MNRB HOLDINGS BERHAD
197201001795 (13487-A)

CREATING VALUE, ADVANCING GROWTH

ANNUAL REPORT 2022

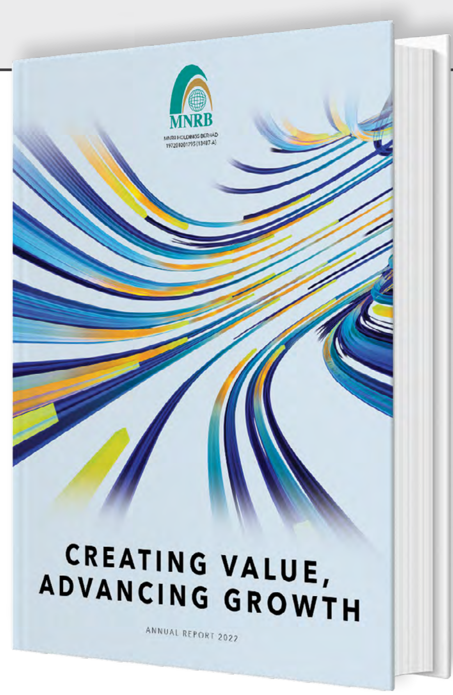
Vision
We Protect Everyone

Core Values
Integrity
Collaboration
Expertise

Forefront of the Industry
Embracing innovation while improving value creation to remain being at the forefront of the industry.

Together Forward
Leveraging on the synergies amongst our reinsurance, takaful and retakaful businesses to drive robust performance, implement astute business strategies and foster strong partnerships.

Driving Value through Integration
We leverage on drawing strengths from the integration within our Group to maximise productivity and efficiency through the sharing of experiences, knowledge and continuously creating sustainable growth for the future.



CREATING VALUE, ADVANCING GROWTH

In such a volatile macro-economic landscape, we understand that the need to become an agile corporation is all the more imperative to create future value. Becoming an agile organisation starts with a mindset shift. Our organisation is composed of talented, driven individuals, committed to continuous improvement by constantly sourcing new ideas and innovations to optimise our products, services, and business processes. We are relentlessly pursuing customer satisfaction. Employees on the frontline are empowered to pioneer new programs to deliver excellent customer experience.

Success to us, will help the Group develop significant competitive advantages over our peers. From business to operations to human resources, agility confers to the Group, the creation of future value.

Inside This Report

OUR BUSINESS

OUR PERFORMANCE & OUTLOOK

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OUR GOVERNANCE

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OUR FINANCIAL REPORT

Scan the QR code to download our Annual Report 2022 or visit our website

https://www.mnrb.com.my/investor-relations/annual-report

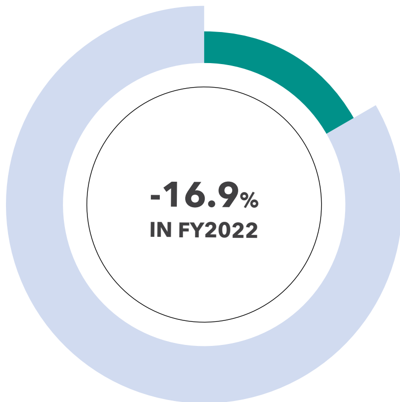
At A Glance

GROUP TOTAL REVENUE
RM3.3 billion

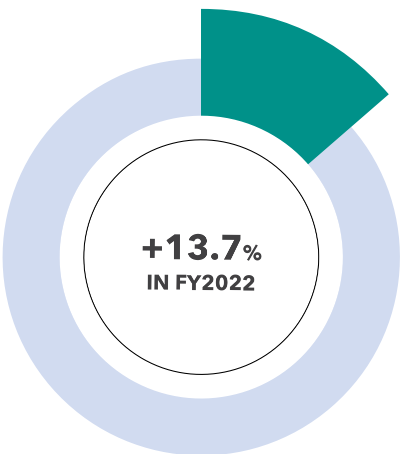
GROUP PROFIT BEFORE TAX
RM127.5 million

GROUP PROFIT AFTER TAX
RM114.4 million

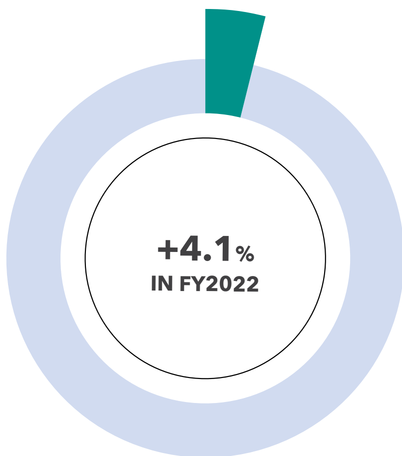
MARKET CAPITALISATION
(31 March 2022)
RM845.7 million



GROUP TOTAL ASSETS
RM11.3 billion



MNRB SCHOLARSHIP FUND
RM15.3 million
Scholarship Disbursed



Corporate Profile & Presence

Malaysian National Reinsurance Berhad, the country's national reinsurer was set up in 1972 to reduce the outflow of reinsurance premiums overseas. The Company commenced operations on 19 February 1973.

In 2005, as a result of a restructuring exercise within the MNRB Group, the Company's reinsurance licence, business and assets were transferred to its subsidiary company, Malaysian Reinsurance Berhad. Pursuant to the restructuring, Malaysian National Reinsurance Berhad became an investment holding company and changed its name to MNRB Holdings Berhad ("MNRB"). Today, MNRB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The MNRB Group comprises a leading wholesale provider of reinsurance and retakaful as well as two takaful operators. Its reinsurance subsidiary stands tall among the top reinsurers in the region, writing lines of general businesses locally and abroad. In Malaysia, its takaful operators are amongst the pioneers in the provision of financial protection services based on the takaful system.

The Company has a Share Capital of RM738.5 million.

Corporate Information

BOARD OF DIRECTORS

DATUK JOHAR CHE MAT
Non-Independent Non-Executive Chairman

GEORGE OOMMEN
Senior Independent Non-Executive Director

KHALID SUFAT
Independent Non-Executive Director

JUNAIDAH MOHD SAID
Independent Non-Executive Director

ZAIDA KHALIDA SHAARI
Independent Non-Executive Director

DATO' WAN ROSHDI WAN MUSA
Independent Non-Executive Director

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

Zaharudin Daud

COMPANY SECRETARY

Lena Abd Latif
(LS 0008766)

AUDIT COMMITTEE

Khalid Sufat (Chairman)
George Oommen
Junaidah Mohd Said

GROUP NOMINATION & REMUNERATION COMMITTEE

Zaida Khalida Shaari (Chairman)
Junaidah Mohd Said
Khalid Sufat

RISK MANAGEMENT COMMITTEE OF THE BOARD

George Oommen (Chairman)
Dato' Wan Roshdi Wan Musa
Datuk Johar Che Mat
Zaida Khalida Shaari

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF0039
Chartered Accountants
Level 23A, Menara Millenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : +603-7495 8000
Fax : +603-2095 5332

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7890 4700
Fax : +603-7890 4670

PRINCIPAL BANKER

Standard Chartered Bank Malaysia Berhad
AmBank (M) Berhad
Malayan Banking Berhad
CIMB Bank Berhad

REGISTERED OFFICE

12th Floor, Bangunan Malaysian Re
No. 17, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel : +603-2096 8000
Fax : +603-2096 7000
E-mail : enquiry@mnrb.com.my
Website : www.mnrb.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

Key Business Entities

MALAYSIAN RE

Malaysian Reinsurance Berhad ("Malaysian Re") is a wholly owned subsidiary of MNRB Holdings Berhad. As the national reinsurer, Malaysian Re continues to enhance the competitiveness and efficiency of the local insurance companies in an increasingly globalised marketplace through its active involvement in leading and underwriting their reinsurance needs.

Malaysian Re underwrites all classes of general reinsurance business as well as general and family retakaful businesses through its retakaful division, Malaysian Re Retakaful Division.

Leveraging on its breadth and depth of experience and expertise, strong fundamentals and proven record of accomplishment, Malaysian Re has grown in stature as an international player having established a strong market presence in Asia and the Middle East.

Malaysian Re is the largest national reinsurer (by asset) in the Southeast Asia region.

The Company has a Share Capital of RM663.1 million.

Takaful IKHLAS FAMILY

Takaful Ikhlas Sdn. Bhd. was incorporated on 18 September 2002 and is a wholly owned subsidiary of MNRB Holdings Berhad. The Company converted its status to Berhad on 5 May 2014.

On 30 November 2018, the Company announced the split of its composite takaful licence into two i.e. one for family takaful business and the other for general takaful business. The split is in accordance with the legislative requirement under the Islamic Financial Services Act, 2013 ("IFSA").

Pursuant to this, Takaful Ikhlas Berhad was renamed **Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family")** and manages the family takaful business. The general takaful business is being managed by a new entity, Takaful Ikhlas General Berhad ("Takaful IKHLAS General").

Takaful IKHLAS Family offers a comprehensive range of family takaful products and currently records 275,000 certificate (inforce policy) holders as well as more than 5,000 agents.

The Company has a Share Capital of RM405.0 million.

Key Business Entities

Takaful Ikhlas General Berhad ("Takaful IKHLAS General") was incorporated on 5 June 2017 as a wholly owned subsidiary of MNRB Holdings Berhad, following the legislative requirement under the IFSA which requires Takaful Operators to separate its family and general takaful licences. The Company commenced operations on 28 November 2018 as the general takaful arm of MNRB.

Takaful IKHLAS General offers a comprehensive range of general takaful solutions which comprises motor and non-motor general takaful protection products. The Company is committed to deliver quality services through competent staff and effective distribution networks. Its distribution channels comprise knowledgeable and well-trained agents, brokers, financial institutions, motor franchise holders and cooperatives as well as the digital platform.

Takaful IKHLAS General currently records more than 935,000 registered certificate (policy) holders and more than 3,000 agents.

The Company has a Share Capital of RM230.0 million.

Malaysian Re (Dubai) Ltd. ("MRDL"), a wholly owned subsidiary of MNRB Holdings Berhad, was incorporated on 7 December 2006 in Dubai, the United Arab Emirates. Its office is situated within the strategic Dubai International Financial Centre ("DIFC") and regulated by the Dubai Financial Services Authority ("DFSA").

MRDL is engaged in developing business for its sister company, Malaysian Re in the Middle East. Its primary functions are to develop relationships with clients around this region as well as provide services and underwriting support to them. Its close proximity to this target market gives MRDL an edge when servicing its clients.

All businesses of MRDL are fully underwritten by Malaysian Re. MRDL will continue to expand its market presence and is committed to being at the forefront of the reinsurance and retakaful segments within the region.

MRDL has an Authorised Capital of USD5.0 million and a Paid-up Capital of USD2.0 million.

Group Corporate Structure

MNRB

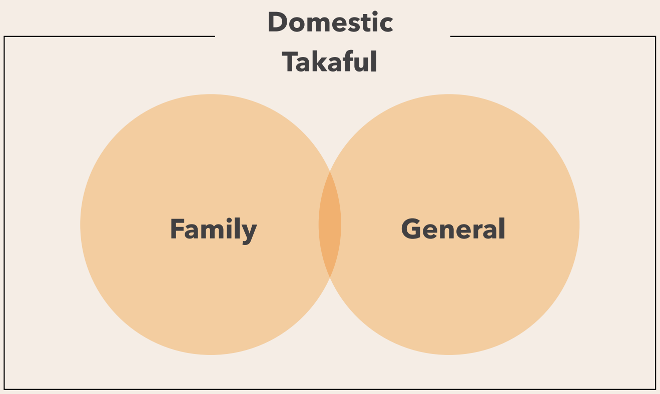
- Malaysian Reinsurance Berhad — 100.0%
  - Labuan Reinsurance (L) Ltd.* — 20.0%
- Takaful Ikhlas Family Berhad — 100.0%
- Takaful Ikhlas General Berhad — 100.0%
- Malaysian Re (Dubai) Ltd. — 100.0%
- MMIP Services Sdn. Bhd. — 100.0%
- Sinar Seroja Berhad — 100.0%
- Motordata Research Consortium Sdn. Bhd.* — 40.0%

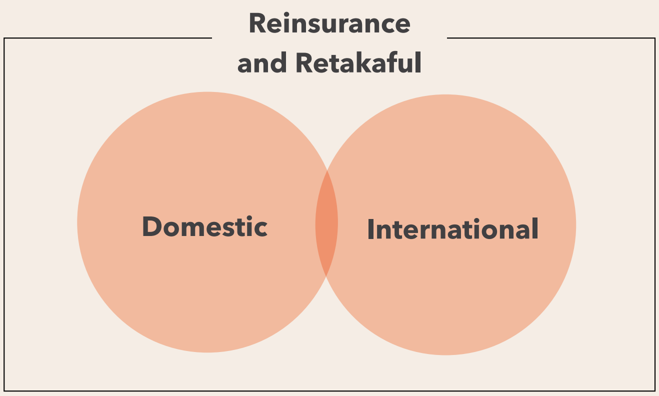
* *Associate Company*

Our Business Model

1 OUR BUSINESS PILLARS

Our business is positioned on two main pillars: Family and General Takaful in Malaysia as well as Reinsurance and Retakaful in Malaysian and overseas markets:





The Group supports these pillars with our various business enablers that perform diverse functions, e.g. information technology, human capital, finance and risk management, amongst others.

2 OUR GROWTH DRIVERS

Our growth drivers are strategically focused to achieve the respective aims of our business pillars in Malaysia and our overseas markets:

1 Talented and Dedicated Personnel

Our personnel are encouraged to think creatively and are empowered to act judiciously in their everyday dealings to create a lean and effective organisation

4 Robust Risk Management

We actively manage risk through a clear risk management framework that identifies, measures and mitigates the risks that we are willing to tolerate

Solid Capitalisation

The Group's solid capitalisation forms a critical foundation for our business growth and profitability

Sustainability Commitment

We actively promote for sustainable ecosystem by mitigating impact, capturing opportunities and enhancing trust by communicating our sustainability initiatives

3 VALUE CREATION FOR OUR STAKEHOLDERS

Our People

- Exciting career paths and systematic professional development
- Competitive remuneration and benefits

Our Shareholders

- Share price appreciation and dividends

Our Customers

- Balancing risk and opportunities, providing financial protection for continuity of lives and livelihoods

Our Regulators

- Development of local and international insurance and takaful markets

Our Communities

- Supporting economic growth
- Promoting economic, societal and environmental resilience

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I am honoured to present the Annual Report of MNRB Holdings Berhad ("MNRB" or "the Group") for the financial year ended 31 March 2022 ("FY2022").

Datuk Johar Che Mat
Chairman

NAVIGATING A CHALLENGING YEAR

The year under review was certainly another challenging year for the nation as a result of the resurgent COVID-19 pandemic that peaked in the first half of FY2022 and the Great Malaysian Flood that struck in December 2021. The pandemic dampened expectations of a stronger economic recovery globally and domestically, while the floods impacted lives and livelihoods, causing significant financial losses for both individuals and businesses.

Although both these events affected our operations to some degree, MNRB remained steadfast throughout the year in growing its business across all our entities and investing in fortifying its foundations to ensure greater resilience moving forward. We were also actively involved in helping our customers and the wider group of insurance participants navigate the difficulties caused by the floods and the pandemic.

In terms of our financial performance, I am pleased to report that MNRB recorded growth of 15.4% in Gross Written Premiums and Gross Takaful Contributions to RM3.0 billion in FY2022 as compared to RM2.6 billion in FY2021.

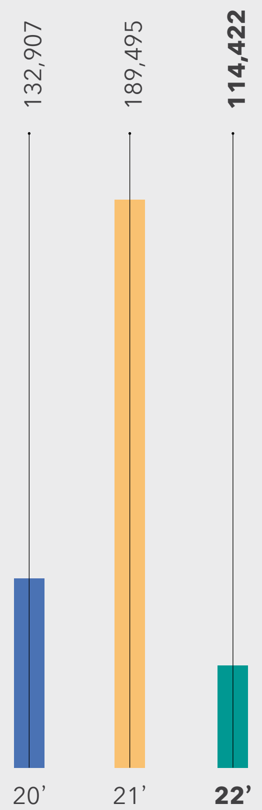
"MNRB's entities, Malaysian Reinsurance Berhad ("Malaysian Re"), Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family") and Takaful Ikhlas General Berhad ("Takaful IKHLAS General"), recorded growth in premiums and contributions despite the challenging operating environment."

GROSS WRITTEN PREMIUMS AND GROSS TAKAFUL CONTRIBUTIONS

RM3.0 billion

GROUP PROFIT AFTER TAX

RM114.4 million



However, the Group's net profit declined by 39.6% to RM114.4 million in FY2022 compared to RM189.5 million in FY2021. This was mainly due to volatility in investment markets that affected our investment income, as well as several catastrophic losses including the floods.

For further information regarding our financial and operational performance, please turn to our Management Discussion & Analysis.

CREATING VALUE, BUILDING RESILIENCE

Over the past two years, MNRB has invested significant resources to strengthen the organisation across all fronts. The Group has leveraged the experience gained from the pandemic to transform the business into one that is more sustainable, efficient and relevant. Spearheading our efforts in this regard is the recently established Digital and Innovation Department, tasked with delivering solutions to help strengthen the Group's value creation capabilities.

One of the key projects that the team worked on in FY2022 led to the launch of our own digital ecosystem, 'GO by Takaful IKHLAS', which enables agents, partners and customers to interact with MNRB seamlessly through a suite of digital applications that satisfy their business and product needs. We are pleased to note that the GO by Takaful IKHLAS ecosystem has since been recognised at the Malaysia Technology Excellence Awards 2022 as the winner of the Insurtech – Financial Technology Award.

This new digital ecosystem is a significant improvement for MNRB at the front end of the business and goes hand-in-hand with other initiatives to automate processes at the back end of the business. As a practical example, in the aftermath of the Great Malaysian Flood, our digital capabilities played an integral role in speeding up the claims process and therefore helping to ease the hardships faced by our customers.

The Group has also embarked on a Group Office Transformation ("GOT") that aims to modernise our offices to create workspaces that are not only comfortable, but also conducive for innovation. In FY2022, we completed the first phase of the GOT with the relocation of Takaful IKHLAS General's office from IKHLAS Point to Bangunan Malaysian Re. The Digital and Innovation Department has also assumed its new workspaces in the same building. Both offices feature open and modern design with collaborative spaces and multi-function meeting rooms. In conjunction with this, the Group has formally implemented the Hybrid Working Arrangement ("HWA"), which first began at the onset of the pandemic, as a permanent feature -- therefore allowing employees the flexibility to choose remote or in-office working while balancing their work priorities against personal needs.

SHARING VALUE WITH OUR SHAREHOLDERS

At MNRB, we remain mindful of our commitment to balancing the two key priorities of capital requirements for business operations and growth against shareholder expectations for dividends. After carefully considering the Group's financial performance in FY2022, capital requirements for the year ahead and receiving approval from Bank Negara Malaysia as mandated under Section 51 of the Financial Services Act, the Board has proposed to declare an all-cash final dividend of 2.5 sen per share for the financial year ending 31 March 2022. This is subject to shareholders approval at the forthcoming Annual General Meeting.

"The dividend will amount to a pay out of approximately RM19.6 million."

CONTRIBUTION TO INDUSTRY

As the national reinsurer, MNRB is cognisant of the stewardship role it plays in the insurance industry and has continued to step up to ensure that we are meeting the needs of all our stakeholders, especially in what has been another challenging year. In FY2022, Malaysian Re was appointed as the Project Management Office ("PMO") and Fund Administrator of the government's Perlindungan Tenang Voucher ("PTV") Fund for the B40 group. Under this programme, vouchers are allocated to eligible recipients for the purchase of Perlindungan Tenang ("PT") insurance or takaful products from insurers and takaful operators. A total sum of RM21.5 million was distributed via this programme in FY2022.

Malaysian Re was also appointed as the Fund Administrator of the CSR Flood Fund that was established by the General Insurance Association of Malaysia ("PIAM") and its members in response to the Great Malaysian Flood. The CSR Flood Fund was aimed at easing the hardships faced by car owners whose vehicles were damaged by the floods, through subsidies for mechanical clean-up costs (excluding repairs) over and above existing commitments by insurers. A total sum of RM483,821 was distributed via this programme for FY2022.

While the insurance industry was instrumental in helping individuals and businesses defray some of their losses, mainly through payments of claims, the Great Malaysian Flood was also a stark reminder that flood risk in Malaysia continues to be significantly underinsured. With total damages estimated to be around RM6.1 billion, only RM2.2 billion was covered by insurance or takaful, largely due to a lack of awareness despite the wide variety of products available on the market. We believe that it is important to educate the public about the importance of adequate coverage against floods and will continue to do so through Takaful IKHLAS.

The floods in FY2022 were also unique in the sense that the flood extended across eight Malaysian States including the west of Peninsular Malaysia. This triggered losses in the commercial portfolio as opposed to predominantly residential losses incurred during the annual flooding that usually affects the East Coast. Through our *Malaysian Insurance Highlights 2021* publication, Malaysian Re has highlighted the need for insurers and reinsurers to obtain more granular information and to potentially assess flood risk more accurately, in addition to addressing the needs of Malaysia's population in flood-prone areas.

BUILDING ON OUR SUSTAINABILITY JOURNEY

At MNRB, sustainability is at the core of what we do. The financial protection and risk management solutions that we offer to our customers are aimed at ensuring that their lives and livelihoods, health, wealth are adequately protected against adverse events. This

is further complemented by the expanded role we play in protecting segments of the economy through our reinsurance and retakaful business. Our sustainability journey is one that aspires to achieve sustainable prosperity while balancing it with elements of social responsibility.

In FY2022, we bolstered our sustainability journey further by incorporating the value-based intermediation ("VBI") agenda into our sustainability approach. This is an important development for MNRB as it aligns our sustainability journey with the Maqasid Shariah, which is aimed at pursuing universal well-being and the avoidance of harm. Similarly, VBI calls on financial institutions to deliver the intended outcomes of Shariah by focusing on enhancing the well-being of the people through the preservation of faith, lives, posterity, intellect and wealth.

MNRB's sustainability approach is guided by the recommendations of the United Nations' Sustainable Development Goals ("UN SDGs"). In addition, the integration of our sustainability initiatives into corporate and business activities is guided by the recommendations of the United Nations Environment Programme Finance Initiative Principles of Sustainable Insurance ("UNEP PSI"). In FY2022, the focus of our sustainability integration activities centred on the first principle of the UNEP PSI, which is to embed environmental, social and governance ("ESG") issues relevant to our insurance business in our decision-making.

In the year under review, the Group also undertook a number of sustainability initiatives via our sustainability themes of Enriching our Community and Embracing a Sustainable Future. This included the Protégé employment programme for fresh graduates, through which we employed 40 trainees, as well as the MNRB Scholarship Fund, which supported 75 scholars in FY2022. For our customers, Takaful IKHLAS has commenced the process of Customer Journey Mapping initiative in identifying customer pain points with the aim of improving the overall customer experience.

In terms of VBI initiatives, the Group continues with the IKHLAS Barakah House platform to deliver positive and sustainable impacts through significant initiatives in the areas of health, education, community enrichment, economic empowerment and the environment. At the regional level, Malaysian Re led the ASEAN Reinsurance Working Committee in proposing a key sustainability initiative for the establishment of the ASEAN Green Energy Pool to support the growth of renewable energy insurance/takaful products.

For further information regarding our sustainability efforts, please turn to our Sustainability Statement.

GOOD GOVERNANCE PRACTICES

As a responsible corporate citizen, MNRB is deeply committed to upholding good corporate governance practices and has taken the necessary steps to ensure compliance with best practices. We acknowledge the updates to the Malaysian Code on Corporate Governance ("MCCG") that were issued in April 2021 and have complied with the latest recommendations. For example, the Board has adopted a policy of no longer retaining an independent director for a period of more than nine years. This policy was extended across the Group and was approved by the Board on 30 March 2022.

Effective 1 January 2022, I relinquished my memberships in the Nomination Committee and Audit Committee, in line with the recommendation that the Chairman of the Board shall

Chairman's Statement

not be a member of the Audit, Nomination or Remuneration Committee. In addition, the Board is committed to advancing the gender diversity agenda, with two female members currently representing 33.3% of the Board and therefore exceeding the MCCG's 30.0% recommendation.

With regards to sustainability governance and the integration of sustainability considerations into MNRB's overall strategy and plans, we have made significant headway in adopting the MCCG's recommendations. While the Board has always been involved in overseeing the Group's Sustainability Policy and regularly attends ESG-related training, in FY2022 we went one step further by establishing a dedicated function under the purview of the Group Chief Strategy Officer to oversee the implementation of the Group's sustainability roadmap.

For further information regarding our corporate governance practices, please turn to our Corporate Governance Overview Statement.

MOVING FORWARD

Looking ahead, we are cautiously optimistic regarding the Group's outlook for FY2023, premised on the steady economic recovery that is underway in tandem with Malaysia moving into the Transition to Endemic phase from 1 April 2022. There, however, remain several macroeconomic uncertainties that pose downside risks to this outlook. These include higher-than-expected inflation, a rise in interest rates and a weaker Ringgit and persistent supply chain disruptions and labour shortages, as well as an escalation in geopolitical tensions due to the ongoing Russia-Ukraine conflict.

Nevertheless, we will remain vigilant during this period in which risks surrounding COVID-19 appear to be muted and will also take the necessary steps to reduce the impact on our investments from rising interest rates. To increase revenue, our reinsurance and retakaful arm plans to expand and diversify its overseas portfolio into high-potential markets and increase participation in new segments such as Managing General Agents ("MGA") and Cyber. The takaful side of the business will continue to explore new innovative distribution opportunities, strengthen its bancatakaful relationships and expand its agency network.

"The Group will also continue to be focused on driving digitalisation and innovation to achieve lower operational costs over the long run and help improve customer service excellence. Ensuring that we continue to support, develop and engage with our greatest asset, our human capital, will also be crucial in ensuring our sustained resilience."

MNRB is also cognisant of the higher frequency and increasing severity of climate disasters and recognises that we are in a position to make a positive contribution to combating climate change. Looking ahead, we will strengthen product and service offerings that support the development of renewable energy, in particular, wind, hydro and solar energy. In addition, we expect to firm up our own commitment to reducing our carbon footprint and supporting our cedants and participants in their transition to carbon-neutral positions. In the meantime, we will continue to support initiatives to expand coverage for solar panels and electric vehicles via our involvement in the proposed ASEAN Green Energy Pool.

ACKNOWLEDGEMENTS

In closing, on behalf of the Board of Directors, I would like to extend our gratitude to our valued shareholders for their loyal support, trust and confidence in MNRB. We are grateful that you have persevered with us during the challenges we have faced in the past year. I would also like to thank our customers, business partners, ceding companies and intermediaries for their continued support. We truly value your commitment to our company, and we look forward to more collaborations in the future. To the regulators and industry associations, we are grateful for your guidance and we will work towards enhancing the good working relationships we have with you.

To my fellow Board of Directors, I thank you for the collective wisdom and counsel that has helped the Group and the Management Team navigate what has been yet another challenging year. Your advice and counsel have been most instrumental in helping us to stay the course. I am also deeply appreciative of the commitment and dedication demonstrated by the Management Team and employees of MNRB in striving for excellence year after year. Your resilience and commitment are admirable, and I have to say, we certainly owe our success to your efforts.

It fills me with pride that our people have the tenacity and resolve to deliver results despite challenging times. I believe that the MNRB Group will continue to remain resilient in the years ahead and we will strive to do our utmost to maintain our position in the reinsurance and takaful arenas by continuing to invest strategically in our people, platforms and partnerships to ensure sustainable growth. I hope that our stakeholders will continue to grant us their support, as we work together to overcome challenges and make the most of opportunities that come our way.

On behalf of the Board,
Datuk Johar Che Mat
Chairman
15 June 2022

Economic and Industry Review and Prospects

THE ECONOMY

2021 in Review

The year 2021 was another difficult period with the continuing COVID-19 pandemic, mitigated by the various vaccination and booster programs, but challenged by several stronger mutations of the virus. The global economy nevertheless rebounded in 2021. The International Monetary Fund ("IMF") report indicated real Gross Domestic Product ("GDP") grew by 6.1 percent (2020: -3.1 percent). The diffusion of vaccines – although uneven especially between Advanced Economies (AEs) and Emerging Market Economies (EMEs), due to differences in access to COVID-19 vaccines and the progress of domestic vaccination programs– has played a major role in uplifting the containment measures and widening the normalisation of socio-economic activities. This resulted in stronger demand for products and services, especially from AEs, which however, were flustered by labour shortages and supply chain disruption, resulting in supply bottlenecks. The pandemic-induced demand-supply mismatches resulted in higher inflationary pressures in the second half of 2021.

Malaysia's economic growth mirrored that of the global economy; Malaysia's real GDP increased by 3.1 percent in 2021 (2020: -5.6 percent). Despite the phases of containment measures imposed in 2021, especially in the first half of the year, the impact was less severe than in 2020 due to the expertise of the Ministry of Health and other government agencies in allowing many more critical economic sectors to operate. Some of the gaps have been mitigated by the adoption of digitalisation, remote working arrangements, and increased automation. However, due to physical restrictions and constraints on operating capacity, several sectors, such as tourism-related industries and construction, took longer to recover.

In line with the significant progress of the domestic vaccination programme, the government decided to gradually ease the containment measures beginning in mid-August, causing domestic demand to improve and unemployment to decline. Private consumption increased by 1.9 percent in 2021 (2020: -4.3 percent), due to higher employment and earnings. Despite this, headline inflation increased to 2.5 percent in 2021 (2020: -1.2 percent), owing primarily to higher fuel price increases. Various policy initiatives, such as Bantuan Prihatin Rakyat ("BPR") and targeted financing assistance, remained in place to assist affected households, particularly the lower income group. The Overnight Policy Rate ("OPR") was kept at a historic low of 1.75 percent throughout the year to support the economic recovery.

Prospects

The IMF forecasts GDP growth of 3.6 percent in 2022. The global economy is likely to continue to improve as countries gradually return to normalcy, but uncertainty remains. The main adverse risk is the emergence of severe and vaccine-resistance variants of the COVID-19 virus, which could lead to another cycle of containment. Other downside risks include higher-than-expected inflation, increasing supply chain disruption, more persistent labour shortage, and the escalation of geopolitical tensions such as Russia-Ukraine, among others, all of which might derail the economic recovery.

In 2022, Malaysia's GDP is expected to increase at a rate of 5.3 percent to 6.3 percent. The rebound of the private sector, aided by improved labour market conditions, is likely to be the key engine of domestic development. Private consumption is expected to rise by 9.0 percent (2021: 1.9 percent). Private investment is predicted to rebound by 5.3 percent (2021: 2.6 percent) as a result of expansion in global demand and expeditious project implementation.

The Monetary Policy Committee (MPC) is aware of potential risks, notably in achieving a balance between anticipated growth and inflation. As a result, the MPC will be on the lookout for opportunities to accommodate and support the situation.

THE INSURANCE INDUSTRY

2021 in Review

The global premium in both Non-Life and Life insurance industry shows remarkable resilience to COVID-19, with an estimated increase of 3.4 percent in 2021. This was mostly due to an increase in risk awareness among both individual and corporate consumers. Non-Life insurance premiums are expected to rise by 3.3 percent globally in 2021, owing to improved performance of personal lines and better pricing in commercial lines portfolios. On the other hand, global Life insurance premiums are expected to rise by 3.5 percent in 2021, driven primarily by the advanced markets, whilst the emerging markets falling below trend. These were mainly attributed to consumers' increased risk awareness, aided by stronger stock market performance.

In 2021, the general insurance industry in Malaysia increased by 4.6 percent. General insurance premiums increased by 3.1 percent to RM15.7 billion, while the general takaful contributions increased by 11.4 percent to RM3.8 billion, attributed to

Economic and Industry Review and Prospects

Malaysia's economic growth mirrored that of the global economy; Malaysia's real GDP **increased by 3.1%** in 2021 (2020: -5.6%)

General insurance premiums **increased by 3.1% to RM15.7 billion**, while the general takaful contributions **increased by 11.4% to RM3.8 billion** in 2021.

increased contributions from Motor portfolio. Motor remained the largest portfolio in both the general insurance and takaful industry in 2021, with a market share of 55.4 percent (2020: 57.5 percent), despite a brief fall due to lockdown restrictions and global shortages for vehicle's chips and parts.

In December 2021, Malaysia was devastated by the worst flood in decades, resulting in estimated losses of RM6.1 billion, which included public assets (33.0%), houses (26.0%), commercial sectors (25.0%), and vehicles (16.0%). Despite this, only RM2.2 billion was covered by insurance or takaful, indicating that flood risk is still significantly underinsured. The main reason for this was a lack of awareness, despite the wide variety of products available in the market.

Meanwhile, the Life insurance market continued to prosper with a double-digit growth of 12.4 percent in new business premium to record RM12.8 billion in 2021. The growth was mainly driven by investment-linked portfolio, which recorded a strong increase by 31.2 percent to RM6.6 billion in 2021 (2020: RM5.0 billion). However, this was partly offset by a 17.3 percent decline, to RM2.1 billion, of the traditional insurance new business premium. The Family Takaful market, on the other hand, recorded a stronger growth of 29.1 percent to RM 8.1 billion, primarily contributed by traditional takaful certificates.

The insurance and takaful industry played a vital role in assisting policyholders and participants throughout the year and the demanding phase that followed. This includes initiatives of the COVID-19 Test Fund, COVID-19 Relief Measures and Flood Relief Measures. There were also additional initiatives on waivers, deferments and restructuring of premiums and contributions payment, that were offered to lessen the burden of policyholders and participants who were financially impacted by the pandemic.

Prospects

The global insurance industry is predicted to expand by 3.3 percent in 2022 and 3.1 percent in 2023, as a result of the increasing risk awareness, arising from the impact of the pandemic. The continuation of rate hardening in commercial lines is expected to support the global Non-Life insurance premium annual growth of 3.5 percent over the next two years. The global Life insurance premium is expected to expand by 2.9 percent and 2.7 percent in 2022 and 2023, respectively. New COVID-19 variants, on the other hand, provide a downside risk, potentially leading to further containment measures and higher fatality and mortality rates.

The domestic insurance and takaful sectors are expected to remain steady and resilient in 2022. An increase in insurance premiums and takaful contributions was predicted as a result of increased public awareness, supportive government initiatives, resumption of activities, and economic recovery. On the other hand, lessons from 2021, reflected a significant transformation for the insurance and takaful industry, particularly in terms of technology and digitalisation. Utilisation of big data, virtual assistants, cloud technology, artificial intelligence, and robotic processing automation will become more prevalent. Bank Negara Malaysia ("BNM") is preparing for a regulatory framework for digital insurers and takaful operators, which is expected to be finalised in 2022. It envisions to attract new digital insurers and takaful operators to provide innovative solutions which address protection gaps, whilst providing services with lower costs and enhancing customer experience.

Moving forward, the increased frequency and severity of climate disasters necessitate immediate action by all parties toward long-term solutions. Actions to address these concerns are being scaled up under the Agenda for Sustainable Development. Among the goals are for global communities to reduce human-caused emissions of carbon dioxide (CO2) by about 45.0 percent from 2010 levels by 2030, reaching net zero around 2050. The insurance and takaful industry are expected to scale up support and contributions to the sustainability objective as well.

The future is everything but dull for the insurance and takaful industry.

Management Discussion & Analysis

Dear Valued Shareholders,

I am pleased to report that the MNRB Group demonstrated resilience in delivering on its value creation objectives throughout what was a challenging year. Besides recording contributions growth across all entities, the Group made further progress in implementing its strategic objectives to ensure the long-term sustainable growth of the organisation. In addition to fulfilling our business goals, we responded swiftly to the needs of our cedants and participants during the pandemic and the Great Malaysian Flood.

Zaharudin Daud
President & Group Chief Executive Officer

OUR STRATEGIC PRIORITIES

The MNRB Group operates within the insurance industry through three entities, namely the national reinsurer, Malaysian Reinsurance Berhad ("Malaysian Re"), and the Takaful IKHLAS franchise, which represents family takaful, Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family") and general takaful, Takaful Ikhlas General Berhad ("Takaful IKHLAS General"). Due to the differing nature of the reinsurance and takaful businesses, we have created tailor-made strategies within each business to enable sustained and meaningful growth. Thus, while we have set out overall strategic priorities to accomplish as a Group, we are also concerned with implementing the right strategies for each business to continue to be successful.

At the Group level, we have seen the completion of the first phase of the Group Office Transformation ("GOT") initiative, the establishment of a Customer Experience Management unit and ongoing digitalisation efforts in FY2022.

“We also remain committed to bolstering customer experience by understanding various customer journeys through the customers’ eyes in order to ultimately provide a seamless engagement with us.”

The GOT initiative encompasses the modernisation of our workspaces and acts as a brand and building refresh that will also facilitate more flexible and dynamic work-life practices among our employees. We also remain committed to bolstering customer experience by understanding various customer journeys through the customers’ eyes in order to ultimately provide a seamless engagement with us. Further to this, we are constantly leveraging digitalisation to open up new opportunities for business outreach, simplify operations, and optimise costs.

At the subsidiary level, Malaysian Re is the Group’s main revenue contributor and in FY2022, we continued with the implementation of our Business Remodelling exercise to accelerate growth and further improve the sustainability of our profitability. This exercise targets several key objectives, including diversification of the business portfolio, accelerated growth of non-traditional segments, active capital management to support business growth, process improvements and comprehensive human capital capacity building.

The diversification of our business portfolios is deliberate and intended to stabilise Malaysian Re’s overall profitability, via balancing of the treaty and non-treaty portfolios and accelerating growth of non-conventional segments for more sustainable business value.

All in all, the objectives of the Business Remodelling exercise are critical in ensuring the continued sustainability of Malaysian Re’s business, and we have also ensured that our capital position is robust enough to meet the planned growth trajectory. In March 2022, the Group issued a Subordinated Medium-Term Notes (“MTN”) of RM50 million under our RM250 million Subordinated MTN Programme that was first established in 2013. In addition to addressing the capital requirements of our expected growth trajectory under the Business Remodelling plan, the proceeds from this issuance will be used to strengthen Malaysian Re’s capital in view of the 21.4% growth in Gross Premiums recorded in FY2022.

As for our Takaful IKHLAS entities, the Family and General Takaful businesses aim to expand takaful penetration and increase our market share by improving productivity, increasing our outreach to customers and enhancing customer service excellence. Our strategies to improve productivity include strengthening our Agency capabilities and the continued deployment of digital capabilities to optimise our operations. Digitalisation will be key to driving enhanced customer experience and loyalty with the introduction of data analytics and improved engagements via online channels and other touchpoints. To support efforts to drive greater takaful penetration, we will continue to leverage on our bancatakaful partnerships that provide us access to much wider audience and utilise our digital capabilities to forge new alliances with data-rich strategic partners.

Management Discussion & Analysis

Digitalisation

One of the key initiatives under the Group Transformation Programme ("GTP") is digitalisation of our value-chain. We have continued investing in this area as we believe that digital enablement will create significant value for our businesses. Digitalisation will not only enable increased revenue, but also help the Group optimise costs and operations, improve the user experience and enhance MNRB's brand image.

A key output in FY2022 was the development of the 'GO by Takaful IKHLAS' digital ecosystem, representing a new sub-brand for Takaful IKHLAS and creating a platform that contains all our digital offerings that address the needs of specific business verticals and target segments. These include:

GO partner by Takaful IKHLAS	Digital application for the agency channel to facilitate all its business needs and interactions with end customers.
GO financial by Takaful IKHLAS	Digital application that facilitates seamless transactions and operation of the takaful business by our bank partners.
GO connect by Takaful IKHLAS	First open Application Programming Interface ("API") takaful feature in Malaysia that enables partners to integrate Takaful IKHLAS' products and services into their platforms via API integration.
GO direct by Takaful IKHLAS	A straight-through processing platform that allows end customers to participate in certain products directly via Takaful IKHLAS' website.
GO serve by Takaful IKHLAS	A digital DIY platform for end customers to request services. Currently, it allows customers to submit general and family takaful claims and inquire about the status of their submissions in real time.

With our holistic approach towards digitalisation, the Group has also focused on improving our back-end operations through robotic process automation ("RPA") and workflow automation of our manual processes. More than 20 RPA projects were implemented across the Group in FY2022 to improve employee productivity, increase efficiency and reduce turnaround times ("TATs"), all of which led to enhanced customer experience.

Looking ahead, the Group plans to enable our agents to issue takaful certificates, provide e-learning to potential customers and even assess and submit claims through the GO Partner app. We are also looking into revamping our direct sales channel via the Takaful IKHLAS website and digitalising the claims processing of our general and family takaful businesses, which will save time and money. To improve marketing and customer acquisition, we are gearing up to adopt digital tools such as advanced data analytics and machine learning so we can better analyse and use customer data.

GROUP PERFORMANCE

Despite the challenging operating environment, the Group recorded a 15.4% growth in Gross Written Premiums and Gross Takaful Contributions to RM3.0 billion as compared to RM2.6 billion recorded in the previous year. The strong performance was mainly driven by solid growth in the international business segment and domestic treaty business.

For the year under review, the Group recorded revenue of RM3.3 billion, an increase of 17.9% as compared to RM2.8 billion reported in the previous financial year due to higher gross premiums/contributions generated by the reinsurance and takaful subsidiaries. The strong top-line growth was also aided by the growing awareness among consumers of the importance of having takaful protection, which was further supported by the efforts of our strong agency force.

The Group recorded a **15.4%** growth in Gross Written Premiums and Gross Takaful Contributions to **RM3.0 billion** as compared to **RM2.6 billion** recorded in the previous year.

The Group recorded a revenue of **RM3.3 billion**, an increase of **17.9%** as compared to **RM2.8 billion** reported in the previous financial year due to higher gross premiums/contributions generated by the reinsurance and takaful subsidiaries.

However, the Group recorded a lower net profit of RM114.4 million for the financial year ended 31 March 2022 compared to RM189.5 million reported in the previous financial year. The 39.6% decrease was attributed to lower net investment income due to lower fair value gains on investments and lower income from reinsurance operations following the Great Malaysian Flood that occurred in December 2021.

Notwithstanding the challenges, the Group continued to remain resilient and focused on strengthening the organisation. During the year under review, our reinsurance and retakaful business, Malaysian Re, pursued a portfolio expansion strategy and penetrated new growth segments to sustain its competitive advantage.

Meanwhile, Takaful IKHLAS Family continued to introduce a wide range of products to remain relevant to consumer needs, particularly for those in the lower-income bracket. In addition to new product launches, Takaful IKHLAS General focused on building and strengthening partnerships, including a collaboration to develop protection plans for those involved in the agricultural sector. We also leveraged technology to improve efficiency and enhance customer experience.

As part of our efforts to serve our target customers better, the MNRB and Malaysian Re website underwent a revamp to provide more relevant and comprehensive information and create a refreshed look. The makeover of the Takaful IKHLAS website is also ongoing to provide our retail customers with an improved customer experience. A key plank of this will be the new and improved Web Transaction Platform where customers will be able to participate in our takaful products effortlessly.

PERFORMANCE BY BUSINESS SEGMENT

Reinsurance/Retakaful Business

21.4% **growth in its Gross Premiums and Gross Contributions**

Gross Premiums and Gross Contributions

RM1.7 billion

as compared to RM1.4 billion recorded in FY2021

MRRD's retakaful business registered Gross Contributions amounting to

RM73.1 million

a 33.9% increase from the RM54.6 million recorded in FY2021

In FY2022, Malaysian Re registered a 21.4% growth in its Gross Premiums and Gross Contributions to RM1.7 billion as compared to RM1.4 billion recorded in FY2021, driven mainly by the solid growth in the international business segment and domestic treaty business. The international business experienced a 42.3% growth in Gross Written Premiums or RM256.5 million, while domestic market registered growth of 7.8% or RM64.2 million. Gross Premiums for the international segment grew mainly due to growth in the Proportional and Non-Proportional treaties. Higher Gross Premium from the domestic segment was mainly contributed by growth in conventional treaties and inwards reinstatement premiums from large losses.

However, Malaysian Re registered a 52.8% decline in net profit to RM62.8 million in FY2022 from RM133.1 million in the previous year. This decline was mainly due to the several major losses experienced, including from the Great Malaysian Flood in December 2021, which contributed to lower underwriting performance. Our net investment income recorded lower performance due to the underperforming equity market and sukuk impairments.

During the year under review, MNRB's reinsurance and retakaful arm expanded efforts to rebalance our treaty and non-treaty portfolios and pursued growth of non-conventional segments such as Managing General Agents ("MGA") and Cyber, as well as new international markets. In addition, Malaysian Re conducted a major review of its domestic treaties business to overcome the underperformance seen, particularly in recent years. Some of the steps we have taken, which went into effect for the April 2022 renewal, balance the amount of risk that we take on and the losses we incur in the event of a claim. They include initiatives like revisiting the current overriding commission structure and scaling down the number of lines to be ceded for more hazardous risk categories.

Reinsurance/Retakaful Business

Over the course of the year, Malaysian Re went on to establish RPA for Claims Management, enabling automatic updates of outstanding loss reserves received via the Claims Management Unit to the core system. This not only heightened data accuracy, but also enhanced employee efficiency.

As the national reinsurer and a key reinsurance player in the Asian region, Malaysian Re remains committed to enhancing market intelligence to ensure that the industry is kept abreast of the latest trends and developments. In line with this, Malaysian Re continued to publish the latest editions of the Malaysian Insurance Highlights and the ASEAN Insurance Pulse.

On 9 December 2021, the financial strength of Malaysian Re was reaffirmed by international rating agency A.M. Best with a financial strength rating of 'A-' (Excellent) and an Issuer Credit Rating of "a-". A.M. Best also confirmed the outlook for both ratings as Stable. The ratings reflect Malaysian Re's balance sheet strength, which A.M. Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

In addition, on 20 January 2022, Fitch Ratings reaffirmed Malaysian Re's insurer financial strength rating of 'A' (Strong) with a Stable Outlook. The affirmation reflects Malaysian Re's 'Very Strong' capital buffer and sustained financial performance.

In FY2022, Malaysian Re Retakaful Division (MRRD)'s retakaful business registered gross contributions amounting to RM73.1 million, a 33.9% increase from the RM54.6 million recorded in FY2021. This was mainly attributed to the business growth which led to the increase in Minimum Deposit Premium ("MDP") for MRRD General retakaful business, as well as higher adjustment and reinstatement contributions. MRRD's net profit also increase by 80.0% to RM15.3 million in FY2022 as compared to RM8.5 million previously, attributable to the higher underwriting surplus.

Family Takaful Business

Takaful IKHLAS Family recorded an improvement of

3.8%

in its Gross Contribution to RM713.8 million from RM687.5 million registered in FY2021

Takaful IKHLAS Family's net profit grew by

57.9%

to RM30.8 million from RM19.5 million in the FY2021

In FY2022, Takaful IKHLAS Family recorded an improvement of 3.8% in its Gross Contribution to RM713.8 million from RM687.5 million registered in FY2021. This was mainly driven by its bancatakaful businesses via its credit-related segment. Takaful IKHLAS Family's net profit grew by 57.9% to RM30.8 million from RM19.5 million in the previous year. The improvement in net profit was also partly due to a favourable deferred tax recovery.

