

MINUTES OF 37TH ANNUAL GENERAL MEETING OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (“STMKB” OR “COMPANY”) HELD VIRTUALLY AT THE BROADCAST VENUE AT DEWAN AHMAD MOHAMED IBRAHIM, 5TH FLOOR, ANNEXE BLOCK, MENARA TAKAFUL MALAYSIA, NO. 4, JALAN SULTAN SULAIMAN, 50000 KUALA LUMPUR ON TUESDAY, 31 MAY 2022 AT 9:30 A.M.

PRESENT: BOARD OF DIRECTORS
Dato’ Mohammed Haji Che Hussein (Chairman)
Encik Mohd Azman Sulaiman
Puan Suraya Hassan
Dato’ Mustaffa Ahmad
Encik Mohamad Salihuddin Ahmad
Datuk Bazlan Osman
Datin Paduka Kartini Haji Abdul Manaf

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

CHIEF FINANCIAL OFFICER
Cik Sia Meng Hui

MEMBERS/CORPORATE REPRESENTATIVES/PROXIES
A total of 466 shareholders and 44 proxies representing 383,036,797 ordinary shares participated online for STMKB Virtual 37th AGM as per the Attendance Record maintained by Share Registrar.

COMPANY SECRETARY
Cik Suhla Al Asri

BY INVITATION: AUDITORS
Messrs PricewaterhouseCoopers PLT represented by Encik Manjit Singh
via video conferencing

POLL ADMINISTRATOR
Boardroom Share Registrars Sdn. Bhd.

SCRUTINEERS
SKY Corporate Services Sdn. Bhd.

1. CHAIRMAN’S WELCOMING ADDRESS

The Chairman welcomed and thanked the members and all present for participating in the live streaming of 37th Annual General Meeting (“AGM” or “meeting”) of STMKB remotely from various respective locations.

The Chairman informed that as part of initiatives to curb the spread of COVID-19, STMKB had taken extra precautions to conduct this AGM on virtual basis without physical attendance of shareholders and proxies.



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD
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This arrangement is allowed by the regulators and STMKB opted for virtual meeting so that it adheres to the Standard Operating Procedures as prescribed by the authorities especially in area of social distancing and limiting mass gatherings.

The Chairman added that the convening of virtual meeting was in compliance with Section 327 of the Companies Act, 2016 ("Act") which stipulates that the Chairman shall be at the main venue of the AGM. This virtual meeting was also convened in accordance with Guidance Note on Conduct of General Meetings issued by Securities Commission of Malaysia on 18 April 2020 and subsequently revised on 14 May 2020, 11 June 2020, 18 June 2020, 5 March 2021 and most recently on 7 April 2022 which states that the only venue involved in conduct of a virtual general meeting is the broadcast venue where only essential individuals including the Chairman of the general meeting, Group Chief Executive Officer ("GCEO"), Chief Financial Officer ("CFO"), Group Company Secretary, the auditor, the scrutineer and working committee are physically present to organise the virtual general meeting.

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

The Chairman informed that the shareholders and proxies who attended this AGM remotely may use the "Ask Question" facility appearing on their screen to transmit questions during this AGM. He added that in order to provide the shareholders and proxies with ample of time to raise questions, the "Ask Question" facility would be made open immediately for 15 minutes and the questions will be answered during the Question and Answer ("Q&A") session. For smooth running of the proceedings, the Q&A session would be conducted only after all items in the Agenda have been deliberated.

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

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

Thereafter, the Chairman proceeded to introduce himself as Dato' Mohammed Hussein, the Chairman of the Board of Directors of STMKB. He then continued to introduce members of Management namely Encik Nor Azman Zainal, the new GCEO appointed in January 2022, succeeding Dato' Sri Mohamed Hassan Md Kamil whose tenure ceased in December 2021; Cik Sia Meng Hui, the CFO and Cik Suhla Al Asri, the Company Secretary who was appointed on 2 September 2021.

The Chairman then introduced the other Board members who attended this meeting namely, Encik Mohd Azman Sulaiman, Datuk Bazlan Osman, Puan Suraya Hassan, Dato' Mustaffa Ahmad, Encik Mohamad Salihuddin Ahmad, all of whom are the Company's Independent Directors and Datin Paduka Kartini Haji Abdul Manaf who was appointed on 1 April 2022, representing STMKB's major shareholder, Lembaga Tabung Haji.

