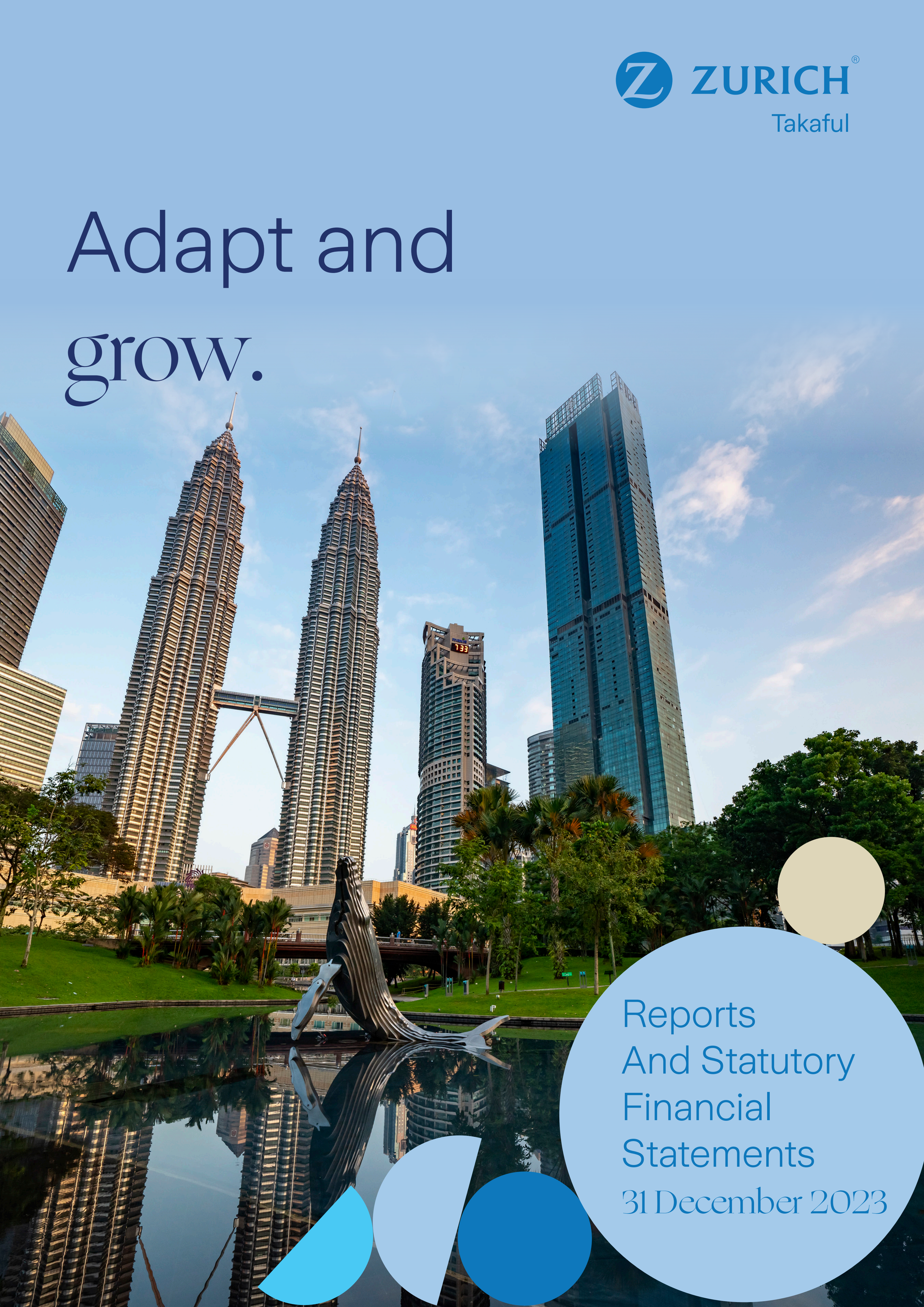
ZURICH
Takaful

Adapt and grow.



Reports And Statutory Financial Statements

31 December 2023

As the world around us continues to undergo dramatic change, Zurich is focused on responding positively and practically to the social, economic and environmental challenges we all face.

The ability to adapt is essential if we want to grow and thrive, as a business and for our customers, partners and people - now and in the future.

At Zurich, we draw on our heritage, expertise and track record of high performance to see things differently and drive the business forward.

Registration No.
201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

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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 shareholder, 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 (Independent Non-Executive Director)
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	Member (Independent Non-Executive Director)
Manogaran A/L Sinnathamby	Member (Independent Non-Executive Director)
Datin Joan Hoi Lai Ping	Member (Independent Non-Executive Director)
Matthew William Swinfen Cottrell	Member (Executive Director)

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/reappointments of Directors were approved by BNM. All appointments and reappointments of Directors are subject to evaluation and review by the Nomination and Remuneration Committee and approved by the Board before any application is submitted to BNM for approval.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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.

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.

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 V.S International Group Limited as well as Chairman of Sedania Assalam Capital Sdn Bhd and Labuan Financial Services Authority.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Profile of Directors (continued)

Manogaran A/L Sinnathamby
Malaysian, Male
Independent Non-Executive Director

Mr Manogaran A/L 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.

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.

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.

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 2023 included areas of leadership, governance, risk management, finance, investment, cybersecurity information technology, sustainability 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 2023, the Board met twelve 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 2023 is as follows:

Name of Directors	No. of Board Meetings Attended
Hasnah binti Omar	12/12
Dato’ Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	12/12
Manogaran A/L Sinnathamby	12/12
Datin Joan Hoi Lai Ping	12/12
Matthew William Swinfen Cottrell	12/12

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.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Audit Committee ("AC") (continued)

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 2023, 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.

The members and number of meetings attended by each member of the AC for the financial year ended 31 December 2023 is as follows:

Name of Directors	No. of AC Meetings Attended
Datin Joan Hoi Lai Ping, Chairperson	4/4
Hasnah binti Omar	4/4
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	4/4
Manogaran A/L Sinnathamby	4/4

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

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.

The members and number of meetings attended by each member of the NRC for the financial year ended 31 December 2023 is as follows:

Name of Directors	**No. of NRC Meetings**
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah, Chairman	8/8
Hasnah binti Omar	8/8
Manogaran Sinnathamby	8/8
Datin Joan Hoi Lai Ping	8/8

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

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

(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 2023 is as follows:

Name of Directors	**No. of RMSC Meetings Attended**
Manogaran A/L 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	4/4

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

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, but not limited to the following:

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 all 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's aims and operations, business, affairs and activities to comply with Shariah principles at all times.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees (continued)

Shariah Committee ("SC") (continued)

The principal duties and responsibilities of SC are, but not limited to the following (continued):

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.

The composition of SC members and record of meetings attended by each member of the SC for the financial year ended 31 December 2023 is as follows:

Members	No. of SC Meetings Attended
Assoc. Dr Mohamed Fairooz Bin Abdul Khir, Chairman	7/7
Assoc. Dr Zulkifli Bin Hasan (retired on 30 September 2023)	5/6
Assoc. Datin Dr Wan Marhaini Binti Wan Ahmad	7/7
Dr Zaharuddin Bin Abdul Rahman	5/7
Prof Dr Zurina Binti Shafii	7/7
Assoc. Prof Dr Mohamed Zaharuddin Zakaria (appointed on 8 November 2023)	1/1

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 GOVERNANCE STATEMENT (CONTINUED)

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

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.

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.

Zurich promotes risk awareness and understanding of controls through communication and training. Risk management and internal control systems are designed at Group level and implemented across Zurich Malaysia. Management is responsible for identifying, evaluating and managing risk, and designing, implementing and maintaining internal controls. Testing effectiveness of relevant internal controls by the second line of defense also forms part of the control life cycle.

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 (i) Property and Casualty Risk, (ii) Market Risk, (iii) Credit Risk, (iv) Operational Risk, (v) Strategic, Reputation Risk and Sustainability Risk, (vi) Capital Management and Liquidity Risk and (vii) Shariah non-Compliance 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

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.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

Remuneration policy (continued)

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

- 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.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

SUSTAINABILITY STATEMENT

The Company is part of the Zurich Group which has the ambition to become one of the world's most environmentally responsible and impactful businesses in the world.

Zurich Group has intensified its focus on the United Nation Global Business Ambition Pledge to limit global temperature rise to 1.5°C. Zurich Group has been embedding sustainability into every fibre of the Company and has been operating as a carbon-neutral business since 2014. In 2020, Zurich Group has become one of the first large institutional investors to prioritise the goals – rather than the monetary amount. The Dow Jones Sustainability Index ("DJSI") named Zurich Group as No. 1 in the insurance industry for improving scores across all three components of the ranking: governance and economic, environmental, and social.

Locally, Zurich Malaysia has in place a Sustainability and Value-Based Intermediation for Takaful ("VBIT") Policy which sets out the governance and operational requirements relating to sustainability risks and initiatives taken by the in-scope entities. Zurich Malaysia as a Group is committed to play a major role as a insurance and takaful group, investor, employer and society.

Sustainability is embedded in Zurich's governance. Zurich adopts transparent risk communication via both bottom-up and top-down approach of reporting to and from the RMSC/ Board at respective entities of Zurich Malaysia. The Sustainability Council ("SC") consists of CEOs and senior executives who are direct reports of the CEOs. The SC ensures that Zurich's approach to sustainability is effectively integrated in the way we do business and enables Zurich to live up to its code of conduct and purpose & values.

The SC is supported by Sustainability Teams (Working Group), consisting of internal working groups established to drive respective sustainability agenda within the company. Externally, several regulatory bodies and industry-focused working groups have been established to facilitate knowledge sharing and foster capacity building among industry stakeholders. Within each of these working groups, Zurich employees actively engage in discussions and, when relevant, bring valuable insights and information back to the company.

Zurich's Sustainability Focus Area and Strategies

In accordance with Zurich Group's Sustainability Framework, Zurich's sustainability ambitions are grouped across three focus areas – Planet, Customers and People with strategies set for each of the focus areas.

The three (3) focus areas are as follows:-

1. Planet Sustainability

   Climate change is the most pressing challenge of our time and Zurich is committed to tackling it through best conduct with every means available, as an insurer/takaful operator, an investor and an employer.

   Zurich will focus on achieving net-zero future across its business – underwriting, investments and operations, strengthening the resilience of our business and society in face of climate impacts, while also deepening our understanding of nature related risks and opportunities and use our position as insurer and investor to benefit nature and support customers to do the same.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

SUSTAINABILITY STATEMENT (CONTINUED)

Zurich's Sustainability Focus Area and Strategies (continued)

The three (3) focus areas are as follows:- (continued)

2. Customer Sustainability

   Our purpose is to support our customers' transformation to a sustainable future across the insurance value chain. We care for what matters to our customers by fostering empathetic relationships & ethical stewardship of customer data and scaling solutions that shall empower our customers and make them feel confident that they are doing their best to protect themselves, their families, their businesses, and our world.

   In doing so, we position our positive impact as key differentiator that can educate and support our customers in their journey towards financial resilience.

3. People Sustainability

   As work sustainability is being prioritised, Zurich practices good self-governance by enabling life-long employability for our people, while delivering on customer and societal needs. Committed with a set of principles to prioritise capacity building to support our employees to grow their career and develop new skills while refreshing their existing ones, protect their physical, mental, financial, and social wellbeing as well as embrace diversity, equity, inclusion and belonging ("DEIB"), Zurich continues to grow and aims to create values-aligned working environment.

   These three focus areas are intertwined. Innovative underwriting and claims solutions offer positive results for customers that can also benefit people and planet. Through responsible investment, we can grow the positive impact of our invested assets. Strategic community investment helps build a brighter future for the most vulnerable.

Integration of VBIT to Zurich's Sustainability Agenda

Zurich's sustainability agenda entails integration of the Value-Based Integration for Takaful ("VBIT"). The VBIT Framework and Roadmap serves as guidance in ensuring Zurich's sustainability efforts not only create positive socio-economic impact but also fulfills the requirement of Maqasid Shariah.

Essential of Maqasid Shariah

Maqasid Shariah promotes the welfare of all humankind and prevents harm by preserving the Essentials of Shariah. The Essentials are deemed as basic human rights and are necessary for each human being to live a decent life. The Essentials are the interests of each human being, and these interests are firmly protected by Islamic Law.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

SUSTAINABILITY STATEMENT (CONTINUED)

Integration of VBIT to Zurich's Sustainability Agenda (continued)

VBIT Underpinning Thrust

The VBIT Framework and Roadmap outlines a set of clear underpinning thrusts to create positive value and sustainable impacts for the respective stakeholders. This integrated set of thrusts serves as a compass for Takaful Operators in the journey of implementing VBIT.

VBIT Roadmap Desired Outcome

There are 7 key outcomes that the VBIT Roadmap has identified, which is an industry commitment to creating values to takaful operators, government, regulator and society. In developing Zurich’s sustainability and VBIT agenda, the following desired outcomes should serve as a guide to tailor our strategies to achieve these goals.

These key outcomes are closely aligned with Zurich’s sustainability focus areas: planet, customer and people. Zurich will continue its efforts to achieve all the desired outcomes defined by the VBIT Roadmap.

Zurich Community Investments

Community investment is a strategic commitment made by Zurich to foster positive social and economic change within the communities. It goes beyond traditional philanthropy, aiming to create sustainable and lasting impact by addressing the unique needs and aspirations of local communities.

1. Z Zurich Foundation ("ZZF")

   The Z Zurich Foundation is a charitable foundation funded by various members of the Zurich Insurance Group. It is the main vehicle by which Zurich delivers on its global community investment strategy. It aligns with Zurich’s sustainability agenda, purpose & values, and culture.

   The Z Zurich Foundation focuses on adapting to climate change, improving mental wellbeing, and enabling social equity. These increasingly urgent, complex issues have far-reaching impacts on individuals, communities, and society as a whole.

2. Global Urban Climate Resilience Program ("UCRP")

   On 1 January, 2023, Z Zurich Foundation launched the Global Urban Climate Resilience Program ("UCRP") in nine countries around the world namely, Australia, Columbia, Ecuador, Italy, Spain, Turkey, the UK, the US and Malaysia. This was built on ZZF’s ongoing climate change work with the Zurich Flood Resilience Alliance in rural environments, with the intention to expand into urban spaces. The objective is to build sustainable, resilient communities that can withstand, recover from, and thrive in the face of climate related disasters.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

SUSTAINABILITY STATEMENT (CONTINUED)

Zurich Community Investments (continued)

2. Global Urban Climate Resilience Program ("UCRP") (continued)

   For Malaysia, we aim to be at the forefront of bringing impactful changes in the adaptation of systems for both Kuala Lumpur and Malacca, with two communities identified in each city ensuring enhanced support for those who are vulnerable to climate change.

Climate Action

Since 2021, Climate Month has been held in September on an annual basis to increase employees' awareness on the devastating effects of climate change and rally a call to action to combat climate change. Activities are organised to support capacity building and instilling care for the environment and nature.

In 2022, the Company collaborated with Tropical Rainforest Conservation and Research Centre ("TRCRC") to undertake and accelerate conservation efforts to save dipterocarps, an important family of timber trees, from extinction.

The combined efforts of Zurich Malaysia and TRCRC encompass the establishment of two 1.5-hectare Tropical Rainforest Living Collection ("TRLC") Plots housing a nursery for germination of seedlings and hardening the young plants before replanting, in Merisuli, on a gazetted forest reserve in Lahad Datu, Sabah. These plots are critical for the gathering of data and cultivation of endangered, rare, and threatened ("ERT") trees under a controlled environment to prevent their extinction. In addition, 26.8 hectares in Merisuli will be actively reforested with ERT dipterocarps by 2025, expanding TRCRC's existing 224-hectare site in the Ulu Segama-Malua Sustainable Forest Management Project. Zurich Malaysia's support will provide continuity in the maintenance, replanting, census and monitoring work.

