TAKAFULmalaysia

By Your Side, Ensuring You

Live Your Best Life

Integrated Annual Report 2023



BASIS OF THIS REPORT

SCOPE AND BOUNDARY

This Integrated Annual Report ("<IAR>") covers our financial and non-financial performance for the reporting period of 1 January 2023 to 31 December 2023 ("FY2023"), unless otherwise stated. The information pertains to the Group's business activities, encompassing its subsidiary entities, which are determined in accordance with the Malaysian Financial Reporting Standards ("MFRS") 10 Consolidated Financial Statements.

REPORTING FRAMEWORKS

Our various reports are guided by the following frameworks:

Integrated Reporting	• Integrated Reporting Framework by Value Reporting Foundation (previously known as International Integrated Reporting Council) • Malaysian Code on Corporate Governance ("MCCG") • Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia • Companies Act 2016 ("CA 2016") • MFRS • International Financial Reporting Standards ("IFRS") • Corporate Governance Guide – 4th Edition issued by Bursa Malaysia
Financial Reporting	• MMLR issued by Bursa Malaysia • CA 2016 • MFRS • IFRS
Sustainability Reporting	• Global Reporting Initiative ("GRI") Universal Standards 2021 • Enhanced MMLR on Sustainability Reporting • FTSE4Good Bursa Malaysia ("F4GBM") Index's Environmental, Social and Governance ("ESG") indicators • Dow Jones Sustainability Index ("DJSI") • The United Nations Sustainable Development Goals ("UN SDGs")

INDEPENDENT COMBINED ASSURANCE STATEMENT

We are guided by the coordinated assurance model in evaluating and affirming our business operations which includes the scope of external reporting. Our Board of Directors ("the Board") and our management are responsible in providing these assurances, apart from the internal audit and independent external service providers.

MATERIALITY

We shape our strategies and reporting accordingly to material matters that significantly impact our ability to generate long-term value for our stakeholders and fulfil our fundamental mission.

In identifying, rating and verifying our materials matters, we follow the four-step materiality assessment process which takes into account of internal and external influences. This includes the Group's requirements, key focus areas, risks and opportunities as well as expectations of our primary stakeholders against the backdrop of the economic landscape.

Six Capitals


Financial Capital


Manufactured Capital


Social and Relationship Capital


Intellectual Capital


Human Capital


Natural Capital

BASIS OF THIS REPORT

FORWARD-LOOKING STATEMENTS

Forward-looking statements are utilised in this Report with regard to forecasting our financial conditions and operational results. Keywords such as "might", "forecast", "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target", and other similar expressions are used to capture our current views of future developments. However, these statements are based on numerous assumptions and are subjected to changes shaped by shift in Group's priorities, governmental policies, international and national economic conditions and other factors. It is worth noting that these statements are not to be construed as a guarantee to our operating performance, financial and non-financial results. Takaful Malaysia does not commit to publicly update or amend any forward-looking statements.

UN SDGS

In line with our principles to upholding sustainability, we have incorporated the following UN SDGs in our strategic process and approach to operations:



APPROVAL BY THE BOARD

The Board recognises its duty to uphold the integrity of this Report, which in the Board's assessment, covers all significant matters pertaining to the Group's capacity to generate value and accurately represent the financial and non-financial performance of the Group.

Dato' Mohammed Hussein
Chairman

Nor Azman Zainal
Group Chief Executive Officer

NAVIGATION ICONS

Our Identified Stakeholders

- Customers
- Agents & Business Partners
- Industry Peers & Value Chain Partners
- Local Communities
- Employees
- Investors & Shareholders
- Government & Regulators
- Media

Our Identified Material Matters

- Data Privacy and Security
- Human Rights
- Climate Action
- Customer Centricity
- Ethics & Compliance
- Digital Transformation
- Employee Well-Being
- Community Empowerment
- Regulatory Changes
- Sustainable Growth

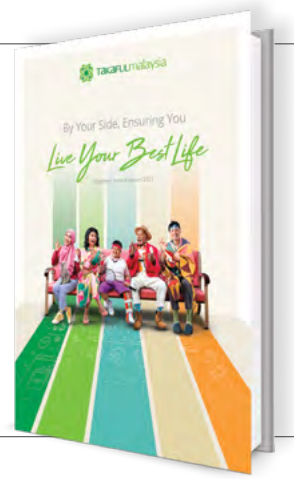
Our Principal Risks

- SE — Strategic Execution Risk
- ICS — Information & Cybersecurity Risk
- R — Regulatory Risk
- EIU — Economic Instability & Uncertainty Risk
- HC — Human Capital Risk
- O — Operational Risk
- DT — Digital & Technology Risk
- F — Financial Risk
- I — Insurance Risk
- C — Climate Risk

Our Key Focus Area

- MLP — Maintain Market Leadership Position (Banca, Treasury & Employee Benefits)
- ETP — Enable Talent Powered Organisation
- ESR — Enhance Shariah, Governance & Risk Management
- ERM — Execute Retail Market Strategy
- SGB — Sustain Growth of General Business Responsibly
- CSM — Champion Sustainability Mission
- FBD — Future-Proof Business Through Digitalisation

WHAT'S INSIDE THIS REPORT



COVER RATIONALE

"BY YOUR SIDE, ENSURING YOU LIVE YOUR BEST LIFE" is more than a promise; it is a commitment that weaves through every interaction and decision made by Takaful Malaysia. It is a vibrant declaration that we are with you in every step of your journey towards happiness, health, as well as supporting you in your most trying times. It captures the essence of our mission: to be a constant, comforting presence in the lives of our customers, empowering them to chase their dreams without worry.

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39TH ANNUAL GENERAL MEETING

Date

Thursday, 23 May 2024

Time

9:30 a.m.

Broadcast Venue

Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur

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Form of Proxy

TAKAFUL MALAYSIA AT A GLANCE

BUSINESS HIGHLIGHTS

Diversifying our business portfolio and expanded our Family Takaful regular contribution product offerings, aiming to secure a larger market share among individual customers.

Seven prestigious awards across different areas including business, investment, recruitment and marketing campaigns.

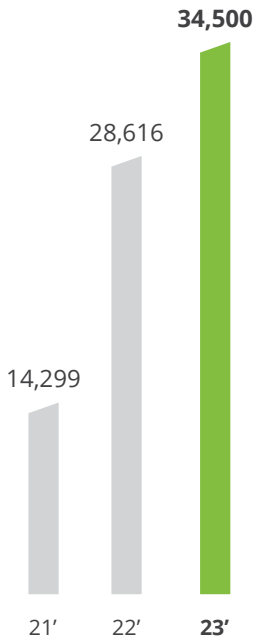
Family Takaful business **increased market share to 22.3% in 2023**
(2022: 20.6%)

SUSTAINABILITY HIGHLIGHTS

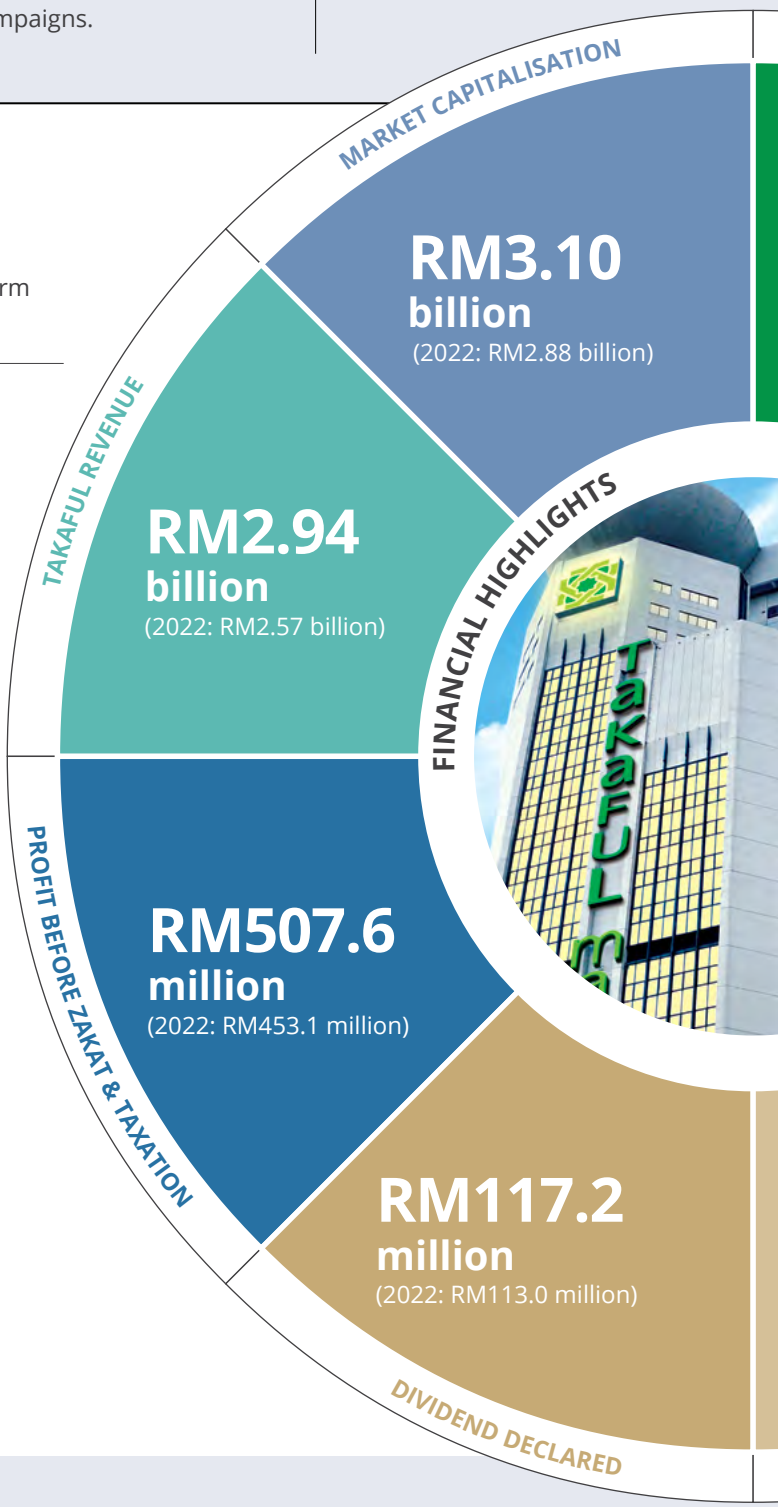
Enhanced Takaful affordability and accessibility through the launch of the Kaotim platform

Integrated Charity/ESG elements into our product whereby a portion of surplus or payout is directed towards charitable causes

Total Training Hours



Provided 34,500 training hours with an average of **34 training hours** per employee to ensure continuous upskilling and reskilling across the Group

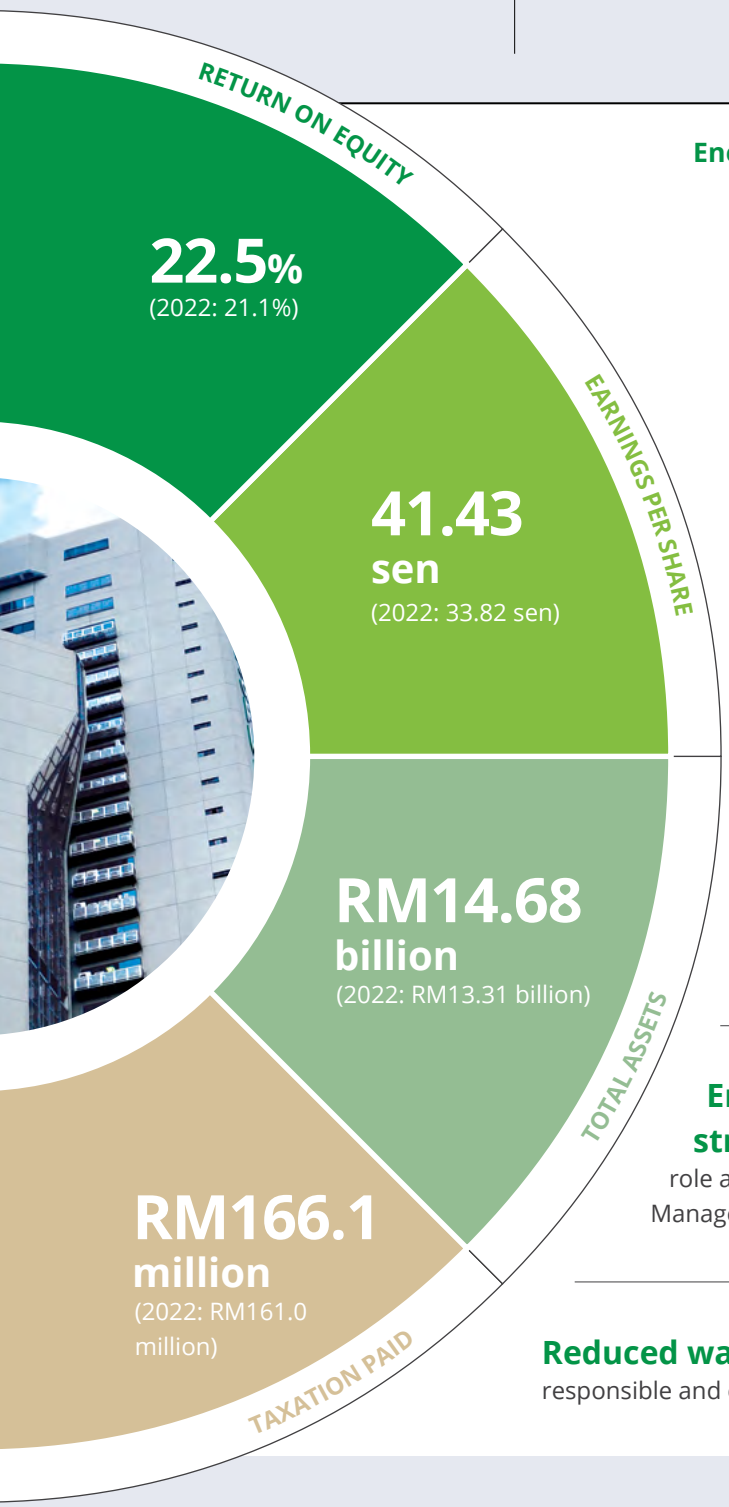


TAKAFUL MALAYSIA AT A GLANCE

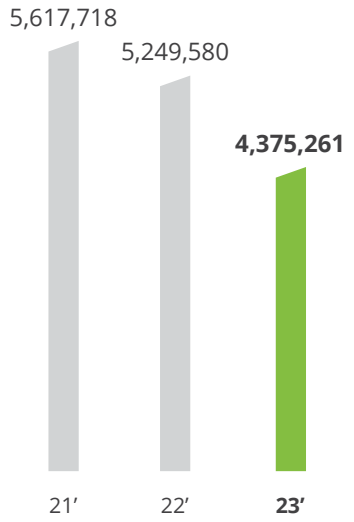
Secured a new partnership with Bank Muamalat and renewal with Affin Islamic Bank & Bank Rakyat

Recorded an increase in our employee benefits business, with a growth of **6.9%** compared to FY2022. Employee benefits business contributed about 12.7% of the total Family Takaful business in FY2023

Group's Takaful revenue significant increase of **14.5% at RM2.94 billion**, up from RM2.57 billion in the preceding year



Energy Consumption



Reduced our Group-wide energy consumption for the third year running, from **5,249,580 kWh** to **4,375,261 kWh**

Contributed a total of **RM8.8 million in zakat contributions and charitable donations,** benefitting **more than 6,000** recipients.

Enhanced our sustainability governance structure to proactively include Board of Directors' role and gained their approval for our Sustainability Risk Management Framework

Reduced water usage from **39,877 m³ to 29,679 m³** due to responsible and efficient water consumption

ABOUT TAKAFUL MALAYSIA

WHO WE ARE

Incorporated on 29 November 1984, Syarikat Takaful Malaysia Berhad ("STMB") is a pioneer in Islamic insurance. STMB is split into two licensed entities in accordance with the Islamic Financial Services Act 2013 ("IFSA") on 1 June 2018. STMB, now known as Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia" or "Takaful Malaysia Keluarga") manages the Family Takaful business while Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am") manages the General Takaful business. The holding company of Takaful Malaysia Am, Takaful Malaysia Keluarga, controls 100% of the company and operates a network of branches in 24 locations nationwide. Takaful Malaysia has a paid-up capital of RM241.38 million and total assets of RM15 billion as at 31 December 2023.

BRAND PROMISE

TO KEEP THE PRESENT SAFE AND THE FUTURE SECURE FOR OUR CUSTOMERS.

VISION

We want to be

THE PREFERRED CHOICE FOR INSURANCE

We will stay attuned to the evolving needs of our stakeholders – customers, employees, agents & business partners, investors & shareholders, industry peers & value chain partners, the government & regulators, local communities and the media.

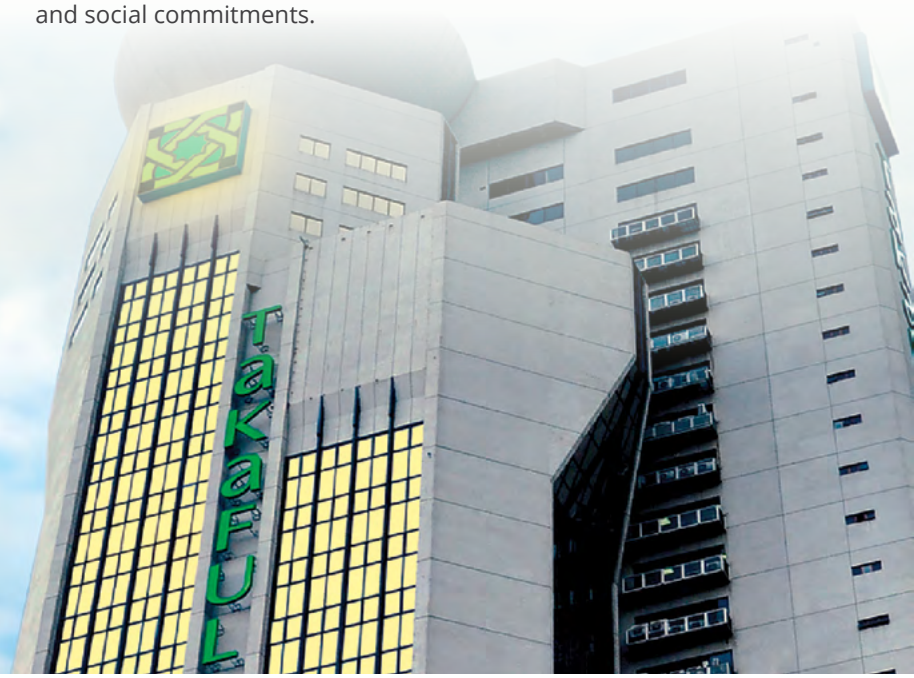
MISSION

We aim to exceed customer expectations through:

- **Operational Excellence**
- **Technology Driven Capabilities**
- **Product Innovation**
- **Performance Oriented Culture**

whilst delivering superior shareholder's value.

We are driven and guided by our four sustainability pillars in creating positive impact and sustainable value for all stakeholders through our environmental, social and governance ("ESG") practices. Our sustainability pillars include a commitment to strong governance, responsible investing, environmental stewardship, and social commitments.



CORPORATE VALUES

The values that we continuously strive to manifest through our work serve as the defining pillars of our brand.

INSPIRING

Our perseverance to our continued development of our industry, bringing it to the next level.

HUMANITARIAN

Our promise to the community is the pledge of our compassion and care.

INTEGRITY

Our commitment in values of personal integrity and to build trust.

TEAMWORK

Our dedication to teamwork is a testament of our unity and trust towards each other.

PROFESSIONALISM

Our pledge is to achieve the standards and promises that we deliver to our customers.

WHAT WE DO

FAMILY TAKAFUL

Takaful Malaysia Keluarga, a market leader in Family Takaful products with robust digital capabilities and well-established operating procedures and service culture, offers a range of solutions, including term protection, critical illness, medical cover and more. Collectively, these solutions provide protection to certificate holders across many areas of their personal and professional lives, enabling them to plan for the future with confidence.

GENERAL TAKAFUL

Takaful Malaysia Am, the second largest General Takaful provider in Malaysia, with a market share of 25.4% offers comprehensive protection solutions to individuals and businesses in all areas of general takaful, including personal accidental cover, coverage for assets through motor takaful, home contents, property fire cover, machinery breakdown, foreign workers takaful, contractor's all risks and many more.

Family Takaful Gross Contributions

RM2.32 billion

(2022: RM2.19 billion)

General Takaful Gross Contributions

RM1.38 billion

(2022: RM1.14 billion)

Group Gross Contributions

RM3.70 billion

(2022: RM3.33 billion)

OUR PRODUCTS AND SERVICES

Our Family Takaful

We offer a range of solutions that provide the best takaful coverage for unique needs for you and your family. It will assist you and your family in saving for your children's education and better plan for unforeseen circumstances like hospitalisation, accidents or disabilities.

Our General Takaful

Our comprehensive offering protects our client against unforeseen events, natural disasters and accidents, thus ensuring they and their assets are safeguarded against these adversities.

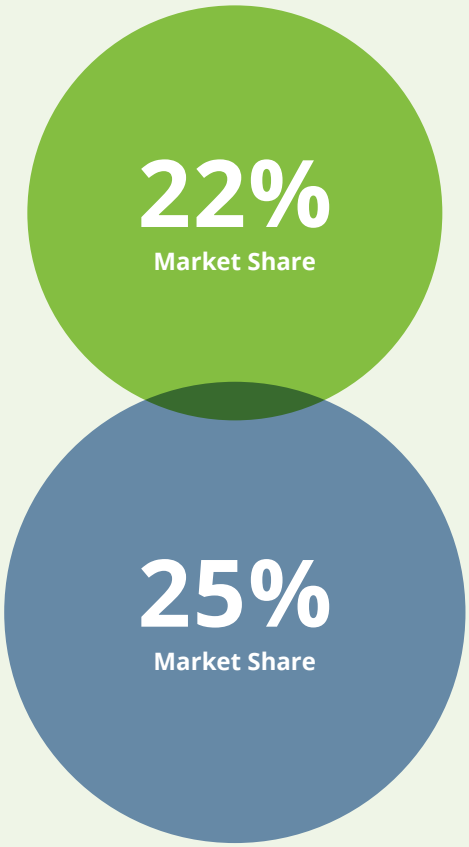
Our Innovative Online Offerings

Our online portals and applications provide our customers, agents and banking partners direct access to information and features about their certificates and transactions. These platforms have also helped us reach out to a larger audience of prospective customers, sustaining our growth.

For additional details regarding our activities, products, services, and over innovative online offerings, please explore our corporate website by scanning the provided QR code.

WHAT MAKES US DIFFERENT
Market Share and Ranking

Family Takaful Business



General Takaful Business

INDICES REPRESENTATION

Bursa Malaysia

FTSE4Good

- FTSE Bursa Malaysia Mid 70 Index
- FTSE Bursa Malaysia Top 100 Index
- FTSE Bursa Malaysia Emas Shariah Index

Ranked
#1 Leading
Family Takaful Operator*

2nd
Largest General Takaful Operator

* *Total new business contribution from single contribution and regular contribution products.*

WHAT MAKES US DIFFERENT
Our Competitive Advantage

Our ability to generate value for our business and our stakeholders is enhanced by the following key competitive advantages:

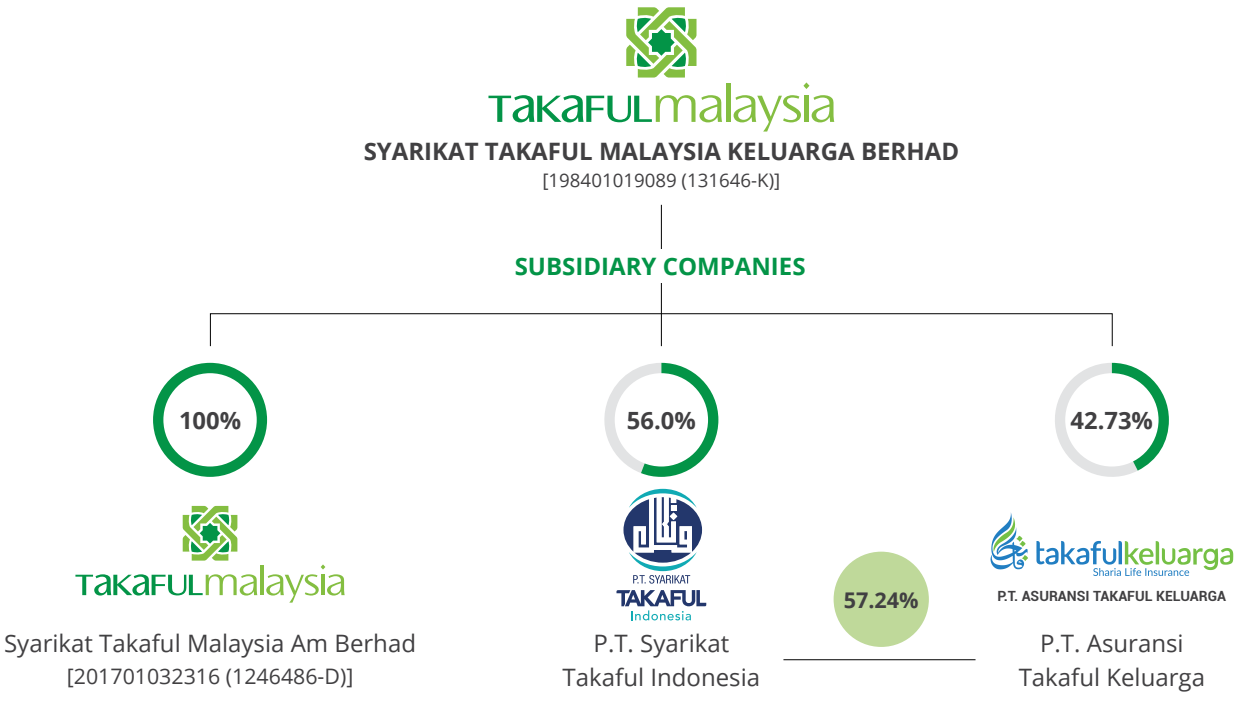
A 40-year strong brand and the First Takaful Player in Malaysia - we have been one of the leading Takaful operators in Malaysia with strong presence

Leading Takaful player for Banca, Treasury, Employee Benefits and General Business

Strong financial and capital position - consistent profitable growth over the years has enabled our company to provide high returns to our valued shareholders

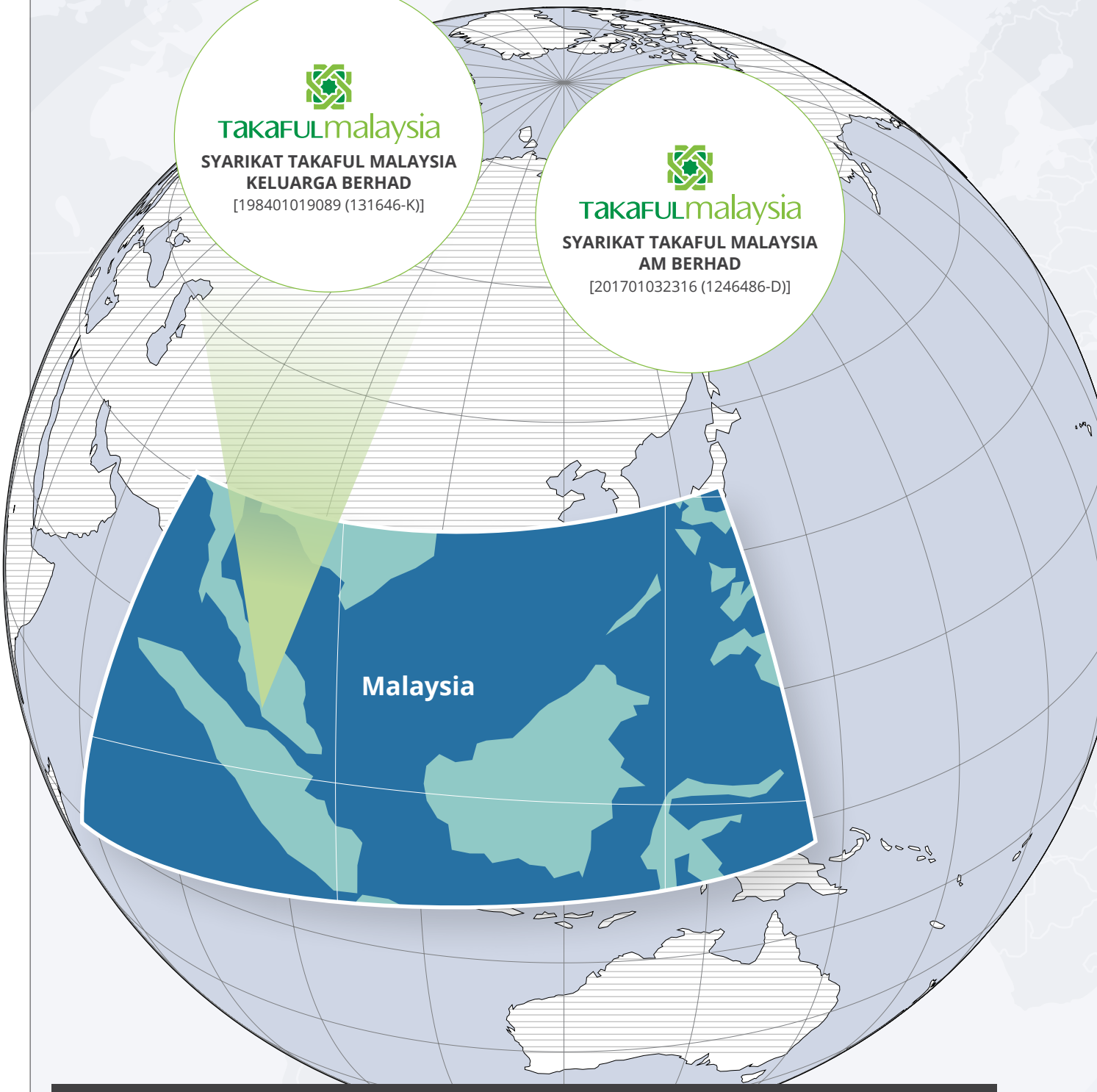
Multi-Channel Distribution Capabilities - strong presence in the digital insurance and takaful sphere to meet the fast evolving demands and expectations of customers

GROUP CORPORATE STRUCTURE



WHERE WE OPERATE

Our Presence Nationwide



TAKAFUL *my*CARE CENTRES **17**

TAKAFUL RETAIL CENTRES **7**

WHERE WE OPERATE

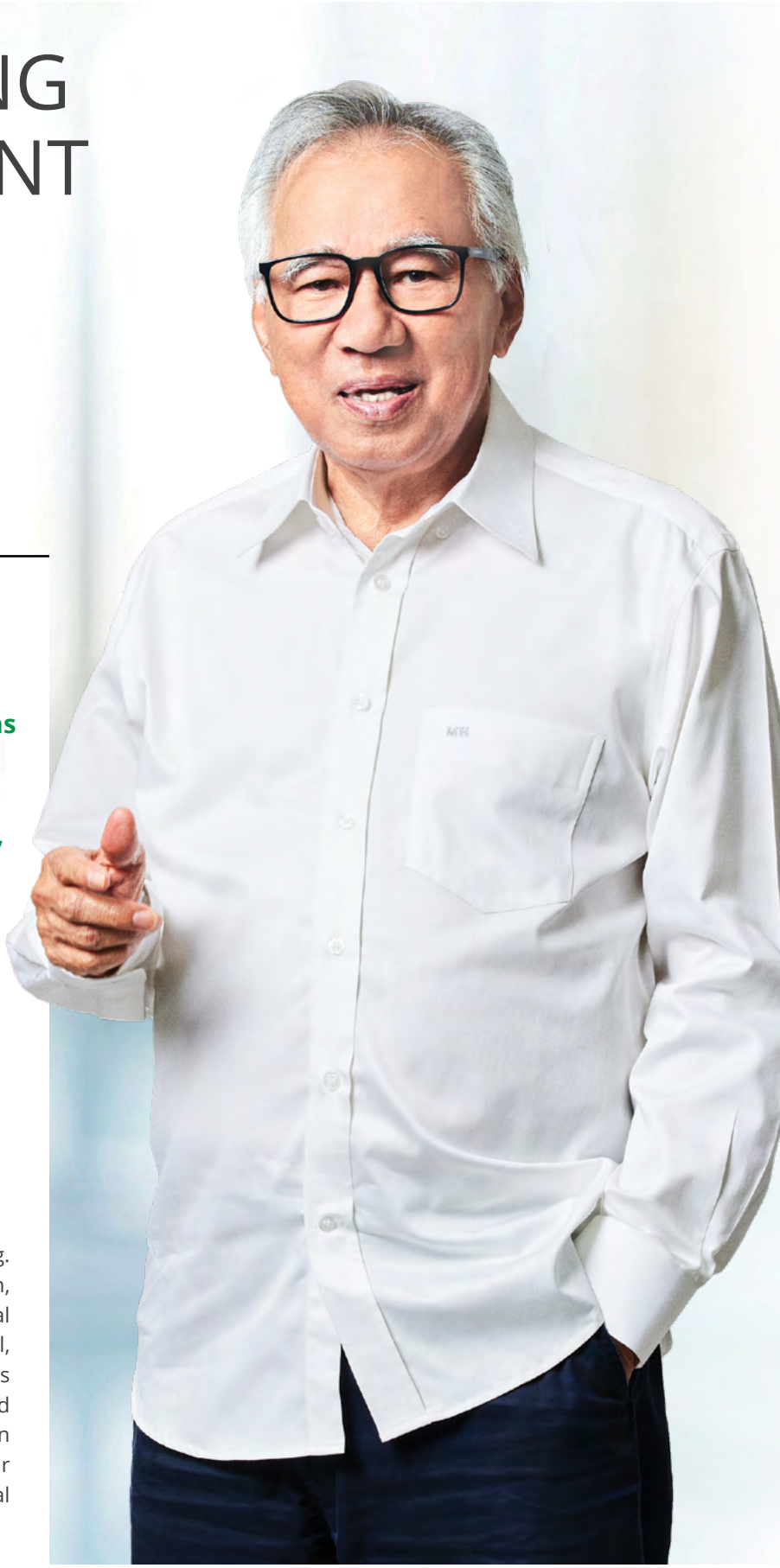
We are a household name across Peninsular and East Malaysia, and leverage a strong reputation for providing purpose-fit, Shariah-compliant protection solutions for individuals and businesses.

TOTAL NUMBER OF CENTRES

1 Kuala Lumpur	1	2	
2 Selangor	1	1	
3 Putrajaya	0	1	
4 Kedah	2	0	
5 Pulau Pinang	2	0	
6 Melaka	1	1	
7 Negeri Sembilan	1	0	
8 Perak	0	1	
9 Kelantan	1	0	
10 Pahang	2	0	
11 Terengganu	1	0	
12 Johor	2	1	
13 Sabah	1	0	
14 Sarawak	2	0	

CHAIRMAN'S STATEMENT

UNWAVERING COMMITMENT TOWARDS **STRATEGIC GROWTH**



Dear Shareholders,

When I last addressed you at the Annual General Meeting in 2022, it was communicated that our strategy for growth will focus on expanding our share of the targeted retail segments, while capitalising on our core strengths in family bancatakaful and commercial operations.

Amidst challenging economic conditions, I am pleased to report that we diligently pursued strategic growth in specific targeted areas and was steadfast in our dedication to upholding sustainability practices.

This is also our second year of integrated reporting. We have continued to refine our approach, ensuring that it not only encapsulates financial metrics but also portrays our environmental, social, and governance (ESG) endeavours. This comprehensive reporting framework has enabled us to present a holistic view of our value creation process, illustrating the interconnectedness of our financial performance with our broader societal and environmental impacts.

CHAIRMAN'S STATEMENT



NAVIGATING A CHALLENGING ENVIRONMENT

The Company's performance this year is a testament to our robust business model and the efficacy of our various strategic initiatives to widen and diversify our sources of growth.

We also attribute our pursuit of operational excellence as contributing factors to our market expansion.

STRATEGIC GROWTH AND MILESTONE ACHIEVEMENTS

Throughout the year, the Group solidified our market leadership in the Family bancatakaful segment, a cornerstone of our business model and was able to surpass our growth targets, especially in gross contributions. We not only secured new bancatakaful arrangements, but also successfully renewed contracts with existing partners.

> **The Company's vision of being "The Preferred Choice For Insurance" continues to be the driving force to our commitment to exceeding customer expectations with innovative products and technology-driven solutions.**

Notably, reflecting our concentrated efforts to strengthen our presence in the retail market, we launched 'Kaotim', a new digital platform offering MediKad, an all-in-one, affordable medical coverage plan, designed to provide a secure and streamlined customer experience. I am very pleased to inform you that this has been very well received by the market.

DIVIDENDS

Given our satisfactory performance in 2023, we declared a dividend of 14 sen per ordinary share totalling RM117 million. The dividend was declared on 29 December 2023 and was subsequently paid on 2 February 2024.

UPHOLDING GOOD GOVERNANCE

In 2023, the Board participated in a Board and Directors' Effectiveness Evaluation (BDEE) to assess and enhance the effectiveness of the Board's oversight function. Conducted by an external party, this evaluation was important to understand the dynamics and gaps of the Board, given that we had refreshed the Board with six new members over the past three years to achieve a better mix of competencies relevant to our business. The feedback from the evaluation was important to help the Board and individual directors align their roles and responsibilities with the strategic direction of the Company. Based on the evaluation, ICDM, the external assessor, was of the view that the Board met expectations of a well-performing organisation and there are no major concerns relating to Board's effectiveness.

To further solidify our commitment towards implementing effective sustainability practices, the Group has continued to enhance its sustainability governance structures. This year, in particular, was significant as the Board approved the Sustainability Risk Management Framework to further embed environmental, social, and governance considerations into the management of our business operations and sustainability risks and opportunities.

CHAIRMAN'S STATEMENT

The Board will continue to play a crucial role in overseeing our sustainability initiatives, ensuring that these efforts align with our overall strategic direction. This oversight included regular reviews of sustainability-related strategies, performance, and risks, ensuring that sustainability considerations are integrated at the highest level of decision-making. I also continue to be encouraged by the presence of ESG-relevant skills and expertise on our Board which will only help to contribute to effective governance.

CREATING VALUE THROUGH SUSTAINABILITY

The Group integrates ESG considerations in its operations and decision-making for sustainable business growth while contributing to society and the environment. This year, we focused on sustainability in our business strategy by reviewing our governance policies and improving disclosures which are aligned with Bursa's Shariah requirements. We also ensure that our workforce are effectively in line with these goals through top-down training initiatives.

The Group is proud to note that we are making good progress with the implementation of the Climate Risk Management & Scenario Analysis (CRMSA) deadline set by Bank Negara Malaysia (BNM). We are also implementing a comprehensive climate change transition plan with a focus on green initiatives and impact investment.

Our commitment to upholding good ESG practices has seen us being listed on the FTSE4Good Bursa Malaysia Shariah Index and the FTSE4Good Bursa Malaysia Index.

In 2023, our strengthened partnerships with external organisations were instrumental in advancing our ESG goals by fostering collaboration and sharing of best practices for broader sustainability objectives. Additionally, our community impact initiatives made a significant difference through efforts such as youth empowerment programmes, nutritional support for underprivileged students, medical assistance, and contributions to community development and engagement.

The Group is committed to advancing the Value-Based Intermediation (VBI) in the Takaful industry, aligning with sustainable finance objectives. Our initiatives include transforming our distribution model, offering online Takaful products, and striving for market leadership. Additionally, we prioritise professionalism in Employee Benefits (EB) and support SME growth in general Takaful.

REINFORCING PERFORMANCE DRIVEN CULTURE

We cultivate a vibrant and inclusive corporate culture that is anchored on the principles of engagement, innovation, and agility, ensuring sustained operational success. This culture has been key in our efforts to expand into retail markets, nurture employee development and more.

In 2023, we focused on embedding core values and culture in our workforce by emphasising the right baseline, plan, system, and process. Internally, we empowered our workforce through various initiatives aimed at enhancing capabilities and setting realistic targets aligned with KPIs. In addition:

We invest in leadership development and mentorship for industry complexities and ensure strategic succession management

Our rewards and retention programmes recognise excellence, fostering a culture of accountability and growth

We actively seek employee feedback through the Employee Experience Survey to evolve and meet their needs

Externally, we have actively pursued recruitment initiatives aimed at attracting individuals who not only have the requisite skills and qualifications but also resonate deeply with the attitude and values for the organisation. By participating in career fairs and similar events, we have amplified our presence in the talent market, enhancing our employer branding efforts and attracting top talent.

CHAIRMAN'S STATEMENT

In 2023, we also fostered a culture of innovation, encouraging new ideas and creative solutions across our organisation. This mindset drove our product development, leading to the introduction of market-responsive and technologically advanced products. Our focus on leveraging digital technologies to enhance customer experiences and operational efficiency stemmed from this innovative culture. By aligning our workforce with our values and culture, we are poised to sustainably drive performance and achieve strategic goals at Takaful Malaysia.

OUTLOOK

As we move forward, Takaful Malaysia remains committed to maintaining our market leadership, executing our retail strategy responsibly, and upholding our sustainability mission. Our journey through 2023 has set a solid foundation for continued growth and success, reinforcing our commitment to delivering superior value to our shareholders and customers.

In the coming year of 2024, we anticipate that Malaysia's solid economic growth will support the growth of the industry. This is further bolstered by favourable labour market conditions with continued expansion in employment, progress in investment projects as multi-year projects come to realisation, improvement in the global tech cycle and the rebound of tourism activities. However, we remain cautious of significant headwinds such as increased costs and stiff competition. In overcoming these challenges, Takaful Malaysia will stay focused and continue capitalising on growth potential and opportunities especially on our Retail Family Takaful and General Takaful as well as our investments in digitalisation and demand for our products.

Next year, the Group will be focusing on seven Key Strategic Focus Areas to grow the business. Technology transformation and digitalisation will also remain at the forefront of our efforts. Lastly, we will further strengthen our sustainability practices by implementing initiatives aimed at reducing our environmental footprint, fostering social responsibility, and enhancing governance standards.

ACKNOWLEDGEMENTS

The Company's transformation is deeply rooted in an entrepreneurial spirit that permeates our entire organisation. On behalf of the Board, I extend our thanks to the dedicated management team, led by Group Chief Executive Officer Nor Azman Zainal, Deputy CEO Leem Why Chong, who oversees the Takaful Keluarga business, and Mohamed Sabri Ramli, the CEO of Takaful Am. I also extend my gratitude to the Boards of Directors of Takaful Malaysia Keluarga and Takaful Malaysia Am, whose strategic oversight and unwavering support have been critical in navigating industry challenges and guiding the Group's transformation.

I must also acknowledge our devoted employees, whose consistent dedication, resilience, and inspiring energy have been instrumental in both challenging and successful times. Their role as the backbone of our organisation and primary agents of change cannot be overstated.

On behalf of the Board, my heartfelt thanks to our clients, business partners, suppliers, communities, and shareholders. Your continued trust and partnership in our journey are invaluable. I eagerly anticipate further engaging with you as we work together towards creating lasting value and achieving mutual progress.

Dato' Mohammed Hussein
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

LEADING THE MARKET THROUGH **STRATEGIC GROWTH**



Dear Valued Shareholders,

In 2023, Takaful Malaysia stayed on track in realising our business strategies and delivering value to our stakeholders despite the year's economic challenges. Our accomplishments are attributed to the implementation of our robust business strategies guided by our Key Strategic Focus Areas. In addition, our effective risk management empowered the Group's business conduct and operational excellence, propelling us forward in our diverse portfolios. We continue to strengthen our strategic partnerships and diversification, powered by digitalisation and innovation.

I am pleased to present our performance and achievements in this year's Integrated Annual Report, which demonstrates how we have grown our market leadership while contributing towards positioning the Takaful industry as a progressive catalyst of the financial landscape and the country's economy.

ACHIEVING STRONG GROWTH DESPITE ECONOMIC HEADWINDS

The global economy demonstrated increased resilience this year, despite the anticipated recession and post-pandemic recovery, which slowed its growth. The International Monetary Fund (IMF) projected a moderate global Gross Domestic Product (GDP) growth of 3.0% in 2023, a slight dip from the 3.5% recorded in 2022.* While there was a decline in headline inflation, persistent core inflation was driven by supply shortages in a constrained labour market, prompting central banks to keep a tight rein on interest rates.

Malaysia's economic growth normalised to 3.7%, following the strong growth registered in the previous year (2022: 8.8%).** For the Takaful industry, we witnessed commendable progress and resilience attributed to factors such as low penetration rates, rising urbanisation, escalating medical costs, aging population, and strong demand in the Islamic banking and finance sector. For the year under review, Life Insurance and Family Takaful achieved a penetration rate of 34% and 20%, respectively, with the industry witnessing growth driven by increased demands and acceptance of Takaful products.

Source:
* *IMF October 2023 World Economic outlook*
** *FY2022 - Bank Negara Malaysia, Ministry of Finance reports*

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Family Takaful industry generated

RM9.59 billion

in 2023

Bancatakaful business surged by 5.7%, recording

RM4.67 billion

in 2023

Takaful Malaysia capitalised on these opportunities by expanding its market share and diversifying its general business portfolio by focusing on retail market expansion, strategic bancatakaful partnerships, and strengthening of our General Takaful arm, particularly the online motor Takaful business.

FINANCIAL PERFORMANCE

This year, we recorded solid growth in our various portfolios, which contributed to our strong financial performance with our profit before zakat and tax (PBZT) surpassing the RM500 million mark. The increase in the Group's revenue and profit was driven by the positive performance of our Family and General Takaful.

The Group reported a PBZT of RM507.6 million, representing a 12% increase from the previous year. In reaching this new milestone, the Group's Takaful revenue saw a significant increase of 14.5% at RM2.94 billion, up from RM2.57 billion in the preceding year. Both Family and General Takaful businesses also recorded improvements in Takaful revenue, of 7.1% and 25.7% in revenue, respectively.

GROWING DEMAND FOR TAKAFUL

The growth of Takaful products and services has been driven by our customers wanting to be prepared for future uncertainties, rising demand for Islamic insurance, and rapid digitalisation. In staying competitive, our offerings effectively bridge industry gaps, providing more affordable medical coverage plans to customers. Kaotim MediKad, our digitally-driven medical coverage plan, exemplifies this approach, catering to the digital insurance and takaful sphere. Additionally, growth in our General Takaful segment is fuelled by our effective strategy of customer retention, motor portfolio acquisition, and proactive digital marketing efforts.

From an overall industry view, the Family Takaful industry generated RM9.59 billion in 2023, a 4.7% drop from RM 10.06 billion recorded in 2022.

Meanwhile, the overall bancatakaful business surged by 5.7%, recording RM4.67 billion in FY2023 as compared to RM4.42 billion in the previous year.

The General business continues to record growth during the year under review with 7.5% growth for General insurance and 17.4% growth for General Takaful.

In the retail segment, the regular contribution business remains challenging, with the industry experiencing a decline of 1.2% in total new business contributions compared to the same period last year.

OUR STRATEGIC PROGRESS IN 2023

Takaful Malaysia remains at the forefront of the industry, retaining our leading position in market share for the Family Takaful segment. The position follows an increased market share to 22.3% this year as compared to 20.6% in 2022. The overall growth of Family Takaful new business was 7.8%, outperforming the industry growth of -4.7%.

We maintained a strong foothold across our core businesses, including bancatakaful, treasury and employee benefits (EB), apart from our General Takaful performance, further solidifying our leadership position in the industry.

Our bancatakaful segment remains a significant contributor to the business, experiencing double-digit new business growth of 12% for the credit-related Family Takaful business. This performance is higher than the industry growth of 8.2%. The progress in the segment is mainly attributed to our strong relationship with our banca partners. Our ability to perform and exceed their expectations of price, service and expertise has resulted in their support and trust in us. Our strong foothold has also enabled us to attract 16 banks to partner with, demonstrating our success in delivering our promise and partnership value to collectively grow business together. We are strengthening our presence in bancatakaful by expanding into the advisory business and moving beyond our traditional credit-related business.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Demonstrating our commitment to serving the civil service market segment, we have leveraged our extensive distribution network and maintain efficient service delivery to the Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") as a takaful panel by providing a total protection solution with Mortgage Reducing Term Takaful ("MRTT") and Long Term Houseowner ("LTHO"). We will continue to strive and expand our reach to provide accessibility for the civil service, enhancing our reputation in the key segment.

Takaful Malaysia's market leadership is also contributed by our key segment of employee benefits. We recorded an increase in our employee benefits business, with a growth rate of 6.9% compared to FY2022. The employee benefits business contributed about 12.7% of the total Family Takaful business in FY2023.

We have been acknowledged by the insurance and Takaful industry through various awards, for our efforts in expanding the market. The Group is pleased to be recognised with seven prestigious awards across different areas including business, investment, recruitment and marketing campaigns.

GENERAL TAKAFUL BUSINESS GROWTH

Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am"), the General Takaful arm of Takaful Malaysia, has been consistently making waves in the insurance and takaful industry. In 2021, Takaful Malaysia Am embarked on its journey into retail, introducing and enhancing retail products. Despite the competitive market and challenging economic landscape, Takaful Malaysia Am achieved robust performance in 2023 and managed to sustain its presence among the leading players in the General Insurance and Takaful industry through its core business portfolios.

Takaful Malaysia Am recorded 21% growth which was mainly contributed by Motor, Fire and Personal Accident. The products that cover Fire soared by 6% despite fire detariffication. Our General Takaful business also outperformed the takaful industry growth of 17%.

In 2023, Takaful Malaysia Am fortified its unique and competitive portfolio by launching comprehensive and cost-effective products, particularly emphasising the non-motor sector. Among the newly introduced offerings are Takaful myHomeCover, Takaful myFlexi PA, Takaful myMabrur, and an upgraded Takaful myTravel PA. The significant outreach into the retail market has played a pivotal role in facilitating Takaful Malaysia's expansion into the non-motor segment.

Staying attuned to market trends, prioritising customer satisfaction, and embracing innovation, Takaful Malaysia Am significantly expanded its retail market outreach via its alternative channel, that was launched in 2021. The strategic move undertaken by Takaful Malaysia Am focused on amplifying the visibility of takaful products within the Malaysian market and engaging the non-Bumiputera demographic. The channel has exhibited notable progress in 2023, achieving a total business volume of RM59.7 million and recruiting 630 corporate agents, with half of the generated revenue originating from non-motor products.

RETAIL BUSINESS GROWTH

Last year, we undertook the strategy of diversifying our business portfolio and expanded our Family Takaful regular contribution offerings, aiming to secure a larger market share among individual customers. We perceive this diversification as a crucial strategy to enhancing the Group's long-term sustainability.

The strategy has demonstrated its effectiveness as evidenced by the notable increase in our retail business market share to 2.3%, a substantial rise from the 0.84% recorded in 2022. During the year under review, we further enhanced our approach by leveraging strong bancatakaful relationship with five partner banks, including our most recent bank partnership via our General Takaful business. Takaful Malaysia will leverage our bank partners' customer database, branch network, and sales force, enabling the expansion of our product offerings and delivering greater value to our customers.

In line with our strategy to further penetrate the retail consumer market, our branches nationwide have gone through a transformation, transitioning into sales and service centres. This initiative involves relocating and renovating branches to improve their visibility, optimise operations, and demonstrate our commitment to providing quality service and staying competitive in the market.

Furthermore, we invested in enhancing the capabilities of our branch staff by implementing a regional leadership framework aimed at empowering them, offering structured incentives to drive motivation, and equipping the branch staff with essential sales skills. These efforts are geared towards boosting both individual and branch performance, ensuring our staff are well-equipped to meet the evolving needs of our customers and contribute effectively to our overall success.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

With a commitment to broadening our range of environmentally friendly products, we have introduced several new options catering to both individual customers and businesses. Among these offerings is a new Single Contribution Investment Linked Plan featuring an optional ESG Fund allocation. Responding to heightened demand following the COVID-19 pandemic, we also offered an optional booster cover for increased medical coverage limits.

As a key element of our strategic approach to new customer acquisition and strengthening our presence in the retail market, we introduced our digital brand, Kaotim. Kicking off with the debut of Kaotim MediKad, our aim is to meet the demand for straightforward and customer-centric products offered at affordable rates. We maintain our focus on leveraging our existing online offerings, particularly Takaful myClick MediCare and Takaful myClick Term, as integral components of our digital sales channel. In addition, we introduced Takaful TH Khairat, marketed through Tabung Haji branches, to offer accessible and affordable Takaful protection to Tabung Haji depositors. These initiatives form a crucial component of our strategy to solidify our position in the retail market for Family Takaful business.

OUR INVESTMENT PORTFOLIO

The market at large continues to grapple with challenges and volatility, influenced by a series of impactful events, including bank failures in the US and Europe, elevated Federal Funds Rate (FFR), and a slower-than-expected recovery in China. Without exception, our local equity market was not immune to these external pressures, resulting in a lacklustre performance. At the end of 2023, the FBM KLCI closed lower by -2.73%, while FBM Shariah maintained flattish at +0.46%, reflecting the enduring impact of the aforementioned global and regional challenges on the local market.

Despite the challenges faced by the market, Takaful Malaysia continued to deliver an outstanding performance as our investment income also experienced a robust growth of 35.87% at RM530.05 million as compared to RM390.12 million in FY2022. This is attributed to our long-term strategy that focuses on fixed-income instruments, providing a recurring and stable income.

The Sukuk market continued to be highly coveted amidst persistent market volatility and uncertainty in outlook. As yields of government Sukuk decreased, mirroring market expectations of reduced inflation risks, numerous investors turned to credit instruments for enhanced yields. This surge in demand for credit instruments tightened credit spreads, subsequently lowering yields throughout the year.

Confronting these challenges head-on, we strategically positioned our portfolios to adopt a defensive stance, maintaining minimal exposure to volatile assets such as equities, which accounts for less than 2% of our total Assets Under Management (AUM). The success of our strategy sees the advancement of our AUM portfolio with a growth of 9.48%, increasing from RM10.73 billion to RM11.75 billion this year. We also proactively enhanced our Sukuk portfolio management by switching strategy to realise profit and generate recurring income. With our ESG commitments, we revisited our responsible investments which strengthened our dedication including minimum exposure in ESG Sukuk and Equity.

STRENGTHENING OUR CORPORATE BRAND

We continued prioritising and elevating our brand in the retail sector through strategic initiatives aimed at positioning our reputation as the top of mind recall for our potential and existing customers. Revamping our first brand touchpoint, which is the corporate website, we introduced a well-thought-out design that not only carries our brand identity with prominence but, more importantly, aligns with our business objectives of increasing and engaging our website visitors. Alongside the design, functionality was also enhanced for better user experience and we ensured the development of a mobile responsive website, acknowledging that many customers access our services via their mobile phones.

Our festive brand campaigns continue to touch hearts, reaching our target audience through various outlets, from multiple static, digital out-of-home platforms to online and social media channels. With increased brand visibility, we are pleased to note strengthened brand equity in the minds of consumers as a homegrown household brand for Takaful solutions. One of our notable campaigns, "Di Hatiku Takaful Malaysia" was acknowledged as one of the best marketing and brand campaigns in the country. The campaign won us the Black Dragon Award for Best Use of Media of the Dragons of Malaysia Awards 2023, and our Raya web film was in the top 10 winners for Marketing Magazine Asia's Experts Choice Awards Raya TVCs 2023 edition.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT



We also achieved another great milestone by winning our first award at the Putra Aria Brand Awards 2023, organised by the Association of Accredited Advertising Agents Malaysia (4As). Based solely on the people's choice, Takaful Malaysia won the Bronze Award under the Banking, Investment & Insurance category.

EMPOWERING OUR PEOPLE

This year marks a pivotal change for Takaful Malaysia's human capital development as we commence our three-year employee experience journey, fulfilling the Key Strategic Focus Area of Enable Talent Powered Organisation. The focus area seeks to reignite employee experience through a phased but progressive approach.

Starting from 2023 to 2025, Takaful Malaysia is committed to our people by ensuring that we:

- **2023** — **Develop the Baseline** by identifying the areas or where improvements are to be made
- **2024** — **Invest and Build** the right areas in a structured way
- **2025** — **Create Sustained Advantage** by measuring the impact and continuous improvement

Our strategies focus on establishing a solid foundation right from the start, characterised by creating robust plans and structures. These initiatives aim to effectively recruit, nurture, and retain talented individuals within our organisation. The Human Resource Division has set our priorities and is continuously mapping programmes according to our goals for effective leadership and succession management. Additionally, our rewards and retention programmes recognise outstanding performance, fostering a culture of accountability and continuing development. We continuously review our rewards and retention programmes through a comprehensive remuneration project and actively solicit feedback from employees via the Employee Experience Survey ("EES"). This shows our commitment to actively listening to employee feedback and adapting to address their needs and expectations. More importantly, our initiatives are measured for effectiveness and improvements. We are confident that at the end of our employee experience journey, we will materialise our goals of hiring the best people for the job, for our people to find meaning in their work and for Takaful Malaysia to be positioned as a great workplace.

I am also pleased to note that the organisation's steadfast approach in nurturing our workforce has gained recognition as we were awarded the Graduate's Choice of Employer To Work For by the Graduates' Choice Award 2024.

EMBRACING DIGITAL TRANSFORMATION

We have taken significant strides in digital transformation with the launch of Kaotim, a pioneering digital platform aimed at enhancing insurance and Takaful mobility while revolutionising the customer experience. This initiative underscores the organisation's commitment to streamlining administrative processes

and improving accessibility for customers, exemplified by the introduction of the Kaotim MediKad, a cost-effective medical coverage plan designed to address diverse age groups and underserved markets.

Through Kaotim, we aim to leverage cost advantages to offer more affordable and accessible Takaful plans, aligning with our overarching digital strategy to attract new customer segments and address the financial resilience of Malaysians facing high medical costs. This initiative marks a significant step forward in our digital journey and underscores the organisation's dedication to meeting evolving customer needs through digitalisation.

Apart from our products, digitalisation is also rapidly taking place in our internal processes and systems as we leverage digital technologies to achieve operational excellence. In enhancing our efficiency, accuracy and speed through automation, we are exploring ways to integrate our front-end systems as a one-stop point, from quotation and pricing to certificate issuance through telematics technology. The telematics technology empowers our customers to gain real-time engagement through mobile or other device applications and enables us to capture predictive risk data and deploy risk-based pricing through customers' risk scores.

PROSPECT AND OUTLOOK

The insurance and takaful sectors in Malaysia are expected to witness a modest increase in demand for coverage in the first half of 2024, influenced by uncertainties in interest rates, inflation in developed economies and a weakening Ringgit. The outlook for the coming year suggests modest growth in gross written premiums and contributions, influenced by factors such as elevated household debt and cost-of-living pressures.

Leveraging the growth prospects of the market landscape in the coming year, Takaful Malaysia will prioritise our Key Strategic Focus Areas, which is crucial in strengthening our business resilience. We are positioning our general business as another expansion engine by balancing the motor and non-motor mix and sharpening our risk management strategies for healthy underwriting results. The Group is also injecting our investments into technology-supported business expansion.

In executing our retail market strategy, we are staying competitive by building a full-fledged retail business operation, committing to retention management of our people and processes, enhancing our product solutions with ESG integration and developing seamless individual claims management. Additionally, we will be boosting other non-banca channels and work towards capturing new customers with easy-to-market products.

We will continue to optimise our business strategies and operations by further integrating digitalisation and technologies. The Group will pursue our digital agenda by engaging stakeholders more effectively through e-Channels, developing new digitally driven products for motor, health benefits and travel PA products and enhancing our customer purchase journey experience. To support our customers, we are also upgrading our backend operations through system changes and applications that can bridge gaps and suit our new business strategy.

ACKNOWLEDGEMENT

I thank the Board of Directors and the Shariah Advisory Body for empowering the management team through their wisdom and guidance that has continued to strategically steer Takaful Malaysia towards progress. I also express my appreciation to regulators and authorities for their sound policies that continue to drive financial institutions and the industry forward.

Our shareholders and customers, who have been unwavering in supporting the organisation, thank you for your trust in us. We are also grateful to have a strong line-up of business partners, vendors and other stakeholders who have been loyal to us throughout the years.

The Takaful Malaysia family that has invested their commitment to the organisation and beyond, I am thankful for your dedication and for enhancing my leadership skills. As we ride into another year, Takaful Malaysia is excited to undertake bigger challenges, as from challenges comes growth and success.

I am confident that together, we are stronger and will continue to exceed the expectations of our stakeholders, contributing to the enduring success of Malaysia's Takaful and financial industry.

Nor Azman Zainal
Group Chief Executive Officer

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

FINANCIAL RESILIENCE AMID A **CHALLENGING MARKET**



In the face of a challenging market environment marked by high inflation, high profit rates, and moderate growth, the Group exhibited remarkable resilience in FY2023. The Group's enduring commitment to growth was evident in its commendable performance in both revenue and earnings, despite the economic headwinds. At the heart of this success story was the Group's foundational strength in the family and general bancatakaful business, as well as our market-leading position in the general takaful business which have been nurtured over many years. In addition, our diversified businesses put us in a good position to further cement our position as a market leading takaful operator.

A notable highlight of the year was the growth of the General Takaful business, which outpaced the overall market. This achievement was a testament to the Group's focus on product innovation and and harnessing of the opportunities in our core businesses and strategic expansion of our channel network. The retail business, though a smaller component of the Group's portfolio, showed significant promise with the success seen in banca advisory and digital product offerings signaling the Group's growing influence in the retail market space.

SECURING GROWTH AMIDST MODERATE ECONOMIC EXPANSION ENVIRONMENT IN FY2023

As Malaysia continues on its post-pandemic journey, inflation and moderating economic growth have continued to pose a concern. Whilst the effect of inflation has been more muted domestically, Malaysia is not entirely immune from its wider effects as tighter monetary policy in advanced economies has slowed global economic growth and consequently placed pressure on growth domestically.

Despite these challenges, the domestic economy has stayed on a moderate growth path with Gross Domestic Product recording growth of 3.7% in 2023. This has enabled the Group to continue to capture opportunities in both the Family and General Takaful segments, where growth trends were mixed through the industry.

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

Profit Before Zakat & Taxation	Dividend Declared	Earnings Per Share	Group Takaful Revenue
RM507.6 million	**RM117.2 million**	**41.43 sen**	**RM2.94 billion**

From financial perspective, 2023 was a year of impressive earnings for the Group which also helped to minimise the impact of the implementation of MFRS 17. Our Family Takaful revenue grew by 7.1% to end the year at RM1.66 billion during 2023, on the back of higher Contractual Service Margin (CSM) release, largely from our credit business.

Our General Takaful business had another strong year, growing its Takaful Revenue by 25.7% during 2023. Similar to 2022, both the Fire and Motor segments continue their strong growth momentum in 2023, enabling us to achieve a balanced mix of portfolio in respect of motor and non-motor split.

MAINTAIN MARKET LEADERSHIP IN BANCATAKAFUL, GROW RETAIL PRESENCE AND GENERAL TAKAFUL

Our strategic focus can be seen in the manifestation of results in key focus areas:

- Retaining leadership in the Family bancatakaful segment. During 2023, we secured a new bancatakaful arrangement with a new partner and renewed arrangements with two incumbents. Our core experience and commercial support network allowed us to be a leader in this segment and we continue to work closely with partners to provide the right products and solutions to customers.

- We continued to expand our presence in the Family consumer retail market. 2023 was a milestone year, in that we launched a new direct-to-customer platform under the more vibrant 'Kaotim' branding, and the results have been encouraging thus far. Our strategy is to continue to build a direct retail platform, from which consumers can interact with us as they purchase protection solutions digitally – no different from direct retail experiences for online shopping.

- Produced high growth rates for our General Takaful business. We continue to find new opportunities via new intermediaries and this has allowed us to continue to outperform industry growth. We have also been innovative in our products offerings and brought new solutions to the market.

IMPACT OF THE IMPLEMENTATION OF MFRS 17 IN 2023

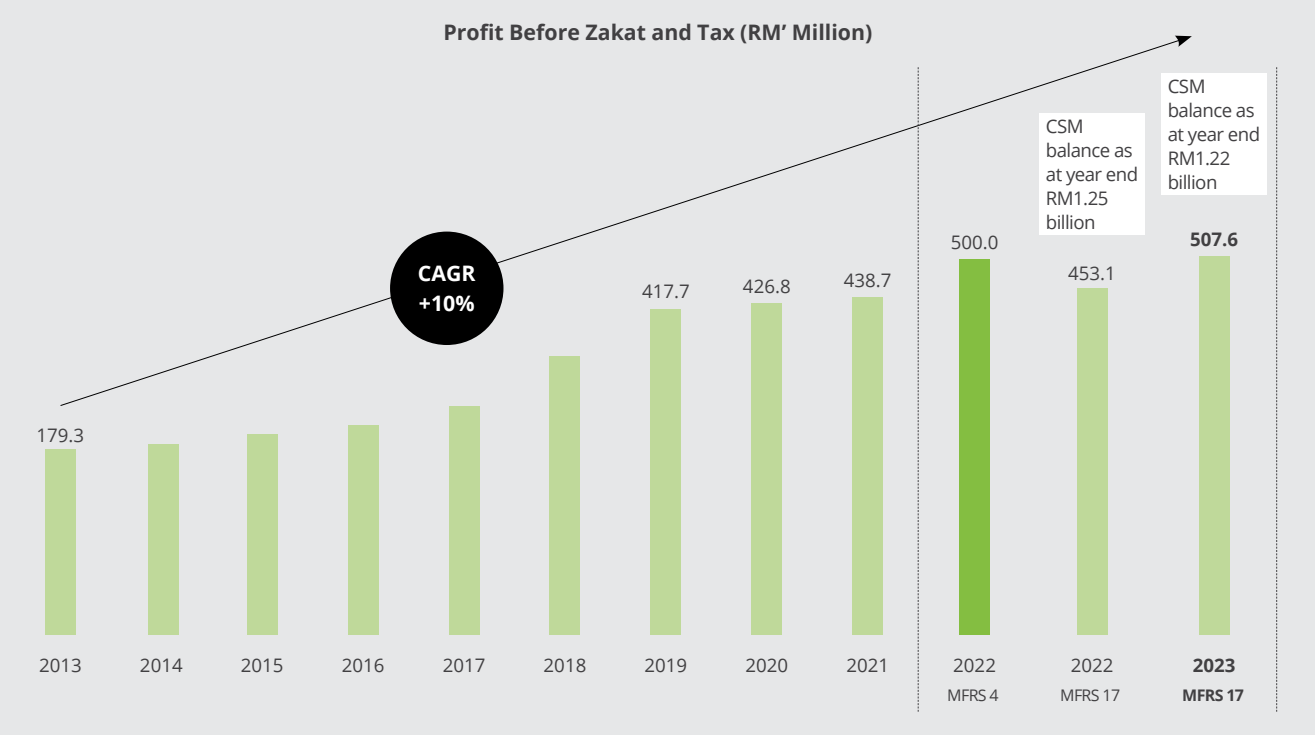
The Malaysian Financial Reporting Standards (MFRS) 17 Insurance Contract came into effect for the financial period beginning on or after 1 January 2023.

A key feature of MFRS 17 is the recognition of expected profits from long term insurance contracts into CSM, from which the CSM would be gradually released over the lifetime of the contract as profits. MFRS 17 differs from the previous financial reporting standards MFRS 4, which allowed new business profits from long term insurance contracts to be recognised immediately.

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

For the Group, the key impact from MFRS 17 to the balance sheet is the reclassification of retained profits to CSM, from which future profits are expected to be released over time. The impact of these reclassifications is illustrated in the following:

	2022		
	Opening balance as at 1/1/2022	Impact of initial adoption of MFRS 17	Restated balance as at 1/1/2022
	MFRS 4	MFRS 17	MFRS 17
Retained Profits	1,544,763	(535,497)	1,009,266
CSM	-	1,034,962	1,034,962
	1,544,763	499,465	2,044,228



As of 31 December 2023, the Group's retained profits, after accounting for 2023's dividends, is RM1.41 billion and our CSM balance is around RM1.22 billion. This demonstrates the financial strength of the Group, with sufficient retained profits for dividend distribution and on-going re-investment to generate new business, and a CSM balance of RM1.22 billion to be released over the medium to long term.

In respect of our income statement, while we expected an impact on the annual net profits of the Group, the net difference of this impact was around 1% lower and these were mitigated by the strong results from our General Takaful business and better investment return in 2023. We believe that our diverse business profile in general and family takaful allowed us to prudently manage our portfolio whilst producing value and returns to our stakeholders.

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

MFRS 17 does not impact the fundamentals of our business and the profit emergence of our portfolio, which is now recognised over its contractual period. Our portfolio remains solid as we continue to exercise prudence and care in the management of our business.

We will continue to monitor our business profile and profit trends from the implementation of MFRS 17. The implementation of MFRS 17 is expected to have some impact over the medium- to long-term, and we continue to assess impact from key areas, including potential changes to solvency capital and corporate tax framework.

FINANCIAL PERFORMANCE

Family Takaful - Company

Takaful revenue for the Family Takaful operations grew by 8.1% or RM121.5 million to end 2023 at RM1.62 billion versus 2022's RM1.50 billion, as we continued to record an increase in coverage for Family Takaful customers. CSM release was RM234.1 million in 2023, compared with RM212.9 million in 2022, an increase of RM21.2 million. The profit released under these CSMs are mostly for credit related products, which remains the dominant product line for our Family Takaful business.

Investment performance was stronger than 2022, a reflection of the better returns in 2023. In 2022, we observed a significant write-down in value due to fair value changes, for which we do not see a repeat in 2023. 2023's investment performance is also helped by the growing base of invested assets, as we captured more business volume.

General Takaful

The strong growth in business has seen our takaful revenue grew by 25.7% or RM261.6 million to RM1.28 billion when compared with 2022's RM1.02 billion. This was on the back of good results seen from our Fire and Motor segment, for which we continued the strong growth seen since 2021, as we continue to obtain new intermediaries and introduce new product lines. As a result, takaful service results for the General Takaful business has grown by 17.5% to RM130.1 million from RM110.7 million in 2022.

Similar to the Family Takaful business, 2023's investment performance was more robust, on the back of better investment returns and lower fair value losses.

Indonesian Operations

Takaful revenue for the business decreased by 20.3% for the year 2023 ending at RM43.7 million compared with RM54.9 million in 2022. Profit after zakat and taxation ended at RM0.8 million in 2023, as compared with 2022's RM2.3 million. Whilst revenue has decreased, the slightly weaker profit benefited from stronger investment results during the year.

We continue to see challenges in our Indonesian operations, due to continuing strong competition within the industry.

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

Group PAZT

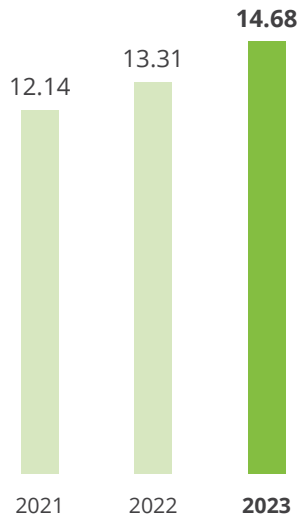
RM347.1 million

in 2023, increase **22.5%** against 2022.

Group Total Assets

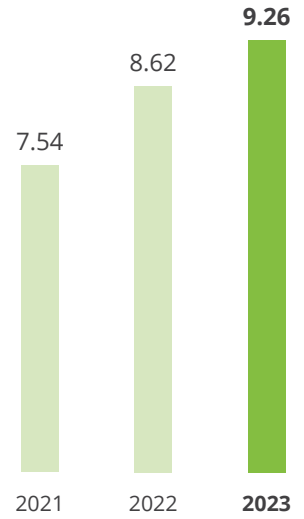
RM14.68 billion

in 2023, increase **10.3%** against 2022.



Investment grew

RM637.6 million



GROUP FINANCIAL ANALYSIS

Operating Revenue and Profit

The Group recorded takaful revenue of RM2.94 billion in 2023, an increase of RM371.6 million against 2022's RM2.57 billion. This was largely on the back of strong growth from our General Takaful business and increased takaful coverage from our Family Takaful business.

In 2023, the Group's PBZT was RM507.6 million, higher by 12% when compared with 2022's RM453.1 million. The increase was mainly attributed to stronger investment performance in 2023, as improvement in market environment saw lesser fair value losses in 2023, in addition to improved investment returns from an increased investment base, strong growth from our General Takaful segment and increase in CSM release from our Family Takaful business.

The Group's PAZT improved to RM347.1 million, against RM283.4 million in 2022. Apart from the growth in PBZT, this is also due to the effect of "Cukai Makmur" in 2022, where a one-time charge was made for profits exceeding RM100 million. This resulted in an improvement in effective tax rate from 35.5% in 2022 to 29.6% in 2023.

Earnings Per Share (EPS) saw a significant uplift to 41.43 sen per ordinary share, while Return on Equity (ROE) also improved, reaching 22.5% in 2023.

Financial Position and Cash Flow

The Group's total assets grew to RM14.68 billion in 2023, on the back of good growth in business during the year. We have seen a growth in investment and receivables, as we continue to capture business opportunities.

Cash and cash equivalents decreased from RM2,067.3 million in 2022 to RM851.43 million in 2023, as the Group moved cash and cash equivalents to fixed and call deposits with maturity of more than 3 months at end 2023, which also explains the increase in loans and receivables during 2023.

Investments grew to RM9.26 billion during the year from RM8.62 billion in 2022 on the back of increased investments into sukuk, and net increase in business captured in 2023.

Total liabilities increased to RM12.96 billion at end 2023 compared with RM11.87 billion in 2022. This is largely explained by the increase in takaful contract liabilities, which is attributable to the increase in business during 2023.

Shareholders' equity grew by RM269.1 million to RM1.68 billion at end December 2023, on the back of good net profits achieved during 2023.

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

DIVIDEND

The Group's dividend policy is guided by regulatory solvency requirements and dividend payments is subject to regulatory approval. Our dividend strategy is to both reward investments of shareholders whilst balancing with the need to retain fiscal resilience to meet business growth and be in compliance with solvency requirements.

The Company announced an interim dividend of 14.0 sen per ordinary share for the financial year ending 31 December 2023, compared with 13.5 sen in 2022. The interim dividend translates into a dividend yield of 3.8%, based on the closing market price for Takaful Malaysia of RM3.70 per share on 29 December 2023.

OUTLOOK

We expect the challenging economic outlook to continue into 2024, as the issues of inflation, high profit rates and moderate growth expectations shall remain through the year. As a result, the takaful market is expected to be competitive with consumers keeping a keen eye on price comparison. Despite this, we expect the takaful market to continue growing, as penetration rates remain low. We expect robust growth going forward as our operational excellence and core business portfolios position us well to continue to capture opportunities.

Our Family Takaful business has significant scale in the bancatakaful, treasury and employee benefits segment – we will maintain our focus in these key segments, as we believe there are still significant opportunities in these segments. Our commercial experience and product offerings will continue to be the crucial differentiator in capturing opportunities here.

We have also seen significant growth in our regular contribution business, albeit from a smaller base, and the good results produced are a testament of there being significant growth opportunities, especially in the direct-to-consumer segment. Our strategies here are to capture significant opportunities via banca advisory and building a digital platform to target consumers with mobile and online preferences.

The General Takaful segment is expected to continue its strong expansionary trend. In recent years, we have been able to capitalise on opportunities through product innovation and expansion in channels, and, as a result, we have grown our customer base significantly. Whilst growth is imperative, we expect to maintain a balanced motor to non-motor ratio in our mix, to ensure that we continue to maintain a well-diversified general business portfolio.

New Kheng Chee
Group Chief Financial Officer

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

5-YEAR GROUP FINANCIAL SUMMARY

	Financial Year Ended 31 December				
	2023[4]	**2022[4]**	**2021[3]**	**2020[3]**	**2019[3]**
Takaful Revenue/Operating Revenue (RM million)	**2,942.1**	2,570.5	3,179.0	2,957.2	3,124.6
Profit Before Tax After Zakat (RM million)	**497.5**	444.3	437.4	425.5	416.5
Profit After Zakat and Tax (RM million)	**347.1**	283.4	412.2	363.6	366.3
Total Assets (RM million)	**14,675.9**	13,309.7	12,708.8	11,793.1	10,346.1
Shareholders' Fund (RM million)	**1,679.0**	1,409.9	1,808.6	1,509.4	1,222.9
Market Capitalisation (RM million)	**3,098.0**	2,880.3	3,091.8	4,019.3	4,712.7
Interim Dividend per Share					
- Ordinary Share (sen)	**14.00**	13.50	12.00	12.00	20.00
Total Amount of Dividend to the Shareholders (RM'000)					
- Ordinary Share (RM'000)	**117,223**	113,036	100,275	99,652	165,358
Return on Equity [1]	**22.5%**	21.1%	24.8%	26.5%	33.1%
Takaful Revenue Growth [4]	**14.5%**	-	-	-	-
Operating Revenue Growth [3]	**-**	18.4%	7.50%	(5.4%)	18.40%
Basic Earnings per Ordinary Share (sen) [2]	**41.43**	33.82	49.43	43.76	44.16
Diluted Earnings per Ordinary Share (sen)	**41.43**	33.81	49.27	43.57	43.94
Net Asset Value per Ordinary Share (RM)	**2.01**	1.68	2.16	1.82	1.48

1 The average of the opening (1 January) and closing (31 December) balances of Shareholders' Fund have been used in the computation of Return on Equity

2 The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders adjusted for preference dividends

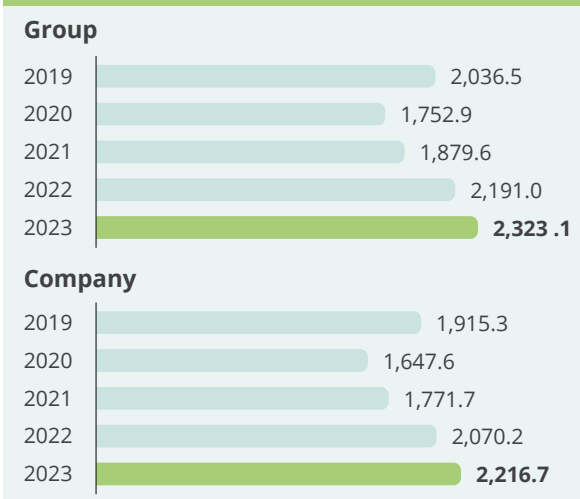
3 Represent number under MFRS 4

4 Represent number under MFRS 17

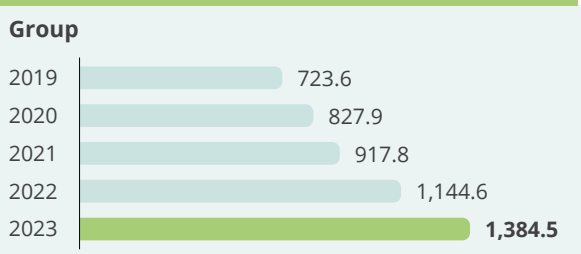
GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

5-YEAR FINANCIAL HIGHLIGHTS

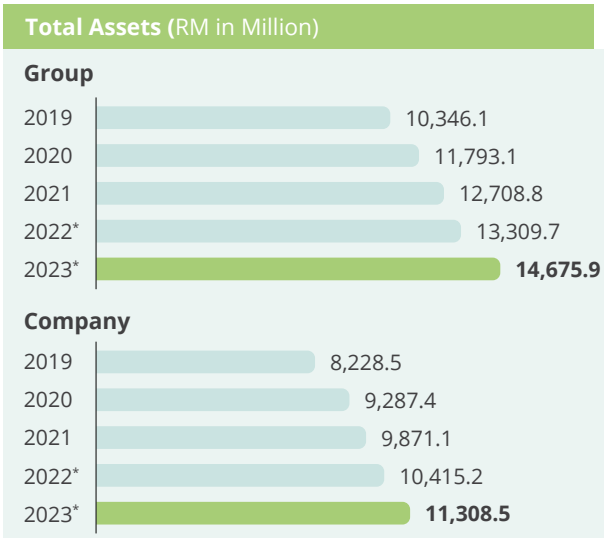
Total Family Takaful Gross Contribution (RM in Million)



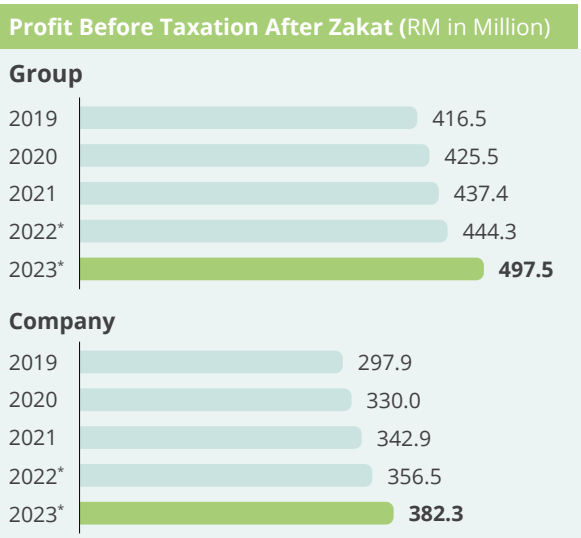
Total General Takaful Gross Contribution (RM in Million)



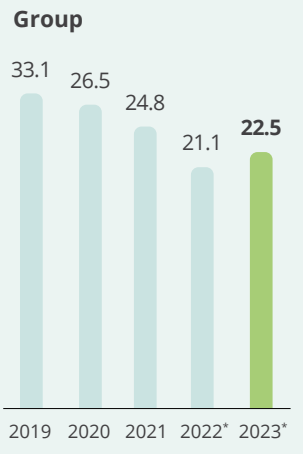
Total Assets (RM in Million)



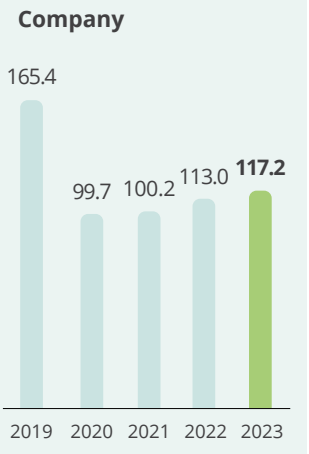
Profit Before Taxation After Zakat (RM in Million)



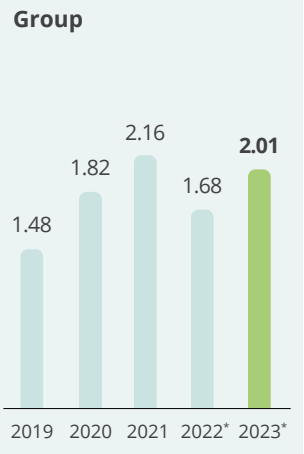
Return on Equity (%)



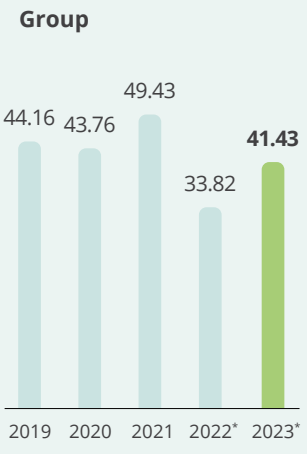
Dividend Declared (Net of Taxation) (RM in Million)



Net Assets Per Share (RM)



Earnings Per Share (Sen)



* *Application of MFRS 17*

GROUP CHIEF FINANCIAL OFFICER'S STATEMENT

QUARTERLY PERFORMANCE

	2023				
RM'000	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Takaful Revenue	**635,318**	**677,693**	**639,501**	**989,617**	**2,942,129**
Profit Before Zakat and Tax	**129,623**	**131,799**	**130,886**	**115,333**	**507,641**
Profit After Zakat and Tax	**93,855**	**91,880**	**91,058**	**70,286**	**347,079**
Earning per Share (sen)	**11.15**	**10.99**	**10.88**	**8.40**	**41.42**
Dividend per Share (sen)	**-**	**-**	**-**	**14.00**	**14.00**

	2022				
RM'000	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Takaful Revenue	543,650	570,361	501,730	954,793	2,570,534
Profit Before Zakat and Tax	109,134	101,672	118,716	123,576	453,098
Profit After Zakat and Tax	76,950	65,764	72,904	67,797	283,415
Earnings per Share (sen)	9.23	7.85	8.72	8.02	33.82
Dividend per Share (sen)	-	-	-	13.50	13.50

KEY MARKET TRENDS

ANALYSING KEY MARKET TRENDS

The takaful and insurance sector dynamically changes according to the shifts in customer behaviour, technological progress, regulations and compliance, and other macroeconomic influences. Takaful Malaysia stays abreast of market trends to equip ourselves in anticipating potential risks to our business operations, exploring new business leads for expansion and formulating strategies to outpace our competitors. We are committed to adapting to evolving market dynamics, understanding that it is pivotal in sustaining and fortifying our market presence while enhancing our prospects for long-term viability.

DIGITAL TRANSFORMATION

Rapid digital transformation is taking place across industries as organisations increasingly embrace digital technologies to enhance customer experiences and operational efficiency. A prominent shift in the takaful and insurance industry involves the widespread adoption of digital technologies to streamline operations, improve efficiency and elevate overall customer satisfaction.

Additionally, digital platforms are being increasingly utilised for certificate management, claims processing and customer service, enabling insurers to deliver seamless and convenient services to their clientele. These trends underscore the industry's shift towards digitalisation to meet evolving customer expectations and remain competitive in today's dynamic landscape.

Impacts on Our Strategy

Opportunities

- Improving customer experience through online portals, mobile apps, and artificial intelligence (AI)-driven chatbots and providing convenience and accessibility to certificate holders
- Streamlining operations, reducing administrative costs and enhancing overall certificate management
- Providing more valuable insights into customer behaviour, enabling more customer-oriented products, and laser focus marketing strategies

Risks

- Cybersecurity threats which could compromise sensitive customer information due to increased reliance on digital platforms
- Exposure to technological risks such as system failures, IT disruptions and dependency on outdated infrastructure may occur during rapid technological advancements and reliance on third-party service providers for digital solutions

How We Responded in 2023

- Launched new products in 2023, including an "all-in-one" plan that allows consumers to customise their ideal protection plans on digital platforms
- Leveraged data analytics, user research and feedback mechanisms to understand customer behaviour
- Recognised potential challenges and barriers, such as legacy systems, data silos, cybersecurity threats, talent shortages and regulatory constraints

Outlook

- Cyber threats are a growing concern as industries become more digitalised and interconnected, necessitating more robust and forward looking cyber security strategies
- Data privacy regulations and concerns about data security will continue to shape data transformation strategies in 2024, whereby takaful operators will prioritise data privacy and governance practices to ensure compliance with regulations
- Takaful operators will leverage AI or machine learning (ML) algorithms to extract insights for more informed decision-making
- Growing emphasis on transparency in AI models, prompting takaful operators to prioritise responsible AI practices, showcasing explainable AI techniques and AI guidelines

Business Areas

- Customer Experience and Engagement
- Operations and Process Optimisation
- Product and Service Innovation
- Employee Experience and Collaboration
- Data Analytics and Insights
- Risk Management and Compliance

Capital



Strategy

- Review and enhance the comprehensiveness of our technology risk assessment process
- Enhance customer satisfaction through digital channels and personalised experiences
- Streamline internal processes and workflows using digital tools and automation
- Leverage digital technologies to develop innovative products and services that meet evolving customer needs
- Empower employees with digital tools and platforms for collaboration, communication and productivity
- Harness data to gain actionable insights and drive informed decision-making across the organisation
- Enhance risk identification, assessment and mitigation through digital solutions and real-time monitoring

KEY MARKET TRENDS

FOCUS ON CUSTOMER-CENTRICITY

It is important for the takaful and insurance industry to emphasis on customer-centricity as part of business conduct, especially with the increasing competition and evolving customer expectations in today's market landscape. Therefore, the approach of personalised products and services is emphasised to meet the diverse needs of our customers and potential markets.

The customisation of products such as Family Takaful plans and other niche market offerings is on the rise to cater to the unique requirements of various customer segments, ensuring that offerings align closely with customers' specific needs and preferences.

Impacts on Our Strategy

Opportunities

- Improving overall customer satisfaction levels, providing personalised services, streamlined processes and responsive customer support
- Serving as a key differentiator in a crowded marketplace and excelling in understanding and meeting customer needs can attract new business
- Developing innovative products and services tailored to specific customer segments by listening to feedback and understanding unique requirements

Risks

- Failure to deliver on promises or provide satisfactory service leads to dissatisfaction and damage the Group's reputation
- Increases the complexity of product development and implementation
- Complying with regulatory requirements, ensuring that customer-centric initiatives align with Shariah principles and regulatory guidelines

How We Responded in 2023

- Launched our new digital takaful and insurance platform and brand, Kaotim, an initiative that streamlines administrative processes and enables customers to enjoy a hassle-free and speedy subscription process
- Provided frontline staff with the training, tools and authority needed to resolve customer issues promptly and effectively
- Ensured that initiatives align with Shariah principles and ethical standards, maintaining integrity and trust in all interactions with customers whilst upkeeping the principle of treating customers fairly

Outlook

- Takaful operators will move towards hyper-personalisation, offering highly customised products and services tailored to individual requirements via advanced segmentation techniques and real-time data analysis
- Exploring new technologies and partnerships to enhance customer experiences through collaborations with technology providers will fuel innovation and enable operators to stay ahead of evolving customer expectations
- Regulatory requirements around customer protection, data privacy and Shariah compliance will continue to evolve

Business Areas

- Customer Experience and Engagement
- Product and Service Innovation
- Employee Experience and Collaboration
- Brand and Reputation Management
- Technology and Innovation Adoption
- Risk Management and Compliance

Strategy

- Implement omnichannel engagement platforms by enhancing interactions through personalised services
- Tailoring products to meet customer needs
- Provide training to enhance employee skills in order to improve administrative processes and customer support
- Cultivate a positive brand image aligned with customer values, launching branding campaigns highlighting customer-centric initiatives
- Invest in innovative solutions such as AI to meet evolving customer expectations
- Ensure compliance with regulatory requirements related to customer protection and market conduct

Capital



KEY MARKET TRENDS

REGULATORY CHANGES

As there is a growing emphasis on compliance, regulatory bodies continue to evolve to provide a clearer framework for takaful operations which protects both organisations and stakeholders. To this end, it is important to maintain compliance and uphold the legality and credibility of business operations.

On top of staying updated and adhering to the latest requirements and guidelines, organisations must also be flexible to adapt to changing regulations which could impact product offerings, capital requirements, and reporting standards.

Impacts on Our Strategy

Opportunities

- Look into opportunities to innovate and develop new and differentiated products, within the regulatory boundaries to stay ahead of the curve
- Driving improvements in governance, risk management and compliance practices through stricter regulatory requirements

Risks

- Regulatory changes may introduce new operational complexities such as changes to underwriting standards, requiring significant investments in systems and processes
- Stricter regulatory requirements may increase compliance costs, including expenses relating to regulatory reporting and internal controls
- Operators may be exposed to legal and compliance risks, including fines, penalties and legal proceedings for any regulatory breaches

How We Responded in 2023

- Engaged with industry associates, regulatory bodies and legal counsel to stay abreast of changes in regulations, guidelines and standards impacting the industry
- Provided training and awareness programmes to employees at all levels to ensure understanding of existing or any new regulatory requirements and expectations
- Established clear accountability and responsibility for regulatory compliance, with regular monitoring and reporting to senior management and the Board

Outlook

- Regulatory frameworks may evolve to further incorporate ESG considerations into takaful operations while regulators may introduce guidelines for ESG reporting, responsible investment practices, and takaful products aligned with SDGs
- In response to growing concerns about climate change, regulators may introduce measures to address climate-related risks in the takaful industry
- Regulators are expected to maintain robust enforcement and supervision mechanisms to ensure compliance with regulatory requirements
- Future key focuses will include AMLA, cybersecurity, customer protection, and new RBCT, in addition to ESG

Business Areas

- Compliance and Regulatory Affairs
- Operations and Process Management
- Risk Management and Governance
- Product Development and Distribution
- Technology and Innovation
- Human Resources and Training
- Sales and Marketing

Capital



Strategy

- Engage with regulators to provide input, seek clarification, and anticipate regulatory changes, adapting policies and procedures accordingly, as well as to understand regulatory changes impacting product development, distribution, and market conduct
- Establish mechanisms for ongoing monitoring of regulatory developments and compliance status
- Implement robust risk management practices to identify, assess and mitigate regulatory risks
- Leverage technology to facilitate compliance monitoring, reporting and data management
- Provide comprehensive training to employees to ensure understanding of regulatory requirements and compliance obligations

KEY MARKET TRENDS

EMPHASIS ON RISK MANAGEMENT

The emphasis on risk management within the takaful and insurance industry has intensified, with a particular focus on bolstering practices to address evolving and ever changing nature of risks. In response to the dynamic landscape, insurers are placing greater focus on proactive risk mitigation strategies.

