

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation

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

The unaudited condensed consolidated interim financial statements of the Group comprise the Company and its subsidiaries as at and for the quarter ended 30 June 2023. It also includes Takaful funds established in accordance with Islamic Financial Services Act, 2013 in Malaysia, which are managed and controlled by the Group and by the Company as operator of the fund.

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

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

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until the date such control ceases which occur when the Group’s and the Company’s license to manage Takaful business is withdrawn or surrendered.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

The accounting policies and presentation adopted by the Group for the unaudited condensed consolidated interim financial statements are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following:

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101, MFRS Practise Statement 2
- Amendments to MFRS 101, “Classification of Liabilities as Current or Non-current”
- Amendments to MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 on “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”
- MFRS 17, “Insurance Contracts” and its amendments
- Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information

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.

MFRS 17 ‘Insurance Contracts’ 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/takaful contracts and to investment contracts with discretionary participating features if an entity also issues insurance/takaful contracts.

The standard requires to separate the following components from takaful contracts: (i) embedded derivatives, if they meet certain specified criteria, (ii) distinct investment components, and (iii) distinct performance obligations to provide non-takaful goods and services. These components should be accounted for separately in accordance with the related standards.

Under MFRS 17, there are different measurement approaches to be applied for the takaful contracts, reflecting a different extent of policyholder participation in investment or insurance/takaful entity performance:

- 1) General model, also known as the building block approach (BBA) for non-participating or indirect participating;
- 2) Variable fee approach (VFA) for direct participating; and
- 3) Premium* allocation approach (PAA), a simplified approach which can be applied to contracts that have a coverage period of 12 months or less or for which such simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one obtained applying the general model.

* Premium refers to contribution in Takaful terms.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

The General model is a default model as required by MFRS 17 and is based on the following components:

- 1) the fulfilment cash flows (FCF), which represent the:
 - probability-weighted estimates of future cash flows;
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows;
 - an explicit risk adjustment for non-financial risk; and
- 2) the contractual service margin (CSM).

With regards to discounting, the Group apply a bottom-up discount rate (i.e. risk-free yield curve plus illiquidity premium). MFRS 17 requires using a market consistent yield curve factoring the illiquidity embedded in insurance/takaful liabilities. The methodology consists of using a Basic Risk-Free Rate (RFR), based on government bonds and adding on an illiquidity premium (IP) allowance to reflect the remuneration of illiquidity observed.

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion.

MFRS 17 does not prescribe a specific approach for determining the risk adjustment. The Group set the methodology of deriving risk adjustment to be based on the Provision of Risk Margin for Adverse Deviation (PRAD) approach, a regulatory reserving approach based on a confidence interval of 75%.

- Stress factors to determine risk charge as stated in the Risk Based Capital for Takaful (RBCT) Framework have been used as a reference to determine the PRAD factors to be applied on best estimate assumptions.

CSM is also a major change in MFRS 17 compared to MFRS 4. It represents the unearned profit from in-force contracts, presented as a liability separately from the FCF in the consolidated statement of financial position and will be recognised in the consolidated statement of income over the coverage period of the contracts, as the entity provides services to the policyholders. The CSM cannot be negative at inception, any net negative amount of the fulfilment cash flows at inception will be recorded as a day one loss in the consolidated statement of income immediately.

At the end of a reporting period, the carrying amount of a group of insurance/takaful contracts is remeasured to be the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage comprises the FCF related to future services and the CSM, while the liability for incurred claims consists of the FCF related to past services allocated to the affected group.

The Group expects to apply the BBA for its Credit products, annuity business and individual businesses that do not have direct participation features, general takaful contracts which have coverage period of more than 1 year (for eg: long-term house owner and engineering contracts), and retakaful contracts held with coverage period or contract boundary of more than one year or do not pass the PAA eligibility test.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

For contracts measured under the BBA model, the CSM gets adjusted for changes in cash flows related to future services due to experience adjustments and changes in assumptions. The profit rate accretion on CSM is based on the locked-in discount rate at initial recognition of a contract that is applicable to nominal cash flows that do not vary based on the returns on any underlying items. An amount of the CSM for a group of contract is recognised in profit or loss in each period to reflect the services provided by the group of contract in that period. The amount is determined by identifying the coverage units in the group. MFRS 17 only provides principle-based guidance on how to determine these coverage units. The Group has determined its sum covered for the Takaful components to be computed based on the coverage units by benefit types.

Besides the BBA model, the Group expects to apply the VFA for its investment-linked contracts, annuity business and individual businesses that have direct participation features and meet the criteria below:

- 1) The contractual terms specify that the certificate holders participate in a share of a clearly identified pool of underlying items;
- 2) The Company expects to pay the certificate holders an amount equal to a substantial share of the fair value returns of the underlying items; and
- 3) The Company expects a substantial proportion of any change in the amounts to be paid to the certificate holders to vary with the change in the fair value of the underlying items.

The assessment of whether the contract meets these criteria is made at inception of the contract and not revised subsequently, except in case of substantial modification of the contract.

The CSM for contracts measured under the VFA is adjusted to reflect the entities share in the change in the fair value of underlying items. No explicit profit accretion is required since the CSM is effectively remeasured when it is adjusted for changes in financial risks. For the VFA contracts, a change in the fair value of the asset's portfolio constitutes a change in the fair value of investment return of the Participant Individual Account ("PIA") / Participant's Unit Account ("PUA") and Participants Risk Fund ("PRF"). For these contracts, the change in FCF for Liability for Remaining Coverage ("LFRC") due to change in the market variable, discount rate or financial risks including the change in Time Value of Financial Options and Guarantee (TVOG) should unlock CSM.

In addition to the 2 models, PAA is permitted for the measurement of the LFRC if it provides a measurement which is not materially different from the BBA model or if the coverage period of each contract in the group is one year or less. Under the PAA, the LFRC is measured as the amount of contribution received at initial recognition less acquisition costs and amounts already recognised as takaful revenue at the closing date. The measurement of the liability for incurred claims is identical under all 3 measurement models, apart from the determination of locked-in interest rates used for discounting. For the PAA, changes compared to MFRS 4 are expected to be limited and mainly linked to the discount of all reserves, a more granular onerous contract testing and the inclusion of a risk adjustment for non-financial risk.

The Group expects to apply the PAA for individual yearly renewable products such as the general takaful contracts which have coverage period of 1 year or less and group yearly renewable products such as Group Term Medical and Health products.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

The surplus transferable from the family fund to participants and takaful operator is based on the surplus determined by an annual actuarial valuation of the long term liabilities to participants. Surplus distribution is determined at the fund level through the process of mutualisation which is in line with the actual surplus distribution by takaful operators. The Group applies 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.