During the year under review, Takaful IKHLAS Family launched several new products, as follows:

- Agro Fatih-i: A new advisory product in collaboration with Agrobank that provides medical protection and income replacement.
- IKHLAS Cancer Rider: Additional benefits to protect participants and families from the burden of cancer treatment costs.
- SSPN-i Plus: A joint product developed via a strategic collaboration with Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN"), which provide a term cover for SSPN depositor parent and children.
- Perlindungan Tenang: Obtained BNM approvals for the Perlindungan Tenang product range, which is currently distributed by our bank partners.
- M-Kasih Prihatin: A new product exclusively distributed via our partnership with Bank Muamalat Malaysia Berhad ("BMMB") for BMMB customers. This aims at providing financial security to customers in the event of death/disability due to natural causes.

With the implementation of the RPA for Hospitalisation Income Benefit ("HIB") and Immediate Death Expense ("IDE") claims, claims settlement processing time has been reduced, from 10 working days to just 48 hours. This in turn improved Takaful IKHLAS Family's Net Promoter Score ("NPS"), with more than 80% of Takaful IKHLAS Family customers rating the claims process as 'Good to Excellent' as part of the Customer Satisfaction Index.

To enhance efficiency and sustain our competitive edge, the GO-Prime Mobile Application for e-Submission was introduced with the aim of encouraging our agents and bancatakaful distributors to leverage mobile platforms to facilitate paperless new business transactions and the subsequent submission processes.

Being constantly focused on providing value-added services to our customers, we engaged in collaborations with various institutions and agencies, to promote our products and services, such as our IKHLAS Idaman scheme. The IKHLAS Idaman is a takaful protection scheme for members and employees up to their retirement age, with affordable monthly contribution deductions. The scheme serves as added protection and provides retirement savings for members (mainly those in the B40 category).

Moving forward, the Family Takaful business will remain on a growth trajectory, with improvements expected in takaful penetration rates, leveraging digitalisation and technology. Takaful IKHLAS Family strives to strengthening its relationships with its agency force and introduce relevant products and promotions.

General Takaful Business

Takaful IKHLAS General's net profit grew by

20.1%

to RM32.9 million from RM27.4 million in the FY2021

Takaful IKHLAS General recorded

10.1%

growth in its Gross Contribution to close at RM516.1 million from RM468.8 million registered last year

In FY2022, Takaful IKHLAS General recorded a 10.1% growth in its Gross Contribution to close at RM516.1 million from RM468.8 million registered last year. This came on the back of the significant increase in all classes of business, especially the Motor and Personal Accident ("PA") classes. Meanwhile, Takaful IKHLAS General's net profit improved by 20.1% to RM32.9 million in FY2022 from RM27.4 million in FY2021, mainly driven by higher Wakalah Fee income and better expense management, as well as the share of Surplus distribution.

During the year under review, several new products were introduced:

- **IKHLAS Long Term Fire Takaful**: Provides coverage against losses and/or damage to buildings due to fire, lightning and covered perils. Packaged together with IKHLAS Mortgage Reducing Term Takaful for Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA"), the coverage period for this takaful is based on the financing period as agreed between the takaful participant and the financier.
- **Bantuan IKHLAS Supreme Takaful**: Provides Roadside & Car-Breakdown Assistance with unlimited towing distance and no additional charges for services rendered. It also covers taxi and hotel accommodation expense and additional compensation in the event of bodily injury, death or permanent disablement of the driver and/ or passenger(s), if the covered vehicle involved with an accident.
- **IKHLAS SME Protect**: A comprehensive takaful coverage for small and medium enterprises ("SMEs") that provides protection for businesses.

Takaful IKHLAS General also continued to focus on building strong partnerships. It collaborated with an insurtech company, which enabled the distribution of affordable PA coverage for travel purposes. Currently, Takaful IKHLAS General provides short-term PA coverage for bus commuters.

We also strengthened our partnership with Universiti Sultan Zainal Abidin ("UniSZA") by jointly developing the Crop Micro Takaful Scheme, which protects paddy farmers against financial losses due to perils such as windstorms, tempests, floods, droughts and dry spells. The development of the IKHLAS Crop Micro Takaful Scheme aims to help smallholder farmers escape the poverty trap and protect their income and productive capacity, as well as provide financial relief via a structured social safety net.

To ease the claims process for our customers, we implemented the RPA for Windscreen and Own-Damage vehicles claims with estimates not exceeding RM5,000. This led to improvements in the claims settlement process, with the TATs reduced from three working days and seven days, respectively, to just 24 hours. An RPA implementation was also deployed for the Flood Virtual Interactive Process ("VIP") for cases below RM10,000, which was timely, and served to ease the hardships faced by our customers in the aftermath of the floods in December 2021.

In addition, we introduced the GO Partner app to enhance the service levels among Takaful IKHLAS General's agents by facilitating their business process, from creating quotations to providing digital claims services to their customers. We also ensured that the Partner's API Portal offered hassle-free digital onboarding and API integration for partners within a single web platform.

Takaful IKHLAS General also introduced Virtual IKHLAS Points to enable greater and more effective outreach to our agents and customers in various locations without the need for brick-and-mortar branches. There are currently Virtual IKHLAS Points, comprising dedicated managers, who leverage on the GO ecosystem in Temerloh in Pahang, Manjung in Perak, Batu Pahat and Segamat in Johor and in Penang.

Despite the challenging global economic environment, the takaful industry is moving forward from a position of strength, with more focus on innovative retail bancatakaful products and other product types to meet the evolving needs of customers, as well as to increase market penetration in order to reach out to untapped market segments.

BUSINESS RISKS AND MITIGATION STRATEGIES

At MNRB, we recognise that the introduction of new products and services to meet our customers' evolving needs will potentially expose us to a wide range of risks. Hence, risk management is a continuous process and we conduct this via a risk framework that identifies, measures and mitigates these risks. As per Bursa Malaysia's disclosure requirements, these key risks and mitigation strategies are disclosed in the Financial Statements on pages 251 to 316 of this Annual Report.

MOVING FORWARD

Moving into FY2023, the Group is heartened to note that Malaysia entered the transition to endemic phase from 1 April 2022, which bodes well for the sustained recovery of the economy. The local equity market is also expected to improve in anticipation of earnings recovery from improved economic conditions. With the increased momentum in business activities, coupled with higher reinsurance prices, the Group expects to see higher revenues from both our takaful and reinsurance businesses.

The Group is confident that, barring unforeseen circumstances, with its strengthened distribution channel and concerted efforts in executing its business plan, we will be able to achieve better results in the year ahead. We continue to see opportunities in the digital and online space as consumers become more receptive to transacting insurance and takaful through these channels. Greater risk awareness is also generating demand for more insurance protection.

Nevertheless, there are uncertainties arising from the possibility of new communicable diseases, inflationary pressures, rising interest rates and continued supply chain bottlenecks. The expected rise in interest rates, in particular, will affect the fair value of our investments as bond values fall. The ongoing Russia-Ukraine conflict also poses potential downside risks as it can trigger further geopolitical uncertainty. In addition, climate change and the natural disasters it produces continue to pose a risk because they make accurate risk modelling difficult.

The Group will continue its many initiatives under the GTP to strengthen the business unlock value. Chief amongst them would be the digitalisation efforts mentioned earlier as there is still a lot more to be done and a lot more potential for innovation. Also included is the Business Remodelling exercise of our reinsurance and retakaful businesses as it seeks to improve its business profile and manage its capital efficiency. For our takaful businesses, we will continue exploring the growth opportunities presented in the retail business through our agency and bancatakaful channels while ensuring an exceptional customer experience. Leveraging the principles of Value-Based Intermediation also provides an additional channel for growth that has the further benefit of helping to fulfil our sustainability aspirations.

The Group is also proactively preparing for the implementation of a new Malaysian Financial Reporting Standard (MFRS). Effective 1 January 2023, insurance and takaful providers will need to replace the MFRS 4 with MFRS 17, which aims to provide a comparable and consistent accounting model for insurance/takaful contracts that is applicable across the insurance/takaful industry. The Group has since created a formal project team to ensure the successful implementation of this new standard, and we have met key milestones such as the installation of the necessary systems, with testing of the systems and the analysis of the financial impact underway.

ACKNOWLEDGEMENTS

As it has been a challenging year, we are deeply appreciative of all who have stood by us. We are grateful for the continuous support of our shareholders, customers and business partners, as well as the communities in which we operate. On behalf of the MNRB Group, thank you for your patience, loyalty and confidence in our abilities. We are indeed grateful for your commitment to what we do and look forward to more opportunities to collaborate in the years to come. We hope that you will continue to put your faith and trust in us and we will strive to do our utmost to strengthen our relationships with all our valued shareholders, customers and partners.

I would also like to extend my thanks to my colleagues for their exemplary diligence, dedication and resilience during the past year. Your efforts to overcome the challenges we have faced are truly commendable. Thank you for being steadfast in your commitment to the company, we appreciate all your efforts and we are truly proud of your achievements.

We are also exceedingly thankful to our Board of Directors for sharing with us its insightful wisdom, which has been invaluable to us during trying times. Your support and guidance have been a beacon of light, enabling us to navigate our way out of the darkness. Moving forward, we will strive to remain resilient and we look forward to accomplishing long-term growth and delivering greater value to all our shareholders, partners and stakeholders.

Zaharudin Daud
President & Group Chief Executive Officer
15 June 2022

Group Code of Ethics

The Code promotes a culture of compliance, professionalism, ethical standards and responsible conduct among its Board of Directors (including Group Shariah Committee members), management, employees and stakeholders, as well as third parties, and discourages any conduct that may have an adverse impact to the Group. It makes references to the underlying Group policies and procedures, which offers specific ethical and legal guidance to assist the Group in making business decisions professionally, prudently and legitimately.

The purpose of this Code is to:
- Ensure compliance with the regulatory rules and regulations as well as all the internal policies and procedures;
- Uphold the reputation of the Group and maintain public confidence; and
- Uphold the highest standard of personal integrity and professionalism of MNRB Group.

1 The Foundations On How We Do Business As A Group

The Group runs its business based on:

i. Integrity, intelligence, care and professionalism;
ii. Equal opportunities and non-discrimination to all;
iii. Zero-tolerance on any type of harassment and violence;
iv. Safe and sound working environment;
v. Ethical internal and external communication;
vi. Proper dealing with confidential information; and
vii. Commitment towards sustainable development

2 MNRB Group's Stand Against Corruption

The Group has adopted a zero-tolerance approach against all forms of bribery and corruption. We are committed to conduct our business in accordance with all applicable laws, rules and regulations at the highest ethical standards. The Group has established its Group Anti-Bribery & Corruption Policy ("ABC Policy") to show its commitment in combatting corruption and to support the National Anti-Corruption Plan ("NACP") initiated by the Government.

3 Dealing with Stakeholders

The Group always act with the best interests of the Group and stakeholders in mind. In no way should a staff personally profit from transactions based on his/her role or position in the Group. Potential conflicts of interest should be avoided, either real or perceived.

The Group is committed to comply with the anti-money laundering and counter financing of terrorism rules and regulations by prohibiting and actively prevent any activity that facilitates money laundering and financing of terrorism.

As a responsible corporate citizen, we are committed to contributing to the well being of the people and the country. It is important that all Corporate Social Responsibility ("CSR"), sponsorships and donations are made in accordance with the Group policies.

Please refer to https://www.mnrb.com.my/about-us/corporate-governance/code-of-ethics for detailed information on the MNRB Group Code of Ethics.

Sustainability Statement

ABOUT THIS STATEMENT

The financial year ended 31 March 2022 ("FY2022") was another unprecedented period due to the ongoing COVID-19 pandemic, mitigated by the various schemes of vaccinations and boosters and challenged by several and stronger mutations of the virus. Despite this, we chose to focus on the positive aspects of life in the new normal as we transitioned to endemicity.

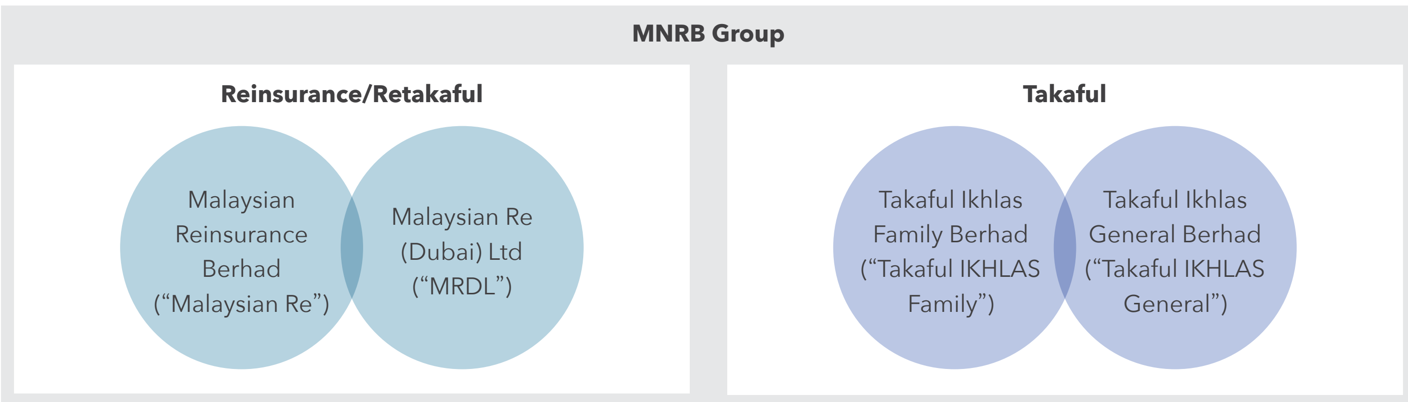
FY2022 also saw an increase in natural disasters, including the great Malaysian flood in December 2021 and several other events related to climate change. These resulted in casualties, displacements and damage that affected the lives and livelihoods of many.

The potential endemicity and increasing climate-related events have changed the landscape of many industries, including (re)insurance and (re)takaful. Thus, the MNRB Group aspires to continue seizing the opportunity to build a healthier, greener and more resilient economy and society. In continuing with our sustainability journey, the Group remains committed to balancing our economic performance with responsible environmental and social considerations across our entities. Our aim in our sustainability journey is to deliver sustainable performance and good stakeholder value while ensuring long-term value creation.

Scope

Our Sustainability Statement ("Statement") serves to disclose the progress of our sustainability initiatives, performance and achievements in FY2022, centred on the sustainability matters that we determined to be important through an extensive materiality assessment exercise.

This Statement covers the operations of MNRB Holdings Berhad and its subsidiaries (collectively referred to as the "MNRB Group" or "we" or "our" or "us"). Our sustainability policy and reporting approach are guided by the Sustainability Reporting Guidelines and tool kits issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Where applicable, comparable information from previous years has been included.



The MNRB Group is in the business of providing financial protection and risk management solutions to our customers so that they can return to their lives and livelihoods, as well as their health and wealth, after experiencing adversity and calamity. As an extension of the economy, we seek to balance social responsibility with the aspiration of sustainable prosperity.

The MNRB Group is involved largely with Shariah-compliant business through the Malaysian Re Retakaful Department ("MRRD"), the retakaful window within Malaysian Re, and the two Takaful IKHLAS entities. As a Shariah-compliant entity, the Group aligns our objectives with the Maqasid al-Shariah as we strive to deliver products and services that uphold *maslahah* (benefits) for and prevent *mafsadah* (harms) to all our stakeholders through our sustainability approach.

The term 'Maqasid Shariah' refers to the objectives and goals underlying the principles of Islam. The intended outcome of Maqasid Shariah is to provide a holistic perspective in the pursuit of universal well-being and the avoidance of harm. In simpler terms, Maqasid Shariah promotes the welfare of all humankind and prevents harm by preserving the Essentials of Shariah.

The Essentials of Shariah are deemed to be basic human rights and are necessary for each human being to live a decent life. The Essentials are the interests of each human being, and these interests are firmly protected by Islamic law. Anything threatening the interests of the Essentials should be avoided at all costs. There are five Essentials of Shariah:

1 **Protection of Faith**	Safeguarding the fundamentals of faith that regulate people's relationship with God Almighty and their relationships with each other. This includes upholding Islam as the official religion in Malaysia while allowing the practice of other religions, faiths and beliefs.
2 **Protection of Life**	Responsibility to protect, preserve and appreciate all living beings' right to live, including society, flora and fauna.
3 **Protection of Lineage**	Protection of lineage includes safeguarding the right to develop a proper and safe environment for the protection of our offspring and to enable them to be raised in a noble and respectful manner.
4 **Protection of Mind**	Preserving the human intellect (mentally and spiritually) from all that is harmful to ensure the harmony of every living being, whereas an unsound mind is the source of afflictions and ailments.
5 **Protection of Wealth**	Ensuring the steps to acquire, accumulate, preserve, purify and distribute wealth are legal and beneficial to all, without oppression and persecution.

Sustainability Highlights

The following snapshots illustrate the highlights of our achievements during FY2022 as the MNRB Group pursued its sustainability journey.

ASEAN Green Energy Pool

- Malaysian Re led the ASEAN Reinsurance Working Committee ("ARWC") to propose a key Sustainability initiative on Wind-farm/Green Energy Pool.
- The proposal is envisioned to draw participation from all ASEAN national reinsurers in the Wind-farm/Green Energy Pool.

Protégé and Community Empowerment Initiatives

- Protégé-Employability programme for fresh graduates. The Group employed 40 trainees onboard by December 2021.
- MNRB Scholarship Fund – an ongoing contribution to community, currently providing financial assistance to our scholars.

Perlindungan Tenang ("PT")

- Malaysian Re manages the Perlindunagn Tenang Voucher ("PTV") initiative to increase the insurance/takaful inclusion particularly among B40 Group.
- Takaful IKHLAS had introduced our PT products and will expand the coverages to benefit more participants under the VBI offerings.

Customer Experience- Customer Journey Mapping ("CJM")

- The CJM process identifies pain-points of customers engagement with Takaful IKHLAS and implement resolutions to the issues to improve customer experience.
- Good customer experience encourages continuous participation and ensure Financial Resilience of customers upon adverse event and business sustainability.

MNRB in FTSE4Good

- Sustainability investing elements via FTSE Russell's methodology had embedded Biodiversity, Climate Change, Pollution & Resources, Supply Chain and Water Use in the Environment assessment.
- MNRB Holdings was added into F4GBM Index in June 2021.

IKHLAS Barakah House ("IBH")

- IBH is a Shariah compliant platform to pool funds from various sources and to deliver positive and sustainable impact through impactful initiatives that benefit the society.
- IBH is a transition from the original IKHLAS Charity Fund, established in sync with the Value-Based Intermediation for Takaful ("VBiT") initiatives.

Group Office Transformation ("GOT")

- Malaysian Re undertakes the GOT with a pilot initiative for the relocation of Takaful IKHLAS General to newly-designed office which promotes environmental and economic sustainability.
- The Hybrid Working Arrangement (HWA) which supports the GOT initiative promotes employees' life-work balance towards enhanced productivity.

Digital and Innovation Initiatives

- Digital and Innovation strengthen digital ecosystem towards more environmentally friendly results – reduce printing and paper usage, improve connectivity and collaborations, etc.
- Reflects good governance and customer experience with data reliability and info accuracy.
- Enhance staff empowerment in reducing manual work and ensuring seamless process.

Additionally, in FY2022, despite the challenges posed by the pandemic, there was a 3.0% increase in the total of in-force participants who contributed to the Family and General Takaful funds compared to the previous year. Of the total participants, 78.0% were contributors to the General Takaful fund and the balance were contributors to the Family Takaful funds.

Over the same period, our takaful participants cooperated with and assisted their fellow participants who were in need. Takaful IKHLAS facilitated the settlement of the various claims that benefited our affected participants and enabled them to return to their normal lives and livelihoods and recover from the adversities they faced. These included:

- Death & PA Claims: In FY2022, Takaful IKHLAS paid an amount of RM171.7 million for death claims, assisting 6,888 families in recovering from the loss of loved ones.
- Motor Claims: During the year, Takaful IKHLAS settled an amount of RM144.9 million to alleviate the hardships of 33,000 participants involved in motor vehicle accidents.
- Fire Claims: During the same period, an amount of RM51.1 million was disbursed to 4,305 participants, which helped business owners and individuals to recover from fire and flood losses.

We also shared a portion of the surplus arising from the positive balance of our Takaful Risk Funds with eligible participants, based on the provisions of our Surplus Management Policy. Takaful IKHLAS General provided RM5.7 million of surplus distribution to 210,238 participants in FY2020 and RM5.1 million to 198,253 participants in FY2021. Meanwhile, Takaful IKHLAS Family distributed RM6.8 million of surplus to 854,948 eligible certificate holders in FY2020.

CONTINUING OUR SUSTAINABILITY JOURNEY

We believe that the sustainability of our business also contributes to our ability to identify and address environmental, social, governance and economic sustainability issues, which represent the risks and opportunities relevant to our business. During FY2022, we further transformed our sustainability journey to include the value-based intermediation agenda as propagated by Bank Negara Malaysia ("BNM") and Malaysian Takaful Association ("MTA").

Our enhanced Group Sustainability Policy further embeds references to relevant guidelines, guidance notes and good practices, including the update to the Malaysian Code on Corporate Governance ("MCCG"), which enhances Board leadership and oversight towards the integration of sustainability considerations.

We continue to adopt the United Nations' Sustainable Development Goals ("UN SDGs") as a guide for our Sustainability Approach, as we implement our sustainability agenda around the key themes of:

1 'Embracing a Sustainable Future' through:

- Fortifying the financial resilience of our stakeholders and strengthening our self-governance;
- Understanding our customer's expectations and facilitating excellent customer experience;
- Adapting technological innovation to enhance operational efficiency, strengthen business analytics, boost the reliability of our products and services and enrich customer experience;
- Providing specialised products and services for various segments of the market;
- Building long-term and mutually beneficial collaborations with valuable partners to expand our takaful outreach and ensuring the sustainability of the insurance and takaful ecosystem;
- Strengthening IT systems and protecting the confidential information of our stakeholders; and
- Upholding best practice corporate governance across the MNRB Group.

2 'Empowering Our People' via:

- Engaging with and nurturing our talents through continuous training, professional development and succession planning programmes; and
- Fostering the growth and professionalism of the local insurance and takaful industry through market training and scholarship programmes.

3 'Enriching Our Community' by:

- Contributing to the enhancement of the well-being of our communities through corporate social responsibility and value-based intermediation programmes; and
- Continuously mitigating environmental impacts arising from our business operations.

Sustainability Statement

Sustainability Approach

The MNRB Group approaches our sustainability roadmap in alignment with the recommendations of the UN SDGs, BNM's Value-Based Intermediation and MTA's Value-Based Intermediation for Takaful Framework.

Value-Based Intermediation ("VBI") is an intermediation function that aims **to deliver the intended outcomes of Shariah** through practices, conduct and offerings that generate positive and sustainable impacts on the economy, community and environment, consistent with shareholders' sustainable returns and long-term interests. The VBI's intended outcomes of Shariah focus on the enhancement of the well-being of the people through the preservation of wealth, faith, lives, posterity and intellect. In the context of Islamic financial business, the preservation of wealth goes beyond its literal meaning since it includes encouragement to generate, accumulate and distribute the wealth in a just and fair manner.

Value-Based Intermediation for Takaful ("VBiT") aims **to deliver the intended objectives of Shariah** through best practices, conduct and offerings that generate positive and sustainable impacts on the economy, the community and the environment, consistent with shareholders' sustainable returns and long-term interests. The ultimate intended outcome of implementing the VBIT agenda is to achieve Maqasid Shariah, within the ideals of economy, community and environment.

BURSA MALAYSIA

PSI Principles for Sustainable Insurance

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA

Sustainability Underpinning Thrusts

The MNRB Group has committed to the following underpinning thrusts to guide sustainability adoption across the Group to create positive value and sustainable impacts for our stakeholders.

UNDERPINNING THRUSTS

Financial Resilience	Community Empowerment	Good Self-Governance	Best Conduct
We are in the business of facilitating customers to be financially resilient, to withstand events that impact individual or business income and/or the value of assets or properties. The sustainability agenda is critical to ensure that the long-term financial stability and prosperity objectives are achieved.	We focus on empowering our employees via capability-building and talent upskilling to enhance their professionalism and resilience in managing their roles and responsibilities, at work, at home and in their community. We extend this to the industry's talents as part of ensuring the sustainability of the industry. Our sustainability agenda extends the support to elevate community empowerment via relevant products and value-based offerings to individuals within the communities, which will improve socio-economic positions.	We embrace good self-governance practices with the ability to effectively exercise all necessary functions of regulation without dependence on intervention by any external authority.	We aspire to adopt best conduct practices based on a set of prescribed guidelines or ethical principles that represent the prudent and effective course of action in any given situation with the clear purpose of bringing value to all our stakeholders. The best conduct practices shall be guided by the principle of doing the right thing, in the right way, with the right people, which will then lead to the best results.

Sustainability Statement

Implementation Strategy and Practices

The MNRB Group aligns our sustainability implementation approach with the United Nations Environment Programme Finance Initiative Principles of Sustainable Insurance ("UNEP PSI"), whereby all activities in the takaful and reinsurance/retakaful value chain, including interactions with stakeholders, are conducted in a responsible and forward-looking manner by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues. This aims to reduce risk, develop innovative solutions, improve business performance and contribute to environmental, social and economic sustainability.

We portray our commitment to delivering sustainability propositions in our corporate and business activities through the Corporate Value Intent ("CVI"). The CVI integrates the sustainability underpinning thrusts into our business operations, practices, conduct and offerings. This forms the basis for the formulation of all business strategies, operational models and corresponding policies established for managing the business.

Sustainability Roadmap

Our Sustainability Roadmap demonstrates the ongoing progress of our sustainability implementation action plan. For FY2022, the following actions were undertaken:

Group Sustainability Policy

The Group Sustainability Policy was enhanced to integrate considerations and implementation approaches recommended by several guidelines and best practice documents.

The Policy highlights the Group's recognition of the sustainability impacts of our business operations and thus focuses our activities on four key impact areas, namely Environment, Social, Governance and Economic sustainability.

The Policy adopts four underpinning thrusts, namely Financial Resilience, Community Empowerment, Good Self-Governance and Best Conduct, to guide sustainability adoption across the Group to create positive value and sustainable impacts for our respective stakeholders.

Integration of Sustainability Guidelines and Practices

During FY2022, the MNRB Group commenced the integration of sustainability initiatives into corporate and business operation activities. For this, we mainly aligned the integration with the recommendations of the UNEP PSI, summarised as follows:

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risks and develop solutions.

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

In FY2022, the focus of the sustainability integration activities was on Principle 1, and this will be an ongoing objective of our sustainability journey.

Moving forward, we aspire to capture further integration based on the UNEP PSI recommendations and to enhance our sustainability disclosures in alignment with the recommendations of the VBiT and the Task Force on Climate-Related Financial Disclosures ("TCFD").

SUSTAINABILITY GOVERNANCE

The MNRB Group's sustainability strategy and performance are continuously overseen by the Board of Directors and reinforced by the Risk Management Committee of the Board ("RMCB"), the Group Shariah Committee ("GSC"), the Group Management for Risk and Compliance Committee ("GMRCC") and the Sustainability Working Group ("SWG"). The membership and responsibilities of the SWG are set out in our SWG Terms of Reference.

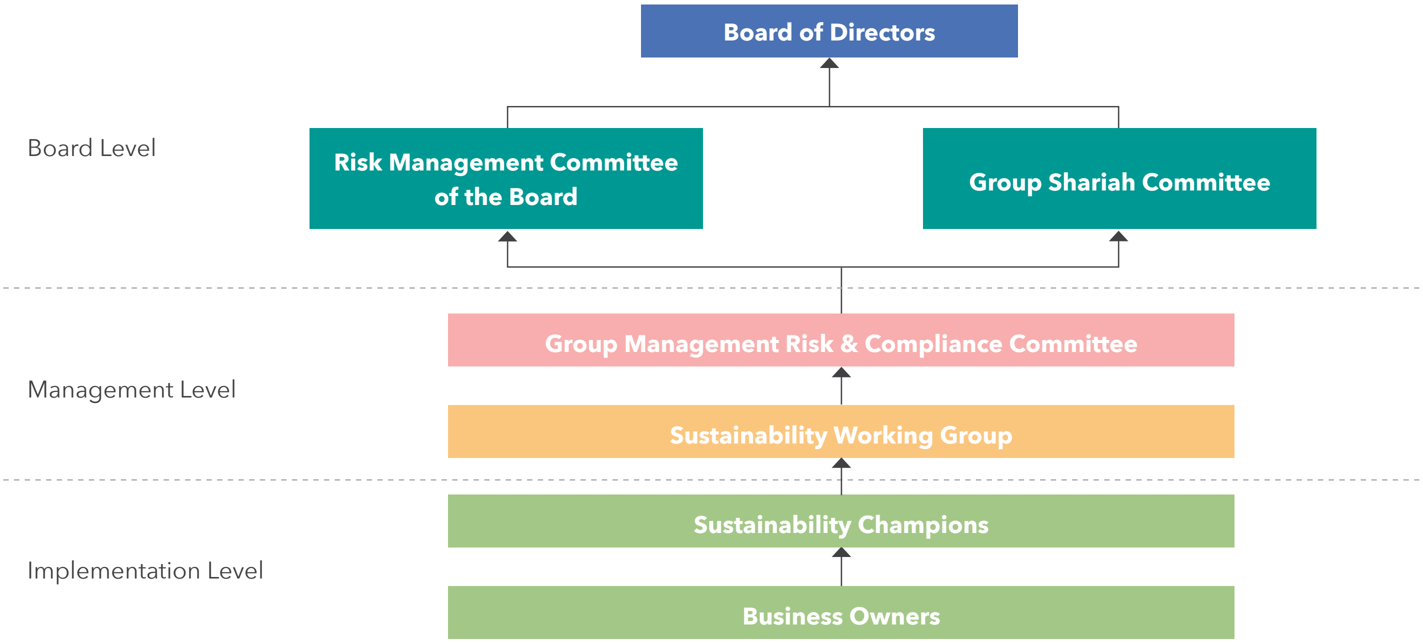


Diagram 1: Sustainability Governance

Roles and Responsibilities

Board of Directors
Accountable for the overall management of our corporate strategy and performance, considering the EES impacts relating to business operations.

Risk Management Committee of the Board
Oversees the delegation of duties by the Board relating to the implementation of strategies and overall management of sustainability matters.

Group Shariah Committee
Oversees the delegation of duties by the Board relating to the Shariah aspects of the implementation of strategies.

Group Management Risk & Compliance Committee
Assists the RMCB and Board in monitoring the implementation of strategies and oversees the process of identification, monitoring and management of sustainability matters.

Sustainability Working Group
Responsible for the identification of material sustainability matters, as well as for monitoring and reporting relevant measures and indicators, based on support provided by sustainability champions across various departments. The SWG provides progress updates on sustainability performance to the GMRCC and RMCB periodically.

Sustainability Champions
Identified catalysts of the sustainability integration effort, to align and coordinate commercial and operational activities with sustainability objectives.

SUSTAINABILITY MATERIALITY ASSESSMENT

The Group continues to adopt a structured approach to sustainability materiality assessment as recommended by the Bursa Malaysia Sustainability Reporting Guide. Over the course of FY2022, we performed an annual evaluation of our business conditions and reviewed our sustainability materiality assessment.

Our four-step approach to harmonising business needs with stakeholders' interests is summarised in ***Diagram 2*** below. Our aim is to annually evaluate our business conditions and decide whether to review our materiality assessment process.

STEP 1	STEP 2	STEP 3	STEP 4
Review Existing List of Sustainability Matters	**Impact Assessment**	**Stakeholders' Engagement**	**Validation & Approval**
Refer to both internal and external references such as business risks presented in the risk registers, emerging risks reported in the industry specific publications and international voluntary reporting standards.	Review the outcome of the Impact Assessment exercise to determine the significance of the sustainability matters to the business, by taking into account the degree of impact and likelihood of occurrence of events associated with/in the context of the identified sustainability matters.	Review the outcome of the Stakeholder Prioritisation Exercise to identify key stakeholder groups with a high level of influence and dependence on MNRB Group. Engage with our key internal and external stakeholder groups through surveys to gauge their views on the importance of each sustainability matter to the MNRB Group.	Present the outcome of the overall materiality assessment, i.e. the Materiality Matrix to the GMRCC and RMCB for deliberation and approval.

Diagram 2: Materiality Assessment Process

Stakeholder Prioritisation

The MNRB Group identified 11 key stakeholder groups that influence and are influenced by our value creation activities. The consideration of key stakeholder groups is reviewed every two to three years or upon significant changes to our business strategies. The last stakeholder prioritisation exercise was conducted in FY2021, and we decided to maintain the current stakeholder groups as their influence is still relevant to our current business position.

The stakeholder prioritisation is as portrayed in the matrix in ***Diagram 3*** below. The Board of Directors, Regulators/Government Bodies, Investors/Shareholders, Agents, Employees and Clients are perceived as key stakeholder groups with a high level of influence and dependence on the MNRB Group.

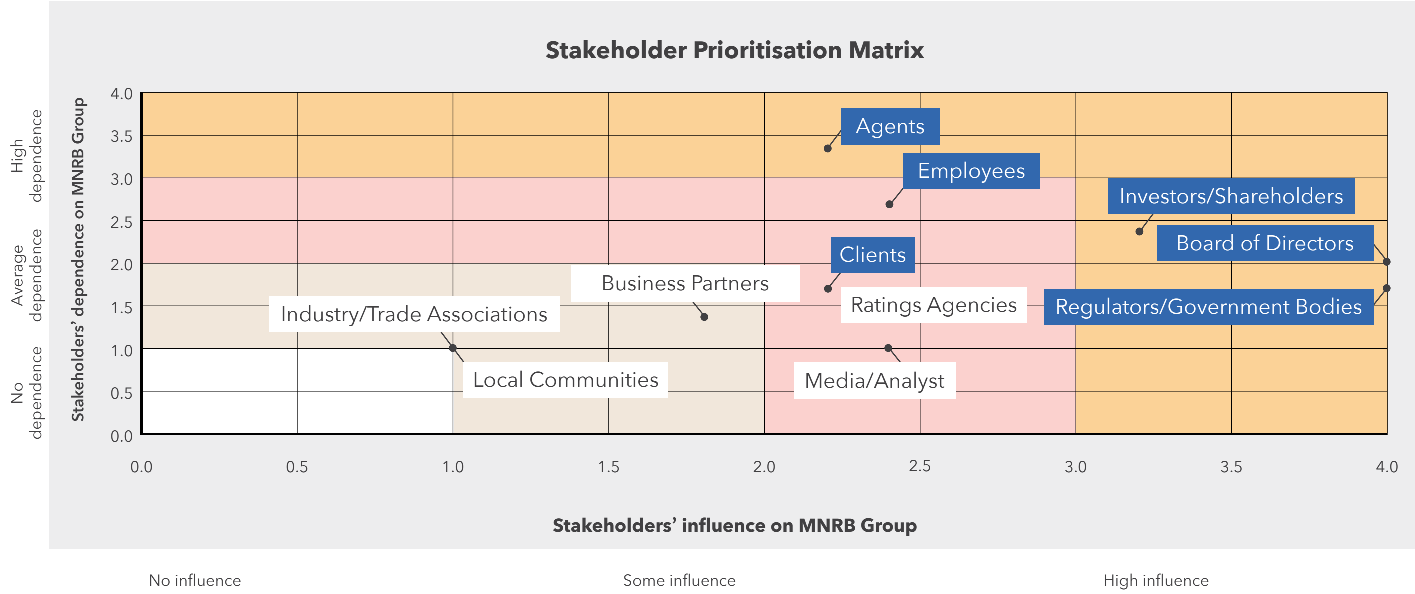


Diagram 3: Stakeholder Prioritisation Matrix

Sustainability Materiality Assessment

For FY2022, we maintained the prevailing 10 sustainability matters as they were still relevant. These were considered in the review of our materiality assessment, which resulted in several changes as illustrated in the table below.

CURRENT	RANK	PREVIOUS
Customer Satisfaction	1	Customer Satisfaction
Developing Talents	2	Technological Innovation
Responsible Products & Services	3	Responsible Products & Services
Business Ethics & Corporate Governance	4	Value-Based Collaboration
Technological Innovation	5	Developing Talents
Cybersecurity	6	Cybersecurity
Responsible Investment	7	Business Ethics & Corporate Governance
Value-Based Collaboration	8	Environmental Management
Environmental Management	9	Responsible Investment
Community Development	10	Community Development

Diagram 4 below illustrates our Materiality Matrix. **Customer Satisfaction, Developing Talents, Responsible Products & Services, Business Ethics & Corporate Governance, Technological Innovation, Cybersecurity and Responsible Investment** are our top seven material sustainability matters that are of high importance to our stakeholders and business. The efforts to manage and monitor the MNRB Group's performance in these areas are discussed in the subsequent sections of our Statement.

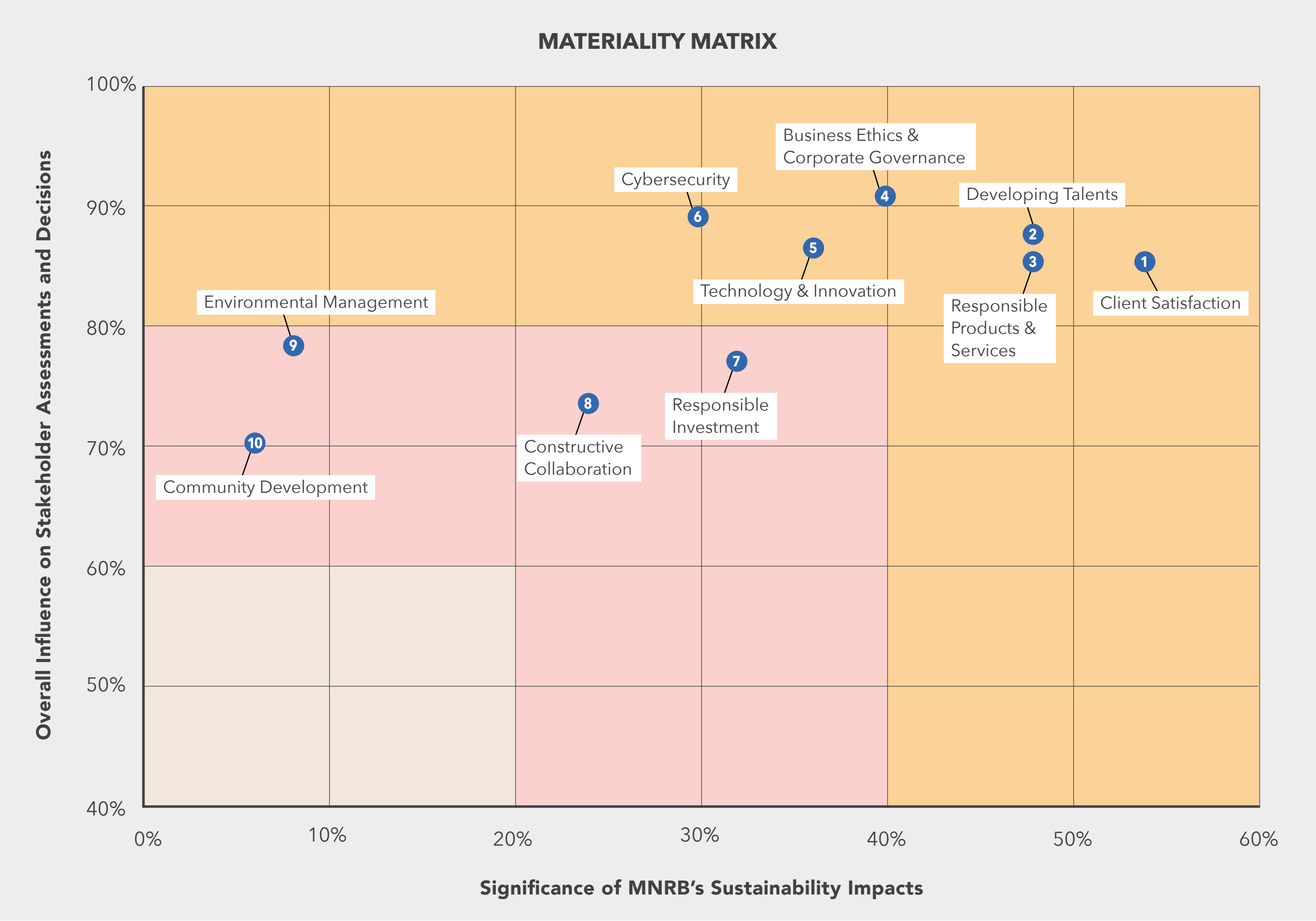
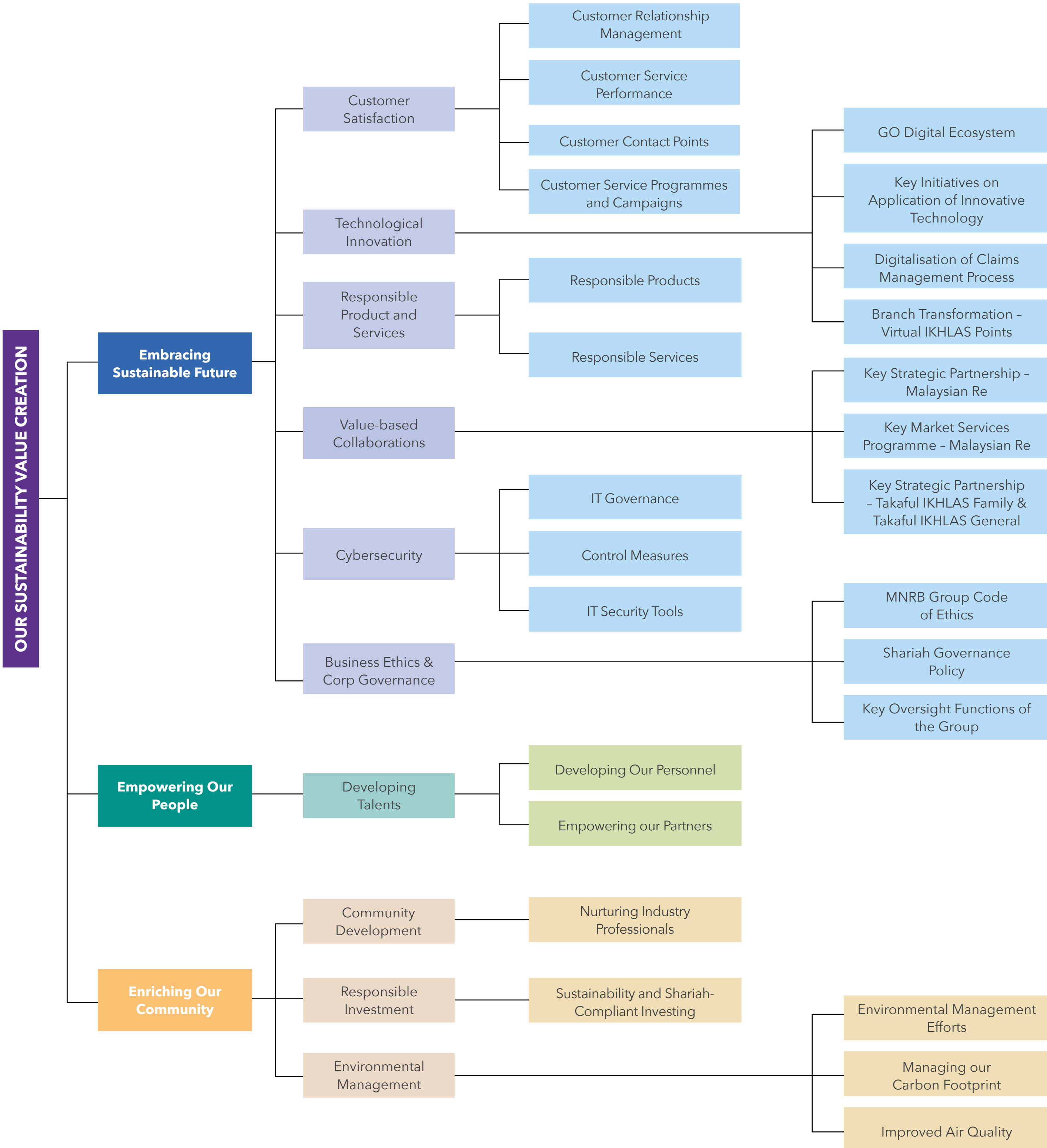


Diagram 4: Materiality Matrix

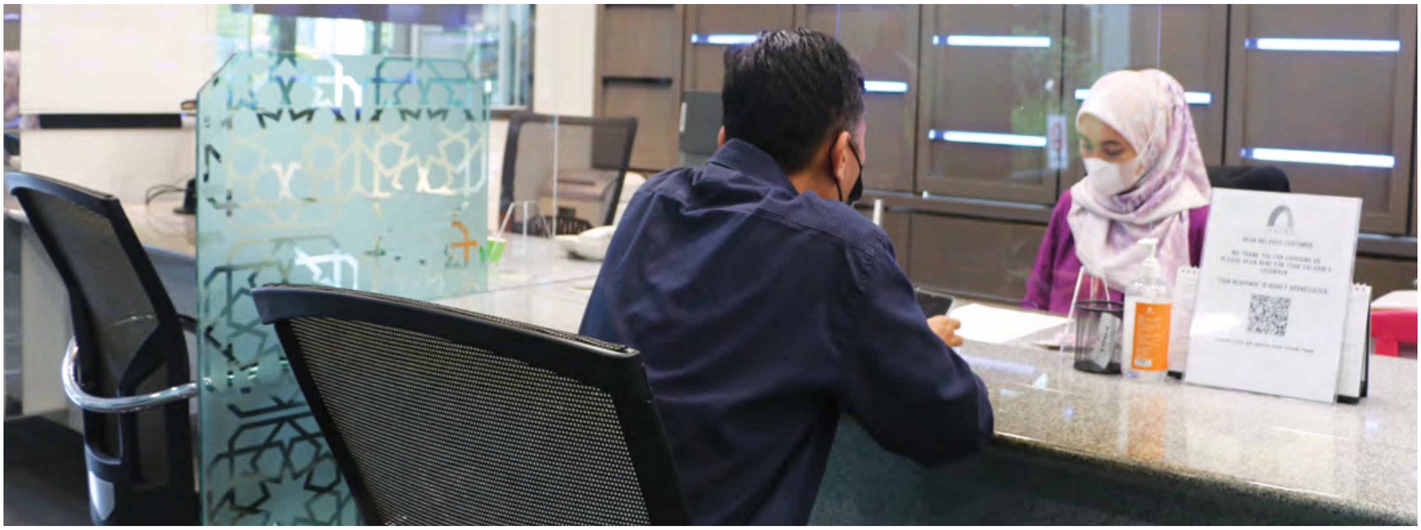
OUR SUSTAINABILITY VALUE CREATION

The overall view of our Sustainability Value Creation is illustrated below:



EMBRACING A SUSTAINABLE FUTURE

1 Customer Satisfaction | People | Process | Platform



We strive to deliver an excellent customer experience as we progress with our business growth and long-term sustainability objectives. We endeavour to continue to be responsible and responsive in providing solutions that cater to our customers' specific needs, including enhancing the value of the products and services we provide to our customers.

Customer Relationship Management

We treat customer satisfaction as an essential business factor via a dedicated Customer Relationship Management ("CRM") function within Malaysian Re and Takaful IKHLAS to attend to our customers' needs. For Takaful IKHLAS, enriching our customer experience is further strengthened by a single Customer Experience Management ("CXM") platform that provides an omni-brand experience at common customer touchpoints. We engage with our customers and stakeholders to better understand their expectations and improve customer experience.