Key areas of concern include cybersecurity risks, climate change, insurance risk and third party risks. By prioritising these areas, insurers aim to fortify resilience against potential threats and safeguard the interests of their stakeholders in an increasingly complex and interconnected world.

Impacts on Our Strategy

Opportunities

- Bolstering Takaful Malaysia's resilience by identifying and mitigating risks effectively, to better withstand any market fluctuations and unforeseen events
- Enhancing trust among stakeholders through robust risk management whereby customers are more likely to engage with operators when they perceive their risks, for example cybersecurity risks, are adequately managed
- Takaful companies are more likely to comply with regulatory requirements as this ensures adherence to Shariah principles as well as promoting a healthier regulatory environment

Risks

- Implementing comprehensive risk management adds to the operational complexity of takaful operators, for example, management of cybersecurity risks by deploying advanced technologies and continuously updating defences against evolving threats
- Climate change may introduce new underwriting risks when experiencing an increased frequency and severity of natural disasters, impacting claims experience and profitability
- Geopolitical uncertainties such as changes in regulations or trade can impact the regulatory environment for takaful operators, making the compliance with evolving regulatory requirements increasingly challenging

How We Responded in 2023

- Conducted thorough risk assessments to identify and understand evolving risks, including market, insurance, operational, cybersecurity risks, and climate change impacts, and put in place cyber insurance coverage for Takaful Malaysia
- Kept abreast of regulatory requirements and ensured compliance with Shariah principles and industry standards
- Communicated transparently about risk exposures, mitigation efforts and resilience measure to build trust and confidence
- Reassessed our management approach towards our third-party service providers, mitigating possible operational and regulatory risks as a result of their inability to deliver continuous services

Outlook

- Failure of third party services pose risks to service industry players, implicating business, operations, customers and regulatory compliance
- An increase in regulatory scrutiny which will drive takaful operators to enhance their risk management frameworks to ensure compliance
- Cybersecurity will remain a top priority as takaful operators are more likely to leverage on technology to enhance risk management capabilities, including the adoption of advanced analytics, AI, digital platforms for risk assessment, underwriting and claims management
- As the impact of climate change on the industry is expected to be more pronounced, operators may need to intensify efforts to assess and manage climate-related risks

Business Areas

- Customer Management
- Data Security
- Compliance and Governance
- Risk Assessment and Modelling
- Cybersecurity and Information Technology
- Underwriting and Product Development
- Operations
- Customer Relations and Communication

Capital



Strategy

- Strengthen compliance frameworks and governance structures to ensure adherence to regulatory requirements and Shariah principles
- Utilise advanced risk assessment tools and modelling techniques to quantify and manage various types of risks
- Enhance cybersecurity measures and data protection measures and ensure resilience of IT infrastructure and systems
- Develop risk-based underwriting guidelines and innovative takaful products tailored to address specific risks
- Implement a diversified investment strategy that balances risk and return objectives, focusing on sustainable and socially responsible investment practices to mitigate risks
- Enhance transparency and communication with customers regarding risk management practices, coverage options and claims processes which builds trust and confidence in the takaful operator

KEY MARKET TRENDS

GREEN AND SUSTAINABLE TAKAFUL

Sustainability is a growing concern globally, and for insurers, the development of green and sustainable takaful products is becoming more crucial and leads the way for insurance companies in offering takaful products that support environmentally friendly initiatives.

The development of green and sustainable takaful products has not only emerged as a vital strategy for insurers, but it is also paving the way for innovative takaful offerings that contribute to sustainable development goals.

Impacts on Our Strategy

Opportunities

- Differentiating takaful operators in the market and attracting a niche segment of customers who prioritise sustainability through the increase in awareness and demand for environmentally and socially responsible products
- Enabling takaful operators to diversify their revenue streams by tapping into emerging sectors such as renewable energy, sustainable transportation and green construction
- Green and sustainable takaful products may contribute to risk mitigation by promoting environmentally friendly practices and supporting resilience to climate change

Risks

- The market for green and sustainable takaful products is still evolving, indicating there may be uncertainty regarding customer demand, product viability and regulatory requirements
- Green and sustainable products may present underwriting and pricing challenges due to limited historical data, and uncertainty surrounding climate-related risks
- Investments in environmentally friendly assets and projects may be required. Although these investments offer long-term benefits, they also entail market volatility risks, project failure and regulatory changes that could affect investment returns

How We Responded in 2023

- Conducted market research to understand the demand for green and sustainable products within the takaful industry
- Ensured that green and sustainable products comply with Shariah principles and ethical guidelines
- Continuously evaluated green and sustainable products based on customer feedback, market dynamics and emerging sustainability trends

Outlook

- Increasing awareness among consumers, businesses and governments about the importance of environmental sustainability is likely to drive demand for green and sustainable financial products, including takaful solutions
- Takaful operators have an opportunity to tap into the renewable energy and sustainable infrastructure market by developing innovative takaful solutions tailored to address sustainability challenges
- Strategic partnerships are able to provide access to expertise, resources and distribution channels, accelerating the adopting of sustainable financial initiatives

Business Areas

- Product Development
- Market Research and Analysis
- Risk Management
- Investment Management
- Marketing and Distribution
- Customer Education and Engagement

Capital

Strategy

- Develop takaful products that incentivise sustainable practices such as discounts for green building, electric vehicles, hybrids or vehicles with low carbon emissions
- Conduct market research to identify demand for green and sustainable takaful products and understand customer preferences
- Assess and manage unique risks such as underwriting risks for renewable energy projects and investment risks for sustainable assets
- Develop sustainable investment strategies that allocate funds to environmentally friendly assets
- Spread awareness and promote green and sustainable takaful products through targeted market campaigns
- Educate customers about the benefits of green and sustainable takaful products, including their positive impact on the environment and society

STAKEHOLDER ENGAGEMENT

We engage with our stakeholders purposefully to understand the issues that matter to them. These engagements form a key component of our materiality determination process, driving focus in our development of strategies and initiatives towards maximising shared and sustainable value creation.

Key Stakeholders

- Customers
- Employees
- Agents & Business Partners
- Investors & Shareholders
- Industry Peers & Value Chain Partners
- Government & Regulators
- Local Communities
- Media

Quality of Engagement

1	No existing relationship
1 2	Relationship established, but much work to be done to improve quality of relationship
1 2 3	Relationship established, value-generating connection, but with some room for improvement
1 2 3 4	Good-quality, mutually beneficial relationship with some room for improvement
1 2 3 4 5	Strong relationship of mutual benefit

Frequency of Engagement

D Daily W Weekly M Monthly Q Quarterly Y Yearly

CUSTOMERS

1 2 3 4

Engagement Platforms

- D Customer satisfaction surveys
- D Online and walk-in customer feedback platforms
- D Social media platforms
- D Online portals
- D Our mobile application
- D Our corporate website
- W Business managers and customer service representatives

Link to Material Topics

How We Impact Each Other

- Providing accessible and purpose-fit products and solutions that meet their protection and investment needs at an affordable price point
- Ensuring a positive experience throughout the customer journey

Key Areas of Concern for Stakeholder Groups

- Suitable and affordable takaful products
- Satisfactory customer experience

Our Actions

- Developing and enhancing products to meet customers' needs
- Meeting the evolving expectations of our customers for digital communication, marketing and customer service
- Obtain regular customer feedback for areas of improvement
- Creating value through digital transformation and disruptive innovation
- Leveraging digital technology to innovate effective protection solutions that meet market demand
- Utilising digital technology to offer differentiated experiences, customised products and services and seamless end-to-end engagements
- Sustaining customer loyalty and trust, thereby driving retention and growth in our customer base

How Stakeholders Create Value for Takaful Malaysia

- Provide feedback and insights that drive product innovation and service improvement
- Enhance brand reputation through advocacy and word-of-mouth referrals
- Contribute to market trends and risk management data for better product development

STAKEHOLDER ENGAGEMENT

EMPLOYEES

1 2 3 4

Engagement Platforms

- Y Employee Experience Survey (EES)
- W Social Media e.g. LinkedIn, Instagram
- W Intranet
- M Learning Management System (LMS)
- Q Town Hall
- W Employee Engagement Activities

Link to Material Topics

How We Impact Each Other

- Engaged employees demonstrate higher commitment and motivation, resulting in increased productivity and efficiency
- Nurture greater employee satisfaction, loyalty, and retention. Employees who feel valued, supported, and aligned with the organisation's mission and values are more likely to remain with the company long-term
- Engaged employees serve as advocates, sharing positive experiences with others, which can attract top talent to the organisation, reducing recruitment costs and ensuring a consistent pool of skilled professionals
- Engaged employees serve as company's ambassadors. Their dedication significantly enhances the organisation's reputation and brand image that can attract positive perception of customers, investors and other stakeholders

Key Areas of Concern for Stakeholder Groups

- Providing opportunities for learning, growth and advancement within the organisation
- Establishing open channels for communication and sharing information to build trust
- Creating an inclusive workplace where all employees feel valued and respected
- Equipping managers with skills to lead and support their teams effectively
- Acknowledging and rewarding employees for their efforts and achievements fairly

Our Actions

- Conducting Employee Experience Survey (EES) to assess satisfaction levels, identify areas for improvement, and measure progress over time. Feedback from these surveys can inform strategic decisions and initiatives to enhance employee engagement
- Training and development opportunities/programmes to enhance employees' skills, knowledge and career growth. These programmes involve conference/workshops, seminars, online courses or leadership programmes tailored to employees' needs and aspirations
- Rewards programmes to acknowledge and appreciate employees' performance, contributions and achievements
- Employee engagement activities including spiritual and wellness programmes focus on nurturing not only physical health but also mental, emotional and spiritual well-being. These activities cultivate camaraderie, promoting collaboration and fostering teamwork among employees
- Implementing policies that promote work-life balance, such as flexible work arrangements that help employees manage personal and professional commitments more effectively, reducing stress and increasing job satisfaction

How Stakeholders Create Value for Takaful Malaysia

- Employees who feel valued and supported are more likely to align with the organisation's goals and values, leading to stronger stakeholder relationships and long-term success
- Employees are more committed, motivated and productive, leading to improved customer satisfaction, enhanced product reputation and increased profitability
- Engaged employees are more likely to stay with the organisation for the long term, reducing turnover rate, which contributes to stability and continuity and a skilled and experienced workforce

STAKEHOLDER ENGAGEMENT

AGENTS & BUSINESS PARTNERS

1 2 3 4

Engagement Platforms

- M Agency training sessions
- W Business engagement meetings
- D Our corporate agency portal
- D Our bancatakaful service portal and helpdesk

Link to Material Topics



How We Impact Each Other

Supporting marketing and distribution activities by offering competitive and innovative products and solutions, offering training programmes and providing business development support, while maintaining a fair and non-discriminatory approach to business activities

Key Areas of Concern for Stakeholder Groups

- Competitive and innovative products and solutions
- Processes that enhance efficiencies in sales, marketing and distribution
- Training programmes that drive upskilling in line with industry changes
- Maintaining ethical and responsible business practices

Our Actions

- Regularly introducing new products that meet customer needs
- Providing online and on-ground training for knowledge and capability enhancement
- Providing business development support
- Introducing efficient digital processes and investing in our digital platforms
- Strictly adhering to good governance practices at all levels

How Stakeholders Create Value for Takaful Malaysia

- Stakeholders create value for Takaful Malaysia by promoting our products and services
- Offer market intelligence and customer feedback to inform strategic decisions
- Expand market reach and identify new opportunities through their networks
- Improve customer experience and streamline operations

GOVERNMENT & REGULATORS

1 2 3 4

Engagement Platforms

- M Submission of reports
- Q Industry meetings
- Q Briefings, seminars and conferences
- M Regular engagements with regulators

Link to Material Topics



How We Impact Each Other

Stakeholders expect us to be disciplined and adhere to regulations and requirements, as doing so would build confidence in their dealings with Takaful Malaysia. This approach is important from the standpoints of financial and capital sustainability, and in promoting confidence in the market and industry. We also aim to strike a balance between industry innovation, market competition and safeguarding the interest of certificate holders

Key Areas of Concern for Stakeholder Groups

- Non-adherence to specific regulations, or misinterpretation of requirements specified by regulators
- Compliance with all local, state and federal laws
- Providing more inclusive and wider coverage for the protection benefits of Malaysians, particularly the B40 group
- Contributing financially to the advancement of the Malaysian economy via taxes
- Sustainable management of certificate holders' future benefit payments
- Climate-related changes bring about unforeseen underwriting and financial losses, and financial dislocation over the long term

Our Actions

- Providing regulatory reports and conducting independent risk and compliance reviews and assessments
- Attending training and briefings relevant to our business
- Adopting frameworks and policies in line with regulatory guidelines, while adhering to industry best practices
- Widening our commitment to sustainability and community development
- Managing participants' funds prudently by taking risks into account after carefully considering returns
- Established sustainability risk management framework, for managing, monitoring and mitigating risks from climate-related factors

How Stakeholders Create Value for Takaful Malaysia

- Gain insights into regulatory changes and influence policy development
- Enhance reputation by complying with regulations and demonstrating integrity
- Collaborate on projects that contribute to societal well-being and disaster risk reduction

STAKEHOLDER ENGAGEMENT

INVESTORS & SHAREHOLDERS

1 2 3 4

Engagement Platforms

- Y Annual General Meeting
- Y Annual Report
- Q Quarterly Financial Results
- Y Shareholders' circulars
- Q Meetings with fund managers and investors
- Q Media releases

Link to Material Topics

How We Impact Each Other

- Investors and shareholders play interconnected roles in Takaful Malaysia's growth and success
- Their support, engagement and financial decisions have a direct impact on the company's operations, funding and strategic direction

Key Areas of Concern for Stakeholder Groups

- Building trust – effectiveness of corporate governance practices and managing a robust risk management framework
- Investment attraction
- Foster long-term support
- Healthy profit margins and competitive returns
- Market share and topline growth
- Balancing pursuit of profits with environmental and social responsibility

Our Actions

- Maintain consistent dividend payout
- Ensuring timely and transparent disclosures of our performance
- Facilitating open dialogues with investors through both group sessions and one-to-one channels
- Executing our strategic expansion into the retail market, particularly focusing on the development of regular contribution products
- Demonstrate strong corporate governance practices, ensuring transparency and accountability
- Embracing a broader scope of action on sustainability, covering the full spectrum of Environmental, Social, and Governance (ESG) factors
- Prioritise excellent customer service – seamless end-to-end processes from sales to claims handling

How Stakeholders Create Value for Takaful Malaysia

- Investors seek returns on their investments
- Shareholders want the company to grow and increase stock value
- Promote good corporate governance by encouraging transparency, accountability and adherence to ethical practices

INDUSTRY PEERS & VALUE CHAIN PARTNERS

1 2 3 4

Engagement Platforms

- Q Conferences
- M Industry/business partner meetings
- M Industry workshops/ conferences
- M Business collaboration programmes

Link to Material Topics

How We Impact Each Other

Our partners and peers are key allies in developing industry-wide standards and best practices. Through meaningful engagements, we can grow and build trust in the industry, generating value for all

Key Areas of Concern for Stakeholder Groups

- Meaningful dialogue on issues relevant to the industry and its operating environment
- Collaboration and partnership in tackling industry-wide issues
- Maintaining fair and ethical practices in relation to pricing, marketing and other key areas

Our Actions

- Participating in industry-related workshops, dialogues and seminars
- Forging strategic partnerships that are beneficial to all parties
- Actively participate in meetings and discussions on matters of mutual interest in the industry associations

How Stakeholders Create Value for Takaful Malaysia

- Share best practices and insights for operational efficiency and resilience
- Foster innovation through collaborative initiatives and joint ventures
- Address industry-wide challenges collectively for improved sustainability

STAKEHOLDER ENGAGEMENT

LOCAL COMMUNITIES

1 2 3 4

Engagement Platforms

Q CSR programmes

Link to Material Topics

How We Impact Each Other

- Make a positive impact on the lives of those facing economic challenges. Reflect a sense of empathy, solidarity and a commitment to helping others
- Provide nutritional support and access to regular and nutritious meals for physical and cognitive development, improving concentration and academic performance
- Inculcate youth empowerment and provide skill development and entrepreneurial opportunities to shelter residents to generate income. Contribute to community development and engagement to foster community responsibility

Key Areas of Concern for Stakeholder Groups

- Being underprivileged and having a limited access to home appliances to perform daily household chores
- Malnutrition and limited access to nutritious meals among underprivileged students
- Inadequate funds and appropriate equipment to cultivate new skills and generate income

Our Actions

- Donated home appliances to 64 *Asnaf* students and families of Sekolah Kebangsaan Saujana Utama, Sungai Buloh, for daily use and the sustenance of the underprivileged families
- Initiated the Di Hatiku Student Food Aid programme to provide daily nutritious meals to 1,000 students in 10 selected schools in Kuala Lumpur and Selangor
- Set up a bakery station and provided baking equipment to Raudhatus Sakinah, Selangor, to cultivate new skills and create opportunities for the centre to generate income
- Introduced the Di Hatiku Medi Aid programme to offer financial assistance to 100 students dealing with critical illnesses and accidental injuries across seven states
- Launched the Di Hatiku IIUM Food Aid programme to offer financial assistance in the form of food coupons that can be used at selected IIUM campus locations for eligible IIUM students

How Stakeholders Create Value for Takaful Malaysia

- Foster trust, increase brand awareness and enhance Takaful Malaysia's reputation as a good corporate citizen
- Build an engaging community, foster a sense of belonging and promote social cohesion
- Provide a pool of potential employees

STAKEHOLDER ENGAGEMENT

MEDIA

1 2 3 4

Engagement Platforms

- Q Media releases
- Q Interviews
- M Media visits

Link to Material Topics

How We Impact Each Other

- Media coverage shapes the company's reputation and enhances trust and credibility
- Positive media exposure contributes to a strong and positive brand identity, attracting customers and stakeholders
- Media coverage impacts the company's financial performance by positively influencing stock prices and investor confidence

Key Areas of Concern for Stakeholder Groups

- Transparent communication on company's financial results, policies, initiatives and products
- Misinformation that can affect the company's reputation and image
- Media sensitivity and public perceptions surrounding any issues related to the company
- Lack a strong media presence, which can result in reduced brand awareness, missed opportunities for positive coverage, and difficulties in conveying key messages to the public

Our Actions

- Prepared and distributed media releases to disseminate information to the media and the public for news coverage and ensure that accurate details are conveyed
- Responded to media interviews to engage and build trust with the media and the public, increasing the likelihood of positive media coverage, creating positive public relations and enhancing the organisation's image
- Organised media visits to garner positive publicity, strengthen relationships with the media, ensure the media has accurate and up-to-date information about the company, and increase visibility in the media landscape

How Stakeholders Create Value for Takaful Malaysia

- Influence public perception and reputation
- Positive media coverage to enhance the company's image and attract customers and investors
- Raise awareness of products offered to customers

INVESTOR RELATIONS

INVESTOR RELATIONS

In our pursuit to create value for our business and stakeholders, maintaining trust within the investment community remains paramount. At Takaful Malaysia, we prioritise transparent communication with investors, shareholders, fund managers and analysts. This involves providing timely updates on our strategies, initiatives, performance and business outlook.

Our approach is one of concerted and sincere engagement, aimed at strengthening relationships and garnering support for our strategies. Utilising a range of communication channels, such as analyst and fund manager briefings, one-on-one meetings, and both physical and virtual gatherings, we ensure a comprehensive dialogue with our investor community.

Through these interactions, we gain valuable insights into the interests and expectations of our stakeholders. This understanding enables us to craft approaches that yield mutual benefits, aligning our actions with the expectations of our valued partners.

To support these engagements and our long-term objectives, our Board of Directors continually enhances its expertise across key areas including Takaful & Insurance, Digital & Cybersecurity, Risk Management, Finance (including Malaysia Financial Reporting Standard (MFRS) 17), Sustainability, and Governance & Compliance (including Shariah compliance).

Furthermore, we invest in our employees by providing relevant training resources. This empowers them to uphold and champion our investor relations practices, ensuring a cohesive and informed approach across all levels of our organisation.

Below, we present an overview of our investor relations efforts, along with the valuable insights we have acquired through these endeavors.

Investor Relations Activities

Analyst Briefings in 2023

	Total no. of engagements	Platform	Audience
Virtual Meetings	11 meetings	Microsoft Teams	Analysts/Fund Managers/Investors
Physical Meetings	7 meetings	Face to face	Analysts/Fund Managers/Investors
Takaful Malaysia 38th Annual General Meeting	Engagement Date: 31 May 2023	Virtual through live streaming	Shareholders

Analyst Recommendations

The rating recommendations issued by research houses on Takaful Malaysia in FY2023 are provided below:

BUY	HOLD	SELL
6	2	0

INVESTOR RELATIONS

A total of **8 research houses** issued analyst coverage of Takaful Malaysia's stock in 2023, as detailed below:

1. Affin Hwang Capital
2. AmInvestment Bank
3. CGS CIMB Investment Bank
4. Hong Leong Investment Bank
5. KAF Equities Sdn Bhd
6. Kenanga Investment Bank
7. RHB Investment Bank
8. UOB Kay Hian

SHARE PRICE PERFORMANCE

	Market Capitalisation	Takaful Volume Traded	Share Price	Dividend Per Share	Foreign Shareholdings
2023	RM3,098 million	111 million	Opening: RM3.43 Closing: RM3.70 Highest: RM3.86 Lowest: RM3.18	14.0 sen	10.3% as at 31 December 2023
2022	RM2,880 million	136.8 million	Opening: RM3.69 Closing: RM3.44 Highest: RM3.89 Lowest: RM3.13	13.5 sen	9.4% as at 31 December 2022
2021	RM3,092 million	190.2 million	Opening: RM4.83 Closing: RM3.70 Highest: RM5.08 Lowest: RM3.52	12.0 sen	9.8% as at 31 December 2021

IR CONTACT, WEBSITE AND FEEDBACK

CORPORATE WEBSITE

All Investor Relations information is published on Takaful Malaysia's corporate website at

https://www.takaful-malaysia.com.my/en/investor-relations/

IR CONTACT AND FEEDBACK

For any enquiries and feedback related to Investor Relations, please contact:

Name: Juliana Lo Beng Liew
Designation: Chief Strategy Officer
Email: juliana.lo@takaful-malaysia.com.my

MATERIAL MATTERS

As a pioneer of Islamic insurance in Malaysia, material matters are vital as they directly influence our ability to generate long-term value for stakeholders. Through meticulous efforts to identify and address our material matters, we can discern stakeholder needs, which will guide strategic decisions in resource allocation, risk management and capitalising on emerging opportunities. To this end, we strive to continuously reassess these matters to enable our business to adapt to the evolving market, thereby enhancing competitiveness and sustainability.

We identify our material matters by conducting materiality assessments to gain insights from internal and external stakeholders, informing us of the sustainability issues that matter most to the Group and stakeholders. Materiality assessments also enable us to identify the risks and opportunities of each material matter. We assess and prioritise our material matters based on their actual and potential impact on our business and stakeholders. Our materiality determination process is illustrated in the following infographic:

Identify 1

The Management Committee reviews the Group's current sustainability topics and undertakes a detailed analysis of sustainability trends and issues relevant to our industry and operating environment. As a result, new topics are identified for consideration.

Shortlist 2

Potential sustainability topics are further assessed, considering factors that include stakeholder needs and concerns, ESG impacts, regulatory issues and the topics' significance to business operations.

Prioritise 3

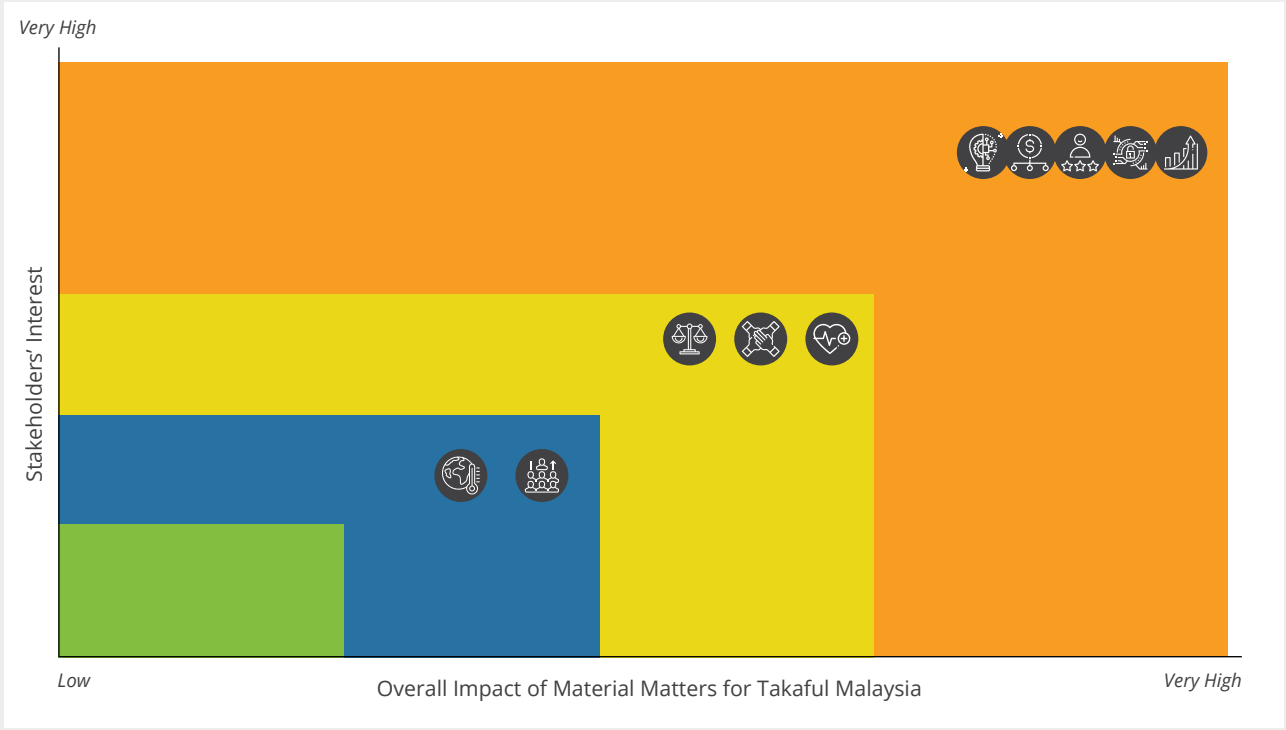
The actual and potential impacts associated with potential sustainability topics are further assessed and then prioritised.

Validate 4

Based on the prioritisation exercise conducted, a materiality matrix is generated, plotting each topic's significance to the Group against its significance to our stakeholders.

In 2023, we conducted a desktop validation exercise to ensure that our material matters remain relevant and aligned with the current needs and expectations of stakeholders, as well as our organisational priorities and strategies. The exercise involved aligning our material matters against local, regional and global industry peers, as well as the Sustainability Accounting Standards Board (SASB) – Insurance sector. We also took into consideration global risks and megatrends to ensure the relevance of our material matters.

MATERIAL MATTERS



- Data Privacy and Security
- Digital Transformation
- Employee Well-Being
- Ethics & Compliance
- Sustainable Growth
- Community Empowerment
- Regulatory Changes
- Climate Action
- Customer Centricity
- Human Rights

Very High Priority

Requires immediate and focused attention due to significant impact on both stakeholders and the company

High Priority

Needs strategic planning and ongoing action due to high importance to stakeholders and potential impact on the company

Medium Priority

May require ongoing monitoring and potential future action depending on evolving circumstances

Low Priority

May be addressed through existing practices or considered for future action based on changing circumstances

MATERIAL MATTERS

As a result of the validation exercise, we removed some of our material matters, introduced new material matters and renamed some material matters to align with our industry peers and the SASB. This led to a list of 10 material matters, of which six of them were existing material matters: Sustainable Growth, Customer Centricity, Digital Transformation, Ethics & Compliance, Regulatory Changes and Community Empowerment.

Material Matters Removed	Material Matters Renamed	New Material Matters
Operational Excellence	Risk Management ▶ Data Privacy and Security	Human Rights
Technical Excellence	Talent Management ▶ Employee Well-Being	
	Integrating Sustainability ▶ Climate Action	

As part of our sustainable value creation, we have mapped our new material topics, their impacts on us, and our responses to the matter affecting the stakeholder groups, as elaborated in the table below:

DATA PRIVACY AND SECURITY

Stakeholder Groups Affected

Impact on the Group

- Failure to adapt to internal and external events and changes may impede the achievement of our strategic objectives
- Changes in business operations stemming from the evolving regulatory landscape may lead to challenges to internal resources and management bandwidth
- Operational failures arising from a data or security breaches may result in financial and non-financial losses, such as the loss of stakeholders' confidence
- Inability to achieve seamless targeted customer experiences due to the inconvenience of data loss

The Group's Response to the Matter

- Reviewing the framework surrounding the management of data and governance requirements
- Regularly assessing and implementing various measures to maintain our security posture and cyber resilience capability, including penetration testing, security operation centre, cyber incidence management and awareness programmes
- Engaging with regulators and industry associations to better understand any new requirements and develop more optimal change plans moving forward
- Improving our talent planning and recruitment
- Enhancing our Operational Risk Management Framework and business continuity responses
- Strengthening internal control and governance processes
- Continual learning for staff in areas of cyber defence and data security
- Upgrading and streamlining our IT infrastructure
- Digitalising processes to meet the changing demands of our customers and business partners

MATERIAL MATTERS

ETHICS & COMPLIANCE

Stakeholder Groups Affected

Impact on the Group

Non-compliance with the Islamic Financial Services Act ("IFSA"), the Shariah Governance and Corporate Governance policy documents issued by BNM and other directives, in addition to adopting other best practices on corporate governance may impact the Group in the following ways:

- Compliance risks if our practices do not adhere to the latest regulations
- Possible reputational risks due to unethical behaviour or violations
- Potential financial risks from fraud and mismanagement
- Operational risks such as cyber threats, data breaches and inadequate risk management
- Litigation risks arising from claims and lawsuits

The Group's Response to the Matter

- Establishing an organisational structure that clearly defines job descriptions, authority limits and other operating boundaries of management and executive employees
- Effectively communicating information to relevant employees within the Group
- Encouraging diversity in terms of skills, background, knowledge, industry experience, culture, independence, ethnicity, age and gender
- Developing and implementing a comprehensive code of ethics and conduct that aligns with industry best practices and regulatory requirements
- Ensuring transparency and accountability in all business practices, including financial reporting and risk management
- Providing ongoing training and education to employees and stakeholders on ethical business practices and compliance requirements
- Building partnerships with industry stakeholders to promote ethical business practices and social responsibility

REGULATORY CHANGES

Stakeholder Groups Affected

Impact on the Group

- Non-compliance with regulatory requirements, resulting in fines and legal liabilities
- Changes in regulatory policies, possibly impacting the Group's operations and profitability
- Failure to effectively manage and monitor compliance may lead to reputational damage and loss of customer trust

The Group's Response to the Matter

- Conducting regular training and awareness programmes to ensure all employees understand and comply with regulatory requirements
- Actively engaging with regulators and policymakers on new initiatives and reforms to ensure continuing adherence to regulatory and policy requirements
- Incorporating robust monitoring and reporting mechanisms to detect and address compliance issues proactively
- Implementing best practices to protect customer data and ensure data privacy
- Continuously improving our processes and systems to align with changing regulatory requirements

MATERIAL MATTERS

DIGITAL TRANSFORMATION

Stakeholder Groups Affected

Impact on the Group

- Enhanced Customer Experience: Some industry players are leveraging digital tools for 24/7 customer support, making things seamless and faster for customers
- Streamlined Operations: Digital transformation streamlines manual tasks, allowing employees to focus on complex tasks, enhancing efficiency and reducing company costs
- Data-Driven Decisions: Digital tools enable industry players to collect and analyse vast data, allowing customer understanding, product development, pricing and fraud risk identification
- Innovation and New Products: The digital revolution is enabling usage-based and customised policies and fostering the growth of InsurTech startups, offering innovative insurance products
- Increased Competition: Digital transformation has facilitated new market entry, prompting established companies to innovate and enhance their digital offerings to remain competitive

The Group's Response to the Matter

- Embracing new technologies and embarking on a digital transformation roadmap to improve customer experience, streamline operations, make data-driven decisions and develop innovative new products
- Constantly adapting and improving to stay ahead in a more competitive landscape

SUSTAINABLE GROWTH

Stakeholder Groups Affected

Impact on the Group

- With the growing awareness of ESG, we will be aligning sustainability agendas with ESG for long-term viability
- Ensure assets are invested in low ESG risk businesses to meet claim obligations
- Government and regulators urge for better ESG practices, including climate risk considerations
- Will stay guided by the Climate Change and Principle-based Taxonomy (CCPT) and Climate Risk Management and Scenario Analysis Exposure (CRMSA) frameworks
- The investment division has become the forefront of the Group's sustainability initiatives, focusing on generating sustainable financial returns and safeguarding investment through better alignment of ESG aspects

The Group's Response to the Matter

- In 2021, we established the Responsible Investment Policy, aligning with recognised guidelines including BNM's frameworks, the Securities Commission's SRI framework, and related United Nations frameworks and principles
- This policy outlines the responsibilities of research analysts and fund managers in integrating ESG considerations into investment assessment and decision-making and setting ESG exposure limits, along with creating an exclusion list for whistleblowing purposes

MATERIAL MATTERS

CUSTOMER CENTRICITY

Stakeholder Groups Affected

Impact on the Group

- Regulatory Compliance: Changes in regulations can affect the insurance industry's landscape, influencing product offerings, pricing and distribution
- Technology Disruption: Advances in technology can reshape customer expectations, operational efficiency and product innovation
- Economic Conditions: Economic fluctuations can impact consumer spending and investment, influencing demand for takaful products
- Climate Change and Natural Disasters: Increased frequency of natural disasters can impact takaful claims and underwriting risks
- Competitive Landscape: Intense competition can affect market share, pricing strategies and customer loyalty

The Group's Response to the Matter

- Implementing robust compliance measures, active engagement with regulatory bodies and a proactive approach to adapting to regulatory changes
- Investing in digitalisation, development of online platforms and continuous monitoring of technological trends
- Diversifying product portfolios, risk management strategies and agile adjustments to economic conditions
- Conducting robust risk assessment, developing climate-resilient products and actively implementing sustainable practices
- Ensuring differentiation through innovative products, enhanced customer service and strategic alliances

HUMAN RIGHTS

Stakeholder Groups Affected

Impact on the Group

- By proactively addressing the following human rights considerations, we can operate responsibly, manage risk effectively and attract ethical investors and customers, contributing to a more just and sustainable society
- Develop and implement a clear human rights policy outlining the company's commitment to respecting human rights throughout its operations and investments
- Establish a robust due diligence process to identify and mitigate potential human rights risks within the company's supply chain and investment portfolio
- Regularly engage with stakeholders including customers, employees and investors on human rights issues, fostering transparency and allowing for the early identification of potential problems
- Create a mechanism for stakeholders to report human rights violations, and ensure fair and transparent investigation and remediation processes

The Group's Response to the Matter

- In the event of a human rights violation, take swift and decisive action to address the issue, including offering apologies, providing compensation to those affected, and implementing corrective measures to prevent future occurrences
- Communicate openly and transparently with stakeholders about the incident, its resolutions and the lessons learned

MATERIAL MATTERS

CLIMATE ACTION

Stakeholder Groups Affected



Impact on the Group

- Increased Claims: More frequent and severe weather events (floods, droughts, i.e.) due to climate change can lead to a significant rise in insurance claims, impacting the company's financial stability. Property damage, crop failures and business disruptions can all translate to higher payouts
- Shifting Risk Profiles: Traditional risk assessments may no longer be accurate as climate change alters weather patterns and disaster risks evolve. Areas previously considered low-risk could become more prone to flooding or other disasters. This necessitates revising risk models and potentially raising contributions in high-risk areas
- Focus on Energy Transition: Customers, especially businesses, are seeking insurance solutions that support the transition to renewable energy sources and sustainable infrastructure

Failure to address sustainability and ESG issues could result in reputational damage and loss of customers and investors:

- Regulatory and legal risks could arise from non-compliance with environmental and social standards
- Investments in unsustainable or non-ESG compliant industries could become stranded assets, leading to financial losses

The Group's Response to the Matter

- Introducing ESG-friendly products that incentivise the adoption of planet-friendly approaches
- Reducing the use of energy, water and paper in our workplace by introducing environmentally friendly processes, conducting stringent checks and educating our workforce
- Establishing a Sustainability Department under the purview of the Strategy Division, focusing on achieving our ESG initiatives
- Establishing a clear governance structure where the Board is responsible for overseeing and endorsing the overall ESG strategy and monitoring its execution, covering strategy, governance structure, priorities, targets and ESG integration across the Group. The management team has clearly defined roles and responsibilities to enhance our accountability on climate action, while incorporating climate-related risks into our business strategies
- Integrating ESG considerations into our investment strategies, with specific ESG targets and reporting on our progress
- Increasing our exposure in ESG assets
- Green Takaful Products: We have developed takaful products that covers the use of renewable energy technologies like solar panels or electric vehicles
- Risk Management Services: Collaboration with business partners to provide risk management services to our clients transitioning to renewable energy, helping them identify and mitigate potential risks associated with new technologies

MATERIAL MATTERS

COMMUNITY EMPOWERMENT

Stakeholder Groups Affected 

Impact on the Group

- Impacts the company's reputation and brand image, enhances employee morale and ensures sustainable business practices
- Demonstrates the company's commitment to social responsibility and community well-being
- Builds stronger connections with customers to increase brand loyalty and trust, and establishes positive relationships with various stakeholders

The Group's Response to the Matter

- Empowering communities through CSR programmes and community support
- Introducing a student food aid programme to provide daily nutritious meals to underprivileged students
- Providing in-kind and financial donations

EMPLOYEE WELL-BEING

Stakeholder Groups Affected 

Impact on the Group

- Factors like workload, work-life balance, workplace safety and company culture significantly impact employee well-being
- Access to healthcare, healthy food options and ergonomic workstations contribute to the physical well-being of employees
- It is crucial to have programmes for mental health support, stress management resources, and a culture that openly discusses mental health
- Competitive wages, benefits packages and financial wellness programmes can ease financial stress

The Group's Response to the Matter

- Promote work-life balance with flexible work arrangements
- Offer financial literacy workshops, budgeting tools or access to financial advisors to help employees manage their finances
- Foster a culture of trust, respect, open communication, collaboration and recognition. This can be achieved through team-building activities, employee appreciation programmes and transparent leadership
- Invest in ergonomically designed furniture and equipment to prevent physical discomfort and injuries
- Provide healthy food choices in cafeterias or offer subsidies for healthy meals
- Organise wellness programmes such as sports activities to encourage physical activity
- Conduct surveys to gauge employee well-being and track the effectiveness of implemented programmes
- Measure the impact of well-being initiatives on metrics like attendance, employee engagement and turnover. Programmes for employee well-being should be improved and tailored to their needs based on data and feedback

VALUE CREATION BUSINESS MODEL

Our value creation business model describes how we generate sustainable value for our business and our stakeholders. It illustrates the integrated manner in which our strategies are formulated while considering our material matters and risks, in order to achieve optimal outcomes that safeguard the sustainability of our business and enhance stakeholder confidence.

OUR CAPITALS → **ADDING ACTIVITIES**

INPUTS

Financial
- Solid risk fund position
- Total assets: **RM14.68 billion**
- Total equity: **RM1.71 billion**
- Solid capital adequacy ratio

Manufactured
- Investment in IT infrastructure: **RM22.9 million** including a new front-end system to facilitate fast and agile implementation of retail regular contribution products
- Multi-distribution channels via banks, corporate agents, LPPSA distribution network, brokers and direct
- **24** branches nationwide

Intellectual
- Strong brand and presence in key markets - a reputable and trusted brand
- Market-leading digital products, services and client value propositions, supported by robust and secure information and technology infrastructure
- A market leader across various products and segments, including bancatakaful, treasury and employee benefits

Human
- An experienced and diverse executive team, and a strong and experienced Board
- Fair and responsible reward structures that are linked to performance and value drivers
- Established Diversity and Inclusivity Policy
- All employees embrace a culture that is:
  - customer-centric and people-centered
  - innovative and competitive
  - strong in compliance and governance

Social and Relationship
- Effective communication and collaboration to strengthen relationships with our key stakeholders
- Continuous engagement with the government, regulators and communities where we operate
- Commitment to driving financial inclusion

Natural
- Water consumption: **29,679 m³**
- Electricity consumption: **4,375,261 kWh**
- Digitalisation efforts and initiatives to reduce environmental footprint
- Responsible investing activities and practices, with focus on low carbon and resource efficient investments

KEY FOCUS AREAS

MLP · ERM · ETP · ESR · SGB · FBD · CSM

Refer to page 54 for more information.

MARKET TRENDS

- Digital Transformation
- Focus on Customer-Centricity
- Regulatory Changes
- Emphasis on Risk Management
- Green and Sustainable Takaful

Refer to page 31 for more information.

MATERIAL MATTERS

Refer to page 44 for more information.

OUR 4 SUSTAINABILITY PILLARS

- Committed to Strong Governance
- Investing Responsibly
- Our Environmental Stewardship
- Our Social Commitments

Refer to pages 72 to 101 for more information.

Family Takaful

General Takaful

KEY RISKS AND MITIGATION

Refer to page 58 for more information.

GOVERNANCE FRAMEWORK
Supported by strong governance and effective Board leadership

FINANCIAL OUTCOMES

Total Assets	Total Family Takaful Gross Contributions	Dividend Declared	Return on Equity
RM14.68 billion	**RM2.32 billion**	**RM117.2 million**	**22.5%**
(2022: RM13.31 billion)	(2022: RM2.19 billion)	(2022: RM113.0 million)	(2022: 21.1%)

VALUE CREATION BUSINESS MODEL

ENABLE VALUE → **IN VALUE CREATION FOR STAKEHOLDERS**

OUTPUTS

Our Products & Services

Scan the QR code or visit https://www.takaful-malaysia.com.my/en/product/ to view our products and services online.

Earnings per Share
41.43 sen
(2022: 33.82 sen)

OUTCOMES	Impacted Stakeholders	Related UN SDGs
• Takaful Revenue: **RM2.94 billion** (2022: RM2.57 billion) • Profit Before Zakat and Taxation ("PBZT"): **RM507.6 million** (2022: RM453.1 million) • Net Asset per Share up by: **RM2.01** (2022: RM1.68)		
• Gross contributions: **RM3.70 billion** (2022: RM3.33 billion) • Total benefit payments made to customers: **RM1.37 billion** (2022: RM1.22 billion) • Processed 99% of payments through digital transactions		
• Ranked as the #1 leading Family Takaful operator and the #2 General Takaful operator in the market • Market leader in the bancatakaful and treasury businesses • Focus on providing high-value digital offerings to optimise costs and improve customer engagement • Strong skills in areas such as data analytics, IT and advisory solutions		
• High-performance culture that values diversity and inclusion • **37.5%** women representation on the Board • Recognised as the Graduate's Choice of Employer to Work For by the Graduates' Choice Award 2024 • Average hours of training per employee: **34 hours** (2022: 31 hours) • Employee retention rate: **92%** (2022: 90%)		
• Taxation paid: **RM166.1 million** (2022: RM161.0 million) • Constituent of FTSE4Good Bursa Malaysia (F4GM) Index • Conducted and organised more than **30** Corporate Social Responsibility ("CSR") initiatives and activities • Provided quality customer experience • Distribution of Zakat and Charity Fund: approximately **RM8.8 million**		
• Progressing towards carbon-neutral operations • Reduced our Group-wide energy consumption for the third year running, from **5,249,580 kWh** to **4,375,261 kWh** • Processing End-of-Life Vehicles: Car wreck recycling towards preservation of the environment and properly managing discarded vehicles		

KEY FOCUS AREAS

We recognise the importance of implementing essential strategies to uphold our robust performance and market leadership. Our commitment to building a sustainable business is evident in our dedication to responsible growth, rigorous risk management, improved governance and strict adherence to Shariah principles. Looking ahead, we are focused on maintaining our market dominance in existing areas like Banca, Treasury and Employee Benefits, while also pursuing robust growth through new distribution channels and diversification into additional market segments.

MLP MAINTAIN MARKET LEADERSHIP POSITION (BANCA, TREASURY & EMPLOYEE BENEFITS)

2023 Key Initiatives

- Enhancing business integration and system support for our bank partners
- Upgrading operational support for Treasury and our distribution network
- Enhancing the branding of our Employee Benefits through professional and innovative services
- Maximising our business opportunities and cross-selling efforts

2023 Achievements

- Established ourselves as the market leader for single contribution Banca family
- Secured new and renewed our bank partnerships
- Maintained a market leadership position despite the decrease in Treasury total market contribution since 2020
- Takaful Malaysia remains a significant player in Employee Benefits, maintaining a sustainable and profitable portfolio

2024 Outlook and Priorities

- Meet increased demands for personalised life insurance/family takaful solutions
- Expand our Corporate Business portfolio through banca and broking/agents
- Promote business sustainability through technology

Capitals Impacted 

Material Matters 

SGB SUSTAIN GROWTH OF GENERAL BUSINESS RESPONSIBLY

2023 Key Initiatives

- Expanding our omnichannel distribution strategy
- Introducing additional retail personal line products
- Increasing our presence and extending coverage for underserved segments
- Improving need-based selling propositions, including bundling strategies and other innovative solutions
- Expediting the utilisation of big data and machine learning to enhance the efficiency and convenience of our services

2023 Achievements

- Achieved stronger momentum in the current agency market for retail motor and non-motor segment
- Alternative Agency Channel - tapped into conventional agency market which has shown significant growth year by year
- Secured a new motor franchise partner
- Launched a new Travel Personal Accident coverage specially designed to cater for Umrah/Hajj and travel holidays

2024 Outlook and Priorities

- Tap into greater business potential for growing motor and non-motor business
- Balance motor and non-motor mix for healthy underwriting results and sustainable growth

Capitals Impacted 

Material Matters 

KEY FOCUS AREAS

ERM EXECUTE RETAIL MARKET STRATEGY

2023 Key Initiatives

- Capitalising on the potential of our bank partners and providing them with enhanced sales support
- Expanding our range of products, features and solutions
- Increasing awareness of Takaful Malaysia as a well-established Malaysian brand
- Accelerating digital marketing efforts to bolster online sales channels

2023 Achievements

- Offered TH Khairat product to Tabung Haji depositors through THiJARI. As of December 23, the total number of customers subscribed to this product under Takaful Malaysia was 28,584 since its launch
- Regular family products such as medical plans, term plans and critical illness plans have been offered at our branches nationwide
- Increase in new business annualised contribution to RM50.2 million from RM21.7 million for regular contribution family products

2024 Outlook and Priorities

- Establish full-fledged retail business operations
- Strengthen the Retail Market through all distribution channels, new digital platform and branding
- Retention management
- Individual medical claims management
- Enhance product solutions and ESG integration

Capitals Impacted 

Material Matters 

FBD FUTURE-PROOF BUSINESS THROUGH DIGITALISATION

2023 Key Initiatives

- Driving profit generation through digitalisation
- Continuously improving and automating our processes
- Standardising application solutions and service offerings across all platforms
- Reviewing technology operations and our operating model for optimisation

2023 Achievements

- Introduced a new profit generation channel via our launch of Kaotim digital presence and enhanced Bancatakaful through the implementation at the front-end system
- Embarked on a journey towards a modern workforce through workspace modernisation

2024 Outlook and Priorities

- Implement the Digitalisation Roadmap
- Review Takaful Malaysia Am technology's direction to align with our future business strategy
- Analyse Takaful Malaysia Keluarga technology's direction to leverage technology for retail strategy and operational efficiency

Capitals Impacted 

Material Matters 

KEY FOCUS AREAS

ETP ENABLE A TALENT-POWERED ORGANISATION

2023 Key Initiatives

- Enhancing the Leadership Pipeline and Succession Management, including the implementation of a Structured Leadership Development Programme
- Increasing organisational capacity and capability through re-skilling and upskilling efforts
- Fostering a culture of Performance, Sales and Innovation within the company

2023 Achievements

- Conducted Employee Experience Surveys (EES) to improve satisfaction levels and guide strategic decisions
- Provided Training and Development programmes for skill enhancement and career growth
- Implemented Rewards programmes to recognise employee performance and achievements
- Continuously reviewed rewards and retention strategies through the total remuneration project
- Organised employee engagement activities, including wellness programmes, to promote well-being and teamwork
- Established work-life balance policies, such as flexible work arrangements, to increase job satisfaction

2024 Outlook and Priorities

- Launch the second year of the three-year employee experience journey
- Invest and build the right areas in a structured manner
- Adopt a holistic approach in talent management with the appropriate baseline, plan, system and process

Capitals Impacted 

Material Matters 

ESR ENHANCE SHARIAH, GOVERNANCE & RISK MANAGEMENT

2023 Key Initiatives

- Reinforcing the integration of a culture steeped in Shariah, compliance and risk management
- Instituting a comprehensive Enterprise-wide Risk Management system
- Developing a Sustainability Risk Management Framework
- Embracing technology, data analytics and artificial intelligence to boost efficiency, ensure transparency and strengthen governance assurance

2023 Achievements

- Successfully hosted Governance Week, focusing on Shariah, compliance and risk management
- Conducted a series of training programmes for the Board of Directors, Shariah Advisory Body (SAB), top management and employees
- Updated the KPIs for top management and employees to include measures related to Shariah, governance, compliance and risk management
- Streamlined numerous policies, guidelines and frameworks to enhance governance and transparency
- Purchased cyber insurance coverage to minimise potential losses from cyber attacks

2024 Outlook and Priorities

- Engage with risk and compliance coordinators, on risk and compliance related matters, respectively
- Conduct visits to branches to strengthen the compliance culture
- Enhance and streamline the e-learning modules to improve their accessibility, bolster staff awareness and increase understanding of the risks emanating from our business operations and their corresponding responsibilities for managing them
- Strengthen the data security policy, processes and protection across its business functions
- Implement risk management systems to facilitate more governance-centric and systematic risk monitoring and analytics
- Review and tighten third-party service risk management, governance and processes

Capitals Impacted 

Material Matters 

KEY FOCUS AREAS

CSM CHAMPION SUSTAINABILITY MISSION

2023 Key Initiatives

- Establishing strategic partnerships with stakeholders to promote sustainability initiatives
- Focusing on capacity building related to ESG and Value-Based Intermediation Tool (VBIT) knowledge and technical skills within the company
- Developing a Sustainability Risk Management Framework
- Extending the integration of ESG considerations and best practices into our business operations
- Improving our climate-related disclosures

2023 Achievements

- Developed a Sustainability Risk Management Framework (with an expanded scope covering VBIT, Climate Risks, ESG) instead of a Climate Risk Management Framework. This framework governed the management of sustainability and climate-related risks, promoting the building and supporting of a sustainable business and climate resilience
- Providing updates on climate risk and sustainability matters during Board and EXCO meetings as sustainability is a recurring agenda item
- Executed Board-approved ESG strategies and established a governance structure
- Broadened the availability of ESG-friendly products and incorporated ESG considerations into upcoming product designs
- Strengthened ESG considerations in investment selection and screening processes across all asset classes
- Achieved recognition as a FTSE4Good constituent company on Bursa
- Enhanced a Responsible Investment policy in alignment with global standards

2024 Outlook and Priorities

- Develop a Sustainability Blueprint
- Establish baseline and accelerate progress (comply and apply)
- Implement sustainability strategy and targets

Capitals Impacted

Material Matters

KEY RISKS AND MITIGATION

Risk management is essential in enabling us to identify and mitigate potential adverse impacts to our business operations and overall performance. At the same time, effective risk management allows us to capitalise on potential opportunities that can contribute to sustainable growth and enhance shareholder value. By focusing on managing principal risks that may affect the Group's business performance and strategic objectives, we are empowered to maintain our competitive advantage and drive sustainable growth while enhancing the value we generate for our stakeholders.

Through our risk identification process, we have determined the following 10 risks that have the potential to significantly impact our business operations, products and services, or reputation. We regularly evaluate our risk determination process to stay updated with the shifting landscape of the takaful industry.

Snapshot of the Enterprise Risk Management Process Flow

RISK IDENTIFICATION AND ASSESSMENT

Continuous identification and assessment of risks throughout the Group to better respond to and align them with our objectives

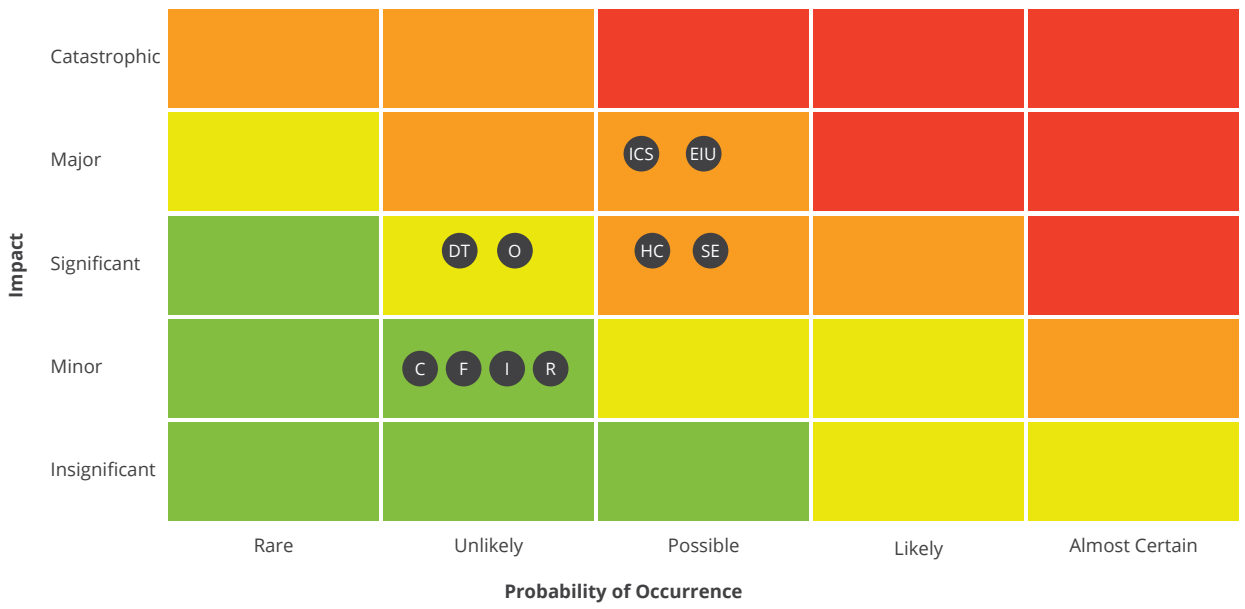
RISK RESPONSE

Our core response:
- Acceptance
- Avoidance
- Reduction
- Share/Transfer

RISK MONITORING AND REPORTING

Enterprise-wide risk information is monitored and reported to the management and Board on a periodic basis (at least quarterly) to ensure our risk reports facilitate understanding and the determination of appropriate risk responses

TAKAFUL MALAYSIA RISK PROFILE 2023



Our Principal Risks

- SE Strategic Execution Risk
- R Regulatory Risk
- ICS Information & Cybersecurity Risk
- EIU Economic Instability & Uncertainty Risk
- HC Human Capital Risk
- O Operational Risk
- DT Digital & Technology Risk
- F Financial Risk
- I Insurance Risk
- C Climate Risk

Risk Rating: Low Medium High Very High

KEY RISKS AND MITIGATION

Risk Rating Low Medium High Very High **Risk Trend** Increasing Decreasing Stable

STRATEGIC EXECUTION RISK

Strategy MLP SGB ERM FBD ETP CSM ESR **Risk Trend** **Risk Rating**

Defined as failing to adequately execute our strategic goals and to identify, assess, manage or adapt to internal and external events and changes that could impede our strategy and strategic objectives.

Context of Risk

Our business strategy is to capture a more significant market share by expanding retail advisory products to multiple banca partners while expanding our customer reach via our Direct and Digital channels. At the same time, strengthen our foothold in existing areas, namely bancatakaful credit business, group EB, and LPPSA. The Group is undergoing various transformation initiatives, with considerable commitment and collaboration being undertaken across parties within the Group.

Mitigations Conducted

A knowledgeable and capable workforce is a key priority to ensure our strategies are executed competently:

- We have bolstered our recruitment planning to enhance our people's existing skills, introduce new skills within the business
- Involved a broader pool of employees in our change initiatives

Opportunities Arising From This Risk

- New and improved products will create greater shareholder value
- Better recruitment planning will lead to a wider and more competent talent pool
- Continued consideration and drive for change will result in a more differentiated products reaching the customers
- Greater collaboration across our sales channels will unlock economies of scale

Stakeholders **Capitals Impacted** **Material Matters**

REGULATORY RISK

Strategy MLP SGB ERM FBD ETP CSM ESR **Risk Trend** **Risk Rating**

Operating an efficient and profitable business within a changing regulatory landscape presents certain risks and opportunities.

Context of Risk

To maintain compliance with new legislation and regulatory requirements, we must continually monitor and make necessary changes to our operations. Non-compliance could negatively impact our business, challenging our internal resources and management bandwidth.

Mitigations Conducted

- We are committed to operating an efficient and profitable business within the parameters of the compliance landscape
- We have put various control functions into place to assist the management in ensuring effective management of regulatory risks
- Ongoing engagement with regulators and industry associations to stay abreast of developments and form strong collaborative relationships

Opportunities Arising From This Risk

- Enhancing our capability of adapting to changes in policies or regulations and developing greater agility in the Group can empower us to advocate for appropriate changes
- Regulatory compliance can strengthen the Group's position and build stronger confidence in the eyes of our stakeholders and customers

Stakeholders **Capitals Impacted** **Material Matters**

KEY RISKS AND MITIGATION

INFORMATION AND CYBERSECURITY RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

Cyber and data security risks remain high due to the increased sophistication of cyber-attacks. A cyber-attack aimed at Takaful Malaysia could lead to significant business interruption, substantial operational costs, increased regulatory scrutiny and reputational damage.

Context of Risk

Our business relies heavily on information systems that store confidential data, especially that of customers, employees and business partners. Any unauthorised, deliberate or accidental security breaches in these systems may result in loss of data and confidentiality.

Mitigations Conducted

Our cybersecurity risks are managed and mitigated by a stringent information security and data governance frameworks, with oversight provided by our IT Steering Committee. As a result, the following measures and practices have been put into place:

- Setting up a Security Operations Centre for 24/7 monitoring of servers and network devices, and detection of potential threats
- Continuous assessment and enhancement of our security posture and cyber resilience capability, including evaluating both our internal mechanisms and those of our outsourcing service providers
- Purchased cyber insurance coverage
- Implementation of a data loss prevention solution
- Simulation exercises for cyber-attacks, including phishing and ransomware, to assess the effectiveness of the incident responses
- Performed regular penetration testing to identify potential vulnerabilities
- Regular and mandatory employee awareness and training on cybersecurity

Opportunities Arising From This Risk

- Our efforts will increase the reliability of our products and services
- Consistency in performance will boost our customer and stakeholder confidence

Stakeholders | **Capitals Impacted** | **Material Matters**

ECONOMIC INSTABILITY AND UNCERTAINTY RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

Anticipated volatility in global financial markets and currency exchange rates may create significant challenges for the Group. Uncertain economic conditions, including inflationary pressures, may impact our ability to meet business targets and are also likely to compound the affordability challenges in health takaful costs, driven by ever-increasing medical inflation.

Context of Risk

Economic instability and uncertainty may impact local market sentiment, thus limiting potential growth and opportunities.

Mitigations Conducted

- We regularly review our products and offerings to ensure that we continue to provide value to our customers despite the economic challenges
- We continually monitor the economic landscape and evaluate the impact of emerging trends on our businesses and identify appropriate mitigating actions
- We have also developed an agile strategy and a responsive workforce that can adapt quickly to shifting market conditions

Opportunities Arising From This Risk

- Encouraging the innovation and invention of products that can meet our customers' needs across all economic conditions
- Our efforts can position the Group as a market leader and a preferred insurance provider

Stakeholders | **Capitals Impacted** | **Material Matters**

KEY RISKS AND MITIGATION

HUMAN CAPITAL RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

There is currently intense competition for talent within the market, which has created challenges for us in terms of retaining, attracting and compensating employees, which may limit our ability to achieve operational targets.

Context of Risk

The manifold evolution of the industry, from shifts in regulations to heightened stakeholder expectations and rapid digitisation, has illuminated gaps for specialised talent within the labour market. As a result, we faced pressure to secure the right people and to undertake significant efforts to reskill or upskill our employees.

Mitigations Conducted

- We ensure we have the best person appointed in every key role and have made succession planning a strategic priority
- We consistently upskill and reskill our talent pool to enhance their confidence and foster an environment of continuous learning
- We aim to nurture a collaborative culture that welcomes a diversity of perspectives
- We focus on enhancing employee experiences through continuous engagements and communications, and special Human Resource ("HR") programmes

Opportunities Arising From This Risk

- Our efforts contribute to the development of a resilient culture and highly motivated workforce
- Enhancing our operational sustainability can improve our talent retention and succession planning
- We position Takaful Malaysia as an employer of choice

Stakeholders | **Capitals Impacted** | **Material Matters**

OPERATIONAL RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

Operational risk refers to the loss resulting from inadequate or failed internal processes, people, systems or external events. We recognise that such risks are inherent in all takaful operators' activities, products and services, and can cross multiple activities and business lines.

Context of Risk

Operational risks could have financial and non-financial implications, with financial consequences, including fines imposed by regulatory authorities and loss of investment income, while non-financial implications may include loss of business and market share due to reputational damage.

Mitigations Conducted

In managing risks, we embrace the three levels of defence and are committed to managing operational risks effectively with practices that include:

- Enhancing our Operational Risk Management Framework in line with emerging risk profiles
- Continuing to pay close attention to the management of regulatory risks and proactively engaging with business units
- Strengthening internal control and governance processes
- Rolling out learning and awareness initiatives to strengthen staff awareness and understanding of risks emanating from business operations, and their respective responsibilities to manage them
- Strengthen business continuity management process to be ready in case disruption to business activities

Opportunities Arising From This Risk

- Our efforts enable the Group to focus on high-priority matters under demanding circumstances
- Establishing a sound internal control environment helps strengthen our creditability and reputation

Stakeholders | **Capitals Impacted** | **Material Matters**

KEY RISKS AND MITIGATION

DIGITAL AND TECHNOLOGY RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

Continued reliance on legacy IT infrastructure poses a risk to achieving the customer experiences and efficiencies we are targeting. Thus, simplification and modernisation of our IT infrastructure is a top priority, along with the adoption of new technologies, so we remain relevant to our customers, enhance their experiences, and ensure business resilience and data security.

Context of Risk

The emergence of disruptive innovation, such as the digital transformation of the financial services industry, poses a significant and accelerating risk for the business strategies of traditional insurers. As such, regulators now expect financial institutions to be able to withstand severe and prolonged business disruptions. One way to develop operational resilience is by managing risks associated with an increasing reliance on digital business practices.

Mitigations Conducted

- Upgrading and streamlining our IT infrastructure
- Digitalising our processes to satisfy the continuously changing demands of our customers and advisers
- Taking steps to address potential change management risks as the Group adopts new digital and technology-assisted processes
- Continuously monitoring our system health status and capacity utilisation for early detection of potential technology issues

Opportunities Arising From This Risk

- Our efforts will equip the Group to readily respond to ever-changing market needs
- We are empowered to satisfy the evolving needs of our stakeholders

Stakeholders



Capitals Impacted



Material Matters



FINANCIAL RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

We recognise our exposure to financial risks such as market, liquidity and credit risks.

Our emphasis on organic growth is fundamental to managing such risks, along with prudent capital allocation, solvency and liquidity management. Our clients depend on our promise to provide them with takaful protection, for which we need to remain financially sound so we can deliver product benefits as they fall due.

Context of Risk

Our clients depend on our promise to provide them with takaful protection, for which we need to remain financially sound so we can deliver product benefits as they fall due.

Mitigations Conducted

- We remained focused on maintaining significant solvency and liquidity buffers to protect our financial health
- We consistently model, evaluate and monitor our capital requirements to remain prepared for all eventualities

These are further complemented by a prudent investment, asset and liability management strategy.

Opportunities Arising From This Risk

- We have an opportunity to strengthen the capital and solvency of the Group amid the introduction of new capital risk management framework soon
- Maintaining a strong and stable financial position puts us in a better position to provide greater value to our stakeholders

Stakeholders



Capitals Impacted



Material Matters



KEY RISKS AND MITIGATION

INSURANCE RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

Exposed to adverse claims experiences from our Family Takaful business which provides our customers death, disability and medical benefits, and our General Takaful business which offers protection from property losses and liability claims.

Context of Risk

Our business value proposition is dependent on our ability to fulfil the promise of protection for our customers; accordingly, we must maintain a financially sound position to deliver product benefits as they fall due.

Mitigations Conducted

- We pursue a sustainable business growth strategy that considers the potential and impact of our insurance exposure, and we practice disciplined and prudent insurance risk underwriting
- We are continually enhancing our understanding of the emergence of new and shifting behaviours of insurance risks to improve our risk-based pricing

Opportunities Arising From This Risk

- Proper insurance risk management enables us to provide competitive contribution rates in the market that create value to shareholders
- Maintaining a strong solvency position from positive underwriting results develops greater consumer confidence in our ability to deliver on our promise to provide takaful protection

Stakeholders



Capitals Impacted



Material Matters



CLIMATE RISK

Strategy MLP SGB ERM FBD ETP CSM ESR

Risk Trend **Risk Rating**

Climate risk concerns are growing as we face more frequent insurance losses due to climate-related events.

Context of Risk

The risk of climate change has the potential to impact the Group on several fronts, namely its assets and investments, insurance claims, and operational and business continuity. It could also disrupt demand for our products and services, resulting from a shift in consumers' sentiments and preferences.

Mitigations Conducted

- We are developing products and services that promote climate preservation values consistent with our sustainability objectives, complemented by embracing responsible investments within our portfolio, such as in green sukuk
- We have also integrated climate-related priorities in our overall strategies, governance and enterprise-wide frameworks, policies and practices, as well as in our engagements with our business partners
- We have implemented a forward-looking assessment on climate risk behaviour over an extended time horizon to enable the Group to effectively manage its overall risk exposure and solvency positions sustainably

Opportunities Arising From This Risk

- Our efforts will increase our appeal to and attract individuals who rank sustainability agenda high in their selection criteria when entering into business transactions either as customers or investors
- These practices will also provide potential future benefits, including the unlocking of long-term sustainable value creation for our shareholders

Stakeholders



Capitals Impacted



Material Matters



BUSINESS REVIEW - FAMILY TAKAFUL



Our Family Takaful division is dedicated to offering customers a diverse and cost-effective selection of financial protection solutions. These include coverage for death, disability, medical expenses, and investment and savings plans. Our well-established presence in these critical areas has enabled us to solidify our position as a leader in the Family Takaful sector, ensuring our continued growth and success in the market.

BUSINESS REVIEW - FAMILY TAKAFUL



COMPANY TAKAFUL REVENUE

RM1.62 billion
FY2023

FY2022 ▶ RM1.50 billion

COMPANY PROFIT BEFORE ZAKAT AND TAXATION ("PBZT")

RM390.9 million
FY2023

FY2022 ▶ RM364.3 million

1 KEY PRIORITIES IN FY2023

During the year under review, we focused on:

- Maintaining our market leadership through retaining our existing bank partners and forging new partnerships
- Supporting and working closely with our bank partners to increase the Islamic Financing Ratio and enhance the market penetration
- Rolling out optimisation programmes that offer level sum coverage for our mortgage products and diversifying into new business sectors
- Strengthening Takaful Malaysia's brand presence in the treasury sector and extending outreach to civil servants for Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) financing
- Providing additional services like lifestyle, wellness support, and digital solutions to augment our Employee Benefits portfolio
- Expanding into the retail market

2 FINANCIAL HIGHLIGHTS

In 2023, we continued our upward trajectory with the following achievements:

Achieved record-high gross contributions in 2023, representing 7.1% growth compared to the previous year

Achieved 131% growth for the First-Year new business Annualised Contributions for Retail Regular Contributions compared to the year 2022

Takaful Malaysia Keluarga's unique customer base has exceeded 2.1 million for the Family Takaful business as of FY2023, while Takaful Malaysia Am's unique customer base is approximately 1.3 million for the same period

Maintained our above-industry-average capital adequacy position in 2023*

* *Sourced from the Bank Negara Malaysia's Financial Stability Review – First Half 2022*

BUSINESS REVIEW - FAMILY TAKAFUL

OPERATIONAL REVIEW

KEY INITIATIVES	ACHIEVEMENTS
FAMILY TAKAFUL	
• Maintaining our current bank partners while acquiring new alliances	• Secured a new partnership with Bank Muamalat • Renewed our existing partnership with Affin Islamic Bank and Bank Rakyat
• Engaging with our bank partners frequently and increasing our market share by introducing new products and refining our Islamic Financial Ratio, penetration rate, and sum coverage	• Enhanced the adoption of Islamic home financing among our key bank partners • Increased our total Bancatakaful credit-related business by 12% in 2023 • Increased GCFT with the launch of AgroCash-i, in collaboration with Agro Bank, elevating financing from RM300,000 to RM400,000
• Increasing our retail regular contribution business	• Leveraged five banca partners to expand our retail business • Achieved growth of 131% from FY2022 in retail regular contribution products • Launched the new vibrant platform, Kaotim to further expand the direct retail market • Offered eight new products • Lived the new front-end system DTM
• Revitalising our branch operations	• Enhanced sales culture by organising branch contests, providing sales training and support (including prospecting, marketing, objection handling and closing techniques), intensifying the deployment of marketing • Created the Regional Structure • Empowered leaders
• Strengthening our branding and marketing efforts	• Introduced our new corporate song with the Merdeka advertisement • Executed Merdeka Campaign – 1st August to 16th September 2023 • Launched the new corporate website • Unveiled new social media channels – Tik Tok and Twitter • Boosted social media presence buy achieving a Share of Voice: 60% in the insurance and takaful industry and reached 131 million impressions on social media platforms
TREASURY BUSINESS	
• Cultivating robust branding and communications while engaging government employees for LPPSA financing opportunities • Maintaining and sustaining our market share	• Continuously engaged our strong distribution network at state level • Facilitated more effective and impactful engagements with government servants • Extended coverage provided to all LPPSA borrowers to cover their home contents • Secured new term for LPPSA panel status • Responded to LPPSA request in a timely manner • Met the turn around time set

BUSINESS REVIEW - FAMILY TAKAFUL

CHALLENGES	MITIGATING ACTIONS
FAMILY TAKAFUL	
• Ongoing competition with other takaful operators for Bancatakaful credit-related business	• Strengthening bancatakaful sales support team and bancatakaful helpdesk to support expansion of bank business growth • Ensuring operational process automation and system integration to facilitate efficient operations • Collaborating with our bank partners through marketing campaigns to promote our products • Providing competitive products with improved and seamless underwriting requirements • Enhancing customer loyalty through unique product offerings
• Stiff competition in securing banca partnership tenders	• Providing partnership terms with greater competitiveness and delivering favourable financial outcomes and diverse value propositions
RETAIL BUSINESS	
• Expansion of retail business alongside negative market growth for the last two years	• Offering affordable direct-to-customer products • Leveraging on multi-channel distribution channels, banca, direct, TMCC, and TH branches
TREASURY BUSINESS	
• Retention of our distribution network • Competition with other takaful operator's and insurers in LPPSA space	• Ensuring smooth operational support to streamline new business processing • Enhancing customer engagement through robust branding and communication efforts, and targeting government servants for LPPSA financing opportunities • Providing the best comprehensive product for LPPSA borrowers • Conducting engagement programmes at nationwide level – Business Managers at every state

OUTLOOK AND PROSPECTS

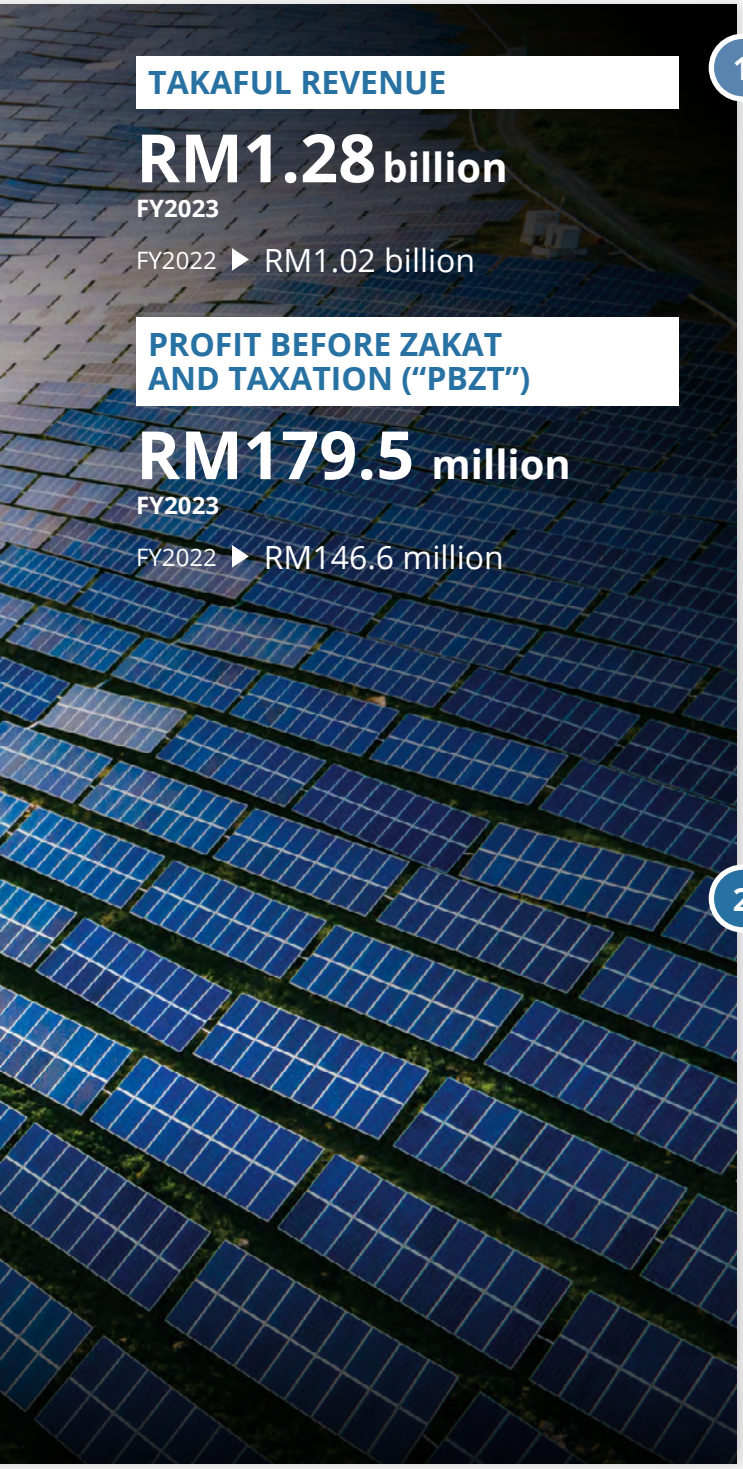
- Despite potential uncertainties stemming from a slower-than-anticipated global economic rebound and increased risk aversion in financial markets, we will continue to be vigilant and prudent in overseeing our expenses, business expansion, and risk exposure within our business portfolio
- Our core businesses of Bancatakaful, Treasury and Employee Benefits business segments will support our diversification efforts into other sectors while fortifying our position as leaders in the Family Takaful sector
- Bancatakaful will prioritise safeguarding and expanding our business through key strategies, including active participation in renewal and new partnership tenders or invitations
- Additionally, we will maintain ongoing engagements and cultivate new prospects with our bank partners
- We will focus on expanding our regular retail contributions while growing our regular business

BUSINESS REVIEW - GENERAL TAKAFUL



In our General Takaful business, we provide short-term protection against Personal Accidents or Liabilities, property coverage and financial safeguards against loss or damage. Our main product segments include Motor Takaful, and protection coverage for Fire and Personal Accidents.

BUSINESS REVIEW - GENERAL TAKAFUL



TAKAFUL REVENUE

RM1.28 billion
FY2023

FY2022 ▶ RM1.02 billion

PROFIT BEFORE ZAKAT AND TAXATION ("PBZT")

RM179.5 million
FY2023

FY2022 ▶ RM146.6 million

1 KEY PRIORITIES IN FY2023

During the year under review, we focused on:

- Increasing our market share by:
  - Executing our agent recruitment and development strategies
  - Acquiring new bank partners while continuously engaging existing ones
  - Partnering with communities of significant members to establish a digital ecosystem aimed at simplifying processes with our agents and offering needs-based add-on benefits to foster long-term customer retention (PL)
- Enhancing cross-selling opportunities for our additional General Takaful products, alongside compulsory and voluntary or optional coverages selected by customers
- Broadening our range of products to better cater to customer needs, enhancing our portfolio diversity
- Ensuring claims efficiency to provide better support to customers during challenging times
- Initiating and integrating green initiatives into our product offerings

2 FINANCIAL HIGHLIGHTS

In 2023, we continued our upward trajectory with the following achievements:

Achieved a new milestone with an all-time high takaful revenue of RM1.28 billion

Recorded a positive growth in gross contributions after surpassing a record of RM1 billion for the FY2022

Accomplished substantial growth in PBZT at RM179.5 million, marking a surge from the RM146.6 million achieved in FY2022. This remarkable growth of 22.4% reflects our continued commitment to strategic initiatives and efficient operations, solidifying our position for sustained success in the future

BUSINESS REVIEW - GENERAL TAKAFUL

OPERATIONAL REVIEW

KEY INITIATIVES	ACHIEVEMENTS
GENERAL TAKAFUL	
• Acquired new agents	• Successfully recruited 510 new agents over 12 months in the financial year ended 31 December 2023 ("FY2023"), which increased contributions by RM21.8 million
• Reinforced our relationship with existing agents through engagements	• Improved the contributions from our existing agents by RM67.5 million
• Increased our line of bank partners and lead generation	• Secured new partnership with Bank Muamalat
• Enhanced Group synergy with Lembaga Tabung Haji (TH)	• Protection of TH staff's motor/properties with Takaful Malaysia Am
• Introduced more personalised products line	• Enhanced Motor products • Introduced one new product of each: a) Home – Fire b) Personal Accident
• Improved claim efficiency	• Automated claim submission and claim registration for Takaful Pelajar Sekolah Malaysia (TPSM) • Deployed a dedicated Whatsapp number for Takaful Malaysia's participants to submit flood related claims during massive floods • Deployed of 4x4s to areas affected by flood in expediting claim registrations and settlements for Takaful Malaysia participants
COMMERCIAL BUSINESS	
• Expanded new business contributions while retaining existing clientele • Attained sustainable enhancements in business operations	• Strengthened relationship with Takaful Malaysia's brokers
TELEMARKETING	
• Progressed in our contact rate • Grew our take-up rates • Expanded our collection	• Launched our Personal Accident coverage product with selected exclusive bank partners (in October 2023)

BUSINESS REVIEW - GENERAL TAKAFUL

CHALLENGES	MITIGATING ACTIONS
GENERAL TAKAFUL	
• Competitive landscape between bancatakaful and conventional banking services • Challenges against Digital Insurers and Takaful Operators (DITO) • Margins affected due to detariffication and competition • Managing a profitable motor business	• Collaborating with our banking partners to augment the composition of Islamic financing compared to conventional loans • Introducing a digital platform to promote direct digital • Balancing motor portfolio with non-motor business, expanded to a more diversified portfolio



OUTLOOK AND PROSPECTS

Our corporate and growth strategy will be reflected in these three main areas:

Strengthening existing businesses that continue to drive our current performance	Increasing our involvement in emerging core sectors, such as Retail and Digital Takaful	Exploring untapped 'Blue Ocean' opportunities to elevate Takaful Malaysia to new heights

Meanwhile, our distribution channel will persist in executing business initiatives, fostering customer loyalty through digitalisation and automation, and expanding our commercial and telemarketing operations.

OUR APPROACH TO SUSTAINABILITY



Sustainability lies at the core of our business ethos, impacting economic, environmental and social dimensions. This requires a comprehensive understanding of how our actions can influence these areas. By prioritising sustainability, we can address global challenges such as climate change, loss of biodiversity and social inequality, employing strategies like reducing our carbon footprint and fostering inclusivity in the workplace. These endeavours not only help to build vibrant communities but also protect the planet for future generations.

Furthermore, sustainability is a moral obligation, and a strategic imperative essential to our long-term success, competitiveness and resilience. Integrating sustainability into our plans and day-to-day operations yields multiple benefits, including bolstering our reputation, reducing operational costs, mitigating risks and fostering innovation and resilience. As such, we are committed to embedding sustainability into our core practices and decision-making processes to create value for our business and stakeholders and contribute to the greater good of society and the environment.

SUSTAINABILITY FRAMEWORK

A robust sustainability approach is essential in our sustainability journey as it guides us in embedding sustainability in our decision-making and business operations. It enables us to navigate challenges as we seek to respond to evolving stakeholder demands, customer needs, business landscape and regulatory requirements. We review and revise our sustainability strategy periodically to ensure that our approach remains relevant to current changes, expectations and risks.

In FY2023, we reviewed our sustainability approach. We refreshed our sustainability pillars, an overarching framework for our value-creation journey. These pillars are aligned with our sustainability material matters, allowing us to move towards our goal of Delivering Positive Sustainable Impact through embracing sustainability practices. The enhanced sustainability framework will ensure that our sustainability disclosures are benchmarked against the requirements of Bank Negara Malaysia (BNM) and Bursa Malaysia, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), United Nations Sustainable Development Goals (UN SDGs) and Malaysian Takaful Association (MTA). The refreshed sustainability framework was endorsed by the Board on 23 November 2023 and implemented across the Group.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY PRACTICES

DELIVERING POSITIVE SUSTAINABLE IMPACT

Sustainability Pillars

Committed to Strong Governance

Incorporating sustainability into our operations demands a robust governance framework aligned with our sustainability objectives. By implementing rigorous policies, regulations, and management practices, we optimise the efficacy of our sustainability strategy, enabling us to track our journey towards a more sustainable, inclusive, and equitable global landscape.

Investing Responsibly

As a responsible investor, we take pride in our commitment to creating enduring, sustainable value—a fusion of success and social responsibility that we believe is achievable and an imperative. Our pursuit of excellence in financial returns ensures superior risk-adjusted outcomes for both our clients and shareholders. Simultaneously, our endeavours to effect positive change contribute to the betterment of society and the communities we serve. Whether it's advancing initiatives to curb CO_2 emissions or empowering individuals to enhance their livelihoods, we remain steadfast in optimising the financial performance, transparency, and societal impact of our portfolio.

Our Environmental Stewardship

We are dedicated to crafting a sustainability strategy centred on the preservation of our environment. Our operational framework revolves around proactive risk assessment and strategic investment in critical areas of focus. Leveraging our expertise as a takaful provider, we strive to foster a sustainable ecosystem through continuous product innovation. Our aim is to contribute to the development of a sustainable future that serves the needs of current industries and societies and ensures their viability for generations to come.

Our Social Commitments

At the heart of our industry leadership lies a commitment to nurturing both our internal workforce and the communities we serve. Recognising the dynamism of the industry, we place a premium on cultivating diverse talent and empowering our colleagues. This investment not only enhances the experiences of all who interact with us but also strengthens our ability to adapt and thrive in an ever-evolving landscape.

Stakeholder Engagement

Material Matters

Data Privacy and Security	Digital Transformation	Climate Action	Employee Well-being
Ethics & Compliance	Sustainable Growth		Community Empowerment
Regulatory Changes			Customer Centricity
Human Rights			

Integrated Risk Management

Identification & Assessment | Controls & Monitoring | Data & Methodologies

Performance Sustainable Capital Management

Capital Planning & Scenario Analysis

Disclosure

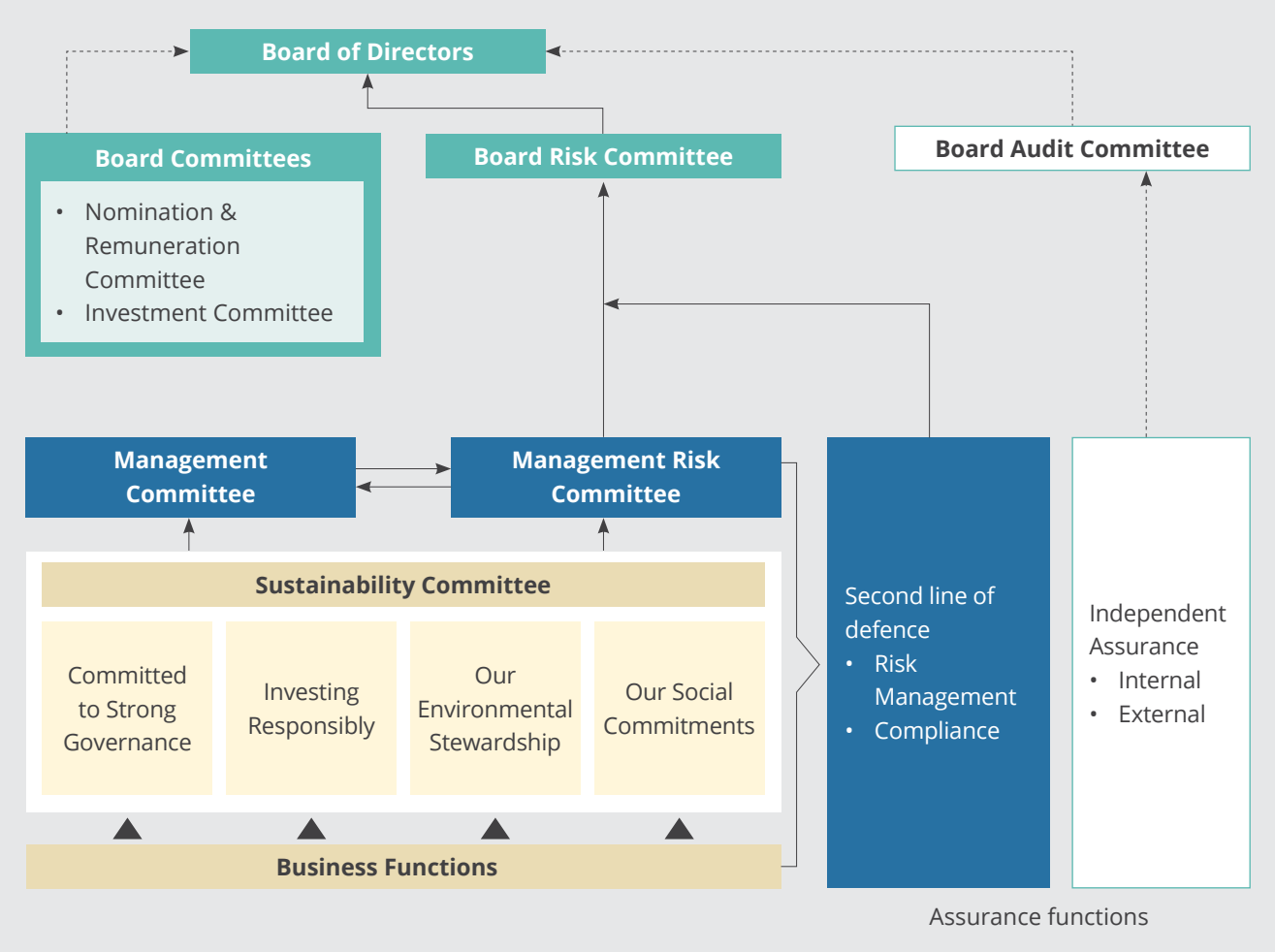
Benchmarking (BNM, Bursa Malaysia, TCFD, UN SDGs, MTA)

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

Sustainability governance is essential for Takaful Malaysia as it integrates sustainability goals into our strategy and operations, ensuring accountability, transparency and oversight for managing environmental, social and governance ("ESG") risks and opportunities. We can foster stakeholder trust by aligning sustainability with business objectives, thereby reducing reputational and regulatory risks.

We have established a robust sustainability governance framework based on our commitment to sustainability. The Board oversees, provides advice and endorses our overarching sustainability strategy, governance framework, priorities and targets. Additionally, the Board implements and integrates sustainability initiatives across the organisation to ensure robust governance and effective oversight.



The Board is supported by the Management Committee, which is responsible for the day-to-day management of sustainability risks and opportunities. The committee is also tasked with developing strategies, identifying priorities and targets, organising initiatives and ensuring they are effectively executed. Supported by the Sustainability Committee, both these committees work together in the adoption and execution of ESG strategies and initiatives.

Sub-committees are established to focus on each of the four sustainability pillars to facilitate effective execution. Heading the sustainability agenda, the Head of Sustainability is vital in managing and coordinating all sustainability-related matters, ensuring alignment with organisational objectives and industry best practices. Additionally, to effectively manage ESG risks, we integrate them into our internal control systems across three lines: business units/functions, control functions and audits. Each line has its own duties to ensure ESG risks are managed thoroughly and efficiently. Furthermore, to provide a unified approach, we continuously align our strategies and business practices across Takaful Malaysia and its local subsidiaries at every level of governance.