Any deficit in the participants' risk fund within the Family 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 fulfillment cash flows used to measure the takaful liabilities under MFRS 17.

Qard is measured in the fulfillment 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 fulfillment cash flows. This accounting measurement does not affect the Family 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.

The Qard shall be repaid from future surpluses of the participants' risk fund.

Besides the qualitative impacts described above, the Group is currently finalising 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 and the FCF (any negative difference would be recognised in retained earnings at the transition date).

The Group's implementation project progressed throughout 2022, focusing on developing and integrating the operational capabilities necessary for implementing MFRS 17. This involved working on data, systems, and business processes, as well as determining the transition balance sheet as of 1 January 2022.

In 2023, the primary objectives are finalising the transition balance sheet, preparing the 2022 comparatives for 2023 reporting, and implementing the end state control environment.

The actual impact of adopting MFRS 17 on 1 January 2023, with a transition date of 1 January 2022, may change as the Group continues to embed and refine the new systems, processes, and controls required, including the audit validations.

This impact assessment is based on an interim control environment and models that are still undergoing validation. The implementation of the end state control environment will continue as the Group introduces business-as-usual controls throughout 2023.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

The following table summarises the impact of transition of MFRS 17 on the Group consolidated balance sheet at 1 January 2022.

	MFRS 4 1 January 2022	Remapping/ Removal of MFRS 4	Remeasurement effect of MFRS 17			MFRS 17 1 January 2022
			Transition CSM	Fulfilment Cash Flows	Tax effect	
<u>Family Takaful</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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

Note: Subsequent to Quarter 1 2023, reclassifications between Retakaful contract assets, Other assets, Takaful contract liabilities and Other liabilities were performed as we further refine the classification of assets and liabilities under MFRS17 requirements. These reclassifications do not impact Net Assets of the Family Takaful fund.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

	MFRS 4 1 January 2022	Remapping/ Removal of MFRS 4	Remeasurement effect of MFRS 17			MFRS 17 1 January 2022
			Transition CSM	Fulfilment Cash Flows	Tax effect	
<u>General Takaful</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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

Note: Subsequent to Quarter 1 2023, reclassifications between Retakaful contract assets, Other assets, Takaful contract liabilities and Other liabilities were performed as we further refine the classification of assets and liabilities under MFRS17 requirements. These reclassifications do not impact Net Assets of the General Takaful fund.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

Group	MFRS 4 1 January 2022 RM'000	Remapping/ Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 17			MFRS 17 1 January 2022 RM'000
			Transition CSM RM'000	Fulfilment Cash Flows RM'000	Tax effect RM'000	
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 equity	1,842,383	-	(1,034,962)	330,300	169,118	1,306,839
Total liabilities and equity	12,708,834	(1,058,603)	2,649	317,744	169,118	12,139,742

Note: Subsequent to Quarter 1 2023, the following were performed:

- Subsequent to the disclosure made for Quarter 1 2023, a reclassification of RM82.5m between takaful contract liabilities and equity reserves was performed, as a result of further refinement of process for MFRS17 application. This reclassification resulted in the increase in Total Equity by RM62.7m on 1 January 2022, as compared with Total Equity on 1 January 2022 disclosed for Quarter 1 2023.
- Refinement of classifications of assets and liabilities under MFRS17 requirements between Retakaful contract assets, Other assets, Takaful contract liabilities and Other liabilities.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation (continued)

The following table shows the nature and amount of the measurement adjustments made to the opening balance sheet:

	Description
Remapping/ Removal of MFRS 4	The items include: <ul style="list-style-type: none">• 'Intangible assets' is no longer reported following the transition to MFRS 17, as the future profits are deferred as unearned revenue within the CSM.• 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.
Transition CSM	CSM is a component of the takaful liability and represents the future unearned profit associated with takaful contracts which will be released to the Profit or Loss over the takaful coverage period.
Fulfilment Cash Flows	The measurement of the takaful contract assets/liabilities under MFRS 17 is based on groups of takaful contracts and includes a liability for fulfilling the contractual obligations associated with the takaful contract, such as contributions, expenses, and takaful benefits and claims. These are recorded within the fulfilment cash flows component of the takaful contract liabilities, together with the risk adjustment.
Tax effect	New deferred tax were reported, where appropriate, on temporary differences between the new MFRS 17 accounting balances and associated tax bases.

2 Auditors' Report

The auditors' report on the audited financial statements of the preceding year ended 31 December 2022 did not contain any qualification.

The audited financial statements of the preceding year have not applied MFRS 17.

3 Seasonality of Operations

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

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current quarter ended 30 June 2023.

5 Estimates

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

6 Debt and Equity Securities

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

7 Dividends

The Company on 12 December 2022 declared an interim single tier dividend of 13.50 sen per ordinary share in respect of the financial year ended 31 December 2022 which was paid on 16 January 2023.

No dividend was declared for the current quarter under review.

8 Segmental Reporting

Business Segments:

	Family RM'000	General RM'000	Group RM'000
6 months ended 30 June 2023			
Takaful revenue	601,361	599,678	1,313,011
Profit before zakat and tax	-	-	261,422
6 months ended 30 June 2022			
Takaful revenue	491,727	478,528	1,114,011
Profit before zakat and tax	-	-	210,806

9 Investment Properties

The valuation of investment properties has been brought forward without amendment from the annual audited financial statements for the year ended 31 December 2022.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 Material Events Subsequent to the End of the Period

There was no material event subsequent to the end of the year under review that has not been reported in the condensed consolidated financial statements for the current financial quarter.

11 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statement as at and for the year ended 31 December 2022.

12 Effect of Changes in Composition of the Company / Group

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

13 Contingent Liabilities

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

14 Review of Performance

	3 months ended			6 months ended		
	30.6.2023	30.6.2022	Changes	30.6.2023	30.6.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Takaful revenue	677,693	570,361	19%	1,313,011	1,114,011	18%
Takaful service expenses	(516,545)	(407,632)	27%	(1,120,553)	(905,231)	24%
Profit before zakat and tax	131,799	101,672	30%	261,422	210,806	24%

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

Group Takaful revenue

The Group recorded takaful revenue of RM1,313.0 million for the 2Q 2023, was higher by RM199.0 million (18%) as compared to RM1,114.0 million in the same period last year. The increase was mainly attributable to:

- Higher contribution income by RM133.0 million, mainly from General Takaful;
- Higher amount charged for takaful coverage for both Family Takaful and General Takaful, by RM46.0 million; and
- Higher release of contractual service margin ("CSM") and risk adjustment ("RA") by RM12.3 million.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 Review of Performance (continued)

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

Group Takaful service expense

The Group recorded takaful service expense of RM1,120.6 million for the 2Q 2023, was higher by RM215.3 million (24%) as compared to RM905.2 million in the same period last year. The increase was mainly attributable to higher claims incurred by both Family Takaful and General Takaful and higher amortisation of acquisition cash flows – wakalah fees.

