

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 Interim Financial Reporting issued by International Accounting Standards Board, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), and Guidelines / Circulars issued by Bank Negara Malaysia (“BNM”) and Shariah rulings and precepts.

The unaudited condensed consolidated interim financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The unaudited condensed consolidated interim financial statements of the Group comprise the Company and its subsidiaries as at and for the quarter ended 31 March 2022. It also includes Takaful funds established in accordance with Islamic Financial Services Act, 2013 in Malaysia, which are managed and controlled by the Group and by the Company as operator of the fund.

The statements of financial position and the statements of profit or loss and other comprehensive income of the Takaful Operator, Family Takaful Fund and General Takaful Fund are supplementary financial information presented in accordance with the requirements of BNM and Islamic Financial Services Act, 2013 in Malaysia to segregate assets, liabilities, income and expenses of Takaful funds from its own. The statements of financial position and profit or loss and other comprehensive income of the Takaful Operator include only assets, liabilities, income and expenses of the Takaful Operator, excluding the Takaful funds managed by it. The statements of financial position and profit or loss and other comprehensive income of the Family and General Takaful Fund include only the assets, liabilities, income and expenses of the family solidarity fund and General Takaful Fund that is set up, managed and controlled by the Takaful Operator.

In preparing the Group-level consolidated financial statements, the balances and transactions of the Takaful Operator are amalgamated and combined with those of the Takaful funds. Interfund assets and liabilities, income and expenses relating to transactions between the funds are eliminated in full during amalgamation. The accounting policies adopted for the Takaful Operator and Takaful funds are uniform for like transactions and events in similar circumstances.

The Takaful fund are consolidated and amalgamated from the date of control and continue to be consolidated until the date such control ceases which occur when the Group’s and the Company’s license to manage Takaful business is withdrawn or surrendered.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

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

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

The initial application of the abovementioned standards, amendments and interpretations do not have any material impacts to the current and prior period's financial statements upon their first adoption.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the MASB but have not been adopted by the Group:

Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted

The Group will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning on/after 1 January 2023

- MFRS 17 *Insurance Contracts* replaces MFRS 4 *Insurance Contracts* and the related interpretations

MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 'Revenue from Contracts with Customers'. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts.

Insurance contracts, (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

- MFRS 17 *Insurance Contracts* replaces MFRS 4 *Insurance Contracts* and the related interpretations (continued)

MFRS 17 requires a current measurement model where estimates are re-measured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

- (1) Simplified Premium Allocation Approach if the insurance coverage period is a year or less.
- (2) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items.

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

The Group is in the process of assessing the financial impact onto the Group's financial statements.

- Amendments to MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 'Insurance Contracts' defers the effective date of MFRS 17 Insurance Contracts. An entity shall apply MFRS 17 and Amendments to MFRS 17 for annual reporting periods beginning on or after 1 January 2023. If an entity applies MFRS 17 earlier, it shall disclose that fact. Early application is permitted for entities that apply MFRS 9 Financial Instruments on or before the date of initial application of MFRS 17.

The Group is in the process of assessing the financial impact onto the Group's financial statements.

- Amendments to MFRS 101 *Classification of liabilities as current or non-current*

Amendments to MFRS 101 'Classification of liabilities as current or non-current' clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

The amendments shall be applied retrospectively.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 Auditors' Report

The auditors' report on the audited financial statements of the preceding year ended 31 December 2021 did not contain any qualification.

3 Seasonality of Operations

The Group's operations are not materially affected by seasonal or cyclical factors for the period under review.

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current quarter ended 31 March 2022.

5 Estimates

There were no material changes in the basis used for accounting estimates for the current quarter under review.

6 Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

7 Dividends

The Company on 14 December 2021 declared an interim single tier dividend of 12.00 sen per ordinary share in respect of the financial year ended 31 December 2021 which was paid on 17 January 2022.

No dividend was declared for the current quarter under review.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 Segmental Reporting

Geographical Segments

| | Malaysia RM'000 | Indonesia RM'000 | Consolidated RM'000 |
|--|--------------------|---------------------|------------------------|
| 3 months ended 31 March 2022 | | | |
| Revenue from external participants | 957,999 | 39,393 | 997,392 |
| Profit / (Loss) before zakat and taxation | 122,317 | (767) | 121,550 |
| As at 31 March 2022 | | | |
| Segment assets by location of assets | 12,150,511 | 547,157 | 12,697,668 |
| Segment liabilities by location of liabilities | 10,315,359 | 468,587 | 10,783,946 |
| 3 months ended 31 March 2021 | | | |
| Revenue from external participants | 883,965 | 31,530 | 915,495 |
| Profit / (Loss) before zakat and taxation | 114,585 | (150) | 114,435 |
| As at 31 March 2021 | | | |
| Segment assets by location of assets | 11,167,769 | 526,796 | 11,694,565 |
| Segment liabilities by location of liabilities | 9,631,133 | 448,729 | 10,079,862 |

9 Investment Properties

The valuation of investment properties has been brought forward without amendment from the annual audited financial statements for the year ended 31 December 2021.

10 Material Events Subsequent to the End of the Period

On 29 April 2022, the Company allotted and issued 1,683,360 new ordinary shares pursuant to the Long-Term Incentive Plan ("LTIP").

Other than the above, there was no material event subsequent to the end of the period under review that has not been reported in the unaudited condensed consolidated interim financial statements for the current financial quarter.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statement as at and for the year ended 31 December 2021.

12 Effect of Changes in Composition of the Company / Group

There was no change in the composition of the Group for the current financial quarter under review.

13 Contingent Liabilities

There were no contingent liabilities as at the date of this announcement.