Digital Transformation

The 2020 crisis boosted digitalisation and technology use and created a need to build trust in digital society. As digital skills become more important, we need to shape a better digital world with high-quality practices for cyber security and data management. Besides taking care of data in a responsible way as stated in our Data Commitment, the Company wants to help society and customers, to improve cyber security through risk education, prevention and insurance solutions.

With the launch of notification of claims through WhatsApp, the Company is able to deliver an improved service to its customers, where customers are able to get immediate attention on their claims. The Company continues to look for possibility of insuring the transition while encouraging more sustainable lives so that the theme of thriving today means flourishing tomorrow can be achieved.

Decent Work and Economic Growth

Zurich Group decided to enhance sustainability and well-being in our offices worldwide in 2021. This resulted in the launch of a Sustainable Buildings Program and creation of a Sustainability Alignment Generating Exercise ("SAGE") tool. SAGE uses external best practices to evaluate our buildings, both from an environmental and well-being point of view. In 2022, 50 offices globally were assessed including Zurich Malaysia Head Office (KL Eco City) and Plaza Zurich Kuala Lumpur, both of which now, meet the standards and are certified under SAGE.

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 2023.

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

	RM'000
Net profit for the financial year	72,752

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 28 June 2023, the Company increased its paid-up share capital to RM447,000,000 (31 December 2022: RM422,000,000) via the allotment of 25,000,000 new ordinary shares to its immediate holding company for cash of RM25,000,000.

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

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:

Name of Directors	Designation
Hasnah binti Omar	Chairperson, Independent Non-Executive Director
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	Independent Non-Executive Director
Manogaran A/L Sinnathamby	Independent Non-Executive Director
Datin Joan Hoi Lai Ping	Independent Non-Executive Director
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 22(a) to the financial statements) 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 RM12,121.

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

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

The Directors' remuneration paid and payable by the Company were as follow.

	RM'000
Directors of the company	
Non-executive directors	
Fees	442
Other emoluments	149
	591

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that there was adequate provision for its takaful certificate liabilities in accordance with the requirements of MFRS 17 *Insurance Contracts* issued by the Malaysian Accounting Standards Board ("MASB");

(ii) 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

(iii) 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.

OTHER STATUTORY INFORMATION (CONTINUED)

(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.

(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 meets 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.

AUDITORS' REMUNERATION

The auditors' remuneration of the Company during the financial year was RM579,000.

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.

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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 25 March 2024.

HASNAH BINTI OMAR	MANOGARAN A/L SINNATHAMBY
DIRECTOR	DIRECTOR

Kuala Lumpur
25 March 2024

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 Manogaran A/L Sinnathamby, 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 34 to 150 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 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 25 March 2024.

HASNAH BINTI OMAR	MANOGARAN A/L SINNATHAMBY
DIRECTOR	DIRECTOR

Kuala Lumpur
25 March 2024

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 34 to 150 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 25 March 2024, before me,

PESURUHJAYA SUMPAH
W 465
KAPT (B) JASNI BIN YUSOFF
01 JAN 2023 - 31 DIS 2024
MALAYSIA

COMMISSIONER FOR OATHS

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

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 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 2023.

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

We had six (6) seating of scheduled meetings and one (1) special meeting for the financial year 2023 with all the members of SC satisfying the minimum attendance of at least 75%. We reviewed inter alia products, services, processes, documents, reports, and proposals presented to us.

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 relevant 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, Center of Takaful Excellence, and Communications to provide operational support for effective functioning of the Shariah committee, which includes coordinating communications and disseminating information, providing day-to-day advice to relevant parties, and providing Shariah trainings.

This is further substantiated by Shariah Compliance function which resides in the Compliance Department, Shariah Risk function in the Risk Management Department and Shariah Audit function in the Internal Audit Department. The roles of control functions are 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, revision and update of the existing relevant Shariah policies and procedures that aim, among others, to improve and strengthen the Shariah governance and compliance culture within the Company.

SHARIAH COMMITTEE'S REPORT (CONTINUED)

Shariah Training & Awareness

Throughout 2023, 22 sessions of Shariah trainings were held for the Company's stakeholders. 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.

Shariah Control Functions

The Shariah Control functions play a vital role in achieving the objective of ensuring Shariah compliance in the Company.

In 2023, the Shariah Compliance function had presented to us, amongst 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. In addition, Shariah Compliance also conducted Shariah Compliance Training and Awareness which was enrolled out in myDevelopment system to all staff in August 2023.

Shariah Risk Management presented to us, the 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. Shariah Risk Management had conducted awareness sessions on Operational Risk Integrated Online Network ("ORION") and SNC reporting for targeted functions in collaboration with Risk Management. From a Governance framework perspective, Shariah Risk Management Policy and Standard Operating Procedure ("SOP") - Shariah Non-Compliance ("SNC") Event Reporting 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 2022 together with findings for six (6) other audits on Procurement Process, IT Services, Incident Reporting including Backup Processes, Business Continuity Planning/ Disaster Recovery Planning ("BCP/DRP") Testing Phase 1 2023, Cyber Security Management, Outsourcing, and Account Reconciliation and Receivable Management – which were non-shariah related for our information.

Shariah Non-Compliance

In 2023, there was one Shariah Non-Compliance ("SNC") incident which was reported to the Shariah Committee and the Board. The incident reported was pertaining to a retakaful arrangement with AmGeneral Insurance Berhad. A rectification plan has been submitted to Bank Negara Malaysia on 29 Feb 2024 for approval following endorsement by the SC and approval by the Board. The rectification plan shall be implemented upon receiving approval from BNM.

Business Zakat and Purification

During the financial year, the Company had done their responsibility to perform zakat guided by the internal policy as well as purification of tainted dividend income that were approved by us. The Zakat provision is calculated based on the Profit Before Tax ("PBT") method.

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ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT (CONTINUED)

Conclusion

Based on the above, in our opinion, the overall operations, business, affairs and activities of the Zurich General Takaful Malaysia Berhad are in compliance with Shariah, but it has come to the Shariah committee's attention that one actual Shariah Non-Compliance incident have occurred. The rectification plan has been submitted to Bank Negara Malaysia (BNM) for approval following endorsement by the SC and approval by the Board. The rectification plan shall be implemented upon receiving approval from BNM.

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 2023 have been conducted in conformity with the Shariah rules and principles.

Allah knows best.

On behalf of the Committee:

Chairman of the Shariah Committee :

ASSOC. PROF. DR. MOHAMED FAIROOZ ABDUL KHIR

Shariah Committee :

ASSOC. PROF. DATIN DR WAN MARHAINI WAN AHMAD

Kuala Lumpur
25 March 2024

Building a better working world

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

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 2023, and the statement of profit or loss, statement of other 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 material accounting policy information, as set out on pages 34 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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
(Incorporated in Malaysia)

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.

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201701045981 (1260157-U)

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

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.

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201701045981 (1260157-U)

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

Other matters

This report is made solely to the member 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
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Brandon Bruce Sta Maria
No. 02937/09/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 March 2024

Registration No.
201701045981 (1260157-U)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		General Takaful Fund			Company		
	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
ASSETS							
Property and equipment	5	-	-	-	3,624	2,658	2,533
Right-of-use assets	6	-	-	-	2,100	4,738	1,891
Intangible assets	7	-	-	-	20,073	22,248	24,394
Investments	8	1,407,857	903,843	617,443	2,136,237	1,389,576	1,000,516
Retakaful certificate assets	9	53,372	74,490	86,025	53,372	74,490	86,025
Other receivables	10	11	210	378	1,403	1,314	2,148
Tax recoverable		-	-	-	-	3,395	-
Deferred tax assets	12	-	-	-	30,240	22,756	19,315
Cash and cash equivalents	11	37,205	247,265	333,915	53,308	381,780	455,436
TOTAL ASSETS		1,498,445	1,225,808	1,037,761	2,300,357	1,902,955	1,592,258
LIABILITIES							
Takaful certificate liabilities	13	1,418,258	1,172,022	982,895	1,519,474	1,255,644	1,051,382
Lease liabilities	14	-	-	-	2,454	5,118	2,341
Other payables	15	68,554	46,324	51,814	104,832	89,583	57,099
Tax payable		4,666	2,661	1,794	21,047	2,661	6,176
Deferred tax liabilities	12	6,967	4,801	1,258	-	-	-
TOTAL LIABILITIES		1,498,445	1,225,808	1,037,761	1,647,807	1,353,006	1,116,998
SHAREHOLDER'S EQUITY							
Share capital	16	-	-	-	447,000	422,000	377,000
Retained earnings	17(a)	-	-	-	204,295	132,316	98,269
Fair value reserve	17(b)	-	-	-	1,255	(4,367)	(9)
TOTAL SHAREHOLDER'S EQUITY		-	-	-	652,550	549,949	475,260
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		1,498,445	1,225,808	1,037,761	2,300,357	1,902,955	1,592,258

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 2023

		General Takaful Fund		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
	Note		Restated		Restated
Takaful revenue		920,963	745,423	890,150	718,430
Takaful service expense	18	(880,226)	(708,420)	(750,305)	(632,373)
Takaful service result before retakaful certificates held		40,737	37,003	139,845	86,057
Allocation of retakaful contributions		(38,484)	(47,826)	(38,484)	(47,826)
Amounts recoverable from retakaful operators for incurred claims		(15,182)	2,193	(15,182)	2,193
Net expense from retakaful certificates held	19	(53,666)	(45,633)	(53,666)	(45,633)
Takaful service result		(12,929)	(8,630)	86,179	40,424
Investment income		47,376	30,643	71,140	48,129
Realised (losses)/gains	20(b)	(58)	65	(610)	86
(Impairment loss)/reversal of impairment loss on investments		(126)	-	169	-
Other investment expenses		(45)	(55)	(1,348)	(1,046)
Total investment income	20	47,147	30,653	69,351	47,169
Takaful finance expenses for takaful certificates issued	21	(24,044)	(16,776)	(24,225)	(16,922)
Retakaful finance income for retakaful certificates held	21	1,732	4,111	1,732	4,111
Net takaful financial result		(22,312)	(12,665)	(22,493)	(12,811)
Other income/(expenses)	22	353	918	(19,301)	(14,173)
Profit before zakat and taxation		12,259	10,276	113,736	60,609
Tax expense borne by participants	23	(12,259)	(10,276)	(12,259)	(10,276)
Tax expense borne by Takaful Operator	23	-	-	(25,788)	(14,920)
Zakat		-	-	(2,937)	(1,366)
Net profit for the financial year		-	-	72,752	34,047
Basic and diluted earnings per share (sen)	25			18.13	8.99

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

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Company 2023 RM'000	Company 2022 RM'000 Restated
Net profit for the financial year		72,752	34,047
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Fair value through other comprehensive income investments:			
Gross gains/(losses) on fair value changes		6,932	(5,755)
Realised (losses)/gains transferred to profit or loss		(552)	21
Deferred tax (expenses)/income	12	(1,531)	1,376
Other comprehensive income/(loss) for the financial year		4,849	(4,358)
Total comprehensive income for the financial year		77,601	29,689

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

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

		Issued and fully paid-up ordinary shares	Non-distributable	Distributable	
	Note	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
Company					
At 1 January 2022 (As previously reported)		377,000	(9)	107,176	484,167
Impact of initial application of MFRS 17	2(a)(i)	-	-	(8,907)	(8,907)
At 1 January 2022 (Restated)		377,000	(9)	98,269	475,260
Issuance of shares during the financial year	16	45,000	-	-	45,000
Net profit for the financial year		-	-	34,047	34,047
Other comprehensive loss for the year		-	(4,358)	-	(4,358)
At 31 December 2022 (Restated)		422,000	(4,367)	132,316	549,949
At 1 January 2023		422,000	(4,367)	132,316	549,949
Impact of initial application of MFRS 9	2(a)(ii)	-	773	(773)	-
At 1 January 2023 (Restated)		422,000	(3,594)	131,543	549,949
Issuance of shares during the financial year	16	25,000	-	-	25,000
Net profit for the financial year		-	-	72,752	72,752
Other comprehensive income for the year		-	4,849	-	4,849
At 31 December 2023		447,000	1,255	204,295	652,550

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

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Company 2023 RM'000	Company 2022 RM'000 Restated
OPERATING ACTIVITIES			
Cash utilised in operating activities	26	(391,648)	(135,693)
Net investment income received		67,372	52,746
Interest expense on lease liabilities	14	91	27
Tax paid		(26,099)	(33,055)
Net cash outflows from operating activities		(350,284)	(115,975)
INVESTING ACTIVITIES			
Purchase of property and equipment	5	(1,860)	(913)
Purchase of intangible assets	7	-	(56)
Net cash outflows from investing activities		(1,860)	(969)
FINANCING ACTIVITIES			
Proceeds from issuance of shares	16	25,000	45,000
Payment of lease liabilities - principal portion	14	(1,328)	(1,712)
Net cash inflows from financing activities		23,672	43,288
Net decrease in cash and cash equivalents		(328,472)	(73,656)
Cash and cash equivalents at the beginning of the financial year		381,780	455,436
Cash and cash equivalents at the end of the financial year		53,308	381,780
Cash and cash equivalents comprise:			
Cash and bank balances	11	53,308	196,065
Fixed deposits with licensed financial institutions with original maturities of less than 3 months	11	-	185,715
		53,308	381,780

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

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 23A, 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 25 March 2024.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), Islamic Financial Services Act 2013, and comply with the requirements of the Companies Act 2016 in Malaysia.

The inclusion of separate financial information of the Takaful fund together with the Company-level financial statements in the statement of financial position and the statement of other comprehensive income 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 Company. The accounting policies adopted for the Takaful fund are uniform for like transactions and events in similar circumstances.

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

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

Takaful operations and its fund

Under the concept of Takaful, individuals make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, as a Takaful Operator, the Company manages the General Takaful Fund in line with the principles of Wakalah (agency), which is the main business model adopted by the Company. Under the Wakalah model, the Takaful Operator is not a participant in the fund but manages the funds (including the relevant assets and liabilities) towards the purpose outlined above. In accordance with the Islamic Financial Services Act 2013, the assets and liabilities of the Takaful fund is segregated from those of the Takaful Operator: a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements,* the assets, liabilities, income and expenses of the Takaful fund is consolidated with those of the Takaful Operator to represent the control possessed by the operator over the respective funds. The inclusion of separate information of the Takaful fund and the Takaful Operator together with the consolidated financial information of the Company in the statement of financial position, the statement profit or loss, the statement of comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information required for Bank Negara Malaysia reporting.

In these financial statements, the Company has applied MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* for the first time. There was no significant impact from adoption of other amendments to standards effective from 1 January 2023. The Company has not early adopted the amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") which are not yet effective. These are as follows:

Amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements (Non-current Liabilities with Covenants)*
- Amendments to MFRS 107 *Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements*

Amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

In these financial statements, the Company has applied MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* for the first time. There was no significant impact from adoption of other amendments to standards effective from 1 January 2023. The Company has not early adopted the amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") which are not yet effective. These are as follows:

Amendments to standards effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements and* MFRS 128 *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned amendments to standards when effective.

The initial application of the applicable accounting standards, and amendments to standards or interpretations did not have any material financial impact to the current year and prior year's financial statements of the Company except as mentioned below:

(i) MFRS 17 *Insurance Contracts*

MFRS 17 replaced MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to MFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of MFRS 17 did not change the classification of the Company’s takaful certificates. The Company was previously permitted under MFRS 4 to continue accounting using its previous accounting policies. However, MFRS 17 establishes specific principles for the recognition and measurement of takaful certificates issued and retakaful certificates held by the Company.

The key principles of MFRS 17 are that the Company:

- Identifies takaful certificates as those under which the Company accepts significant takaful risk from another party (the certificateholders) by agreeing to compensate the certificateholder if a specified uncertain future event (the covered event) adversely affects the certificateholders.