Group Profit before zakat and tax

For the second quarter ended 30 June 2023, the Group recorded profit before tax and zakat of RM261.4 million, higher by 24% as compared to the same period last year of RM210.8 million. This was mainly attributable to:

- i) Higher investment income by RM126.0 million mainly attributable to higher profit from fixed income investment assets and lower fair value loss on investment assets;
It was partially offset by;
- ii) Lower takaful service results by RM40.9 million, mainly attributable to higher takaful service expenses, which was largely from higher incurred claims.
- iii) Higher net profit expenses from takaful contracts issued by RM35.3 million.

Family Takaful

(i) Takaful revenue

Family Takaful generated takaful revenue of RM601.4 million for the second quarter ended 30 June 2023, increased by 22% as compared to RM491.7 million in the same period last year, mainly attributable to higher takaful revenue earned for takaful services provided.

(ii) Takaful service expense

For the second quarter ended 30 June 2023, the takaful service expenses for Family Fund increased to RM710.3 million from RM540.0 million in the same period last year. This is mainly attributable to higher claims incurred.

(iii) Net investment income

The investment income for the second quarter ended 30 June 2023 was RM175.9 million, increased by RM96.1 million, mainly due to higher profit income from fixed income investments and lower net fair value losses on financial assets.

(iv) Net Takaful Financial Results

The Group recorded net negative takaful financial results of RM53.5 million for the second quarter of FY2023, higher by RM22.0 million as compared to same period last year of RM31.5 million. The higher net negative takaful financial results were mainly attributable to higher net profit expenses from takaful contracts issued.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 Review of Performance (continued)

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

General Takaful

(i) Takaful Revenue

General takaful recorded Takaful revenue of RM599.7 million for the second quarter of FY2023, 25% higher as compared to same period last year of RM478.5 million. The higher takaful revenue was mainly attributable to higher contribution income recorded from fire and motor class of businesses.

(ii) Takaful Service Expense

General Takaful recorded Takaful service expense of RM539.7 million for the second quarter of FY2023, 26% higher as compared to same period last year of RM429.2 million. The higher takaful service expense was mainly attributable to:

- Higher claims incurred from fire and motor class of businesses.
- Higher amortisation of takaful acquisition cashflows.

(iii) Net Income from Retakaful Contracts Held

General Takaful recorded net expense from retakaful contracts held of RM75.9 million for the second quarter of FY2023, 28% higher as compared to same period last year of RM59.4 million. The higher of net expense from retakaful contracts held was mainly attributable to higher retakaful contribution, corresponding to the higher contribution received.

(iv) Net Investment Income

The net investment income for the second quarter of FY2023 was RM25.6 million, higher by RM9.5 million as compared to the same period of the preceding year of RM16.1 million, mainly due to higher profit income from fixed income investments.

14.2 Financial results of the current quarter against preceding year corresponding quarter

Group Takaful revenue

The Group recorded takaful revenue of RM677.7 million for the 2Q 2023, was higher by RM107.3 million (19%) as compared to RM570.4 million in the same period last year. The increase was mainly attributable to higher takaful revenue earned for takaful services provided for both Family Takaful and General Takaful.

Group Takaful service expense

The Group recorded takaful service expense of RM516.5 million for the 2Q 2023, was higher by RM108.9 million (27%) as compared to RM407.6 million in the same period last year. The increase was mainly attributable to higher claims incurred by both Family Takaful and General Takaful and higher amortisation of acquisition cash flows – wakalah fees.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 Review of Performance (continued)

14.2 Financial results of the current quarter against preceding year corresponding quarter (continued)

Group Profit before zakat and tax

For the second quarter ended 30 June 2023, the Group recorded profit before tax and zakat of RM131.8 million, higher by 30% as compared to the same period last year of RM101.7 million. This was mainly attributable to:

- i) Higher investment income by RM63.7 million mainly attributable to higher profit from fixed income investment assets and lower fair value loss on investment assets;
It was partially offset by;
- ii) Lower takaful service results by RM29.8 million, mainly attributable to higher takaful service expenses.
- iii) Higher net profit expenses from takaful contracts issued by RM4.5 million.

Family Takaful

(i) Takaful revenue

Family Takaful generated takaful revenue of RM314.9 million for the second quarter ended 30 June 2023, increased by 27% as compared to RM248.1 million in the same period last year, mainly attributable to higher takaful revenue earned for takaful services provided.

(ii) Takaful service expense

For the second quarter ended 30 June 2023, the takaful service expenses for Family Fund increased to RM366.7 million from RM259.2 million in the same period last year. This is mainly attributable to higher claims incurred.

(iii) Net investment income

The investment income for the second quarter ended 30 June 2023 was RM92.0 million, increased by RM51.0 million, mainly due to higher profit income from fixed income investments and lower net fair value losses on financial assets.

(iv) Net Takaful Financial Results

The Group recorded a negative net takaful financial results of RM28.2 million for the second quarter of FY2023, lower by RM1.9 million as compared to same period last year of RM30.1 million. The lower net profit expenses was mainly attributable to higher net profit expenses incurred from takaful contracts issued, due to change in carrying amount of takaful contracts.

General Takaful

(i) Takaful Revenue

General takaful recorded Takaful revenue of RM308.3 million for the second quarter of FY2023, 25% higher as compared to same period last year of RM245.9 million. The higher takaful revenue was mainly attributable to higher contribution income recorded from fire and motor class of businesses.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 Review of Performance (continued)

14.2 Financial results of the current quarter against preceding year corresponding quarter (continued)

(ii) Takaful Service Expense

General Takaful recorded Takaful service expense of RM217.2 million for the second quarter of FY2023, 26% higher as compared to same period last year of RM172.1 million. The higher takaful service expense was mainly attributable to higher claims incurred from fire and motor class of businesses.

(iii) Net Income from Retakaful Contracts Held

General Takaful recorded net expense from retakaful contracts held of RM98.8 million for the second quarter of FY2023, 25% higher as compared to same period last year of RM79.2 million. The higher of net expense from retakaful contracts held was mainly attributable to higher retakaful contribution, corresponding to the higher contribution received.

(iv) Net Investment Income

The net investment income for the second quarter of FY2023 was RM12.5 million, higher by RM4.1 million as compared to the same period of the preceding year of RM8.4 million, mainly due to higher profit income from fixed income investments.