OUR APPROACH TO SUSTAINABILITY

The Board delegates specific sustainability oversight responsibilities to its committees as outlined below:

Contributing Entity	Roles & Responsibilities
Board of Directors	• Ensures effective oversight and strategic alignment with the sustainability agenda • Assesses and endorses sustainability-related risks and opportunities • Integrates sustainability practices and clarifies roles for Board Committees and Management • Stays informed on sustainability risks, including climate-related concerns • Approves policies regarding sustainability disclosures • Sets the tone from the top and fosters a culture of sustainability management
Board Committees	• The Board delegates sustainability oversight of its committees: - **Nomination and Remuneration Committee**: Aligns incentive plans to sustainability targets and KPIs and submits a performance review to the Board and senior management - **Audit Committee**: Oversees sustainability-related disclosures - **Investment Committee**: Manages sustainable investment policies - **Board Risk Committee**: Oversees sustainability risk management
Board Risk Committee (BRC)	• Ensures effective management of sustainability risks that may hinder Takaful Malaysia's strategic objectives • Endorses the Sustainability Risk Management Framework, related policies, risk appetite and limits for risk-taking activities • Approves risk appetite and limits for BOD • Receives sufficient information on sustainability risk exposure and management activities
Management Committee	• Oversees and integrates sustainability across the Group's three lines of defence • Assesses and approves sustainability strategies • Coordinates Group-wide sustainability initiatives with support from the Sustainability Committee • Adopts and implements frameworks like Value-Based Intermediation for Takaful (VBIT) • Provides the Board with updates on sustainability opportunities and risks
Management Risk Committee (MRC)	• Establishes policies and procedures for managing sustainability risks • Oversee risk identification, assessment and action plans established by Business Owners • Allocates resources for risk management • Ensures effectiveness and relevance of the Sustainability Risk Management Framework (SRMF)
Sustainability Committee	• Ensure respective departments implement policies for sustainability practices and smooth customer interactions • Establish relevant risk appetite and limits • Manage sustainability reporting and the Sustainability Report as part of the Annual Integrated reporting • Drive continuous ESG capacity building, training and culture • Regularly assess organisational effectiveness in supporting sustainability strategies
Head of Sustainability/ Sustainability Department	• Monitor ESG initiatives with the support of the Sustainability Committee, adapting strategies as needed • Provide updates on sustainability initiatives to MRC and/or Board Committees for decision-making • Coordinate preparation of Sustainability Reports and engage with external stakeholders • Organise capacity building and training plans for the Board, senior management and staff
Business Functions/ Units (First line of defence)	• Identify, assess and manage sustainability risks in daily operations, including customer or business partner interactions and new product approvals • Support and implement internal or external sustainability initiatives
Control Functions	• **Risk Management Division (RMD)** - oversees SRMF maintenance, coordinates risk assessments and reports material risks to MRC and BRC • **Compliance** - ensures compliance with laws, regulations and internal policies, including those set by BNM or Bursa Malaysia • **Internal Audit** - interdependently reviews and assures the effectiveness of internal control systems for managing sustainability risks

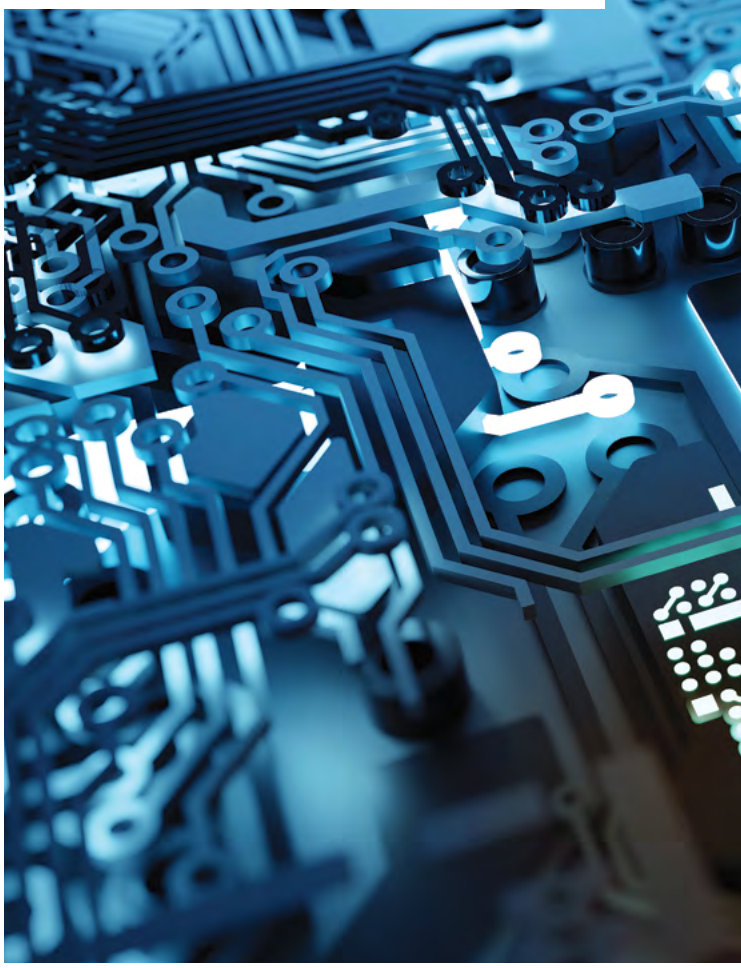
COMMITTED TO STRONG GOVERNANCE

Incorporating sustainability into our operations demands a robust governance framework aligned with our sustainability objectives. By implementing rigorous policies, regulations, and management practices, we optimise the efficacy of our sustainability strategy, enabling us to track our journey towards a more sustainable, inclusive, and equitable global landscape.

DATA PRIVACY AND SECURITY

WHY IT IS IMPORTANT

The role of data is increasingly important to businesses as it drives operations and empowers better decision making. We rely on stable data management systems to safeguard the privacy of our stakeholders as we recognise that the absence of data security exposes us to risks of data breaches and loss. To this end, we ensure that tight control mechanisms are applied and we continue to upgrade our data management systems to prevent violations and mishandling. As Takaful Malaysia operates within the principles of Shariah, our commitment is vital for maintaining business continuity and upholding our reputation, and facilitate efficient operations and market expansion.



OUR APPROACH

Maintaining a reliable data security and protection system is crucial for us to consistently build trust with our stakeholders and uphold rigorous ethical business standards. Additionally, data security risks remain high for the organisation as cyberattacks can lead to significant business interruption, increased operational costs and regulatory scrutiny.

In enforcing a resilient data security and protection system, we adhere to the following frameworks and policies:

- Enterprise Risk Management Framework
- Operational Risk Management Framework
- Outsourcing Risk Management Framework
- Business Continuity Management Framework
- Fraud Risk Policy
- Incident Management Policy
- Data Governance Framework
- Cyber Resilience Framework

We also ensure that ethical conducts are integrated into our operations by practising transparency through the establishment of communication channels to promptly address concerns, and foster trust and accountability.

PROGRESS AND ACHIEVEMENTS

In FY2023, we improved our risk management framework, system and processes to further stabilise our data privacy and security systems:

- Upgrading and streamlining our IT infrastructure
- Rolling out learning and awareness initiatives to strengthen staff awareness and understanding of risks emanating from our business operations and their responsibilities in managing them
- Continuing review of our data loss prevention framework to prevent risk of data leakages
- Review outsourcing risk management framework, to include elevated expectations on due diligence on capability of third party providers in managing data and information security

COMMITTED TO STRONG GOVERNANCE



In 2023, we conducted two cybersecurity training initiatives: a Governance Week for Cybersecurity and a Computer-Based Cybersecurity Awareness programme, both of which were attended by all employees. Furthermore, we conducted cybersecurity awareness quiz simulation, cybersecurity e-learnings and phishing tests, demonstrating our workforce's strong understanding of the importance of cybersecurity.

- Engaging with regulators and industry associations to better understand new requirements and assist in developing robust structures
- Enhancing our Operational Risk Management Framework
- Strengthening internal control and governance processes

Our IT Steering Committee has oversight of our data governance framework, which effectively manages and mitigates our cybersecurity risks, leading to the implementation of the following measures and practices:

A Security Operations Centre for 24/7 monitoring of servers and network devices, and detection of potential threats

Continuous assessment and enhancement of our security posture and cyber resilience capability, including evaluating both our internal mechanisms as well as those of our outsourced service providers

Implementation of a data loss prevention solution

Simulation exercises for cyber-attacks, including phishing and ransomware, to assess the effectiveness of incident responses

Perform regular penetration testing to identify potential vulnerabilities

Regular and mandatory employee awareness and training on cybersecurity including talk by industry experts to Board and management on cyber threats and defences

During the year under review, we have received zero complaints and breaches concerning customer privacy and losses of customer data.

GOING FORWARD

We will continue to stay current by strengthening policies, transparency, and proactive risk management while ensuring ethical practices.

COMMITTED TO STRONG GOVERNANCE

ETHICS AND COMPLIANCE



WHY IT IS IMPORTANT

Upholding compliance safeguards our reputation and credibility and strengthens our integrity and fosters accountability across our organisation. By championing responsible conduct, we not only enhance our reputation as a trustworthy and transparent organisation but also reaffirm our commitment to serving our stakeholders with integrity and diligence.

As a leading Malaysian company and a vital contributor to our nation's growth, our commitment to ethical conduct serves as a beacon, attracting top talent and investment to propel our collective success. Through our unwavering commitment to these principles, we not only strengthen our position as a trusted takaful provider but also actively contribute to fostering the country's reputation as a centre for ethical business practices and fostering sustainable progress.

OUR APPROACH

Promoting Compliance at Every Level

We are dedicated to fostering a culture of compliance throughout our organisation through a multifaceted approach. We remain guided by a suite of policies and an internal framework, namely, Compliance Framework, AML/CFT Policy, Whistleblowing Policy, Anti-Corruption Framework and Personal Information Record Management Framework that outline the steps for identifying, monitoring, addressing and reporting instances of non-compliance. We regularly review and update our policies to adapt to evolving requirements and safeguard our reputation. Our commitment to compliance extends to upholding the highest standards of disclosure, transparency, accountability and integrity in accordance with relevant legislation.

Our Whistleblowing Policy ("WP") serves as an avenue for stakeholders to raise concerns anonymously about potential improprieties related to ethics and compliance. This includes areas related to operations, financial reporting, compliance and other malpractices.

The WP aims to enhance the effectiveness of our whistleblowing process, mitigate the risk of retaliation against whistleblowers, and enhance organisational integrity through transparent policies and efficient procedures. It applies to all Takaful Malaysia personnel, and we welcome input from the public through the reporting channel provided in the WP. The reporting could be made through email to the Chairman of the Board or Audit Committee (AC) if it is relating to any Directors or Shariah Advisory Body (SAB) members, to email to the Chairman of AC and Chief Internal Auditor via a designated email address, namely *WB-STM@takaful-malaysia.com.my* for misconduct of any Chief Officers and via online form to the Chairman of AC and Chief Internal Auditor for misconduct of Senior Management or Employees up to the General Manager's level or in writing to the Chief Internal Auditor.

PROGRESS AND ACHIEVEMENTS

We are committed to continuously refining our policies, practices and organisational culture to champion responsible business conduct. This proactive approach ensures that our takaful operations align seamlessly with industry best practices, further bolstering our adherence to Shariah requirements. In line with this commitment, our initiatives for 2023 encompassed:

Training and Engagements

This includes providing general and role-specific e-learning modules and engagement sessions to educate our employees on the latest laws and regulations pertinent to their roles.

e-Learning Modules

Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT")

Equipping employees with knowledge and tools to prevent and detect financial crimes, including money laundering and terrorist financing, through adequate due diligence, risk profiling and red flag identification.

Personal Information Record Management Framework ("PIRMF")

Promoting strict adherence to privacy and security standards among employees, including best practices for handling and disclosing customer personal information.

COMMITTED TO STRONG GOVERNANCE

e-Learning Modules

Anti-Corruption Framework ("ACF")

Providing comprehensive training to employees on compliance coordinators' roles and covering various compliance topics such as anti-money laundering, personal information management, and anti-corruption measures.

Enterprise-wide risk and Business Continuity Management

Enhancing understanding among employees on risks facing the company, financially and operationally, and governance-wise.

Awareness and Engagement Sessions

Delivering thorough training to employees on the responsibilities of risk and compliance coordinators covering a range of compliance topic.





In line with our training and engagement sessions above, we provide the following statistics regarding our anti-corruption efforts. In line with our training and engagement sessions above, we provide the following statistics regarding our anti-corruption efforts representing a commendable 100% of our workforce:

No. of employees who received training on anti-corruption	**1,071**
Percentage (%) of employees who received training on anti-corruption	**100%**

In 2023, we assessed 100% of our operations, which found nil cases related to corruption. There were zero confirmed incidents of corruption.

Number of operations assessed for risks related to corruption	**38**
Percentage (%) of operations assessed for risks related to corruption	**100%**

GOING FORWARD

We will focus on advancing our commitment to integrity and ethical excellence. We envision a tomorrow where our organisation sets the standard for transparency, accountability and ethical conduct in our industry. This entails strengthening policies and transparency, engaging in proactive risk management, ensuring adherence to ethical practices and fostering a culture of exemplary behaviour and conduct among our people.

COMMITTED TO STRONG GOVERNANCE

REGULATORY CHANGES

WHY IT IS IMPORTANT

Regulatory changes play a crucial role in ensuring that takaful providers uphold fairness, transparency and Shariah compliance. As a leading takaful provider in the nation, we diligently adhere to strict regulatory standards to safeguard our stakeholders' interests and uphold the principles of Islamic finance. Failure to comply not only carries the risk of financial penalties but also threatens our access to markets and business opportunities, erodes stakeholders' trust and undermines our reputation as a reliable organisation.

OUR APPROACH

We are highly dedicated to navigating the dynamic regulatory environments across our operations and our proactive approach ensures compliance at all levels, reflecting our commitment to ethical conduct and sustainability. We manage this through a structured process of communicating any new or revised BNM policy documents, notifications, circulars and exposure draft, and any other regulatory or association bodies notifications or circulars to internal stakeholders and business partners who may be impacted.

Where necessary, we update internal policies and frameworks affected by regulatory changes, ensuring they align with the latest guidelines and regulations. We then engage in internal discussions and communication to ensure that these updates are well understood and integrated into our operational processes.

PROGRESS AND ACHIEVEMENTS

During the year under review, we conducted numerous initiatives aimed at fostering regulatory awareness and ensuring compliance, including:

- Talk by an MACC officer on Anti-Corruption to Compliance Coordinators, Senior Management, Shariah Advisory Body and Board members
- Engagement session with Compliance Coordinator via a Governance Week, a collaboration with other control functions department
- A compulsory training via e-Learning on Compliance-related policies and frameworks to all staff of Takaful Malaysia

There were zero financial and in-kind political contributions made directly and indirectly to our organisation during the reporting period. Furthermore, there were no legal actions pending or completed during the same period regarding anti-competitive behaviour, violations of anti-trust or monopoly legislation in which Takaful Malaysia was identified as a participant.



GOING FORWARD

Looking ahead, our commitment to regulatory awareness and compliance remains steadfast. We will persist in implementing a diverse range of initiatives to enhance understanding and adherence to regulatory standards. These efforts will encompass comprehensive training programmes, regular updates on evolving regulatory frameworks and proactive engagement with regulatory authorities. We aim to fortify our operations, maintain trust among stakeholders and uphold the integrity of our business practices by prioritising regulatory awareness and compliance.

HUMAN RIGHTS



WHY IT IS IMPORTANT

At Takaful Malaysia, our approach to human rights is deeply intertwined with our core values of respect, dignity, and equality. We are committed to embedding these principles in all aspects of our operations, policies, and engagements with our stakeholders. This commitment include proactively identifying, assessing and managing potential human rights risks internally and throughout the organisation.

Considering their needs and concerns, engaging in a meaningful and transparent manner with employees and stakeholders is essential. This approach signifies a commitment to uphold universal human rights standards and contribute to community well-being.

This focus on human rights aligns seamlessly with our ethical values as a company guided by Islamic principles. It enhances our reputation, mitigates potential risks, and fosters a robust engagement among our employees. Furthermore, it underpins our commitment to sustainable development, a key driver in our journey towards being a leading takaful operator.

Incorporating human rights considerations into our social and community initiatives is a matter of compliance or reputation management. It reflects our dedication to upholding Islamic values, strengthening community bonds, ensuring ethical governance, managing risks, fulfilling social responsibility, and enhancing reputation and market position. These efforts are pivotal in strengthening our market position and contributing to Takaful Malaysia's long-term sustainability and success.

OUR APPROACH

We are guided by relevant legislation such as the Employment Act 1955, the Minimum Retirement Age Act 2012, and other applicable laws concerning human and employee rights.

In addition, engaging constructively and transparently with our employees and stakeholders is a pivotal part of our approach. We recognise the importance of considering their needs and concerns, ensuring that our engagements are meaningful and reflective of our dedication to upholding universal human rights standards. This practice is integral not only to our operations but also to our contributions towards community well-being.

PROGRESS AND ACHIEVEMENTS

Labour Management Relations

Effective labour management relations are crucial for Takaful Malaysia as it fosters a harmonious workplace environment, enhancing productivity and employee satisfaction. Takaful Malaysia enhances labour management relations through various strategies and initiatives. This involves prioritising open communication channels between Management and employees via town hall meetings, organising employee engagement programmes to foster camaraderie, ensuring fair treatment through clear policies, investing in training and development opportunities, conducting employee experience surveys to gather feedback, and establishing harmonious relation between Union and management via constant engagement with union exco and members. These efforts demonstrate Takaful Malaysia's commitment to foster a positive work culture and driving organisational success.

At Takaful Malaysia, our representatives meet with the respective unions every three years to finalise a collective agreement. Provisions for medical benefits and compensation for medical boards are present in all of our collective agreements. The notice period and provisions for consultation is set at a minimum of three months.

In addition, our Whistleblowing Policy ("WP") allows our stakeholders and employees to report their concerns, complaints or grievances for human rights-related issues. Our employees can use Whistleblower and Grievance Handling & Disciplinary Procedures channels to report their grievances without fear of retaliation.

Minimum Notice on Operational Changes

We constantly endeavour to give our employees advance notification of any changes to their workplace, job functions, or other related aspects of their employment across all operation sites.

For other operational changes that affect our employees, the Management makes decisions on a case-by-case basis. In addition, we set a minimum of 12 weeks' notice for employees and their representatives if the implementation of significant operational changes could substantially affect them.

Non-Discrimination Policy

Takaful Malaysia takes an unwavering zero-tolerance stance on discrimination and harassment in all forms, including gender, sexual orientation, race, religion, political beliefs, and disability, among others. This position is explicitly conveyed to all employees, whether new or current, within our Employee Handbook. In 2023, there were zero incidents of discrimination at Takaful Malaysia.

COMMITTED TO STRONG GOVERNANCE

Freedom of Association and Collective Bargaining

Takaful Malaysia recognises and respects the freedom of every employee to establish and become members of unions of their preference and to engage in collective bargaining. We do not impose any limitations on our employees' rights to association and collective bargaining.

There were no violations of worker's rights to exercise freedom of association or collective bargaining for Takaful Malaysia's operational personnel and suppliers in the year under review. We adhere to the Industrial Relations Act 1967 and the Trade Unions Act 1959, upholding the rights of employees to freely associate and engage in collective bargaining.

In 2023, 89 employees were covered by our collective bargaining agreements, or 8.5% of our employees. For employees not covered by collective bargaining agreements, especially at the level of executive and above, entitlements and benefits are based on the Contract of Employment and Employee Handbook.

Our Human Rights Training Programmes and Initiatives

Incorporating human rights initiatives into the organisational framework is essential for cultivating a work environment that upholds respect, dignity and equality for all employees. Crucial to these efforts are initiatives such as introducing comprehensive HR training programmes. These are designed to promote awareness and ensure compliance with HR principles and legal standards.

- **Diversity and Inclusion Awareness:** Integrating initiatives into Leadership programmes to promote diversity and inclusion across the organisation. This includes recruitment practices designed to offer equal opportunities to people from various backgrounds, and nurturing an organisational culture that values respect and acceptance.
- **Employee Engagement:** Actively engaging with employees to understand their needs and address concerns, ensuring that the organisation's activities and operations are aligned with and supportive of human rights within the community.
- **Whistleblower Protection:** Developing mechanisms to safeguard individuals who report human rights abuses or unethical practices within the organisation, thus providing a secure environment for employees to voice concerns without fear.
- **Sexual Harassment Awareness:** Promoting awareness among employees about unacceptable verbal or physical conduct, aiming to create a workplace that is fair, respectful, and conducive to the well-being of all staff.

In 2023, there were zero substantiated complaints of human rights violations at Takaful Malaysia.

GOING FORWARD

Takaful Malaysia will continue prioritising human rights initiatives as part of our organisational culture. To achieve this, we will enhance human rights initiatives by refining training programmes to ensure ongoing awareness and compliance with human rights principles and laws. Open communication and feedback channels will sustain an environment where employees feel empowered to voice concerns and contribute to decision-making processes. Organisations must promote diversity and inclusion through policies and concrete actions that foster belonging among employees from diverse backgrounds. Moreover, initiatives supporting employee well-being, such as mental health support and flexible work arrangements, will be reinforced and adapted to meet evolving workforce needs. Through implementing and consistently enhancing these initiatives, Takaful Malaysia emphasises our dedication to human rights principles, nurtures a positive workplace culture, and fosters ongoing success for all stakeholders.

We will continue to conduct thorough assessments to identify negative impacts related to human rights that involve evaluating current practices, policies, and external factors that could pose risks to human rights, social and community issues. We believe that through collaboration with industry peers, government agencies, and other stakeholders, we will be able to share best practices, leverage resources, and collectively address systemic issues related to human rights. We will involve relevant stakeholders, such as employees, customers, suppliers, local communities, and advocacy groups, in discussions to gather insights, concerns, and feedback regarding potential negative impacts. This collaborative approach facilitates the identification of blind spots and the development of effective mitigation strategies. We will provide comprehensive training programmes for employees and relevant stakeholders to raise awareness about potential negative impacts and equip them with the necessary knowledge and skills.

INVESTING RESPONSIBLY

As a responsible investor, we take pride in our commitment to create enduring, sustainable value - a fusion of success and social responsibility that is achievable and imperative. Our pursuit of excellence in financial returns ensures superior risk-adjusted outcomes for our clients and shareholders. Simultaneously, our endeavours to effect positive change contribute to the betterment of society and the communities we serve. Whether it's advancing initiatives to curb CO_2 emissions or empowering individuals to enhance their livelihoods, we remain steadfast in optimising the financial performance, transparency, and societal impact of our portfolio.

SUSTAINABLE GROWTH



WHY IT IS IMPORTANT

Sustainable growth is crucial for an organisation as it ensures long-term viability and builds business resilience. By prioritising sustainability, organisations can foster positive relationships with stakeholders, including customers, business partners, employees, investors, and communities, thereby enhancing trust and reputation. Sustainable growth also minimises risks associated with resource depletion, regulatory changes, and climate impacts while capitalising on emerging opportunities in sustainable markets. Moreover, ESG practices can lead to cost efficiencies, innovation, and operational excellence, aligning with ethical principles, and contributing to people and the planet.

OUR APPROACH

The Malaysian government's regulatory directives urge organisations across sectors to prioritise their ESG practices, such as climate action, according to frameworks such as Bank Negara Malaysia's ("BNM") Climate Change and Principle-based Taxonomy ("CCPT") and Climate Risk Management and Scenario Analysis Exposure ("CRMSA"). For Takaful Malaysia, we have empowered our investment division to lead the Group's sustainability initiatives. The investment division is mandated to focus on responsible investment management and refine its commitment to delivering sustainable returns by aligning with Takaful Malaysia's Sustainability Risk Management Framework (SRMF) and ESG considerations.

We have developed an investment policy based on a number of frameworks and standards including, but not limited to BNM's frameworks and the Securities Commission's Sustainable and Responsible Investment (SRI) frameworks. The policy delineates the responsibilities of our research analysts and fund managers in integrating ESG considerations into investment assessment and decision-making processes. It also defines an exclusion list that serves as a whistleblower mechanism and ESG exposure limits.

We recently incorporated the 10 Principles of the UN Global Compact (UNGC) into our policy to further refine our commitments to responsible investment. Guided by these principles, we have established an "investment exclusion list" whereby we avoid investing in companies found to have violated the principles, such as:

a) Human Rights and complicit in human rights abuses
b) Labour involving forced labour, exploitation of child labour and human trafficking
c) Money laundering and financing terrorism
d) Good governance
e) Environmental, where businesses engaged in severe environmental damage without meaningful mitigation action in place

Our approach to sustainable growth enables us to create long-term value for our stakeholders as a reliable takaful operator with well-positioned investments. However, we are cognisant that there may be short-term opportunity costs associated with avoiding high-return investments with high ESG risk.

INVESTING RESPONSIBLY

PROGRESS AND ACHIEVEMENTS

In our effort to enforce sustainable growth, we have achieved the following for FY2023:

Responsible Investment Policy

Our investment selection and screening processes applicable to all asset classes are embedded with ESG criteria. This means that we prioritise constituents of the FTSE4Good Bursa Malaysia Shariah Index ("F4GBMS") and sukuk issued under the Securities Commission's SRI Framework or the ASEAN Green, Social, and Sustainability Bond Standards. Additionally, we conduct regular monitoring of the ESG activities of our portfolio companies and strive to implement more proactive investment management processes, including:

Deploying emissions reduction initiatives throughout our portfolio	Engaging in ongoing dialogues with our portfolio companies concerning ESG risks and opportunities

We believe Shariah and ESG practices share numerous common principles. By adopting these practices, we can offer our customers high-quality and Shariah-compliant products and services.

This year, we have also enhanced our investment policy to include responsible investment strategy with regards to carbon-intensive sectors with the long term objective to achieve the investment portfolios that is in line with the Government initiatives to achieve the net zero emission by 2050.

Achieving a Strong Financial Performance

	2021	2022	2023
Market Capitalisation (RM billion)	3.09	2.88	**3.10**
Profit Before Zakat & Taxation ("PBZT") (RM million)	438.7	453.1	**507.6**
Return on Equity (%)	24.8	21.1	**22.5**
Earnings per Share (RM sen)	49.43	33.82	**41.43**
Market Share – General Takaful Business (%)	24.0	24.7	**25.4**
Market Share – Family Takaful Business (%)	19.7	20.6	**22.3**

Supporting Local Suppliers

We also rely on a network of trusted suppliers and vendors to fortify our operations and contribute to the organisation's sustainable growth. To this end, we ensure that we play a role in the nation's economic expansion by mandating our procurement team to engage local suppliers where possible, supporting their growth.

> **For the year under review, 96.17% of our products and services were purchased from local suppliers. We have spent approximately RM143 million on local procurement.**
>
> **FY2022 ▶ 97.90%, approximately RM140 million**
>
> **FY2021 ▶ 98.28%, approximately RM96 million**

GOING FORWARD

Managing climate risks will be the critical investment emphasis moving forward, particularly concerning investment assessments to facilitate timely actions to implement changes towards building climate resilience by considering complex scenario analyses. We are also looking into greater collaboration across a broader spectrum of stakeholders when managing the systemic impact of climate-related risks , notably through industry-wide platforms, including those facilitated by the Joint Committee on Climate Change (JC3) and the VBI Community of Practitioners.

DIGITAL TRANSFORMATION

WHY IT IS IMPORTANT

Digital technologies foster sustainable growth for businesses as it drives innovation, streamlines processes and enhances services. Embracing digital transformations and platforms enable us to communicate with a wider range of stakeholders, a better understanding of their needs while reducing our environmental impact. This approach positions us as a forward-thinking organisation, equipping us with the adaptability and agility to innovate in tandem with the digital landscape, benefitting the organisation in the long term. Furthermore, the adoption of digital processes within our business framework leads to reduced operating costs, enabling us to sustain affordable and competitive product offerings.

OUR APPROACH

Digital transformation and innovation are part of Takaful Malaysia's core strategy and we are implementing digital technologies and capabilities across internal operations and customer-facing processes. This includes adopting digital distribution platforms and consistently upgrading our IT infrastructure to meet the latest security and quality standards, which enhances our operational efficiency, accelerating product launches, and reducing long-term operational costs through automation. Additionally, personalised products and services contribute to improved risk management while accessing new markets and customers via digital channels expands our market reach.

However, we are cognisant that digital initiatives require substantial upfront investments in areas such as staff upskilling, career progression, system upgrades, and implementing new technologies, potentially impacting the bottom line. Moreover, regulatory uncertainties can hinder innovation and market competitiveness while data breaches and cyber threats pose significant risks to customer privacy and trust, which can potentially result in lost market share and a diminished competitive edge. Resistance to change and delayed technology adoption further challenge the realisation of these benefits.



To this end, we continue to prudently invest in our digital transformation, and we stand guided by Technology Risk Management Framework, Cyber Resilience Framework and BNM's Risk Management in IT policy in steering us towards seamless integration.

PROGRESS AND ACHIEVEMENTS

This year, we have undertaken several initiatives reflecting our commitment towards moving our business forward digitally:

Launch of DTM Banca Advisory Platform

In strengthening our collaboration with our Bancatakaful partners, we introduced the DTM Banca Advisory Platform, to further enhance our advisory service offerings.

This platform marks a step forward in advancing our B2B services by streamlining our Bancatakaful partners' processes to elevate the onboarding experience for customers.

Additionally, we have also improved our analytics initiatives which now offer us better insights of our customers' onboarding and servicing processes via recorded statistics.

INVESTING RESPONSIBLY

Launch of KAOTIM Platform





We unveiled KAOTIM, a new digital platform managed by the organisation, to enhance takaful mobility. The platform reflects Takaful Malaysia's commitment towards solidifying the organisation's presence in digital insurance and takaful sphere, meeting evolving customer demands. The platform is expected to reinforce our retail direct business by attracting new customers, particularly through its innovative technology and vibrant brand identity.

KAOTIM also provides a secure and improved customer experience by streamlining administrative processes and allowing customers to subscribe to MediKad, an all-in-one and low-priced medical coverage plan for Malaysians through an online straight-through platform.

The introduction of MediKad offers:

- Cashless admission to panel hospitals
- Unlimited hospital admission days
- Daily income for admission to Government hospitals, catering to Malaysians aged six to 69 with coverage up to eighty-five years old.

With the accessibility and convenience of MediKad, which can be signed up online via KAOTIM, customers are offered a quick and seamless experience. The initiative, which provides affordable medical coverage to Malaysians, also represents Takaful Malaysia's journey towards strengthening its position as a leading Islamic financial institution in the insurance and takaful industry.

During the year under review, we invested RM22.9 million in reinforcing our IT infrastructure, a 32% increase from FY2022 at RM17.3 million. Our upgrade included:

Embedding sustainability in our technology environment by addressing End of Life (EOL)/End of Sales (EOS) and implementing capacity expansion to support business demand

Enhancing our strategic delivery for our sales platforms

Transforming technology for our new digital platform has enabled Takaful Malaysia to achieve product innovation, catering to dynamic market demands

GOING FORWARD

Takaful Malaysia will continue investing in upgrading our systems and infrastructure to support digitalisation efforts. By progressively adopting automation and robotics across the Group, we can optimise our performance, drive efficiency, enhance security and improve our products and services. We hope to further foster innovation by exploring strategic partnerships with various technology companies and startups. Additionally, we will proactively promote continuous learning through training and development opportunities in order for our workforce stays abreast with developments.

OUR ENVIRONMENTAL STEWARDSHIP

We are dedicated to crafting a sustainability strategy centred on preserving our environment. Our operational framework revolves around proactive risk assessment and strategic investment in critical focus areas. Leveraging our expertise as an insurance provider, we strive to foster a sustainable ecosystem through continuous product innovation. We aim to develop a sustainable future that serves the needs of current industries and societies and ensures their viability for generations to come.

CLIMATE ACTION



WHY IT IS IMPORTANT

Climate action is vital for our organisation due to the potential significant impacts of climate change on our business and stakeholders. As temperatures rise and extreme weather events become more frequent and severe, insurers face more claims for insured properties, third-party liabilities and other climate-related risks that impact life expectancy and human health.

Failing to address climate change could mean paying out more in claims and a reduction in profitability which could impact investments in shares or sukuk portfolios. Increased spending on climate risk activities and mitigations efforts, along with reduced funds for investment and business underwriting may impact our short-term earnings. Additionally, our inaction could lead to higher costs of takaful to customers and lower yield as more financial institutions and investors focus on ESG-related investments.

To this end, we strive to prioritise shareholder interests in the ESG (Environmental, Social and Governance) space to prevent reputational damage, minimise our risks, protect profits and create a more sustainable and resilient future for everyone.

OUR APPROACH

In our commitment to sustainability, climate adaptation and business resilience, we are guided by these policies and frameworks:

- **Sustainable Risk Management Framework**
- **Responsible Investment Policy**
- **Capital Management Plan**
- **Underwriting Guidelines**
- **Enterprise-Wide Risk Management Framework**
- **Business Continuity Framework**

PROGRESS AND ACHIEVEMENTS

In the year under review, we enhanced our Internal Capital Adequacy Process, stress testing and valuation of liabilities to include variables that capture the medium and long-term potential impacts of climate change. We maintained discipline in underwriting risks by considering climate risk factors such as flood mitigation and the location or properties involved.

Additionally, we continued to optimise our consumption of natural resources such as energy, water and paper to make our operations green through these initiatives:

Embracing Energy-Efficient Solutions

We have adopted significant measures to incorporate energy-saving technologies to minimise energy usage throughout our facilities. This includes transitioning to energy-efficient lighting and appliances, implementing centralised air-conditioning systems, maintaining our IT equipment regularly, and replacing inefficient parts. We also recognise that energy conservation extends beyond technology and everyday habits. To this end, we actively promote eco-friendly practices among employees, encouraging practices such as turning off lights when not in use. In FY2023, we embraced energy-efficient solutions, resulting in a significant decrease in energy consumption as part of our commitment to improving building sustainability. A key initiative was the transition to LED lighting, with the installation of 2,816 LED lights under our ESG and cost-saving strategies. Looking ahead, we plan to further enhance our energy efficiency by assessing the potential upgrade of building chillers.

4,375,261 kWh
2023

2022 ▸ 5,249,580 kWh
2021 ▸ 5,617,718 kWh

OUR ENVIRONMENTAL STEWARDSHIP



Consuming Water Resources Responsibly

Conserving water is crucial to enhance our environmental sustainability and optimise costs. We can reduce our environmental footprint and contribute to water conservation by implementing water-saving measures. Our initiatives include monitoring our water consumption, regularly checking our premises for leaks, installing water-efficient fixtures and appliances and promoting employees' awareness of the importance of water conservation. In FY2023, we significantly improved our stewardship of water resources, cutting our total water consumption to 29,679 m^3 - a reduction of nearly 50% from the previous fiscal year's total of 39,877 m^3. This achievement underscores our dedication to consuming water resources responsibly and efficiently.

29,679 m^3
2023

2022 ▸ 39,877 m^3
2021 ▸ 12,729 m^3

Minimising Paper Consumption

Due to the nature of our business, most of the waste we generate from our operations is from paper consumption. We remain committed to reduce our paper use to protect the environment and embrace digitalisation. This included switching to e-certificates and migrating essential tasks like distribution and claims to online platforms. Our employees can access to all our digital documents to encourage paperless measures in their daily tasks. We encourage employees to be mindful of their paper consumption by adopting responsible printing habits, such as printing on both sides and recycling paper. In FY2023, we successfully reduced our paper consumption by 13% compared to the previous year, a significant achievement stemming from our strategic push towards digitalisation and a company-wide commitment to minimising paper use.

2,866 reams
2023

2022 ▸ 3,282 reams
2021 ▸ 3,118 reams

Sustainable Commuting

In January 2023, the Management unveiled new incentives to promote sustainable commuting practices among employees. This initiative reflects our deep commitment to environmental stewardship and successfully encouraged 172 employees to adopt more eco-friendly modes of transportation by December 2023.

GOING FORWARD

We will focus on meeting the sustainability requirements of our shareholders to ensure long-term value creation while complying with regulatory requirements. To enhance our risk management, we aim to incorporate climate-related factors into our risk mitigation strategies and ensure that we invest responsibly and support human rights issues. Our efforts include executing a phased implementation, which involves setting targets for gradually reducing climate-related exposure on both the investment and business mix fronts. We will also continuously monitor action plans and maintain flexibility while keeping to the overall target.

OUR SOCIAL COMMITMENTS

At the heart of our industry leadership lies a commitment to nurturing both our internal workforce and the communities we serve. Recognising the industry's dynamism, we prioritise cultivating diverse talent and empowering our colleagues. This investment enhances the experiences of all who interact with us. It strengthens our ability to adapt and thrive in an ever-evolving landscape.

EMPLOYEE WELL-BEING

WHY IT IS IMPORTANT

At Takaful Malaysia, we firmly believe that our employees are the cornerstone of our success. The importance of fostering employee well-being cannot be overstated, as it is intrinsically linked to happiness and work-life satisfaction. By maintaining a work environment and culture that not only attracts but also upskills and retains talent, we ensure the safety and well-being of our workforce. This commitment plays a crucial role in incentivising workforce loyalty and bolstering our reputation as a leader in the industry.

In our current operating environment, we are faced with a pronounced shortage of skilled labour, a challenge that is further intensified by the escalating demand for talent in sectors like banking and technology. Being perceived as an attractive workplace is pivotal to attracting and retaining top-tier talent. This perception directly influences our ability to generate both financial and non-financial value.



OUR APPROACH

Our focus on employee well-being encompasses three areas:

Employee Engagement and Well-Being	Diversity and Equal Opportunity	Training and Development
We strive to create an environment where our employees feel connected and valued. This includes initiatives that promote work-life balance, mental health awareness, and a supportive workplace culture.	Embracing diversity and ensuring equal opportunities for all our employees is incredibly important to us. We are committed to creating an inclusive environment where every employee, regardless of their background, can thrive and contribute to our collective success.	Recognising the rapid evolution of the industry, we place a strong emphasis on continuous learning and development. By providing our employees with opportunities to enhance their skills and knowledge, we increase our organisational capability and empower our employees to achieve their full potential.

OUR SOCIAL COMMITMENTS

PROGRESS AND ACHIEVEMENTS

Employee Engagement and Well-Being
In 2023, we carried out several wellness programmes to promote a healthy work-life balance.

Employee Engagement Activities



List of employee engagement activities conducted in 2023 as below:

- Half-yearly townhall with GCEO and all employees
- Engagement Series with CHRO
- Quarterly Leadership Huddle with GCEO and Management team (Q-Lead)
- Appreciation Sessions with newly promoted employees
- Festive Employee Gatherings
- Sports and Wellness activities
- Spiritual enrichment programmes

In addition, our benefits package for our employees is all-encompassing, ensuring that our people feel safe and well-cared for when they work for Takaful Malaysia. Their benefits include:

- Life Insurance
- Health Care
- Disability and Invalidity Coverage
- Parental Leave
- Retirement Provision
- Child Care Leave
- Family Takaful Coverage
- Health Screening
- Flexible Working Arrangement

OUR SOCIAL COMMITMENTS

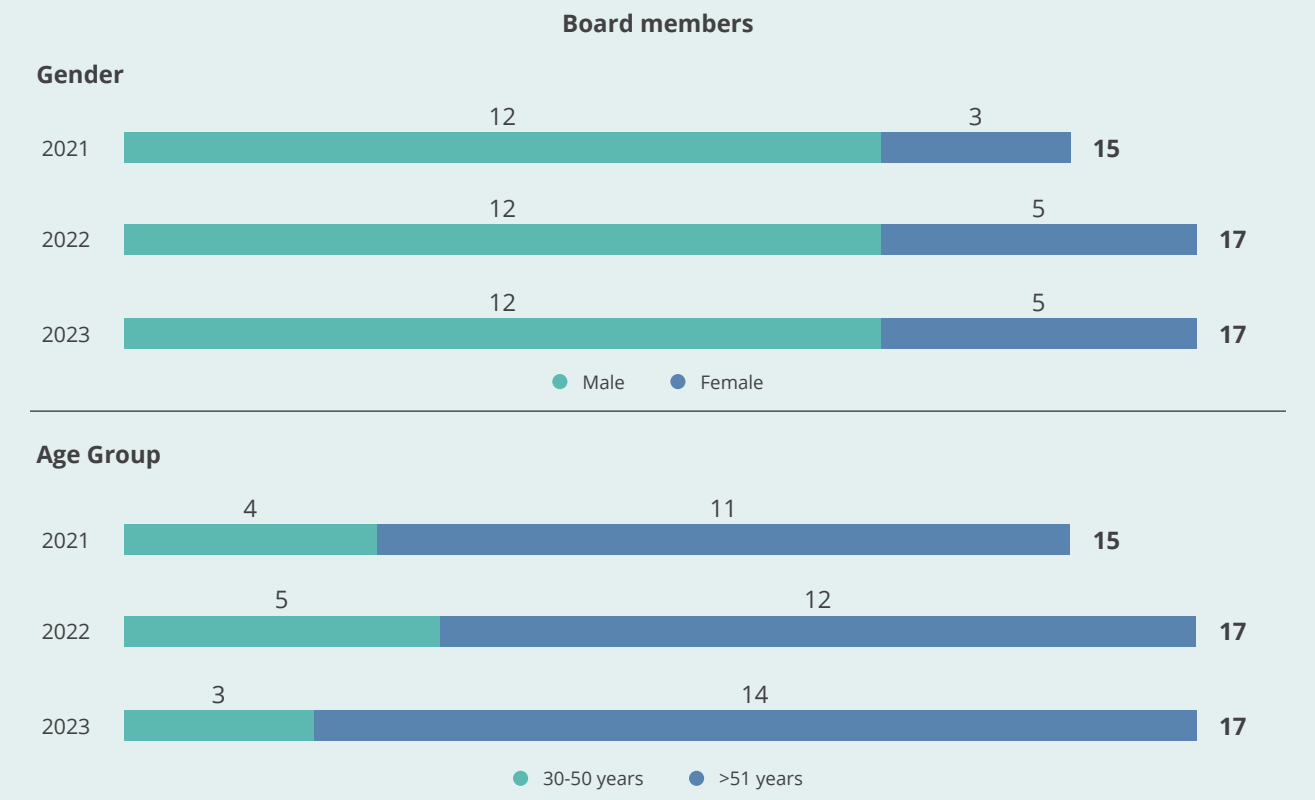
	Men	Women	Total
Number of employees entitled to parental leave	289	359	**648**
Number of employees who took parental leave	17	18	**35**
Number of employees who returned to work after parental leave ended	17	14	**31**
Number of employees who returned to work after parental leave ended and were still employees 12 months after their return to work	15	12	**27**
Return to work rate	100.0%	77.8%	**88.6%**
Retention rate	88.2%	66.7%	**77.1%**

Diversity and Equal Opportunity

In today's global business environment, diversity and equal opportunity are critical to the success of any forward-thinking organisation. Takaful Malaysia recognises this and is committed to promoting a workplace culture that values diversity in all its forms, be it gender, ethnicity, age, religion or disability.

Equal opportunity is also about allowing all employees to grow and develop their careers within the company. Takaful Malaysia actively works to identify and remove any barriers to advancement, ensuring that promotions and career development opportunities are based on merit and capability, irrespective of an employee's background.

Diversity of Governance Bodies and Employees



OUR SOCIAL COMMITMENTS

Employees

Employee Category	Gender		Age Group			Ethnicity			
	Male	Female	<30 years	30-50 years	>51 years	Chinese	Malay	Indian	Others
					2021				
Senior Management	67%	33%	0%	64%	36%	39%	58%	3%	0%
Middle Management	49%	51%	1%	80%	19%	33%	60%	4%	3%
Junior Management	39%	61%	14%	80%	6%	9%	88%	3%	1%
Clerical	41%	59%	1%	89%	10%	0%	100%	0%	0%
Non-Clerical	57%	43%	0%	57%	43%	0%	100%	0%	0%
					2022				
Senior Management	77%	23%	0%	72%	28%	26%	69%	5%	0%
Middle Management	50%	50%	0%	79%	21%	30%	63%	4%	3%
Junior Management	40%	60%	17%	76%	7%	8%	89%	2%	1%
Clerical	41%	59%	1%	88%	11%	0%	100%	0%	0%
Non-Clerical	67%	33%	0%	44%	56%	0%	100%	0%	0%
					2023				
Senior Management	**74%**	**26%**	**0%**	**54%**	**46%**	**28%**	**63%**	**7%**	**2%**
Middle Management	**52%**	**48%**	**1%**	**73%**	**26%**	**27%**	**67%**	**3%**	**2%**
Junior Management	**40%**	**60%**	**19%**	**74%**	**7%**	**6%**	**91%**	**2%**	**1%**
Clerical	**44%**	**56%**	**0%**	**85%**	**15%**	**0%**	**100%**	**0%**	**0%**
Non-Clerical	**67%**	**33%**	**0%**	**44%**	**56%**	**0%**	**100%**	**0%**	**0%**

Average Total Remuneration with Ratio of Remuneration between Men and Women by Employee Category

	Average Total Remuneration (Men)	Average Total Remuneration (Women)	Ratio of Remuneration (Men : Women)
Senior Management	RM 683,073.90	RM 512,780.19	1:0.8
Middle Management	RM 185,424.29	RM 182,227.90	1:1
Junior Management	RM 75,407.92	RM 71,742.89	1:1
Clerical/ Non-Clerical	RM 64,869.76	RM 63,306.72	1:1
Overall	**RM 152,214.24**	**RM 107,130.45**	**1:0.7**

Note: The ratio shown as men's average total remuneration : women's average total remuneration, with men's average total remuneration indexed to 1.

OUR SOCIAL COMMITMENTS

Training and Development

Takaful Malaysia recognises that the cornerstone of its sustained success and growth lies in the continuous training and development of its workforce. In an industry that is rapidly evolving, staying current with the latest trends, regulations, and technologies is paramount. By investing in comprehensive training programmes, Takaful Malaysia enhances the skill set of its employees and ensures that it remains competitive and agile in a dynamic market. In 2023, Takaful Malaysia organised an average of 34 training hours per employee per year.

Training and Development Programmes 2023

Name of Programme	Objective	No. of Participants
Leadership Programme	To prepare and furnish our employees for leadership roles	30

Training Hours/ Gender	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total No. of Employees	357	460	388	524	**459**	**555**
Total No. of Training Hours	7,176	7,123	13,159	15,457	**15,453**	**19,047**
Average Training Hours Per Employee	20.10	15.48	33.91	29.50	**33.67**	**34.32**

Employee Category	2021		2022		2023	
	Total No. of Training Hours	Average Training Hours Per Employee	Total No. of Training Hours	Average Training Hours Per Employee	Total No. of Training Hours	Average Training Hours Per Employee
Senior Management	807	23.06	3,452	84.2	**2,312**	**48.17**
Management	11,368	17.09	21,648	29.33	**26,696**	**31.71**
Non-Management	2,124	18.15	3,516	26.44	**5,492**	**44.29**

GOING FORWARD

As Takaful Malaysia looks to the future, we remain dedicated in our commitment to foster a nurturing work environment. Continuity will be key in our approach to wellness programmes and related initiatives, all aimed at promoting a harmonious work-life balance.

OUR SOCIAL COMMITMENTS

EMPLOYEE PERFORMANCE DATA

Health and Safety

	2021	2022	2023
Number of work-related fatalities	0	0	**0**
Lost Time Incident Rate ("LTIR")	0	0	**0**
Number of employees trained in health and safety standards	0	0	**23**

Employees by Gender

	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees (headcount/FTE)	529	402	**931**	537	430	**967**	**563**	**472**	**1,035**
Number of permanent employees (headcount/FTE)	521	388	**909**	527	412	**939**	**549**	**447**	**996**
Number of temporary employees (headcount/FTE)	8	14	**22**	10	18	**28**	**14**	**25**	**39**
Number of non-guaranteed hours employees (headcount/FTE)	0	0	**0**	0	0	**0**	**0**	**0**	**0**
Number of full-time employees (headcount/FTE)	529	402	**931**	537	430	**967**	**563**	**472**	**1,035**
Number of part-time employees (headcount/FTE)	0	0	**0**	0	0	**0**	**0**	**0**	**0**

Percentage of employees that are contractors or temporary staff

3.8%
FY2023
FY2022 ▶ 2.9%
FY2021 ▶ 2.4%

Total number of workers who are not employees and whose work is controlled by Takaful Malaysia

61

Type of worker	No. of Headcount	Type of worker	No. of Headcount
Agency workers	**61**	Interns	**30**
Apprentices	**0**	Self-employed persons	**0**
Contractors	**0**	Sub-contractors	**0**
Home workers	**0**	Volunteers	**0**

New Employee Hires and Employee Turnover

New employee hires	2021		2022		2023	
	Number	Rate	Number	Rate	Number	Rate
Gender						
Male	25	2.7%	71	7.5%	**70**	**7.2%**
Female	53	5.7%	58	6.1%	**74**	**7.7%**
Age Group						
<30 years	31	3.4%	28	3.0%	**54**	**5.6%**
30-50 years	41	4.4%	93	9.8%	**83**	**8.6%**
>51 years	6	0.7%	8	0.8%	**7**	**0.7%**
Region						
Malaysia	78	8.5%	129	13.6%	**144**	**14.9%**
Employee turnover						
Gender						
Male	30	3.3%	43	4.5%	**33**	**3.4%**
Female	37	4.0%	52	5.5%	**42**	**4.3%**
Age Group						
<30 years	10	1.1%	17	1.8%	**18**	**1.9%**
30-50 years	45	4.9%	63	6.7%	**45**	**4.7%**
>51 years	12	1.3%	15	1.6%	**12**	**1.2%**
Region						
Malaysia	67	7.3%	95	10.0%	**75**	**7.8%**

Total Number of Employee Turnover by Employee Category

Employee Category	2021	2022	2023
Senior Management	6	8	**3**
Middle Management	25	30	**25**
Junior Management	32	51	**44**
Clerical	2	4	**3**
Non-Clerical	2	2	**0**

OUR SOCIAL COMMITMENTS

COMMUNITY EMPOWERMENT

WHY IT IS IMPORTANT

Takaful Malaysia prioritises community empowerment, leveraging financial and human resources to uplift marginalised and underserved communities throughout Malaysia. We strive to provide equal opportunities for all, ensuring that everyone has a chance to fully realise their potential. To this end, we extend our support to these communities by investing in their needs during challenging times and supporting livelihoods. Our ultimate goal is to empower the people around us, and drive sustainable development across the nation.

OUR APPROACH

In our commitment to building a better Malaysia, we aspire to pursue strategic CSR initiatives to create positive value for communities and engage with them on sustainability issues. Our efforts include offering employment opportunities, upskilling programmes and spearheading impactful community initiatives to enrich communities while mitigating negative social and environmental impacts.

PROGRESS AND ACHIEVEMENTS

In the year under review, we intensified our efforts to empower communities, benefitting various stakeholder groups including NGOs, underprivileged students and orphans. Our initiatives were focused on empowering youths, improving health and supporting the Asnaf community.

> **As of December 2023, we contributed a total of RM8,760,458 in zakat contributions and charitable donations, benefitting more than 6,000 recipients.**
>
> 2022 - RM2.9 million
> 2021 - RM1.45 million

The following initiatives were executed to support local communities in FY2023:

Enabling Opportunities for Youth



Raudhatus Sakinah Bakery Project

We established a bakery station and provided baking facilities to Raudhatus Sakinah, a shelter and rehabilitation centre for Muslim teenage girls in Selangor. The project aimed to cultivate new skills among youth, foster entrepreneurship and enable the centre to generate income.

OUR SOCIAL COMMITMENTS

Enhancing Health



Di Hatiku Student Food Aid Programme

In collaboration with the Ministry of Education (MOE), we provided daily nutritious meals to 1,000 Asnaf students across 10 selected primary schools in Selangor and Kuala Lumpur. The food aid initiative commenced on 24 July 2023 and is scheduled to continue until 9 February 2024, covering the 2023/2024 academic year. This initiative aligns with the Ministry of Education's goal of supporting Asnaf students from low-income B40 families, enhancing the health, physical well-being and nutrition of underprivileged students. A total of RM500,000 was contributed to this initiative.



Di Hatiku Medi Aid Programme

We contributed financial support to help 100 students suffering from critical illnesses and accidental injuries in Selangor, Perak, Pahang, Kedah, Melaka, Negeri Sembilan and Terengganu. A total of RM500,000 was disbursed through this programme.

OUR SOCIAL COMMITMENTS

Enhancing Health



Di Hatiku IIUM Food Aid Programme

Takaful Malaysia provided financial aid through food coupons redeemable at selected food providers on International Islamic University Malaysia's (IIUM) campus for eligible IIUM students under the Asnaf fakir category. We contributed RM171,750 towards this programme, benefitting 229 students.

Supporting Asnaf



Electrical Appliances for Asnaf Students & Families

Takaful Malaysia donated household appliances to support 64 Asnaf students and their families from Sekolah Kebangsaan Saujana Utama in Sungai Buloh. The programme aims to assist underprivileged Asnaf students and their families in receiving Zakat aid, easing their financial burdens and enhancing their quality of life.

GOING FORWARD

We will undertake additional initiatives to enhance our connection with local communities and address their immediate needs to cultivate a vibrant and thriving society.

OUR SOCIAL COMMITMENTS

CUSTOMER CENTRICITY



WHY IT IS IMPORTANT

Customer centricity is a value that places the needs and preferences of customers at the forefront of business strategies. In creating positive customer experiences, we prioritise operational efficiency as it drives cost savings, improves risk management, ensures regulatory compliance, supports scalability and adaptability, and optimises resource utilisation. These factors increase productivity and ensure seamless operations, benefitting our customers and contributing to the organisation's long-term success and sustainability.

Additionally, customer-centric approaches enable our business to better understand and anticipate customer needs, leading to the development of more relevant and innovative products and services. The focus on the customers builds enduring relationships, enhances our brand reputation, and differentiates us in competitive markets.

OUR APPROACH

We aim to develop products that fulfil our customers' requirements and strengthen our operations to deliver customer satisfaction seamlessly. We continuously adopt innovative approaches and embed digitalisation in our development process to ensure that our products and services are relevant to our customers. We also closely interact and engage with our customers to gain feedback and address their concerns.

Our approach to customer centricity is guided by various frameworks such as, but not limited to:

- Guidelines on Product Transparency and Disclosure
- Bank Negara Malaysia's Islamic Financial Services Act 2013 Sustainability Guidelines
- Fair Customer Treatment Guide
- Code of Good Practice

We also adhere to Takaful Malaysia's Risk Management Framework and Compliance Framework and complement our compliance with training and awareness programmes to ensure that our workforce and stakeholders are aligned.

PROGRESS AND ACHIEVEMENTS

In FY2023, our initiatives focused on improving our current systems to better serve our customers:

Elevating Processes and Systems

Enhancing the e-submission system – the system underwent improvements with an intelligent underwriting engine to streamline instant underwriting approvals. Our customers can now conveniently complete the online underwriting questionnaire at any time and any place. This efficient system has also elevated our relationship with our bank partners as well.

Digitising physical printings – we continue implementing measures to eliminate hard copy print outs, which involves shifting all notices, statements, certificate documents to an electronic platform. With this initiative, our customers can access their information faster and more conveniently.

Promoting sustainability – by increasingly incorporating ESG considerations into our decision-making processes and operations, we can better align our offerings with the values and preferences of our customers, ensuring that we meet their expectations for environmentally and socially responsible products and services.

OUR SOCIAL COMMITMENTS

Takaful Malaysia has taken significant strides in integrating Environmental, Social and Governance (ESG) considerations across its product lines and operations, marking its commitment to sustainable development and responsible business practices.

Product Synergy

The company has fostered product synergy by incorporating ESG factors into product development through collaborations with NGOs, business partners and government agencies. A notable innovation is the introduction of products with a Waqaf/Infaq optional feature in partnership with Lembaga Tabung Haji. This initiative allows a portion of the payout to be directed towards charitable causes, seamlessly integrating financial products with philanthropic objectives and highlighting Takaful Malaysia's commitment to socially conscious financial solutions.

Green Services

Takaful Malaysia introduced environmentally friendly services, such as the windscreen repair option, to minimise wasteful practices and contribute to environmental sustainability. This service reduces the negative impact of windshield glass dumping, aligning with the company's dedication to sustainable and responsible business practices.

ESG Performance Enhancement

The company is actively working to upgrade its ESG Performance Rating to better manage financially relevant ESG risks and opportunities. This effort demonstrates Takaful Malaysia's commitment to aligning with global standards of responsible and sustainable business practices, recognising the importance of ESG in financial decision-making and risk management.

Green Initiative

An ESG-focused initiative undertaken by Takaful Malaysia involves processing End-of-Life Vehicles (ELVs). By focusing on the responsible disposal and recycling of ELVs, the company aims to minimise environmental harm and promote sustainable practices. As of December 2023, 21 ELVs were sold via Pickles Auction, indicating progress in establishing a circular economy for ELVs that prioritises waste minimisation, resource conservation and reduced environmental impacts.

Through these efforts, Takaful Malaysia is contributing to Malaysia's economic transformation, enhancing financial well-being, facilitating a transition to a greener economy, and establishing itself as a leader in sustainable business practices.

OUR SOCIAL COMMITMENTS

Engaging Customers Sustainably

Our customers can conveniently interact with us via various touchpoints:

Service Centres	24
Hotline	1300 88 252 385
Fax	03 2274 0237
Email	csu@takaful-malaysia.com.my
Corporate Website	www.takaful-malaysia.com.my
Click For Cover – Online Sales Portal	online.takaful-malaysia.com.my
Customer Service Portal	*myTakaful* Customer portal
Facebook/YouTube/TikTok	Takaful Malaysia
Instagram	takafulmalaysia.official

During the year under review, 461,800 enquiries and 33 complaints from customers were recorded, reflecting a decrease in feedback as compared to the previous year (FY2022: 476,421 enquiries and 59 complaints). The decline is attributed to the implementation of marketing activities aimed on educating customers, promoting digital channels and enhancing customer engagement.

The complaints received primarily pertained to matters related to claims.

Customer Feedback

2023
461,833
2022 ▸ 476,480
2021 ▸ 241,929

GOING FORWARD

Moving forward, we have mapped several areas to elevate our practices in achieving customer centricity:

Consistent Monitoring
We will be establishing a monitoring system to track the progress and impact of our initiatives developed for our customers. This will not only provide better experiences but also enable us to stay informed of changes, reassess risks and adjust our strategies accordingly.

Cybersecurity Measures
The implementation of robust cybersecurity is essential, mainly to protect the organisation, our customers and other stakeholders against potential risks associated with the electronic platforms. Therefore, we are working towards developing up-to-date and more robust security measures which will ensure the integrity of sensitive data and systems.

Communication and Transparency
We are committed to forming better communication channels to keep our customers informed of the progress and potential impacts of our initiatives. The establishment of various platforms will empower us to foster transparency, building trust with our customers by sharing relevant information.

Legal and Ethical Compliance
It is crucial to uphold legal and ethical standards to avoid any actions that could lead to legal and reputational consequences, we will ensure that our initiatives comply with relevant laws and regulations.

BOARD COMPOSITION

1. **DATO' MOHAMMED HUSSEIN**
   Chairman/Independent Non-Executive Director
2. **MOHD AZMAN SULAIMAN**
   Independent Non-Executive Director
3. **SURAYA HASSAN**
   Independent Non-Executive Director
4. **DATO' MUSTAFFA AHMAD**
   Independent Non-Executive Director
5. **MOHAMAD SALIHUDDIN AHMAD**
   Non-Independent Non-Executive Director
6. **DATUK BAZLAN OSMAN**
   Independent Non-Executive Director
7. **DATIN PADUKA KARTINI HAJI ABDUL MANAF**
   Non-Independent Non-Executive Director
8. **CH'NG SOK HEANG**
   Independent Non-Executive Director

BOARD COMMITTEES

- AC — Audit Committee
- NRC — Nomination and Remuneration Committee
- BRC — Board Risk Committee
- IC — Investment Committee
- LTIP — Long Term Incentive Plan Committee
  (Re-established on 26 February 2024)

● Chairman ○ Member

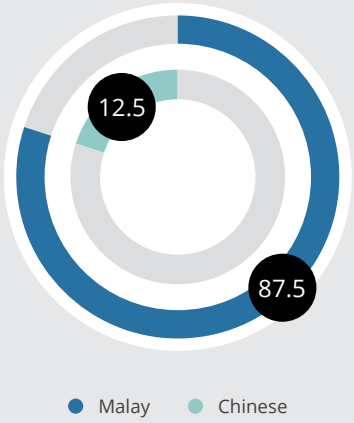


BOARD COMPOSITION

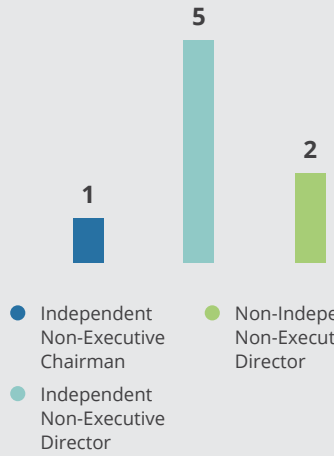
BOARD SKILLS

Finance/Banking	1
Corporate Leadership/Business Development/ Talent Consulting	1
Banking/Insurance	1
Insurance	2
Accounting	1
Investment	1
Actuarial/Finance	1

Ethnicity (%)



Demographic

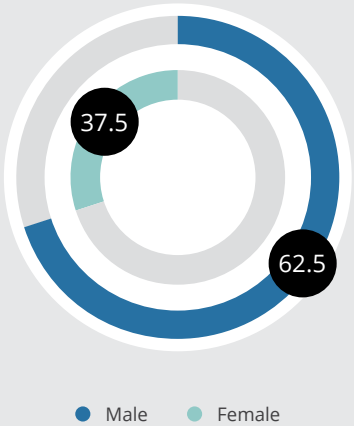


Tenure

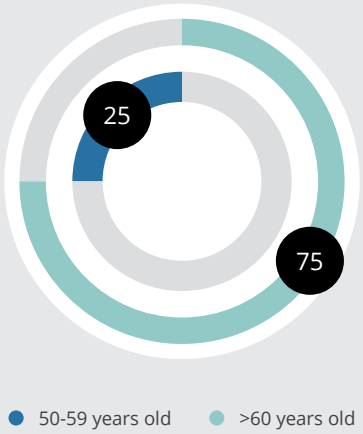


OUR EXPERIENCED AND EFFECTIVE LEADERSHIP

Gender (%)



Age Group (%)



Nationality

All of the Board are

100%

Malaysian

PROFILE OF BOARD OF DIRECTORS



DATO' MOHAMMED HUSSEIN

Chairman/Independent Non-Executive Director

73 | M

Date of Appointment
1 April 2020

Board Meeting Attendance during the Financial Year
7/7

Academic/Professional Qualification/Membership(s)

- Fellow Chartered Banker, Chartered Banker Institute & Asian Institute of Chartered Bankers (2016)
- Advanced Management Programme, Harvard Business School, Boston, USA (2003)
- Bachelor of Commerce (Accounting), University of Newcastle, Australia (1972)

Present Directorship(s) in other Companies

Listed entity:
- Chairman, Hap Seng Plantations Holdings Berhad (2019)

Other Public Companies:
- Chairman, Credit Guarantee Corporation Malaysia Berhad (2020)

Past Directorship(s) and/or Appointment(s)

- Director, Meridian Magic Sdn. Bhd. (2008 to 2023)
- Director, Milyar Majujaya Sdn. Bhd. (2015 to 2023)
- Chairman, Gamuda Berhad (2013 to 2022)
- Director, Bank of America Malaysia Berhad (2014 to 2022)
- Director, CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (2019 to 2020)
- Director, Tasek Corporation Berhad (2017 to 2020)
- Director, Hap Seng Consolidated Berhad (2008 to 2019)
- Director, B2B Finpal Sdn. Bhd. (2016 to 2018)
- Chairman, Danajamin Nasional Berhad (2013 to 2018)
- Director, Danajamin Nasional Berhad (2009 to 2018)
- Director, PNB Commercial Sdn. Bhd. (2009 to 2017)
- Chairman, Quill Capita Management Sdn. Bhd. (2008 to 2015)

Background, Expertise and Experience

Dato' Mohammed was with the Malayan Banking Berhad ("Maybank") Group for 31 years, during which time he held various senior management positions including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Managing Director of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and Executive Director (Business Group). The last position held prior to his retirement from the Maybank Group in 30 January 2008 was Deputy President/Executive Director/Chief Financial Officer. From April 2008 to September 2008, he was appointed as an Advisor of Maybank. He was also Chairman of the Corporate Debt Restructuring Committee (CDRC) sponsored by Bank Negara Malaysia to facilitate the resolution and restructuring of major corporate debts. Dato' Mohammed has wide and varied organisational experience in financial services and his exposure to many other industries have enabled him to provide advice to the Board and make him ideally suited to chair the Board.

Dato' Mohammed was also appointed Professor of Practice at International Centre of Islamic Finance (INCEIF) University, Kuala Lumpur, in April 2023.

Declaration of Interest

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS



MOHD AZMAN SULAIMAN

Independent Non-Executive Director

60 M

Date of Appointment
9 May 2019

Board Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Harvard Senior Management Development Program (2002)
- MBA, Australian National University (1998)
- MSc. University of Strathclyde, United Kingdom ("UK") (1992)
- BSc. University of Malaya (1989)
- Fellow & Faculty Member, Institute of Corporate Directors Malaysia ("ICDM")
- Member, International Coach Federation ("ICF")

Present Directorship(s) in other Companies

Listed entity:
- Nil

Other Public Companies:
- Nil

Past Directorship(s) and/or Appointment(s)

- Director, Costain Group PLC, UK (2004 to 2008)
- Director, E-Idaman Sdn. Bhd. (UEM Group Company) (2005 to 2007)
- Nominee Director, Malaysian Industry-Government Group for High Technologies ("MiGHT") (2004 to 2006)

Background, Expertise and Experience

Mohd Azman Sulaiman is currently a Director of private companies apart from his independent non-executive directorship on the Board of Syarikat Takaful Malaysia Keluarga Berhad. He is a Fellow and Faculty member of ICDM where he specialises in Board Dynamics and Board Effectiveness Assessments. He is an ICF professional certified business and leadership coach, where today he leads his private executive coaching practice, iCoachKL.

He has more than 30 years cross-industry and corporate leadership experience. Over the years, his areas of expertise focused on corporate leadership, business development and leadership and talent consulting supporting both international and local corporations.

He began his career in 1989 with the Snowy Mountains Engineering Corporation, Australia. He later joined the UEM Group in 1993, where he was involved in the nation's major infrastructure projects. Over the years, he rose to senior corporate leadership positions both locally and internationally. His experience includes appointments as Chief Executive Officer ("CEO") of Rocpoint South Africa, GM Crest Petroleum Berhad, UEM Group Director of Business Development and CEO of MAVTRAC. He also served as UEM's nominee director on the Board of Costain Group UK PLC, E-Idaman Sdn. Bhd. as well as MiGHT.

In September 2010, he retired from UEM Group after close to 20 years of service, as Director of Corporate Affairs and CEO of Yayasan UEM. He then joined Korn Ferry International retiring as Senior Partner in 2018. In his time with Korn Ferry, he advised boards on senior leadership succession planning and talent management strategies. Azman is a former Vice-President of International NGO, Mercy Malaysia.

Declaration of Interest

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS



SURAYA HASSAN

Independent Non-Executive Director

59 F

Date of Appointment
1 August 2019

Board Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Bachelor of Business Administration, International Islamic University (1988)

Present Directorship(s) in other Companies

Listed entity:
- Nil

Other Public Companies:
- Director, Bank Simpanan Nasional Berhad (2 January 2024)

Past Directorship(s) and/or Appointment(s)

- Nil

Background, Expertise and Experience

Suraya Hassan has more than 28 years of successful working experience in the Financial Institutions (Banking and Insurance Industries for both Conventional and Islamic products) in Malaysia, Singapore and Thailand. Her stint in Singapore Citibank Regional Office, exposed her to Operational and Leadership oversight, for Citibank entities across Asia Pacific, at a very senior level. Her expertise covers a broad range of functions, from Sales & Distribution, Wealth Management, Customer Experience, Marketing, Credit Management, Remedial Management (Collections & Recoveries), Risk Management, Branch and Back Office Operations, Audit & Compliance, Expense Control, Training, Talent Management and Development, Change Management, Digital Transformation and Innovation as well as Bancassurance business for both Conventional Insurance and Islamic Takaful. She is a qualified certified Global Trainer for Credit & Risk Management modules.

She has held very successful senior roles in financial institutions at a very early stage of her career, starting with Citibank Berhad in Malaysia, Vice President (VP) Citibank Singapore, Senior Vice President (SVP) Citibank Thailand, (Director), CIMB Executive Vice President (EVP), AmBank (EVP) and Prudential Assurance Malaysia Berhad (Chief Partnership Distribution and Bancassurance). She started many first initiatives, implemented many cost savings projects, improved bottom lines as well as better workflows through aggressive change management for profitability and sustainability in the long run.

Her proven track record with exemplary work ethics, is not only recognised in Malaysia, but in Singapore and Thailand as well. The countries under her supervision in the Asia Pacific, included Malaysia, Thailand, Indonesia, Australia, Korea, Philippines, Singapore, India and Taiwan. A strategic thinker with focus on process improvements and evolvement into more practical, productive and cost efficient ways of doing things.

After 17 years in Citibank, she moved to CIMB Malaysia as EVP, Head of Consumer Credit Operations. Next, she assumed the role of EVP Head of Sales and Distribution, at AmBank Group. She further expanded her portfolio to the insurance industry and joined Prudential Assurance Malaysia Berhad as the Chief Partnership Distribution and Bancassurance, reporting to the Chief Executive Officer.

She is a member of Lead Women, an organisation who champions issues on Women and placement of Women Directors at Board levels. She champions the course for orphans and underprivileged children for better education and future, with various NGOs. She is also very passionate on initiatives for climate change and sustainability.

Declaration of Interest

She has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries. She has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS



DATO' MUSTAFFA AHMAD

Independent Non-Executive Director

68 M

Date of Appointment
13 August 2020

Board Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Bachelor of Science (Hons) in Statistics, Heriot-Watt University, Edinburgh, Scotland (1978)

Present Directorship(s) in other Companies

Listed entity:

- Nil

Other Public Companies:

- Nil

Past Directorship(s) and/or Appointment(s)

- Director, Malaysian Reinsurance Berhad (2015 to 2020)
- Director, MNRB Holdings Berhad (2016 to 2019)
- Director, Amanah International Finance Berhad (2015 to 2017)
- Director, MIDF Amanah Investment Bank Berhad (2005 to 2017)
- Director, MMIP Services Sdn. Bhd. (2006 to 2010)
- Director, Asia Unit Trusts Berhad (2001 to 2010)
- Director, Financial Park (Labuan) Sdn. Bhd. (2000 to 2010)
- Director, MIDF Amanah Short Deposits Berhad (2000 to 2007)
- Director, Takaful Ikhlas Berhad (2002 to 2006)
- Director, Amanah General Assets Berhad (1993 to 2006)
- Director, Malaysian International Insurance (Labuan) Ltd. (now 'Labuan Re') (2000 to 2004)
- Director, Trust International Insurance Berhad (1994 to 2002)

Background, Expertise and Experience

Dato' Mustaffa Ahmad is currently a Board member of mySalam National B40/M40 Protection Trust Fund.

He has worked for several insurance companies since 1978 and held various positions. He has more than 32 years working experience in the local insurance companies and the national reinsurer of Malaysia. Throughout the first 11 years as member of the Senior Management team of these companies, he was mainly involved in Claims, Underwriting and Reinsurance operations. During his tenure with the national reinsurer, the last position he held was as Chief Operating Officer and as immediate Deputy to the Chief Executive Officer. He was involved in all aspects of operations, including Investment, Finance and IT. He also held the position of Chairman of Persatuan Insuran Am ("PIAM") Rating Committee for 15 years as well as the Deputy Chairman of National Insurance Association of Malaysia ("NIAM") for more than 10 years until his retirement in 2010. Over the years, he has contributed to the Insurance and Takaful Industry via his involvement in PIAM Sub-Committees and Bank Negara Malaysia Working Groups.

Declaration of Interest

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries. He has no conviction for offences within the past five (5) years and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS



MOHAMAD SALIHUDDIN AHMAD

Non-Independent Non-Executive Director

61 M

Date of Appointment
13 August 2020

Board Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Master in Business Administration, Stephen F. Austin University, Texas, United States of America ("USA") (1988)
- Bachelor of Science, Indiana State University, USA (1986)

Present Directorship(s) in other Companies

Listed entity:
- Nil

Other Public Companies:
- Nil

Past Directorship(s) and/or Appointment(s)

- Director, Syarikat Takaful Malaysia Am Berhad (2019 to 2021)

Background, Expertise and Experience

Mohamad Salihuddin Ahmad has held various key positions in the General and Life Insurance as well as takaful industry over the past 30 years. He started his career as a Marketing Executive at London & Pacific Insurance from 1988 to 1989, as Branch Manager at American Home Assurance Berhad from 1990 to 1993, later promoted as Countrywide Agency Manager from 1993 to 1995, Manager, Branch Operation & Agency Development at American Malaysia Insurance Berhad from 1995 to 1996, Senior Manager, Branch Operation & Agency Development at Amal Assurance Bhd, promoted as Assistant General Manager from 1998 to September 2000, General Manager at MCIS Zurich Insurance Berhad from October 2000 to October 2002, Senior Vice President, Corporate Insurance Business Division of Malaysia National Insurance Berhad from November 2002 to September 2004, Executive Vice President, Retail Marketing & Sales Support Division at Mayban Fortis Holdings Berhad from September 2004 to December 2005, after the merger between Mayban Fortis, MNI & Takaful Nasional was appointed as Chief Executive Officer ("CEO") at Malaysia National Insurance Berhad from December 2005 to May 2006, CEO of Prudential BSN Takaful Berhad from June 2006 to August 2009 and as an Executive Director and CEO of Great Eastern Takaful Sdn. Bhd. from September 2009 to December 2012. He was also the CEO of AmMetLife Takaful Berhad from May 2015 to May 2017.

He was also appointed as Technical Committee member at Finance Accreditation Agency from August 2013 until August 2019.

Declaration of Interest

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS



DATUK BAZLAN OSMAN

Independent Non-Executive Director

60 M

Date of Appointment
18 August 2020

Board Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Association of Chartered Certified Accountants ("ACCA"), United Kingdom ("UK") (Fellow)
- Malaysian Institute of Accountants ("MIA") (Member)
- Diploma in Accounting, Polytechnic of North London, UK

Present Directorship(s) in other Companies

Listed entity:
- Chairman/Independent Non-Executive Director, FIMA Corporation Berhad
- Independent Non-Executive Director, Bursa Malaysia Berhad
- Senior Independent Non-Executive Director, Bank Islam Malaysia Berhad

Other Public Companies:
- Nil

Past Directorship(s) and/or Appointment(s)

- Malaysia Professional Accounting Centre (August 2020 to March 2024)
- Glomac Berhad (July 2020 to March 2023)
- Chairman, GITN Sdn. Bhd. (wholly-owned subsidiary of Telekom Malaysia Berhad ("TM") (2017 to 2022)
- Director, Citibank Berhad (2019 to 2022)
- Board Member, Universiti Utara Malaysia (2020)
- Executive Director, TM (2008 to 2019)
- Director, Malaysia Digital Economy Corporation Sdn. Bhd. (2018)
- Director, Labuan Reinsurance (L) Ltd (2005 to 2008)
- Board Commissioner, PT XL Axiata Tbk (2005 to 2008)
- Director, Nationwide Express Holdings Berhad (1994 to 2005)

Background, Expertise and Experience

Datuk Bazlan Osman was formerly the Executive Director of Telekom Malaysia Berhad (TM), from April 2008 until February 2019. He served as TM's Group Chief Financial Officer (CFO) from May 2005 until his promotion to the position of Deputy Group Chief Executive Officer (CEO) in April 2017. He was appointed as the Acting Group CEO from June 2018 until November 2018. Prior to joining TM, he was with Celcom Malaysia Berhad as the Senior Vice President, Corporate Finance & Treasury in 2001 before being elevated to the CFO position in 2002.

He began his career in audit with M/S Hanafiah Raslan & Mohamad, a public accounting firm after he graduated in Association of Chartered Certified Accountants (ACCA) in 1986. He then joined the Sime Darby Group from 1989 to 1993, holding various finance positions in its corporate office in Kuala Lumpur, Singapore and Melaka. He had a one year stint in American Express Malaysia Berhad as its Manager-Accounting. Thereafter he served Kumpulan FIMA Berhad (KFB) as Senior Vice President, Finance/ Company Secretary from 1994 to 2000.

He was President of Malaysian Institute of Accountants (MIA) from June 2022 until November 2023, Chair of ACCA Malaysia Advisory Committee from December 2021 until November 2023 and Ex-Officio of Financial Reporting Foundation from June 2022 until November 2023. He is a Fellow of the ACCA and a Chartered Accountant of the MIA. He was a member of the Issues Committee of the Malaysian Accounting Standards Board from 2006 until 2010.

He had attended the IMD Programme for Senior Executives in 2008 and the Strategic Leadership Programme at the University of Oxford's SAID Business School in 2013. In 2015, he was named in the Global Telecoms Business 50 CFOs To Watch. In 2016, he was awarded the Best CFO in Malaysia (#1) by Alpha South East Asia Investors. He was also recognised for Excellence in Financial Planning & Analysis at the 5th Annual CFO Innovation Awards | CFO Innovation Asia.

Declaration of Interest

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries except by virtue of being a Director of Bank Islam Malaysia Berhad. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS



DATIN PADUKA KARTINI HAJI ABDUL MANAF

Non-Independent Non-Executive Director

62 F

Date of Appointment
1 April 2022

Board Meeting Attendance during the Financial Year

Academic/Professional Qualification/Membership(s)

- Master in Business Administration, Ohio University, United States of America ("USA") (1995)
- Bachelor in Business Administration, Ohio University, USA (1990)
- Diploma in Banking Studies, Universiti Teknologi MARA (1982)

Present Directorship(s) in other Companies

Listed entity:
- Duopharma Biotech Berhad (June 2023)

Other Public Companies:
- Perumahan Kinrara Berhad (October 2021)
- TMK Chemical Berhad (October 2023)

Past Directorship(s) and/or Appointment(s)

- UMW Holdings Berhad (June 2017 to December 2023)
- UMK Business Ventures Sdn. Bhd. (December 2018 to February 2023)
- Universiti Malaysia Kelantan (November 2017 to December 2022)
- Unilever (M) Holdings Sdn. Bhd. (December 2017 to April 2020)
- Sapura Energy Berhad (April 2019 to December 2019)
- Projek Lintasan Kota Holdings Sdn. Bhd. (April 2019 to December 2019)
- Chemical Company of Malaysia Berhad (January 2011 to May 2019)
- Sime Darby Berhad (December 2017 to November 2018)
- See Sen Chemical Berhad (August 1992 to November 2017)

Background, Expertise and Experience

Datin Paduka Kartini is a Director of Lembaga Tabung Haji ("LTH") and nominee director of LTH on the Board of Syarikat Takaful Malaysia Keluarga Berhad.

Datin Paduka Kartini started her career with Permodalan Nasional Berhad ("PNB") in March 1983 as a Management Trainee. She had risen through the ranks to become PNB's Deputy President, Strategic Investments prior to her retirement in December 2019. Throughout her corporate career spanning 36 years, she served in various capacities across areas of investment management, corporate finance, mergers and acquisition, corporate restructuring, portfolio management, property investment as well as strategy and business development.

Declaration of Interest

She has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries except by virtue of being a nominee director of Lembaga Tabung Haji. She has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS



CH'NG SOK HEANG

Independent Non-Executive Director

52 F

Date of Appointment
1 June 2022

Board Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Actuarial Society of Malaysia (Fellow since 2010)
- Institute and Faculty of Actuaries, United Kingdom ("UK") (Fellow since 2000)
- Chartered Institute of Management Accountants ("CIMA"), UK (Fellow since 2022)
- CIMA, UK (Chartered Global Management Accountant since 2022)
- Chartered Accountant, Malaysian Institute of Accountant (CA since 2022)
- Qualified Risk Director, Institute of Enterprise Risk Practitioners (QRD since 2022)
- Sustainability and Climate Risk, Global Associations of Risk Professionals (SCR since 2023)
- Bachelor of Economics, Macquarie University

Present Directorship(s) in other Companies

Listed entity:
- Nil

Other Public Companies:
- Cagamas Berhad
- Private Pension Administrator (PPA) Malaysia

Past Directorship(s) and/or Appointment(s)

- Director, Tune Insurance Malaysia Berhad

Background, Expertise and Experience

Ch'ng Sok Heang is currently a director in an actuarial consultancy firm and a consulting actuary in a university. She is a past President of the Actuarial Society of Malaysia.

She has held various key positions in the financial services industry over the past 20 years. Her areas of expertise focused on Actuarial, Finance, Strategy, Risk Management and Insurance/ Takaful.

She was the Chief Financial Officer ("CFO") of AmMetLife Insurance Berhad. Prior to this, she was the CFO of Zurich Insurance Malaysia Berhad. Before this, she was the Senior Vice President and Head of Actuarial, Finance, Strategy Planning, Product Management and Pricing for Great Eastern Life Assurance Malaysia Berhad.

Declaration of Interest

She has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business, with the Company or its subsidiaries. She has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF SHARIAH ADVISORY BODY



DR. AHMAD SUFIAN CHE ABDULLAH

Chairman (Appointed as Chairman on 1 January 2023 until 30 June 2024)

45 | Male | Malaysian

Date of Appointment
1 July 2015

SAB Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Doctor of Philosophy (PhD) in Islamic Economics and Banking, Yarmouk University, Jordan (2015)
- Masters Degree in Shariah, Islamic Finance (Fiqh Finance), University of Malaya (2008)
- Bachelor Degree in Shariah and Management, University of Malaya (2003)

Areas of Expertise

- Shariah
- Finance
- Islamic Studies Other Than Shariah

Background and Working Experience

Currently, he is a Senior Lecturer at the Department of Shariah and Management, Academy of Islamic Studies, University of Malaya.

He started his career at the University of Malaya in 2003 as a part-time tutor until he became a fellow in 2005. He has produced numerous publications such as book and research papers in Islamic legal theories (usul fiqh), Islamic commercial laws, Islamic banking and finance, Takaful and Shariah Fintech. He is the founder and administrator of "muamalat.my", a social media platform that strives to become a medium of education in enhancing public awareness with regards to Islamic Finance and Takaful since 2013.

Present Appointment(s)

- Member, Shariah Committee, CIMB Islamic Berhad
- Member, Shariah Committee, SME Bank Berhad
- Member, Fatwa Committee, Jabatan Mufti Negeri Perlis
- Member, Islamic Legal Consultative Committee, Federal Territories
- Member, Waqaf Committee, Majlis Agama Islam dan Adat Istiadat Negeri Kelantan (MAIK)
- Member, University Board of Director (LPU) Kolej Universiti Islam Perlis (KUIPs)
- Member, Shariah Advisor Committee, Sabnuha Jewellery Sdn Bhd
- Shariah Advisor, KAB Goldynamics Sdn Bhd
- Shariah Board, Precious Amber International Bhd
- Shariah Advisor, Infaqpay Sdn Bhd
- Advisor for various private business and Non-Profit Organisations

Past Appointment(s)

- Member, Shariah Advisor Committee, Kenanga Investment Bank Berhad (2015-2019)
- Muamalat Expert Panel of Jabatan Kemajuan Islam Malaysia (JAKIM) (2016-2018)
- Member, Committee of UM Awqaf (2017-2018)
- Curriculum and Academic Advisor in Islamic Finance, Kolej Yayasan Pahang (2019-2021)
- Curriculum Advisor for Uniti College Kota Bharu (2019-2021)
- Zakat and Alms Management Unit, Embassy of Malaysia, Jordan (2012)

Declaration of Interest

He has no family relationship with any Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF SHARIAH ADVISORY BODY



ASSOC. PROF. DR. MARHANUM CHE MOHD SALLEH

Member

42 | Female | Malaysian

Date of Appointment
1 February 2016

SAB Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Doctor of Philosophy (PhD) in Islamic Banking and Finance, International Islamic University Malaysia (IIUM) (2014)
- Masters in Islamic Finance, IIUM (2009)
- Bachelor Degree in Shariah and Management (with Distinction), University of Malaya (2006)

Areas of Expertise

- Islamic Banking and Takaful
- Islamic Marketing
- Fintech
- Social Finance

Background and Working Experience

Currently, she is an Associate Professor at the Department of Finance, IIUM. Dr. Marhanum has started her academic career since 2009 and have served the Islamic finance industry since the 2015 as a Shariah committee. She has been actively engaged with various research projects including funded by the Malaysian Ministry of Higher Education, Malaysian Accountant General's Department as well as by private institutions. She has published her works at various high-quality journals local and international. Her areas of concern currently are related to social finance, financial technology, philanthropy-based takaful products.

Present Appointment(s)

- Member, Shariah Committee Co-op Bank Pertama
- Member, Shariah Committee Public Islamic Bank Bhd
- Member, Association of Shariah Advisors in Islamic Finance Malaysia

Past Appointment(s)

- Member, International Council of Islamic Finance Educators (ICIFE)
- Shariah Advisor, UOB Islamic Bank (2015-2019)

Declaration of Interest

She has no family relationship with any Directors/major shareholders of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF SHARIAH ADVISORY BODY



MEGAT HIZAINI HASSAN

Member

57 | Male | Malaysian

Date of Appointment
1 April 2017

SAB Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Masters in Law, Harvard Law School, Harvard University, United States of America (1994)
- Masters in Law, University of Cambridge, United Kingdom (1992)
- Advocate & Solicitor of the High Court of Malaya (1991)
- Bachelor of Laws (First Class Hons), International Islamic University Malaysia (IIUM) (1990)

Areas of Expertise

- Legal

Background and Working Experience

Currently, he heads Lee Hishammuddin Allen & Gledhill's Islamic Finance practice and advises on Islamic finance matters as well as corporate legal and regulatory developments.

He started his career in 1991 as a Lecturer at the Kulliyyah of Laws, IIUM. He is an Advocate & Solicitor of the High Court of Malaya and was called to the Malaysian Bar in 1991. He joined the law firm of Messrs. Zaid Ibrahim & Co. in 1999 and was a partner at the firm from 2006 until 2010. He was also appointed as a Director of ZI Shariah Advisory Services Sdn. Bhd., a Shariah compliance advisory firm registered as a Shariah Adviser for Sukuk and Islamic capital market products with the Securities Commission of Malaysia from 2007 until 2010.

He has advised local and international clients on issues pertaining to the legal and regulatory framework on Islamic banking and finance, as well as matters relating to applicable Shariah standards for Islamic financial/investment transactions in Malaysia and abroad. He has presented at various seminars and conferences on legal and regulatory issues pertaining to Islamic finance. He is a Registered Arbitrator for Islamic Finance in the Asian International Arbitration Centre, an Accreditation Panel Member of the Finance Accreditation Agency Malaysia, a member of the Islamic Finance Committee of the Malaysian Bar Council, and has also previously lectured on a part-time/guest lecturer basis at the Ahmad Ibrahim Kulliyyah of Laws, IIUM on Islamic finance and other legal subjects.

He has also written for publishers such as Sweet & Maxwell as co-author of "The Law and Practice of Islamic Banking and Finance" and "An Introduction to Islamic and Conventional Corporate Finance". He has been recognised as one of the leading lawyers in his field, through publications such as the International Financial Law Review's Guide to the World's Leading Islamic Finance Lawyers and Expert Guides, Legal 500, Chambers Asia as well as Islamic Finance News.

Present Appointment(s)

- Member, Shariah Committee, Mizuho Bank (Malaysia) Berhad
- Member, Shariah Advisory Body, Mizuho Bank, Ltd. Labuan Branch

Past Appointment(s)

- Nil

Declaration of Interest

He has no family relationship with any Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction of offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF SHARIAH ADVISORY BODY



DR. NIK ABDUL RAHIM NIK ABDUL GHANI

Member

45 | Male | Malaysian

Date of Appointment
1 April 2019

SAB Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Doctor of Philosophy (PhD) in Islamic Finance, International Centre for Education in Islamic Finance (2017)
- Masters of Islamic Studies (Syariah), Universiti Kebangsaan Malaysia (UKM) (2009)
- Bachelor of Shariah, Islamic University of Medina, Kingdom of Saudi Arabia (2003)
- Certificate of Rabi'e Thanawi (Jayyid Jiddan/Very Good), Sekolah Menengah Agama Atas Sultan Zainal Abidin (1998)

Areas of Expertise

- Shariah
- Islamic Finance

Background and Working Experience

Currently, he is a Senior Lecturer of Fiqh Muamalat at the Research Centre for Shariah, Faculty of Islamic Studies of UKM.

He started his career at the UKM in 2007. He regularly conducts lectures, researches, and presents papers at seminars and conferences, both locally and internationally on the areas of Fiqh Muamalat and Usul Fiqh particularly those related to Islamic banking, Islamic insurance (Takaful) and current issues of Islamic transaction laws.

Present Appointment(s)

- Chairman, Shariah Committee, SME Development Finance Corporation in Maldives
- Member, Shariah Committee, Maybank Islamic Berhad
- Member, Shariah Committee, UKM
- Member, Shariah Committee of Kobimbing
- Member, Shariah Committee of Koperasi UNIKEB, UKM
- Member, Shariah Advisory Panel of Wasiyyah Shoppe Berhad
- Member, Jawatankuasa Fatwa Negeri Terengganu
- Member, Jawatankuasa Perundingan Hukum Syarak Wilayah Persekutuan

Past Appointment(s)

- Member, Shariah Committee, Citibank Berhad (2011-2020)
- Member and Researcher of Research Centre for Islamic Economics and Finance (EKONIS), Faculty of Economics and Management, UKM (2010-2018)
- Panel of Authors for Adoption of Shari'ah Standards into Academic Syllabus of Local Universities, Bank Negara Malaysia (2017)
- Member of Shari'ah Advisory Council, TEKUN Nasional (2013-2015)

Declaration of Interest

He has no family relationship with any Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF SHARIAH ADVISORY BODY



DR. SHAFAAI MUSA

Member

57 | Male | Malaysian

Date of Appointment
1 January 2023

SAB Meeting Attendance during the Financial Year

7/7

Academic/Professional Qualification/Membership(s)

- Doctor of Philosophy (PhD), University Glasgow Caledonian, United Kingdom (2001)
- Masters of Comparative Law, International Islamic University Malaysia (IIUM) (1994)
- Bachelor of Shariah, University Al Azhar, Mesir (1991)

Areas of Expertise

- Shariah
- Legal

Background and Working Experience

He started his career in 1992 as Assistant Lecturer at Ahmad Ibrahim Kulliyyah of Laws. In 2002, he served as Head of the Department of Islamic Law for three years and later, seconded to IIUM Holdings Sdn Bhd as Executive Director of IIUM Centre for Continuing Education. In 2010, he had been seconded to International Islamic College as Chief Executive Officer (CEO) until December 2012, followed by secondment to the office of Chief Minister, Johor as CEO of Johor Institute of Integrity, Leadership and Training for two years. He also has contributed numerous articles in journals.

Present Appointment(s)

- Independent Non-Executive Director, Public Islamic Bank Berhad
- Chairman, Shariah Committee of Public Islamic Bank Berhad
- Chairman, Shariah Advisory Council of Reinsurance Group of America Retakaful
- Member, Shariah Committee of Agrobank
- Member, Advisory Board of Malaysia Financial Planning Council
- Member of the Investigating Tribunal Panel, Bar Council Malaysia

Past Appointment(s)

- Chairman, Shariah Committee of CIMB Islamic Bank Berhad (2019-2022)
- Member, Shariah Committee of CIMB Islamic Bank Berhad (2006-2019)
- Chairman, Shariah Committee of Sunlife Malaysia Takaful Berhad (2013-2021)
- Chairman, Shariah committee of Commerce Takaful Berhad/ CIMB Aviva Takaful Berhad (2006-2013)
- Chairman, Shariah Committee of Southern Bank Berhad (2004-2006)
- Shariah Advisor of Celcom Axiata (2008-2014)

Declaration of Interest

He has no family relationship with any Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF MANAGEMENT COMMITTEE



NOR AZMAN ZAINAL *Group Chief Executive Officer*	Age/Gender 52/Male	Nationality Malaysian	Date of Appointment 1 January 2022

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- BSc. (Honours) in Actuarial Science – City University, London

Professional Development:

- Attended "AI for Leaders: Leveraging Data Analytics for Business" – National University of Singapore
- Attended intensive ICLIF "Leading Leaders" training programme in Myanmar
- Attended series of in-house Prudential Corporation of Asia (PCA) Leadership training programmes
- Attended Asian Leaders in Financial Institution (ALFI) Executive Programme – National University of Singapore, leadership courses focusing on general leadership, governance, fintech, global economic development affairs in Singapore, Beijing, Mumbai and New York

AREA OF EXPERTISE:

With over 27 years of experience in the insurance and takaful industry, Nor Azman Zainal has established himself as a seasoned professional. Throughout his career journey, he has held various strategic and senior management roles, showcasing an exceptional track record in both life insurance and family takaful. Leveraging his extensive background in actuarial and insurance, he brings invaluable expertise crucial to steering Takaful Malaysia towards success. His role plays a pivotal part in driving the growth of Takaful Malaysia's business. With his insightful perspectives and innovative approach, he significantly enhances the company's operations, enabling Takaful Malaysia to maintain its focus on strategy execution, customer and partner satisfaction, and delivering sustainable returns to shareholders.