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

The initial application of the applicable accounting standards and amendments to standards or interpretations did not have any material financial impact to the current year and prior year's financial statements of the Company except as mentioned below (continued):

(i) MFRS 17 *Insurance Contracts* (continued)

Changes to classification and measurement (continued)

The key principles of MFRS 17 are that the Company (continued):

- Separates specified embedded derivatives, distinct investment components and distinct non-takaful goods or services from takaful certificates and accounts for them in accordance with other standards.

- Divides the takaful and retakaful certificates into groups it will recognise and measure.

- Recognises and measures groups of takaful certificates at:

    - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information.

    Plus

    - If necessary, recognising an amount representing the unearned profit in the group of contracts (the contractual service margin or CSM).

- Recognises profit from a group of takaful certificates over the period the Company provides takaful coverage, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.

  Recognises an asset for takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of takaful certificates is recognised.Such an asset is derecognised when the takaful acquisition cash flows are included in the measurement of the related group of takaful certificates.

The Company’s classification and measurement of takaful and retakaful certificates is explained in Note 3(k).

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(i) MFRS 17 *Insurance Contracts* (continued)

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates takaful and retakaful certificates issued and retakaful certificates held, respectively and presents separately:

- Portfolios of takaful and retakaful certificates issued or held that are assets
- Portfolios of takaful and retakaful certificates issued or held that are liabilities

The group referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

Portfolios of takaful certificates issued include any assets for takaful acquisition cash flows.

The line item descriptions in the statement of profit or loss have been significantly changed compared with previous year. Previously the Company reported the following main line items:

- Gross written contribution
- Net written contribution
- Changes in contribution liabilities
- Gross claims incurred
- Net claims incurred

MFRS 17 requires instead, separate disclosure of the following:

- Takaful revenue
- Takaful service expense
- Allocation of retakaful contributions
- Amounts recoverable from retakaful operators for incurred claims
- Takaful finance income or expense for takaful certificates issued
- Retakaful finance income or expense for retakaful certificates held

The Company has also provided disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from takaful certificates
- Material judgements, and changes in those judgements, made when applying the standard

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(i) MFRS 17 *Insurance Contracts* (continued)

Changes to presentation and disclosure (continued)

Transition

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

On transition date of 1 January 2022, the Company:

- Identified, recognised and measured each group of takaful certificates as if MFRS 17 had always applied.
- Identified, recognised and measured assets for takaful acquisition cash flows as if MFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified.
- Derecognised any existing balances that would not exist had MFRS 17 always been applied.
- Recognised any tax arising from the temporary difference between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases, as if MFRS 17 had always applied.
- Recognised any resulting net difference thereon in equity.

Full retrospective approach

On transition to MFRS 17, the Company has applied the full retrospective approach unless impracticable. The Company has applied the full retrospective approach on transition to all portfolio of contracts that are effective from the year 2016 and unexpired portfolio of insurance contracts effective from 2015 and prior, as if MFRS 17 had always been applied.

Modified retrospective approach

For portfolios that have expired from 2015 and prior, the application of full retrospective approach is impracticable and hence, modified retrospective approach is adopted. The Company has applied the modified retrospective approach for this group of contracts, as obtaining all required historical data for its existing products from the actuarial valuation reports was not possible or without incurring a significant cost and effort due to the Company's data retention policies. Therefore, the Company has used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach.

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(i) MFRS 17 *Insurance Contracts* (continued)

Transition (continued)

Modified retrospective approach (continued)

The Company has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

As the Company had previously already applied best estimate reserving, the implementation of MFRS 17 did not have a significant impact on takaful certificate liabilities. The impact on shareholder's equity at transition was mainly from the offsetting effects due to the application of discounting (positive effect) and application of risk adjustment for non-financial risks for the Company's loss reserves (negative effect). The impact to shareholder's equity for the Company due to the transition to MFRS 17 was a negative impact of RM10,935,000 net of tax, as of 31 December 2022 and RM8,907,000, net of tax, as of 1 January 2022.

Financial Impact

The impact of transition to MFRS 17 on the relevant balance sheet caption as at 31 December 2022 is as follows:

General Takaful Fund

	MFRS 4 31 December 2022 RM'000	Derecognition of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	MFRS 17 31 December 2022 RM'000
ASSETS				
Retakaful certificate assets	95,081	(19,656)	(935)	74,490
Takaful receivables	57,371	(57,371)	-	-
Deferred tax assets	3,429	(3,429)	-	-
EQUITY AND LIABILITIES				
Takaful certificate liabilities	1,198,730	(17,543)	(9,165)	1,172,022
Other liabilities	77,287	(30,963)	-	46,324
Takaful payables	28,521	(28,521)	-	-
Deferred tax liabilities	-	(3,429)	8,230	4,801

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(i) MFRS 17 *Insurance Contracts* (continued)

Financial Impact (continued)

The impact of transition to MFRS 17 on the relevant balance sheet caption as at 31 December 2022 is as follows: (continued)

Company

	MFRS 4 31 December 2022 RM'000	Derecognition of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	MFRS 17 31 December 2022 RM'000
ASSETS				
Retakaful certificate assets	95,081	(19,656)	(935)	74,490
Takaful receivables	57,371	(38,646)	(18,725)	-
Deferred tax assets	27,488	-	(4,732)	22,756
LIABILITIES				
Takaful certificate liabilities	1,198,730	1,182	55,732	1,255,644
Expense liabilities	56,349	(56,349)	-	-
Other liabilities	133,386	(30,963)	(12,840)	89,583
Takaful payables	28,521	(28,521)	-	-
EQUITY				
Retained earnings	143,251	56,349	(67,284)	132,316

The following section sets out the impact of adopting MFRS 17 on the statement of profit or loss for the year ended 31 December 2022.

	As previously stated for the financial year ended 31 December 2022 RM'000	Classification and measurement * RM'000	As restated for the financial year ended 31 December 2022 RM'000
Profit before taxation and zakat	60,856	(247)	60,609
Net profit for the financial year	36,075	(2,028)	34,047

** Impact of derecognition of MFRS 4 and recognition MFRS 17 liabilities and assets.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(i) MFRS 17 *Insurance Contracts* (continued)

Financial Impact (continued)

The impact of transition of MFRS 17 on the relevant balance sheet caption as at 1 January 2022 is as follows:

General Takaful Fund

	MFRS 4 1 January 2022 RM'000	Derecognition of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	MFRS 17 1 January 2022 RM'000
ASSETS				
Retakaful certificate assets	111,885	(29,469)	3,609	86,025
Takaful receivables	47,151	(47,151)	-	-
Deferred tax assets	3,815	-	(3,815)	-
EQUITY AND LIABILITIES				
Takaful certificate liabilities	996,661	(12,302)	(1,464)	982,895
Other liabilities	83,504	(31,690)	-	51,814
Takaful payables	32,628	(32,628)	-	-
Deferred tax liabilities	-	-	1,258	1,258

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(i) MFRS 17 *Insurance Contracts* (continued)

Financial Impact (continued)

The impact of transition of MFRS 17 on the relevant balance sheet caption as at 1 January 2022 is as follows:

Company

	MFRS 4 1 January 2022	Derecognition of MFRS 4	Remeasurement effect of MFRS 17	MFRS 17 1 January 2022
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Retakaful certificate assets	111,885	(29,469)	3,609	86,025
Takaful receivables	47,151	(47,151)	-	-
Deferred tax assets	21,531	-	(2,216)	19,315
LIABILITIES				
Takaful certificate liabilities	996,661	(12,302)	67,023	1,051,382
Expense liabilities	46,168	(46,168)	-	-
Other liabilities	99,344	(31,690)	(10,555)	57,099
Takaful payables	32,628	(32,628)	-	-
EQUITY				
Retained earnings	107,176	46,168	(55,075)	98,269

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(ii) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. However, as the Company elected, under the amendments to MFRS 4, to apply the temporary exemption from MFRS 9, by deferring the initial application date of MFRS 9 to align with the initial application of MFRS 17.

The Company has applied MFRS 9 prospectively from 1 January 2023, without restating prior periods' information. Differences arising from the adoption of MFRS 9 were recognised in retained earnings as of 1 January 2023.

The nature of the changes in accounting policies can be summarised as follows:

To determine their classification and measurement categories, MFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the respective instruments' contractual cash flow characteristics.

The MFRS 139 measurement categories for financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS"), held-to-maturity ("HTM") and loans and receivables ("LAR") at amortised cost have been replaced by:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income ("FVOCI"), with gains or losses recycled to profit or loss on derecognition
- Financial assets at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at amortised cost

The Company's classification of financial assets is as explained in Note 3(d). The quantitative impact of applying MFRS 9 as at 1 January 2023 is disclosed at page 51.

Changes to the impairment calculation

The adoption of MFRS 9 has fundamentally changed the Company’s accounting for impairment losses for financial assets held at FVOCI or amortised cost by replacing MFRS 139’s incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

MFRS 9 requires the Company to record an allowance for ECLs for all debt instruments not held at FVTPL.

For debt instruments, the ECL is based on the portion of lifetime ECLs that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(ii) MFRS 9 *Financial Instruments* (continued)

Changes to the impairment calculation (continued)

The Company's debt instruments at FVOCI comprise of Government Investment and Islamic debt securities that are graded in the top investment category by MARC and RAM therefore, are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL basis. The Company does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are more than 30 days past due. Where the credit risk of any debt securities deteriorates, the Company will dispose of all or trim the position based on best effort basis, subject to the liquidity, availability and condition of the market.

The Company considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. There were no such instances in 2023 or 2022.

The adoption of the ECL requirements of MFRS 9 resulted in increase in impairment allowances on the Company's debt instruments. The increase in allowance was adjusted to retained earnings.

Details of the Company's impairment methodology are disclosed in Note 3(i). The quantitative impact of applying MFRS 9 as at 1 January 2023 is disclosed at page 51.

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(ii) MFRS 9 *Financial Instruments* (continued)

Transition

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs.

General Takaful Fund		1 January 2023			
	Category	MFRS 139 Amount RM'000	Reclassi-fication RM'000	Amount RM'000	MFRS 9 Category
Financial assets					
Cash and cash equivalents	LAR	247,265	-	247,265	AC
Fixed deposits with licensed financial institutions	LAR	438,842	-	438,842	AC
		686,107	-	686,107	
AFS debt securities	AFS	465,001	(465,001)	-	
FVOCI debt securities		-	465,001	465,001	FVOCI
Company					
Financial assets					
Cash and cash equivalents	LAR	381,780	-	381,780	AC
Fixed deposits with licensed financial institutions	LAR	470,875	-	470,875	AC
		852,655	-	852,655	
AFS debt securities	AFS	918,701	(918,701)	-	
FVOCI debt securities		-	918,701	918,701	FVOCI

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of Compliance (continued)

(ii) MFRS 9 *Financial Instruments* (continued)

Transition (continued)

The following table shows the original measurement categorised in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the financial assets and financial liabilities transferred to the General Takaful Fund and the Company as at 1 January 2023.

General Takaful Fund	**RM'000**
Fair value reserve	
Closing balance under MFRS 139 (31 December 2022)	(3,587)
Recognition of ECL under MFRS 9 for FVOCI debt securities	867
Deferred tax in relation to MFRS 9 application	(208)
Opening balance under MFRS 9 (1 January 2023)	(2,928)
Unallocated Surplus	
Closing balance under MFRS 139 (31 December 2022)	93,066
Impact of initial application of MFRS 17	22,328
	115,394
Recognition of ECL under MFRS 9 for FVOCI debt securities	(867)
Deferred tax in relation to MFRS 9 application	208
Opening balance under MFRS 9 (1 January 2023)	114,735
Company	
Fair value reserve	
Closing balance under MFRS 139 (31 December 2022)	(4,367)
Recognition of ECL under MFRS 9 for FVOCI debt securities	1,017
Deferred tax in relation to MFRS 9 application	(244)
Opening balance under MFRS 9 (1 January 2023)	(3,594)
Retained earnings	
Closing balance under MFRS 139 (31 December 2022)	143,251
Impact of initial application of MFRS 17 (Note 2(a)(i))	(10,935)
	132,316
Recognition of ECL under MFRS 9 for FVOCI debt securities	(1,017)
Deferred tax in relation to MFRS 9 application	244
Opening balance under MFRS 9 (1 January 2023)	131,543
Total change in equity due to application MFRS 9	-
Total change in equity due to application of MFRS 17	(10,935)

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise as disclosed in the summary of material accounting policy information.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Critical accounting estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 4 to the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Property and equipment and depreciation (continued)

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

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 3(j) 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 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 3(j).

3. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Leases (continued)

<u>The Company as a lessee (continued)</u>

(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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Classification of financial assets from 1 January 2023

On initial recognition, a financial asset is classified as measured at amortised cost ("AC"), fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI financial assets - debt securities
A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt securities are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Financial assets (continued)

Classification of financial assets from 1 January 2023 (continued)

FVOCI financial assets - equity securities
On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis. Equity investments designated as not held for trading are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment.

Business model assessment
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance contract liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company does not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stressed case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Financial assets (continued)

Classification of financial assets from 1 January 2023 (continued)

Business model assessment (continued)

Change in business model is not expected to be frequent; but should such event take place, it must be:

(i) Determined by the Company's senior management as a result of external or internal changes;
(ii) Significant to the Company's operations; and
(iii) Demonstrable to external parties.

A change in the Company's business model will occur only when the Company begin or cease to perform an activity that is significant to its operations. A change in the objective of the business model must be effected before the reclassification date.

The Solely Payments of Principal and Interest ("SPPI") test
As a second step of its classification process, the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Classification of financial assets before 1 January 2023

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")

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Financial assets (continued)

Classification of financial assets before 1 January 2023 (continued)

(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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Fair value of financial instruments (continued)

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.

(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) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(i) Impairment

Impairment of financial assets after 1 January 2023

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Impairment (continued)

Impairment of financial assets after 1 January 2023 (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL or 12mECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL or LTECL).

Allowance for impairment for takaful and retakaful receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, where available.

For other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI financial assets are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Impairment (continued)

Impairment of financial assets after 1 January 2023 (continued)

Credit-impaired financial assets (continued)
Evidence that a financial asset is credit-impaired includes the following observable data (continued):

- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Impairment of financial assets before 1 January 2023

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Impairment (continued)

Impairment of financial assets before 1 January 2023 (continued)

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

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.

(j) 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Takaful and retakaful certificates classification

The Company issues takaful certificates in the normal course of business, under which it accepts significant takaful risk from its participants of the Participant Risk Fund. As a general guideline, the Company determines whether it has significant takaful risk, by comparing benefits payable after a covered event with benefits payable if the covered event had not occurred. Takaful certificates can also transfer financial risk. The Company issues general takaful to individuals and businesses. General takaful products offered include property, marine, and personal accident. These products offer protection of participant's assets and indemnification of other parties that have suffered damage as a result of a policyholder’s accident.

The Company also issues retakaful certificates in the normal course of business to compensate other entities for claims arising from one or more takaful certificates issued by those entities.

The Company does not issue any certificates with direct participating features.

(l) Takaful and retakaful certificates accounting treatment

(i) Separating components from takaful and retakaful certificates

The Company assesses its general takaful certificates to determine whether they contain distinct components that should be accounted for under MFRS 15 *Revenue from Contracts with Customers* instead of under MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) takaful certificate. Currently, the Company’s products do not include distinct components that require separation.

MFRS 17 defines investment components as the amounts that an takaful certificate requires a Takaful Operator to repay to a participant even if an insured event does not occur. Investment components which are highly interrelated with the takaful certificate of which they form a part are considered non-distinct and are not separately accounted for. Receipts and payments of the investment components (including non-distinct investment components) are recorded outside of profit or loss.