The Chairman also introduced Puan Ch'ng Sok Heang, STMKB's new Director to be appointed effective 1 June 2022 who was present virtually at this AGM. He then introduced the Board members of STMKB's wholly owned subsidiary, Syarikat Takaful Malaysia Am Berhad ("STMAB") who were present via live streaming namely STMAB's Chairman, Encik Ismail Mahbob and other members of STMAB's Board namely Dato' Che Pee Samsudin, Datin Dr. Nik Sarina Lugman Hashim and Encik Abdul Rahman Talib.

The Chairman thanked the External Auditor from Messrs. PricewaterhouseCoopers, represented by Encik Manjit Singh, Engagement Partner who participated in this AGM via live streaming and representatives from Boardroom Share Registrars Sdn. Bhd. as share registrar/poll administrator as well as SKY Corporate Services Sdn. Bhd. to verify the poll results.

2. QUORUM

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

3. NOTICE

The Annual Report 2021 was dispatched to the members on 29 April 2022. In view that there was no objection from the floor, the Notice convening 37th AGM having been circulated on 29 April 2022, was taken as read.

4. MATTERS ARISING FROM 36TH AGM

Proposed Amendments to the Company's Constitution

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

The Chairman stated that as earlier announced by STMKB in September 2021, following direction from Bank Negara Malaysia ("BNM"), the Company sought approval from Ministry of Finance ("MoF") for implementation of Proposed Amendments. As advised by MoF, STMKB engaged and corresponded with Economic Planning Unit, Prime Minister's Department ("EPU") to address their concern regarding Proposed Amendments.

The Chairman updated that as at 29 April 2022, upon following up with MoF, STMKB was informed via email that Proposed Amendments was still being reviewed and the outcome would be made known in the near future upon finalisation by MoF.

5. PRESENTATION ON THE COMPANY AND GROUPS' PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 BY GCEO

The Chairman then invited GCEO, to present to the members on the Company and the Groups' Performance for the year ended 31 December 2021. GCEO thanked the Chairman and the Board for welcoming him to STMKB.

The following financial highlights and key achievements of the Company for Financial Year 2021 were highlighted by GCEO:-

(a) Operating Revenue

- (i) STMKB delivered a credible track record of operating revenue growth.
- (ii) Operating Revenue grew at a compound annual growth rate ("CAGR") of 10% from 2017 to 2021, even with contraction recorded in the financial year 2020, mainly driven by tighter containment measures due to COVID-19 outbreak. STMKB delivered RM3.18 billion, which was 7.5% higher than the previous financial year 2020, mainly attributable to improved sales by both Family and General businesses.

(b) Profit After Zakat and Tax

- (i) STMKB recorded an all-time high in terms of Profit after Zakat and Tax of RM412 million with a CAGR of 19% from 2017 to 2021, increased by 13% as compared to the financial year 2020.
- (ii) Apart from sales growth, this was mainly attributable to:
 - Higher net wakalah fee income and additional deferred tax benefits in relation to imposition of "Cukai Makmur"; and
 - Change in Income Tax Act on adjusted income for Family Takaful business.

(c) Total Assets

STMKB's assets grew steadily at a compound rate of 12% over the years from 2017 of RM8.2 billion to RM12.7 billion as at the financial year ended 31 December 2021.

(d) Return on Equity

- (i) STMKB delivered consistent and strong ROE for the past five (5) years.
- (ii) The Company registered 24.8% in the financial year 2021 and outperformed the industry.

(e) Earnings Per Share ("EPS")

On EPS, STMKB registered a CAGR of 18% over the years, reflecting consistent and strong results as part of the Company's commitment to improve values for

shareholders.

(f) Dividend Declared

- (i) STMKB paid dividend of 12 sen per share, which translated into dividend yield of 3.24% based on the closing market price of RM3.70 as at 31 December 2021.
- (ii) The dividend paid represented a pay-out ratio of approximately 24% of net profits generated for the financial year.
- (iii) STMKB's dividend quantum is driven by regulatory solvency, and dividend payment is subject to regulatory approval.
- (iv) The Company needs to strike a balance between pay-out to shareholders and retaining surpluses for business growth and solvency requirements.

(g) Awards

In 2021, STMKB successfully clinched three (3) awards:

- (i) Takaful Malaysia was voted once again by Malaysians as the Best Motor Takaful Company in Malaysia for 2021/2022.
- (ii) The Company was also honored to be recognised for 4th time in a row as one (1) of the award recipients of HR Asia Best Companies to Work for in Asia 2021.
- (iii) For Graduate's Choice Award 2021/2022, STMKB was voted once again among the Most Attractive Graduate Employers to Work for in 2022 in the insurance category.