His areas of expertise include:

- Corporate Strategic Planning
- Product and Pricing
- Marketing, Branding and Communications
- Distribution Strategy for Retail, Corporate and Bancatakaful
- Risk Management

WORK EXPERIENCE & POSITION:

Present:

- Group Chief Executive Officer since 1 January 2022

Previous:

- ING Insurance Bhd (now AIA)
- MCIS Zurich Insurance Berhad
- HSBC Insurance Singapore
- HSBC Amanah Takaful
- AIA Alliance Takaful Berhad
- Prudential BSN Takaful
- Takaful Ikhlas Family Berhad

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Executive Director for Syarikat Takaful Malaysia Am Berhad

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF MANAGEMENT COMMITTEE

LEEM WHY CHONG

Deputy Chief Executive Officer



Age/Gender	Nationality	Date of Appointment
52/Male	Malaysian	19 October 2009

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Fellow of the Society of Actuaries
- Fellow of Actuarial Society of Malaysia
- Bachelor of Science major in Actuarial Science and Economics – University of Nebraska – Lincoln, USA

AREA OF EXPERTISE:

- Actuarial Valuation
- Capital and Solvency Management
- Product Development and Pricing
- Business and Strategy Planning
- Risk Management
- Takaful Business Operations

WORK EXPERIENCE & POSITION:

Present:

- Appointed as Deputy Chief Executive Officer on 1 June 2018
- Appointed as Chief Operating Officer on 1 November 2016
- Appointed as the Appointed Actuary from 1 March 2010 to 31 December 2015
- Leem joined Takaful Malaysia on 19 October 2009 as Deputy General Manager, Actuarial and Family Retakaful
- Has over 28 years the insurance and takaful industry

Previous:

- Aetna Universal/ING Insurance Berhad (now AIA Berhad)
- Prudential Assurance Malaysia Berhad
- Great Eastern Life Assurance (Malaysia)

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

MOHAMED SABRI BIN RAMLI

Chief Executive Officer

Syarikat Takaful Malaysia Am Berhad (Takaful Malaysia Am)



Age/Gender	Nationality	Date of Appointment
54/Male	Malaysian	1 August 2018

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor in Civil Engineering, Universiti Pertanian Malaysia

AREA OF EXPERTISE:

- Customer Focus and Engagement Strategy
- Distribution Channel Management Strategy
- Portfolio Analysis and Analytics
- Financial Management and Analysis
- Risk Management and Underwriting Technical Skills
- Technology and Innovation in Digital Marketing and Infrastructure Development

WORK EXPERIENCE & POSITION:

Present:

- Chief Executive Officer Takaful Malaysia Am since 1 August 2018
- Over 29 years in the insurance and takaful industry

Previous:

- The Pacific Insurance Berhad
- Berjaya Sompo Insurance Berhad
- Ace Jerneh Insurance Berhad
- Syarikat Takaful Malaysia Berhad
- Jerneh Insurance Berhad
- Berjaya Insurance Berhad
- P-Mex Corporation Sdn Bhd

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF MANAGEMENT COMMITTEE

NEW KHENG CHEE

Group Chief Financial Officer



Age/Gender	Nationality	Date of Appointment
49/Male	Malaysian	1 August 2023

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Science in Economics, London School of Economics and Political Science, United Kingdom
- Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW)

AREA OF EXPERTISE:

- International Financial Reporting Standards (IFRS)
- Corporate Finance
- General Management
- Financial Reporting and Analysis (FP&A)
- Capital and Solvency Management
- Corporate Planning and Strategy
- Statutory Reporting
- Finance Operations and Treasury
- Corporate and Indirect Taxation

WORK EXPERIENCE & POSITION:

Present:

- Group Chief Financial Officer
- More than 20 years of working experience including leadership and managerial roles in Finance, mostly in multinational companies (MNCs)

Previous:

- Prudential BSN Takaful Berhad
- Prudential Services Asia
- Ernst & Young Malaysia

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

JULIANA LO BENG LIEW

Chief Strategy Officer



Age/Gender	Nationality	Date of Appointment
53/Female	Malaysian	1 September 2023

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Chartered Institute of Management Accountants Advanced Diploma in Management Accounting
- Attended National University of Singapore Business School General Management Programme

AREA OF EXPERTISE:

- Investor Relations
- Corporate Restructuring
- Corporate Planning and Strategy
- Treasury Management
- Tax Planning
- Cost Management
- Broad Financial Services Expertise
- Group Financial Reporting and Analysis
- Statutory Reporting and Compliance
- Forecasting and Budgeting

WORK EXPERIENCE & POSITION:

Present:

- Appointed as Chief Strategy Officer on 1 September 2023
- Appointed as General Manager, Corporate Finance & Strategy on 1 September 2015
- Appointed as Assistant General Manager, Finance on 1 October 2011
- Appointed as Senior Manager, Finance on 15 April 2009
- Over 32 years of experience in insurance industry

Previous:

- ING Insurance Berhad (now AIA Berhad)

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

She does not hold any directorship in public companies and has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023. She has no family relationship with any Directors and major shareholders of the Company, and has no conflict of interest with the Company.

PROFILE OF MANAGEMENT COMMITTEE

FIROZDIN ABDUL WAHAB

Chief Bancatakaful Officer



Age/Gender	Nationality	Date of Appointment
60/Male	Malaysian	2 February 2016

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Diploma Australian Insurance Institute (Universiti Teknologi Mara (UiTM)/Australia)

AREA OF EXPERTISE:

- Individual and Group Insurance
- Bancassurance Partnership Engagement and Management Strategy
- Business Development and Sales Strategy
- Distribution Channel Optimization
- Sales Performance Management and Governance
- Multi-Channel Business Management
- Cost and Expense Management
- Reinsurance, Underwriting and Group Life Operations

WORK EXPERIENCE & POSITION:

Present:

- Chief Bancatakaful Officer

Previous:

- General Manager AmMetLife (AmLife) Bancassurance, Employee Benefits & Telemarketing

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

INTHERAN A/L P. ALAGAPPAN

Chief Technology Officer



Age/Gender	Nationality	Date of Appointment
55/Male	Malaysian	20 June 2022

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Advanced Diploma in Computer Studies, Informatics College.

Professional Development:

- Attended Prudential Corporation Asia in House Leadership Programmes
- Attended 7 Habits of Highly Effective People, Problem Solving and Decision Making, Managing Process Improvement and Automation, Team Work and Emotional Intelligence

AREA OF EXPERTISE:

- A Malaysian citizen, aged 55 with 30 years of experience in Information Technology
- Wealth of experience in both leadership and technical which is derived from various strategic roles held throughout career which includes managing group technology infrastructure and operations, strategic technology project delivery across business
- Area of expertise includes:
  - Project Management
  - Strategic Planning and Implementation
  - Business Continuity and Disaster Recovery
  - Automation for Efficiency, Optimisation and Improvement
  - Technology Risk Management

WORK EXPERIENCE & POSITION:

Present:

- Chief Technology Officer

Previous:

- Director Production Operations & Head Of Service Quality 2016 To 2022 - Regional Technology, Prudential Services Asia, Cyberjaya
- Assistant Director, Infrastructure Service Delivery & Head Of Project Management
  2011 To 2015 - Regional Technology, Prudential Services Asia, Cyberjaya
- Senior Manager, Infrastructure Service Delivery
  2009 To 2011 - Regional Technology, Prudential Services Asia, Cyberjaya
- Manager, Platform Management
  2007 To 2009 - Regional Technology, Prudential Services Asia, Cyberjaya

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offenses within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF MANAGEMENT COMMITTEE

MOHAMMAD FADHLEE BIN AWALUDIN

Chief Investment Officer



Age/Gender	Nationality	Date of Appointment
51/Male	Malaysian	1 February 2021

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Fellow Chartered Institute of Management Accountant, United Kingdom (CIMA)
- Chartered Accountant - Malaysian Institute of Accountants (MIA)
- Member of Financial Market Association Malaysia
- Associate Member of Asian Institute of Chartered Bankers
- Masters in Islamic Finance – International Centre for Education in Islamic Finance (INCEIF)
- Bachelor Degree in Accounting - UiTM

AREA OF EXPERTISE:

- Corporate Finance
- Treasury and Investment
- Asset-Liability Management

WORK EXPERIENCE & POSITION:

Present:

- Chief Investment Officer since 1 February 2021
- Assistant General Manager, Investment from 1 November 2009 to 31 January 2021
- Over 27 years of experience in investment and finance

Previous:

- Telekom Malaysia Berhad
- UEM Group

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

SHIZAL FISHAM BIN RAMLI

Chief Risk Officer



Age/Gender	Nationality	Date of Appointment
51/Male	Malaysian	8 June 2021

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Fellow of the Institute and Faculty of Actuaries, United Kingdom
- Fellow of Actuarial Society of Malaysia
- MSc Investment Management, City University, London

AREA OF EXPERTISE:

- Capital and Solvency
- Actuarial Management
- Product and Pricing
- Investment and Financial Management
- Asset-Liability Management
- Business and Strategy Planning
- Risk Management

WORK EXPERIENCE & POSITION:

Present:

- Chief Risk Officer

Previous:

- Zurich Takaful Malaysia Keluarga Berhad
- MAA Takaful (Malaysia) Berhad
- Great Eastern Takaful (Malaysia) Berhad
- Bank Negara Malaysia

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF MANAGEMENT COMMITTEE

YASSIR AZLIN BIN ABDUL GHAFAR

Chief Distribution Officer



Age/Gender	Nationality	Date of Appointment
52/Male	Malaysian	1 June 2022

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Degree in Human Science – Majoring in Political Science from International Islamic University, Malaysia.
- Professional Qualifications from Malaysian Insurance Institute (MII);
  - Marketing - completed with Distinction;
  - Insurance Law - completed with Distinction;
  - Business Environment - completed with Passed;
  - Risk and Insurance - completed with Passed (2005-2006)

AREA OF EXPERTISE:

- Over 27 years of working experience in both general and life insurance for conventional and takaful segment
- With more than 9 years in senior management position
- Well-rounded working experience in underwriting, claims, product development and strategic sales & marketing in both Family and General line of business
- Has experience in managing multiple distribution channels namely bancatakaful, agency, direct, digital online, corporate, insurance brokers and other form of intermediaries
- Involved in Change Management process in reviving companies' revenue

WORK EXPERIENCE & POSITION:

Present:

- Appointed as Chief Distribution Officer on 1 June 2022
- Over 27 years of experience in insurance industry

Previous:

- Mayban General Assurance Bhd
- HSBC Amanah Takaful Bhd
- Hong Leong MSIG Takaful Bhd

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

He does not hold any directorship in public companies and has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023. He has no family relationship with any Directors and major shareholders of the Company, and has no conflict of interest with the Company.

SITI HAJAR BINTI MOHD RIZLAN

Chief Marketing Officer



Age/Gender	Nationality	Date of Appointment
48/Female	Malaysian	1 June 2022

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Science in Business Administration, Washington University, St. Louis, USA

AREA OF EXPERTISE:

Siti Hajar is an expert brand marketer with over 23 years of in-depth experience in strategic brand propositioning and marketing leadership in Malaysia finance industry. She has broad experience in planning, managing, and executing multi-channel, multi-segment marketing campaigns with advanced traditional and digital marketing knowledge.

Siti Hajar develops compelling value propositions that drive distinct competitive advantages for selling new and existing products and expanding utilisation within the existing client base. The brands that she has launched and managed include HSBC Amanah, PruBSN, and Etiqa. Siti Hajar clinched the first APPIES and EFFIES brand awards to be won by any takaful company and has won over 20 awards for brand building, market excellence, innovation and social responsibility. And recently, she initiated the launch of KAOTIM, a new digital platform and brand for Takaful Malaysia.

Her expertise includes the following areas:

- Strategic Planning and Execution
- Brand Building
- Public Relations
- Media Crisis Management
- Digital Marketing
- ROI-Based Marketing Communications
- Corporate Social Responsibility
- Islamic Banking Product Development and Management
- Team Synergy and Performance Improvement

WORK EXPERIENCE & POSITION:

Present:

- Chief Marketing Officer

Previous:

- Etiqa Insurance & Takaful
- Prudential BSN Takaful Berhad
- Malayan Banking Berhad
- Bank Muamalat (M) Berhad
- Kuwait Finance House (M) Berhad
- HSBC Bank (M) Berhad
- Hong Leong Finance Berhad

DIRECTORSHIP/RELEVANT APPOINTMENT:

- Nil

DECLARATION:

She has no family relationship with any other Directors/major shareholders of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF MANAGEMENT COMMITTEE

RINA BINTI SARIF
Chief People Officer



Age/Gender	Nationality	Date of Appointment
55/Female	Malaysian	1 April 2023

ACADEMIC/PROFESSIONAL QUALIFICATIONS:
- BSc (Chemistry), University of Malaya
- Attended Melbourne Business School Thrust Leadership Programme
- Adjunct Professor, UNITAR international University
- Certified Advanced Neuro Linguistic Programming, NLP Institute USA (Reg No: 1216-313299)
- Certified Competency Behavioural Event Interviewer, DDI International
- Certified Strategic Talent Acquisition Specialist, Human Capital Inst, USA
- Certified Women in Leadership by Institute of Human Resources Professional (IHRP)
- Certified Muslim Women Coach, by The International Muslim Women Coaching Academy.
- Member of Institute of Corporate Directors Malaysia (ICDM) – (No. 80000971)

AREA OF EXPERTISE:
- Strategic Human Capital and Human Capital Transformation
- Talent Acquisition, Talent Management and Development
- Recruitment Marketing and Talent Attraction
- Change Management and Organisational Design
- Culture and Employee Engagement

WORK EXPERIENCE & POSITION:
Present:
- Appointed as Chief People Officer on 1 April 2023

Previous:
- Chief Human Capital Officer, Lembaga Tabung Haji (TH)
- General Manager, Human Resources, Tenaga Nasional Berhad (TNB)
- General Manager, Human Resources, Chemical Company Malaysia Berhad (CCMB)
- Head, Human Capital Management, Ambank Berhad
- Vice President, Human Capital, Maybank Berhad

DIRECTORSHIP/RELEVANT APPOINTMENT:
- Nil

DECLARATION:
She does not hold any directorship in public companies and has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023. She has no family relationship with any Directors and major shareholders of the Company, and has no conflict of interest with the Company.

SUHLA BINTI AL ASRI
Company Secretary



Age/Gender	Nationality	Date of Appointment
53/Female	Malaysian	2 April 2019

ACADEMIC/PROFESSIONAL QUALIFICATIONS:
- Fellow of the Malaysia Institute of Chartered Secretaries and Administrators (MAICSA)
- Master in Business Administration, Universiti Kebangsaan Malaysia
- Chartered Governance Institute (UK)
- Diploma in Accountancy, Universiti Teknologi MARA

AREA OF EXPERTISE:
- Corporate Governance
- Company Secretarial Practices
- Mergers and Acquisitions

WORK EXPERIENCE & POSITION:
Present:
- Company Secretary, Syarikat Takaful Malaysia Keluarga Berhad and Syarikat Takaful Malaysia Am Berhad

Previous:
- PROTON Holdings Berhad
- Zelan Berhad
- Kumpulan Guthrie Berhad
- Malaysia National Insurance Berhad
- M&C Services Sdn. Bhd.

DIRECTORSHIP/RELEVANT APPOINTMENT:
- Nil

DECLARATION:
She does not hold any directorship in public companies and has no conviction for offences within the past five (5) years other than traffic offences and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2023. She has no family relationship with any Directors and major shareholders of the Company, and has no conflict of interest with the Company.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



The subsequent sections delineate our governance approach and outline the operations of the Board and its Committees throughout 2023. This year, we have achieved robust financial results and made significant strategic advancements. I firmly attribute these successes to our adherence to strong corporate governance practices.

As a Board, we bear the responsibility of fostering the Company's prosperity and maximising value for shareholders, while also honouring our obligations to all stakeholders. To fulfil this mandate, we provide guidance, establish the Group's strategic objectives and risk tolerance, and uphold the company's purpose, culture, values, and ethics. We maintain that our well-defined governance framework facilitates the efficient operation of the Board, enabling us to effectively execute our duties.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



EFFECTIVE GOVERNANCE IS KEY TO INFORMED DECISION-MAKING

FOCUSED GOVERNANCE

Effective governance fosters decision-making processes geared towards fostering the enduring, sustainable prosperity of the Company while considering the perspectives and concerns of our broader stakeholder community. Our objective is to realise this goal through a robust governance structure designed to facilitate informed decision-making, encourage constructive critique, and adapt seamlessly to the evolving needs of the Group. This framework incorporates a prudent internal control system and stringent protocols for identifying, addressing, and mitigating critical risks.

DRIVING OUR SUSTAINABILITY AGENDA

The Board regards Sustainability considerations as imperative for complete integration and alignment with our core business strategy. ESG, encompassing critical areas like climate change, falls under the purview of the Board, tasked with setting overarching strategy and prioritising key focus areas. Our commitment to embedding sustainability throughout our operations is evident through the establishment of the Sustainability Working Committee. This dedicated body focuses on overseeing our efforts in environmental stewardship, community engagement, diversity and inclusion, as well as enhancing disclosures and employee engagement activities.

Throughout the reporting period, our endeavours were directed towards fulfilling the requirements outlined in Bursa Malaysia's 11 common material sustainable matters. I am pleased to announce that we have successfully disclosed data pertaining to the majority of these matters. Moving forward, our focus remains on establishing robust systems to effectively monitor, review, and evaluate our sustainability indicators and metrics, ensuring continued progress and accountability.

BOARD EFFECTIVENESS

The Board is committed to upholding the utmost standards in our operations, mirroring the high standards upheld throughout the broader business. As an integral aspect of our ongoing pursuit of self-refinement and enhancement, we conducted our annual effectiveness assessment and internal evaluations of the Board and its Committees. The evaluation yielded positive outcomes across all domains, with individual results showing improvement compared to the previous year. Subsequent to the evaluation, the Board identified key focus areas, including advancing our growth agenda, prioritising customer-centric initiatives, and reinforcing our commitment to sustainability.

Dato' Mohammed Hussein
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PUSHING FORWARD FOR

The Board of Directors ("Board") of Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga" or "Company") and its subsidiary companies ("Takaful Malaysia" or "Group") continues to subscribe and support the Malaysian Code on Corporate Governance 2021 ("MCCG"). The Board is committed to ensure that Principles and Recommended Practices are observed and practised throughout Takaful Malaysia so that the affairs of the Group are conducted with professionalism, accountability and integrity with the objective of safeguarding and enhancing shareholders' value and financial performance of the Group.

The Board is pleased to report on the application of Recommended Practices of the MCCG as required under MCCG and Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year under review.

The application of each practice set out in MCCG during the financial year under review is disclosed under Takaful Malaysia Keluarga's Corporate Governance Report published in the Company's website at www.takaful-malaysia.com.my.

DIRECTORS

The Board

The Board of Takaful Malaysia Keluarga is responsible to promote and protect the interest of the Company which includes the shareholders and other stakeholders of the Group. The Board shoulders the ultimate responsibility of determining the direction of the Group thereby ensuring long-term success and delivery of sustainable value to the shareholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing corporate governance/ethical practices and ensures effective execution of these strategies.

Terms of Reference/Board Charter

The Board is mindful of the need to protect the interests of shareholders and other stakeholders. In discharging their duties effectively, the Board is guided by Terms of Reference/Board Charter ("Board Charter") which sets out the roles and responsibilities of the Board as well as issues and decisions reserved for the Board. This is accordance with Practice 2.1 of MCCG. The Board Charter is reviewed regularly to keep it up to date with changes in regulations/best practices and ensure its effectiveness/relevance to the Board's objectives. The last review was carried out on 1 November 2022.

The Board Charter is accessible on our website at www.takaful-malaysia.com.my.

SUSTAINABLE GROWTH

Roles and Responsibilities of the Board

The Board has the overall responsibility of ensuring that Takaful Malaysia Keluarga operates as intended in the affirmed objectives of the Company. Consequently, it has the power to decide on all matters pertaining to the Company's business as empowered and guided by the Company's Constitution, Companies Act 2016, Islamic Financial Services Act 2013 ("IFSA 2013") and all relevant guidelines of Bank Negara Malaysia ("BNM"), Securities Commission Malaysia and the Listing Requirements, and if required, to delegate these powers accordingly. The following are the main roles and responsibilities of the Board in accordance to the Board Charter:

i. Business Direction/Operations/Finance;

ii. Requirement under Authorities/Statutes;

iii. Management/Human Resource;

iv. Membership of Board/Board Committees and Shariah Advisory Body ("SAB");

v. Administrative;

vi. Principal Responsibilities under Corporate Governance including Risk Management and Compliance;

vii. Internal Audit Function; and

viii. Principal Responsibilities under Shariah Governance.

Details of the above roles and responsibilities are embedded in the Board Charter of the Company which is published in the Company's website at www.takaful-malaysia.com.my

To operate effectively in a dynamic and challenging environment, the Board's responsibilities are delegated to and executed by Management of the Company headed by Group Chief Executive Officer ("GCEO"). GCEO is responsible for broad aspects of day-to-day operations of the Company including financial stewardship and compliance to laws, regulations, policies and procedures. In this regard, Management is accountable to the Board for the overall functions and activities of the Company. This includes among others, implementation of policies and strategies as approved by the Board which are always in line with Shariah principles and guided by regulatory requirements as well as industry best practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Meetings

Board meetings are scheduled in advance at the beginning of a calendar year with additional meetings convened when necessary. All Directors complied with the Listing Requirements on attendance for Board meetings held during the financial year under review. Seven (7) Board meetings were held during the financial year under review with details of meetings' attendance of each Director are as follows:

Name	Attendance	Percentage (%)
Dato' Mohammed Hussein *Chairman/Independent Non-Executive Director*	7/7	100
Mohd Azman Sulaiman *Independent Non-Executive Director*	7/7	100
Suraya Hassan *Independent Non-Executive Director*	7/7	100
Dato' Mustaffa Ahmad *Independent Non-Executive Director*	7/7	100
Mohamad Salihuddin Ahmad *Non-Independent Non-Executive Director*	7/7	100
Datuk Bazlan Osman *Independent Non-Executive Director*	7/7	100
Datin Paduka Kartini Haji Abdul Manaf *Non-Independent Non-Executive Director*	6/7	85.7
Ch'ng Sok Heang *Independent Non-Executive Director*	7/7	100

Directors who are unable to attend a particular Board/ Board Committee meeting are encouraged to provide his/ her views and comments on matters to be discussed to the Chairman or Company Secretary in advance.

The Board is satisfied with the level of time commitment given by each Director towards fulfilling their roles and responsibilities as Directors of Takaful Malaysia Keluarga as evidenced by their attendance record at Board meetings, as set out in the above table. All Directors complied with the minimum attendance of at least 75% of Board meetings held during the financial year under BNM's Guidelines on Corporate Governance. A Director who is unable to attend any Board or Board Committee's meeting will notify the Chairman and/or Company Secretary immediately prior to the meeting date.

The Board also noted the expectation on time commitment to carry out their duties and responsibilities. In this respect, members of the Board will notify the Chairman prior to or upon their acceptance of any new directorship. Each Board member is expected to commit sufficient time to attend all Board and Board Committees' meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM"), Directors' training, Board's networking events, discussions with Management and meetings with various stakeholders. The schedule for Board meetings was shared with the Directors before the beginning of the year to ensure the Directors' time commitment.

As prescribed in Paragraph 15.06 of the Listing Requirements, Directors must not hold directorships at more than five (5) Public Listed Companies ("PLC"). None of the Directors of the Company exceeded these limits during the financial year under review. Directors are required to declare their directorships and/or interests in other public and private companies on monthly basis. Such information is also used to monitor the number of directorships held by Directors, particularly those on PLC and notify Companies Commission of Malaysia ("CCM") of any changes in other directorships in public companies.

All Directors have the backing of extensive work experience in various fields and therefore are able to exercise independent judgement in order to discharge their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board believes that the existing appointment process for selecting a new member is adequate and it takes into consideration the required skills-set, experience, competency, industry experience, gender and age and how these add to the Board's diversity.

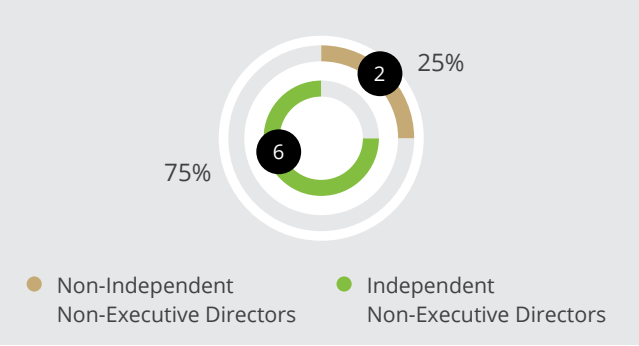
Directors' Code of Ethics

The Directors observe the code of ethics in accordance with the Company Directors' Code of Ethics established by CCM which provides guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.

The Directors' Code of Ethics consists five (5) major areas as follows: -

- Corporate Governance;
- Relationship with shareholders, employees, creditors, customers and other stakeholders;
- Sustainability Practices;
- Corporate Liability; and
- Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT")

Board Balance and Independence of Directors



The Board of Takaful Malaysia Keluarga agreed during their meeting held on 25 August 2021 to have a majority of independent directors at all time, consistent with Practice 5.2 of MCCG.

The tenure of all six (6) Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by MCCG and as set out in the Board Charter. They continue to fulfil the definition of independence as set out in the Listing Requirements. Therefore, the Board recommends and supports the proposed re-election of the Independent Non-Executive Directors and Non-Independent Non-Executive Director who are retiring by rotation in accordance with Rule 74 of the Company's Constitution at the forthcoming 39th AGM.

The Board acknowledges gender diversity in the composition and strongly supports the government's target of having 30% women's participation on boards of PLC in Malaysia. For the period under review, the Board comprised five (5) men Directors and three (3) women Directors, resulting into a percentage of 37.5% which is in accordance with Practice 5.9 of MCCG that recommends the board comprises at least 30% women directors. The Board remained cognisant of the importance of boardroom gender diversity and always mindful that any gender representation should be in the best interest of the Company. The Board will continue to encourage and support more women participation on the Board including whenever a vacancy arises.

The Board recognises that diversity is one (1) of the key drivers to enhance Board effectiveness as diversity broadens the debate within the Board, SAB and Senior Management by harnessing different insights and perspectives. The Board will continuously enhance their composition as well as that of SAB and Senior Management to encourage diversity in terms of skills, background, knowledge, industry experience, culture, independence of mind and fairness/opinion and perspectives, ethnicity, age and gender when appointing new Directors, SAB members and Senior Management as outlined in MCCG.

The profiles of the current Senior Management are set out on pages 117 to 123 in this Integrated Annual Report.

With a diversified background and specialisation, the Board collectively brings with them a wide range of experience and expertise in areas such as finance, insurance, takaful, accounting, investment, actuarial, company secretarial, management, leadership/talent development and banking.

The profiles of Directors are provided on pages 104 to 111 in this Integrated Annual Report.

The positions of Chairman and GCEO are held by different individuals in line with the recommendation of MCCG under Practice 1.3 since the inception of the Company. There is a clear division of responsibilities between the Chairman and GCEO to ensure that there is a balance of power and authority. The roles and responsibilities of the Chairman and GCEO are distinct and separate. The Chairman primarily presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. GCEO is responsible for execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

To enable the Board to discharge their duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to five (5) Board Committees, namely:

- Audit Committee;
- Nomination and Remuneration Committee;
- Board Risk Committee;
- Investment Committee; and
- Long Term Incentive Plan Committee *(Disbanded on 20 March 2023 and re-established on 26 February 2024).*

The Chairman of the Board is not Chairman of any of the abovementioned Board Committees in line with the recommendation of MCCG under Practice 1.4.

As recommended by NRC, the Board on 25 May 2023, agreed to review membership of Board Committees of the Company. This strategic exercise was guided by principles with regard to rotation, namely maximum of three (3) members per committee and maximum of two (2) committee per Board member, along with the principle of majority of Independent Non-Executive Director on the Board. It also provided the opportunity to refresh the Board Committees' composition, exposure as well as ideas and approach, taking into account the sufficiency of Board/Board Committee members and their overall improved performance rating in FY2022.

Audit Committee ("AC")

AC currently comprises three (3) members, all of whom are Independent Non-Executive Directors, in accordance with the Step-up under Practice 9.4 of the MCCG. Details of AC members and meetings held during the financial year ended 31 December 2023 are as follows:

Name	Attendance	Percentage (%)
Datuk Bazlan Osman *Chairman/Independent Non-Executive Director*	4/4	100
Ch'ng Sok Heang *Independent Non-Executive Director*	4/4	100
Mohd Azman Sulaiman *Independent Non-Executive Director* *(Appointed as AC member on 1 July 2023*	2/2#	100
Suraya Hassan *Independent Non-Executive Director* *(Ceased as AC member on 1 July 2023)*	2/2*	100

\# *The number of meetings attended after the appointment date.*
* *The number of meetings held up to the cessation of office.*

The current Chairman of AC, Datuk Bazlan Osman, is an Independent Non-Executive Director who is not the Chairman of the Board in line with the Practice 9.1 of the MCCG. AC Report during the financial year under review is disclosed under pages 147 to 149 in this Integrated Annual Report.

On top of AC's primary objective to provide an independent oversight on the financial reporting process and internal control system and ensuring checks and balances within the Group, AC shall, whenever necessary and reasonable for performance of their duties, in accordance with a procedure to be determined by the Board and at the expense of the Company:

(i) Have authority to investigate any other matter within its Terms of Reference;
(ii) Have the resources as well as full and unrestricted access to all information which is required to perform its duties;
(iii) Have direct communication channels and be able to convene meetings with internal auditors, external auditors or both of Takaful Malaysia Keluarga and Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am") without the attendance of GCEO, Management and staff whenever deemed necessary; and
(iv) Obtain, if it is deemed necessary, independent professional advice on any matter within its Terms of Reference.

The last review of the Terms of Reference of AC was carried out on 24 August 2023. The latest Terms of Reference of AC is published in the Company's website at www.takaful-malaysia.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Nomination and Remuneration Committee ("NRC")

As at the end of the financial year under review, NRC consisted of three (3) Non-Executive Directors, two (2) of whom are Independent Directors. The current Chairman of NRC is Mohd Azman Sulaiman, an Independent Non-Executive Director, is in line with Practice 5.8 of MCCG. NRC met six (6) times during the financial year under review with details of meetings' attendance of each member as follows:

Name	Attendance	Percentage (%)
Mohd Azman Sulaiman *Chairman/ Independent Non-Executive Director*	6/6	100
Datin Paduka Kartini Haji Abdul Manaf *Non-Independent Non-Executive Director*	6/6	100
Suraya Hassan *Independent Non-Executive Director* *(Appointed as NRC member on 1 July 2023)*	3/3[#]	100
Dato' Mustaffa Ahmad *Independent Non-Executive Director* *(Ceased as NRC member on 1 July 2023)*	3/3[*]	100

[#] *The number of meetings attended after the appointment date.*
[*] *The number of meetings held up to the cessation of office.*

NRC is empowered by the Board and the Terms of Reference to bring to the Board's recommendations as to appointment of Directors, SAB members, Senior Management, i.e. General Manager position and above including GCEO, Chief Executive Officer, Deputy Chief Executive Officer, Group Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Appointed Actuary, Chief Investment Officer, Chief Strategy Officer, Company Secretary and such other designation as determined by the Board from time to time. NRC also reviews the terms of appointment of Directors, SAB members, Senior Management and Company Secretary.

NRC also discussed the succession plan of Senior Management of Takaful Malaysia Keluarga including appointing and replacing Senior Management to ensure that any appointment made brings a balance of skills, knowledge, experience and diversity to the Company.

NRC reviews eligibility and worthiness of Directors for re-election either when Directors are seeking re-election subject to Rule 74, 76 and 77 of the Company's Constitution or upon expiry of term and seeking re-election under Rule 83. NRC makes the necessary recommendations to the Board for consideration and approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Nomination and Remuneration Committee ("NRC")

Among the key activities undertaken by NRC during the financial year under review were as follows:

- Proposed reappointment of Directors;
- Proposed re-election of Directors;
- Performance assessment and performance bonus quantum for Control Functions, General Managers, Deputy CEO and GCEO of Takaful Malaysia Keluarga for FY2023;
- Proposed annual salary increment and performance bonus pool provision for executives and above for Takaful Malaysia Keluarga and Takaful Malaysia Am;
- Proposed estimation of Directors' fees and benefits to be approved by the shareholders at 38th AGM of the Company;
- Proposed appointment, reappointment, promotion and remuneration package of Senior Management;
- Proposed appointment of SAB's Chairman and member;
- Succession planning and management;
- Proposed employees' retention scheme;
- Proposed annual token of appreciation to Board members of Takaful Malaysia Keluarga, Takaful Malaysia Am and SAB;
- Reorganisation of Senior Management Team as Executive Committee;
- Salary review and proposed salary adjustment for General Managers of Takaful Malaysia Keluarga;
- Proposed review of meeting allowance for SAB's members;
- Key Performance Indicators ("KPI") for GCEO for FY2023;
- Proposed cash-based bonus for eligible staff;
- Review on Non-Executive Directors' Remuneration Policy;
- Review of membership of Board Committees;
- Review of Board/Board Committees' Assessment;
- Framework of Proposed New Long Term Incentive Plan;
- Appointment of ICDM as the Consultant for Board and Directors' Effectiveness Evaluation ("BDEE"); and
- Proposed revision of GCEO's KPI.

Terms of Reference of NRC is published in the Company's website at www.takaful-malaysia.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board and Directors' Effectiveness Evaluation ("BDEE")

BDEE is a periodic effectiveness assessment intended to provide the Board with necessary insights and support to enhance the effectiveness of the Board's oversight function. For financial year ended 31 December 2023, the Board, as recommended by NRC, appointed Institute of Corporate Directors Malaysia ("ICDM") as the facilitators to conduct BDEE in line with Practice 6.1 of MCCG which requires the need for the Board to engage independent experts at least every three (3) years, to facilitate objective and candid board evaluations.

The BDEE assessment criteria covered the following ten (10) key parameters:

- Board Leadership
- Board Composition, Skills and Development
- Board Committee
- Board Governance and Processes
- Board Agendas, Meeting and Information
- Board Dynamics and Culture
- Board and Management Relationship
- Board and Stakeholder Engagement
- Sustainability Matters
- Board and Crisis Management

The ICDM's BDEE approach is a comprehensive framework that provides a strategic level of Board assessment that can be used to prioritise key strategic issues and implement actionable plans for greater board effectiveness. The three (3) levels of focus are Board, Board Committees and individual Directors. The approach evokes a two-pronged focus:

- Board and Board Committees Effectiveness Evaluation

  Evaluate the performance of the Board to understand the current dynamics of the Board and uncover gaps that are usually not prominent when evaluation is conducted internally, as well as the performance of Board Committees.

- Individual Directors Evaluation ("IDE")

  Evaluate the performance of the individual Directors through the IDE or ICDM's customised Individual Directors Evaluation, as well as the overall board performance collectively. The IDE is aimed at appraising the performance of individual directors while enhancing positive engagement among them to ensure an effective and agile Board.

ICDM's BDEE assesses the effectiveness of the Board and through a combination of online questionnaires, sighting of governance documents in confidentiality, one-on-one confidential interviews, detailed analysis and review of findings from responses. Five (5) selected individuals from Senior Management joined the online questionnaire and the interview.

The final BDEE's Report outlining the findings and observations from the evaluation and recommendations of action/improvement plans for the financial year ended 31 December 2023 were tabled to the Board at their meeting held on 25 March 2024 for notification and deliberation. The Board noted the identified areas for improvement and would address them in the appropriate manner.

Based on year 2023 assessment, on overall basis, ICDM was satisfied that the Board met expectations of a well-performing organisation and there are no major concerns relating to evaluation of the Board's effectiveness.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Risk Committee ("BRC")

BRC currently consists of three (3) Non-Executive Directors, two (2) of whom are Independent Directors. The current Chairperson of BRC is Ch'ng Sok Heang, an Independent Non-Executive Director. BRC met five (5) times during the financial year under review with details of meetings' attendance of each member as follows:

Name	Attendance	Percentage (%)
Ch'ng Sok Heang *Chairperson/ Independent Non-Executive Director* *(Appointed as BRC's Chairperson on 1 July 2023)*	5/5	100
Dato' Mustaffa Ahmad *Independent Non-Executive Director*	5/5	100
Mohamad Salihuddin Ahmad *Non-Independent Non-Executive Director*	5/5	100
Suraya Hassan *Chairperson/ Independent Non-Executive Director* *(Ceased as BRC's Chairperson/Member on 1 July 2023*	3/3*	100

* *The number of meetings held up to the cessation of office.*

BRC regularly meets and obtain information, critically review and constructively challenge Senior Management on adherence to the Company's risk appetite and the implementation of risk management policies, process and internal controls, in managing the key risks to the Company, as well as emerging risks.

The following are some of the main duties and responsibilities of BRC:

(i) To support the Board in meeting the expectations on risk management as set out in BNM's policy document on Risk Governance.
(ii) To assist NRC on implementation of a sound remuneration system, to examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings.
(iii) To review and recommend risk management strategies, policies and risk appetite and tolerance levels for the Board's approval.
(iv) To review and assess adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well the extent to which these are operating effectively.
(v) To ensure that adequate infrastructure, resources and systems are in place for effective risk management, e.g. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's risk-taking activities.
(vi) To support the Board in providing oversight over technology-related matters.

Investment Committee ("IC")

IC currently consists of four (4) members, three (3) of whom are Non-Executive Directors and one (1) Management member. The current Chairman of IC is Dato' Mustaffa Ahmad, an Independent Non-Executive Director. IC met five (5) times during the financial year under review with details of meetings' attendance of each member as follows:

Name	Attendance	Percentage (%)
Dato' Mustaffa Ahmad *Chairman/Independent Non-Executive Director*	5/5	100
Datuk Bazlan Osman *Independent Non-Executive Director*	5/5	100
Datin Paduka Kartini Haji Abdul Manaf *Non-Independent Non-Executive Director*	4/5	80
Nor Azman Zainal *Group Chief Executive Officer*	4/5	80

The main duties and responsibilities of IC are as follows:

(i) To approve the investment strategies, investment risk appetite and assets allocation of all asset classes after having considered proposal and recommendation by Management and all aspects of regulatory requirements as stipulated in various policy documents and guidelines in respect of investment management, governance frameworks as well as risk management;
(ii) To approve investment risk management framework e.g. investment authority/transaction limits is in place in identifying, monitoring, controlling and mitigating various risks arising from investment activities;
(iii) To monitor and review investment activities and investment performance of all asset classes under management; and
(iv) To evaluate, approve and negotiate terms and conditions, on selection and appointment of external fund managers, custodians, banks and other financial intermediaries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Long Term Incentive Plan ("LTIP") Committee *(Disbanded on 20 March 2023 and re-established on 26 February 2024)*

During the financial year under review, LTIP Committee consisted of four (4) Non-Executive Directors, of which three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, with Datuk Bazlan Osman, an Independent Non-Executive Director, as Chairman. LTIP Committee met once during the financial year under review with details of meetings' attendance of each member as follows:

Name	Attendance	Percentage (%)
Datuk Bazlan Osman *Chairman/Independent Non-Executive Director*	1/1	100
Mohd Azman Sulaiman *Independent Non-Executive Director*	1/1	100
Dato' Mustaffa Ahmad *Independent Non-Executive Director*	1/1	100
Mohamad Salihuddin Ahmad *Non-Independent Non-Executive Director*	1/1	100

The Board resolved that LTIP Committee be disbanded on 20 March 2023, upon conclusion of 8th Performance Share Plan.

All Board Committees have clear written Terms of Reference and the Board receives reports of their proceedings and deliberations periodically during the financial year under review. The Chairman of the various Board Committees will report to the Board the outcome of their meetings and such reports are incorporated in minutes of the Board meeting.

On 26 February 2024, LTIP Committee was re-established following the Board's approval of the new LTIP Scheme that will run for an initial period of 3 years, from 2024 to 2026. The re-established LTIP Committee consists of four (4) Non-Executive Directors, of which three (3) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of LTIP Committee is Mohamad Salihuddin Ahmad, Non-Independent Non-Executive Director. The other three (3) members are Mohd Azman Sulaiman, Dato' Mustaffa Ahmad and Puan Suraya Hassan. Plan Provisions and Administrative Guidelines as guide for LTIP Committee for the roll-out of the new LTIP scheme in 2024 was approved on 26 February 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Shariah Advisory Body ("SAB")

Shariah governance framework of Takaful Malaysia is structured based on the requirements as stipulated under BNM's Shariah Governance Policy Document ("SGPD"). Shariah governance of Takaful Malaysia provides a sound and comprehensive Shariah compliance framework vis-à-vis the Board oversight accountability over Shariah governance, Management's responsibility over day-to-day Takaful Malaysia's business, operations, activities, affairs and activities and an independent SAB supported by a secretariat function to serve SAB and Shariah control functions in managing Shariah non-compliance risk through Shariah risk management, Shariah review and Shariah audit functions.

Following the spirit of SGPD, Takaful Malaysia has taken several initiatives in strengthening the Shariah governance, including among others, launching off the Governance Week 2023 to improve and strengthen the Shariah governance and compliance culture within Takaful Malaysia. Throughout 2023, a series of Shariah trainings were conducted by Takaful Malaysia to ensure that staff are competent and continuously equipped with adequate and comprehensive Shariah knowledge.

Takaful Malaysia established a single SAB to serve both Takaful Malaysia Keluarga and Takaful Malaysia Am. While the Board is ultimately responsible for the overall Shariah governance implementation and Shariah compliance, SAB as an integral function of Shariah governance is entrusted with delegated authorities by the Board to provide Shariah advisory oversight and ensure compliance of the Group's business, operations and activities with Shariah principles during the reporting period. All matters which require SAB's opinion and decision are deliberated at SAB meetings with attendance of Management and representatives from Shariah Division. Thereafter, matters are brought to the attention of the Board for informed decision-making.

SAB of Takaful Malaysia is appointed in line with Paragraph 12.1 and 12.2 of BNM's SGPD, where composition for 2023 are five (5) members. Majority of members of SAB, i.e. four (4) members are Shariah qualified while a member with legal expertise to complement the robust and vigorous deliberation of SAB meeting. The SAB is currently chaired by Dr. Ahmad Sufian Che Abdullah. The profiles of SAB are provided on pages 112 to 116 in this Integrated Annual Report.

During the reporting period, SAB held seven (7) series of meeting, including one (1) special meeting. All members of SAB complied with the minimum attendance of at least 75% of the meetings held during the financial year, as required under Paragraph 11.4 of BNM's SGPD. The record of attendance of members of SAB for the meetings are as follows:

Name	Attendance	Percentage (%)
Dr. Ahmad Sufian Che Abdullah	7/7	100
Dr. Marhanum Che Mohd Salleh	7/7	100
Megat Hizaini Hassan	7/7	100
Dr. Nik Abdul Rahim Nik Abdul Ghani	7/7	100
Dr. Shafaai Musa	7/7	100

Functionally, SAB reports to the Board and their duties and responsibilities are as prescribed under their Terms of Reference. Among the key roles and responsibilities of SAB are:

(i) Providing a decision or advice to the Company on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Company.
(ii) Providing a decision or advice on matters which require a reference to be made to the SAC.
(iii) Providing a decision or advice on the operations, business, affairs and activities of the Company which may trigger a Shariah non-compliant event.
(iv) Endorsing a rectification measure to address a Shariah non-compliant event.
(v) Accountable for the quality, accuracy and soundness of decision and advice provided by SAB.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistleblowing Policy
The Company has established its Whistleblowing Policy ("Policy") in response to the Whistleblower Protection Act 2010 and is committed to the highest standard of compliance with regard to disclosure, transparency, accountability and integrity, as well as those set by relevant legislations.

The objectives of this Policy are as follows:

- To provide an avenue for whistleblowers to raise concerns and define a way to handle any concerns of integrity and misconduct;
- To ensure the Board is kept informed at an early stage about acts of misconduct or improprieties;
- To reassure whistleblowers that they will be protected from punishment or unfair treatment for reporting concerns in good faith, if such reporting is in accordance with the procedures in the Policy; and
- To help develop a culture of openness, accountability and integrity within Takaful Malaysia.

The Policy should be read together with the Company's Fraud Management Policy and Anti-Corruption Framework. This Policy and Fraud Management Policy collectively govern the reporting and investigation procedures of improper activities or misconducts.

The whistleblower can address concerns via any of the following Whistleblower reporting channel:

(a) Email to Chairman of the Board or Chairman of AC if it is relating to any Directors or SAB members;
(b) Email to Chairman of AC and Chief Internal Auditor via a designated email address namely *WB-STM@takaful-malaysia.com.my* for misconduct of any Chief Officers; and
(c) Via e-form: *https://www.takaful-malaysia.com.my/en/whistleblowing/* to Chairman of AC and Chief Internal Auditor for misconduct of Senior Management or Employees up to General Manager's level or in writing to Chief Internal Auditor to the mailing address as follows:

Chief Internal Auditor
10th Floor, Main Block, Menara Takaful Malaysia,
No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur.
P.O. Box 11483, 50746 Kuala Lumpur.

Fraud Management Policy
Fraud Management Policy serves as a guidance in managing fraud incidences in Takaful Malaysia Keluarga. It is designed to meet the following objectives:

- Provide guidance and approach to managing fraud risks/handling fraud incidences;
- Define roles and responsibilities of all stakeholders in managing fraud risks;
- Provide the process for managing fraud risks; and
- Provide the process for investigating and reporting fraud incidences.

Corporate Disclosure Policy
The Company is guided by the Listing Requirements regarding Corporate Disclosure Policy.

The Outsourcing Risk Management framework outlines the consideration when engaging and managing external parties for services outsourced by Takaful Malaysia Keluarga. It provides guidance on governance process for selecting outsourcing parties, define the roles and responsibilities of different stakeholders, performance review and reporting

Sustainability Policy
At Takaful Malaysia, we are committed to upholding Shariah principles while strengthening our commitment to sustainability and embedding Environmental, Social and Governance ("ESG") considerations across our business and operations.

The Board takes charge of sustainability as a whole assuming the responsibility for overseeing and endorsing the overall ESG strategies, initiatives and monitoring the execution. This includes strategy, governance structure, priorities and targets, and integration of ESG across the Company. The Board also promotes good corporate governance in the adoption of sustainability practices.

Takaful Malaysia continues to grow its business in a sustainable and environmentally friendly manner through conscious considerations of potential impacts on the stakeholders, communities and the environment by establishing Sustainability Risk Management ("SRM") Framework. SRM Framework sets out Takaful Malaysia's approach in managing sustainability risk and outlines the governance, strategic considerations, risk management practices and supporting enablers for a robust ESG

implementation management. This approach aligns the Company's products, services, business practices and investment strategies to generate sustainable impacts on the economy, community and environment.

In summary, SRM Framework establishes an accountability framework and action to be taken within Takaful Malaysia on monitoring and implementation guidelines at the appropriate level/committee. It can help identify critical ESG metrics, measure and monitor progress, thereby increasing its ESG performance over time.

The Sustainability Statement is set out on pages 72 to 101 in this Integrated Annual Report.

Conflict of Interest Policy

The Group's Policy on Conflict of Interest ("COI Policy") for Directors and Executive Committee ("EXCO") was established in response to the amendments of the Listing Requirement of Bursa Securities in relation to Conflict of Interest and other areas. AC at their meeting held on 22 August 2023, deliberated and recommended revisions to the existing Terms of Reference of AC and the Board at their 5/2023 meeting held on 24 August 2023, approved the revisions.

COI Policy was drafted and tabled to AC and Board for deliberation and approval at their respective meetings held on 21 and 23 November 2023. EXCO was briefed on the same matter on 11 January 2024. On 17 January 2024, declaration form was circulated to all Directors and EXCO for their execution of which all declaration forms were duly executed and returned to Corporate Affairs Division. Report on Declaration of COI was tabled to AC and Board at their respective meetings held on 23 and 25 February 2024 of which the same was duly noted.

The primary objective of COI Policy is to establish and maintain a robust framework consisting of well-defined processes and procedures that are diligently adhered to within the Group. This COI Policy aims to effectively identify, address and manage a wide range of conflicts of interest or potential conflict of interest, including those that are actual, potential or perceived in nature.

Supply of Information to the Board

The Board has full and timely access to information with Board papers distributed in advance of meetings, normally five (5) days prior to the meeting, to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before meeting. The Board papers include minutes of the previous Board meeting, minutes of meetings of all Board Committees, minutes of SAB meetings and reports relevant to issues of the meetings covering areas such as strategy, financial, actuarial, risk management, investment, information technology, operational, human resource and regulatory compliance matters. GCEO keeps the Board informed, on timely basis, of all material matters affecting the Group's performance and major developments within the Group.

Senior Management are invited to attend Board meetings to present and brief the Board on matters/ reports relating to their areas of responsibility as and when required.

A notification email on meeting dates including deadline for meeting materials to be submitted is sent out to Management a few weeks prior to the meeting date.

In order for Board meetings to be more effective, the Board meeting agenda are sequenced in a manner that prioritise approval papers. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.

The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation. The Company Secretary will communicate to relevant members of Management the Board's decisions for appropriate actions to be taken. The Company Secretary will also follow up with Management on status of actions taken with reference to previous minutes of meetings for updating the Board. Action items would stay as matters arising in minutes of meetings until they are resolved.

Key decisions are always made in a Board meeting while Directors' Circular Resolutions are usually confined to administrative matters and are normally accompanied by Board papers in the prescribed format. All Directors' Circular Resolutions are tabled for confirmation/ ratification at the subsequent Board meeting after issuance thereof.

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices in line with Practice 1.5 of MCCG. The Company Secretary of Takaful Malaysia Keluarga is qualified to act pursuant to Section 235(2) of Companies Act, 2016.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretary, who is responsible for ensuring that Board meetings' procedures are followed and that all applicable rules and regulations are complied with.

She is also responsible for advising Directors of their obligations and duties, disclosure of their interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information in accordance with Paragraph 14.04 of the Listing Requirements. During the financial year under review, none of the Directors held shares in the Company.

Directors may seek independent professional advice in furtherance of their duties at the Company's expense.

The Board is also regularly updated from time to time by the Company Secretary and/or Management on updates to regulations and guidelines, as well as any amendments thereto issued by BNM, Bursa Securities, Securities Commission Malaysia, CCM and other relevant regulatory authorities.

Appointment to the Board

The appointment of new Board members is considered and evaluated by NRC in a formal and transparent process and NRC would recommend appointments to the Board for approval. In line with IFSA 2013 and BNM's requirements, appointment of Directors is subject to BNM's approval. The Company Secretary will ensure that all appointments are properly made, with all necessary information obtained, as well as all legal and regulatory requirements duly met.

- Probity, personal integrity and reputation: the person must have key qualities such as integrity, diligence, independence of mind and fairness;
- Competence and capability: the person must have the necessary skills, knowledge, experience, ability and commitment to carry out the role; and
- Financial integrity: the person must manage his/her debts or financial affairs prudently.

The Board, with assistance of NRC, also considers the following criterion in selection process:

NRC and the Board will also consider diversity in terms of, among others, skills, background, knowledge, industry experience, culture, independence of opinion and perspectives, ethnicity, age and gender when appointing new Directors.

The process flow for the appointment of new Directors is as follows:

- Identification of candidate;
- Evaluation of suitability of candidate;
- Meeting with candidate;
- Deliberation by NRC; and
- Recommendation to the Board.

Thereafter, the application for appointment of such candidate would be submitted to BNM for approval.

In identifying candidates for appointment of Directors, NRC does not solely rely on recommendations from the existing Board members, Management or major shareholders. The Board also utilises independent sources such as FIDE FORUM, ICDM and Lead Women to identify suitably qualified candidates.

In compliance with BNM's guidelines on Fit and Proper Criteria, all Directors and SAB members are required to make an annual declaration on the 'Fit and Proper' criteria in addition to declaration prior to initial appointment and reappointment to ensure that each Director and SAB member fulfils the 'Fit and Proper' criteria.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training

The Board is mindful of the need for continuous training to keep abreast of new developments and is encouraged to attend internal training programmes/ forums/seminars and external programmes facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors pertaining to the laws and regulations which may affect the Company. The Board will continue to evaluate and determine training needs of Directors to enhance their skills and knowledge. The Company Secretary keeps a complete record of the trainings received or attended by the Directors.

All Directors have attended Mandatory Accreditation Programme ("MAP") Part I as required by Bursa Securities. In June 2023, Bursa Securities introduced a new mandatory onboarding programme on sustainability for the directors of PLC, known as MAP Part II: Leading for Impact (LIP) which is an extension to the existing MAP I that focused on Director's roles, duties and liabilities only. The requirement came into effect on 1 August 2023. First-time directors and directors of listing and transfer applicants must complete MAP II within 18 months from the date of appointment or admission, respectively while the existing directors of PLC must complete MAP II within 24 months from the effective date which is on or before 1 August 2025. Seven (7) Directors of Takaful Malaysia Keluarga have completed MAP Part II and one (1) will attend in due course.

Takaful Malaysia Keluarga continues to provide BNM's Circulars, updated Listing Requirements and new regulations and guidelines from other relevant regulatory authorities to assist Directors in keeping abreast with latest developments.

The training programmes, conferences and seminars attended by Directors during the financial year under review are within the categories of Takaful/Insurance, Digital & Cybersecurity, Risk Management, Leadership, Finance, Sustainability and Governance & Compliance (including Shariah related).

Re-election During AGM

The Company's Constitution provides for all Directors to submit themselves for re-election at least once every three (3) years at AGM in compliance with the Listing Requirements.

To assist shareholders in their decision on the relevant AGM resolutions, sufficient information, such as personal profile, meetings' attendance and shareholding in the Company of each Director standing for re-election are furnished in this Integrated Annual Report.

DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

NRC is responsible in recommending the remuneration framework for Directors as well as remuneration package of SAB members, GCEO and Senior Management to the Board in line with MCCG's recommendation under Practice 7.2 to ensure that Takaful Malaysia Keluarga attracts, motivates and retains the right Directors, SAB members, GCEO and Senior Management.

The remuneration package for GCEO is structured on the basis of linking rewards to financial and individual performance. Performance is measured against KPI as approved by the Board. It is the ultimate responsibility of the Board to approve the remuneration of GCEO. GCEO does not participate in any way in determining his own individual remuneration.

In the case of Non-Executive Directors and SAB members, the remuneration package is determined by the Board as a whole, based on experience, level of expertise and responsibilities undertaken by Non-Executive Directors and SAB members, in line with the Group's overall practice on compensation and benefits. Non-Executive Directors' fees and benefits are approved by shareholders at AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Disclosure

The disclosure of each Director's remuneration, comprising the amount received from the Company and its subsidiaries, are as follows:

Name	Company/Group*						
	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other emoluments (RM'000)	Total (RM'000)
Dato' Mohammed Hussein *Chairman/ Independent Non-Executive Director*	216/217	120/120	-	-	54/64	108/146	498/547
Mohd Azman Sulaiman *Independent Non-Executive Director*	138	-	-	-	50	110	298
Suraya Hassan *Independent Non-Executive Director*	132	-	-	-	53	94	279
Dato' Mustaffa Ahmad *Independent Non-Executive Director*	150/155	-	-	-	1/22	122/202	273/379
Mohamad Salihuddin Ahmad *Non-Independent Non-Executive Director*	108	-	-	-	53	88	249
Datuk Bazlan Osman *Independent Non-Executive Director*	138	-	-	-	24	104	266
Datin Paduka Kartini Haji Abdul Manaf *Non-Independent Non-Executive Director*	126	-	-	-	9	81	216
Ch'ng Sok Heang *Independent Non-Executive Director*	150	-	-	-	42	83	275

* *Group includes Takaful Malaysia Keluarga's subsidiary companies in Malaysia and Indonesia.*

Similar details are also provided in Note 24 of the Annual Audited Financial Statements of this Integrated Annual Report.

The total remuneration made on a named basis for the key senior management is set out as follows:

Name	Company					
	Salary (RM'000)	Allowance (RM'000)	Bonus (RM'000)	Benefits (RM'000)	Other emoluments (RM'000)	Total (RM'000)
Nor Azman Zainal *Group Chief Executive Officer*	1,320	120	1,650	86	494	3,670
Mohamed Sabri Ramli *Chief Executive Officer, Takaful Malaysia Am*	960	45	668	32	260	1,965
Leem Why Chong *Deputy Chief Executive Officer*	901	45	826	26	276	2,074
Firozdin Abdul Wahab *Chief Bancatakaful Officer*	539	45	689	12	197	1,482
New Kheng Chee *Group Chief Financial Officer (Appointed on 1 August 2023)*	325	15	-	11	52	403

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REMUNERATION POLICY STATEMENT

Takaful Malaysia Keluarga's Remuneration Policy ("Policy") serves to reflect the Group's objectives in promoting good corporate governance to sustain a long-term value creation for our shareholders. The Board approved the remuneration policy at the recommendation of NRC. Other entities within the Group may have remuneration policies that differ from the Group policy in order to meet the relevant local requirements and practices.

The Policy is designed to align the personal objectives of staff with the long term interests of Takaful Malaysia Keluarga and the funds under management. Strategic measures are implemented in order to ensure they are aligned to the interests of the Group and its stakeholders. The policy and the general incentive structure are designed to meet the following objectives:

- To be in line with the business strategy, objectives, values, long-term goals and interests of Takaful Malaysia Keluarga;
- To be aligned with the principle of protection of customers and investors as well as prevention of conflict of interests;
- To enable the Group to attract, develop and retain high-performing and motivated staff;
- To offer a competitive remuneration package which is aligned with the industry; and
- To encourage staff to continue to perform and create sustainable results and ensure that there is an alignment of interest among the stakeholders, i.e. shareholders, customers and staff.

The Policy and general incentive structure is consistent with the Group's long term strategy. It is also implemented to ensure transparency in respect of the Group's reward strategy where the staff will have clear and predetermined KPI that are set in accordance with the Group's overall strategy and applicable regulations. Correspondingly, transparency is justified through the Group's disclosure of remuneration and information on paid remuneration disclosed in the Group's Integrated Annual Report.

Philosophy or methodology imposed by Takaful Malaysia Keluarga to determine an employee's remuneration is guided as per the following:

- Pay for performance with the notion that there is a direct link between employee's remuneration and individual or company's performance;
- Set the remuneration level to Takaful Malaysia Keluarga's comparative group by performing a market benchmarking exercise on an annual basis; and
- Set a market benchmark of the remuneration against the standard approved by the Board.

Takaful Malaysia Keluarga's performance management aligns the employees' actions and behaviours with the Company's strategies and goals which consist of the following:

Key Result Area ("KRA")

Key deliverables that create the greatest impact of the job and reflect the core responsibilities;

KPI

A specific measure of performance that is quantifiable/ measurable; and

Competencies

Key behaviours expected to be demonstrated towards achievement of targets or goals.

The performance management process covers the following:

- A business plan and strategy presentation by division heads to the Board on an annual basis for approval;
- Circulation of approved business plans and strategies to all employees;
- KRA and KPI of the employees to tie back to business plans and strategies; and
- Performance of employees to be reviewed during mid-year and a final assessment will be conducted at financial year end.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration and rewards are granted to an employee based on the achievement of KPI and subject to the Company's overall annual financial performance and guided by the following factors:

- The Company's overall performance and affordability (Profit After Tax & Zakat);
- The performance of the distribution divisions;
- The employee's individual performance;
- Moderated performance rating distribution to align with the Company's performance;
- Benchmarking with the current market practice;
- The approved remuneration and reward matrix (governed by a specific business rule and requirement); and
- The approval matrix for remuneration is determined as per table below:

No	Item	Approving Authorities			Periodic Review
		Shareholder	Board	GCEO	
1	Remuneration for Board of Directors	✓			Annually
2	Remuneration for SAB		✓		Annually
3	Remuneration for GCEO		✓		Annually
4	Remuneration for members of Senior Management & other Material Risk Takers		✓		Annually
5	Staff Annual Salary Increment/Salary Adjustment/ Promotion Budget		✓		Annually
6	Staff Annual Performance Bonus Budget		✓		Annually
7	Remuneration for clerical and non-clerical employees under the Collective Agreement (CA)		✓		Annually
8	Remuneration for new hires (excluding General Managers and GCEO)			✓	N/A

SHAREHOLDERS

Dialogue between the Company and Investors

Takaful Malaysia Keluarga recognises the importance to keep shareholders well-informed of all major developments of Takaful Malaysia Keluarga on a timely basis. The Chairman and GCEO hold discussions with shareholders at least once a year during AGM. Additionally, various disclosures and announcements made to Bursa Securities including quarterly and annual results facilitate the dissemination of information to shareholders. All these announcements and other information about the Company is available in the Company's website, *www.takaful-malaysia.com.my* which shareholders, investors and public may access.

AGM

AGM is the principal forum for dialogues with shareholders. General meetings are important platforms for Directors and Senior Management to engage with shareholders to facilitate greater understanding of the Company's business, governance and performance. Shareholders are able to participate and engage with the Board and Senior Management and make informed voting decisions at general meetings.

All Directors attended the Company's 38th AGM which was held virtually on 31 May 2023 via Remote Participation and Electronic Voting (RPEV). The AGM was held in accordance with the Practice 13.4 and 13.5 of MCCG and the 'Guidance Note on the Conduct of General Meetings for Listed Issuers' by Securities Commission Malaysia. Apart from Directors, Senior Management and the external auditors of the Company also attended the said AGM.

Besides the normal agenda for AGM, GCEO presented the progress and performance of the business as contained in this Integrated Annual Report and provides opportunities for shareholders to raise questions pertaining to business activities of the Group. Board members, Senior Management as well as the Company's external auditors attended the AGM to respond to shareholders' enquiries during AGM. GCEO also shared with shareholders, the Company's responses to questions submitted in advance of the AGM by the Minority Shareholders Watch Group ("MSWG").

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the AGM, all members were invited to raise questions and seek clarifications on all proposals tabled. Members encouragingly raised questions on AGM's agenda which were appropriately answered and/or clarified by Board members and Senior Management to allow members to make informed decisions when casting their votes at the said AGM.

Notice of 38th AGM was dispatched to shareholders within 28 days prior to the meeting pursuant to Practice 13.1 of the MCCG to enable shareholders to make the necessary arrangement to attend and participate in person or through corporate representatives or proxies. It also enables shareholders to read the Integrated Annual Report, consider the resolutions and make an informed decision in exercising their voting rights at the General Meeting. Takaful Malaysia Keluarga will continue to adopt Practice 13.1 of the MCCG and the Notice of the 39th AGM will also be dispatched at least 28 days prior to the meeting. The notice is also published in a nationally circulated newspaper as required under the Listing Requirements of Bursa Securities and is made available on the Company's website. As for re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

In line with the Listing Requirements of Bursa Securities under Paragraph 8.29A(1), the Company has adopted poll voting for all resolutions set out in the notice of general meeting at 38th AGM of the Company held on 31 May 2023. Poll voting reflects more accurately and fairly shareholders' views by ensuring that every vote is recognised, in accordance with the principle of "one share one vote". Polling processes were explained during general meetings and was conducted through electronic voting. Poll Administrator and Independent Scrutineers were appointed to conduct the polling process and verify the results of the poll respectively. The poll results were also announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders. The Minutes of the AGM including the questions raised at the meeting and the answers given were also published in the Company's website at *www.takaful-malaysia.com.my*, within 30 days of the AGM in line with Practice 13.6 of MCCG.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that the annual financial statements and quarterly announcements to shareholders are prepared in accordance with the approved accounting standards and present a balanced and understandable assessment of the Group's position and prospects. AC assists the Board in ensuring the accuracy and adequacy of information by reviewing and recommending for adoption information for disclosure.

Takaful Malaysia Keluarga has adopted the integrated reporting for the financial year ended 31 December 2023 as recommended under Practice 12.2 of MCCG.

Statement of Directors' Responsibilities in Relation to Financial Statements

Directors are required under the Companies Act 2016 and the Listing Requirements of Bursa Securities, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the income statement and cash flows for the Company and the Group for the financial year.

Directors consider that, in preparing the financial statements for the year ended 31 December 2023, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. Directors have also considered that all applicable accounting standards have been followed and confirm that the financial statements have been prepared on going concern basis.

Directors are responsible for ensuring that the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016.

Directors generally have the duty to take such steps as are reasonably available to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Internal Control and Risk Management
The Board acknowledges their responsibility and is committed in maintaining a sound system of internal control and risk management practice. However, such system can only provide reasonable but not absolute assurance against material misstatements or losses.

AC regularly evaluates the adequacy and effectiveness of the Group's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports provided by Group Audit. AC also reviews Group Audit's recommendation and Management responses to these recommendations to ensure that they are working adequately and promptly.

The Group adopts an enterprise-wide Risk Management Framework which embraces the three (3) lines of defence model. BRC support the Board and oversees management activities in managing the key risk areas of the Group and to ensure appropriate risk management process and control is in place and functioning effectively.

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors reviewed the Statement on Risk Management and Internal Control furnished on pages 150 to 154 in this Integrated Annual Report of the Group for the year ended 31 December 2023, pursuant to the scope set out in Recommended Practice Guide (RPG) 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. In their limited assurance review, they have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Integrated Annual Report of the Group, in all material respects:

a. Has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers; or
b. Is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion made by the Board and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Integrated Annual Report will, in fact, remedy the problems.

Relationships with Auditors
The role of AC is as stated on pages 148 to 149 in this Integrated Annual Report. Through AC of the Board, the Company has established transparent and appropriate relationship with the Company's auditors, both internal and external.

Internal Auditors
Internal auditors reports functionally to AC and has unrestricted access to AC and all the Company's records. Its function is independent of activities or operations of other operating units. Internal Auditors periodically evaluates effectiveness of risk management process, reviews operating effectiveness of internal controls system and compliance control within the Group. The Chief Internal Auditor is invited to attend AC's meetings to facilitate deliberation of audit reports. The minutes of AC meetings are tabled to the Board for information and serves as a reference especially when there are pertinent points should any of the Board members wish to highlight or seek clarification.

External Auditors
AC and the Board place great emphasis on the objectivity and independence of the Company's auditors, Messrs. PricewaterhouseCoopers PLT, in providing relevant and transparent reports to the shareholders. AC undertakes the independent assessment on the external auditors annually.

To ensure full disclosure of matters, the Company's auditors are invited to attend AC meetings as and when necessary as well as during AGM. During the financial year under review, AC held two (2) private sessions with the auditors without the presence of Management to discuss among other things the scope and adequacy of the audit process and audit findings.

This statement is made in accordance with the resolution of the Board of Directors dated 25 March 2024.

AUDIT COMMITTEE REPORT

The Board of Directors of Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga" or "Company") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2023.

The primary objective of AC is to provide an independent oversight on the financial reporting process and internal control system and ensure checks and balances within the Company and its subsidiaries ("Takaful Malaysia" or "Group").

MEMBERSHIP AND MEETINGS

AC currently comprises three (3) members, all of whom are Independent Non-Executive Directors, in accordance to Practice 9.1 of the Malaysian Code on Corporate Governance 2021 ("MCCG"). The details of members and meetings of AC held during the financial year ended 31 December 2023 are as follows:

	No. of Meetings	
Name of Audit Committee Members	**Held**	**Attended (%)**
Datuk Bazlan Osman *Chairman/Independent Non-Executive Director*	4/4	100
Ch'ng Sok Heang *Independent Non-Executive Director*	4/4	100
Mohd Azman Sulaiman *Independent Non-Executive Director* *(Appointed as AC member on 1 July 2023)*	2/2#	100
Suraya Hassan *Independent Non-Executive Director* *(Ceased as AC member on 1 July 2023)*	2/2*	100

* *The number of meetings held up to the cessation of office.*
\# *The number of meetings attended after the appointment date.*

AC's Chairman, Datuk Bazlan Osman is a member of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Association of Chartered Certified Accountants ("ACCA"). Thus, Takaful Malaysia Keluarga complies with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") which stipulate that at least one (1) member of AC must be a member of the MIA. Datuk Bazlan Osman is an Independent Non-Executive Director and he is not the Chairman of the Board in line with the requirements in Practice 1.4 of the MCCG.

AC met four (4) times during the financial year. The meetings were held on 21 February 2023, 16 March 2023 (Adjourned), 23 May 2023, 22 August 2023, 28 August 2023 (Adjourned) and 21 November 2023. The meetings were appropriately structured and conducted through the use of agenda which were distributed to members in accordance with AC's Terms of Reference ("TOR"). Group Chief Executive Officer ("GCEO"), Group Chief Financial Officer, former General Manager of Corporate Finance and Chief Internal Auditor ("CIA") attended all the meetings held during the financial year ended 31 December 2023. Representatives of the external auditors were present during deliberations requiring their input and advice. AC had two private sessions with the external auditors to discuss any matter without the presence of GCEO, Management and CIA on 21 February 2023 and 21 November 2023.

TERMS OF REFERENCE ("TOR")

TOR of AC are available on the Company's website at *www.takaful-malaysia.com.my*

It was duly revised and approved by the Board of Directors on 28 August 2023.

AUDIT COMMITTEE REPORT

DUTIES AND RESPONSIBILITIES OF AC

In fulfilling its primary objectives, AC shall undertake the duties and responsibilities as stated in Paragraph 3.0 of TOR.

In carrying out its duties, AC reported and updated the Board on significant issues and concerns discussed during AC's meetings and where appropriate, made necessary recommendations to the Board. The minutes of each AC meeting are noted by the Board via distribution to Board members.

The following is the summary of the works carried out by AC for the financial year ended 31 December 2023 which was tabled to the Board:

A. SUMMARY OF WORK OF THE AC

- Reviewed, deliberated and recommended quarterly financial statements for fourth quarter of 2022 as well as first, second and third quarters of 2023.
- Deliberated on Key Audit Matters, which relate to matters that, in the external auditors' professional judgement, were most significant to the audit of the financial statements. AC also received reports and updates from the external auditors. AC is therefore made aware of all materially relevant matters and issues that have concerned Management during the year.
- Reviewed and monitored with the external auditors, results and progress of the audit for the financial year ended 31 December 2023.
- Reviewed Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, AC Report, Management Discussion and Analysis and Sustainability Statement for inclusion into 2023 Integrated Annual Report.
- Discussed reappointment of external auditors for the financial year ending 31 December 2024, and assessed their sustainability and independence for reappointment.
- Reviewed the external auditors' scope of work and audit plans for the financial year ended 31 December 2023. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- Discussed and recommended audit and non-audit fees payable to the external auditors.
- Discussed with the external auditors any matters that warrant the Board and Shareholders' attention without the presence of GCEO, Management and CIA during their meetings held on 21 February 2023 and 21 November 2023.
- AC reviewed the report for the financial year 2023 to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.
- Reviewed Internal Audit Strategic Plan for 2023/2024 and status of 2022/2023 Annual Audit Plan.
- Reviewed the internal audit reports and special audit reports on Finance, Operations, Information Technology ("IT"), Investment, Crisis Simulation Exercise, Outsourcing Activities, System Disaster Recovery Testing, Anti Money Laundering & Counter Financing of Terrorism Activities, etc. which highlighted audit issues, recommendations and Management's response thereto. Discussed with Management on actions taken or to be taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- Reviewed follow-up reports by internal auditors on status of actions taken by Management on recommendations suggested in the audit reports.
- Discussed Bank Negara Malaysia ("BNM")'s Supervisory Letter and action plans thereto.
- Discussed revisions to Guidelines on Limits of Authority.
- Reviewed follow-up reports by the internal auditors on BNM's examination findings and status of actions taken by Management on issues raised by BNM.
- Reviewed follow-up reports by the internal auditors on the external auditors' findings as set out in the Management Letter and status of actions taken by Management on issues raised by the external auditors.
- Reviewed the audited financial statements of the Group and the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with provisions of the Companies Act 2016 and applicable approved accounting standards.
- Reviewed related party transactions within the Group.
- Reviewed the Investment-Linked Funds Annual Report.
- Reviewed quarterly updates on progress of MFRS 17 implementation by Management and MFRS 17 Proactive Assurance report presented by the external auditors. The review was to ensure that headcounts, systems, and processes are in place to facilitate implementation and compliance of the new accounting standard.

AUDIT COMMITTEE REPORT

B. SUMMARY OF WORK RELATED TO INTERNAL AUDIT FUNCTION OF THE COMPANY

The Internal Audit Division ("IAD") is independent of the activities or operations of other operating units and reports directly to AC. The principal role of IAD is to undertake independent regular and systematic reviews of the systems of internal controls to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The internal audit practices a risk-based approach in its audit plan and examination.

It is the responsibility of IAD to provide AC with independent and objective reports on governance, risk management and state of internal control of various operating units within the Group and the extent of compliance of units with the Group's established policies and procedures as well as relevant statutory requirements.

A summary of works of IAD during the financial year under review are as follows:-

- Executed independent assurance role by performing scheduled reviews on efficiency and effectiveness of control mechanisms to address risks and concerns in areas of operations, financial, IT, product development, and strategic functions on a risk-based audit approach as set out in Formalised Internal Audit Strategic Plan for 2023 financial year.
- Provided reasonable assurance on extent of compliance with established policies and procedures as well as BNM's statutory requirements and other regulatory bodies.
- Recommended improvements to the Company/ Group's business processes and enhancement to the existing system of risk management and internal controls.
- Conducted periodic follow-up audit on status of actions taken by Management on recommendations suggested in internal audit reports and reported the status to AC.
- Carried out special reviews and investigations as requested by Senior Management and endorsement from AC's Chairman.
- Conducted audit on system security, computer hardware, operating and application systems as well as the IT network of Takaful Malaysia.
- Conducted Family Takaful and General Takaful operations audit such as Retakaful, Claims, Sales, Expense Management, Product Development, Takaful *My*Care Centres ("TMCC"), etc.
- Participated in tender and selection process and other committees in the capacity of an observer.
- Conducted independent evaluation of the adequacy and effectiveness of Business Continuity Management ("BCM") policy/strategies/procedures and testing of Disaster Recovery Plan ("DRP").
- Recalibrated Internal Audit Strategic Plan 2023, established Internal Audit Plan 2024 covering high-risk audit universe and reviewed Internal Audit's Charter/Standard Operating Procedures to align with latest changes in regulatory/industry best practices.
- Provide input related to Internal Audit in AC Report, Statement on Corporate Governance Overview Statement and Statement on Risk Management and Internal Control as part of disclosures in this Integrated Annual Report.

Reports from audit assignments are forwarded to Management for attention and necessary corrective actions as recommended. Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame. The costs incurred in maintaining the Internal Audit function which is performed in-house for the financial year under review was approximately RM4.3 million in 2023 as compared to RM3.4 million in 2022 comprising mainly salaries, travelling and accommodation expenses, system related expenses and subsistence allowance for audit assignments in 2023.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

This statement is made pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regard to Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga" or "Company") and its subsidiary companies ("Takaful Malaysia" or "Group")'s compliance with the Principles and Recommendations provisions relating to internal controls as stipulated in the Malaysian Code on Corporate Governance ("the Code").

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the internal control environment and its effectiveness in safeguarding shareholders' interests and the Group's assets.

The system of internal control addresses the need for an effective and efficient business operations, sound financial reporting and control procedures, and compliance with relevant laws and regulations. The Board also recognises that review on the Group's system of internal control is a concerted and continuing process, designed to manage and appropriately mitigate the risk of failure in achieving business objectives. Accordingly, the Group's system of internal control provides reasonable assurance against material misstatement or loss. The Group Chief Executive Officer ("GCEO") and Group Chief Financial Officer ("GCFO") have given the assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system.

Risk Management Framework

The Board acknowledges that the identification and the management of risks plays an important and integral part in achieving the Group's business objectives and optimal management of its daily operations.

In pursuing these objectives, the Board has put in place an Enterprise Risk Management Framework ("ERM Framework") within the Group to ensure an on-going process of identifying, evaluating, monitoring and managing significant risk exposures surrounding its business operations, including Shariah-related risks. Risk identification is carried out through regular risk reporting by risk owners to the Risk Management Department. The risks identified are then evaluated by both parties and escalated to Senior Management and/or the Board, if necessary. The Group has established a risk management process where the roles and responsibility of the Board Risk Committee ("BRC") is to provide an effective oversight of group-wide risks through periodical BRC meetings. The Chief Risk Officer reports regularly to BRC on the risk exposure, emerging risks, escalation of key issues and key risk indicators.

The Group reviews the Risk Management Framework and where necessary, introduces enhancements to improve the effectiveness of risk management practices. The Group has an Operational Incident Management Policy which serves as a guidance in reporting incidents occurring in the Group Operational Loss Incidences reporting based on Bank Negara Malaysia's ("BNM") Operational Risk Reporting requirement are reported to BNM, Management and BRC.

The Group's Risk Appetite Statement provides a decision-making framework for the strategic and operational treatment of risk, in order to facilitate a risk-aligned strategic planning process. It is intended to help the Group in making forward-looking and well-informed strategic decisions to manage risk prudently and remain profitable to its shareholders. Risk assessments are carried out on project and business initiatives to ensure alignment to the risk appetite.

The Company has established the Business Continuity Management (BCM) Framework, Crisis Management Plan (CMP) and Disaster Recovery Plan ("DRP") to manage disasters and/or major disruptions. The Business Continuity Plan ("BCP") has been established at every business and operational unit to facilitate effective response to business disruption and to ensure the Company is able to respond to such disruptions in an organised and timely manner. The BCP is tested for functionality on annual basis whilst the DRP is tested twice a year to ascertain the Company's readiness to resume and maintain its critical operations during disaster and/or disruptions.

The Internal Capital Adequacy Assessment Process ("ICAAP") policy is consistent with ICAAP for takaful operators, including the requirements on the Company's Individual Target Capital Level ("ITCL"). There has been regular periodic reporting of Capital Adequacy Ratio ("CAR") and Financial Condition Reporting inclusive of the Stress Testing results, to the Senior Management and/or the Board, together with the sound risk management internally for the effective implementation of the Risk-Based Capital Framework for Takaful Operators and Financial Condition Reporting Guidelines issued by BNM respectively.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Participant Risk Fund ("PRF") Surplus Management Governance Framework

The Board has previously approved the PRF Surplus Management Governance Framework, which has been established to provide the governance process in managing the PRF surplus position. The PRF Surplus Management Governance Framework forms part of the Group's corporate governance process to promote prudent management and good risk management practices of takaful risk funds to enhance the funds' financial resilience and protect the interest of participants.

Internal Audit Function

The Internal Audit Division ("IAD") assists the Board and Audit Committee ("AC") in the discharge of their responsibilities. The internal audit function provides assurance on the efficiency and effectiveness of the governance, risk management and internal control processes implemented by management. An annual risk-based audit plan is developed by way of assessing the risk priorities, exposures, and business strategies of the Group, and these includes assessment on Shariah related matters. IAD also investigates incidents of fraud, malpractices and makes necessary recommendation to the AC to impede recurrence. The implementation of management action plans to address the control lapses noted during the financial period are monitored through follow-up reviews.

The AC reviews and approves the Annual Audit Plan, reports and findings including the follow-ups of the internal auditors. The AC also reviews the actions taken on internal control issues identified in reports prepared by external auditors and Regulatory Bodies during their meetings and consider the impact on the effectiveness and adequacy of the Group's internal control system. The review of Internal Audit Charter is also under the purview of the AC of which once endorsed by AC, the Audit Charter will then be escalated to the Board for approval.

The Company holds two (2) Indonesian subsidiaries, i.e. P.T. Asuransi Takaful Keluarga ("P.T. ATK") and P.T. Syarikat Takaful Indonesia ("P.T. STI").

P.T. ATK has its own internal audit department carrying out internal audit function and report to the Board of Commissioners ("BOC") of the company. The internal audit department of the Indonesian subsidiary submits the audit reports to their AC and subsequently to their BOC, where Takaful Malaysia Keluarga is represented by Encik Nor Azman Zainal as the Chairman (Presiden Komisaris). All audit reports are reviewed by the BOC of P.T. ATK and any material issues shall be reported to Takaful Malaysia Keluarga's AC.

P.T. STI however is an investment holding company and does not have any operations conducted in Indonesia. Any governance related matters are discussed in its BOC and material issues shall be reported to Takaful Malaysia Keluarga's AC.

Compliance Function

Compliance provides advisory roles to the Senior Management in managing group-wide compliance risk and provide guidance on regulatory and legislative matters. Over the last few years, there has been an increased focus by regulators on anti-money laundering, data privacy, market conduct and anti-bribery and corruption.

Compliance responsibilities include supervision on regulatory and legislative requirements group-wide by working closely with the relevant business units in ensuring proper implementation; conduct independent assessment to provide assurance on the adequacy and effectiveness of control measures to mitigate the risk of non-compliance; and monitors remediation efforts on any observation findings and reporting obligation to internal and external stakeholders. Our Head of Compliance oversees our comprehensive Company-wide compliance framework, which is consistent with regulatory guidance from BNM and other regulators.

The Compliance Framework defines the responsibilities and provides clear mandate to Compliance Department function to manage compliance risks via the establishment of internal policies, procedures and framework. It dictates the spheres of compliance governance and promotes effective compliance mechanism in accordance with applicable laws, regulations, rulings, directives and guidelines. With effect from 2022, the Compliance Framework includes Shariah compliance review function. To ensure effective oversight and implementation, the Compliance Framework is supported by a network of compliance officers who oversee compliance programmes in anti-money laundering and anti-terrorist financing, anti-corruption as well as personal data privacy. The Head of Compliance reports regularly to the Board on the state of compliance, key compliance risks, emerging regulatory trends, escalation of key issues and key risk indicators.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of internal control that the Board has established which provide effective internal controls including compliance with applicable laws, regulations and guidelines are as follows:

Organisational Structure

The Group has established a defined organisational structure with lines of responsibility and accountability with a defined delegation of authority of Committees of the Board and Management.

Limit of Authorities

Limit of authorities has been reviewed and updated in September 2023 to ensure relevance to the day-to-day operations.

Standard Operating Procedures

The Standard Operating Procedures that govern the key business processes such as finance, actuarial, human resources, claims, investments and etc. are in place within the organisation.

Product Development Framework

In March 2012, the Group was granted the approval by BNM to adopt "launch-and-file" system for new products. In view of the "launch-and-file" system granted to the Group, the policies and procedures within the Product Development Framework have been reviewed to align with BNM's supervisory expectations under the Guidelines on Introduction of New Products by Insurers and Takaful Operators.

Anti-Corruption Framework (the "ACF Framework")

The ACF Framework was formulated in accordance to the Malaysian Anti-Corruption Commission Act 2009 (the "MACC Act"), the Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act issued by the Prime Minister's Department and the relevant sections of the Malaysian Penal Code (Act 574).

The ACF Framework sets out Takaful Malaysia Keluarga and Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am") ("herein collectively referred to as "Takaful Malaysia") and its group of companies' policy statements and provides a comprehensive set of standards in relation to the manners in dealing with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption.

Whistle Blowing Policy (the "WB Policy")

The WB Policy was established in response to the Whistleblower Protection Act, 2010 and the MACC Act. The objective of this WB Policy is to establish corporate values and culture that support ethical behaviour and to assure confidentiality and non-retaliation to whistleblowers. Under this WB Policy, every employee has the obligation to report unethical behaviour or suspected violations of law or company policy connected with business activities of the Group.

Fraud Management Policy

The Fraud Management Policy was designed to meet the following objectives:

a) Provide guidance and approach to managing fraud risks and handling fraud incidences;
b) Define the roles and responsibilities of all stakeholders in managing fraud risks;
c) Provide the process for managing fraud risks; and
d) Provide the process for investigating and reporting fraud incidences.

Anti-Money Laundering and Counter Financing of Terrorism Policy (the "AML/CFT Policy")

The internal AML/CFT Policy sets the obligations and guidance in complying with the requirements imposed under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA 2001) and any regulations and circulars pertaining to AML/CFT requirements.

The AML/CFT Policy sets out requirements and guidance on the continuous obligations of the Company on consistent customer due diligence procedures, risk classification of customers, customer data, transaction and account monitoring, suspicious activity reporting and also training and awareness. The AML/CFT Policy advocates risk-based approach on the implementation of appropriate control measures to mitigate the identified Money Laundering/ Terrorism Financing ("ML/TF") risk(s).

Furthermore, the Head of Compliance acts as the Anti-Money Laundering Compliance Officer and a contact person for the law enforcement authorities in the prosecution of ML/TF operations in accordance to AMLATFPUAA 2001. Takaful Malaysia is fully committed to ensure all the pertinent regulatory requirements are duly complied with and necessary actions are immediately taken to address any gaps or concerns identified.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Personal Information Record Management Framework (the "PIRMF")

Compliance has developed the PIRMF which is aligned with the BNM Policy Document on Management of Customer Information and Permitted Disclosures, and Code of Practice on Personal Data Protection for the Insurance and Takaful Industry in Malaysia.

It has been established as guidance in managing the personal information records throughout the information lifecycles from the collection, until disposal stages.

PIRMF also sets the obligations and standards procedures in safeguarding personal information records and escalation procedures to minimise adverse impact in the event of breach, unauthorised disclosure and inappropriate utilisation of personal information records.

The revised PIRMF approved by the Board in November 2022 has incorporated the Board's responsibility to approve exception to the personal record retention requirement which is subject to justification provided by respective Business Owner.

Shariah Policy of Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga") and Shariah Policy of Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am")

Shariah Division (SD) takes the role as the secretariat to the Shariah Advisory Body ("SAB") of the Takaful Malaysia Keluarga and has the responsibility of providing operational support for effective functioning of the SAB, in line with BNM's Shariah Governance Policy Document ("SGPD").

The Shariah Policy of Takaful Malaysia Keluarga and Takaful Malaysia Am are comprehensive policies, which integrate the Shariah Governance and Shariah Rulings pertaining to the business and operations of both Takaful Malaysia Keluarga and Takaful Malaysia Am. As licensed takaful operators, Takaful Malaysia Keluarga and Takaful Malaysia Am shall ensure its operations, business and activities are in compliance with the Shariah requirements and in accordance with the Islamic Financial Services Act 2013 ("IFSA"), rulings of Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM") and SAB's resolutions.

The Shariah Policy of Takaful Malaysia Keluarga was approved by SAB and Board of Takaful Malaysia Keluarga on 06 July 2023 and 24 August 2023 respectively while the Shariah Policy of Takaful Malaysia Am was approved by the SAB and Board of Takaful Malaysia Am on 13 July 2023 and 17 August 2023 respectively. The separation of the Shariah Policy of Takaful Malaysia Keluarga and Takaful Malaysia Am into standalone documents aims to provide clear guidelines for both Takaful Malaysia Keluarga and Takaful Malaysia Am considering its own distinguished and unique risk appetites and business processes. Previously, it was documented in numerous internal policies, manuals and guidelines including but not limited to Shariah Governance Policy 2021 ("SGP"), Shariah Compliance Manual ("SCM"), Guideline on Marketing Materials, Zakat Management and Distribution Policy, and Charity Fund Management and Distribution Policy.

The Shariah Policy of Takaful Malaysia Keluarga and Takaful Malaysia Am was structured to meet all relevant requirements set out in Shariah Governance Policy Document (BNM/RH/PD 028-100) that requires all IFIs including takaful operator to demonstrate the effective Shariah governance arrangements which appropriate to the size, nature of business, complexity of activities and structure. Besides, it is established as a compilation of the existing Shariah requirements which are already in place with additional Shariah requirements based on the latest SAC of BNM and SAB's resolutions.

Asset and Liability Management Framework (the "ALM Framework")

The objective of the ALM Framework is to establish a framework for managing and monitoring the asset-liability risk to enable the Group to respond adequately to the relevant changes in new environment, to identify the opportunities and to avoid the threats, with a view to ensuring stable development and protection of interests of all stakeholders. Various investment limits are set in the Investment Policies to enhance investment controls after considering the Group's solvency position and its risk tolerance. The Investment Policies have been revised and approved by the Investment Committee on 8 April 2021. In addition, a separate Investment Policy has been established for Takaful Malaysia Am and was approved by Takaful Malaysia Am's Board on 21 October 2021. The Investment Policies have been regularly reviewed on annual basis to ensure it continues to be effective to achieve the investment objectives. Any updates or amendments, if necessary is subject to prior approval of the Investment Committee of Takaful Malaysia Keluarga or Takaful Malaysia Am's Board.

Takaful Operational Framework

The Group has established a framework to govern and document the operational models adopted, fund segregation policy of takaful funds, policy on investment strategy and method used for the calculation of investment profit for participant investment fund, policy on recognition of surplus/deficit and its allocation/

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

distribution, policy on deficit rectification mechanism including repayment of qard, management of income from takaful business, and allowable expenses charges to takaful funds.

Surplus Management and Distribution Policy (the "SMD Policy")

In managing the takaful funds, takaful operators are expected to manage the interest of various stakeholders without compromising prudence. This SMD Policy serves as a guide to the Group in managing the surplus position and surplus distribution to participants and shareholders by providing key principles, considerations and practices to ensure maintenance of fund solvency and financial resilience, and to safeguard the interests of participants and equitable treatment of participants.

The annual distribution of surplus shall be endorsed by the SAB and Board of Directors.

Business/Marketing Plan and Budget Process

The Group's annual business/marketing plan and budget are submitted to the Board of Directors for approval.

Financial Reporting

Financial statements and financial performance report are tabled to the Board of Directors for review and discussion. Financial budget and projections are tabled to the Board of Directors for approval. The public release of quarterly reports is made after they are reviewed by the AC and approved by the Board of Directors. On-going efforts are in place to address financial control issues or risks, which include strengthening of the financial closing and reconciliation process.

INFORMATION TECHNOLOGY SYSTEM

- **Information Technology ("IT") Committees**
  The IT Steering Committee ("ITSC") and IT Project Steering Committee ("IT PSC") are established and chaired by the GCEO to provide leadership and direction in support of IT related activities. ITSC is responsible for authorising major IT expenditures within the approved limits, monitoring approved IT projects, formulating IT policies and IT strategic plans. IT PSC oversees the progress and development of business related IT projects during the financial period.

- **Data Governance Framework**
  Data Governance Framework provides structured approach to ensure the effective management, quality, security and proper use of company's data. The framework establishes clear ownership with roles and responsibilities to accommodate business needs and compliance to regulatory policy requirements and Malaysian Personal Data Protection Act (PDPA) to ensure the privacy of data is protected and well-maintained

- **Technology Risk Management Framework ("TRMF") and Cyber Resilience Framework ("CRF")**
  TRMF and CRF have been established within the context of Bank Negara Malaysia Risk Management in Technology ("RMiT") requirements which emphasise on a structured process to identify, assess and subsequently monitor and mitigate the risks with appropriate approaches to an acceptable level. TRMF and CRF also provide guidance for managing cyber risks, cyber resilience and risk tolerance with regards to addressing the evolving cyber threats. The frameworks complement the existing IT Security and System policies in managing system security controls and processes.

  With the issuance of the RMiT by BNM which came into effect on 1st January 2020, IT Security and System Policies are reviewed to ensure continued compliance with the regulatory requirements. The IT Security and System policies are set as standards for securing system controls on information technology-related functionalities and operational processes to ensure critical issues that may have impact on the company's risk tolerance are adequately deliberated or escalated to the relevant authority on a timely manner.

CONCLUSION

There is an effective ongoing process for identifying, evaluating and managing significant risks within the Group. There were no significant control failures or weaknesses that have resulted in material loss that requires disclosure in the Group's annual report for the financial period under review.

Based on the above, the Board is of the view that the system of internal control and risk management is adequate and effective to safeguard shareholders' investments and the Group's assets.

This statement is made in accordance with the Board of Directors resolution dated 25 March 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised/utilised by Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga" or "Company") from corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiary companies ("Takaful Malaysia" or "Group") by the Company's external auditors during the financial year were as follows:

	Audit Fees (RM'000)	Non-Audit Fees (RM'000)*
Company	765	207
Group	1,401	321

* *Non-audit fees were mainly in respect of the review of interim financial information for the period ended 30 September 2023.*

3. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Group involving the interests of the Directors, Chief Executive who is not a Director and major Shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year ended 31 December 2022 except for related parties transactions disclosed in Note 34 to the financial statements.

4. RECURRENT RELATED PARTY TRANSACTIONS

Nature of Transactions	Related Parties Transacted with	Related Parties, their interests and nature of relationships with Takaful Malaysia	Actual Transaction Value from 1 January 2023 to 31 December 2023 (RM'000)
Rental of office premises payable to Takaful Malaysia Keluarga by Bank Islam Malaysia Berhad ("BIMB")	Lembaga Tabung Haji ("LTH") and its Group of Subsidiaries	As at 15 March 2024, LTH has 48.5% shareholding in BIMB and 28.2% shareholding in Takaful Malaysia Keluarga. LTH is a major shareholder of both Takaful Malaysia Keluarga and BIMB. Therefore, rental of Takaful Malaysia Keluarga's properties to BIMB is a related party transaction. Datuk Bazlan Osman, a Director of Takaful Malaysia Keluarga is also a Director of BIMB. Datuk Bazlan Osman does not have direct or indirect interest in Takaful Malaysia Keluarga and/or BIMB. Datin Paduka Kartini Haji Abdul Manaf is a Director of Takaful Malaysia Keluarga nominated by LTH and she is deemed to have an indirect interest of 28.2% in Takaful Malaysia Keluarga.	3,092

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in managing family takaful business, whilst the principal activities and details of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	346,911	273,949
Non-controlling interests	168	-
	347,079	273,949

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review, except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company:

i) Paid an interim single tier dividend of 13.50 sen per ordinary share totaling RM113,036,269 in respect of the financial year ended 31 December 2022 on 16 January 2023; and

ii) Declared an interim single tier dividend of 14.00 sen per ordinary share totaling RM117,222,797 in respect of the financial year ended 31 December 2023 on 29 December 2023 which was paid on 2 February 2024.

