



**SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD**  
198401019089 (131646-K)

**MINUTES OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (STMKB OR "THE COMPANY") HELD FULLY VIRTUAL AT THE BROADCAST VENUE AT DEWAN AHMAD MOHAMED IBRAHIM, 5<sup>TH</sup> FLOOR, ANNEXE BLOCK, MENARA TAKAFUL MALAYSIA, NO. 4, JALAN SULTAN SULAIMAN, 50000 KUALA LUMPUR ON TUESDAY, 1 JUNE 2021 AT 9:30 A.M.**

**PRESENT:**

**BOARD OF DIRECTORS**

Dato' Mohammed Haji Che Hussein (Chairman)  
Encik Mohd Azman Sulaiman  
Puan Suraya Hassan  
Dato' Mustaffa Ahmad  
Encik Mohamad Salihuddin Ahmad  
Datuk Bazlan Osman

**GROUP CHIEF EXECUTIVE OFFICER**

Dato' Sri Mohamed Hassan Md Kamil

**CHIEF FINANCIAL OFFICER**

Cik Sia Meng Hui

**MEMBERS/CORPORATE REPRESENTATIVES/PROXIES**

A total of 303 shareholders and proxies representing 549,145,171, ordinary shares participated online in STMKB Fully Virtual 36<sup>th</sup> AGM as per the Attendance Record issued by Share Registrar.

**IN ATTENDANCE: COMPANY SECRETARY**

Puan Shamsul Shahrina Mohd Hussein

**BY INVITATION: AUDITORS**

Messrs PricewaterhouseCoopers PLT represented by Encik Manjit Singh and Encik Liew Chi Min

**POLL ADMINISTRATOR**

Boardroom Share Registrars Sdn Bhd

**SCRUTINEERS**

Boardroom Corporate Services Sdn Bhd

**1. CHAIRMAN'S WELCOMING ADDRESS**

The Chairman welcomed and thanked the Members and all for participating in the live streaming of the 36<sup>th</sup> AGM of STMKB remotely from various respective locations.



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The Chairman elucidated that the convening of this virtual meeting was in compliance with Section 327 of the Companies Act, 2016 which stipulates that the main venue of the Meeting must be in Malaysia and the Chairperson of the meeting shall be present at the main venue of the meeting. The main venue of this meeting is the online platform that is used to conduct the meeting.

The Chairman informed that in view of the increase number of COVID-19 pandemic and in line with the announcement by the Prime Minister's Department on 28 May 2021 in relation to the implementation of a total 'lockdown' for 14 days beginning 1 June 2021, Securities Commission Malaysia has released a revised Guidance Note in respect of the conduct of General Meetings for Listed Issuers effective 1 June 2021.

The Chairman added that the revised guideline mentioned that all mode of conducting general meetings during the total lockdown shall be fully virtual only. Fully virtual general meeting means the meeting will be conducted online where all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders participate in the meeting online.

In view thereof, the Board has decided that this AGM will be held fully virtual to abide to the ruling of Securities Commission Malaysia under the revised Guidance Note.

The Chairman reminded that no audio or video recordings is allowed for the live streamed Meeting as participation at the AGM was highly restricted to shareholders, valid proxies and authorised representative of corporate shareholders.

The Chairman informed that the shareholders and proxies who attended the AGM remotely might use the "Ask Question" facility appearing on their screen to transmit questions during the AGM. He added that in order to provide the shareholders with ample time to raise questions, the "Ask Question" facility will be made available now for a period of 15 minutes and the questions would be answered during the Question and Answer (Q&A) session.

For smooth running of the proceedings, the Q&A session would be conducted only after all the items on the Agenda have been deliberated.

The Chairman highlighted that in the interest of time, the Board might not be able to address all questions received. The questions received would be grouped and combined to avoid repetition, and would be summarised for expediency. The task was assisted by the moderator.

The Chairman emphasised that whilst all efforts had been taken to ensure a smooth live streaming, however the quality of the broadcast may be affected by the participants' own internet bandwidth connection and stability.

The Chairman informed that in the event there was any bandwidth connection interruption while he was chairing the AGM, the chair will be passed to Puan Suraya Hassan so that the meeting can continue smoothly.

Thereafter, the Chairman proceeded to introduce himself as Dato' Mohammed Haji Che Hussein, the Chairman of the Board of Directors of STMKB. He then proceeded to introduce the other Board members who are attending the meeting via video conferencing from their respective locations namely, Encik Mohd Azman Sulaiman, Puan Suraya Hassan, Dato' Mustaffa Ahmad, Encik Mohamad Salihuddin Ahmad and Datuk Bazlan Osman.