Client touch-points across the MNRB Group

- Branch Offices
- Customer Call Center
- Email & Social Media

Other technological solutions used to enhance client interaction

Malaysian Re – Customer Relationship Management System	Takaful IKHLAS – Online Customer Account ("OCA") & Call Management System ("CMS")
A centralised customer management system deployed in Malaysian Re to facilitate customer data management while enabling the company to identify and address clients' needs in a more targeted manner.	An improved customer engagement system that helps Takaful IKHLAS to increase its touchpoints for client interaction.

At Malaysian Re, the Customer Relationship Management ("CRM") system has enabled the company to centralise its management of customer information and track customer relationship interactions relating to business development since its implementation a few years ago. It fosters strong relationships with customers and a better understanding of their needs on a broader basis.

At Takaful IKHLAS, our Customer Service Charter serves as key guidance in building lifelong relationships with our customers through positive customer experience. We endeavour to provide the requisite updates to enquiries and promptly address any complaints within our targeted turnaround time. Our complaints handling procedure is based on BNM's Complaints Handling Guideline.

Sustainability Statement

We continued our efforts to implement relevant awareness programmes for internal stakeholders and takaful participants, in line with BNM's Policy Document on Fair Treatment of Financial Consumers ("FTFC"). We aim to continuously uphold the FTFC's objectives to inculcate high standards of responsibility and professionalism in our business conduct, promote a culture where the interests of financial consumers are an integral part of our business strategies and operations, effectively manage our risk and provide confidence that we will always act fairly in our dealings with our customers.

Over the years, we have continued to incorporate our customers' feedback into the enhancement of our offerings to provide solutions that meet their needs. We believe that seamless customer experience is the main motivation that will drive customer loyalty and ultimately, purchasing decisions.

Customer Service Performance

i) The following table highlights the performance outcomes relating to the effectiveness of customer service at Takaful IKHLAS over the three-year financial period from FY2020 to FY2022.

COMPANY	ACTUAL TURNAROUND TIME ("TAT")			CORRECTIVE MEASURES TAKEN			REMARKS
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022	
Takaful IKHLAS Family	14 Days	14 Days	14 Days	15 Days	14 Days	13 Days	Close monitoring and follow-up with complaint handlers contributed towards better TAT
Takaful IKHLAS General	14 Days	14 Days	14 Days	5 Days	4 Days	4 Days	

Note:
The 12-month reporting period covered the months of April to March.

ii) The following table highlights the number of customer complaints received and resolved at Takaful IKHLAS over the three-year financial period from FY2020 to FY2022.

COMPANY	NUMBER OF COMPLAINTS RECEIVED			NUMBER OF COMPLAINTS RESOLVED			REMARKS
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022	
Takaful IKHLAS Family	105	143	62	100% resolved	100% resolved	100% resolved	We started to record First Contact Resolution ("FCR") complaints cases with effect from January 2020, hence the significant increase of complaints recorded in FY2021 as compared to FY2020.
Takaful IKHLAS General	61	61	29	100% resolved	100% resolved	100% resolved	A significant reduction in the number of complaints cases in FY2022 as the result of an improved complaints handling process and close monitoring by the oversight team and Senior Management.

Notes:
a. The 12-month reporting period covered the months of April to March.
b. Customer complaints were recorded during the reporting period and resolved within the TAT.

Customer Contact Points

During the year under review, as everyone adjusted to the routine of the Movement Control Order ("MCO"), Takaful IKHLAS continued reaching out to customers and the public, mainly via frequent updates on our enhanced website and social media platforms. Information on Takaful IKHLAS' products and services are available at www.takaful-ikhlas.com.my and we are accessible anytime via email at ikhlascare@takaful-ikhlas.com.my. These platforms also provide public service announcements on safety, health and well-being promotions to encourage customers to perform online transactions, as well as customer touchpoints and support. As we enhance our web functionalities, we expand our customer outreach and enable a smoother and more efficient customer journey. These form part of our endeavours towards creating better customer experiences.

In enhancing accessibility to our contact centres, Takaful IKHLAS has deployed a softphone capability to enhance our contact centre personnel's mobility while managing our service continuity. This capability is integrated into our hybrid working policy. Meanwhile, for branch counter services, our key branches remained open throughout the various phases of the MCO, albeit with reduced capacity at times, to manage business accessibility and continuity while protecting the safety and health of our branch personnel. We also enhanced the Financial Process Exchange ("FPX") for Business-to-Business ("B2B") payment gateway, enabling corporate customers to make contribution payments online.

Furthermore, Takaful IKHLAS Family continued to provide Online Customer Account ("OCA") facilities to its participants, enabling them to access their certificate information at their convenience. The OCA includes Investment-Linked Takaful Statements that have been made available online for reference or enquiry.

Customer Service Programmes and Campaigns

In addition, during the period under review, various programmes and campaigns were initiated as forms of relief measures for customers affected by the pandemic. These included:

- **Takaful IKHLAS Relief: #weprotecteveryone campaign**, which extended complimentary death benefits to all IKHLAS Motor Takaful, Fire Takaful and Personal Accident ("PA") Takaful participants, including Group PA Takaful participants, during the period 1 February 2021 to 31 July 2021. Benefits were valid for all claims lodged with the company by 31 January 2022.

- **COVID-19 Takaful Contribution Deferment Programme** for Family Takaful, Medical and Investment-linked certificates, which has been further extended to 31 December 2022.

Additionally, Takaful IKHLAS General embarked on the Virtual Interactive Process ("VIP") in managing flood claims that arose during the monsoon season from November 2021 to March 2022. The VIP allowed the assessment of claims for House Owner/Householder and Home Protect Takaful certificates to be made via a virtual platform. An adjuster was assigned and a claim assessment was made within 24 hours from notification and immediate approval could be granted for cases up to RM10,000. Takaful IKHLAS General customers were able to get their flood claims paid within three days. The fast and fair claims services for our customers after a natural disaster helped to provide a form of financial relief in facing adversity and distress.

Takaful IKHLAS General further extended its assistance to customers affected by the flood through the Bantuan IKHLAS Supreme ("BIS") programme. Customers who subscribed to the BIS programme are entitled to claim an Inconvenience Allowance of RM500, for flood damage suffered to the covered vehicle.

2 Technological Innovation

Platform

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The MNRB Group recognises that digitalisation provides a powerful impetus to achieving our sustainability goals. Despite the challenges in balancing both approaches, digital transformation can bring us not only commercial gains, but also contribute to positive social and environmental impacts.

Our commitment is reflected via the establishment of the Digital and Innovation Department, which is responsible for delivering Group-wide digital and innovative solutions to increase our revenue, optimise our expenses and enhance our customers' and partners' experiences, as well as our digital branding.

Continuous efforts have been undertaken for the implementation of digital applications across web and mobile platforms for our customers and partners, including the enhancement of our Web Transactional Portal ("WTP") and the development of the Partners Application Programming Interface ("API") Portal.

We continue to work on various Robotic Process Automation ("RPA") projects to further improve our back-office operational efficiency, including our claims management and operation processes.

We are also intensifying our efforts to increase access to our product offerings via online channels and mobile applications, supported by comprehensive security measures to ensure that our customers are fairly treated and appropriately protected.

GO Digital Ecosystem

In line with our increasing digitalisation efforts, the Digital and Innovation team successfully built a digital ecosystem to enhance the connectivity of our takaful offerings. The digital ecosystem, known as GO by Takaful IKHLAS, was launched in 2021 to enable the introduction of new bionic agents to and the digitalisation of products for the in-house-built API-based applications.

GO by Takaful IKHLAS was built with a focus on five functions:
- GO Partner, to enable functionalities for digital agents;
- GO Serve, for online customers' and agents' services, including claims management and payments;
- GO Direct, to serve online takaful participants;
- GO Connect, which is an open API platform for integration with digital partners; and
- GO Financial, which is a digital platform to serve our bancatakaful sales and services.

Key Initiatives in the Application of Innovative Technology

Key initiatives to improve operational efficiency through the application of innovative technology include:

MNRB GROUP

Robotic Process Automation ("RPA")	So far, more than 20 RPA projects have been implemented across the Group. This business process automation technology has managed to improve our employees' productivity, increase efficiency and reduce turnaround times, which in turn have enhanced customer experience.
Corporate Websites Revamp	The MNRB and Malaysian Re corporate websites underwent a complete revamp in November 2021. The new look provides a more relevant and comprehensive website layout, with content to better serve the target audience of the companies. This was followed by a revamp of the Takaful IKHLAS website, with the aim of providing a better customer experience relating to comprehensive product information, straight-through online processing, e-Claims functionalities, a chatbot, etc. The website's modern and fresh look and feel will increase appeal and access to Takaful IKHLAS' products and services.
Ready Skill Programme ("RSP")	As technology skills are increasingly critical, this ongoing technology capability enhancement programme will empower our employees through the use of digital tools, subsequently boosting their performance and customer service.

MALAYSIAN RE:

AIR Worldwide CAT Modelling Tool	Implemented in September 2021, this internal real-time tool to track catastrophe risk exposures allows the company to have its own view of catastrophe risk instead of relying on brokers' results. Its ability to identify the amount of exposure contributed by each cedant allows the underwriters to better manage their portfolios.
Business-to-Business Integration with Global Reinsurance & Large Commercial ("GRLC") Standards	Implemented in March 2022, this initiative will improve the company's premium recognition and claims management, indirectly helping to attract key brokers. The digitalised integration will also improve communication and smoothen the transaction flow between Malaysian Re and brokers' integration, at the same time increasing its operational efficiency and reducing turnaround times As part of our efforts to further improve our premium recognition, claims management and data quality, this initiative aims to expand our presence in the industry as a Digital Reinsurer with ACORD Standards, while increasing our efficiency in resource management and being more client-focused via mitigated reconciliation.
RPA for Claims Management	The digitalisation of the Claims Management Process Workflow was implemented in October 2021. The RPA enables automatic updates of outstanding loss reserves received via the Claims Management Unit to the core system. This will relieve staff from handling manual work and ensure data accuracy.

TAKAFUL IKHLAS FAMILY:

GO Prime Mobile Application for e-Submission	GO Prime is the replacement for the current Takaful IKHLAS' i-Smart front-end application, aimed at enhancing the ability of the company's agents and bancatakaful distributors to leverage mobile platforms to facilitate paperless new business sales and the submission process. The application, which is equipped with online payment functionality, will maximise the intermediaries' mobility by enabling the generation of quotations and sales illustrations via direct e-submission at the point of sale. GO Prime is also integrated with our back-office system, which will improve the turnaround time of the certificate acceptance process.
Partners Portal Enhancement	In addition to its current function, i.e. to monitor proposal submissions, manage certificate contributions and act as a medium of communication with our agents, this newly enhanced self-service portal is now more user-friendly. It provides a direct linkage to quotations and sales illustrations, generates sales analyses, income tax statements and correspondence and enables online underwriting and approvals.

TAKAFUL IKHLAS GENERAL:

General Takaful System Re-engineering ("GTSR")	The GTSR programme completed Phase 1 of its implementation in February 2022 and is continuing with Phase 2. Upon completion, the programme will improve Takaful IKHLAS General's overall core system performance with additional functionalities to support the operations and marketing teams in being more agile in expanding the business. The embedded process automation will expedite the management of their day-to-day operational activities.
Intermediary Digital Suite	The Intermediary Digital Suite was implemented in October 2021. These all-in-one digital applications will enhance the service level of Takaful IKHLAS General's agents by facilitating their business process, from creating quotations to providing digital claims services to their customers.
Partners API Portal	This first open API portal for the Takaful industry in Malaysia provides easy access to digital partners to distribute Takaful IKHLAS' products and services within their platforms using API integration. Implemented in October 2021, the portal offers hassle-free digital partners' onboarding and API integration within a single web platform.

Additionally, during the year, we initiated the first phase of Machine Learning in Pricing for a better understanding of customer behaviour, which will lead to better pricing and product offerings. Further efforts in Machine Learning for Reserving were also undertaken to improve reserving accuracy and efficiency. This has also equipped our talents with enhanced skill sets.

Digitalisation of Claims Management Process

Our claims departments at Takaful IKHLAS General and Takaful IKHLAS Family have also embarked on RPA for Windscreen, Own Damage Vehicles and Hospitalisation Income Benefit claims. This end-to-end automation has improved our claims settlement process and turnaround time ("TAT"), subsequently improving customer satisfaction as well as staff productivity and efficiency.

At Takaful IKHLAS Family, the TAT of its claims settlement process has been reduced from 10 working days to 48 hours. This has improved Takaful IKHLAS Family's Net Promoter Score ("NPS") and contributed to an increasing trend in the customer satisfaction index. More than 80.0% of Takaful IKHLAS Family customers have rated the claims process as 'Good to Excellent'.

At Takaful IKHLAS General, the implementation of RPA has reduced the claim approval process for Windscreen and Own Damage claims with estimates not exceeding RM5,000 from three working days to 24 hours. The RPA for the Flood Virtual Interactive Process ("VIP") for cases below RM10,000 has reduced the normal TAT of seven days to 24 hours. This has resulted in:

- 96.0% of Windscreen claims being approved within 24 hours
- 88.0% of Own Damage claims with estimates not exceeding RM5,000 being approved within 24 hours
- 97.0% of Flood-VIP claims being approved within 24 hours.

Branch Transformation – Virtual IKHLAS Points

During the year, under the Branch Transformation project, Takaful IKHLAS General embarked on virtual branch expansion. The establishment of Virtual IKHLAS Points expanded our outreach to agents and customers via non-physical branches. Currently, our Virtual IKHLAS Points are located in Temerloh in Pahang, Penang and Manjung in Perak, as well as Batu Pahat and Segamat in Johor. This digital presence provides flexibility that will improve the accessibility and personalised experience of our customers.

We will continue our journey towards delivering positive impacts to our community and environment via technological innovation by embracing new technologies such as cloud computing, machine learning and artificial intelligence for both our front-end applications and back-end operations.

3 Responsible Products and Services

People Process Platform

In line with our Vision of 'We Protect Everyone', we continue to provide reinsurance, retakaful and takaful solutions that protect our customers against emerging economic, environmental and social risks. From a sustainability perspective, emphasis is given to risks that relate to climate change and the financial protection of underserved and unserved groups. We view responsible products and services as takaful, reinsurance and retakaful solutions that effectively tackle the economic, environmental and social challenges faced by our stakeholders.

Responsible Products

Our comprehensive Underwriting Guidelines and Product Management Framework serve as the standards in the design and development of our products and services, including the offerings that address economic and environmental impacts on various stakeholders, especially those on underserved and unserved segments of the population.

Our Product Pricing Policy provides a comprehensive guideline to ensure fairness to our participants in the pricing of our products and considers the updates in actual exposures and experience. We monitor the actual experience of the takaful funds using the mechanism of the Tabarru' Utilisation Ratio ("TUR"), which measures the utilisation of takaful funds towards the settlement of claims and benefits. The TUR indicates that the pricing of products is commensurate with the risks shared by the pool of participants in the takaful funds while ensuring the solvency and sustainability of funds to continuously serve the participants in times of need.

Our efforts in providing products of value include:

AFFORDABLE TAKAFUL PRODUCTS

1. ***Agro Madani*:**
   Affordable Group Term Takaful ("GTT") and Group Personal Accident ("GPA"), specifically for Agrobank customers.
2. ***Takaful Prihatin*:**
   Affordable GTT for business owners.
3. ***Takaful Amani Plus*:**
   Affordable GTT and GPA, specifically for Bank Rakyat customers.
4. ***IKHLAS Basic Term Takaful*:**
   Affordable Term Takaful.
5. ***IKHLAS Value Term Takaful*:**
   Affordable Term Takaful.
6. ***IKHLAS Motor Comprehensive Plus Takaful*:**
   An affordable and comprehensive motor takaful plan.
7. ***IKHLAS Home Protect Takaful*:**
   Affordable and comprehensive coverage designed for homeowners.

PRODUCTS FOR SPECIALISED COMMUNITIES

8. ***Agro Mabrur-i*:**
   A GTT product that provides coverage for the underserved segment qualified under Perlindungan Tenang.
9. ***IKHLAS Bus Safe Ride*:**
   Provides travel protection for bus passengers during their journey.
10. ***Agro Nurani*:**
    GTT and GPA products that provide coverage for disabled individuals registered with the Social Welfare Department.
11. ***Agricultural Reinsurance*:**
    A programme that protects against damage to crops and livestock.
12. ***IKHLAS PTP Plus Takaful*:**
    Private car comprehensive coverage specially designed for Perodua vehicles.
13. ***IKHLAS Wanita Elegance Takaful*:**
    A protection and financial assistance plan designed specifically for female illnesses and cancers, including childbearing risks.
14. ***IKHLAS Link Lady Secure Takaful Rider*:**
    A protection plan specially designed for female participants to ease their financial burden upon contraction of female-related illnesses.
15. ***Long Term Houseowner for Government Employees*:**
    A plan that protects government employees' residential properties during periods of financing.
16. ***Long-Term Fire for Government Employees*:**
    A plan exclusively designed for civil servants in the public sector.
17. ***Takaful Kasih Plus*:**
    Affordable Personal Accident coverage designed for Agrobank customers.
18. ***IKHLAS E-Hailing Takaful*:**
    Provides motor vehicle coverage for e-hailing drivers.

PRODUCTS TO ADDRESS CLIMATE-RELATED RISKS

19. Property & Engineering Reinsurance (Treaty & Facultative):
Reinsurance that protects property against natural disaster risks.

Additionally, for Takaful IKHLAS Family, we have received approval from Bank Negara Malaysia for a new package of Perlindungan Tenang products distributed by our bank partners, beginning in February 2022. The Perlindungan Tenang products are planned to be distributed via our digital platform as well.

Furthermore, Malaysian Re, in collaboration with a takaful operator, is providing two specialised products for the underserved market segment – a micro-takaful coverage plan via a digital distribution channel to close the protection gap in the B40 segment, and a takaful cover plan for parents with children with learning disabilities. These products will be distributed via Jabatan Kebajikan Masyarakat ("JKM") and the National Autism Society of Malaysia.

Meanwhile, Takaful IKHLAS General had earlier initiated a collaboration with a local university by providing a research grant for the development of the Crop Micro Takaful Scheme. The research aims to determine a feasible structure for the provision of the Crop Micro Takaful Scheme to smallholder farmers in Malaysia. Continuing with the sustainability product integration initiative, the company further expanded the collaboration with the Universiti Sultan Zainal Abidin ("UniSZA") to jointly develop the Crop Micro Takaful Scheme for paddy farmers to provide financial resilience against weather-related risks impacting crop production. The scheme intends to cover paddy farmers against financial losses due to perils such as windstorms, tempests, floods, droughts and dry spells. The development of the IKHLAS Crop Micro Takaful Scheme aims to help smallholder farmers escape the poverty trap and protect their income and productive capacity, as well as provide financial disaster relief and a structured social safety net.

Responsible Services

On the conventional front, Malaysian Re is actively growing its support (capacity) for green initiatives. This includes a potential set-up to lead a Green Pool for ASEAN. The Green Pool initiative will provide insurance/takaful capacity and support for renewable energy products in ASEAN, with a particular focus on solar and wind energy.

For the commission on alternative energy, we are providing a

2.5%
Green Energy Incentives
on eligible general takaful risks.

Meanwhile, Takaful IKHLAS General continues to offer our value-based IKHLAS Waqf & Endowment ("IWE") initiative for the community. The IWE provides complimentary Waqf and endowment benefits to individuals who participate in any of our general takaful plans. The IWE allocates RM1,000 for each general takaful certificate for subsequent donation to Waqf and endowment under the participant's name upon their accidental demise. The Waqf and endowment go a long way towards benefitting the community and reflecting the good deeds of the named individuals.

In fostering initiatives towards addressing the issue of climate-related risks and their impacts on sustainability aspects, Takaful IKHLAS General has updated the Underwriting Guidelines. For commitment to alternative energy, we are providing a 2.5% Green Energy Incentive on eligible general takaful risks. We anticipate that this action will contribute to mitigating the effects of climate change from an underwriting perspective.

Overall, sustainability requires meaningful convergence between our long-term business interests and sustainability considerations. We aim to address our stakeholders' need for responsible products and services as this is critical to our overall business sustainability, competitive market positioning and long-term financial viability.

As a reputable reinsurer and takaful and retakaful services provider, our reputation is built on the trust that our stakeholders have in us. This is highly dependent on the quality and credibility of our products and services, the advice and recommendations we provide to our customers and the personal conduct and capability of our intermediaries. We constantly ensure our products and services are promoted in a responsible manner and that our customers receive the appropriate information and advice on the coverage best suited to their needs.

For reinsurance and retakaful, Malaysian Re has adopted its licensed AIR Catastrophe Modelling Tool in underwriting, risk management and claims estimation, to support our corporate clients in assessing potential natural catastrophe events.

4 Value-Based Collaborations

Process

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS

The MNRB Group continues to view collaboration with stakeholders through collective initiatives and industry bodies as a means to build capacity and amplify the effectiveness of our engagement activities.

The Group supports its employees by ensuring the right infrastructure is prepared and a working environment is created to enable a culture of collaboration. One of the approaches implemented is the Hybrid Working Arrangement. At MNRB Group, we are committed to creating a rewarding and flexible working experience to ensure that our employees are able to work together as one unit. We believe that collaboration enables employees to be more efficient and effective in performing their tasks, while also increasing their sense of responsibility, especially when working remotely.

The Group also recognises value-based collaboration through strategic partnerships with our brokers, cedants, intermediaries and service providers, including insurtech partners, as we harness new technologies in a discerning manner. We leverage our affiliations with industry players through active membership of and participation in trade associations' focus group discussions and activities, e.g. Persatuan Insurans Am Malaysia ("PIAM"), the Life Insurance Association of Malaysia ("LIAM") and the Malaysian Takaful Association ("MTA"). In today's rapidly changing and competitive environment, the need for new ideas, skills and opportunities has become more apparent. We believe constant and effective communication and cooperation with our stakeholders remain key to value creation and innovation.

Key Strategic Partnerships – Malaysian Re

At Malaysian Re, dedicated functions are tasked with overseeing the overall management of partnerships and collaborations. Business optimisation is sustained by increasing participation in profitable businesses, securing new potential and growing non-property lines. We proactively seek opportunities by exploring critical areas of development and distribution in specialised and non-conventional products, in line with our Business Remodelling plan.

Malaysian Re's business plan outlines the strategic direction, business priorities and financial forecasts for the FY2023 to FY2025 period with groundwork initiated in FY2022.

Malaysian Re has mapped out the next phase of growth with five key objectives, including diversification of non-VC business, accelerated growth of non-traditional segments, active capital management to support business growth, inorganic growth strategies and comprehensive human capital capacity building.

As the national reinsurer and a key reinsurance player in the Asian region, Malaysian Re also remains committed to enhancing market intelligence to ensure that the industry is kept abreast of the latest trends and developments. Apart from this, Malaysian Re leverages strategic partnerships to facilitate knowledge transfer on a global level. A summary of key strategic collaboration initiatives is illustrated in ***Diagram 5*** below.

Sustainability Statement

MALAYSIAN RE – OUR KEY STRATEGIC PARTNERSHIPS

Partnerships to promote industry-wide collaboration and transfer of knowledge to drive innovation, address skill needs and indirectly fortify the growth of the industry.

Partnership in research - ASEAN Insurance Pulse	Malaysian Re's continuous commitment to supporting the overall integration of the ASEAN marketplace culminated in the launch of the 5th edition of *ASEAN Insurance Pulse* in 2021. The annual publication is undertaken in collaboration with a Zurich-based research agency. This publication aims to inform policymakers, industry players and other stakeholders of the current state and future prospects of the ASEAN region's non-life insurance markets, as well as discover ways in which to close the protection gap. *ASEAN Insurance Pulse 2021* focuses on natural catastrophes and in particular, flood risk, as well as its impacts on the ASEAN economy and insurance market. *ASEAN Insurance Pulse 2021* explores the key trends driving the financial risk management of natural catastrophes and flooding in the region. In this context, the report also highlights the increasing importance of environmental, social and governance (sustainability) principles in the underwriting and asset management of insurers.
Participation in industry-specific conferences	Malaysian Re participates in industry-specific conferences/meetings annually, which allows us to learn from other industry players through open dialogue and knowledge-sharing platforms. This provides us with the opportunity to collaborate and find solutions to address industry-specific challenges.
Partnership with Lloyd's Syndicate	Malaysian Re's continued partnership with Lloyd's Syndicate is a key component of our Value Creation Plan ("VCP") Programme as we aspire to become a leading reinsurer in the region. This partnership enables us to drive innovation, increase market access, enhance customer value propositions in speciality product markets and address skill development needs.
Partnership in research – Malaysian Insurance Highlights	This annual publication, which commenced in December 2019, contains vital statistics and key trends relating to the domestic insurance and takaful industry, along with insights from industry executives and senior professionals.
Partnership with a Managing General Agent ("MGA")	Malaysian Re's partnership with Rockstone Underwriting sees Malaysian Re providing capacity in exchange for underwriting specialists with the aim of ensuring revenue diversification, expansion of the company's geographical reach and resource optimisation.
Partnership with a reputable foreign reinsurer	Malaysian Re's partnership with a reputable foreign reinsurer enables collaboration in the provision of quotations and the capacity to underwrite engineering risks in Malaysia.
Collaboration with regional national reinsurers	Malaysian Re collaborates with regional national reinsurers to garner reciprocal business while efficiently managing risks through aggregate optimisation and revenue diversification.

Diagram 5: Key Strategic Partnerships of Malaysian Re

MALAYSIAN RE – OUR KEY STRATEGIC PARTNERSHIPS

Malaysian Re Retakaful Division's ("MRRD") partnership with Pacific Life Re	Malaysian Re's partnership with a reputable life reinsurer for the expansion of its family retakaful business enhances the Malaysian Re Retakaful Division's, or MRRD's, offering of sustainable family retakaful solutions to family takaful operators. At the same time, the life reinsurer provides assistance via underwriting technical pricing and product development, as well as global insights and experience analysis. The capability of MRRD to write both Family and General retakaful business strengthens Malaysian Re's ability to diversify its income streams in addition to the conventional general reinsurance business.
COVID-19 Test Fund ("CTF")	Malaysian Re, as the fund administrator, collaborates with industry associations to support the Ministry of Health's ("MOH") efforts to conduct more COVID-19 testing for the benefit of medical insurance policyholders and takaful certificate holders.
Malaysian Re Foresights	This publication by Malaysian Re staff contains domestic and overseas insurance and takaful industry insights that serve as knowledge sources for the insurance and takaful industry.
Asian (Re)Insurance Market Report	The Asian (Re)Insurance Market Report highlights statistics and data from countries across the Asian region. Among the information covered in this Report are gross premiums comprising non-life, life and micro-insurance; the number of insurance entities and the market share of total non-life insurance premiums; and insurance industry growth trends.

Key Market Services Programme – Malaysian Re

We also collaborate with the local reinsurance and retakaful industry through a series of new and existing market services programmes, as presented in ***Diagram 6*** below.

KEY MARKET SERVICES PROGRAMMES

ASEAN Reinsurance Working Council ("ARWC")	We are a co-founder of the council, the membership of which comprises national reinsurers in the ASEAN region. The council serves as a platform for the national reinsurers to exchange ideas and promote the harmonisation of regional regulations, as well as identify mutually beneficial business opportunities.
ASEAN Sustainability Initiative/Scheme	We are a member of the ASEAN Reinsurance Working Committee ("ARWC") planning to propose a pool for Green Power/Energy in the ASEAN region. We jointly work with GC and Market Pools on this.
COVID-19 Test Fund ("CTF")	We were appointed as the administrator of the CTF, jointly set up by LIAM, PIAM & MTA to support the MOH's efforts to urgently expand COVID-19 test availability for Malaysians.
Fund administrator of Perlindungan Tenang	We were appointed by BNM to undertake services on behalf of the government of Malaysia, to administer the Perlindungan Tenang voucher programme, which is intended to spur micro-insurance schemes for B40 Malaysians (8 million potential recipients).
PIAM CSR Flood Relief Fund	We were appointed by PIAM as the fund administrator of the CSR Flood Relief Fund and project management office ("PMO") to administer and manage the CSR Flood Relief Fund.
Central Administration Bureau ("CAB")	We facilitate efficient administration of underwriting accounting and claims, as well as simplify settlements for facultative and coinsurance businesses, to ensure efficient monthly settlements of net balances (i.e. premiums and claims).

Diagram 6: Key Market Services Programmes of Malaysian Re

KEY MARKET SERVICES PROGRAMMES

Malaysian Motor Insurance Pool ("MMIP") services	We serve as an Administration Manager that manages a high-risk insurance pool that provides motor insurance to vehicle owners who face difficulty in obtaining motor insurance from the commercial insurance market.
Manager of Scheme for Insurance of Large and Specialised Risks ("SILSR")	We were appointed as the Scheme Manager by BNM to develop technical expertise and professionalism within the industry, facilitate favourable coverage at competitive terms and promote optimum retention within the country.
Secretariat of the Rating Committee	We were appointed by PIAM to set a fair rate for Fire and Industrial All Risks ("IAR") insurance that qualifies for a special rating as prescribed under the Revised Fire Tariff. We also streamline and control premium charges and policy wording to improve the quality of products and services at competitive prices, while ensuring compliance with Intercompany Agreements on General Insurance Businesses.
Secretariat of the Malaysian Energy Risks Consortium ("MERIC")	We develop underwriting skills and promote knowledge and skill sharing within the energy business in Malaysia with a view to optimising national retention.
Manager of the Malaysian Aviation Pool ("MAP")	We provide underwriting services and insurance quotations to the general aviation business in Malaysia (this is also for knowledge and skill sharing.)

Key Strategic Partnerships – Takaful IKHLAS

Over the years, Takaful IKHLAS has been involved in strategic collaborations with leading financial institutions and government agencies to promote takaful products and services to the public, as well as targeted stakeholder groups. These stakeholder groups comprise people with disabilities, farmers, small and medium-sized enterprises ("SMEs") and members of the lower-income B40 community. These partnerships signify the collaboration between financial institutions and government agencies to provide all components of society, including the unserved and underserved communities, with better access to affordable takaful products.

The abovementioned collaborations enable Takaful IKHLAS to expand its reach within various market segments as well as help create broader awareness of the importance of having takaful protection. This in turn enables Malaysians to realise the multiple benefits of being protected and encourages them to get the protection needed for themselves and their loved ones.

Apart from that, these collaborations allow companies to offer solutions better suited to their clients and the community, hence providing needed protection safety nets and contributing to long-term business growth.

The following are the highlights of the collaborations that we continued pursuing throughout 2022.

<table>
<tr><th>TAKAFUL IKHLAS FAMILY</th><th>TAKAFUL IKHLAS GENERAL</th></tr>
<tr><td>Partnerships with financial institutions</td><td>Partnerships with financial institutions</td></tr>
<tr><td>Takaful IKHLAS Family collaborates with selected financial institutions to distribute its family takaful products.

These partnerships enable the company to leverage its banking partners' network of branches to expand its outreach in the distribution of takaful products nationwide and expand takaful penetration. The partnerships aim to increase Takaful IKHLAS' brand position in the market and enhance business turnover.

The family takaful products mentioned above include:
i) IKHLAS Mortgage Reducing Term Takaful ("MRTT"), a home financing protection plan.
ii) IKHLAS Group Credit Term Takaful ("GCTT"), a personal financing and hire purchase financing protection plan.
iii) Takaful Amani Didik & M-Edu Takaful, an education takaful plan with the objective of encouraging people to save money for their children's education. Takaful lends assistance to ensure the objective is met.
iv) M-Kasih Amal & Agro Fatih-i, an endowment product that offers coverage due to death, total permanent disability and critical illness, as well as medical coverage.
v) Agro Nurani, a takaful protection plan specifically for persons with disabilities ("PWDs"). It aims to increase the takaful penetration rate among PWDs and is designed to be affordable with convenient claim processes.
vi) Agro Madani, M-Kasih Prihatin and Takaful Amani Plus, a hybrid product with a combination of Group Term Takaful and Group Personal Accident. The product offers coverage against natural and accidental events at affordable prices.
vii) Agro Mabrur-i Plus and IKHLAS Perlindungan Tenang, affordable, accessible and easily understandable insurance and takaful products aimed at low-income groups.</td><td>Takaful IKHLAS General currently collaborates with various financial institutions to distribute its range of general takaful products.

These partnerships enable the company to expand its outreach in the distribution of takaful products nationwide and expand takaful penetration. The partnerships aim to increase Takaful IKHLAS' brand position in the market and enhance business turnover.

These bancatakaful arrangements also provide customers with competitive products and risk management expertise, as well as simplified and improved transaction processes via a one-stop centre for new business, renewals and claims.</td></tr>
<tr><td colspan="2">Partnerships with government bodies</td></tr>
<tr><td colspan="2">Takaful IKHLAS collaborates with Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") to provide the IKHLAS Mortgage Reducing Term Takaful, a home financing protection plan to government servants. It offers competitive pricing that enables government servants to reduce the cost of owning a home.</td></tr>
</table>

TAKAFUL IKHLAS FAMILY	TAKAFUL IKHLAS GENERAL
Partnership with government bodies	**Partnership in insurtech**
Takaful IKHLAS Family collaborates with several **'community-based' organisations** to develop asnaf (zakat recipients) into takaful entrepreneurs (takaful agents). The Asnaf Entrepreneurship Programme equips them with the knowledge and skills to generate their own income in a sustainable manner.	Takaful IKHLAS General's collaboration with an **insurtech company** (since 2019) has enabled the distribution of affordable Personal Accident ("PA") coverage for travel. This collaboration bridges the gap between the fast-paced innovation of insurtech companies and the risk management and risk transfer capabilities of Takaful IKHLAS General. Currently, Takaful IKHLAS General provides short-term PA coverage for bus commuters. Takaful IKHLAS General is also looking into working with other insurtech companies.
Other partnerships	
There are several collaborations with **various institutions and agencies**, such as the Idaman Scheme, a takaful protection scheme, via monthly contribution deductions for members and employees up to their retirement age. The scheme serves as added protection and provides savings for members (mostly in the B40 category) as they work until their retirement.	

Diagram 7: Takaful IKHLAS Family and General – Key Strategic Partnerships

As outlined in the aforementioned objectives and projects, our value-based collaboration strategy encompasses more than just mere collaborations with our agents, business partners and service providers and feedback gathered from our clients. It also entails developing a common vision, mutual respect and deep understanding with our stakeholders to ensure we deliver top-notch customer experiences as well as achieve commendable performance for the Group as a whole.

Moving forward, the Group remains optimistic about further enhancements in our collaborative efforts within our reinsurance, retakaful and takaful ecosystem, while anticipating the eventual return of a more predictable market environment. Further collaboration with other strategic partners may be undertaken to expand our contribution as a value-driven solution and value-added service provider to our stakeholders, especially in promoting our sustainability value perspective.

We will continue to educate the public about the importance of takaful and reach out to a broader segment of the population via constant engagements through digital and technological platforms. Apart from bridging the gap between our business and the general public, digitalisation will reduce our carbon footprint and hence promote environmental sustainability while we continue to operate our business.

5 Cybersecurity

Platform

At the MNRB Group, we manage cybersecurity as part of our sustainability strategy. We invest in cybersecurity-related measures to protect our technology, assets and critical information, as well as our reputation, and protect the Group from any loss resulting from unauthorised access to our systems and data.

IT Governance

Our robust IT governance is essential for our IT security strategy. We have clear IT policies and procedures to ensure strong technical, operational and administrative control measures are put in place to lower the risk of security breaches and mitigate possible damage. These include data loss prevention solutions, data encryption, annual penetration tests, IT audits, periodic evaluation of user access rights, social engineering tests and our incident response and disaster recovery plan, as well as ongoing awareness and training programmes on cybersecurity for all our employees.

Control Measures

These existing comprehensive preventive, detective and reactive control measures are further strengthened by the implementation of new initiatives such as the Compromise Assessment exercise. This initiative has been implemented to evaluate the security of our IT Infrastructure and validate the efficacy of defensive mechanisms put in place. This is to ensure the security of our IT infrastructure against any unknown or dormant endpoints that have been compromised.

Takaful IKHLAS has also expanded its security monitoring (SIEM monitoring by SOC) of the servers and network appliances at its disaster recovery site to monitor cybersecurity threats to protect the company's infrastructure environment, subsequently also protecting customer data and the company's assets.

Our internal Cyber Emergency Response Team ("CERT"), which is well versed in the cyber incident response plan and handling procedures, is always contactable to ensure fast and full recovery of any possible intrusions or damage.

IT Security Tools

We also maintain this holistic IT infrastructure with up-to-date hardware and software to mitigate any security gaps and potential security risks. The relocation of our Tier-3 Data Centre is an example of our commitment to ensuring a resilient, secure and scalable network infrastructure.

Security Tools Deployed to Ensure Data Protection and Privacy
Hybrid Security Operations Centre ("SOC")
Web Application Firewall ("WAF") and Load Balancer
Multi-factor Authentication ("MFA")
Distributed Denial of Services ("DDoS") Services
Privileged Access Management
Data Loss Prevention ("DLP") Solution
Advanced Persistent Threat Solution
Web Gateway
Endpoint Protection Security Software Suite

Sustainability Statement

6 Business Ethics and Corporate Governance

Process Communication

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The MNRB Group employs a stringent approach towards conducting its business in compliance with ethical standards and applicable regulatory requirements. We uphold the values of integrity, collaboration and expertise in all our dealings, thus safeguarding the interests of our stakeholders. The Group's internal policies and procedures address issues related to bribery, corruption and money laundering, and are regularly communicated to all employees. By adopting these policies and procedures, we aim to ensure that the Group and our employees consistently carry out our business ethically and faithfully.

Pursuant to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 on Corporate Liability, as well as the Companies Act 2016 and Malaysian Code on Corporate Governance ("MCCG") 2021, there is a growing demand for strengthened board oversight and integration of sustainability considerations into the strategy and operations of companies. The Group has set the tone from the top in our stance against bribery and corruption to safeguard our businesses and ensure all commercial activities are carried out in an environment that is free of infringement.

MNRB Group Code of Ethics

The MNRB Group Code of Ethics ("Code of Ethics"), which was recently approved by the Board of Directors, provides general guidance on the underlying Group policies and procedures that offer specific ethical and legal guidance to assist the Group in making business decisions professionally, prudently and legitimately. Among others, it outlines the following principles:

1. The foundations of how we do business as a Group
2. The Group's stance against corruption
3. Dealing with stakeholders
4. Personal responsibility and guidance

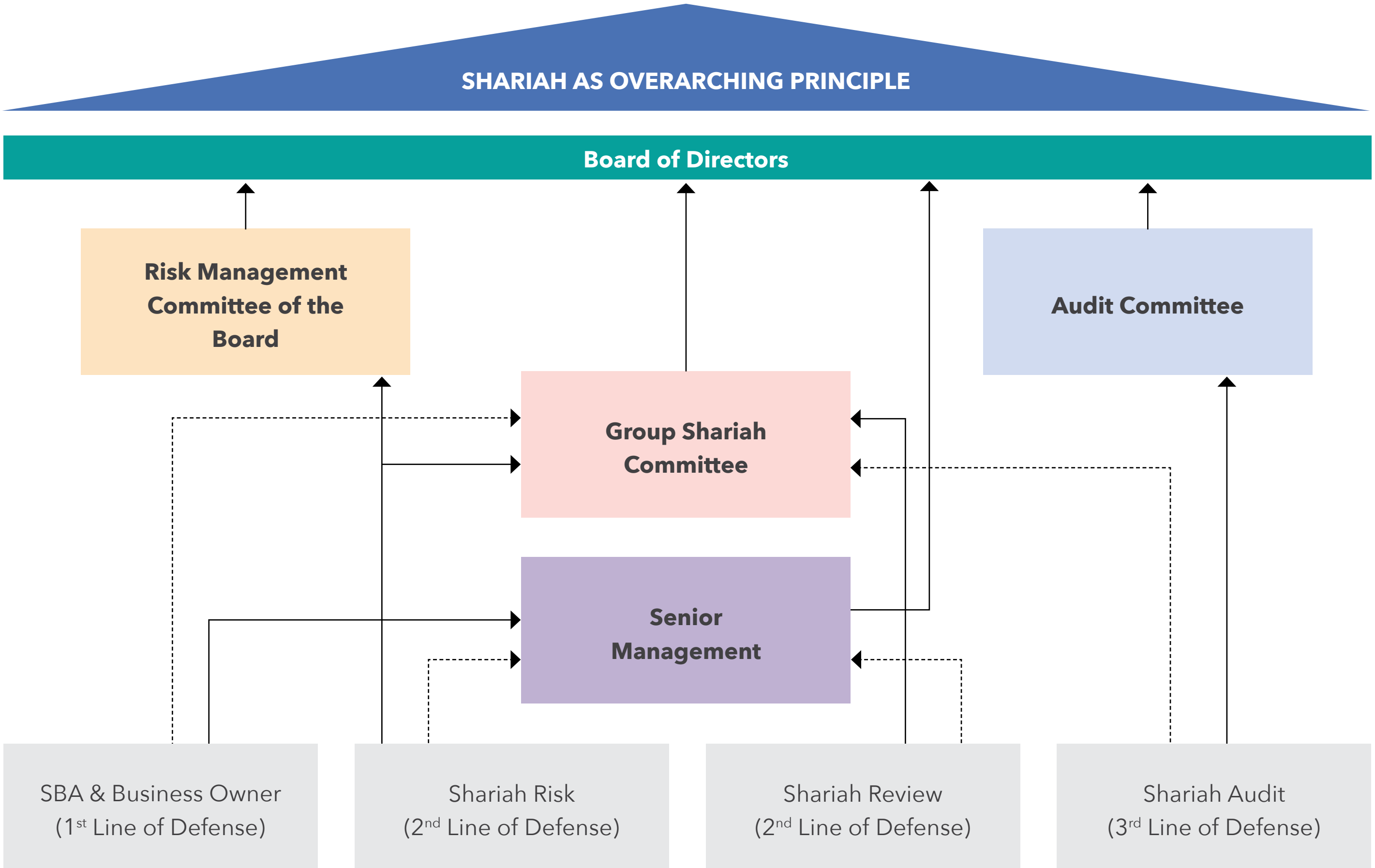
Shariah Governance Policy

In addition to the Code of Ethics, we have established a Shariah Governance Policy specifically for our takaful and retakaful businesses, with the primary objective of strengthening the effectiveness of Shariah governance arrangements that are well integrated within our business and risk strategies. The Policy outlines Shariah as the overarching principle that sets out the oversight, accountability and responsibility of the Board, the Group Shariah Committee and the Management in the implementation of Shariah governance.

In addition, the Policy emphasises the control mechanisms to be implemented in all aspects of our takaful business operations to ensure that all our activities are Shariah-compliant. This is illustrated by implementing the following key functions:

a) Shariah Risk Management function, which systematically identifies, measures, monitors and reports Shariah non-compliance risks in the operations, business affairs and activities of the entities;
b) Shariah Review function, which conducts regular assessments on the compliance of the operations, business, affairs and activities of the entities with Shariah requirements;
c) Shariah Audit function, which provides an independent assessment of the quality and effectiveness of the entity's internal control and risk management systems and governance processes, as well as the overall compliance of the entity's operations, business, affairs and activities with Shariah; and
d) Shariah and Business Advisory department ("SBAD"), which as the Shariah subject matter expert, shall provide Shariah advisory services to the respective business owners as the first line of defence in ensuring compliance with Shariah principles in the areas of products, processes, services and others in accordance with Shariah requirements, as well as assist the business units in establishing Shariah compliance controls. The SBAD is also responsible for training and raising awareness on Shariah requirements as well as instilling and promoting behaviours aligned with Shariah in the company's objectives and operations, business, affairs and activities.

This comprehensive Shariah Governance Structure is illustrated below:-



Key Oversight Functions of the Group

Our oversight functions, the Group Compliance Management Department ("GCMD") and Group Management Risk & Compliance Committee ("GMRCC"), are responsible for ensuring the mitigation of financial and reputational risks arising from regulatory non-compliance in accordance with our Group Enterprise Risk Management and Compliance Management Frameworks. To strengthen our integrity and governance within the Group, we established a Group Integrity & Governance Unit ("GIGU") in 2020 to identify and validate corruption-related incidents.

The MNRB Group's compliance with Shariah principles is guided by the Shariah Governance Policy and operationalised by our Shariah and Business Advisory Department ("SBAD") and overseen by the Group Shariah Committee, which was established particularly to ensure our takaful and retakaful business operations, affairs and activities are in compliance with Shariah requirements. The Shariah compliance and risk reviews are performed by the oversight functions, i.e. the Compliance Management and Risk Management departments, respectively, on top of the independent Shariah Audit function.

The GCMD collaborates with the Group Risk Management Department ("GRMD"), GIGU and SBAD to organise a series of compliance and risk management awareness programmes, namely 'i-Aware'. The objective of these programmes is to enhance our employees' awareness of compliance, risk management and corporate governance matters.

The Group has implemented a number of other mechanisms to ensure transparent and compliant operations. These include the dissemination of applicable regulatory guidelines to all Management-level employees, awareness briefings on the latest regulatory developments and attestation by the Heads of Departments ("HODs") via a compliance checklist for departmental self-assessment on processes and compliance monitoring mechanisms.

In line with these fundamentals and the Group's Outsourcing Framework, Procurement Policy and Procedures and Anti-Bribery and Corruption Policy, we carefully assess our associated counterparties and business partners. This involves ensuring the necessary due diligence processes are in place to assess the counterparty's or service provider's background and qualifications prior to their appointment and/or renewal of contracts. Examples of assessment criteria used include financial background, compliance with regulatory requirements (e.g. in the areas of fraud, bribery & corruption and money laundering), suppliers' experience and capabilities in relation to the subject matter and the quality of their work.

The Group remains committed to instilling trust and confidence, as well as allowing informed investment decisions by our shareholders. Therefore, we disclose fair and balanced information of relevance, including the MNRB Group Corporate Governance Report, via the MNRB Group Corporate website (www.mnrb.com.my).

KEY INITIATIVES TO PRESERVE BUSINESS ETHICS AND COMPLIANCE

1

MNRB Group Code of Ethics

The Code of Ethics stipulates, among others, that all staff must conform to the regulatory rules and regulations as well as the underlying Group internal policies and procedures.

2

Group Anti-Bribery and Corruption Policy

The Group Anti-Bribery and Corruption Policy communicates our commitment to preventing bribery and corruption.

3

Group Whistleblowing Policy

The Group Whistleblowing Policy is an avenue for employees and members of the public to disclose any improper conduct in accordance with the procedures as provided under the policy. It provides protection to employees and members of the public so they can report such allegations without fear of reprisal.

4

Shariah Governance Policy

In accordance with the regulatory Shariah Governance Framework, this policy is to ensure the Group's operations and business activities are in accordance with Shariah principles. The policy sets out the oversight accountabilities of the Board, GSC and Management, as well as other functions responsible for Shariah governance.

5

Compliance Reporting Process

All compliance matters, including non-compliance issues, are reported to the Group Management Risk & Compliance Committee and subsequently to the Audit Committees.

6

ICE Portal

An easily accessible website for all internal and external Standard Operating Procedures and guidelines as part of the Group's awareness initiatives.

7

Anti-Money Laundering/Counter Financing of Terrorism and Targeted Financial Sanctions ("AML/CFTTFS")

Awareness and refresher programmes are conducted regularly for all employees and agents. These are offered via e-Learning modules to all staff and as part of the induction programme for new employees.

8

AML/CFTTFS Screening

Screening and monitoring to protect the Group from any illegal activities and illicit fund flows, in line with BNM's Policy Document on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions.