No final dividend is recommended to be paid for the year under review by the Directors.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

DIRECTORS OF THE COMPANY

The Directors in office during the financial year until the date of this report are:

Dato' Mohammed Hussein
Mohd Azman Sulaiman
Suraya Hassan
Dato' Mustaffa Ahmad
Mohamad Salihuddin Ahmad
Datuk Bazlan Osman
Datin Paduka Kartini Haji Abdul Manaf
Ch'ng Sok Heang

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Syarikat Takaful Malaysia Am Berhad
Ismail Mahbob
Dato' Che Pee Samsudin
Datin Dr. Nik Sarina Lugman Hashim
Abdul Rahman Talib
Nor Azman Zainal (Appointed with effect from 2 February 2024)

P.T. Syarikat Takaful Indonesia (Board of Commissioners)
Dato' Mohammed Hussein (President Commissioner)
Ahmed Gora Arbee

P.T. Asuransi Takaful Keluarga (Board of Commissioners)
Nor Azman Zainal (President Commissioner)
Dato' Mustaffa Ahmad
Tri Djoko Santoso
Imran Nahar

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries company during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no other changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

LONG TERM INCENTIVE PLAN

At the Extraordinary General Meeting held on 24 July 2013, the Company's shareholders approved the establishment of a Long Term Incentive Plan ("LTIP"), which comprises a Restricted Share Plan ("RSP") and a Performance Share Plan ("PSP"), of not more than 10% of issued and paid-up share capital of the Company (excluding treasury shares) to eligible employees and the executive director of the Company. The LTIP was effected on 25 July 2013 following the submission of the By-Laws for the LTIP to Bursa Malaysia Securities Berhad, the receipt of all required approvals and the compliance with the requirements pertaining to the LTIP.

The LTIP ended on 20 March 2023, as endorsed at the Company's 4/2023 Board of Directors' meeting held on 25 May 2023.

OPTIONS GRANTED OVER UNISSUED SHARES

Other than for LTIP, no options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors amounted to RM3,679,000 (Group) and RM2,354,000 (Company) as disclosed in Note 24 to the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

INDEMNITY AND INSURANCE COVERAGE COSTS

A Director and Officer's liability insurance coverage has been entered into by the Company on behalf of all the Directors and officers of the Group and the Company for the financial year ended 31 December 2023 pursuant to Section 289 of the Companies Act 2016. The cost of insurance coverage effected for the Directors and officers of the Group and the Company amounted to RM65,714.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its non-audit engagement against claims by third parties arising from the non-audit engagement.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

STATEMENT ON CORPORATE GOVERNANCE AND INTERNAL CONTROLS

(a) Board of Directors

The Board of Directors ("the Board") is ultimately responsible for the proper stewardship of the Group's and Company's resources, the achievement of corporate objectives and good corporate citizenship and discharges this responsibility through compliance with the Islamic Financial Services Act 2013 and Bank Negara Malaysia's ("BNM") Guidelines on Corporate Governance and other directives, in addition to adopting other best practices on corporate governance.

The Board currently comprises eight Non-Executive Directors to enable a balanced and objective consideration of issues, hence facilitating optimal decision making. The Group Chief Executive Officer adds value to the decision-making process by providing a management and operational perspective to issues presented before the Board.

(b) Management accountability

The Group and the Company have an organisational structure showing all reporting lines as well as clearly documented job descriptions for all management and executive employees.

(c) Corporate independence

The Group and the Company have complied with BNM's Guidelines on Related Party Transactions for Takaful Operators (BNM/RH/GL 004-7). Necessary disclosures have been made to the Board and when required, prior Board's approval has been obtained. All material related party transactions have been disclosed in Note 34 to the financial statements.

(d) Internal controls and operational risk management

The Board has overall oversight responsibility to ensure that the Group and the Company maintain an adequate system of internal controls, effective and efficient operations, and risk management, as well as procedures to ensure compliance with laws, regulations, internal guidelines and requirements to safeguard the assets of the Group and the Company and stakeholders' interests.

The Group and the Company established the Enterprise Risk Management Framework to ensure an ongoing process of identifying, evaluating, monitoring and managing the significant risk exposures surrounding its business strategies and operations.

All new Takaful products are governed by the Company's Product Development Framework.

Whistle Blowing Policy, Fraud Management Policy, Compliance Framework, Anti Corruption Framework and Shariah Governance Policy are in place to provide basic structure and further strengthen the existing control mechanism underlying the business activities.

Business Continuity Management is consistently practiced and tested twice a year (Business Continuity Plan test is once a year and Disaster Recovery Plan test is twice a year) to safeguard the lives of the employees and others in the office premises and ensure the business is up and running at all times.

The Board, Group Chief Executive Officer and Management Committee are consciously committed to the risk culture and ensure Board Risk Committee perform as required.

STATEMENT ON CORPORATE GOVERNANCE AND INTERNAL CONTROLS (CONTINUED)

(e) Public accountability

As custodian of public funds, the Group's and the Company's dealings with the public are always conducted fairly, honestly and professionally.

(f) Financial reporting

The Group and the Company have maintained proper accounting records and the Group's and the Company's financial statements are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS"), the requirements of the Companies Act 2016, the Islamic Financial Services Act 2013 and Takaful Guidelines/ Circulars issued by BNM and Principles of Shariah.

(g) Remuneration policy

The Remuneration Policy serves to reflect the Group's and the Company's objectives in promoting good corporate governance to sustain a long-term value creation for our shareholders. The Board has approved the remuneration policy at the recommendation of the Nomination and Remuneration Committee ("NRC").

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that:

i) proper action had been taken in relation to the writing off of impaired debts and the making of impairment allowance and satisfied themselves that all known impaired debts had been written off and that adequate impaired allowance had been made for impaired debts;

ii) any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and the Company had been written down to an amount which the current assets might be expected so to realise; and

iii) there was adequate provision for liability for remaining coverage and liability for incurred claims.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for impaired debts or the amount of the allowance for impaired debts or provision of liability for remaining coverage and liability for incurred claims of the Group and of the Company inadequate to any substantial extent; or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

OTHER STATUTORY INFORMATION (CONTINUED)

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that (continued):

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; and

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

For the purpose of this paragraph, contingent and other liabilities do not include liabilities arising from contracts of takaful underwritten in the ordinary course of business of the Group and of the Company.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

AUDITORS

The auditors, PricewaterhouseCoopers PLT ("PwC") (LLP0014401-LCA & AF 1146) have expressed their willingness to accept reappointment as auditors of STMKB and its Malaysian subsidiary. Board of Commissioners of PT Syarikat Takaful Indonesia ("STI") and PT Asuransi Takaful Keluarga ("ATK") appointed KAP Mirawati Sensi Idris (an affiliate of Moore Global Network Limited) as auditors of STI and ATK on 25 July 2023 and subsequently a letter of engagement was signed on 15 September 2023.

The auditors' remuneration is RM1,401,118 (Group) and RM765,453 (Company) (2022 : RM2,254,724 (Group) and RM1,331,477 (Company)) as disclosed in Note 18 to the financial statements.

This report was approved by the Board of Directors on 27 March 2024. Signed on behalf of the Board of Directors:

.....
Dato' Mohammed Hussein

.....
Datuk Bazlan Osman

Kuala Lumpur
Date: 27 March 2024

SHARIAH ADVISORY BODY'S REPORT

بِسْمِ اللهِ الرَّحْمَنِ الرَّحِيْمِ

الحَمْدُ للهِ رَبِّ العَالَمِيْنَ وَالصَّلَاةُ وَالسَّلَامُ عَلَى أَشْرَفِ الأَنْبِيَاءِ وَالمرْسَلِيْنَ سَيِّدِنَا مُحَمَّدٍ وَعَلَى آلِهِ وَأَصْحَابِهِ أَجْمَعِيْنَ

We have reviewed the principles and the contracts relating to the products introduced by Syarikat Takaful Malaysia Keluarga Berhad ("STMKB") during the financial year ended 31 December 2023. We have also conducted our review to form an opinion as to whether STMKB has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia.

The management of STMKB is responsible for ensuring that the conduct of its business is in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of STMKB.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, relevant transactions, documentation and procedures adopted by STMKB. We performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us sufficient evidence to give reasonable assurance that there are no violations of the Shariah principles.

In our opinion:

1. the contracts and related documentation used by STMKB during the financial year ended 31 December 2023 that have been reviewed are in compliance with the Shariah principles;

2. the distribution of profit from participant individual funds and surplus from participants risk funds conforms to the basis that had been approved by us in accordance with Shariah principles;

3. the calculation of zakat is in compliance with Shariah principles; and

4. no earning that has been realised from sources or by means prohibited by the Shariah principles.

"We, the members of the Shariah Advisory Body (""SAB""), do hereby confirm that the operations of STMKB for the financial year ended 31 December 2023 have been conducted in conformity with the Shariah principles and nothing has come to our attention that causes us to believe that the operations, business, affairs and activities of STMKB involve any material Shariah non-compliance.

For the purpose of this report, "material Shariah non-compliance" shall refer to any Shariah non-compliance issues that have an impact on the business of STMKB.

We bear witness only to what we know, and we could not well guard against the unseen!
(surah Yusuf, verse: 81)

Chairman of SAB : .....
Dr. Ahmad Sufian Che Abdullah

Member of SAB : .....
Dr. Marhanum Che Mohd Salleh

Kuala Lumpur
Date: 27 March 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group								
		31.12.2023			31.12.2022			1.1.2022		
		Family Takaful RM'000	General Takaful RM'000	Group RM'000	Family Takaful RM'000 *Restated*	General Takaful RM'000 *Restated*	Group RM'000 *Restated*	Family Takaful RM'000 *Restated*	General Takaful RM'000 *Restated*	Group RM'000 *Restated*
ASSETS										
Property and equipment	3	**-**	**-**	**236,202**	-	-	231,373	-	-	227,473
Right-of-use assets	4	**-**	**-**	**56,303**	-	-	53,481	-	-	54,485
Investment properties	5	**273,491**	**10,980**	**40,410**	266,628	10,830	39,433	258,176	10,710	37,625
Intangible assets	6	**-**	**-**	**25,375**	-	-	17,591	-	-	12,188
Deferred tax assets	10	**-**	**-**	**272,668**	-	-	276,705	-	-	251,185
Investments	8	**7,140,293**	**747,405**	**9,259,624**	6,493,515	673,877	8,621,981	5,927,092	403,187	7,536,341
Takaful contract assets	9	**346,138**	**13,335**	**383,856**	253,634	7,078	326,833	215,764	-	221,564
Retakaful contract assets	9	**392,815**	**971,856**	**1,375,501**	267,304	792,050	1,061,428	145,101	519,448	668,333
Current tax assets		**-**	**-**	**21,511**	-	-	5,917	-	-	18,410
Loans and receivables	11	**960,994**	**487,700**	**2,153,011**	345,630	176,332	607,695	1,079,026	592,208	2,265,218
Cash and cash equivalents	12	**547,142**	**64,236**	**851,429**	1,028,753	280,228	2,067,301	530,413	46,451	846,920
TOTAL ASSETS		**9,660,873**	**2,295,512**	**14,675,890**	8,655,464	1,940,395	13,309,738	8,155,572	1,572,004	12,139,742
EQUITY AND LIABILITIES										
Share capital	13	**-**	**-**	**241,376**	-	-	241,376	-	-	230,547
Reserves	13	**-**	**-**	**1,437,645**	-	-	1,168,563	-	-	1,042,499
Total equity attributable to owners of the Company		**-**	**-**	**1,679,021**	-	-	1,409,939	-	-	1,273,046
Non-controlling interests		**-**	**-**	**35,175**	-	-	33,520	-	-	33,793
TOTAL EQUITY		**-**	**-**	**1,714,196**	-	-	1,443,459	-	-	1,306,839
LIABILITIES										
Takaful contract liabilities	9	**9,431,105**	**2,126,280**	**12,318,524**	8,478,737	1,771,538	11,288,957	8,072,825	1,521,377	10,470,688
Retakaful contract liabilities	9	**138,413**	**127,560**	**267,667**	77,123	132,104	210,124	-	17,252	17,252
Lease liabilities		**-**	**-**	**907**	-	-	431	-	-	493
Other payables	15	**80,885**	**38,619**	**361,073**	89,394	33,626	351,370	73,524	32,579	330,755
Current tax liabilities		**10,470**	**3,053**	**13,523**	10,210	3,127	15,397	9,223	796	13,715
TOTAL LIABILITIES		**9,660,873**	**2,295,512**	**12,961,694**	8,655,464	1,940,395	11,866,279	8,155,572	1,572,004	10,832,903
TOTAL EQUITY AND LIABILITIES		**9,660,873**	**2,295,512**	**14,675,890**	8,655,464	1,940,395	13,309,738	8,155,572	1,572,004	12,139,742

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Company					
		31.12.2023		31.12.2022		1.1.2022	
		Family Takaful RM'000	Company RM'000	Family Takaful RM'000 *Restated*	Company RM'000 *Restated*	Family Takaful RM'000 *Restated*	Company RM'000 *Restated*
ASSETS							
Property and equipment	3	**-**	**230,775**	-	227,220	-	222,507
Right-of-use assets	4	**-**	**14,800**	-	13,916	-	13,855
Investment properties	5	**256,200**	**37,699**	250,315	36,750	241,335	34,930
Intangible assets	6	**-**	**22,953**	-	16,754	-	11,407
Investments in subsidiaries	7	**-**	**136,393**	-	136,393	-	136,393
Deferred tax assets	10	**-**	**224,778**	-	229,522	-	204,166
Investments	8	**6,923,471**	**7,847,629**	6,275,271	7,340,179	5,708,462	6,632,784
Takaful contract assets	9	**341,434**	**360,073**	253,633	313,186	215,763	215,764
Retakaful contract assets	9	**319,508**	**330,338**	210,767	212,509	89,963	94,714
Current tax assets		**-**	**6,803**	-	-	-	18,410
Loans and receivables	11	**958,419**	**1,495,564**	343,887	423,233	1,069,509	1,443,049
Cash and cash equivalents	12	**441,570**	**600,703**	919,625	1,465,515	409,816	612,467
TOTAL ASSETS		**9,240,602**	**11,308,508**	8,253,498	10,415,177	7,734,848	9,640,446
EQUITY AND LIABILITIES							
Share capital	13	**-**	**241,376**	-	241,376	-	230,547
Reserves	13	**-**	**1,043,689**	-	859,779	-	765,501
Total equity attributable to owners of the Company		**-**	**1,285,065**	-	1,101,155	-	996,048
LIABILITIES							
Takaful contract liabilities	9	**9,018,345**	**9,570,913**	8,077,068	8,921,159	7,652,177	8,343,436
Retakaful contract liabilties	9	**131,328**	**131,328**	77,123	77,123	-	-
Lease liabilities		**-**	**907**	-	431	-	493
Other payables	15	**80,459**	**309,825**	89,097	302,486	73,448	291,246
Current tax liabilities		**10,470**	**10,470**	10,210	12,823	9,223	9,223
TOTAL LIABILITIES		**9,240,602**	**10,023,443**	8,253,498	9,314,022	7,734,848	8,644,398
TOTAL EQUITY AND LIABILITIES		**9,240,602**	**11,308,508**	8,253,498	10,415,17	7,734,848	9,640,446

The notes on pages 175 to 381 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group					
		2023			2022		
		Family Takaful RM'000	General Takaful RM'000	Group RM'000	Family Takaful RM'000 *Restated*	General Takaful RM'000 *Restated*	Group RM'000 *Restated*
Takaful revenue	16	**1,550,704**	**1,279,287**	**2,942,129**	1,502,328	1,017,894	2,570,534
Takaful service expenses	17	**(1,899,189)**	**(1,281,626)**	**(2,839,241)**	(1,728,484)	(1,020,209)	(2,374,977)
Takaful service result before retakaful contracts held		**(348,485)**	**(2,339)**	**102,888**	(226,156)	(2,315)	195,557
Allocation of retakaful contribution	19	**(154,746)**	**(472,001)**	**(633,795)**	(170,486)	(288,643)	(477,615)
Amounts recoverable from retakaful operators for incurred claims	19	**263,800**	**441,802**	**705,602**	222,781	268,271	488,165
Net (expense)/ income from retakaful contracts held		**109,054**	**(30,199)**	**71,807**	52,295	(20,372)	10,550
Takaful service result		**(239,431)**	**(32,538)**	**174,695**	(173,861)	(22,687)	206,107
Investment income on financial assets not measured at fair value through profit or loss	20	**335,593**	**50,461**	**474,575**	288,576	36,086	400,387
Investment income - others	20	**34,140**	**533**	**40,684**	27,883	5	33,059
Net realised gains and losses	20	**11,885**	**1,059**	**24,154**	11,721	1,190	15,598
Net fair value gains and losses	20	**(7,502)**	**150**	**(3,361)**	(55,909)	120	(50,346)
Net impairment loss on financial instruments	20	**(4,804)**	**(604)**	**(6,006)**	(6,686)	(885)	(8,578)
Net investment income		**369,312**	**51,599**	**530,046**	265,585	36,516	390,120
Takaful finance expenses from takaful contracts issued	20	**(131,322)**	**(48,964)**	**(221,336)**	(92,312)	(34,157)	(166,217)
Retakaful finance income from retakaful contracts held	20	**815**	**30,199**	**31,160**	356	20,372	20,891
Net takaful financial result		**(130,507)**	**(18,765)**	**(190,176)**	(91,956)	(13,785)	(145,326)
Other operating income		**1,763**	**24**	**2,517**	2,024	499	10,309
Other operating expenses		**(1,137)**	**(320)**	**(9,441)**	(1,792)	(543)	(8,112)
Profit before zakat and taxation		**-**	**-**	**507,641**	-	-	453,098
Zakat		**-**	**-**	**(10,176)**	-	-	(8,784)
Tax expense attributable to Takaful Operator	25	**-**	**-**	**(150,386)**	-	-	(160,899)
Profit for the year		**-**	**-**	**347,079**	-	-	283,415

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group					
		2023			2022		
		Family Takaful RM'000	General Takaful RM'000	Group RM'000	Family Takaful RM'000 *Restated*	General Takaful RM'000 *Restated*	Group RM'000 *Restated*
Profit for the year		**-**	**-**	**347,079**	-	-	283,415
Other comprehensive income, net of tax							
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of defined benefit liability	26	**-**	**-**	**(57)**	-	-	-
Revaluation of property and equipment	26	**-**	**-**	**2,381**	-	-	5,716
Other comprehensive income attributable to participants		**-**	**-**	**(1,547)**	-	-	(5,628)
		-	**-**	**777**	-	-	88
Items that may be reclassified subsequently to profit or loss							
Debt investments at fair value through other comprehensive income ("FVOCI")							
- net change in fair value	26	**255,059**	**16,327**	**312,683**	(165,707)	(9,799)	(199,383)
- reclassified to profit or loss	26	**(11,885)**	**(1,059)**	**(21,349)**	(11,828)	(1,190)	(15,008)
Foreign currency translation differences for foreign operations		**-**	**-**	**4,174**	-	-	(2,801)
Takaful finance expenses from takaful contracts issued	20	**3,104**	**(4,867)**	**3,339**	(2,612)	(863)	(6,774)
Retakaful finance income from retakaful contracts held	20	**-**	**3,044**	**3,033**	-	312	340
Other comprehensive income attributable to participants		**(246,278)**	**(13,445)**	**(259,721)**	180,147	11,540	190,180
		-	**-**	**42,159**	-	-	(33,446)
Total other comprehensive income/ (losses) for the year	26	**-**	**-**	**42,936**	-	-	(33,358)
Total comprehensive income for the year		**-**	**-**	**390,015**	-	-	250,057
Profit for the year attributable to:							
Owners of the Company		**-**	**-**	**346,911**	-	-	282,859
Non-controlling interests		**-**	**-**	**168**	-	-	556
		-	**-**	**347,079**	-	-	283,415
Total comprehensive income for the year attributable to:							
Owners of the Company		**-**	**-**	**388,360**	-	-	250,330
Non-controlling interests		**-**	**-**	**1,655**	-	-	(273)
		-	**-**	**390,015**	-	-	250,057
Basic earnings per ordinary share (sen)	27			**41.43**			33.82
Diluted earnings per ordinary share (sen)	27			**41.43**			33.81

The notes on pages 175 to 381 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Company			
		2023		2022	
		Family Takaful RM'000	Company RM'000	Family Takaful RM'000 *Restated*	Company RM'000 *Restated*
Takaful revenue	16	**1,507,974**	**1,620,176**	1,448,281	1,498,647
Takaful service expenses	17	**(1,822,261)**	**(1,657,206)**	(1,657,032)	(1,435,771)
Takaful service result before retakaful contracts held		**(314,287)**	**(37,030)**	(208,751)	62,876
Allocation of retakaful contribution	19	**(132,591)**	**(126,408)**	(148,569)	(154,467)
Amounts recoverable from retakaful operators for incurred claims	19	**224,428**	**224,428**	199,889	199,889
Net expense from retakaful contracts held		**91,837**	**98,020**	51,320	45,422
Takaful service result		**(222,450)**	**60,990**	(157,431)	108,298
Investment income on financial assets not measured at fair value through profit or loss	20	**331,471**	**393,625**	285,326	340,736
Investment income - others	20	**20,420**	**22,826**	19,716	21,805
Net realised gains and losses	20	**11,885**	**22,944**	11,814	13,246
Net fair value gains and losses	20	**(5,950)**	**(2,393)**	(60,688)	(53,535)
Net impairment loss on financial instruments	20	**(4,804)**	**(5,402)**	(6,686)	(7,686)
Net investment income		**353,022**	**431,600**	249,482	314,566
Takaful finance expenses from takaful contracts issued	20	**(131,322)**	**(165,314)**	(92,312)	(126,772)
Retakaful finance income from retakaful contracts held	20	**815**	**946**	356	510
Net takaful financial result		**(130,507)**	**(164,368)**	(91,956)	(126,262)
Other operating income		**-**	**67,418**	-	71,336
Other operating expenses		**(65)**	**(4,746)**	(95)	(3,685)
Profit before zakat and taxation		**-**	**390,894**	-	364,253
Zakat		**-**	**(8,603)**	-	(7,746)
Tax expense attributable to Takaful Operator	25	**-**	**(108,342)**	-	(113,463)
Profit for the year		**-**	**273,949**	-	243,044

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Company			
		2023		2022	
		Family Takaful RM'000	Company RM'000	Family Takaful RM'000 *Restated*	Company RM'000 *Restated*
Profit for the year		**-**	**273,949**	-	243,044
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property and equipment	26	**-**	**(565)**	-	4,918
Other comprehensive income attributable to participants		**-**	**575**	-	(4,908)
		-	**10**	-	10
Items that may be reclassified subsequently to profit or loss					
Debt investments measured at fair value through other comprehensive income ("FVOCI")					
- net change in fair value	26	**255,059**	**287,940**	(165,707)	(184,038)
- reclassified to profit or loss	26	**(11,885)**	**(20,290)**	(11,828)	(13,240)
Takaful finance expenses from takaful contracts issued	20	**3,104**	**7,868**	(2,612)	(5,900)
Retakaful finance income from retakaful contracts held	20	**-**	**(11)**	-	26
Other comprehensive income attributable to participants		**(246,278)**	**(246,278)**	180,147	178,642
		-	**29,229**	-	(24,510)
Total other comprehensive income for the year	26	**-**	**29,239**	-	(24,500)
Total comprehensive income for the year		**-**	**303,188**	-	218,544
Profit for the year attributable to:					
Owners of the Company		**-**	**273,949**	-	243,044
Total comprehensive income for the year attributable to:					
Owners of the Company		**-**	**303,188**	-	218,544

The notes on pages 175 to 381 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to owners of the Company									
		Non-distributable						Distributable			
Group	Note	Share capital RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	LTIP reserve RM'000	Takaful/ retakaful finance reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2022, as previously reported		230,547	(6,245)	19,882	4,303	15,340	-	1,544,763	1,808,590	33,793	1,842,383
Impact of initial adoption of MFRS 17	1(a)	-	-	-	-	-	(47)	(535,497)	(535,544)	-	(535,544)
Restated balance as at 1 January 2022		230,547	(6,245)	19,882	4,303	15,340	(47)	1,009,266	1,273,046	33,793	1,306,839
Revaluation of property and equipment		-	-	68	-	-	-	-	68	20	88
Fair value of debt investments measured at FVOCI		-	-	-	(25,867)	-	-	-	(25,867)	-	(25,867)
Foreign currency translation differences for foreign operations		-	(1,952)	-	-	-	-	-	(1,952)	(849)	(2,801)
Takaful finance expenses from takaful contracts issued		-	-	-	-	-	(4,805)	-	(4,805)	-	(4,805)
Retakaful finance income from retakaful contracts held		-	-	-	-	-	27	-	27	-	27
Other comprehensive income for the year	26	-	(1,952)	68	(25,867)	-	(4,778)	-	(32,529)	(829)	(33,358)
Profit for the year		-	-	-	-	-	-	282,859	282,859	556	283,415
Total comprehensive income for the year		-	(1,952)	68	(25,867)	-	(4,778)	282,859	250,330	(273)	250,057
Contributions by and distributions to owners of the Company											
- LTIP vested		10,829	-	-	-	(10,829)	-	-	-	-	-
- Share-based payment transactions		-	-	-	-	(401)	-	-	(401)	-	(401)
- Transfer to retained earnings		-	-	-	-	(1,027)	-	1,027	-	-	-
- Dividends to owners of the Group	28	-	-	-	-	-	-	(113,036)	(113,036)	-	(113,036)
Total transactions with owners of the Group		10,829	-	-	-	(12,257)	-	(112,009)	(113,437)	-	(113,437)
Restated balance as at 31 December 2022		241,376	(8,197)	19,950	(21,564)	3,083	(4,825)	1,180,116	1,409,939	33,520	1,443,459

Group	Note	Attributable to owners of the Company									
		Non-distributable						Distributable			
		Share capital RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	LTIP reserve RM'000	Takaful/ retakaful finance reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Restated balance as at 1 January 2023		**241,376**	**(8,197)**	**19,950**	**(21,564)**	**3,083**	**(4,825)**	**1,180,116**	**1,409,939**	**33,520**	**1,443,459**
Remeasurement of defined benefit liability		-	-	-	-	-	-	-	-	(57)	(57)
Revaluation of property and equipment		-	-	607	-	-	-	-	607	227	834
Fair value of debt investments measured at FVOCI		-	-	-	32,892	-	-	-	32,892	-	32,892
Foreign currency translation differences for foreign operations		-	2,857	-	-	-	-	-	2,857	1,317	4,174
Takaful finance expenses from takaful contracts issued		-	-	-	-	-	5,104	-	5,104	-	5,104
Retakaful finance income from retakaful contracts held		-	-	-	-	-	(11)	-	(11)	-	(11)
Other comprehensive income for the year	26	-	2,857	607	32,892	-	5,093	-	41,449	1,487	42,936
Profit for the year		-	-	-	-	-	-	346,911	346,911	168	347,079
Total comprehensive income for the year		-	2,857	607	32,892	-	5,093	346,911	388,360	1,655	390,015
Contributions by and distributions to owners of the Group											
- Share-based payment transactions		-	-	-	-	(2,055)	-	-	(2,055)	-	(2,055)
- Transfer to retained earnings		-	-	-	-	(1,028)	-	1,028	-	-	-
- Dividends to owners of the Group	28	-	-	-	-	-	-	(117,223)	(117,223)	-	(117,223)
Total transactions with owners of the Group		-	-	-	-	(3,083)	-	(116,195)	(119,278)	-	(119,278)
As at 31 December 2023		**241,376**	**(5,340)**	**20,557**	**11,328**	**-**	**268**	**1,410,832**	**1,679,021**	**35,175**	**1,714,196**

The notes on pages 175 to 381 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to owners of the Company						
		Non-distributable						
Company	Note	Share capital RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	LTIP reserve RM'000	Takaful/ retakaful finance reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2022, as previously reported		230,547	3,094	2,657	15,340	-	1,287,851	1,539,489
Impact of initial adoption of MFRS 17	1(a)	-	-	-	-	54	(543,495)	(543,441)
Restated balance as at 1 January 2022		230,547	3,094	2,657	15,340	54	744,356	996,048
Revaluation of property and equipment		-	10	-	-	-	-	10
Fair value of debt investments measured at FVOCI		-	-	(19,743)	-	-	-	(19,743)
Takaful finance expenses from takaful contracts issued		-	-	-	-	(4,793)	-	(4,793)
Retakaful finance income from retakaful contracts held		-	-	-	-	26	-	26
Other comprehensive income for the year	26	-	10	(19,743)	-	(4,767)	-	(24,500)
Profit for the year		-	-	-	-	-	243,044	243,044
Total comprehensive income for the year		-	10	(19,743)	-	(4,767)	243,044	218,544
Contributions by and distributions to owners of the Company								
- LTIP vested		10,829	-	-	(10,829)	-	-	-
- Share-based payment transactions		-	-	-	(401)	-	-	(401)
- Transfer to retained earnings		-	-	-	(1,027)	-	1,027	-
- Dividends to owners of the Company	28	-	-	-	-	-	(113,036)	(113,036)
Total transactions with owners of the Company		10,829	-	-	(12,257)	-	(112,009)	(113,437)
Restated balance as at 31 December 2022/1 January 2023		**241,376**	**3,104**	**(17,086)**	**3,083**	**(4,713)**	**875,391**	**1,101,155**
Revaluation of property and equipment		**-**	**10**	**-**	**-**	**-**	**-**	**10**
Fair value of debt investments measured at FVOCI		**-**	**-**	**24,476**	**-**	**-**	**-**	**24,476**
Net profit expenses from takaful contracts issued		**-**	**-**	**-**	**-**	**4,764**	**-**	**4,764**
Net profit income from retakaful contracts held		**-**	**-**	**-**	**-**	**(11)**	**-**	**(11)**
Other comprehensive income for the year	**26**	**-**	**10**	**24,476**	**-**	**4,753**	**-**	**29,239**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**273,949**	**273,949**
Total comprehensive income for the year		**-**	**10**	**24,476**	**-**	**4,753**	**273,949**	**303,188**
Contributions by and distributions to owners of the Company								
- Share-based payment transactions		**-**	**-**	**-**	**(2,055)**	**-**	**-**	**(2,055)**
- Transfer to retained earnings		**-**	**-**	**-**	**(1,028)**	**-**	**1,028**	**-**
- Dividends to owners of the Company	**28**	**-**	**-**	**-**	**-**	**-**	**(117,223)**	**(117,223)**
Total transactions with owners of the Company		**-**	**-**	**-**	**(3,083)**	**-**	**(116,195)**	**(119,278)**
As at 31 December 2023		**241,376**	**3,114**	**7,390**	**-**	**40**	**1,033,145**	**1,285,065**

The notes on pages 175 to 381 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000 *Restated*	Company 2023 RM'000	Company 2022 RM'000 *Restated*
Cash flows from operating activities					
Profit before zakat and taxation		**507,641**	**453,098**	390,894	364,253
Adjustments for:					
MFRS 17 non cash items included in takaful service expenses		**13,471**	**7,242**	10,275	9,465
Equity settled share-based payment		**(2,055)**	**(401)**	(2,055)	(401)
Fair value gains on FVTPL financial assets		**3,288**	**70,460**	3,331	66,480
Profit from Islamic Debt Securities, cash and cash equivalents and other investment accounts		**(479,894)**	**(403,504)**	(387,218)	(333,579)
Profit from Malaysian Government Islamic papers		**(30,010)**	**(25,819)**	(25,702)	(23,454)
Dividend income from equity securities and unit trusts		**(10,585)**	**(8,601)**	(7,775)	(8,529)
Gains from disposal of debt investments measured at fair value through other comprehensive income		**(24,154)**	**(15,598)**	(22,944)	(13,246)
Amortisation of premiums, net of accretion of discounts		**12,169**	**10,739**	11,002	9,166
Impairment losses on financial instruments		**6,006**	**8,578**	5,402	7,686
Operating profit before changes in working capital		**(4,123)**	**96,194**	(24,790)	77,841
Profit received from Islamic Debt Securities, investment accounts and Malaysian Government Islamic papers		**496,932**	**405,626**	403,455	336,714
Dividend income from equity securities and unit trusts		**10,585**	**8,601**	7,775	8,528
Purchase of investments		**(1,030,406)**	**(2,237,210)**	(859,389)	(1,664,165)
Proceeds from disposal of investments		**525,986**	**479,161**	483,097	369,212
Maturity of investments		**200,928**	**395,032**	159,206	338,497
(Increase)/Decrease in receivables		**(1,545,085)**	**1,614,136**	(1,072,331)	1,019,817
(Decrease)/Increase in payables		**(109,654)**	**40,130**	(3,475)	(2,096)
Decrease in Retakaful contract balances		**(253,675)**	**(202,223)**	(63,624)	(40,673)
Increase in Takaful contract balances		**799,463**	**906,810**	359,431	641,939
		(909,049)	**1,506,257**	(610,645)	1,085,614
Zakat paid		**(8,804)**	**(2,484)**	(7,746)	(1,220)
Income taxes paid		**(166,100)**	**(161,000)**	(112,000)	(115,000)
Net cash (used in)/generated from operating activities		**(1,083,953)**	**1,342,773**	(730,391)	969,394

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

	Note	Group		Company	
		2023 RM'000	2022 RM'000 *Restated*	2023 RM'000	2022 RM'000 *Restated*
Cash flows from investing activities					
Acquisition of intangible assets		**(10,956)**	(6,944)	**(9,129)**	(6,689)
Purchase of property and equipment		**(14,939)**	(9,665)	**(11,490)**	(8,677)
Proceeds from sale of property and equipment		**123**	285	**43**	143
Net cash used in investing activities		**(25,772)**	(16,324)	**(20,576)**	(15,223)
Cash flows from financing activities					
Dividends paid to owners of the Company		**(113,036)**	(100,275)	**(113,036)**	(100,275)
Payment of lease liabilities	(i)	**(809)**	(848)	**(809)**	(848)
Net cash used in financing activities		**(113,845)**	(101,123)	**(113,845)**	(101,123)
Net (decrease)/ increase in cash and cash equivalents		**(1,223,570)**	1,225,326	**(864,812)**	853,048
Effect of exchange rate fluctuations on cash held		**7,698**	(4,945)	**-**	-
Cash and cash equivalents at 1 January		**2,067,301**	846,920	**1,465,515**	612,467
Cash and cash equivalents at 31 December	12	**851,429**	2,067,301	**600,703**	1,465,515

(i) An analysis of changes in liabilities arising from financing activities is as follows:

	Group and Company	
Lease liability	2023 RM'000	2022 RM'000
As at 1 January	**431**	493
Net changes from financing cash flows	**(809)**	(848)
Acquisition of new leases	**1,164**	726
Finance expense	**121**	60
As at 31 December	**907**	431

The notes on pages 175 to 381 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Syarikat Takaful Malaysia Keluarga Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

27th Floor, Annexe Block
Menara Takaful Malaysia
No. 4, Jalan Sultan Sulaiman
50000 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include other entities.

The Company is principally engaged in managing family takaful business, whilst the principal activities and details of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 27 March 2024.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, the Companies Act 2016 in Malaysia, Islamic Financial Services Act 2013, Takaful Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") and Principles of Shariah.

A Takaful Operator is required to present consolidated financial statements for itself and the Takaful fund it manages and controls in accordance with the requirements of MFRS 10 'Consolidated Financial Statements'. The statements of financial position and the statements of profit or loss and other comprehensive income of the Group and Company, 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 the statements of 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 Company-level consolidated financial statements, the balances and transactions of the Takaful Operator are amalgamated and combined with those of the takaful fund. 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 is 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 family takaful business is withdrawn or surrendered.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2023:

- MFRS 17 "Insurance Contracts" and its amendments;
- Amendments to MFRS 101 and MFRS Practice Statement 2 "Disclosure of Accounting Policies";
- Amendments to MFRS 108 "Definition of Accounting Estimates";
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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, except or MFRS 17 "Insurance Contracts" and its amendments as mentioned below.

New and amended standards and interpretation

MFRS 17

MFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance/takaful contracts and supersedes MFRS 4 "Insurance Contracts". It applies to insurance/takaful contracts issued, to all reinsurance/retakaful contracts and to investment contracts with discretionary participating features if an entity also issues insurance/takaful contracts.

The Group and the Company have restated comparative information for 2022 applying the transitional provisions in Appendix C to MFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

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

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Changes to classification and measurement (continued)

The key principles of MFRS 17 are that the Group and the Company:

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

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

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

- Recognise and measures groups of takaful certificates at:

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

  - An amount representing the unearned profit in the group of contracts (the contractual service margin ("CSM")).

- Recognise profit from a group of takaful certificates over the period the Group and the Company provide takaful coverage, as the Group and the Company are released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group and the Company recognise the loss immediately.

The Group and the Company's classification and measurement of takaful and retakaful certificates are explained in Note 2(m) and Note 2(n).

Changes to presentation and disclosure

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Changes to classification and measurement (continued)

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously the Group and the Company reported the following main line items: contribution income, claims paid, and change in takaful certificate liabilities. MFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expense
- Takaful finance income or expense

The Group and the Company provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

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

Transition

The Group and the Company have finalised the quantitative impact of the application of MFRS 17. The final impact will also depend on the application of the transition approaches. MFRS 17 has to be applied retrospectively unless it is impracticable. If a full retrospective application ("FRA") is impracticable, an entity can choose between a modified retrospective approach ("MRA") or a fair value approach ("FVA"). The objective of the MRA is to use reasonable and supportable information available without undue cost or effort to achieve the closest possible outcome to FRA. For FVA, the CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 "Fair Value Measurement" and the FCF (any negative difference would be recognised in retained earnings at the transition date).

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Full retrospective approach

Changes in accounting policies resulting from the adoption of MFRS 17 was applied using the FRA to the extent practicable. The FRA was applied to takaful contracts that originated less than one year prior to the effective date. Where it was impracticable to obtain all required historical data without undue cost and effort, the MRA or FVA was applied. The MRA was applied to certain groups of takaful contracts that originated less than 10 years prior to the transition date. The FVA was applied to the remaining takaful contracts in force at transition date.

On transition date, 1 January 2022, the Group and the Company:

- Identified, recognised and measured each group of takaful and retakaful contracts as if MFRS 17 had always applied;
- Derecognised previously reported balances that would not have existed if MFRS 17 had always been applied; and
- Recognised any resulting net difference in equity.

The Group and Company have applied the transition provisions in MFRS 17 and have not disclosed the impact of the adoption of MFRS 17 on each financial statement line item and Earnings per share ("EPS"). The effects of adopting MFRS 17 on the financial statements as at 1 January 2022 are presented in the consolidated statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Modified retrospective approach

The MRA was applied to certain groups of takaful contracts in annual cohorts between 2012 to 2021. The Group and the Company have used the following procedures to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date;

- Estimated historical discount rates applied to some cash flows in the period prior to 2012 using an observable market interest curve for that period, adjusted by the spread between observable market yield curves and the yield curve used to determine current discount rates for the years between 1 January 2012 and 1 January 2022; and

- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before the transition date. The expected release of risk was determined with reference to the release of risk for similar contracts that the Group and the Company have issued subsequent to the transition date.

The CSM at transition date has been further determined by:

- Using the modified discount rates determined at initial recognition to accrete interest on the CSM; and

- Applying the amount of the CSM recognised in profit or loss because of the transfer of services before the transition date, by comparing the remaining coverage units at that date with the coverage units provided under the group of contracts before the transition date.

The Group and the Company have elected to disaggregate takaful finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of takaful finance income or expense recognised in other comprehensive income at the transition date to zero.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Fair value approach

The Group and the Company applied the fair value approach to certain groups of takaful contracts in annual cohorts prior to 2012. Under the FVA, the Group and the Company have determined the CSM of the liability for remaining coverage ("LFRC") at the date of transition, as the difference between the fair value of a group of takaful contracts, measured in accordance with MFRS 13 and its FCF at that date.

The Group and the Company have aggregated contracts issued more than one year apart in determining groups of takaful contracts under the FVA at transition.

For the application of the FVA, the Group and the Company have used reasonable and supportable information available at the transition date in order to:

- Identify groups of takaful contracts;
- Determine whether any contracts are direct participating takaful contracts; and
- Identify any discretionary cash flows for takaful contracts without direct participation features.

The discount rate for the group of contracts incepted after 2012 applying the FVA was determined based on the inception year discount rate. Whereas, the discount rate for the group of contracts incepted before 2012 applying the FVA was determined on transition date.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Fair value approach (continued)

The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The Group and the Company used the income approach to determine the fair value amount used for establishing the takaful contract liabilities at the transition date.

Impact on transition

The effects from applying MFRS 17 resulted a decrease of total equity of RM536 million (Group) and RM543 million (Company), net of tax, as at 1 January 2022. The net transition impact to equity consisted of the following effects:

	Description of impact	
Measurement adjustments	**Contract not measured under Premium Allocation Approach ("PAA")**	**Contracts measured under PAA**
CSM	A CSM will be recognised for the unearned profit for takaful contracts	Not applicable
Contract Measurement	Other components of takaful contracts are also remeasured : • Risk adjustment ("RA"): Recognition of a separate risk adjustment for non-financial risk which is lower than the risk margin under MFRS 4 as a result of recalibration of the measurement techniques to conform with the MFRS 17 requirements. • Discount rates: Changes in the discount rates because of the MFRS 17 requirements to measure future cash flows using current discount rates. • Deferred acquisition costs: Under MFRS 17, the Group and the Company now recognise separately eligible takaful acquisition cash flows when they are incurred. • Other changes: Include the changes to the provisions for future taxes, and other changes related to the application of MFRS 17.	Other components of takaful contracts are remeasured : • Discounting future cash flows: Under MFRS 17, the Group and the Company discounts the future cash flows when measure liabilities for incurred claims ("LFIC"). The Group and the Company previously did not discount such future cash flow. • Deferred acquisition costs: Under MFRS 17, the Group and the Company now recognise separately eligible takaful acquisition cash flows when they are incurred.
Takaful Finance Reserve	Under MFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as takaful finance or expenses in profit of loss. The Group and the Company have elected the option to include these changes for certain portfolio measured under General Measurement Model ("GMM") under takaful finance reserve in equity.	Not applicable.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Impact on transition (continued)

Besides the impact to equity upon transition, there are also other changes in the balance sheet mainly resulting from takaful related receivables and payables now included within FCF instead of being presented separately.

	Company					
			Remeasurement effect of MFRS 17			
	MFRS 4 1 January 2022 RM'000	Remapping/ Removal of MFRS 4* RM'000	Transition CSM RM'000	Fulfilment Cash Flows RM'000	Tax effect RM'000	MFRS 17 1 January 2022 RM'000
Family Takaful						
Assets						
Takaful contract assets	-	138,908	-	76,855	-	215,763
Retakaful contract assets	401,556	(259,023)	-	(52,570)	-	89,963
Other assets	7,602,245	(173,123)	-	-	-	7,429,122
Total assets	8,003,801	(293,238)	-	24,285	-	7,734,848
Liability and Equity						
Takaful contract liabilities	7,820,759	(192,867)	-	24,285	-	7,652,177
Other liabilities	183,042	(100,371)	-	-	-	82,671
Total liabilities	8,003,801	(293,238)	-	24,285	-	7,734,848

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Impact on transition (continued)

	Company					
			Remeasurement effect of MFRS 17			
	MFRS 4 1 January 2022 RM'000	Remapping/ Removal of MFRS 4* RM'000	Transition CSM RM'000	Fulfilment Cash Flows RM'000	Tax effect RM'000	MFRS 17 1 January 2022 RM'000
Company						
Assets						
Takaful contract assets	-	138,909	-	76,855	-	215,764
Retakaful contract assets	401,556	(259,023)	5,155	(52,974)	-	94,714
Other assets	9,469,525	(311,169)	-	-	171,612	9,329,968
Total assets	9,871,081	(431,283)	5,155	23,881	171,612	9,640,446
Liability and Equity						
Takaful contract liabilities	7,778,619	(330,912)	960,035	(64,306)	-	8,343,436
Other liabilities	552,973	(100,371)	-	(151,640)	-	300,962
Total liabilities	8,331,592	(431,283)	960,035	(215,946)	-	8,644,398
Equity						
Share capital	230,547	-	-	-	-	230,547
Reserves	1,308,942	-	(954,880)	239,827	171,612	765,501
Total equity attributable to Owners of the Company	1,539,489	-	(954,880)	239,827	171,612	996,048
Total liabilities and equity	9,871,081	(431,283)	5,155	23,881	171,612	9,640,446

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Impact on transition (continued)

	Group					
			Remeasurement effect of MFRS 17			
	MFRS 4 1 January 2022 RM'000	Remapping/ Removal of MFRS 4* RM'000	Transition CSM RM'000	Fulfilment Cash Flows RM'000	Tax effect RM'000	MFRS 17 1 January 2022 RM'000
Family Takaful						
Assets						
Takaful contract assets	-	138,909	-	76,855	-	215,764
Retakaful contract assets	446,539	(244,110)	-	(57,328)	-	145,101
Other assets	7,985,714	(188,037)	-	(2,970)	-	7,794,707
Total assets	8,432,253	(293,238)	-	16,557	-	8,155,572
Liability and Equity						
Takaful contract liabilities	8,234,197	(184,711)	-	23,339	-	8,072,825
Other liabilities	198,056	(108,527)	-	(6,782)	-	82,747
Total liabilities	8,432,253	(293,238)	-	16,557	-	8,155,572
General Takaful						
Assets						
Retakaful contract assets	709,473	(485,869)	-	295,844	-	519,448
Other assets	1,193,411	(140,855)	-	-	-	1,052,556
Total assets	1,902,884	(626,724)	-	295,844	-	1,572,004
Liability and Equity						
Takaful contract liabilities	1,594,267	(351,482)	-	278,592	-	1,521,377
Retakaful contract liabilities	-	-	-	17,252	-	17,252
Other liabilities	308,617	(275,242)	-	-	-	33,375
Total liabilities	1,902,884	(626,724)	-	295,844	-	1,572,004

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(i) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

New and amended standards and interpretation (continued)

MFRS 17 (continued)

Transition (continued)

Impact on transition (continued)

	Group					
			Remeasurement effect of MFRS 17			
	MFRS 4 1 January 2022 RM'000	Remapping/ Removal of MFRS 4* RM'000	Transition CSM RM'000	Fulfilment Cash Flows RM'000	Tax effect RM'000	MFRS 17 1 January 2022 RM'000
Group						
Assets						
Takaful contract assets	-	138,909	(2,506)	85,161	-	221,564
Retakaful contract assets	1,156,011	(729,977)	5,155	237,144	-	668,333
Other assets	11,552,823	(467,535)	-	(4,561)	169,118	11,249,845
Total assets	12,708,834	(1,058,603)	2,649	317,744	169,118	12,139,742
Liability and Equity						
Takaful contract liabilities	9,786,326	(678,704)	1,037,611	325,455	-	10,470,688
Retakaful contract liabilities	-	-	-	17,252	-	17,252
Other liabilities	1,080,125	(379,899)	-	(355,263)	-	344,963
Total liabilities	10,866,451	(1,058,603)	1,037,611	(12,556)	-	10,832,903
Equity						
Share capital	230,547	-	-	-	-	230,547
Reserves	1,578,043	-	(1,034,962)	330,300	169,118	1,042,499
Total equity attributable to Owners of the Company	1,808,590	-	(1,034,962)	330,300	169,118	1,273,046
Non-controlling interests	33,793	-	-	-	-	33,793
Total liabilities and equity	12,708,834	(1,058,603)	2,649	317,744	169,118	12,139,742

* This include intangible assets that relates to Bancatakaful is no longer reported following the transition to MFRS 17, as the future profits are deferred as unearned revenue within the CSM and takaful receivables, takaful payables, retakaful contract assets, takaful contract liabilities and other payables were removed on transition and to be replaced within MFRS 17 equivalents.

Besides the impact to equity upon transition, there are also other changes in the balance sheet mainly resulting from takaful related receivables and payables now included within FCF instead of being presented separately.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2024.

- Amendments to MFRS 16 "Lease Liabilities in a Sale and Leaseback"
- Amendments to MFRS 101 "Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current"
- Amendments to MFRS 107 and MFRS 7 "Disclosures-Supplier Finance Arrangements"

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(c) and Note 32 - Financial instruments
- Note 2(m), Note 2(n) and Note 9 - Takaful and retakaful contracts

(i) Takaful and retakaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

(i) The methods used to measure takaful certificates

The Group and the Company primarily uses deterministic projections to estimate the present value of future cash flows ("PVFCF") and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

The following assumptions were used when estimating future cash flows:

Family Takaful Fund

- **Mortality and morbidity rates**

  Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the covered person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by certificate holder gender, underwriting class and contract type.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(i) Takaful and retakaful certificates (continued)

(i) The methods used to measure takaful certificates (continued)

Family Takaful Fund (continued)

- **Expenses**

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force certificates and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful certificates. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

- **Lapse and surrender rates**

  Lapses relate to the termination of certificates due to non–payment of contributions. Surrenders relate to the voluntary termination of certificates by certificateholders. Certificate termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, certificate duration and sales trends.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful certificates. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

General Takaful Fund

- **Fire loss ratio for latest accident year**

  This is significant as Fire portfolio is one of the largest under general business, a change in loss ratio estimate will impact the liabilities significantly.

- **Motor Act loss ratio for latest accident year**

  Motor Act business is long tailed in nature and need years before the claim experience matures. A significant impact may result if the ultimate experience differs from current.

- **Average claim cost**

  Reserves are based on assumption that historical average claim cost is reflective of the future experience. Increase in average cost will increase future liabilities.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(i) Takaful and retakaful certificates (continued)

(i) The methods used to measure takaful certificates (continued)

General Takaful Fund (continued)

- **Average claim frequency**

  Reserves are based on assumption that historical average claim number in each accident year reflects the future experience. A change in average number of claims will impact the future liabilities.

For sensitivities with regards to the assumptions made that have the most significant impact on measurement under MFRS 17, refer to Note 31.

(ii) Discount rates

Takaful certificate liabilities are calculated by discounting expected future cash flows at a risk free rate. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the takaful certificate liabilities.

Both Family and General Takaful contracts issued applied discount rates discounting of future cash flows are as listed below:

Family Takaful Fund

	Portfolio duration											
	1 year		3 years		5 years		7 years		10 years		15 years	
Company	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Ringgit Malaysia	**3.32%**	3.26%	**3.72%**	4.30%	**3.92%**	4.09%	**4.23%**	4.67%	**3.81%**	4.29%	**4.65%**	4.73%

General Takaful Fund

	Portfolio duration											
	1 year		3 years		5 years		7 years		10 years		15 years	
Company	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Ringgit Malaysia	**3.32%**	3.26%	**3.52%**	3.79%	**3.64%**	3.90%	**3.81%**	4.10%	**3.81%**	4.17%	**4.01%**	4.31%

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(i) Takaful and retakaful certificates (continued)

(iii) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group and the Company require for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful contracts and covers takaful risk, lapse risk and expense risk. The risk adjustment reflects an amount that a takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Group and the Company have estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group and the Company have assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group and the Company have estimated the probability distribution of the future cash flows, and the additional amount above the expected PVFCF required to meet the target percentiles.

(iv) Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of takaful certificates that represents the unearned profit the Group and the Company will recognise as it provides services in the future. An amount of the CSM for a group of takaful certificates is recognised in profit or loss as takaful revenue in each period to reflect the services provided under the group of takaful certificates in that period. The amount is determined by:

- Identifying the coverage units in the group.
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future.
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration. For groups of takaful contracts, the quantity of benefit is the contractually agreed sum covered over the duration of the contracts. The total coverage units of each group of takaful certificates are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability- weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For retakaful certificates held, the CSM amortisation is similar to the takaful certificates issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in the financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net asset at the acquisition date.

Transaction costs, other than those associated with the issue of Islamic debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising are generally recognised in the profit and loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at fair value through other comprehensive income are recognised in other comprehensive income ("OCI").

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

In the consolidated financial statements, when settlement of a monetary item receivables from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non- controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial assets (unless it is a takaful receivables without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A takaful receivables without a significant financing component is initially measured at the transaction price.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost ("AC"), FVOCI - debt investment; FVOCI - equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

AC

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

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

FVOCI - debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

FVOCI - equity instrument

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

FVTPL

All financial assets not classified as measured at AC or FVOCI as described above are measured at FVTPL. On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment (see Note 2(i)(i)).

Financial assets - Business model assessment

The Group and the Company make an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's and the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on fair value of the assets management or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's and the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and the Company consider:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's and Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit or dividend income, are recognised in profit or loss.
Financial assets at AC	These assets are subsequently measured at AC using the effective profit method. The AC is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective profit rate is applied to the AC.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Profit income calculated using the effective profit methods, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective profit rate is applied to the AC.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at AC or FVTPL. A financial liability is classified as FVTPL if it is classsified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any profit expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at AC using effective profit method. Profit expense and foreign exchange gains and losses are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets

The Group and the Company derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group and the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(iii) Derecognition

The Group and the Company enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

On derecognition of a financial assets, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Group and the Company derecognise a financial liability when the contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Property and equipment

(i) Recognition and measurement

The freehold land and buildings are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Items of equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The Group and the Company revalue their freehold land and buildings annually and at shorter intervals whenever the fair values of the revalued assets are expected to differ materially from their carrying value. Additions subsequent to their revaluation are stated in the financial statements at cost until the next revaluation exercise.

An external independent valuation company, having the appropriate recognised professional qualifications, values the Group's land and buildings on an annual basis. The revalued amounts are based on market value, being the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of any previous surpluses recognised for the same property. In all other cases, a decrease in carrying amount is charged to profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment was capitalised as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within "realised gains and losses" in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Property and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property and equipment under construction are not depreciated until the assets are ready for their intended use.

The annual depreciation rates for the current and comparative periods are as follows:

Buildings	2%
Motor vehicles	20%
Office equipment, furniture, fixtures and fittings	20%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 2(e) on right-of-use assets for these assets.

(e) Leases

The Group and the Company as a lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

The Group and the Company as a lessee (continued)

(i) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and of the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The Group and the Company apply the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group and the Company. Refer to Note 2(g) for accounting policy on investment property.

The Group and the Company present ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

The Group and the Company as a lessee (continued)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities as a separate line item in the statement of financial position. Profit expense on the lease liability is presented within the management expenses in the statement of profit or loss.

(iv) Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

The Group and the Company as a lessee (continued)

(v) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

The Group and the Company as a lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Finance lease

The Group and the Company classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognise the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2(i)(i) on impairment of financial assets). In addition, the Group and the Company review regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Company revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(ii) Operating lease

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

The Group and the Company as a lessor (continued)

(iii) Sublease classification

Until the financial year ended 31 December 2018, when the Group or the Company was an intermediate lessor, the subleases were classified as finance or operating leases by reference to the underlying assets.

When the Group or the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group or the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(iv) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and the Company allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

(f) Intangible assets

(i) Intangible assets

Intangible assets that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Cost associated with maintaining computer software programmes are recognised as an expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Company are recognised as intangible assets.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(iii) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation is based on cost of an assets less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The policies applies to intangible assets and its estimated useful lives for the current and comparative periods are as follows:

	Amortisation methods used	Useful economic lives
Computer softwares	Straight-line	5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates.

(g) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Right-of-use assets that meet the definition of investment properties in accordance with MFRS 140 is presented in the statement of financial position as investment properties. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Company.

If a valuation obtained for a property held by the Company (as lessee) as a right-of-use asset is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment properties for accounting purposes.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Investment property (continued)

(ii) Reclassifications to/ from investment property carried at fair value

When an item of property and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment properties, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's and the Company's investment property portfolio annually.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(h) Cash and cash equivalents and placements with financial institutions

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on:

- financial assets measured at AC; and
- debt investments measured at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(i) Financial assets (continued)

The Group and the Company measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt investments that are determined to have low credit risk at the reporting date; and
- other debt investments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to action such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events over that are possible within the 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(i) Financial assets (continued)

Measurement of ECLs

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

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

Incorporation of forward-looking information

Relevant macroeconomic factors are incorporated in the risk parameters as appropriate. The key macroeconomics variables ("MEV") that are incorporated in determining ECLs include, but not limited to GDP, interest rates, stock index, key forex rates and loans growth.

An economic forecast is accompanied with three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts are procured from the publicly available economic databases published such as Department of Statistics Malaysia ("DOSM"), BNM and other government agencies.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components of LGD and EAD. The methodology and assumptions including any forecasts of future economic conditions are reviewed annually.

Credit-impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at AC and debt investments at FVOCI are credit-impaired. A financial assets is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

(i) Financial assets (continued)

Credit-impaired financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at AC are deducted from the gross carrying amount of the assets.

For debt investments at FVOCI, the loss allowance is charged to profit or loss. The loss allowance does not reduce the carrying amount of the financial asset and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group and the Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of other assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a reduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contribution to the statutory pension fund is charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits (continued)

(iii) Defined benefit plans (continued)

The calculation of the defined obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding profit) and the effect of the asset ceiling (if any, excluding profit), are recognised immediately in other comprehensive income. The Group determines the net profit expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net profit expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non- market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using Monte Carlo Simulation. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), expected dividends, and the risk-free profit rate (based on government Islamic Debt Securities). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Takaful and retakaful contracts - definition and classification

Contracts under which the Group and the Company accept to manage significant takaful risk shared among participants are classified as takaful contracts. Contracts held by the Group and the Company under which it shares significant takaful risk related to takaful contracts are classified as retakaful contracts. Takaful and retakaful contracts also expose the Group and the Company to financial risk.

Takaful contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception, meets the following criteria:

- the contractual terms specify that the participants participates in a share of a clearly identified pool of underlying items;
- the Group and the Company expect to pay to the participant an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group and the Company expect a substantial proportion of any change in the amounts to be paid to the participant to vary with the change in fair value of the underlying items.

The Group and the Company use judgement to assess whether the amounts expected to be paid to the participant constitute a substantial share of the fair value returns on the underlying items.

Takaful contracts with direct participation features are viewed as creating an obligation to pay participant an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group and the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from participant account values based on the fair value of underlying assets and specified in the contracts with participants) less the FCF that do not vary based on the returns on underlying items.

Direct participating contracts issued by the Group and the Company are contracts with direct participation features where the Group and the Company hold the pool of underlying assets and accounts for these groups of contracts measured under the Variable Fee Approach ("VFA").

All other takaful contracts and all retakaful contracts are classified as contracts without direct participation features. These contracts are measured under the General Measurement Model ("GMM") and Premium Allocation Approach ("PAA").

The Group and the Company do not issue retakaful certificates.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment

(i) Separating components from takaful and retakaful contracts

At inception, the Group and the Company separate the following components from a takaful or retakaful contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of a takaful or retakaful contract as a stand-alone instrument; and

- distinct investment components - i.e. investment components that are not highly inter-related with the takaful components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group and the Company separate any promises to transfer distinct goods or non-takaful services to participants and accounts for them as separate contracts with customers (i.e. not as takaful contracts). A good or service is distinct if the participant can benefit from it either on its own or with other resources that are readily available to the participant. A good or service is not distinct and is accounted for together with the takaful component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the takaful component, and the Group and the Company provide a significant service of integrating the good or service with the takaful component.

Currently, the Group and the Company's products do not include distinct components that require separation.

(ii) Level of aggregation

The level of aggregation for the Group and the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of takaful contracts with similar risks which are managed together. Each portfolio is further disaggregated into groups of contracts that are issued or held within a calendar year (annual cohorts).

The takaful contract portfolios are divided into:

- A group of contracts that are onerous at initial recognition;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- A group of the remaining contracts in the portfolio.

The retakaful contract held portfolios are further divided into:

- A group of contracts on which there is a net gain on initial recognition;
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition; or
- A group of the remaining contracts in the portfolio.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(ii) Level of aggregation (continued)

The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

For each portfolio of contracts, the Group and the Company determine the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous.

This level of granularity determines sets of contracts. The Group and the Company define "set of contracts" as product level for Family takaful business and line of business for General takaful business, respectively. The Group and the Company use significant judgement to determine at what level of granularity the Group and the Company have reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Group and the Company apply surplus mutualisation in determining the level of aggregation, which is guided by the terms of the takaful contracts to ensure that it reflects the nature and terms of the takaful contracts. This is in-line with Takaful concept of mutual guarantee whereby the participants mutually agree to contribute to a pool of Risk Fund and with the aim to provide mutual financial aid and assistance to the participants in case of need. Any deficit arises in a single contract is mutualised among the product grouping.

(iii) Recognition

The Group and the Company recognise a group of takaful contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of takaful contracts. The coverage period is the period during which the Group and the Company provide coverage for covered events in respect of all contributions within the boundary of a takaful contract.
- The date when the first payment from a participant in the group of takaful contracts becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the participant.
- The date when facts and circumstances indicate that the group of takaful contracts to which a takaful contract will belong is onerous.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(iii) Recognition (continued)

Takaful contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

The Group and the Company recognise a group of retakaful contracts held that provide proportionate coverage at the later of the beginning of coverage period of the of retakaful contracts held or the initial recognition of any underlying contract, and recognises all other groups of retakaful contracts from the beginning of the coverage period of the group of retakaful contracts. The coverage period is the period during which the Group and the Company receive coverage for claims arising from the retakaful portions of the underlying takaful contracts.

Subsequently, new contracts are added to the group when they are issued or initiated, provided that all contracts in the group are issued or initiated in the same financial year. Composition of the groups is not reassessed in subsequent periods.

(iv) Fulfilment cash flows ("FCF") within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group and the Company expect to collect from contributions and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group and the Company, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LFIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of takaful contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Group and the Company's non-performance are not included in the measurement of groups of takaful contracts issued. In the measurement of retakaful contracts held, the probability-weighted estimates of the PVFCF include the potential credit losses and other disputes of the retakaful operator to reflect the non-performance risk of the retakaful operator.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(iv) Fulfilment cash flows ("FCF") within contract boundary (continued)

The Group and the Company estimate certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group and the Company use consistent assumptions to measure the estimates of the PVFCF for the group of retakaful contracts held and such estimates for the groups of underlying takaful contracts.

(v) Contract boundary

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group and the Company can compel the participant to pay contributions or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Group and the Company have the practical ability to reassess the risks of the particular participant and can set a price or level of benefits that fully reflects those reassessed risks, including both contribution; or
- the Group and the Company have the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the contributions for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Riders, representing add-on provisions to a basic takaful contract that provide additional benefits to the participants at additional cost, that are issued together with the main takaful contracts form part of a single takaful contract with all of the cash flows within its boundary.

For takaful contracts with renewal periods, the Group and the Company assess whether contributions and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Group and the Company by considering all the risks covered for the policyholder by the Group and the Company, the Group and the Company consider when underwriting equivalent contracts on the renewal dates for the remaining coverage.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(v) Contract boundary (continued)

For retakaful contracts held, the contract boundary is in accordance with the retakaful contractual terms. A substantive right is a right to receive retakaful services from the retakaful operator and a substantive obligation is an obligation to pay amounts to the retakaful operator (e.g. ceded contribution). The Group and the Company treat the contract boundary as short-term when they do not have substantial right to receive services and no substantial obligation to pay to retakaful operator. Otherwise, the contract boundary is long- term for the Group and the Company.

The Group and the Company's retakaful agreement held have terms which allow to terminate the agreement for new underlying business with a notice period by either party. Thus, the Group and the Company has the option to treat the new business in the following period as separate retakaful contract and applies to every subsequent period. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued in the next period are included in each of the retakaful contracts' measurement.

The excess of loss retakaful contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the retakaful contracts held. Some of these contracts may include mandatory or voluntary reinstatement retakaful contribution, which are guaranteed per the contractual arrangements and are thus within the respective retakaful contracts' boundaries.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

(vi) Measurement - Contracts not measured under PAA

Takaful contracts - Initial measurement

On initial recognition, the Group and the Company measure a group of takaful contracts as the total of: (a) the FCF, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM.

The measurement of the FCF of a group of takaful contracts does not reflect non-performance risk of the Group and the Company.

Takaful acquisition cash flows that the Group and the Company pay before the related group of takaful contracts is recognised and are presented as a takaful contract asset. When the group of takaful contracts is recognised, these cash flows are included in the measurement of the group of takaful contracts and the previously recognised asset is derecognised.

The risk adjustment for non-financial risk for a group of takaful contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of takaful contracts represents the unearned profit that the Group and the Company will recognise as it provides coverage in the future under those contracts.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(vi) Measurement - Contracts not measured under PAA (continued)

Takaful contracts - Initial measurement (continued)

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of takaful contracts is onerous) arising from:

- the initial recognition of the FCF;
- the derecognition at the date of initial recognition of any asset or liability recognised for takaful acquisition cash flows; and
- cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of takaful contracts issued is onerous. A loss from onerous takaful contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition. A loss component is created to depict any losses recognised in profit or loss, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups.

For groups of takaful contracts acquired, the consideration received for the takaful contracts is included in the FCF as a proxy for the contributions received at the date of acquisition.

Takaful contracts - Subsequent measurement

The carrying amount of a group of takaful contracts at each reporting date is the sum of the LFRC and the LFIC. The LFRC comprises (a) the FCF that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LFIC comprises the FCF for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The FCF of groups of takaful contracts are measured at the reporting date using current estimates of future cash flows, locked-in discount rate (for takaful contracts measured under GMM) or current discount rates (for takaful contracts measured under VFA) and current estimates of the risk adjustment for non-financial risk. The CSM of each group of takaful contracts subsequent to initial recognition is calculated at the end of every reporting period.

Reversal of loss component over the coverage period and also subsequent changes in the FCF of the LFRC is to be allocated between the loss component of the LFRC and the LFRC excluding the loss component. The Group and the Company adopt a systematic allocation basis using a variable approach where the reversal of losses and changes in FCF are allocated based on a variable measure such as number of certs written.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(vi) Measurement - Contracts not measured under PAA (continued)

Takaful contracts - Subsequent measurement (continued)

Takaful contracts without direct participation features

The carrying amount of the CSM at the end of the reporting period is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- profit accreted on the carrying amount of the CSM during the period, measured at the locked-in discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition. The Group and the Company use risk-neutral valuation technique in the projection of FCF, no differentiation between rates applicable to nominal cash flows that do not vary or vary based on the returns on any underlying items;
- changes in FCF that relate to future services, except to the extent that:
  - any increases in the FCF exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
  - any decreases in the FCF are allocated to the loss component, reversing losses previously recognised in profit or loss; and
  - the amount recognised as takaful revenue because of the services provided in the period.

Changes in FCF that relate to future services comprise:

- experience adjustments arising from contributions received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the PVFCF in the LFRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, measured at the discount rates determined on initial recognition; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

The effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognised in takaful profit income or expenses.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(vi) Measurement - Contracts not measured under PAA (continued)

Takaful contracts - Subsequent measurement (continued)

Takaful contracts with direct participating features

Direct participating contracts are contracts under which the Group and the Company's obligation to the participant is the net of:

- the obligation to pay the participant an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the Group and the Company's share of the fair value of the underlying items less FCF that do not vary based on the returns on underlying items.

When measuring a group of direct participating contracts, the Group and the Company adjust the FCF for the whole of the changes in the obligation to pay certificate holders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group and the Company then adjust any CSM for changes in the Group and the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at the end of the reporting period is the carrying amount at the start of the reporting period, adjusted

- the CSM of any new contracts that are added to the group in the period;

- the Group and the Company's share of the change in the fair value of the underlying items and changes in FCF that relate to future services, except to the extent that:

  - the Group and the Company have chosen to exclude from the CSM changes in the effect of financial risk on its share of the underlying items.

  - the Group and the Company's share of a decrease in the fair value of the underlying items, or an increase in the FCF that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in takaful service expenses) and creating a loss component; or

  - the Group and the Company's share of an increase in the fair value of the underlying items, or a decrease in the FCF that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in takaful service expenses);

  - the amount recognised as takaful revenue because of the services provided in the period.

Changes in FCF that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and the effect of the time value of money and financial risks.

The Group and the Company do not have any products with complex guarantees and do not use derivatives to economically hedge the risks.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(vi) Measurement - Contracts not measured under PAA (continued)

Takaful contracts - Subsequent measurement (continued)

Retakaful contracts

The Group and the Company apply the same accounting policies as those for takaful contract issued to measure a group of retakaful contracts, with the following modifications.

The carrying amount of a group of retakaful contracts at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises (a) the FCF that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group and the Company measure the estimates of the PVFCF using assumptions that are consistent with those used to measure the estimates of the PVFCF for the underlying takaful contracts, with an adjustment for any risk of non-performance by the retakaful operator. The effect of the non-performance risk of the retakaful operator is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The credit risk arising from non-performance risk of retakaful operator is estimated based on blended rates with reference to the rating of retakaful operator, corporate recovery rates and default probability produced by rating agencies.

The risk adjustment for non-financial risk represents the amount of the risk relating to the underlying contracts transferred by the Group and the Company to the retakaful operator.

On initial recognition, the CSM of a group of retakaful contracts represents a net cost or net gain on acquiring retakaful. It is measured as the equal and opposite amount of the total of the FCF, any derecognised assets for cash flows occurring before the recognition of the group and any cash flows arising at that date. However, if any net cost on acquiring retakaful coverage relates to covered events that occurred before the acquire of the group, then the Group and the Company recognise the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at the end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- profit accreted on the carrying amount of the CSM during the period, measured at the locked-in discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in FCF that relate to future services, except to the extent that a change results from a change in FCF allocated to a group of underlying takaful contracts that does not adjust the CSM of the group of underlying contracts, in which case the change is recognised in profit or loss; and
- the amount recognised in profit or loss because of the services received in the period.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(vii) Measurement - Contracts measured under the PAA

The Group and the Company generally uses the PAA to simplify the measurement of groups of contracts on the following bases for both takaful and retakaful contracts held:

- at the inception of the group, the coverage period of each contracts in the group of contracts is one year or less; or
- the Group and the Company reasonably expects that the resulting measurement would not differ materially from the result of applying the accounting policies.

Takaful contracts

On initial recognition of each group of takaful contracts, the carrying amount of the LFRC is measured at the contributions received on initial recognition. Takaful acquisition cash flows are amortised over the coverage period of the takaful contracts.

Subsequently, the carrying amount of the LFRC is increased by any contributions received and decreased by the amount recognised as takaful revenue for coverage provided. On initial recognition of each group of contracts, the Group and the Company expect that the time between providing each part of the coverage and the related contribution due date is no more than a year. Accordingly, the Group and the Company will not adjust the LFRC to reflect the time value of money and the effect of financial risk. Nevertheless, the Group and the Company would apply discounting when there is product with time between providing each part of the coverage and the related contribution due date is more than a year. If at any time during the coverage period, facts and circumstances indicate that a group of takaful contracts is onerous, then the Group and the Company recognise a loss in profit or loss and increases the LFRC to the extent that the current estimates of the FCF that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LFRC. The FCF are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LFIC is also adjusted for the time value of money and the effect of financial risk.

The Group and the Company recognise the LFIC of a group of takaful contracts at the amount of the FCF relating to incurred claims. The FCF are discounted (at current rates) unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

Retakaful contracts

The Group and the Company apply the same accounting policies as those for takaful contract issued to measure a group of retakaful contracts, adapted where necessary to reflect features that differ from those of takaful contracts.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(viii) Derecognition and contract modification

The Group and the Company derecognise a contract when it is extinguished - i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group and the Company also derecognise a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group and the Company treat the changes in cash flows caused by the modification as changes in estimates of FCF.

When a takaful contract not accounted for under the PAA is derecognised from within a group of takaful contracts, the Group and the Company:

(a) adjusts the FCF to eliminate the PVFCF and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

(b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LFRC of the group) in the following manner, depending on the reason for the derecognition:

- if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
- if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
- if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (1) adjusted for the contribution that the Group and the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional contribution charged for the modification; when recognising the new contract in this case, the Group and the Company assume such a hypothetical contribution as actually received; and

(c) adjusts the number of coverage units for the expected remaining takaful contract services, to reflect the number of coverage units removed.

When a takaful contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LFRC of the original contract and any other cash flows arising from extinguishment;

(b) if the contract is transferred to the third party, any net difference between the derecognised part of the LFRC of the original contract and the contribution charged by the third party; or

(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LFRC and the hypothetical contribution that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional contribution charged for the modification.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(ix) Qard

Any deficit in the participants' risk fund within the Takaful Fund is made good via a Qard, which is a profit free financing, granted by the takaful operator fund to the participants' risk fund. In the participants' risk fund, the Qard is included in FCF used to measure the takaful liabilities under MFRS 17.

Qard is measured in the fulfilment cash flows at a value discounted for time value of money, which reflects the economic effect of the expected future cash flow, consistent with all the other cash flows measured in FCF. This accounting measurement does not affect the Takaful Fund's obligation to repay the nominal amount of Qard, nor does it affect or change any rights or obligations of the takaful operator fund.

Qard shall be repaid from future surpluses of the participants' risk fund.

(x) Presentation

Groups of takaful contracts that are separately recognised and measured as assets and liabilities, and groups of retakaful contracts that are separately recognised and measured as assets and liabilities are presented separately in the statement of financial position.

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

Income and expenses from retakaful contracts are presented separately from income and expenses from takaful contracts. Income and expenses from retakaful contracts, other than takaful profit income or expenses, are presented on a net basis as 'net expenses from retakaful contracts held' in the takaful service result.

The Group and the Company do not disaggregate changes in the risk adjustment for non-financial risk between the takaful service result and takaful finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the takaful service result.

Takaful revenue excludes any investment components and is measured as follows.

Takaful revenue - Contracts not measured under the PAA

The Group and the Company recognise takaful revenue as it satisfies its performance obligations - i.e. as it provides coverage or other services under groups of takaful contracts. For contracts not measured under the PAA, the takaful revenue relating to services provided for each period represents the total of the changes in the LFRC that relate to services for which the Group and the Company expect to receive consideration.

In addition, the Group and the Company allocate a portion of contributions that relate to recovering takaful acquisition cash flows to each period in a systematic way based on the passage of time. The Group and the Company recognise the allocated amount as takaful revenue and an equal amount as takaful service expenses.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(x) Presentation (continued)

Takaful revenue - Contracts not measured under the PAA (continued)

The amount of the CSM of a group of takaful contracts that is recognised as takaful revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the reporting period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the reporting period. The number of coverage units is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage duration.

Takaful revenue - Contracts measured under the PAA

For contracts measured under the PAA, the takaful revenue for each period is the amount of expected contributions receipts for providing coverage in the period. The Group and the Company allocate the expected contribution receipts to each period over the passage of time.

Takaful service expenses

Takaful service expenses include the following:

- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than takaful acquisition cash flows) derecognised at the date of initial recognition;
- takaful acquisition cash flows amortisation;
- changes that relate to past service – changes in the FCF relating to the LFIC; and
- changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
- takaful acquisition cash flows assets impairment.

For contracts not measured under the PAA, amortisation of takaful acquisition cash flows is reflected in takaful service expenses in the same amount as takaful acquisition cash flows recovery reflected within takaful revenue, as described above.

For contracts measured under the PAA, amortisation of takaful acquisition cash flows is based on the passage of time.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(x) Presentation (continued)

Takaful service expenses (continued)

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

Loss components

For contracts not measured under the PAA, the Group and the Company establish a loss component of the LFRC for onerous groups of takaful contracts. The loss component determines the amounts of FCF that are subsequently excluded from takaful revenue when they occur. When the FCF occur, they are allocated between the loss component and the LFRC excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period).

Changes in estimates of cash flows relating to future services and changes in the Group and the Company's share of the fair value of any underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Net expenses from retakaful contracts held

Net expenses from retakaful contracts held comprise retakaful service expenses less amounts recovered from retakaful operator.

The Group and the Company recognise retakaful service expenses as it receives coverage or other services under groups of retakaful contracts. For contracts measured under the GMM, the retakaful service expenses relating to services received for each reporting period represent the total of the changes in the remaining coverage component that relate to services for which the Group and the Company expect to pay consideration.

The Group and the Company present the income or expenses from a group of retakaful contracts held, other than takaful profit income or expenses, as a single amount.

For contracts measured under the PAA, the retakaful service expenses for each period are the amount of expected contribution payments for receiving coverage in the period.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Takaful and retakaful contracts - accounting treatment (continued)

(x) Presentation (continued)

Takaful finance income and expenses

Takaful finance income and expenses comprise changes in the carrying amounts of groups of takaful and retakaful contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in takaful service expenses.

The Group and the Company have chosen to disaggregate takaful finance income and expenses between profit or loss and OCI for all applicable contracts. The amount included in profit or loss is determined by a systematic allocation of the expected total takaful finance income and expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

- Family and General takaful contracts: the discount rates determined on initial recognition of the group of contracts; and
- Investment-linked contracts: for takaful finance income and expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

Amounts presented in OCI are accumulated in the takaful profit reserve. If the Group and the Company derecognise a contract as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment.

The Group and the Company present takaful finance income and expenses for all other contracts in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Other revenue recognition

(i) Financing income

Income from financing is recognised on an accrual basis and on a time proportion basis that takes into account the effective yield of the asset.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(p) Zakat

This represents an obligatory amount payable by the Group and the Company on behalf of all their shareholders to comply with the principles of Shariah. Zakat is computed at 2.5% of zakat base amount of the Group or of the Company, which is computed using the "Adjusted Growth method". The zakat computation is reviewed and approved by the Shariah Advisory Body. The Board has the discretion to pay additional amount above the obligatory zakat amount payable.

(q) Income tax expense

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Operating lease payments

The Group and the Company recognise its Ijarah financing obligations as operating leases. Lease payments under the operating lease are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(s) Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares.

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Chief Executive Officer, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Fair value measurements

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

3. PROPERTY AND EQUIPMENT

Group

	Freehold				
	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture, fixtures and fittings RM'000	Total RM'000
Cost/Valuation					
As at 1 January 2022	90,009	118,118	924	161,554	370,605
Additions	-	4,938	-	4,727	9,665
Disposals	-	-	(148)	(1,344)	(1,492)
Write-offs	-	-	-	(79)	(79)
Revaluation	2,142	-	-	-	2,142
Effect of movement in exchange rates	-	-	(16)	(280)	(296)
As at 31 December 2022/ 1 January 2023	**92,151**	**123,056**	**760**	**164,578**	**380,545**
Additions	**-**	**8,904**	**431**	**5,604**	**14,939**
Disposals	**-**	**-**	**(297)**	**(89)**	**(386)**
Reclassified to assets held for sale	**-**	**-**	**-**	**(1,362)**	**(1,362)**
Revaluation	**(3,086)**	**-**	**-**	**-**	**(3,086)**
Effect of movement in exchange rates	**-**	**-**	**20**	**358**	**378**
As at 31 December 2023	**89,065**	**131,960**	**914**	**169,089**	**391,028**
Accumulated depreciation and impairment loss					
As at 1 January 2022					
Accumulated depreciation	-	-	497	142,408	142,905
Accumulated impairment loss	199	28	-	-	227
	199	28	497	142,408	143,132
Depreciation for the financial year	-	2,460	78	7,534	10,072
Disposals	-	-	(59)	(1,206)	(1,265)
Write-offs	-	-	-	(72)	(72)
Adjustment for revaluation	-	(2,460)	-	-	(2,460)
Effect of movement in exchange rates	-	-	(8)	(227)	(235)
As at 31 December 2022					
Accumulated depreciation	-	-	508	148,437	148,945
Accumulated impairment loss	199	28	-	-	227
	199	28	508	148,437	149,172

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT (CONTINUED)

Group

	Freehold				
	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture, fixtures and fittings RM'000	Total RM'000
Accumulated depreciation and impairment loss					
As at 1 January 2023					
Accumulated depreciation	**-**	**-**	**508**	**148,437**	**148,945**
Accumulated impairment loss	**199**	**28**	**-**	**-**	**227**
	199	**28**	**508**	**148,437**	**149,172**
Depreciation for the financial year	**-**	**2,479**	**66**	**5,599**	**8,144**
Disposals	**-**	**-**	**(225)**	**(81)**	**(306)**
Adjustment for revaluation	**-**	**(2,479)**	**-**	**-**	**(2,479)**
Effect of movement in exchange rates	**-**	**-**	**119**	**176**	**295**
As at 31 December 2023					
Accumulated depreciation	**-**	**-**	**468**	**154,131**	**154,599**
Accumulated impairment loss	**199**	**28**	**-**	**-**	**227**
	199	**28**	**468**	**154,131**	**154,826**
Carrying amounts					
As at 1 January 2022	89,810	118,090	427	19,146	227,473
As at 31 December 2022	91,952	123,028	252	16,141	231,373
As at 31 December 2023	**88,866**	**131,932**	**446**	**14,958**	**236,202**

3. PROPERTY AND EQUIPMENT (CONTINUED)

Company

	Freehold				
	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture, fixtures and fittings RM'000	Total RM'000
Cost/Valuation					
As at 1 January 2022	89,229	117,378	196	139,229	346,032
Additions	-	4,938	-	3,739	8,677
Disposals	-	-	-	(1,100)	(1,100)
Revaluation	2,062	-	-	-	2,062
As at 31 December 2022/ 1 January 2023	**91,291**	**122,316**	**196**	**141,868**	**355,671**
Additions	**-**	**8,904**	**-**	**2,586**	**11,490**
Disposals	**-**	**-**	**(117)**	**-**	**(117)**
Revaluation	**(3,226)**	**-**	**-**	**-**	**(3,226)**
As at 31 December 2023	**88,065**	**131,220**	**79**	**144,454**	**363,818**
Accumulated depreciation and impairment loss					
As at 1 January 2022					
Accumulated depreciation	-	-	196	123,102	123,298
Accumulated impairment loss	199	28	-	-	227
	199	28	196	123,102	123,525
Depreciation for the financial year	-	2,460	-	5,997	8,457
Disposals	-	-	-	(1,016)	(1,016)
Adjustment for revaluation	-	(2,460)	-	(55)	(2,515)
As at 31 December 2022					
Accumulated depreciation	-	-	196	128,028	128,224
Accumulated impairment loss	199	28	-	-	227
	199	28	196	128,028	128,451

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT (CONTINUED)

Company

	Freehold				
	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture, fixtures and fittings RM'000	Total RM'000
Accumulated depreciation and impairment loss					
As at 31 December 2022/1 January 2023					
Accumulated depreciation	**-**	**-**	**196**	**128,028**	**128,224**
Accumulated impairment loss	**199**	**28**	**-**	**-**	**227**
	199	**28**	**196**	**128,028**	**128,451**
Depreciation for the financial year	**-**	**2,479**	**-**	**4,709**	**7,188**
Disposals	**-**	**-**	**(117)**	**-**	**(117)**
Adjustment for revaluation	**-**	**(2,479)**	**-**	**-**	**(2,479)**
As at 31 December 2023					
Accumulated depreciation	**-**	**-**	**79**	**132,737**	**132,816**
Accumulated impairment loss	**199**	**28**	**-**	**-**	**227**
	199	**28**	**79**	**132,737**	**133,043**
Carrying amounts					
As at 1 January 2022	89,030	117,350	-	16,127	222,507
As at 31 December 2022	91,092	122,288	-	13,840	227,220
As at 31 December 2023	**87,866**	**131,192**	**-**	**11,717**	**230,775**

3.1 Revaluation of properties

Had the land and buildings of the Group and of the Company been carried at historical cost less accumulated depreciation, their carrying amounts would have been as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Freehold land	**43,601**	43,601	**43,003**	43,003
Freehold buildings	**70,904**	75,702	**70,569**	75,340
	114,505	119,303	**113,572**	118,343

3. PROPERTY AND EQUIPMENT (CONTINUED)

3.2 Fair value information

Fair value of the land and buildings are categorised as follows:

	Group			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Freehold land and buildings	**-**	**-**	**220,798**	**220,798**
2022				
Freehold land and buildings	-	-	214,980	214,980

	Company			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Freehold land and buildings	**-**	**-**	**219,058**	**219,058**
2022				
Freehold land and buildings	-	-	213,380	213,380

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.

Transfer between Level 1 and 2 fair values

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Valuation techniques and valuation processes applied by the Group and the Company

The Group and the Company applied the same valuation techniques and valuation processes as the investment properties, as described in Note 5 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS

	Group			
	Land RM'000	Buildings RM'000	Office equipment RM'000	Total RM'000
As at 1 January 2022	38,644	15,411	430	54,485
Additions	-	-	726	726
Depreciation for the year	(408)	(461)	(825)	(1,694)
Revaluation	444	669	-	1,113
Effect of movement in exchange rates	(966)	(183)	-	(1,149)
As at 31 December 2022/ 1 January 2023	**37,714**	**15,436**	**331**	**53,481**
Additions	**-**	**-**	**1,164**	**1,164**
Depreciation for the year	**(2,042)**	**(1,009)**	**(305)**	**(3,356)**
Revaluation	**2,214**	**1,295**	**-**	**3,509**
Effect of movement in exchange rates	**1,434**	**71**	**-**	**1,505**
As at 31 December 2023	**39,320**	**15,793**	**1,190**	**56,303**

	Company			
	Land RM'000	Buildings RM'000	Office equipment RM'000	Total RM'000
As at 1 January 2022	8,671	4,754	430	13,855
Additions	-	-	726	726
Depreciation for the year	(265)	(413)	(825)	(1,503)
Revaluation	425	413	-	838
As at 31 December 2022/ 1 January 2023	**8,831**	**4,754**	**331**	**13,916**
Additions	**-**	**-**	**1,164**	**1,164**
Depreciation for the year	**(286)**	**(433)**	**(305)**	**(1,024)**
Revaluation	**311**	**433**	**-**	**744**
As at 31 December 2023	**8,856**	**4,754**	**1,190**	**14,800**

4.1 The Group and the Company as lessee

The Group and the Company lease a number of computers and equipment under operating leases. The leases typically run for a period of five years, with an option to renew the lease after that date.

4. RIGHT-OF-USE ASSETS (CONTINUED)

4.2 Fair value information

Fair value of the land and buildings are categorised as follows:

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2023				
Freehold land and buildings	**-**	**-**	**55,113**	**55,113**
2022				
Freehold land and buildings	-	-	53,150	53,150

	Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2023				
Freehold land and buildings	**-**	**-**	**13,610**	**13,610**
2022				
Freehold land and buildings	-	-	13,585	13,585

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.

Transfer between Level 1 and 2 fair values

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Valuation techniques and valuation processes applied by the Group and the Company

The Group and the Company applied the same valuation techniques and valuation processes as the investment properties, as described in Note 5 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
As at 1 January		**266,628**	258,176	**250,315**	241,335
Additions		**8,903**	4,938	**8,903**	4,938
Fair value (loss)/ gains	20(d)	**(2,904)**	4,091	**(3,018)**	4,042
Effect of movement in exchange rates		**864**	(577)	**-**	-
As at 31 December		**273,491**	266,628	**256,200**	250,315
General Takaful					
As at 1 January		**10,830**	10,710	**-**	-
Fair value gains	20(d)	**150**	120	**-**	-
As at 31 December		**10,980**	10,830	**-**	-
Group/Company					
As at 1 January		**39,433**	37,625	**36,750**	34,930
Additions		**-**	-	**-**	-
Fair value gains	20(d)	**950**	1,825	**949**	1,820
Effect of movement in exchange rates		**27**	(17)	**-**	-
As at 31 December		**40,410**	39,433	**37,699**	36,750

The following are amounts arising from investment properties that have been recognised in profit or loss during the financial year.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
Rental income	20(b)	**6,470**	6,056	**6,357**	5,943
General Takaful					
Rental income	20(b)	**176**	106	**-**	-
Group/Company					
Rental income	20(b)	**7,460**	7,017	**7,171**	6,800

The investment properties are leased to tenants under operating leases with rentals payable on a monthly basis.

Investment properties comprise a number of commercial properties that are leased to third parties.

5. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

Fair value of investment properties are categorised as follows:

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2023				
Family Takaful				
Freehold land and buildings	**-**	**-**	**223,220**	**223,220**
Leasehold land and buildings	**-**	**-**	**50,271**	**50,271**
	-	**-**	**273,491**	**273,491**
General Takaful				
Freehold land and buildings	**-**	**-**	**1,740**	**1,740**
Leasehold land and buildings	**-**	**-**	**9,240**	**9,240**
	-	**-**	**10,980**	**10,980**
Group				
Freehold land and buildings	**-**	**-**	**9,889**	**9,889**
Leasehold land and buildings	**-**	**-**	**30,521**	**30,521**
	-	**-**	**40,410**	**40,410**
2022				
Family Takaful				
Freehold land and buildings	-	-	217,690	217,690
Leasehold land and buildings	-	-	48,938	48,938
	-	-	266,628	266,628
General Takaful				
Freehold land and buildings	-	-	1,600	1,600
Leasehold land and buildings	-	-	9,230	9,230
	-	-	10,830	10,830
Group				
Freehold land and buildings	-	-	9,970	9,970
Leasehold land and buildings	-	-	29,463	29,463
	-	-	39,433	39,433

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONTINUED)

Fair value information (continued)

	Company			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Family Takaful				
Freehold land and buildings	**-**	**-**	**223,220**	**223,220**
Leasehold land and buildings	**-**	**-**	**32,980**	**32,980**
	-	**-**	**256,200**	**256,200**
Company				
Freehold land and buildings	**-**	**-**	**9,889**	**9,889**
Leasehold land and buildings	**-**	**-**	**27,810**	**27,810**
	-	**-**	**37,699**	**37,699**
2022				
Family Takaful				
Freehold land and buildings	-	-	217,690	217,690
Leasehold land and buildings	-	-	32,625	32,625
	-	-	250,315	250,315
Company				
Freehold land and buildings	-	-	9,890	9,890
Leasehold land and buildings	-	-	26,860	26,860
	-	-	36,750	36,750

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.

Transfer between Level 1 and 2 fair values

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

5. INVESTMENT PROPERTIES (CONTINUED)

Fair value information (continued)

Level 3 fair value (continued)

The following table shows a reconciliation of Level 3 fair values:

	Note	Family Takaful RM'000	General Takaful RM'000	Group RM'000
Group				
As at 1 January 2022		258,176	10,710	37,625
Additions		4,938	-	-
Fair value gains	20(d)	4,091	120	1,825
Effect of movement in exchange rates		(577)	-	(17)
As at 31 December 2022/1 January 2023		**266,628**	**10,830**	**39,433**
Additions		**8,903**	**-**	**-**
Gains and losses recognised in profit or loss				
Fair value (losses)/ gains	20(d)	**(2,904)**	**150**	**950**
Effect of movement in exchange rates		**864**	**-**	**27**
As at 31 December 2023		**273,491**	**10,980**	**40,410**

	Note	Family Takaful RM'000	Company RM'000
Company			
As at 1 January 2022		241,335	34,930
Additions		4,938	-
Fair value gains	20(d)	4,042	1,820
As at 31 December 2022/1 January 2023		**250,315**	**36,750**
Additions		**8,903**	**-**
Fair value (losses)/ gains	20(d)	**(3,018)**	**949**
As at 31 December 2023		**256,200**	**37,699**

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONTINUED)

Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: The valuation method consider the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to to location and accessibility, size and shape of the lot, physical features, legal and legislation constraints, building design and condition, supply and demand, building code and public restriction.	Adjustment rate based on the comparable of sales in the past that was analysed by the National Property Information Centre ("NAPIC") under Valuation and Property Services Department, Ministry of Finance Malaysia.	The estimated fair value would increase/ (decrease) if: - the rate were higher or lower - the historical sales transaction value were higher or lower
Investment method: The valuation method involves estimating the current rental income that can accrue to the subject properties.	- Term yield - Reversionary yield	The estimated fair value would increase/(decrease) if the yield were lower or higher

Valuation processes applied by the Group and the Company for Level 3 fair value

The Group's and the Company's investment properties were valued by independent professional valuer firms, using the comparison, cost and investment methods of valuations, where applicable.