He then continues to introduce the management team, Dato' Sri Mohamed Hassan Md Kamil, who is the Group Chief Executive Officer (GCEO), Cik Sia Meng Hui, the Chief Financial Officer and Puan Shamsul Shahrina Mohd Hussein, the Company Secretary. Also present are the External Auditors from PricewaterhouseCoopers, represented by Encik Manjit Singh (Engagement Partner), Encik Liew Chi Min (Engagement Support Partner) and the representatives from the share registrar/poll administrator, from Boardroom Share Registrar Sdn Bhd and appointed independent scrutineers to verify the poll results.

## **2. QUORUM**

Upon confirmation from the Company Secretary that a quorum was present in accordance with Rule 51 of the Company's Constitution, the Chairman called the Meeting to order.

## **3. NOTICE**

The Annual Report 2020 was dispatched to the Members on 3 May 2021. In view that there was no objection from the floor, the Notice convening the 36<sup>th</sup> AGM having been circulated on 3 May 2021, was taken as read.

## **4. MATTERS ARISING FROM 35<sup>th</sup> AGM**

The Chairman enlightened the shareholders that prior to proceeding with presentation from the GCEO, the Board would like to update the shareholders on the payment of Directors Fees and Benefits that was approved last year up to RM2,500,000 for the last AGM held on 13 August 2020 until the next AGM of the Company. The breakdown was as follows:

		<b>Total up to 31/5/2021</b>	<b>Estimated amount shared with MSWG &amp; the shareholders on 13 August 2020</b>	<b>Difference</b>
1.	Board and Committee Fees	1,119,997.08	1,447,000	327,002.92
2.	Board and Committee Meeting Fees	<b>590,900.00</b>	<b>392,000</b>	<b>(198,900)</b>
3.	Other Benefits	264,025.51	661,000	396,974.49
	Total	1,974,922.59	<b>2,500,000</b>	<b>525,077.41</b>

The Board and Committee meeting fees total as at 31 May 2021 was RM590,900 had exceeded the limit shared with MSWG and the shareholders at RM392,000 by RM198,900.

The excess amount was due to the increase in the number of meetings held in 2020 to 2021 for the Board and Board Committees which included on the reconstitution of the Long Term Incentive Plan Committee that was approved by the Board at its meeting held on 22 July 2020.

Additionally, there was a review on the Directors' Fees and Meeting Fees for the Board and Committees, effective 1 September 2020 to align with the Directors' Fees and Meeting Fees of BMB Holdings Berhad (BHB) of which approval was obtained from BHB on 28 August 2020.

The Chairman highlighted that the total amount of RM1,974,922.59 is within and in fact lower than the amount of RM2,500,000 million approved by the shareholders for both STMKB and Syarikat Takaful Malaysia Am Berhad. The numbers are presented today for the shareholders' information only.

## **5. PRESENTATION ON THE COMPANY'S PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 BY THE GCEO**

The Chairman then invited the GCEO, to present to the Members on the performance of the Company and its Group for the year ended 31 December 2020. The following salient points were highlighted by the GCEO:

- (i) Operating Revenue consists of Family Takaful Gross Contribution, General Takaful Gross Contribution and Investment Income. Operating Revenue of the Group had declined from RM3,125 million to RM2,957 million with a slight drop of 5.4% mainly attributable due to the drop in Family Takaful Gross Contribution from RM2,036

million to RM1,753 million or 13.9% due to the lockdown in 2020 whereby most of the banks and financial institutions had to curtail their operations due to the Movement Control Order (MCO) restrictions, hence, the restrictions had affected the credit related products.

However, General Takaful had recorded stronger growth in its performance by 14.4% to RM828 million for year 2020 as compared to year 2019 mainly due to digital online platform for motor resulting from higher traffic volume arising from MCO, whereby the customer had switched from agency to online platform. In addition, Investment income had increased slightly by 3.0% from RM365 million in year 2019 to RM376 million in year 2020.

- (ii) Profit After Taxation and Zakat had decreased slightly by 0.5% from RM366 million in 2019 to RM364 million in year 2020.
- (iii) Total Assets of the Group had increased by 14.6% from RM10.3 billion in year 2019 to RM11.8 billion in year 2020.
- (iv) Return on Equity (ROE) had recorded a drop of 19.9% from 33.10% in year 2019 to 26.50% for year 2020. However, the GCEO informed that it was still an attractive ROE for the financial sector.
- (v) Earnings per Share had recorded a decreased of less than one percent from 44.16 sen in year 2019, as compared to 43.76 sen in year 2020.
- (vi) Dividend Declared for 2020 was RM99.65 million with a drop of 39.7% as compared to RM165.36 million dividend declared for year 2019.
- (vii) In terms of STMKB's share price performance, since April 2007 it had outperformed FBMKLCI by 1,293%.

