

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD
198401019089 (131646-K)

MINUTES OF 38TH ANNUAL GENERAL MEETING OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (“TAKAFUL MALAYSIA KELUARGA” OR “COMPANY”) HELD VIRTUALLY AT THE BROADCAST VENUE AT DEWAN AHMAD MOHAMED IBRAHIM, 5TH FLOOR, ANNEXE BLOCK, MENARA TAKAFUL MALAYSIA, NO. 4, JALAN SULTAN SULAIMAN, 50000 KUALA LUMPUR ON WEDNESDAY, 31 MAY 2023 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
Datin Paduka Kartini Haji Abdul Manaf
Puan Sophia Ch’ng Sok Heang

IN ATTENDANCE: GROUP CHIEF EXECUTIVE OFFICER (“GCEO”)
Encik Nor Azman Zainal

MEMBERS/CORPORATE REPRESENTATIVES/PROXIES

A total of 476 shareholders and 49 proxies representing 506,684,353 ordinary shares participated online for Takaful Malaysia Keluarga’s Virtual 38th AGM, as per the Attendance Record maintained by Share Registrar.

COMPANY SECRETARY

Cik Suhla Al Asri

BY INVITATION: DEPUTY CEO, TAKAFUL MALAYSIA KELUARGA
Encik Leem Why Chong

CHIEF EXECUTIVE OFFICER (“CEO”), SYARIKAT TAKAFUL MALAYSIA AM BERHAD (“TAKAFUL MALAYSIA AM”)

Encik Mohamed Sabri Ramli

GENERAL MANAGER, FINANCE

Puan Juliana Lo Beng Liew

CHIEF INVESTMENT OFFICER

Encik Mohammad Fadhlee Awaludin

CHIEF RISK OFFICER

Encik Shizal Fisham Ramli

APPOINTED ACTUARY, TAKAFUL MALAYSIA KELUARGA

Encik Hung Kian Teong

APPOINTED ACTUARY, TAKAFUL MALAYSIA AM

Encik Keith Kwan Chi Hin

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AUDITORS

Messrs PricewaterhouseCoopers PLT (PwC) represented by Encik Liew Chi Min *via video conferencing*

POLL ADMINISTRATOR

Boardroom Share Registrars Sdn. Bhd.

SCRUTINEERS

SKY Corporate Services Sdn. Bhd.

1. CHAIRMAN'S WELCOMING ADDRESS

The Chairman welcomed and thanked the members and all present for participating in the live streaming of 38th Annual General Meeting (“AGM” or “meeting”) of Takaful Malaysia Keluarga remotely from various locations.

The Chairman informed that the Company continues to leverage on technology to convene the meeting virtually without physical attendance of shareholders and proxies. He added that convening of virtual meeting complied with Section 327 of the Companies Act, 2016 which stipulates that the Chairman shall be at the main venue of the AGM. The virtual meeting was also convened in accordance with the Guidance Note on the Conduct of General Meetings issued by Securities Commission of Malaysia on 7 April 2022 (*which states that the only venue involved in the conduct of a virtual general meeting is the broadcast venue where only the essential individuals including the Chairman of the general meeting, Group Chief Executive Officer (GCEO), Company Secretary, the auditor, the scrutineer and working committee are physically present to organise the virtual general meeting*)

The Chairman reminded that no audio or video recording is allowed for the live streaming meeting as participation at the AGM is highly restricted to shareholders, valid proxies, authorised representative of corporate shareholders and invitees.

The Chairman informed that the shareholders and proxies who attended the AGM remotely may use the “Ask Question” facility appearing on their screen to transmit questions during the AGM. He added that in order to provide the shareholders and proxies with ample of time to raise questions, the “Ask Question” facility would be made open immediately for 15 minutes and the questions will 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 items in the Agenda have been deliberated.

The Chairman highlighted that the Board may not be able to address all questions received. In the interest of time, the questions received would be grouped and combined to avoid repetition, and may be summarised for expediency. The moderator would be assisting on this task.

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

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Thereafter, the Chairman proceeded to introduce himself as Dato' Mohammed Hussein, the Chairman of the Board of Takaful Malaysia Keluarga. He then continued to introduce members of Management namely, Encik Nor Azman Zainal, GCEO; Encik Mohamed Sabri Ramli, CEO of Takaful Malaysia Keluarga's wholly-owned subsidiary, Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am") and Cik Suhla Al Asri, the Company Secretary.

The Chairman introduced the other Board members who attended the meeting namely Encik Mohd Azman Sulaiman, Datuk Bazlan Osman, Puan Suraya Hassan, Dato' Mustaffa Ahmad, Encik Mohamad Salihuddin Ahmad, Puan Ch'ng Sok Heang, all of whom are the Company's Independent Directors and Datin Paduka Kartini Haji Abdul Manaf, representing Takaful Malaysia Keluarga's major shareholder, Lembaga Tabung Haji.

The Chairman also introduced Board members of Takaful Malaysia Am who were present via live streaming namely, Encik Ismail Mahbob, the Chairman and other Directors of Takaful Malaysia Am, namely Dato' Che Pee Samsudin and Datin Dr. Nik Sarina Lugman Hashim.

The Chairman further introduced members of the Company's Management Committee who also attended the meeting physically namely, Encik Leem Why Chong, Deputy CEO; Puan Juliana Lo Beng Liew, General Manager, Finance; Encik Hung Kian Teong and Encik Keith Kwan Chi Hin, Appointed Actuary for Takaful Malaysia Keluarga and Takaful Malaysia Am, respectively; Encik Shizal Fisham Ramli, Chief Risk Officer as well as Encik Mohammad Fadhlee Awaludin, Chief Investment Officer.

The Chairman thanked the External Auditors from Messrs. PricewaterhouseCoopers, represented by Encik Liew Chi Min (Engagement Partner) who participated in the AGM via live streaming and representatives from Boardroom Share Registrars Sdn. Bhd., the Company's share registrar/poll administrator, as well as SKY Corporate Services Sdn. Bhd. to verify the poll results, both of whom were physically present at the AGM.

