,103
Investments	6,690,749	769,706	7,460,455
AFS	4,278,512	769,706	5,048,218
FVTPL	2,107,071	-	2,107,071
LAR	305,166	-	305,166
Reinsurance assets	84,553	-	84,553
Insurance receivables	31,198	-	31,198
Other receivables	21,149	480	21,629
Tax recoverable	4,308	8,097	12,405
Deferred tax assets	-	9,152	9,152
Cash and cash equivalents	264,895	9,740	274,635
Non-current assets held-for-sale	16,250	-	16,250
<b>Total assets</b>	<b>7,192,427</b>	<b>819,125</b>	<b>8,011,552</b>
<b>Equity, policyholders' funds and liabilities</b>			
Share capital	-	579,000	579,000
Retained earnings	472,946	339,776	812,722
Other reserves	28,737	2,023	30,760
<b>Total equity</b>	<b>501,683</b>	<b>920,799</b>	<b>1,422,482</b>
Insurance contract liabilities	4,673,472	-	4,673,472
Deferred tax liabilities	162,515	-	162,515
Lease liabilities	15,190	-	15,190
Other liabilities	106,457	3,323	109,780
Insurance payables	1,624,706	-	1,624,706
Current tax liabilities	3,407	-	3,407
<b>Total liabilities</b>	<b>6,585,747</b>	<b>3,323</b>	<b>6,589,070</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>7,087,430</b>	<b>924,122</b>	<b>8,011,552</b>
<b>Inter-fund balances</b>	<b>60,286</b>	<b>(60,286)</b>	<b>-</b>
<b>Inter-fund loan</b>	<b>44,711</b>	<b>(44,711)</b>	<b>-</b>

## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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

#### 16. INSURANCE FUNDS (CONTINUED)

##### UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS BY FUNDS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	Life Fund	Share- holders' Fund	Total
	RM'000	RM'000	RM'000
Gross earned premiums	415,894	-	415,894
Premiums ceded to reinsurers	(15,052)	-	(15,052)
<b>Net earned premiums</b>	<b>400,842</b>	<b>-</b>	<b>400,842</b>
Investment income	137,478	12,638	150,116
Realised gains and losses	(11,259)	(260)	(11,519)
Fair value gains and losses	(207,740)	-	(207,740)
Fee and commission income	1,431	-	1,431
<b>Other revenue</b>	<b>(80,090)</b>	<b>12,378</b>	<b>(67,712)</b>
<b>Total revenue</b>	<b>320,752</b>	<b>12,378</b>	<b>333,130</b>
Gross benefits and claims paid	(370,786)	-	(370,786)
Claims ceded to reinsurers	23,877	-	23,877
Gross change to contract liabilities	185,833	-	185,833
Change in contract liabilities ceded to reinsurers	39,155	-	39,155
<b>Net claims</b>	<b>(121,921)</b>	<b>-</b>	<b>(121,921)</b>
Fee and commission expenses	(59,391)	-	(59,391)
Management expenses	(62,077)	(1,984)	(64,061)
Other operating expenses – net	22,440	(651)	21,789
<b>Other expenses</b>	<b>(99,028)</b>	<b>(2,635)</b>	<b>(101,663)</b>
Operating profit	99,803	9,743	109,546
Finance cost	(203)	-	(203)
Profit before taxation	99,600	9,743	109,343
Taxation	(18,439)	(2,694)	(21,133)
<b>Net profit for the financial period</b>	<b>81,161</b>	<b>7,049</b>	<b>88,210</b>

## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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

#### 16. INSURANCE FUNDS (CONTINUED)

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

	Life Fund	Share- holders' Fund	Total
	RM'000	RM'000	RM'000
Gross earned premiums	417,457	-	417,457
Premiums ceded to reinsurers	(15,935)	-	(15,935)
<b>Net earned premiums</b>	<b>401,522</b>	<b>-</b>	<b>401,522</b>
Investment income	146,391	11,118	157,509
Realised gains and losses	(8,780)	1,148	(7,632)
Fair value gains and losses	(57,183)	-	(57,183)
Fee and commission income	1,502	-	1,502
<b>Other revenue</b>	<b>81,930</b>	<b>12,266</b>	<b>94,196</b>
<b>Total revenue</b>	<b>483,452</b>	<b>12,266</b>	<b>495,718</b>
Gross benefits and claims paid	(317,024)	-	(317,024)
Claims ceded to reinsurers	8,478	-	8,478
Gross change to contract liabilities	40,400	-	40,400
Change in contract liabilities ceded to reinsurers	(7,194)	-	(7,194)
<b>Net claims</b>	<b>(275,340)</b>	<b>-</b>	<b>(275,340)</b>
Fee and commission expenses	(60,546)	-	(60,546)
Management expenses	(55,783)	(2,121)	(57,904)
Other operating expenses – net	37,420	(30,054)	7,366
<b>Other expenses</b>	<b>(78,909)</b>	<b>(32,175)</b>	<b>(111,084)</b>
Operating profit	129,203	(19,909)	109,294
Finance cost	(370)	-	(370)
Profit before taxation	128,833	(19,909)	108,924
Taxation	(34,269)	(7,362)	(41,631)
<b>Net profit/(loss) for the financial period</b>	<b>94,564</b>	<b>(27,271)</b>	<b>67,293</b>