The Chairman informed that MSWG had raised some questions to STMKB via its letter dated 25 May 2021. STMKB had responded to all the questions by MSWG via a letter to MSWG dated 31 May 2021.

The GCEO was invited again to present the following responses towards the questions raised by MSWG.

**RESPONSES TOWARDS THE QUESTIONS RAISED BY MSWG BY THE GCEO**
Operational/Financial Matters

Q1 : STMKB has guided a cautiously optimistic outlook for FY2021 earlier. However, with the various Movement Control Orders (MCOs) imposed in the first half of 2021. Furthermore, the economic outlook is lacklustre.

What is the FY2021 outlook for STMKB's family takaful and general takaful businesses?

A1 : *The mortgage takaful business may witness a slowdown due to the delay in loan processing during the MCO period and more cautious property buying decisions among customers in view of the business environment uncertainty. However, we expect to see greater business opportunity in the takaful business for personal and commercial loans. Banks are targeting more personal loan business to address short term financial needs of customers. We have a balanced business mix between mortgage and personal loan customers to lessen the impact of lower mortgage business. In the long run, Islamic financing is expected to continue to grow and support the demand of credit-related products and we will continue leveraging on our strong presence and competitive edges in bancatakaful market and government civil servant mortgage to maintain our market leadership.*

*Stable business growth has been observed in our general takaful business, owing much to the digital-focused sales growth strategies and expansion of distribution capability. With our experience gained through the Covid-19 pandemic in 2020, this shall enable us to more successfully navigate the Covid-19 pandemic in 2021.*

Q2 : Notwithstanding a 12% decline in net earned contribution to RM2.07 billion (FY2019: RM2.35 billion) in FY2020, STMKB's net profit merely declined 0.66% to RM362.42 million in FY2020 from RM364.83 million in FY2019.

The better-than-expected performance was due to lower claims and lower expenses incurred during the year.

	Net earned contribution (RM'000)	Net benefits and claims (RM'000)	Other expenses (RM'000)	Net Profit (RM'000)
FY2019	2,354,433	988,209	765,422	364,837

FY2020	2,072,969	888,965	649,880	362,420
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- a) What were the measures taken by the Company to keep other expenses at a lower level? Are the lower expenses incurred in FY2020 sustainable?
- b) The level of economic activities will determine the level of claims incurred. With the opening-up of more economic sectors in FY2021 (as compared to MCO1.0 in March 2020), does the Company expect to see a higher level of benefits and claims distributed this year?

A2 : a) *The lower other expenses were mainly attributable to lower sales related expenses which are in tandem with the lower gross contribution and reduction in management expenses.*

*Our disciplined expense management approach with operational efficiency will enable the company to further mitigate the expense risk.*

b) *In 2020, we experienced better claim experience in our medical and motor business largely due to lower incident rates for hospitalisation and vehicle accident. With the opening-up of more economic sectors in FY2021, we expect higher claims experience of our medical and motor business once business activities rebound. However, we expect the ultimate claim experience will remain below the pre-pandemic level.*

Q3 : STMKB aims to sustain its market leading position in the Employee Benefits (EB) segment.

What is STMKB's current market share in the EB segment? How was the performance of the EB business over the years? How does the Company plan to expand and further penetrate the segment?

A3 : *There is no official market share report for the EB business. Our EB business volume is around RM270 mil in 2020. We have a strong EB brand recognized by EB corporate clients due to our professional service propositions with strong operational support, digital & value-added services to manage the medical costs for our clients.*

*We will strengthen the branding of Takaful Malaysia as a professional EB player and our market reach by focusing on medium to large corporate clients to offer a differentiated experience of customized services*



*embedded with digital solutions and healthy lifestyle programs to retain and generate profitable business. We will also leverage on digital branding /marketing programs to reach out more new corporate clients.*

- Q4 : Despite a marginal 0.66% decline in net profit, STMKB reduced its dividend payout ratio to 27.4% in FY2020 from 45.3% the year before. This translates to dividend per share of 12 sen as compared to 20 sen in FY2020.

Meanwhile, its cash and cash equivalents increased by 18.1% to RM712.6 million as compared to RM603.2 million.

What was the reason for the significantly lower dividend pay-out ratio?

