

Unanswered Questions at the 41st Annual General Meeting (“AGM”) of Syarikat Takaful Malaysia Keluarga Malaysia Berhad

The following are the questions received for the 41st AGM held on 20 May 2026 which were not answered at the AGM. The answers to the questions are provided as follows:-

1. Chua Song Yuan

On Note 17 of page no. 357 of the Integrated Annual Report (“IAR”):

- a) Incurred claims and benefits rose 16% year on year (“YoY”) to RM941 million. Why faster than revenue growth? Does it indicate higher claims frequency/severity?**
- b) Why did amortisation of takaful acquisition rise 21.8% to RM732 million?**
- a) Claims increased mainly due to the Employee Benefits (“EB”) business, which is consistent with the revenue growth recorded in the EB segment of 20%.
- b) This was due to business growth. Similarly, the expected release from Takaful Acquisition also increased by approximately 22%.

2. Chua Song Yuan

Profit before Zakat and Tax (“PBZT”) is RM615 million, while tax is RM213 million. Please explain the high effective tax rate (“ETR”) of 34.6% (vs FY2024: 31.8%)?

The higher ETR is mainly due to the banca upfront fee, which is currently not tax deductible under the existing tax regulations. As part of the Takaful industry, we have submitted an appeal to the Inland Revenue Board (“IRB”) on the deductibility of the banca upfront fee. Should the appeal be approved, the ETR is expected to approximate the statutory corporate tax rate of 24%.

3. Lim Thean Khoon

How will RM1.6 billion RHB fee amortisation impact margins?

We believe that the fee for the 20-year deal is fair, particularly complemented by growth in volume over 20 years.

4. Wong Wei Wen

How will RHB’s merger & acquisition (“M&A”) with Tokio Marine, if completed affect Takaful’s interest?

The Group does not foresee any immediate material impact to Bancatakaful partnership arrangements with RHB arising from the proposed merger. As the partnership is specifically focused on Takaful products, the proposed merger is not expected to impact the existing business arrangement.

Furthermore, Tokio Marine and RHB Insurance operate under conventional insurance principles. As such, they would not be able to offer this type of coverage, as it does not comply with the required Shariah standards.

5. Lim Thean Khoon

Our 20-year RHB bancatakaful deal involves up to RM1.6 billion Total Access Fee. What is Takaful Malaysia Keluarga’s exact share? Since this massive intangible asset will be amortized over 20 years, how severely will this fixed cost compress future margins?

Takaful Malaysia Keluarga’s share is roughly about half of the total. We believe that the fee for the 20-year deal is fair, particularly complemented by growth in volume over 20 years.

6. Lim Thean Khoon

With 68% of the CEO's pay tied to short-term metrics, how does the Board assure shareholders this doesn't incentivise prematurely releasing future profits ("CSM") under MFRS 17 to boost current bonuses, masking true operational weakness?

Management Key Performance Indicators ("KPIs") are assessed based on a balanced scorecard framework, which includes a combination of financial and non-financial measures. In relation to MFRS 17, the recognition and release of CSM is governed by the requirements of the accounting standard, actuarial methodologies, financial reporting controls, and applicable governance processes.

7. Wong Wei Wen

With normalisation of MFRS 17 and CSM release, how do you project the capital adequacy in coming years, and how does that translate into expected dividend payout growth in the next few years?

The capital position is projected to remain strong. The Group retains sufficient earnings to support sustainable business growth and strategic reinvestment. This is complemented by regular benchmarking against market peers, including leading multinational insurers, to ensure our payouts remain competitive and aligned, while meeting internal capital requirements and delivering on our financial and operational plans.

8. Lim Ming Zhu

It was reported that Takaful Ikhlas is available for sale. Does Management view this as a good opportunity to grow inorganically? Is the profile of Takaful Ikhlas a good fit for Takaful Malaysia?

As a matter of policy, the Company does not comment on market speculation or ongoing exploratory discussions.

9. Lim Ming Zhu

May i know if Takaful Malaysia is among the eighty-eight (88) companies identified under the MY Value Up Programme? Regardless, what is Management's plan to improve its valuation, which is the objective of the Value Up plan?

We have not received official confirmation of Takaful Malaysia Keluarga's participation in the MY Value Up Programme. Please refer to the Bursa Malaysia's website on objectives of the MY Value Up Programme.

10. Lim Ming Zhu

Does Takaful Malaysia have a mindset to make sure that absolute dividend per share is always on a growing (or stable) trajectory regardless of Earning Per Share ("EPS") trend?

Group's dividend approach remains balanced and prudent. While the Group's does not adopt an excessive payout stance, it retains sufficient earnings to support sustainable business growth and strategic reinvestment. This is complemented by regular benchmarking against market peers, including leading multinational insurers, to ensure our payouts remain competitive and aligned, while meeting internal capital requirements and delivering on our financial and operational plans.

11. Lim Ming Zhu

Some insurance companies like Lonpac Insurance ("LPI") have dividend payout ratio of >80%. Any reason why Takaful Malaysia's dividend payout ratio can be much higher?