14.3 Review of Statements of Financial Position

As at 30 June 2023, total assets of RM13,987.3 million, increased by 5% as compared to RM13,295.8 million as at 31 December 2022, mainly attributable to higher other investments, takaful contract assets, retakaful contract assets and loan and receivables but partially offset by lower cash and cash equivalents, partly offset by cash and cash equivalents.

Other investments increased by 3% from RM8,622.0 million as at 31 December 2022 to RM8,870.6 million as at 30 June 2023, mainly attributable to the increase in Islamic debts securities and Malaysian Government Islamic Papers. The increase was mainly attributable to new purchases of sukuk.

Cash and cash equivalents decreased from RM2,067.3 million to RM734.5 million whilst loans and receivables increased from RM607.7 million to RM2,220.3 million as at 30 June 2023 mainly due to increase in placement in fixed and call deposits at licensed institutions with maturity more than 3 months.

Total liabilities increased to RM12,320.2 million as at 30 June 2023 as compared to RM11,852.3 million as at 31 December 2022, which was mainly attributable to higher takaful contract liabilities.

Shareholders' equity increased by 15% to RM1,667.1 million as at 30 June 2023. This is mainly attributed to the net profit generated during the financial period of RM185.7 million.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14.4 Review of Statements of Cash flows

For the second quarter ended 30 June 2023, the Group's cash flow position decreased to RM734.5 million as compared to the position as at 31 December 2022 of RM2,067.3 million, mainly attributable to utilisation of cash towards placement of money market instruments with maturity profile above 3 months during the quarter. The Group's cash flow position remain healthy and able to meet its obligation.

15 Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30.06.2023	Immediate Preceding Quarter 31.03.2023	Changes
	RM'000	RM'000	%
Takaful revenue	677,693	635,318	7%
Takaful service expense	(516,545)	(604,008)	-14%
Profit before zakat and tax	131,799	129,623	2%

Group Takaful revenue

For the current quarter under review, the Group recorded takaful revenue of RM677.7 million, higher by RM42.4 million (7%) as compared to RM635.3 million in the immediate preceding quarter. The increase was mainly attributable to higher takaful revenue earned for takaful services provided for both Family Takaful and General Takaful.

Group Takaful service expense

For the current quarter under review, the Group recorded takaful service expense of RM516.5 million, lower by RM87.5 million (14%) as compared to RM604.0 million in the immediate preceding quarter. The lower was mainly attributable to release in liabilities for incurred claims compared with an increase in liabilities during preceding quarter.

Group Profit before zakat and tax

For the current quarter under review, the Group recorded profit before tax and zakat of RM131.8 million, higher by 2% as compared to the immediate preceding quarter of RM129.6 million. This was mainly attributable to:

- i) Higher investment income by RM8.0 million mainly attributable to higher profit from fixed income investment assets and lower fair value loss on investment assets;
It was partially offset by;
- ii) Marginal decreased in takaful service results by RM1.7 million, mainly attributable to higher takaful service expenses.
- iii) Slightly higher net profit expenses from takaful contracts issued by RM1.8 million, due to higher charge to carrying amount of takaful contracts.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Family Takaful

(i) Takaful revenue

For the current quarter under review, Family Takaful generated takaful revenue of RM314.9 million, increased by 10% as compared to RM286.5 million in the immediate preceding quarter. This is mainly attributable to higher takaful revenue earned for takaful services provided.

(ii) Takaful service expense

For the current quarter under review, the takaful service expenses for Family Takaful increased to RM366.7 million from RM343.6 million in the immediate preceding quarter. This is mainly attributable to higher claims incurred.

(iii) Net investment income

For the current quarter under review, the investment income was RM92.0 million, increased by RM8.1 million, mainly due to higher profit income from fixed income investments and lower net fair value losses on financial assets.

(iv) Net Takaful Financial Results

For the current quarter under review, Family Takaful recorded a negative net takaful financial results of RM28.2 million, higher by RM2.8 million as compared to the immediate preceding quarter of RM25.4 million. The higher net negative takaful financial results were mainly attributable to higher charge from increased carrying amount of takaful contracts.

General Takaful

(i) Takaful Revenue

For the current quarter under review, General takaful recorded Takaful revenue of RM308.3 million, 6% higher as compared to the immediate preceding quarter of RM291.4 million. The higher takaful revenue was mainly attributable to higher contribution income recorded from fire and motor class of businesses.

(ii) Takaful Service Expense

For the current quarter under review, General Takaful recorded Takaful service expense of RM217.2 million, 33% lower as compared to the immediate preceding quarter of RM322.5 million. The lower takaful service expense was mainly attributable to:

- Lower claims incurred from fire and motor class of businesses.
- Release in liabilities for incurred claims compared with an increase in liabilities during preceding quarter.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(iii) Net Income from Retakaful Contracts Held

For the current quarter under review, General Takaful recorded net expense from retakaful contracts held of RM98.8 million, lower by RM121.7 million as compared to the immediate preceding quarter net income of RM22.9 million. During the quarter, there was lower amount recoverable from retakaful for claims incurred compared to the preceding quarter.

(iv) Net Investment Income

For the current quarter under review, the net investment income was RM12.5 million, lower by RM0.7 million as compared to the immediate preceding quarter of RM13.2 million, mainly due to there being lower realised gains from investment during the current quarter.

16 Current Year Prospects

Growth prospects in the Malaysian economy continues to be moderate in spite of the on-going fiscal measures to contain inflationary pressures in Europe and the United States of America. Moderate domestic growth is expected to sustain for the rest of 2023, with the economy projected to expand by between 4% and 5% in 2023 (based on Economic and Monetary Review 2022 issued by Bank Negara Malaysia, as re-affirmed in July 2023). Domestic growth is expected to be sustained by consumer spending and the continued pick up in the tourism sector, with multi-year infrastructure projects contributing to economic activities. Domestic outlook continues to be affected by external fiscal policies to contain inflationary pressures, with the Ringgit coming under pressure as a result. The Group is expected to continue on its strategy of prudent management of costs, balancing with the needs to continue business growth for the appropriate risk profiles – our strong capital and liquidity positions provide resilience against challenges in these areas.

Our established core businesses in Bancatakaful, Treasury, Employee Benefits and General Takaful business segments provide the Group with solid foothold of our key markets which has allowed us to sustain and strengthen our leadership in the takaful industry. Our market leadership has also been supported by continued solid financial fundamentals and strong operational resilience, enabling us to continue with good business performance in recent years. The Group will continue to leverage on our market leadership in these core segments to support our growth strategies and further expand our market share.