- A4 : *The company needs to strike a balance between payout to shareholders and retaining surpluses to meet its solvency requirement in view of uncertainties in the economic and market environment. Dividend payout will also depend on the business growth, investment performance and product profitability. Therefore, a conscious decision was made to lower dividend payout in FY2021, mainly due to the challenges and uncertainties of the Covid-19 impact to the Malaysian economy and also the insurance and the insurance and takaful industry.*

- Q5 : Malaysian Financial Reporting Standards (MFRS) 17 Insurance Contracts will come into effect in January 2023. The implementation of MFRS 17 requires revenue (mainly premiums) to be amortised over the period of insurance coverage or contract. This will spread out the recognition of revenue instead of recognizing most revenues on day 1, which is the practice now.

What is the expected financial impact arising from the implementation of MFRS 17? How well is the Group prepared for it?

- A5 : *The effective date of MFRS 17, including the amendments, has been deferred to annual reporting periods beginning on or after 1 January 2023. The transition date to determine the transition impact is 31 December 2022. It is premature for the Group to conclude the impact of adoption of MFRS 17 taking into consideration that the results for financial year 2021 and financial year 2022 need to be accounted for.*

*In terms of the preparation, the Group is currently at the implementation and testing stage for MFRS 17 calculation and reporting system, which is in line with the industry's progress.*



Q6 : The Group's non-audit fees payable to external auditor was higher at RM760,000 for FY2020.

	Audit Fees (RM'000)	Non-Audit Fees (RM'000)
FY2019	1,030	145
FY2020	1,034	760

The higher non-audit fees were due to review of MFRS 17 technical papers prepared by Management and review of STMKB's Business Continuity Management (BCM) programme.

What are the aspects being reviewed by external auditors on the two reviews? What are the suggestions provided by the external auditors to the Board on the technical paper and BCM programme?

Does the Company have a policy on percentage of non-audit fees paid to its external auditor compared to audit fees paid?

A6 : *The review of MFRS 17 Technical Papers is an audit-related engagement where the external auditor performed review on the Group's MFRS17 accounting policies, assumptions, methodologies to ensure the application of the accounting standards are in accordance with MFRS 17.*

*The review of Business Continuity Management (BCM) programme was conducted by the PwC consulting team with extensive experience on Business Continuity Management. The objectives of the review are:*

- a) *To refresh STMKB's BCM programme and benchmark against best international standards & industry practices to ensure the BCM programme to be resilient with various types of risks emerging, some even being unprecedented.*
- b) *To develop an Integrated BCM Programme to ensure STMKB is able to respond and recover fast and smoothly from any crisis as it is crucial to ensure every plans such as the Emergency Response Plan, Crisis Communication Plan, Crisis Management Plan, Business Continuity Plan, IT Disaster Recovery Plan and Pandemic Plan are aligned and integrated.*

*There is no specific policy on the percentage of the non-audit fees paid to its external auditor. However, each and every non-audit engagement will be assessed and evaluated diligently, reviewed and approved by*

*Board of Directors to ensure external auditor's independent and objectivity.*

Corporate Governance Matters

Q1 : Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please provide clarification on the following:

a) Practice 11.2: Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

STMKB's response: Departure. The Company aims to adopt integrated reporting in the future and will take the necessary measures to comply with the requirement.

MSWG's comment: Being a Large Company, STMKB did not indicate the timeframe to apply integrated reporting.

When does the Group intend to adopt integrated reporting? What are the challenges faced by the Company in the implementation of integrated reporting?

A1 : *The Company will try to adopt the integrated reporting for the financial year ending 31 December 2022. We noted that integrated reporting will require more input and disclosure of information as well as reporting compared to our current practice. We also foresee that more time is required to train our in-house team in familiarizing with the requirements imposed by the regulators for the integrated reporting.*

The Chairman proceeded with the first Agenda of the Meeting as follows:

**AGENDA 1**

**TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020, TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman presented to the Members the Audited Financial Statements for the financial year ended 31 December 2020, together with the reports of the Directors and Auditors thereon (collectively referred to as Audited Financial Statements), which was issued to the shareholders on 3 May 2021.

It was highlighted to the Members that as stated in Note 3(i) of the Notice of 36<sup>th</sup> AGM, the Audited Financial Statements under Agenda 1 was meant for information and discussion only as the approval of the Members was not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda was not put forward for voting by the Members of the Company. The Members were informed that the said Audited Financial Statements were duly approved by the Board of Directors of the Company and were made available to the Members throughout the statutory period.

The Chairman informed that on behalf of the Board of Directors, he was pleased to present the Audited Financial Statements for the financial year ended 31 December 2020 accompanied by a statutory declaration by the officer primarily responsible for the financial management of the Company, as contained in the Annual Report from page 95 to page 309.