14 Review of Performance

| | 3 months ended | | |
|--|----------------|-----------|---------|
| | 31.3.2022 | 31.3.2021 | Changes |
| | RM'000 | RM'000 | % |
| Operating revenue | 997,392 | 915,495 | 9% |
| Gross earned contributions | 783,942 | 698,895 | 12% |
| Profit before zakat and tax | 121,550 | 114,435 | 6% |
| Profit after zakat and tax | 86,581 | 101,118 | -14% |
| Profit attributable to owners of the Company | 86,774 | 101,144 | -14% |

14.1 Financial results of the current year-to-date against preceding year-to-date

Operating revenue

The Group recorded operating revenue of RM997.4 million for the financial period ended 31 March 2022, higher by 9% as compared to RM915.5 million in the same period of the preceding year. The increase was mainly attributable to higher sales from both Family Takaful and General Takaful businesses.

Profit before zakat and tax

For the first quarter ended 31 March 2022, the Group recorded profit before zakat and tax of RM121.6 million, higher by 6% as compared to RM114.4 million in the same period of the preceding year. This was mainly attributable to higher net wakalah fee income.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 Review of Performance (continued)

14.1 Financial results of the current year-to-date against preceding year-to-date

Family Takaful

Family Takaful business generated gross earned contributions of RM531.4 million for the first quarter ended 31 March 2022, higher by 11% as compared to RM480.8 million in the corresponding period last year. This was mainly attributable to higher sales from credit-related products.

The net benefits and claims for Family Takaful business increased to RM295.6 million in the first quarter ended 31 March 2022 from RM184.3 million in the same period of the preceding year. The increase was mainly attributable to higher death claims.

Investment income for the Family Takaful business increased by 7% to RM73.6 million as compared to RM69.1 million in the same period of the preceding year, mainly due to higher profit income from fixed income investment.

For the first quarter ended 31 March 2022, Family Takaful recorded fair value losses of RM35.6 million as compared to fair value gains of RM1.2 million in the same period of the preceding year. The fair value losses were mainly due to equity market performance.

General Takaful

General Takaful business generated gross earned contributions of RM252.5 million for the first quarter ended 31 March 2022, higher by 16% as compared to RM218.0 million in the same period of the preceding year. The growth was mainly attributable to motor, fire and liability class of business.

The net benefits and claims for General Takaful business increased to RM57.2 million in the first quarter ended 31 March 2022 from RM56.0 million in the same period of the preceding year, mainly due to higher motor claims.

The investment income for the first quarter ended 31 March 2022 was RM7.9 million as compared to the same period of the preceding year of RM7.1 million, mainly due to higher profit income from fixed income investment.

14.2 Indonesian Operations

The operating revenue of Indonesian operations recorded at RM39.4 million, slightly higher as compared to RM31.5 million in the same period of the preceding year. The gross earned contribution recorded at RM33.7 million, higher as compared to RM25.1 million in the same period of preceding year.

The Indonesian operations recorded loss before zakat and tax of RM0.8 million for the first quarter ended 31 March 2022, as compared to loss before zakat and tax of RM0.2 million in the same period of preceding year. The Indonesian operations continued to be impeded by the window concept of promoting Islamic products practiced by the conventional domestic players. The Takaful industry in Indonesia is anticipated to continue experiencing challenges due to the financial market volatility in addition to the economic conditions.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Review of Performance (continued)

14.3 Review of Statements of Financial Position

As at 31 March 2022, total assets of RM12,697.7 million were lower as compared to RM12,708.8 million as at 31 December 2021, mainly attributable to the lower cash and cash equivalents, loans and receivables excluding takaful receivables, and retakaful assets, partially offset by increase in takaful receivables.

Cash and cash equivalents decreased from RM846.9 million to RM802.3 million mainly due to lower placement in fixed and call deposits at licensed institutions with maturity less than 3 months.

Loans and receivables excluding takaful receivables decreased from RM2,262.6 million to RM2,242.9 million as at 31 March 2022, mainly attributable to lower placement in fixed and call deposits at licenced institutions with maturity more than 3 months.

Retakaful assets decreased from RM1,156.0 million to RM1,140.0 million as at 31 March 2022 was mainly attributable to settlement of retakaful claims recovery.

Takaful receivables increased from RM335.9 million to RM403.1 million as at 31 March 2022. The increase was primarily driven by the growth in gross contributions from Family and General takaful business.

Total liabilities decreased to RM10,783.9 million as at 31 March 2022 as compared to RM10,866.5 million as at 31 December 2021, which was mainly attributable to lower other payables, partially offset by higher Takaful contract liabilities.

Takaful payables decreased from RM442.2 million as at 31 December 2021 to RM338.8 million as at 31 March 2022, mainly due to settlement of dividend payable of RM100.3 million.

Takaful contract liabilities increased from RM9,786.3 million as at 31 December 2021 to RM9,818.1 million as at 31 March 2022. The increase was in line with Group's business growth.

Shareholders' equity increased by 4% to RM1,913.7 million as at 31 March 2022. The increase was mainly attributed to the net profit attributable to owners of the company during the financial year of RM86.8 million.