In the comparison method approach, the sales and listings of comparable properties within nearby locations are compiled. From the compiled data, adjustments are made by the valuers between the subject property and those similar properties.

The adjustments made are in relation to location, size and shape of the lot, physical features, legal and legislative constraints, building design and condition, time element, planning provision, improvements and renovation works made, if any, surrounding developments, facilities and amenities available and other factors that may affect the value of the subject property. These adjustments are therefore subject to uncertainties such as property market outlook, potential increases in rental rates and general economic conditions.

In the cost method approach, the indication of values consists of the sum of the present worth of the improvement value.

5. INVESTMENT PROPERTIES (CONTINUED)

Fair value information (continued)

Valuation processes applied by the Group and the Company for Level 3 fair value (continued)

For the valuation of the improvements, the valuers have considered the following:

i) Cost of replacement of the building in accordance with current trend of market prices for materials, labour, contractor's overhead, profit and fees;
ii) Accrued depreciation as evidenced by the observed condition and present and prospective serviceability in comparison with new units of like kind; and
iii) Extent, character and utility of the property.

The investment method is the capitalisation of net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

The external valuers have considered the results of all these three methods in their valuation and applied professional judgement in the selection of the fair value of these investment properties.

During the year, the external valuers performed an update of the market values of these investment properties in arriving at the fair value, after considering the properties' existing condition. In the previous financial year, the external valuers have considered the results of all these three methods in their valuation and applied professional judgement in the selection of the fair value of these investment properties.

6. INTANGIBLE ASSETS

	Software	
	Group RM'000	**Company RM'000**
Cost		
As at 1 January 2022	13,497	12,615
Additions	6,944	6,689
As at 31 December 2022/1 January 2023	**20,441**	**19,304**
Additions	**10,956**	**9,129**
As at 31 December 2023	**31,397**	**28,433**
Amortisation		
As at 1 January 2022	1,309	1,208
Amortisation during the year	1,541	1,342
As at 31 December 2022/1 January 2023	**2,850**	**2,550**
Amortisation during the year	**3,172**	**2,930**
As at 31 December 2023	**6,022**	**5,480**
Carrying amounts		
As at 1 January 2022	12,188	11,407
As at 31 December 2022	17,591	16,754
As at 31 December 2023	**25,375**	**22,953**

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
At cost		
Unquoted shares	**149,376**	149,376
Less: Accumulated impairment losses	**(12,983)**	(12,983)
	136,393	136,393

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective ownership interest	
			2023	2022
Syarikat Takaful Malaysia Am Berhad	General Takaful business	Malaysia	**100.00%**	100.00%
P.T. Syarikat Takaful Indonesia*	Investment holding	Indonesia	**56.00%**	56.00%
P.T. Asuransi Takaful Keluarga*	Family Takaful business	Indonesia	**74.80%**	74.80%

* During the year, KAP Mirawati Sensi Idris (affiliation of Moore Global Network Limited) has been appointed as external auditor for the year ended 31 December 2023. For the year ended 31 December 2022, the companies were audited by member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have non-controlling interests are not material to the Group.

8. INVESTMENTS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful					
FVTPL	(a)	**606,596**	655,517	**389,774**	437,273
FVOCI	(b)	**6,533,697**	5,837,998	**6,533,697**	5,837,998
		7,140,293	6,493,515	**6,923,471**	6,275,271
General Takaful					
FVOCI	(b)	**747,405**	673,877	**-**	-
Group/Company					
FVTPL	(a)	**690,939**	739,966	**412,601**	461,488
FVOCI	(b)	**8,568,685**	7,882,015	**7,435,028**	6,878,691
		9,259,624	8,621,981	**7,847,629**	7,340,179

8. INVESTMENTS (CONTINUED)

(a) FVTPL financial assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Family Takaful				
Equity securities				
- Quoted in Malaysia	**197,744**	199,793	**197,744**	199,793
- Unquoted	**75,159**	118,224	**75,159**	118,224
- Quoted outside Malaysia	**42,443**	47,538	**-**	-
	315,346	365,555	**272,903**	318,017
Unit trusts				
- Quoted in Malaysia	**93,520**	95,592	**93,520**	95,592
- Quoted outside Malaysia	**26,690**	28,647	**-**	-
	120,210	124,239	**93,520**	95,592
Islamic Debt Securities				
- Unquoted	**23,351**	23,664	**23,351**	23,664
- Quoted outside Malaysia	**147,689**	142,059	**-**	-
	171,040	165,723	**23,351**	23,664
	606,596	655,517	**389,774**	437,273
Group/Company				
Equity securities				
- Quoted in Malaysia	**203,439**	207,109	**203,439**	207,109
- Quoted outside Malaysia	**42,499**	47,639	**-**	-
- Unquoted	**107,751**	150,392	**91,645**	134,498
	353,689	405,140	**295,084**	341,607
Unit trusts				
- Quoted in Malaysia	**94,166**	96,217	**94,166**	96,217
- Quoted outside Malaysia	**33,748**	35,430	**-**	-
	127,914	131,647	**94,166**	96,217
Islamic Debt Securities				
- Unquoted	**23,351**	23,664	**23,351**	23,664
- Quoted outside Malaysia	**185,985**	179,515	**-**	-
	209,336	203,179	**23,351**	23,664
	690,939	739,966	**412,601**	461,488

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS (CONTINUED)

(b) FVOCI financial assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Family Takaful				
Islamic Debt Securities - Unquoted	**5,533,439**	4,989,998	**5,533,439**	4,989,998
Institutional Trust Account	**403,795**	382,872	**403,795**	382,872
Malaysian Government Islamic papers	**596,463**	465,128	**596,463**	465,128
	6,533,697	5,837,998	**6,533,697**	5,837,998
General Takaful				
Islamic Debt Securities - Unquoted	**613,292**	544,236	**-**	-
Institutional Trust Account	**58,275**	54,958	**-**	-
Malaysian Government Islamic papers	**75,838**	74,683	**-**	-
	747,405	673,877	**-**	-
Group/Company				
Islamic Debt Securities - Unquoted	**7,262,249**	6,729,147	**6,324,554**	5,915,388
Institutional Trust Account	**540,040**	511,757	**455,370**	431,753
Malaysian Government Islamic papers	**766,396**	641,111	**655,104**	531,550
	8,568,685	7,882,015	**7,435,028**	6,878,691

8. INVESTMENTS (CONTINUED)

(c) Carrying values of financial instruments

The following tables show the movement of carrying values of investments:

	Family Takaful			General Takaful		Group		
	FVTPL RM'000	FVOCI RM'000	Total RM'000	FVOCI RM'000	Total RM'000	FVTPL RM'000	FVOCI RM'000	Total RM'000
As at 1 January 2022	729,151	5,197,941	5,927,092	403,187	403,187	800,389	6,735,952	7,536,341
Purchases	160,179	1,303,046	1,463,225	365,880	365,880	185,384	2,051,826	2,237,210
Maturities	(10,375)	(287,016)	(297,391)	(39,976)	(39,976)	(11,559)	(383,473)	(395,032)
Disposals	(148,562)	(205,226)	(353,788)	(45,409)	(45,409)	(154,378)	(309,185)	(463,563)
Dividend capitalised	-	17,889	17,889	2,172	2,172	-	23,698	23,698
Fair value gains recorded in:								
Profit or loss	(67,174)	-	(67,174)	-	-	(70,459)	-	(70,459)
Other comprehensive income	-	-	-	-	-	-	(34,380)	(34,380)
Participants' fund	-	(180,673)	(180,673)	(11,012)	(11,012)	-	(191,675)	(191,675)
Amortisation of premiums, net of accretion of discounts	9	(7,963)	(7,954)	(965)	(965)	9	(10,748)	(10,739)
Effect of movement in exchange rates	(7,711)	-	(7,711)	-	-	(9,420)	-	(9,420)
As at 31 December 2022/ 1 January 2023	**655,517**	**5,837,998**	**6,493,515**	**673,877**	**673,877**	**739,966**	**7,882,015**	**8,621,981**
Purchases	**105,697**	**721,789**	**827,486**	**90,650**	**90,650**	**111,437**	**918,969**	**1,030,406**
Maturities	**(69,055)**	**(71,000)**	**(140,055)**	**(13,850)**	**(13,850)**	**(73,478)**	**(127,450)**	**(200,928)**
Disposals	**(82,875)**	**(205,033)**	**(287,908)**	**(20,000)**	**(20,000)**	**(86,617)**	**(415,215)**	**(501,832)**
Dividend capitalised	**(11,000)**	**18,081**	**7,081**	**2,239**	**2,239**	**(11,000)**	**23,972**	**12,972**
Fair value changes recorded in:								
Profit or loss	**(3,687)**	**-**	**(3,687)**	**-**	**-**	**(3,288)**	**-**	**(3,288)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**43,178**	**43,178**
Participants' fund	**-**	**240,373**	**240,373**	**15,155**	**15,155**	**-**	**255,460**	**255,460**
Amortisation of premiums, net of accretion of discounts	**67**	**(8,511)**	**(8,444)**	**(666)**	**(666)**	**75**	**(12,244)**	**(12,169)**
Effect of movement in exchange rates	**11,932**	**-**	**11,932**	**-**	**-**	**13,844**	**-**	**13,844**
As at 31 December 2023	**606,596**	**6,533,697**	**7,140,293**	**747,405**	**747,405**	**690,939**	**8,568,685**	**9,259,624**

8. INVESTMENTS (CONTINUED)

(c) Carrying values of financial instruments (continued)

The following tables show the movement of carrying values of investments (continued):

	Family Takaful			Company		
	FVTPL RM'000	FVOCI RM'000	Total RM'000	FVTPL RM'000	FVOCI RM'000	Total RM'000
As at 1 January 2022	510,521	5,197,941	5,708,462	535,865	6,096,919	6,632,784
Purchases	112,803	1,303,046	1,415,849	119,152	1,545,013	1,664,165
Maturities	-	(287,016)	(287,016)	-	(338,497)	(338,497)
Disposals	(121,307)	(205,226)	(326,533)	(127,049)	(228,917)	(355,966)
Dividend capitalised	-	17,889	17,889	-	20,319	20,319
Fair value gains recorded in:						
Profit or loss	(64,744)	-	(64,744)	(66,480)	-	(66,480)
Other comprehensive income	-	-	-	-	(26,313)	(26,313)
Participants' fund	-	(180,673)	(180,673)	-	(180,667)	(180,667)
Amortisation of premiums, net of accretion of discounts	-	(7,963)	(7,963)	-	(9,166)	(9,166)
As at 31 December 2022/1 January 2023	**437,273**	**5,837,998**	**6,275,271**	**461,488**	**6,878,691**	**7,340,179**
Purchases	**78,666**	**721,789**	**800,455**	**81,122**	**778,267**	**859,389**
Maturities	**(45,606)**	**(71,000)**	**(116,606)**	**(45,606)**	**(113,600)**	**(159,206)**
Disposals	**(66,630)**	**(205,033)**	**(271,663)**	**(70,072)**	**(390,081)**	**(460,153)**
Dividend capitalised	**(11,000)**	**18,081**	**7,081**	**(11,000)**	**20,465**	**9,465**
Fair value changes recorded in:						
Profit or loss	**(2,929)**	**-**	**(2,929)**	**(3,331)**	**-**	**(3,331)**
Other comprehensive income	**-**	**-**	**-**	**-**	**32,084**	**32,084**
Participants' fund	**-**	**240,373**	**240,373**	**-**	**240,204**	**240,204**
Amortisation of premiums, net of accretion of discounts	**-**	**(8,511)**	**(8,511)**	**-**	**(11,002)**	**(11,002)**
As at 31 December 2023	**389,774**	**6,533,697**	**6,923,471**	**412,601**	**7,435,028**	**7,847,629**

8. INVESTMENTS (CONTINUED)

(d) Fair values of financial instruments

Quoted market prices category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and published market price from print medias.

Market observable financial instruments are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and are instruments for which pricing is obtained from Bond Pricing Agency Malaysia and regulatory agency. The fair values of investments in structured products are obtained via investments bankers and/ or fund managers.

Non-market observable inputs mean that fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category are unquoted equity securities and Institutional Trust Account.

The fair values of the unquoted equity securities are determined to approximate the carrying amount as these are immaterial in the context of the financial statements.

(e) Maturity of other investments

The following investments mature after 12 months:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Family Takaful				
FVTPL financial assets	**514,683**	553,322	**389,774**	437,273
FVOCI financial assets	**6,533,697**	5,548,628	**6,533,697**	5,548,628
	7,048,380	6,101,950	**6,923,471**	5,985,901
General Takaful				
FVOCI financial assets	**712,342**	652,589	**-**	-
Group/Company				
FVTPL financial assets	**602,987**	626,671	**428,488**	461,488
FVOCI financial assets	**8,470,560**	7,519,651	**7,403,452**	6,537,615
	9,073,547	8,146,322	**7,831,940**	6,999,103

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS

The breakdown of groups of takaful contracts issued and retakaful contracts held, that are in an asset position and those in a liability position is set out in the table below:

	Group					
	Assets		Liabilities			
	Remaining coverage RM'000	Incurred claims RM'000	Remaining coverage RM'000	Incurred claims RM'000	Total assets RM'000	Total liabilities RM'000
31 December 2023						
Family Takaful						
Takaful contracts issued						
Takaful contracts	**73,301**	**272,837**	**(357,563)**	**(9,073,542)**	**346,138**	**(9,431,105)**
Retakaful contracts held						
Retakaful contracts	**49,064**	**343,751**	**(138,413)**	**-**	**392,815**	**(138,413)**
General Takaful						
Takaful contracts issued						
Takaful contracts	**4,180**	**9,155**	**(323,112)**	**(1,803,168)**	**13,335**	**(2,126,280)**
Retakaful contracts held						
Retakaful contracts	**154,583**	**817,273**	**(3,397)**	**(124,163)**	**971,856**	**(127,560)**
Group						
Takaful contracts issued						
Takaful contracts	**101,864**	**281,992**	**(1,464,423)**	**(10,854,101)**	**383,856**	**(12,318,524)**
Retakaful contracts held						
Retakaful contracts	**214,477**	**1,161,024**	**(143,505)**	**(124,162)**	**1,375,501**	**(267,667)**
31 December 2022						
Family Takaful						
Takaful contracts issued						
Takaful contracts	116,216	137,418	(37,406)	(8,441,331)	253,634	(8,478,737)
Retakaful contracts held						
Retakaful contracts	44,218	223,086	(77,123)	-	267,304	(77,123)
General Takaful						
Takaful contracts issued						
Takaful contracts	3,841	3,237	(258,645)	(1,512,893)	7,078	(1,771,538)
Retakaful contracts held						
Retakaful contracts	190,723	601,327	(2,907)	(129,197)	792,050	(132,104)
Group						
Takaful contracts issued						
Takaful contracts	186,178	140,655	(1,356,514)	(9,932,443)	326,833	(11,288,957)
Retakaful contracts held						
Retakaful contracts	237,015	824,413	(80,927)	(129,197)	1,061,428	(210,124)

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

The breakdown of groups of takaful contracts issued and retakaful contracts held, that are in an asset position and those in a liability position is set out in the table below (continued):

	Company					
	Assets		Liabilities			
	Remaining coverage RM'000	Incurred claims RM'000	Remaining coverage RM'000	Incurred claims RM'000	Total assets RM'000	Total liabilities RM'000
31 December 2023						
Family Takaful						
Takaful contracts issued						
Takaful contracts	**68,597**	**272,837**	**(356,215)**	**(8,662,130)**	**341,434**	**(9,018,345)**
Retakaful contracts held						
Retakaful contracts	**-**	**319,508**	**(131,328)**	**-**	**319,508**	**(131,328)**
Company						
Takaful contracts issued						
Takaful contracts	**87,236**	**272,837**	**(931,389)**	**(8,639,524)**	**360,073**	**(9,570,913)**
Retakaful contracts held						
Retakaful contracts	**10,830**	**319,508**	**(131,328)**	**-**	**330,338**	**(131,328)**
31 December 2022						
Family Takaful						
Takaful contracts issued						
Takaful contracts	116,215	137,418	(38,438)	(8,038,630)	253,633	(8,077,068)
Retakaful contracts held						
Retakaful contracts	-	210,767	(77,123)	-	210,767	(77,123)
Company						
Takaful contracts issued						
Takaful contracts	175,768	137,418	(904,312)	(8,016,847)	313,186	(8,921,159)
Retakaful contracts held						
Retakaful contracts	1,742	210,767	(77,123)	-	212,509	(77,123)

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC

Takaful contracts issued

2023	Note	Group						
		LFRC		LFIC				
					Contracts under PAA			
		Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows RM'000	Total RM'000
Family Takaful								
Takaful contract liabilities as at 1 January		37,407	-	7,848,482	592,822	26	-	8,478,737
Takaful contract assets as at 1 January		(116,216)	-	9,759	(153,615)	6,438	-	(253,634)
Net takaful contract liabilities as at 1 January		(78,809)	-	7,858,241	439,207	6,464	-	8,225,103
Takaful revenue	16	(1,550,704)	-	-	-	-	-	(1,550,704)
Contracts under the MRA		(124,409)	-	-	-	-	-	(124,409)
Contracts under the FVA		106,527	-	-	-	-	-	106,527
Other contracts		(1,532,822)	-	-	-	-	-	(1,532,822)
Takaful service expenses	17	482,195	-	1,107,708	308,300	986	-	1,899,189
Investment components		(59,409)	-	-	59,409	-	-	-
Takaful service result		(1,127,918)	-	1,107,708	367,709	986	-	348,485
Takaful finance expenses from takaful contracts issued		131,322	-	-	-	-	-	131,322
Effect of movements in exchange rates		(39)	-	-	21,705	-	-	21,666
Total changes in the statement of profit or loss and OCI		(996,635)	-	1,107,708	389,414	986	-	501,473
Cash flows								
Contributions received		1,458,351	-	-	-	-	-	1,458,351
Claims and other expenses paid including investment components		-	-	(92,128)	(369,727)	-	-	(461,855)
Deem settlement transfer[1]		(343,124)	-	(516,004)	(23,956)	-	-	(883,084)
Total cash flows		1,115,227	-	(608,132)	(393,683)	-	-	113,412
Investment revaluation reserve		243,174	-	-	-	-	-	243,174
Other movements		1,305	-	19,273	(18,773)	-	-	1,805
Net takaful contract liabilities as at 31 December		284,262	-	8,377,090	416,165	7,450	-	9,084,967
Takaful contract liabilities as at 31 December		357,563	-	8,497,661	570,533	5,348	-	9,431,105
Takaful contract assets as at 31 December		(73,301)	-	(120,571)	(154,368)	2,102	-	(346,138)
Net takaful contract liabilities as at 31 December		284,262	-	8,377,090	416,165	7,450	-	9,084,967

[1] Deem settlement transfer mainly related to wakalah fee and tabarru income for Family Takaful only.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

2023	Note	Group						
		LFRC		LFIC				
					Contracts under PAA			
		Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows RM'000	Total RM'000
General Takaful								
Takaful contract liabilities as at 1 January		258,645	-	94,321	1,308,523	110,049	-	1,771,538
Takaful contract assets as at 1 January		(3,841)	-	(3,237)	-	-	-	(7,078)
Net takaful contract liabilities as at 1 January		254,804	-	91,084	1,308,523	110,049	-	1,764,460
Takaful revenue	16	(1,279,287)	-	-	-	-	-	(1,279,287)
Contracts under the MRA		(5,673)	-	-	-	-	-	(5,673)
Contracts under the FVA		(2,266)	-	-	-	-	-	(2,266)
Other contracts		(1,271,348)	-	-	-	-	-	(1,271,348)
Takaful service expenses	17	463,507	-	40,222	799,829	(21,932)	-	1,281,626
Takaful service result		(815,780)	-	40,222	799,829	(21,932)	-	2,339
Takaful finance expenses from takaful contracts issued		8,827	-	250	35,442	4,445	-	48,964
Total changes in the statement of profit or loss and OCI		(806,953)	-	40,472	835,271	(17,487)	-	51,303
Cash flows								
Contributions received		1,351,914	-	-	-	-	-	1,351,914
Claims and other expenses paid including investment components		-	-	(19,184)	(558,028)	-	-	(577,212)
Deem settlement transfer[1]		(492,515)	-	15	4,467	-	-	(488,033)
Total cash flows		859,399	-	(19,169)	(553,561)	-	-	286,669
Investment revaluation reserve		15,268	-	-	-	-	-	15,268
Other movements		(3,585)	-	(15)	(1,155)	-	-	(4,755)
Net takaful contract liabilities as at 31 December		318,933	-	112,372	1,589,078	92,562	-	2,112,945
Takaful contract liabilities as at 31 December		323,112	-	121,528	1,589,078	92,562	-	2,126,280
Takaful contract assets as at 31 December		(4,179)	-	(9,156)	-	-	-	(13,335)
Net takaful contract liabilities as at 31 December		318,933	-	112,372	1,589,078	92,562	-	2,112,945

[1] Deem settlement transfer mainly related to wakalah fee and tabarru income for Family Takaful only.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

2023	Note	Group						
		LFRC		LFIC				
		Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Contracts under PAA: Estimates of PVFCF RM'000	Contracts under PAA: Risk adjustment RM'000	Assets for Takaful acquisition cash flows[1] RM'000	Total RM'000
Group								
Takaful contract liabilities as at 1 January		1,467,716	16	7,942,804	1,901,346	110,075	(133,000)	11,288,957
Takaful contract assets as at 1 January		(186,212)	34	6,522	(153,615)	6,438	-	(326,833)
Net takaful contract liabilities as at 1 January		1,281,504	50	7,949,326	1,747,731	116,513	(133,000)	10,962,124
Takaful revenue	16	(2,942,129)	-	-	-	-	-	(2,942,129)
Contracts under the MRA		(201,867)	-	-	-	-	-	(201,867)
Contracts under the FVA		106,860	-	-	-	-	-	106,860
Other contracts		(2,847,122)	-	-	-	-	-	(2,847,122)
Takaful service expenses	17	552,878	3,764	1,113,630	1,189,915	(20,946)	-	2,839,241
Investment components		(59,409)	-	-	59,409	-	-	-
Takaful service result		(2,448,660)	3,764	1,113,630	1,249,324	(20,946)	-	(102,888)
Takaful finance expenses from takaful contracts issued		181,199	-	250	35,442	4,445	-	221,336
Effect of movements in exchange rates		848	-	-	21,705	-	-	22,553
Total changes in the statement of profit or loss and OCI		(2,266,613)	3,764	1,113,880	1,306,471	(16,501)	-	141,001
Cash flows								
Contributions received		2,778,995	-	-	-	-	-	2,778,995
Claims and other expenses paid including investment components		-	-	(137,037)	(1,015,244)	-	-	(1,152,281)
Takaful acquisition cash flows		(721,585)	-	-	(10,319)	-	(366,720)	(1,098,624)
Deem settlement transfer		488,251	-	(455,251)	3,292	-	-	36,292
Total cash flows		2,545,661	-	(592,288)	(1,022,271)	-	(366,720)	564,382
Allocation from assets for takaful acquisition cash flow to groups of takaful contracts		(88,254)	-	-	-	-	88,254	-
Investment revaluation reserve		291,334	-	-	-	-	-	291,334
Other movements[2]		(19,022)	26,414	(4,788)	(26,777)	-	-	(24,173)
Net takaful contract liabilities as at 31 December		1,744,610	30,228	8,466,130	2,005,154	100,012	(411,466)	11,934,668
Takaful contract liabilities as at 31 December		1,846,582	30,120	8,595,857	2,159,521	97,910	(411,466)	12,318,524
Takaful contract assets as at 31 December		(101,972)	108	(129,727)	(154,367)	2,102	-	(383,856)
Net takaful contract liabilities as at 31 December		1,744,610	30,228	8,466,130	2,005,154	100,012	(411,466)	11,934,668

(1) Assets for takaful acquisition cash flows that related to bancatakaful.
(2) Other movements are mainly related to the surplus movement, claims outstanding and loss component movement.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

		Group						
		LFRC		LFIC				
					Contracts under PAA			
2022	Note	Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows RM'000	Total RM'000
Family Takaful								
Takaful contract liabilities as at 1 January		117,421	-	7,526,550	428,735	119	-	8,072,825
Takaful contract assets as at 1 January		(82,446)	-	(138,909)	-	5,591	-	(215,764)
Net takaful contract liabilities as at 1 January		34,975	-	7,387,641	428,735	5,710	-	7,857,061
Takaful revenue	16	(1,502,328)	-	-	-	-	-	(1,502,328)
Contracts under the MRA		366,417	-	-	-	-	-	366,417
Contracts under the FVA		77,432	-	-	-	-	-	77,432
Other contracts		(1,946,177)	-	-	-	-	-	(1,946,177)
Takaful service expenses	17	297,447	-	1,137,962	292,321	754	-	1,728,484
Investment components		(66,194)	-	-	66,194	-	-	-
Takaful service result		(1,271,075)	-	1,137,962	358,515	754	-	226,156
Takaful finance expenses from takaful contracts issued		92,312	-	-	-	-	-	92,312
Effect of movements in exchange rates		38	-	-	(11,670)	-	-	(11,632)
Total changes in the statement of profit or loss and OCI		(1,178,725)	-	1,137,962	346,845	754	-	306,836
Cash flows								
Contributions received		1,573,353	-	-	-	-	-	1,573,353
Claims and other expenses paid including investment components		-	-	(174,649)	(325,717)	-	-	(500,366)
Deem settlement transfer[1]		(307,638)	-	(467,785)	(33,231)	-	-	(808,654)
Total cash flows		1,265,715	-	(642,434)	(358,948)	-	-	264,333
Investment revaluation reserve		(177,535)	-	-	-	-	-	(177,535)
Other movements		(23,239)	-	(24,928)	22,575	-	-	(25,592)
Net takaful contract liabilities as at 31 December		(78,809)	-	7,858,241	439,207	6,464	-	8,225,103
Takaful contract liabilities as at 31 December		37,407	-	7,848,482	592,822	26	-	8,478,737
Takaful contract assets as at 31 December		(116,216)	-	9,759	(153,615)	6,438	-	(253,634)
Net takaful contract liabilities as at 31 December		(78,809)	-	7,858,241	439,207	6,464	-	8,225,103

[1] Deem settlement transfer mainly related to wakalah fee and tabarru income for Family Takaful only.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

2022	Note	Group						
		LFRC		LFIC				
					Contracts under PAA			
		Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows RM'000	Total RM'000
General Takaful								
Takaful contract liabilities as at 1 January		226,130	-	64,247	1,136,651	94,349	-	1,521,377
Takaful contract assets as at 1 January		-	-	-	-	-	-	-
Net takaful contract liabilities as at 1 January		226,130	-	64,247	1,136,651	94,349	-	1,521,377
Takaful revenue	16	(1,017,894)	-	-	-	-	-	(1,017,894)
Contracts under the MRA		(6,126)	-	-	-	-	-	(6,126)
Contracts under the FVA		(1,956)	-	-	-	-	-	(1,956)
Other contracts		(1,009,812)	-	-	-	-	-	(1,009,812)
Takaful service expenses	17	379,678	-	37,691	590,420	12,420	-	1,020,209
Takaful service result		(638,216)	-	37,691	590,420	12,420	-	2,315
Takaful finance expenses from takaful contracts issued		7,534	-	295	23,048	3,280	-	34,157
Total changes in the statement of profit or loss and OCI		(630,682)	-	37,986	613,468	15,700	-	36,472
Cash flows								
Contributions received		1,083,385	-	-	-	-	-	1,083,385
Claims and other expenses paid including investment components		-	-	(11,878)	(453,134)	-	-	(465,012)
Deem settlement transfer[1]		(414,304)	-	(180)	10,537	-	-	(403,947)
Total cash flows		669,081	-	(12,058)	(442,597)	-	-	214,426
Investment revaluation reserve		(10,989)	-	-	-	-	-	(10,989)
Other movements		1,264	-	909	1,001	-	-	3,174
Net takaful contract liabilities as at 31 December		254,804	-	91,084	1,308,523	110,049	-	1,764,460
Takaful contract liabilities as at 31 December		258,645	-	94,321	1,308,523	110,049	-	1,771,538
Takaful contract assets as at 31 December		(3,841)	-	(3,237)	-	-	-	(7,078)
Net takaful contract liabilities as at 31 December		254,804	-	91,084	1,308,523	110,049	-	1,764,460

[1] Deem settlement transfer mainly related to wakalah fee and tabarru income for Family Takaful only.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

		Group						
		LFRC		LFIC				
					Contracts under PAA			
2022	Note	Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows[1] RM'000	Total RM'000
Group								
Takaful contract liabilities as at 1 January		1,358,824	-	7,590,797	1,569,105	94,468	(142,506)	10,470,688
Takaful contract assets as at 1 January		(88,246)	-	(138,909)	-	5,591	-	(221,564)
Net takaful contract liabilities as at 1 January		1,270,578	-	7,451,888	1,569,105	100,059	(142,506)	10,249,124
Takaful revenue	16	(2,570,534)	-	-	-	-	-	(2,570,534)
Contracts under the MRA		(228,612)	-	-	-	-	-	(228,612)
Contracts under the FVA		21,422	-	-	-	-	-	21,422
Other contracts		(2,363,344)	-	-	-	-	-	(2,363,344)
Takaful service expenses	17	345,949	1,950	1,046,122	967,782	13,174	-	2,374,977
Investment components		(66,194)	-	-	66,194	-	-	-
Takaful service result		(2,290,779)	1,950	1,046,122	1,033,976	13,174	-	(195,557)
Takaful finance expenses from takaful contracts issued		139,594	-	295	23,048	3,280	-	166,217
Effect of movements in exchange rates		(519)	-	-	(11,670)	-	-	(12,189)
Total changes in the statement of profit or loss and OCI		(2,151,704)	1,950	1,046,417	1,045,354	16,454	-	(41,529)
Cash flows								
Contributions received		2,529,604	-	-	-	-	-	2,529,604
Claims and other expenses paid including investment components		-	-	(126,455)	(868,356)	-	-	(994,811)
Takaful acquisition cash flows		(573,882)	-	-	(18,601)	-	(35,486)	(627,969)
Deem settlement transfer		434,920	-	(417,274)	9,289	-	-	26,935
Total cash flows		2,390,642	-	(543,729)	(877,668)	-	(35,486)	933,759
Allocation from assets for takaful acquisition cash flow to groups of takaful contracts		(44,992)	-	-	-	-	44,992	-
Investment revaluation reserve		(214,391)	-	-	-	-	-	(214,391)
Other movements[2]		31,371	(1,900)	(5,250)	10,940	-	-	35,161
Net takaful contract liabilities as at 31 December		1,281,504	50	7,949,326	1,747,731	116,513	(133,000)	10,962,124
Takaful contract liabilities as at 31 December		1,467,716	16	7,942,804	1,901,346	110,075	(133,000)	11,288,957
Takaful contract assets as at 31 December		(186,212)	34	6,522	(153,615)	6,438	-	(326,833)
Net takaful contract liabilities as at 31 December		1,281,504	50	7,949,326	1,747,731	116,513	(133,000)	10,962,124

(1) Assets for takaful acquisition cash flows that related to bancatakaful.

(2) Other movements are mainly related to the surplus movement, claims outstanding and loss component movement.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

		Company						
		LFRC		LFIC				
					Contracts under PAA			
2023	Note	Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows[2] RM'000	Total RM'000
Family Takaful								
Takaful contract liabilities as at 1 January		38,438	-	7,848,484	190,120	26	-	8,077,068
Takaful contract assets as at 1 January		(116,215)	-	9,759	(153,615)	6,438	-	(253,633)
Net takaful contract liabilities as at 1 January		(77,777)	-	7,858,243	36,505	6,464	-	7,823,435
Takaful revenue	16	(1,507,974)	-	-	-	-	-	(1,507,974)
Contracts under the MRA		(124,409)	-	-	-	-	-	(124,409)
Contracts under the FVA		106,527	-	-	-	-	-	106,527
Other contracts		(1,490,092)	-	-	-	-	-	(1,490,092)
Takaful service expense	17	482,195	-	1,107,708	231,372	986	-	1,822,261
Takaful service result		(1,025,779)	-	1,107,708	231,372	986	-	314,287
Takaful finance expenses from takaful contracts issued		131,322	-	-	-	-	-	131,322
Total changes in the statement of profit or loss and OCI		(894,457)	-	1,107,708	231,372	986	-	445,609
Cash flows								
Contributions received		1,356,212	-	-	-	-	-	1,356,212
Claims and other expenses paid including investment components		-	-	(92,128)	(231,688)	-	-	(323,816)
Deem settlement transfer[1]		(343,124)	-	(516,004)	(3)	-	-	(859,131)
Total cash flows		1,013,088	-	(608,132)	(231,691)	-	-	173,265
Investment revaluation reserve		243,174	-	-	-	-	-	243,174
Other movements[3]		3,590	-	19,271	(31,433)	-	-	(8,572)
Net takaful contract liabilities as at 31 December		287,618	-	8,377,090	4,753	7,450	-	8,676,911
Takaful contract liabilities as at 31 December		356,215	-	8,497,661	159,121	5,348	-	9,018,345
Takaful contract assets as at 31 December		(68,597)	-	(120,571)	(154,368)	2,102	-	(341,434)
Net takaful contract liabilities as at 31 December		287,618	-	8,377,090	4,753	7,450	-	8,676,911

(1) Deem settlement transfer mainly related to other than wakalah fee.
(2) Assets for takaful acquisition cash flows that related to bancatakaful.
(3) Other movements are mainly related to the surplus movement, claims outstanding and loss component movement.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

2023	Note	Company						
		LFRC		LFIC				
					Contracts under PAA			
		Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows[2] RM'000	Total RM'000
Company								
Takaful contract liabilities as at 1 January		1,007,262	16	7,848,483	190,120	26	(124,748)	8,921,159
Takaful contract assets as at 1 January		(175,802)	34	9,759	(153,615)	6,438	-	(313,186)
Net takaful contract liabilities as at 1 January		831,460	50	7,858,242	36,505	6,464	(124,748)	8,607,973
Takaful revenue	16	(1,620,176)	-	-	-	-	-	(1,620,176)
Contracts under the MRA		(196,165)	-	-	-	-	-	(196,165)
Contracts under the FVA		107,994	-	-	-	-	-	107,994
Other contracts		(1,532,005)	-	-	-	-	-	(1,532,005)
Takaful service expenses	17	331,180	3,577	1,072,381	249,082	986	-	1,657,206
Takaful service result		(1,288,996)	3,577	1,072,381	249,082	986	-	37,030
Takaful finance expenses from takaful contracts issued		165,314	-	-	-	-	-	165,314
Total changes in the statement of profit or loss and OCI		(1,123,682)	3,577	1,072,381	249,082	986	-	202,344
Cash flows								
Contributions received		1,328,526	-	-	-	-	-	1,328,526
Claims and other expenses paid including investment components		-	-	(116,102)	(253,916)	-	-	(370,018)
Takaful acquisition cash flows		(479,196)	-	-	-	-	(358,000)	(837,196)
Deem settlement transfer[1]		481,745	-	(455,266)	-	-	-	26,479
Total cash flows		1,331,075	-	(571,368)	(253,916)	-	(358,000)	147,791
Allocation from assets for takaful acquisition cash flow to groups of takaful contracts		(84,880)	-	-	-	-	84,880	-
Investment revaluation reserve		267,650	-	-	-	-	-	267,650
Other movements[3]		(9,643)	26,414	(4,773)	(26,916)	-	-	(14,918)
Net takaful contract liabilities as at 31 December		1,211,980	30,041	8,354,482	4,755	7,450	(397,868)	9,210,840
Takaful contract liabilities as at 31 December		1,299,324	29,933	8,475,053	159,123	5,348	(397,868)	9,570,913
Takaful contract assets as at 31 December		(87,344)	108	(120,571)	(154,368)	2,102	-	(360,073)
Net takaful contract liabilities as at 31 December		1,211,980	30,041	8,354,482	4,755	7,450	(397,868)	9,210,840

(1) Deem settlement transfer mainly related to other than wakalah fee.
(2) Assets for takaful acquisition cash flows that related to bancatakaful.
(3) Other movements are mainly related to the surplus movement, claims outstanding and loss component movement.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

		Company						
		LFRC		LFIC				
					Contracts under PAA			
2022	Note	Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows[2] RM'000	Total RM'000
Family Takaful								
Takaful contract liabilities as at 1 January		114,644	-	7,526,549	10,865	119	-	7,652,177
Takaful contract assets as at 1 January		(82,445)	-	(138,909)	-	5,591	-	(215,763)
Net takaful contract liabilities as at 1 January		32,199	-	7,387,640	10,865	5,710	-	7,436,414
Takaful revenue	16	(1,448,281)	-	-	-	-	-	(1,448,281)
Contracts under the MRA		366,417	-	-	-	-	-	366,417
Contracts under the FVA		77,432	-	-	-	-	-	77,432
Other contracts		(1,892,130)	-	-	-	-	-	(1,892,130)
Takaful service expense	17	297,447	-	1,137,962	220,869	754	-	1,657,032
Takaful service result		(1,150,834)	-	1,137,962	220,869	754	-	208,751
Takaful finance expenses from takaful contracts issued		92,312	-	-	-	-	-	92,312
Total changes in the statement of profit or loss and OCI		(1,058,522)	-	1,137,962	220,869	754	-	301,063
Cash flows								
Contributions received		1,453,112	-	-	-	-	-	1,453,112
Claims and other expenses paid including investment components		-	-	(174,649)	(197,184)	-	-	(371,833)
Deem settlement transfer[1]		(307,638)	-	(467,785)	(4)	-	-	(775,427)
Total cash flows		1,145,474	-	(642,434)	(197,188)	-	-	305,852
Investment revaluation reserve		(177,535)	-	-	-	-	-	(177,535)
Other movements[3]		(19,393)	-	(24,925)	1,959	-	-	(42,359)
Net takaful contract liabilities as at 31 December		(77,777)	-	7,858,243	36,505	6,464	-	7,823,435
Takaful contract liabilities as at 31 December		38,438	-	7,848,484	190,120	26	-	8,077,068
Takaful contract assets as at 31 December		(116,215)	-	9,759	(153,615)	6,438	-	(253,633)
Net takaful contract liabilities as at 31 December		(77,777)	-	7,858,243	36,505	6,464	-	7,823,435

(1) Deem settlement transfer mainly related to other than wakalah fee.
(2) Assets for takaful acquisition cash flows that related to bancatakaful.
(3) Other movements are mainly related to the surplus movement, claims outstanding and loss component movement.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.1 Reconciliation of the LFRC and the LFIC (continued)

Takaful contracts issued (continued)

		Company						
		LFRC		LFIC				
					Contracts under PAA			
2022	Note	Excluding loss component RM'000	Loss component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Assets for Takaful acquisition cash flows[2] RM'000	Total RM'000
Company								
Takaful contract liabilities as at 1 January		943,948	-	7,526,548	10,865	119	(138,044)	8,343,436
Takaful contract assets as at 1 January		(82,446)	-	(138,909)	-	5,591	-	(215,764)
Net takaful contract liabilities as at 1 January		861,502	-	7,387,639	10,865	5,710	(138,044)	8,127,672
Takaful revenue	16	(1,498,647)	-	-	-	-	-	(1,498,647)
Contracts under the MRA		(222,662)	-	-	-	-	-	(222,662)
Contracts under the FVA		22,055	-	-	-	-	-	22,055
Other contracts		(1,298,040)	-	-	-	-	-	(1,298,040)
Takaful service expense	17	180,674	1,950	1,006,706	245,687	754	-	1,435,771
Takaful service result		(1,317,973)	1,950	1,006,706	245,687	754	-	(62,876)
Takaful finance expenses from takaful contracts issued		126,772	-	-	-	-	-	126,772
Total changes in the statement of profit or loss and OCI		(1,191,201)	1,950	1,006,706	245,687	754	-	63,896
Cash flows								
Contributions received		1,325,978	-	-	-	-	-	1,325,978
Claims and other expenses paid including investment components		-	-	(112,460)	(222,006)	-	-	(334,466)
Takaful acquisition cash flows		(387,620)	-	-	-	-	(30,486)	(418,106)
Deem settlement transfer[1]		436,852	-	(417,094)	-	-	-	19,758
Total cash flows		1,375,210	-	(529,554)	(222,006)	-	(30,486)	593,164
Allocation from assets for takaful acquisition cash flow to groups of takaful contracts		(43,782)	-	-	-	-	43,782	-
Investment revaluation reserve		(197,278)	-	-	-	-	-	(197,278)
Other movements[3]		27,009	(1,900)	(6,549)	1,959	-	-	20,519
Net takaful contract liabilities as at 31 December		831,460	50	7,858,242	36,505	6,464	(124,748)	8,607,973
Takaful contract liabilities as at 31 December		1,007,262	16	7,848,483	190,120	26	(124,748)	8,921,159
Takaful contract assets as at 31 December		(175,802)	34	9,759	(153,615)	6,438	-	(313,186)
Net takaful contract liabilities as at 31 December		831,460	50	7,858,242	36,505	6,464	(124,748)	8,607,973

(1) Deem settlement transfer mainly related to other than wakalah fee.
(2) Assets for takaful acquisition cash flows that related to bancatakaful.
(3) Other movements are mainly related to the surplus movement, claims outstanding and loss component movement.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC")

Retakaful contracts held

		Group					
		AFRC		ARIC			
					Contracts under PAA		
2023	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Family Takaful							
Retakaful contract assets as at 1 January		**44,218**	**-**	**196,155**	**23,314**	**3,617**	**267,304**
Retakaful contract liabilities as at 1 January		**(77,123)**	**-**	**-**	**-**	**-**	**(77,123)**
Net retakaful contract assets as at 1 January		**(32,905)**	**-**	**196,155**	**23,314**	**3,617**	**190,181**
Allocation of retakaful contributions	19	**(154,746)**	**-**	**-**	**-**	**-**	**(154,746)**
Amounts recoverable from retakaful operators	19	**-**	**-**	**204,034**	**49,151**	**10,615**	**263,800**
Net income or expense from retakaful contracts held	19	**(154,746)**	**-**	**204,034**	**49,151**	**10,615**	**109,054**
Effect of changes in non-performance risk of retakaful operators		**-**	**-**	**882**	**(66)**	**-**	**816**
Effect of movements in exchange rates		**2,373**	**-**	**-**	**581**	**-**	**2,954**
Total changes in the statement of profit or loss and OCI		**(152,373)**	**-**	**204,916**	**49,666**	**10,615**	**112,824**
Cash flows							
Retakaful contributions paid		**95,929**	**-**	**-**	**-**	**-**	**95,929**
Amounts received		**-**	**-**	**(119,126)**	**(33,057)**	**-**	**(152,183)**
Total cash flows		**95,929**	**-**	**(119,126)**	**(33,057)**	**-**	**(56,254)**
Other movements[1]		**-**	**-**	**8,874**	**(1,224)**	**1**	**7,651**
Net retakaful contract assets as at 31 December		**(89,349)**	**-**	**290,819**	**38,699**	**14,233**	**254,402**
Retakaful contract assets as at 31 December		**49,064**	**-**	**290,819**	**38,699**	**14,233**	**392,815**
Retakaful contract liabilities as at 31 December		**(138,413)**	**-**	**-**	**-**	**-**	**(138,413)**
Net retakaful contract assets as at 31 December		**(89,349)**	**-**	**290,819**	**38,699**	**14,233**	**254,402**

[1] Other movements are mainly related to the outstanding claims recovery and movement of net takaful financial result in OCI from General Takaful.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Group					
		AFRC			ARIC		
					Contracts under PAA		
2023	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
General Takaful							
Retakaful contract assets as at 1 January		**190,723**	**-**	**-**	**539,805**	**61,522**	**792,050**
Retakaful contract liabilities as at 1 January		**(2,907)**	**-**	**-**	**(140,552)**	**11,355**	**(132,104)**
Net retakaful contract assets as at 1 January		**187,816**	**-**	**-**	**399,253**	**72,877**	**659,946**
Allocation of retakaful contributions	19	**(472,001)**	**-**	**-**	**-**	**-**	**(472,001)**
Amounts recoverable from retakaful operators	19	**-**	**-**	**-**	**458,299**	**(16,497)**	**441,802**
Retakaful investment components		**(39,703)**	**-**	**-**	**39,703**	**-**	**-**
Net income or expense from retakaful contracts held	19	**(511,704)**	**-**	**-**	**498,002**	**(16,497)**	**(30,199)**
Effect of changes in non-performance risk of retakaful operators		**-**	**-**	**-**	**193**	**-**	**193**
Retakaful finance income from retakaful contracts held		**5,343**	**-**	**-**	**21,905**	**2,951**	**30,199**
Total changes in the statement of profit or loss and OCI		**(506,361)**	**-**	**-**	**520,100**	**(13,546)**	**193**
Cash flows							
Retakaful contributions paid		**469,924**	**-**	**-**	**-**	**-**	**469,924**
Amounts received		**-**	**-**	**-**	**(285,573)**	**-**	**(285,573)**
Total cash flows		**469,924**	**-**	**-**	**(285,573)**	**-**	**184,351**
Other movements[(1)]		**(194)**	**-**	**-**	**-**	**-**	**(194)**
Net retakaful contract assets as at 31 December		**151,185**	**-**	**-**	**633,780**	**59,331**	**844,296**
Retakaful contract assets as at 31 December		**154,583**	**-**	**-**	**760,464**	**56,809**	**971,856**
Retakaful contract liabilities as at 31 December		**(3,398)**	**-**	**-**	**(126,684)**	**2,522**	**(127,560)**
Net retakaful contract assets as at 31 December		**151,185**	**-**	**-**	**633,780**	**59,331**	**844,296**

(1) Other movements are mainly related to the outstanding claims recovery and movement of net takaful financial result in OCI from General Takaful.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Group					
		AFRC		ARIC			
					Contracts under PAA		
2023	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Group							
Retakaful contract assets as at 1 January		**237,015**	**-**	**196,155**	**563,118**	**65,140**	**1,061,428**
Retakaful contract liabilities as at 1 January		**(80,927)**	**-**	**-**	**(140,552)**	**11,355**	**(210,124)**
Net retakaful contract assets as at 1 January		**156,088**	**-**	**196,155**	**422,566**	**76,495**	**851,304**
Allocation of retakaful contributions	19	**(633,795)**	**-**	**-**	**-**	**-**	**(633,795)**
Amounts recoverable from retakaful operators	19	**-**	**-**	**204,034**	**507,450**	**(5,882)**	**705,602**
Retakaful investment components		**(39,703)**	**-**	**-**	**39,703**	**-**	**-**
Net income or expense from retakaful contracts held	19	**(673,498)**	**-**	**204,034**	**547,153**	**(5,882)**	**71,807**
Effect of changes in non-performance risk of retakaful operators		**-**	**-**	**882**	**127**	**-**	**1,009**
Retakaful finance income from retakaful contracts held		**8,329**	**-**	**-**	**21,905**	**2,951**	**33,185**
Effect of movements in exchange rates		**2,328**	**-**	**-**	**581**	**-**	**2,909**
Total changes in the statement of profit or loss and OCI		**(662,841)**	**-**	**204,916**	**569,766**	**(2,931)**	**108,910**
Cash flows							
Retakaful contributions paid		**578,474**	**-**	**-**	**-**	**-**	**578,474**
Amounts received		**-**	**-**	**(119,126)**	**(318,041)**	**-**	**(437,167)**
Total cash flows		**578,474**	**-**	**(119,126)**	**(318,041)**	**-**	**141,307**
Other movements[1]		**(749)**	**-**	**8,874**	**(1,812)**	**-**	**6,313**
Net retakaful contract assets as at 31 December		**70,972**	**-**	**290,819**	**672,479**	**73,564**	**1,107,834**
Retakaful contract assets as at 31 December		**214,477**	**-**	**290,819**	**799,163**	**71,042**	**1,375,501**
Retakaful contract liabilities as at 31 December		**(143,505)**	**-**	**-**	**(126,684)**	**2,522**	**(267,667)**
Net retakaful contract assets as at 31 December		**70,972**	**-**	**290,819**	**672,479**	**73,564**	**1,107,834**

[1] Other movements are mainly related to the outstanding claims recovery and movement of net takaful financial result in OCI from General Takaful.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Group					
		AFRC		ARIC			
					Contracts under PAA		
2022	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Family Takaful							
Retakaful contract assets as at 1 January		(23,303)	-	135,618	28,091	4,695	145,101
Retakaful contract liabilities as at 1 January		-	-	-	-	-	-
Net retakaful contract assets as at 1 January		(23,303)	-	135,618	28,091	4,695	145,101
Allocation of retakaful contributions	19	(170,486)	-	-	-	-	(170,486)
Amounts recoverable from retakaful operators	19	-	-	190,217	33,642	(1,078)	222,781
Net income or expense from retakaful contracts held	19	(170,486)	-	190,217	33,642	(1,078)	52,295
Effect of changes in non-performance risk of retakaful operators		-	-	332	23	-	355
Effect of movements in exchange rates		(1,661)	-	-	(372)	-	(2,033)
Total changes in the statement of profit or loss and OCI		(172,147)	-	190,549	33,293	(1,078)	50,617
Cash flows							
Retakaful contributions paid		162,545	-	-	-	-	162,545
Amounts received		-	-	(124,670)	(39,675)	-	(164,345)
Total cash flows		162,545	-	(124,670)	(39,675)	-	(1,800)
Other movements[1]		-	-	(5,342)	1,605	-	(3,737)
Net retakaful contract assets as at 31 December		(32,905)	-	196,155	23,314	3,617	190,181
Retakaful contract assets as at 31 December		44,218	-	196,155	23,314	3,617	267,304
Retakaful contract liabilities as at 31 December		(77,123)	-	-	-	-	(77,123)
Net retakaful contract assets as at 31 December		(32,905)	-	196,155	23,314	3,617	190,181

[1] Other movements are mainly related to the outstanding claims recovery and movement of net takaful financial result in OCI from General Takaful.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

2022	Note	Group					
		AFRC			ARIC		
					Contracts under PAA		
		Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
General Takaful							
Retakaful contract assets as at 1 January		(63,404)	-	-	518,874	63,978	519,448
Retakaful contract liabilities as at 1 January		(22,317)	-	-	4,767	298	(17,252)
Net retakaful contract assets as at 1 January		(85,721)	-	-	523,641	64,276	502,196
Allocation of retakaful contributions	19	(288,643)	-	-	-	-	(288,643)
Amounts recoverable from retakaful operators	19	-	-	-	261,955	6,316	268,271
Retakaful investment components		(67,698)	-	-	67,698	-	-
Net income or expense from retakaful contracts held	19	(356,341)	-	-	329,653	6,316	(20,372)
Effect of changes in non-performance risk of retakaful operators		-	-	-	(1,080)	-	(1,080)
Retakaful finance income from retakaful contracts held		3,369	-	-	14,718	2,285	20,372
Total changes in the statement of profit or loss and OCI		(352,972)	-	-	343,291	8,601	(1,080)
Cash flows							
Retakaful contributions paid		625,426	-	-	-	-	625,426
Amounts received		-	-	-	(467,679)	-	(467,679)
Total cash flows		625,426	-	-	(467,679)	-	157,747
Other movements[(1)]		1,083	-	-	-	-	1,083
Net retakaful contract assets as at 31 December		187,816	-	-	399,253	72,877	659,946
Retakaful contract assets as at 31 December		190,723	-	-	539,805	61,522	792,050
Retakaful contract liabilities as at 31 December		(2,907)	-	-	(140,552)	11,355	(132,104)
Net retakaful contract assets as at 31 December		187,816	-	-	399,253	72,877	659,946

(1) Other movements are mainly related to the outstanding claims recovery and movement of net takaful financial result in OCI from General Takaful.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Group					
		AFRC		ARIC			
					Contracts under PAA		
2022	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Group							
Retakaful contract assets as at 1 January		(82,923)	-	135,618	546,965	68,673	668,333
Retakaful contract liabilities as at 1 January		(22,317)	-	-	4,767	298	(17,252)
Net retakaful contract assets as at 1 January		(105,240)	-	135,618	551,732	68,971	651,081
Allocation of retakaful contributions	19	(477,615)	-	-	-	-	(477,615)
Amounts recoverable from retakaful operators	19	-	-	190,217	292,710	5,238	488,165
Retakaful investment components		(67,698)	-	-	67,698	-	-
Net income or expense from retakaful contracts held	19	(545,313)	-	190,217	360,408	5,238	10,550
Effect of changes in non-performance risk of retakaful operators		-	-	332	(1,057)	-	(725)
Retakaful finance income from retakaful contracts held		3,557	-	-	14,718	2,286	20,561
Effect of movements in exchange rates		(1,629)	-	-	(372)	-	(2,001)
Total changes in the statement of profit or loss and OCI		(543,385)	-	190,549	373,697	7,524	28,385
Cash flows							
Retakaful contributions paid		803,631	-	-	-	-	803,631
Amounts received		-	-	(124,670)	(507,354)	-	(632,024)
Total cash flows		803,631	-	(124,670)	(507,354)	-	171,607
Other movements[1]		1,082	-	(5,342)	4,491	-	231
Net retakaful contract assets as at 31 December		156,088	-	196,155	422,566	76,495	851,304
Retakaful contract assets as at 31 December		237,015	-	196,155	563,118	65,140	1,061,428
Retakaful contract liabilities as at 31 December		(80,927)	-	-	(140,552)	11,355	(210,124)
Net retakaful contract assets as at 31 December		156,088	-	196,155	422,566	76,495	851,304

[1] Other movements are mainly related to the outstanding claims recovery and movement of net takaful financial result in OCI from General Takaful.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Company					
		AFRC		ARIC			
					Contracts under PAA		
2023	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Family Takaful							
Retakaful contract assets as at 1 January		-	-	**196,155**	**10,994**	**3,618**	**210,767**
Retakaful contract liabilities as at 1 January		**(77,123)**	-	-	-	-	**(77,123)**
Net retakaful contract assets as at 1 January		**(77,123)**	-	**196,155**	**10,994**	**3,618**	**133,644**
Allocation of retakaful contributions	19	**(132,591)**	-	-	-	-	**(132,591)**
Amounts recoverable from retakaful operators	19	-	-	**204,034**	**9,779**	**10,615**	**224,428**
Net income or expense from retakaful contracts held	19	**(132,591)**	-	**204,034**	**9,779**	**10,615**	**91,837**
Effect of changes in non-performance risk of retakaful operators		-	-	**882**	**(66)**	-	**816**
Total changes in the statement of profit or loss and OCI		**(132,591)**	-	**204,916**	**9,713**	**10,615**	**92,653**
Cash flows							
Retakaful contributions paid		**78,386**	-	-	-	-	**78,386**
Amounts received		-	-	**(119,126)**	**(5,028)**	-	**(124,154)**
Total cash flows		**78,386**	-	**(119,126)**	**(5,028)**	-	**(45,768)**
Other movements[1]		-	-	**8,874**	**(1,223)**	-	**7,651**
Net retakaful contract assets as at 31 December		**(131,328)**	-	**290,819**	**14,456**	**14,233**	**188,180**
Retakaful contract assets as at 31 December		-	-	**290,819**	**14,456**	**14,233**	**319,508**
Retakaful contract liabilities as at 31 December		**(131,328)**	-	-	-	-	**(131,328)**
Net retakaful contract assets as at 31 December		**(131,328)**	-	**290,819**	**14,456**	**14,233**	**188,180**

[1] Other movements are the outstanding claims recovery and unallocated surplus.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Company					
		AFRC		ARIC			
					Contracts under PAA		
2023	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Company							
Retakaful contract assets as at 1 January		**1,742**	**-**	**196,155**	**10,994**	**3,618**	**212,509**
Retakaful contract liabilities as at 1 January		**(77,123)**	**-**	**-**	**-**	**-**	**(77,123)**
Net retakaful contract assets as at 1 January		**(75,381)**	**-**	**196,155**	**10,994**	**3,618**	**135,386**
Allocation of retakaful contributions	19	**(126,408)**	**-**	**-**	**-**	**-**	**(126,408)**
Amounts recoverable from retakaful operators	19	**-**	**-**	**204,034**	**9,779**	**10,615**	**224,428**
Net income or expense from retakaful contracts held	19	**(126,408)**	**-**	**204,034**	**9,779**	**10,615**	**98,020**
Effect of changes in non-performance risk of retakaful operators		**-**	**-**	**882**	**(66)**	**-**	**816**
Retakaful finance income from retakaful contracts held		**120**	**-**	**-**	**-**	**-**	**120**
Total changes in the statement of profit or loss and OCI		**(126,288)**	**-**	**204,916**	**9,713**	**10,615**	**98,956**
Cash flows							
Retakaful contributions paid		**81,171**	**-**	**-**	**-**	**-**	**81,171**
Amounts received		**-**	**-**	**(119,126)**	**(4,439)**	**-**	**(123,565)**
Total cash flows		**81,171**	**-**	**(119,126)**	**(4,439)**	**-**	**(42,394)**
Other movements[1]		**-**	**-**	**8,874**	**(1,812)**	**-**	**7,062**
Net retakaful contract assets as at 31 December		**(120,498)**	**-**	**290,819**	**14,456**	**14,233**	**199,010**
Retakaful contract assets as at 31 December		**10,830**	**-**	**290,819**	**14,456**	**14,233**	**330,338**
Retakaful contract liabilities as at 31 December		**(131,328)**	**-**	**-**	**-**	**-**	**(131,328)**
Net retakaful contract assets as at 31 December		**(120,498)**	**-**	**290,819**	**14,456**	**14,233**	**199,010**

(1) Other movements are the outstanding claims recovery and unallocated surplus.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Company					
		AFRC		ARIC			
					Contracts under PAA		
2022	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Family Takaful							
Retakaful contract assets as at 1 January		(59,303)	-	135,618	8,953	4,695	89,963
Retakaful contract liabilities as at 1 January		-	-	-	-	-	-
Net retakaful contract assets as at 1 January		(59,303)	-	135,618	8,953	4,695	89,963
Allocation of retakaful contributions	19	(148,569)	-	-	-	-	(148,569)
Amounts recoverable from retakaful operators	19	-	-	190,217	10,749	(1,077)	199,889
Net income or expense from retakaful contracts held	19	(148,569)	-	190,217	10,749	(1,077)	51,320
Effect of changes in non-performance risk of retakaful operators		-	-	332	23	-	355
Total changes in the statement of profit or loss and OCI		(148,569)	-	190,549	10,772	(1,077)	51,675
Cash flows							
Retakaful contributions paid		130,749	-	-	-	-	130,749
Amounts received		-	-	(124,670)	(10,336)	-	(135,006)
Total cash flows		130,749	-	(124,670)	(10,336)	-	(4,257)
Other movements[1]		-	-	(5,342)	1,605	-	(3,737)
Net retakaful contract assets as at 31 December		(77,123)	-	196,155	10,994	3,618	133,644
Retakaful contract assets as at 31 December		-	-	196,155	10,994	3,618	210,767
Retakaful contract liabilities as at 31 December		(77,123)	-	-	-	-	(77,123)
Net retakaful contract assets as at 31 December		(77,123)	-	196,155	10,994	3,618	133,644

[1] Other movements are the outstanding claims recovery and unallocated surplus.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.2 Reconciliation of the assets for remaining coverage ("AFRC") and the assets recoverable on incurred claims ("ARIC") (continued)

Retakaful contracts held (continued)

		Company					
		AFRC		ARIC			
					Contracts under PAA		
2022	Note	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Contracts not under PAA RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	Total RM'000
Company							
Retakaful contract assets as at 1 January		(54,553)	-	135,619	8,953	4,695	94,714
Retakaful contract liabilities as at 1 January		-	-	-	-	-	-
Net retakaful contract assets as at 1 January		(54,553)	-	135,619	8,953	4,695	94,714
Allocation of retakaful contributions:	19	(154,467)	-	-	-	-	(154,467)
Amounts recoverable from retakaful operators:	19	-	-	190,217	10,749	(1,077)	199,889
Net income or expense from retakaful contracts held	19	(154,467)	-	190,217	10,749	(1,077)	45,422
Effect of changes in non-performance risk of retakaful operators		-	-	332	23	-	355
Retakaful finance income from retakaful contracts held		180	-	-	-	-	180
Total changes in the statement of profit or loss and OCI		(154,287)	-	190,549	10,772	(1,077)	45,957
Cash flows							
Retakaful contributions paid		133,459	-	-	-	-	133,459
Amounts received		-	-	(124,670)	(10,336)	-	(135,006)
Total cash flows		133,459	-	(124,670)	(10,336)	-	(1,547)
Other movements[1]		-	-	(5,343)	1,605	-	(3,738)
Net retakaful contract assets as at 31 December		(75,381)	-	196,155	10,994	3,618	135,386
Retakaful contract assets as at 31 December		1,742	-	196,155	10,994	3,618	212,509
Retakaful contract liabilities as at 31 December		(77,123)	-	-	-	-	(77,123)
Net retakaful contract assets as at 31 December		(75,381)	-	196,155	10,994	3,618	135,386

[1] Other movements are the outstanding claims recovery and unallocated surplus.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances

Takaful contracts issued - contracts not measured under PAA

	Group							
	2023				2022			
	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Family Takaful								
Takaful contract liabilities as at 1 January	**7,956,999**	**22,937**	**-**	**7,979,936**	7,308,713	(3,897)	-	7,304,816
Takaful contract assets as at 1 January	**(104,937)**	**155**	**-**	**(104,782)**	-	-	-	-
Net takaful contract liabilities as at 1 January	**7,852,062**	**23,092**	**-**	**7,875,154**	7,308,713	(3,897)	-	7,304,816
Changes that relate to current services	**(239,643)**	**-**	**-**	**(239,643)**	(264,724)	-	-	(264,724)
Experience adjustments	**(239,643)**	**-**	**-**	**(239,643)**	(264,724)	-	-	(264,724)
Changes that relate to future services	**(37,057)**	**-**	**-**	**(37,057)**	(26,415)	-	-	(26,415)
Changes in estimates that adjust the contractual service margin	**(37,057)**	**-**	**-**	**(37,057)**	(26,415)	-	-	(26,415)
Changes that relate to past services	**494,853**	**23,780**	**-**	**518,633**	444,395	26,989	-	471,384
Adjustments to liabilities for incurred claims	**494,853**	**23,780**	**-**	**518,633**	444,395	26,989	-	471,384
Takaful service result	**218,153**	**23,780**	**-**	**241,933**	153,256	26,989	-	180,245
Takaful finance expenses from takaful contracts issued	**128,218**	**-**	**-**	**128,218**	94,924	-	-	94,924
Total changes in the statement of profit or loss and OCI	**346,371**	**23,780**	**-**	**370,151**	248,180	26,989	-	275,169
Cash flows								
Contributions received	**1,942,523**	**-**	**-**	**1,942,523**	1,825,827	-	-	1,825,827
Claims and other expenses paid including investment components	**(916,973)**	**-**	**-**	**(916,973)**	(812,018)	-	-	(812,018)
Deem settlement transfer	**(801,415)**	**-**	**-**	**(801,415)**	(720,521)	-	-	(720,521)
Total cash flows	**224,135**	**-**	**-**	**224,135**	293,288	-	-	293,288
Other movements	**3,350**	**-**	**-**	**3,350**	1,881	-	-	1,881
Net takaful contract liabilities as at 31 December	**8,425,918**	**46,872**	**-**	**8,472,790**	7,852,062	23,092	-	7,875,154
Takaful contract liabilities as at 31 December	**8,636,050**	**43,353**	**-**	**8,679,403**	7,956,999	22,937	-	7,979,936
Takaful contract assets as at 31 December	**(210,132)**	**3,519**	**-**	**(206,613)**	(104,937)	155	-	(104,782)
Net takaful contract liabilities as at 31 December	**8,425,918**	**46,872**	**-**	**8,472,790**	7,852,062	23,092	-	7,875,154

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Takaful contracts issued - contracts not measured under PAA (continued)

	Group							
	2023				2022			
	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
General Takaful								
Takaful contract liabilities as at 1 January	**116,164**	**394**	**-**	**116,558**	105,473	585	-	106,058
Takaful contract assets as at 1 January	**(7,165)**	**87**	**-**	**(7,078)**	-	-	-	-
Net takaful contract liabilities as at 1 January	**108,999**	**481**	**-**	**109,480**	105,473	585	-	106,058
Changes that relate to current services	**(16,401)**	**-**	**-**	**(16,401)**	(3,915)	-	-	(3,915)
Experience adjustments	**(16,401)**	**-**	**-**	**(16,401)**	(3,915)	-	-	(3,915)
Changes that relate to past services	**20,907**	**116**	**-**	**21,023**	8,027	(153)	-	7,874
Adjustments to liabilities for incurred claims	**20,907**	**116**	**-**	**21,023**	8,027	(153)	-	7,874
Takaful service result	**4,506**	**116**	**-**	**4,622**	4,112	(153)	-	3,959
Takaful finance expenses from takaful contracts issued	**327**	**32**	**-**	**359**	335	49	-	384
Total changes in the statement of profit or loss and OCI	**4,833**	**148**	**-**	**4,981**	4,447	(104)	-	4,343
Cash flows								
Contributions received	**34,272**	**-**	**-**	**34,272**	43,327	-	-	43,327
Claims and other expenses paid including investment components	**(19,184)**	**-**	**-**	**(19,184)**	(30,727)	-	-	(30,727)
Deem settlement transfer	**(13,549)**	**-**	**-**	**(13,549)**	(13,521)	-	-	(13,521)
Total cash flows	**1,539**	**-**	**-**	**1,539**	(921)	-	-	(921)
Net takaful contract liabilities as at 31 December	**115,371**	**629**	**-**	**116,000**	108,999	481	-	109,480
Takaful contract liabilities as at 31 December	**128,823**	**512**	**-**	**129,335**	116,164	394	-	116,558
Takaful contract assets as at 31 December	**(13,452)**	**117**	**-**	**(13,335)**	(7,165)	87	-	(7,078)
Net takaful contract liabilities as at 31 December	**115,371**	**629**	**-**	**116,000**	108,999	481	-	109,480

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Takaful contracts issued - contracts not measured under PAA (continued)

	Note	Group							
		2023				2022			
		Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Group									
Takaful contract liabilities as at 1 January		**7,838,862**	**107,563**	**1,225,912**	**9,172,337**	7,245,721	62,674	1,037,609	8,346,004
Takaful contract assets as at 1 January		**(214,415)**	**12,934**	**29,839**	**(171,642)**	(10,671)	3,505	2,506	(4,660)
Net takaful contract liabilities as at 1 January		**7,624,447**	**120,497**	**1,255,751**	**9,000,695**	7,235,050	66,179	1,040,115	8,341,344
Changes that relate to current services		**(264,376)**	**(56,405)**	**(240,040)**	**(560,821)**	(287,807)	(46,658)	(218,472)	(552,937)
Contractual service margin recognised for services provided		**-**	**-**	**(240,040)**	**(240,040)**	-	-	(218,472)	(218,472)
Risk adjustment for the risk expired		**-**	**(56,405)**	**-**	**(56,405)**	-	(46,658)	-	(46,658)
Experience adjustments		**(264,376)**	**-**	**-**	**(264,376)**	(287,807)	-	-	(287,807)
Changes that relate to future services		**(305,932)**	**145,894**	**173,085**	**13,047**	(469,886)	72,643	388,251	(8,992)
Contracts initially recognised in the year	a	**(289,162)**	**55,321**	**233,896**	**55**	(322,598)	42,536	280,062	-
Changes in estimates that adjust the contractual service margin		**(16,770)**	**90,573**	**(60,811)**	**12,992**	(147,288)	30,107	108,189	(8,992)
Changes that relate to past services		**(24,575)**	**23,896**	**-**	**(679)**	73,710	26,836	-	100,546
Adjustments to liabilities for incurred claims		**(24,575)**	**23,896**	**-**	**(679)**	73,710	26,836	-	100,546
Takaful service result		**(594,883)**	**113,385**	**(66,955)**	**(548,453)**	(683,983)	52,821	169,779	(461,383)
Takaful finance expenses from takaful contracts issued		**101,605**	**16,197**	**41,002**	**158,804**	91,335	1,497	45,857	138,689
Total changes in the statement of profit or loss and OCI		**(493,278)**	**129,582**	**(25,953)**	**(389,649)**	(592,648)	54,318	215,636	(322,694)
Cash flows									
Contributions received		**1,972,556**	**-**	**-**	**1,972,556**	1,842,961	-	-	1,842,961
Claims and other expenses paid including investment components		**(417,293)**	**-**	**-**	**(417,293)**	(469,914)	-	-	(469,914)
Takaful acquisition cash flows		**(533,061)**	**-**	**-**	**(533,061)**	(410,758)	-	-	(410,758)
Deem settlement transfer		**26,258**	**-**	**-**	**26,258**	17,875	-	-	17,875
Total cash flows		**1,048,460**	**-**	**-**	**1,048,460**	980,164	-	-	980,164
Other movements		**3,350**	**-**	**-**	**3,350**	1,881	-	-	1,881
Net takaful contract liabilities as at 31 December		**8,182,979**	**250,079**	**1,229,798**	**9,662,856**	7,624,447	120,497	1,255,751	9,000,695
Takaful contract liabilities as at 31 December		**8,519,214**	**206,521**	**1,177,950**	**9,903,685**	7,838,862	107,563	1,225,912	9,172,337
Takaful contract assets as at 31 December		**(336,235)**	**43,558**	**51,848**	**(240,829)**	(214,415)	12,934	29,839	(171,642)
Net takaful contract liabilities as at 31 December		**8,182,979**	**250,079**	**1,229,798**	**9,662,856**	7,624,447	120,497	1,255,751	9,000,695

(a) Please refer to Note 9.5 for a detailed breakdown of initially recognised contracts

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Takaful contracts issued - contracts not measured under PAA (continued)

	Company							
	2023				2022			
	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Family Takaful								
Takaful contract liabilities as at 1 January	**7,956,999**	**22,937**	**-**	**7,979,936**	7,308,713	(3,897)	-	7,304,816
Takaful contract assets as at 1 January	**(104,937)**	**155**	**-**	**(104,782)**	-	-	-	-
Net takaful contract liabilities as at 1 January	**7,852,062**	**23,092**	**-**	**7,875,154**	7,308,713	(3,897)	-	7,304,816
Changes that relate to current services	**(239,643)**	**-**	**-**	**(239,643)**	(264,724)	-	-	(264,724)
Experience adjustments	**(239,643)**	**-**	**-**	**(239,643)**	(264,724)	-	-	(264,724)
Changes that relate to future services	**(37,057)**	**-**	**-**	**(37,057)**	(26,415)	-	-	(26,415)
Changes in estimates that adjust the contractual service margin	**(37,057)**	**-**	**-**	**(37,057)**	(26,415)	-	-	(26,415)
Changes that relate to past services	**494,853**	**23,780**	**-**	**518,633**	444,396	26,989	-	471,385
Adjustments to liabilities for incurred claims	**494,853**	**23,780**	**-**	**518,633**	444,396	26,989	-	471,385
Takaful service result	**218,153**	**23,780**	**-**	**241,933**	153,257	26,989	-	180,246
Takaful finance expenses from takaful contracts issued	**128,218**	**-**	**-**	**128,218**	94,924	-	-	94,924
Total changes in the statement of profit or loss and OCI	**346,371**	**23,780**	**-**	**370,151**	248,181	26,989	-	275,170
Cash flows								
Contributions received	**1,942,523**	**-**	**-**	**1,942,523**	1,825,827	-	-	1,825,827
Claims and other expenses paid including investment components	**(916,973)**	**-**	**-**	**(916,973)**	(812,018)	-	-	(812,018)
Deem settlement transfer	**(801,415)**	**-**	**-**	**(801,415)**	(720,521)	-	-	(720,521)
Total cash flows	**224,135**	**-**	**-**	**224,135**	293,288	-	-	293,288
Other movements	**3,350**	**-**	**-**	**3,350**	1,880	-	-	1,880
Net takaful contract liabilities as at 31 December	**8,425,918**	**46,872**	**-**	**8,472,790**	7,852,062	23,092	-	7,875,154
Takaful contract liabilities as at 31 December	**8,636,050**	**43,353**	**-**	**8,679,403**	7,956,999	22,937	-	7,979,936
Takaful contract assets as at 31 December	**(210,132)**	**3,519**	**-**	**(206,613)**	(104,937)	155	-	(104,782)
Net takaful contract liabilities as at 31 December	**8,425,918**	**46,872**	**-**	**8,472,790**	7,852,062	23,092	-	7,875,154

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Takaful contracts issued - contracts not measured under PAA (continued)

	Note	Company							
		2023				2022			
		Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Company									
Takaful contract liabilities as at 1 January		**7,743,515**	**86,100**	**1,146,743**	**8,976,358**	7,155,260	47,740	960,034	8,163,034
Takaful contract assets as at 1 January		**(197,212)**	**9,806**	**27,625**	**(159,781)**	-	-	-	-
Net takaful contract liabilities as at 1 January		**7,546,303**	**95,906**	**1,174,368**	**8,816,577**	7,155,260	47,740	960,034	8,163,034
Changes that relate to current services		**(252,708)**	**(55,319)**	**(234,077)**	**(542,104)**	(289,547)	(46,002)	(212,941)	(548,490)
Contractual service margin recognised for services provided		**-**	**-**	**(234,077)**	**(234,077)**	-	-	(212,941)	(212,941)
Risk adjustment for the risk expired		**-**	**(55,319)**	**-**	**(55,319)**	-	(46,002)	-	(46,002)
Experience adjustments		**(252,708)**	**-**	**-**	**(252,708)**	(289,547)	-	-	(289,547)
Changes that relate to future services		**(292,420)**	**149,667**	**155,800**	**13,047**	(459,324)	65,900	384,432	(8,992)
Contracts initially recognised in the year	a	**(276,113)**	**53,554**	**222,614**	**55**	(311,871)	38,719	273,152	-
Changes in estimates that adjust the contractual service margin		**(16,307)**	**96,113**	**(66,814)**	**12,992**	(147,453)	27,181	111,280	(8,992)
Changes that relate to past services		**494,853**	**23,779**	**-**	**518,632**	444,395	26,989	-	471,384
Adjustments to liabilities for incurred claims		**494,853**	**23,779**	**-**	**518,632**	444,395	26,989	-	471,384
Takaful service result		**(50,275)**	**118,127**	**(78,277)**	**(10,425)**	(304,476)	46,887	171,491	(86,098)
Takaful finance expenses from takaful contracts issued		**103,912**	**14,412**	**37,622**	**155,946**	91,563	1,279	42,843	135,685
Total changes in the statement of profit or loss and OCI		**53,637**	**132,539**	**(40,655)**	**145,521**	(212,913)	48,166	214,334	49,587
Cash flows									
Contributions received		**1,942,523**	**-**	**-**	**1,942,523**	1,825,827	-	-	1,825,827
Claims and other expenses paid including investment components		**(940,947)**	**-**	**-**	**(940,947)**	(841,974)	-	-	(841,974)
Takaful acquisition cash flows		**(524,117)**	**-**	**-**	**(524,117)**	(400,554)	-	-	(400,554)
Deem settlement transfer		**25,935**	**-**	**-**	**25,935**	18,776	-	-	18,776
Total cash flows		**503,394**	**-**	**-**	**503,394**	602,075	-	-	602,075
Other movements		**3,350**	**-**	**-**	**3,350**	1,881	-	-	1,881
Net takaful contract liabilities as at 31 December		**8,106,684**	**228,445**	**1,133,713**	**9,468,842**	7,546,303	95,906	1,174,368	8,816,577
Takaful contract liabilities as at 31 December		**8,420,528**	**187,849**	**1,083,834**	**9,692,211**	7,743,515	86,100	1,146,743	8,976,358
Takaful contract assets as at 31 December		**(313,844)**	**40,596**	**49,879**	**(223,369)**	(197,212)	9,806	27,625	(159,781)
Net takaful contract liabilities as at 31 December		**8,106,684**	**228,445**	**1,133,713**	**9,468,842**	7,546,303	95,906	1,174,368	8,816,577

(a) Please refer to Note 9.5 for a detailed breakdown of initially recognised contracts

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Retakaful contracts held - contracts not measured under PAA

	Group							
	2023				2022			
	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Family Takaful								
Retakaful contract assets as at 1 January	**116,213**	**6,803**	**-**	**123,016**	76,687	(339)	-	76,348
Retakaful contract liabilities as at 1 January	**(1,529)**	**24**	**-**	**(1,505)**	-	-	-	-
Net retakaful contract assets as at 1 January	**114,684**	**6,827**	**-**	**121,511**	76,687	(339)	-	76,348
Changes that relate to current services	**9,596**	**-**	**-**	**9,596**	(10,656)	-	-	(10,656)
Experience adjustments	**9,596**	**-**	**-**	**9,596**	(10,656)	-	-	(10,656)
Changes that relate to past services	**49,592**	**15,701**	**-**	**65,293**	48,902	7,166	-	56,068
Changes in amounts recoverable arising from changes in LFIC	**49,592**	**15,701**	**-**	**65,293**	48,902	7,166	-	56,068
Effect of changes in non-performance risk of retakaful operators	**882**	**-**	**-**	**882**	332	-	-	332
Total changes in the statement of profit or loss and OCI	**60,070**	**15,701**	**-**	**75,771**	38,578	7,166	-	45,744
Cash flows								
Contributions paid	**70,332**	**-**	**-**	**70,332**	124,089	-	-	124,089
Amounts received	**(68,040)**	**-**	**-**	**(68,040)**	(124,670)	-	-	(124,670)
Total cash flows	**2,292**	**-**	**-**	**2,292**	(581)	-	-	(581)
Other movements	**447**	**-**	**-**	**447**	-	-	-	-
Net retakaful contract assets as at 31 December	**177,493**	**22,528**	**-**	**200,021**	114,684	6,827	-	121,511
Retakaful contract assets as at 31 December	**177,493**	**22,528**	**-**	**200,021**	116,213	6,803	-	123,016
Retakaful contract liabilities as at 31 December	**-**	**-**	**-**	**-**	(1,529)	24	-	(1,505)
Net retakaful contract assets as at 31 December	**177,493**	**22,528**	**-**	**200,021**	114,684	6,827	-	121,511

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Retakaful contracts held - contracts not measured under PAA (continued)

	Note	Group							
		2023				2022			
		Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Group									
Retakaful contract assets as at 1 January		**113,890**	**6,772**	**9,694**	**130,356**	76,283	(339)	5,155	81,099
Retakaful contract liabilities as at 1 January		**(1,530)**	**24**	**-**	**(1,506)**	-	-	-	-
Net retakaful contract assets as at 1 January		**112,360**	**6,796**	**9,694**	**128,850**	76,283	(339)	5,155	81,099
Changes that relate to current services		**11,287**	**44**	**(1,149)**	**10,182**	(9,963)	15	(1,010)	(10,958)
Contractual service margin recognised for services provided		**-**	**-**	**(1,149)**	**(1,149)**	-	-	(1,010)	(1,010)
Risk adjustment for the risk expired		**-**	**44**	**-**	**44**	-	15	-	15
Experience adjustments		**11,287**	**-**	**-**	**11,287**	(9,963)	-	-	(9,963)
Changes that relate to future services		**(2,593)**	**(28)**	**2,621**	**-**	(5,262)	(46)	5,308	-
Contracts initially recognised in the year	a	**(2,083)**	**-**	**2,083**	**-**	(3,324)	(32)	3,356	-
Changes in estimates that adjust the contractual service margin		**(510)**	**(28)**	**538**	**-**	(1,938)	(14)	1,952	-
Changes that relate to past services		**49,592**	**15,701**	**-**	**65,293**	48,902	7,166	-	56,068
Changes in amounts recoverable arising from changes in LFIC		**49,592**	**15,701**	**-**	**65,293**	48,902	7,166	-	56,068
Retakaful finance (expenses)/ income from retakaful contracts held		**(79)**	**(1)**	**201**	**121**	(61)	-	241	180
Effect of changes in non-performance risk of retakaful operators		**882**	**-**	**-**	**882**	332	-	-	332
Total changes in the statement of profit or loss and OCI		**59,089**	**15,716**	**1,673**	**76,478**	33,948	7,135	4,539	45,622
Cash flows									
Contributions paid		**73,117**	**-**	**-**	**73,117**	126,799	-	-	126,799
Amounts received		**(68,040)**	**-**	**-**	**(68,040)**	(124,670)	-	-	(124,670)
Total cash flows		**5,077**	**-**	**-**	**5,077**	2,129	-	-	2,129
Other movements		**447**	**-**	**-**	**447**	-	-	-	-
Net retakaful contract assets as at 31 December		**176,973**	**22,512**	**11,367**	**210,852**	112,360	6,796	9,694	128,850
Retakaful contract assets as at 31 December		**176,973**	**22,512**	**11,367**	**210,852**	113,890	6,772	9,694	130,356
Retakaful contract liabilities as at 31 December		**-**	**-**	**-**	**-**	(1,530)	24	-	(1,506)
Net retakaful contract assets as at 31 December		**176,973**	**22,512**	**11,367**	**210,852**	112,360	6,796	9,694	128,850

(a) Please refer to Note 9.5 for a detailed breakdown of initially recognised contracts

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Retakaful contracts held - contracts not measured under PAA (continued)

	Company							
	2023				2022			
	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Family Takaful								
Retakaful contract assets as at 1 January	**116,213**	**6,803**	**-**	**123,016**	76,687	(339)	-	76,348
Retakaful contract liabilities as at 1 January	**(1,529)**	**24**	**-**	**(1,505)**	-	-	-	-
Net retakaful contract assets as at 1 January	**114,684**	**6,827**	**-**	**121,511**	76,687	(339)	-	76,348
Changes that relate to current services	**9,596**	**-**	**-**	**9,596**	(10,656)	-	-	(10,656)
Experience adjustments	**9,596**	**-**	**-**	**9,596**	(10,656)	-	-	(10,656)
Changes that relate to past services	**3,266**	**15,701**	**-**	**18,967**	48,902	7,166	-	56,068
Changes in amounts recoverable arising from changes in LFIC	**3,266**	**15,701**	**-**	**18,967**	48,902	7,166	-	56,068
Effect of changes in non-performance risk of retakaful operators	**882**	**-**	**-**	**882**	332	-	-	332
Total changes in the statement of profit or loss and OCI	**13,744**	**15,701**	**-**	**29,445**	38,578	7,166	-	45,744
Cash flows								
Contributions paid	**70,332**	**-**	**-**	**70,332**	124,089	-	-	124,089
Amounts received	**(68,040)**	**-**	**-**	**(68,040)**	(124,670)	-	-	(124,670)
Total cash flows	**2,292**	**-**	**-**	**2,292**	(581)	-	-	(581)
Other movements	**447**	**-**	**-**	**447**	-	-	-	-
Net retakaful contract assets as at 31 December	**131,167**	**22,528**	**-**	**153,695**	114,684	6,827	-	121,511
Retakaful contract assets as at 31 December	**131,167**	**22,528**	**-**	**153,695**	116,213	6,803	-	123,016
Retakaful contract liabilities as at 31 December	**-**	**-**	**-**	**-**	(1,529)	24	-	(1,505)
Net retakaful contract assets as at 31 December	**131,167**	**22,528**	**-**	**153,695**	114,684	6,827	-	121,511

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.3 Reconciliation of the measurement components of takaful and retakaful contract balances (continued)

Retakaful contracts held - contracts not measured under PAA (continued)

	Note	Company							
		2023				2022			
		Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000	Estimates of PVFCF RM'000	Risk adjustment RM'000	CSM RM'000	Total RM'000
Company									
Retakaful contract assets as at 1 January		**113,890**	**6,772**	**9,694**	**130,356**	76,283	(339)	5,155	81,099
Retakaful contract liabilities as at 1 January		**(1,530)**	**24**	**-**	**(1,506)**	-	-	-	-
Net retakaful contract assets as at 1 January		**112,360**	**6,796**	**9,694**	**128,850**	76,283	(339)	5,155	81,099
Changes that relate to current services		**11,287**	**44**	**(1,149)**	**10,182**	(9,963)	15	(1,010)	(10,958)
Contractual service margin recognised for services provided		**-**	**-**	**(1,149)**	**(1,149)**	-	-	(1,010)	(1,010)
Risk adjustment for the risk expired		**-**	**44**	**-**	**44**	-	15	-	15
Experience adjustments		**11,287**	**-**	**-**	**11,287**	(9,963)	-	-	(9,963)
Changes that relate to future services		**(2,593)**	**(28)**	**2,621**	**-**	(5,262)	(46)	5,308	-
Contracts initially recognised in the year	a	**(2,083)**	**-**	**2,083**	**-**	(3,324)	(32)	3,356	-
Changes in estimates that adjust the contractual service margin		**(510)**	**(28)**	**538**	**-**	(1,938)	(14)	1,952	-
Changes that relate to past services		**3,266**	**15,701**	**-**	**18,967**	48,902	7,166	-	56,068
Changes in amounts recoverable arising from changes in LFIC		**3,266**	**15,701**	**-**	**18,967**	48,902	7,166	-	56,068
Retakaful finance (expenses)/ income from retakaful contracts held		**(79)**	**(1)**	**201**	**121**	(61)	-	241	180
Effect of changes in non-performance risk of retakaful operators		**882**	**-**	**-**	**882**	332	-	-	332
Total changes in the statement of profit or loss and OCI		**12,763**	**15,716**	**1,673**	**30,152**	33,948	7,135	4,539	45,622
Cash flows									
Contributions paid		**73,117**	**-**	**-**	**73,117**	126,799	-	-	126,799
Amounts received		**(68,040)**	**-**	**-**	**(68,040)**	(124,670)	-	-	(124,670)
Total cash flows		**5,077**	**-**	**-**	**5,077**	2,129	-	-	2,129
Other movements		**447**	**-**	**-**	**447**	-	-	-	-
Net retakaful contract assets as at 31 December		**130,647**	**22,512**	**11,367**	**164,526**	112,360	6,796	9,694	128,850
Retakaful contract assets as at 31 December		**130,647**	**22,512**	**11,367**	**164,526**	113,890	6,772	9,694	130,356
Retakaful contract liabilities as at 31 December		**-**	**-**	**-**	**-**	(1,530)	24	-	(1,506)
Net retakaful contract assets as at 31 December		**130,647**	**22,512**	**11,367**	**164,526**	112,360	6,796	9,694	128,850

(a) Please refer to Note 9.5 for a detailed breakdown of initially recognised contracts

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.4 The impacts on the current financial year of transition approaches adopted to establishing CSM

Takaful contracts issued

	2023				2022			
	MRA RM'000	FVA RM'000	All other contracts RM'000	Total RM'000	MRA RM'000	FVA RM'000	All other contracts RM'000	Total RM'000
Group								
Contractual service margin as at 1 January	**901,677**	**71,701**	**282,373**	**1,255,751**	1,002,145	31,835	6,135	1,040,115
Changes that relate to current services								
Contractual service margin recognised for services provided	**(150,368)**	**(8,496)**	**(81,176)**	**(240,040)**	(173,959)	(14,951)	(29,562)	(218,472)
Changes that relate to future services								
Contracts initially recognised in the year	**-**	**-**	**233,896**	**233,896**	-	-	280,062	280,062
Changes in estimates that adjust the contractual service margin	**71,711**	**(22,822)**	**(109,700)**	**(60,811)**	36,960	52,840	18,389	108,189
Takaful service result	**(78,657)**	**(31,318)**	**43,020**	**(66,955)**	(136,999)	37,889	268,889	169,779
Takaful finance expenses from takaful contracts issued	**31,438**	**26**	**9,538**	**41,002**	36,531	1,977	7,349	45,857
Total changes in the statement of profit or loss and OCI	**(47,219)**	**(31,292)**	**52,558**	**(25,953)**	(100,468)	39,866	276,238	215,636
Contractual service margin as at 31 December	**854,458**	**40,409**	**334,931**	**1,229,798**	901,677	71,701	282,373	1,255,751
Company								
Contractual service margin as at 1 January	**840,852**	**62,468**	**271,048**	**1,174,368**	937,953	22,081	-	960,034
Changes that relate to current services								
Contractual service margin recognised for services provided	**(146,372)**	**(7,676)**	**(80,029)**	**(234,077)**	(169,903)	(14,109)	(28,929)	(212,941)
Changes that relate to future services								
Contracts initially recognised in the year	**-**	**-**	**222,614**	**222,614**	-	-	273,152	273,152
Changes in estimates that adjust the contractual service margin	**69,907**	**(22,841)**	**(113,880)**	**(66,814)**	38,636	52,925	19,719	111,280
Takaful service result	**(76,465)**	**(30,517)**	**28,705**	**(78,277)**	(131,267)	38,816	263,942	171,491
Takaful finance expenses from takaful contracts issued	**29,072**	**(359)**	**8,909**	**37,622**	34,166	1,571	7,106	42,843
Total changes in the statement of profit or loss and OCI	**(47,393)**	**(30,876)**	**37,614**	**(40,655)**	(97,101)	40,387	271,048	214,334
Contractual service margin as at 31 December	**793,459**	**31,592**	**308,662**	**1,133,713**	840,852	62,468	271,048	1,174,368

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.4 The impacts on the current financial year of transition approaches adopted to establishing CSM (continued)

Retakaful contracts held

	2023				2022			
	MRA RM'000	FVA RM'000	All other contracts RM'000	Total RM'000	MRA RM'000	FVA RM'000	All other contracts RM'000	Total RM'000
Group								
Contractual service margin as at 1 January	**-**	**6,327**	**3,367**	**9,694**	-	5,155	-	5,155
Changes that relate to current services								
Contractual service margin recognised for services provided	**-**	**(506)**	**(643)**	**(1,149)**	-	(693)	(317)	(1,010)
Changes that relate to future services								
Contracts initially recognised in the year	**-**	**-**	**2,083**	**2,083**	-	-	3,356	3,356
Changes in estimates that adjust the contractual service margin	**-**	**328**	**210**	**538**	-	1,712	240	1,952
Retakaful finance income from retakaful contracts held	**-**	**16**	**185**	**201**	-	153	88	241
Total changes in the statement of profit or loss and OCI	**-**	**(162)**	**1,835**	**1,673**	-	1,172	3,367	4,539
Contractual service margin as at 31 December	**-**	**6,165**	**5,202**	**11,367**	-	6,327	3,367	9,694
Company								
Contractual service margin as at 1 January	**-**	**6,327**	**3,367**	**9,694**	-	5,155	-	5,155
Changes that relate to current services								
Contractual service margin recognised for services provided	**-**	**(506)**	**(643)**	**(1,149)**	-	(693)	(317)	(1,010)
Changes that relate to future services								
Contracts initially recognised in the year	**-**	**-**	**2,083**	**2,083**	-	-	3,356	3,356
Changes in estimates that adjust the contractual service margin	**-**	**328**	**210**	**538**	-	1,712	240	1,952
Retakaful finance income from retakaful contracts held	**-**	**16**	**185**	**201**	-	153	88	241
Total changes in the statement of profit or loss and OCI	**-**	**(162)**	**1,835**	**1,673**	-	1,172	3,367	4,539
Contractual service margin as at 31 December	**-**	**6,165**	**5,202**	**11,367**	-	6,327	3,367	9,694

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.5 The components of new business

Takaful contracts issued

	Group					
	2023			2022		
	Contracts issued			Contracts issued		
	Non-onerous RM'000	Onerous RM'000	Total RM'000	Non-onerous RM'000	Onerous RM'000	Total RM'000
Family Takaful						
Takaful contract liabilities						
Estimates of present value of future cash outflows, excluding takaful acquisition cash flows	**1,863,845**	**3,311**	**1,867,156**	1,768,716	-	1,768,716
Estimates of present value of future cash outflows	**1,863,845**	**3,311**	**1,867,156**	1,768,716	-	1,768,716
Estimates of present value of future cash inflows	**(1,863,845)**	**(3,311)**	**(1,867,156)**	(1,768,716)	-	(1,768,716)
Amount included in takaful contract liabilities for the year	**-**	**-**	**-**	-	-	-
General Takaful						
Takaful contract liabilities						
Estimates of present value of future cash outflows, excluding takaful acquisition cash flows	**50,110**	**-**	**50,110**	50,637	-	50,637
Estimates of present value of future cash outflows	**50,110**	**-**	**50,110**	50,637	-	50,637
Estimates of present value of future cash inflows	**(50,110)**	**-**	**(50,110)**	(50,637)	-	(50,637)
Amount included in takaful contract liabilities for the year	**-**	**-**	**-**	-	-	-
Group						
Takaful contract liabilities						
Estimates of present value of future cash outflows, excluding takaful acquisition cash flows	**1,845,101**	**3,461**	**1,848,562**	1,896,218	-	1,896,218
Estimates of takaful acquisition cash flows	**512,692**	**1,290**	**513,982**	423,872	-	423,872
Estimates of present value of future cash outflows	**2,357,793**	**4,751**	**2,362,544**	2,320,090	-	2,320,090
Estimates of present value of future cash inflows	**(2,646,876)**	**(4,830)**	**(2,651,706)**	(2,642,688)	-	(2,642,688)
Risk adjustment	**55,187**	**134**	**55,321**	42,536	-	42,536
CSM	**233,896**	**-**	**233,896**	280,062	-	280,062
Amount included in takaful contract liabilities for the year	**-**	**55**	**55**	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.5 The components of new business (continued)

Takaful contracts issued (continued)

	Company					
	2023			2022		
	Contracts issued			Contracts issued		
	Non-onerous RM'000	Onerous RM'000	Total RM'000	Non-onerous RM'000	Onerous RM'000	Total RM'000
Family Takaful						
Takaful contract liabilities						
Estimates of present value of future cash outflows, excluding takaful acquisition cash flows	**1,863,845**	**3,311**	**1,867,156**	1,768,716	-	1,768,716
Estimates of present value of future cash outflows	**1,863,845**	**3,311**	**1,867,156**	1,768,716	-	1,768,716
Estimates of present value of future cash inflows	**(1,863,845)**	**(3,311)**	**(1,867,156)**	(1,768,716)	-	(1,768,716)
Amount included in takaful contract liabilities for the year	**-**	**-**	**-**	-	-	-
Company						
Takaful contract liabilities						
Estimates of present value of future cash outflows, excluding takaful acquisition cash flows	**1,817,822**	**3,461**	**1,821,283**	1,867,075	-	1,867,075
Estimates of takaful acquisition cash flows	**502,911**	**1,290**	**504,201**	413,105	-	413,105
Estimates of present value of future cash outflows	**2,320,733**	**4,751**	**2,325,484**	2,280,180	-	2,280,180
Estimates of present value of future cash inflows	**(2,596,767)**	**(4,830)**	**(2,601,597)**	(2,592,051)	-	(2,592,051)
Risk adjustment	**53,420**	**134**	**53,554**	38,719	-	38,719
CSM	**222,614**	**-**	**222,614**	273,152	-	273,152
Amount included in takaful contract liabilities for the year	**-**	**55**	**55**	-	-	-

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.5 The components of new business (continued)

Retakaful contracts held - contracts purchased

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
Retakaful contract assets				
Estimates of present value of future cash outflows	**(30,129)**	(31,459)	**(30,129)**	(31,459)
Estimates of present value of future cash inflows	**30,129**	31,459	**30,129**	31,459
Amount included in retakaful contract assets for the year	**-**	-	**-**	-
Group/Company				
Retakaful contract assets				
Estimates of present value of future cash outflows	**(30,128)**	(31,459)	**(30,128)**	(31,459)
Estimates of present value of future cash inflows	**28,045**	28,135	**28,045**	28,135
Risk adjustment	**-**	(32)	**-**	(32)
CSM	**2,083**	3,356	**2,083**	3,356
Amount included in retakaful contract assets for the year	**-**	-	**-**	-

The Group and the Company entered in to two new retakaful contracts held during the year. One of the contract has a positive CSM. The second contract comprises retroactive cover, the net cost of the retakaful contract was therefore recognised in profit or loss on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.6 CSM recognition in profit or loss

The disclosure of when the CSM is expected to be in income in future years is presented below:

	Less than a year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group							
As at 31 December 2023							
Group takaful contracts issued	**193,470**	**159,630**	**131,790**	**108,543**	**89,186**	**547,179**	**1,229,798**
Group retakaful contracts held	**(3,883)**	**(724)**	**(575)**	**(457)**	**(379)**	**(5,349)**	**(11,367)**
	189,587	**158,906**	**131,215**	**108,086**	**88,807**	**541,830**	**1,218,431**
Family takaful contracts issued	**187,074**	**153,498**	**125,917**	**102,930**	**83,834**	**480,460**	**1,133,713**
Family retakaful contracts held	**(3,883)**	**(724)**	**(575)**	**(457)**	**(379)**	**(5,349)**	**(11,367)**
	183,191	**152,774**	**125,342**	**102,473**	**83,455**	**475,111**	**1,122,346**
General takaful contracts issued	**6,396**	**6,132**	**5,873**	**5,613**	**5,352**	**66,719**	**96,085**
As at 31 December 2022							
Group takaful contracts issued	192,215	161,477	135,741	113,648	94,551	558,119	1,255,751
Group retakaful contracts held	(2,616)	(508)	(458)	(423)	(388)	(5,301)	(9,694)
	189,599	160,969	135,283	113,225	94,163	552,818	1,246,057
Family takaful contracts issued	186,791	156,274	130,758	108,879	89,998	501,668	1,174,368
Family retakaful contracts held	(2,616)	(508)	(458)	(423)	(388)	(5,301)	(9,694)
	184,175	155,766	130,300	108,456	89,610	496,367	1,164,674
General takaful contracts issued	5,424	5,203	4,983	4,769	4,553	56,451	81,383
Company							
As at 31 December 2023							
Family takaful contracts issued	**187,074**	**153,498**	**125,917**	**102,930**	**83,834**	**480,460**	**1,133,713**
Family retakaful contracts held	**(3,883)**	**(724)**	**(575)**	**(457)**	**(379)**	**(5,349)**	**(11,367)**
	183,191	**152,774**	**125,342**	**102,473**	**83,455**	**475,111**	**1,122,346**
As at 31 December 2022							
Family takaful contracts issued	186,791	156,274	130,758	108,879	89,998	501,668	1,174,368
Family retakaful contracts held	(2,616)	(508)	(458)	(423)	(388)	(5,301)	(9,694)
	184,175	155,766	130,300	108,456	89,610	496,367	1,164,674

The Group and the Company expect to recognise the CSM in profit or loss for existing contracts within 40 years for Family Takaful and 30 years for General Takaful, which represents the longest coverage period for the certificates in force issued by the Group and the Company. The expected timeline for the CSM recognition for retakaful contracts held is in line with takaful contracts issued.

9. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

9.7 Reconciliation of amounts included in OCI for financial assets at FVOCI

On transition to MFRS 17, the Group or the Company applied the MRA for certain groups of contracts in the GMM portfolio.

The movement in the fair value reserve for financial assets measured at fair value through OCI that are related to the GMM portfolio is disclosed below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cumulative other comprehensive income, opening balance	**109,441**	-	**107,050**	-
Gains or losses recognised in other comprehensive income in the year	**(1,309)**	1,106	**(1,593)**	1,344
Amounts recognised in profit or loss during the year	**107,740**	108,335	**105,152**	105,706
Cumulative other comprehensive income, closing balance	**215,872**	109,441	**210,609**	107,050

On transition to MFRS 17, the Group or the Company applied the FVA for certain groups of contracts in the GMM portfolio and VFA portfolio.

The movement in the fair value reserve for financial assets measured at fair value through OCI that are related to the GMM portfolio and VFA portfolio is disclosed below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cumulative other comprehensive income, opening balance	**4,026**	-	**3,637**	-
Gains or losses recognised in other comprehensive income in the year	**(3,999)**	4,096	**(4,078)**	4,131
Amounts recognised in profit or loss during the year	**10,126**	(70)	**9,753**	(494)
Cumulative other comprehensive income, closing balance	**10,153**	4,026	**9,312**	3,637

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group					
	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Property and equipment	**-**	-	**(1,629)**	(1,569)	**(1,629)**	(1,569)
Right-of-use assets	**-**	-	**(157)**	(157)	**(157)**	(157)
Investment properties	**-**	-	**(1,940)**	(1,180)	**(1,940)**	(1,180)
Other investments	**(423)**	9,993	**-**	-	**(423)**	9,993
Loans and receivables	**49**	46	**-**	-	**49**	46
Takaful and retakaful contracts	**266,807**	259,994	**-**	-	**266,807**	259,994
Other payables	**9,961**	8,312	**-**	-	**9,961**	8,312
Unabsorbed tax losses	**-**	1,266	**-**	-	**-**	1,266
Tax assets/ (liabilities)	**276,394**	279,611	**(3,726)**	(2,906)	**272,668**	276,705
Set off of tax	**(2,634)**	(1,874)	**2,634**	1,874	**-**	-
Net tax assets	**273,760**	277,737	**(1,092)**	(1,032)	**272,668**	276,705

	Company					
	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Company						
Property and equipment	**-**	-	**(537)**	(537)	**(537)**	(537)
Right-of-use assets	**-**	-	**(157)**	(157)	**(157)**	(157)
Investment properties	**-**	-	**(1,940)**	(1,180)	**(1,940)**	(1,180)
Other investments	**582**	8,395	**-**	-	**582**	8,395
Loans and receivables	**15**	14	**-**	-	**15**	14
Takaful and retakaful contracts	**222,185**	218,842	**-**	-	**222,185**	218,842
Other payables	**4,630**	4,145	**-**	-	**4,630**	4,145
Tax assets/ (liabilities)	**227,412**	231,396	**(2,634)**	(1,874)	**224,778**	229,522
Set off of tax	**(2,634)**	(1,874)	**2,634**	1,874	**-**	-
Net tax assets	**224,778**	229,522	**-**	-	**224,778**	229,522

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	As at 1.1.2022 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 25) RM'000	Effect of movement in exchange rate RM'000	As at 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 25) RM'000	Effect of movement in exchange rate RM'000	As at 31.12.2023 RM'000
Group									
Property and equipment	(1,560)	(26)	-	17	**(1,569)**	**(34)**	**-**	**(26)**	**(1,629)**
Right-of-use assets	(157)	-	-	-	**(157)**	**-**	**-**	**-**	**(157)**
Investment properties	(1,041)	(139)	-	-	**(1,180)**	**(760)**	**-**	**-**	**(1,940)**
Other investments	(3,353)	5,177	8,169	-	**9,993**	**(28)**	**(10,388)**	**-**	**(423)**
Loans and receivables	47	-	-	(1)	**46**	**1**	**-**	**2**	**49**
Takaful and retakaful contracts	248,599	9,856	1,539	-	**259,994**	**9,537**	**(2,724)**	**-**	**266,807**
Other payables	7,387	919	6	-	**8,312**	**1,592**	**57**	**-**	**9,961**
Unabsorbed tax losses	1,263	79	-	(76)	**1,266**	**(1,334)**	**-**	**68**	**-**
Tax assets/(liabilities)	251,185	15,866	9,714	(60)	**276,705**	**8,974**	**(13,055)**	**44**	**272,668**

	As at 1.1.2022 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 25) RM'000	As at 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 25) RM'000	As at 31.12.2023 RM'000
Company							
Property and equipment	(537)	-	-	**(537)**	**-**	**-**	**(537)**
Right-of-use assets	(157)	-	-	**(157)**	**-**	**-**	**(157)**
Investment properties	(1,041)	(139)	-	**(1,180)**	**(760)**	**-**	**(1,940)**
Other investments	(2,836)	4,996	6,235	**8,395**	**(112)**	**(7,701)**	**582**
Loans and receivables	14	-	-	**14**	**1**	**-**	**15**
Takaful and retakaful contracts	205,661	11,674	1,507	**218,842**	**4,845**	**(1,502)**	**222,185**
Other payables	3,062	1,083	-	**4,145**	**485**	**-**	**4,630**
Tax assets/ (liabilities)	204,166	17,614	7,742	**229,522**	**4,459**	**(9,203)**	**224,778**

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND RECEIVABLES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
Fixed and call deposits with licensed financial institutions with maturity more than three months					
Licensed banks in Malaysia		**843,715**	253,316	**843,715**	253,316
Other receivables					
Investment receivable					
Dividend Receivables		**3,073**	2,967	**3,073**	2,967
Profit Receivables		**98,311**	69,801	**98,311**	69,801
Rental Receivables		**29**	29	**29**	29
Due from General Takaful	15	**935**	721	**935**	721
Sundry receivables		**14,931**	18,796	**12,356**	17,053
		117,279	92,314	**114,704**	90,571
		960,994	345,630	**958,419**	343,887
General Takaful					
Fixed and call deposits with licensed financial institutions with maturity more than three months					
Licensed banks in Malaysia		**468,278**	166,513	**-**	-
Other receivables					
Investment receivable					
Dividend Receivables		**106**	101	**-**	-
Profit Receivables		**17,626**	7,586	**-**	-
Rental Receivables		**73**	73	**-**	-
Other Receivables		**1,535**	1,943	**-**	-
Sundry deposits		**82**	116	**-**	-
		19,422	9,819	**-**	-
		487,700	176,332	**-**	-
Group/Company					
Financing receivables					
Unsecured financing		**23**	23	**23**	23
Staff financing		**2,323**	2,470	**1,767**	1,797
Allowance for impairment	32.4	**(168)**	(161)	**(15)**	(15)
		2,178	2,332	**1,775**	1,805

11. LOANS AND RECEIVABLES (CONTINUED)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Group/Company					
Fixed and call deposits with licensed financial institutions with maturity more than three months					
Licensed banks in Malaysia		**1,971,087**	478,654	**1,340,908**	307,141
Banks outside Malaysia		**-**	71	**-**	-
		1,971,087	478,725	**1,340,908**	307,141
Other receivables					
Investment receivable					
Dividend Receivables		**3,457**	3,336	**3,240**	3,130
Profit Receivables		**126,096**	87,702	**116,781**	82,565
Rental Receivables		**29**	29	**29**	29
Due from General Takaful		**-**	-	**935**	721
Due from a subsidiary		**-**	-	**5,614**	5,699
Prepayment		**13,354**	4,807	**12,132**	3,466
Sundry deposits		**2,854**	2,092	**720**	711
Sundry receivables		**33,956**	28,672	**13,430**	17,966
		179,746	126,638	**152,881**	114,287
		2,153,011	607,695	**1,495,564**	423,233

The following loans and receivables mature after 12 months:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
General Takaful				
Other receivables	**82**	57	**-**	-
Group/Company				
Financing receivables	**2,178**	2,333	**1,775**	1,805
Other receivables	**2,854**	2,092	**720**	711
	5,032	4,425	**2,495**	2,516

Offsetting of financial assets and financial liabilities

No financial assets and liabilities have been set off for presentation purposes.

NOTES TO THE FINANCIAL STATEMENTS

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
Cash and bank balances	**144,184**	107,233	**141,884**	102,008
Fixed and call deposits with licensed financial institutions with maturity less than three months				
Licensed banks in Malaysia	**299,686**	817,617	**299,686**	817,617
Banks outside Malaysia	**103,272**	103,903	**-**	-
	547,142	1,028,753	**441,570**	919,625
General Takaful				
Cash and bank balances	**46,441**	22,134	**-**	-
Fixed and call deposits with licensed financial institutions with maturity less than three months				
Licensed banks in Malaysia	**17,795**	258,094	**-**	-
	64,236	280,228	**-**	-
Group/Company				
Cash and bank balances	**276,390**	136,038	**212,064**	104,935
Fixed and call deposits with licensed financial institutions with maturity less than three months				
Licensed banks in Malaysia	**437,914**	1,794,560	**388,639**	1,360,580
Banks outside Malaysia	**137,125**	136,703	**-**	-
	851,429	2,067,301	**600,703**	1,465,515

13. SHARE CAPITAL AND RESERVES

	Group and Company			
	Amount 2023 RM'000	Number of shares 2023 '000	Amount 2022 RM'000	Number of shares 2022 '000
Ordinary shares, issued and fully paid:				
At 1 January	**241,376**	837,306	**230,547**	835,623
Issued under LTIP	**-**	-	**10,829**	1,683
At 31 December	**241,376**	837,306	**241,376**	837,306

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of debt investments measured at fair value through other comprehensive income recognised in other comprehensive income until the investments are derecognised or impaired.

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

LTIP (Long Term Incentive Plan) reserve

The LTIP reserve comprises the cumulative value of employee services received for the issue of Restricted Share Plan and Performance Share Plan. When the LTIP is exercised, the amount from the LTIP reserve is transferred to share capital. When the LTIP expires, the amount from the LTIP reserve is transferred to retained earnings. Further details on LTIP is disclosed in Note 14, under share-based payments arrangement.

Takaful profit reserve

The takaful profit reserve comprised the cumulative takaful profit income and expenses recognised in OCI.

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND RESERVES (CONTINUED)

Retained earnings

Pursuant to Section 60(1) of the IFSA, the Company is required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend with effect from financial year beginning 1 January 2014.

Pursuant to the Risk Based Capital for Takaful ("RBCT") Framework, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

14. EMPLOYEE BENEFITS

Share-based payments arrangement

At the Extraordinary General Meeting held on 24 July 2013, the Company's shareholders approved the establishment of a Long Term Incentive Plan ("LTIP"), which comprises a Restricted Share Plan ("RSP") and a Performance Share Plan ("PSP"), of not more than 10% of issued and paid-up share capital of the Company (excluding treasury shares) to eligible employees and executive director of the Company. The LTIP was effected on 25 July 2013 following the submission of the By-Laws for the LTIP to Bursa Malaysia Securities Berhad, the receipt of all required approvals and the compliance with the requirements pertaining to the LTIP.

The salient features of the LTIP are, *inter alia* , as follows:

i) The RSP is a restricted share plan for selected key employees and the executive director of the Group. The RSP Grant is intended as a one-off grant, subject to the discretion of the LTIP Committee for future grants, to retain key employees for the development, growth and success of the Group. The RSP will be vested to the RSP Grantees at no consideration over a period of up to three (3) years pro-rata which may include additional holding periods for each vesting as determined by the LTIP committee, whereby selected employees will be assessed based on, amongst others, the individual performance and achievement, which may include but are not limited to, profit after zakat and taxation and/ or other financial measures as may be relevant, in accordance with terms and conditions stipulated and determined by the LTIP Committee in its discretion. The LTIP Committee is a committee established by the Board to implement and administer the LTIP in accordance with the LTIP By-Laws.

ii) The PSP is a performance share plan for selected key employees and the executive director of the Group. The PSP Grant is an annual grant to incentivise key employees for the long-term success and growth of the Group as well as shareholders' value enhancement. The PSP will be vested to the PSP Grantees at no consideration over a period of up to three (3) years cliff vesting schedule whereby selected employees will be assessed based on, amongst others, the total shareholders' return, which is the improvement in stock price including dividends paid, and the long-term financial performance of the Company over a period of three (3) financial years, or such other period of time should the LTIP committee choose to do so, in accordance with terms and conditions stipulated and determined by the LTIP Committee in its discretion.

14. EMPLOYEE BENEFITS (CONTINUED)

Share-based payments arrangement (continued)

The salient features of the LTIP are, *inter alia* , as follows (continued):

iii) Eligible employees are those executives (including executive director) of the Group (other than subsidiaries which are dormant) who have attained the age of 18 years; entered into a full-time or fixed- term contract of employment with and is on the payroll of a company within the Group; have not served notice of resignation or received notice of termination on the date of the offer; whose service/ employment have been confirmed in writing; and have fulfilled other eligibility criteria which has been determined by the LTIP Committee at its sole and absolute discretion from time to time.

iv) The total number of the Company's shares to be offered to any one of the employees and/ or to be vested in any one of the grantees shall not be more than 10% of the Company's shares made available under the LTIP and shall not either individually or collectively through persons connected with the said employee, holds 20% or more of the Company's issued and paid up share capital.

v) The maximum number of the Company's shares to be allotted and issued under LTIP shall not be more than in aggregate 10% of the issued and paid-up ordinary share capital of the Company at any point in time during the duration of the LTIP.

vi) The LTIP shall be in force for a period of ten (10) years from the effective date of implementation of the LTIP.

vii) The new Company's shares to be allotted and issued pursuant to the LTIP shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Company's shares and shall be entitled to any rights, dividends, allotments and/ or distributions attached thereto and/ or which may declared, made or paid to the Company's shareholders, provided that the relevant allotment date of such new shares is before the record date (as defined in the LTIP By-Laws) for any right, allotment or distribution.

viii) If the LTIP Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the duration of the LTIP, such corresponding alterations (if any) may be made in the number of unvested Company's shares and/ or the method and/ or manner in the vesting of the Company's shares comprised in a grant.

ix) During the year, the Board had approved that the functions and duties of the LTIP Committee are to be assumed by the Board.

The LTIP ended on 20 March 2023, as endorsed at the Company's 4/2023 Board of Directors' meeting held on 25 May 2023.

NOTES TO THE FINANCIAL STATEMENTS

14. EMPLOYEE BENEFITS (CONTINUED)

Share-based payments arrangement (continued)

During the financial year, the number of the shares granted are as follows:

	Number of ordinary shares	
	2023 ('000)	2022 ('000)
Performance shares		
Outstanding at 1 January	**809**	4,229
Granted during the financial year	**-**	-
Vested during the financial year	**-**	(1,683)
Forfeited during the financial year	**(809)**	(1,737)
Outstanding at 31 December	**-**	809

During the financial year, there were no shares vested (2022: 1,683,360).

Value of employee services received for issue of shares

	Group and Company	
	2023 RM'000	2022 RM'000
Performance shares		
- Shares granted in 2021	**-**	(401)

During the financial year, the reversal of expense amounting to RM 1,240,757 was adjusted to reflect the number of awards that meet the vesting conditions.

15. OTHER PAYABLES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
Deposit payable		**1,771**	1,590	**1,771**	1,590
Unclaimed monies		**11,578**	10,761	**11,578**	10,761
Outstanding purchases of investment securities		**857**	2,981	**857**	2,981
Due to Takaful Operator		**59,197**	59,792	**59,197**	59,792
Other payables and accruals		**7,482**	14,270	**7,056**	13,973
		80,885	89,394	**80,459**	89,097
General Takaful					
Deposit payable		**117**	117	**-**	-
Unclaimed monies		**90**	70	**-**	-
Due to Takaful Operator		**36,235**	32,413	**-**	-
Due to immediate holding company	11	**935**	721	**-**	-
Other payables and accruals		**1,242**	305	**-**	-
		38,619	33,626	**-**	-
Group/ Company					
Deposit payable		**2,151**	1,970	**2,034**	1,853
Unclaimed monies		**11,668**	10,831	**11,578**	10,761
Outstanding purchases of investment securities		**857**	3,093	**857**	3,093
Zakat payable		**10,165**	8,788	**8,603**	7,746
Dividend payable		**117,223**	113,036	**117,223**	113,036
Other payables and accruals		**219,009**	213,652	**169,530**	165,997
		361,073	351,370	**309,825**	302,486

NOTES TO THE FINANCIAL STATEMENTS

16. TAKAFUL REVENUE

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

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
Amounts relating to the changes in the LFRC					
Expected takaful service expenses incurred in the year	(a)	**819,403**	799,776	**819,403**	799,776
Expected claims incurred		**489,191**	447,358	**489,191**	447,358
Expected surplus to Shareholder's Fund incurred		**11,780**	14,378	**11,780**	14,378
Expected surplus to participants incurred		**3,633**	228	**3,633**	228
Expected investment profits to Shareholder's Fund incurred		**28,153**	23,953	**28,153**	23,953
Expected unallocated surplus incurred		**286,646**	313,859	**286,646**	313,859
Other amounts including experience adjustments for income related items		**10,122**	2,908	**10,122**	2,908
Others		**-**	5	**-**	5
Amounts relating to recovery of takaful acquisition cash flows	(b)	**416,109**	339,789	**416,109**	339,789
Allocation of the portion of contributions that relate to the recovery of takaful acquisition cash flows					
- wakalah fees		**416,109**	339,789	**416,109**	339,789
Contracts not measured under PAA		**1,245,634**	1,142,478	**1,245,634**	1,142,478
Contracts measured under PAA		**305,070**	359,850	**262,340**	305,803
Total takaful revenue		**1,550,704**	1,502,328	**1,507,974**	1,448,281
General Takaful					
Amounts relating to the changes in the LFRC					
Expected takaful service expenses incurred in the year	(a)	**35,102**	35,380	**-**	-
Expected claims incurred		**8,320**	7,854	**-**	-
Expected surplus to Shareholder's Fund incurred		**5,543**	5,275	**-**	-
Expected unallocated surplus incurred		**21,239**	22,251	**-**	-
Other amounts including experience adjustments for income related items		**570**	(671)	**-**	-
Other amount		**78**	(183)	**-**	-
Amounts relating to recovery of takaful acquisition cash flows	(b)	**10,317**	10,060	**-**	-
Allocation of the portion of contributions that relate to the recovery of takaful acquisition cash flows					
- wakalah fees		**10,317**	10,060	**-**	-
Contracts not measured under PAA		**46,067**	44,586	**-**	-
Contracts measured under PAA		**1,233,220**	973,308	**-**	-
Total takaful revenue		**1,279,287**	1,017,894	**-**	-

(a) Expected takaful service expenses incurred in the year comprise claims and other expenses which the Group or the Company expects to pay on insured events that occurred during the year.

(b) Acquisition cash flows are allocated on straight-line basis over the coverage period of the group of takaful contracts. Refer to Note 2(n)(iii) for details of accounting policy.

16. TAKAFUL REVENUE (CONTINUED)

The table below presents an analysis of the total takaful revenue recognised in the year (continued):

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Group/ Company					
Amounts relating to the changes in the LFRC					
Expected takaful service expenses incurred in the year	(a)	**832,549**	813,855	**801,014**	781,843
Expected claims incurred		**494,402**	452,614	**486,083**	444,760
Expected surplus to Shareholder's Fund incurred		**1,364**	1,542	**1,364**	1,542
Expected surplus to participants incurred		**3,633**	228	**3,633**	228
Expected maintenance expenses incurred		**23,099**	21,448	**21,122**	19,541
Expected unallocated surplus incurred		**307,885**	336,110	**286,646**	313,859
Allocation of losses on onerous contracts		**2,166**	1,913	**2,166**	1,913
Change in the risk adjustment for non-financial risk	(b)	**13,755**	46,658	**12,669**	46,002
Amount of CSM recognised in the profit of loss	(c)	**240,040**	218,472	**234,077**	212,941
Other amounts including experience adjustments for income related items		**14,595**	4,242	**14,025**	4,913
Other amount		**100**	(152)	**22**	30
Amounts relating to recovery of takaful acquisition cash flows	(d)	**282,699**	153,435	**277,477**	147,863
Allocation of the portion of contributions that relate to the recovery of takaful acquisition cash flows					
- wakalah fees		**282,699**	153,435	**277,477**	147,863
Contracts not measured under PAA		**1,383,738**	1,236,510	**1,339,284**	1,193,592
Contracts measured under PAA		**1,558,391**	1,334,024	**280,892**	305,055
Total takaful revenue		**2,942,129**	2,570,534	**1,620,176**	1,498,647

(a) Expected takaful service expenses incurred in the year comprise claims and other expenses which the Group or the Company expects to pay on insured events that occurred during the year.

(b) Change in risk adjustment shows amount of risk which expired during the period. Refer to Note 2(n)(iv) for the details of accounting policy.

(c) The CSM is recognised in the income statement over the coverage period of the corresponding group of contracts based on coverage units. Refer to Note 2(n)(vi).

(d) Acquisition cash flows are allocated on a straight-line basis or units-of-production method, respectively, over the coverage period of the group of takaful contracts. Refer to Note 2(n)(iii) for details of accounting policy.

NOTES TO THE FINANCIAL STATEMENTS

17. TAKAFUL SERVICE EXPENSES

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

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
Incurred claims and other takaful service expenses:					
Incurred claims and benefits		**819,813**	726,460	**753,017**	676,356
Incurred surplus to Shareholder's Fund	(a)	**59,824**	50,319	**59,824**	50,319
Incurred surplus to participants		**497,013**	467,204	**514,498**	469,637
Incurred unallocated surplus		**-**	1	**-**	-
Amortisation of acquisition cash flows - wakalah fees	(b)	**510,663**	458,602	**486,710**	425,375
Changes to liabilities for incurred claims		**11,876**	25,898	**8,212**	35,345
Total takaful service expenses		**1,899,189**	1,728,484	**1,822,261**	1,657,032
Represented by:					
Contracts not measured under PAA		**1,524,521**	1,387,803	**1,524,521**	1,387,803
Contracts measured under PAA		**374,668**	340,681	**297,740**	269,229
		1,899,189	1,728,484	**1,822,261**	1,657,032
General Takaful					
Incurred claims and other takaful service expenses:					
Incurred claims and benefits		**571,096**	672,932	**-**	-
Incurred surplus to participants		**226,681**	(27,708)	**-**	-
Amortisation of acquisition cash flows - wakalah fees	(b)	**463,507**	379,679	**-**	-
Changes to liabilities for incurred claims		**20,342**	(4,694)	**-**	-
Total takaful service expenses		**1,281,626**	1,020,209	**-**	-
Represented by:					
Contracts not measured under PAA		**50,704**	47,635	**-**	-
Contracts measured under PAA		**1,230,922**	972,574	**-**	-
		1,281,626	1,020,209	**-**	-
Group/ Company					
Incurred claims and other takaful service expenses:					
Incurred claims		**1,382,242**	1,408,018	**751,582**	691,336
Incurred surplus to Shareholder's Fund		**1,957**	2,053	**1,957**	2,053
Incurred surplus to participants	(a)	**723,694**	439,496	**514,498**	469,637
Incurred maintenance expenses		**132,171**	135,874	**46,202**	54,778
Amortisation of acquisition cash flows - wakalah fees	(b)	**555,738**	348,961	**323,721**	163,251
Losses on onerous contracts and reversal of losses on onerous contracts		**11,221**	19,373	**11,034**	19,373
Changes to liabilities for incurred claims		**32,218**	21,202	**8,212**	35,343
Total takaful service expenses		**2,839,241**	2,374,977	**1,657,206**	1,435,771
Represented by:					
Contracts not measured under PAA		**1,415,060**	1,198,786	**1,368,268**	1,153,352
Contracts measured under PAA		**1,424,181**	1,176,191	**288,938**	282,419
		2,839,241	2,374,977	**1,657,206**	1,435,771

17. TAKAFUL SERVICE EXPENSES (CONTINUED)

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

(a) The surplus paid to the Shareholder's Fund during the year is RM61,396,812 (2022: RM52,885,835). The surplus paid to participants during the year is RM11,047,774 (2022: RM8,777,876).

(b) Acquisition cash flows are allocated on a straight-line basis or units-of-production method, respectively, over the coverage period of the group of takaful contracts. Refer to Note 2(n)(iii) for details of accounting policy.

18. EXPENSES BY NATURE

An analysis of the expenses incurred by the Group and the Company in the reporting period is included in the table below:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Commissions	**295,711**	255,366	**168,695**	148,611
Outsourcing fee	**54,350**	53,435	**-**	-
Personnel expenses	**147,530**	122,461	**88,233**	71,376
Transaction fees and charges	**34,568**	16,073	**-**	-
Sales, Advertising and Promotion	**245,494**	200,845	**219,539**	183,039
Wakalah Expense	**12,930**	15,545	**2,785**	2,710
Software related expenses	**19,380**	15,357	**12,696**	9,437
Bank Charges	**6,328**	3,910	**526**	659
Depreciation and amortisation	**95,238**	53,134	**90,476**	49,921
Legal and other professional fees	**22,689**	19,486	**17,086**	12,735
Agency related expenses	**5,869**	5,767	**3,783**	3,689
Auditors' remuneration				
Audit fees				
- Within Malaysia	**1,235**	1,909	**765**	1,331
- Outside Malaysia	**166**	346	**-**	-
Non audit fees				
- Within Malaysia	**321**	218	**207**	132
Other expenses	**23,120**	18,307	**12,962**	8,864
Total	**964,929**	782,159	**617,753**	492,504
Represented by:				
Expenses attributed to takaful acquisition cash flows[1]	**823,317**	638,173	**566,805**	434,041
Other directly attributable expenses[1]	**132,171**	135,874	**46,202**	54,778
Other operating expenses	**9,441**	8,112	**4,746**	3,685
Total	**964,929**	782,159	**617,753**	492,504

[1] Expenses attributed to takaful acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Company in the reporting period that relate directly to the fulfilment of contracts issued within MFRS 17's scope and retakaful contracts held. Such expenses include those recognised as assets prior to initial recognition of groups of takaful contracts issued and retakaful contracts held. These expenses are recognised in the Statement of Profit or Loss based on MFRS 17 measurement requirements. Refer to Note 2(n)(vi) and Note 2(n)(vii).

NOTES TO THE FINANCIAL STATEMENTS

19. NET INCOME OR EXPENSE FROM RETAKAFUL CONTRACTS HELD

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
Amounts relating to the changes in the assets for remaining coverage					
Expected recovery for takaful service expenses incurred in the year	(a)	**(154,746)**	(170,486)	**(132,591)**	(148,569)
Allocation of retakaful contributions		**(154,746)**	(170,486)	**(132,591)**	(148,569)
Amounts recoverable for claims and other expenses incurred in the year					
Amounts recoverable for claims		**204,820**	163,066	**167,658**	140,381
Changes in amounts recoverable arising from changes in LFIC		**58,980**	59,715	**56,770**	59,508
Amounts recoverable from retakaful operators		**263,800**	222,781	**224,428**	199,889
Net expenses from retakaful contracts held		**109,054**	52,295	**91,837**	51,320
Allocation of retakaful contributions represented by:					
Contracts not measured under PAA		**(146,321)**	(139,462)	**(146,321)**	(139,462)
Contracts measured under PAA		**(8,425)**	(31,024)	**13,730**	(9,107)
		(154,746)	(170,486)	**(132,591)**	(148,569)
Amounts recoverable from retakaful operators represented by:					
Contracts not measured under PAA		**204,033**	190,216	**204,033**	190,216
Contracts measured under PAA		**59,767**	32,565	**20,395**	9,673
		263,800	222,781	**224,428**	199,889
General Takaful					
Amounts relating to the changes in the assets for remaining coverage					
Expected recovery for takaful service expenses incurred in the year	(a)	**(472,001)**	(288,643)	**-**	-
Allocation of retakaful contributions		**(472,001)**	(288,643)	**-**	-
Amounts recoverable for claims and other expenses incurred in the year					
Amounts recoverable for claims		**188,106**	311,691	**-**	-
Changes in amounts recoverable arising from changes in LIC		**253,696**	(43,420)	**-**	-
Amounts recoverable from retakaful operators		**441,802**	268,271	**-**	-
Net expenses from retakaful contracts held		**(30,199)**	(20,372)	**-**	-
Allocation of retakaful contributions represented by:					
Contracts measured under PAA		**(472,001)**	(288,643)	**-**	-
Amounts recoverable from retakaful operators represented by:					
Contracts measured under PAA		**441,802**	268,271	**-**	-

(a) Expected recovery for takaful service expenses incurred in the year comprise recovery for claims and other expenses which the Takaful Fund expects to receive from retakaful operators on insured events occurred during the year.

19. NET INCOME OR EXPENSE FROM RETAKAFUL CONTRACTS HELD (CONTINUED)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Group/Company					
Amounts relating to the changes in the assets for remaining coverage					
Expected recovery for takaful service expenses incurred in the year	(a)	**(632,690)**	(476,620)	**(125,303)**	(153,472)
Change in the risk adjustment for non-financial risk	(b)	**44**	15	**44**	15
Net cost/ gain recognised in the profit or loss	(c)	**(1,149)**	(1,010)	**(1,149)**	(1,010)
Allocation of retakaful contributions		**(633,795)**	(477,615)	**(126,408)**	(154,467)
Amounts recoverable for claims and other expenses incurred in the year					
Amounts recoverable for claims		**392,926**	471,870	**167,658**	140,381
Changes in amounts recoverable arising from changes in LIC		**312,676**	16,295	**56,770**	59,508
Amounts recoverable from retakaful operators		**705,602**	488,165	**224,428**	199,889
Net expenses from retakaful contracts held		**71,807**	10,550	**98,020**	45,422
Allocation of retakaful contributions represented by:					
Contracts not measured under PAA		**(145,735)**	(139,764)	**(145,735)**	(139,764)
Contracts measured under PAA		**(488,060)**	(337,851)	**19,327**	(14,703)
		(633,795)	(477,615)	**(126,408)**	(154,467)
Amounts recoverable from retakaful operators represented by:					
Contracts not measured under PAA		**204,033**	190,217	**204,033**	190,217
Contracts measured under PAA		**501,569**	297,948	**20,395**	9,672
		705,602	488,165	**224,428**	199,889

(a) Expected recovery for takaful service expenses incurred in the year comprise recovery for claims and other expenses which the Takaful Fund expects to receive from retakaful operators on insured events occurred during the year.

(b) Change in risk adjustment shows amount of risk which expired during the year. Refer to Note 2(n)(iv) for the details of accounting policy.

(c) Net cost/ gain recognised in profit or loss during the coverage period of the corresponding group of retakaful contracts held based on coverage units.

NOTES TO THE FINANCIAL STATEMENTS

20. TOTAL INVESTMENT INCOME AND NET TAKAFUL FINANCIAL RESULT

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Family Takaful					
Investment income					
Investment income on financial assets not measured at fair value through profit or loss	(a)	**335,593**	288,576	331,471	285,326
Investment income - others	(b)	**34,140**	27,883	20,420	19,716
Net realised gains	(c)	**11,885**	11,721	11,885	11,814
Net fair value losses on financial assets	(d)	**(7,502)**	(55,909)	(5,950)	(60,688)
Net impairment losses on financial instruments		**(4,804)**	(6,686)	(4,804)	(6,686)
Total amounts recognised in the profit or loss		**369,312**	265,585	353,022	249,482
Amounts recognised in OCI		**243,174**	(177,535)	243,174	(177,535)
Total investment income		**612,486**	88,050	596,196	71,947
Takaful finance (expenses)/income from Takaful contracts issued					
Changes in fair value of underlying items of direct participating contracts		**(6,418)**	5,625	(6,418)	5,625
Profit accreted to takaful contracts using locked-in rate		**(124,905)**	(97,937)	(124,905)	(97,937)
Due to changes in profit rates and other financial assumptions		**3,105**	(2,612)	3,105	(2,612)
Total Takaful finance income from Takaful contracts issued		**(128,218)**	(94,924)	(128,218)	(94,924)
Represented by:					
Amount recognised in profit or loss		**(131,322)**	(92,312)	(131,322)	(92,312)
Amount recognised in OCI		**3,104**	(2,612)	3,104	(2,612)
		(128,218)	(94,924)	(128,218)	(94,924)
Retakaful finance income from retakaful contracts held					
Changes in non-performance risk of retakaful operators		**815**	356	815	356
Total retakaful finance income from retakaful contracts held		**815**	356	815	356
Represented by:					
Amount recognised in profit or loss		**815**	356	815	356
Total net investment income, takaful finance expenses and retakaful finance income					
Amounts recognised in profit or loss		**238,805**	173,629	222,515	157,526
Amounts recognised in OCI		**246,278**	(180,147)	246,278	(180,147)
		485,083	(6,518)	468,793	(22,621)

20. TOTAL INVESTMENT INCOME AND NET TAKAFUL FINANCIAL RESULT (CONTINUED)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
General Takaful					
Investment income					
Investment income on financial assets not measured at fair value through profit or loss	(a)	**50,461**	36,086	**-**	-
Investment income - others	(b)	**533**	5	**-**	-
Net realised gains	(c)	**1,059**	1,190	**-**	-
Net fair value gains on financial assets	(d)	**150**	120	**-**	-
Net impairment losses on financial instruments		**(604)**	(885)	**-**	-
Total amounts recognised in the profit or loss		**51,599**	36,516	**-**	-
Amounts recognised in OCI		**15,268**	(10,989)	**-**	-
Total investment income		**66,867**	25,527	**-**	-
Takaful finance (expenses)/income from Takaful contracts issued					
Profit accreted to takaful contracts using locked-in rate		**(48,964)**	(34,157)	**-**	-
Due to changes in profit rates and other financial assumptions		**(4,867)**	(863)	**-**	-
Total Takaful finance expenses from Takaful contracts issued		**(53,831)**	(35,020)	**-**	-
Represented by:					
Amount recognised in profit or loss		**(48,964)**	(34,157)	**-**	-
Amount recognised in OCI		**(4,867)**	(863)	**-**	-
		(53,831)	(35,020)	**-**	-
Retakaful finance income/(expenses) from retakaful contracts held					
Profit accreted to retakaful contracts using locked-in rate		**30,006**	21,452	**-**	-
Due to changes in profit rates and other financial assumptions		**3,044**	312	**-**	-
Changes in non-performance risk of retakaful operators		**193**	(1,080)	**-**	-
Total retakaful finance income from retakaful contracts held		**33,243**	20,684	**-**	-
Represented by:					
Amount recognised in profit or loss		**30,199**	20,372	**-**	-
Amount recognised in OCI		**3,044**	312	**-**	-
		33,243	20,684	**-**	-
Total net investment income, takaful finance expenses and retakaful finance income					
Amount recognised in profit or loss		**32,834**	22,731	**-**	-
Amount recognised in OCI		**13,445**	(11,540)	**-**	-
		46,279	11,191	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

20. TOTAL INVESTMENT INCOME AND NET TAKAFUL FINANCIAL RESULT (CONTINUED)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Group/Company					
Investment income					
Investment income on financial assets not measured at fair value through profit or loss	(a)	**474,575**	400,387	**393,625**	340,736
Investment income - others	(b)	**40,684**	33,059	**22,826**	21,805
Net realised gains/ (losses)	(c)	**24,154**	15,598	**22,944**	13,246
Net fair value gains/ (losses) on financial assets	(d)	**(3,361)**	(50,346)	**(2,393)**	(53,535)
Net impairment losses on financial instruments		**(6,006)**	(8,578)	**(5,402)**	(7,686)
Total amounts recognised in the profit or loss		**530,046**	390,120	**431,600**	314,566
Amounts recognised in OCI		**291,334**	(214,391)	**267,650**	(197,278)
Total investment income		**821,380**	175,729	**699,250**	117,288
Takaful finance (expenses)/income from Takaful contracts issued					
Changes in fair value of underlying items of direct participating contracts		**(6,063)**	5,963	**(6,063)**	5,963
Profit accreted to takaful contracts using locked-in rate		**(220,899)**	(172,180)	**(164,877)**	(132,735)
Due to changes in profit rates and other financial assumptions		**8,965**	(6,774)	**13,494**	(5,900)
Total Takaful finance expenses from Takaful contracts issued		**(217,997)**	(172,991)	**(157,446)**	(132,672)
Represented by:					
Amount recognised in profit or loss		**(221,336)**	(166,217)	**(165,314)**	(126,772)
Amount recognised in OCI		**3,339**	(6,774)	**7,868**	(5,900)
		(217,997)	(172,991)	**(157,446)**	(132,672)
Retakaful finance income/(expenses) from retakaful contracts held					
Profit accreted to retakaful contracts using locked-in rate		**30,152**	21,615	**131**	154
Due to changes in profit rates and other financial assumptions		**3,033**	340	**(11)**	26
Changes in non-performance risk of retakaful operators		**1,008**	(724)	**815**	356
Total retakaful finance income from retakaful contracts held		**34,193**	21,231	**935**	536
Represented by:					
Amount recognised in profit or loss		**31,160**	20,891	**946**	510
Amount recognised in OCI		**3,033**	340	**(11)**	26
		34,193	21,231	**935**	536
Total net investment income, takaful finance expenses and retakaful finance income					
Amount recognised in profit or loss		**339,870**	244,794	**267,232**	188,304
Amount recognised in OCI		**297,706**	(220,825)	**275,507**	(203,152)
		637,576	23,969	**542,739**	(14,848)

20. TOTAL INVESTMENT INCOME AND NET TAKAFUL FINANCIAL RESULT (CONTINUED)

(a) Investment income on financial assets not measured at FVTPL

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful					
FVOCI financial assets					
Profit income					
- Institutional Trust Account		**18,495**	18,069	**18,495**	18,069
- Islamic Debt Securities		**251,110**	226,346	**251,110**	226,346
- Malaysian Government Islamic papers		**23,144**	20,461	**23,144**	20,461
Amortisation of premiums, net of accretion of discounts		**(8,444)**	(7,959)	**(8,511)**	(7,968)
Profit income from cash and cash equivalents and AC financial assets		**51,288**	31,659	**47,233**	28,418
		335,593	288,576	**331,471**	285,326
General Takaful					
FVOCI financial assets					
Profit income					
- Institutional Trust Account		**2,338**	2,270	**-**	-
- Islamic Debt Securities		**26,308**	20,937	**-**	-
- Malaysian Government Islamic papers		**2,918**	1,454	**-**	-
Amortisation of premiums, net of accretion of discounts		**(666)**	(966)	**-**	-
Profit income from cash and cash equivalents and AC financial assets		**19,563**	12,391	**-**	-
		50,461	36,086	**-**	-
Group/Company					
FVOCI financial assets					
Profit income					
- Institutional Trust Account		**24,550**	23,952	**20,934**	20,465
- Islamic Debt Securities		**331,635**	298,611	**291,236**	265,223
- Malaysian Government Islamic papers		**30,010**	25,819	**25,702**	23,454
Amortisation of premiums, net of accretion of discounts	8(c)	**(12,169)**	(10,739)	**(11,002)**	(9,166)
Profit income from cash and cash equivalents and AC financial assets		**100,549**	62,744	**66,755**	40,760
		474,575	400,387	**393,625**	340,736

NOTES TO THE FINANCIAL STATEMENTS

20. TOTAL INVESTMENT INCOME AND NET TAKAFUL FINANCIAL RESULT (CONTINUED)

(b) Investment income - others

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful					
Rental income from investment properties	5	**6,470**	6,056	**6,357**	5,943
FVTPL financial assets					
Dividend income					
- Equity securities					
• Quoted in Malaysia		**6,741**	7,274	**6,741**	7,274
• Quoted outside Malaysia		**2,810**	73	**-**	-
- Unit trusts		**804**	973	**804**	973
FVTPL financial assets					
Profit income					
- Islamic Debt Securities		**17,729**	14,162	**6,932**	6,181
Investment expenses		**(414)**	(655)	**(414)**	(655)
Total investment income - others		**34,140**	27,883	**20,420**	19,716
General Takaful					
Rental income from investment properties	5	**176**	106	**-**	-
FVTPL financial assets					
Profit income					
- Islamic Debt Securities		**465**	-	**-**	-
Investment expenses		**(108)**	(101)	**-**	-
Total investment income - others		**533**	5	**-**	-
Group/Company					
Rental income from investment properties	5	**7,460**	7,017	**7,171**	6,800
FVTPL financial assets					
Dividend income					
- Equity securities					
• Quoted in Malaysia		**6,940**	7,524	**6,940**	7,524
• Quoted outside Malaysia		**2,810**	72	**-**	-
- Unit trusts		**835**	1,005	**835**	1,005
FVTPL financial assets					
Profit income					
- Islamic Debt Securities		**23,160**	18,197	**8,293**	7,131
Investment expenses		**(521)**	(756)	**(413)**	(655)
Total investment income - others		**40,684**	33,059	**22,826**	21,805

20. TOTAL INVESTMENT INCOME AND NET TAKAFUL FINANCIAL RESULT (CONTINUED)

(c) Net realised gains/ (losses)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
Realised gains arising from:				
FVOCI financial assets				
Islamic Debt Securities				
- Unquoted in Malaysia	**11,885**	7,320	**11,885**	7,320
- Unquoted outside Malaysia	**-**	(93)	**-**	-
Malaysian Government Islamic papers	**-**	4,494	**-**	4,494
	11,885	11,721	**11,885**	11,814
General Takaful				
Realised gains arising from:				
FVOCI financial assets				
Islamic Debt Securities				
- Unquoted in Malaysia	**1,059**	1,190	**-**	-
Group/Company				
Realised gains/(losses) arising from:				
FVOCI financial assets				
Islamic Debt Securities				
- Unquoted in Malaysia	**23,739**	10,635	**22,506**	8,179
- Unquoted outside Malaysia	**(23)**	(104)	**-**	-
Malaysian Government Islamic papers	**438**	5,067	**438**	5,067
	24,154	15,598	**22,944**	13,246

NOTES TO THE FINANCIAL STATEMENTS

20. TOTAL INVESTMENT INCOME AND NET TAKAFUL FINANCIAL RESULT (CONTINUED)

(d) Net fair value gains/ (losses) on financial assets

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful					
Fair value (losses)/gains					
- Investment properties	5	**(2,904)**	4,091	**(3,018)**	4,042
FVTPL financial assets					
Equity securities					
- Quoted in Malaysia		**(10,378)**	(36,533)	**(10,378)**	(36,533)
- Quoted outside Malaysia		**(241)**	3,608	**-**	-
Unit trust					
- Quoted in Malaysia		**6,281**	(23,179)	**6,281**	(23,179)
- Quoted outside Malaysia		**1,149**	1,632	**-**	-
Islamic Debt Securities					
- Unquoted		**1,165**	(5,018)	**1,165**	(5,018)
- Quoted outside Malaysia		**(2,574)**	(510)	**-**	-
		(4,598)	(60,000)	**(2,932)**	(64,730)
		(7,502)	(55,909)	**(5,950)**	(60,688)
General Takaful					
Fair value gains - Investment properties	5	**150**	120	**-**	-
Group/ Company					
Fair value gains - Investment properties	5	**950**	1,825	**949**	1,820
FVTPL financial assets					
Equity securities					
- Quoted in Malaysia		**(11,023)**	(37,689)	**(11,023)**	(37,689)
- Quoted outside Malaysia		**(292)**	3,608	**-**	-
Unit trusts					
- Quoted in Malaysia		**6,303**	(23,194)	**6,303**	(23,194)
- Quoted outside Malaysia		**1,367**	1,632	**-**	-
Islamic Debt Securities					
- Unquoted		**1,891**	(7,205)	**1,378**	(5,659)
- Quoted outside Malaysia		**(2,557)**	(510)	**-**	-
Investment in linked funds		**-**	11,187	**-**	11,187
		(4,311)	(52,171)	**(3,342)**	(55,355)
		(3,361)	(50,346)	**(2,393)**	(53,535)

21. OTHER OPERATING INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
Miscellaneous income	**1,763**	2,024	**-**	-
General Takaful				
Miscellaneous income	**24**	499	**-**	-
Group/ Company				
Dividend received from a subsidiaries	**-**	-	**64,738**	60,000
Miscellaneous income	**2,517**	10,309	**2,680**	11,336
	2,517	10,309	**67,418**	71,336

22. OTHER OPERATING EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
Write-off of bad debts	**-**	(580)	**-**	-
Miscellaneous expenses	**(1,137)**	(1,212)	**(65)**	(95)
	(1,137)	(1,792)	**(65)**	(95)
General Takaful				
Miscellaneous expenses	**(320)**	(543)	**-**	-
Group/ Company				
Write-off of bad debts	**3**	(574)	**1**	6
Miscellaneous expenses	**(9,444)**	(7,538)	**(4,747)**	(3,691)
	(9,441)	(8,112)	**(4,746)**	(3,685)

NOTES TO THE FINANCIAL STATEMENTS

23. SHARIAH ADVISORY BODY REMUNERATION

The Shariah Advisory Body remuneration is as follows:

	Group and Company	
	2023 RM'000	**2022 RM'000**
Group/Company		
Fees	**264**	264
Other emoluments	**137**	136
Benefits-in-kind	**41**	12
	442	412

The total remuneration of the Shariah Advisory Body members are as follows:

	Group and Company	
	2023 RM'000	**2022 RM'000**
Group/Company		
Muhamad Rahimi Osman		
Fees	**-**	72
Other emoluments	**-**	34
Benefits-in-kind	**-**	2
	-	108
Ahmad Sufian Bin Che Abdullah		
Fees	**72**	48
Other emoluments	**36**	26
Benefits-in-kind	**-**	1
	108	75
Megat Hizaini Bin Hassan		
Fees	**48**	48
Other emoluments	**29**	26
Benefits-in-kind	**5**	5
	82	79
Marhanum Che Mohd Salleh		
Fees	**48**	48
Other emoluments	**29**	26
Benefits-in-kind	**1**	1
	78	75
Dr. Shafaai Bin Musa		
Fees	**48**	-
Other emoluments	**14**	-
Benefits-in-kind	**2**	-
	64	-

23. SHARIAH ADVISORY BODY REMUNERATION (CONTINUED)

The total remuneration of the Shariah Advisory Body members are as follows (continued):

	Group and Company	
	2023 RM'000	**2022 RM'000**
Group/Company		
Nik Abdul Rahim Nik Abdul Ghani		
Fees	**48**	48
Other emoluments	**29**	24
Benefits-in-kind	**33**	3
	110	75
	442	412

24. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Group/Company				
Non-executive Directors				
Fees	**1,164**	1,027	**1,158**	1,025
Other emoluments	**1,028**	857	**910**	850
Benefits-in-kind	**317**	155	**286**	153
	2,509	2,039	**2,354**	2,028
Subsidiaries' Directors				
Fees	**476**	476	**-**	-
Other emoluments	**553**	321	**-**	-
Benefits-in-kind	**141**	62	**-**	-
	1,170	859	**-**	-
Total Directors' benefits	**3,679**	2,898	**2,354**	2,028
Group Chief Executive Officer				
Salaries and bonus	**2,970**	1,566	**2,970**	1,566
Fee	**7**	2	**-**	-
Other emoluments	**712**	399	**614**	390
Benefits-in-kind	**112**	67	**86**	64
	3,801	2,034	**3,670**	2,020

NOTES TO THE FINANCIAL STATEMENTS

24. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The key management personnel compensation are as follows (continued):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group/Company				
Other key management personnel:				
Salaries and bonus	**10,421**	12,036	**7,956**	9,666
Long Term Incentive Plan	**-**	2,773	**-**	2,401
Other emoluments	**1,871**	2,408	**1,698**	2,125
Benefits-in-kind	**666**	522	**154**	136
	12,958	17,739	**9,808**	14,328
Total	**20,438**	22,671	**15,832**	18,376

The estimated monetary value of benefits-in-kind received by the Directors are RM458,000 (2022: RM217,000) and RM286,000 (2022: RM153,000) at Group and Company level respectively.

The total remuneration (including benefits-in-kind) of the Directors are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group/Company				
Non-executive Directors				
Dato' Mohammed Haji Che Hussein				
Fees	**217**	186	**216**	186
Other emoluments	**266**	214	**228**	214
Benefits-in-kind	**64**	29	**54**	29
	547	429	**498**	429
Datuk Bazlan Osman				
Fees	**138**	120	**138**	120
Other emoluments	**104**	121	**104**	121
Benefits-in-kind	**24**	23	**24**	23
	266	264	**266**	264
Dato' Mustaffa Ahmad				
Fees	**155**	146	**150**	144
Other emoluments	**202**	137	**122**	130
Benefits-in-kind	**22**	3	**1**	1
	379	286	**273**	275

24. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The key management personnel compensation are as follows (continued):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group/Company				
Mohd Azman Sulaiman				
Fees	**138**	120	**138**	120
Other emoluments	**110**	105	**110**	105
Benefits-in-kind	**50**	42	**50**	42
	298	267	**298**	267
Suraya Hassan				
Fees	**132**	156	**132**	156
Other emoluments	**94**	106	**94**	106
Benefits-in-kind	**53**	23	**53**	23
	279	285	**279**	285
Mohamad Salihuddin Ahmad				
Fees	**108**	146	**108**	146
Other emoluments	**88**	111	**88**	111
Benefits-in-kind	**53**	24	**53**	24
	249	281	**249**	281
Datin Paduka Kartini Hj Abdul Manaf				
Fees	**126**	73	**126**	73
Other emoluments	**81**	36	**81**	36
Benefits-in-kind	**9**	9	**9**	9
	216	118	**216**	118
Ch'ng Sok Heang				
Fees	**150**	80	**150**	80
Other emoluments	**83**	27	**83**	27
Benefits-in-kind	**42**	2	**42**	2
	275	109	**275**	109
Total remunerations	**2,509**	2,039	**2,354**	2,028

NOTES TO THE FINANCIAL STATEMENTS

25. TAX EXPENSE

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Group/Company					
Recognised in profit or loss					
Current tax expense					
Malaysian - current		**150,862**	175,335	**107,700**	130,495
- prior years		**8,498**	1,430	**5,101**	582
Total current tax recognised in profit or loss		**159,360**	176,765	**112,801**	131,077
Deferred tax benefits					
Deferred tax recognised in profit or loss	10	**(8,974)**	(15,866)	**(4,459)**	(17,614)
Total tax expense		**150,386**	160,899	**108,342**	113,463
Reconciliation of tax expense					
Profit before zakat and taxation		**507,641**	453,098	**390,894**	364,253
Income tax using Malaysian tax rate of 24%		**121,834**	108,744	**93,815**	87,421
Effect of tax rates in foreign jurisdictions		**56**	25	**-**	-
Effect of changes in taxation		**-**	34,742	**-**	29,044
Items not subject to tax		**(6,389)**	(1,290)	**(15,537)**	(13,745)
Non-deductible expenses		**26,387**	17,248	**24,963**	10,161
Under provided in prior years		**8,498**	1,430	**5,101**	582
		150,386	160,899	**108,342**	113,463
Under provision in prior years		**-**	-	**-**	-
Tax expense		**150,386**	160,899	**108,342**	113,463
Recognised directly in equity					
Deferred tax					
FVOCI financial assets	10	**(13,055)**	9,708	**(9,203)**	7,742
Defined benefits liabilities	10	**-**	6	**-**	-
		(13,055)	9,714	**(9,203)**	7,742

25.1 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 RM16,741,000.00 as tax recoverable.

The court mention which was fixed on 15th February 2024 was postponed to later date. The next court mention is fixed on 25th April 2024.

26. OTHER COMPREHENSIVE INCOME

	Group					
	2023			2022		
	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Family Takaful						
Items that may be reclassified subsequently to profit or loss						
Debt investments measured at FVOCI						
- net change in fair value	**255,059**	**-**	**255,059**	(165,707)	-	(165,707)
- reclassified to profit or loss	**(11,885)**	**-**	**(11,885)**	(11,828)	-	(11,828)
Takaful finance expenses from takaful contracts issued	**3,104**	**-**	**3,104**	(2,612)	-	(2,612)
Retakaful finance income from retakaful contracts held	**-**	**-**	**-**	-	-	-
Other comprehensive income attributable to participants	**(246,278)**	**-**	**(246,278)**	180,147	-	180,147
	-	**-**	**-**	-	-	-
General Takaful						
Items that may be reclassified subsequently to profit or loss						
Debt investments measured at FVOCI						
- net change in fair value	**16,327**	**-**	**16,327**	(9,799)	-	(9,799)
- reclassified to profit or loss	**(1,059)**	**-**	**(1,059)**	(1,190)	-	(1,190)
Takaful finance expenses from takaful contracts issued	**(4,867)**	**-**	**(4,867)**	(863)	-	(863)
Retakaful finance income from retakaful contracts held	**3,044**	**-**	**3,044**	312	-	312
Other comprehensive income attributable to participants	**(13,445)**	**-**	**(13,445)**	11,540	-	11,540
	-	**-**	**-**	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. OTHER COMPREHENSIVE INCOME (CONTINUED)

	Group					
	2023			2022		
	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Group						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	**(57)**	**-**	**(57)**	(6)	6	-
Revaluation of property and equipment						
- gains arising during the year	**2,381**	**-**	**2,381**	5,716	-	5,716
Other comprehensive income attributable to participants	**(1,547)**	**-**	**(1,547)**	(5,628)	-	(5,628)
	777	**-**	**777**	82	6	88
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	**4,174**	**-**	**4,174**	(2,801)	-	(2,801)
Debt investments measured at FVOCI						
- net change in fair value	**325,724**	**(13,041)**	**312,683**	(206,923)	7,540	(199,383)
- reclassified to profit or loss	**(22,943)**	**1,594**	**(21,349)**	(15,667)	659	(15,008)
Takaful finance expenses from takaful contracts issued	**4,947**	**(1,608)**	**3,339**	(8,283)	1,509	(6,774)
Retakaful finance income from retakaful contracts held	**3,033**	**-**	**3,033**	340	-	340
Other comprehensive income attributable to participants	**(259,721)**	**-**	**(259,721)**	190,180	-	190,180
	55,214	**(13,055)**	**42,159**	(43,154)	9,708	(33,446)
	55,991	**(13,055)**	**42,936**	(43,072)	9,714	(33,358)

26. OTHER COMPREHENSIVE INCOME (CONTINUED)

	Group					
	2023			2022		
	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Family Takaful						
Items that may be reclassified subsequently to profit or loss						
Debt investments measured at FVOCI						
- net change in fair value	**255,059**	**-**	**255,059**	(165,707)	-	(165,707)
- reclassified to profit or loss	**(11,885)**	**-**	**(11,885)**	(11,828)	-	(11,828)
Takaful finance expenses from takaful contracts issued	**3,104**	**-**	**3,104**	(2,612)	-	(2,612)
Retakaful finance income from retakaful contracts held	**-**	**-**	**-**	-	-	-
Other comprehensive income attributable to participants	**(246,278)**	**-**	**(246,278)**	180,147	-	180,147
	-	**-**	**-**	-	-	-
Company						
Items that will not be reclassified subsequently to profit or loss						
Revaluation of property and equipment						
- gains arising during the year	**(565)**	**-**	**(565)**	4,918	-	4,918
Other comprehensive income attributable to participants	**575**	**-**	**575**	(4,908)	-	(4,908)
	10	**-**	**10**	10	-	10
Items that may be reclassified subsequently to profit or loss						
Debt investments measured at FVOCI						
- net change in fair value	**378,868**	**(14,137)**	**287,940**	(242,155)	2,055	(184,038)
- reclassified to profit or loss	**(26,725)**	**6,435**	**(20,290)**	(17,421)	4,181	(13,240)
Takaful finance expenses from takaful contracts issued	**9,369**	**(1,501)**	**7,868**	(7,406)	1,506	(5,900)
Retakaful finance income from retakaful contracts held	**(11)**	**-**	**(11)**	26	-	26
Other comprehensive income attributable to participants	**(246,278)**	**-**	**(246,278)**	178,642	-	178,642
	115,223	**(9,203)**	**29,229**	(88,314)	7,742	(24,510)
	115,233	**(9,203)**	**29,239**	(88,304)	7,742	(24,500)

NOTES TO THE FINANCIAL STATEMENTS

27. EARNINGS PER SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2023 was based on the profit attributable to ordinary shareholders of RM346,911,000 (2022: RM282,859,000) and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023 Unit'000	**2022 Unit'000**
Issued ordinary shares at beginning of the year (basic)	**837,306**	835,622
Effect of ordinary shares issued under LTIP	**-**	794
Weighted average number of ordinary shares (basic)	**837,306**	836,416

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2023 was based on the profit attributable to ordinary shareholders of RM346,911,000 (2022: RM282,859,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2023 Unit'000	**2022 Unit'000**
Weighted average number of ordinary shares (basic)	**837,306**	836,416
Effect of Restricted/ Performance shares on issue	**-**	142
Weighted average number of ordinary shares (diluted)	**837,306**	836,558

28. DIVIDENDS

Dividends declared by the Company:

	Sen per share (single tier)	Total amount RM'000	Date of payment
2023			
Interim ordinary dividend per ordinary share for financial year 2023	**14.00**	**117,223**	**02.02.2024**
2022			
Interim ordinary dividend per ordinary share for financial year 2022	13.50	113,036	16.01.2023

29. OPERATING SEGMENTS

Segment information is presented in respect of the Group's geographical segments. This is based on the Group's management and internal reporting structure. Inter-segment pricing, if any, is determined based on negotiated terms. The Group does not present information by business segment as it is principally engaged as an operator of Family and General takaful/ retakaful businesses. The financial position and performance of the Family and General Takaful businesses managed by the Group and the Company have been disclosed separately within these financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise expenses, which are all incurred by Takaful Operator for the management of Takaful funds.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONTINUED)

Geographical segments

	Malaysia RM'000	Indonesia RM'000	Consolidated RM'000
2023			
Takaful revenue	**2,898,399**	**43,730**	**2,942,129**
Takaful service expenses	**(2,761,643)**	**(77,598)**	**(2,839,241)**
Allocation of retakaful contribution	**(609,346)**	**(24,449)**	**(633,795)**
Amounts recoverable from retakaful operators for incurred claims	**666,230**	**39,372**	**705,602**
Takaful service result	**193,640**	**(18,945)**	**174,695**
Investment income on financial assets not measured at FVTPL	**469,178**	**5,397**	**474,575**
Investment income - others	**24,312**	**16,372**	**40,684**
Net realised gains and losses	**24,177**	**(23)**	**24,154**
Net fair value gains and losses on financial assets	**(1,882)**	**(1,479)**	**(3,361)**
Net impairment loss on financial instruments	**(6,006)**	**-**	**(6,006)**
Net investment income	**509,779**	**20,267**	**530,046**
Takaful finance expenses from takaful contracts issued	**(221,336)**	**-**	**(221,336)**
Retakaful finance income from retakaful contracts held	**31,160**	**-**	**31,160**
Net takaful financial results	**(190,176)**	**-**	**(190,176)**
Net takaful and investment result	**513,243**	**1,322**	**514,565**
Other operating income	**537**	**1,980**	**2,517**
Other operating expenses	**(8,208)**	**(1,233)**	**(9,441)**
Segment assets by location of assets	**14,165,396**	**510,494**	**14,675,890**
Segment liabilities by location of liabilities	**12,515,232**	**446,462**	**12,961,694**
2022			
Takaful revenue	2,515,654	54,880	2,570,534
Takaful service expenses	(2,304,861)	(70,116)	(2,374,977)
Allocation of retakaful contribution	(455,698)	(21,917)	(477,615)
Amounts recoverable from retakaful operators for incurred claims	468,160	20,005	488,165
Takaful service result	223,255	(17,148)	206,107
Investment income on financial assets not measured at FVTPL	395,947	4,440	400,387
Investment income - others	22,763	10,296	33,059
Net realised gains and losses	15,702	(104)	15,598
Net fair value gains and losses on financial assets	(54,176)	3,830	(50,346)
Net impairment loss on financial instruments	(8,578)	-	(8,578)
Net investment income	371,658	18,462	390,120

29. OPERATING SEGMENTS (CONTINUED)

Geographical segments (continued)

	Malaysia RM'000	Indonesia RM'000	Consolidated RM'000
Takaful finance expenses from takaful contracts issued	(166,217)	-	(166,217)
Retakaful finance income from retakaful contracts held	20,891	-	20,891
Net takaful financial results	(145,326)	-	(145,326)
Net takaful and investment result	449,587	1,314	450,901
Other operating income	7,555	2,754	10,309
Other operating expenses	(6,280)	(1,832)	(8,112)
Segment assets by location of assets	12,820,388	489,350	13,309,738
Segment liabilities by location of liabilities	11,440,954	425,325	11,866,279

30. RISK MANAGEMENT FRAMEWORK

The Board, with the assistance of the management team, is responsible for the Risk Management Framework within the Group. The Board delegates the responsibility of oversight and monitoring of management's initiatives in managing key risk areas and ensuring the functioning of the risk management processes to the Board Risk Committee ("BRC"). The BRC is supported by the Management Risk Committee ("MRC"), which is represented by the respective heads of divisions and headed by Senior Management.

The Group established the Enterprise Risk Management ("ERM") Framework to ensure an ongoing process of identifying, evaluating, monitoring and managing the significant risk exposures surrounding its business strategies and operations.

By executing the risk management process through robust controls, monitoring and responding to potential risks, the Group is able to mitigate risks to within the risk appetite of the Board. Operational Loss Incidences reporting based on the BNM's ORION requirement are reported to BNM, MRC, BRC and the Board to act as a gauge on the effectiveness of the ERM in place.

Whistle Blowing Policy, Fraud Management Policy, Compliance Framework, Anti Corruption Framework and Shariah Governance Framework are in place to provide basic structure and further strengthen the existing control mechanism underlying the business activities.

Business Continuity Management is consistently practised in accordance with Bank Negara Malaysia guidelines. The Group tests the Business Continuity Plan annually to ensure the continuity of essential services in the event of major disruption and to safeguard the lives of the employees and others in the office premises. The Disaster Recovery Plan is tested twice a year to ensure the critical IT systems are up and running at all times.

The Group has an Internal Capital Adequacy Assessment Process Policy to maintain financial resilience and stability, whilst having the flexibility of pursuing strategic business opportunities to optimise shareholder value.

Stress Testing is conducted at least once a year by Actuarial Division together with Investment Department, Finance Department and Risk Management Department to ensure the Group's financial standing is secure under several risk scenarios.

Asset and Liability Management Framework and Strategic Asset Allocation are also in place to enhance Financial Risk Management and facilitate in the Group's and the Company's investment strategy.

NOTES TO THE FINANCIAL STATEMENTS

31. TAKAFUL RISK MANAGEMENT

(a) Family Takaful Fund

The Family Takaful contracts consist of:

(i) Family Takaful non-investment-linked contracts

The Family Takaful non-investment-linked contracts are mainly credit related takaful products, group takaful schemes, yearly renewable individual ordinary medical plans, regular contribution individual ordinary plans and annuity plans. The main product types are Mortgage Reducing Term Takaful ("MRTT"), Group Credit Takaful, Group Term Takaful and Group Medical Takaful.

(ii) Family Takaful investment-linked contracts

The Family Takaful investment-linked contracts are mainly made up of regular contribution investment-linked products. The main products are Takaful myInvest and Takaful myGenLife.

The key coverage for the Family Takaful contracts

The key coverage for the Family Takaful contracts are death, total and permanent disability, hospital and surgical benefits, personal accident benefits, daily hospitalisation cash allowance benefits, dread disease benefits, waiver of contribution benefits and survival benefits (for annuity).

Concentration of Family Takaful risk

The following gives details of the Group's and the Company's concentration of risks based on liability for incurred claims by main product categories:

	Group		
	Gross RM'000	Retakaful RM'000	Net RM'000
2023			
Term	**295,682**	**(60,058)**	**235,624**
Endowment	**3,442,480**	**15,899**	**3,458,379**
Mortgage	**4,710,737**	**(253,266)**	**4,457,471**
Annuity	**305,480**	**-**	**305,480**
Total LIC	**8,754,379**	**(297,425)**	**8,456,954**

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(a) Family Takaful Fund (continued)

	Group		
	Gross RM'000	Retakaful RM'000	Net RM'000
2022			
Term	(1,908)	(231)	(2,139)
Endowment	4,634,721	(16,467)	4,618,254
Mortgage	3,299,328	(153,748)	3,145,580
Annuity	319,132	-	319,132
Total Family LIC	8,251,273	(170,446)	8,080,827

	Company		
	Gross RM'000	Retakaful RM'000	Net RM'000
2023			
Term	**294,677**	**(60,058)**	**234,619**
Endowment	**3,108,003**	**(591)**	**3,107,412**
Mortgage	**4,634,807**	**(212,533)**	**4,422,274**
Annuity	**305,480**	**-**	**305,480**
Total Family LIC	**8,342,967**	**(273,182)**	**8,069,785**
2022			
Term	(2,869)	(231)	(3,100)
Endowment	4,315,623	(48,625)	4,266,998
Mortgage	3,216,686	(109,271)	3,107,415
Annuity	319,132	-	319,132
Total Family LIC	7,848,572	(158,127)	7,690,445

Key assumptions and methodology

Reserves for all plans were valued on a basis that the Appointed Actuary considers adequate and appropriate, and in line with the valuation basis set out by BNM in respect of the Guidelines on Valuation Basis for Liabilities of Family Takaful Business (BNM/RH/GL 004-20) and Risk-Based Capital Framework for Takaful Operator.

NOTES TO THE FINANCIAL STATEMENTS

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(a) Family Takaful Fund (continued)

Key assumptions and methodology (continued)

The key assumptions to which the estimation of future cash flows is particularly sensitive are as follows:

- *Mortality and morbidity rates*

  Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the covered person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's or the Company's own experiences. Best estimate assumptions are used when measuring estimates of the present value of future cash flows for the group of retakaful contracts held and estimates of the present value of future cash flows for the group(s) of the underlying takaful contract. Therefore, an appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by participant gender, underwriting class and contract type.

- *Expenses*

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

- *Lapse and surrender rate*

  Lapses relate to the termination of policies due to non–payment of contributions. Surrenders relate to the voluntary termination of policies by participants. Policies termination assumptions are determined using statistical measures based on the Group's or the Company's experience and vary by product type, policies duration and sales trends.

- *Discount rate*

  Takaful contract liabilities are calculated by discounting expected future cash flows at a risk free rate. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the takaful contracts liabilities. Please refer to Note 1(d)(i)(ii) for discount rates table.

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(a) Family Takaful Fund (continued)

Key assumptions and methodology (continued)

For risk adjustments for non-financial risk, they are generally determined by considering the expected cash flows arising from takaful contracts, consistent with the way that non-financial risk is managed, and are allocated to groups of contracts using methods that are systematic and rational. They are determined separately from estimates of the present value of future cash flows, using a confidence level (probability of sufficiency) approach. The Group and the Company estimates the risk adjustment at 75% confidence level, which is based on the requirement by Bank Negara Malaysia under the Risk-Based Capital Framework. The Group does not consider the effect of retakaful in the risk adjustment for non-financial risk of the underlying takaful contracts.

The Group or the Company identifies the investment component of a contract as part of its product governance process by determining the amount that it would be required to repay to the participant even if an covered event does not occur. Investment components are excluded from takaful revenue and takaful service expenses.

Sensitivities

The analysis below is performed for reasonably possible movements in each of the key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, contractual service margin, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions. The method used for deriving sensitivity information and significant assumptions made did not change from the previous year.

		Group			
	Change in assumptions	Impact on profit after tax/takaful contract liabilities gross of retakaful RM'000	Impact on profit after tax/takaful contract liabilities net of retakaful RM'000	Impact on equity gross of retakaful RM'000	Impact on equity net of retakaful RM'000
2023					
Mortality/ morbidity rate	**+10%**	**(55,754)**	**(55,754)**	**(71,559)**	**(71,559)**
Expenses	**+10%**	**(5,438)**	**(5,438)**	**(5,884)**	**(5,884)**
Lapse and surrenders rate	**-10%**	**(122,243)**	**(122,243)**	**(135,038)**	**(135,038)**
Discount rate	**-1%**	**2,514**	**2,514**	**1,246**	**1,246**

NOTES TO THE FINANCIAL STATEMENTS

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(a) Family Takaful Fund (continued)

		Group			
	Change in assumptions	Impact on profit after tax gross of retakaful RM'000	Impact on profit after tax net of retakaful RM'000	Impact on equity gross of retakaful RM'000	Impact on equity net of retakaful RM'000
2022					
Mortality/ morbidity rate	+10%	5,290	5,290	1,960	1,960
Expenses	+10%	(4,329)	(4,329)	(4,211)	(4,211)
Lapse and surrenders rate	-10%	(1,895)	(1,895)	(1,819)	(1,819)
Discount rate	-1%	4,282	4,282	15,106	15,106

		2023		2022	
	Change in assumptions	Impact on CSM release before tax gross of retakaful RM'000	Impact on CSM release before tax net of retakaful RM'000	Impact on CSM release before tax gross of retakaful RM'000	Impact on CSM release before tax net of retakaful RM'000
Group					
Mortality/ morbidity rate	**+10%**	**(22,260)**	**(22,260)**	(376)	(376)
Expenses	**+10%**	**(2,886)**	**(2,886)**	(3,034)	(3,034)
Lapse and surrenders rate	**-10%**	**(42,194)**	**(42,194)**	(3,410)	(3,410)

		Company			
	Change in assumptions	Impact on profit after tax gross of retakaful RM'000	Impact on profit after tax net of retakaful RM'000	Impact on equity gross of retakaful RM'000	Impact on equity net of retakaful RM'000
2023					
Mortality/ morbidity rate	**+10%**	**(61,766)**	**(61,766)**	**(74,390)**	**(74,390)**
Expenses	**+10%**	**(5,438)**	**(5,438)**	**(5,884)**	**(5,884)**
Lapse and surrenders rate	**-10%**	**(122,553)**	**(122,553)**	**(135,251)**	**(135,251)**
Discount rate	**-1%**	**251**	**251**	**263**	**263**
2022					
Mortality/ morbidity rate	+10%	(1,045)	(1,045)	(977)	(977)
Expenses	+10%	(4,329)	(4,329)	(4,211)	(4,211)
Lapse and surrenders rate	-10%	(2,093)	(2,093)	(2,046)	(2,046)
Discount rate	-1%	1,820	1,820	14,120	14,120

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(a) Family Takaful Fund (continued)

Sensitivities (continued)

		2023		2022	
	Change in assumptions	Impact on CSM release before tax gross of retakaful RM'000	Impact on CSM release before tax net of retakaful RM'000	Impact on CSM release before tax gross of retakaful RM'000	Impact on CSM release before tax net of retakaful RM'000
Company					
Mortality/ morbidity rate	**+10%**	**(22,260)**	**(22,260)**	(376)	(376)
Expenses	**+10%**	**(2,886)**	**(2,886)**	(3,034)	(3,034)
Lapse and surrenders rate	**-10%**	**(42,194)**	**(42,194)**	(3,410)	(3,410)

(b) General Takaful Fund

The General Takaful contracts consist of fire, motor, personal accident, workmen's compensation and employers' liability, liabilities and engineering and others.

Concentration of General Takaful risk

The table below sets out the concentration of General Takaful by type of business.

	Group		
	Gross RM'000	Retakaful RM'000	Net RM'000
2023			
Fire	**441,429**	**(179,427)**	**262,002**
Motor	**466,821**	**(386,325)**	**80,496**
Marine	**125,849**	**67,742**	**193,591**
Miscellaneous	**759,914**	**(195,100)**	**564,814**
Total LIC	**1,794,013**	**(693,110)**	**1,100,903**
2022			
Fire	306,053	(91,204)	214,849
Motor	411,976	(315,474)	96,502
Marine	121,987	75,015	197,002
Miscellaneous	669,640	(140,467)	529,173
Total LIC	1,509,656	(472,130)	1,037,526

NOTES TO THE FINANCIAL STATEMENTS

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Key assumptions and methodology

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrences, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, underwriting policy, certificate conditions and claims handling procedures. Other key circumstances affecting the reliability of assumptions include delays in settlement and changes in foreign currency rates.

The key assumptions to which the estimation of future cash flows is particularly sensitive are as follows:

- *Fire loss ratio for latest accident year*

  This is significant as Fire portfolio is one of the largest under general business, a change in loss ratio estimate will impact the liabilities significantly.

- *Motor Act loss ratio for latest accident year*

  Motor Act business is long tailed in nature and need years before the claim experience matures. A significant impact may result if the ultimate experience differs from current estimation.

- *Average claim cost*

  Reserves are based on assumption that historical average claim cost is reflective of the future experience. Increase in average cost will increase future liabilities.

- *Average claim frequency*

  Reserves are based on assumption that historical average claim number in each accident year reflects the future experience. A change in average number of claims will impact the future liabilities.

- *Average claim settlement period*

  Reserves are based on assumption that claim settlement period will be stable over years. A change in claim handling practice will affect the claim cost and the future liabilities.

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Key assumptions and methodology (continued)

- *Expenses*

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

- *Discount rate*

  Takaful contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the takaful contracts liabilities. The illiquidity premium determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates. Please refer to Note 1(d)(i)(ii) for discount rates table.

For risk adjustments for non-financial risk, they are generally determined by considering the expected cash flows arising from takaful contracts, consistent with the way that non-financial risk is managed, and are allocated to groups of contracts using methods that are systematic and rational. They are determined separately from estimates of the present value of future cash flows, using a confidence level (probability of sufficiency) approach. The Group or the Company estimates the risk adjustment at 75% confidence level, which is based on the requirement by Bank Negara Malaysia under the Risk-Based Capital Framework. The Group does not consider the effect of retakaful in the risk adjustment for non-financial risk of the underlying takaful contracts.

Sensitivities

The analysis below is performed for reasonably possible movements in each of the key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, contractual service margin, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions. The method used for deriving sensitivity information and significant assumptions made did not change from the previous year.

NOTES TO THE FINANCIAL STATEMENTS

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Sensitivities (continued)

		Group			
	Change in assumptions	Impact on profit before tax gross of retakaful RM'000	Impact on profit before tax net of retakaful RM'000	Impact on equity gross of retakaful RM'000	Impact on equity net of retakaful RM'000
2023					
Fire loss ratio for AY 2023	**+10%**	**(39,278)**	**(14,858)**	**(39,679)**	**(14,971)**
Motor Act loss ratio for AY2023	**+10%**	**(13,657)**	**(7,885)**	**(13,839)**	**(7,987)**
Average claim cost	**+10%**	**(103,698)**	**(42,555)**	**(104,763)**	**(42,973)**
Average claim frequency	**+10%**	**(69,716)**	**(37,587)**	**(70,346)**	**(37,916)**
Expenses	**+10%**	**(295)**	**(295)**	**(160)**	**(160)**
Discount rate	**-1%**	**-**	**-**	**(20,179)**	**(11,240)**
2022					
Fire loss ratio for AY 2022	+10%	(34,024)	(17,627)	(34,008)	(17,624)
Motor Act loss ratio for AY2022	+10%	(11,401)	(6,829)	(11,388)	(6,824)
Average claim cost	+10%	(101,003)	(36,524)	(100,954)	(36,515)
Average claim frequency	+10%	(77,041)	(31,723)	(77,022)	(31,727)
Expenses	+10%	(258)	(258)	(258)	(258)
Discount rate	-1%	-	-	(18,401)	(10,460)

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Sensitivities (continued)

		2023		2022	
	Change in assumptions	Impact on CSM before tax gross of retakaful RM'000	Impact on CSM before tax net of retakaful RM'000	Impact on CSM before tax gross of retakaful RM'000	Impact on CSM before tax net of retakaful RM'000
Expenses	**+10%**	**(3,390)**	**(3,390)**	(3,373)	(3,373)

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of reporting period, together with cumulative payments to- date.

In setting provisions for claims, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercise the degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Gross General claim development table for 2023 (Group):

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Accident year									
At end of accident year	223,780	295,991	375,596	444,903	391,412	526,099	733,938	**670,607**	
One year later	203,209	267,272	344,545	396,142	332,904	504,441	744,131	**-**	
Two years later	202,810	240,429	409,748	390,826	321,330	496,766	-	**-**	
Three years later	202,762	231,587	410,267	400,265	331,455	-	-	**-**	
Four years later	201,289	232,469	382,664	400,255	-	-	-	**-**	
Five years later	202,836	231,939	347,249	-	-	-	-	**-**	
Six years later	203,577	226,859	-	-	-	-	-	**-**	
Seven years later	206,071	-	-	-	-	-	-	**-**	
Current estimate of cumulative claims incurred	206,071	226,859	347,249	400,255	331,455	496,766	744,131	**670,607**	3,423,393
At end of accident year	(75,630)	(99,942)	(130,992)	(160,378)	(123,221)	(131,642)	(229,759)	**(252,186)**	
One year later	(137,673)	(175,925)	(236,588)	(239,236)	(224,945)	(299,877)	(419,736)	**-**	
Two years later	(172,581)	(204,497)	(269,543)	(280,814)	(260,290)	(361,765)	-	**-**	
Three years later	(189,935)	(211,834)	(289,652)	(344,017)	(287,746)	-	-	**-**	
Four years later	(194,422)	(214,533)	(302,279)	(361,246)	-	-	-	**-**	
Five years later	(197,389)	(219,113)	(314,903)	-	-	-	-	**-**	
Six years later	(197,780)	(221,330)	-	-	-	-	-	**-**	
Seven years later	(202,220)	-	-	-	-	-	-	**-**	
Cumulative payments to-date	(202,220)	(221,330)	(314,903)	(361,246)	(287,746)	(361,765)	(419,736)	**(252,186)**	(2,421,132)
Gross General claim development total	3,851	5,529	32,346	39,009	43,709	135,001	324,395	**418,421**	1,002,261
Effect of discounting									(48,192)
Effect of risk adjustment margin for non-financial risk, and allowance for non-performance risk									93,192
Gross General claim development total net of discounting and adjustment									1,047,261

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Net General claim development table for 2023 (Group):

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Accident year									
At end of accident year	130,234	158,981	218,797	233,783	201,454	238,766	304,268	**361,247**	
One year later	130,936	150,209	200,540	197,759	168,034	208,980	291,295	-	
Two years later	127,663	140,847	192,251	199,556	165,757	203,769	-	-	
Three years later	124,901	138,651	189,784	204,290	169,630	-	-	-	
Four years later	123,640	138,780	193,286	205,839	-	-	-	-	
Five years later	125,467	141,908	192,531	-	-	-	-	-	
Six years later	124,877	140,397	-	-	-	-	-	-	
Seven years later	124,884	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	124,884	140,397	192,531	205,839	169,630	203,769	291,295	**361,247**	1,689,592
At end of accident year	(54,552)	(67,730)	(90,056)	(97,579)	(72,745)	(78,486)	(119,388)	**(150,601)**	
One year later	(97,117)	(117,548)	(149,370)	(146,663)	(120,098)	(124,164)	(191,629)	-	
Two years later	(113,364)	(129,329)	(166,084)	(166,935)	(137,219)	(149,983)	-	-	
Three years later	(119,281)	(132,997)	(173,946)	(182,423)	(148,362)	-	-	-	
Four years later	(121,171)	(134,761)	(179,032)	(190,126)	-	-	-	-	
Five years later	(122,524)	(135,938)	(183,445)	-	-	-	-	-	
Six years later	(122,805)	(138,312)	-	-	-	-	-	-	
Seven years later	(124,195)	-	-	-	-	-	-	-	
Cumulative payments to-date	(124,195)	(138,312)	(183,445)	(190,126)	(148,362)	(149,983)	(191,629)	**(150,601)**	(1,276,653)
Net General claim development total	689	2,085	9,086	15,713	21,268	53,786	99,666	**210,646**	412,939
Effect of discounting									(18,286)
Effect of risk adjustment margin for non-financial risk, and allowance for non-performance risk									35,551
Net General claim development total net of discounting and adjustment									430,204

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Gross General claim development table for 2022 (Group):

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Accident year									
At end of accident year	221,648	223,780	295,991	375,596	444,903	391,412	526,099	733,938	
One year later	208,227	203,209	267,272	344,545	396,142	332,904	504,441	-	
Two years later	188,734	202,810	240,429	409,748	390,826	321,330	-	-	
Three years later	172,121	202,762	231,587	410,267	400,265	-	-	-	
Four years later	165,394	201,289	232,469	382,664	-	-	-	-	
Five years later	164,371	202,836	231,939	-	-	-	-	-	
Six years later	165,143	203,577	-	-	-	-	-	-	
Seven years later	167,547	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	167,547	203,577	231,939	382,664	400,265	321,330	504,441	733,938	2,945,701
At end of accident year	(59,362)	(75,630)	(99,942)	(130,992)	(160,378)	(123,221)	(131,642)	(229,759)	
One year later	(124,477)	(137,673)	(175,925)	(236,588)	(239,236)	(224,945)	(299,877)	-	
Two years later	(145,455)	(172,581)	(204,497)	(269,543)	(280,814)	(260,290)	-	-	
Three years later	(156,623)	(189,935)	(211,834)	(289,652)	(344,017)	-	-	-	
Four years later	(160,346)	(194,422)	(214,533)	(302,279)	-	-	-	-	
Five years later	(162,956)	(197,389)	(219,113)	-	-	-	-	-	
Six years later	(164,326)	(197,780)	-	-	-	-	-	-	
Seven years later	(164,978)	-	-	-	-	-	-	-	
Cumulative payments to-date	(164,978)	(197,780)	(219,113)	(302,279)	(344,017)	(260,290)	(299,877)	(229,759)	(2,018,093)
Gross General claim development total	2,569	5,797	12,826	80,385	56,248	61,040	204,564	504,179	927,608
Effect of discounting									(45,826)
Effect of risk adjustment margin for non-financial risk, and allowance for non-performance risk									110,530
Gross General claim development total net of discounting and adjustment									992,312

31. TAKAFUL RISK MANAGEMENT (CONTINUED)

(b) General Takaful Fund (continued)

Net General claim development table for 2022 (Group):

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Accident year									
At end of accident year	127,623	130,234	158,981	218,797	233,783	201,454	238,766	304,175	
One year later	121,144	130,936	150,209	200,540	197,759	168,034	208,980	-	
Two years later	112,551	127,663	140,847	192,251	199,556	165,757	-	-	
Three years later	105,004	124,901	138,651	189,784	204,290	-	-	-	
Four years later	103,672	123,640	138,780	193,286	-	-	-	-	
Five years later	103,724	125,467	141,908	-	-	-	-	-	
Six years later	103,506	124,877	-	-	-	-	-	-	
Seven years later	104,281	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	104,281	124,877	141,908	193,286	204,290	165,757	208,980	304,175	1,447,554
At end of accident year	(42,496)	(54,552)	(67,730)	(90,056)	(97,579)	(72,745)	(78,486)	(119,388)	
One year later	(84,402)	(97,117)	(117,548)	(149,370)	(146,663)	(120,098)	(124,164)	-	
Two years later	(96,660)	(113,364)	(129,329)	(166,084)	(166,935)	(137,219)	-	-	
Three years later	(100,570)	(119,281)	(132,997)	(173,946)	(182,423)	-	-	-	
Four years later	(121,171)	(121,171)	(134,761)	(179,032)	-	-	-	-	
Five years later	(102,880)	(122,524)	(135,938)	-	-	-	-	-	
Six years later	(103,091)	(122,805)	-	-	-	-	-	-	
Seven years later	(103,460)	-	-	-	-	-	-	-	
Cumulative payments to-date	(103,460)	(122,805)	(135,938)	(179,032)	(182,423)	(137,219)	(124,164)	(119,388)	(1,104,429)
Net General claim development total	821	2,072	5,970	14,254	21,867	28,538	84,816	184,787	343,125
Effect of discounting									(15,941)
Effect of risk adjustment margin for non-financial risk, and allowance for non-performance risk									39,457
Net General claim development total net of discounting and adjustment									366,641

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) FVTPL
- Mandatorily required by MFRS 9
- Designated upon initial recognition ("DUIR")

(b) AC

(c) FVOCI - Debt instrument ("DI")

		Group				
	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL - DUIR RM'000	FVOCI - DI RM'000
2023						
Financial assets						
Family Takaful						
Other investments	8	**7,140,293**	**-**	**458,907**	**147,689**	**6,533,697**
Loans and receivables, excluding prepayment	11	**960,994**	**960,994**	**-**	**-**	**-**
Cash and cash equivalents	12	**547,142**	**547,142**	**-**	**-**	**-**
		8,648,429	**1,508,136**	**458,907**	**147,689**	**6,533,697**
General Takaful						
Other investments	8	**747,405**	**-**	**-**	**-**	**747,405**
Loans and receivables, excluding prepayment	11	**487,700**	**487,700**	**-**	**-**	**-**
Cash and cash equivalents	12	**64,236**	**64,236**	**-**	**-**	**-**
		1,299,341	**551,936**	**-**	**-**	**747,405**
Group						
Other investments	8	**9,259,624**	**-**	**504,954**	**185,985**	**8,568,685**
Loans and receivables, excluding prepayment	11	**2,139,657**	**2,139,657**	**-**	**-**	**-**
Cash and cash equivalents	12	**851,429**	**851,429**	**-**	**-**	**-**
		12,250,710	**2,991,086**	**504,954**	**185,985**	**8,568,685**

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

		Group				
	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL - DUIR RM'000	FVOCI - DI RM'000
2022						
Financial assets						
Family Takaful						
Other investments	8	6,493,515	-	513,458	142,059	5,837,998
Loans and receivables, excluding prepayment	11	345,630	345,630	-	-	-
Cash and cash equivalents	12	1,028,753	1,028,753	-	-	-
		7,867,898	1,374,383	513,458	142,059	5,837,998
General Takaful						
Other investments	8	673,877	-	-	-	673,877
Loans and receivables, excluding prepayment	11	176,332	176,332	-	-	-
Cash and cash equivalents	12	280,228	280,228	-	-	-
		1,130,437	456,560	-	-	673,877
Group						
Other investments	8	8,621,981	-	560,451	179,515	7,882,015
Loans and receivables, excluding prepayment	11	602,888	602,888	-	-	-
Cash and cash equivalents	12	2,067,301	2,067,301	-	-	-
		11,292,170	2,670,189	560,451	179,515	7,882,015

		Company				
	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL - DUIR RM'000	FVOCI - DI RM'000
2023						
Financial assets						
Family Takaful						
Other investments	8	**6,923,471**	**-**	**389,774**	**-**	**6,533,697**
Loans and receivables, excluding prepayment	11	**958,419**	**958,419**	**-**	**-**	**-**
Cash and cash equivalents	12	**441,570**	**441,570**	**-**	**-**	**-**
		8,323,460	**1,399,989**	**389,774**	**-**	**6,533,697**

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

	Note	Company				
		Carrying amount RM'000	**AC RM'000**	**Mandatorily at FVTPL RM'000**	**FVTPL - DUIR RM'000**	**FVOCI - DI RM'000**
2023						
Financial assets						
Company						
Other investments	8	**7,847,629**	**-**	**412,601**	**-**	**7,435,028**
Loans and receivables, excluding prepayment	11	**1,483,432**	**1,483,432**	**-**	**-**	**-**
Cash and cash equivalents	12	**600,703**	**600,703**	**-**	**-**	**-**
		9,931,764	**2,084,135**	**412,601**	**-**	**7,435,028**
2022						
Financial assets						
Family Takaful						
Other investments	8	6,275,271	-	437,273	-	5,837,998
Loans and receivables, excluding prepayment	11	343,887	343,887	-	-	-
Cash and cash equivalents	12	919,625	919,625	-	-	-
		7,538,783	1,263,512	437,273	-	5,837,998
Company						
Other investments	8	7,340,179	-	461,488	-	6,878,691
Loans and receivables, excluding prepayment	11	419,767	419,767	-	-	-
Cash and cash equivalents	12	1,465,515	1,465,515	-	-	-
		9,225,461	1,885,282	461,488	-	6,878,691

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

	Note	Group				
		Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL - DUIR RM'000	FVOCI - DI RM'000
2023						
Financial liabilities						
Family Takaful						
Other payables	15	**(80,885)**	**(80,885)**	**-**	**-**	**-**
General Takaful						
Other payables	15	**(38,619)**	**(38,619)**	**-**	**-**	**-**
Group						
Other payables	15	**(361,073)**	**(361,073)**	**-**	**-**	**-**
2022						
Financial liabilities						
Family Takaful						
Other payables	15	89,394	89,394	-	-	-
General Takaful						
Other payables	15	33,626	33,626	-	-	-
Group						
Other payables	15	351,370	351,370	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

		Company				
	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL - DUIR RM'000	FVOCI - DI RM'000
2023						
Financial liabilities						
Family Takaful						
Other payables	15	**(80,459)**	**(80,459)**	**-**	**-**	**-**
Company						
Other payables	15	**(309,825)**	**(309,825)**	**-**	**-**	**-**
2022						
Financial liabilities						
Family Takaful						
Other payables	15	89,097	89,097	-	-	-
Company						
Other payables	15	302,486	302,486	-	-	-

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Net gains and losses arising from use of financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
Net gains/(losses) on:				
Financial assets at FVTPL				
- mandatorily required by MFRS 9	**23,486**	(37,518)	**11,545**	(50,302)
Debt investments measured at FVOCI				
- recognised in profit or loss	**284,305**	256,917	**284,238**	256,908
- recognised in participants' fund	**243,174**	(177,535)	**243,174**	(177,535)
- reclassified from participants' fund to profit or loss	**11,885**	11,721	**11,885**	11,814
	539,364	91,103	**539,297**	91,187
Financial assets at AC	**51,288**	31,659	**47,233**	28,418
	614,138	85,244	**598,075**	69,303
General Takaful				
Net gains/(losses) on:				
Financial assets at FVTPL				
- mandatorily required by MFRS 9	**465**	-	**-**	-
Debt investments measured at FVOCI				
- recognised in profit or loss	**30,898**	23,695	**-**	-
- recognised in participants' fund	**15,268**	(10,989)	**-**	-
- reclassified from participants' fund to profit or loss	**1,059**	1,190	**-**	-
	47,225	13,896	**-**	-
Financial assets at AC	**19,563**	12,391	**-**	-
	67,253	26,287	**-**	-
Group/ Company				
Net gains/ (losses) on:				
Financial assets at FVTPL				
- mandatorily required by MFRS 9	**29,434**	(36,560)	**12,726**	(50,882)
Debt investments measured at FVOCI				
- recognised in profit or loss	**374,026**	337,643	**326,870**	299,976
- recognised in participants' fund	**291,334**	(214,391)	**267,650**	(197,278)
- reclassified from participants' fund to profit or loss	**24,154**	15,598	**22,944**	13,246
	689,514	138,850	**617,464**	115,944
Financial assets at AC	**100,549**	62,744	**66,755**	40,760
	819,497	165,034	**696,945**	105,822

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Financial risk management

The Group and the Company have exposure to the following risks:
- Credit risk
- Liquidity risk
- Market risk (currency risk, profit rate risk, price risk)
- Operational risk

32.4 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

The Group's and the Company's portfolio of Islamic Debt Securities, and to a lesser extent short term and other investments, are subject to credit risk. This risk is defined as the potential loss resulting from adverse changes in a borrower's ability to repay the debt. The Group's and the Company's objective is to earn competitive relative returns by investing in a diversified portfolio of securities. Management has an investment credit risk policy in place. Limits are established to manage credit quality and concentration risk.