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

Notice of 38th AGM of Takaful Malaysia Keluarga was published in Bursa Malaysia website and New Straits Times on 28 and 29 April 2023, respectively. As there was no objection from the floor, the Notice convening 38th AGM having been circulated on 29 April 2023, was taken as read.

4. MATTERS ARISING FROM 36TH AGM

Proposed Amendments to the Company's Constitution

The Chairman informed that before proceeding with GCEO's presentation, he wished to update the members on the proposed amendment to Takaful Malaysia Keluarga's Constitution ("Proposed Amendments") which was passed by shareholders at 36th AGM held on 1 June 2021.

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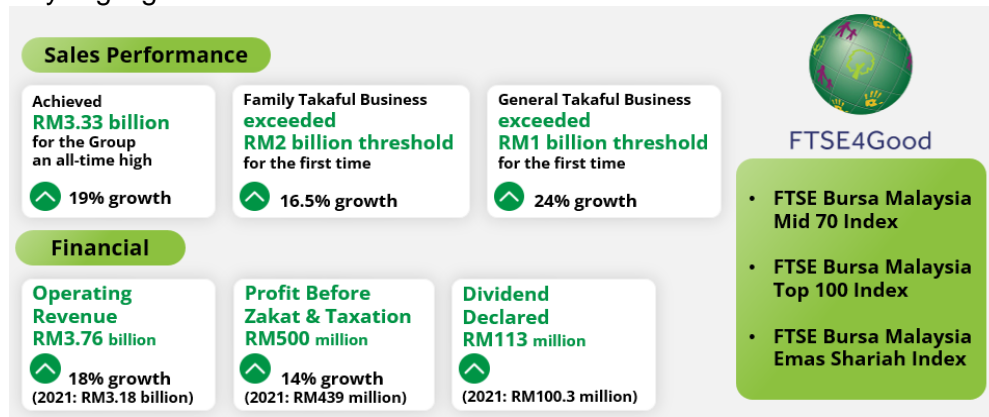
The Chairman updated that the Company’s Constitution was duly amended whereby Rules 7, 11 and 129 and definitions of “Muslim Bumiputra Institution”, “Muslim Bumiputra Company” and “Minister” were deleted thereof following final approval on the Proposed Amendments from Ministry of Finance procured on 8 June 2022. The Company subsequently made the necessary submission/notification to Suruhanjaya Syarikat Malaysia and Bank Negara Malaysia, respectively, on 15 June 2022.

5. PRESENTATION ON THE COMPANY AND GROUP’S PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 BY GCEO

The Chairman then invited GCEO, to present the Groups’ Performance for the year ended 31 December 2022. The Chairman reminded the shareholders and proxies attending the AGM on the use of “Ask Question” facility appearing on their screen to transmit questions in real time during the meeting.

The following highlights of business performance for Financial Year 2022 (“FY2022”) were highlighted by GCEO:-

(a) Key Highlights of Business



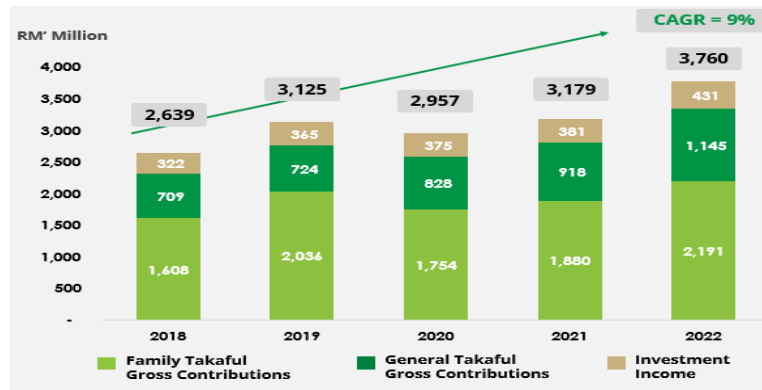
- (i) Sales Performance for Takaful Malaysia recorded an all-time high achievement of RM3.33 billion in FY2022 with 19% growth compared to FY2021, contributed by both Family and General Takaful business.
- (ii) Family Takaful business exceeded RM2 billion threshold, with 16.5% growth and General Takaful business exceeded RM1 billion threshold with 24% growth, which was record-breaking and for the first time for both companies.
- (iii) In terms of Operating Revenue, Takaful Malaysia recorded RM3.76 billion representing 18% growth in FY2022, compared to RM3.18 billion in FY2021.
- (iv) Profit Before Zakat and Tax hit RM500 million mark in FY2022 with 14% growth compared to RM439 million in FY2021.
- (v) Dividend declared by Takaful Malaysia Keluarga amounted to RM113 million in FY2022 compared to RM100.3 million in FY2021.

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- (vi) Takaful Malaysia was included as a new constituent of FTSE4Good Bursa Malaysia Index and recognised as a company with deep commitment towards complying with ESG requirements.

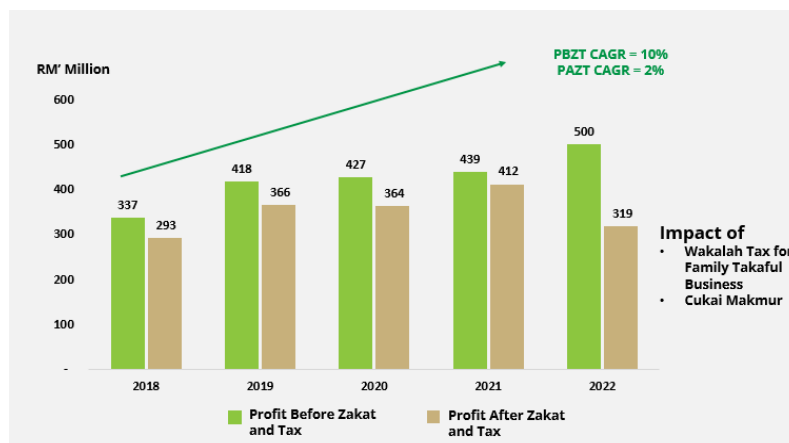
(b) Financial Highlights

➤ Operating Revenue



- (i) Takaful Malaysia Keluarga delivered a credible track record of Operating Revenue growth over the last five (5) years with a Compounded Annual Growth Rate (“CAGR”) of 9% from 2018 to 2022.
- (ii) For FY2022, Takaful Malaysia delivered RM3.76 billion, 18.2% higher than FY2021, mainly attributable to improved sales by Family and General Takaful businesses.
- (iii) All three (3) main sources of revenues comprised contributions from Takaful Malaysia Keluarga of 16.5% and Takaful Malaysia Am of 24% as well as Investment income of 13% which recorded strong double digit growth in FY2022.