Our ongoing strategic focus is to continue diversifying our business portfolio into retail markets by offering regular contribution plans for individual protection. Takaful Malaysia is looking to build towards a multi-distribution platform and this would be further strengthened by providing Malaysians with greater access to more affordable regular contribution protection products. Since 2022, we have harnessed forward momentum in our efforts to reap more market share with encouraging new business growth in regular contribution products through our branches and existing bank partners. The strategy for retail market expansion is also supported by digital online platform with seamless customer journey and various brand and marketing campaigns. Particularly, we have rolled out more products, and achieved greater growth momentum in regular contribution business in the first half of 2023.

It is the Group's commitment to the Takaful industry's initiative on Value-based Intermediation ("VBI") to unlock the potential of the takaful industry towards a Sustainable Finance Ecosystem and spur creativity and encourage innovation to deliver positive and meaningful impacts. Accordingly, we have adopted an integrated and inter-disciplinary approach to managing climate-related risks, focusing on 4 key areas namely, (Products & Services, Business Process & Culture, Investment, Social and Community), to generate sustainable impacts on the economy, community and environment.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 Variance of Actual Profit from Profit Forecast or Profit Guarantee

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

18 Taxation

	3 months ended		Cumulative 6 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
Current tax expense:				
- Current financial period	29,337	31,512	76,049	71,671
- Under provision in prior year	-	-	1,431	-
Deferred tax expense:				
- Current financial period	7,157	4,088	(7,209)	(4,133)
Total tax expense	<u>36,494</u>	<u>35,600</u>	<u>70,271</u>	<u>67,484</u>

18.1 The effective tax rate is higher than the statutory tax rate for the current financial period due to higher non-deductible expenses.

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

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

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

The last court mention which was fixed on 8th June 2023 was postponed to a later date. The next court mention is fixed on 13th September 2023.

19 Status of Corporate Proposal

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

20 Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 30 June 2023.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21 Material Litigation

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

22 Earnings per Share

Basic earnings per share (“Basic EPS”)

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

		3 months ended		Cumulative 6 months ended	
		30.6.2023	30.6.2022	30.6.2023	30.6.2022
Owners of the Company (RM'000)		92,051	65,650	185,495	142,792
Weighted average number of ordinary shares in issue	('000)	837,306	836,375	837,306	836,001
Basic EPS	(sen)	10.99	7.85	22.15	17.08

Diluted earnings per share (“Diluted EPS”)

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

		3 months ended		Cumulative 6 months ended	
		30.6.2023	30.6.2022	30.6.2023	30.6.2022
Owners of the Company (RM'000)		92,051	65,650	185,495	142,792
Weighted average number of ordinary shares in issue	('000)	837,306	836,375	837,306	836,001
Effects of dilution	('000)	-	140	-	140
Diluted weighted average number of ordinary shares in issue	('000)	837,306	836,515	837,306	836,141
Diluted EPS	(sen)	10.99	7.85	22.15	17.08

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful contract assets / liabilities and Retakaful contract assets / liabilities

30 June 2023

	Assets		Liabilities		Total assets RM'000	Total liabilities RM'000
	Remaining coverage RM'000	Incurred claims RM'000	Remaining coverage RM'000	Incurred claims RM'000		
Family Takaful						
Takaful contract	90,560	216,456	439,784	8,528,242	307,016	8,968,026
Retakaful contract	47,792	213,741	120,635	-	261,533	120,635
	<u>138,352</u>	<u>430,197</u>	<u>560,419</u>	<u>8,528,242</u>	<u>568,549</u>	<u>9,088,661</u>
General Takaful						
Takaful contract	4,027	8,882	372,345	1,580,136	12,909	1,952,481
Retakaful contract	248,330	632,975	2,918	122,049	881,305	124,967
	<u>252,357</u>	<u>641,857</u>	<u>375,263</u>	<u>1,702,185</u>	<u>894,214</u>	<u>2,077,448</u>
Group						
Takaful contract	162,783	225,338	1,745,128	10,109,423	388,121	11,854,551
Retakaful contract	299,491	846,716	124,728	122,049	1,146,207	246,777
	<u>462,274</u>	<u>1,072,054</u>	<u>1,869,856</u>	<u>10,231,472</u>	<u>1,534,328</u>	<u>12,101,328</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful contract assets / liabilities and retakaful contract assets / liabilities (continued)

31 December 2022						
	Assets		Liabilities		Total assets RM'000	Total liabilities RM'000
	Remaining coverage RM'000	Incurred claims RM'000	Remaining coverage RM'000	Incurred claims RM'000		
Family Takaful						
Takaful contract	116,216	137,418	455,882	7,970,208	253,634	8,426,090
Retakaful contract	44,218	170,446	77,123	-	214,664	77,123
	<u>160,434</u>	<u>307,864</u>	<u>533,005</u>	<u>7,970,208</u>	<u>468,298</u>	<u>8,503,213</u>
General Takaful						
Takaful contract	3,841	3,237	258,645	1,551,549	7,078	1,810,194
Retakaful contract	190,723	639,983	2,907	129,197	830,706	132,104
	<u>194,564</u>	<u>643,220</u>	<u>261,552</u>	<u>1,680,746</u>	<u>837,784</u>	<u>1,942,298</u>
Group						
Takaful contract	186,178	140,655	1,766,069	9,508,898	326,833	11,274,967
Retakaful contract	237,015	810,429	80,927	129,197	1,047,444	210,124
	<u>423,193</u>	<u>951,084</u>	<u>1,846,996</u>	<u>9,638,095</u>	<u>1,374,277</u>	<u>11,485,091</u>

Note: Subsequent to Quarter 1 2023, reclassifications between Retakaful contract assets and liabilities were performed for the impact from MFRS17 as we further refine the implementation of MFRS17. These reclassifications do not impact Net Assets of the Family Takaful and General Takaful funds, as well as the Total Equity of the Group.