(h) Accomplishments

STMKB's key accomplishments during the year under review were as follows:-

- Top two (2) leading Family Takaful Operators with 20% market share;
- Second largest General Takaful Operator with 24% market share;
- Market leader in Bancatakaful and Treasury business; and
- Most trusted Takaful provider in 2021 based on Ipsos* Trust Track 2022 Market Survey.

(i) Moving Forward

GCEO highlighted on the following strategies going forward for STMKB Group whereby staying true to the fundamental principles that have shaped STMKB's success, the Company will focus on creating value for the stakeholders.

- (i) Maintain Market Leadership Position in:-

- (a) Bancatakaful Business
 - Retention of key bank partners and maintain strong credit related business.
 - Grow Bancatakaful retail business and penetrate commercial banking business.
 - Improve business integration and system support with bank partners.
 - (b) Treasury Business
 - Retain competitive edge of strong distribution network.
 - Entrench strong Takaful Malaysia branding.
 - Continue to provide excellent operational support to both distribution network and LPPSA.
 - (c) Employee Benefits Business
 - Increase Takaful Malaysia's market share by providing innovative digital solution and add value in wellness and lifestyle programmes.
 - (d) General Takaful Business
 - STMKB's General Takaful business will continue to be an imperative growth area, reinforced by the Company's multi-distribution strategy
- (ii) Establish Presence in Retail Market:
- In order to ensure sustainable business in the future and complement STMKB's existing core business and tap into underpenetrated market of regular contribution, STMKB is pursuing direct and digital strategy. This will allow STMKB to offer affordable products directly to customers and meet its aspiration to be a market leader in direct channel.
- (iii) Strengthen Brand Positioning and Intensify Marketing Initiatives:
- (a) Strengthening the Company's brand positioning is vital to differentiate it from other Takaful Operators. This differentiation will help increase STMKB's brand awareness, communicate its value and penetrate the market.
 - (b) STMKB will intensify its brand presence through brand and marketing initiatives via various platforms, including social media, to be recognised as a household brand for protection solutions.
- (iv) Enhance Digital Ecosystem:
- (a) In order to create significant competitive advantage for the Company, a digital driven business strategy is being pursued to further enhance existing technology capability to support the business partners.
 - (b) STMKB is also improving all aspects of internal business processes

and ensuring seamless customers experience in terms of onboarding point-of-sale system, eKYC, underwriting, smart claims and self-services.

(v) Embrace Sustainability Agenda:

STMKB will support sustainability agenda through ESG and Value Based Intermediation for Takaful (“VBiT”) and practice responsible investment.

(j) MFRS 17 Updates

(i) MFRS 17 is the new Takaful contract accounting standard that will take into effect from 1 January 2023.

(ii) GCEO highlighted that MFRS 17 is merely an accounting regime change. It does not impact fundamentals of STMKB’s business, financial strength, claims paying ability, product profitability or dividend distribution ability of STMKB. Hence, there is no change to STMKB’s business strategy.

(iii) One (1) key impact is the timing of future profit recognition:

- Today, under MFRS 4, STMKB is allowed to recognise profit upfront.
- However, under MFRS 17, the Company is required to defer profit and gradually release the unearned profit over lifetime of contract.

(iv) GCEO highlighted on the following technical point necessary to understand the impact of the new standard:

- Under MFRS 17, STMKB is required to capitalise unearned profit i.e. Contractual Service Margin (“CSM”), classified as liability in balance sheet.
- On 1 January 2023, CSM would be established as in-force business. This establishment of CSM is expected to decrease Retained Earnings by approximately 30% to 45%. However, this CSM would be released as a profit over remaining lifetime of contract.
- Due to deferral of unearned profit, STMKB expects profit for the year to decline by approximately 15% to 20%. The profit is expected to be normalised within five (5) to six (6) years.
- ROE is expected to be in the range of 22% to 25%.
- Impact on Capital Adequacy Ratio and tax treatments remain outstanding at this point in time.

GCEO reiterated that this is just an accounting change and it does not change fundamentals of the business. The products and profitability remain the same.

RESPONSES TO QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCHDOG GROUP (“MSWG”) BY GCEO

The Chairman informed that MSWG raised a few questions to STMKB via their letter

dated 24 May 2022 to which STMKB responded to the same via a letter to MSWG dated 27 May 2022.