The Chairman reiterated that the questions would be attended after the Meeting had deliberated all the items on the Agenda.

The Meeting noted:

***“THAT the Audited Financial Statements for the Financial Year Ended 31 December 2020, together with the Reports of the Directors and Auditors thereon, be and are hereby received”.***

## **AGENDA 2**

**To re-elect Mohd Azman Sulaiman who is retiring by rotation in accordance with Rule 74 of the Company’s Constitution and being eligible, had offered himself for re-election  
(Resolution 1)**

The Chairman informed that as stated under Agenda 2, Encik Mohd Azman Sulaiman who was retiring by rotation in accordance with Rule 74 of the Company’s Constitution and being eligible, had offered himself for re-election.

## **AGENDA 3**

**To re-elect the following Directors who are retiring in accordance with Rule 83 of the Company’s Constitution and being eligible, had offered themselves for re-election:**

- |  |                       |
|--|-----------------------|
| <b>(i) Dato’ Mustaffa Ahmad</b>            | <b>(Resolution 2)</b> |
| <b>(ii) Encik Mohamad Salihuddin Ahmad</b> | <b>(Resolution 3)</b> |
| <b>(iii) Datuk Bazlan Osman</b>            | <b>(Resolution 4)</b> |

The Chairman informed the Members that Agenda 3 requires three (3) resolutions to be passed on matters relating to re-election of Directors.

**1. Resolution 2 – Re-election of Dato' Mustaffa Ahmad**

In accordance with Rule 83 of the Company's Constitution, Dato' Mustaffa Ahmad had retired but being eligible had offered himself for re-election as a Director.

**2. Resolution 3 – Re-election of Encik Mohamad Salihuddin Ahmad**

In accordance with Rule 83 of the Company's Constitution, Encik Mohamad Salihuddin Ahmad had retired but being eligible had offered himself for re-election as a Director.

**3. Resolution 4 – Re-election of Datuk Bazlan Osman**

In accordance with Rule 83 of the Company's Constitution, Datuk Bazlan Osman had retired but being eligible had offered himself for re-election as a Director.

**AGENDA 4**

**To approve the payment of Non-Executive Directors' fees of up to RM2,224,400 for STMKB Group from this Annual General Meeting of the Company until the next Annual General Meeting of the Company. (Resolution 5)**

**AGENDA 5**

**To approve the payment of Non-Executive Directors' benefits of up to RM1,275,600 for STMKB Group from this Annual General Meeting of the Company until the next Annual General Meeting of the Company. (Resolution 6)**

**AGENDA 6**

**To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. (Resolution 7)**

The Meeting noted that the retiring auditors, Messrs, PricewaterhouseCoopers PLT had expressed their willingness to continue serving as the Auditors of the Company.

**AGENDA 7****Special Business - Ordinary Resolution**

**Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with BIMB Holdings Berhad and its Subsidiaries ("BHB Group") as per the Circular to Shareholders dated 3 May 2021. (Resolution 8)**

The Chairman advised the Members that Resolution 8 was an ordinary resolution pertaining to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with BIMB Holdings Berhad and its Subsidiaries ("BHB Group"), full details as set out in the Circular to Shareholders dated 3 May 2021.

The Members further noted that BIMB Holdings Berhad being the interested Major Shareholder had abstained from voting on this resolution requesting approval to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with BHB Group.

The rationale and benefits of the Proposed Shareholders' Mandate to the Takaful Malaysia Group were set out in Section 3, on page 8 of the Circular to Shareholders.

### **AGENDA 8**

#### **Special Business - Special Resolution**

**Proposed Amendments to the Company's Constitution (Subject to the approval from Ministry of Finance and Bank Negara Malaysia) as per the Circular to Shareholders dated 3 May 2021. (Resolution 9)**

### **AGENDA 9**

**To transact any other business for which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution**

The Chairman informed that the Secretary had informed him that there was no notice of any other business for transacting at the Meeting was received. The Chairman then proceeded with the Q&A session and invited the GCEO to address them accordingly.

## **6. QUESTION AND ANSWER SESSION (Q&A SESSION)**

The followings were the questions received during the Meeting and the response to the salient questions raised by the Members of the Company:

Q1: Encik Chin Yee Chong, a Shareholder had enquired on the following:

- i. I have known that family takaful business is recorded at RM1.3 billion which are mostly from credit related policy's, but in the annual report I can't see how much this segment contribute from RM1.3 billion?
- ii. The management also cited the risk of mismatch of financial obligation with investment return such as medical cost, as I know the investment mostly from

high grade sukuk which is considered fair return but couldn't be very good return. What is the mitigation of this kind of risk? What general return of this high grade sukuk?