EMPOWERING OUR PEOPLE

7 Developing Talents People

4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH

> The growth and development of people is the highest calling of leadership.
>
> *Harvey S. Firestone – Founder of Firestone Tire & Rubber Company*

The MNRB Group recognises that the growth and development of our people are crucial to the success of our business, and we are committed to enhancing their capabilities. We believe continuous learning and development are essential to equip our people with the right skills, knowledge and competencies. This is embodied in our talent development framework and is necessary to support our business as we grow.

Talent Development

The Group continued its efforts to strengthen our talent management practices and promote a High-Performance Culture through the implementation of the following initiatives:

1. Talent classification and demographic standing - Identifying talent gaps in the Group;
2. Talent Planning - Planning and analysis that address initiatives to close talent gaps;
3. Talent Interventions - Interventions to address competency and performance;
4. Talent Performance & Reward - To address accountability, responsibility and culture; and
5. Talent Engagement - Initiatives, programmes and activities to engage with employees and align with corporate objectives.

We endeavour to nurture a High-Performance Culture to generate growth and the sustainability of our business operations. Our comprehensive development plans provide opportunities for our personnel to further enhance their competencies and capabilities.

Talent Development Programmes

Our talent development programmes focus on the efficient management of human capital to advance our business and create value over the short, medium and long term. We will continue to nurture and develop our talents to complement our transformational agenda through internal development plans, including leadership programmes, career development initiatives and succession planning.

KEY TALENT DEVELOPMENT PROGRAMMES

FY2021

Education Assistance Programme ("EAP")

- A programme that allows employees to pursue insurance-related, actuarial-related or other professional qualifications (e.g. Fellow of Institute and Faculty of Actuaries ("IFOA"), Associate of the Malaysian Insurance Institutes ("AMII"), Fellow of the Society of Actuaries ("FSA")).
- This includes promoting the EAP and its provisions to the workforce and inviting educational institutions to advocate for certifications/qualifications offered.
- Enhancing the EAP increment scheme to be competitive with the market, which is also taken as a retention strategy.
- 206 employees have enrolled in and are actively pursuing the EAP.

Leaders as Teachers ("LATs")

A reinforcement programme promoting the internal transfer of knowledge and skills between leaders and subject matter experts. During FY2021, 1,272 employees enrolled in the programme.

FY2022

Education Assistance Programme ("EAP")

- A programme that allows employees to pursue insurance-related, actuarial-related or other professional qualifications (e.g. Fellow of Institute and Faculty of Actuaries ("IFOA"), Associate of the Malaysian Insurance Institutes ("AMII"), Fellow of the Society of Actuaries ("FSA")).
- Further enhancements to the programme were carried out to attract more employees to pursue professional qualifications, reward them equitably and bolster our retention strategy.
- 239 employees have enrolled in and are actively pursuing the EAP.

Ready Skills Programme ("RSP")

The objective of the programme is to build the technology capability of the employees. The programme focuses on six areas that are known as the 6 Ready-Skill Pillars, as follows:

1. Agility
2. Intelligent Automation
3. Advanced Analytics
4. Digital Strategy
5. Human-Centred Design
6. Cyber Risk.

To ensure the employees are able to develop their digital skills structurally, they have to undergo the programme in three phases in the following manner:

- **Phase 1: Tech-Awareness**
  Briefing & e-Learning Modules (compulsory for all employees).
- **Phase 2: Tech-Foundation**
  Choose one pillar and attend two programmes, i.e. Basic and Application.
- **Phase 3: Tech-Capability**
  Sign up for Digital Boot Camp: Upskilling Programme Application, Assignment & Project.

Group Talent Programme

The Group has established the Group Talent Programme ("GTP"), an initiative to ensure that our pool of talent is well developed. Candidates for the talent pool undergo a rigorous identification and selection process prior to being accepted into the programme. To continue with the GTP, it is essential for talents to tailor their own Individual Development Plans ("IDPs") and attend the various development programmes.

Under the GTP, the IDP is designed to prepare identified key talents for higher managerial positions. In FY2022, some of our Career Development Programme initiatives included:

1. Promotion as Head of Division

As part of their development, two successors have been appointed as acting heads and have successfully taken up the roles upon completing the probation period. They are:

- The Chief Business Operations Officer, Takaful Ikhlas Family Berhad; and
- The Chief Underwriting Officer, Malaysian Reinsurance Berhad.

2. Talent Mobility

19 talents have been rotated or mobilised to gain experience and skills in new responsibilities.

3. Performance & Development Intervention

In FY2022, the intervention plan was further intensified with more project assignments, shadowing, coaching and mentoring.

The Group further identified successors for our Mission Critical Positions ("MCP") and Operational Critical Positions ("OCP") from the GTP talent pool. The progress of the initiatives is given below.

SUCCESSION PLANNING INITIATIVES	DESCRIPTION	NO. OF EMPLOYEES ENROLLED			NO. OF INTERNALLY FILLED MCP & OCP		
		FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Individual Development Plan ("IDP")	Designed to hand-pick key talents and prepare them for managerial positions.	–	115	90	10	4	2

Additionally, the Group provides training and development opportunities to local graduates in terms of practical experience in technical and soft skills competencies through our Protégé & Internship programmes.

INITIATIVE	DESCRIPTION	NO. OF PARTICIPANTS		
		FY2020	FY2021	FY2022
Protégé (previously known as SL1M Programme)	For local graduates to obtain technical knowledge and soft skills such as analytical, problem-solving and professional communication skills.	3	-	67
Internship Placements	For university students to gain hands-on working experience and skills to complement their classroom learning.	21	19	36

The Group recognises that the sustainability of our business is correlated to the well-being of our employees. To this end, we maintain a conducive work environment and offer competitive remuneration and benefits to our employees, as well as embrace the diversity of our people in the areas of gender, age, skills and experience. This indirectly enables us to steadily attract and retain a pool of top talents.

Sustainability Statement

KEY TRAINING PROGRAMMES

FY2021

1. Leading & Thriving through Challenging Times
2. COVID-19 - Identifying Hidden Opportunities and Navigating Our Business for Insurance Sales and Marketers
3. Coronavirus in a Connected and Digital World - Exploring the Implications for the Insurance Industry
4. Webinar Series for Sales Team - Topic #1: Entrepreneur's Mind at Work
5. Work from Home Enablement with G Suite.
   G Suite is the Google Workspace application store. The training is about learning how to work from home remotely using Google Workspace. The benefits of using G Suite are cost-effectiveness and work efficiency.
6. Stress Management
7. Webinar Series for Sales Team - Topic #2: Selling in Turbulence Masterclass
8. Shariah Audit and Assurance: Fieldwork Procedure & Reporting
9. Webinar on Cybersecurity in a Remote Working Environment
10. PowerPoint Slide Design: Impactful Slide Design Master Class
11. Webinar on Building & Reporting a Culture of Integrity
12. The Power of Emotional Intelligence
13. Social Media Training
14. Introduction to Reinsurance
15. Preparing for the Post-Pandemic World
16. Extraordinary Productivity in Extraordinary Challenging Times
17. Professional Skills Training Webinar
18. The 6 Critical Practices for Leading a Team: Everyone Deserves a Great Manager

FY2022

1. Agile Leadership Awareness
2. Professional Certificate in Digital Leadership
3. Effective People Management Skills
4. Young Emergent Leadership Showcase 2021 ("YouLead!")
5. Digital & Innovation: RPA Automation Workshop
6. In-House Training on Google Analytics
7. It Security Awareness Talk: Wash Your Digital Hands, Practice Good Cyber Hygiene
8. Succession Planning & Talent Management
9. Transformational Leadership with EQ
10. A Motor Fleet Risk Model from Public Data: An Insurtech's Perspective
11. Agile and Scrum Fundamental Bootcamp
12. Blockchain Technology to Prevent Corruption in COVID-19 Response: How Can It Help Overcome Risks?
13. Connect to Customers on YouTube
14. COVID-19 Impact on Impairment, Financial Instruments and Going Concerns
15. Cybersecurity, IT Assurance & Governance Virtual Conference
16. Damage Investigation & Third-Party Property Damage
17. Data Scientist Nanodegree Programme
18. Deferred Tax Workshop
19. Deloitte Taxmax - The 47th Series
20. Fundamentals of Project Management

The Group further supports internal job rotation and attachment programmes as the diverse knowledge and skills of our employees can foster creativity and strengthen our problem-solving acumen.

Employee Profile

Our Recruitment Policy governs all aspects of our employment practices. We recognise the value of having diverse talents across different gender and age groups, thereby enabling us to leverage the wealth and breadth of experience and industry exposure of the more experienced talents and the more creatively inclined mindsets of younger personnel.

Diagram 8 illustrates our current employee profile. Our initiatives to support the development of local talents underscore our commitment to strengthening the Malaysian economy and fortifying the growth of the local reinsurance and takaful industry.

EMPLOYEE PROFILE - GENDER (%)

	FY2020	FY2021	FY2022
Male	44.0%	44.0%	46.0%
Female	56.0%	56.0%	54.0%

EMPLOYEE PROFILE - AGE BAND (%)

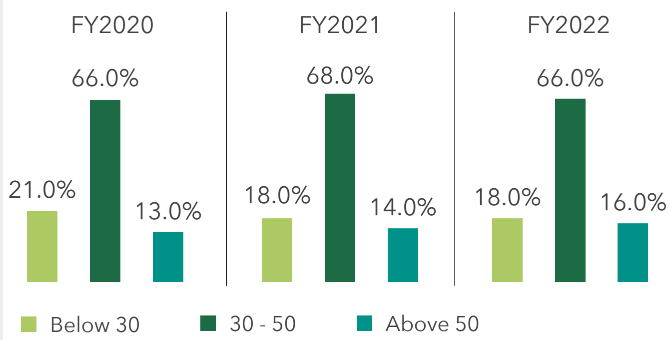


Diagram 8: Employee Profile

Employee Well-Being

As a responsible employer, we are committed to continuously protecting our employees by providing a safe and conducive working environment. This includes being mindful of their health and well-being. Our key initiatives to maintain a healthy and conducive workplace are presented below.

KEY WELL-BEING INITIATIVES

FY2021	FY2022
Long Service Awards Awards to recognise employees' contributions over 10, 20 and 30 years.	**Long Service Awards** • To recognise employees' contributions over 10, 20 and 30 years. • 55 employees were recognised in FY2022.
Nursing Room Made available for nursing mothers.	**Nursing Room** Made available for female employees.
Flexible Working Hours ("FWH") & Arrangement ("FWA") During the MCO period, the Group continued to prioritise the health and well-being of our employees. In attempting to contain the spread of the COVID-19 virus, employees were encouraged to work from home ("WFH") unless required to work in the office ("WIO") in the performance of their jobs. From time to time, based on the directives from the government, the Group issued updates on the working arrangement, including a split-team structure and reduced work hours for those who were WIO. Regardless, during normal periods, all employees can subscribe to flexible working hours whereby they can commence work at any time between 7.30 a.m. and 10.00 a.m.	**Hybrid Working Policy ("HWP")** The Management decided to formally provide employees with a Hybrid Working Arrangement ("HWA"). The aim of the HWP is to set out the principles and practical guidance in relation to hybrid working for the employees of the MNRB Group. The nature and extent of the hybrid working arrangement, however, will depend on the roles of the job and the requirements of the Management. The Management shall consider each situation on its own merits, applying the principles of fairness and consistency while ensuring the ability to meet business needs and employee welfare.

KEY WELL-BEING INITIATIVES

FY2021	FY2022
Education Assistance Programme ("EAP") The EAP supports our employees' academic programmes that directly relate to the business. The EAP provides full education assistance including: • Examinations/course/tuition fees; • Increments and incentives upon successful completion of study or examinations; and • Study leave and/or exam leave.	**Education Assistance Programme ("EAP")** The EAP supports employees' academic activities that directly relate to business needs. The EAP provides full education assistance including: • Examinations/course/tuition fees; • Increments and incentives upon successful completion of study or examinations; and • Study leave and/or exam leave.
Recreational Programmes Programmes to foster positive collaboration and strong esprit de corps among employees. Activities such as the train hunt, mall hunt, food hunt and bowling tournament have garnered overwhelmingly positive responses from employees.	**Recreational Programmes** Due to the COVID-19 pandemic, all the activities were put on hold. This was for the safety of the employees.
Weekly/Monthly Sports Activities Activities to encourage employees to make changes towards healthier lifestyles. Activities such as Zumba, badminton and futsal were organised for interested employees.	**Weekly/Monthly Sports Activities** Due to the COVID-19 pandemic, all the activities were put on hold. This was for the safety of the employees.
Occupational Safety & Health ("OSH") OSH initiatives are intended to promote employees' health and well-being. The OSH Committee organised relevant activities, including Basic Fireman and Firefighting training for Fire Marshals, First Aider Training and an Ergonomic & Internal Air Quality Assessment for Bangunan Malaysian Re.	**Occupational Safety & Health ("OSH")** OSH initiatives are intended to promote employees' health and well-being. The OSH Committee organised relevant activities, including Basic Fireman and Firefighting training for Fire Marshals, First Aider Training and an Ergonomic & Internal Air Quality Assessment for Bangunan Malaysian Re.
	Employee Well-Being Talks, Surveys & Counselling As part of the efforts to promote a healthy working environment, the Group periodically organised talks related to health and well-being, conducted surveys and provided a third-party professional counselling service.

Employee Engagement

We also recognise the importance of employee engagement in enhancing morale and productivity to sustain our business. The Group has established various channels to further promote employee engagement activities.

KEY EMPLOYEE ENGAGEMENT CHANNELS

FY2021	FY2022
Quarterly town hall gatherings to provide updates on business performance and key developments, and avenues to receive feedback from our employees.	**Quarterly Town Hall** A session to provide information about the company's/ Group's performance and current events.
Allocation of engagement budget for HODs to conduct departmental engagement activities.	**Amber the AI Chatbot** Amber is an artificial intelligence-enabled chatbot that helps GHCM teams manage employee engagement, predict attrition and measure company culture in real-time. It is an NLP-enabled engagement bot that has relevant conversations with employees and proactively predicts those who are disengaged or about to leave. Unlike one-for-all engagement surveys once every quarter/ year, Amber asks employees meaningful questions at different intervals about issues that matter to them.
Regular formal written communication from the desk of the President & GCEO to communicate business performance and key developments to all employees.	**Engagement Budget** An allocation for HODs to organise their own engagement activities.
Focus group discussions to identify and understand employees' concerns and issues.	**Protect4u** A platform for employees to communicate, contribute ideas, provide feedback and share their problems, which include physical, mental, emotional or other issues that employees discuss with a GHCM representative in order for them to receive assistance.
Bimonthly one-on-one sessions between supervisors and subordinates to understand challenges and align and track performance.	**Fit-for-Growth Individual Development Plan ("IDP")** Monitoring of the plan to ensure equal development opportunities and that staff are effectively developed.
Enforcement of a minimum of 16 Training Hours per employee to ensure equal development opportunities for all staff.	
Merdeka and Malaysia Day celebrations were held to promote collaboration, a sense of fun at work and foster the spirit of 1Malaysia. Among the activities were the distribution of Unity Ribbons and the Staff Merdeka Video & Photo Celebration.	

The Group believes that an enhanced sense of well-being motivates employees to further contribute towards organisational success. To this end, we undertake an annual survey to gauge employee satisfaction levels. For FY2021, after taking into consideration the changes in the business environment and the need to have a more objective tool that can identify the factors that drive employees to perform, the Management decided to review the current approach. A more effective approach was rolled out to link employee engagement to business performance and talent retention.

Sustainability Statement

COMPANY	EMPLOYEE ENGAGEMENT INDEX ("EEI") RESULTS	
	FY2020	FY2021
MNRB	79.0%	73.0%
Malaysian Re	90.0%	
Takaful IKHLAS Family	85.0%	
Takaful IKHLAS General	86.0%	

The Employee Engagement Index ("EEI") is a leading indicator of employee satisfaction, loyalty, advocacy and pride towards the company. The most recent survey to gauge the EEI for FY2021 was undertaken in FY2022, after the close of the year. It was deployed via a different platform, utilising a different approach and set of questions. This may have contributed to the lower overall EEI score for the year, and this will form a new baseline for our upcoming survey for FY2022.

Through the deployment of Amber the AI Chatbot, employee engagement has been taken to the next level, instead of conducting an annual employee engagement survey. Since engagement is a continuous effort, Amber asked employees meaningful questions at different intervals about issues that mattered to them. From the findings gathered by Amber, the GHCM analysed the results and took the necessary actions as per the key engagement activities highlighted in the 'Key Employee Engagement Channels' table. In addition to this, the GHCM also conducted sessions with employees who required one-on-one engagements.

Empowering Our Partners

We continuously ensure that our Takaful IKHLAS agents and other intermediaries are properly trained in sales conduct and product understanding. This responsibility is undertaken by our in-house training division, IKHLAS Academy, especially in managing training requirements for Takaful IKHLAS Family. A dedicated training programme, the Agency Training Roadmap, for intermediaries has been developed by the IKHLAS Academy.

During the year, as part of our initiative to increase competent agents and productivity, we introduced an e-Academy to provide e-training and management to the IKHLAS Family agency force. The training management system was made available to facilitate agents in attending our online training, managing their training schedules and preparing reports and analyses. We foresee that this will further enhance the percentage of our agents with completed Continuing Professional Development ("CPD") hours and compulsory training, as required by the MTA.

	AGENCY TRAINING	AGENCY CODE OF ETHICS	BALANCED SCORE CARD
Objectives	Enhanced training focused on client service, marketing skills and product knowledge.	Sets standards on code of conduct as per industry and Malaysian Takaful Association ("MTA") guidelines.	To encourage agents to consider consumers' financial needs and circumstances, provide proper advice and ensure ethical and professional conduct.
Achievements	Boosts agency production. Dedicated agency training roadmap (see below).	Agents equipped with knowledge of advisory principles, disclosure of underwriting information and ethical market conduct.	We recorded growth in the Normal Performer and Upside Performer ratios by 6.5% and 5.6%, respectively, against last year's results.

DEDICATED AGENCY TRAINING ROADMAP

New Recruitment

Rising Star
Wasilah Kesejahteraan

Existing Agents

Advanced Takaful Planning
Wasilah Kesejahteraan

Leaders

Leadership & Agency Management Programme
Agency Business Survival
Coaching for Performance

ENRICHING OUR COMMUNITY

8 **Community Development** | People

Nurturing Industry Professionals

As a market leader in the fields of reinsurance, retakaful and takaful, the MNRB Group remains committed to sustain the growth of the industry while contributing to the needs of society. We share the responsibility for nurturing the growth of the industry by preparing and equipping professionals with the right knowledge, skills and competencies.

Our goal is to ensure that we develop a pool of skilled young talents who are able to lead the industry in the near future. Although restrictions were imposed by the government to ensure the containment of the pandemic, the Group continued to make the most of technology to equip talents with the necessary industry knowledge. At the same time, we strive to assist in the development of the community's ability to transition to economic resilience. These objectives are achieved through the realisation of our programmes and events conducted throughout the year.

In addition, Malaysian Re continues to organise technical training courses for our corporate clients' underwriters to scale up their risk analytics capabilities. These courses are offered to both domestic and international clients.

Sustainability Statement

Our key market training programmes are listed below.

MARKET TRAINING PROGRAMMES

Programme for Insurance Executive Development ("PIED")	This is designed for executives with at least two years of work experience in the insurance industry, as well as for those who are well versed in the knowledge of the four classes of insurance (i.e. Marine, Engineering, Fire & Property and Liability). *Note: The programme was held virtually from 2 to 5 August 2021.*
Young Emergent Leadership Showcase ("YouLead!")	A leadership programme for young emerging managers with high potential that focuses on effective leadership fundamentals, deciphers key industry issues and provides knowledge-sharing/regulatory updates on the insurance industry by experts in their fields. A continuous support group is formed for each batch after the programme. *Note: The programme was held virtually from 15 to 19 November 2021.*
Technical Courses in Fire Risk Assessment and Special/Self-Rating ("FRA")	A programme designed to educate underwriting and marketing professionals from insurance companies with at least two years of experience. Participants are expected to conduct fire risk surveys and have a good grasp of the special/self-rating rules and computation. *Note: The annual FRA programmes for the industry were held virtually on the following dates:* *Session 1 (7 to 10 February 2022)* *Session 2 (7 to 10 March 2022).*

List of webinars and training conducted by Malaysian Re, attended by both local and international participants:

NO.	PROGRAMME	DATE	NUMBER OF PARTICIPANTS
1	Malaysian Re's Webinar: 'Reinsurance in Practice (Advanced)'	28 February to 2 March 2022	**25** (Local)
2	Malaysian Re's Webinar: 'Reinsurance in Practice (Basic-Intermediate)'	21 to 25 February 2022	**71** (Local & International)
3	MRRD's Webinar: 'Maqasid Al-Shariah & Sustainable Development of Takaful Industry'	26 January 2022	**83** (Local & International)
4	SILSR's Webinar: 'Engineering Risk Management Aspect'	25 January 2022	**40** (Local)
5	SILSR's Webinar: 'Property Risk Management Aspect'	11 January 2022	**40** (Local)
6	MRRD's Webinar: 'Underwriting Consideration for Liability Risks'	25 November 2021	**27** (Local)

NO.	PROGRAMME	DATE	NUMBER OF PARTICIPANTS
7	MRRD's Webinar: 'Underwriting Consideration for Construction Risks'	24 November 2021	**27** (Local)
8	Technical Course in Fire Risk Assessment & Special/Self Rating for RHB Insurance Berhad	1 to 3 November 2021	**28** (Local)
9	MRDL's Webinar: 'Reinsurance Wordings'	18 October 2021	**77** (Local & International)
10	MRDL's Webinar: 'Making Reinsurance Buying Decisions'	11 October 2021	**81** (Local & International)
11	Malaysian Re's Webinar: 'Digitalisation of Marine Insurance as Game Changer: Leveraging Artificial Intelligence ("AI") and Big Data'	6 October 2021	**125** (Local & International)
12	MRRD Virtual Forum: 'Sales Distribution Experience during COVID-19 – Navigating through the Unprecedented Times'	30 September 2021	**50** (Local)
13	Malaysian Re's Webinar: 'Introduction to Probable Maximum Loss ("PML") Assessment'	6 to 7 September 2021	**30** (Local)
14	Technical Course in Fire Risk Assessment & Special Rating/Self-Rating ("FRA") for Liberty Insurance Berhad	5 to 7 July 2021	**25** (Local)
15	Technical Course in Fire Risk Assessment & Special Rating/Self-Rating ("FRA") for Lonpac Insurance Berhad	28 to 30 June 2021	**25** (Local)
16	Malaysian Re's Cyber Symposium International	23 March 2022	**81** (Local & International)

Sustainability Statement

9 Responsible Investment

Process

Investment will continue to be an important part of our business. We invest to maximise returns while balancing the risks, resulting in value creation for our stakeholders. The Group's investment management strategy focuses on capital preservation, liquidity management and return optimisation through a systematic and structured investment process.

The Board, through the Group Investment Committee, has oversight of the investment process, which also takes into consideration sustainability criteria.

Guided by our Investment Policy Statement ("IPS"), our Group Investment Department and Group Investment Management Committee ensure proper risk management by prudently monitoring existing investment portfolios and screening potential investment portfolios. The portfolios are safeguarded by the department by adhering to approved Strategic Asset Allocations that have been thoroughly discussed and approved by the Board.

Sustainability and Shariah-Compliant Investing

Through the inclusion of Sustainability Investing in our IPS, we uphold responsible investing practices that consider sustainability factors to better manage risk and generate sustainable long-term returns in the investments that we make. We constantly review the investment process to improve sustainability investing as we are committed to supporting a more sustainable future. As a result, efforts were made to develop the Responsible Investment Roadmap that targets a certain level of sustainability compliance by a certain period.

All investments must also adhere to permissible instruments and avoid exposure to impermissible sectors, such as gaming and alcohol-related sectors, which violate our commitment to responsible investment. Investments are only made with approved counterparties who meet the appropriate rating and other relevant criteria within approved credit limits, as stipulated in the investment policies and guidelines.

Furthermore, the department ensures that our investments conform to Shariah principles as per the requirements of our takaful funds. The takaful contributions received are strictly invested in Shariah-compliant instruments. These are regularly verified for compliance by the Compliance Management Department (Shariah Review) and are reported to the Group Shariah Committee.

In addition, all financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment due to any significant event having an impact on the estimated future cash flows of the asset.

10 Environmental Management

Process

Environmental Management Efforts

The MNRB Group's current environmental management initiatives, and those in the pipeline, include, but are not limited to, the following:

	CURRENT INITIATIVES	IN PROGRESS/FUTURE INITIATIVES
1	**Sustainable Investing**	
	Responsible Investment Roadmap: Integration of ESG Criteria. As at 31 January 2022, Listed Equities comprise 86.0% ESG criteria, whereas Bonds comprise 46.0% ESG criteria.	Gradually increasing the exposure in tandem with the number of companies being assessed by the third-party data provider. From FY2022 to FY2023, we expect: Listed Equities – above 80.0%; ESG Bonds – above 45.0%.
2	**Malaysian Insurance Directory**	
	The Directory is now published in digital form and can be downloaded from the Malaysian Re website.	
3	**New e-Submission (GO Prime)**	**E-Recruitment in GO Prime**
	Replaced i-Smart with a new e-submission platform with new features such as a payment gateway and remote sales (50.0%).	To have an e-recruitment module in the current GO Prime system for Agency Leaders to recruit new agents. All documents will be uploaded onto GO Prime instead of printing & filling up physical forms & submitting them via email. Targeted to be implemented by end-June 2022.
		Agency
		To have a Partner Portal module in the current GO Prime system for the agency force to manage (monitoring production, etc.) the business with a single sign-in. Targeted to be implemented by end-April 2022.
4	**Reduction of Paper Usage for Agent Registration**	
	Agent Application Forms are received via email from the agents, and printouts are no longer viable as most are stored in a Shared Folder (95.0%).	
5	**Online Training for Family Takaful Agents**	
	Conducting online training and utilising softcopy materials. Reducing the usage of paper by utilising online methods (90.0%).	The Learning Management System & Training Management System ("LMS & TMS") will be introduced to provide all training management & modules to the agency force; hence, all reports or materials can be retrieved & downloaded when needed. Targeted to be implemented by March 2022.

CURRENT INITIATIVES	IN PROGRESS/FUTURE INITIATIVES
6 Electronic Submission	
At the end of year 2020, Takaful IKHLAS Family started the functionalities for New Business Applications, Renewal & Endorsement for GTT & GHS and providing softcopies of billings/invoices and Master Certificate issuance. Previously, Marketing submitted hardcopy forms/documents and Group Operations provided hardcopy billings/invoices and Master Certificates for distribution. With this initiative, all submissions and documents are managed via email except for special requests on hardcopies (if any). This is currently in progress towards full implementation.	
7 Electronic Distribution of Renewal Notices	
Takaful IKHLAS General has embarked on electronic distribution of renewal notices since March 2020. This has resulted in cost savings as well as the reduction of our carbon footprint, contributing to a significant reduction in printing and savings in man-hours spent on manual processing of documents and trips to the post office for physical mailings.	
8 Merimen e-Claims	
Electronic claims processing via the Merimen e-Claims system: • Almost 100.0% of Own Damage and Windscreen claims are processed in the Merimen e-Claims system. • About 20.0% to 70.0% of claims for all other classes are processed in the Merimen e-Claims system. • Efforts are being made to convert physical claims processing to e-claims for all classes within the next three years.	Claims notification and submission of documents for motor Takaful is now available online via the Takaful IKHLAS GO Serve website.
9 e-Certificates for Motor, Fire, Personal Accident and Travel PA	**e-Certificates for Other Products**
System-generated e-certificates are delivered via email to customers upon subscribing to our Motor, Fire, Personal Accident or Travel PA. This has improved the speed of certificate delivery and resulted in savings in printing expenses of more than 50.0%.	There are plans to introduce more products on the digital platform for ease of transaction, monitoring of payments and production. This will increase the number of products that can be issued in digital format and reduce dependence on physical documents, hence reducing printing and the cost of delivery of certificates. More information, such as production reports, can be made available through the platform and further reduce the need to print and deliver hardcopy reports to intermediaries. Thus, this will contribute to reducing carbon footprints for paper, ink, electricity and fossil fuel (transportation). Targeted to be implemented by December 2022.

For general takaful, we allow a 2.5% Green Energy Incentive discount for eligible risks, i.e. for:

A Manufacturing risk with Sum Covered ("SC") above RM50 million where alternative or renewable energy is produced from green initiatives such as solar, hydropower, etc, the risk may enjoy a discount of up to 2.5% off the rates, subject to the overall assessment of the risk by the Underwriting Department.

B Non-manufacturing risk with SC above RM50 million that employs similar alternative energy, the allowable discount granted is subject to the Underwriter's risk assessment.

Managing Our Carbon Footprint

The Group's internal environmental management efforts involve minimising environmental impacts by managing our carbon footprint while conserving depletable resources such as water and electricity.

Hybrid Working Arrangement

At the onset of the pandemic and the resulting MCO in FY2021, the Group adopted a flexible/hybrid working arrangement that significantly reduced the number of employees working in the office ("WIO"). The hybrid working arrangement continued in FY2022 with a gradual increase of staff WIO, particularly our frontliners, in tandem with customer needs.

The Group's virtual meeting tools and web-based conferencing facilities continued to facilitate online local and cross-border meetings with our business partners and brokers, as well as with our Dubai office, thus significantly reducing the need for physical travelling, which contributed to minimising the carbon footprint of our daily business operations.

At Bangunan Malaysian Re, to encourage staff, tenants as well as visitors to use electric vehicles (EVs), three locations have been earmarked for the installation of charging bays for EVs.

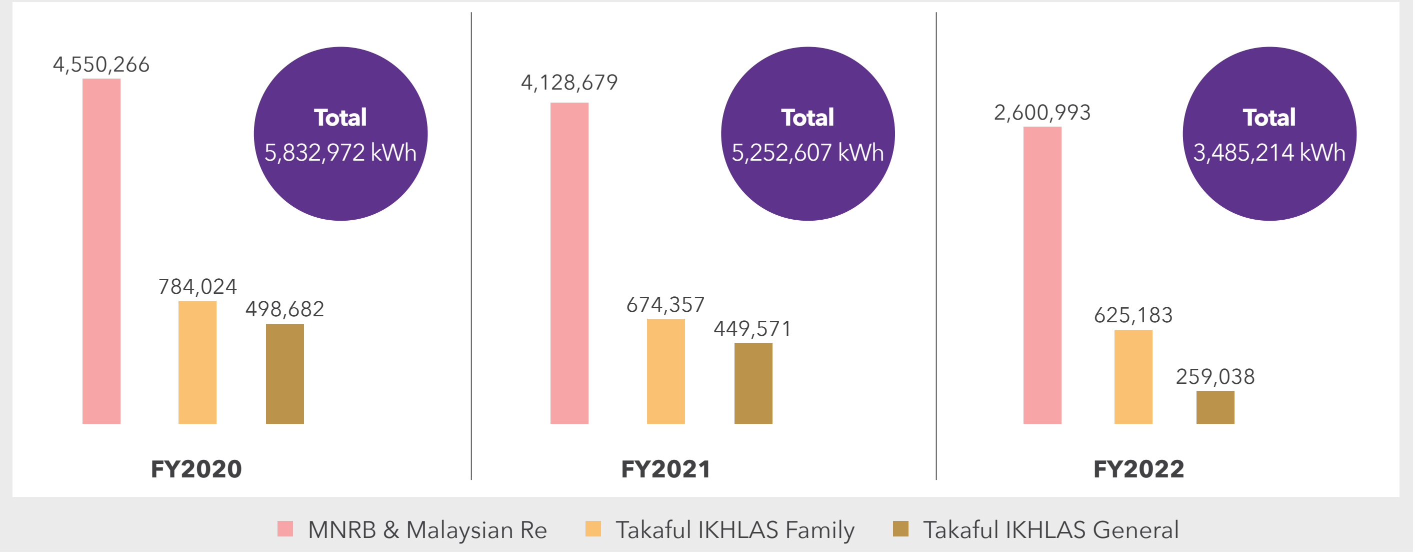
Paper-saving

The Group has prioritised the development of digital databases and digital takaful transaction platforms to meet operational needs and facilitate more convenient transactions for our customers. These include the digitisation into softcopy of documentation archives, report submissions and meeting papers. There are also continuous awareness campaigns to encourage all staff to use recycled paper if printing is necessary.

Conserving Electricity

With a majority of our employees working from home ("WFH"), we continued to experience a reduction in total electricity consumption over the period under review. Ongoing energy efficiency efforts include the switch to LED energy-saving light bulbs throughout the building, currently at 80.0%. The zonal light switches installed in the corporate areas also worked well, with the limited presence of staff in the office during the pandemic.

TOTAL ELECTRICITY CONSUMPTION (KWH)



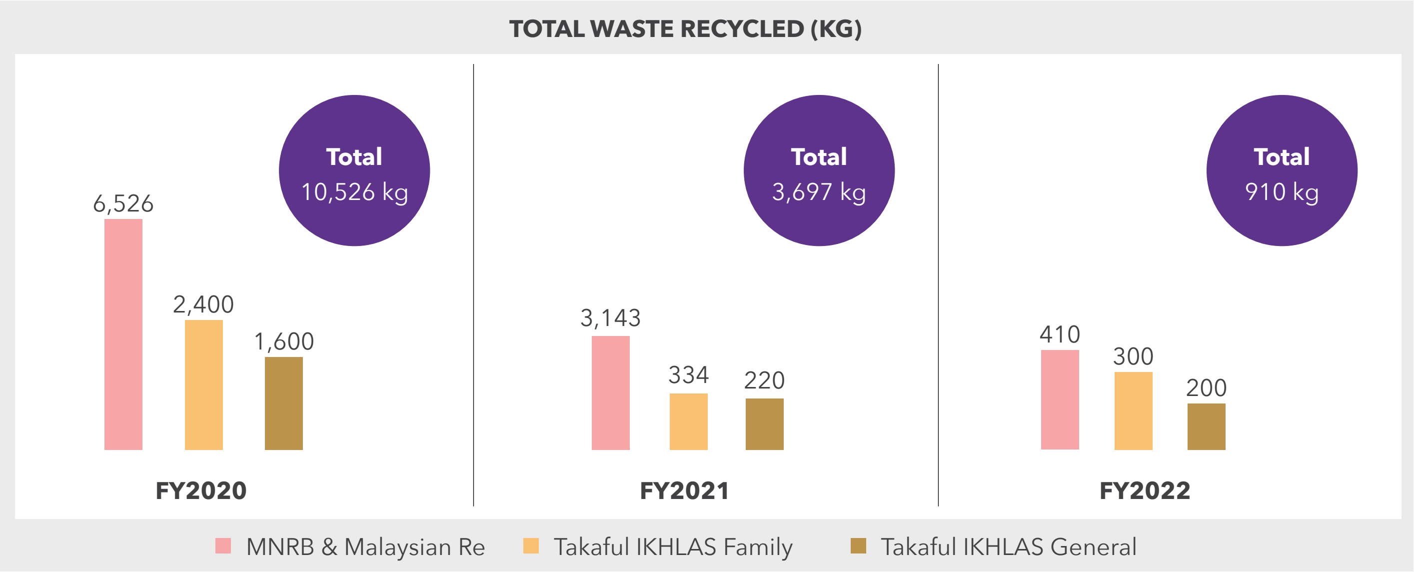
Note: FY2021: 10.0% reduction | FY2022: 34.0% reduction.

Sustainability Statement

Waste Recycling

We have in place a proper waste management programme to handle recyclable materials. During the period under review, we continued to observe lower waste disposal in the office as many employees were still working from home.

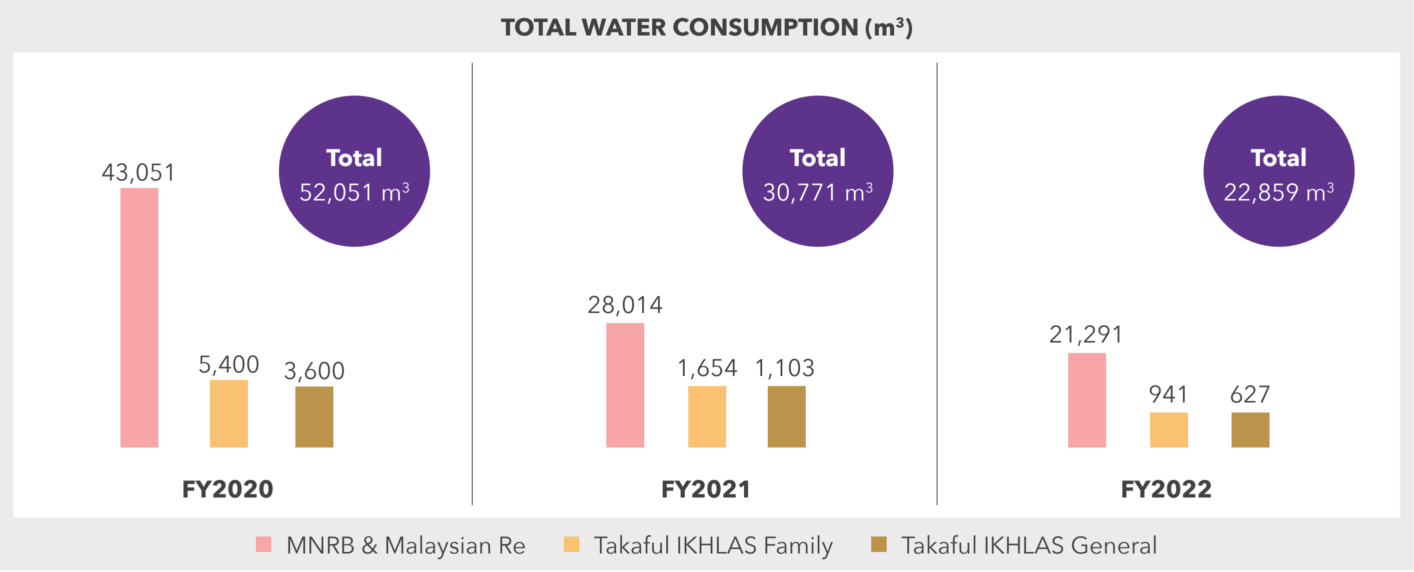
We are also in the process of installing waste recycling compartments at Bangunan Malaysian Re and IKHLAS Point by August 2022.



Note: FY2021: 65.0% reduction | FY2022: 75.0% reduction.

Water Management

Water is utilised for operational purposes, including drinking, hygiene, ablutions and sanitation. Efficient washroom fixtures have been installed in the washrooms in the building to better manage water consumption. We continued to observe a reduction in the total water consumption due to fewer employees working in the office during the year.



Note: FY2021: 41.0% reduction | FY2022: 26.0% reduction.

Improved Air Quality

During the past financial year, we improved the indoor air quality ("IAQ") at our building by upgrading the air-conditioning system. As one of the mitigation measures against the pandemic, an air-conditioning filtering system was also installed for cleaner air circulation within the building.

Our Value-Based Intermediation Programme

The MNRB Group seeks to create impactful initiatives benefitting society through good governance and prudent fund management. In this regard, we have established the IKHLAS Barakah House, which is a Shariah-compliant platform to pool funds from various sources to be distributed through prudent processes according to Shariah principles. The programmes and initiatives carried out through IBH focus on five main pillars, namely health, education, community enrichment, economic empowerment and the environment.

IKHLAS Barakah House

The IKHLAS Barakah House ("IBH") has been newly established in line with Value-Based Intermediation for Takaful ("VBIT"). The objective is to deliver positive and sustainable impacts through good governance and prudent fund management in support of impactful initiatives that benefit society.

IBH distribution focus areas comprise:

Health: Access to healthcare treatment and services.
Education: Access to quality education.
Community enrichment: Access to an enriched quality of life.
Economic empowerment: Access to training and skills development for economic empowerment.
Environment: Access to preserved natural resources and renewable energy.

IBH DISTRIBUTION

Health

- COVID-19 related expenses.
- 200 units of Personal Protection Equipment ("PPE") distributed to frontliners.
- Portable showers rental fee for Klinik Kesihatan Kuala Lumpur.
- IWE Waqf handover of wheelchairs to Hospital Universiti Kebangsaan Malaysia.
- Ventilator contribution – Mercy Malaysia.
- Financial assistance and food packs for stranded students at three local universities.
- IWE Waqf handover of health equipment, e.g. ECG machine and pillows and mattress contribution to Hospital Ampang, Kuala Lumpur.
- MTA – Special COVID-19 fund contribution.

Education

- Donation to Tabung CERDIK initiative – Benefitting 10 schools by providing complete sets of laptops, data packets and dongles.
- Grant research for developing Crop Micro Takaful Scheme – UNISZA.
- Sponsorship of Shariah Law Journal Research – Universiti Malaya.
- Zakat Financial Aid to MNRB scholars.

Community enrichment

- IKHLAS Barakah Box (Ramadhan) – Distributed to three Program Perumahan Rakyat ("PPR") in the Klang Valley.
- IKHLAS Kongsi Ramadhan in collaboration with Pusat Pungutan Zakat ("PPZ") and FoodPanda.
- Flood relief donations of cooking utensils – Raub, Pahang, in collaboration with Sahabat I Care Resources.
- IKHLAS Kongsi Ramadhan Syawal Financial assistance and food banks for six mosques.
- IKHLAS Barakah Box food banks.
- Financial assistance – Emergency Disaster Relief.
- MNRB Group Staff Welfare Financial Assistance.

Economic empowerment

- ASNAF Entrepreneurship Programme ("AEP") – Agency Training and Recruitment.
- Protégé – To support the government's mission to cultivate youth potential.

MNRB Scholarship Fund

The MNRB Scholarship Fund aims to assist in the development of the Malaysian insurance and takaful industries by enabling promising students to have access to quality education, to produce quality insurance and takaful professionals.

In collaboration with the Malaysian Insurance Institute ("MII"), the Fund assists employees of the local insurance industry to pursue part-time studies for the Associateship of the Malaysian Insurance Institute ("AMII") Level 1 and the Associateship of the Malaysian Insurance Institute ("AMII") Level 2 certifications at the MII.

The fields of study include, among others, Actuarial Science, Insurance/Risk Management, Accounting/ACCA, Shariah and Information Technology.

The total investment since the MNRB Scholarship Fund's inception in 1998 is more than RM18,071,039 (as at March 2022). The total contributions to the Fund over the past five years are as depicted below:

YEAR	CONTRIBUTION (RM)	TOTAL NUMBER OF SCHOLARS
FY2018	1.2 million	85
FY2019	0.9 million	51
FY2020	0.4 million	40
FY2021	0.5 million	42
FY2022	0.6 million	75 (existing scholars)

The Group keeps track of the development of our scholars and acknowledges their success. A recent record was the notable achievement of our scholar, Hoh Jia Da, who, together with his team, emerged as the champion in the AHAckathon organised by the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management ("AHA Centre"). The team created an application-based solution using artificial intelligence to solve disaster-relief logistics challenges commonly faced by ASEAN governments.

IKHLAS Waqf & Endowment ("IWE") Programme

This programme provides complimentary Waqf and endowment benefits to all individuals who participate in any of our general takaful plans. The Waqf and endowment benefit will be channelled to the relevant Waqf or endowment recipients in the name of the participant upon his/her accidental demise.

Since its inaugural launch in April 2019, the IWE programme has contributed RM24,000 to three Waqf and endowment bodies in the name of 20 of our participants. There were 2,430,172 individual certificates eligible for IWE benefits as at March 2022.

INITIATIVES	NO. OF INDIVIDUAL CERTIFICATES
A total of RM3,000 was paid to UM AWQAF in December 2019 for three participants.	699,621 (as at March 2020)
Another RM8,000 was distributed to Hospital Canselor Tuanku Muhriz UKM in December 2020 for six participants (two of them had two certificates each).	1,535,411 (as at March 2021)
On 20 September 2021, RM13,000 was distributed to Hospital Ampang Kuala Lumpur as part of donations of health equipment/necessities for COVID-19 treatment purposes. This distribution involved 13 certificates with 11 participants.	2,430,172 (as at March 2022)

IKHLAS Waqf Facility

The Waqf facility by Takaful IKHLAS was established to facilitate arrangements for the settlement of Family Takaful death benefits assigned for Waqf. Currently, we have arrangements with Waqf institutions such as Perbadanan Wakaf Selangor, Yayasan Wakaf Malaysia and JCorp Waqaf Annur for the settlements.

Our Key Corporate Responsibility Programmes

The MNRB Group continues to focus its corporate responsibility efforts on education. We believe that education has the transformational power to strengthen communities and build their resilience in a sustainable manner. Our initiatives under corporate responsibility are intended to elevate the quality of life for the underserved and unserved communities while promoting the social inclusion of communities in general.

Minggu Saham Amanah Malaysia ("MSAM")

MSAM is an annual integrated investment education programme organised by Permodalan Nasional Berhad ("PNB") to increase awareness among Malaysians on the importance of investment and financial planning. The MNRB Group has been one of the partners for MSAM since the inception of this event in 2000 and has been supporting its objectives through financial literacy and corporate social responsibility programmes.

After two decades of physical MSAM events, in 2020, due to the COVID-19 outbreak, MSAM was replaced and rebranded with a digital adaptation, Minggu Saham Digital ("MSD"). The MNRB Group continued our participation in MSD and highlighted the importance of takaful protection through online engagement activities.

For MSD 2021, the activities held online included Takaful IKHLAS' sharing sessions on the importance of takaful, hibah and waqf through two virtual talk shows that were broadcast live via MSD online broadcast channels. Takaful IKHLAS also organised various engagement activities via its social media platforms to further amplify the message of takaful awareness to the public as well as to promote agent recruitment.

Apart from this, Takaful IKHLAS enhanced its product promotions during the duration of MSD to encourage the nation to sign up for its takaful products for the financial security of themselves and their loved ones during times of need.

Disbursements of Business Zakat

Universiti Malaya
Malaysian Re Retakaful Division ("MRRD"), on 14 September 2021, transferred business zakat amounting to RM36,690 to Bahagian Hal Ehwal Pelajar, Universiti Malaya. Universiti Malaya disbursed the amount to 145 asnaf students from Program Asasi Pengajian Islam dan Asasi Sains.

PPZ-MAIWP
Takaful IKHLAS General and Takaful IKHLAS Family, on 2 December 2021, presented business zakat amounting to RM185,556.60 and RM261,278.40, respectively, at a handover ceremony held in Kuala Lumpur.

During this ceremony, Encik Zaharudin Daud, President & Group Chief Executive Officer of MNRB Holdings Berhad, representing Takaful IKHLAS Family, and Dato' Rudy Rodzila Che Lamin, President & Chief Executive Officer of Takaful IKHLAS General, presented the zakat to Yang Berhormat Senator Datuk Ustaz Haji Idris Ahmad, Minister of Religious Affairs.

Majlis Agama Islam and Adat Melayu Terengganu

Takaful IKHLAS General, on 23 January 2022, presented business zakat amounting to RM174,185.60 to Majlis Agama Islam dan Adat Melayu Terengganu ("MAIDAM") at a handover ceremony held in Kuala Terengganu.

During this ceremony, Dato' Rudy Rodzila Che Lamin, President & Chief Executive Officer of Takaful IKHLAS General, presented the zakat to Yang Dipertua MAIDAM, Dato' Haji Shaikh Harun bin Shaikh Ismail. The zakat handover was expected to help ease the burden of those in need.

Zakat Melaka

Takaful IKHLAS Family, on 25 January 2022, presented business zakat to Zakat Melaka in a ceremony held at Zakat Melaka Headquarters.