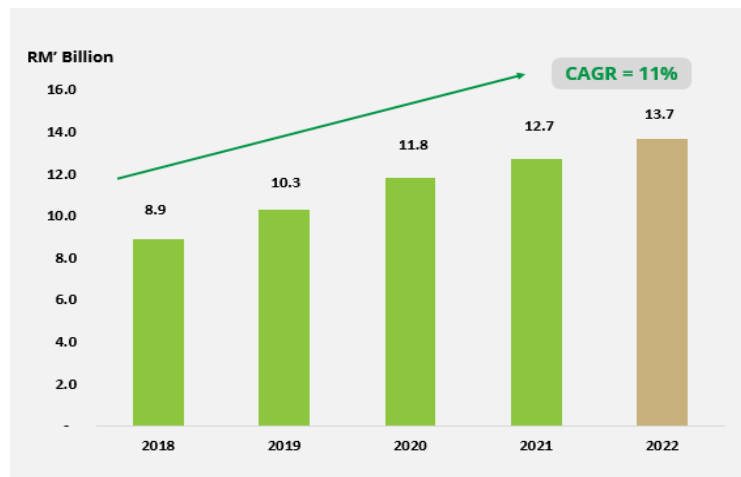
➤ Profit Before and After Zakat and Tax (“PBZT”)



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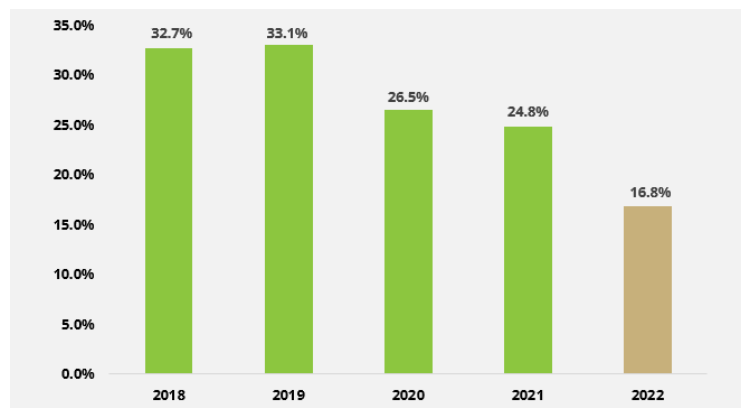
- (i) Takaful Malaysia recorded an all-time high PBZT of RM500 million with a CAGR of 10% from 2018 to 2022, an increase by 14% as compared to FY2021.
- (ii) Lower PAZT of RM319 million in FY2022 compared to FY2021 due mainly to the following:-
 - a) New Wakalah Tax for Family Takaful business to be in line with tax treatment of General Takaful business; and
 - b) Cukai Makmur for the Group, as both Takaful Malaysia Keluarga and Takaful Malaysia Am recorded more than RM100 million taxable income.

➤ Total Assets



The Group's assets grew consistently at a compound rate of 11% over the years, from 2018 of RM8.9 billion to RM13.7 billion in the financial year ending 31 December 2022.

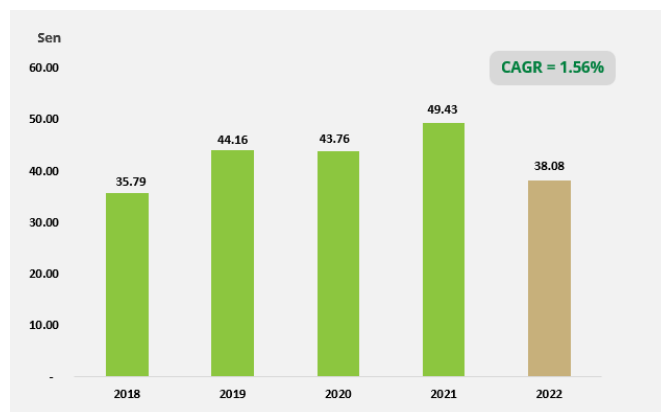
➤ Return on Equity ("ROE")



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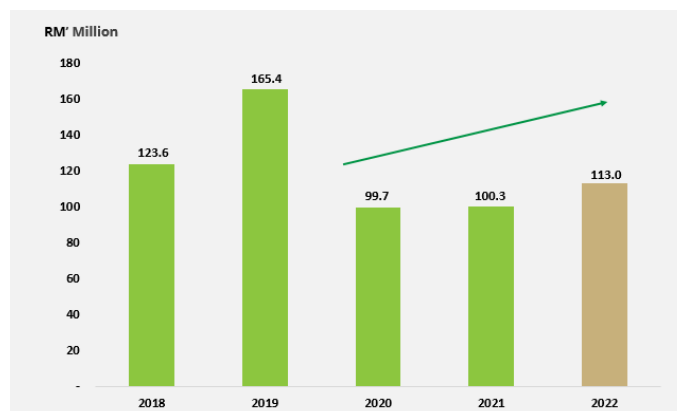
- (i) ROE of 16.8% remained strong and competitive in the financial industry although lower than 24.8% recorded in FY2021.
- (ii) Reduction of ROE was mainly due to Wakalah Tax of Family Takaful business and Cukai Makmur including investment to support business growth and expansion plan. Under the previous tax treatment, ROE would be around 21.5%
- (iii) Reduction in ROE was also partially affected by increase in shareholders' equity to support business growth and expansion.
- (iv) With the implementation of MFRS 17, ROE is expected to be higher under the new accounting standards. Based on transition impact analysis for FY2022, ROE under MFRS 17 is estimated to be around 20% to 25%.

➤ Earnings Per Share (“EPS”)



- (i) Takaful Malaysia Keluarga registered an EPS of 38.08 sen for FY2022.
- (ii) EPS was directly impacted due to Wakalah Tax for Family Takaful business and Cukai Makmur.