Some retakaful certificate issued contain profit or ceding commission arrangements. These arrangements guarantee a minimum amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment regardless of whether the insured event occurs. Ceding commission in the form of contribution discount is not deemed as a non-distinct investment component. The minimum guaranteed amount and profit commission may or may not be deemed as a non-distinct investment component, depending on whether there is a loss-carry forward mechanism.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(I) Takaful and retakaful certificates accounting treatment (continued)

(ii) Level of aggregation

MFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined by grouping the written business into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). MFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The groups of certificates for which the fully retrospective approach, modified retrospective and the fair value approach have been adopted on transition include certificates issued more than one year apart. The portfolio are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue portfolios of certificates are divided into three groups, as follows:

The takaful certificates portfolios are divided into:
- A group of certificates that are onerous at initial recognition
- A group of certificates that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of the remaining certificates in the portfolio

The retakaful certificates held portfolios are further divided into:
- A group of certificates on which there is a net gain on initial recognition
- A group of certificates that have no significant possibility of a net gain arising subsequent to initial recognition
- A group of the remaining certificates in the portfolio

(iii) Recognition

The Company recognises groups of takaful certificates that it issues from the earliest of the following:
- The beginning of the coverage period of the group of contracts
- The date when the first payment from a participant in the group is due, or when the first payment is received if there is no due date
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(I) Takaful and retakaful certificates accounting treatment (continued)

(iii) Recognition (continued)

The Company recognises a group of retakaful certificates held it has entered into from the earliest of the following (continued):

- The beginning of the coverage period of th group of retakaful certificates held. However, the Company delays the recognition of a group of retakaful certificates held that provide proportionate coverage until the date when any underlying takaful contract is initially recognised, if that date is later than beginning of the coverage period of the group of retakaful certificates held; and
- The date of the Company recognises an onerous group of underlying insurance contacts if the Company entered into the related retakaful contract held in the group of retakaful certificates held at or before that date.

The retakaful certificates held by the Company provide proportionate cover. Therefore the Company does not recognise a proportional retakaful certificate held until at least one underlying direct takaful certificate has been recognised.

The Company adds new certificates in the reporting period in which the certificates meets one of the criteria set out above.

(iv) Onerous groups of contracts

The Company issues some certificates before the coverage period starts and the first contribution becomes due. Therefore, the Company has determined whether any certificates issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a participant in the the Company is due.

The Company looks at facts and circumstances to identify if a group of certificates are onerous based on :

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Takaful and retakaful certificates accounting treatment (continued)

(v) Contract boundary

The Company includes in the measurement of a group of takaful certificates all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an takaful certificate if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contributions, or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks.

Or

- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of takaful certificates that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
  - The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected contributions or claims outside the boundary of the takaful certificate are not recognised. Such amounts relate to future takaful certificates.

(vi) Measurement for liability for remaining coverage and assets for remaining coverage

The Company uses the premium allocation approach (“PAA”) to simplify the measurement of groups of certificates on the following bases:

- takaful certificates: the coverage period of each certificate in the group of certificates is one year or less; and
- longer term takaful and retakaful certificates: the Company reasonably expects that the resulting measurement would not differ materially from the result of applying the general measurement model.

On initial recognition of each group of certificates, the carrying amount of the liability for remaining coverage is measured at the contributions received on initial recognition. Acquisition cashflows are recognised in the liability for remaining coverage when incurred and amortised on a straight-line basis or based on the expected pattern of release of risk during the coverage period of the group of certificates.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any contributions received and decreased by the amount recognised as takaful revenue for coverage provided. On initial recognition of each group of certificates, the Company expects that the time between providing each part of the coverage and the related contribution due date is no more than a year. Measurement of the liability for remaining coverage includes an adjustment to reflect the time value of money and the effect of financial risk where the contribution due date and related period of services are more than twelve (12) months apart.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Takaful and retakaful certificates accounting treatment (continued)

(vi) Measurement for liability for remaining coverage and assets for remaining coverage (continued)

If at any time during the coverage period, facts and circumstances indicate that a group of certificates is onerous, then the Company recognises a loss in the statement of profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

The Company applies the same accounting policies to measure a group of retakaful certificates, adapted where necessary to reflect features that differ from those of takaful certificates.

(vii) *Measurement for liability for incurred claims and incurred claims recovery*

The Company recognises the liability for incurred claims of a group of takaful certificates at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are determined on a discounted probability-weighted expected value basis (including an explicit risk adjustment for non financial risk). The liability for incurred claims includes the Company's obligation to pay other incurred takaful expenses.

The Company applies the same accounting policies to measure a group of retakaful certificates.

(viii) *Retakaful certificates*

The Company measures its retakaful assets for a group of retakaful certificates that it holds on the same basis as takaful certificates that it issues. However, they are adapted to reflect the features of retakaful certificates held that differ from takaful certificates issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying takaful certificates or when further onerous underlying takaful certificates are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying takaful certificates and the percentage of claims on the underlying takaful certificates the Company expects to recover from the group of retakaful certificates held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to takaful certificates covered by the group of retakaful certificates held where some certificates in the underlying group are not covered by the group of retakaful certificates held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Takaful and retakaful certificates accounting treatment (continued)

(ix) Takaful acquisition cash flows

Takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of takaful certificates to which the group belongs.

The Company allocates the acquisition cash flows to groups of takaful certificates issued or expected to be issued using a systematic and rational basis. Takaful acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of certificates in that group. Where such takaful acquisition cash flows are paid (or where a liability has been recognised applying another MFRS standard) before the related group of takaful certificates is recognised, an asset for takaful acquisition cash flows is recognised. When takaful certificates are recognised, the related portion of the asset for takaful acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the takaful liability for remaining coverage of the related group.

(x) *Modification and derecognition*

The Company derecognises a certificate when it is extinguished i.e. when the specified obligations in the certificate expire or are discharged or cancelled. This is usually at the end of the coverage period.

The Company also derecognises a certificate if its terms are modified in a way that would have changed the accounting for the certificate significantly. Had the new terms always existed, a new certificate based on the modified terms is recognised. Certificates based on the modified terms are accounted for by applying Note 3(l)(vi) to the new certificate at initial recognition.

If a certificate modification does not result in derecognition, then the Company continues to apply Note 3(l)(vi).

(m) Presentation

The Company has presented separately in the statement of financial position the carrying amount of portfolios of takaful certificates issued that are assets, portfolios of takaful certificates issued that are liabilities, porfolios of retakaful certificates held that are assets and portfolios of retakaful certificates held that are liabilities.

Any assets or liabilities for takaful acquisition cash flows recognised before the corresponding takaful certificates are recognised are included in the carrying amount of the related groups of takaful certificates are allocated to the carrying amount of the portfolios of takaful certificates that they relate to.

The Company disaggregates the amounts recognised in the statement of profit or loss and the statement of other comprehensive income into a takaful service result, comprising takaful revenue and takaful service expenses, and takaful finance income or expenses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Presentation (continued)

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the takaful service result.

The Company separately presents income or expenses from retakaful certificates held from the expenses or income from takaful certificates issued.

(i) Takaful revenue

The takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Company allocates the expected contribution receipts to each period of takaful certificate services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred takaful service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

(ii) Takaful service expenses

Takaful service expenses arising from takaful certificates are recognised in profit or loss generally as they are incurred. They comprise of:

- Incurred claims and other takaful service expenses;
- Amortisation of acquisition cash flows on a straight-line basis over the coverage period or based on the expected pattern of release of risk during the coverage period;
- Losses on onerous certificates and reversals of such losses; and
- Adjustments to the liabilities for incurred claims for movements in the undiscounted claims experience.

(iii) Net income or expense from retakaful certificates held

Net expenses from retakaful certificates comprise retakaful service expenses less amounts recovered from retakaful operators.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Presentation (continued)

(iii) Net income or expense from retakaful certificates held (continued)

The Company presents separately on the face of the statement of profit or loss the amounts expected to be recovered from retakaful operators, and an allocation of the retakaful contributions paid. The Company treats retakaful cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retakaful certificate held, and excludes investment component and commissions from an allocation of retakaful contributions presented on the face of the statement of profit or loss. Amount relating to the recovery of losses relating to retakaful of onerous direct certificates are included as amounts recoverable from the retakaful operator.

(iv) Loss components

The Company assumes that no certificate are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 3(l)(iv) indicate that a group of takaful certificates is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 3(l)(vi). Accordingly, by the end of the coverage period of the group of certificates the loss component will be zero.

(v) Loss-recovery components

As described in Note 3(l)(iv) above, where the Company recognises a loss on initial recognition of an onerous group of underlying takaful certificates, or when further onerous underlying takaful certificates are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying takaful certificates in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying takaful certificates that the entity expects to recover from the group of retakaful certificates held.

(vi) Takaful finance income or expenses

Takaful finance income or expenses comprise changes in the carrying amounts of groups of takaful certificates arising from the effects of the time value of money, financial risk and changes therein.

The Company has chosen to disaggregate takaful finance income or expenses between profit or loss and other comprehensive income ("OCI"). The amount included in profit or loss is determined by a systematic allocation of the expected total takaful finance income or expenses over the duration of the group of certificates.

Amounts presented in OCI are accumulated in the takaful finance reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) 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.

(o) 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.

(p) 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.

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.

(q) Other financial liabilities

Other financial liabilities 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 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Equity instruments

Ordinary 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.

(s) Earnings per share ("EPS")

The Company presents basic EPS data for its ordinary shares.

Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own share held.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

(t) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(t) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Other income recognition

Interest income
Interest income including the amount of amortisation of premium and accretion of discount is recognised on a time proportion basis taking into account the principal outstanding and the effective rate over the period of maturity, when it is determined that such income will accrue to the Company. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the investment and continues unwinding the discount as interest income.

Dividend income
Dividend income is recognised as investment income when the right to receive payment is established, which in case of quoted equity securities is the ex-dividend date, unless the dividend clearly represents a recovery of part of the cost of the investment.

Rental income
Rental income is recognised on a time proportion basis except where a default in payment of rent has already occurred and the rent due remains outstanding, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on a receipt basis until all arrears have been paid.

Gains or losses arising on disposal of financial assets are credited or charged to profit or loss.

(v) Foreign currencies

The financial statements are presented in Ringgit Malaysia which is also the functional and presentation currency of the Company.

Foreign currency transactions in the Company are initially translated to Ringgit Malaysia at the exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities at the date of the statement of financial position are translated to Ringgit Malaysia at exchange rates prevailing at the date of the statement of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(v) Foreign currencies (continued)

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency assets and liabilities are included in profit or loss for the financial year except for differences arising on the translation of items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such items are also recognised directly in other comprehensive income.

(w) 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.

(x) 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.

(y) Employee benefits

<u>Short-term employee benefits</u>
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.

<u>Long-term employee benefits</u>
Long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which employees render the related services.

The cost of long-term employee benefits is accrued to match the services rendered by employees of the Company using the recognition and measurement bases similar to that for defined contribution plans disclosed as below, except that three measurements of the net defined contribution liability or asset are recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(y) Employee benefits (continued)

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").

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(z) Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions in respect of certain key assets and liabilities. 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 key areas in which critical estimates are applied are described below.

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

A liability for incurred claim is held at 31 December 2023 for the estimated cost of claims incurred, but not settled, including the cost of claims incurred, but not yet reported to the Company.

The estimated cost of claims includes direct expenses to be incurred in settling claims gross of the expected value of salvage and other recoveries. The Company takes all reasonable steps to obtain appropriate information regarding its claims exposures. However, given the uncertainty in establishing the liability for incurred claims, it is likely that the final outcome will prove to be different from the original liability established.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

The estimation of the liability for incurred claims not reported is generally subject to a greater degree of uncertainty than the estimation of the cost of notified claims to the Company, where information about the claim event is generally available. The liability for incurred claims not reported claims may not be apparent to the Company until many years after the event giving rise to the claim. In addition, the sufficiency of the liability for incurred claims is also subject of uncertainty.

The long-tailed classes of business will typically display greater variations between initial estimates and final outcomes because there is a greater degree of difficulty in estimating the liability for incurred claims. For the short-tailed classes, claims are typically reported soon after the claim event, and hence tend to display lower levels of uncertainty. In calculating the estimated liability for incurred claims, the Company uses a variety of estimation techniques, generally based upon actuarial analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience.

Allowance is made, however, for changes or uncertainties which may create distortions in the underlying data or which might cause the liability for incurred claims to increase or reduce when compared with the cost of previously paid claims including:

- 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;
- The effects of inflation (social, economic and superimposed);
- Changes in the mix of business;
- Impact of large losses and catastrophic events;
- Movements in industry benchmarks;
- Medical and technological developments;
- Changes in participant behaviour.

In estimating the cost, the Company has regard the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. 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. Large claims impacting each relevant business class are generally assessed separately, 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 large claims. Projected payments are discounted to allow for the time value of money, based on current risk free interest rates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

Where possible, the Company adopts multiple techniques to estimate the required level of liabilities. This assist in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

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

(b) Measurement of onerous contracts

The Company only recognises onerous contracts for a group of certificates when facts and circumstances indicate. For groups of certificates that are onerous, the liability for remaining coverage is determined by the fulfillment cash flows. A significant judgement in determining onerous contracts is the measurement of the ultimate cost of claims.

(c) Assets arising from retakaful certificates

Retakaful recoveries are also computed using the above methods. The judgements applied by the Company to estimate its ultimate liability arising from claims incurred under takaful certificates above are consistently applied to the Company's retakaful certificates by considering the contractual features of the retakaful certificates. Any loss recovery component is determined with reference to the loss component recognised on underlying certificates and the recovery expected on such claims from retakaful certificates held.

(d) Actuarial assumptions and methods

The Company writes both short-tailed and long-tailed business. The process for determining the value of the liability for incurred claims including the cost of claims handling and asset for incurred claims 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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Actuarial assumptions and methods (continued)

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 Company's outstanding claims and hence reflected in the valuation process.

Applying a confidence level technique, the Company estimates the probability distribution of the present value of future cash flows from takaful certificates and retakaful certificates at each reporting date and calculates the risk adjustment for non-financial risk that it would require to meet its contractual obligations to pay claims arising over the duration of the contracts at a 75% confidence level. The establishment of the risk adjustment for non financial risk takes into account the variability of the outcome of each group of certificates and the diversification benefit of underwriting a number of group of certificates.

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its takaful and retakaful certificates.

Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Company	**Computer hardware**	**Office equipment**	**Fixtures and fittings**	**Motor vehicles**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost					
At 1 January 2022	3,296	-	277	-	3,573
Additions	457	-	147	309	913
At 31 December 2022 / 1 January 2023	3,753	-	424	309	4,486
Additions	1,857	2	1	-	1,860
At 31 December 2023	5,610	2	425	309	6,346
Accumulated depreciation					
At 1 January 2022	1,018	-	22	-	1,040
Charge for the financial year (Note 22)	713	-	34	41	788
At 31 December 2022 / 1 January 2023	1,731	-	56	41	1,828
Charge for the financial year (Note 22)	790	-	42	62	894
At 31 December 2023	2,521	-	98	103	2,722
Net carrying amount					
At 31 December 2022	2,022	-	368	268	2,658
At 31 December 2023	3,089	2	327	206	3,624

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. 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.

	2023	2022
	Company	**Company**
	RM'000	**RM'000**
Cost		
At 1 January	10,729	6,267
Remeasurement	(1,427)	4,462
At 31 December	9,302	10,729
Accumulated depreciation		
At 1 January	5,991	4,376
Depreciation during the financial year (Note 22)	1,211	1,615
At 31 December	7,202	5,991
Net carrying amount		
At 31 December	2,100	4,738

There are no short-term leases and leases of low-value assets as at 31 December 2023 and 2022.