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful contract assets / liabilities and retakaful contract assets / liabilities (continued)

23.1 Movements in takaful contract balances

	Family Takaful		General Takaful		Group	
	30.6.2023 RM'000	31.12.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	31.12.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	31.12.2022 RM'000 <i>Restated</i>
Takaful contract liabilities as at 1 January	8,426,090	8,072,825	1,810,194	1,521,377	11,274,967	10,470,688
Takaful contract assets as at 1 January	(253,634)	(215,764)	(7,078)	-	(326,833)	(221,564)
Net takaful contract liabilities as at 1 January	8,172,456	7,857,061	1,803,116	1,521,377	10,948,134	10,249,124
Takaful revenue	(601,361)	(1,374,400)	(599,678)	(1,017,894)	(1,313,011)	(2,570,916)
Takaful service expense	710,312	1,548,635	539,712	1,058,865	1,120,553	2,350,235
Takaful service result	108,951	174,235	(59,966)	40,971	(192,458)	(220,681)
Takaful profit expenses	52,893	94,924	26,654	35,023	96,058	176,009
Total changes in the statement of profit or loss and OCI	161,844	269,159	(33,312)	75,994	(96,400)	(44,672)
Cash flows						
Contributions received	1,144,488	2,299,305	720,492	1,082,956	1,884,723	3,402,420
Claims and other expenses paid including investment components	(393,739)	(692,857)	(273,805)	(523,828)	(729,026)	(1,318,287)
Deem settlement transfer	(401,325)	(775,426)	(256,345)	(403,948)	14,979	26,935
Takaful acquisition cash flows	-	-	-	-	(495,413)	(609,368)
Total cash flows	349,424	831,022	190,342	155,180	675,263	1,501,700
Other movements	(22,714)	(784,786)	(20,574)	50,565	(60,567)	(758,018)
Net takaful contract liabilities as at 30 June / 31 December	8,661,010	8,172,456	1,939,572	1,803,116	11,466,430	10,948,134
Takaful contract liabilities as at 30 June / 31 December	8,968,026	8,426,090	1,952,481	1,810,194	11,854,551	11,274,967
Takaful contract assets as at 30 June / 31 December	(307,016)	(253,634)	(12,909)	(7,078)	(388,121)	(326,833)
Net takaful contract liabilities as at 30 June / 31 December	8,661,010	8,172,456	1,939,572	1,803,116	11,466,430	10,948,134

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 Takaful contract assets / liabilities and retakaful contract assets / liabilities (continued)

23.2 Movements in retakaful contract balances

	Family Takaful		General Takaful		Group	
	30.6.2023 RM'000	31.12.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	31.12.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	31.12.2022 RM'000 <i>Restated</i>
Retakaful contract assets as at 1 January	214,664	145,101	830,706	519,448	1,047,444	668,333
Retakaful contract liabilities as at 1 January	(77,123)	-	(132,104)	(17,252)	(210,124)	(17,252)
Net retakaful contract assets as at 1 January	137,541	145,101	698,602	502,196	837,320	651,081
Allocation of retakaful contributions	(89,279)	(170,487)	(214,278)	(288,642)	(309,855)	(477,616)
Amounts recoverable from retakaful operators	76,430	170,141	138,397	297,387	213,497	474,181
Retakaful investment components	-	-	-	9,540	-	-
Net income or expense from retakaful operators	(12,849)	(346)	(75,881)	18,285	(96,358)	(3,435)
Effect of changes in non-performance risk of retakaful operators	1,606	356	(195)	(1,080)	1,411	(724)
Retakaful profit income	-	-	16,704	21,764	16,758	21,954
Total changes in the statement of profit or loss and OCI	(11,243)	10	(59,372)	38,969	(78,189)	17,795
Cash flows						
Retakaful contributions paid	54,052	142,210	289,476	625,426	351,065	783,181
Amounts received	(52,122)	(144,697)	(132,413)	(526,496)	(184,535)	(671,193)
Total cash flows	1,930	(2,487)	157,063	98,930	166,530	111,988
Other movements	12,670	(5,083)	(39,955)	58,507	(26,231)	56,456
Net retakaful contract assets as at 30 June / 31 December	140,898	137,541	756,338	698,602	899,430	837,320
Retakaful contract assets as at 30 June / 31 December	261,533	214,664	881,305	830,706	1,146,207	1,047,444
Retakaful contract liabilities as at 30 June / 31 December	(120,635)	(77,123)	(124,967)	(132,104)	(246,777)	(210,124)
Net retakaful contract assets as at 30 June / 31 December	140,898	137,541	756,338	698,602	899,430	837,320

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24 Takaful revenue

The table below presents an analysis of the total takaful revenue recognised in the period:

	Family Takaful 3 months ended		General Takaful 3 months ended		Group 3 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>
Amounts relating to the changes in the liability for remaining coverage						
Expected claims and takaful service expenses incurred in the period	171,371	204,183	6,213	7,490	175,067	225,873
Amounts relating to recovery of takaful acquisition cash flows	55,807	(2,119)	2,585	2,515	43,232	25,002
Change in the risk adjustment for non-financial risk	-	-	-	-	10,821	5,187
Amount of Contractual Service Margin ("CSM") recognised in the profit or loss	-	-	-	-	59,666	46,937
Other amounts including experience adjustments for income related items	(203)	14,751	(48)	(267)	961	4,909
Others	103	2	(24)	(135)	85	(121)
Takaful revenue - contracts not measured under PAA	<u>227,078</u>	<u>216,817</u>	<u>8,726</u>	<u>9,603</u>	<u>289,832</u>	<u>307,787</u>
Takaful revenue - contracts measured under PAA	<u>87,796</u>	<u>31,298</u>	<u>299,585</u>	<u>236,308</u>	<u>387,861</u>	<u>262,574</u>
Total takaful revenue	<u>314,874</u>	<u>248,115</u>	<u>308,311</u>	<u>245,911</u>	<u>677,693</u>	<u>570,361</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24 Takaful revenue (continued)

The table below presents an analysis of the total takaful revenue recognised in the period (continued):

	Family Takaful 6 months ended		General Takaful 6 months ended		Group 6 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>
Amounts relating to the changes in the liability for remaining coverage						
Expected claims and takaful service expenses incurred in the period	352,569	305,298	14,035	18,113	358,162	340,932
Amounts relating to recovery of takaful acquisition cash flows	83,031	20,200	5,210	5,062	66,353	37,570
Change in the risk adjustment for non-financial risk	-	-	-	-	22,003	17,358
Amount of Contractual Service Margin ("CSM") recognised in the profit or loss	-	-	-	-	116,883	109,216
Other amounts including experience adjustments for income related items	(555)	14,654	(80)	(276)	1,928	6,412
Others	(2)	(13)	134	(135)	144	(136)
Takaful revenue - contracts not measured under PAA	<u>435,043</u>	<u>340,139</u>	<u>19,299</u>	<u>22,764</u>	<u>565,473</u>	<u>511,352</u>
Takaful revenue - contracts measured under PAA	<u>166,318</u>	<u>151,588</u>	<u>580,379</u>	<u>455,764</u>	<u>747,538</u>	<u>602,659</u>
Total takaful revenue	<u>601,361</u>	<u>491,727</u>	<u>599,678</u>	<u>478,528</u>	<u>1,313,011</u>	<u>1,114,011</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 Takaful service expenses