Group's dividend approach remains balanced and prudent. While the Group's does not adopt an excessive payout stance, it retains sufficient earnings to support sustainable business growth and strategic reinvestment. This is complemented by regular benchmarking against market peers, including leading multinational insurers, to ensure our payouts remain competitive and aligned, while meeting internal capital requirements and delivering on our financial and operational plans.

12. Lim Ming Zhu

Is it true that the family takaful has no agency channel at all?

Family takaful does not have an individual agency force for now. However, we do have corporate agents writing group employees benefit portfolio.

13. Lim Ming Zhu

How does Takaful Malaysia view its competitive advantage against main peers like Etiqa Takaful and PruBSN?

Takaful Malaysia operates in a highly competitive takaful industry, with strong and established players including Etiqa Takaful, PruBSN and other market participants. The Company views competition positively as it encourages continuous improvement, innovation, and better value propositions for customers.

Takaful Malaysia's competitive advantage lies in its established brand presence, strong market experience, multi-channel distribution capabilities, customer trust, and disciplined approach to business growth. The Company also continues to focus on strengthening its bancatakaful, agency, corporate, and digital channels, while enhancing customer experience, operational efficiency, and product relevance.

14. Teh Loo Hai

How was the growth of the new business CSM in the past four (4) years and was the growth aligned with the growth or new business. What are the reasons of the under/over performance?

For financial year ("FY") 2024 and FY2025, we generally see growth in new business CSM although the alignment with growth in new business was mixed. For FY2024, growth in new business CSM was slower than the topline growth for products which contributed to CSM and this was largely explained by refining of profit assumptions, which had negative impact to new business margin. For FY2025, new business CSM growth was faster than growth in new business, and this was largely explained by higher mix of better margin products as compared with FY2024.

15. Ee Yih Chin

Thank you for offering the online participation option. It makes it possible for more shareholders to join the AGM.

The Group would like to thank shareholders for their participation and for their positive feedback on the online participation option. We are pleased that the virtual access has enabled broader participation and engagement from shareholders.

16. Lim Thean Khoon

FY25 cash flow fell 54%. Why issue RM500 million Sukuk for dividends?

The Group's liquidity position at 31 December 2025 was robust – cash and cash equivalent total was RM1.17 billion whilst total deposit above three (3) months in maturity were RM2.06 billion (see note 11 to the IAR). The RM500 million sukuk was issued to maintain a strong regulatory solvency position, given that there were various substantial commitments during the year which required support from a solvency perspective, e.g. bancatakaful partnership deals inked during FY2025.

17. Ee Yih Chin

Refer Annual Report page 69, gross contribution from credit related products was RM1.72 billion in FY2025, a slight decline from RM1.73 billion in FY2024.

- a) **Do the figures refer to banca only? How about Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") which is also credit related? (Note according to 2024 AGM Q14, credit related business from both Bancatakaful and LPPSA contributed 85% to Family Takaful business).**
- b) **You mentioned "tighter regulatory requirements" (page 58) in credit related business. Was it the reason for the slight decline in FY2025? Please elaborate the impact. But I read elsewhere that Malaysian banking sector housing and personal financing were still growing in 2025.**
- c) **What is the 3-5 year growth outlook for credit related business? Can we expect similar growth rate as banking sector residential and personal financing growth?**
 - a) Yes, the RM1.72 billion refers only to Bancatakaful business. LPPSA recorded a growth of 20%.
 - b) Bank Negara Malaysia ("BNM")'s tightening of personal loan rules in 2025 resulted in slightly slower performance in quarter ("Q")3 and Q4 compared with the same period last year.
 - c) We still expect the consumer banking sector to grow in tandem with expected growth in the economy.

18. Ee Yih Chin

Family Takaful Gross Contribution (at company level) grew 7.7% from RM2,644 million in FY2024 to RM2,848 million in FY2025 (refer to IAR page 32). This was despite the slight decline in credit related products mentioned in previous question.

Based on above data, the credit related business (from bank alone?) is only about 60% of Family Takaful on gross contribution basis (i.e. RM1,720 million/ RM2,848 million).

On page 20 of IAR, also discloses that total business written for EB was RM371 million, representing another 13%.

For completeness, can you provide the full breakdown of gross contribution by each business lines (credit related, medical, retail...), and by channels (bank, LPPSA, EB ...)? Appreciate if you can share also share such info in future IAR.

60% and 13% is correct. We don't have any plans at the moment to disclose this in the IAR.

19. Ee Yih Chin

General Takaful gross contribution grew 14.4% from RM1,376 million in FY2024, to RM1,574 million in FY2025.

However, as presented on the statement of Profit & Loss ("P&L"), the takaful revenue for the General Takaful fund reduced by 1.4% from RM1,464 million in FY2024, to RM1,444 million in FY2025.

Although gross contribution and the fund takaful revenue are not the same, they should be related. Can you explain why the former increased while the latter contracted?

Takaful revenue is amortised over the coverage period, while gross contribution is recognised in full upon receipt of cash. The difference was mainly due to higher sales contribution in the second half of the year compared with the first half.