The following are the amounts recognised in profit or loss :

	2023	2022
	Company	**Company**
	RM'000	**RM'000**
Depreciation of right-of-use asset (Note 22)	1,211	1,615
Interest expense on lease liabilities (Note 14)	91	27
Total amount recognised in profit or loss	1,302	1,642

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INTANGIBLE ASSETS

	Computer software RM'000	Other intangible assets RM'000	Total RM'000
Cost			
At 1 January 2022	2,444	30,000	32,444
Additions	56	-	56
At 31 December 2022/ 1 January 2023	2,500	30,000	32,500
Additions	-	-	-
At 31 December 2023	2,500	30,000	32,500
Accumulated amortisation			
At 1 January 2022	2,050	6,000	8,050
Charge for the financial year (Note 22)	202	2,000	2,202
At 31 December 2022 / 1 January 2023	2,252	8,000	10,252
Charge for the financial year (Note 22)	175	2,000	2,175
At 31 December 2023	2,427	10,000	12,427
Net carrying amount			
At 31 December 2022	248	22,000	22,248
At 31 December 2023	73	20,000	20,073

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 3(j). 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.

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

Key assumptions	**2023**	**2022**
Bancatakaful agreement:		
Bancassurance average annualised gross written contribution growth rate	13.40%	13.40%
Discount rate – pre tax	10.42%	9.53%
Direct customer relationship:		
Discount rate – pre tax	10.42%	9.53%

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENTS

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

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
FVOCI financial assets	520,340	-	1,036,866	-
AFS financial assets	-	465,001	-	918,701
Financial assets at amortised cost / loans and receivables	887,517	438,842	1,099,371	470,875
	1,407,857	903,843	2,136,237	1,389,576

The following investments mature after 12 months:

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
FVOCI financial assets	446,466	-	892,287	-
AFS financial assets	-	361,359	-	779,670
	446,466	361,359	892,287	779,670

(a) Fair value through other comprehensive income ("FVOCI") financial assets

The breakdown of financial assets measured at FVOCI is set out in the table below.

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Government Investment Issues	-	-	156,120	-
Islamic debt securities, unquoted	520,340	-	880,746	-
	520,340	-	1,036,866	-

(b) Financial assets at amortised cost / Loans and receivables

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amortised cost				
Fixed deposits with licensed financial institutions	887,517	438,842	1,099,371	470,875
	887,517	438,842	1,099,371	470,875

The carrying amounts of financial assets at amortised cost are reasonable approximations of fair values due to the short-term maturity of the financial assets.

As at 31 December 2023, the Company has fixed deposits of RM1,099,371,000 (2022: RM470,875,000), placed with a licensed Islamic bank, with maturity term of more than 3 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENTS

(c) Available-for-sale ("AFS") financial assets

The breakdown of financial assets measured at AFS is set out in the table below.

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Government Investment Issues	-	-	-	158,582
Islamic debt securities, unquoted	-	465,001	-	760,119
	-	465,001	-	918,701

(d) Carrying value of financial instruments

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

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	465,001	454,376	918,701	837,449
Purchases	183,108	141,009	359,691	300,832
Disposals (sale and redemptions)	(132,529)	(119,752)	(250,134)	(200,410)
Realised (loss)/gain transferred from fair value reserves upon disposal	(58)	65	(610)	86
Fair value gains/(losses) recorded in other comprehensive income	-	-	6,675	(5,734)
Fair value gains/(losses) recorded in takaful certificate liabilities	6,287	(7,716)	6,287	(7,716)
Interest accrual	(1,469)	(2,981)	(3,744)	(5,806)
At 31 December	520,340	465,001	1,036,866	918,701

The fair value hierarchy of investments is disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. RETAKAFUL CERTIFICATE ASSETS

The roll-forward of net assets for retakaful certificates held for contracts measured under PAA, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the General Takaful Fund/Company, is disclosed in the table below:

General Takaful Fund/Company	Note	2023 Assets for remaining coverage: Excluding loss recovery component	2023 Amounts recoverable on incurred claims: Estimates of the present value of future cash flows	2023 Amounts recoverable on incurred claims: Risk adjustment	2023 Total	2022 (Restated) Assets for remaining coverage: Excluding loss recovery component	2022 (Restated) Amounts recoverable on incurred claims: Estimates of the present value of future cash flows	2022 (Restated) Amounts recoverable on incurred claims: Risk adjustment	2022 (Restated) Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retakaful certificate assets as at 1 January		**(13,956)**	**84,204**	**4,242**	**74,490**	**(9,137)**	**90,670**	**4,492**	**86,025**
Allocation of retakaful contributions		(38,484)	-	-	(38,484)	(47,826)	-	-	(47,826)
Amounts recoverable from retakaful operators									
Amounts recoverable for incurred claims		-	11,863	-	11,863	-	13,310	-	13,310
Changes in amounts recoverable arising from changes in liability for incurred claims		-	(25,624)	(1,421)	(27,045)	-	(10,770)	(347)	(11,117)
Net (expense)/income from retakaful certificates held	19	(38,484)	(13,761)	(1,421)	(53,666)	(47,826)	2,540	(347)	(45,633)
Retakaful finance income/(expense)	21	18	1,690	122	1,830	(4)	3,507	97	3,600
Cash flows									
Contributions and similar expenses paid		42,083	-	-	42,083	42,617	-	-	42,617
Amounts recovered		-	(11,291)	-	(11,291)	-	(12,513)	-	(12,513)
Total cash flows		42,083	(11,291)	-	30,792	42,617	(12,513)	-	30,104
Other movements		(74)	-	-	(74)	394	-	-	394
Retakaful certificate assets as at 31 December		**(10,413)**	**60,842**	**2,943**	**53,372**	**(13,956)**	**84,204**	**4,242**	**74,490**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. OTHER RECEIVABLES

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amount due from related companies* (Note 27(c))	-	-	992	627
Other receivables, deposits and prepayments	11	62	411	462
Income due and accrued	-	148	-	225
	11	210	1,403	1,314
Receivable after 12 months	11	210	1,403	1,314

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 profit-free, unsecured and repayable in the short-term.

11. CASH AND CASH EQUIVALENTS

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	37,205	113,176	53,308	196,065
Fixed deposits with licensed financial institutions with original maturities of less than 3 months	-	134,089	-	185,715
	37,205	247,265	53,308	381,780

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEFERRED TAXATION

	General Takaful Fund		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
At 1 January	(4,801)	(1,258)	22,756	19,315
Recognised in:				
Profit or loss	(1,347)	(4,659)	9,834	949
Other comprehensive income	-	-	(1,531)	1,376
Takaful certificate liabilities	(819)	1,116	(819)	1,116
At 31 December	(6,967)	(4,801)	30,240	22,756

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

General Takaful Fund

	2023	**2022**
	RM'000	**RM'000**
		Restated
Deferred tax assets	599	2,264
Deferred tax liabilities	(7,566)	(7,065)
	(6,967)	(4,801)

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	**Total**
	RM'000	**RM'000**
At 1 January 2023 (restated)	2,264	2,264
Recognised in:		
Profit or loss	(364)	(364)
Tax borne by participants' fund	(1,301)	(1,301)
At 31 December 2023	599	599
At 1 January 2022 (restated)	263	263
Recognised in:		
Profit or loss	149	149
Tax borne by participants' fund	1,852	1,852
At 31 December 2022 (restated)	2,264	2,264

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEFERRED TAXATION (CONTINUED)

General Takaful Fund (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

	Takaful certificate liabilities RM'000	Total RM'000
At 1 January 2023 (restated)	(7,065)	(7,065)
Recognised in:		
Profit or loss	(983)	(983)
Tax borne by participants' fund	482	482
At 31 December 2023	(7,566)	(7,566)
At 1 January 2022 (restated)	(1,521)	(1,521)
Recognised in:		
Profit or loss	(4,808)	(4,808)
Tax borne by participants' fund	(736)	(736)
At 31 December 2022 (restated)	(7,065)	(7,065)

Company

	2023 RM'000	2022 RM'000 Restated
Deferred tax assets	37,983	30,012
Deferred tax liabilities	(7,743)	(7,256)
	30,240	22,756

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEFERRED TAXATION (CONTINUED)

Company (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

	Investments	Provisions	Leases	Takaful certificate liabilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023 (restated)	4,965	8,047	97	16,903	30,012
Recognised in:					
Profit or loss	(272)	7,452	(6)	3,629	10,803
Other comprehensive income	(1,531)	-	-	-	(1,531)
Tax borne by participants' fund	(1,301)	-	-	-	(1,301)
At 31 December 2023	1,861	15,499	91	20,532	37,983
At 1 January 2022 (restated)	1,217	5,949	120	13,694	20,980
Recognised in:					
Profit or loss	520	2,098	(23)	3,209	5,804
Other comprehensive income	1,376	-	-	-	1,376
Tax borne by participants' fund	1,852	-	-	-	1,852
At 31 December 2022 (restated)	4,965	8,047	97	16,903	30,012

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEFERRED TAXATION (CONTINUED)

Company (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, plant and equipment	Takaful certificate liabilities	Total
	RM'000	RM'000	RM'000
At 1 January 2023 (restated)	(191)	(7,065)	(7,256)
Recognised in:			
Profit or loss	14	(983)	(969)
Tax borne by participants' fund	-	482	482
At 31 December 2023	(177)	(7,566)	(7,743)
At 1 January 2022 (restated)	(144)	(1,521)	(1,665)
Recognised in:			
Profit or loss	(47)	(4,808)	(4,855)
Tax borne by participants' fund	-	(736)	(736)
At 31 December 2022 (restated)	(191)	(7,065)	(7,256)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. TAKAFUL CERTIFICATES LIABILITIES

The roll-forward of net liabilities for takaful certificates issued for contracts measured under PAA, showing the liability for remaining coverage and the liability for incurred claims for liabilities included in the General Takaful Fund, is disclosed in the table below:

		2023				**2022 (Restated)**			
		Liabilities for remaining coverage	**Liabilities for incurred claims**			**Liabilities for remaining coverage**	**Liabilities for incurred claims**		
	Note	**Excluding loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**	**Excluding loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
General Takaful Fund									
Takaful certificate liabilities as at 1 January		253,909	887,170	30,943	1,172,022	221,244	734,997	26,654	982,895
Impact of initial application of MFRS 9 (Note 2(a)(ii))		659	(659)	-	-	-	-	-	-
Takaful certificate liabilities as at 1 January (Restated)		254,568	886,511	30,943	1,172,022	221,244	734,997	26,654	982,895
Takaful revenue		(920,963)	-	-	(920,963)	(745,423)	-	-	(745,423)
Takaful service expense:	18								-
Incurred claims and other takaful service expenses		312,168	470,497	-	782,665	255,344	341,849		597,193
Changes to liabilities for incurred claims		-	96,558	1,003	97,561	-	107,456	3,771	111,227
Amortisation of takaful acquisition cash flows		-	-	-	-	-			-
Takaful service result		(608,795)	567,055	1,003	(40,737)	(490,079)	449,305	3,771	(37,003)
Takaful finance expenses	21	760	25,320	1,064	27,144	590	12,075	518	13,183
		(608,035)	592,375	2,067	(13,593)	(489,489)	461,380	4,289	(23,820)
Cash flows									
Contributions received		994,576	-	-	994,576	780,620	-	-	780,620
Claims and other expenses paid		(312,168)	(425,097)	-	(737,265)	(255,344)	(309,207)	-	(564,551)
Total cash flows		682,408	(425,097)	-	257,311	525,276	(309,207)	-	216,069
Other movements		2,518	-	-	2,518	(3,122)	-	-	(3,122)
Takaful certificate liabilities as at 31 December		331,459	1,053,789	33,010	1,418,258	253,909	887,170	30,943	1,172,022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. TAKAFUL CERTIFICATES LIABILITIES (CONTINUED)

The roll-forward of net liabilities for takaful certificates issued for contracts measured under PAA, showing the liability for remaining coverage and the liability for incurred claims for liabilities included in the Company, is disclosed in the table below:

		2023				2022 (Restated)			
		Liabilities for remaining coverage	Liabilities for incurred claims			Liabilities for remaining coverage	Liabilities for incurred claims		
Company	**Note**	**Excluding loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**	**Excluding loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities as at 1 January		324,691	900,010	30,943	1,255,644	279,176	745,552	26,654	1,051,382
Impact of initial application of MFRS 9 (Note 2(a)(ii))		659	(659)	-	-	-	-	-	-
Takaful certificate liabilities as at 1 January (Restated)		325,350	899,351	30,943	1,255,644	279,176	745,552	26,654	1,051,382
Takaful revenue		(890,150)	-	-	(890,150)	(718,430)	-	-	(718,430)
Takaful service expense:	18								
Incurred claims and other takaful service expenses		-	509,533	-	509,533	-	401,083	-	401,083
Changes to liabilities for incurred claims		-	98,076	1,003	99,079	-	109,742	3,771	113,513
Amortisation of takaful acquisition cash flows		141,693	-	-	141,693	117,777	-	-	117,777
Takaful service result		(748,457)	607,609	1,003	(139,845)	(600,653)	510,825	3,771	(86,057)
Takaful finance expenses	21	941	25,320	1,064	27,325	736	12,075	518	13,329
		(747,516)	632,929	2,067	(112,520)	(599,917)	522,900	4,289	(72,728)
Cash flows									
Contributions received		994,576	-	-	994,576	780,620	-	-	780,620
Claims and other expenses paid		-	(464,133)	-	(464,133)	-	(368,442)	-	(368,442)
Takaful acquisition cash flows		(156,611)	-	-	(156,611)	(132,066)	-	-	(132,066)
Total cash flows		837,965	(464,133)	-	373,832	648,554	(368,442)	-	280,112
Other movements		2,518	-	-	2,518	(3,122)	-	-	(3,122)
Takaful certificate liabilities as at 31 December		418,317	1,068,147	33,010	1,519,474	324,691	900,010	30,943	1,255,644

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. LEASE LIABILITIES

	Company	
	2023	2022
	RM'000	RM'000
Non-current lease liabilities	980	3,058
Current lease liabilities	1,474	2,060
Total lease liabilities	2,454	5,118

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

	Company	
	2023	2022
	RM'000	RM'000
At 1 January	5,118	2,341
Payment of lease liabilities	(1,328)	(1,712)
Remeasurement	(1,427)	4,462
Accrued interest	91	27
At 31 December	2,454	5,118

15. OTHER PAYABLES

	General Takaful Fund		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Amount due to related companies* (Note 27(c))		-	6,849	4,711
Accrued staff bonus	-	-	4,442	4,343
Accrued termination costs	-	-	495	495
Other payables and accruals	34,374	26,284	91,684	78,924
Other payroll creditors	-	-	1,362	1,110
	34,374	26,284	104,832	89,583
Inter-fund balances				
Amount due to Takaful Operator*	34,180	20,040	-	-
	34,180	20,040	-	-
	68,554	46,324	104,832	89,583

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SHARE CAPITAL

	Company			
	2023		2022	
	Amount	Number of shares	Amount	Number of shares
	RM '000		RM '000	
Issued and fully paid up				
At the beginning of the financial year	422,000	388,369,750	377,000	343,369,750
Issued during the financial year	25,000	25,000,000	45,000	45,000,000
At the end of the financial year	447,000	413,369,750	422,000	388,369,750

On 28 June 2023, the Company increased its paid-up share capital to RM447,000,000 (31 December 2022: RM422,000,000) via the allotment of 25,000,000 new ordinary shares to its immediate holding company for cash of RM25,000,000.

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

17. 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 shareholder 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) Fair Value Reserve

The fair value reserve of the Company represents the fair value gains or losses of financial assets at fair value through other comprehensive income ("FVOCI"), net of deferred tax.