➤ Dividend Declared



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Takaful Malaysia Keluarga paid a higher dividend of 13.5 sen per share in FY2022, translating into a dividend yield of 3.92% based on the closing market price of RM3.44 as at 30 December 2022.

- The Company's dividend quantum was driven by regulatory solvency and dividend payment is subject to regulatory approval.
- The Company needs to strike a balance between pay out to shareholders and retaining surpluses for business growth and solvency requirements.

(c) Awards and Accolades

In 2022, Takaful Malaysia Keluarga successfully achieved the following awards:-

- The Edge Billion Ringgit Club Corporate Award 2022.
- Asiamoney Most Outstanding Insurance Company in Malaysia 2022 under Insurance Sector.
- Graduates' Choice of Employer to Work For in 2022.
- HR Asia Best Insurance Company to Work For in Asia for 2022 under Malaysia Edition.
- Malaysia Best Employer Brand Award for 2022 under Insurance Category.

(d) Key Focus Areas

(i) Maintain Market Leadership position for Family Takaful business, where:-

- Business growth recorded at 16.5%.
- The Company became #1 in terms of revenue last year, with market share of 21% and #1 leading Family Takaful Operator.
- The Company seeks to become market leader by maintaining key strategic areas namely Bancatakaful, Employee Benefits and Treasury Business.
- The Company's fundamentals remained solid in terms of capital, cash flow and operational resilience.

(ii) Sustain growth of General Takaful responsibly given that there are plenty of opportunities in General business, where:-

- Business growth was recorded at 24%, with market share of 25% and ranked #2 largest General Takaful Operator.
- The Company's imperative growth areas in General Takaful driven by multi-distribution strategy, digital strategy, greater demand for online Motor Takaful business, and Non-Motor business expansion plan. There is also a healthy mix of Motor and Non-Motor business under General Takaful Business.
- The Company to ensure balance between underwriting margins and business growth.

(iii) Execute Retail Market Strategy for Family Takaful:-

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- Retail Market is an untapped area of opportunity for Takaful Malaysia where the journey only started in FY2022. With abundant opportunities, Retail Market growth is imperative for Family Business.
- Takaful Malaysia Keluarga achieved 300% growth of sales in Regular Contribution via investment in technology and systems, as well as hiring of talents to drive the whole initiatives in Retail market, together with integrated marketing and branding campaigns undertaken.
- The Company leverages on branches and Bancatakaful Partners to penetrate further into Retail Market through sales training and product promotion/campaigns.
- Roll out Bancatakaful Advisory products with five (5) Bancatakaful Partners in 2022/2023 were supported by new marketing and branding campaigns and the Company to continuously perform as such, in future.

(iv) Future-proof business through digitalisation:-

- Takaful Malaysia Keluarga is actively involved in technology enhancement and digitalisation to support business distribution partners to create service differentiation, as well as looking at data analytics to sustain business, going forward.
- Technology modernisation to bring the Company to the forefront of technology curve, to serve and give enhanced customer onboarding, experience and journey.

(v) Champion Sustainability Mission:-

- Takaful Malaysia Keluarga established governance structure to manage sustainability matters particularly on ESG.
- Sustainability incorporated into its business strategy, with various initiatives implemented under four (4) sustainability pillars, namely (i) Products and Services; (ii) Business Process and Culture; (iii) Investments; and (iv) Social and Community.
- The Company also enhanced Shariah, Governance and Risk Management aspects under this initiative.
- As a constituent of FTSE4Good Index, putting people first, towards a safe and healthy workplace, fair compensations, opportunities for advancement and career growth as one of key factors to attract talents.
- Strong governance: Takaful Malaysia promotes responsible and sustainable business practices, mitigates risks, enhances long-term value creation, fosters stakeholder engagement, ensures ethical behavior, instills investor confidence, and fulfills legal and regulatory obligations

(e) MFRS 17 Updates:-

- (i) MFRS 17 is the new Takaful contract accounting standard effective from 1 January 2023. It is an accounting regime change and does not affect the business fundamentals, financial strength, claims-paying ability, product profitability or dividend distribution ability.

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- (ii) One key impact is timing of future profit recognition, whereby:-
- Under MFRS 4, new business gains are recognised immediately in income statement while investment-related activities are capitalised and reflected in current period's income.
 - Under MFRS 17, new business gains will be recorded in CSM¹ and recognised over lifetime of contract and investment-related activities will be recognised over lifetime of asset.

Note:

¹Contractual Service Margin (CSM) represents the liability established at the outset of a contract to offset new business profits at issue. The CSM liability is gradually amortized over time as services are provided

- (iii) Takaful Malaysia Keluarga completed the transition to MFRS 17 on 1 January 2023.
- (iv) CSM is established on in-force business, representing unearned profits and Retained Earnings expected to decrease by approximately 30% to 45%.
- (v) Upon transition, profit for the year is expected to decline by approximately 15% to 20%, with expected ROE to be in the range of 22% to 25%.
- (vi) Impact on Capital Adequacy Ratio and tax treatments remain outstanding at this point in time, depending on BNM's requirement for the Company to comply with their Risk Based Capital Framework for Takaful Operator ("RBCT").

GCEO concluded his presentation and thanked the shareholders and investors who have been supporting the Company over the years. GCEO then handed the meeting back to the Chairman.

The Chairman summarised that Takaful Malaysia's focus is in reinforcing market leadership and seeking growth through Retail market diversification. He emphasised that drivers to achieve operational excellence, technology-driven capabilities that will lead to product innovation, recruitment of talents, combined with performance-driven culture, will require necessary investments. Hence, along the way, Takaful Malaysia will be embarking on certain investments which may lead to or create temporary increases in Management Expenses, as the Company builds on the required capabilities.

6. RESPONSES TO QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCHDOG GROUP ("MSWG") BY GCEO

The Chairman informed that MSWG raised a few questions to Takaful Malaysia Keluarga via their letter dated 24 May 2023, to which Takaful Malaysia Keluarga responded to the same via a letter to MSWG dated 29 May 2023.