# **ZURICH LIFE INSURANCE MALAYSIA BERHAD**

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

### **16. INSURANCE FUNDS (CONTINUED)**

#### **INVESTMENT-LINKED FUND**

#### **UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Investments		
FVTPL	1,171,887	1,297,236
Other receivables	336	422
Tax recoverable	-	562
Deferred tax assets	186	-
Cash and cash equivalents	102,830	79,561
<b>Total assets</b>	<b>1,275,239</b>	<b>1,377,781</b>
<b>Liabilities</b>		
Deferred tax liabilities	-	11,321
Other liabilities	1,207	1,321
Current tax liabilities	3,027	2,512
<b>Total liabilities</b>	<b>4,234</b>	<b>15,154</b>
<b>Inter-fund balances</b>	<b>790</b>	<b>(135)</b>
<b>Net asset value attributable to unitholders (Note 14)</b>	<b>1,270,215</b>	<b>1,362,762</b>

#### **INVESTMENT-LINKED FUND**

#### **UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	<b>6 months</b>	<b>6 months</b>
	<b>ended</b>	<b>Ended</b>
	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment income	17,111	23,143
Realised gains and losses	(10,177)	(3,444)
Fair value gains and losses	(153,495)	(29,312)
	(146,561)	(9,613)
Fee and commission expenses	(7,374)	(6,491)
Management expenses	(24)	(22)
Other operating income/(expenses) – net	21,916	8,695
Loss before taxation	(132,043)	(7,431)
Taxation	10,305	1,200
<b>Net loss for the financial period</b>	<b>(121,738)</b>	<b>(6,231)</b>



## ZURICH LIFE INSURANCE MALAYSIA BERHAD

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### 17. 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. The following table presents the Company’s financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding (“SPPI”).

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

	<u>AAA – AA</u>	<u>A</u>	<u>BBB1 to</u>	<u>BB &amp; Below</u>	<u>Not Rated</u>	<u>Impaired</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>BBB3</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 June 2022</u>							
Malaysia Government							
Securities/Government Investment							
Securities	-	-	-	-	958,267	-	958,267
Corporate debt securities	2,843,574	89,156	44,630	36,642	647,411	-	3,661,413
Loans and receivables	-	-	-	-	307,316	-	307,316
Other receivable (net of prepayment)	-	-	-	-	17,556	-	17,556
	<u>2,843,574</u>	<u>89,156</u>	<u>44,630</u>	<u>36,642</u>	<u>1,930,550</u>	<u>-</u>	<u>4,944,552</u>
<u>31 December 2021</u>							
Malaysia Government							
Securities/Government Investment							
Securities	-	-	-	-	699,264	-	699,264
Corporate debt securities	3,176,053	103,832	-	943	753,329	37,499	4,071,656
Loans and receivables	-	-	-	-	305,166	-	305,166
Other receivable (net of prepayment)	-	-	-	-	16,945	-	16,945
	<u>3,176,053</u>	<u>103,832</u>	<u>-</u>	<u>943</u>	<u>1,774,704</u>	<u>37,499</u>	<u>5,093,031</u>

# **ZURICH LIFE INSURANCE MALAYSIA BERHAD**

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

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

(b) Fair value/carrying amount:

	<u>Fair value</u>	<u>Change in</u>	<u>Result of cash</u>
	<u>RM'000</u>	<u>fair value</u>	<u>flows</u>
		<u>RM'000</u>	<u>characteristics</u>
			<u>RM'000</u>
<u>30 June 2022</u>			
AFS financial assets:			
- Malaysian Government Securities/ Government Investment Issues	958,267	(18,320)	SPPI
- Corporate debt securities	3,661,413	(187,725)	SPPI
- Equity securities	19,043	-	Non-SPPI
- Unit trusts	261,909	21,358	Non-SPPI
FVTPL financial assets:			
- Malaysian Government Securities/ Government Investment Issues	6,154	(301)	SPPI
- Corporate debt securities	163,284	(7,448)	SPPI
- Equity securities	1,130,661	(123,804)	Non-SPPI
- Unit trusts	587,893	(59,837)	Non-SPPI
Loans and receivables	307,316	(53)	SPPI
Other receivable excluding prepayments	17,556	-	SPPI
Cash and cash equivalents	285,608	-	SPPI

# **ZURICH LIFE INSURANCE MALAYSIA BERHAD**

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

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

(b) Fair value/carrying amount (continued):

	<u>Fair value</u>	<u>Change in</u>	<u>Result of cash</u>
	<u>RM'000</u>	<u>fair value</u>	<u>flows</u>
		<u>RM'000</u>	<u>characteristics</u>
			<u>RM'000</u>
<u>31 December 2021</u>			
AFS financial assets:			
- Malaysian Government Securities/ Government Investment Issues	699,264	(37,513)	SPPI
- Corporate debt securities	4,071,656	(201,550)	SPPI
- Equity securities	19,044	2,368	Non-SPPI
- Unit trusts	258,254	(14,022)	Non-SPPI
FVTPL financial assets:			
- Malaysian Government Securities/ Government Investment Issues	8,089	(426)	SPPI
- Corporate debt securities	168,005	(9,563)	SPPI
- Equity securities	1,325,369	29,559	Non-SPPI
- Unit trusts	605,608	11,936	Non-SPPI
Loans and receivables	305,166	(4,236)	SPPI
Other receivable excluding prepayments	16,945	-	SPPI
Cash and cash equivalents	274,635	-	SPPI

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