14.4 Review of Statements of Cash flows

For the first quarter ended 31 March 2022, the Group's cash flow position of RM802.3 million is healthy and strong. The ratio of cash flow from operating activities to profit for the financial year was 73%, which indicates the Group's ability to generate sufficient cash flow to meet its obligation.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 Financial review for current quarter compared with immediate preceding quarter

| | Current Quarter 31.3.2022 RM'000 | Immediate Preceding Quarter 31.12.2021 RM'000 | Changes % |
|--|---|--|----------------------|
| Operating revenue | 997,392 | 877,989 | 14% |
| Gross earned contributions | 783,942 | 793,026 | -1% |
| Profit before zakat and tax | 121,550 | 140,110 | -13% |
| Profit after zakat and tax | 86,581 | 156,510 | -45% |
| Profit attributable to owners of the Company | 86,774 | 156,136 | -44% |

Operating revenue

For the current quarter under review, the Group generated operating revenue of RM997.4 million, higher by 14% as compared to RM878.0 million in the immediate preceding quarter. The increase was mainly attributable to higher sales generated from Family Takaful and General Takaful businesses.

Profit before zakat and tax

For the current quarter under review, the Group recorded profit before zakat and taxation of RM121.6 million, lower as compared to the immediate preceding quarter of RM140.1 million. The decrease in profit was mainly attributable to lower surplus transfer from Takaful funds.

Family Takaful

For the current quarter under review, Family Takaful business recorded gross earned contributions of RM531.4 million, as compared to RM547.8 million in the immediate preceding quarter. The decrease was mainly attributable to lower earned contributions from group medical products.

For the current quarter under review, Family Takaful business recorded net benefits and claims of RM295.6 million, increased as compared to the immediate preceding quarter of RM202.1 million. The increase was mainly attributable to higher death claims during the period.

For the current quarter under review, Family Takaful business recorded investment income of RM73.6 million, lower as compared to the immediate preceding quarter of RM75.1 million. The increase was mainly attributable to lower profit income from investment on Islamic debt securities.

For the current quarter under review, Family Takaful recorded fair value losses of RM35.6 million as compared to fair value gains of RM8.0 million in the immediate preceding quarter. The fair value losses were mainly due to equity market performance.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 Financial review for current quarter compared with immediate preceding quarter (continued)

General Takaful

For the current quarter under review, General Takaful business generated gross earned contributions of RM252.5 million, higher by 3% as compared to RM245.1 million in the immediate preceding quarter. The increase was mainly contributed to higher sales from motor, engineering and personal accident class.

For the current quarter under review, General Takaful business recorded net benefits and claims of RM57.2 million, higher as compared to RM56.1 million in the immediate preceding quarter. The increase was mainly due to higher claims relating to motor class.

For the current quarter under review, General Takaful business recorded investment income of RM7.9 million for the quarter, slightly higher as compared to the investment income of RM7.8 million in the immediate preceding quarter.

16 Current Year Prospects

With the reopening of various economic sectors, Malaysia's economic recovery is expected to continue as economic and social activities continue to recover. The Group will continue its strategic initiatives to support business expansion and growth as part of the economic recovery while strengthening its business resilience to respond to the dynamic developments of the COVID-19 pandemic situation, and will remain vigilant and prudent in managing operating costs, business growth, and risk profile of our business portfolio.

Takaful Malaysia will continue to leverage on its market leading position in single contribution products whilst focusing on retail regular contribution products for the retail market via bancatakaful and digital distribution channels to further diversify its business portfolio. The Group's focus in 2022 is to further tap on the established strategic bancatakaful partnerships with leading Islamic financial institutions by introducing new savings and protection products. On the other hand, with our strategic vision to transform the distribution model in the insurance and takaful industry via digital technology and online distribution to provide Malaysians with greater access and more affordable protection products, we will continue to embrace new digital technologies in support of future growth, and further intensify the marketing of our affordable and innovative online takaful protection solutions, and strengthen and explore partnerships with various partners with a large customer base to market basic protection products.

The General Takaful business continues to support the business growth and profit of the Group. The Group will continue in striking the right balance between underwriting margins and business growth to further penetrate the market and gain a leading position among key industry players. For the motor takaful business, the Group will continue to build its online motor customer base and penetrate the motorcycle segment whilst maintaining our existing corporate agency force and adopting a pricing segmentation approach for targeted groups with better claims experience to drive the growth of our motor takaful business. With both family and general takaful licenses, the Group will be able to create greater synergy and competitive edge to provide comprehensive takaful solutions in marketing and securing business from our clients.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 Current Year Prospects (continued)

It is the Group's commitment to the Takaful industry's initiative on Value-based Intermediation (VBI) to unlock the potential of the Takaful Industry towards a Sustainable Finance Ecosystem and to spur creativity and encourage innovation to deliver positive and meaningful impacts. Our products, services and business practices, as well as business strategies are aligned to generate sustainable impacts on the economy, community, and environment. The Group has established a new policy on Responsible Investment to integrate environmental, social and governance (ESG) and sustainability considerations into our investment strategy and portfolio construction with specific minimum ESG asset allocation rates for various asset classes.

17 Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast nor profit guarantee during the current quarter under review.

18 Taxation

| | 3 months ended | |
|---------------------------------|---------------------|---------------------|
| | 31.3.2022 RM'000 | 31.3.2021 RM'000 |
| Current tax expense: | | |
| - Current financial period | 40,105 | 15,141 |
| - Under provision in prior year | - | 424 |
| Deferred tax benefit: | | |
| - Current financial period | (5,436) | (2,548) |
| Total tax expense | <u>34,669</u> | <u>13,017</u> |

18.1 The effective tax rate is higher than the statutory tax rate for the current financial period due to higher non-deductible expenses as well as the imposition of Cukai Makmur for Year of Assessment 2022.

18.2 The Inland Revenue Board ("IRB") had, on 8 September 2017, issued to the Company notices of additional assessment (i.e. Form JA) for the years of assessment ("YA") 2012, 2013, and 2014. The additional tax payable by the Company under the above-mentioned notices is RM12,561,630.50. As a result of the above, IRB had also treated the tax returns made by the Company for the above years of assessment as incorrect, and imposed a penalty of RM6,200,802.97 to the Company.