- iii. How is PT Takaful Indonesia, in annual report stated that the performance is still lackluster, why Takaful business model which is proved resilient can't be replicated in Indonesia?
- iv. What is the future growth of Takaful?
- v. In view of current pandemic, what would be the impact towards Takaful Malaysia with the current lockdown?

A1: The GCEO replied as follows:

- i. *Our Family Takaful business recorded RM1.7 billion but the segment that is attributable to the credit related policy amounting to about 80%.*
- ii. *In general, the return for hybrid sukuk at this point in time is hovering between 4% to 4.5%. However, the mismatch from our financial obligation resulting in the investment return and the cashflow requirements of the Company is minimal due to the high cash balances that we have in our balance sheet.*
- iii. *As to PT Takaful Indonesia performance, it continues to be challenging in Indonesia mainly due to the window concept that has been practiced by the conventional insurers where they have a very strong distribution capability in distributing Takaful products via the window model.*
- iv. *I believe this question is in reference to PT Takaful Indonesia.*

*It continues to be challenging in the future as the government does not impose any KPIs where Islamic financing is supposed to achieve within a certain timeframe. For example, in Malaysia, Bank Negara does introduce requirements as to what percentage of Islamic Financing in the banks KPIs whereas in Indonesia there is no such requirements. As a result, Takaful continue to have very slow growth except for the companies where they are operating on a window concept and this is mainly due to their large distribution capabilities from the conventional arm.*

- v. *As we experienced last year, this recent full lockdown will obviously impact our credit related products as banks and financial institutions and Government have curtailed the operations to disburse and process loans.*

Q2: Encik Lew Tuck Wai, a Shareholder noted that Other investments at the Group level had increased by 17.1% to RM6,631 billion in FY2020 (page 103 of the Annual Report). However, Other Income at Group level had only increased by 5.7% to RM509.4 million (page 104 of the Annual Report). What are the reason(s) for the lower returns in Other Income compared despite the higher funds invested?

A2: *The GCEO replied that the lower returns were mainly coming from the lower profit rates resulting from the lowering of the overnight lending rate to 1.75% by Bank Negara Malaysia. So as a result of this, we see the overall investment yield for our portfolio has also dropped in tandem.*

Q3: Encik Ng Kwai Ching, a Shareholder had enquired on the following:

- i. What would make a customer to choose Takaful insurance products as compared to similar products offered by other insurance players?
- ii. What is your anticipated impact of IFRS17 on your profit lock-in period for Family Takaful business?
- iii. What is the long-term challenge faced by Takaful Malaysia?

A3: *The GCEO responded as follows:*

- i. *For our general takaful products for motor and other retail takaful general products, we do offer cashback for no claims. Our cashback is 7.5%. So at the end of the coverage period, if there is no claim we do give cashback of 7.5%.*

*As for our family takaful products, we believe our products are competitively priced and the service delivery for both customer enquiries and claims have also been above standard. In the recent customer survey conducted by Malaysia Takaful Association, our service level ranking is considered at par and better in certain aspects compared to overall of takaful industry.*

- ii. *This had been answered as part of MSWG's question earlier.*
- iii. *This had been answered as part of MSWG's question earlier.*

Q4: Encik Chua Song Yun, a Shareholder had enquired on the following:

- i. Referring to Credit-Related Insurance Protection Products, such as Takaful MyMortgage he understands that those products' premium would be paid upfront in lump sum, but the liabilities of those products would span over the lifespan of the respective loans. He enquired the accounting treatment for revenue, profit, and risk treatment for such products? In other words, would



SKTMB recognise all premium, profit upfront, or would it be spread out over the lifetime of the loan?

- ii. Did blanket loan moratorium and targeted assistance program provided by the bank affected the profitability and risk profile of these products?

A4: *The GCEO replied as follows:*

- i. *At this moment in time prior to the implementation of MFRS17, the revenue and profit for such products, after deducting all the acquisition expenses and expense reserves are recognized upfront. The expense and takaful benefit reserves are required to be set aside to cover all the future expenses and takaful benefit obligations of the product or over the life span of the takaful coverage.*
- ii. *In fact, due to our very low exposure to regular contribution products and there is no change to the takaful coverage period for single contribution mortgage products, the blanket loan moratorium did not have any material impact to the profitability of the Company.*

Q5: Encik Law Kung Hoo, a Shareholder had enquired on the following.

- i. The recent spike in COVID-19 cases have caused significantly higher loss of life, have our Company experiences significant higher claims over the past few months?
- ii. Did the Company experience any increase in dropout rate? What was the dropout rate of the year 2019, the year 2020, and the first 5 months of the year 2021?