GCEO was again invited to present the responses towards the questions raised by MSWG as follows:-

Operational and Financial Matters

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Q1: Despite higher profit before zakat and taxation year-on-year, Takaful Malaysia's net profit contracted by 23% to RM319 million from RM412 million in Financial Year ("FY") 2021, mainly due to higher tax expenses caused by the imposition of one-time "Cukai Makmur" charged by the Federal Government in FY2022 for profits exceeding RM100 million.

- (a) What would Takaful Malaysia's net profit be if the impact of Cukai Makmur is excluded?
- (b) Generally, 2022 was an exemplary year for banks, takaful operators and insurers, with the resumption of economic activities leading to demand for financial solutions after two years of lockdowns and movement restrictions.

Does Takaful Malaysia foresee a normalisation in demand for life and general takaful in FY2023? What is the Management guidance on contribution growth for life and general takaful?

A1: The lower net profit in FY2022 compared to FY2021 was mainly due to:-

- (a) New Wakalah Tax of RM66 million for Family Takaful business to be in line with tax treatment of General Takaful business.
- (b) Cukai Makmur of RM35 million for Takaful Malaysia Keluarga and Takaful Malaysia Am, as each company achieved more than RM100 million gross profit.

Takaful Malaysia's net profit would be RM354 million if the impact of Cukai Makmur was excluded. Takaful Malaysia's net profit would be much higher at RM420 million if impact of Cukai Makmur and Wakalah fee tax were excluded.

Based on Economic and Monetary Review 2022 issued by Bank Negara Malaysia, moderate growth is expected to sustain into 2023, and the local economy is projected to expand between 4% to 5% in 2023. The domestic growth outlook is expected to improve due to better-than-expected labour market conditions, stronger pick-up in tourism activities, and the implementation of projects, including from the recently retabled Budget.

Thus, Takaful Malaysia foresees a continued demand for Family Takaful and General Takaful in FY2023 with moderate growth.

While the domestic growth prospects remain resilient, the outlook remains uncertain on the back of weaker-than-expected global economic recovery and higher risk aversion in financial markets.

Thus, Takaful Malaysia will remain vigilant and prudent in managing operating costs, business growth and the risk profile of our business portfolio.

Q2: The Company highlighted several key challenges and risks ahead in 2022 Integrated Report, including:-

- Detariffication resulting in increased competition and margin compression.
- Rising costs of healthcare services lead to higher medical claims, resulting in

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higher takaful contribution, thereby reducing the product appeal to customers.

- Physical risks from climate change, natural disasters or other environmental factors that can result in increased claims or financial losses.

Based on key risks highlighted earlier, takaful operators/insurers may have to raise their contributions/premiums to maintain margin and profitability. Yet, higher contributions/premiums render takaful/insurance products less competitive, and they will eventually lose out to other lower-priced competitors.

Q2a: How does Takaful Malaysia plan to defend and increase its market share in the life and general insurance segments while preserving the underwriting margin?

A2a: With the ongoing deregulation of the motor & fire tariff, we foresee the motor & fire takaful/insurance market to be more competitive, putting downward pressure on the overall margin of the general takaful/business.

Despite the competitive market, to ensure sustainable profitability for our general takaful business, we have been prudent and agile in managing underwriting, claims and business mix to ensure sustainable profitability.

We have been closely monitoring the claims and practising pricing segmentation to adjust pricing that reflects the characteristics of the risk underwritten, which is in line with risk pricing under the liberation of the motor and fire industry.

Our cash back reward for no claims, towing service, efficient servicing and claims payment are some of our key propositions in marketing our products. Takaful Malaysia Am's new strategic focus is to develop new innovative products and enhance products with digital support and ESG elements to address evolving needs of customers will be the ongoing focus.

As for the medical takaful business, Takaful Malaysia has been maintaining a healthy medical portfolio due to our disciplined underwriting and pricing to ensure the long-term sustainability of our medical business. Despite the competitive market, our professional EB team and value-added services are well appreciated by our EB clients.

Q2b: Amid intensified market competition and inflationary pressure, is Takaful Malaysia in a comfortable position to raise premiums?

A2b: Pursuing growth and market leading position while staying true to the fundamental principles to ensure business sustainability has been our business philosophy that shaped our success. We do not solely focus on pricing, but also take into consideration customers' specific needs and provide value-added services. We apply balanced risk-based pricing with fairness and affordability, and if necessary, the price will be adjusted to reflect the characteristics of the risk underwritten. However, to ensure affordable contribution, we will look at the necessary product design, claims management, and cost management as key factors in managing our business to ensure our customers are provided with the best value products.

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Q2c: Takaful Malaysia is committed to expanding the offering of more regular contribution family takaful products to the public. What is the ratio between single and regular contribution takaful covers by revenue? How important is expanding regular contribution products to Takaful Malaysia Keluarga's long-term business sustainability?

A2c: Our expansion into the retail family takaful regular contribution business is an important move to ensure the long-term sustainability of our business portfolio:-

- to diversify and capture a greater retail market share from individual retail customers.
- to unlock our growth potential and strong market presence as we create a new source of revenue.

In 2022, we achieved significant growth in the regular contribution new business through our online sales portal, branches and bank partners, which was three times the new business production the year before.

However, due to our dominant business portfolio in credit-related products (mortgage and personal financing), our regular contribution contributed about 4% of the total revenue for the family takaful business.

Q3: Takaful Malaysia anticipates sustained demand for better margin credit-related products, and new growth to be led by increased demand for medical, life and critical illness protection (page 27 of IR2022). The sale of credit-related takaful cover hinges upon Takaful Malaysia's bancassurance partnership with banks.

Q3a: The bancatakaful business contributed more than 15% to Takaful Malaysia's revenue in FY2022, with six preferred bancatakaful partners, namely Bank Islam, RHB Islamic, Bank Rakyat, Aeon Credit, Affin Islamic Bank and Agrobank under its belt.

Does the current product distribution network provide sufficient upside to promote credit-related products? Is Takaful Malaysia pursuing further new partners to expand the reach of takaful cover? What is the targeted bancatakaful contribution?