The Company has paid the additional tax on 4 October 2017 and submitted an appeal (Form Q) to Special Commissioner of Income Tax against the notice of assessment on 5 October 2017.

The Company is of the view that there are strong justifications for its appeal against certain matters raised by IRB and have treated the related tax payment of RM16,741,000 as tax recoverable.

The court hearing was fixed on 1st and 2nd September 2021. However, the hearing was postponed to later date and the next court mention is fixed on 17 May 2022.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 Status of Corporate Proposal

There has been no new corporate proposal since the date of the last quarterly report.

20 Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 31 March 2022.

21 Material Litigation

There was no material litigation pending as at the date of this announcement.

22 Earnings per Share

Basic earnings per share (“Basic EPS”)

Basic EPS of the Group is calculated by dividing the net profit attributable to ordinary shareholders for the quarter / period by the weighted average number of ordinary shares in issue during the period.

| | | 3 months ended | |
|---|--------|----------------|----------------|
| | | 31.3.2022 | 31.3.2021 |
| Owners of the Company (RM'000) | | <u>86,774</u> | <u>101,144</u> |
| Weighted average number of ordinary shares in issue | ('000) | 835,622 | 830,746 |
| Basic EPS | (sen) | <u>10.38</u> | <u>12.18</u> |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22 Earnings per Share (continued)

Diluted earnings per share ("Diluted EPS")

The calculation of diluted earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

| | | 3 months ended | |
|---|--------|----------------|----------------|
| | | 31.3.2022 | 31.3.2021 |
| Owners of the Company (RM'000) | | <u>86,774</u> | <u>101,144</u> |
| Weighted average number of ordinary shares in issue | ('000) | 835,622 | 830,746 |
| Effects of dilution | ('000) | <u>2,378</u> | <u>3,377</u> |
| Diluted weighted average number of ordinary shares in issue | ('000) | <u>838,000</u> | <u>834,123</u> |
| Diluted EPS | (sen) | <u>10.35</u> | <u>12.13</u> |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful Contract Liabilities

The takaful contract liabilities consist of the following:

| | 31 March 2022 | | | 31 December 2021 | | |
|---|-----------------|---------------------|---------------|------------------|---------------------|---------------|
| | Gross RM'000 | Retakaful RM'000 | Net RM'000 | Gross RM'000 | Retakaful RM'000 | Net RM'000 |
| Family Takaful Fund | | | | | | |
| Provision for claims reported by participants | 53,719 | (16,430) | 37,289 | 75,152 | (25,074) | 50,078 |
| Provision for IBNR | 193,832 | (60,149) | 133,683 | 144,779 | (58,036) | 86,743 |
| Provision for outstanding claims | 247,551 | (76,579) | 170,972 | 219,931 | (83,110) | 136,821 |
| Participants' account | 4,687,126 | - | 4,687,126 | 4,587,267 | - | 4,587,267 |
| Actuarial liabilities | 1,892,476 | (362,009) | 1,530,467 | 1,852,988 | (363,429) | 1,489,559 |
| Unallocated surplus | 1,253,813 | - | 1,253,813 | 1,297,390 | - | 1,297,390 |
| Fair value reserves | (55,495) | - | (55,495) | 56,374 | - | 56,374 |
| Net asset value attributable to unitholders | 220,867 | - | 220,867 | 220,249 | - | 220,249 |
| Participants' fund | 7,998,787 | (362,009) | 7,636,778 | 8,014,268 | (363,429) | 7,650,839 |
| | 8,246,338 | (438,588) | 7,807,750 | 8,234,199 | (446,539) | 7,787,660 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful Contract Liabilities (continued)

| | 31 March 2022 | | 31 December 2021 | |
|---|-----------------|---------------------|------------------|---------------------|
| | Gross RM'000 | Retakaful RM'000 | Gross RM'000 | Retakaful RM'000 |
| | | Net RM'000 | | Net RM'000 |
| General Takaful Fund | | | | |
| Provision for claims reported by participants | 514,252 | 149,933 | 544,467 | (400,969) |
| Provision for IBNR | 337,547 | 156,003 | 320,964 | (166,608) |
| Provision for outstanding claims | 851,799 | 305,936 | 865,431 | (567,577) |
| Provision for unearned contributions | 539,896 | 384,388 | 504,871 | (141,895) |
| | 1,391,695 | 690,324 | 1,370,302 | (709,472) |
| Unallocated surplus | 222,629 | 222,629 | 220,714 | - |
| Fair value reserves | (1,934) | (1,934) | 3,251 | - |
| Participants' fund | 220,695 | 220,695 | 223,965 | - |
| | 1,612,390 | 911,019 | 1,594,267 | (709,472) |
| | | 884,795 | | |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful Contract Liabilities (continued)