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

Operational and Financial Matters

Q1: *Encik Nor Azman Zainal has taken over the Group CEO position from Dato' Sri Mohamed Hassan Kamil with effect from 1 January 2022.*

What would be the new key focus areas for the new Group CEO?

A1: This has been addressed in detailed in GCEO's presentation earlier. As a recap, below are the key focus areas:-

- Maintain market leadership position in Bancatakaful, Treasury, Employee Benefits, and General Takaful.
- Go into untapped retail market which is going to be key growth area on top of the existing core businesses.
- Strengthen brand positioning and intensify marketing initiatives.
- Embrace sustainability agenda.

Q2: *Following a few major natural catastrophes that took place in Malaysia, insurers were reported to have incurred monetary losses from their underwriting activities.*

Q2a: *What was the size of the insurance payout by STMKB due to natural disasters in FY2021?*

A2a: Flood cover is usually offered as part of fire cover and as an optional cover for motor and other classes of general Takaful products.

As of 31 March 2022, the total claim amount incurred was approximately RM122 million for December 2021's flood losses. 90% of the claims incurred were from Fire business, and the remaining came from Motor and other classes of business.

Q2: *Following a few major natural catastrophes that took place in Malaysia, insurers were reported to have incurred monetary losses from their underwriting activities.*

Q2b: *Has the insurer incurred monetary losses from these underwriting activities? If yes, what was the size of losses incurred?*

A2b: STMKB has put in place an adequate retakaful arrangement on risk exposures relating to flood events. After Retakaful recoveries and additional Retakaful costs paid, STMKB Group incurred a net loss of approximately RM11 million as a substantial portion of the flood losses is protected by Retakaful arrangement.

Thus, the net loss to General Takaful Risk Fund is considered minimal, and the

Risk Fund retained surplus remains strong at RM221 million as at 31 December 2021, compared to RM209 million as at 31 December 2020.

Q2c: Does STMKB face increasing insurance payout over the years due to the occurrence of natural disasters? How have the pricing and coverage changed over the years?

A2c: We have observed large flood events occurring every few years in the past. However, with our prudent underwriting assessments and appropriate Retakaful arrangement in place, we have been able to contain the risk exposure.

However, we expect large flood events to occur more frequently in the future, which may affect the cost of the Retakaful program. Therefore, we will continue to monitor and assess claims experience and market needs to develop and offer new products and adjust the pricing accordingly.

Q2d: Does STMKB expect any significant impact from climate events on its underwriting performance, especially with the frequent occurrence of floods in Peninsular Malaysia recently?

A2d: Similar to our response to the preceding question, we expect large flood events to occur more frequently in the future and an increase in claims costs arising from more frequent natural catastrophes. The underwriting performance can be mitigated through repricing, Retakaful arrangement and portfolio mix adjustment. At the same time, we will continue to look for other options to provide more affordable and suitable products for our customers.

Q2e: From STMKB's point of view, what are the opportunities and risks to insurers due to climate events? How does the Group capture such opportunities and contain its associated risks when it comes to family and general takaful businesses?

A2e: We observe greater awareness by the market to seek protection from natural perils. Therefore, we expect higher demand for flood protection products. As for Family Takaful business, climate events may not have an obvious impact on product demand.

The increase in the number of flash floods may eventually affect the pricing for customers due to higher claims and Retakaful costs. To maintain affordability, STMKB is developing a flood aggregation mapping model to monitor the accumulation of the flood exposure to manage our risk exposure and Retakaful cost. We will also continue to look for other options to provide more affordable and suitable products for our customers.

At the same time, STMKB Group focuses on adopting responsible investment into our investment strategy as part of our efforts to positively impact society as a whole and to better mitigate risks and increase long-term returns.

Q2f: *As of FY2021, STMKB was the largest insurer in the motor takaful business with a market share of 66.4% (page 11 of Annual Report 2021).*

What were the innovative products or features STMKB had launched to cater for the growing market needs for greater coverage of flood incidents?

A2f: We would like to clarify that the market share of 66.4% refers to the motor business mix of the entire takaful industry.

STMKB is offering optional tariff cover on special perils, which includes flood, and three other optional plans for towing and cleaning due to water damage ranging from RM1,000 to RM3,000 limit to cater for the increasing need for coverage relating to flood events.