(c) Takaful Finance Reserve

The takaful finance reserve of the Company represents the cumulative changes to the carrying amount of takaful certificates issued and retakaful certificates held arising from the effect and changes in the time value of money and financial risks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. TAKAFUL SERVICE EXPENSES

The table below presents an analysis of the total takaful service expenses recognised in the year:

	2023 RM'000	2022 RM'000 Restated
General takaful fund		
Incurred claims and other takaful service expenses:	(452,497)	(341,850)
Incurred claims	*(414,313)*	*(308,478)*
Incurred maintenance expenses	*-*	*(2)*
Incurred unallocated surplus	*(38,184)*	*(33,370)*
Incurred wakalah fees	(312,168)	(255,344)
Incurred surplus to Takaful Operator	(9,000)	-
Incurred surplus to participants	(9,000)	-
Changes to liabilities for incurred claims	(97,561)	(111,226)
Total takaful service expenses	**(880,226)**	**(708,420)**
Company		
Incurred claims and other takaful service expenses:	(499,829)	(400,250)
Incurred claims	*(427,501)*	*(324,508)*
Incurred maintenance expenses	*(34,144)*	*(42,372)*
Incurred unallocated surplus	*(38,184)*	*(33,370)*
Incurred surplus to Takaful Operator	(9,000)	-
Amortisation of acquisition cash flows	(142,359)	(118,444)
Actual expenses paid by Takaful Operator	(38)	(167)
Changes to liabilities for incurred claims	(99,079)	(113,512)
Total takaful service expenses	**(750,305)**	**(632,373)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. NET EXPENSE FROM RETAKAFUL CERTIFICATES HELD

An analysis of the net expenses from retakaful certificates held recognised during the year is as shown in the table below:

	General Takaful Fund		Company	
	2023 RM'000	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000 Restated**
Allocation of retakaful contributions	(38,484)	(47,826)	(38,484)	(47,826)
Amounts recoverable from retakaful operators for incurred claims				
Amounts recoverable for incurred claims	11,863	13,310	11,863	13,310
Changes in amounts recoverable arising from changes in liability for incurred claims	(27,045)	(11,117)	(27,045)	(11,117)
	(15,182)	2,193	(15,182)	2,193
Net expense from retakaful certificates held	**(53,666)**	**(45,633)**	**(53,666)**	**(45,633)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20(a). INVESTMENT INCOME

	General Takaful Fund		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
FVOCI financial assets				
Interest income	21,450	-	41,800	-
Amortisation of premiums on investments	(2,236)	-	(5,259)	-
(Impairment loss)/reversal of impairment loss on investments	(126)	-	169	-
	19,088	-	36,710	-
AFS financial assets				
Interest income	-	20,557	-	38,753
Amortisation of premiums on investments	-	(2,639)	-	(6,212)
	-	17,918	-	32,541
Other investment income				
Interest income - fixed deposits with licensed Islamic financial institutions	28,162	12,725	34,599	15,588
Investment expenses	(45)	(55)	(1,348)	(1,046)
	28,117	12,670	33,251	14,542

20(b). REALISED GAINS AND LOSSES

	General Takaful Fund		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
FVOCI financial assets				
Realised losses on investments	(58)	-	(610)	-
AFS financial assets				
Realised gains on investments	-	65	-	86
	(58)	65	(610)	86
Total investment income	47,147	30,653	69,351	47,169

21. NET TAKAFUL FINANCE RESULT

The table below presents an analysis of the takaful/retakaful finance result recognised during the year:

Takaful finance (expenses)/income for takaful certificates issued

	General Takaful Fund		Company	
	2023 RM'000	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000 Restated**
In profit or loss:				
Profit accreted using locked-in rate	(24,044)	(16,776)	(24,225)	(16,922)
In takaful certificate liabilities:				
Changes in profit rates and other financial assumptions, net of deferred tax	(2,356)	2,740	(2,356)	2,740

Retakaful finance income/(expenses) for retakaful certificates held

	General Takaful Fund/ Company	
	2023 RM'000	**2022 RM'000 Restated**
In profit or loss:		
Profit accreted using locked-in rate	2,287	2,469
Changes in non-performance risk of retakaful operators	(555)	1,642
	1,732	4,111
In retakaful certificate assets:		
Changes in profit rates and other financial assumptions, net of deferred tax	74	(394)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. OTHER INCOME/(EXPENSES)

	General Takaful Fund		Company	
	2023	2022 Restated	2023	2022 Restated
	RM'000	RM'000	RM'000	RM'000
Finance cost	-	-	(91)	(27)
Non-attributable expenses	(277)	-	(20,127)	(15,242)
Other income	630	918	917	1,096
	353	918	(19,301)	(14,173)

An analysis of the expenses incurred by the Company is provided below:

	Note	2023 RM'000	2022 Restated RM'000
Staff costs (including Chief Executive Officer):			
- salaries and bonus		12,998	11,482
- defined contribution plans		1,831	2,381
- Other employee benefits		474	25
		15,303	13,888
Directors' remuneration	22(a)	591	536
Auditors' remuneration:			
- statutory audit		294	194
- regulatory-related audit		32	32
- other assurance services		253	100
Shariah committee remuneration	22(b)	106	109
Depreciation of property and equipment	5	894	788
Amortisation of intangible assets	7	2,175	2,202
Depreciation of right-of-use assets	6	1,211	1,615
Commission		94,604	77,432
Other miscellaneous expense		90,473	87,729
		205,936	184,625

	2023 RM'000	2022 Restated RM'000
Represented by:		
Takaful service expenses:		
Maintenance expenses	68,823	64,410
Acquisition expenses	115,786	104,088
Investment related expenses	1,200	885
Non-attributable expenses	20,127	15,242
	205,936	184,625

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. OTHER INCOME / (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:

	Company					
	Fees	**Salary**	**Bonus**	**Others**	**Benefits-in kind**	**Total**
2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Chief Executive Officer						
- Shamsul Azman Bin Alias	-	785	227	151	25	1,188
	-	785	227	151	25	1,188
Non-Executive Directors						
- Hasnah binti Omar	172	-	-	32	-	204
- Dato' Wan Mohd Fadzmi bin Che Wan Othman	90	-	-	43	-	133
- Manogaran Sinnathamby	90	-	-	40	-	130
- Datin Joan Hoi Lai Ping	90	-	-	34	-	124
	442	-	-	149	-	591
2022						
Chief Executive Officer						
- Nazrul Hisham Bin Abdul Hamid	-	-	210	25	-	235
- Shamsul Azman Bin Alias	-	520	-	63	14	597
	-	520	210	88	14	832
Non-Executive Directors						
- Hasnah binti Omar	172	-	-	27	-	199
- Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	90	-	-	31	-	121
- Manogaran Sinnathamby	90	-	-	29	-	119
- Datin Joan Hoi Lai Ping	75	-	-	22	-	97
	427	-	-	109	-	536

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. OTHER INCOME / (EXPENSES) (CONTINUED)

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

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

	Number of Directors	
	2023	**2022**
Non-Executive Directors:		
RM100,000 or less	-	1
RM100,001 – RM300,000	4	3

(b) Shariah Committee remuneration

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

			2023
	Fees	**Allowance**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**
Shariah Committee Members			
- Dr Mohamed Fairooz Bin Abdul Khir	23	5	28
- Dr Zulkifli Bin Hasan	11	4	15
- Dr Wan Marhaini Binti Wan Ahmad	15	5	20
- Dr Zaharuddin Bin Abdul Rahman	15	4	19
- Prof Dr Zurina Binti Shafii	15	5	20
- Dr Mohd Zaharuddin Zakaria	3	1	4
	82	24	106

			2022
	Fees	**Allowance**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**
Shariah Committee Members			
- Dr Mohamed Fairooz 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

23. TAXATION

Company	**2023 RM'000**	**2022 RM'000 Restated**
Current income tax:		
Current year provision	48,770	25,262
(Over)/under provision of tax expense in prior year	(890)	883
	47,880	26,145
Deferred income tax:		
Deferred tax relating to origination and reversal of temporary differences	(9,833)	(949)
	38,047	25,196
Tax borne by participants	(12,259)	(10,276)
Tax expenses for the year	25,788	14,920

The income tax for General Takaful Fund and the Company is calculated at the statutory income tax rate of 24% (2022: 24%) of the estimated assessable surplus for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. TAXATION (CONTINUED)

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

	Company	
	2023	**2022**
	RM'000	**RM'000**
		Restated
Profit before taxation and zakat	113,736	60,609
Taxation at Malaysian statutory tax rate of 24%	27,297	14,546
Expenses not deductible for tax purposes	11,640	8,054
Previously unrecognised deductible temporary differences	-	1,369
(Over)/under provision in prior financial years	(890)	883
Differential tax rate due to Cukai Makmur	-	344
	38,047	25,196
Tax borne by participants	(12,259)	(10,276)
Tax expense for the year	25,788	14,920

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. DIVIDENDS

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

25. 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.

	2023	**2022**
	RM'000	**RM'000**
Profit attributable to ordinary equity holders	72,752	34,047
Weighted average number of ordinary shares	401,178	378,630
Basic and diluted earnings per share (sen)	18.13	8.99

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

26. CASH FLOWS

	Note	Company 2023 RM'000	Company 2022 Restated RM'000
Cash flow from operating activities			
Net profit for the financial year		72,752	34,047
Investment income		(71,136)	(48,752)
Realised loss/(gain) recorded in profit or loss	20(b)	610	(86)
Purchase of financial assets	8(d)	(359,691)	(300,832)
Proceeds from maturity and disposal of financial assets	8(d)	250,134	200,410
Adjustments for:			
Depreciation of property and equipment	5	894	788
Impairment losses on investments		(295)	-
Depreciation of ROU assets	6	1,211	1,615
Amortisation of intangible assets	7	2,175	2,202
Tax expense	23	38,047	25,196
Operating loss before changes in working capital		(65,299)	(85,412)
Changes in working capital:			
Increase in financial assets at amortised cost/ loan and receivables		(620,989)	(305,995)
Increase in takaful certificate liabilities		258,362	210,861
Decrease in retakaful certificate assets		21,118	11,535
(Increase)/decrease in other receivables		(89)	834
Increase in other payables		15,249	32,484
Cash utilised in operating activities		(391,648)	(135,693)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related parties and relationship

The related parties and their relationship with the Company as at 31 December 2023 are as follows:

Name of company	Relationship
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 Services Malaysia Sdn. Bhd. ("ZSM")	Subsidiary of ZICL
Zurich Shared Services Malaysia Sdn. Bhd. ("ZSSM")	Subsidiary of ZSM
Zurich Life Insurance Malaysia Berhad	Subsidiary of ZICL
Zurich Takaful Malaysia Berhad	Subsidiary of ZHMB
Zurich General Insurance Malaysia Berhad	Subsidiary of ZHMB
Zurich Global Investment Management Inc.	Subsidiary of ZICL

(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:

(Expenses)/income	**2023 RM'000**	**2022 RM'000**
General Takaful Fund/Company		
Trade		
Subsidiary of immediate holding company		
Contribution, commission and claims on co-takaful and retakaful arrangement	425	(1,165)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions (continued)

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

(Expenses)/income	**2023 RM'000**	**2022 RM'000**
Company		
Non-trade		
Penultimate holding company		
Reimbursement costs	952	(6)
Subsidiary of immediate holding company		
Outsourcing expenses	(30,295)	(27,801)
Reimbursement costs	(9,488)	(6,580)
Subsidiary of penultimate holding company		
Outsourcing expenses	(9,033)	(7,607)
Reimbursement costs	(5,562)	(3,077)

(c) Related party balances

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

Company	**2023 RM'000**	**2022 RM'000**
Amount due from related companies:		
Takaful receivables*	1,606	122
Other receivables* (Note 10)	992	627
Amount due to related companies:		
Other payables* (Note 15)	(6,849)	(4,711)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management personnel's remuneration

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

	2023 RM'000	2022 RM'000
Company		
Salary	2,495	2,157
Bonus	620	530
Defined contribution plans	386	295
Other benefits	25	14
	3,526	2,996
Directors' emoluments and CEO's remuneration (Note 22(a))	1,779	1,368

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 includes 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 RM24,600 (2022: RM14,000).

28. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RISK MANAGEMENT FRAMEWORK (CONTINUED)

Risk Governance Structure (continued)

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”), Sustainability Council 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 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.

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 2023.

The regulated capital of the Company as at 31 December 2023 comprised of Available Capital of RM737,018,000. (2022: RM600,875,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RISK MANAGEMENT FRAMEWORK (CONTINUED)

Capital Management (continued)

The capital structure of the Company as at 31 December 2023, as prescribed under the RBCT Framework, is shown below:

	2023 RM'000	2022 RM'000
Tier 1 Capital		
Paid-up share capital	447,000	422,000
Reserves, including retained earnings	341,483	236,317
	788,483	658,317
Tier 2 Capital		
Fair value through other comprehensive income ("FVOCI") reserves	3,202	(7,954)
Less:		
Deductions		
Other Intangible asset	(20,000)	(22,000)
Deferred tax assets	(34,667)	(27,488)
Total Capital Available	737,018	600,875

29. TAKAFUL RISK

The Company underwrites various general takaful certificates, 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. TAKAFUL RISK (CONTINUED)

The Company manages 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.

The table below sets out the concentration of the net takaful certificate liabilities by class of business:

			2023			2022 Restated
	Gross	Retakaful	Net	Gross	Retakaful	Net
General Takaful Fund	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fire	81,029	(15,597)	65,432	234,965	(28,392)	206,573
Motor	841,352	(5,087)	836,265	750,491	(7,052)	743,439
Marine, Aviation and Transit	8,315	(1,762)	6,553	(2,213)	(2,053)	(4,266)
Miscellaneous	156,103	(41,339)	114,764	(65,130)	(50,949)	(116,079)
At 31 December	1,086,799	(63,785)	1,023,014	918,113	(88,446)	829,667

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. TAKAFUL RISK (CONTINUED)

			2023			2022 Restated
Company	**Gross RM'000**	**Retakaful RM'000**	**Net RM'000**	**Gross RM'000**	**Retakaful RM'000**	**Net RM'000**
Fire	81,511	(15,597)	65,914	235,476	(28,392)	207,084
Motor	853,535	(5,087)	848,448	761,221	(7,052)	754,169
Marine, Aviation and Transit	8,406	(1,762)	6,644	(2,127)	(2,053)	(4,180)
Miscellaneous	157,705	(41,339)	116,366	(63,617)	(50,949)	(114,566)
At 31 December	1,101,157	(63,785)	1,037,372	930,953	(88,446)	842,507

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. 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.