20. Ee Yih Chin

Media reported that MNRB are negotiating with Bank Rakyat, Great Eastern and Takaful Malaysia for the sales of Takaful Ikhlas, at a valuation of about RM1 billion.

- a) Is that true? Where do you see the synergy in this potential acquisition?
 - b) What about the acquisition funding, considering the Group just issued RM500 million Sukuk recently? If the acquisition is successful, could there be a cash call or dividend reduction?
 - c) On the other hand, if it's sold to Bank Rakyat, how might that affect the Group's current partnership with Bank Rakyat?
 - d) What are the annual contributions from Bank Rakyat both Family and General Takaful? When are the agreements due for renewal?
- a) As a matter of policy, the Company does not comment on market speculation or ongoing exploratory discussions. We remain committed to complying with all applicable disclosure obligations and would make the necessary announcements should there be any material developments requiring disclosure.
- b) Funding structure would depend on the nature, size, and strategic rationale of any potential transaction. Management would carefully evaluate all available options with due consideration to capital efficiency, shareholder value, balance sheet strength, and regulatory requirements.

As for (c) & (d), as mentioned earlier, as a matter of policy, the Company does not comment on market speculation or ongoing exploratory discussions. In addition, Takaful Malaysia does not disclose partnership arrangements with banking partners due to commercial confidentiality and competitive reasons. Accordingly, we are not in a position to disclose such information.

21. Ee Yih Chin

Could RHB's proposed disposal of its general insurance business to Tokyo Marine affect its Takaful Malaysia bancatakaful performance in any way?

If successful, would RHB has an incentive to steer customers away from General Takaful (offered by Syarikat Takaful) towards Tokyo Marine general insurance (given it may have a minority stake if the deal is successful)? As with the credit business, demand for Takaful is consumer driven and we don't expect the deal to have any impact on demand for our takaful products.

What are the safeguards which Takaful Malaysia could rely on to protect its interest in the 20 year partnership with RHB? Our agreement includes production targets, for which remedies are included to ensure targets are appropriately met.

The Group does not foresee any immediate material impact to Bancatakaful partnership arrangements with RHB arising from the proposed merger. As the partnership is specifically focused on Takaful products, the proposed merger is not expected to impact the existing business arrangement.

Furthermore, Tokio Marine and RHB Insurance operate under conventional insurance principles. As such, they would not be able to offer this type of coverage, as it does not comply with the required Shariah standards.

22. Ee Yih Chin

Group CEO mentioned "restricted pricing flexibility in key business lines" (refer AR, page 20). Does it refer to the medical insurance price cap? Shouldn't that have minimal impact to Syarikat Takaful given its medical exposure is small and mainly via EB? What are the other pricing restrictions encountered?

The statement "restricted pricing flexibility in key business lines", as set out on page 19 of the Integrated Annual Report under the Market Dynamics section, was intended to describe the broader industry environment and was not specific to Takaful Malaysia Keluarga. The reference relates to the interim measures applicable to the MHIT business. In this regard, Takaful Malaysia Keluarga's exposure to the individual medical business remains relatively small compared to the overall industry.

23. Ee Yih Chin

For the past few years, the management has emphasised on underwriting discipline for Motor Takaful. What are the claim ratio and combined ratio for Motor Takaful in 2023, 2024 and 2025? Can we discuss on combined ratio for 2023?

Below combined ratio for your reference.

FYE	2023	2024	2025
Claim ratio	54%	62%	55%
Combined	107%	82%	83%
	(Significantly higher due to higher ME include SRE: 2023:RM200m, 2024: RM141 million and 2025: RM175 million)		

24. Ee Yih Chin

I notice some terminology change in the latest financial statements.

For example, "Takaful Contracts" are now called "Takaful Certificates". Takaful "actuarial liabilities" have been rephrased as takaful "risk". Who decide on the need for this evolving terminology?

Given Takaful is very established today, why do we still see frequent terminology changes?

As Takaful Malaysia is a member of the Malaysia Takaful Association ("MTA"), we participate in regular forums to discuss the latest updates on new standards and regulations, with the aim of establishing best practices and ensuring consistency across the Takaful industry. The change in terminology from "contracts" to "certificates" is part of these initiatives.

For actuarial liabilities, we continued to use this term during the year.

25. Ee Yih Chin

As explained before, the effective tax rate started to rise in year assessment (“YA”) 2022, when wakalah fee from Family Fund received by shareholders became taxable.

In 2025, non-deductible expenses have reached a record high of RM76 million (Note 26).

The effective tax rate has been going up every year, reaching a record $213/616 = 35\%$ in 2025.

Assuming no further changes in the tax environment, at what level will the effective tax rate eventually settle at?

The higher ETR is mainly due to the banca upfront fee, which is currently not tax deductible under the existing tax regulations. As part of the Takaful industry, we have submitted an appeal to the IRB on the deductibility of the banca upfront fee. Should the appeal be approved, the ETR is expected to approximate the statutory corporate tax rate of 24%.