Participants' fund liabilities and its movements are analysed as follows:

| | Family Takaful Fund | | | General Takaful Fund | | | Group | | |
|---|---------------------|---------------------|------------------|----------------------|---------------------|----------------|------------------|---------------------|------------------|
| | Gross RM'000 | Retakaful RM'000 | Net RM'000 | Gross RM'000 | Retakaful RM'000 | Net RM'000 | Gross RM'000 | Retakaful RM'000 | Net RM'000 |
| At 1 January 2021 | 7,651,317 | (346,120) | 7,305,197 | 229,173 | - | 229,173 | 7,838,782 | (346,120) | 7,492,662 |
| Net earned contributions | 1,887,429 | (132,107) | 1,755,322 | 487,446 | - | 487,446 | 2,374,875 | (132,107) | 2,242,768 |
| Investment income on financial assets not measured at FVTPL | 257,915 | - | 257,915 | 29,500 | - | 29,500 | 287,415 | - | 287,415 |
| Investment income - others | 30,564 | - | 30,564 | 78 | - | 78 | 30,642 | - | 30,642 |
| Realised gains and losses | 24,964 | - | 24,964 | 387 | - | 387 | 25,351 | - | 25,351 |
| Fair value gains and losses | 17,792 | - | 17,792 | 70 | - | 70 | 17,862 | - | 17,862 |
| Other operating income | 203 | - | 203 | 41 | - | 41 | 244 | - | 244 |
| Net benefits and claims | (908,692) | 156,477 | (752,215) | (212,698) | - | (212,698) | (1,121,390) | 156,477 | (964,913) |
| Fees deducted (net) | (612,711) | - | (612,711) | (240,615) | - | (240,615) | (853,326) | - | (853,326) |
| Impairment losses on financial instruments | (7,422) | - | (7,422) | (3,726) | - | (3,726) | (11,148) | - | (11,148) |
| Other operating expenses | (2,706) | - | (2,706) | (653) | - | (653) | (3,359) | - | (3,359) |
| Profit paid to participants | (8,471) | - | (8,471) | (9,954) | - | (9,954) | (18,425) | - | (18,425) |
| Movement in actuarial liabilities | 7,393 | (16,755) | (9,362) | - | - | - | 7,393 | (16,755) | (9,362) |
| Profit attributable to the Takaful Operator | (39,049) | (24,370) | (63,419) | (31,589) | - | (31,589) | (71,070) | (24,370) | (95,440) |
| Excess payment from participants | (57) | - | (57) | - | - | - | (57) | - | (57) |
| Net change in fair value on debt instruments at FVOCI | (269,798) | - | (269,798) | (16,905) | - | (16,905) | (286,523) | - | (286,523) |
| Tax expense | (11,516) | - | (11,516) | (5,938) | - | (5,938) | (17,454) | - | (17,454) |
| Withholding tax paid | (8,552) | - | (8,552) | (652) | - | (652) | (9,204) | - | (9,204) |
| Effect of movement in exchange rates | 5,665 | (554) | 5,111 | - | - | - | 5,485 | (554) | 4,931 |
| At 31 December 2021 | 8,014,268 | (363,429) | 7,650,839 | 223,965 | - | 223,965 | 8,196,093 | (363,429) | 7,832,664 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful Contract Liabilities (continued)

| | Family Takaful Fund | | | General Takaful Fund | | | Group | | |
|---|---------------------|---------------------|------------------|----------------------|---------------------|----------------|------------------|---------------------|------------------|
| | Gross RM'000 | Retakaful RM'000 | Net RM'000 | Gross RM'000 | Retakaful RM'000 | Net RM'000 | Gross RM'000 | Retakaful RM'000 | Net RM'000 |
| At 1 January 2022 | 8,014,268 | (363,429) | 7,650,839 | 223,965 | - | 223,965 | 8,196,093 | (363,429) | 7,832,664 |
| Net earned contributions | 531,424 | (45,100) | 486,324 | 140,084 | - | 140,084 | 671,508 | (45,100) | 626,408 |
| Investment income on financial assets not measured at FVTPL | 66,105 | - | 66,105 | 7,882 | - | 7,882 | 73,987 | - | 73,987 |
| Investment income - others | 7,458 | - | 7,458 | 34 | - | 34 | 7,492 | - | 7,492 |
| Realised gains and losses | 1,322 | - | 1,322 | 318 | - | 318 | 1,640 | - | 1,640 |
| Fair value gains and losses | (35,588) | - | (35,588) | - | - | - | (35,588) | - | (35,588) |
| Other operating income | 330 | - | 330 | 73 | - | 73 | 403 | - | 403 |
| Net benefits and claims | (335,829) | 40,261 | (295,568) | (57,192) | - | (57,192) | (393,021) | 40,261 | (352,760) |
| Fees deducted (net) | (197,235) | - | (197,235) | (84,446) | - | (84,446) | (281,681) | - | (281,681) |
| Impairment losses on financial instruments | (2,089) | - | (2,089) | (1,081) | - | (1,081) | (3,710) | - | (3,710) |
| Other operating expenses | (767) | - | (767) | (30) | - | (30) | (797) | - | (797) |
| Profit paid to participants | (6,320) | - | (6,320) | (2,475) | - | (2,475) | (8,795) | - | (8,795) |
| Movement in actuarial liabilities | 79,413 | 1,431 | 80,844 | - | - | - | 79,413 | 1,431 | 80,844 |
| Profit attributable to the Takaful Operator | (12,284) | 4,840 | (7,444) | - | - | - | (10,807) | 4,840 | (5,967) |
| Excess payment from participants | 4,624 | - | 4,624 | - | - | - | 4,624 | - | 4,624 |
| Net change in fair value on debt instruments at FVOCI | (111,869) | - | (111,869) | (5,185) | - | (5,185) | (117,054) | - | (117,054) |
| Reversal of tax expense / (Tax expense) | 5,010 | - | 5,010 | (540) | - | (540) | 4,470 | - | 4,470 |
| Withholding tax paid | (9,223) | - | (9,223) | (712) | - | (712) | (9,935) | - | (9,935) |
| Effect of movement in exchange rates | 37 | (12) | 25 | - | - | - | 27 | (12) | 25 |
| At 31 March 2022 | 7,998,787 | (362,009) | 7,636,778 | 220,695 | - | 220,695 | 8,178,819 | (362,009) | 7,816,810 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24 Takaful Operator Income