Takaful IKHLAS Family was represented by Ustaz Shahrir Sofian, our Group Shariah Committee member, who handed over the zakat contribution amounting to RM123,704.40 to Encik Zuhri Iskandar A. Rahman, Deputy Chief Executive Officer of Zakat Melaka.

The zakat contribution was part of Takaful IKHLAS' initiatives to help communities in need through its #IKHLASKongsi campaign.

Ramadan Aid to Asnaf in Kelantan

Takaful IKHLAS General, in collaboration with Majlis Orang-Orang Besar Diraja Kelantan, organised a Ramadan assistance programme for selected asnaf in the state of Kelantan.

Through this programme, Takaful IKHLAS General contributed RM40,000 from its zakat wakalah to help 150 less fortunate families in 10 selected areas in Kelantan to prepare for their needs during the fasting month.

Dato' Rudy Rodzila Che Lamin, President and Chief Executive Officer of Takaful Ikhlas General Berhad, presented the contribution to YB Dato' Kaya Setia Dato' Haji Nazran Muhammad, the Kelantan State Secretary, during the handover ceremony held at Pejabat Tanah dan Jajahan Kuala Krai, Kelantan on 27 March 2022.

LOOKING AHEAD

The MNRB Group aspires to continue our journey towards achieving growth that is sustainable and meaningful for all our stakeholders. In the effort to create a positive socio-economic impact, the Group remains dedicated to integrating our sustainability and value-based agenda into our business and operation strategies by refining our internal processes and bolstering our capabilities to create sustainable value for our business, our stakeholders and society as a whole.

Supporting Carbon-neutral and Renewable Energy Development

In the immediate future, the MNRB Group anticipates firming up our commitments to reducing our carbon footprint, supporting our cedants and participants in their transition to carbon-neutral positions and strengthening our product and service offerings towards 'net zero' carbon emission in the coming years. A key element in this area will be to strengthen our capacity and product offerings to support the development of renewable energy, particularly energy sourced from wind, hydro and solar. We continue to chart our path with our involvement in the proposed ASEAN Green Energy Pool and initiatives to expand the coverage for solar panels and electric vehicles.

Inclusive and Sustainable Takaful to Strengthen Financial Resilience

The Group will further persevere with our social and value-based agenda to expand and provide adequate coverage to our participants so that they are financially resilient upon facing adversities, including those triggered by climate-related risks. The prevalence of extreme weather events triggered by environmental-related events such as frequent floods and droughts will cause not only property, crop and livestock damage, but will also affect human health in the long run. This entails education and awareness programmes to inculcate responsible behaviour and motivate people to participate in takaful solutions to ensure financial resilience.

Integrating Sustainability into Business Practices

Moving forward, the MNRB Group is strengthening the integration of our Sustainability Roadmap into our business practices, in alignment with our overall business strategy and stakeholders' expectations. We believe that this can be achieved by increasing our internal and external stakeholders' awareness and involvement in Environmental, Social and Governance ("ESG") matters and acknowledging everyone's contributions towards achieving our sustainability ambitions.

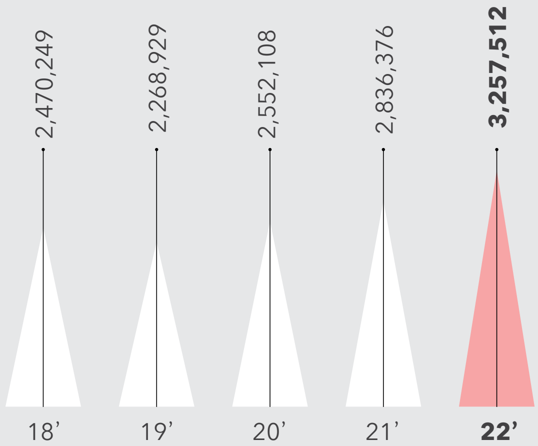
Five-Year Financial Highlights

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	**3,257,512**	2,836,376	2,552,108	2,268,929	2,470,249
Profit before zakat and tax	**127,482**	223,236	150,922	119,399	192,524
Profit after zakat and tax	**114,422**	189,495	132,907	104,407	140,865
Technical reserve	**6,534,786**	5,883,755	5,345,745	4,950,037	4,841,692
Total assets	**11,272,159**	9,910,213	9,214,807	8,707,363	7,935,000
Shareholders' fund	**2,471,674**	2,418,320	2,271,787	2,119,652	1,538,001
Share capital	**738,502**	738,502	738,502	722,306	319,605
Earnings per share (sen)	**14.6**	24.2*	17.2	20.3	42.2
Net assets per share (RM)	**3.2**	3.1*	2.9	2.8	4.8
Profit before zakat and tax to Shareholders' fund (%)	**5.2**	9.2	6.6	5.6	12.5
Profit after zakat and tax to Shareholders' fund (%)	**4.6**	7.8	5.9	4.9	9.2

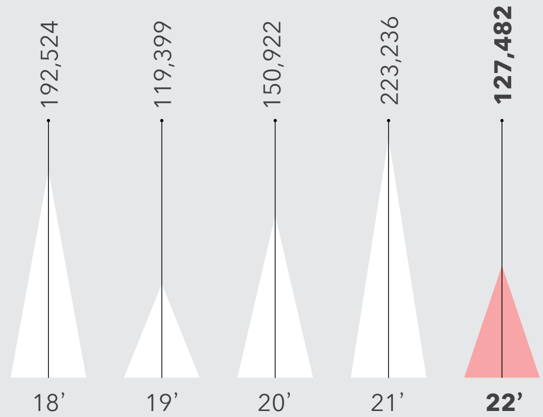
* *on enlarged Share Capital persuant to the Dividend Reinvestment Plan ("DRP") exercise*

Five-Year Group Performance

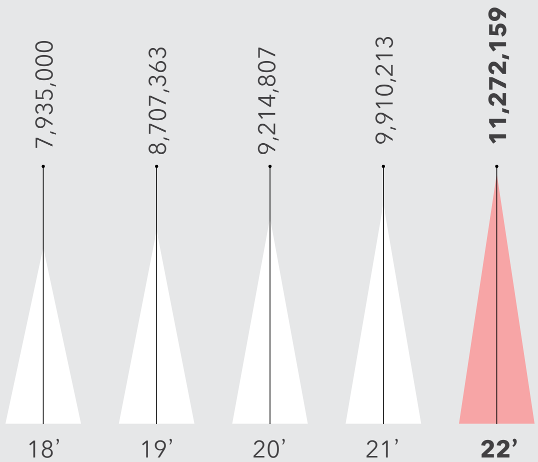
REVENUE (RM'000)



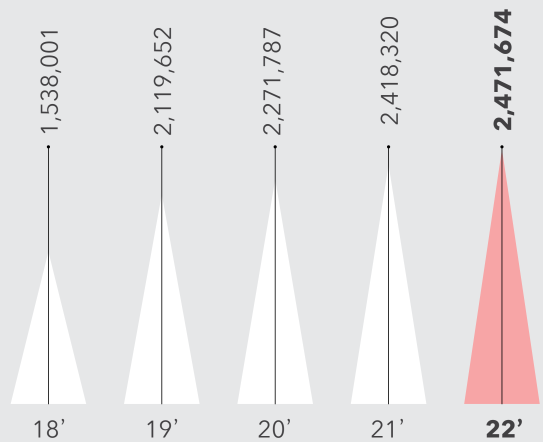
PROFIT BEFORE ZAKAT AND TAX (RM'000)



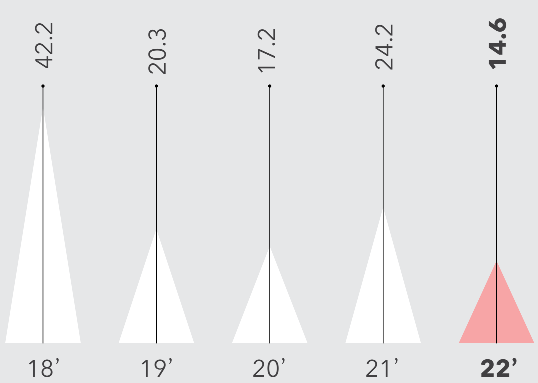
TOTAL ASSETS (RM'000)



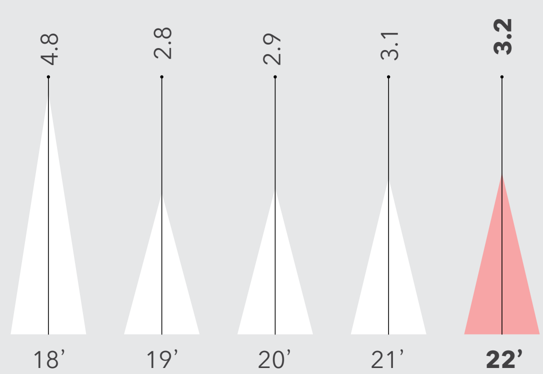
SHAREHOLDERS' FUND (RM'000)



EARNINGS PER SHARE (RM'000)

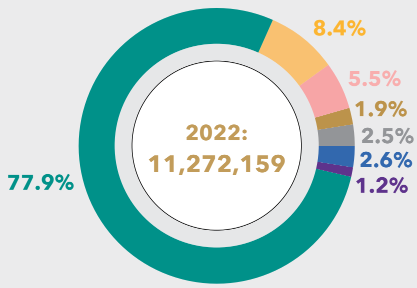


NET ASSET PER SHARE (RM'000)

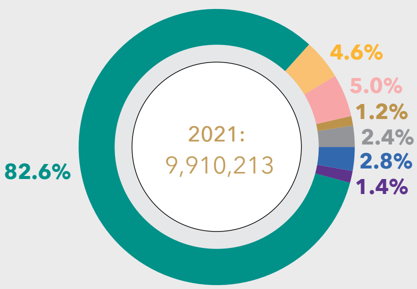


Simplified Group Statements of Financial Position

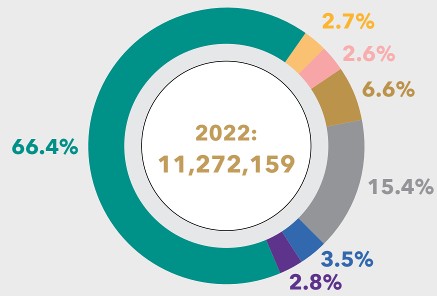
ASSETS (RM'000)



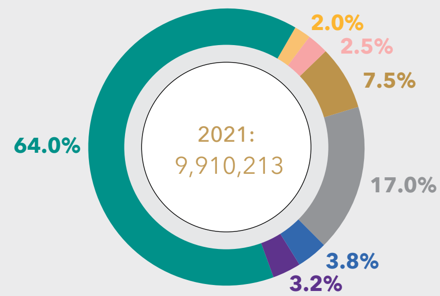
- Fixed Assets
- Investments in Associates
- Financial Assets and Deposits
- Reinsurance/Retakaful Assets
- Insurance/Takaful Receivables
- Cash and Bank Balances
- Other Assets



LIABILITIES, PARTICIPANTS' FUNDS AND EQUITY (RM'000)

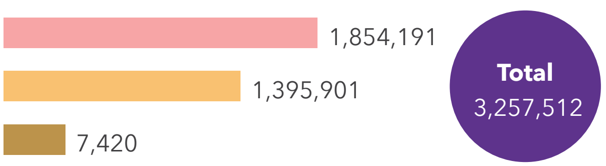


- Participants' Funds
- Borrowings
- Insurance/Takaful Contract Liabilities
- Insurance/Takaful Payables
- Other Liabilities
- Share Capital
- Reserves

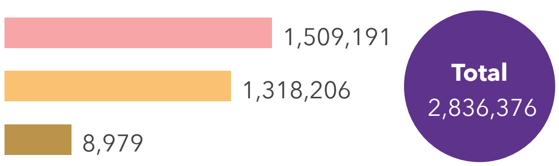


Group Operating Revenue

GROUP OPERATING REVENUE BY BUSINESS SEGMENTS FOR THE PERIOD ENDED 31 MARCH 2022 (RM'000)



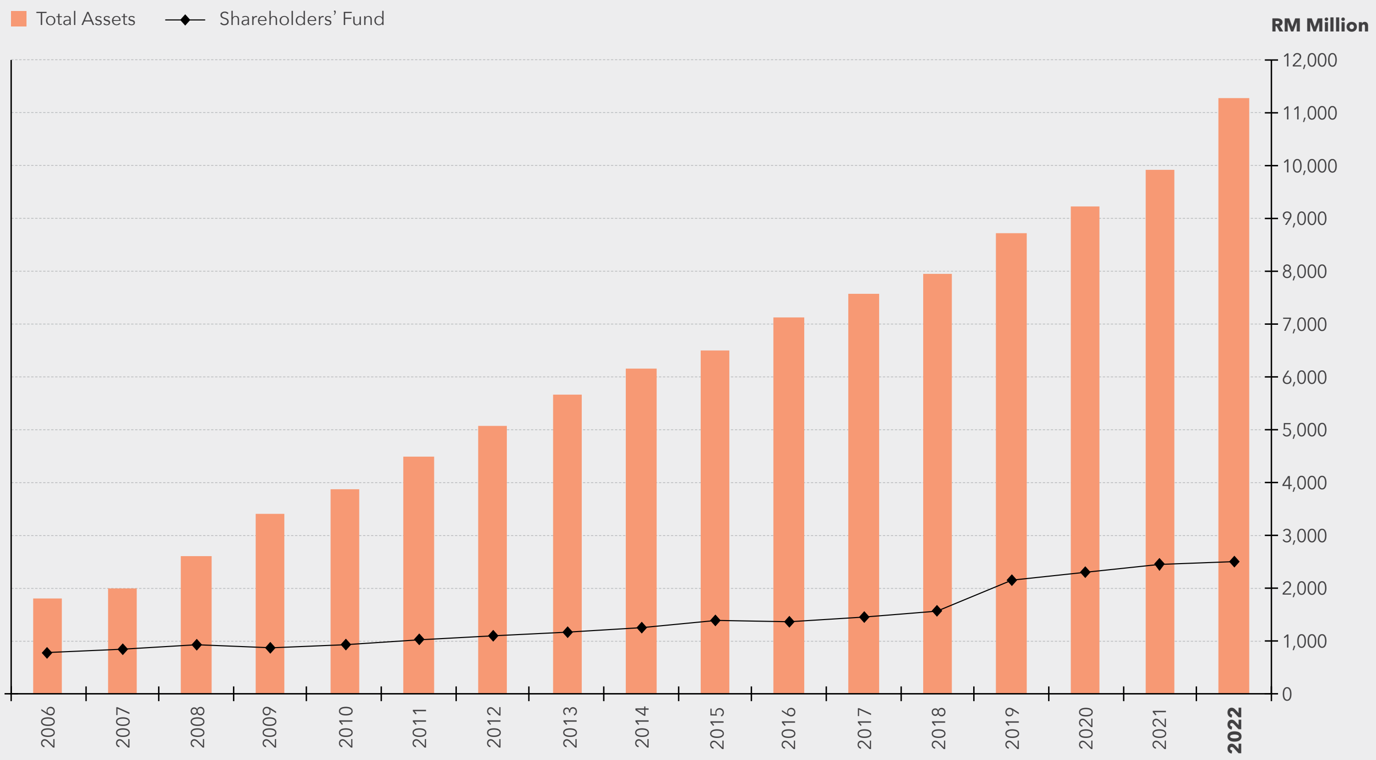
GROUP OPERATING REVENUE BY BUSINESS SEGMENTS FOR THE PERIOD ENDED 31 MARCH 2021 (RM'000)



Reinsurance/Retakaful   Takaful   Other

Group's Growth

	Shareholders' Fund (RM'000)	Total Assets (RM'000)
2006	747,803	1,772,311
2007	808,477	1,963,036
2008	893,919	2,576,247
2009	835,646	3,378,919
2010	892,513	3,845,983
2011	998,715	4,467,967
2012	1,058,488	5,048,449
2013	1,131,944	5,642,265
2014	1,223,469	6,136,512
2015	1,349,474	6,477,236
2016	1,330,180	7,107,720
2017	1,419,466	7,556,580
2018	1,538,001	7,935,000
2019	2,119,652	8,707,363
2020	2,271,787	9,214,807
2021	2,418,320	9,910,213
2022	**2,471,674**	**11,272,159**



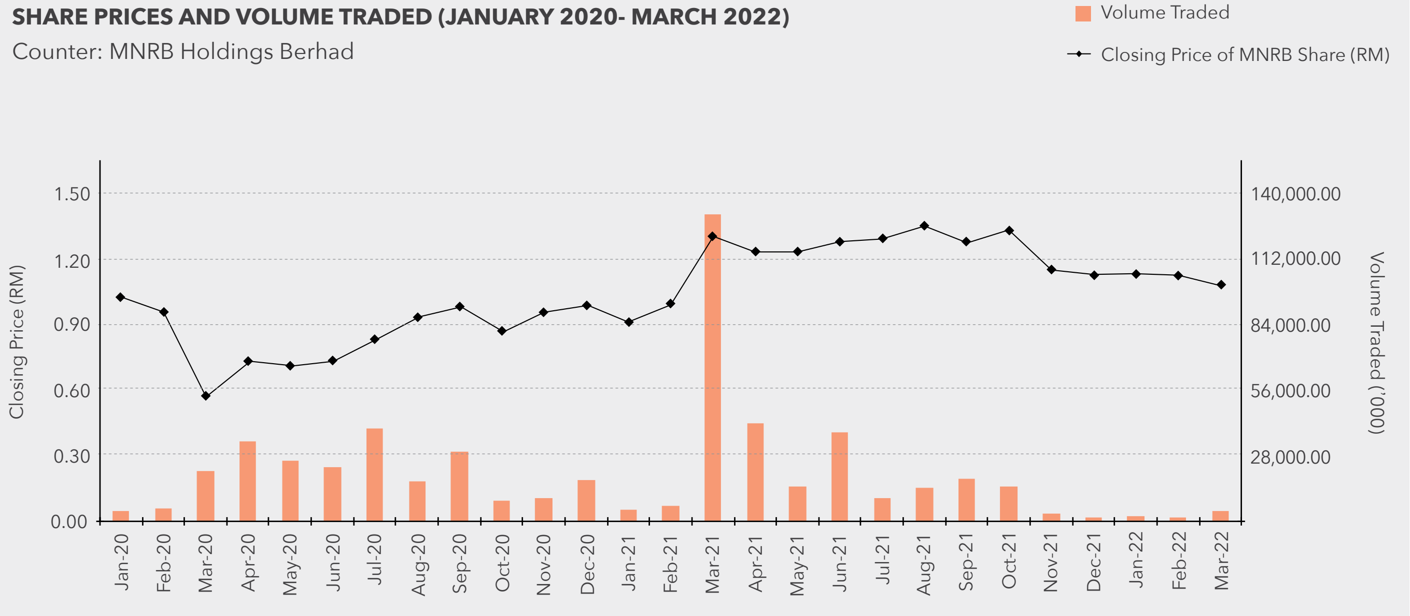
Investors Information

	1/4/21-31/3/22	1/4/20-31/3/21	1/4/19-31/3/20	1/4/18-31/3/19	1/4/17-31/3/18	1/4/16-31/3/17
Closing Price (RM)	**1.08**	1.30	0.565	1.03	2.64	2.43
Highest Price (RM)	**1.45**	1.47	1.19	1.99	2.84	2.50
Lowest Price (RM)	**0.975**	0.55	0.47	0.85	2.19	1.60
Total Volume Traded ('000)	**164,720**	344,640	113,710	202,783	48,840	28,315
Gross Dividend Yield (%)	**3.70**	2.31	4.42	0.00	0.00	0.00
Price Earning Ratio (x)	**7.40**	5.37	3.28	5.07	5.99	8.80

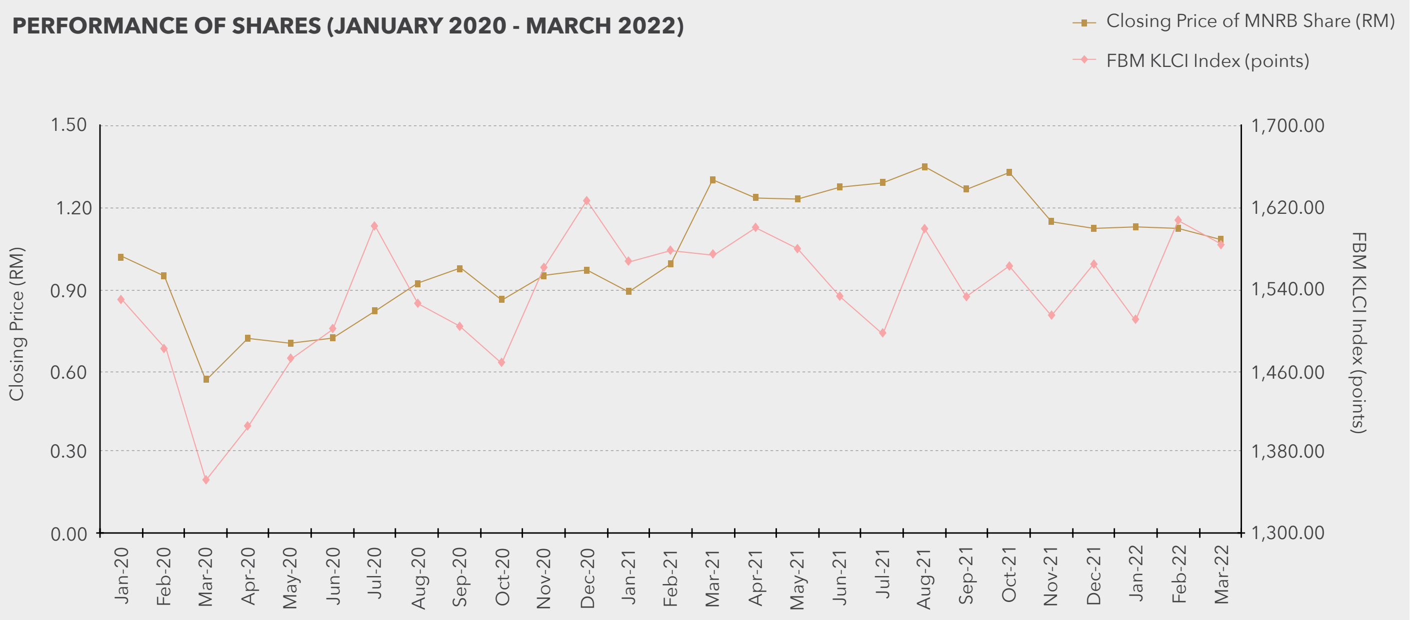
Source: Bloomberg @ 23/06/2022

SHARE PRICES AND VOLUME TRADED (JANUARY 2020- MARCH 2022)

Counter: MNRB Holdings Berhad



PERFORMANCE OF SHARES (JANUARY 2020 - MARCH 2022)



Financial Calendar 2022

49TH ANNUAL GENERAL MEETING

DATE OF NOTICE OF AGM
27 July 2022

AGM DATE
22 September 2022

1ST QUARTER RESULT

Report as at	Announcement Date
30 June 2021	30 August 2021

2ND QUARTER RESULT

Report as at	Announcement Date
30 September 2021	30 November 2021

3RD QUARTER RESULT

Report as at	Announcement Date
31 December 2021	28 February 2022

4TH QUARTER RESULT

Report as at	Announcement Date
31 March 2022	30 May 2022

Directors' Profile

DATUK JOHAR CHE MAT

Non-Independent Non-Executive Chairman

Age:	Nationality:	Gender:
69	Malaysian	Male

Date of Appointment: 1 October 2017

Attendance: 11/11

Board Committee Membership
- Member of Risk Management Committee of the Board
- Member of Group Investment Committee

Academic/Professional Qualification
- Bachelor of Economics Degree, University of Malaya.

Skill and Experience
- He has thirty-six (36) years of experience in the banking industry. He began his career in 1975 as an Officer at the Prime Minister's Department.
- He joined Malayan Banking Berhad ("Maybank") in 1976, where he served in various divisions including in senior positions as the Manager/Senior Manager covering the transactional banking (operations), retail finance, retail marketing and private banking. From 1993 to 1995, he was appointed as the Regional Manager for Maybank branches in Selangor and Negeri Sembilan.
- In 1996, he was promoted as the General Manager, Commercial Banking Division and subsequently served as the Senior General Manager, Corporate Banking and Enterprise Banking Division in 2000.
- In 2002 he was promoted as the Senior Executive Vice President, Retail Financial Services and was thereafter appointed as the Chief Operating Officer of the Maybank Group from 2006 till 2010.

Other Current Appointments
- Chairman of Takaful Ikhlas Family Berhad, Takaful Ikhlas General Berhad and Malaysian Re (Dubai) Ltd.
- Director of MBSB Bank Berhad, Dagang NeXchange Berhad, Motordata Research Consortium Sdn Bhd and Ping Petroleum Limited.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years.

GEORGE OOMMEN

Senior Independent Non-Executive Director

Age:	Nationality:	Gender:
68	Malaysian	Male

Date of Appointment: 1 January 2018

Attendance: 11/11

Board Committee Membership
- Chairman of Risk Management Committee of the Board
- Member of Audit Committee
- Member of Group Investment Committee

Academic/Professional Qualification
- Fellow of the Association of Chartered Certified Accountants (UK).
- Member of Malaysian Institute of Accountants.
- Member of Malaysian Institute of Certified Public Accountants.

Skill and Experience
- He has thirty-seven (37) years of experience in the insurance industry. He began his insurance career in 1981 when he joined American International Assurance Company Limited as an Accountant. In 1999, he was transferred to AIG Lippo Life Insurance Company, Indonesia as Vice President-Director. Subsequently, in 2000, he joined TATA AIG Life Insurance Company, India as Managing Director.
- He later joined ACE INA Holdings Inc, India as Country Head/CEO in 2002 and thereafter in 2003 he was appointed Chairman/Managing Director of ACE Life, Egypt, concurrently.
- In 2007, he joined the Dubai International Financial Centre, UAE as the Executive Director, Business Development. In 2010, he was appointed as the CEO & General Representative, Assicurazioni Generali, S.p.A. for the Middle East and North African Region based in Dubai.

Other Current Appointments
- Chairman of Malaysian Reinsurance Berhad and Labuan Reinsurance (L) Ltd.
- Director of Takaful Ikhlas Family Berhad.
- Director of Malaysian Re (Dubai) Ltd.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years.

Directors' Profile

KHALID SUFAT

Independent Non-Executive Director

Age:	Nationality:	Gender:
65	Malaysian	Male

Date of Appointment: 1 October 2019

Attendance: 10/11

Board Committee Membership

- Chairman of Audit Committee
- Member of Group Nomination & Remuneration Committee

Academic/Professional Qualification

- Fellow Member of Association of Chartered Certified Accountants (UK).
- Member of Malaysian Institute of Certified Public Accountants.
- Member of Malaysian Institute of Accountants.

Skill and Experience

- He has considerable experience in the banking industry having held several senior positions, namely, Managing Director of Bank Kerjasama Rakyat Malaysia Berhad, General Manager, Consumer Banking of Malayan Banking Berhad and Executive Director of United Merchant Finance Berhad.
- He had previously managed three (3) listed companies as Executive Director of Tronoh Mines Malaysia Berhad, as Deputy Executive Chairman of Furqan Business Organisation Berhad and as Group Managing Director of Seacera Tiles Berhad.

Other Current Appointments

- Director of Malaysian Reinsurance Berhad, Employees Provident Fund and Kuwait Finance House (Malaysia) Berhad.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years.

JUNAIDAH MOHD SAID

Independent Non-Executive Director

Age:	Nationality:	Gender:
63	Malaysian	Female

Date of Appointment: 1 October 2019

Attendance: 11/11

Board Committee Membership

- Member of Audit Committee
- Member of Group Nomination & Remuneration Committee

Academic/Professional Qualification

- Diploma in Investment Analysis, Institut Teknologi MARA.
- Bachelor of Business Administration majoring in Finance, Western Michigan University, United States of America.

Skill and Experience

- She began her career as an Executive Officer of Bank Bumiputra Malaysia Berhad (now CIMB Bank Berhad) in 1984.
- Her career in central banking began in 1988 when she joined Bank Negara Malaysia ("BNM"). Her over 30-year experience in BNM had been mainly in the regulation and supervision of the insurance and insurance-related industry including insurance broking and loss adjusting.
- Throughout her career in the central bank, she had contributed significantly to the development of the Malaysian insurance industry driving major policy initiatives among which include liberalisation of the motor and fire tariffs, development of micro insurance framework, optimisation of national retention, introduction of deferred annuity scheme and establishment of Protection and Indemnity Malaysia (a Malaysian P&I Club).

Other Current Appointments

Nil

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years.

Directors' Profile

ZAIDA KHALIDA SHAARI

Independent Non-Executive Director

Age:	Nationality:	Gender:
54	Malaysian	Female

Date of Appointment: 1 October 2019

Attendance: 11/11

Board Committee Membership

- Chairman of Group Nomination & Remuneration Committee
- Member of Risk Management Committee of the Board

Academic/Professional Qualification

- LLB (Hons), University of Warwick, United Kingdom.
- Barrister-at-Law at Gray's Inn, United Kingdom.
- Master of Business Administration, University of Strathclyde, United Kingdom.

Skill and Experience

- She began her career in 1991 in legal practice with Messrs. Zain & Co. Thereafter, in 1997, she joined Permodalan Nasional Berhad ("PNB") as legal advisor to the corporate finance group and subsequently appointed as the Senior Compliance Officer & Head of Legal Department. She was also appointed as the joint Company Secretary of PNB.
- She joined Khazanah Nasional Berhad ("Khazanah") in January 2007 as a Senior Vice President of Investments and was subsequently appointed as Director of Investments in April 2009. During her stint in Khazanah, she oversaw the real estate and education investments of Khazanah. She served Khazanah as an Executive Director of Investments until January 2019.
- She was appointed as Chief Executive Officer of Yayasan AMIR, a non-profit organisation that focus to improve accessibility to quality education in public schools through a Public-Private Partnership with the Ministry of Education Malaysia from 1 June 2020 until 30 June 2022.

Other Current Appointments

- Director of UEM Sunrise Berhad, Cement Industries of Malaysia Berhad and Pelaburan Hartanah Nasional Berhad.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years.

DATO' WAN ROSHDI WAN MUSA

Independent Non-Executive Director

Age:	Nationality:	Gender:
64	Malaysian	Male

Date of Appointment: 1 April 2020

Attendance: 11/11

Board Committee Membership

- Chairman of Group Investment Committee
- Member of Risk Management Committee of the Board

Academic/Professional Qualification

- Diploma in Accountancy, Institut Teknologi MARA.
- Bachelor of Science in Finance, Northern Illinois University, United States of America.
- Master in Business Administration, Governors State University, United States of America.

Skill and Experience

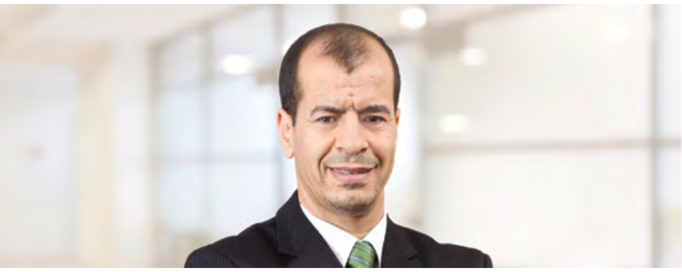
- He began his career in 1985 when he joined Permodalan Nasional Berhad ("PNB") and held various positions including Head of Corporate Services and Corporate Finance Department. During his stint, he was responsible for value enhancement exercises on a number of PNB's strategic investment for the purpose of increasing shareholder's wealth and strengthening the position of these companies at their respective industries.
- In 2004, he was appointed as the Chief Investment Officer of PNB where he held this position until 2015. During this period, he was involved in the setting of the strategic direction for accomplishment of PNB's investment goals. This included the management and delivery of outcomes of unit trust funds managed by the Investment Division through the formulation, recommendation and oversight of investment strategies related to asset allocation, economic & sector allocation and financial market outlook.
- Prior to his retirement in June 2016, he held the position of Chief Risk Officer, PNB where he handled risk management and performance portfolio assessment division.

Other Current Appointments

Nil

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years.

Group Shariah Committee Members' Profile



ASSOC. PROF DR. SAID BOUHEROUA

Chairman of the Group Shariah Committee

Age:	Nationality:	Gender:
54	Algerian	Male

Date of Appointment: 2 November 2015

Attendance: 7/7

Academic/Professional Qualification
- Bachelor Degree in Fiqh and Usul Al-Fiqh, University of Algiers, Algeria.
- Master's Degree in Quran and Sunnah, International Islamic University Malaysia ("IIUM").
- Ph.D in Islamic Law (Shariah), IIUM.

Skill and Experience
- Shariah Committee member for Sinar Seroja Berhad (formerly known as MNRB Retakaful Berhad) since 1 April 2011 until its dissolution on 2 November 2015.
- He is the Chairman of the Shariah Committee and a Director at Affin Islamic Bank Berhad.
- Member of Higher Shariah Committee at the Central Bank of the Oman Sultanate.
- He was also an Associate Professor at Department of Islamic Law, Ahmad Ibrahim Kulliyyah of Laws, IIUM. He is currently a Director of Research Development & Innovation at the International Shariah Research Academy for Islamic Finance ("ISRA") and the editor-in-chief of ISRA International Journal of Islamic Finance.
- He has published several books and articles in international referred journals throughout his career as Lecturer/Researcher. He has also presented papers in international conferences and conducted training sessions in Islamic Finance in Malaysia and abroad.

DR. SHAMSIAH MOHAMAD

Member of the Group Shariah Committee

Age:	Nationality:	Gender:
55	Malaysian	Female

Date of Appointment: 3 November 2020

Attendance: 7/7

Academic/Professional Qualification
- Bachelor of Shariah (First Class Honours), University of Malaya.
- Master of Shariah, University of Malaya.
- Ph.D specialising in Fiqh & Usul Fiqh, University of of Jordan, Jordan.

Skill and Experience
- She was an Associate Professor at the Academy of Islamic Studies in University of Malaya and a Senior Researcher at the International Shariah Research Academy for Islamic Finance.
- She sits on several Shariah Committees of prestigious financial institutions and has vast experience handling Shariah issues.
- She is also appointed as a Member of Shariah Advisory Council of Securities Commission Malaysia, Shariah Committee of Bursa Malaysia Securities Berhad, Shariah Supervisory Council of Bank Islam Malaysia Berhad, Shariah Committee of SME Bank and Shariah Advisory Council of Association of Islamic Banking Institutions Malaysia.
- She was also a Shariah Advisory Council of Bank Negara Malaysia from 2013 to 2019, specialising in Islamic Transaction.

Group Shariah Committee Members' Profile

SAHIBUS SAMAHAH DATUK DR. LUQMAN ABDULLAH

Member of the Group Shariah Committee

Age:	Nationality:	Gender:
52	Malaysian	Male

Date of Appointment: 3 November 2020

Attendance: 5/7

Academic/Professional Qualification

- B.A Shariah (Hons), University of Malaya.
- Ph.D in Islamic Law of Property, University of Edinburgh, Scotland.

Skill and Experience

- He currently serves as the Mufti of Wilayah Persekutuan. Sahibus Samahah Dr. Luqman is also appointed as a Shariah Committee Member of MBSB Bank, Shariah Panel Expert of Jabatan Kemajuan Islam Malaysia ("JAKIM"), member of Association of Shariah Advisor in Islamic Finance, Committee Member of Shariah Advisory Council of Amanah Raya Berhad and Member of Administrative Committee for Wakaf Majlis Agama Islam Dan Adat Istiadat Melayu Kelantan ("MAIK") - Muamalat.
- He was also a Registered Shariah Advisor for Malaysia Securities Commission and a Fatwa Committee Member of Jemaah Ulama Majlis Agama Islam Kelantan.
- He is the Chairman of Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan and was a visiting Scholar at University of Edinburgh, Scotland in 2013. His areas of specialisation are Islamic Law of Property, Islamic Jurisprudence/Legal Theories and Shariah/ Fiqh Textual Studies (Dirasah Nassiyyah).
- He was the Head of Fiqh and Usul/Islamic Jurisprudence Department at University of Malaya.

SHAHRIR SOFIAN

Member of the Group Shariah Committee

Age:	Nationality:	Gender:
58	Malaysian	Male

Date of Appointment: 3 November 2020

Attendance: 7/7

Academic/Professional Qualification

- Bachelor of Economics (Honours), International Islamic University Malaysia.
- Bachelor of Islamic Studies (Shariah), The National University of Malaysia.
- Master in Actuarial Science, City, University of London, United Kingdom.

Skill and Experience

- He holds a double degree in Economics and Islamic Studies (majoring in Shariah) from local universities.
- He had served in various departments with Bank Negara Malaysia ("BNM") since 1987. He served as Manager in the Financial Sector Development Department and Manager of Insurance Development Department of BNM. He also managed and led the compliance review processes.
- He was involved in the formulation of Balance Score Card for Life Insurance/Family Takaful Agents under the LIFE Framework, Development of Business Plan of the Insurance Development Department to be part of the Bank's Business Plan, formulation of the policy document on direct channel, and the establishment of dedicated department (that is Islamic Banking and Takaful Department) to steer the progress and development of Islamic Financial System by providing justification for the establishment. He also has extensive experience in insurance regulations and operations.

Group Shariah Committee Members' Profile

YANG AMAT ARIF DATO' SETIA DR. MOHD NA'IM MOKHTAR

Member of the Group Shariah Committee

Age:	Nationality:	Gender:
54	Malaysian	Male

Date of Appointment: 1 April 2021

Attendance: 7/7

Academic/Professional Qualification

- Diploma Administration of Islamic Judiciary, International Islamic University Malaysia.
- Diploma in Shariah Law & Legal Practice, International Islamic University Malaysia.
- Bachelor of Laws ("LLB"), International Islamic University Malaysia.
- Masters in Laws ("LLM"), University of London, United Kingdom.
- Ph.D in Shariah, The National University of Malaysia.

Skill and Experience

- He is currently presiding as the Chief Justice of Shariah Courts as well as Director General of Department of Shariah and Judiciary Malaysia since 1 April 2019.
- He was appointed as a Member of the Selangor Royal Council from December 2019 to November 2022. He was appointed as a Committee Member of the Islamic Religious Council of the Federal Territory for the session from February 2021 until February 2024.
- He was selected and served as Malaysian Cheavening Visiting Fellow at Oxford Centre for Islamic Studies, Oxford University, United Kingdom for 2008/2009 and as Visiting Fellow at Harvard Law School, Harvard University, United States of America for 2012/2013.
- He has participated in many local and international seminars on his subject areas of specialisation.

Key Senior Management Team

1. ZAHARUDIN DAUD
2. ZAINUDIN ISHAK
3. MUHAMMAD FIKRI MOHAMAD RAWI
4. DATO' RUDY RODZILA CHE LAMIN
5. NORAZMAN HASHIM
6. AHKTER ABDUL MANAN
7. RIZAL MOHD ZIN
8. LEONG JOE YEE
9. TUNG CHEE LIM
10. LENA ABD LATIF
11. NUR AZLINA MOHD YAZID
12. NG CHEE SANG
13. HANIZA FILZAH HAYANI ABU HANIFFA

Key Senior Management's Profile

ZAHARUDIN DAUD

President & Group Chief Executive Officer

Age:	Nationality:	Gender:
55	Malaysian	Male

Academic/Professional Qualification

- Advanced Diploma in Business Studies, Institut Teknologi MARA.
- An Associate of The Chartered Insurance Institute ("ACII") since 1992.

Skill and Experience

- He started his career in an insurance Broking house and has exposures in Sales and Marketing, Operations, Retail Underwriting and Product Design in his over thirty (30) years of experience in the general insurance business.
- He joined MNRB on 1 September 2020 as the GCEO Designate prior to his official appointment as the President & Group Chief Executive Officer of MNRB on 23 November 2020.
- He was also the Management Committee member of the Persatuan Insurans Am Malaysia ("PIAM") and Life Insurance Association of Malaysia ("LIAM") until 2018, and was a Board member of Insurance Services Malaysia Berhad ("ISM") until August 2020.
- In early 2010, he was redeployed to Singapore to be the Principal Officer of Etiqa Singapore before returning to Malaysia to assume the position of the Chief Executive Officer of Etiqa Insurance Berhad in September 2014. He was the Chief Executive Officer of Etiqa General Takaful Berhad from January 2018 to August 2020.
- He was appointed as a Non-Independent Executive Director of Malaysian Reinsurance Berhad, Takaful Ikhlas Family Berhad and Takaful Ikhlas General Berhad on 23 November 2020. He is also a Director of associate company, Motordata Research Consortium Sdn. Bhd. On 21 January 2021, he was appointed as a Director of Malaysian Re (Dubai) Ltd.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

ZAINUDIN ISHAK

President & Chief Executive Officer, Malaysian Reinsurance Berhad

Age:	Nationality:	Gender:
55	Malaysian	Male

Academic/Professional Qualification

- Holds an Associateship of Malaysian Insurance Institute ("AMII").

Skill and Experience

- He has accumulated thirty (30) years of experience in insurance industry covering a range of business and functional roles earned in various capacities in the domestic and multinational corporations in Kuala Lumpur, Hong Kong and the Kingdom of Saudi Arabia, inclusive 15 years stint as CEO. He has also served as the Chairman of Malaysian Takaful Association from 2012 to 2015.
- In addition to his current role, he also sits on board of Financial Park (Labuan) Sdn Bhd and Management Committee of Persatuan Insurans Am Malaysia ("PIAM"). He is also a Director of Malaysian Re (Dubai) Ltd. and MMIP Services Sdn Bhd.
- He was appointed as the President & Chief Executive Officer of Malaysian Reinsurance Berhad on 1 April 2015.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

Key Senior Management's Profile

MUHAMMAD FIKRI MOHAMAD RAWI

President & Chief Executive Officer,
Takaful Ikhlas Family Berhad

Age:	Nationality:	Gender:
57	Malaysian	Male

Academic/Professional Qualification

- Bachelor of Business Administration, Western Michigan University, Kalamazoo, United States of America.

Skill and Experience

- He has over twenty-eight (28) years of combined experience in banking, insurance and takaful industries.
- Prior to joining Takaful Ikhlas Family Berhad, he was the Chief Executive Officer of Sun Life Malaysia Takaful Berhad.
- He was appointed as President & Chief Executive Officer of Takaful Ikhlas Family Berhad on 14 January 2022.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

DATO' RUDY RODZILA CHE LAMIN

President & Chief Executive Officer,
Takaful Ikhlas General Berhad

Age:	Nationality:	Gender:
53	Malaysian	Male

Academic/Professional Qualification

- Master of Management, International Islamic University Malaysia.
- Holds a certified qualification from The Association of International Accountants (UK).

Skill and Experience

- He has over twenty-eight (28) years of combined experience in the financial, banking and insurance industries.
- Prior to joining Takaful Ikhlas General Berhad, he was the Executive Vice President, Head of Regional Distribution in Etiqa Group.
- He joined Takaful Ikhlas General Berhad on 1 November 2021 as the President & Chief Executive Officer Designate. He was appointed as President & Chief Executive Officer of Takaful Ikhlas General Berhad on 30 November 2021.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

Key Senior Management's Profile

NORAZMAN HASHIM

Executive Vice President & Group Chief Financial Officer

Age:	Nationality:	Gender:
60	Malaysian	Male

Academic/Professional Qualification

- Masters Degree in Business Administration, the Cranfield School of Management, United Kingdom.
- A fellow member of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom.
- Member of the Malaysian Institute of Accountants ("MIA").

Skill and Experience

- He joined the then Malaysian National Reinsurance Berhad in 1985 and was appointed as its Financial Controller and Company Secretary in 1994.
- He was subsequently transferred to Malaysian Reinsurance Berhad on 1 April 2005 and promoted to General Manager of the Corporate Services Division in June 2005.
- On 1 April 2008, he was transferred to MNRB where he assumed his current position.
- He is a Director of MMIP Services Sdn Bhd and Sinar Seroja Berhad.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

AHKTER ABDUL MANAN

Senior Vice President & Group Chief Investment Officer

Age:	Nationality:	Gender:
59	Malaysian	Male

Academic/Professional Qualification

- Bachelor of Social Science (Honours) majoring in Management with a minor in Economics, University of Science Malaysia.

Skill and Experience

- He is responsible for the overall investment function of the MNRB Group. He started his career in the Investment and Securities Department ("IVS") of Malaysian International Merchant Bankers Berhad ("MIMB") in 1987 as an Investment Analyst.
- In 1991, he was promoted to Manager, Head of IVS and in 1995 to Assistant General Manager. He was subsequently promoted to General Manager of IVS in 1997. He was then seconded to MIDF Aberdeen Asset Management Sdn. Bhd. ("MIDF Aberdeen"), which he helped set up in 1998.
- In January 2001, he was appointed as Chief Executive Officer and Executive Director of MIDF Aberdeen. He joined Asia Unit Trust Berhad ("AUTB") in September 2004 as Chief Executive Officer following the transfer of business of MIDF Aberdeen to Amanah SSCM Asset Management Berhad.
- He left AUTB in July 2007 to join MNRB on 17 July 2007. In total, he brings to the Company thirty-four (34) years of experience in the Asset Management industry.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

Key Senior Management's Profile

RIZAL MOHD ZIN

Senior Vice President &
Group Chief Strategy Officer

Age:	Nationality:	Gender:
46	Malaysian	Male

Academic/Professional Qualification

- Bachelor of Arts in Engineering and Masters in Engineering, University of Cambridge, United Kingdom.

Skill and Experience

- He started his career at a large telecommunications company in 1999 and then gained experience in the fields of corporate strategy planning and execution, performance management, Merger & Acquisition and investment management in various sectors such as media, education, FMCG and private equity.
- Prior to joining MNRB, he was a Director for Investments at Ekuiti Nasional Berhad, a government-linked private equity firm. He joined MNRB on 1 April 2019.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

LEONG JOE YEE

Senior Vice President &
Group Chief Risk & Compliance Officer

Age:	Nationality:	Gender:
44	Malaysian	Male

Academic/Professional Qualification

- Bachelor of Science in Business Administration, Actuarial Science, Drake University, Iowa, United States of America.

Skill and Experience

- He began his career as an actuarial consultant in the United States and returned to Malaysia in 2003. He has extensive experience in driving risk management and operational changes in organisations, partnering with business and underwriting teams in transforming the business by leveraging on analytics, driving the implementation of business intelligence, and providing independent insights and perspective to Board of Directors.
- Prior to joining MNRB, he was the Chief Risk Officer for Hannover Re Malaysian Branch. He joined MNRB on 10 March 2021 as the Group Chief Risk Officer and later was appointed as the Group Chief Risk & Compliance Officer effective 1 August 2021.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

Key Senior Management's Profile

TUNG CHEE LIM

Senior Vice President &
Group General Actuary

Age:	Nationality:	Gender:
39	Malaysian	Male

Academic/Professional Qualification

- Bachelor of Science with Honours (Actuarial Science), The National University of Malaysia.
- Obtained a Fellowship from the Casualty Actuarial Society of the United States in 2011.
- A Fellow of the Actuarial Society of Malaysia.

Skill and Experience

- He began his actuarial career in 2006. Prior to joining MNRB on 27 July 2015, he was the Appointed Actuary (general takaful business) and Head of Insurance Risk for HSBC Amanah Takaful (Malaysia) Berhad. His past fifteen (15) years of working experience covers the full spectrum of actuarial services, including ratemaking, profit testing, capital modelling and valuation for general insurance/ takaful business and general reinsurance/retakaful business.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

LENA ABD LATIF

Senior Vice President
Head of Legal & Secretarial & Group Company Secretary

Age:	Nationality:	Gender:
55	Malaysian	Female

Academic/Professional Qualification

- Bachelor of Laws (Honours), International Islamic University Malaysia.
- Called to the Malaysian Bar.