A5: *The GCEO replied as follows:*

- i. *At this moment in time, we have not seen material spike in the claim ratio and furthermore we have not seen any significant increase in death claims in our portfolio.*
- ii. *The dropout rate has also not been impacted so much and again this is purely due to our very low exposure to regular premium products.*

Q6: Encik Ee Yih Chin, a Shareholder had enquired on the following.

- i. Would the business through digital channel be sustained and grow faster even after the pandemic? Would it reduce the reliance on agency sales?

- ii. What was the percentage of digital sales versus traditional channel? Did digital sales mean direct sales to customers bypassing the intermediaries?

A6: *The GCEO replied as follows:*

- i. *We have seen a very significant increase in our digital sales in 2020 and we continue to see the same in the 1<sup>st</sup> quarter of 2021. We believed the digital channel will continue to grow and it will sustain post pandemic as the customers are now more familiar with the convenience of purchasing our digital products online.*

*As to the reliance to agency sales it depends on the products that we are selling. Perhaps the more complex and complicated products will still require the agency distribution whereas the more simplified and cheaper products will continue to be executed digitally.*

- ii. *Currently, most of our digital sales are focused on motor. Compared to the traditional channel, we are now selling about 40% of our motor business via digital compared to traditional.*

The Chairman informed that there are several questions from the shareholders which are similar with the questions raised by the MSWG, therefore, the questions would not be responded as response had been presented in the earlier slide of the presentation.

However, the Chairman informed that there were several other questions raised by the shareholders pertaining to the growth and market share of the Company, to which the Chairman requested the shareholders to make reference to the write up on sustainability approach on page 25 of the Annual Report.

The Chairman highlighted that based on the sustainability strategies, there were five pillars to the growth of Family Takaful namely Responsible Finance, Inclusive Growth, Talent Development, Ethical Practice and Corporate sustainability. This would answer the questions asked as to where the growth is coming from.

The Chairman mentioned that the Organic growth would primarily be on digitalisation approach whereby wider customers could be reached but the challenge would be on us for the development of new products. In addition, there was also a segment in the Annual report with regard to innovative product development that would address the shareholders concern on the strategies of growing more business from the existing customers.

The Chairman informed that, going forward, the Company would focus to achieve growth through digitalisation and is also among the underlying concern by most of the shareholders.

The Chairman reiterated for the shareholders to make reference to our response to MSWG that had addressed some of the questions on dividend particularly, also the Annual Report particularly on sustainable strategy which answered the question on where the growth is coming from and the clarification on dividend policy under responsible finance. He mentioned that given the current uncertainties of COVID-19, there is a need to put the emphasis on retaining our capital so that when opportunities arise the Company could leverage on the strong capital as well as the strong risk capital to take advantage of the opportunities.

In the interest of time, the Chairman ended the Q&A Session and the response to the unaddressed questions from the shareholders would be uploaded to the Company's website as soon as practicable.

The Chairman proceeded with the voting of the resolutions. The Chairman further informed that with the remote participation and voting facilities, the shareholders' may exercise their rights as a shareholder to participate and vote remotely at this AGM at the comfort of their home or location. He then declared that the registration for attendance at the Meeting closed.

## **7. POLLING PROCESS**

A short video presentation on the polling procedure was presented by Boardroom Share Registrars Sdn Bhd.

The Chairman then invited all the Members to proceed casting their votes on all the above resolutions.

The Chairman informed that the whole counting process was expected to complete within 25 minutes.

The Chairman adjourned the Meeting at 10:15 a.m. for the electronic/remote poll voting system to commence.

## **8. ANNOUNCEMENT OF POLL RESULTS**

At 10.40 a.m., the Chairman resumed the Meeting for the declaration of the poll results.

It was noted that the poll results received from the Poll Administrator had been duly verified by the Independent Scrutineers, Boardroom Corporate Services Sdn Bhd. The following poll results were announced to the Members and shown on the screen:-

RESOLUTION	VOTE FOR		VOTE AGAINST	
	Number of Units	Percentage	Number of Units	Percentage
Resolution 1	644,201,717	99.4071	3,841,969	0.5929
Resolution 2	649,048,657	99.9889	71,999	0.0111
Resolution 3	642,343,882	99.1198	5,703,874	0.8802
Resolution 4	648,728,084	99.9395	392,572	0.0605
Resolution 5	648,583,832	99.9060	610,529	0.0940
Resolution 6	644,694,925	99.5034	3,217,736	0.4966
Resolution 7	648,241,913	99.8527	956,353	0.1473
Resolution 8	157,593,880	99.9661	53,461	0.0339
Resolution 9	649,114,206	99.9871	84,060	0.0129