The Group and the Company have takaful and other receivables balances that are subject to credit risk. Among the most significant of these are retakaful recoveries. To mitigate the risk of the counterparties not paying the amount due, the Group and the Company have established certain business and financial guidelines for retakaful approval, incorporating ratings by major agencies and considering currently available market information. The Group and the Company also periodically review the financial stability of retakaful companies from public and other sources and the settlement trend of amounts due from retakaful companies.

Cash and deposits are generally placed with banks and financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013 which are regulated by Bank Negara Malaysia and Sharia Insurance Regulation in Indonesia.

The Group and the Company manage individual exposures as well as concentration of credit risks. At end of the reporting period, there were no significant concentration of credit risks, other than investments in Islamic Debt Securities issued by single issuer and investment in Institutional Trust Account. There are no significant changes as compared to prior financial year.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Islamic Debt Securities	**1,961,883**	1,555,094	**1,870,380**	1,475,890
Institutional Trust Account	**540,040**	511,757	**455,370**	431,753
	2,501,923	2,066,851	**2,325,750**	1,907,643

Credit exposure

The table below shows the maximum exposure to credit risk for the financial instruments, and takaful and retakaful contracts assets on the Statements of Financial Position.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
FVTPL financial assets				
Islamic Debt Securities	**171,040**	165,723	**23,351**	23,664
FVOCI financial assets				
Islamic Debt Securities	**5,533,439**	4,989,998	**5,533,439**	4,989,998
Institutional Trust Account	**403,795**	382,872	**403,795**	382,872
Malaysian Government Islamic papers	**596,463**	465,128	**596,463**	465,128
AC financial assets				
Loans and receivables	**960,994**	345,630	**958,419**	343,887
Cash and cash equivalents	**547,142**	1,028,753	**441,570**	919,625
Retakaful contracts assets	**27,288**	22,019	**27,288**	19,586
	8,240,161	7,400,123	**7,984,325**	7,144,760

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
General Takaful				
FVOCI financial assets				
Islamic Debt Securities	**613,292**	544,236	**-**	-
Institutional Trust Account	**58,275**	54,958	**-**	-
Malaysian Government Islamic papers	**75,838**	74,683	**-**	-
AC financial assets				
Loans and receivables	**487,700**	176,332	**-**	-
Cash and cash equivalents	**64,236**	280,228	**-**	-
Retakaful contracts assets	**448,239**	498,465	**-**	-
	1,747,580	1,628,902	**-**	-
Group/ Company				
FVTPL financial assets				
Islamic Debt Securities	**209,336**	203,179	**23,351**	23,664
FVOCI financial assets				
Islamic Debt Securities	**7,262,249**	6,729,147	**6,324,554**	5,915,388
Institutional Trust Account	**540,040**	511,757	**455,370**	431,753
Malaysian Government Islamic papers	**766,396**	641,111	**655,104**	531,550
AC financial assets				
Loans and receivables	**2,139,657**	602,888	**1,483,432**	419,767
Cash and cash equivalents	**851,429**	2,067,301	**600,703**	1,465,515
Retakaful contracts assets	**475,527**	520,484	**27,288**	19,586
	12,244,634	11,275,867	**9,569,802**	8,807,223

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Credit quality analysis

The following table presents an analysis of the credit quality of the financial instruments, and takaful and retakaful assets . The inputs, assumptions and techniques used for estimating the impairment are disclosed in Note 32.4.

	Group							
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	D RM'000	Not-rated RM'000	Unit-linked RM'000	Total RM'000
2023								
Family Takaful								
FVTPL								
Islamic Debt Securities	40,173	17,869	4,933	6,249	-	101,816	-	171,040
FVOCI								
Islamic Debt Securities	2,042,003	1,770,931	34,983	25,496	17,499	1,642,527	-	5,533,439
Institutional Trust Account	-	-	403,795	-	-	-	-	403,795
Malaysian Government Islamic papers*	-	-	-	-	-	596,463	-	596,463
AC								
Loans and receivables	199,413	528,707	110,194	-	-	121,742	938	960,994
Cash and cash equivalents	139,639	278,790	23,141	-	-	103,512	2,060	547,142
Retakaful contract assets	-	688	4,071	-	-	22,529	-	27,288
	2,421,228	2,596,985	581,117	31,745	17,499	2,588,589	2,998	8,240,161
General Takaful								
FVOCI								
Islamic Debt Securities	286,523	244,770	-	-	2,204	79,795	-	613,292
Institutional Trust Account	-	-	58,275	-	-	-	-	58,275
Malaysian Government Islamic papers*	-	-	-	-	-	75,838	-	75,838
AC								
Loans and receivables	31,335	158,858	276,585	-	-	20,922	-	487,700
Cash and cash equivalents	5,296	287	58,652	-	-	1	-	64,236
Retakaful contract assets	118,891	729	63,203	157,091	-	108,325	-	448,239
	442,045	404,644	456,715	157,091	2,204	284,881	-	1,747,580

* Malaysian Government Islamic papers are not rated by RAM but instead is rated A- based on Malaysia sovereign rating accorded by Standard & Poor.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Credit quality analysis (continued)

	Group							
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	D RM'000	Not-rated RM'000	Unit-linked RM'000	Total RM'000
2023								
Group								
FVTPL								
Islamic Debt Securities	**52,365**	**20,834**	**6,132**	**6,994**	**-**	**123,011**	**-**	**209,336**
FVOCI								
Islamic Debt Securities	**2,741,751**	**2,509,248**	**39,960**	**28,250**	**19,703**	**1,923,337**	**-**	**7,262,249**
Institutional Trust Account	**-**	**-**	**540,040**	**-**	**-**	**-**	**-**	**540,040**
Malaysian Government Islamic papers*	**-**	**-**	**-**	**-**	**-**	**766,396**	**-**	**766,396**
AC								
Loans and receivables	**480,117**	**1,196,482**	**280,787**	**-**	**-**	**181,333**	**938**	**2,139,657**
Cash and cash equivalents	**247,802**	**360,670**	**102,428**	**-**	**-**	**138,469**	**2,060**	**851,429**
Retakaful contract assets	**118,891**	**1,417**	**67,274**	**157,091**	**-**	**130,854**	**-**	**475,527**
	3,640,926	**4,088,651**	**1,036,621**	**192,335**	**19,703**	**3,263,400**	**2,998**	**12,244,634**
2022								
Family Takaful								
FVTPL								
Islamic Debt Securities	44,428	15,051	11,236	6,509	-	88,499	-	165,723
FVOCI								
Islamic Debt Securities	1,906,895	1,519,495	34,243	35,080	17,499	1,476,786	-	4,989,998
Institutional Trust Account	-	-	-	-	-	382,872	-	382,872
Malaysian Government Islamic papers*	-	-	-	-	-	465,128	-	465,128
AC								
Loans and receivables	32,126	199,131	19,448	-	-	94,925	-	345,630
Cash and cash equivalents	328,731	533,473	53,671	-	-	112,878	-	1,028,753
Retakaful contract assets	-	329	15,974	-	-	5,716	-	22,019
	2,312,180	2,267,479	134,572	41,589	17,499	2,626,804	-	7,400,123

* Malaysian Government Islamic papers are not rated by RAM but instead is rated A- based on Malaysia sovereign rating accorded by Standard & Poor.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Credit quality analysis (continued)

	Group							
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	D RM'000	Not-rated RM'000	Unit-linked RM'000	Total RM'000
2022								
General Takaful								
FVOCI								
Islamic Debt Securities	245,256	209,093	-	-	2,204	87,683	-	544,236
Institutional Trust Account	-	-	-	-	-	54,958	-	54,958
Malaysian Government Islamic papers*	-	-	-	-	-	74,683	-	74,683
AC								
Loans and receivables	-	166,463	-	-	-	9,869	-	176,332
Cash and cash equivalents	48,526	207,434	21,018	-	-	3,250		280,228
Retakaful contract assets	249,614	7	7,855	110,987	-	130,002	-	498,465
	543,396	582,997	28,873	110,987	2,204	360,445	-	1,628,902
Group								
FVTPL								
Islamic Debt Securities	56,550	17,310	13,509	7,217	-	108,593	-	203,179
FVOCI								
Islamic Debt Securities	2,605,310	2,179,649	39,100	39,059	19,703	1,846,326	-	6,729,147
Institutional Trust Account	-	-	-	-	-	511,757	-	511,757
Malaysian Government Islamic papers*	-	-	-	-	-	641,111	-	641,111
AC								
Loans and receivables	48,117	395,957	31,670	-	-	127,144	-	602,888
Cash and cash equivalents	565,300	1,213,775	134,868	-	-	153,358	-	2,067,301
Retakaful contract assets	-	329	15,974	-	-	504,181	-	520,484
	3,275,277	3,807,020	235,121	46,276	19,703	3,892,470	-	11,275,867

* Malaysian Government Islamic papers are not rated by RAM but instead is rated A- based on Malaysia sovereign rating accorded by Standard & Poor.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Credit quality analysis (continued)

	Company							
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	D RM'000	Not-rated RM'000	Unit-linked RM'000	Total RM'000
2023								
Family Takaful								
FVTPL								
Islamic Debt Securities	5,544	11,056	-	1,034	-	5,717	-	23,351
FVOCI								
Islamic Debt Securities	2,042,003	1,770,931	34,983	25,496	17,499	1,642,527	-	5,533,439
Institutional Trust Account	-	-	403,795	-	-	-	-	403,795
Malaysian Government Islamic papers*	-	-	-	-	-	596,463	-	596,463
AC								
Loans and receivables	199,413	528,707	110,194	-	-	120,105	-	958,419
Cash and cash equivalents	139,639	278,790	23,141	-	-	-	-	441,570
Retakaful contract assets	-	688	4,071	-	-	22,529	-	27,288
	2,386,599	2,590,172	576,184	26,530	17,499	2,387,341	-	7,984,325
Company								
FVTPL								
Islamic Debt Securities	5,544	11,055	-	1,034	-	5,718	-	23,351
FVOCI								
Islamic Debt Securities	2,357,580	2,075,332	39,960	28,250	17,499	1,805,933	-	6,324,554
Institutional Trust Account	-	-	455,370	-	-	-	-	455,370
Malaysian Government Islamic papers*	-	-	-	-	-	655,104	-	655,104
AC								
Loans and receivables	359,258	775,540	195,260	-	-	153,374	-	1,483,432
Cash and cash equivalents	217,132	360,383	23,140	-	-	48	-	600,703
Retakaful contract assets	-	688	4,071	-	-	22,529	-	27,288
	2,939,514	3,222,998	717,801	29,284	17,499	2,642,706	-	9,569,802

* Malaysian Government Islamic papers are not rated by RAM but instead is rated A- based on Malaysia sovereign rating accorded by Standard & Poor.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Credit quality analysis (continued)

	Company							
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	D RM'000	Not-rated RM'000	Unit-linked RM'000	Total RM'000
2022								
Family Takaful								
FVTPL								
Islamic Debt Securities	5,360	11,375	-	1,556	-	5,373	-	23,664
FVOCI								
Islamic Debt Securities	1,906,895	1,519,495	34,243	35,080	17,499	1,476,786	-	4,989,998
Institutional Trust Account	-	-	-	-	-	382,872	-	382,872
Malaysian Government Islamic papers*	-	-	-	-	-	465,128	-	465,128
AC								
Loans and receivables	32,126	199,131	19,448	-	-	93,182	-	343,887
Cash and cash equivalents	328,731	533,473	53,671	-	-	3,750	-	919,625
Retakaful contract assets	-	162	15,974	-	-	3,450	-	19,586
	2,273,112	2,263,636	123,336	36,636	17,499	2,430,541	-	7,144,760
Company								
FVTPL								
Islamic Debt Securities	5,360	11,375	-	1,556	-	5,373	-	23,664
FVOCI								
Islamic Debt Securities	2,275,226	1,821,612	39,100	39,059	17,499	1,722,892	-	5,915,388
Institutional Trust Account	-	-	-	-	-	431,753	-	431,753
Malaysian Government Islamic papers*	-	-	-	-	-	531,550	-	531,550
AC								
Loans and receivables	48,117	229,494	26,670	-	-	115,486	-	419,767
Cash and cash equivalents	487,627	857,241	113,850	-	-	6,797	-	1,465,515
Retakaful contract assets	-	162	15,974	-	-	3,450	-	19,586
	2,816,330	2,919,884	195,594	40,615	17,499	2,817,301	-	8,807,223

* Malaysian Government Islamic papers are not rated by RAM but instead is rated A- based on Malaysia sovereign rating accorded by Standard & Poor.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Allowance for impairment

The following tables show reconciliations from the opening balance to the closing balance of the allowance for impairment by class of financial instruments.

	Group									
	2023					2022				
	12-month ECL			Lifetime ECL		12-month ECL			Lifetime ECL	
	Islamic debts securities RM'000	Institutional Trust Account RM'000	Fixed and call deposits RM'000	Financing receivables RM'000	Total RM'000	Islamic debts securities RM'000	Institutional Trust Account RM'000	Fixed and call deposits RM'000	Financing receivables RM'000	Total RM'000
Family Takaful										
As at 1 January	**20,258**	**1,527**	**-**	**-**	**21,785**	13,363	1,736	-	-	15,099
Net impairment loss on financial instruments	**6,196**	**(1,392)**	**-**	**-**	**4,804**	6,895	(209)	-	-	6,686
As at 31 December	**26,454**	**135**	**-**	**-**	**26,589**	20,258	1,527	-	-	21,785
General Takaful										
As at 1 January	**3,248**	**205**	**-**	**-**	**3,453**	2,344	224	-	-	2,568
Net impairment loss on financial instruments	**808**	**(204)**	**-**	**-**	**604**	904	(19)	-	-	885
As at 31 December	**4,056**	**1**	**-**	**-**	**4,057**	3,248	205	-	-	3,453
Group										
As at 1 January	**25,983**	**1,768**	**-**	**161**	**27,912**	17,177	1,996	-	166	19,339
Net impairment loss on financial instruments	**7,870**	**(1,864)**	**-**	**-**	**6,006**	8,806	(228)	-	-	8,578
Effect of movement in exchange rates	**-**	**-**	**-**	**7**	**7**	-	-	-	(5)	(5)
As at 31 December	**33,853**	**(96)**	**-**	**168**	**33,925**	25,983	1,768	-	161	27,912

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Allowance for impairment (continued)

The following tables show reconciliations from the opening balance to the closing balance of the allowance for impairment by class of financial instruments. (continued)

	Company									
	2023					2022				
	12-month ECL			Lifetime ECL		12-month ECL			Lifetime ECL	
	Islamic debts securities RM'000	Institutional Trust Account RM'000	Fixed and call deposits RM'000	Financing receivables RM'000	Total RM'000	Islamic debts securities RM'000	Institutional Trust Account RM'000	Fixed and call deposits RM'000	Financing receivables RM'000	Total RM'000
Family Takaful										
As at 1 January	**20,258**	**1,527**	**-**	**-**	**21,785**	13,363	1,736	-	-	15,099
Net impairment loss on financial instruments	**6,196**	**(1,392)**	**-**	**4,804**	**6,895**	(209)	-	-	-	6,686
As at 31 December	**26,454**	**135**	**-**	**-**	**26,589**	20,258	1,527	-	-	21,785
Company										
As at 1 January	**22,633**	**1,563**	**-**	**15**	**24,211**	14,738	1,772	-	15	16,525
Net impairment loss on financial instruments	**6,971**	**(1,569)**	**-**	**-**	**5,402**	7,895	(209)	-	-	7,686
As at 31 December	**29,604**	**(6)**	**-**	**15**	**29,613**	22,633	1,563	-	15	24,211

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Input, assumptions and techniques used for estimating impairment

Measurement of 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 assets 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.

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 perform 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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Input, assumptions and techniques used for estimating impairment (continued)

Measurement of ECL (continued)

The Group and the Company has elected to measure the impairment losses for takaful receivables at an amount equal to lifetime ECLs. 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.

Definition of default and credit-impaired assets

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group and the Company define a financial asset as in default when it meets one or more of the following criteria:

Quantitative criteria

The counterparty is overdue or non-payment on its contractual payments.

Qualitative criteria

The counterparty meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- the counterparty is insolvent or in breach of financial covenants;
- an active market for that financial asset has disappeared because of financial difficulty;
- it is becoming probable that the counterparty will enter bankruptcy; or
- financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Group and the Company consider a financial instrument to have experience a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met, based on the Group's historical experience and informed credit assessment and including forward-looking information.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Input, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

Quantitative criteria

The remaining lifetime PD at the reporting date has increased.

Qualitative criteria

- A drop in the credit rating or rating placed on Negatoove Rating Watch.
- Deterioration in financials, i.e. profit margins, negative cash flow, rising debt and inventory levels, hence increasing probability of default.
- The counterparty is in breach of financial covenants.
- Significant adverse changes in business, financial and/ or economic conditions.
- Rescheduling/ Restructuring or variation to existing terms.

Whenever available, the Group and the Company monitor changes in credit risk by tracking published external credit ratings. The Group and the Company also perform a regular internal review on the creditworthiness of the counterparty based on the latest quantitative and qualitative data.

Where external ratings are not available, the Group and the Company allocate each exposure to an internal credit risk grade. The internal credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and benchmarked against external credit rating from reputable rating agencies.

Lifetime ECLs measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECLs measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective profit rate of the financial asset.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Input, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

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

32.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected retakaful recoveries.

The following policies and procedures are in place to mitigate the Group's and the Company's exposure to liquidity risk:

- The Group and the Company-wide liquidity risk policy setting out the evaluation and determination of the components of liquidity risk of the Group and the Company. Compliance with the policy is monitored and reported monthly and exposures and breaches are reported to the Group's and the Company's Risk Management Committee as soon as practicable. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- Setting up guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet takaful and investment contracts obligations.

- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

- The Company's catastrophe excess of loss retakaful contracts contains clauses permitting the immediate draw down of funds to meet claims payments should claims events exceed certain amount.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 Liquidity risk (continued)

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including profit payable.

For takaful contract liabilities issued, maturity profiles are determined based on the estimates of the present value of the future cash flows expected to be paid out in the periods. Investment-linked liabilities are repayable or transferable on demand and are included in the "less than 12 months" column.

	Group					
	Carrying value RM'000	Less than 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2023						
Family Takaful						
Takaful contracts liabilities[2]	**1,858,646**	**922,613**	**276,557**	**184,712**	**474,764**	**1,858,646**
Other payables	**80,885**	**79,114**	**1,771**	**-**	**-**	**80,885**
	1,939,531	**1,001,727**	**278,328**	**184,712**	**474,764**	**1,939,531**
General Takaful						
Takaful contracts liabilities	**954,070**	**401,380**	**357,466**	**129,857**	**65,367**	**954,070**
Other payables	**38,619**	**38,502**	**117**	**-**	**-**	**38,619**
	992,689	**439,882**	**357,583**	**129,857**	**65,367**	**992,689**
Group						
Lease liabilities[1]	**907**	**478**	**(559)**	**988**	**-**	**907**
Takaful contracts liabilities[2]	**2,812,716**	**1,323,993**	**634,023**	**314,569**	**540,131**	**2,812,716**
Other payables	**361,073**	**358,922**	**2,151**	**-**	**-**	**361,073**
	3,174,696	**1,683,393**	**635,615**	**315,557**	**540,131**	**3,174,696**

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 Liquidity risk (continued)

Maturity profiles (continued)

	Group					
	Carrying value RM'000	Less than 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2022						
Family Takaful						
Takaful contracts liabilities[2]	2,973,890	1,153,154	511,534	360,108	949,094	2,973,890
Other payables	89,394	87,804	1,590	-	-	89,394
	3,063,284	1,240,958	513,124	360,108	949,094	3,063,284
General Takaful						
Takaful contracts liabilities	881,782	389,056	288,214	153,623	50,889	881,782
Other payables	33,626	33,509	117	-	-	33,626
	915,408	422,565	288,331	153,623	50,889	915,408

[1] The interest rate of the lease at the end of the financial year 6.34% to 6.50% per annum.
[2] The takaful contract liabilities disclosed based on incurred but not reported ("IBNR") and risk adjustment.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 Liquidity risk (continued)

Maturity profiles (continued)

	Group					
	Carrying value RM'000	Less than 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2023						
Group						
Lease liabilities[1]	**431**	**266**	**165**	**-**	**-**	**431**
Takaful contracts liabilities[2]	**3,855,672**	**1,139,509**	**799,748**	**513,731**	**999,983**	**3,855,672**
Other payables	**351,370**	**349,400**	**1,970**	**-**	**-**	**351,370**
	4,207,473	**1,489,175**	**801,883**	**513,731**	**999,983**	**4,207,473**

	Company					
	Carrying value RM'000	Less than 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2023						
Family Takaful						
Takaful contracts liabilities[2]	**1,447,234**	**511,201**	**276,557**	**184,712**	**474,764**	**1,447,234**
Other payables	**80,459**	**78,688**	**1,771**	**-**	**-**	**80,459**
	1,527,693	**589,889**	**278,328**	**184,712**	**474,764**	**1,527,693**
Company						
Lease liabilities[1]	**907**	**478**	**(559)**	**988**	**-**	**907**
Takaful contracts liabilities	**1,447,234**	**511,201**	**276,557**	**184,712**	**474,764**	**1,447,234**
Other payables	**309,825**	**307,791**	**2,034**	**-**	**-**	**309,825**
	1,757,966	**819,470**	**278,032**	**185,700**	**474,764**	**1,757,966**
2022						
Family Takaful						
Takaful contracts liabilities[2]	2,571,189	750,453	511,534	360,108	949,094	2,571,189
Other payables	89,097	87,507	1,590	-	-	89,097
	2,660,286	837,960	513,124	360,108	949,094	2,660,286
Company						
Lease liabilities[1]	431	266	165	-	-	431
Takaful contracts liabilities	2,571,189	750,453	511,534	360,108	949,094	2,571,189
Other payables	302,486	300,633	1,853	-	-	302,486
	2,874,106	1,051,352	513,552	360,108	949,094	2,874,106

[1] The interest rate of the lease at the end of the financial year 6.34% to 6.50% per annum.
[2] The takaful contract liabilities disclosed based on incurred but not reported ("IBNR") and risk adjustment.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.6 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three (3) types of risk - foreign exchange rates (Currency risk), market profit yields (Profit Yield risk) and market prices (Price risk).

The key features of the Group's and the Company's market risk management practices and policies are as follows:

- A Group and the Company-wide market risk policy setting out the evaluation and determination of components of market risk for the Group and the Company. Compliance with the policy is monitored and reported monthly to the Risk Management Committee ("RMC") and exposures and breaches are reported as soon as practicable.

- Set asset allocation, portfolio limit structure and diversification benchmark to ensure that assets back specific contract liabilities and that assets are held to deliver income and gains for certificate holders in line with terms of the respective contracts expectations of policies. The Group's and the Company's policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with Group's and Company's risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

The Group and the Company also issue unit-linked investment certificates. In the unit-linked business, the certificate holders bear investment risk on the assets held in the unit-linked funds as the certificate benefits are directly linked to value of the assets in the funds. The Group's and Company's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of the assets in the funds.

32.7 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's and the Company's primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally with respect to Indonesia Rupiah ("Rp") and US Dollar ("USD").

As the Group's and Company's business is conducted primarily in Malaysia, the Group's and the Company's financial assets are also primarily maintained in Malaysia as required under the Islamic Financial Services Act 2013, and hence, primarily denominated in the same currency (the local RM) as its takaful and investment contract liabilities. Accordingly, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which takaful and investment contract liabilities are expected to be settled.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.7 Currency risk (continued)

As the Group's and the Company's main foreign exchange risk from recognised assets and liabilities arises from retakaful transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group and the Company has no significant concentration of foreign currency risk.

The Group's and the Company's exposure to currency risk is immaterial in the context of the financial statements and hence, sensitivity analysis is not presented.

32.8 Profit yield risk

Profit yield risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market profit yield.

Floating yield instruments expose the Group and the Company to cash flow risk, whereas fixed yield instruments expose the Group and the Company to fair value risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's profit risk policy requires Management to manage the risk by maintaining an appropriate mix of fixed yield instruments. The policy also requires Management to manage the maturities of profit-bearing financial assets and liabilities. Floating yield instruments will be re-priced at intervals of not more than one (1) year. Profit on fixed yield instruments is priced at inception of the financial instrument and is fixed until maturity.

Exposure to profit yield risk

The profit yield profile of the Group's and the Company's significant profit-bearing financial instruments, and takaful and retakaful contracts, based on carrying amounts as at the end of the reporting period is as follows:

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.8 Profit yield risk (continued)

Exposure to profit yield risk (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Family Takaful				
Fixed rate instruments				
FVTPL financial assets	**171,040**	165,723	**98,510**	141,888
FVOCI financial assets	**6,533,697**	5,837,998	**6,533,697**	5,837,998
Retakaful contract assets	**107,369**	70,377	**107,369**	70,377
Takaful contract liabilities	**8,133,976**	7,547,085	**8,133,976**	7,547,085
	14,946,082	13,621,183	**14,873,552**	13,597,348
General Takaful				
Fixed rate instruments				
FVOCI financial assets	**747,405**	673,877	**-**	-
Group/ Company				
Fixed rate instruments				
FVTPL financial assets	**316,707**	353,191	**114,616**	157,782
FVOCI financial assets	**8,568,685**	7,882,015	**7,435,028**	6,878,691
Retakaful contract assets	**118,199**	77,715	**118,199**	77,715
Takaful contract liabilities	**9,146,783**	8,626,046	**9,146,783**	8,626,046
	18,150,374	16,938,967	**16,814,626**	15,740,234

The Group and the Company have no significant concentration of profit yield risk.

A change of 50 or 100 basis points in profit rates at the end of the reporting period would have increased/ (decreased) contractual service margin, profit before tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.8 Profit yield risk (continued)

Exposure to profit yield risk (continued)

		Group		
	Change in variables	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2023				
Family Takaful				
FVTPL financial assets	**+50bps**	**(369)**	**-**	**-**
FVOCI financial assets	**+50bps**	**(252,281)**	**-**	**-**
		(252,650)	**-**	**-**
FVTPL financial assets	**-50bps**	**421**	**-**	**-**
FVOCI financial assets	**-50bps**	**270,076**	**-**	**-**
		270,497	**-**	**-**
General Takaful				
FVOCI financial assets	**+50bps**	**(14,374)**	**-**	**-**
Retakaful contract assets	**+100bps**	**-**	**-**	**(8,939)**
Takaful contract liabilities	**+100bps**	**-**	**-**	**(14,596)**
		(14,374)	**-**	**(23,535)**
FVOCI financial assets	**-50bps**	**14,779**	**-**	**-**
Retakaful contract assets	**-100bps**	**-**	**-**	**8,939**
Takaful contract liabilities	**-100bps**	**-**	**-**	**14,596**
		14,779	**-**	**23,535**

* impact on equity reflects adjustments for tax, when applicable.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.8 Profit yield risk (continued)

Exposure to profit yield risk (continued)

		Group		
	Change in variables RM'000	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2023				
Group				
FVTPL financial assets	**+50bps**	**(369)**	**103**	**103**
FVOCI financial assets	**+50bps**	**(266,655)**	**-**	**(30,513)**
Retakaful contract assets	**+50bps & 100bps**	**-**	**-**	**(8,939)**
Takaful contract liabilities	**+50bps & 100bps**	**-**	**(166)**	**(20,345)**
		(267,024)	**(63)**	**(59,694)**
FVTPL financial assets	**-50bps**	**421**	**(103)**	**(103)**
FVOCI financial assets	**-50bps**	**284,855**	**-**	**32,178**
Retakaful contract assets	**-50bps & 100bps**	**-**	**-**	**8,939**
Takaful contract liabilities	**-50bps & 100bps**	**-**	**213**	**20,392**
		285,276	**110**	**61,406**
2022				
Family Takaful				
FVTPL financial assets	**+50bps**	**(2,494)**	**-**	**-**
FVOCI financial assets	**+50bps**	**(229,754)**	**-**	**-**
		(232,248)	**-**	**-**
FVTPL financial assets	**-50bps**	**2,597**	**-**	**-**
FVOCI financial assets	**-50bps**	**245,755**	**-**	**-**
		248,352	**-**	**-**

* impact on equity reflects adjustments for tax, when applicable.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.8 Profit yield risk (continued)

Exposure to profit yield risk (continued)

		Group		
	Change in variables	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2022				
General Takaful				
FVOCI financial assets	+50bps	(15,188)	-	-
Retakaful contract assets	+50bps	-	-	(7,941)
Takaful contract liabilities	+50bps	-	-	(12,338)
		(15,188)	-	(20,279)
FVOCI financial assets	-50bps	15,712	-	-
Retakaful contract assets	-50bps	-	-	7,941
Takaful contract liabilities	-50bps	-	-	12,338
		15,712	-	20,279
Group				
FVTPL financial assets	+50bps	(2,494)	(464)	(464)
FVOCI financial assets	+50bps	(244,942)	-	(37,146)
Retakaful contract assets	+50bps	-	-	(7,941)
Takaful contract liabilities	+50bps	-	(798)	(19,199)
		(247,436)	(1,262)	(64,750)
FVTPL financial assets	-50bps	2,597	478	478
FVOCI financial assets	-50bps	261,467	-	39,486
Retakaful contract assets	-50bps	-	-	7,941
Takaful contract liabilities	-50bps	-	667	17,734
		264,064	1,145	65,639

* impact on equity reflects adjustments for tax, when applicable.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.8 Profit yield risk (continued)

Exposure to profit yield risk (continued)

		Company		
	Change in variables	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2023				
Family Takaful				
FVTPL financial assets	**+50bps**	**(801)**	**-**	**-**
FVOCI financial assets	**+50bps**	**(252,281)**	**-**	**-**
		(253,082)	**-**	**-**
FVTPL financial assets	**-50bps**	**853**	**-**	**-**
FVOCI financial assets	**-50bps**	**270,076**	**-**	**-**
		270,929	**-**	**-**
Company				
FVTPL financial assets	**+50bps**	**(801)**	**-**	**-**
FVOCI financial assets	**+50bps**	**(252,281)**	**-**	**(23,378)**
Takaful contract liabilities	**+50bps**	**-**	**(166)**	**(166)**
		(253,082)	**(166)**	**(23,544)**
FVTPL financial assets	**-50bps**	**853**	**-**	**-**
FVOCI financial assets	**-50bps**	**270,076**	**-**	**24,767**
Takaful contract liabilities	**-50bps**	**-**	**213**	**213**
		270,929	**213**	**24,980**

* impact on equity reflects adjustments for tax, when applicable.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.8 Profit yield risk (continued)

Exposure to profit yield risk (continued)

		Company		
	Change in variables	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2022				
Family Takaful				
FVTPL financial assets	+50bps	(2,937)	-	-
FVOCI financial assets	+50bps	(229,754)	-	-
		(232,691)	-	-
FVTPL financial assets	-50bps	3,040	-	-
FVOCI financial assets	-50bps	245,755	-	-
		248,795	-	-
Company				
FVTPL financial assets	+50bps	(2,937)	(268)	(268)
FVOCI financial assets	+50bps	(229,754)	-	(30,183)
Takaful contract liabilities	+50bps	-	(798)	(798)
		(232,691)	(1,066)	(31,249)
FVTPL financial assets	-50bps	3,040	275	275
FVOCI financial assets	-50bps	245,755	-	32,212
Takaful contract liabilities	-50bps	-	667	(667)
		248,795	942	31,820

* impact on equity reflects adjustments for tax, when applicable.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.9 Other price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit yield risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group's and the Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices (excluding those investment securities held for the account of unit-linked business).

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector, market and issuer, having regard also to such limits stipulated by BNM. The Group and the Company comply with BNM stipulated limits during the financial year and have no significant concentration of price risk.

Equity price risk sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on OCI/ Equity for the Group/ Company, and showing the impact on operating surplus and participants' fund for Family Takaful Fund and General Takaful Fund accordingly. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on individual basis. It should be noted that movements in these variables are non-linear.

		Group		
	Change in variables	**Impact on CSM before tax RM'000**	**Impact on profit after tax RM'000**	**Impact on equity* RM'000**
2023				
Family Takaful				
Market price	**+15%**	**44,236**	**-**	**-**
Market price	**-15%**	**(44,236)**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.9 Other price risk (continued)

Equity price risk sensitivity analysis (continued)

		Group		
	Change in variables	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2023				
Group				
Market price	**+15%**	**44,236**	**3,300**	**3,300**
Market price	**-15%**	**(44,236)**	**(3,300)**	**(3,300)**
2022				
Family Takaful				
Market price	+15%	43,937	-	-
Market price	-15%	(43,937)	-	-
Group				
Market price	+15%	43,937	3,389	3,389
Market price	-15%	(43,937)	(3,389)	(3,389)

		Company		
	Change in variables	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2023				
Family Takaful				
Market price	**+15%**	**44,308**	**-**	**-**
Market price	**-15%**	**(44,308)**	**-**	**-**
Company				
Market price	**+15%**	**44,308**	**3,300**	**3,300**
Market price	**-15%**	**(44,308)**	**(3,300)**	**(3,300)**

* impact on equity reflects adjustments for tax, when applicable.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.9 Other price risk (continued)

Equity price risk sensitivity analysis (continued)

		Company		
	Change in variables	Impact on CSM before tax RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
2022				
Family Takaful				
Market price	+15%	44,308	-	-
Market price	-15%	(44,308)	-	-
Company				
Market price	+15%	44,308	3,389	3,389
Market price	-15%	(44,308)	(3,389)	(3,389)

* impact on equity reflects adjustments for tax, when applicable.

32.10 Fair value information

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 the respective note for the fair values of other financial assets and liabilities, together with the carrying amounts shown in the Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the Statements of Financial Position.

	Group				
	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2023					
Family Takaful					
Financial assets					
Equity securities	**240,187**	**75,159**	**-**	**315,346**	**315,346**
Unit trusts	**93,520**	**26,690**	**-**	**120,210**	**120,210**
Institutional Trust Account	**-**	**-**	**403,795**	**403,795**	**403,795**
Islamic Debt Securities	**147,689**	**5,556,790**	**-**	**5,704,479**	**5,704,479**
Malaysian Government Islamic papers	**-**	**596,463**	**-**	**596,463**	**596,463**
	481,396	**6,255,102**	**403,795**	**7,140,293**	**7,140,293**
General Takaful					
Financial assets					
Institutional Trust Account	**-**	**-**	**58,275**	**58,275**	**58,275**
Islamic Debt Securities	**-**	**613,292**	**-**	**613,292**	**613,292**
Malaysian Government Islamic papers	**-**	**75,838**	**-**	**75,838**	**75,838**
	-	**689,130**	**58,275**	**747,405**	**747,405**
Group					
Financial assets					
Equity securities	**246,318**	**107,371**	**-**	**353,689**	**353,689**
Unit trusts	**94,166**	**33,748**	**-**	**127,914**	**127,914**
Institutional Trust Account	**-**	**-**	**540,040**	**540,040**	**540,040**
Islamic Debt Securities	**185,985**	**7,285,600**	**-**	**7,471,585**	**7,471,585**
Malaysian Government Islamic papers	**-**	**766,396**	**-**	**766,396**	**766,396**
	526,469	**8,193,115**	**540,040**	**9,259,624**	**9,259,624**

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

	Company				
	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2023					
Family Takaful					
Financial assets					
Equity securities	**197,744**	**75,159**	**-**	**272,903**	**272,903**
Unit trusts	**93,520**	**-**	**-**	**93,520**	**93,520**
Institutional Trust Account	**-**	**-**	**403,795**	**403,795**	**403,795**
Islamic Debt Securities	**-**	**5,556,790**	**-**	**5,556,790**	**5,556,790**
Malaysian Government Islamic papers	**-**	**596,463**	**-**	**596,463**	**596,463**
	291,264	**6,228,412**	**403,795**	**6,923,471**	**6,923,471**
Company					
Financial assets					
Equity securities	**203,819**	**91,265**	**-**	**295,084**	**295,084**
Unit trusts	**94,166**	**-**	**-**	**94,166**	**94,166**
Institutional Trust Account	**-**	**-**	**455,370**	**455,370**	**455,370**
Islamic Debt Securities	**-**	**6,347,905**	**-**	**6,347,905**	**6,347,905**
Malaysian Government Islamic papers	**-**	**655,104**	**-**	**655,104**	**655,104**
	297,985	**7,094,274**	**455,370**	**7,847,629**	**7,847,629**

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the Statements of Financial Position (continued).

	Group				
	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2022					
Family Takaful					
Financial assets					
Equity securities	247,331	118,224	-	365,555	365,555
Unit trusts	95,592	28,647	-	124,239	124,239
Institutional Trust Account	-	-	382,872	382,872	382,872
Islamic Debt Securities	142,059	5,013,662	-	5,155,721	5,155,721
Malaysian Government Islamic papers	-	465,128	-	465,128	465,128
Structured deposits	-	-	-	-	
	484,982	5,625,661	382,872	6,493,515	6,493,515
General Takaful					
Financial assets					
Institutional Trust Account	-	-	54,958	54,958	54,958
Islamic Debt Securities	-	544,236	-	544,236	544,236
Malaysian Government Islamic papers	-	74,683	-	74,683	74,683
	-	618,919	54,958	673,877	673,877
Group					
Financial assets					
Equity securities	255,128	150,012	-	405,140	405,140
Unit trusts	96,217	35,430	-	131,647	131,647
Institutional Trust Account	-	-	511,757	511,757	511,757
Islamic Debt Securities	179,515	6,752,811	-	6,932,326	6,932,326
Malaysian Government Islamic papers	-	641,111	-	641,111	641,111
	530,860	7,579,364	511,757	8,621,981	8,621,981

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

	Company				
	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2022					
Family Takaful					
Financial assets					
Equity securities	199,793	118,224	-	318,017	318,017
Unit trusts	95,592	-	-	95,592	95,592
Institutional Trust Account	-	-	382,872	382,872	382,872
Islamic Debt Securities	-	5,013,662	-	5,013,662	5,013,662
Malaysian Government Islamic papers	-	465,128	-	465,128	465,128
	295,385	5,597,014	382,872	6,275,271	6,275,271
Company					
Financial assets					
Equity securities	207,489	134,118	-	341,607	341,607
Unit trusts	96,217	-	-	96,217	96,217
Institutional Trust Account	-	-	431,753	431,753	431,753
Islamic Debt Securities	-	5,939,052	-	5,939,052	5,939,052
Malaysian Government Islamic papers	-	531,550	-	531,550	531,550
	303,706	6,604,720	431,753	7,340,179	7,340,179

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

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 profit cash flows, discounted at the market rate of profit at the end of the reporting period.

Transfer between Level 1 and 2 fair values

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Institutional Trust Account				
Family Takaful				
As at 1 January	**382,872**	471,247	**382,872**	471,247
Maturities	**-**	(105,471)	**-**	(105,471)
Gains and losses recognised in profit or loss				
Investment income - realised	**18,080**	17,890	**18,080**	17,890
Gains and losses recognised in OCI				
Net change in fair value (unrealised)	**2,843**	(794)	**2,843**	(794)
As at 31 December	**403,795**	382,872	**403,795**	382,872
General Takaful				
As at 1 January	**54,958**	59,550	**-**	-
Maturities	**-**	(6,669)	**-**	-
Gains and losses recognised in profit or loss				
Investment income - realised	**2,239**	2,172	**-**	-
Gains and losses recognised in OCI				
Net change in fair value (unrealised)	**1,078**	(95)	**-**	-
As at 31 December	**58,275**	54,958	**-**	-
Group/ Company				
As at 1 January	**511,757**	617,774	**431,753**	534,302
Maturities	**-**	(128,620)	**-**	(121,951)
Gains and losses recognised in profit or loss				
Investment income - realised	**23,970**	23,700	**20,463**	20,321
Gains and losses recognised in OCI				
Net change in fair value (unrealised)	**4,313**	(1,097)	**3,154**	(919)
As at 31 December	**540,040**	511,757	**455,370**	431,753

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Institutional Trust Account	Discounted cash flows using market profit rates for a similar instrument at the measurement date.	Discount rate of 5.232% (2022: 5.44%).	The estimated fair value would increase (decrease) if the discount rate were (lower) higher

Sensitivity analysis for Level 3

		Group	
	Change in variables	Impact on equity* RM'000	Impact on participants' fund RM'000
2023			
Family Takaful			
Discount rate	**+1%**	**-**	**(4,188)**
Discount rate	**-1%**	**-**	**4,319**
General Takaful			
Discount rate	**+1%**	**-**	**(947)**
Discount rate	**-1%**	**-**	**980**
Group			
Discount rate	**+1%**	**(795)**	**(5,135)**
Discount rate	**-1%**	**828**	**5,299**
2022			
Family Takaful			
Discount rate	+1%	-	(5,837)
Discount rate	-1%	-	5,998

* impact on equity reflects adjustments for tax, when applicable.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

Sensitivity analysis for Level 3 (continued)

		Group	
	Change in variables	Impact on equity* RM'000	Impact on participants' fund RM'000
2022			
General Takaful			
Discount rate	+1%	-	(1,047)
Discount rate	-1%	-	1,083
Group			
Discount rate	+1%	(610)	(6,884)
Discount rate	-1%	625	7,081

		Company	
	Change in variables	Impact on equity* RM'000	Impact on participants' fund RM'000
2023			
Family Takaful			
Discount rate	**+1%**	**-**	**(4,188)**
Discount rate	**-1%**	**-**	**4,319**
Company			
Discount rate	**+1%**	**(757)**	**(4,188)**
Discount rate	**-1%**	**790**	**4,319**
2022			
Family Takaful			
Discount rate	+1%	-	(5,837)
Discount rate	-1%	-	5,998
Company			
Discount rate	+1%	(396)	(5,837)
Discount rate	-1%	406	5,998

* impact on equity reflects adjustments for tax, when applicable.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.10 Fair value information (continued)

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, which reports directly to the Chief Investment Officer and Group Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

33. CAPITAL COMMITMENTS

	Group and Company	
	2023 RM'000	2022 RM'000
Contracted but not provided for	**59,946**	22,579

34. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice-versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group. Compensation paid to key management personnel have been disclosed in Note 24.

The Group has related party relationships with its holding companies, significant investors, subsidiaries, Directors and key management personnel.

34. RELATED PARTIES (CONTINUED)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company, other than key management personnel compensation as disclosed in Note 24, are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subsidiary				
Outsourcing fee	**-**	-	**54,350**	53,435
Dividend received	**-**	-	**64,738**	60,000
Contribution received	**-**	-	**1,385**	-
Chargeback Expenses	**-**	-	**115**	-
Rental received	**-**	-	**771**	-
Related companies				
Dividend paid	**31,875**	28,333	**31,875**	28,333
Contribution income for Family Takaful	**4,137**	1,402	**4,137**	1,402
Contribution income for General Takaful	**5,795**	5,784	**-**	-
Claims paid for Family Takaful	**1,382**	836	**1,382**	836
Claims paid for General Takaful	**873**	270	**-**	-
Refund of cash back	**6**	-	**-**	-
Lease rental paid	**140**	132	**140**	132

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 capital adequacy ratio of 130%. As at period end, the Company has a capital adequacy ratio in excess of the minimum requirement.

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

	Company	
	2023 RM'000	2022 RM'000
Tier 1 capital	**2,681,349**	2,476,578
Tier 2 capital	**64,098**	(36,923)
Amount deducted from capital	**(598,380)**	(322,607)
Total capital available	**2,147,067**	2,117,048

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Mohammed Hussein and Datuk Bazlan Osman, two of the Directors of Syarikat Takaful Malaysia Keluarga Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 164 to 381 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2024:

.....
Dato' Mohammed Hussein
Director

.....
Datuk Bazlan Osman
Director

Kuala Lumpur
Date: 27 March 2024

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Nor Azman Zainal, the officer primarily responsible for the financial management of Syarikat Takaful Malaysia Keluarga Berhad, do solemnly and sincerely declare that the financial statements set out on pages 164 to 381 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

.....
Nor Azman Zainal

Subscribed and solemnly declared by the abovenamed Nor Azman Zainal, at Kuala Lumpur in the Federal Territory on 27 March 2024.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (INCORPORATED IN MALAYSIA) Registration No. 198401019089 (131646-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Syarikat Takaful Malaysia Keluarga Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 164 to 381.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (INCORPORATED IN MALAYSIA) Registration No. 198401019089 (131646-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of Actuarial liabilities — Takaful contract liabilities Refer to Note 2(n) and Note 9 of the consolidated financial statements. On 1 January 2023, the Group adopted MFRS 17 'Insurance Contracts'. The standard sets out the requirements that an entity should apply in accounting for takaful contracts it issues and retakaful contracts it holds. As at 31 December 2023, the Group's net takaful contract liabilities amount to RM 11,935 million, which account for approximately 92% of the Group's total liabilities. The takaful contract liabilities have been estimated based on MFRS 17 requirements. Takaful contract liabilities under MFRS 17 are measured as the total of fulfilment cash flows and contractual service margin ("CSM"), the determination of which requires judgment and interpretation. This includes the selection of accounting policies and the use of complex methodologies which are applied in the actuarial models. The selection and application of appropriate methodologies requires significant professional judgment. It also requires the determination of assumptions which involve estimation uncertainty.	Our key audit procedures are outlined below. Together with our actuarial experts: 1. We assessed the adherence of the accounting policies adopted by management with the requirements of MFRS 17 'Insurance Contracts'; 2. We understood the process over the selection of accounting policies, determination of methodologies and assumption and reconciliation of data used in determining the takaful contract liabilities; 3. We tested the design and operating effectiveness of controls over the accuracy and the completeness of data used; 4. We assessed the reasonableness of the key assumptions used by management by comparing against the Group's historical experiences and market observable data, where applicable; 5. We assessed the appropriateness of management's identification of services provided by reviewing the terms and features of the takaful contracts issued on a sample basis; and 6. We assessed the appropriateness of the disclosures in the financial statements. Specifically for contracts measured under General Measurement Model ("GMM"): 1. We assessed the appropriateness of management's determination of coverage units against the type of service identified; 2. We assessed the appropriateness of the methodologies used in the determination of the takaful contract liabilities comprising of fulfilment cash flows and contractual service margin and their application in actuarial models; and 3. We reviewed the reasonableness of the movement analysis of the takaful contract liabilities prepared by management. The movement analysis provides a reconciliation of the balance as at 1 December 2022 to 31 December 2023 showing the key drivers of the changes during the year.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (INCORPORATED IN MALAYSIA) Registration No. 198401019089 (131646-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
The CSM represents the unearned profit that the Group will recognise as it provides takaful contract services in the future. The release of CSM of a group of contracts is recognised as takaful revenue in the Statement of profit of loss and other comprehensive income based on the number of coverage units provided in the period. Coverage units in turn are determined by the quantity of the benefits provided under a contract and its expected coverage duration. Management applied judgement in the identification of the services provided and the determination of the coverage units. Specifically for general takaful contract liabilities, we focused our audit on this area because of the level of subjectivity inherent in estimating the impact of claims events that have occurred but for which the ultimate outcome remains uncertain.	Specifically for contracts measured under Premium Allocation Approach ("PAA"): 1. We evaluated the design and tested key controls over the valuation process, including controls over the completeness and accuracy of claim settlement data that support key reserving calculations and controls over the valuation of general takaful contract liabilities for remaining coverage and liabilities for incurred claims; 2. We tested the underlying data used in estimation of the liabilities for remaining coverage and liabilities for incurred claims to source documents; 3. Our actuarial experts performed independent reprojections of the liabilities for incurred claims for selected major portfolios, focusing on the largest liabilities to assess the appropriate application of valuation assumptions and methodologies; and 4. We reviewed and assessed the methodologies, basis and key assumptions used in the valuation of the liabilities for remaining coverage and liabilities for incurred claims in accordance with MFRS 17 requirements. Based on the procedures performed and the evidence obtained, we found the methodologies, assumptions and judgments used by the Group in the valuation of the takaful contract liabilities as at 31 December 2023 to be appropriate. Our audit procedures on the disclosures showed that they were in accordance with the relevant MFRS 17 disclosure requirements.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Statement on Risk Management and Internal Control and Shariah Advisory Body's Report, which we obtained prior to the date of this auditors' report, and Annual Report 2023, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (INCORPORATED IN MALAYSIA) Registration No. 198401019089 (131646-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (INCORPORATED IN MALAYSIA) Registration No. 198401019089 (131646-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LIEW CHI MIN
03529/09/2024J
Chartered Accountant

Kuala Lumpur
27 March 2024

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2024

SHARE CAPITAL

Issued and fully paid-up capital	: 837,305,693 ordinary shares
No. of shareholders	: 17,054
Class of shares	: Ordinary shares
Voting right	: 1 vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS (5% AND ABOVE)

Name of Shareholders	Number of Shares	Percentage (%)
Lembaga Tabung Haji	236,109,469	28.20
Employees Provident Fund Board	126,541,397	15.11
Kumpulan Wang Persaraan (Diperbadankan)	58,038,548	6.93
Total	420,689,414	50.24

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest/ Deemed Interest	
Name of Directors	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Dato' Mohammed Hussein	-	-	-	-
Mohd Azman Sulaiman	-	-	-	-
Suraya Hassan	-	-	-	-
Dato' Mustaffa Ahmad	-	-	-	-
Mohamad Salihuddin Ahmad	-	-	-	-
Datuk Bazlan Osman	-	-	-	-
Datin Paduka Kartini Haji Abdul Manaf	-	-	-	-
Ch'ng Sok Heang	-	-	-	-

GROUP CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

	Direct Interest		Indirect Interest/ Deemed Interest	
Name of Group Chief Executive Officer	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Nor Azman Zainal	-	-	-	-

SHAREHOLDING STATISTICS
AS AT 15 MARCH 2024

ANALYSIS OF SHAREHOLDINGS BY SIZE

Size of Shareholdings	Number of Shareholders	Percentage (%)	Total Shareholdings	Percentage (%)
Less than 100	1,487	8.72	45,177	0.01
100 to 1,000	5,501	32.26	3,245,321	0.39
1,001 to 10,000	7,976	46.77	31,142,355	3.72
10,001 to 100,000	1,799	10.55	50,068,543	5.98
100,001 to 41,865,284 (less than 5% of issued shares)	288	1.69	377,027,551	45.03
41,865,285 (5% of issued shares) and above	3	0.02	375,776,746	44.88
Total	**17,054**	**100.00**	**837,305,693**	**100.00**

ANALYSIS OF SHAREHOLDINGS BY CATEGORY

Category of Shareholders	Number of Shareholders			Total Shareholdings			Percentage (%)		
	Malaysian			Malaysian			Malaysian		
	Bumiputra	Non-Bumiputra	Foreign	Bumiputra	Non-Bumiputra	Foreign	Bumiputra	Non-Bumiputra	Foreign
1. Individual	2,092	10,533	143	6,356,817	70,299,822	2,172,634	0.76	8.40	0.26
2 Body Corporate									
a) Banks/ Finance Companies	44	1	0	413,946,980	3,000	0	49.44	0.00	0.00
b) Investments Trusts/ Foundation/ Charities	16	5	0	2,504,939	179,000	0	0.30	0.02	0.00
c) Industrial and Commercial Companies	38	122	1	1,229,476	10,103,132	2,500	0.15	1.20	0.00
3. Government Agencies/ Institutions	17	0	0	17,381,469	0	0	2.07	0.00	0.00
4. Nominees	2,478	1,340	223	23,578,212	199,484,462	90,063,248	2.82	23.83	10.76
5. Others	0	1	0	0	2	0	0.00	0.00	0.00
Total	**4,685**	**12,002**	**367**	**464,997,893**	**280,069,418**	**92,238,382**	**55.53**	**33.45**	**11.02**
Grand Total		**17,054**			**837,305,693**			**100.00**	

SHAREHOLDING STATISTICS
AS AT 15 MARCH 2024

THIRTY (30) LARGEST SHAREHOLDERS

No	Name of Shareholders	Number of Shares	Percentage (%)
1	Lembaga Tabung Haji	236,109,469	28.20
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	82,501,629	9.85
3	Kumpulan Wang Persaraan (Diperbadankan)	57,165,648	6.83
4	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	34,904,703	4.17
5	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	33,858,090	4.04
6	Permodalan Nasional Berhad	30,404,261	3.63
7	BIMSEC Nominees (Asing) Sdn Bhd Islamic Development Bank	29,000,000	3.46
8	AmanahRaya Trustees Berhad Public Islamic Select Treasures Fund	13,066,100	1.56
9	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	10,023,736	1.20
10	Cartaban Nominees (Tempatan) Sdn Bhd PBTB For Takafulink Dana Ekuiti	9,729,336	1.16
11	AmanahRaya Trustees Berhad Public Islamic Opportunities Fund	7,672,500	0.92
12	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	7,185,959	0.86
13	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	7,177,287	0.86
14	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	6,937,700	0.83
15	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC For Islamic Development Bank (PF-Inv)	6,000,000	0.72
16	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (2)	5,683,029	0.68

SHAREHOLDING STATISTICS
AS AT 15 MARCH 2024

THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No	Name of Shareholders	Number of Shares	Percentage (%)
17	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	4,720,000	0.56
18	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Dana Unggul	4,670,487	0.56
19	Teh Cheong Hua	4,550,000	0.54
20	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 22)	4,000,000	0.48
21	Amin Baitulmal Johor	3,969,169	0.47
22	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 14)	3,897,100	0.47
23	Amanah Raya Berhad Kumpulan Wang Bersama Syariah	3,793,718	0.45
24	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	2,927,416	0.35
25	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	2,858,300	0.34
26	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	2,845,359	0.34
27	T.O. Lim Holdings Sdn Bhd	2,795,000	0.33
28	Majlis Ugama Islam Sabah	2,774,572	0.33
29	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Bhd For Franklin TNB RBTF (EQ) (433141)	2,728,759	0.33
30	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Dividend Fund	2,500,000	0.30
	Total	626,449,327	74.82

PARTICULARS OF PROPERTIES

A. INVESTMENT PROPERTIES

No	Location	Description of Existing Use	Tenure	Age of Building (years)	Land/ Built-up Area (square feet)	Net Book Value as at 31.12.23 (RM)	Date of Revaluation
1	No. 325A & 325B Blok 41, Kompleks Perniagaan Fajar 91000 Tawau, Sabah	Three units of 4 storey Commercial Complex/Office	998 years town lease expiring on 31.12.2895	32	4,025/ 6,037	3,310,000	31.12.2023
2	No. 64 & 65 Kompleks Jitra Jalan Sungai Korok 06000 Jitra Kedah Darul Aman	Two units of 2 storey Shophouse/Office	Freehold	37	3,095/ 6,935	1,240,000	31.12.2023
3	No. 23 Medan Istana 3 Bandar Ipoh Raya 30450 Ipoh Perak Darul Ridzuan	One unit of 3 storey Shophouse/Office	99 years lease expiring on 30.03.2081	28	1,539/ 4,255	690,000	31.12.2023
4	Lot 54 & 55 Bandar Wilayah Jasa Jalan Bunga Raya 91100 Lahad Datu Sabah	Two units of 3 storey Shophouse/Office	99 years town lease expiring on 31.12.2090	28	2,400/ 7,200	1,730,000	31.12.2023
5	No. 15 & 17 Jalan Kelibang Langkawi Mall 07000 Kuah Langkawi Kedah Darul Aman	Two units of 2 storey Shophouse/Office	Freehold	30	1,440/ 7,720	800,000	31.12.2023
6	No. 26 & 28 Jalan Perda Barat Bukit Mertajam Seberang Prai 14000 Penang	Two units of 3 storey Shophouse/Office	Freehold	25	3,293/ 8,840	1,740,000	31.12.2023
7	No. 433 & 434 Jalan Kulas 93400 Kuching Sarawak	Two units of 4 storey Shophouse/Office	Freehold	28	3,589/ 12,855	4,110,000	31.12.2023
8	Lot 13 & 14 Lazenda Commercial Centre Jalan Okk Abdullah 87007 Wilayah Persekutuan Labuan	Two units of 3 storey Office building	999 years lease expiring on 30.06.2902	29	2,504/ 7,200	3,400,000	31.12.2023
9	No. 1 & 2 Jalan Kelicap Taman Pekan Baru 34200 Parit Buntar Perak Darul Ridzuan	Two units of 2 storey Shophouse/Office	99 years lease expiring on 05.09.2078	36	3,956/ 7,044	1,010,000	31.12.2023

PARTICULARS OF PROPERTIES

A. INVESTMENT PROPERTIES (CONTINUED)

No	Location	Description of Existing Use	Tenure	Age of Building (years)	Land/ Built-up Area (square feet)	Net Book Value as at 31.12.23 (RM)	Date of Revaluation
10	No. 46 & 47 Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim	Two units of 4 Storey Shophouse/Office	Freehold	34	3,220/ 12,092	1,890,000	31.12.2023
11	No. 180 & 181 Jalan Tuan Hitam 22000 Jerteh Terengganu Darul Iman	Two units of 4 storey Shophouse/Office	Freehold	33	3,200/ 12,250	1,940,000	31.12.2023
12	Lot 82, 84 & 86 Jalan Rugbi 13/30 Seksyen 13 40100 Shah Alam Selangor Darul Ehsan	Three units of 2 storey Shophouse/Office	99 years lease expiring on 22.01.2102	24	6,339/ 11,309	3,790,000	31.12.2023
13	No. 229 Jalan Shahab 2 Shahab Perdana Jalan Sultanah Sambungan 05350 Alor Star Kedah Darul Aman	One unit of 2 1/2 storey Shophouse/Office	Freehold	27	1,400/ 3,570	580,000	31.12.2023
14	Lot No. 3803 Jalan Dato' Ulu Muar 72000 Kuala Pilah Negeri Sembilan Darul Khusus	One unit of 3 storey Shophouse/Office	99 years lease expiring on 06.10.2079	24	2,001/ 3,120	660,000	31.12.2023
15	No. 45 Jalan Teluk Sisek 25000 Kuantan Pahang Darul Makmur	One unit of 4 storey Shophouse/Office	99 years lease expiring on 18.09.2068	23	3,200/ 8,019	2,630,000	31.12.2023
16	No. 27 Pusat Komersil Temerloh 28000 Temerloh Pahang Darul Makmur	One unit of 2 1/2 storey Shophouse/Office	99 years lease expiring on 01.04.2095	23	1,398/ 5,017	780,000	31.12.2023
17	No. 2 & 4 Jalan 6C/7 43650 Bandar Baru Bangi Selangor Darul Ehsan	Two units of 2 storey Shophouse/Office	99 years lease expiring on 08.07.2086	36	6,383/ 8,032	3,560,000	31.12.2023
18	Lot 14 Seremban City Centre Jalan Tuanku Munawir 70000 Seremban Negeri Sembilan Darul Khusus	One unit of 6 storey Shophouse/Office	Freehold	27	1,500/ 14,589	3,920,000	31.12.2023
19	No. 29, Jalan Delima Pusat Perdagangan Pontian 82000 Pontian Johor Darul Takzim	One unit of 3 storey Shophouse/Office	99 years lease expiring on 25.09.2097	22	3,899/ 10,248	1,840,000	31.12.2023

PARTICULARS OF PROPERTIES

A. INVESTMENT PROPERTIES (CONTINUED)

No	Location	Description of Existing Use	Tenure	Age of Building (years)	Land/ Built-up Area (square feet)	Net Book Value as at 31.12.23 (RM)	Date of Revaluation
20	Lot 1129 & 1130 Bangunan Darul Takaful Jalan Sultan Ismail 20100 Kuala Terengganu Terengganu Darul Iman	One unit of 12 storey Office building	35 years sub lease expiring on 29.06.2050	21	3,600/ 23,637	6,350,000	31.12.2023
21	No. 616 & 617 Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus	Two units of 2 storey Office building	99 years lease expiring on 05.10.2088	31	4,498/ 8,685	1,840,000	31.12.2023
22	No. 6 Jalan 6C/7 43650 Bandar Baru Bangi Selangor Darul Ehsan	One unit of 2 storey Shophouse/Office	99 years lease expiring on 08.07.2086	36	1,905/ 3,508	1,510,000	31.12.2023
23	Suite 3B/G Blok 3B, Plaza Sentral Jalan Stesen Sentral 5 50470 Kuala Lumpur	One floor of 22 storey Office building	Freehold	22	6,409*	8,700,000	31.12.2023
24	No. 26 & 27 Jalan Tanjung Pasar Baru 18500 Machang Kelantan Darul Naim	Two units of 2 storey Office building	66 years lease expiring on 18.02.2069	42	1,600/ 4,000	720,000	31.12.2023
25	No. 330 & 331 Jalan Sultan Yahya Petra 15720 Kota Bharu Kelantan Darul Naim	Two units of 4 1/2 storey Office building	99 years lease expiring on 09.12.2069	41	3,200/ 15,200	2,300,000	31.12.2023
26	Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur	Two units of Office building Main Block - 26 storey Annexe Block - 29 storey	Freehold	Main Block - 53 Annexe Block - 39	90,427/ 393,508	200,700,000	31.12.2023
27	No. 2408 Taman Samudera 32040 Sri Manjung Perak Darul Ridzuan	One unit of 2 storey Shophouse/Office	99 years lease expiring on 19.05.2091	27	2,800/ 5,300	950,000	31.12.2023
28	No. 29 & 30 Pusat Perniagaan Jalan Tupai 34000 Taiping Perak Darul Ridzuan	Two units of 3 storey Office building	Freehold	20	3,134/ 18,304	1,800,000	31.12.2023
29	No. 10 & 11 & 446 Jalan Sultan Yahya Petra 15200 Kota Bharu Kelantan Darul Naim	Two units of 3 storey Office building	Leasehold	21	3,852/ 9,120	2,500,000	31.12.2023
30	No. 4197 Jalan Teluk Wanjah 05200 Alor Star Kedah Darul Aman	One unit of 4 storey Office building	Freehold	21	8,716/ 18,440	1,800,000	31.12.2023

PARTICULARS OF PROPERTIES

A. INVESTMENT PROPERTIES (CONTINUED)

No	Location	Description of Existing Use	Tenure	Age of Building (years)	Land/ Built-up Area (square feet)	Net Book Value as at 31.12.23 (RM)	Date of Revaluation
31	No. 10 & 8 Jalan Padi Emas 5/2 Bandar Baru UDA 81200 Johor Bharu Johor Darul Takzim	Two units of 3 storey Office building	99 years lease expiring on 16.02.2099	18	3,080/ 8,024	2,500,000	31.12.2023
32	No. 4 Kompleks Seri Temin Jalan Ibrahim 08000 Sungai Petani Kedah Darul Aman	One unit of 4 storey Office building	99 years lease expiring on 03.10.2080	38	1,400/ 5,510	750,000	31.12.2023
33	Lot 1340 Miri Waterfront Commercial Centre 98000 Miri Sarawak	One unit of 4 storey Office building	60 years lease expiring on 30.09.2066	19	1,400/ 5,500	1,540,000	31.12.2023
34	No. 6 Jalan Padi Emas 5/2 Bandar Baru UDA 81200 Johor Bharu Johor Darul Takzim	One unit of 3 storey Office building	99 years lease expiring on 16.02.2099	18	1,540/ 4,012	1,250,000	31.12.2023
35	No. 148, Kompleks Munshi Abdullah 75200 Melaka	One unit of 4 1/2 storey Office building	99 years lease expiring on 23.04.2102	30	1,470/ 6,117	1,100,000	31.12.2023
36	No. 16474 & 16475 Pusat Perniagaan Inderapura Jalan Tras Raub Pahang Darul Makmur	Two units of 3 storey Office building	99 years lease expiring on 29.06.2092	24	3,218/ 9,280	1,750,000	31.12.2023
37	No. 20, Fasa 1A Jalan Haji Manan 86000 Kluang Johor Darul Takzim	One unit of 4 storey Shophouse/Office	99 years lease expiring on 10.12.2108	27	2,658/ 9,930	2,200,000	31.12.2023
	Total					**279,880,000**	

* Built-up Area

B. SELF-OCCUPIED PROPERTY

No	Location	Description of Existing Use	Tenure	Age of Building (years)	Land/ Built-up Area (square feet)	Net Book Value as at 31.12.23 (RM)	Date of Revaluation
1	No. 435 Jalan Kulas 93400 Kuching Sarawak	One unit of 4 storey Shophouse/Office	Freehold	28	1,214/ 4,262	1,620,000	31.12.2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

DATO' MOHAMMED HUSSEIN
Independent Non-Executive Director

Members

MOHD AZMAN SULAIMAN
Independent Non-Executive Director

DATUK BAZLAN OSMAN
Independent Non-Executive Director

SURAYA HASSAN
Independent Non-Executive Director

DATO' MUSTAFFA AHMAD
Independent Non-Executive Director

MOHAMAD SALIHUDDIN AHMAD
Non-Independent Non-Executive Director

DATIN PADUKA KARTINI HAJI ABDUL MANAF
Non-Independent Non-Executive Director

CH'NG SOK HEANG
Independent Non-Executive Director

SHARIAH ADVISORY BODY

Chairman
DR. AHMAD SUFIAN CHE ABDULLAH

Members
DR. MARHANUM CHE MOHD SALLEH
MEGAT HIZAINI HASSAN
DR. NIK ABDUL RAHIM NIK ABDUL GHANI
DR. SHAFAAI BIN MUSA

AUDIT COMMITTEE

Chairman
DATUK BAZLAN OSMAN

Members
CH'NG SOK HEANG
MOHD AZMAN SULAIMAN
(Appointed as member on 1 July 2023)

SURAYA HASSAN
(Ceased as member on 1 July 2023)

NOMINATION AND REMUNERATION COMMITTEE

Chairman
MOHD AZMAN SULAIMAN

Members
DATIN PADUKA KARTINI HAJI ABDUL MANAF
SURAYA HASSAN
(Appointed as member on 1 July 2023)

DATO' MUSTAFFA AHMAD
(Ceased as member on 1 July 2023)

BOARD RISK COMMITTEE

Chairperson
CH'NG SOK HEANG
(Appointed as Chairperson on 1 July 2023)

Members
SURAYA HASSAN
(Ceased as Chairperson/member on 1 July 2023)

DATO' MUSTAFFA AHMAD

MOHAMAD SALIHUDDIN AHMAD

INVESTMENT COMMITTEE

Chairman
DATO' MUSTAFFA AHMAD

Members
DATUK BAZLAN OSMAN
DATIN PADUKA KARTINI HAJI ABDUL MANAF
NOR AZMAN ZAINAL

LONG TERM INCENTIVE PLAN COMMITTEE

(Disbanded on 20 March 2023)

Chairman
DATUK BAZLAN OSMAN

Members
MOHD AZMAN SULAIMAN
DATO' MUSTAFFA AHMAD
MOHAMAD SALIHUDDIN AHMAD

(Re-established on 26 February 2024)

Chairman
MOHAMAD SALIHUDDIN AHMAD

Members
MOHD AZMAN SULAIMAN
SURAYA HASSAN
DATO' MUSTAFFA AHMAD

CORPORATE INFORMATION

BOARD OF DIRECTORS, SYARIKAT TAKAFUL MALAYSIA AM BERHAD

Chairman

ISMAIL MAHBOB
Independent Non-Executive Director

Members

DATO' CHE PEE SAMSUDIN
Independent Non-Executive Director

DATIN DR. NIK SARINA LUGMAN HASHIM
Independent Non-Executive Director

ABDUL RAHMAN TALIB
Independent Non-Executive Director

NOR AZMAN ZAINAL
Executive Director
(Appointed on 2 February 2024)

COMPANY SECRETARY

SUHLA AL ASRI
SSM Practicing Certificate No. 201908002158
MAICSA 7025570

EXECUTIVE COMMITTEE ("EXCO")

NOR AZMAN ZAINAL
Group Chief Executive Officer

LEEM WHY CHONG
Deputy Chief Executive Officer

MOHAMED SABRI RAMLI
Chief Executive Officer, Takaful Malaysia Am

NEW KHENG CHEE
Group Chief Financial Officer

JULIANA LO BENG LIEW
Chief Strategy Officer

FIROZDIN ABDUL WAHAB
Chief Bancatakaful Officer

INTHERAN P. ALAGAPPAN
Chief Technology Officer

MOHAMMAD FADHLEE AWALUDIN
Chief Investment Officer

SHIZAL FISHAM RAMLI
Chief Risk Officer

YASSIR AZLIN ABDUL GHAFAR
Chief Distribution Officer

SITI HAJAR MOHD RIZLAN
Chief Marketing Officer

RINA SARIF
Chief People Officer

SUHLA AL ASRI
Company Secretary

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)

Level 10, Menara TH, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
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REGISTERED OFFICE

27th Floor, Annexe Block
Menara Takaful Malaysia
No. 4, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel : +603-22681984
Fax : +603-22742864
Email : csu@takaful-malaysia.com.my
Website : www.takaful-malaysia.com.my

REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
[199601006647 (378993-D)]

11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7890 4700
Fax : +603-7890 4670
Email : bsr.helpdesk@boardroomlimited.com
Website : www.boardroomlimited.com

PLACE OF INCORPORATION AND DOMICILE

Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
on 30 July 1996
Stock Code: 6139
Stock Name: TAKAFUL

BRANCH NETWORK & SUBSIDIARY COMPANIES

HEAD OFFICE

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD 198401019089 (131646-K)

27th Floor, Annexe Block
Menara Takaful Malaysia
No. 4, Jalan Sultan Sulaiman
50000 Kuala Lumpur
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Takaful Malaysia
Takaful Malaysia

TAKAFUL myCARE CENTRES

KUALA LUMPUR

Menara Takaful Malaysia
Ground Floor, Main Block
Menara Takaful Malaysia
No. 4, Jalan Sultan Sulaiman
50000 Kuala Lumpur

SELANGOR

Shah Alam

Ground Floor
Lot. No 82, 84, 86
Jalan Rugbi 13/30, Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan

MELAKA

148, Kompleks Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

PULAU PINANG

Bandar Perda
No. 28, Jalan Perda Barat 1
Bandar Baru Perda
14000 Bukit Mertajam
Pulau Pinang

Gelugor
No. 2480, Ground Floor
Jalan Sultan Azlan Shah
11700 Gelugor
Pulau Pinang

KEDAH

Alor Setar
No. 229, Jalan Shahab 2
Shahab Perdana
Jalan Sultanah Sambungan
05150 Alor Setar
Kedah Darul Aman

Sungai Petani
No. 4, Kompleks Seri Temin
Jalan Ibrahim
08000 Sungai Petani
Kedah Darul Aman

JOHOR

Batu Pahat
Ground Floor
No. 46, Jalan Rahmat
83000 Batu Pahat
Johor Darul Takzim

Johor Bahru
Ground Floor
No. 5, Jalan Setia Tropika 1/30
Taman Setia Tropika
81200 Johor Bahru
Johor Darul Takzim

NEGERI SEMBILAN

Seremban
Lot 14-G, Ground Floor
Seremban City Centre
Jalan Tuanku Munawir
70000 Seremban
Negeri Sembilan Darul Khusus

TERENGGANU

Kuala Terengganu
2nd Floor, Lot 1129 & 1130
Jalan Sultan Ismail
20200 Kuala Terengganu
Terengganu Darul Iman

PAHANG

Kuantan
No. 45, Ground Floor
Jalan Teluk Sisek
25000 Kuantan
Pahang Darul Makmur

Temerloh
No. 27, Jalan Dato' Bahaman 3
Pusat Dagangan Temerloh
28000 Temerloh
Pahang Darul Makmur

KELANTAN

Kota Bharu
Lot 331 & 332
Ground Floor
Jalan Sultan Yahya Petra
Wakaf Siku, 15200 Kota Bharu
Kelantan Darul Naim

SARAWAK

Miri
Lot 1340, Ground Floor
Miri Waterfront
Commercial Centre
Jalan Waterfront
98000 Miri, Sarawak

Kuching
Lot 435, 1st & 2nd Floor
Bangunan Tuanku Haji
Mohammad Al-Edrus
Jalan Kulas
93400 Kuching, Sarawak

SABAH

Kota Kinabalu
Lot A 202 & 203, 2nd Floor
Block A, Wisma MUIS
Jalan Tengku Abdul Rahman
88850 Kota Kinabalu, Sabah

TAKAFUL RETAIL CENTRES

KUALA LUMPUR

IFiC KL Sentral
Ground Floor, Menara TH Sentral
Block D, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur

IFiC Jalan Tun Razak
Aras 2, Menara Tabung Haji
201, Jalan Tun Razak
50732 Kuala Lumpur

SELANGOR

IFiC Sepang
Ground Floor, Lot 01
Movenpick Hotel &
Convention Centre KLIA
Kompleks TH Sepang
Jalan Masjid KLIA
64000 Sepang
Selangor Darul Ehsan

PUTRAJAYA

IFiC Putrajaya
Kompleks Islam Putrajaya
Block B,
Jalan Tunku Abdul Rahman
Presint 3, Pusat Pentadbiran
Kerajaan Persekutuan
62100 Putrajaya

JOHOR

IFiC Johor Bahru
Ground Floor
Menara TH Johor Bahru
PTB 20485, Jalan Ayer Molek
80000 Johor Bahru
Johor Darul Takzim

MELAKA

IFiC Banda Kaba
Tabung Haji Building
Lot 250, Jalan Banda Kaba
Peti Surat 205, 75740 Melaka

PERAK

IFiC Ipoh
Level 1, Tabung Haji Building
Jalan Koo Chong Kong
30000 Ipoh, Perak

SUBSIDIARY COMPANIES

SYARIKAT TAKAFUL MALAYSIA AM BERHAD
201701032316 (1246486-D)
27th Floor, Annexe Block
Menara Takaful Malaysia
No. 4, Jalan Sultan Sulaiman
50000 Kuala Lumpur
T +603-2268 1984
F +603-2274 2864

P.T. SYARIKAT TAKAFUL INDONESIA
Graha Takaful Indonesia
Jalan Mampang Prapatan Raya
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12790 Indonesia
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F +6221-790 1435

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F +6221-790 1435
W www.takaful.co.id

NOTICE OF 39TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY-NINTH ("39th") ANNUAL GENERAL MEETING ("AGM")** of **SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD ("Takaful Malaysia Keluarga"** or **"Company")** will be conducted virtually through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facility from the broadcast venue at Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Thursday, 23 May 2024, at 9:30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023, together with the reports of the Directors and Auditors thereon. (See Explanatory Note 3[i])

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

   (i) Encik Mohd Azman Sulaiman (Resolution 1)
   (ii) Datin Paduka Kartini Haji Abdul Manaf (Resolution 2)

   Datuk Bazlan Osman who is retiring by rotation in accordance with Rule 74 of the Company's Constitution has informed the Board of Directors that he will not be seeking re-election. Hence, he will retain office until the close of the 39th AGM.

3. To approve the payment of Non-Executive Directors' fees of up to RM3,260,000 for Takaful Malaysia Keluarga and its subsidiary companies ("Takaful Malaysia" or "Group") from this AGM of the Company until the next AGM of the Company. (Resolution 3)

4. To approve the payment of Non-Executive Directors' benefits of up to RM635,000 for the Group from this AGM of the Company until the next AGM of the Company. (Resolution 4)

5. To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

6. Ordinary Resolution - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Lembaga Tabung Haji and its subsidiaries ("LTH Group").

   "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" or "Group") to enter into the Recurrent Related Party Transactions of a revenue or trading nature with LTH Group which are necessary for the day-to-day operations of Takaful Malaysia as set out in Section 2.3 of the Circular to Shareholders dated 23 April 2024, 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 Annual Report with the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year.

NOTICE OF 39TH ANNUAL GENERAL MEETING

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 Companies Act 2016); or

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

whichever is earlier." (Resolution 6)

7. Ordinary Resolution – Proposed Authority to Issue and Allot Shares.

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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." (Resolution 7)

8. 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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a Member who shall be entitled to attend this 39th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Rule 49(f)(ii) of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 May 2024. Only a depositor whose name appears on the Record of Depositors as at 15 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

SUHLA AL ASRI
SSM Practicing Certificate No. 201908002158
MAICSA 7025570
Company Secretary
Kuala Lumpur
23 April 2024

NOTICE OF 39TH ANNUAL GENERAL MEETING

Explanatory Notes:

1. Virtual AGM

(i) The 39th AGM of the Company will be conducted virtually through live streaming and online remote voting via RPEV facility from the broadcast venue at Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur. Please follow the procedures provided in the Administrative Details for the 39th AGM in order to register, participate and vote remotely.

(ii) The broadcast venue of the 39th AGM which is the main venue of the meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The broadcast venue of the 39th AGM is to organise the virtual meeting and where streaming would be conducted from. No shareholder(s)/proxy(ies)/corporate representatives from the public will be physically present at the broadcast venue on the day of the 39th AGM of the Company.

2. Appointment of Proxy

(i) Save as set out in Note (iii) below, a Member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and to vote instead of him at the same meeting. A proxy may but need not be a Member of the Company.

(ii) Where a Member of the Company appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(iii) Where a Member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, must be under seal or under the hand of an officer or attorney duly authorised.

(v) The instrument appointing a proxy must be deposited at the Office of the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.

(vi) Only Members whose names appear in the Record of Depositors on 15 May 2024 shall be eligible to attend, speak and vote at the AGM or appoint proxy(ies) to attend, speak and/or vote on their behalf.

(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll.

3. Ordinary Business

(i) Audited Financial Statements for the financial year ended 31 December 2023.

The Audited Financial Statements in Agenda 1 laid in accordance with Section 340(1)(a) of the Companies Act 2016 are meant for the Shareholders' information and discussion only. The Audited Financial Statements do not require Shareholders' approval and as such, are not put forward for voting by the Shareholders of the Company.

(ii) Re-election of Directors who retire in accordance with Rule 74 of the Company's Constitution

Rule 74 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. Pursuant to Paragraph 7.26(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Encik Mohd Azman Sulaiman and Datin Paduka Kartini Haji Abdul Manaf are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election. Datuk Bazlan Osman who is also retiring by rotation in accordance with Rule 74 of the Company's Constitution has informed the Board of Directors that he will not be seeking re-election. Hence, he will retain office until the close of the 39th AGM.

(iii) To approve the payment of Non-Executive Directors' fees of up to RM3,260,000 for the Group from this AGM of the Company until the next AGM of the Company.

(iv) To approve the payment of Non-Executive Directors' benefits of up to RM635,000 for the Group from this AGM of the Company until the next AGM of the Company.

4. Special Business

(i) Proposed Shareholders' Mandate for Recurrent Related Party Transaction of Revenue or Trading Nature.

The proposed Resolution 6, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading in nature which are necessary for Takaful Malaysia's day-to-day operations and will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval. The details on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 23 April 2024.

(ii) Proposed Authority to Issue and Allot Shares

The proposed Resolution 7, if passed, will give a new mandate to the Directors of the Company, from the date of the forthcoming AGM, to issue and allot shares in the Company from time to time at the aggregate not exceeding ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company 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 the Company.

The Board continues to consider to expand the Company'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.

STATEMENT ACCOMPANYING NOTICE OF 39TH ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF THIRTY-NINTH ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Directors eligible for re-election are Encik Mohd Azman Sulaiman, Datuk Bazlan Osman and Datin Paduka Kartini Haji Abdul Manaf at this forthcoming Thirty-Ninth Annual General Meeting of the Company. However, Datuk Bazlan Osman has informed the Board of Directors that he will not be seeking re-election. Hence, he will retain office until the close of the 39th AGM.

The profile of the above Directors who are standing for re-election as per Resolutions 1 to 2 as stated in the Notice of Annual General Meeting are set out in the Profile of Board of Directors' section on pages 104 to 111 of this Integrated Annual Report.

STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Statement, this Sustainability Statement for Financial Year Ended 2023 has been subjected to an internal review by the company's internal auditors and has been approved by the company's Audit Committee.

SUBJECT MATTER

The subject matter covered by the internal review included the following common indicators:

Matters	Indicators
Anti-corruption	% of employees who have received training on anti-corruption by employee category % of operations assessed for corruption-related risks Confirmed incidents of corruption and action taken
Community/ Society	Total amount invested in the community where the target beneficiates are external to the listed issuer Total number of beneficiaries of the investment in communities
Diversity	% of employees by gender and age group, for each employee category % of directors by gender and age group
Energy management	Total energy consumption
Health & Safety	Number of work-related fatalities Lost time incident rate Number of employees trained on health and safety standards
Labour practices & standards	Total hours of training by employee category % of employees that are contractors or temporary staff Total number of employee turnover by employee category Number of substantiated complaints concerning human rights violations
Supply chain management	Proportion of spending on local suppliers
Data Privacy & Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data
Water	Total volume of water used

SCOPE

The boundary of the internal audit review includes Syarikat Takaful Malaysia Keluarga Berhad (STMKB) and Syarikat Takaful Malaysia Am Berhad (STMAB) operations in Malaysia.

9 BURSA COMMON INDICATORS TABLE

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Employees	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-50	Percentage	64.00	72.00	54.00
Senior Management Above 51	Percentage	36.00	28.00	46.00
Middle Management Under 30	Percentage	1.00	0.00	1.00
Middle Management Between 30-50	Percentage	80.00	79.00	73.00
Middle Management Above 51	Percentage	19.00	21.00	26.00
Junior Management Under 30	Percentage	14.00	17.00	19.00
Junior Management Between 30-50	Percentage	80.00	76.00	74.00
Junior Management Above 51	Percentage	6.00	7.00	7.00
Clerical Under 30	Percentage	1.00	1.00	0.00
Clerical Between 30-50	Percentage	89.00	88.00	85.00
Clerical Above 51	Percentage	10.00	11.00	15.00
Non-Clerical Under 30	Percentage	0.00	0.00	0.00
Non-Clerical Between 30-50	Percentage	57.00	44.00	44.00
Non-Clerical Above 51	Percentage	43.00	56.00	56.00
Gender Group by Employee Category				
Senior Management Male	Percentage	67.00	77.00	74.00
Senior Management Female	Percentage	33.00	23.00	26.00
Middle Management Male	Percentage	49.00	50.00	52.00
Middle Management Female	Percentage	51.00	50.00	48.00
Junior Management Male	Percentage	39.00	40.00	40.00
Junior Management Female	Percentage	61.00	60.00	60.00
Clerical Male	Percentage	41.00	41.00	44.00
Clerical Female	Percentage	59.00	59.00	56.00
Non-Clerical Male	Percentage	57.00	67.00	67.00
Non-Clerical Female	Percentage	43.00	33.00	33.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.40	62.50	62.50
Female	Percentage	28.60	37.50	37.50
Above 50	Percentage	57.00	50.00	25.00
Above 60	Percentage	43.00	50.00	75.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	5,617,718.00	5,249,580.00	4,375,261.00
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,450,000.00	2,900,000.00	8,760,458.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	750	1,500	6,000
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	0	0	23

Internal assurance | External assurance | No assurance | (*)Restated

9 BURSA COMMON INDICATORS TABLE

Indicator	Measurement Unit	2021	2022	2023
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	807	3,452	2,312
Management	Hours	11,368	21,648	26,696
Non-Management	Hours	2,124	3,516	5,492
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.40	2.90	3.80
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	6	8	3
Middle Management	Number	25	30	25
Junior Management	Number	32	51	44
Clerical	Number	2	4	3
Non-Clerical	Number	2	2	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.28	97.90	96.17
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	12,729.000000	39,877.000000	29,679.000000

Internal assurance | External assurance | No assurance | (*)Restated

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FORM OF PROXY

FOR 39TH AGM

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD
198401019089 (131646-K) (Incorporated in Malaysia)

NUMBER OF ORDINARY SHARES HELD	CDS ACCOUNT NO.

I/We _____

(Full Name of Shareholder)

NRIC/Passport No./Company No. _____

of _____

(Full Address)

Telephone No. _____ being a Member/Members of SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD ("Company"), hereby appoint:

Proxy 1	No. of Shares	%
Full Name of Proxy as per NRIC/Passport		
NRIC/Passport No.		
Full Address		
Email Address		
Contact No.		

and/or failing him/her;

Proxy 2	No. of Shares	%
Full Name of Proxy as per NRIC/Passport		
NRIC/Passport No.		
Full Address		
Email Address		
Contact No.		
	TOTAL SHARES	**100%**

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 39th ANNUAL GENERAL MEETING of SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD, to be held virtually through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facility from the broadcast venue at Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Thursday, 23 May 2024, at 9:30 a.m. and any adjournment thereof.

Please indicate an "X" in the space provided below, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two (2) proxies, please specify the proportions of holdings to be represented by each proxy.

My/Our proxy is to vote as indicated hereunder:

No.	Resolution	For	Against
1.	To re-elect Encik Mohd Azman Sulaiman who is retiring by rotation in accordance with Rule 74 of the Company's Constitution and being eligible, has offered himself for re-election.		
2.	To re-elect Datin Paduka Kartini Haji Abdul Manaf who is retiring by rotation in accordance with Rule 74 of the Company's Constitution and being eligible, has offered herself for re-election.		
3.	To approve the payment of Non-Executive Directors' fees of up to RM3,260,000 for the Group from this AGM of the Company until the next AGM of the Company.		
4.	To approve the payment of Non-Executive Directors' benefits of up to RM635,000 for the Group from this AGM of the Company until the next AGM of the Company.		
5.	To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.		
6.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions.		
7.	Proposed Authority to Issue and Allot Shares.		

Dated this _____ day of _____ 2024

_____
Signature/Common Seal of Shareholders

Notes:

(i) Save as set out in Note (iii) below, a Member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and to vote instead of him at the same meeting. A proxy may but need not be a Member of the Company.

(ii) Where a Member of the Company appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(iii) Where a Member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, must be under seal or under the hand of an officer or attorney duly authorised.

(v) The instrument appointing a proxy must be deposited at the Office of the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.

(vi) Only Members whose names appear in the Record of Depositors on 15 May 2024 shall be eligible to attend, speak and vote at the AGM or appoint proxy(ies) to attend, speak and/or vote on their behalf.

(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll.

(viii) The 39th AGM of the Company will be conducted virtually through live streaming and online remote voting via RPEV facility from the broadcast venue at Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur. Please follow the procedures provided in the Administrative Details for the 39th AGM in order to register, participate and vote remotely.

(ix) The broadcast venue of the 39th AGM which is the main venue of the meeting is strictly for the purpose of complying with Section 327(2) of Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The broadcast venue of the 39th AGM is to organise a virtual meeting and where streaming would be conducted from. No shareholder(s)/proxy(ies)/corporate representatives from the public will be physically present at the broadcast venue on the day of 39th AGM of the Company.

AFFIX
STAMP

BOARDROOM SHARE REGISTRARS SDN. BHD.
199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

takaful-malaysia.com.my

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD
[198401019089 (131646-K)]

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csu@takaful-malaysia.com.my