Q3: *Despite a 13% increase in profit after zakat and taxation to RM412.2 million compared to PAZT of RM363.6 million in the previous year, STMKB continued to be prudent and cautious in distributing its dividend to shareholders with a dividend payout ratio of 24.3% (FY2020: 27.4%, FY2019: 45%).*

Would the Group continue to exercise a similar cautious approach in distributing dividends to shareholders? Can shareholders expect a higher dividend payout ratio as economic outlook and industry prospects are rosier than before?

A3: STMKB's dividend quantum is driven by regulatory solvency, and dividend payment is subject to regulatory approval. Therefore, the Company needs to strike a balance between pay-out to shareholders and retaining surpluses for business growth and meet its solvency requirements. We will evaluate these and the economic outlook accordingly for the dividend payment proposal.

Q4: *The new Malaysian Financial Reporting Standards (MFRS) 17 Insurance Contracts accounting standard would come into effect in 2023. MFRS 17 introduced a fundamental concept known as contractual service margin (CSM), representing the future profits that an insurer/ takaful operator expects to earn as it provides services under the contracts. CSM will be classified as takaful contract liabilities on the balance sheet and will be released in the profit or loss account over the lifetime of the contracts (when the takaful services are delivered).*

In short, this will spread out the recognition of revenue instead of recognizing most revenues on day 1, which is the practice now.

How well is the Group prepared for the introduction of this new standard?

What is the expected financial impact arising from the implementation of MFRS

17?

A4: We are on track to adopt MFRS 17 on 1 January 2023. MFRS 17 will materially change the recognition and measurement of Takaful contracts and the corresponding presentation and disclosures in the Company's financial statements. While it is too early to discuss the full impact of the standard as guidance and interpretations continue to emerge, we have simulated high-level financial impact as follows:

- i. On 1 January 2023, we expect an increase in Takaful contract liabilities due to the establishment of Contractual Service Margin ("CSM") with a corresponding reduction in Equity of approximately 30% to 45%.
- ii. In the initial years, Profit after zakat and tax is expected to decline by approximately 15% to 20%, mainly driven by the recognition of new business gains in the CSM. The profit is expected to be normalised within 5 to 6 years.
- iii. ROE is expected to be in the range of 22% to 25%.
- iv. Capital Adequacy Ratio impact would depend on the revision of the Risk Based Capital Takaful framework. It will be insignificant if CSM is credited as Total Capital Available.
- v. Tax treatments remain outstanding at this point.

We would like to stress that this is just an accounting change. It does not change the fundamental of the business. The financial strength, claims paying ability, product profitability or dividend distribution ability of STMKB remain the same.

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

AGENDA 1

To receive the Audited Financial Statements for the Financial Year Ended 31 December 2021, together with the Reports of the Directors and Auditors thereon

The Chairman presented to the members, the Audited Financial Statements for the financial year ended 31 December 2021, together with the reports of the Directors and Auditors thereon (collectively referred to as "Audited Financial Statements"), which were issued to the shareholders on 29 April 2022.

It was highlighted to the members that as stated in Note 3(i) of Notice of 37th AGM, Audited Financial Statements in Agenda 1 laid in accordance with Section 340(1)(a) of the Companies Act 2016 are meant for the members' information and discussion only. Audited Financial Statements do not require shareholders' approval and as such, were not put forward for voting.

The members were informed that the Audited Financial Statements were duly approved

by the Board of the Company and had been made available to the members throughout the statutory period.

The Chairman informed that on behalf of the Board, he was pleased to present herewith the Audited Financial Statements for the financial year ended 31 December 2021 accompanied by a statutory declaration by the officer primarily responsible for the financial management of the Company, as contained in the Annual Report from page 88 to page 302.

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

The meeting noted:

“THAT the Audited Financial Statements for the Financial Year Ended 31 December 2021, together with the Reports of the Directors and Auditors thereon, be and are hereby received”.

AGENDA 2

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

- | | |
|---|-----------------------|
| (i) Suraya Hassan | (Resolution 1) |
| (ii) Dato’ Mohammed Haji Che Hussein | (Resolution 2) |

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

1. Resolution 1 on Re-election of Suraya Hassan

In accordance with Rule 74 of the Company’s Constitution, Puan Suraya Hassan who was retiring by rotation and being eligible, offered herself for re-election as a Director.

2. Resolution 2 on Re-election of Dato’ Mohammed Haji Che Hussein

At this juncture, as proposed by the Chairman who was standing for re-election, Encik Mohd Azman Sulaiman (“Encik Azman”) took over to chair the meeting for Resolution 2.

In accordance with Rule 74 of the Company’s Constitution, Dato’ Mohammed Haji Che Hussein who was retiring by rotation and being eligible, offered himself for re-election as a Director.