A3a: The Bancatakaful business contributed more than 15% (growth) to Takaful Malaysia's revenue in FY2022. Currently, we have 17 bancatakaful partners, which is a testimony to our success in delivering our partnership value to grow business with our bank partners. Our current distribution network with these 17 banks provides sufficient upside to promote credit-related products. It is also part of the company's strategy to continue strengthening our presence in the Bancatakaful space.

Q3b: Which bancatakaful partnership is ripe for renewal in FY2023? Will there be any revision in the bancassurance fees?

A3b: We are unable to share the details of the renewal partnership plan as this is privy information. We will continue to participate in the renewal RFP of our bank partners.

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We will have tailor-made proposals to meet the strategic objectives of our bank partners, considering the following:-

- We have established an efficient operational process and invested in an IT system and infrastructure for smooth operation and service support.
- Our ongoing discussions with existing bank partners regarding their business plans and strategies as part of our current partnerships.

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 2022, 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 2022, together with the reports of the Directors and Auditors thereon (collectively referred to as “Audited Financial Statements”).

It was highlighted to the members that as stated in Note 3(i) of Notice of 38th AGM, Audited Financial Statements in Agenda 1 laid in accordance with Section 340(1)(a) of the Companies Act, 2016 are meant for the members’ information and discussion only. The Audited Financial Statements do not require shareholders’ approval and as such, were not put forward for voting.

The members were informed that the Audited Financial Statements were duly approved by the Board of the Company and had been made available to the members throughout the statutory period. The Chairman informed that on behalf of the Board, he was pleased to present herewith the Audited Financial Statements for the financial year ended 31 December 2022 accompanied by a statutory declaration by the officer primarily responsible for the financial management of the Company, as contained in the 2022 Integrated Report (“IR”) from page 168 to page 359.

The Chairman reiterated that any questions from the members would be attended to after the meeting deliberate on all the items on the Agenda. The Chairman then proceeded to the next Agenda.

The meeting noted:-

“THAT the Audited Financial Statements for the Financial Year Ended 31 December 2022, together with the Reports of the Directors and Auditors thereon, be and are hereby received”.

AGENDA 2

To re-elect the following Directors, who are retiring in accordance with Rule 74 of the Company’s Constitution and being eligible, have offered themselves for re-election:-

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- | | |
|--|-----------------------|
| (i) Dato' Mustaffa Ahmad | (Resolution 1) |
| (ii) Encik Mohamad Salihuddin Ahmad | (Resolution 2) |

The Chairman informed that as stated under Agenda 2, two (2) resolutions were required to be passed on matters relating to re-election of Directors.

1. Resolution 1 on Re-election of Dato' Mustaffa Ahmad

In accordance with Rule 74 of the Company's Constitution, Dato' Mustaffa Ahmad who was retiring by rotation and being eligible, offered himself for re-election as a Director.

2. Resolution 2 on Re-election of Encik Mohamad Salihuddin Ahmad

In accordance with Rule 74 of the Company's Constitution, Encik Mohamad Salihuddin Ahmad who was retiring by rotation and being eligible, offered himself for re-election as a Director.

AGENDA 3

To re-elect Puan Sophia Ch'ng Sok Heang who is retiring in accordance with Rule 83 of the Company's Constitution and being eligible, offered herself for re-election. (Resolution 3)

In accordance with Rule 83 of the Company's Constitution, Puan Sophia Ch'ng Sok Heang who was retiring and being eligible, offered herself for re-election as a Director.

AGENDA 4

To approve the payment of Non-Executive Directors' fees of up to RM3,140,000 for Takaful Malaysia Keluarga and its subsidiary companies from this AGM of the Company until the next AGM of the Company. (Resolution 4)

AGENDA 5

To approve the payment of Non-Executive Directors' benefits of up to RM700,000 for Takaful Malaysia Group from this AGM of the Company until the next AGM of the Company. (Resolution 5)

AGENDA 6

To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2023 and authorise the Directors to fix their remuneration. (Resolution 6)

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

AGENDA 7

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a

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Revenue or Trading Nature with Lembaga Tabung Haji, its subsidiaries and associates (“LTH Group”) as per Circular to Shareholders dated 29 April 2023. (“Proposed Shareholders’ Mandate”) (Resolution 7)

The Chairman highlighted that Lembaga Tabung Haji, being the interested Major Shareholder of Takaful Malaysia Keluarga would abstain from voting on the resolution on Proposed Shareholders’ Mandate.

The meeting further noted that Datuk Bazlan Osman and Datin Paduka Kartini Haji Abdul Manaf, being the interested Directors of Takaful Malaysia Keluarga (“Interested Directors”) had accordingly abstained from all deliberations and voting on the Proposed Shareholders’ Mandate at the relevant Board meetings. The Interested Directors would further abstain from voting in respect of their direct and indirect shareholdings, if any, in Takaful Malaysia Keluarga on the resolution approving the Proposed Shareholders’ Mandate.

AGENDA 8

Proposed Authority to Issue and Allot Shares. (Resolution 8)

The Chairman highlighted that the proposed Resolution 8, if passed, would give a new mandate to the Directors of Takaful Malaysia Keluarga, from the date of this AGM, to issue and allot shares in Takaful Malaysia Keluarga from time to time at the aggregate not exceeding ten per centum (10%) of the total number of issued shares (excluding treasury shares) of Takaful Malaysia Keluarga pursuant to Section 75 of the Companies Act 2016. This authority, unless revoked or verified at a general meeting will expire at the next AGM of Takaful Malaysia Keluarga.

The Chairman further informed that the Board continued to consider expanding Takaful Malaysia Keluarga’s business. In the event of new allotment of shares pursuant to such opportunity, the proceeds shall be utilised as working capital of the Company. The passing of this resolution would avoid any delay and cost involved in convening a general meeting to specifically approve the issuance of the shares.

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 as informed by the Secretary, there was no notice of any other business for transacting at this meeting was received. The Chairman then proceeded with the Q&A session and informed the meeting that the GCEO would address questions from the members, accordingly.

7. QUESTION AND ANSWER (“Q&A”) SESSION

The following were questions received/raised by the members during the meeting and the corresponding responses provided were as follows:-

Kow Lih Shi, a shareholder enquired on the following:-

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Q1: *The claim rate of insurance increase in health categories or disaster?*

A1: GCEO replied as follows:-

The medical claims were generally lower by 20% to 30% during the pandemic, mainly due to a lower hospitalisation rate. With the reopening of economy in 2022, we observed that medical claims experience has normalised to pre-pandemic level.