Skill and Experience

- She has over thirty (30) years of accumulated working experience in legal, secretarial and corporate affairs starting at Utusan Melayu (Malaysia) Berhad and Land & General Berhad. She joined the then Malaysian National Reinsurance Berhad in 2003 as Manager, Legal & Secretarial and was appointed as its Company Secretary in February 2004.
- She was promoted to her current position as Senior Vice President & Head of Legal & Secretarial in 2011. She is also the Company Secretary of Malaysian Reinsurance Berhad, Takaful Ikhlas Family Berhad, Takaful Ikhlas General Berhad, Sinar Seroja Berhad, Malaysian Re (Dubai) Ltd and MMIP Services Sdn Bhd.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

Key Senior Management's Profile

NUR AZLINA MOHD YAZID

Senior Vice President & Head of Group Human Capital Management

Age:	Nationality:	Gender:
54	Malaysian	Female

Academic/Professional Qualification

- Bachelor of Law ("LLB"), University of East London, United Kingdom.

Skill and Experience

- She has more than twenty-five (25) years of experience in diverse industries including Legal, Manufacturing, IT, Oil & Gas and Shared Services. Throughout her career, she has led organisations in improving Performance and Leadership, Talent Management and Workforce Planning, Organisation Development and Capability Building, Transformation and Change Management, Diversity & Inclusiveness as well as focusing on Positive Employee Relations and Industrial Relations.
- She is also a Certified Lean Practitioner and has helped businesses drive continuous improvement efficiencies by focusing on simplifications and standardization of work process. Prior to joining MNRB Holdings Berhad, she was General Manager HR Upstream in Shell Malaysia. She joined MNRB on 2 March 2022.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

NG CHEE SANG

Senior Vice President & Group Chief Technology Officer

Age:	Nationality:	Gender:
51	Malaysian	Male

Academic/Professional Qualification

- Bachelor of Science, Computer & Information Science, National University of Singapore.

Skill and Experience

- He began his career as a software developer with a network provider in Singapore before returning to Malaysia in 1997.
- He has more than twenty-five (25) years of working experience as an IT professional. He held various roles and responsibilities in the Insurance/Takaful industry and was instrumental in helping the insurance companies transform and strengthen the IT divisions/departments. He has successfully implemented many IT solutions which have helped to support business growth, reduce the turnaround time and cost of doing business. He joined MNRB on 13 September 2021.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

HANIZA FILZAH HAYANI ABU HANIFFA

Senior Vice President & Group Chief Internal Auditor

Age:	Nationality:	Gender:
53	Malaysian	Female

Academic/Professional Qualification

- Bachelor in Accountancy, International Islamic University Malaysia.
- A Chartered Accountant ("C.A") and an Associate member of the Institute of Chartered Secretaries and Administrators ("ICSA").
- Chartered member of the Institute of the Internal Auditors ("CMIIA").

Skill and Experience

- She started her career in 1992 with Messrs. Arthur Andersen & Co. and later served in an associate company of Petronas for about eight (8) years as the Head of Corporate Services and Finance before moving on to MAS where she worked closely with the Turnaround office as the Manager, Group Reporting & Control.
- In 2007, she joined Syarikat Takaful Malaysia Berhad ("STMB") and moved her way up from Senior Manager to Head of the Internal Audit Division until April 2019. She left STMB in April 2019 to join MNRB on 3 May 2019. She has vast experience in both external and internal auditing, besides other areas in finance field.

Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

Corporate Governance Overview Statement

Corporate Governance Approach

The Board of Directors ("the Board") of MNRB Holdings Berhad ("MNRB" or "the Company") presents this Corporate Governance Overview Statement ("CG Overview Statement") to provide shareholders and investors with an overview of the principal features of the Company's and its subsidiaries' ("the Group") corporate governance practices during the financial year ended 31 March 2022 ("financial year") as well as key focus areas and future priorities in relation to corporate governance.

The Board remains committed towards maintaining a high standard of corporate governance throughout the Group and strives to continuously improve the effective application of the principles and best practices as laid down in the following:

- Companies Act, 2016;
- Malaysian Code of Corporate Governance issued by the Securities Commission Malaysia on 28 April 2021 ("MCCG 2021"); and
- Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

In addition to the above, as a Financial Holding Company approved by Bank Negara Malaysia ("BNM"), the Board also applies the standards set out in BNM's Policy Document on Corporate Governance ("PD CG").

MNRB accords high regard to the effective application of these principles and best practices in addition to upholding high standard of business integrity in all activities undertaken by the Group. This includes a commitment to emulate good industry practices and to comply with policy documents and recommendations by regulatory authorities.

Set out below is a statement on how MNRB has applied the principles and complied with the best practices as prescribed under the MCCG 2021, the Listing Requirements and the PD CG during the financial year.

This CG Overview Statement is prepared in compliance with Bursa Securities Listing Requirements and supported by the Corporate Governance Report 2022, based on prescribed format as outlined in Paragraph 15.25(2) of Bursa Securities Listing Requirements.

In May 2021, the Board was apprised on the highlights of key changes to the MCCG 2021. Management has taken the necessary actions to identify gaps and address the identified areas which required further enhancements or refinements to apply the best practices of the MCCG 2021.

The Corporate Governance Report is to provide a detailed articulation on the extent to which the Company has complied with the corporate governance practices set out in the MCCG 2021. The Corporate Governance Report 2022 is available on the Company's website, www.mnrb.com.my., as well as via an announcement on Bursa Securities' website.

This CG Overview Statement should also be read in conjunction with the other statements in this annual report (e.g. Statement on Risk Management and Internal Control, Reports on Audit and Sustainability Statement) as the application of certain corporate governance enumerations may be more briefly explained in the context of the respective statements.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is responsible for the proper stewardship of the Group's resources, the achievement of the Group's objectives and good corporate citizenship. It discharges these responsibilities by complying with all the relevant Acts and Regulations, including adopting the principles and best practices of the MCCG, the Listing Requirements and the PD CG.

The Board exercises effective oversight role in the conduct of the Group's affairs. This includes the responsibility to determine the Group's development and overall strategic direction. Key matters such as the approval of quarterly and annual results, major acquisitions and disposals, major capital expenditures, budgets, business plans and succession planning for top management, are reserved for the Board or its appointed committees to deliberate and resolve.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company and in line with MCCG, the Board is required to adhere to the following:-

- together with senior management, promote good governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Company, and monitor the implementation by Management;
- ensure that the strategic plan of the Company will support long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess management performance to determine whether the business is being properly managed;
- ensure the availability of sound framework for internal controls and risk management;
- understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure the Senior Management has the necessary skills and experience, and measures are in place to provide for the orderly succession of the Board and Senior Management;
- ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Company's financial and non-financial reporting.

There is also a financial and business review of the Group's quarterly performance including operating performance to date, against the annual budget and business plan previously approved by the Board for that year.

The functions of the Board and Management are clearly demarcated to ensure the effectiveness of the Company's business and its day-to-day operations as outlined in the Board Charter. The Board delegates the day-to-day management of the Company's business to the Senior Management Team, but reserves for the Board's consideration significant matters, as disclosed in detail under Appendix A of the Board Charter.

A code of conduct and whistleblowing policy have been put in place to foster an ethical culture and allow legitimate concerns to be raised in confidence without the risk of reprisal ("said Code"). The said Code is reviewed periodically by the Board and published on the Company's website.

During the year, a strategic meeting involving the Board of the four (4) entities within the Group was held to deliberate on matters concerning the way forward towards achieving the vision of the Group. The collaboration was envisaged to promote better coherence among the business of the subsidiaries and enhance group strategy.

Following the introduction of Practice 1.4 of the MCCG 2021 whereby the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee, Datuk Johar Che Mat had relinquished his membership of the Nomination Committee and Audit Committee of the Company effective 1 January 2022.

Effective 1 January 2022 also, the Board had approved the consolidation of the Company's and its subsidiaries' Nomination and Remuneration Committees which is now known as the Group Nomination & Remuneration Committee. In addition, the Investment Committee of the Company and its subsidiaries were collapsed to become the Group Investment Committee. The objective of collapsing the respective Board Committees was to better align best practices and standards within the Group in common areas relating to human capital, remuneration, governance and investment.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD COMPOSITION

The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations. It embraces the proposition that having a diverse Board would have a positive, value-relevant impact on the Group.

The Board comprises members with relevant expertise and experience drawn from business, financial and technical fronts which strengthened leadership and management.

During the financial year, the Board comprised six (6) members, all of whom are Non-Executive Directors, including the Chairman. Five (5) members are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Chairman / Director. The presence of majority independent directors allows the Board to apply heightened professional vigilance and challenge the Management in an unbiased manner and prevent dominance and complacency in the boardroom.

As at the date of this report, the percentage of the Board composition is as follows:-

Independent Non-Executive Directors

5 out of 6
83.3%

Non-Independent Non-Executive Chairman/Director

1 out of 6
16.7%

By virtue of this composition, the Company is in compliance with:-

- Paragraph 15.02 of the Listing Requirements which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent;
- Paragraph 11.3 of the PD CG which requires the Chairman of the Board to be a Non-Executive Director; and
- Paragraph 11.4 of the PD CG which requires the Board to comprise not more than one Executive Director which currently, the Board does not have any as its member.

The above is also in line with the Board's holistic approach in determining its size, composition, and level of independence wherein the Board, to the extent possible, also takes into account the following principles in determining its composition and ideal size:

- to have only one Executive Director as a member of the Board (which currently, the Board does not have any as its member);
- to appoint a Chairman of the Board who is a Non-Executive Director;
- to ensure that the role of the Chairman of the Board is separate from the President & GCEO;
- to ensure that the Chairman of the Board does not chair any of the Board Committees;
- to ensure that Board Committees comprise a majority of Independent Non- Executive Directors;
- to ensure that the Chairman of all Board Committees are Independent Non-Executive Directors; and
- to appoint a Senior Independent Director from among the Independent Non-Executive Directors.

BOARD DIVERSITY

The Board fully recognises the importance of boardroom diversity including but not limited to, gender, age and experience in driving the Group's aspirations. To this effect, a Policy on Diversity was established in 2016.

The Board values the different expertise that each Director brings to the Board due to his or her diverse background, skills and experience.

Although the Board has no specific targets on gender diversity, it endeavours to maintain the number of women directors subject to their suitability and competency. During the financial year, the Board has two (2) women members, representing 40.0% of the total Board Members.

In order to comply with regulatory requirements and to have a well-balanced Board, the existing appointment process for a new Board member takes into consideration the required skill sets, experience, competency, gender and age of the individual candidates as well as the appropriate size, structure and composition of the Board as a whole. The Board is now largely equipped with knowledge in the field of reinsurance, regulatory, accounting, banking, legal, investment and business operations.

The table below depicts the qualification / experience as well as tenure of the existing Directors during the financial year:

NAME	QUALIFICATION/EXPERIENCE	TENURE IN THE COMPANY
Datuk Johar Che Mat	**Banking**	**4 years, 6 months**
George Oommen	**Accounting & Insurance**	**4 years, 3 months**
Khalid Sufat	**Accounting & Banking**	**2 years, 6 months**
Junaidah Mohd Said	**Regulatory & Reinsurance**	**2 years, 6 months**
Zaida Khalida Shaari	**Law & Investment**	**2 years, 6 months**
Dato' Wan Roshdi Wan Musa	**Corporate Risk & Investment**	**2 years**

Corporate Governance Overview Statement

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD MEETINGS

The Board meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year in order for the Directors to plan their schedules ahead of time.

The Board has scheduled meetings of at least six (6) times a year, besides the Annual General Meeting ("AGM"). During the financial year, the Board met eleven (11) times consisting of six (6) scheduled meetings and five (5) special meetings. The increased number of meetings during the financial year was due to deliberations on the MNRB Group Strategic Theme, MFRS 17 Implementation as well as on the proposed Dividend for the financial year ended 31 March 2021.

Technology is effectively used in Board meetings and communications with the Board. Board meeting materials are shared electronically and where required, Directors may participate in meetings via video conference. During the financial year, communication with the Board was done electronically including dissemination of materials and meeting papers.

Pursuant to the Listing Requirements, all Directors are required to attend at least fifty percent (50.0%) of Board meetings while under Paragraph 9.3 of the PD CG, all Directors are required to attend at least seventy five percent (75.0%) of Board meetings held during the financial year. During the financial year, all Directors have complied with both the requirements.

In view of the COVID-19 pandemic, all the Board and Board Committee meetings during the financial year were held virtually via videoconferencing.

The details of attendance of the Directors at Board meetings held during the financial year are as follows:

NAME OF DIRECTOR	ATTENDANCE	PERCENTAGE
DATUK JOHAR CHE MAT Chairman/Non-Independent Non-Executive Director	11/11	100.0%
GEORGE OOMMEN Senior Independent Non-Executive Director	11/11	100.0%
KHALID SUFAT Independent Non-Executive Director	10/11	90.0%
JUNAIDAH MOHD SAID Independent Non-Executive Director	11/11	100.0%
ZAIDA KHALIDA SHAARI Independent Non-Executive Director	11/11	100.0%
DATO' WAN ROSHDI WAN MUSA Independent Non-Executive Director	11/11	100.0%

DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee recommends to the Board the appropriate remuneration packages for the Board in order to attract, motivate and retain the Directors. The Remuneration Policy is to reward the Directors competitively, taking into account performance, market comparison and competitive pressure in the industry. Whilst not seeking to maintain a strict market position, the Remuneration Committee takes into account comparable roles in similar organisations that may be of similar in size, market sector or business complexity.

Since the 47th AGM of the Company, all Non-Executive Directors were paid Directors' fees on quarterly basis instead of in arrears after every AGM. The Board was of the view that this arrangement is just and equitable as the Non-Executive Directors had discharged their responsibilities and rendered their services to the Company.

The remuneration structure for the Non-Executive Directors of the Company is as follows:-

- Fees for duties as a Director and as a member of the various Committees of the Board as well as additional fees for undertaking responsibilities as Chairman of the Board and the various Board Committees.
- Meeting Attendance Allowance for each meeting attended.

The Directors' fees and Meeting Attendance Allowance for all Non-Executive Directors are recommended by the Board to the shareholders for their approvals.

On 30 March 2022, the Board, through the recommendation of the Group Nomination & Remuneration Committee, had agreed to maintain the same fee structure as used in the previous year for computing the fee for each Non-Executive Director for the financial year ended 31 March 2022. This would include the Directors' fees for the newly established Group Nomination & Remuneration Committee and Group Investment Committee effective on 1 January 2022:

		MEETING ATTENDANCE ALLOWANCE RM	ANNUAL FEES RM
Board	Chairman Member	RM1,500 for each meeting attended	130,000 70,000
Audit Committee	Chairman Member		22,000 17,000
Risk Management Committee of the Board	Chairman Member		22,000 17,000
Remuneration Committee*	Chairman Member		17,000 12,000
Nomination Committee*	Chairman Member		17,000 12,000
Investment Committee*	Chairman Member		17,000 12,000
Group Nomination & Remuneration Committee	Chairman Member		17,000 12,000
Group Investment Committee	Chairman Member		17,000 12,000

* *These committees were collapsed effective 1 January 2022.*

The details of the total remuneration of each Director of the Company during the financial year are disclosed on page 206 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Remuneration Policy in respect of the President & GCEO and Board Appointees of the Company

The objective of the Company's remuneration policy is to attract, motivate, reward and retain high performance personnel.

The remuneration of the President & GCEO and the Board Appointees of the Company are reviewed annually by the Remuneration Committee.

The basic component of the remuneration package comprises a monthly basic salary. The variable components have been designed to link rewards to corporate and individual performance based on appropriate and meaningful performance measures set by the Company, reviewed by the Remuneration Committee and approved by the Board. Such components comprise a performance-based variable bonus, which are generally paid/ awarded once a year. In awarding this variable component, the President & GCEO and Board Appointees' corporate and individual performances are measured using a balanced scorecard approach that encourages business sustainability and prudent risk taking.

Staff engaged in all control functions including Actuarial, do not carry business profit targets in their goal sheets and hence, are compensated independent of the business profit achievements. Their compensation is dependent on the achievement of key results in their respective domain.

The annual budget for salary increments and performance-related variable bonus, reviewed by the Remuneration Committee is submitted to the Board for approval.

The competitiveness of the Company's compensation structure is reviewed annually relative to a peer group of companies that is considered relevant, for compensation purposes to ensure continued appropriateness. The review is done through comparison to data source from various remuneration surveys conducted independently by remuneration consultants.

The Company's variable compensation varies in line with its financial performance and in meeting PD CG requirements.

The total value of remuneration for the President & GCEO and Board Appointees (i.e. Group Chief Financial Officer, Group Chief Investment Officer, Group Chief Risk Officer and Group Chief Internal Auditor) for the financial year ended 31 March 2022 are as follows:

FIXED REMUNERATION	GRADE	UNRESTRICTED RM	DEFERRED RM	REMARK
Cash-Based	President & GCEO	1,386,146.00	-	Salaries, allowance and EPF
	BA & SM	6,072,702.00	-	
Others	President & GCEO	18,300.00	-	Benefit-in-kind
	BA & SM	7,200.00	-	
VARIABLE REMUNERATION	**GRADE**	**UNRESTRICTED RM**	**DEFERRED RM**	**REMARK**
Cash-Based	President & GCEO	322,792.00	-	Variable Bonus and EPF on bonus
	BA & SM	1,098,848.00	-	
Others	President & GCEO	-	-	
	BA & SM	-	-	

BA: Board Appointees
SM: Senior Management

BOARD EDUCATION & DEVELOPMENT

Induction Programme for Newly Appointed Director

The Company acknowledges that continuous education is vital for the Board members to gain insight into the regulatory updates and market developments to enhance the Directors' skills and knowledge in discharging their responsibilities.

During the financial year, all Directors attended various seminars and programmes to strengthen their skills set and knowledge in order to effectively discharge their responsibilities, as well as to acquire sound understanding of current issues and developments in the financial and business environment.

Pursuant to the requirements of Bursa Malaysia, a newly appointed Director is required to attend the Mandatory Accreditation Programme (MAP) and obtain a certificate from a programme organiser approved by Bursa Malaysia.

In addition to the above, being a Director of a financial institution, a newly appointed Director is required to attend the Financial Institution Directors' Education ("FIDE") programme and complete the same within one (1) year from the date of appointment.

In the event that the new Director had completed the same in another financial institution previously, the Director should provide a copy of his/her FIDE certificate to the Company Secretary.

All new Directors are required to undergo an induction programme to be apprised of amongst others, information about the Group, the Board's role, powers that have been delegated to the Company's Senior Management and Management committees as well as the latest financial information of the Group. This is to quickly familiarise the Directors on the 'DNA' of the Company for early and effective contribution.

To supplement the programme, a Director's Handbook is furnished by the Company Secretary upon a Director's appointment containing information such as disclosure obligations of a Director, Board Charter, Code of Ethics, Board Committees' Term of Reference, schedule of meetings, amongst others.

Directors' Continuous Education and Development

The Company, via the Company Secretary also facilitates the organisation of internal training programmes and Directors' participation in external programmes to ensure the Directors are kept abreast of new developments pertaining to laws and regulations, changing business risks, as well as technology and cyber security issues, which may affect the Company.

The Company Secretary keeps a complete record of the trainings received or attended by the Directors. Details of trainings/conferences/workshops attended by the Directors during the financial year are set out in the Corporate Governance Report 2022.

The Board will look into the establishment of a more formal annual training and development plan for the Directors, following the recommendations from the Board Effectiveness Evaluation exercise undertaken by an External Consultant.

PRINCIPLE A | BOARD LEADERSHIP AND EFFECTIVENESS

REPORT BY THE GROUP NOMINATION & REMUNERATION COMMITTEE

On 1 January 2022, the Board's Group Nomination & Remuneration Committee was established with the objective to better enhance the efficiency and governance of the Nomination Committee and Remuneration Committee functions in discharging its duties and responsibilities throughout the MNRB Group.

It functions on a Group basis and is empowered to consider related matters across the MNRB Group. The Board views this new approach as an effective way to promote consistency of standards and practices within the Group where governance, human capital and rewards are concerned.

The Group Nomination & Remuneration Committee comprises three (3) Independent Non-Executive Directors. The Group Nomination & Remuneration Committee is chaired by an Independent Non-Executive Director.

Attending the Group Nomination & Remuneration Committee also are permanent invitees selected from amongst directors of each subsidiary. The President & Chief Executive Officers of the subsidiaries also attends the Group Nomination & Remuneration Committee meetings as and when necessary.

The representation from subsidiaries in the Group Nomination & Remuneration Committee enabled an inclusive discussion at the meetings with selected matters being referred to the subsidiaries' respective Boards for final decision.

MEETINGS AND ATTENDANCE

Prior to the consolidation of the Group Nomination & Remuneration Committee, the Nomination Committee convened three (3) meetings whilst the Remuneration Committee convened two (2) meetings during the financial year.

Details of members' attendance are as follows:

(i) Nomination Committee

NAME OF DIRECTOR	ATTENDANCE	PERCENTAGE
ZAIDA KHALIDA SHAARI Chairman/Independent Non-Executive Director *(Resigned with effect from 1 January 2022)*	3/3	100.0%
DATUK JOHAR CHE MAT Non-Independent Non-Executive Director *(Resigned with effect from 1 January 2022)*	3/3	100.0%
KHALID SUFAT Independent Non-Executive Director *(Resigned with effect from 1 January 2022)*	3/3	100.0%

(ii) Remuneration Committee

NAME OF DIRECTOR	ATTENDANCE	PERCENTAGE
KHALID SUFAT Chairman/Independent Non-Executive Director *(Resigned with effect from 1 January 2022)*	2/2	100.0%
GEORGE OOMMEN Non-Independent Non-Executive Director *(Resigned with effect from 1 January 2022)*	2/2	100.0%
ZAIDA KHALIDA SHAARI Independent Non-Executive Director *(Resigned with effect from 1 January 2022)*	2/2	100.0%

Subsequent to the consolidation which became effective on 1 January 2022, the Group Nomination & Remuneration Committee had convened one (1) meeting during the financial year.

Details of members' attendance are as follows:

NAME OF DIRECTOR	ATTENDANCE	PERCENTAGE
ZAIDA KHALIDA SHAARI Chairman/Independent Non-Executive Director *(Appointed with effect from 1 January 2022)*	1/1	100.0%
JUNAIDAH MOHD SAID Independent Non-Executive Director *(Appointed with effect from 1 January 2022)*	1/1	100.0%
KHALID SUFAT Independent Non-Executive Director *(Appointed with effect from 1 January 2022)*	1/1	100.0%

Besides the permanent invitees from subsidiaries, the President & GCEO and the President & Chief Executive Officers of the subsidiaries were invited to attend the first meeting of the Group Nomination & Remuneration Committee held on 11 March 2022 to furnish the necessary information and clarification on relevant items in the agenda. All the proceedings at the meeting were duly recorded in the minutes.

The Chairman of the Group Nomination & Remuneration Committee updates the Board on matters that have been deliberated and considered.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

DIRECTORS AND KEY SENIOR MANAGEMENT APPOINTMENT

The Board ensures that a formal and transparent nomination process for the appointment of Directors, Group Shariah Committee Members and Senior Management officers is continuously maintained and improved pursuant to its nomination framework.

Individuals appointed to the Board, Group Shariah Committee and relevant senior positions must be fit and proper to discharge their prudential responsibilities during the course of their appointment.

They are assessed by the Group Nomination & Remuneration Committee in accordance with MNRB's Fit & Proper Policy. These assessments and verifications are carried out on the declarations by each individual, including the record of material academic/professional qualification and the carrying out of checks by independent party on matters such as bankruptcy and regulatory disqualification.

The Fit & Proper Policy outlines the following criteria in assessing the suitability of the candidate:

- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind, fairness and ethical behaviour;
- Competence and capability, where the candidate must have the skills, experience, ability and commitment to carry out the role; and
- Financial integrity, where the candidate must be financially sound and be able to manage his/her debts or financial affairs prudently.

At least two (2) members of Group Nomination & Remuneration Committee conduct interview session with the potential candidates and assess them based on their skills and experience, independence (as the case may be) and objectivity, sound judgement as well as other relevant perspectives before presenting to the Board for approval.

The Board's expectations on the time commitment and contribution from the new Directors are clearly communicated to the potential candidates. The Group Nomination & Remuneration Committee will evaluate the candidates' ability to discharge their duties and responsibilities as well as assess their commitment to devote their time as a Director prior to recommending their appointment as Directors for approval.

Pursuant to BNM's PD CG, MNRB is required to make an application to BNM before the appointment/reappointment of a Director, Group Shariah Committee member and its President & GCEO.

During the financial year, there was one (1) new recommendation made by the Group Nomination & Remuneration Committee to appoint a new member of Group Shariah Committee.

BOARD EVALUATION & ASSESSMENT

During the financial year, the Group Nomination & Remuneration Committee had also performed the Annual Assessment on the Effectiveness of the Board, Directors' Peer Evaluation as well as the Evaluation of the President & GCEO.

The process was internally facilitated and conducted through questionnaires circulated to the Board covering a spectrum of qualities associated with the Board's Effectiveness, Strategic Plan, Composition, Operations, Performance of the President & GCEO as well as Directors' Peer Evaluation that encapsulates amongst others contribution, performance and calibre of Individual Director.

These questionnaires were designed and carefully selected by the Group Nomination & Remuneration Committee to ascertain the Board's and Individual Directors' strength and gaps or areas for improvement.

The Company Secretary would then compile the results and summarise the report on the assessment for the Group Nomination & Committee's consideration before recommending to the Board. The findings also form part of the Board's evaluation for the reappointment of existing Directors and the President & GCEO.

In addition to the Board Annual Assessment described above, the Group Nomination & Remuneration Committee also reviewed the term of office and performance of the Audit Committee and its members in line with the requirement under paragraph 15.20 of the Listing Requirements. Based on the Corporate Governance Guide issued by Bursa Securities, the assessment of the Audit Committee would include assessment on the Quality & Composition, Skills & Competencies and Meeting Considerations & Conduct.

The Group Nomination & Remuneration Committee, having deliberated the findings, would report to the Chairman of the Board the results and highlight those matters that require further discussion and direction and thereafter table to the Board for its approval.

SUMMARY OF THE GROUP NOMINATION & REMUNERATION COMMITTEE'S ACTIVITIES IN THE FINANCIAL YEAR 2021/2022

During the financial year, the Group Nomination & Remuneration Committee considered and made recommendations to the Board on the following matters:

- The reappointment of Khalid Sufat as Independent Non-Executive Director;
- The reappointment of Dato' Wan Roshdi Wan Musa as Independent Non-Executive Director;
- The reappointment of Datuk Johar Che Mat as Chairman/ Non-Independent Non-Executive Director
- The reappointments and appointments of new Group Shariah Committee Members;
- The appointments of Key Senior Management;
- The consolidation of the Nomination Committee and Remuneration Committee to become the Nomination & Remuneration Committee of the MNRB Group;
- The consolidation of the Investment Committee of the MNRB Group;
- Revision to the Board Effectiveness Evaluation questionnaires;
- The results of the Board Effectiveness Evaluation;
- The results of the Annual Assessment on the Effectiveness of the Group Shariah Committee and its members;
- The results of the Audit Committee Evaluation and the assessment on Audit Committee effectiveness;
- The establishment of the MNRB Group Independent Director Policy;
- The findings of the Fit and Proper Assessment of Key Responsible Persons; and
- The Talent Management and Succession Planning Framework for MNRB Group of Companies.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

GROUP SHARIAH COMMITTEE

The Group Shariah Committee was established to cater for the Group's Takaful and Retakaful businesses. It resides at MNRB and is leveraged by the subsidiaries within the Group. The Group Shariah Committee is tasked with the responsibility of ensuring that the Group's Takaful and Retakaful business activities are in compliance with Shariah principles at all times.

The establishment of Group Shariah Committee is in compliance with the Islamic Financial Services Act, 2013 and BNM's Shariah Governance Policy Document which outlines the Bank's strengthened expectations for effective Shariah governance arrangements that are well-integrated with business and risk strategies of the Islamic financial institutions.

Any Shariah non-compliance risk is reported to the Group Shariah Committee and the Board. The effective management of the Shariah non-compliance risk is managed through the Shariah Control Function i.e. Shariah Review, Shariah Audit and Shariah Risk Management and present a periodic report on Shariah non-compliance and highlights action plans undertaken to address any Shariah non-compliance risk.

The Group Shariah Committee plays a significant role in providing objective and sound advice to the Group's Takaful and Retakaful businesses to ensure that its aims and operations, business, affairs, and activities are in compliance with Shariah. This includes:

(a) providing a decision or advice to the Group's Takaful and Retakaful businesses on the application of any rulings of the Shariah Advisory Council ("SAC") or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Islamic Financial Institution;
(b) providing a decision or advice on matters which require a reference to be made to the SAC BNM;
(c) providing a decision or advice on the operations, business, affairs and activities of the Group's Takaful and Retakaful businesses which may trigger a Shariah non-compliance event;
(d) deliberating and affirming a Shariah non-compliance finding by any relevant functions; and
(e) endorsing a rectification measure to address a Shariah non-compliance event.

During the financial year, one (1) new Group Shariah Committee member was appointed namely, Yang Amat Arif Dato' Setia Dr. Mohd Na'im Mokhtar effective 1 April 2021. His appointment further adds diversity to the knowledge of the Group Shariah Committee which now comprises takaful, regulatory, economic, banking, legal and business operations.

Effective13 July 2021, Prof. Dato' Dr. Ahmad Hidayat Buang resigned as the Chairman of the Group Shariah Committee after serving for a period of more than nine (9) years. Following his resignation, the Board had appointed Assoc. Prof. Dr. Said Bouheraoua as the new Chairman effective1 November 2021.

A total of seven (7) Group Shariah Committee meetings were held during the financial year.

Details of the Group Shariah Committee members' attendance are as follows:

NAME OF DIRECTOR	ATTENDANCE	PERCENTAGE
ASSOC. PROF. DR. SAID BOUHERAOUA Chairman *(Redesignated as Chairman with effect from 1 November 2021)*	7/7	100.0%
DR. SHAMSIAH MOHAMAD Member	7/7	100.0%
SHAHRIR SOFIAN Member	7/7	100.0%
SAHIBUS SAMAHAH DATUK DR. LUQMAN HAJI ABDULLAH Member	5/7	71.0%
YANG AMAT ARIF DATO' SETIA DR. MOHD NA'IM MOKHTAR Member *(Appointed with effect from 1 April 2021)*	7/7	100.0%
PROF. DATO' DR. AHMAD HIDAYAT BUANG Chairman *(Resigned with effect from 13 July 2021)*	1/1	100.0%

The remuneration of the Group Shariah Committee members is decided by the Board. The meeting attendance allowance and annual fees of the Group Shariah Committee members are funded equally by subsidiaries of MNRB, namely Takaful Ikhlas Family Berhad, Malaysian Reinsurance Berhad (for its Retakaful Division) and Takaful Ikhlas General Berhad.

The fee structure for each Group Shariah Committee member for the financial year remains the same as in the previous financial year:

	Meeting Attendance Allowance RM	Annual fees RM
Chairman	RM 1,500 for each	36,000
Member	meeting attended	32,000

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

During the financial year, the Audit Committee comprises four (4) members. The Company has complied with Paragraph 15.09 of the Listing Requirements, which requires all members of the Audit Committee to be Non-Executive Directors with majority being Independent Directors. Two (2) members of the Audit Committee are qualified Accountants and members of the Malaysian Institute of Accountants.

The Audit Committee's duties, as spelt-out in the Audit Committee Report on page 111 of this Annual Report, include primarily, the duties as spelt out in paragraph 15.12 of the Listing Requirements.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Directors are responsible for ensuring that the accounting records are kept properly and that the Group's financial statements are prepared in accordance with applicable approved accounting standards in Malaysia. The Statement by Directors pursuant to Section 251(3) of the Companies Act 2016 is set out on page 140 of this Annual Report.

RISK MANAGEMENT COMMITTEE OF THE BOARD

The Board believes that an effective Risk Management Framework is essential for the Group to achieve its corporate objectives, sustained profitability and enhancement of shareholders' value in today's rapidly changing market environment.

Undertaking oversight role on risk governance is a dedicated Risk Management Committee of the Board ("RMCB") which oversees the implementation of an enterprise-wide risk management framework. The RMCB comprises four (4) members, a majority of whom are Independent Non-Executive Directors and chaired by the Senior Independent Non-Executive Director.

The RMCB assists the Board in meeting the expectations on risk management including ensuring the effective implementation of the Enterprise Risk Management Framework. The RMCB met four (4) times during the financial year.

Details of members' attendance are as follows:

NAME OF DIRECTOR	ATTENDANCE	PERCENTAGE
GEORGE OOMMEN Chairman Senior Independent Non-Executive Director	4/4	100.0%
DATO' WAN ROSHDI WAN MUSA Independent Non-Executive Director	4/4	100.0%
DATUK JOHAR CHE MAT Non-Independent Non-Executive Director *(Appointed with effect from 1 January 2022)*	1/1	100.0%
ZAIDA KHALIDA SHAARI Independent Non-Executive Director *(Appointed with effect from 1 January 2022)*	1/1	100.0%
KHALID SUFAT Independent Non-Executive Director *(Ceased with effect from 1 January 2022)*	3/3	100.0%
JUNAIDAH MOHD SAID Independent Non-Executive Director *(Ceased with effect from 1 January 2022)*	3/3	100.0%

For the year under review, the Board confirmed its satisfaction with the performance of the RMCB in discharging its duties and responsibilities in accordance with its Terms Reference.

Details on the Group's Internal Control and Risk Management is presented in the Statement on Risk Management and Internal Control as set out on page 114 of this Annual Report.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Company has been transparent and accountable in maintaining the commitment to communicate effectively with shareholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Group and the information is communicated to them through various channels including Annual Report, disclosures and announcements to Bursa Securities, press release, dialogues and presentations at general meetings and online investor relations on the Company's website.

INVESTOR RELATIONS

As part of the initiatives in developing and implementing an investor relations programme, regular briefings are held between the Group with analysts and investors.

Presentations based on permissible disclosures are made to explain the Group's performance and major development initiatives. Price-sensitive information about the Group is however, not disclosed at these briefings until after the prescribed announcement to Bursa Securities has been made.

ANNUAL REPORT

The Group's Annual Report is the main channel of communication between the Group and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed corporation, the contents and disclosure requirements of the Annual Report are also governed by the Listing Requirements.

The Company disseminates its Annual Report to its shareholders either in hard copy or access to the website via QR code. All information to shareholders is available electronically in the Company's website www.mnrb.com.my as soon as it is announced or published.

CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue with shareholders. The Company's AGM is normally well attended as it provides the shareholders direct access to the Board as well as provide the opportunity for the shareholders to participate effectively and to vote accordingly.

As part of its commitment to adhere strictly to the social distancing rules introduced to combat the COVID-19 pandemic, the Company held its 47th AGM on 24 September 2020 by way of a fully virtual meeting via remote participation and electronic voting facilities.

In view of the Movement Control Order and as a precautionary measure amid the COVID-19 pandemic, the Company's 48th AGM held on 23 September 2022 and was conducted fully virtual and entirely via Remote Participation and Electronic Voting ("RPEV") facilities in compliance with Section 327(2) of the Companies Act 2016 and Article 68 of the Company's Constitution.

All resolutions as set out in the Notice dated 26 August 2021 were conducted by way of poll via e-polling and were duly passed by the shareholders. The Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd., acted as the Poll Administrator and Commercial Quest Sdn. Bhd. was appointed as the Independent Scrutineer to verify and confirm the results of the poll.

PRINCIPLE C **INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

CONDUCT OF GENERAL MEETINGS (CONT'D)

Besides the normal agenda for the AGM, the President & GCEO presented a comprehensive and concise review of the Group's financial performance in addition to key developments and progress achieved by the Group. This review is supported by the presentation of key points and key financial figures. The President & GCEO also presents the progress and performance of the Group in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group.

For the 48th AGM, shareholders were invited to send questions before the meeting via email to the Company's Investor Relations. The Chairman also encouraged shareholders to participate at the meeting by submitting typed questions in real time on the meeting platform. Questions that were submitted prior to the 48th AGM and those that were posed at the meeting were addressed during the meeting.

For transparency, the questions which have been addressed/answered were published for viewing of shareholders on the RPEV facilities. At the request of the Minority Shareholders Watch Group, an independent party was appointed to moderate the Q&A session in a fair and impartial manner.

All six (6) Directors, Members of Senior Management and partners from the external audit firm were present at the 48th AGM to provide responses to the questions posed by shareholders.

The poll results were announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The minutes of the 48th AGM including all questions raised and answers thereto were made available on the Company's website within 30 business days after the AGM.

QUARTERLY ANNOUNCEMENTS & PRESS RELEASES

The Group makes announcements on its quarterly results and other announcements to Bursa Malaysia to provide stakeholders with key information that affects their decision-making, thus enhancing the level of transparency.

To promote wider publicity and dissemination of publicly available information, the Group also issues press releases to the Media on all significant corporate developments and business initiatives to keep the investment community and all stakeholders apprised on the progress and development of the Group.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 30 May 2022.

Audit Committee Report

MEMBERS OF THE COMMITTEE

Khalid Sufat
(Chairman & Independent Non-Executive Director)

George Oommen
(Senior Independent Non-Executive Director)

Junaidah Mohd Said
(Independent Non-Executive Director)

Datuk Johar Che Mat
(Non-Independent Non-Executive Director)
(Ceased with effect from 1 January 2022)

MEMBERSHIP

The Audit Committee shall be appointed by the Board and comprises at least three (3) members of whom all members must be non-executive directors and the majority shall be independent directors. At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or eligible for membership.

The members of the Audit Committee must elect a Chairman among themselves who is an independent director.

As at the financial year end, the Audit Committee comprises of three (3) Independent Non-Executive Directors. Two (2) members of the Committee are qualified accountants and members of the Malaysian Institute of Accountants.

The composition including the tenure of the Audit Committee members as well as the performance of the Audit Committee and each of its members had been reviewed during the financial year.

AUTHORITY

The Committee is authorised by the Board to undertake any activity within its terms of reference and must have unlimited access to all information and documents relevant to its activities, to both the Internal and External Auditors, as well as to all employees of the Group.

It must be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.

It must also have the authority to obtain independent legal or other professional advice as it considers necessary.

MEETINGS

A quorum shall consist of at least two-thirds of the members with independent directors forming the majority.

A minimum of four meetings per year is planned. Additional meetings may be called at any time if so requested by any committee member, the Management, the Internal or External Auditors.

The Chairman of the Committee shall invite any person to be in attendance to assist the committee in its deliberations.

After each meeting, the Audit Committee shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board. The minutes of the meetings shall also be circulated to the Board after confirmation.

The Secretary to the Committee shall be the Company Secretary.

ACTIVITIES

For the financial year under review, a total of five (5) Audit Committee Meetings were held. Details of members' attendance are as follows:

NAME OF AUDIT COMMITTEE MEMBER	ATTENDANCE	PERCENTAGE
i. Khalid Sufat	4/5	80.0%
ii. George Oommen	5/5	100.0%
iii. Junaidah Mohd Said	5/5	100.0%
iv. Datuk Johar Che Mat	4/4	100.0%

Audit Committee Report

The main activities that took place during the meetings were:

- Reviewed the quarterly results, unaudited interim financial statements and year-end financial statements prior to approval by the Board;
- Reviewed the disclosures in the audited financial statements to be in compliance with regulatory requirements;
- Reviewed the Internal and External Auditors' audit plans for the year ended 31 March 2022, as well as the Internal Auditors' audit plan for the financial year ending 31 March 2022;
- Evaluated the performance and recommended to the Board, the appointment and remuneration of the External Auditors for the financial year ended 31 March 2022;
- Deliberated on, and recommended to the Board, the payment of dividend for the financial year ended 31 March 2021;
- Deliberated on, and recommended to the Board, the adoption of new Malaysian Financial Reporting Standards ("MFRSs") and Amendments/Annual Improvements to MFRSs that are effective for the financial year ended 31 March 2022;
- Reviewed the Statement of Directors' Responsibility in Relation to the Financial Statements, Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the annual report to be in compliance with Bursa Malaysia requirements;
- Reviewed the Related Party Transactions as entered into by the Company on periodic basis, including understanding the relationship of the transacting parties, nature of these parties' business, the nature and timing of transactions and comparing the terms of the transactions with other third-party transactions;
- Deliberated on significant matters raised by the External Auditors including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and received progress updates from Management on actions taken for improvements;
- Reviewed the External Auditors' management letter and Management's response thereto;
- Meetings without the presence of the Management were also held with the external auditors on 25 November 2021. Matters discussed during these meetings include key reservations noted by the External Auditors during the course of their annual audit;
- Deliberated on matters pertaining to the implementation of MRFS 17 Insurance Contract;
- Reviewed the status update on the tax audit conducted by Inland Revenue Board on the Company;
- Reviewed the actual and proposed Key Performance Indicators of the Internal Audit Department for the financial years ended 31 March 2021 and 31 March 2022 respectively;
- Reviewed the results of the internal audit reports for the Company on the adequacy and effectiveness of governance, risk management and compliance processes;
- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised by both the Internal and External Auditors including status of completion achieved;
- Reviewed compliance and anti-money laundering & counter financing terrorism issues as well as evaluated the effectiveness of the overall compliance risk of the Company; and
- Reviewed the result of External Quality Assessment conducted for Group Internal Audit.

In respect of the Company's Employees' Share Option Scheme ("ESOS"), there were no allocation of options in the year for the Audit Committee to review.

INTERNAL AUDIT DEPARTMENT

The Audit Committee is assisted by the Internal Audit Department in the discharge of their duties and responsibilities. Internal Audit Department is independent of operations and was set up in-house on 2 January 1991.

As at the financial year end, Internal Audit Department is staffed by twenty four (24) auditors. Some of the Internal Audit Department staff have professional qualifications such as the Association of Chartered Certified Accountants and Certified Information Systems Auditor and are members of the Institute of Internal Auditors. With the exception of one (1) Internal Audit Department staff who exercised the Company's ESOS in 2004 and holds shares of the Company, the rest of the Internal Audit Department staff are free from any relationship or conflict of interest. This does not result in the impairment of objectivity and independence of the internal audit function as a whole.

The Internal Audit Department's duties are guided by prevailing internal policies and procedures and the Institute of Internal Auditors' International Professional Practice Framework as well as professional standards set within the Institute of Internal Auditors Code of Ethics.

Their primary responsibility is to provide assurance to the Audit Committee on the effectiveness of the governance, risk management and internal control process within the Company and its subsidiaries. Internal audit reports are issued to the Management of the operational units and contain audit findings, management responses and recommendations for improvement in areas with risk and internal control deficiencies.

For the financial year ended 31 March 2022, the total costs incurred for Internal Audit Department were RM3,538,897.

A summary of its activities for the year is as follows:

1. Conducted audits of the various business portfolios/departments of the Company and its subsidiaries, including the reviews performed over key risk areas i.e. underwriting, claims, investment, finance, information and communication technology, compliance, Anti-Money Laundering and Management of Customer's Information;
2. Conducted special reviews and investigations over possible threats to the safeguarding of assets and matters concerning organisational level reputational risks;
3. Follow-up on audit findings rectification and actions taken by Management to resolve the issues identified during the audits; and
4. Prepared annual audit plans for the Audit Committee's consideration.

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control ("the Statement") is made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and consistent with the guidance provided in the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.*

RESPONSIBILITY

The Board of MNRB Holdings Berhad ("MNRB") acknowledges its overall responsibility for the establishment and oversight of the Group's (comprising MNRB and its main operating subsidiaries) risk management and internal control system, as well as the review of its adequacy and effectiveness. The Board also recognises that risk management is a continuous process, designed to manage risks impacting the Group's business strategies and objectives, within the risk appetite and tolerance established by the Board. In pursuing these objectives, internal control system can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.

The Board has established a group-wide risk management framework, i.e. the Group Risk Management Framework and Policy ("RM Framework") that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Group. The RM Framework has been in place for the whole of the financial year ended 31 March 2022 and has continued up to the date on which this Statement was approved.

The RM Framework is applicable across the Group and serves as a central risk management framework, supported by related sub-frameworks, policies and underlying procedures. It is consistent with the risk appetite defined by the Board, Group Management Risk & Compliance Committee ("GMRCC") and based on principles of risk governance stipulated in Bank Negara Malaysia ("BNM") Risk Governance Guidelines.

The Board is confident that the RM Framework provides reasonable assurance on the effectiveness and efficiency of the strategic, financial and operational aspects of MNRB and its main operating subsidiaries. The RM Framework is regularly reviewed by the Board.

RISK MANAGEMENT GOVERNANCE

Dedicated Board Committees known as the Risk Management Committee of the Board ("RMCB") have been established at MNRB and each of its main operating subsidiaries to support the Board in meeting the expectations and responsibilities on risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a strong risk management culture on a group-wide basis. There are clearly defined responsibilities and reporting to the RMCB from the management to provide oversight and governance over the Group's activities, which aims to safeguard shareholders' interests and the Group's assets, as well as to manage the risks of MNRB and its main operating subsidiaries for the entirety of the financial year ended 31 March 2022.

The Group Shariah Committee ("GSC") was established to provide objective and sound advice to the Group to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah.

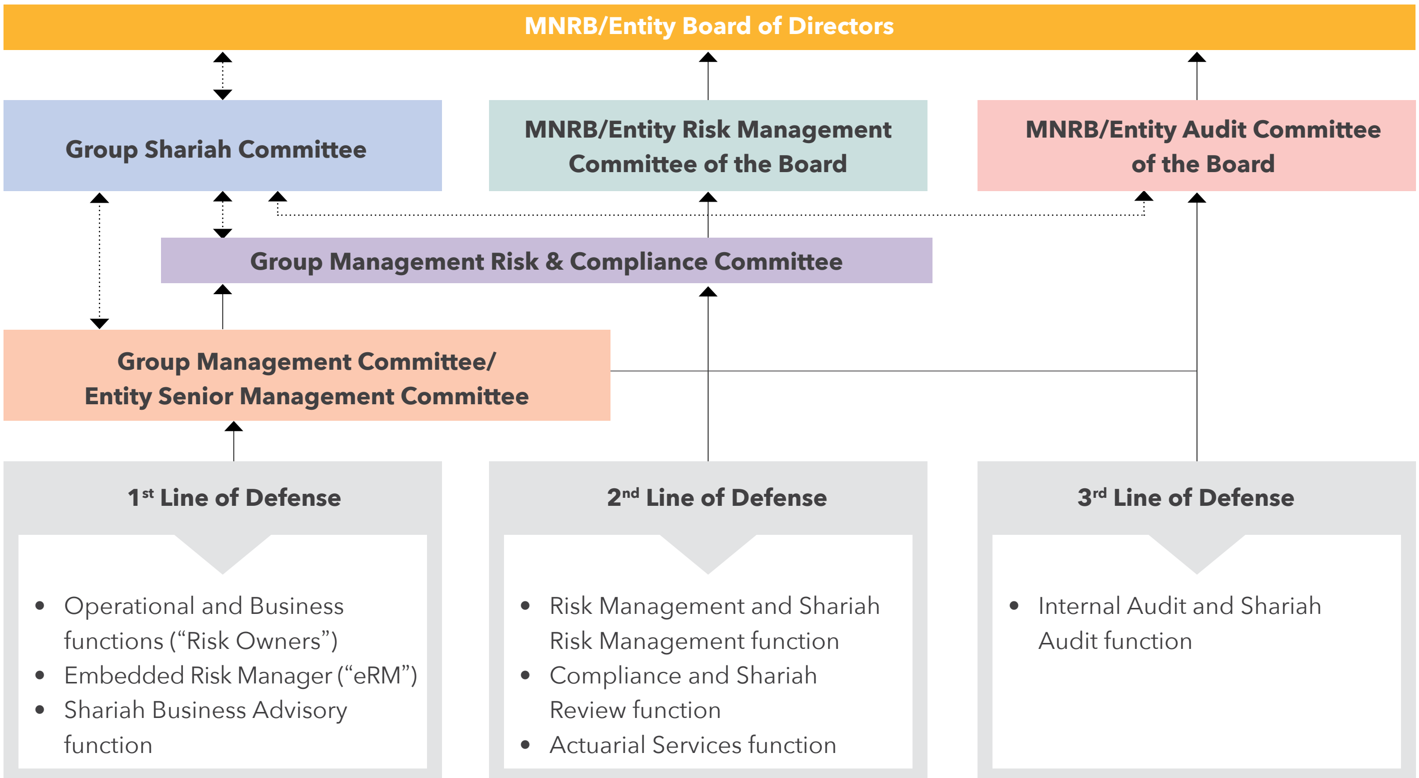
The Group Management Committee ("GMC"), together with the Senior Management Committee ("SMC") of its main operating subsidiaries oversee the implementation of risk and compliance management processes, establish and implement appropriate organisational structures and systems for managing financial and non-financial risks.