Based on the poll results, the Chairman declared the following Ordinary Resolutions and Special Resolution carried:

**RESOLUTION 1 – RE-ELECTION OF MOHD AZMAN BIN SULAIMAN**

*“THAT Encik Mohd Azman Sulaiman who retired in accordance with Rule 74 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”*

**RESOLUTION 2 – RE-ELECTION OF DATO’ MUSTAFA AHMAD**

*“THAT Dato’ Mustafa Ahmad who retired in accordance with Rule 83 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”*

**RESOLUTION 3 – RE-ELECTION OF ENCIK MOHAMAD SALIHUDDIN AHMAD**

*“THAT Encik Mohamad Salihuddin Ahmad who retired in accordance with Rule 83 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”*

**RESOLUTION 4 – RE-ELECTION OF DATUK BAZLAN OSMAN**

*“THAT Datuk Bazlan Osman who retired in accordance with Rule 83 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”*

**RESOLUTION 5 – PAYMENT OF THE NON-EXECUTIVE DIRECTORS’ FEES AND BENEFITS OF UP TO RM2,224,400 FOR STMKB GROUP FROM THIS ANNUAL GENERAL MEETING OF THE COMPANY UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

*“THAT the Directors’ fees and benefits fees and benefits of up to RM2,224,400.00 (Ringgit Malaysia: Two Million Two Hundred Twenty Four Thousand and Four Hundred Only from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved for payment to the Non-Executive of Syarikat Takaful Malaysia Keluarga Berhad”.*

**RESOLUTION 6 – PAYMENT OF THE NON-EXECUTIVE DIRECTORS’ BENEFITS OF UP TO RM1,275,600 FOR STMKB GROUP FROM THIS ANNUAL GENERAL MEETING OF THE COMPANY UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

*“THAT the Directors’ fees and benefits of up to RM1,275,600.00 (Ringgit Malaysia: One Million Two Hundred Seventy Five Thousand and Six Hundred Only) from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved for payment to the Non-Executive of Syarikat Takaful Malaysia Keluarga Berhad”.*

**RESOLUTION 7 – APPOINTMENT OF MESSRS. PRICEWATERHOUSECOOPERS PLT AS THE AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

*“THAT Messrs. PricewaterhouseCoopers PLT be and are hereby appointed as the Auditors of Syarikat Takaful Malaysia Keluarga Berhad for the financial year ending 31 December 2021 and the Directors are hereby authorised to fix their remuneration.”*

**RESOLUTION 8 – PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH BIMB HOLDINGS BERHAD AND ITS SUBSIDIARIES (“BHB GROUP”)**

*“THAT subject to compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016, Constitution of the Company and all other applicable laws, rules, regulations and guidelines, approval be and is hereby given to the Company and its subsidiaries (“STMKB Group”) to enter into the Recurrent Related Party Transactions of a revenue or trading nature with BIMB Holdings Berhad and its Subsidiaries (“BHB Group”) which are necessary for the day to day operations of the STMKB Group as set out in Section 2.1.3 of the Circular to Shareholders dated 3 May 2021 (“Circular”), provided that:*

- (a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of minority shareholders of the Company;*
- (b) the transactions are made at arm’s length and on normal commercial terms; and*
- (c) the disclosure will be made in the annual report with the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year.*

*AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:*



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- (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier".

**RESOLUTION 9 – PROPOSED AMENDMENTS TO THE COMPANY’S CONSTITUTION (SUBJECT TO THE APPROVAL FROM MINISTRY OF FINANCE AND BANK NEGARA MALAYSIA)**

*"THAT Rules 7, 11, 129 and the definitions of "Muslim Bumiputra Institution", "Muslim Bumiputra Company" and "Minister" in the Company's Constitution to be deleted as set out in the Circular to Shareholders dated 3 May 2021 be and are hereby approved and the amended Constitution be adopted as the new Constitution of the Company.*

*AND THAT the Board of Directors of the Company be and are hereby authorised and empowered to take all acts, deeds and things as are necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."*

**9. CLOSURE OF MEETING**

There being no other matters to be transacted, the Chairman concluded the Meeting at 10:45 a.m. and thanked all attendees for their continuous support and participation.

As a gentle reminder, the Chairman advised all attendees to register with My Sejahtera for COVID-19 vaccination to overcome the pandemic.

The Chairman then declared the Meeting closed.

**SIGNED AS A CORRECT RECORD**

**SIGNED**

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**CHAIRMAN**