The Chairman thanked Encik Azman and resumed to chair this meeting for the next

agenda.

AGENDA 3

To re-elect Datin Paduka Kartini Haji Abdul Manaf who is retiring in accordance with Rule 83 of the Company's Constitution and being eligible, offered herself for re-election. (Resolution 3)

In accordance with Rule 83 of the Company's Constitution, Datin Paduka Kartini Abdul Manaf who was retiring and being eligible, offered herself for re-election as a Director.

AGENDA 4

To approve the payment of Non-Executive Directors' fees of up to RM3,000,000 for STMKB Group from this AGM of the Company until the next AGM of the Company. (Resolution 4)

AGENDA 5

To approve the payment of Non-Executive Directors' benefits of up to RM872,000 for STMKB Group from this AGM of the Company until the next AGM of the Company. (Resolution 5)

AGENDA 6

To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2022 and authorise the Directors to fix their remuneration. (Resolution 6)

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

AGENDA 7

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Lembaga Tabung Haji, its subsidiaries and associates ("LTH Group") as per Circular to Shareholders dated 29 April 2022. ("Proposed Shareholders' Mandate") (Resolution 7)

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

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

this resolution approving the Proposed Shareholders' Mandate.

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

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

The Chairman highlighted that the proposed Resolution 8, if passed, would give a new mandate to the Directors of STMKB, from the date of this AGM, to issue and allot shares in STMKB from time to time at the aggregate not exceeding ten per centum (10%) of the total number of issued shares (excluding treasury shares) of STMKB 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 STMKB.

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

AGENDA 9

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

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

6. QUESTION AND ANSWER ("Q&A") SESSION

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

Puan Ng Siaw Cheen, a shareholder enquired on the following:-

Q1: *What is the forecast on business sentiment in upcoming 6 months term? and what is the % of insurance market that Takaful Malaysia cover as per 2021? Which is the best-selling products and what is the % of revenue it brings.*

A1: GCEO replied as follows:-

We are quite positive in meeting our target with the opening of economy. We expect to leverage on our market leading position in single contribution products whilst focusing on retail regular contribution products for the retail market channeled through Bancatakaful and direct & digital distribution channels to

further diversify our business portfolio.

As for General Takaful business, it will continue to be an imperative growth area, reinforced by our multi-distribution strategy, a new breed of conventional corporate agents for quantum leap business expansion and greater demand for online motor takaful business.

For Family Takaful business, we cover 20% of the market share. The best-selling products are credit related products and contribute approximately 85%.

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

Q2: *For two consecutive financial years of 2020 and 2021, dividend per share had been capped at 12 sen. The payout ratio was below 30%, much lower than in the past.*

- a) *Do the rationales to preserve cash and reduce dividend still stand right now?*
- b) *As we recover from the pandemic, could we expect much better dividend and payout ratio in 2022?*

Q2: GCEO responded as follows:-

STMKB's dividend policy is driven by regulatory solvency and dividend payment is subject to regulatory approval. The Company needs to strike a balance between payout to shareholders and retaining surpluses for business growth and to meet the solvency requirements.

Future dividend payout will also depend on the business growth, investment performance and the profitability of Takaful products. The ability of the Company to sustain the dividend rate would be subject to the Group's ability to continue the momentum of business growth and maintain strong expense management.

Encik Ee Yih Chin, further enquired on the following:-

Q3: *Can you give an overview on the performance of Bankassurance like BIMB, RHB, Affin Bank, Bank Rakyat etc?*

When will the agreements with these bank partners up for renewal?

A3: GCEO replied as follows:-

STMKB is unable to share the contributions from each Bancatakaful partner as this is privy information. Overall, Bancatakaful partners' achievement is in line with the target.

We will continue to participate in the renewal RFP of our bank partners.

Considering the existing operational process established and IT system and

infrastructure invested for a smooth operation and service support, and our on-going discussions with our existing bank partners as part of current partnership on their business plans and strategies, we shall have a more tailor-made proposal to better meet our bank partners' strategic objectives.

Encik Loo Lek Keong, a shareholder enquired on the following:-

Q4a: *What is the reason Family Takaful Market share drop from 30% from 2019 to 20% for 2021, any actions will taken by Takaful to regain the market share?*

A4a: GCEO responded as follows:-

The market share drop in recent years was mainly due to the Pandemic impact, which impacted our credit related products as banks and financial institutions and Government have curtailed the operations to disburse and process loans.