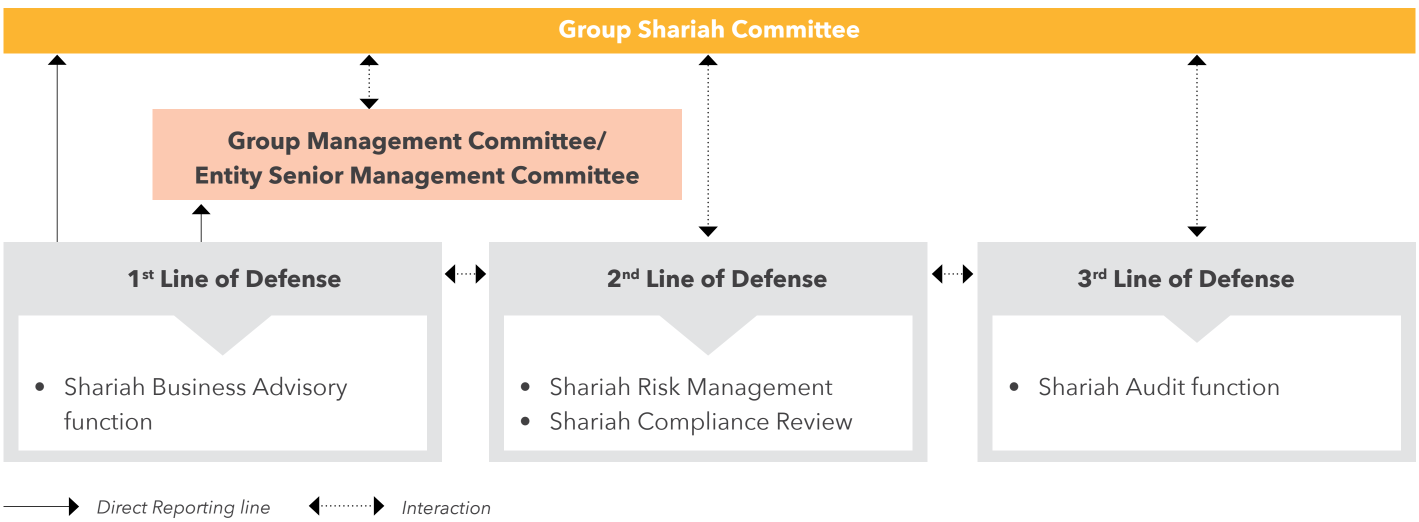
Dedicated Management Committee known as the GMRCC has been established to support the GMC/respective SMCs to implement the risk and compliance management processes, establish clear guidance in managing the Group's risks to ensure their alignment to their respective risk appetite for all business strategies and activities.

Statement on Risk Management and Internal Control

The risk governance structure is aligned across the Group through the adoption of the RM Framework in order to embed a streamlined and coherent risk management culture. The day-to-day responsibility for the risk management function lies primarily with those entrusted with risk management responsibilities in the business and support units. The Group Chief Risk Officer ("GCRO") oversees risk governance across the Group and is supported by the Head of Risk Management of Takaful IKHLAS Family Berhad and Takaful IKHLAS General Berhad ("Takaful subsidiaries"). Together, they assist the GMRCC and the respective RMCBs in ensuring effective implementation and maintenance of RM Framework and its sub-framework. Primarily, the Takaful subsidiaries provide the necessary infrastructure to carry out the risk management function and the Risk Management Department acts as the central contact and guide for risk management issues within the respective companies.

The Group adopts the **"Three Lines of Defence ("LOD")"** governance model which provides a formal, transparent and effective risk governance structure to promote active involvement from the Board, Senior Management and all staff in the risk management process across the Group.





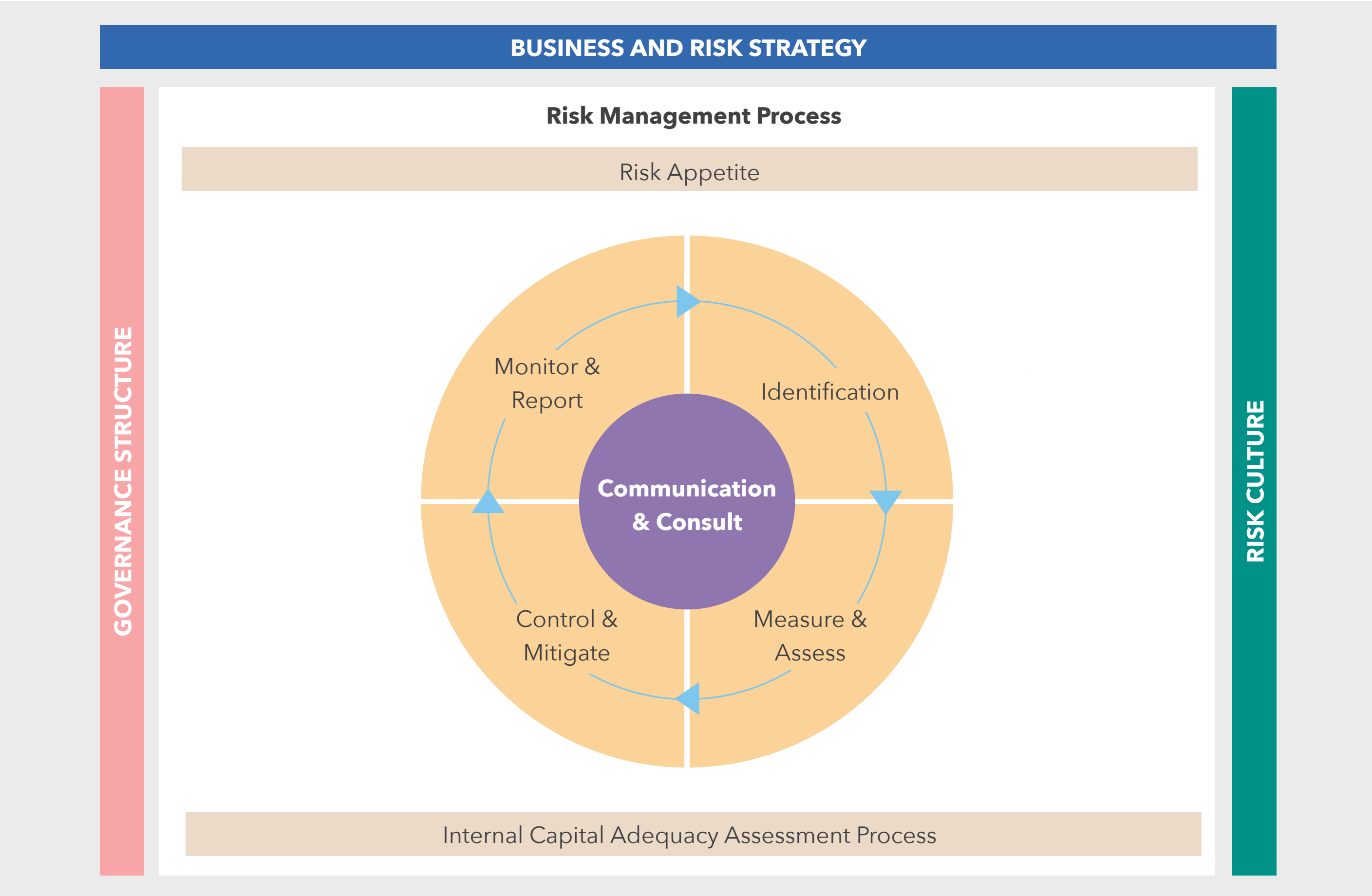
i. First LOD: Risk Ownership and Steering is carried out by the business and support functions, which have primary responsibility for risk management and control activities embedded in day-to-day business operations.

ii. Second LOD: Risk oversight and monitoring is carried out by the risk management, (including Shariah risk management and review functions), actuarial and compliance functions, which have the primary responsibility for setting up risk and risk-related policies, frameworks, guidelines and procedures, as well as providing support and direction to the business with regard to risk.

iii. Third LOD: Independent assurance is carried out by Group Internal Audit function who provides independent and objective assurance on the overall effectiveness of risk management and internal controls within the Group.

RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The key features that the Board has established in reviewing the adequacy and effectiveness of the risk management framework and internal control system include the following:



1. GROUP RISK MANAGEMENT FRAMEWORK AND POLICY

RM Framework

The Board believes that an effective RM Framework and strong internal control system is essential to the Group in its pursuit to achieve its business objectives, especially on the continued profitability and enhancement of shareholders' value in today's rapidly changing market environment.

Risk Appetite

Defining risk appetite is an essential element of the Group's risk management. When deciding on its risk appetite, the Group considers its risk capacity, i.e. the amount and type of risk the Group is able to support in pursuit of its business objectives, taking into account its capital structure and access to financial market.

The **Risk Appetite Statement ("RAS")** is established by the Boards of MNRB and the respective subsidiaries and reviewed on a yearly basis, according to the desired level of risk exposures. Management operationalises the RAS into risk tolerance levels for specific risks.

Highlights on Key Risks

The Group, through its normal day-to-day business, is exposed to different types of risks that could adversely affect the Group's operating results and financial position. Key risks are constantly monitored by the Management and escalated to the GMRCC and RMCB, and periodically reviewed by the Board.

The Group's key risks are described in the relevant sections of the Financial Statements.

2. INTERNAL AUDIT

The Audit Committee ("AC") complements the oversight role of the Board by providing an independent assessment of the adequacy and effectiveness of governance, risk management and internal controls. The Audit Committee is assisted by an independent Internal Audit Department ("IAD") in performing its role.

The internal audit function of the Group is undertaken by the IAD established at MNRB. The department reports directly to the respective Audit Committees of the Group.

The IAD performs regular reviews of the business processes of the Group to assess the adequacy and effectiveness of governance, risk management and internal controls.

IAD provides recommendations to improve on the effectiveness of risk management, controls and governance processes. Control lapses are escalated to Management and Board for deliberation, where necessary. Status of rectification is tracked and monitored by Management and Audit Committee, within the committed timeline. Management will accordingly follow through to ensure the resolution of recommendations agreed upon. Audit reviews are carried out on functions that are identified on a risk-based approach, in the context of the Group's evolving business and its regulatory environment, while also taking into consideration inputs of Senior Management as well as inputs from the respective Audit Committees.

The Audit Committees meet at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors, and Regulatory Authorities. It further evaluates the effectiveness and adequacy of the Group's internal control system. The Audit Committees have active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the Audit Committees during the year are highlighted in the Audit Committee Reports of MNRB and its main operating subsidiaries.

3. OTHER KEY ELEMENTS OF INTERNAL CONTROL

1) The Board ensures that all decisions are communicated promptly to staff of all levels within the Group and vice-versa where feedback and suggestions on improvements could be communicated to the Management and the Board.

2) The Group has a well-defined organisational structure with clear lines of responsibility and accountability. Further, to minimise errors and reduce the possibilities of fraud, segregation of duties is practised by ensuring conflicting tasks are assigned to different employees.

3) Annual business plans and budgets are developed in line with the Group's strategies and risk appetite and submitted to the respective Boards for approval. Financial performance and major variances against targets are reviewed by the Management on a regular basis and reported to the Boards on a quarterly basis.

4) The Group's financial systems record all transactions to produce performance reports that are submitted to the respective Managements within internally stipulated timelines. These performance reports and the Quarterly Bursa Announcements are tabled to the Group Management Committee ("GMC") before being tabled to the respective Audit Committee and approved by the Boards.

Statement on Risk Management and Internal Control

5) The Underwriting Guidelines for reinsurance, retakaful and takaful businesses have been put in place to manage risks that are being underwritten.

6) Retrocession/retrotakaful and retakaful programmes are in place as risk mitigation initiatives, supported by a spread of reinsurers and retakaful operators with acceptable ratings from accredited agencies. The credit ratings of these companies are reviewed on a regular basis.

7) Departmental policies and procedures are available and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. It also specifies relevant authority limits to be complied with by each level of Management.

8) Every employee of the Group is contractually bound to observe the MNRB Group Code of Ethics, which promotes a culture of compliance, professionalism, ethical standards and responsible conduct. The Group expects each employee to perform and work with honesty and integrity at all times and uphold the Group's values without fail.

9) The Group utilises the Skills Competency Matrix that provides a comprehensive view of the types and levels of skills and competencies needed for any particular job role. The competence of personnel is maintained through a structured recruitment process, a performance measurement and rewards system and a wide variety of training and development programmes.

10) The Group implements the annual Mandatory Block Leave ("MBL") to create a positive talent management culture where the organisation does not have an over reliance on any particular employee, and as a prudent operational risk management measure particularly with regard to employees posted in sensitive positions or areas of operations such as underwriting, treasury, procurement or investment.

11) An annual employee engagement survey is conducted with the objective to gauge the engagement level of employees, to gather their feedback on the effectiveness/ineffectiveness of the various employee touch points and to develop the necessary action plans for improvement of those areas.

12) The Group Anti-Fraud Policy has been established to provide a consistent approach to prevent, detect and manage fraud, and to make a clear statement to all employees that the Group does not tolerate fraud of any form.

13) The Group Anti-Bribery and Corruption ("Group ABC") Policy has also been established to state the Board's and Management's commitment and stance on bribery and corruption risks, which include disciplinary actions for non-compliance, misconduct or breach of the policy.

    The Group ABC Policy addresses general guidelines on both internal and external concerns on bribery and corruption risk, such as Conflict of Interest, Illegal Gratification and Corrupt Practices, Gift & Entertainment, Corporate Social Responsibility activities, sponsorship and donations, as well as dealing with public officials and third parties.

14) The Group has established the Group Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT") Policy Statement to reflect the Group's commitment in combating money laundering and financing of terrorism. The AML/CFT Policy Statement is further supported by the AML/CFT Standard Operating Procedures ("SOPs").

15) A Group Whistleblowing Policy has been put in place for employees, external parties and other stakeholders to raise concerns about illegal, unethical or unacceptable practices. This policy governs the disclosures, reporting, investigation of misconduct and protection offered to the person(s) making those disclosures in accordance with the Whistleblowing Protection Act 2010.

16) A structured Business Continuity Management ("BCM") Programme is in place to ensure resumption of critical business operations within the pre-defined Maximum Tolerable Downtime ("MTD"). The Group has also established a Disaster Recovery Plan ("DRP") which outlines the processes and set of procedures to recover the Group's IT infrastructure within a set Recovery Time Objective ("RTO").

    The BCM Programme and DRP are validated by conducting regular tests and updated as and when necessary.

17) Sufficient insurance and takaful coverage, including covers for properties, employee- related, cyber security breaches, and Directors and Officers liabilities, are in place to ensure the Group is adequately protected against these risks and/or claims that could result in financial or reputational loss.

18) The Group Information Technology Steering Committee ("Group ITSC"), chaired by the President & Group Chief Executive Officer ("GCEO"), is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities. ITSC has also been established at respective main operating subsidiaries.

19) The Information Communication & Technology Department ("ICTD") and Information Systems & Services Department ("ISSD") are established and responsible for continuously monitoring and responding to IT security threats, conducting awareness programmes, as well as performing assessments and network penetration test programmes.

20) MNRB holds a 20% effective equity interest in its associated company, Labuan Reinsurance (L) Ltd. ("Labuan Re") through its subsidiary, Malaysian Reinsurance Berhad and a 40% effective equity interest in another associated company, Motordata Research Consortium Sdn. Bhd. ("MRC"). MNRB safeguards its interests in its associates by ensuring that there is adequate representation from MNRB on the Board of Directors of the associates. During the year, Malaysian Re has two representatives on the Board of Labuan Re, whilst MNRB has two representatives on the Board of MRC.

ASSURANCE

The Board, through the AC, RMCB and reports from the Senior Management; with assurance from the President & GCEO and the Group Chief Financial Officer ("GCFO") is of the view that the risk management and internal control system is sound and operating adequately and effectively, in all material aspects to safeguard shareholders' interests and the Group's assets, as well as to manage the Group's risks.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement, intended to be included in the annual report, is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Risk Management and Internal Control Statement: Guidelines for Directors of Listed Issuer, nor is the Statement factually inaccurate. The external auditors are not required by AAPG 3 to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk management and control procedures.

Statement of Directors' Responsibility in Relation to the Financial Statements

Pursuant to Paragraph 15.26(A) of the main market listing requirements of Bursa Malaysia Securities Berhad

The Directors are required to prepare the financial statements which gives a true and fair view of the state of affairs of the Group and the Company as at 31 March 2022 and of their results and cash flows for the year then ended.

The Directors consider that, in preparing the financial statements for the year ended 31 March 2022,

- the Group and the Company have used appropriate accounting policies, which are consistently applied;
- reasonable and prudent judgements and estimates were made;
- all applicable approved accounting standards in Malaysia have been followed; and
- the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements are drawn up in accordance with the requirements of the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, in that context, to have proper regard to the establishment of appropriate systems of internal control with a view to prevent and detect fraud and other irregularities.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this Statement.

This statement was approved by the Board on 15 June 2022.

Additional Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements:

1. UTILISATIONS OF PROCEEDS RAISED FROM CORPORATE

There was no corporate proposal and proceeds raised by the Company during the financial year ended 31 March 2022.

2. NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group and the Company for the financial year ended 31 March 2022 amounted to RM181,000 and RM32,000 respectively (2021: RM143,000 and RM45,000).

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies involving directors' and major shareholders' interests, which subsisted at the end of the financial year ended 31 March 2022 or, if not then subsisting, entered into since the end of the previous financial year.

Analysis of Shareholdings

As at 30 June 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
Less than 100	442	6.78	7,771	0.00
100 - 1,000	492	7.54	286,693	0.04
1,001 - 10,000	3,288	50.42	14,026,745	1.79
10,001 - 100,000	1,820	27.91	59,083,692	7.54
100,001 to less than 5% of issued shares	477	7.31	281,440,891	35.94
5% and above of issued shares	2	0.03	428,240,904	54.69
Total	**6,521**	**100.00**	**783,086,696**	**100.00**

Directors' Shareholdings

NO.	NAME OF DIRECTORS	NO. OF SHARES HELD THROUGH OWN NAME	NO. OF SHARES HELD THROUGH NOMINEES	%
1	Datuk Johar Che Mat	0.00	-	-
2	George Oommen	0.00	-	-
3	Khalid Sufat	0.00	-	-
4	Junaidah Mohd Said	0.00	-	-
5	Zaida Khalida Shaari	0.00	-	-
6	Dato' Wan Roshdi Wan Musa	0.00	-	-

Substantial Shareholders

NO.	NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD THROUGH OWN NAME	NO. OF SHARES HELD THROUGH NOMINEES	%
1	Amanahraya Trustees Berhad Amanah Saham Bumiputera	334,049,504	-	42.66
2	Permodalan Nasional Berhad	94,191,400	-	12.03

Analysis of Shareholdings
As at 30 June 2022

30 Largest Shareholders

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	334,049,504	42.66
2	PERMODALAN NASIONAL BERHAD	94,191,400	12.03
3	KONG GOON KHING	39,137,000	5.00
4	KONG GOON SIONG	8,198,700	1.05
5	NG LONG TIANG	6,800,082	0.87
6	CHEN CHIN PENG	6,592,514	0.84
7	PROMSERV SDN. BHD.	6,533,070	0.83
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	6,484,200	0.83
9	OLIVE LIM SWEE LIAN	6,076,000	0.78
10	ONG HUNG HOCK	6,000,000	0.77
11	LIM PEI TIAM & LIAM AHAT KIAT	5,930,000	0.76
12	NEOH CHOO EE & COMPANY, SDN. BHD.	5,312,316	0.68
13	MARK SIA ENG JOO	4,000,000	0.51
14	LIEW SWEE MIO @ LIEW HOI FOO	3,375,300	0.43
15	JOHAN ENTERPRISE SDN. BHD.	3,343,000	0.43
16	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,028,594	0.39
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL WAHID OMAR	2,710,804	0.35
18	PROMSERV ENGINEERING SDN. BHD.	2,237,100	0.29
19	LEE MAY LIN	2,186,732	0.28
20	GAN HONG HU	2,065,900	0.26
21	DING HUONG KAI	2,000,000	0.26
22	TAN LEE HWA	2,000,000	0.26
23	YUET KAM ALICE LIN	1,872,800	0.24
24	LEE CHEE BENG	1,854,442	0.24
25	QUEK PHAIK IM	1,850,000	0.24
26	CHUA HIN BEE	1,800,000	0.23
27	THONG WENG TIM	1,745,070	0.22
28	LEE KEN MOE	1,730,000	0.22
29	WONG SOO CHAI @ WONG CHICK WAI	1,726,900	0.22
30	DERRICK KONG YING KIT	1,700,000	0.22
	TOTAL	**566,531,428**	**72.39**

List of Properties

31 March 2022

ADDRESS	DATE OF ACQUISITION	DATE OF REVALUATION	DESCRIPTION OF PROPERTIES	TENURE/ EXISTING USE/AGE OF BUILDINGS	LAND AREA (SQ. FT.) BUILD-UP AREA (SQ. FT.)	NET BOOK VALUE AS AT 31/3/2022 (RM)
SELF OCCUPIED PROPERTIES						
IKHLAS Point, Tower 11A Avenue 5, Bangsar South No. 8, Jln Kerinchi 59200 Kuala Lumpur	26 September 2008	31 March 2022	1 unit of 10 storey corner office building	Leasehold/ office premise/ occupied/ 14 years	strata	78,590,000
No. 17, Lorong Dungun Damansara Heights 50490 Kuala Lumpur	17 February 1995	31 March 2022	1 unit of 12 storey building with 2 storey basement car park	Freehold/ office premise/ rented out/ 27 years	61,300/ 366,409	119,141,000
Lot 528, Section 6 Kuching Town Land District No. 11C, Jalan Kulas 93400 Kuching, Sarawak	7 October 2010	31 March 2022	4 storey intermediate terraced shophouse	Leasehold/ office premise/ occupied/ 12 years	Not applicable/ 1,200	1,730,000
Manchester Tower Apartment 2406, Dubai Marina Dubai, UAE	28 July 2008	31 March 2022	1 unit of apartment	Freehold/ occupied by staff/ 14 years	Not applicable/ 1,011	895,413
Apt. 507 Marina Diamond 5 Dubai Marina Dubai, UAE	29 July 2008	31 March 2022	1 unit of apartment	Freehold/ occupied by staff/ 14 years	Not applicable/ 1,084	914,103
Yansoon 4, Apartment 204 Burj Khalifa, Dubai Downtown, UAE	30 September 2010	31 March 2022	1 unit of apartment	Freehold/ occupied by staff/ 12 years	Not applicable/ 1,475	1,477,483
PT 483, Jalan Jambatan Sultan Yahya KB Waterfront, Seksyen 17 15000 Kota Bahru, Kelantan	31 January 2013	31 March 2022	3 storey shophouse	Leasehold/ office premise/ occupied/ 9 years	Not applicable/ 4,680	1,300,000
TOTAL SELF OCCUPIED PROPERTIES						**204,048,000**

Group's Offices

MNRB HOLDINGS BERHAD

12th Floor, Bangunan Malaysian Re
No. 17, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur

Tel : +603 2096 8000
Fax : +603 2096 7000
Website : www.mnrb.com.my
Email : enquiry@mnrb.com.my

MALAYSIAN REINSURANCE BERHAD

12th Floor, Bangunan Malaysian Re
No. 17, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur

Tel : +603 2096 8000
Fax : +603 2096 7000
Website : www.malaysian-re.com.my
Email : enquiry@malaysian-re.com.my

TAKAFUL IKHLAS FAMILY BERHAD

9th Floor, IKHLAS Point
Tower 11A, Avenue 5, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +603 2723 9999
Fax : +603 2723 9998
Website : www.takaful-ikhlas.com.my
Email : ikhlascare@takaful-ikhlas.com.my

TAKAFUL IKHLAS GENERAL BERHAD

5th Floor, Bangunan Malaysian Re
No. 17, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur

Tel : +603 2707 3333
Fax : +603 2707 3322
Website : www.takaful-ikhlas.com.my
Email : ikhlascare@takaful-ikhlas.com.my

MALAYSIAN RE (DUBAI) LTD.

Unit 101, Level 1
Gate Village 4, The Gate District
Dubai International Financial Centre
P. O. Box 506571
Dubai, United Arab Emirates

Tel : +971 4 3230388
Fax : +971 4 3230288
Website : www.malaysian-re.com.my/our-solutions/dubai
Email : enquiry@malaysian-re.com.my

MMIP SERVICES SDN. BHD.

6th Floor, Bangunan Malaysian Re
No. 17, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur

Tel : +603 2080 6000
Fax : +603 2080 6001
Email : mmip_support@malaysian-re.com.my

Group's Offices

TAKAFUL IKHLAS BRANCHES

KUALA LUMPUR (MAIN)
IKHLAS Point
Tower 11A, Avenue 5
Bangsar South
No. 8, Jalan Kerinchi
59200, Kuala Lumpur
Tel : +603 2723 9999 (general line)
Fax : +603 723 9998

JOHOR
No. 32, 32-01 & 32-02
Jalan Setia Tropika 1/1,
Taman Setia Tropika
81200 Johor Bahru, Johor
Tel : +607 232 7180
Fax : +607 232 7185

KEDAH
No. 57, Jalan Lagenda 3, Lagenda Heights
08000 Sungai Petani, Kedah
Tel : +604 422 8100
Fax : +604 422 3100

KELANTAN
PT 483, Jalan Jambatan Sultan Yahya
KB Waterfront, Seksyen 17
15000 Kota Bharu, Kelantan
Tel : +609 746 1000
Fax : +609 747 9100

MELAKA
No. 10, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka
Tel : +606 286 3100
Fax : +606 288 3100

NEGERI SEMBILAN
538, Ground & 1st Floor, 539, 1st Floor
Jalan Bandar Senawang 16
Pusat Bandar Senawang
70450 Seremban, Negeri Sembilan
Tel : +606 677 5600
Fax : +606 677 5362

PAHANG
B284, Ground & 1st Floor, Jalan Beserah
25300 Kuantan, Pahang
Tel : +609 567 0700
Fax : +609 567 1700

PERAK
No. 11A, 1st Floor, Persiaran Greentown 9
Pusat Perdagangan Greentown
30450 Ipoh, Perak
Tel : +605 243 0300
Fax : +605 243 1300

PUTRAJAYA
No. 12, Jalan Diplomatik, P15 Presint 15
62050 Putrajaya
Tel : +603 8861 5660
Fax : +603 8890 5100

SABAH
Dewan Bandaraya Kota Kinabalu (DBKK)
No. D-G-8 (D-9-1), Level 1, Block D
Harbour City Sembulan, Jalan Pantai Baru
88100 Kota Kinabalu, Sabah
Tel : +6088 447 110
Fax : +6088 447 130

SARAWAK
528 Section 6, KTLD No. 11C
Kuching Town Land District (KTLD)
No. 11C, Jalan Kulas
93400 Kuching, Sarawak
Tel : +6082 251 300
Fax : +6082 251 310

SELANGOR
No. 97, 97-1 & 97-2, Jalan Mahogani 5/KS7
41200 Klang, Selangor
Tel : +603 3323 1144
Fax : +603 3323 1444

TERENGGANU
Lot PT 3593, Ground Floor
Jalan Sultan Zainal Abidin
20000 Kuala Terengganu, Terengganu
Tel : +609 631 8170
Fax : +609 631 8171

Notice of the 49th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth (49th) Annual General Meeting ("AGM") of MNRB Holdings Berhad ("MNRB" or "the Company") will be conducted virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Day and Date	: Thursday, 22 September 2022
Time	: 11.00 a.m.
Broadcast venue	: Function Room, 3rd Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.
Meeting Platform	: https://meeting.boardroomlimited.my/
Mode of communication	: (i) Shareholders are encouraged to submit questions in advance prior to the 49th AGM via the Share Registrars' website, Boardroom Smart Investor Portal at https://investor. boardroomlimited.com/ or email to the Company's Investor Relations at ir@mnrb.com.my in relation to the agenda items for the 49th AGM no later than 11.00 a.m. on Tuesday, 20 September 2022. (ii) Pose questions via real time submission of typed texts at https://meeting.boardroomlimited.my/ during live streaming of the 49th AGM.

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To approve the payment of a final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2022. **(Ordinary Resolution 1)** **[Please refer to Explanatory Note (ii)]**

3. To re-elect the following Directors, each whom retires by rotation pursuant to Clause 91 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Khalid Sufat **(Ordinary Resolution 2)**

   (ii) Junaidah Mohd Said **(Ordinary Resolution 3)** **[Please refer to Explanatory Note (iii)]**

4. To approve the payment of Directors' Fees and payment thereof to the Directors for the period from the 49th AGM until the next AGM of the Company in 2023, to be payable on a monthly basis as follows:

Directors' Fees	Chairman	Directors
	Per Annum	Per Annum
Board	RM130,000	RM70,000
• Audit Committee • Risk Management Committee of the Board	RM22,000	RM17,000
• Group Nomination & Remuneration Committee • Group Investment Committee	RM17,000	RM12,000

(Ordinary Resolution 4)
[Please refer to Explanatory Note (iv)]

5. To approve the payment of Directors' benefits (excluding Directors' Fees) payable to the Directors up to an amount of RM798,698 from the conclusion of the 49th AGM until the conclusion of the next AGM in 2023. **(Ordinary Resolution 5)** **[Please refer to Explanatory Note (v)]**

6. To reappoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

7. Proposed renewal of the authority for Directors to allot and issue new ordinary shares of MNRB, for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the shareholders of MNRB the option to elect to reinvest their cash dividend in new MNRB Shares.

   "**THAT** pursuant to the DRP approved at the Extraordinary General Meeting held on 25 September 2019, approval be and is hereby given to the Company to allot and issue such number of new MNRB Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors of the Company may, at their sole and absolute discretion, deem fit and in the interest of the Company. **PROVIDED THAT** the issue price of the said new MNRB Shares shall be fixed by the Directors at not more than ten percent (10.0%) discount to the adjusted five (5)-day volume weighted average market price ("VWAP") of MNRB Shares immediately prior to the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of MNRB Shares at the material time;

   AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations, arrangements and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company." **(Ordinary Resolution 7)** **[Please refer to Explanatory Note (vi)]**

Notice of the 49th Annual General Meeting

8. **Proposed Amendments to the Constitution of the Company ("Proposed Amendments")**

   "**THAT** the Proposed Amendments as set out in Appendix II of the Circular to the Shareholders dated 27 July 2022 be and is hereby approved and adopted with immediate effect.

   AND THAT, the Directors and/or Secretary of the Company be and are hereby authorised to do all such acts, deeds and things and take all steps as are necessary and expedient with full powers to assent to any modifications, variations and/or amendments as may be required by any relevant authorities, to give full effect to the foregoing."

   (Special Resolution)
   [Please refer to the Explanatory Note (vii)]

9. To transact any other business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT NOTICE IS HEREBY GIVEN THAT subject to the shareholders' approval for the payment of a single-tier final dividend of 2.5 sen per share in respect of the financial year ended 31 March 2022 ("Final Dividend") under Ordinary Resolution 1 at the 49th AGM of the Company on 22 September 2022, the Final Dividend will be paid on 31 October 2022 to Depositors whose names appear in the Record of Depositors of the Company as at 11 October 2022.

A Depositor shall qualify for entitlement to the Final Dividend only in respect of:-

(a) Securities transferred into the Depositor's securities account before 4.30 p.m. on 11 October 2022 in respect of transfers;

(b) Securities deposited into the Depositor's securities account before 12.30 p.m. on 7 October 2022 in respect of securities exempted from mandatory deposits; and

(c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LENA ABD LATIF
(SSM Practicing Certificate No. 201908002386)
(LS 0008766)
Company Secretary
Kuala Lumpur
27 July 2022

Notice of the 49th Annual General Meeting

NOTES:

REMOTE PARTICIPATION AND ELECTRONIC VOTING, PROXY AND/OR CORPORATE REPRESENTATIVES

1. The Securities Commission Malaysia had on 7 April 2022, revised the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers ("SC's Guidance") which encourage listed issuers to conduct virtual general meetings. As such, the Board and Management have considered all available options and decided that the 49th AGM shall be conducted virtually and entirely via remote participation and electronic voting facilities.

2. The main and only venue for the 49th AGM is the broadcast venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (the Act) and Article 68 of the Constitution of the Company that require the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies/corporate representatives should be physically present nor admitted at the broadcast venue on the day of the 49th AGM.**

3. As the 49th AGM will be conducted virtually, a member who is not able to participate in the AGM is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the instrument appointing a proxy.

4. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 15 September 2022 shall be eligible to attend this 49th AGM or appoint a proxy(ies) to attend, speak and vote on his/her behalf.

5. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 (Central Depositories Act) and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act (Exempt Authorised Nominees) which hold ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.

6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy, and only one (1) proxy shall be entitled to vote.

7. The instrument appointing a proxy (ies) shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a Corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.

8. The Form of Proxy duly completed must be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the 49th AGM or any adjournment thereof. Alternatively, the Form of Proxy may also be deposited electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com/ not less than forty-eight (48) hours before the time of holding the 49th AGM.

9. If the Form of Proxy is submitted without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialed. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

Notice of the 49th Annual General Meeting

Explanatory Notes

(i) Item 1 of the Agenda - Audited Financial Statements for the Financial Year Ended 31 March 2022

This item on the Agenda is meant for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(ii) Ordinary Resolution 1 – Payment of Final Single-Tier Dividend

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final single tier dividend, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval.

(iii) Ordinary Resolutions 2 & 3 – Re-election of Directors

The Group Nomination & Remuneration Committee ("GNRC") had considered the performance and contribution of each of the retiring Director and have also assessed the independence of the Independent Non-Executive Directors seeking re-election.

Based on the results of the Board Effectiveness Evaluation conducted, the performance of each of the retiring Director was found to be satisfactory. In addition, each of the retiring Director has also provided his/her annual declaration/confirmation on his/her fitness and propriety as well as independence. The retiring Directors have also fulfilled the independence criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other independence criteria applied by the Company.

The Board has endorsed the GNRC's recommendation on the re-election of the retiring Directors and the Board's statement of support are set out in the Statement Accompanying Notice of AGM. The retiring Directors had abstained from deliberations and decisions on their re-election at the GNRC and Board meetings.

The details and profiles of the Directors who are standing for re-election at the 49th AGM are provided in the Directors Profile section of the Company's Annual Report 2022.

(iv) Ordinary Resolution 4 – Directors' Fees

Pursuant to Section 230(1) of Companies Act 2016, any fees and benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Directors' Fees remain unchanged as per the fees approved at the last AGM held on 23 September 2021. The resolution if passed, will allow the Company to make the payment of fees to the Non-Executive Directors ("NEDs") on monthly basis instead in arrears after every quarter. The Board is of the view that it is just and equitable for the NEDs to be paid such payment on a monthly basis after they have discharged their responsibilities and rendered their services to the Company.

The fees of each NED for the financial year ended 31 March 2022 are disclosed in the Notes to the Financial Statements of the Audited Financial Statements for the Financial Year Ended 31 March 2022.

Notice of the 49th Annual General Meeting

(v) Ordinary Resolution 5 – Directors' Benefits (excluding Directors' Fees)

The Directors' Benefits (excluding Directors' Fees) payable to the Chairman and Directors from the conclusion of this AGM up till the conclusion of the next AGM in 2023 of the Company comprises benefits in kind and emolument as set out below:-

	Chairman	Directors
Benefits in kind:	• Company car and driver • Petrol (incurred basis)	Nil
	• Medical benefits on incurred basis • Directors' & Officers Liability Insurance coverage • Other claimable expenses incurred in the course of carrying out their duties	
Emolument:	• Meeting Attendance Allowance, RM1,500 (per meeting)	

Payment of the Directors' Benefits will be made by the Company as and when incurred if the proposed Ordinary Resolution 5 is passed at the 49th AGM of the Company.

The Directors' benefits remain unchanged as per the benefits approved at the last AGM held on 23 September 2021. The total estimated amount of benefits payable to NEDs for the period from 23 September 2022 until the next AGM of the Company in 2023 is up to RM798,698. In determining the estimated amount of benefits payable, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees and Board of subsidiaries, as well as the number of NEDs involved in these meetings.

(vi) Ordinary Resolution 7

If passed, will give authority to the Directors to allot and issue shares for the DRP in respect of dividends to be declared until the next AGM. A renewal of this authority will be sought at the next AGM in 2023.

(vii) Special Resolution - Proposed Amendments to the Constitution of the Company

This Special Resolution, if passed, will give full effect to the Proposed Amendments as set out in Appendix II of the Circular to the Shareholders dated 27 July 2022 accompanying the Company's Annual Report 2022.

The rationale of the Proposed Amendments is primarily to provide further clarity on certain terms of the Company's Constitution and to ensure compliance with the Companies Act, 2016 ("the Act"), the Malaysian Code on Corporate Governance, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other prevailing statutory and regulatory requirements applicable to the Company as well as to enhance administrative efficiency.

Shareholders' approval is required to be sought in accordance with Section 36(1) of the Act for the Company to amend its existing Constitution as set out in the Circular to Shareholders dated 27 July 2022 accompanying the Company's Annual Report 2022. The Proposed Amendments shall take effect once the proposed Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at the 49th AGM of the Company.

Please refer to the Circular to Shareholders dated 27 July 2022 for further information.

Statement Accompanying Notice of the 49th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of persons who are standing for re-election as Directors at the 49th AGM

Based on the Group Nomination & Remuneration Committee ("GNRC")'s review, the Board found that the performance of the following retiring directors and contribution in discharge of their duties assessed during the Board Effectiveness Evaluation for the financial year ended 31 March 2022 were satisfactory:-

Khalid Sufat

The Board, through the GNRC had assessed and was satisfied that Khalid Sufat had contributed effectively during Board meetings and he had led Audit Committee deliberations well and steered towards a good relationship between the Board and Management. He had demonstrated his diligence and commitment as a capable individual with high integrity who conducts himself in a professional manner, particularly as the Chairman of Audit Committee.

His past and current experiences will be able to provide a sound understanding especially on the Company's financial matters to the Board of Directors.

He has served as Independent Non-Executive Director for 2 years 9 months since the date of his appointment as Director on 1 October 2019.

Junaidah Mohd Said

The Board, through the GNRC had assessed and was satisfied that Junaidah Mohd Said had contributed invaluably to the Board in terms of providing sound and objective advice especially on risk, reinsurance and administrative matters. She was able to express dissenting views and opinions on matters deliberated at meetings of the Board or any of its committees.

She brings to the Board more than 30 years of experience in Bank Negara Malaysia particularly in the areas of policies, reinsurance regulation and financial sector development had enhanced the Board's overall effectiveness in the corporate governance of a financial institution.

She has served as Independent Non-Executive Director for 2 years 9 months since the date of her appointment as Director on 1 October 2019.

The above Directors have abstained themselves from deliberation and decision by the Board on their re-election respectively. The Board upon due deliberation, resolved to support and approve the proposed re-election of Khalid Sufat and Junaidah Mohd Said to be tabled at the 49th AGM of the Company, as recommended by the GNRC.

No individual is seeking election as a Director at the 49th AGM.

FINANCIAL STATEMENTS

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, principally engaged in the provision of management services to its subsidiaries.

The principal activities and other information of the subsidiaries are as disclosed in Note 16 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	114,422	69,758

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 March 2021:	
Final single-tier dividend of 4.0 sen per ordinary share declared on 24 September 2021 and paid on 27 October 2021	31,323

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company since the beginning of the financial year to the date of this report.

SIGNIFICANT AND SUBSEQUENT EVENT

The details of significant event during the year and subsequent event after the year are disclosed in Note 39 to the financial statements.

Directors' Report

SHARE CAPITAL AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

DIRECTORS

The names of the Directors of the Company and its subsidiaries in office since the beginning of the financial year to the date of this report are:

	Directors of the entities						
	Holding Company	Subsidiaries					
Name of Directors	MNRB*	Malaysian Re*	Takaful IKHLAS Family*	Takaful IKHLAS General*	MRDL*	MSSB*	SSB*
Datuk Johar Che Mat	✓	-	✓	✓	✓	-	-
George Oommen	✓	✓	✓	Resigned on 1 October 2021	✓	-	-
Khalid Sufat	✓	✓	-	-	-	-	-
Junaidah Mohd Said	✓	-	-	-	-	-	-
Zaida Khalida Shaari	✓	-	-	-	-	-	-
Dato' Wan Roshdi Wan Musa	✓	-	-	-	-	-	-
Zaharudin Daud	-	✓	✓	✓	✓	-	-
Rosinah Mohd Salleh	-	-	-	✓	-	-	-
Arul Sothy S Mylvaganam	-	-	-	✓	-	-	-
Noor Rida Hamzah	-	-	✓	-	-	-	-
Shareen Ooi Bee Hong	-	-	✓	-	-	-	-
Woon Tai Hai	-	-	✓	✓	-	-	-
Datin Zaimah Zakaria	-	✓	-	-	-	-	-
Velayudhan Harikes	-	✓	-	-	-	-	-

DIRECTORS (CONT'D.)

The names of the Directors of the Company and its subsidiaries in office since the beginning of the financial year to the date of this report are (cont'd.):

	Directors of the entities						
	Holding Company	Subsidiaries					
Name of Directors	**MNRB***	**Malaysian Re***	**Takaful IKHLAS Family***	**Takaful IKHLAS General***	**MRDL***	**MSSB***	**SSB***
Dato' Amirudin Abdul Halim	-	-	-	✓	-	-	-
Rizal Mohd Zin	-	-	-	-	-	-	✓
Zainudin Ishak	-	-	-	-	✓	✓	-
Norazman Hashim	-	-	-	-	-	✓	✓
Dr. Wan Zamri Wan Ismail	-	-	-	Appointed on 1 October 2021	-	-	-
Prof. Dato' Dr. Ahmad Hidayat Buang	-	-	Resigned on 2 August 2021	-	-	-	-
Datuk Nik Moustpha Nik Hassan	-	-	-	Resigned on 23 September 2021	-	-	-
Hijah Arifakh Othman	-	-	-	Resigned on 1 October 2021	-	-	-

In accordance with Clause 91 of the Company's Constitution, Khalid Sufat and Junaidah Mohd Said will be retiring at the forth-coming Annual General Meeting and, being eligible, offer themselves for re-election.

* MNRB - MNRB Holdings Berhad
Malaysian Re - Malaysian Reinsurance Berhad
Takaful IKHLAS Family - Takaful Ikhlas Family Berhad
Takaful IKHLAS General - Takaful Ikhlas General Berhad
MRDL - Malaysian Re (Dubai) Ltd.
MSSB - MMIP Services Sdn. Bhd.
SSB - Sinar Seroja Berhad

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company or its subsidiaries were a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company or the fixed salary and benefits receivable as a full-time employee of the Company as disclosed in Notes 9, 10 and 31 to the financial statements or benefits receivable from related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest to be disclosed under Part 1, Section 3 of the Fifth Schedule of the Companies Act, 2016.

During the financial year, the Company purchased a Directors and Officers Liability Takaful cover to provide indemnity to all directors of the MNRB Group for a limit of RM50 million at a contribution of RM100,430.

DIRECTORS' INTEREST

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares of the Company or its related corporation during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and the Company were made out, the Directors took reasonable steps:

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

 (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

 (i) it necessary to write-off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONT'D.)

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and the Company.

(f) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e)(ii) and (f)(i) above, contingent or other liabilities do not include liabilities arising from reinsurance, takaful and retakaful contracts underwritten in the ordinary course of business of the reinsurance/retakaful and takaful subsidiaries and associate companies.

AUDITORS AND AUDITORS' REMUNERATION

The retiring auditors, Messrs. Ernst & Young PLT, have expressed their willingness to accept re-appointment. Details of the auditors' remuneration for their service as auditors are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 June 2022.

Datuk Johar Che Mat **Khalid Sufat**

Kuala Lumpur, Malaysia

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Datuk Johar Che Mat and Khalid Sufat, being two of the Directors of MNRB Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 147 to 331 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 June 2022.

Datuk Johar Che Mat **Khalid Sufat**

Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Norazman Hashim (MIA membership no. 5817), being the officer primarily responsible for the financial management of MNRB Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 147 to 331 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Norazman Hashim)
at Kuala Lumpur in Wilayah Persekutuan)
on 15 June 2022.) **Norazman Hashim**

Before me,

Commissioner for Oaths

Independent Auditors' Report

to the members of MNRB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MNRB Holdings Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 147 to 331.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report
to the members of MNRB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

1. Insurance/takaful contract liabilities of the Group

The Group's insurance/takaful contract liabilities as at 31 March 2022 amounted to RM7.5 billion (as disclosed in Note 20 to the financial statements) or approximately 85% of its total liabilities. The insurance/takaful contract liabilities include the following liabilities of the reinsurance/retakaful subsidiary, Malaysian Reinsurance Berhad, and the takaful subsidiaries, Takaful Ikhlas General Berhad and Takaful Ikhlas Family Berhad:

(a) Premium/contribution and claim liabilities of the general reinsurance/retakaful and takaful businesses;

(b) Actuarial liabilities of the family retakaful and takaful businesses;

(c) Net asset value attributable to unitholders of the family takaful business; and

(d) Expense liabilities in respect of the shareholder's fund of the takaful and retakaful businesses.

These liabilities have been estimated based on standard actuarial valuation methodologies and other estimation models as allowed under the Risk-Based Capital Framework for Insurers and the Risk-Based Capital Framework for Takaful Operators issued by Bank Negara Malaysia as well as the accounting policies described in Notes 2.5, 2.6 and 2.7 to the financial statements for the valuation of the insurance/takaful contract liabilities of the Group.

The complexity of the actuarial valuation methodologies and other estimation models applied to derive the insurance/takaful contract liabilitites may give rise to estimation errors as a result of inadequate or incomplete data, the design and application of the relevant valuation models by the management's experts (i.e. the Appointed Actuaries) and the use of inappropriate assumptions. Significant professional judgement is applied by the Group in deriving the assumptions (as described in Note 3.2 to the financial statements) and any significant changes thereon may have a material effect on the insurance/takaful contract liabilities.