The table below presents an analysis of the total takaful service expenses recognised in the period:

	Family Takaful 3 months ended		General Takaful 3 months ended		Group 3 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>
Incurring claims and other takaful service expenses	301,951	230,283	133,004	84,242	455,202	348,782
Amortisation of acquisition cash flows - wakalah fees	81,211	21,918	112,759	92,832	112,111	39,492
Losses on onerous contracts and reversal of losses on onerous contracts	-	-	-	-	(5,787)	17,333
Changes to liabilities for incurred claims	(16,446)	7,008	(28,535)	(4,982)	(44,981)	2,025
Total takaful service expenses	<u>366,716</u>	<u>259,209</u>	<u>217,228</u>	<u>172,092</u>	<u>516,545</u>	<u>407,632</u>
Represented by:						
Contracts not measured under PAA	283,562	207,482	9,835	10,231	272,552	257,664
Contracts measured under PAA	<u>83,154</u>	<u>51,727</u>	<u>207,393</u>	<u>161,861</u>	<u>243,993</u>	<u>149,968</u>
	<u>366,716</u>	<u>259,209</u>	<u>217,228</u>	<u>172,092</u>	<u>516,545</u>	<u>407,632</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 Takaful service expenses (continued)

The table below presents an analysis of the total takaful service expenses recognised in the period (continued):

	Family Takaful 6 months ended		General Takaful 6 months ended		Group 6 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>	30.6.2023 RM'000	30.6.2022 RM'000 <i>Restated</i>
Incurring claims and other takaful service expenses	600,947	535,525	280,643	234,463	918,947	823,567
Amortisation of acquisition cash flows - wakalah fees	133,696	86,037	217,385	178,734	180,057	114,327
Losses on onerous contracts and reversal of losses on onerous contracts	-	-	-	-	4,196	32,908
Changes to liabilities for incurred claims	(24,331)	(81,620)	41,684	16,049	17,353	(65,571)
Total takaful service expenses	<u>710,312</u>	<u>539,942</u>	<u>539,712</u>	<u>429,246</u>	<u>1,120,553</u>	<u>905,231</u>
Represented by:						
Contracts not measured under PAA	544,353	359,972	21,539	23,960	528,178	392,742
Contracts measured under PAA	<u>165,959</u>	<u>179,970</u>	<u>518,173</u>	<u>405,286</u>	<u>592,375</u>	<u>512,489</u>
	<u>710,312</u>	<u>539,942</u>	<u>539,712</u>	<u>429,246</u>	<u>1,120,553</u>	<u>905,231</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26 Investment Income

The investment income consists of the following:

	Family Takaful Fund 3 months ended		General Takaful Fund 3 months ended		Group 3 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
<u>Investment income on financial assets not measured at FVTPL</u>						
Profit income	85,757	66,502	12,586	8,350	121,771	94,811
Accretion / (Amortisation)	(1,751)	(1,836)	(162)	(240)	(2,354)	(2,514)
	<u>84,006</u>	<u>64,666</u>	<u>12,424</u>	<u>8,110</u>	<u>119,417</u>	<u>92,297</u>
<u>Investment income - others</u>						
Rental income	1,366	1,151	19	61	1,555	1,431
Dividend income	1,591	1,570	-	-	1,636	1,604
Profit income	2,651	8,015	-	-	3,460	8,616
Accretion / (Amortisation)	(3)	(2)	-	-	(3)	(2)
Investment expenses	(318)	(273)	(20)	(19)	(338)	(292)
	<u>5,287</u>	<u>10,461</u>	<u>(1)</u>	<u>42</u>	<u>6,310</u>	<u>11,357</u>
	<u>89,293</u>	<u>75,127</u>	<u>12,423</u>	<u>8,152</u>	<u>125,727</u>	<u>103,654</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26 Investment Income (continued)

The investment income consists of the following (continued):

	Family Takaful Fund 6 months ended		General Takaful Fund 6 months ended		Group 6 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
<u>Investment income on financial assets not measured at FVTPL</u>						
Profit income	166,624	137,657	24,825	16,464	236,109	189,130
Accretion / (Amortisation)	(3,575)	(3,755)	(318)	(472)	(4,771)	(5,117)
	<u>163,049</u>	<u>133,902</u>	<u>24,507</u>	<u>15,992</u>	<u>231,338</u>	<u>184,013</u>
<u>Investment income - others</u>						
Rental income	3,078	2,775	99	103	3,558	3,299
Dividend income	3,630	3,749	-	-	3,734	3,865
Profit income	7,264	6,927	-	-	9,529	8,778
Accretion / (Amortisation)	-	-	-	-	-	-
Investment expenses	(352)	(407)	(22)	(28)	(374)	(435)
	<u>13,620</u>	<u>13,044</u>	<u>77</u>	<u>75</u>	<u>16,447</u>	<u>15,507</u>
	<u><u>176,669</u></u>	<u><u>146,946</u></u>	<u><u>24,584</u></u>	<u><u>16,067</u></u>	<u><u>247,785</u></u>	<u><u>199,520</u></u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27 Realised gains and losses

The realised gains and losses consist of the following:

	Family Takaful Fund 3 months ended		General Takaful Fund 3 months ended		Group 3 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
<u>Realised gains and losses</u> <u>arising from:</u>						
Property and equipment	-	-	-	-	-	(7)
FVOCI financial assets:						
- Islamic debt securities (unquoted in Malaysia)	3,810	3,357	(1)	238	5,798	3,945
- Malaysian Government Islamic paper	1	1	-	-	(437)	1
	<u>3,811</u>	<u>3,358</u>	<u>(1)</u>	<u>238</u>	<u>5,361</u>	<u>3,946</u>
	<u>3,811</u>	<u>3,358</u>	<u>(1)</u>	<u>238</u>	<u>5,361</u>	<u>3,939</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27 Realised gains and losses (continued)

The realised gains and losses consist of the following (continued):

	Family Takaful Fund 6 months ended		General Takaful Fund 6 months ended		Group 6 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
<u>Realised gains and losses</u> <u>arising from:</u>						
Property and equipment	-	-	-	-	-	8
FVOCI financial assets:						
- Islamic debt securities (unquoted in Malaysia)	9,467	4,680	1,058	556	14,752	6,102
- Malaysian Government Islamic paper	-	-	-	-	-	-
	<u>9,467</u>	<u>4,680</u>	<u>1,058</u>	<u>556</u>	<u>14,752</u>	<u>6,102</u>
	<u>9,467</u>	<u>4,680</u>	<u>1,058</u>	<u>556</u>	<u>14,752</u>	<u>6,110</u>