The takaful operator income consists of the following:

| | 3 months ended | |
|-------------------------------|----------------|----------------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| Surplus transfer from: | | |
| Family Takaful Fund | 7,443 | 14,953 |
| General Takaful Fund | - | 2,005 |
| Wakalah fee income | 309,812 | 267,251 |
| Total Takaful Operator income | <u>317,255</u> | <u>284,209</u> |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 Investment Income

The investment income consists of the following:

| | Takaful Operator | | Family Takaful Fund | | General Takaful Fund | | Group | |
|--|------------------|-----------|---------------------|-----------|----------------------|-----------|----------------|-----------|
| | 3 months ended | | 3 months ended | | 3 months ended | | 3 months ended | |
| | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Investment income on financial assets not measured at FVTPL</u> | | | | | | | | |
| Profit income | 16,914 | 13,681 | 68,109 | 63,185 | 8,114 | 7,197 | 93,137 | 84,063 |
| Accretion / (Amortisation) | (452) | (276) | (2,004) | (1,833) | (232) | (190) | (2,688) | (2,299) |
| | 16,462 | 13,405 | 66,105 | 61,352 | 7,882 | 7,007 | 90,449 | 81,764 |
| <u>Investment income - others</u> | | | | | | | | |
| Rental income | 202 | 200 | 1,971 | 1,845 | 42 | 67 | 256 | 1,380 |
| Dividend income | 82 | 53 | 2,335 | 1,917 | - | - | 2,417 | 1,970 |
| Profit income | 900 | 709 | 3,730 | 4,579 | - | - | 4,630 | 5,288 |
| Accretion / (Amortisation) | 1 | 1 | 4 | 3 | - | - | 5 | 4 |
| Investment expenses | (20) | (19) | (582) | (561) | (8) | (7) | (166) | (147) |
| | 1,165 | 944 | 7,458 | 7,783 | 34 | 60 | 7,142 | 8,495 |
| | 17,627 | 14,349 | 73,563 | 69,135 | 7,916 | 7,067 | 97,591 | 90,259 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26 Realised gains and losses

The realised gains and losses consist of the following:

| | Takaful Operator | Family Takaful Fund | General Takaful Fund | Group |
|--|-------------------------|----------------------------|-----------------------------|-----------------------|
| | 3 months ended | 3 months ended | 3 months ended | 3 months ended |
| | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Realised gains and losses arising from:</u> | | | | |
| Property and equipment | 15 | - | - | 15 |
| FVOCI financial assets: | | | | |
| - Islamic debt securities (unquoted in Malaysia) | 523 | 1,322 | 30 | 2,163 |
| | 538 | 1,322 | 30 | 2,178 |
| | | | | 30 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27 Other Operating Income

The other operating income consists of the following:

| | Takaful Operator | | Family Takaful Fund | | General Takaful Fund | | Group | |
|------------------------------------|------------------|--------------|---------------------|------------|----------------------|-----------|----------------|--------------|
| | 3 months ended | | 3 months ended | | 3 months ended | | 3 months ended | |
| | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Other operating income</u> | | | | | | | | |
| Service charged and management fee | 6,943 | 6,154 | - | - | - | - | - | - |
| Other income | 441 | 1,598 | 330 | 102 | 73 | 28 | 859 | 1,728 |
| | <u>7,384</u> | <u>7,752</u> | <u>330</u> | <u>102</u> | <u>73</u> | <u>28</u> | <u>859</u> | <u>1,728</u> |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28 Other Operating Expenses

The other operating expenses consist of the following:

| | Takaful Operator | | Family Takaful Fund | | General Takaful Fund | | Group | |
|--|------------------|-----------|---------------------|-----------|----------------------|-----------|----------------|-----------|
| | 3 months ended | | 3 months ended | | 3 months ended | | 3 months ended | |
| | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Impairment losses on financial instruments:</u> | | | | | | | | |
| - Takaful receivables | - | - | (389) | (1,156) | (599) | (1,537) | (988) | (2,693) |
| - Financial assets not measured at FVTPL | (329) | (4) | (1,700) | (2,571) | (483) | (315) | (2,512) | (2,890) |
| | (329) | (4) | (2,089) | (3,727) | (1,081) | (1,852) | (3,500) | (5,583) |
| <u>Other operating expenses</u> | | | | | | | | |
| Agency related expenses | (1,497) | (5,684) | - | - | - | - | (1,497) | (5,684) |
| Other expenses | (279) | (325) | (767) | (661) | (30) | (25) | (570) | (661) |
| | (1,776) | (6,009) | (767) | (661) | (30) | (25) | (2,067) | (6,345) |
| | (2,105) | (6,013) | (2,856) | (4,388) | (1,111) | (1,877) | (5,567) | (11,928) |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

29 Profit before tax

Profit before tax for the quarter under review is arrived at after charging:

| | Takaful Operator | | Group | |
|--|------------------|-----------|----------------|-----------|
| | 3 months ended | | 3 months ended | |
| | 31.3.2022 | 31.3.2021 | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation of property and equipment | (2,154) | (2,380) | (2,767) | (2,841) |
| Depreciation of right-of-use assets | (546) | (809) | (546) | (809) |
| Amortisation of intangible assets | (11,325) | (9,933) | (11,325) | (9,933) |
| | | | | |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information

The table below analyses financial instruments carried at fair value by their valuation method.