With our strong financial fundamentals and operations resilience, the Company is expected to continue with its growth momentum to strengthen our core business i.e. bancatakful, LPPSA and EB in addition to our business expansion plan to establish presence in the retail market and to further expand our General Takaful business.

These strategic business growth objectives are supported by:-

- Our ongoing digitisation strategy to enhance our digital ecosystem to create market competitive edge; and
- Brand Positioning & Marketing Initiatives.

Encik Loo Lek Keong, further enquired on the following:-

Q4b: *Noted on YA 2022, wakalah fees or any other fees received by shareholder's fund in relation to family takaful fund are taxable, what is the estimated impact on profit margin on YA 2022?*

A4b: GCEO replied that the profit margin impact due to the change in tax treatment for the financial year 2022 is expected to be approximately 14%.

Encik Lew Tuck Wai, a shareholder enquired on the following:-

Q5: *In the 1st Quarter ended 31 March 2022 results, the Group recorded a lower Profit After Tax due to Family Takaful recorded fair value losses of RM35.6 million as compared to fair value gains of RM8.0 million in the immediate preceding quarter. The fair value losses were mainly due to equity market performance. Based on current weak equity markets, what are the steps taken to minimise such fair value losses for FY2022?*

A5: CFO replied as follows:-

We wish to highlight that as the exposure in our equity is fairly small, the impact on the equity weakness will be effectively cushioned by the recurring income from other assets particularly Sukuk in the coming quarters.

Note that our equity exposure is currently less than 2% of our asset under management and we shall maintain this exposure at this juncture as the equity market is still very volatile. We continue to monitor our equity performance closely and focus our equity investment in those counters which are more defensive and fundamentally strong and providing a good dividend yield.

Encik Teh Loo Hai, a shareholder enquired on the following:-

Q6: *What is the status of the preparation for MFRS 17 and what is the expected financial impact on the company re profitability, NTA, CAR etc.?*

A6: GCEO highlighted that he had addressed this question in his earlier presentation on MFRS 17 Updates.

Encik Hiu Chee Keong, a shareholder enquired on the following:-

Q7: *How Cukai Makmur and minimum wage affect the company?*

A7: GCEO responded that we expect higher effective tax rate to be approximately 33% for FY2022.

Encik Kok Wai Keat, a shareholder enquired on the following:-

Q8: *Is the company is going to expand to GCC region for takaful product?*

A8: GCEO replied that for now, we do not have plans to expand to GCC region. We definitely will be looking to deploy our capital to those high potential growth businesses and we will continue to look at those opportunities going forward.

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

Q9: *Refer to Note 14.2 for Q1 2022 Financial Results. It mentions "The Indonesian operations continued to be impeded by the window concept of promoting Islamic products practiced by the conventional domestic players"*

Please elaborate. Given the continuous challenges faced, will the management consider exiting the Indonesian market if there are suitable offers?

A9: GCEO replied that we expect Indonesian operation to be challenging to grow the business and sustain its profit even with the Takaful "windows" spin-off exercise as it requires high capital expenditure on IT back-end systems to support digital platforms and costly talent pool. In view of this, we shall continue to explore on the best option moving forward including to have a joint venture partner or to divest ATK.

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

Q10: *In the CEO's last presentation slide, he mentioned that profit is expected to normalize in 5 to 6 years time. Can you elaborate?*

Does it mean STMB will only grow back to current level in 5 to 6 years? If not, when STM is expected to regain FY2021 profit after tax and zakat level after MRFS17 implementation?

Q10: GCEO affirmed that the profit level will grow back to current level in 5 to 6 years.

Encik Gan Kok Seng, a shareholder enquired on the following:-

Q11: *Many financial service provider user dividend reinvestment approach to increase the dividend payout. Please consider it.*

Q11: GCEO replied that we are reviewing and considering Dividend Reinvestment Plan option this year.

Encik Lim San Kim, a shareholder enquired on the following:-

Q12: *Any proposal on shares split, consolidation or right issue.*

A12: GCEO replied that we do not have plans to propose shares split, consolidation or rights issue for this year.

After addressing questions from the members, GCEO handed the meeting back to the Chairman. The Chairman commented that questions from shareholders were constructive/substantive and thanked the shareholders for their strong interest in the Company's developments.