However, Takaful Malaysia has been maintaining a healthy medical portfolio due to our disciplined underwriting and pricing to ensure the long-term sustainability of our medical business. We consider the hospitalisation rate is now normalised, except the average claims cost will be subject to medical inflation.

CEO of Takaful Malaysia Am informed that Takaful Malaysia Am was affected by floods in February 2022 (East Coast) and in December 2022 (Johor). As at 30 April 2023, the total loss incurred is RM280 million, contributed by a significant loss from one of our major corporate clients. The losses incurred were well protected by our retakaful program and the net impact to Takaful Malaysia Am's financials was minimal (RM3 million in total).

We are working closely with our retakaful broker to review our coverage to manage the aggregate risk exposure to flood loss.

Ee Yih Chin, a shareholder enquired on the following:-

Q2: *What is the Group's Capital Adequacy Ratio ("CAR") as of 31 December 2022?*

A2: GCEO responded as follows:-

The Group always ensure sufficient capital to meet all financial obligations and regulatory requirements.

Takaful Malaysia is not at liberty to disclose its exact capital ratios. However, we assure the stakeholders that CAR of Takaful Malaysia Keluarga and Takaful Malaysia Am are currently in a solid position, and higher than the minimum statutory requirement of 130%.

Ee Yih Chin, further enquired on the following:-

Q3: *Referring to Note 8 (page 230 of Integrated Report 2022), most of the investments of Family Takaful, and all the investment for General Takaful, are classified as Fair value through other comprehensive income ("FVOCI").*

For what type of products their investment is classified as Fair Value through profit & loss ("FVTPL")?

A3: GCEO replied that details of type investment classified as FVTPL are given in page 231 and 232 or IR 2022 which are equity, unit trust, sukuk (which could not be classified as FVOCI – Fair value through other comprehensive income) and

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investment in linked funds.

Lau Chuan Hooi, a shareholder enquired on the following:-

Q4a: *May I know what is the company's future outlook?*

A4a: GCEO responded as follows:-

Despite the uncertainty of economy, Takaful Malaysia remains cautiously optimistic that business growth trajectory for both Family and General Takaful business will continue.

Our established core businesses in Bancatakaful, Treasury, Employee Benefits and General Takaful segments continue to set a solid foothold of our market presence and leadership in the takaful industry.

The Group will continue strengthening our market leadership backed by our solid financial fundamentals and operational resilience in these core segments.

The currently low insurance penetration rate in Malaysia put us in a prime position to further expand our business portfolio into the retail regular contribution market. The population is growing particularly middle class income which could support the Company's strategy in Retail Market. We will continue to explore and stamp our mark in digital as well as direct channels and retail advisory space as was explained earlier.

Lau Chuan Hooi, further enquired on the following:-

Q4b: *Will the Board consider giving door gift such as e-voucher or e-wallets for those participating in this AGM as a token of appreciation?*

A4b: GCEO replied as follows:-

The Board had earlier agreed to discontinue giving out gift vouchers or premium gifts to the shareholders of Takaful Malaysia at AGM.

Liew Chee Meng, a shareholder enquired on the following:-

Q5a: *How much does our Company spend to hold this virtual AGM plus remote participation and electronic voting ("RPEV") facility?*

A5a: GCEO replied for 38th AGM held on 31 May 2023, the estimated total cost is approximately RM95,000.

Liew Chee Meng, further enquired on the following:-

Q5b: *Could the Company conduct our next AGM, EGM or other meetings physically?*

A5b: GCEO responded that Management will consider holding a physical AGM next year,

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subject to further discussion.

Liew Chee Meng, also enquired on the following:-

Q5c: *Could the Management of the Company be kind enough to give away e-meal vouchers to the event participants (particularly grateful to help minority shareholders to improve their life qualities during the current high inflation economy?)*

A5c: GCEO responded as follows:

Regarding the gift policy, we have addressed the question earlier. The Board has agreed to discontinue giving out gift vouchers or premium gifts to the shareholders of Takaful Malaysia at AGM.

The Company also received pre-AGM questions relating to the following:-

Q6: *Return on Equity ("ROE") has declined steadily from 33.1% in 2019, to 26.5% in 2020, 24.8% in 2021 and now only 16.8% in 2022. The ROE decline has continued despite 2022 being a year of economic recovery. What are the main causes that affect performance?*

A6: GCEO replied as follows:-

ROE of 16.8% remained strong and competitive in the financial industry. The reduction of ROE was mainly due to Wakalah Tax of Family Takaful business and Cukai Makmur. Under the previous tax treatment, ROE would be approximately 21.5%. The reduction in ROE was also partially affected by increase in the shareholders' equity to support the business growth and expansion plan.

With the implementation of MFRS 17, we expect ROE will be higher under the new accounting standards. Based on the transition impact analysis for FY2022, ROE under MFRS 17 is estimated to be around 20% to 25%.

Q7: *"In 2022, we achieved significant growth in new business for regular contribution products, which was three times of the new business production the year before" (Page 30 of Integrated Report 2022).*

(a) *How much of the Family Takaful gross contribution is made up of regular contribution products? In single or double digits?*

(b) *Do you plan to build up agency sales force like most Conventional Life Insurers do?*

(c) *What is the persistency ratio observed?*

A7: GCEO replied as follows:-

Our regular contribution income (inclusive of renewal contribution) is about 4% of the

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total gross contribution for the family takaful business.

Our current focus is to develop regular contribution business through our online sales portal, branches and bank partners.

However, we are open to considering an agency sales force if there is right opportunity to create shareholder value.

The persistency of regular contribution business is still within our pricing expectations.

Teh Cheong Hua, a shareholder enquired on the following:-

Q8: *Since the Indonesian business is a marginal one, would Takaful Malaysia consider divestment, similar to the exit of Indonesia Takaful Am business a few years ago?*

A8: GCEO replied as follows:

We adopt a cautious approach in managing our Indonesian operation and we shall continue to explore the best option, moving forward.