| 31 March 2022 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Takaful Operator | | | | | | | | |
| Financial assets | | | | | | | | |
| Equity securities | 8,890 | - | 380 | - | - | - | 9,270 | 9,270 |
| Unit trusts | 626 | 5,462 | - | - | - | - | 6,088 | 6,088 |
| Institutional Trust Account | - | - | 71,344 | - | - | - | 71,344 | 71,344 |
| Islamic debt securities | 25,045 | 1,022,023 | - | - | - | - | 1,047,068 | 1,047,068 |
| Malaysian Government Islamic papers | - | 70,854 | - | - | - | - | 70,854 | 70,854 |
| Investment in linked funds | 40,663 | - | - | - | - | - | 40,663 | 40,663 |
| | 75,224 | 1,098,339 | 71,724 | - | - | - | 1,245,287 | 1,245,287 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information (continued)

The table below analyses financial instruments carried at fair value by their valuation method (continued).

| 31 March 2022 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Family Takaful | | | | | | | | |
| Financial assets | | | | | | | | |
| Equity securities | 289,949 | - | - | - | - | - | 289,949 | 289,949 |
| Unit trusts | 105,888 | 35,712 | - | - | - | - | 141,600 | 141,600 |
| Institutional Trust Account | - | - | 369,792 | - | - | - | 369,792 | 369,792 |
| Islamic debt securities | 133,612 | 4,560,914 | - | - | - | - | 4,694,526 | 4,694,526 |
| Malaysian Government Islamic papers | | 407,935 | - | - | - | - | 407,935 | 407,935 |
| | 529,449 | 5,004,561 | 369,792 | - | - | - | 5,903,802 | 5,903,802 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information (continued)

The table below analyses financial instruments carried at fair value by their valuation method (continued).

| 31 March 2022 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| General Takaful | | | | | | | | |
| Institutional Trust Account | - | - | 53,369 | - | - | - | 53,369 | 53,369 |
| Islamic debt securities | - | 364,106 | - | - | - | - | 364,106 | 364,106 |
| Malaysian Government Islamic papers | - | 9,648 | - | - | - | - | 9,648 | 9,648 |
| | - | 373,754 | 53,369 | - | - | - | 427,123 | 427,123 |
| Group | | | | | | | | |
| Financial assets | | | | | | | | |
| Equity securities | 298,839 | - | 380 | - | - | - | 299,219 | 299,219 |
| Unit trusts | 106,514 | 41,174 | - | - | - | - | 147,688 | 147,688 |
| Institutional Trust Account | - | - | 494,505 | - | - | - | 494,505 | 494,505 |
| Islamic debt securities | 158,657 | 5,947,043 | - | - | - | - | 6,105,700 | 6,105,700 |
| Malaysian Government Islamic papers | - | 488,437 | - | - | - | - | 488,437 | 488,437 |
| | 564,010 | 6,476,654 | 494,885 | - | - | - | 7,535,549 | 7,535,549 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information (continued)

The table below analyses financial instruments carried at fair value by their valuation method (continued).

| 31 December 2021 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Takaful Operator | | | | | | | | |
| Financial assets | | | | | | | | |
| Equity securities | 8,046 | - | 380 | - | - | - | 8,426 | 8,426 |
| Unit trusts | 507 | 4,862 | - | - | - | - | 5,369 | 5,369 |
| Institutional Trust Account | - | - | 86,977 | - | - | - | 86,977 | 86,977 |
| Islamic debt securities | 24,373 | 1,007,347 | - | - | - | - | 1,031,720 | 1,031,720 |
| Malaysian Government Islamic papers | - | 73,572 | - | - | - | - | 73,572 | 73,572 |
| Investment in linked funds | 42,140 | - | - | - | - | - | 42,140 | 42,140 |
| | 75,066 | 1,085,781 | 87,357 | - | - | - | 1,248,204 | 1,248,204 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information (continued)

The table below analyses financial instruments carried at fair value by their valuation method (continued).

| 31 December 2021 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Family Takaful | | | | | | | | |
| Financial assets | | | | | | | | |
| Equity securities | 295,706 | - | - | - | - | - | 295,706 | 295,706 |
| Unit trusts | 115,694 | 33,530 | - | - | - | - | 149,224 | 149,224 |
| Institutional Trust Account | - | - | 471,247 | - | - | - | 471,247 | 471,247 |
| Islamic debt securities | 131,291 | 4,487,549 | - | - | - | - | 4,618,840 | 4,618,840 |
| Malaysian Government Islamic papers | - | 392,073 | - | - | - | - | 392,073 | 392,073 |
| | 542,691 | 4,913,152 | 471,247 | - | - | - | 5,927,090 | 5,927,090 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information (continued)

The table below analyses financial instruments carried at fair value by their valuation method (continued).

| 31 December 2021 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| General Takaful | | | | | | | | |
| Institutional Trust Account | - | - | 59,550 | - | - | - | 59,550 | 59,550 |
| Islamic debt securities | - | 333,745 | - | - | - | - | 333,745 | 333,745 |
| Malaysian Government Islamic papers | - | 9,892 | - | - | - | - | 9,892 | 9,892 |
| | - | 343,637 | 59,550 | - | - | - | 403,187 | 403,187 |
| Group | | | | | | | | |
| Financial assets | | | | | | | | |
| Equity securities | 303,752 | - | 380 | - | - | - | 304,132 | 304,132 |
| Unit trusts | 116,201 | 38,392 | - | - | - | - | 154,593 | 154,593 |
| Institutional Trust Account | - | - | 617,774 | - | - | - | 617,774 | 617,774 |
| Islamic debt securities | 155,664 | 5,828,641 | - | - | - | - | 5,984,305 | 5,984,305 |
| Malaysian Government Islamic papers | - | 475,537 | - | - | - | - | 475,537 | 475,537 |
| | 575,617 | 6,342,570 | 618,154 | - | - | - | 7,536,341 | 7,536,341 |

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information (continued)

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured. Please refer to respective note for the fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position.