The Chairman added with regard to STMKB's dividend pay-out policy, GCEO has on various occasions, highlighted on sustainability issue. The key response to address this issue is to strengthen STMKB's retail business, particularly regular contribution. This would of course require some long-term investment on people and systems. As such, STMKB would require a dividend ratio which would allow the Company to set aside sufficient capital, to finance whatever is required to expand its retail business, including investments on IT and on sales force where necessary. This strategy would in the long term contribute towards achieving greater sustainability for the Group.

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

The Chairman further informed that with remote participation and voting facilities, the

shareholders may exercise their rights as shareholder to participate and vote remotely at this AGM, from the comfort of their home or location. He then declared the registration for attendance of the meeting closed.

7. POLLING PROCESS

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

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

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

The Chairman adjourned the meeting at 10:25 a.m. for the electronic/remote poll voting system to commence.

8. ANNOUNCEMENT OF POLL RESULTS

After an intermission video during poll counting and verification process, the Chairman resumed the meeting at 10.45 a.m. for declaration of the poll results.

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

RESOLUTION	VOTE FOR		VOTE AGAINST	
	Number of Units	Percentage	Number of Units	Percentage
Resolution 1	506,596,667	99.9484	261,553	0.0516
Resolution 2	505,887,926	99.8036	995,630	0.1964
Resolution 3	506,621,956	99.9484	261,435	0.0516
Resolution 4	498,364,187	98.3218	8,506,156	1.6782
Resolution 5	497,789,686	98.4280	7,950,294	1.5720
Resolution 6	506,756,571	99.9749	126,985	0.0251
Resolution 7	267,608,789	98.8284	3,172,398	1.1716
Resolution 8	464,011,065	91.5407	42,879,292	8.4593

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

RESOLUTION 1 ON RE-ELECTION OF PUAN SURAYA HASSAN

“THAT Puan Suraya Hassan who retired by rotation in accordance with Rule 74 of the

Company's Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad."

RESOLUTION 2: RE-ELECTION OF DATO' MOHAMMED HAJI CHE HUSSEIN

"THAT Dato' Mohammed Haji Che Hussein who retired by rotation in accordance with Rule 74 of the Company's Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad."

RESOLUTION 3: RE-ELECTION OF DATIN PADUKA KARTINI HAJI ABDUL MANAF

"THAT Datin Paduka Kartini Haji Abdul Manaf who retired in accordance with Rule 83 of the Company's Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad."

RESOLUTION 4: TO APPROVE THE PAYMENT OF NON-EXECUTIVE DIRECTORS' FEES OF UP TO RM3,000,000.00 FOR STMKB GROUP FROM THIS ANNUAL GENERAL MEETING UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

"THAT the payment of Non-Executive Directors' fees of up to RM3,000,000.00 for STMKB Group from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved."

RESOLUTION 5: TO APPROVE THE PAYMENT OF NON-EXECUTIVE DIRECTORS' BENEFITS OF UP TO RM872,000 FOR STMKB GROUP FROM THIS ANNUAL GENERAL MEETING OF THE COMPANY UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

"THAT the payment of Non-Executive Directors' benefits of up to RM872,000.00 for STMKB Group from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved."

RESOLUTION 6: TO RE-APPOINT MESSRS. PRICEWATERHOUSECOOPERS PLT AS THE AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

"THAT Messrs. PricewaterhouseCoopers PLT be and are hereby appointed as the Auditors of Syarikat Takaful Malaysia Keluarga Berhad for the financial year ending 31 December 2022 and the Directors are hereby authorised to fix their remuneration."

RESOLUTION 7: PROPOSED SHAREHOLDERS MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

"THAT, subject to compliance with the 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 (“STMKB Group”) to enter into the Recurrent Related Party Transactions of a revenue or trading nature with Lembaga Tabung Haji its subsidiaries and associates (“LTH Group”) which are necessary for the day-to-day operations of the STMKB Group as set out in Section 2.3 of the Circular to Shareholders dated 29 April 2022, 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 annual report with the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year.*

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

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

RESOLUTION 8: PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES

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

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

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

9. CLOSURE OF MEETING

There being no other matter to be transacted, the Chairman concluded the meeting at 10:50 a.m. and thanked all attendees for their continuous support and participation.

The Chairman took the opportunity to wish all present Selamat Hari Raya Aidil Fitri. On behalf of the Board, he also recorded STMKB’s appreciation to the former Group Chief Executive, Dato’ Sri Mohamed Hassan Kamil, who served STMKB for over 14 years and wished him the best for his future undertakings.

The Chairman then declared the meeting closed.

SIGNED AS A CORRECT RECORD

SIGNED

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CHAIRMAN