Teh Cheong Hua, further enquired on the following:-

Q9: *With the significant unallocated surplus, can we expect a higher year end interim dividend declaration of at least 15 sen per share?*

A9: GCEO replied as follows:-

Takaful Malaysia's dividend quantum is driven by regulatory solvency and dividend payment is subject to regulatory approval. The Company needs to strike a balance between pay out to shareholders and retaining surpluses for business growth and to meet solvency requirements.

The Board aims to maximise long-term shareholder value by deploying excess cash into value-enhancing projects and business expansion/growth opportunities in order to generate higher returns on investment.

It is the commitment of both the Board and Management to carefully evaluate capital allocation decisions, taking into consideration risk assessment, growth prospects and potential returns.

Kow Lih Shi, a shareholder enquired on the following:-

Q10: *What would be the Company's focus on investment planning? What are the foreign on-going investment?*

A10: GCEO responded as follows:-

Our strategic focus is more towards enhancing our stable, fixed and recurring income, in line with our long-term investment objectives and asset and liabilities profiles of Family and General business.

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Hence, in terms of strategic asset allocation, we plan to allocate more than 90% to be in stable assets generating recurring investment income. The allocation into equity shall remain low with less than 3% exposure. As for direct foreign investment, we are not planning to have any exposure at this juncture.

Teh Cheong Hua, a shareholder enquired on the following:-

Q11: *Takaful Malaysia has small exposure to equity investment. Of that, how many percentage is allocated to foreign equity?*

A11: GCEO responded that there is no exposure in foreign equity.

After addressing questions from the members, GCEO handed the meeting back to the Chairman.

The Chairman informed that the response to shareholders' questions which were not addressed at this meeting will be uploaded onto the Company's website as soon as practicable. The Chairman ended the Q&A session and proceeded with voting of the resolutions.

The Chairman further informed that with remote participation and voting facilities, the shareholders may exercise their rights to participate and vote remotely at the AGM, from the comfort of their homes or locations. He then declared the registration for attendance of the meeting closed.

8. POLLING PROCESS

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

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

The Chairman informed that the whole counting and verification process was expected to complete within 20 minutes. The e-voting would take five (5) minutes while verification was expected to finish within 15 minutes.

The Chairman adjourned the meeting at 10:30 a.m. for the electronic/remote poll voting system to commence.

9. ANNOUNCEMENT OF POLL RESULTS

After an intermission video during poll counting and verification process, the Chairman resumed the meeting at 10.50 a.m. for declaration of the poll results.

It was noted that the poll results received from the Poll Administrator was duly verified by the Scrutineers, SKY Corporate Services Sdn. Bhd. The following poll results were announced to the members:-

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RESOLUTION	VOTE FOR		VOTE AGAINST	
	Number of Units	Percentage	Number of Units	Percentage
Resolution 1	592,962,840	99.1853	4,870,815	0.8147
Resolution 2	592,939,192	99.1850	4,872,463	0.8150
Resolution 3	597,536,869	99.9518	288,286	0.0482
Resolution 4	592,801,662	99.1705	4,958,427	0.8295
Resolution 5	592,837,187	99.1745	4,934,902	0.8255
Resolution 6	597,711,967	99.9801	119,188	0.0199
Resolution 7	361,525,021	99.9451	198,715	0.0549
Resolution 8	479,105,141	80.1402	118,728,514	19.8598

Based on the poll results, the Chairman declared the following resolutions carried:-

RESOLUTION 1: RE-ELECTION OF DATO' MUSTAFFA AHMAD

“THAT Dato' Mustaffa Ahmad who retired by rotation 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 ENCIK MOHAMAD SALIHUDDIN AHMAD

“THAT Encik Mohamad Salihuddin Ahmad who retired by rotation in accordance with Rule 74 of the Company's Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”

RESOLUTION 3: RE-ELECTION OF PUAN (SOPHIA) CH'NG SOK HEANG

“THAT Puan (Sophia) Ch'ng Sok Heang 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: TO APPROVE THE PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES OF UP TO RM3,140,000.00 FOR TAKAFUL MALAYSIA KELUARGA AND ITS SUBSIDIARY COMPANIES FROM THIS ANNUAL GENERAL MEETING UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

“THAT the payment of Non-Executive Directors' fees of up to RM3,140,000.00 for Takaful Malaysia Keluarga and its subsidiary companies from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved.”

RESOLUTION 5: TO APPROVE THE PAYMENT OF NON-EXECUTIVE DIRECTORS' BENEFITS OF UP TO RM700,000 FOR TAKAFUL MALAYSIA GROUP FROM THIS ANNUAL GENERAL MEETING OF THE COMPANY UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

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“THAT the payment of Non-Executive Directors’ benefits of up to RM700,000.00 for Takaful Malaysia Group from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved.”

RESOLUTION 6: TO RE-APPOINT MESSRS. PRICEWATERHOUSECOOPERS PLT AS THE AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 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 2023 and the Directors are hereby authorised to fix their remuneration.”

RESOLUTION 7: PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

“THAT, subject to compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016, the 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 (“Takaful Malaysia Group”) to enter into the Recurrent Related Party Transactions of a revenue or trading nature with Lembaga Tabung Haji, its subsidiaries and associates (“LTH Group”) which are necessary for the day-to-day operations of the Takaful Malaysia Group as set out in Section 2.3 of the Circular to Shareholders dated 29 April 2023, 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 the 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 Integrated 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:

- (a) the conclusion of the next AGM 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 AGM after the date that it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or*

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier”

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RESOLUTION 8: PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“Act”) and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental/ regulatory authorities, where such approval is required, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.

AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities pursuant to this resolution.”

10. CLOSURE OF MEETING

There being no other matter to be transacted, the Chairman concluded the meeting at 11:00 a.m. and thanked all attendees for their continuous support and participation.

The Chairman further thanked the shareholders for their strong support in order for the Board and Management to perform even better in realising Takaful Malaysia’s growth agenda as mentioned earlier in the meeting.

The Chairman then declared the meeting closed.

SIGNED AS A CORRECT RECORD

-SIGNED-

.....
CHAIRMAN