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 fair value

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 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the identical 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.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the period.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Fair Value Information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. The following table shows a reconciliation of Level 3 fair values:

| | Takaful Operator RM'000 | Family Takaful RM'000 | General Takaful RM'000 | Group RM'000 |
|--------------------------------------|------------------------------------|----------------------------------|-----------------------------------|-------------------------|
| Institutional Trust Account | | | | |
| At 1 January 2021 | 107,046 | 487,171 | 58,269 | 652,486 |
| Maturity | (23,980) | (31,407) | - | (55,387) |
| Gains recognised in profit or loss | | | | |
| Investment income - realised | 5,223 | 22,127 | 2,426 | 29,776 |
| Net change in fair value | (1,312) | (6,644) | (1,145) | (9,101) |
| At 31 December 2021 / 1 January 2022 | 86,977 | 471,247 | 59,550 | 617,774 |
| Maturity | (16,478) | (105,471) | (6,669) | (128,618) |
| Gains recognised in profit or loss | | | | |
| Investment income – realised | 1,006 | 4,879 | 562 | 6,447 |
| Net change in fair value | (161) | (863) | (74) | (1,098) |
| At 31 March 2022 | 71,344 | 369,792 | 53,369 | 494,505 |

31 Additional Information

Takaful receivables

The age analysis of Takaful receivables as at the end of the reporting period based on days past-due was as follows:

| | Family Takaful | | General Takaful | | Group | |
|------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| | 31.3.2022 RM'000 | 31.12.2021 RM'000 | 31.3.2022 RM'000 | 31.12.2021 RM'000 | 31.3.2022 RM'000 | 31.12.2021 RM'000 |
| <u>Days past due</u> | | | | | | |
| Current (not past due) | 299,044 | 190,030 | 104,670 | 141,090 | 403,714 | 331,120 |
| 1-30 days | 99 | 261 | 554 | 113 | 653 | 374 |
| 31-60 days | 213 | 2,312 | 256 | 112 | 469 | 2,424 |
| 61-90 days | 204 | 365 | 12 | 357 | 216 | 722 |
| 91-180 days | 1,123 | 3,360 | 306 | 503 | 1,429 | 3,863 |
| > 180 days | 429 | 71 | 2,446 | 2,622 | 2,875 | 2,693 |
| | <u>301,112</u> | <u>196,399</u> | <u>108,244</u> | <u>144,797</u> | <u>409,356</u> | <u>341,196</u> |

The average credit terms of Takaful receivables granted to related parties and non-related parties are 9 months from the contractual due date. The recoverability of Takaful receivables which exceeds the average credit term is high especially after Letter of Demand is imposed on the debtors.

There is no significant Takaful receivables of the Group and of the Company with its related parties as at the end of the reporting period.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 Additional Information (continued)

Material Impairment of Assets

Measurement of Expected Credit Loss (“ECL”)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

PD represents the likelihood of a counterparty defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. To determine 12-month PDs, the Group and Company use the PD table supplied by reputable rating agency based on the default history of obligors with the same credit rating. The Group and the Company adopt the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the amount or the percentage of an outstanding claim on the counterparty that is not likely to be recovered in the event of a default. LGD varies by type of counterparty, type and seniority of claim and available of collateral or other credit support.

Measurement of ECL (continued)

EAD is the Group's and the Company gross credit exposure to the counterparty at the time of default.

Forward-looking information is considered in determining the PD, EAD and LGD.

For ECL modelled on a collective basis, a grouping of exposures is performing on the basis of shared risks characteristics, such as risk exposure within a group are homogeneous. The characteristics and any data used to determine the groupings includes instrument type; credit rating band; type and seniority of claim; and class of business.

The appropriateness of groupings is monitored and reviewed on a periodic basis by credit control team.

The Group and the Company has elected to measure the impairment losses for Takaful receivables at an amount equal to lifetime ECL. The Group and the Company use an allowance matrix to measure ECLs of Takaful receivables. Loss rates are calculated using a “roll rate” method based on the probability of receivable. The loss rates are based on actual credit loss experience over the past three years.

The impairment losses recognised in profit or loss is not significant to the Group.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

32 Foreign exchange exposure / hedging policy

Foreign exchange exposure is only in relation to investment in the Indonesian subsidiary, which is immaterial. Therefore, hedging policy is not applicable to the Group and the Company.

33 Derivatives

The Group and Company did not enter into any derivatives for the financial period ended 31 March 2022.

34 Gains/losses arising from fair value change of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities during the financial period ended 31 March 2022.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

35 Regulatory capital requirements

The Company's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect participants and meet regulatory requirements.

The Company is required to comply with the regulatory capital requirement prescribed in the Risk Based Capital for Takaful (RBCT) Framework issued by Bank Negara Malaysia where Takaful operators are required to satisfy a minimum supervisory capital adequacy ratio of 130%. As at financial period ended 31 March 2022, the Company has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of the Company, as prescribed under the RBCT Framework is provided below:

| | As at 31.3.2022 RM'000 | As at 31.12.2021 RM'000 |
|--------------------------------|---------------------------------------|--|
| Tier 1 capital | 2,330,882 | 2,178,326 |
| Tier 2 capital | 11,484 | 65,017 |
| Deductions | (316,140) | (318,399) |
| Total capital available | <u>2,026,226</u> | <u>1,924,944</u> |

By Order of the Board

SUHLA AL ASRI
Company Secretary
SSM Practicing Certificate No. 201908002158
MAICSA 7025570

Kuala Lumpur, 11 May 2022