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28 Fair Value Information

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

30 June 2023	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Family Takaful										
Financial assets										
Equity securities	244,946	-	-	244,946	-	-	-	-	244,946	244,946
Unit trusts	96,005	30,945	-	126,950	-	-	-	-	126,950	126,950
Institutional Trust Account	-	-	392,674	392,674	-	-	-	-	392,674	392,674
Islamic debt securities	160,762	5,317,764	-	5,478,526	-	-	-	-	5,478,526	5,478,526
Malaysian Government Islamic papers	-	516,675	-	518,675	-	-	-	-	518,675	518,675
	501,713	5,865,384	392,674	6,761,771	-	-	-	-	6,761,771	6,761,771

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28 Fair Value Information (continued)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
30 June 2023										
General Takaful										
Institutional Trust Account	-	-	56,684	56,684	-	-	-	-	56,684	56,684
Islamic debt securities	-	547,614	-	547,614	-	-	-	-	547,614	547,614
Malaysian Government Islamic papers	-	75,771	-	75,771	-	-	-	-	75,771	75,771
	-	623,385	56,5684	680,069	-	-	-	-	680,069	680,069
Group										
Financial assets										
Equity securities	251,444	-	380	251,824	-	-	-	-	251,824	251,824
Unit trusts	96,651	38,505	-	135,156	-	-	-	-	135,156	135,156
Institutional Trust Account	-	-	525,152	525,152	-	-	-	-	525,152	525,152
Islamic debt securities	202,504	7,067,490	-	7,269,994	-	-	-	-	7,269,994	7,269,994
Malaysian Government Islamic papers	-	688,475	-	688,475	-	-	-	-	688,475	688,475
	550,599	7,794,470	525,532	8,870,601	-	-	-	-	8,870,601	8,870,601

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28 Fair Value Information (continued)

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

31 December 2022	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Family Takaful										
Financial assets										
Equity securities	247,331	-	-	247,331	-	-	-	-	247,331	247,331
Unit trusts	95,592	28,647	-	124,239	-	-	-	-	124,239	124,239
Institutional Trust Account	-	-	382,872	382,872	-	-	-	-	382,872	382,872
Islamic debt securities	142,059	5,131,886	-	5,273,945	-	-	-	-	5,273,945	5,273,945
Malaysian Government Islamic papers	-	465,128	-	465,128	-	-	-	-	465,128	465,128
	484,982	5,625,661	382,872	6,493,515	-	-	-	-	6,493,515	6,493,515

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28 Fair Value Information (continued)

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

31 December 2022	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
General Takaful										
Institutional Trust Account	-	-	54,958	54,958	-	-	-	-	54,958	54,958
Islamic debt securities	-	544,236	-	544,236	-	-	-	-	544,236	544,236
Malaysian Government Islamic papers	-	74,683	-	74,683	-	-	-	-	74,683	74,683
	-	618,919	54,958	673,877	-	-	-	-	673,877	673,877
Group										
Financial assets										
Equity securities	255,128	-	-	255,128	-	-	-	-	255,128	255,128
Unit trusts	96,217	35,430	-	131,647	-	-	-	-	131,647	131,647
Institutional Trust Account	-	-	511,757	511,757	-	-	-	-	511,757	511,757
Islamic debt securities	179,515	6,902,823	-	7,082,338	-	-	-	-	7,082,338	7,082,338
Malaysian Government Islamic papers	-	641,111	-	641,111	-	-	-	-	641,111	641,111
	530,860	7,579,364	511,757	8,621,981	-	-	-	-	8,621,981	8,621,981

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

29 Fair Value Information (continued)

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

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

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the identical financial assets or liabilities, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Non-derivative financial liabilities

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

Transfer between Level 1 and 2 fair values

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

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

29 Fair Value Information (continued)

Level 3 fair value

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

	Family Takaful RM'000	General Takaful RM'000	Group RM'000
Institutional Trust Account			
At 1 January 2022	471,247	59,550	617,774
Maturity	(105,471)	(6,669)	(128,620)
Dividend capitalised	920	-	2,127
Investment income – realised	16,970	2,172	21,573
Net change in fair value	(794)	(95)	(1,097)
At 31 December 2022 / 1 January 2023	382,872	54,958	511,757
Maturity			
Dividend capitalised	8,689	1,122	11,579
Investment income – realised	1,113	604	1,816
Net change in fair value	-	-	-
At 30 June 2023	392,674	56,684	525,152

30 Additional Information

Takaful receivables (included within Takaful Contract Liabilities/Assets)

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

	Family Takaful		General Takaful		Group	
	30.6.2023 RM'000	31.12.2022 RM'000	30.6.2023 RM'000	31.12.2022 RM'000	30.6.2023 RM'000	31.12.2022 RM'000
<u>Days past due</u>						
Current (not past due)	269,858	192,019	104,511	247,764	374,369	439,783
1-30 days	198	2,644	154	433	352	3,077
31-60 days	227	290	303	198	530	488
61-90 days	131	428	10	208	141	636
91-180 days	3,233	1,593	272	618	3,505	2,211
> 180 days	11	182	4,494	1,922	4,505	2,104
	273,658	197,156	109,744	251,143	383,402	448,299

The average credit terms of Takaful receivables granted to related parties and non-related parties are 12 months from the contractual due date. The recoverability of Takaful receivables which exceeds the average credit term is high especially after Letter of Demand is imposed on the debtors.

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

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 Additional Information (continued)

Material Impairment of Assets

Measurement of Expected Credit Loss (“ECL”)

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

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

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

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

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

Measurement of ECL (continued)

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

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

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

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

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

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

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 Foreign exchange exposure / hedging policy

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

32 Derivatives

The Group and Company did not enter into any derivatives for the financial year ended 30 June 2023.

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

There were no gains/losses arising from fair value changes of financial liabilities during the financial period ended 30 June 2023.

34 Regulatory capital requirements

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

The Company is required to comply with the regulatory capital requirement prescribed in the Risk Based Capital for Takaful (RBCT) Framework issued by Bank Negara Malaysia where Takaful operators are required to satisfy a minimum supervisory capital adequacy ratio of 130%. As at financial period ended 30 June 2023, the Company has a capital adequacy ratio in excess of the minimum requirement.

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

	As at 30.6.2023 RM'000	As at 31.12.2022 RM'000
Tier 1 capital	2,637,888	2,476,578
Tier 2 capital	46,573	(36,923)
Deductions	(470,724)	(322,607)
Total capital available	2,213,737	2,117,048

By Order of the Board

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

Kuala Lumpur, 29 August 2023