	Change in assumptions	**Impact on profit before tax gross of retakaful**	**Impact on profit before tax net of retakaful**	**Impact on unallocated surplus gross of retakaful**	**Impact on unallocated surplus net of retakaful**
		< ---------------- Increase / (decrease)			----------------->
31 December 2023					
Average claim cost	+10%	71,985	66,584	54,709	50,604
Average number of claims	+10%	46,492	42,636	35,334	32,403
Profit rate	+50 basis points	(4,943)	(4,611)	(3,756)	(3,505)
	-50 basis points	5,017	4,681	3,813	3,557
31 December 2022					
Average claim cost	+10%	63,626	55,970	48,356	42,537
Average number of claims	+10%	39,533	34,251	30,045	26,030
Profit rate	+50 basis points	(3,924)	(2,918)	(2,982)	(2,217)
	-50 basis points	3,982	4,308	3,026	3,274

* Impact on unallocated surplus is stated net of 24% tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. TAKAFUL RISK (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. TAKAFUL RISK (CONTINUED)

General Takaful Fund

Gross undiscounted liability for incurred claims for 2023:

	Prior to 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Accident Year:									
At end of the accident year		172,087	254,552	371,125	365,961	417,959	468,978	601,402	
One year later		163,193	257,548	372,466	356,916	420,728	481,311	-	
Two years later		160,556	251,847	373,585	344,724	386,058	-	-	
Three years later		156,530	249,602	372,688	331,201	-	-	-	
Four years later		155,592	245,882	370,163	-	-	-	-	
Five years later		154,918	242,701	-	-	-	-	-	
Six years later		148,941	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		148,941	242,701	370,163	331,201	386,058	481,311	601,402	
At end of accident year		59,299	106,603	178,461	134,264	116,540	160,928	234,921	
One year later		113,618	187,064	263,564	194,810	198,323	260,658	-	
Two years later		131,409	213,548	294,657	225,309	237,089	-	-	
Three years later		136,837	219,583	319,179	243,925	-	-	-	
Four years later		143,731	225,398	332,319	-	-	-	-	
Five years later		145,036	229,111	-	-	-	-	-	
Six years later		145,710	-	-	-	-	-	-	
Cumulative payments to-date		145,710	229,111	332,319	243,925	237,089	260,658	234,921	
Direct and facultative inwards	17,418	3,231	13,590	37,844	87,276	148,969	220,653	366,481	895,462

Gross undiscounted liabilities for incurred claims	895,462
Unallocated surplus	152,918
Surplus payable to participants	40,150
Effects of discounting	(34,741)
Risk adjustment	33,010
Gross takaful claim liabilities	1,086,799

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. TAKAFUL RISK (CONTINUED)

General Takaful Fund
Net undiscounted liability for incurred claims for 2023:

	Prior to 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Accident Year:									
At end of the accident year		91,660	231,143	350,375	349,673	402,456	457,575	596,260	
One year later		88,519	232,186	350,279	341,397	399,024	469,149	-	
Two years later		87,575	228,147	353,271	330,017	365,984	-	-	
Three years later		85,932	226,971	353,699	317,320	-	-	-	
Four years later		85,127	224,601	352,788	-	-	-	-	
Five years later		85,194	221,830	-	-	-	-	-	
Six years later		82,055	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		82,055	221,830	352,788	317,320	365,984	469,149	596,260	
At end of accident year		31,139	99,480	175,488	133,766	115,278	160,294	234,679	
One year later		64,143	172,484	257,478	192,645	190,625	258,811	-	
Two years later		73,040	195,844	285,194	221,624	226,748	-	-	
Three years later		76,235	201,216	308,086	238,576	-	-	-	
Four years later		79,271	206,887	319,400	-	-	-	-	
Five years later		80,065	210,288	-	-	-	-	-	
Six years later		80,459	-	-	-	-	-	-	
Cumulative payments to-date		80,459	210,288	319,400	238,576	226,748	258,811	234,679	
Direct and facultative inwards	2,548	1,596	11,542	33,388	78,744	139,236	210,338	361,581	838,973

	RM'000
Net undiscounted liabilities for incurred claims	838,973
Unallocated surplus	152,918
Surplus payable to participants	40,150
Amount due from retakaful operators	(7,361)
Retakaful deposits	4
Effects of discounting	(32,431)
Risk adjustment	30,067
Non-performance risk of retakaful operators	694
Net takaful claim liabilities	1,023,014

29. TAKAFUL RISK (CONTINUED)

General Takaful Fund
Gross undiscounted liability for incurred claims for 2022 (Restated):

	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	172,087	254,552	371,125	365,961	417,959	468,978	
One year later		167,882	163,193	257,548	372,466	356,916	420,728	-	
Two years later		159,447	160,556	251,847	373,585	344,724	-	-	
Three years later		162,306	156,530	249,602	372,688	-	-	-	
Four years later		157,243	155,592	245,882	-	-	-	-	
Five years later		159,264	154,918	-	-	-	-	-	
Six years later		154,847	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		154,847	154,918	245,882	372,688	344,724	420,728	468,978	
At end of accident year		53,291	59,299	106,603	178,461	134,264	116,540	160,928	
One year later		115,450	113,618	187,064	263,564	194,810	198,323	-	
Two years later		130,435	131,409	213,548	294,657	225,309	-	-	
Three years later		135,791	136,837	219,583	319,179	-	-	-	
Four years later		137,557	143,731	225,398	-	-	-	-	
Five years later		138,570	145,036	-	-	-	-	-	
Six years later		141,008	-	-	-	-	-	-	
Cumulative payments to-date		141,008	145,036	225,398	319,179	225,309	198,323	160,928	
Direct and facultative inwards	19,361	13,839	9,882	20,484	53,509	119,415	222,405	308,050	766,945

	RM'000
Gross undiscounted liabilities for incurred claims	766,945
Unallocated surplus	115,394
Surplus payable to participants	33,112
Effects of discounting	(28,281)
Risk adjustment	30,943
Gross takaful claim liabilities	918,113

29. TAKAFUL RISK (CONTINUED)

General Takaful Fund
Net undiscounted liabilities for incurred claims for 2022 (Restated):

	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	91,660	231,143	350,375	349,673	402,456	457,575	
One year later		70,507	88,519	232,186	350,279	341,397	399,024	-	
Two years later		68,719	87,575	228,147	353,271	330,017	-	-	
Three years later		68,083	85,932	226,971	353,699	-	-	-	
Four years later		65,965	85,127	224,601	-	-	-	-	
Five years later		66,218	85,194	-	-	-	-	-	
Six years later		63,675	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		63,675	85,194	224,601	353,699	330,017	399,024	457,575	
At end of accident year		27,600	31,139	99,480	175,488	133,766	115,278	160,294	
One year later		50,970	64,143	172,484	257,478	192,645	190,625	-	
Two years later		58,039	73,040	195,844	285,194	221,624	-	-	
Three years later		59,587	76,235	201,216	308,086	-	-	-	
Four years later		60,749	79,271	206,887	-	-	-	-	
Five years later		61,232	80,065	-	-	-	-	-	
Six years later		61,492	-	-	-	-	-	-	
Cumulative payments to-date		61,492	80,065	206,887	308,086	221,624	190,625	160,294	
Direct and facultative inwards	2,334	2,183	5,129	17,714	45,613	108,393	208,399	297,281	687,046

	RM'000
Net undiscounted liabilities for incurred claims	687,046
Unallocated surplus	115,394
Surplus payable to participants	33,112
Amount due from retakaful operators	(7,316)
Retakaful deposits	4
Effects of discounting	(25,938)
Risk adjustment	26,701
Net discount liabilities for incurred claims	829,003
Non-performance risk of retakaful operators	664
Net takaful claim liabilities	829,667

30. 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.

30. FINANCIAL RISK (CONTINUED)

Credit Exposure

The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit exposure based on the carrying value of the financial assets and retakaful certificate assets.

The table below shows the maximum exposure to credit risk for the financial assets and retakaful certificate assets on the statement of financial position.

	General Takaful Fund		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash and cash equivalents	37,205	247,265	53,308	381,780
Investments:				
FVOCI / AFS financial assets:				
Government Investment Issues	-	-	156,120	158,582
Islamic debt securities, unquoted	520,340	465,001	880,746	760,119
Financial assets at amortised cost/ loans and receivables:				
Fixed deposits with licensed financial institutions	887,517	438,842	1,099,371	470,875
Retakaful certificate assets	53,372	74,490	53,372	74,490
Other receivables #	11	210	1,403	1,306
	1,498,445	1,225,808	2,244,320	1,847,152

Excluding prepayments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate assets according to the General Takaful Fund's credit rating of counterparties.

		Investment grade	Non-investment grade	Not rated	Total
	Government Guaranteed	(AAA to BBB)	(BB to C)		
General Takaful Fund	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2023					
Cash and cash equivalents	-	37,205	-	-	37,205
Investments:					
FVOCI financial assets:					
Islamic debt securities, unquoted	8,161	512,179	-	-	520,340
Financial assets at amortised cost:					
Fixed deposits with licensed financial institutions	-	887,517	-	-	887,517
Retakaful certificate assets	-	41,592	-	11,780	53,372
Other receivables #	-	-	-	11	11
	8,161	1,478,493	-	11,791	1,498,445

Excluding prepayments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate assets according to the Company's credit rating of counterparties.

	Investment grade		Non-investment grade	Not rated	Total
	Government Guaranteed	(AAA to BBB)	(BB to C)		
Company	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023					
Cash and cash equivalents	-	53,308	-	-	53,308
Investments:					
FVOCI financial assets:					
Government Investment Issues	156,120	-	-	-	156,120
Islamic debt securities, unquoted	16,282	864,464	-	-	880,746
Financial assets at amortised cost:					
Fixed deposits with licensed financial institutions	-	1,099,371	-	-	1,099,371
Retakaful certificate assets	-	41,592	-	11,780	53,372
Other receivables #	-	-	-	1,403	1,403
	172,402	2,058,735	-	13,183	2,244,320

Excluding prepayments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate assets according to the General Takaful Fund's credit rating of counterparties. (continued)

		Investment grade	Non-investment grade	Not rated	Total
	Government Guaranteed	(AAA to BBB)	(BB to C)		
General Takaful Fund	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2022 (Restated)					
Cash and cash equivalents	-	247,265	-	-	247,265
Investments:					
AFS financial assets:					-
Islamic debt securities, unquoted	42,837	422,164	-	-	465,001
Loans and receivables:					
Fixed deposits with licensed financial institutions	-	438,842	-	-	438,842
Retakaful certificate assets	-	50,898	-	23,592	74,490
Other receivables #	-	-	-	210	210
	42,837	1,159,169	-	23,802	1,225,808

Excluding prepayments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate assets according to the Company's credit rating of counterparties. (continued)

		Investment grade	Non-investment grade	Not rated	Total
	Government Guaranteed	(AAA to BBB)	(BB to C)		
Company	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2022 (Restated)					
Cash and cash equivalents	-	381,780	-	-	381,780
Investments:					
AFS financial assets:					
Government Investment Issues	158,582	-	-	-	158,582
Islamic debt securities, unquoted	51,033	709,086	-	-	760,119
Loans and receivables:					
Fixed deposits with licensed financial institutions	-	470,875	-	-	470,875
Retakaful certificate assets	-	50,898	-	23,592	74,490
Other receivables #	-	-	-	1,306	1,306
	209,615	1,612,639	-	24,898	1,847,152

Excluding prepayments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate 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)

General Takaful Fund	Government Guaranteed RM'000	AAA to AA RM'000	A1 to A3 RM'000	BBB1 to BBB3 RM'000	BB and below RM'000	Not rated RM'000	Total RM'000
31 December 2023							
Cash and cash equivalents	-	22,644	14,561	-	-	-	37,205
Investments:							
FVOCI financial assets:							
Islamic debt securities, unquoted	8,161	502,042	10,137	-	-	-	520,340
Financial assets at amortised cost:							
Fixed deposits with licensed financial institutions	-	758,753	128,764	-	-	-	887,517
Retakaful certificate assets	-	8,978	22,341	10,273	-	11,780	53,372
Other receivables #	-	-	-	-	-	11	11
	8,161	1,292,417	175,803	10,273	-	11,791	1,498,445

Excluding prepayments.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate 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)

Company	Government Guaranteed RM'000	AAA to AA RM'000	A1 to A3 RM'000	BBB1 to BBB3 RM'000	BB and below RM'000	Not rated RM'000	Total RM'000
31 December 2023							
Cash and cash equivalents	-	36,157	17,151	-	-	-	53,308
Investments:							
FVOCI financial assets:							
Government Investment Issues	156,120	-	-	-	-	-	156,120
Islamic debt securities, unquoted	16,282	849,785	14,679	-	-	-	880,746
Financial assets at amortised cost:							
Fixed deposits with licensed financial institutions	-	946,911	152,460	-	-	-	1,099,371
Retakaful certificate assets	-	8,978	22,341	10,273	-	11,780	53,372
Other receivables #	-	-	-	-	-	1,403	1,403
	172,402	1,841,831	206,631	10,273	-	13,183	2,244,320

Excluding prepayments.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate 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)

General Takaful Fund	Government Guaranteed RM'000	AAA to AA RM'000	A1 to A3 RM'000	BBB1 to BBB3 RM'000	BB and below RM'000	Not rated RM'000	Total RM'000
31 December 2022 (Restated)							
Cash and cash equivalents	-	182,627	64,638	-	-	-	247,265
Investments:							
AFS financial assets							
Islamic debt securities, unquoted	42,837	400,585	16,498	5,081	-	-	465,001
Loans and receivables:							
Fixed deposits with licensed financial institutions	-	403,009	35,833	-	-	-	438,842
Retakaful certificate assets	-	20,299	21,588	9,011	-	23,592	74,490
Other receivables #	-	-	-	-	-	210	210
	42,837	1,006,520	138,557	14,092	-	23,802	1,225,808

Excluding prepayments.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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 financial assets and retakaful certificate 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)

Company	Government Guaranteed RM'000	AAA to AA RM'000	A1 to A3 RM'000	BBB1 to BBB3 RM'000	BB and below RM'000	Not rated RM'000	Total RM'000
31 December 2022 (Restated)							
Cash and cash equivalents	-	313,970	67,810	-	-	-	381,780
Investments:							
AFS financial assets							
Government Investment Issues	158,582	-	-	-	-	-	158,582
Islamic debt securities, unquoted	51,033	666,642	32,282	10,162	-	-	760,119
Loans and receivables:							
Fixed deposits with licensed financial institutions	-	435,042	35,833	-	-	-	470,875
Retakaful certificate assets	-	20,299	21,588	9,011	-	23,592	74,490
Other receivables #	-	-	-	-	-	1,306	1,306
	209,615	1,435,953	157,513	19,173	-	24,898	1,847,152

Excluding prepayments.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12months ECL ("12m ECL"). Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

The Company's retakaful certificate assets are subject to the retakaful operators' non-performance risk ("NPR"). Provision matrix is applied to compute the credit allowance impairment of the retakaful certificate assets based on the credit rating of the retakaful operators.

Impairment losses on financial investments subject to impairment assessment

Financial assets measured at FVOCI

The table below shows the fair value of the Company’s financial assets measured at FVOCI by credit risk, based on the Company’s internal credit ratings system.

	2023		
	12m ECL	Lifetime ECL not credit impaired	Total
	RM'000	RM'000	RM'000
Internal rating grade			
Investment grade	1,034,819	2,047	1,036,866
Total gross amount	1,034,819	2,047	1,036,866
ECL	(1,626)	(89)	(1,715)
Total net amount	1,033,193	1,958	1,035,151

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Impairment losses on financial investments subject to impairment assessment (continued)

Financial assets measured at FVOCI (continued)

An analysis of changes in fair values and the corresponding ECLs of FVOCI financial assets of the Company is, as follows:

	2023		
	12m ECL	Lifetime ECL not credit impaired	Total
	RM'000	RM'000	RM'000
Fair value as at 1 January (restated)	890,037	28,664	918,701
New assets originated or purchased	359,691	-	359,691
Assets derecognised or matured	(239,628)	(10,506)	(250,134)
Realised loss recorded in profit or loss	(601)	(9)	(610)
Fair value gains recorded in:			
Other comprehensive income	6,316	359	6,675
Takaful certificate liabilities	6,146	141	6,287
Amortisation of premium	(2,981)	(763)	(3,744)
Movement between 12m ECL and lifetime ECL	15,839	(15,839)	-
At 31 December	1,034,819	2,047	1,036,866
ECL as at 1 January (restated)	(1,118)	(766)	(1,884)
New assets originated or purchased	(342)	-	(342)
Assets derecognised or matured (excluding write-offs)	345	99	444
Unwind of discount	(480)	546	66
Movement between 12m ECL and lifetime ECL	(31)	32	1
At 31 December	(1,626)	(89)	(1,715)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Impairment losses on financial investments subject to impairment assessment (continued)

Financial assets at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit ratings system and year-end staging classification. The amounts presented are gross of impairment allowances.

	2023		
	12m ECL	Lifetime ECL not credit impaired	Total
	RM'000	RM'000	RM'000
Internal rating grade			
Investment grade	1,099,371	-	1,099,371
Total gross amount	1,099,371	-	1,099,371
ECL	-	-	-
Total net amount	1,099,371	-	1,099,371

An analysis of changes in the gross carrying amount and the corresponding ECLs of financial assets at amortised cost is, as follows:

	2023		
	12m ECL	Lifetime ECL not credit impaired	Total
	RM'000	RM'000	RM'000
Gross amount as at 1 January (restated)	470,875	-	470,875
New assets originated or purchased	1,963,608	-	1,963,608
Assets derecognised or matured (excluding write-offs)	(1,342,619)	-	(1,342,619)
Accrued interest movement	7,507	-	7,507
Movement between 12m ECL and Life Time ECL	-	-	-
At 31 December	1,099,371	-	1,099,371

Comparatives for the year ended 31 December 2022 are not presented as the Company adopted MFRS 9 from 1 January 2023 as disclosed in Note 2(a)(ii).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Credit Risk (continued)

Impairment losses on retakaful certificate assets subject to impairment assessment

Retakaful certificate assets

An analysis of changes in the Company's retakaful certificate assets and the corresponding NPRs is, as follows:

	2023	2022 (Restated)
	RM'000	RM'000
Gross carrying amount		
At 1 January	89,662	96,273
Decrease in retakaful certificate assets	(22,839)	(6,611)
At 31 December	66,823	89,662

	2023	2022 (Restated)
	RM'000	RM'000
Non-performance risk		
At 1 January	(3,114)	(4,756)
(Increase)/decrease in credit impairment allowance	(555)	1,642
At 31 December	(3,669)	(3,114)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis

Maturity analysis for takaful certificate liabilities and retakaful certificate assets (present value of future cash flows basis)

The following table summarises the maturity profile of groups of takaful certificates issued and groups of retakaful certificates held by General Takaful Fund based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented:

2023	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
General Takaful Fund	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities	672,297	313,172	156,466	68,763	25,824	181,736	1,418,258
Retakaful certificate assets	(26,639)	(11,662)	(8,173)	(3,807)	(1,638)	(1,453)	(53,372)
	645,658	301,510	148,293	64,956	24,186	180,283	1,364,886

2022 (restated)	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
General Takaful Fund	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities	558,070	272,038	126,281	52,488	18,420	144,725	1,172,022
Retakaful certificate assets	(38,140)	(17,363)	(10,874)	(5,106)	(1,492)	(1,515)	(74,490)
	519,930	254,675	115,407	47,382	16,928	143,210	1,097,532

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis (continued)

Maturity analysis for takaful certificate liabilities and retakaful certificate assets (present value of future cash flows basis) (continued)

The following table summarises the maturity profile of groups of takaful certificates issued and groups of retakaful certificates held by the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented:

2023	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities	731,798	331,416	167,185	74,212	28,014	186,849	1,519,474
Retakaful certificate assets	(26,639)	(11,662)	(8,173)	(3,807)	(1,638)	(1,453)	(53,372)
	705,159	319,754	159,012	70,405	26,376	185,396	1,466,102

2022 (restated)	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities	604,095	289,310	135,778	56,837	20,068	149,556	1,255,644
Retakaful certificate assets	(38,140)	(17,363)	(10,874)	(5,106)	(1,492)	(1,515)	(74,490)
	565,955	271,947	124,904	51,731	18,576	148,041	1,181,154

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis (continued)

Maturity analysis for financial assets and liabilities (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial assets and liabilities of the General Takaful Fund based on remaining undiscounted contractual cash flows, including interest receivable.

2023	Carrying value	Up to 1 year	1-3 years	3-5 years	5-15 years	>15 years	No maturity date	Total
General Takaful Fund	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FVOCI financial assets	520,340	94,645	213,328	176,662	104,878	-	-	589,513
Financial assets at amortised cost	887,517	887,517	-	-	-	-	-	887,517
Other receivables #	11	11	-	-	-	-	-	11
Cash and cash equivalents	37,205	37,205	-	-	-	-	-	37,205
TOTAL	1,445,073	1,019,378	213,328	176,662	104,878	-	-	1,514,246
Financial liabilities								
Other liabilities	68,554	68,554	-	-	-	-	-	68,554
TOTAL	68,554	68,554	-	-	-	-	-	68,554

Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis (continued)

Maturity analysis for financial assets and liabilities (contractual undiscounted cash flow basis) (continued)

The following table summarises the maturity profile of financial assets and liabilities of the General Takaful Fund based on remaining undiscounted contractual cash flows, including interest receivable. (continued)

2022 (restated)	**Carrying value**	**Up to 1 year**	**1-3 years**	**3-5 years**	**5-15 years**	**>15 years**	**No maturity date**	**Total**
General Takaful Fund	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
AFS financial assets	465,001	121,416	162,603	173,171	66,600	-	-	523,790
Loans and receivables	438,842	438,842	-	-	-	-	-	438,842
Other receivables #	210	210	-	-	-	-	-	210
Cash and cash equivalents	247,265	247,265	-	-	-	-	-	247,265
TOTAL	1,151,318	807,733	162,603	173,171	66,600	-	-	1,210,107
Financial liabilities								
Other liabilities	46,324	46,324	-	-	-	-	-	46,324
TOTAL	46,324	46,324	-	-	-	-	-	46,324

Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

The following table summarises the maturity profile of financial assets and financial liabilities of the Company based on remaining undiscounted contractual cash flows, including interest receivable.

2023	**Carrying value**	**Up to 1 year**	**1-3 years**	**3-5 years**	**5-15 years**	**>15 years**	**No maturity date**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FVOCI financial assets	1,036,866	185,238	482,982	336,589	158,790	-	-	1,163,599
Financial assets at amortised cost	1,099,371	1,099,371	-	-	-	-	-	1,099,371
Other receivables #	1,403	1,403	-	-	-	-	-	1,403
Cash and cash equivalents	53,308	53,308	-	-	-	-	-	53,308
TOTAL	2,190,948	1,339,320	482,982	336,589	158,790	-	-	2,317,681
Financial liabilities								
Lease liabilities	2,454	1,539	1,997	-	-	-	-	3,536
Other liabilities	104,832	104,832	-	-	-	-	-	104,832
TOTAL	107,286	106,371	1,997	-	-	-	-	108,368

Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

The following table summarises the maturity profile of financial assets and liabilities of the Company based on remaining undiscounted contractual cash flows, including interest receivable. (continued)

2022 (restated)	**Carrying value**	**Up to 1 year**	**1-3 years**	**3-5 years**	**5-15 years**	**>15 years**	**No maturity date**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
AFS financial assets	918,701	175,314	438,655	306,361	112,179	-	-	1,032,509
Loans and receivables	470,875	470,875	-	-	-	-	-	470,875
Other receivables #	1,306	1,306	-	-	-	-	-	1,306
Cash and cash equivalents	381,780	381,780	-	-	-	-	-	381,780
TOTAL	1,772,662	1,029,275	438,655	306,361	112,179	-	-	1,886,470
Financial liabilities								
Lease liabilities	5,118	2,150	3,257	-	-	-	-	5,407
Other liabilities	89,583	89,583	-	-	-	-	-	89,583
TOTAL	94,701	91,733	3,257	-	-	-	-	94,990

Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis (continued)

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation or settlement of assets and liabilities of the General Takaful Fund.

	2023			2022 (Restated)		
General Takaful Fund	**No more than 12 months**	**More than 12 months**	**Total**	**No more than 12 months**	**More than 12 months**	**Total**
Financial assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash and cash equivalents	37,205	-	37,205	247,265	-	247,265
FVOCI/AFS financial assets	94,645	425,695	520,340	121,416	343,585	465,001
Financial assets at amortised cost/loans and receivables	887,517	-	887,517	438,842	-	438,842
Other receivables #	11	-	11	210	-	210
	1,019,378	425,695	1,445,073	807,733	343,585	1,151,318
Financial liabilities						
Other liabilities	68,554	-	68,554	46,324	-	46,324
	68,554	-	68,554	46,324	-	46,324
Retakaful certificate assets						
Retakaful certificate assets	26,639	26,733	53,372	38,140	36,350	74,490
	26,639	26,733	53,372	38,140	36,350	74,490
Takaful certificate liabilities						
Takaful certificate liabilities	672,297	745,961	1,418,258	558,070	613,952	1,172,022
	672,297	745,961	1,418,258	558,070	613,952	1,172,022

Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Liquidity Risk (continued)

Maturity analysis (continued)

Maturity analysis on expected maturity bases (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities of the Company.

	2023			**2022 (Restated)**		
<u>Company</u>	**No more than 12 months**	**More than 12 months**	**Total**	**No more than 12 months**	**More than 12 months**	**Total**
Financial assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash and cash equivalents	53,308		53,308	381,780	-	381,780
FVOCI/AFS financial assets	185,238	851,628	1,036,866	175,314	743,387	918,701
Financial assets at amortised cost/loans and receivables	1,099,371	-	1,099,371	470,875	-	470,875
Other receivables #	1,403	-	1,403	1,306	-	1,306
	1,339,320	851,628	2,190,948	1,029,275	743,387	1,772,662
Financial liabilities						
Lease liabilities	1,474	980	2,454	2,060	3,058	5,118
Other liabilities	104,832	-	104,832	89,583	-	89,583
	106,306	980	107,286	91,643	3,058	94,701
Retakaful certificate assets						
Retakaful certificate assets	26,639	26,733	53,372	38,140	36,350	74,490
	26,639	26,733	53,372	38,140	36,350	74,490
Takaful certificate liabilities						
Takaful certificate liabilities	731,798	787,676	1,519,474	604,095	651,549	1,255,644
	731,798	787,676	1,519,474	604,095	651,549	1,255,644

Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK (CONTINUED)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised of three types of exposures: currency risk, profit rate risk and other 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

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 2023, holding other variables constant.

	2023		2022	
	Impact on equity*	**Impact on takaful certificate liabilities***	**Impact on equity***	**Impact on takaful certificate liabilities***
Changes in variables (RM)	**RM'000**	**RM'000**	**RM'000**	**RM'000**
	<-----------------------(Decrease) / Increase---------------------------->			
General Takaful Fund				
+50 basis points	-	(25,496)	-	(4,965)
-50 basis points	-	26,942	-	5,053
Company				
+50 basis points	(22,611)	(25,496)	(5,183)	(4,965)
-50 basis points	23,603	26,942	5,271	5,053

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

31. OPERATIONAL RISK

Operational risk arises from inadequate or failed internal processes, people and system or from external events. 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. 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.

32. STRATEGIC, REPUTATION RISK AND SUSTAINABILITY RISK

Strategic Risk

Strategic risk refers to the unintended risk that can emerge as a by-product of planning or executing Zurich Malaysia's strategy.

Strategic risks can arise from:
- Inadequate risk-reward assessment of strategic plans.
- Improper execution of strategic plans.
- Unexpected changes to underlying assumptions, including those about the external environment.

Zurich Malaysia works to manage risks associated with strategic business decisions through the risk assessment processes and tools, including the Total Risk Profiling™ process. As part of Zurich Malaysia's annual assessment of strategic risks, the senior management assesses potential risk from both external and internal factors, looking at current year and beyond. The senior management defines actions to respond as appropriate and reviews changes to the key risks and the status of their actions at least quarterly.

Reputation Risk

Reputation risk is the risk that an act or omission by the Company or any of its employees could result in a reputational damage or loss of trust in Zurich Malaysia among any of its stakeholders. It includes potential negative publicity regarding Zurich Malaysia's business practices.

Zurich Malaysia aims to preserve its reputation by:
- Adhering to applicable laws and regulations.
- Following the core values and principles of Zurich Malaysia's code of conduct that promotes integrity and good business practice.
- Living up to its sustainability commitments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. STRATEGIC, REPUTATION RISK AND SUSTAINABILITY RISK (CONTINUED)

Reputation Risk (continued)

Zurich Malaysia centrally manages certain aspects of the risk of reputation, for example, communications through functions with the appropriate expertise. Potential risks to Zurich Malaysia's reputation are included in its risk assessment processes and tools, including the Total Risk Profiling™ process.

Sustainability Risk

Sustainability risk is the risk to Zurich Group’s brand and reputation resulting from not responsibly taking environmental, social and governance issues into account throughout the business and for not seeking to create sustainable value for all stakeholders.

Sustainability means doing business today in a way that safeguards the future of our Company and our society. Sustainability risks and opportunities emanate both from the effects that environmental, social and governance ("ESG") challenges have on the Company, as well as from how the Company handles its positive or negative impact on ESG issues. To protect against financial and reputation impacts, both perspectives are included in the identification and assessment of sustainability issues.

Climate change, as one of the most complex risks facing society today, is intergenerational and interdependent. As a takaful operator, the Company faces risks from climate change and shall discloses its climate risk in line with the recommendation of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TFCD") and BNM's Policy Document on Climate Risk Management and Disclosures.

Sustainability topics associated with ESG challenges are also becoming more complex and interconnected as a result of these trends, takaful operators are increasingly becoming agents of change and playing a more impactful role in addressing sustainability risk.

The Company works with its customers and investee companies to support responsible and sustainable business practices while promoting best practices managing ESG risks. The Company has policies in place that define the sustainability positions for which Zurich has no underwriting or investment appetite, and this is also applicable locally. Zurich continuously works to develop relevant products and services that help solve the most pressing societal and environmental issues of today.

Sustainability risk approach

To support the Company's businesses in applying its purposes and values, as well as mitigating reputation risk impacts, the Company has established a systematic and integrated approach to identify, assess and recommend actions on potential risks and opportunity areas from a sustainability perspective across all the Company's activities, in particular for operations, investment management and underwriting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. STRATEGIC, REPUTATION RISK AND SUSTAINABILITY RISK (CONTINUED)

Sustainability risk approach (continued)

This is a three-step process:

- Issue identification: Identify relevant issues to be considered within the risk assessment process by monitoring channels such as media, social media, information from non-governmental organisation and Zurich's business.
- Risk assessment: Assess issues related to public commitments, the role of takaful underwriting, market exposure and materiality. The Chief Executive Officer approves position statements, recommended business actions, and reputational management decisions.
- Implementation: Implement mitigating actions, including managing reputational impacts locally in the business. Mobilise expert support available across the Company and escalate as necessary, according to governance procedures.

Zurich applies these steps across portfolios based on stated thresholds and verified data. Wherever possible, Zurich engages and works together with relevant stakeholders on the margins of Zurich's thresholds to ensure responsible and sustainable business practices.

Clear roles and responsibilities, starting with the Board of Directors of the Company and management, support effective oversight and actions with respect to climate change and other sustainability risks.

33. COMPLIANCE RISK

The company has developed internal policies and procedures (for example, Trade and Economic Sanctions Local Standard, Introduction of New Products Framework, Outsourcing Framework,etc.) to align with the laws and guidelines issued by Zurich Group Compliance and the local regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. FAIR VALUE INFORMATION

(a) Determination of fair value and fair value hierarchy

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair value due to relative short-term nature of these financial instruments.

Policy on transfer between levels

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

Level 1 - Quoted market price

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

Level 2 - Market observable input

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2022: No transfer in either directions).

Level 3 - Unobservable inputs

Level 3 fair value, if any, is estimated using unobservable inputs for the financial assets and liabilities. The main asset classes in this category are unquoted equity securities, un-rated securities and debt securities from organisations in default. 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 judgements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. FAIR VALUE INFORMATION (CONTINUED)

(b) Financial instruments carried at fair value

The table below shows the financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
General Takaful Fund				
31 December 2023				
Financial assets				
FVOCI financial assets:				
Islamic debt securities, unquoted	-	520,340	-	520,340
	-	520,340	-	520,340
31 December 2022				
Financial assets				
AFS financial assets:				
Islamic debt securities, unquoted	-	465,001	-	465,001
	-	465,001	-	465,001
Company				
31 December 2023				
Financial assets				
FVOCI financial assets:				
Government Investment Issues	-	156,120	-	156,120
Islamic debt securities, unquoted	-	880,746	-	880,746
	-	1,036,866	-	1,036,866
31 December 2022				
Financial assets				
AFS financial assets:				
Government Investment Issues	-	158,582	-	158,582
Islamic debt securities, unquoted	-	760,119	-	760,119
	-	918,701	-	918,701

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