Our audit procedures were focused on the following key areas:

- Understanding and documenting the qualifications, objectivity and independence of the Appointed Actuaries tasked with estimating the insurance/takaful contract liabilities of the Group;

- Reviewing the reports prepared by the Appointed Actuaries in respect of the insurance/takaful contract liabilities of the Group;

- Assessing the valuation methodologies applied by the Group to derive the insurance/takaful contract liabilities;

- Assessing the design and testing the operating effectiveness of key internal controls over the actuarial valuation process with respect to financial reporting, including the bases used by the Group in determining and approving the key assumptions applied;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

1. Insurance/takaful contract liabilities of the Group (cont'd.)

Our audit procedures were focused on the following key areas (cont'd.):

- Assessing the experience analyses of the reinsurance, retakaful and takaful businesses used during the setting of the key assumptions to derive the insurance/takaful contract liabilities and challenging the rationale applied by the Appointed Actuaries and management in deriving those assumptions. We have also also reviewed the impacts considered by the Group arising from the COVID-19 pandemic to the assumptions and the methodologies applied in deriving the valuation of the insurance/takaful contract liabilities. In addition and where appropriate, comparisons have also been made against other industry constituents and the experience of the respective subsidiaries;

- Testing the completeness and sufficiency of data used in the valuation of insurance/takaful contract liabilities including reviewing the data extraction process and reconciliations carried out by the Group. These tests also included control tests performed on selected samples of claims reserves, claims paid and reinsurance policies and retakaful and takaful certificates issued by the Group to ascertain the effectiveness of operating controls over the quality and accuracy of the underlying data;

- Performing audit tests on the model review process applied by management in respect of the family takaful business and independently reviewing the results thereon;

- Performing independent analyses and re-computation of the general reinsurance/retakaful/takaful contract liabilities for selected classes of business, focusing on the most significant business portfolio and those which may potentially result in significant deviations in estimates. We compared our independent analyses and recomputations to those performed by management to ascertain if the reserves were sufficient and within range of our independent analyses;

- Performing recomputations on the unearned premium reserves ("UPR")/unearned contribution reserves ("UCR") calculations produced by management and, thereafter, comparing the UPR/UCR against the unexpired risk reserves ("URR") valuations performed by the Appointed Actuaries to ascertain if adequate reserves have been established for the general reinsurance, retakaful and takaful businesses;

- Performing recomputations on the unearned wakalah fees ("UWF") calculations produced by management and, thereafter, comparing the UWF against the unexpired expense reserves ("UER") valuations performed by the Appointed Actuaries to ascertain if adequate reserves have been established for the shareholder's fund of the general retakaful and takaful businesses;

- Reviewing the UER valuations performed by the Appointed Actuary to ascertain if adequate reserves have been established for the shareholder's fund of the family takaful business;

- Reviewing the Liability Adequacy Test results performed by the reinsurance, retakaful and takaful subsidiaries;

- Auditing the fair value of financial assets and the adequacy of liabilities of the investment-linked funds of the family takaful business;

- Performing control tests over the creation and cancellation of units of the investment-linked funds as well as calculation of Net Asset Values; and

- Assessing the adequacy of disclosures made in the financial statements in respect of the insurance/takaful contract liabilities of the Group.

We have also engaged our Actuarial Services professionals in accordance with the requirements of International Standard on Auditing 620: Reliance on the Work of an Auditors' Expert to assist us in performing certain audit procedures on the insurance/takaful contract liabilities of the Group.

Independent Auditors' Report
to the members of MNRB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

2. Tax recoverable of the Group and the Company

As disclosed in Note 22 to the financial statements, the Group and the Company is currently appealing against additional tax assessments and penalties raised by the Inland Revenue Board of Malaysia ("IRB"), amounting to approximately RM24.9 million and RM19.7 million respectively. These additional tax assessments and penalties were paid by the Group and the Company and were recorded as tax recoverable. The outcome of the appeals can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company and the appeals could develop in ways not initially expected. Consequently, the Group and the Company continuously assess the development of these matters to determine the recoverability of these amounts. Such assessment involves significant judgement and estimates which are highly subjective. Accordingly, we consider this area to be an area of audit focus.

As part of our audit procedures, we have reviewed correspondences between the Group and external legal counsel to obtain an understanding of the matters. We have enquired and discussed with management on the developments in legal proceedings and obtained confirmations from the Group's external legal counsel to compare the expert opinions to management's position. We also considered the objectivity, independence and expertise of the legal advisers and we also assessed the basis adopted by the legal advisers in their evaluations of the possible outcome of the litigations and claims.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the Directors' Report.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report
to the members of MNRB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Responsibilities of the directors for the financial statements (cont'd.)

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report
to the members of MNRB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Hammami Bin Muhyidin
No. 03313/07/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 June 2022

Income Statements
for the year ended 31 March 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Gross earned premiums/contributions	4(a)	**2,901,944**	2,501,782	**-**	-
Premiums/contributions ceded to reinsurers/ retakaful operators	4(b)	**(510,425)**	(341,430)	**-**	-
Net earned premiums/contributions		**2,391,519**	2,160,352	**-**	-
Investment income	5	**265,813**	264,889	**84,584**	87,864
Net realised gains	6	**17,093**	23,119	**-**	70
Net fair value losses	7	**(55,559)**	(4,482)	**-**	-
Fee and commission income	8	**46,642**	44,181	**44,802**	38,997
Other operating revenue	11	**34,836**	10,996	**176**	164
Other revenue		**308,825**	338,703	**129,562**	127,095
Gross claims and benefits paid		**(1,264,065)**	(1,125,679)	**-**	-
Claims ceded to reinsurers/ retakaful operators		**192,136**	160,317	**-**	-
Gross change in contract liabilities		**(1,047,662)**	(418,405)	**-**	-
Change in contract liabilities ceded to reinsurers/retakaful operators		**480,550**	(36,037)	**-**	-
Net claims and benefits		**(1,639,041)**	(1,419,804)	**-**	-
Fee and commission expenses	8	**(574,395)**	(478,490)	**-**	-
Management expenses	9	**(297, 156)**	(288,973)	**(45,113)**	(36,398)
Finance costs		**(16,845)**	(16,798)	**(16,719)**	(16,773)
Other operating expenses	11	**(5,376)**	(12,659)	**(259)**	(274)
Change in expense liabilities	20(c)	**(12,631)**	(15,956)	**-**	-
Tax borne by participants	12	**(12,602)**	(9,584)	**-**	-
Other expenses		**(919,005)**	(822,460)	**(62,091)**	(53,445)
Share of results of associates	17	**2,769**	15,472	**-**	-

Income Statements
for the year ended 31 March 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit before surplus attributable to takaful and retakaful participants and taxation		**145,067**	272,263	**67,471**	73,650
Surplus attributable to takaful and retakaful participants	23(a)	**(17,585)**	(49,027)	**-**	-
Profit before zakat and taxation		**127,482**	223,236	**67,471**	73,650
Zakat		**(1,147)**	(1,293)	**-**	-
Taxation	12	**(11,913)**	(32,448)	**2,287**	(675)
Net profit for the year attributable to equity holders of the Holding Company		**114,422**	189,495	**69,758**	72,975
Basic and diluted earnings per share attributable to equity holders of the Holding Company (sen)	29	14.6	24.2		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Income Statements
for the year ended 31 March 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net profit for the year	**114,422**	189,495	**69,758**	72,975
Other comprehensive (loss)/income				
Other comprehensive (loss)/income to be reclassified to income statements in subsequent periods:				
Effects of post-acquisition foreign exchange translation reserve on investment in associate	**(1,252)**	(6,224)	**-**	-
Effects of foreign exchange translation reserve on investment in subsidiary	**131**	(489)	**-**	-
Net losses on financial assets at fair value through other comprehensive income ("FVOCI"):				
Net losses on fair value changes	**(34,928)**	(7,105)	**(435)**	-
Realised gains transferred to income statements (Note 6)	**(5,766)**	(11,575)	**-**	-
Deferred tax relating to net loss on financial assets at FVOCI (Note 19)	**4,933**	2,447	**-**	-
Other comprehensive loss attributable to participants (Note 23(b))	**4,179**	2,071	**-**	-
Other comprehensive income/(loss) not to be reclassified to income statements in subsequent periods:				
Net gain on fair value changes on financial assets at FVOCI (Note 18(b))	**2,584**	223	**-**	-
Revaluation of land and buildings (Note 13)	**4,735**	3,359	**-**	-
Deferred tax relating to revaluation of land and buildings (Note 19)	**(2,434)**	(296)	**-**	-
Other comprehensive income attributable to participants (Note 23(c))	**(1,927)**	(1,880)	**-**	-
Total comprehensive income for the year	**84,677**	170,026	**69,323**	72,975

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	13	**211,213**	203,377	**2,720**	1,496
Intangible assets	14	**75,136**	71,805	**3,473**	3,138
Right-of-use assets	15	**5,554**	2,906	**1,142**	2,184
Investments in subsidiaries	16	**-**	-	**1,304,476**	1,304,476
Investments in associates	17	**134,094**	134,805	**1,957**	1,957
Financial and other assets	18	**8,975,983**	8,335,257	**167,602**	127,547
Deferred tax assets	19	**38,330**	21,503	**4,435**	1,617
Reinsurance/retakaful assets	20	**952,271**	457,235	**-**	-
Insurance/takaful receivables	21	**614,826**	498,866	**-**	-
Tax recoverable	22	**50,702**	68,670	**19,821**	20,166
Cash and bank balances		**214,050**	115,789	**371**	290
Total assets		**11,272,159**	9,910,213	**1,505,997**	1,462,871
Liabilities and participants' funds					
Participants' funds	23	**394,409**	377,724	**-**	-
Borrowing	24	**320,000**	320,000	**320,000**	320,000
Insurance/takaful contract liabilities	20	**7,487,057**	6,340,990	**-**	-
Lease liabilities	15	**5,476**	2,754	**1,073**	2,115
Insurance/takaful payables	25	**305,499**	202,171	**-**	-
Other payables	26	**277,793**	230,682	**23,162**	16,994
Deferred tax liabilities	19	**3,178**	9,827	**-**	-
Tax payable	22	**5,319**	6,279	**-**	-
Provision for zakat		**1,754**	1,466	**-**	-
Total liabilities and participants' funds		**8,800,485**	7,491,893	**344,235**	339,109
Equity					
Share capital	27	**738,502**	738,502	**738,502**	738,502
Reserves		**1,733,172**	1,679,818	**423,260**	385,260
Total equity attributable to equity holders of the Holding Company		**2,471,674**	2,418,320	**1,161,762**	1,123,762
Total liabilities, participants' funds and equity		**11,272,159**	9,910,213	**1,505,997**	1,462,871

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 March 2022

	Attributable to equity holders of the Holding Company					
		Reserves				
		Non-distributable			Distributable	
	Share capital RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
Group						
At 1 April 2020	738,502	53,800	68,910	48,018	1,362,557	2,271,787
Net profit for the year	-	-	-	-	189,495	189,495
Other comprehensive (loss)/income for the year	-	(6,713)	(13,939)	1,183	-	(19,469)
Total comprehensive (loss)/income for the year	-	(6,713)	(13,939)	1,183	189,495	170,026
Dividends paid during the year (Note 28)	-	-	-	-	(23,493)	(23,493)
At 31 March 2021	738,502	47,087	54,971	49,201	1,528,559	2,418,320
At 1 April 2021	**738,502**	**47,087**	**54,971**	**49,201**	**1,528,559**	**2,418,320**
Net profit for the year	**-**	**-**	**-**	**-**	**114,422**	**114,422**
Other comprehensive (loss)/income for the year	**-**	**(1,121)**	**(28,998)**	**374**	**-**	**(29,745)**
Total comprehensive (loss)/income for the year	**-**	**(1,121)**	**(28,998)**	**374**	**114,422**	**84,677**
Dividends paid during the year (Note 28)	**-**	**-**	**-**	**-**	**(31,323)**	**(31,323)**
At 31 March 2022	**738,502**	**45,966**	**25,973**	**49,575**	**1,611,658**	**2,471,674**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
for the year ended 31 March 2022

	Attributable to equity holders of the Company			
	Non-distributable		Distributable	
	Share capital RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
Company				
At 1 April 2020	738,502	-	-	335,778
Net profit for the year, representing total comprehensive income for the year	-	-	72,975	72,975
Dividend paid during the year (Note 28)	-	-	(23,493)	(23,493)
At 31 March 2021	738,502	-	385,260	1,123,762
Net profit for the year	-	-	69,758	69,758
Other comprehensive loss for the year	-	(435)	-	(435)
Total comprehensive (loss)/income for the year	-	(435)	69,758	69,323
Dividends paid during the year (Note 28)	-	-	(31,323)	(31,323)
At 31 March 2022	738,502	(435)	423,695	1,161,762

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the year ended 31 March 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before zakat and taxation		**127,482**	223,236	**67,471**	73,650
Adjustments for:					
Net fair value losses on financial assets at FVTPL	7	**55,559**	4,482	**-**	-
(Reversal of impairment)/impairment losses on:		**-**	-		
- financial assets at FVOCI	11	**(678)**	189	**-**	-
- financial assets at amortised cost	11	**(630)**	131	**-**	-
- insurance/takaful receivables	11	**(8,108)**	8,899	**-**	-
- losses on buildings	11	**(346)**	34	**-**	-
Depreciation of:					
- property, plant and equipment	13	**7,083**	6,103	**947**	600
- right-of-use ("ROU") assets	15	**1,794**	2,896	**1,043**	1,062
Amortisation of intangible assets	14	**12,335**	10,594	**1,210**	698
Net amortisation of premiums/(accreation of discount) on investments	5	**3,303**	7,280	**(187)**	-
Net gains on property, plant and equipment		**-**	(70)	**-**	(70)
Write-off of intangible assets	11	**894**	-	**248**	-
Tax borne by participants	12	**12,602**	9,584	**-**	-
Increase in gross premium/contribution liabilities	4	**85,774**	63,556	**-**	-
Interest/profit income		**(249,647)**	(255,714)	**(2,770)**	(2,701)
Dividend income		**(19,854)**	(15,028)	**(81,627)**	(85,163)
Rental income		**(2,683)**	(2,482)	**-**	-
Finance cost on borrowing		**16,663**	16,640	**16,640**	16,640
Finance costs on lease liabilities	15	**182**	158	**79**	133
Realised gains on disposals of investments	6	**(17,093)**	(23,049)	**-**	-
Share of results of associates		**(2,769)**	(15,472)	**-**	-
Profit from operations before changes in operating assets and liabilities		**21,863**	41,967	**3,064**	4,849

Statements of Cash Flows
for the year ended 31 March 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities (cont'd.)					
Increase in placements with licensed financial institutions, Islamic investment accounts and marketable securities		**(615,774)**	(658,896)	**(40,582)**	(54,432)
(Purchase of)/proceeds from disposal of investments		**(50,230)**	45,691	**-**	-
Decrease in staff loans		**1,457**	2,626	**796**	880
Increase in insurance/takaful receivables		**(107,852)**	(126,062)	**-**	-
(Increase)/decrease in other receivables		**(55,026)**	16,191	**(292)**	462
Net change in balances with subsidiaries		**-**	-	**4,807**	3,673
Increase in gross claim liabilities, actuarial liabilities and unallocated surplus		**1,047,662**	418,405	**-**	-
Increase in expense liabilities		**12,631**	15,956	**-**	-
Increase in participants' fund		**18,937**	45,177	**-**	-
(Increase)/decrease in reinsurance/retakaful assets		**(495,036)**	40,093	**-**	-
Increase in insurance/takaful payables		**103,328**	32,320	**-**	-
Increase/(decrease) in other payables		**47,111**	(19,624)	**1,353**	39
Taxes and zakat paid		**(29,343)**	(52,600)	**(185)**	(667)
Interest/profit received		**252,012**	274,590	**2,551**	3,041
Dividends received		**20,210**	11,651	**627**	163
Rental received		**2,547**	849	**-**	-
Net cash generated from/(used in) operating activities		**174,497**	88,334	**(27,861)**	(41,992)

Statements of Cash Flows
for the year ended 31 March 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	13	**(9,810)**	(2,199)	**(2,171)**	(654)
Purchase of intangible assets	14	**(16,560)**	(45,821)	**(1,803)**	(1,118)
Dividends received from subsidiaries and associate	5	**-**	-	**81,000**	85,000
Proceeds from disposal of property, plant and equipment		**12**	70	**-**	70
Net cash (used in)/generated from investing activities		**(26,358)**	(47,950)	**77,026**	83,298
Cash flows from financing activities					
Payment of lease liablilites	15	**(1,892)**	(2,879)	**(1,121)**	(1,177)
Interest/profit paid		**(16,663)**	(16,640)	**(16,640)**	(16,640)
Dividends paid	28	**(31,323)**	(23,493)	**(31,323)**	(23,493)
Net cash used in financing activities		**(49,878)**	(43,012)	**(49,084)**	(41,310)
Cash and bank balances					
Net increase/(decrease) during the year		**98,261**	(2,628)	**81**	(4)
At beginning of the year		**115,789**	118,417	**290**	294
At end of the year		**214,050**	115,789	**371**	290

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
31 March 2022

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 12th Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The Company is an investment holding company, principally engaged in the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are as disclosed in Note 16. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The number of employees in the Group and in the Company at the end of the financial year were 981 and 208 (2021: 932 and 174) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 15 June 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted the amended MFRSs applicable for annual financial periods beginning on or after 1 January 2021, as fully described in Note 2.27.

As at the end of the financial year, the reinsurance/retakaful and takaful subsidiaries have met the minimum capital requirements as prescribed by the Risk-Based Capital for Insurer ("RBC") Framework and Risk-Based Capital for Takaful Operators ("RBCT") Framework issued by Bank Negara Malaysia ("BNM").

Basis of measurement

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (cont'd.)

Basis of measurement (cont'd.)

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position, only when there is a legally enforceable right to offset the recognised amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense will not be offset in the income statements and the statements of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and of the Company.

Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Accounting period

For the general reinsurance business, the Group adopts quarterly accounting periods ending on 31 March, 30 June, 30 September and 31 December, insofar as the underwriting income and outgo for Market Cessions business is concerned. This is to correspond with the ceding companies' accounting periods.

Underwriting income and outgo in respect of other businesses and all other income and expenditure are for the 12 months period ended 31 March 2022.

2.3 Subsidiaries, associates and basis of consolidation

(a) Subsidiaries

A subsidiary is an entity over which the Company has all of the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect the amount of its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Subsidiaries, associates and basis of consolidation (cont'd.)

(a) Subsidiaries (cont'd.)

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Company's voting rights and potential voting rights.

In the Company's financial statements, investments in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statements.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Subsidiaries, associates and basis of consolidation (cont'd.)

(c) Takaful and retakaful operations and funds

Under the concept of takaful/retakaful, participants/cedants make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, the takaful/retakaful subsidiaries manage the general and family takaful/retakaful funds in line with the principles of Wakalah (agency). Under the Wakalah model, takaful/retakaful subsidiaries are not participants in the funds but manage the funds (including the relevant assets and liabilities) towards the purpose outlined above.

In accordance with the Islamic Financial Services Act ("IFSA") 2013, the assets and liabilities of the takaful/retakaful funds are segregated from those of the shareholder's funds of the takaful/retakaful subsidiaries, a concept known as segregation of funds. However, in compliance with MFRS 10 Consolidated Financial Statements , the assets, liabilities, income and expenses of the takaful and retakaful funds are consolidated with those of the shareholders' funds to represent the control possessed by the takaful/retakaful subsidiaries over the respective funds.

In preparing the Group financial statements, the balances and transactions of the shareholder's funds of takaful/retakaful subsidiaries were amalgamated and combined with those of the takaful and retakaful funds respectively. Interfund assets and liabilities, income, expenses and cash flows are eliminated in full during amalgamation and consolidation.

The takaful and retakaful funds of the takaful/retakaful subsidiaries are consolidated and amalgamated from the date of control and continue to be consolidated until the date such control ceases.

(d) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in the consolidated income statements. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Subsidiaries, associates and basis of consolidation (cont'd.)

(d) Associates (cont'd.)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investments in the associates. The investments in associates are accounted for using the equity method from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates or the investments become subsidiaries.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associates' identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investments and is instead included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investments are acquired.

When the Group's share of losses in associates equal or exceed its interest in the associates, including any long-term interests that, in substance, form part of the Group's net investments in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is derived from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for transactions and events in similar circumstances.

In the Company's financial statements, investments in associates are stated at cost less any accumulated impairment losses.

On disposal of such investments, the difference between net disposal proceeds and the carrying amount is included in the income statements.

2.4 Business combination from third party

Business combinations involving entities not under common control are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Business combination from third party (cont'd.)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments ("MFRS 9"), is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each financial year end with changes in fair value recognised in income statements.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statements.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.5 General reinsurance, takaful and retakaful underwriting results

The general reinsurance, takaful and retakaful underwriting results are determined after taking into account premiums/contributions, retrocession/retakaful/retrotakaful, commissions, movements in premium/contribution liabilities, net claims incurred and wakalah fees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

The general takaful and retakaful funds are maintained in accordance with the IFSA 2013 and consist of the accumulated surplus/deficit in the funds, fair value reserves and revaluation surplus. Any deficit will be made good by the shareholder's fund via benevolent profit/interest-free loan or Qard.

In the general takaful and retakaful funds, the surplus distributable to the participants is determined after deducting retakaful/retrotakaful costs, movements in contribution liabilities, commissions, net claims incurred, wakalah fees, expenses, taxation and surplus administration charges. The surplus may be distributed to the shareholders and participants in accordance with the terms and conditions of the respective certificates or as prescribed by the Group Shariah Committee ("GSC").

(a) Premium and contribution recognition

Gross premiums/contributions are recognised in a financial year in respect of risks assumed during the particular financial year. Gross premiums/contributions include premium/contribution income in relation to direct general business, inwards facultative business, inwards proportional treaty reinsurance/retakaful business and inwards non-proportional treaty reinsurance/retakaful business.

Direct and facultative inwards contributions are recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah. Contributions are recognised in a financial year in respect of risks assumed during that particular financial year.

Inwards proportional treaty premiums/contributions are recognised on the basis of periodic advices received from cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured/covered at various inception dates of these risks and contractually accounted for under the terms of the proportional reinsurance/retakaful treaty.

Premium/contribution income on inwards non-proportional treaties, which cover losses occurring during a specified treaty period, are recognised based on the contractual premiums/contributions already established at the start of the treaty period under the terms and conditions of each contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

(b) Premium and contribution liabilities

Premium/contribution liabilities represent the future obligations on reinsurance/retakaful contracts as represented by premiums/contributions received for risks that have not yet expired. The movement in premium/contribution liabilities is released over the term of the reinsurance/retakaful contracts and recognised as earned premium/contribution.

Premium/contribution liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR")/unearned contribution reserves ("UCR") respectively for all lines of business or the best estimate value of the unexpired risk reserves ("URR") and a provision of risk margin for adverse deviation ("PRAD") calculated at 75% confidence level at the end of the financial year.

(i) Unexpired risk reserves

The URR is a prospective estimate of the expected future payments arising from future events insured or covered under policies or contracts in force as at the end of the financial year and also includes allowance for expenses, including overheads and costs of reinsurance/retakaful, expected to be incurred during the unexpired period in administering these policies or contracts and settling the relevant claims, and allowing for expected future premium/contribution refunds.

URR is estimated via an actuarial valuation performed by the Appointed Actuaries, using a mathematical method of estimation similar to Incurred But Not Reported ("IBNR") claims.

(ii) Unearned premium and contribution reserves

The UPR/UCR represent the portion of the net premiums/contributions of insurance/takaful contracts written that relate to the unexpired periods of the contracts at the end of the financial year. The methods of computation of UPR/UCR are as follows:

- For inwards proportional treaty reinsurance/retakaful business, UPR/UCR is computed on the 1/8th method commencing from the quarter corresponding to the reporting quarter of the treaty statement;

- For inwards non-proportional treaty reinsurance/retakaful business, UPR/UCR is computed at 50% of the last quarter Minimum Deposit Premiums/Contributions received;

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

(b) Premium and contribution liabilities (cont'd.)

(ii) Unearned premium and contribution reserves (cont'd.)

- For inwards facultative reinsurance/retakaful business, UPR/UCR is computed on the 1/8th method commencing from the date of inception;

- Time apportionment method for all classes of general takaful business within Malaysia except Long Term Fire, Mortgage Reducing Personal Accident, Marine, Aviation and Cargo;

- Geometric method for Long Term Fire and Mortgage Reducing Personal Accident; and

- 25% method for Marine, Aviation and Cargo.

(c) Claim liabilities

The amount of outstanding claims is the best estimate value of claim liabilities, which includes provision for claims reported, claims incurred but not enough reserved ("IBNER") and IBNR claims together with related expenses and reductions for salvage and other recoveries as well as a PRAD calculated at 75% confidence level at the end of the financial year. Liabilities for outstanding claims are recognised when a claimable event occurs and/or as advised/notified. IBNER and IBNR claims are based on an actuarial valuation by the Appointed Actuaries, using a mathematical method of estimation based on, amongst others, actual claims development patterns and the additive loss ratio method. Where trends are not available or may not be suitable to explain future trend, the Expected Loss Ratio method is adopted. The valuation of claim liabilities is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are de-recognised when the contracts/certificates are expired, are discharged or are cancelled.

(d) Liability adequacy test

At each financial year end, the Group reviews all insurance/takaful contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group, contractual or otherwise, with respect to insurance/takaful contracts issued. In performing this review, the Group compares all contractual cash flows against the carrying value of insurance/takaful contract liabilities. Any deficiency is recognised in the income statements.

The estimation of claim liabilities and premium/contribution liabilities performed at the financial year end is part of the liability adequacy tests performed by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

(e) Acquisition costs and commission expenses

The acquisition costs and commission expenses, which are costs directly incurred in acquiring and renewing reinsurance/takaful/retakaful business, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

2.6 Family takaful and retakaful underwriting results

The family takaful and retakaful underwriting results are determined after taking into account contributions, retakaful/retrotakaful costs, commissions, net benefits incurred and wakalah fees.

The family takaful and retakaful funds are maintained in accordance with the requirements of the IFSA 2013 and consist of the accumulated surplus/deficit in the funds, fair value reserves and revaluation surplus. The family takaful and retakaful funds surplus/deficit is determined by an annual actuarial valuation of the funds. Any actuarial deficit in the family takaful and retakaful funds will be made good by the shareholder's fund via a Qard, a benevolent profit-free loan.

In the family takaful and retakaful funds, the surplus distributable to the participants is determined after deducting benefits paid and payable, retakaful/retrotakaful costs, reserves, commission expenses, wakalah fee expenses, taxation and surplus administration charge transferred to the shareholder's fund. The surplus may be distributed to the shareholders and participants in accordance with the terms and conditions of the respective contracts/certificates or as prescribed by the GSC.

(a) Contribution recognition

Takaful contribution is recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah. First year contribution is recognised on the assumption of risks and subsequent takaful contributions are recognised on due dates. Takaful contributions outstanding at the financial year end are recognised as income for the period provided they are within the grace period allowed for payment and there are sufficient funds available in the participants' accounts to cover such contributions due.

Retakaful contributions are recognised in respect of risks assumed during a particular financial period. Inward treaty retakaful contributions are recognised on the basis of statements received from ceding companies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Family takaful and retakaful underwriting results (cont'd.)

(b) Provision for outstanding claims

Claims and benefits paid that are incurred during the financial year are recognised when a claimable event occurs and/or the Group is notified.

Claims and provisions for claims arising from family takaful certificates, including settlement costs, are accounted for using the case basis method, and for this purpose, the benefits payable under a takaful certificates are recognised as follows:

(i) Maturity or other certificate benefit payments due on specified dates are treated as claims payable on those due dates; and

(ii) Death, surrender and other benefits without due dates are treated as claims payable on receipt of intimation of death of the certificate holder or occurrence of contingency covered.

(c) Contract liabilities

Family takaful contract liabilities are recognised when contracts are in-force and contributions are charged. Liabilities relating to benefits payable of the family retakaful fund are recognised as advised by ceding companies.

For a one-year family contract or a one-year extension to a family contract covering contingencies other than life or survival, the liabilities for such family takaful contracts comprise contribution and claim liabilities with an appropriate allowance for PRAD from the expected experience.

Liabilities of family takaful business are determined in accordance with valuation guidelines for takaful operators issued by Bank Negara Malaysia ("BNM"). All family takaful liabilities are valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the contracts, discounted at the appropriate risk discount rate. This method is known as the gross contribution valuation method. In the case of a family contract where a part of, or the whole of, the contributions are accumulated in a fund, the accumulated amounts as declared to the participants are set as the liabilities. Zerorisation is applied at contract level and no contract is treated as an asset under the valuation method adopted.

The family takaful contract liabilities are derecognised when the contracts expire, are discharged or are cancelled. At each financial year end, an assessment is made on whether the recognised family takaful contract liabilities are adequate by performing a liability adequacy test as disclosed in Note 2.6(e).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Family takaful and retakaful underwriting results (cont'd.)

(c) Contract liabilities (cont'd.)

In respect of the family takaful and retakaful risk fund, the expected future cash flows of benefits are determined using best estimate of the expenditure required together with related expenses less recoveries to settle the obligation with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of contract reserves at a 75% confidence level is secured. The valuation of the actuarial liabilities is performed by the Appointed Actuaries using a mathematical method of estimation based on, amongst others, actual claims development patterns. For investment-linked business, the fund value is treated as liabilities.

Surplus from the difference between the value of the family takaful fund and the liabilities, including retained surplus,will be distributed to the participants after deducting the Group's surplus administration charge, if applicable.

If the difference between the value of the family takaful fund and the liabilities results in a deficit, the Group will arrange a Qard which will be repaid to the shareholder's fund when the returns to a surplus position.

(d) Creation/cancellation of units of family takaful fund

Amounts received for units creation represent contributions paid by participants or unitholders as payment for new certificates or subsequent payments to increase the amount of the certificates. Creation/cancellation of units are recognised in the financial statements at the next valuation date, after the request to purchase/sell units are received from the participants or unitholders.

(e) Liability adequacy test

At each financial year end, the Group reviews all takaful contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group, contractual or otherwise, with respect to takaful contracts issued. In performing this review, the Group compares all contractual cash flows against the carrying value of takaful contract liabilities. Any deficiency is recognised in the income statements.

The estimation of actuarial liabilities performed at the financial year end is part of the liability adequacy tests performed by the Group.

(f) Net benefit incurred

The net certificate benefits comprise of all payments to participants, comprising claims and participant fund values payable upon takaful events, or surrender and withdrawals.

(g) Wakalah fee expense

Wakalah fee expense are recognised as and when the amount of contribution can be reliably measured in accordance with the principles of Shariah.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Family takaful and retakaful underwriting results (cont'd.)

(h) Commission expenses

Commission expenses, which are costs directly incurred in securing contributions on retakaful business, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Commission expenses are borne by the family retakaful fund at an agreed percentage of the gross contribution.

2.7 Shareholder's fund relating to takaful and retakaful businesses

(a) Commission expenses

Commission expenses, which are costs directly incurred in securing contributions on takaful contracts, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income. Commission expenses are recognised in the income statements at an agreed percentage for each certificates underwritten. This is in accordance with the principles of Wakalah as approved by the GSC and as agreed between the participants/cedants and the takaful and retakaful subsidiaries.

(b) Expense liabilities

The expense liabilities of shareholder's fund consist of expense liabilities relating to the management of the general retakaful fund which are based on estimations performed by the Appointed Actuaries. The expense liabilities are released over the term of the retakaful certificates and are recognised in the income statements.

The expense liabilities are reported as the higher of the aggregate of the provision for Unearned Wakalah Fees ("UWF") and the best estimate value of Unexpired Expense Reserves ("UER") as at the end of the financial year including a PRAD calculated at the 75% confidence level at the total fund level.

(i) Expense liabilities of general takaful and retakaful funds

The expense liabilities of the general takaful and retakaful funds are reported at the higher of the aggregate of the reserves for unearned wakalah fees ("UWF") and the best estimate value of the provision for unexpired expense reserves ("UER") and a PRAD at a 75% confidence level at the end of the financial year.

Unexpired expense reserves

The UER is determined based on the expected future expenses payable by the shareholder's funds in managing the general takaful and retakaful funds for the full contractual obligation of the takaful and retakaful contracts as at the end of the financial year, less any expected cash flows from future wakalah fee income, and any other income due to the shareholder's funds that can be determined with reasonable certainty, including a PRAD calculated at a 75% confidence level. The method used to value the UER is consistent with the method used in estimating the URR as disclosed in Note 2.5(b)(i).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Shareholder's fund relating to takaful and retakaful businesses (cont'd.)

(b) Expense liabilities (cont'd.)

(i) Expense liabilities of general takaful and retakaful funds (cont'd.)

Unearned wakalah fees

The UWF represent the portion of wakalah fee income allocated for management expenses of general takaful/retakaful certificates that relate to the unexpired periods of certificates at the end of the financial year. The method used in computing UWF are consistent with the method used to reflect the actual UCR as detailed in Note 2.5(b)(ii). For short term certificates, in determining the UWF at the end of the financial year, 50% of the UWF is recognised in the financial year in which the certificates are issued. The remaining 50% of the UWF is transferred to the UWF reserves and is recognised in the following financial year.

(ii) Expense liabilities of family takaful and retakaful funds

The valuation of expense liabilities in relation to contracts of the family takaful and retakaful funds is conducted separately by the Appointed Actuaries. The method used to value expense liabilities is consistent with the method used to value takaful and retakaful liabilities of the corresponding family takaful and retakaful contracts. In valuing the expense liabilities, the present value of expected future expenses payable by the shareholder's funds in managing the takaful and retakaful funds for the full contractual obligation of the takaful and retakaful contracts less any expected cash flows from future wakalah fee income, and any other income due to the shareholder's funds that can be determined with reasonable certainty, are taken into consideration. The estimation includes a PRAD at a 75% confidence level.

(iii) Liability adequacy test

At each financial year end, the Group reviews the expense liabilities to ensure that the carrying amount is sufficient or adequate to cover the obligations of the Group for all managed takaful and retakaful contracts. In performing this review, the Group considers all contractual cash flows and compares this against the carrying value of expense liabilities. Any deficiency is recognised in the income statements.

2.8 Product classification

Financial risk is the risk of a possible future change in one or more of a specified interest/profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance/underwriting risk is the risk other than financial risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Product classification (cont'd.)

An reinsurance/retakaful/insurance/takaful contract is a contract under which the reinsurance and takaful subsidiaries have accepted significant insurance/takaful risk from another party by agreeing to compensate the party if a specified uncertain future event adversely affects the party. As a general guideline, the reinsurance and takaful subsidiaries determine whether significant insurance/underwriting risk has been accepted by comparing claims/benefits payable on the occurrence of the event with claims/benefits payable if the event had not occurred. For the takaful subsidiary, if the ratio of the former exceeds the latter by 5% or more, the takaful risk accepted is deemed to be significant.

Conversely, investment contracts are those contracts that transfer financial risk with no significant insurance/takaful risk.

Once a contract has been classified as a reinsurance/retakaful/insurance/takaful contract, it remains an reinsurance/retakaful/insurance/takaful contract/certificates for the remainder of its life-time, even if the insurance/takaful risk reduces significantly during the period, unless all rights and obligations expire or are extinguished. Investment contracts can, however, be reclassified as takaful certificates after inception if takaful risk becomes significant.

When takaful certificates contain both a financial risk component and a significant underwriting risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any contributions relating to the underwriting risk component are accounted for on the same basis as takaful certificates and the remaining element is accounted for as a deposit in the statement of financial position similar to investment contracts.

Based on the Group's product classification review, all products meet the definition of a takaful certificate.

2.9 Reinsurance and retakaful assets

The reinsurance/retakaful and takaful subsidiaries cede insurance/takaful risk in the normal course of business. Ceded reinsurance/retakaful arrangements do not relieve the reinsurance/retakaful and takaful subsidiaries from their obligations to cedants/participants. For both ceded and assumed reinsurance/retakaful businesses, premiums/contributions and claims/benefits are presented on a gross basis.

Reinsurance and retakaful arrangements entered into by the reinsurance/retakaful and takaful subsidiaries that meet the classification requirements of insurance/takaful contracts as described in Note 2.8 are accounted for as noted below.

Arrangements that do not meet these classification requirements are accounted for as financial assets.

Reinsurance and retakaful assets represent amounts recoverable from reinsurers and retakaful operators for insurance and takaful contract liabilities which have yet to be settled at the financial year end. Amounts recoverable from reinsurers and retakaful operators are measured consistently with the amounts associated with the underlying insurance and takaful contracts and the terms of the relevant reinsurance and retakaful arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Reinsurance and retakaful assets (cont'd.)

At each financial year end, the reinsurance/retakaful and takaful subsidiaries assess whether objective evidence exists that reinsurance and retakaful assets are impaired. Objective evidence of impairment for reinsurance and retakaful assets are similar to those noted for insurance and takaful receivables. If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest/profit rate. The impairment loss is recognised in the income statements. Reinsurance and retakaful assets are derecognised when the contractual rights expire or are extinguished or when the contract is transferred to another party.

2.10 Property, plant and equipment and depreciation

(a) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment are recognised as an asset, if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, whilst properties are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

In respect of freehold land and buildings, valuations are performed with sufficient frequency to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the financial year end.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statements, in which case the increase is recognised in the income statements. A revaluation deficit is recognised in the income statements, except to the extent that it offsets an existing surplus on the same asset carried in the asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. On disposal of property, plant and equipment, the difference between net proceeds and the carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Property, plant and equipment and depreciation (cont'd.)

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress is also not depreciated as it is not available for use. When work in progress is completed and the asset is available for use, it is reclassified to the relevant category of property, plant and equipment and depreciation of the asset begins. During the period in which the asset is not yet available for use, it is tested for impairment annually.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write-off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2% to 4%
Computer equipment	10% to 33.3%
Office equipment	10% to 33.3%
Furniture and fittings	10% to 15%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(d) Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal of equipment, the difference between net proceeds and the carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Intangible assets

All intangible assets are initially recorded at cost. Subsequent to recognition, intangible assets are stated at cost less any accumulated amortisation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

On disposal of intangible assets, the difference between net proceeds and the carrying amount is recognised in the income statements.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives. The preferred partnership fees are amortised based on actual contribution received over total committed contribution or a straight-line basis over the estimated economic useful lives depending on the pattern in which the future economic benefit are expected to be consumed by the Group. Intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed annually at the end of each financial year. Amortisation is charged to the income statements.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(a) Software development in progress

Software development in progress represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. It is amortised over the period of expected future use. During the period in which the asset is not yet available for use, it is tested for impairment annually.

(b) Computer software and licences

The useful lives of computer software and licences are considered to be finite because computer software and licences are susceptible to technological obsolescence.

The acquired computer software and licences are amortised at 10% to 33% using the straight-line method over their estimated useful lives. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed annually at the end of each financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Intangible assets (cont'd.)

(c) Preferred partnership fee in relation to bancatakaful arrangement

The preferred partnership fee represents an upfront fee paid by the Group to two Islamic banks under a 5-years preferred bancatakaful arrangement as follows:

(i) Following the initial recognition of the cost of preferred partnership fee, the fee is amortised based on the straight-line method, until the expiry of the contract which is within five (5) years. Upon the expiry of the contract, if the total projected production is not met, the contract may be extended for an additional period of time as mutually agreed between the Group and the bank.

(ii) Following the initial recognition of the cost of preferred partnership fee, the fee is amortised based on the actual contribution received over the total committed contribution, until the expiry of the contract which is within five (5) years. Upon the expiry of the contract, if the total projected production is not met, the contract may be renewed for another year or the bank will compensate the Group on a pro-rated basis on the balance of the 'unamortised' fee.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the income statements.

(a) Classification and subsequent measurement

The classification of financial assets at initial recognition depends on the Group and the Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristic, as described in Notes 2.12(b) and 2.12(c). All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(a) Classification and subsequent measurement (cont'd.)

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Despite the foregoing, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group and the Company may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at AC (for debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (for debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (for equity instruments); or
- Financial assets at FVTPL.

(i) Financial assets at AC

Debt instruments that meet the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(a) Classification and subsequent measurement (cont'd.)

(i) Financial assets at AC (cont'd.)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest/profit method and are subject to impairment. Gains and losses are recognised in income statements when the asset is derecognised, modified or impaired.

The effective interest/profit method is a method of calculating the amortised cost of a debt instrument and of allocating interest/profit income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest/profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest/profit rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest/profit rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest/profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest/profit income is recognised using the effective interest/profit method for debt instruments measured subsequently at AC and at FVOCI. For financial assets other than purchased or originated credit impaired financial assets, interest/profit income is calculated by applying the effective interest/profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest/profit income is recognised by applying the effective interest/profit rate to the amortised cost of the financial asset. If, in subsequent financial years, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest/profit income is recognised by applying the effective interest/profit rate to the gross carrying amount of the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(a) Classification and subsequent measurement (cont'd.)

(i) Financial assets at AC (cont'd.)

For purchased or originated credit impaired financial assets, the Group and the Company recognise interest/profit income by applying the credit adjusted effective interest/profit rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

(ii) Financial assets at FVOCI with recycling of cumulative gains and losses

Debt instruments that meet the following conditions are measured at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest/profit on the principal amount outstanding.

For debt instruments at FVOCI, interest/profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statements and computed in the same manner as for financial assets measured at AC. The remaining fair value changes are recognised in Other Comprehensive Income ("OCI"). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the income statements.

(iii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Group and the Company can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in equity instrument within the scope of MFRS 9 that is neither held for trading nor is contingent consideration recognised by an acquirer in a business combination. The classification is determined on an instrument-by- instrument basis.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(a) Classification and subsequent measurement (cont'd.)

(iii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (cont'd.)

- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve. Gains and losses on these financial assets are never recycled to the income statements. Dividends are recognised as investment income in the income statements when the right to receive payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as financial assets at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.

- Debt instruments that fail the SPPI test are classified as financial assets at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as financial assets at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has designated debt instruments under the family takaful/retakaful fund as financial assets at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(a) Classification and subsequent measurement (cont'd.)

(iv) Financial assets at FVTPL (cont'd.)

Financial assets at FVTPL are measured at fair value at the end of each financial year, with any fair value gains or losses recognised in the income statements to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the income statements includes any dividend, profit earned or foreign currency translation differences on the financial asset.

(b) Business model assessment

The Group and the Company determine their business model at the level that best reflects how they manage groups of financial assets to achieve their objectives.

The Group holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group considers the timing, amount and volatility of cash flow requirements to support insurance/takaful liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and participants as well as for future business development.

The Group and the Company's business models are not assessed on an instrument-by- instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's and the Company's key management personnel;

- How participants are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest/profit income, maintaining a particular interest/profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(b) Business model assessment (cont'd.)

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Company's original expectations, the Group and the Company do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

The Group and the Company assess their business models at each financial year in order to determine whether the models have changed since the preceding period. Changes in business model are not expected to be frequent but should such an event take place, it must be:

- Determined by the Group's and the Company's key management as a result of external or internal changes;
- Significant to the Group's and the Company's operations; and
- Demonstrable to external parties.

A change in the business model will occur only when the Group and the Company begin or cease to perform an activity that is significant to their operation. Changes in the objective(s) of the business model must be effected before the reclassification date.

(c) The Solely Payments of Principal and Interest ("SPPI") Test

The Group and the Company assess the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. In assessing the SPPI test, the Group and the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(d) Reclassifications

The Group and the Company do not reclassify their financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group and the Company acquire, dispose of, or terminate a business line.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Derecognition of financial assets

A financial asset is derecognised when:

(i) the contractual right to receive cash flows from the asset has expired; or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (a) the Group and the Company have transferred substantially all the risks and rewards of the asset; or
- (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group and the Company have neither transferred nor retained substantially all the risks and rewards and have retained control of the asset, the asset continues to be recognised only to the extent of the Group's and the Company's continuing involvement, in which case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

When assessing whether or not to derecognise an instrument, amongst others, the Group and the Company consider the following factors:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(f) Derecognition of financial assets (cont'd.)

- Change in currency of the debt instrument;
- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest/profit rate, the Group and the Company record a modification gain or loss.

2.13 Fair value measurement

The Group and the Company measure financial instruments such as financial assets at FVTPL, financial assets at FVOCI and non-financial assets such as self-occupied properties at fair value at each financial year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Notes 18 and 38.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability; or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

An annual valuation is performed to reflect the fair value of the Group's self-occupied properties. At the end of each financial year, accredited independent valuers having appropriate recognised professional qualification are appointed to perform the annual valuation. The valuation techniques used by the accredited independent valuers are verified to ensure that they are in accordance with the requirements of MFRS 13 *Fair Value Measurement*.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year. The fair value hierarchy of assets that are measured at fair value and/or for which fair value are disclosed is presented in Note 38.

2.14 Impairment of assets

(i) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost or FVOCI, except for investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the appropriate effective interest/profit rate.

The ECL model applies to all financial assets held by the Group and the Company except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Malaysian government securities ("MGS/GII") which are considered low credit risk assets as the Malaysian federal government has strong capacity in repaying the instruments upon maturity. In addition, there is no past historical loss experiences arising from these government securities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Impairment of assets (cont'd.)

(i) Financial assets (cont'd.)

The ECL model also applies to irrevocable loan commitments and financial guarantee contracts, which will include loans, advances, financing, insurance/takaful receivables and contract assets under MFRS 15 *Revenue from Contracts with Customers*.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group and the Company will generally be required to apply the 'three-bucket' approach based on the change in credit quality since initial recognition:

	Stage 1 Performing	Stage 2 Non Performing	Stage 3 Non Performing
ECL Approach	12-months ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest/profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward looking adjustment is interpreted as an adjustment for the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of default ("PD")

  The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward- looking information.

- Exposure at default ("EAD")

  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the financial year end, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, and accrued interest from missed payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Impairment of assets (cont'd.)

(i) Financial assets (cont'd.)

Forward-looking information and ECL measurement (cont'd.)

- Loss given default ("LGD")

  The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group and the Company would expect to receive. It is usually expressed as a percentage of the EAD.

In its ECL models, the Group and the Company rely on a broad range of forward looking information as economic inputs, such as government debt, consumer sentiment index, residential property index, consumer price index, net foreign direct investment, Gross Domestic Product ("GDP"), inflation, currency rate, base lending rate and stock index.

(a) Debt instruments/sukuks at AC and FVOCI

In accordance to the 'three-bucket' approach, all newly purchased financial assets shall be classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is significant increase in credit risk ("SICR"), and Stage 2 to Stage 3 when there is an objective evidence of impairment. Financial assets which have experienced a SICR since initial recognition are classified as Stage 2, and are assigned a lifetime ECL.

The ECLs for debt instruments/sukuks at AC and at FVOCI do not reduce the carrying amount of these financial assets in the statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to income statements. The accumulated gain recognised in OCI is recycled to the income statements upon derecognition of the assets.

(b) Insurance/takaful receivables

The impairment on insurance/takaful receivables is measured using the simplified approach at initial recognition and throughout its lifetime at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance/takaful receivables are grouped based on level of business segregation and different reinsurance/retakaful premium/contribution type's arrangement respectively. Impairment is calculated on the total outstanding balances including those balances aged from current to 12 months and above. Roll rates are applied on the outstanding balances in the ageing buckets which form the base of the roll rates. A forward looking factor is taken into consideration in the calculation of ECL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Impairment of assets (cont'd.)

(i) Financial assets (cont'd.)

Forward-looking information and ECL measurement (cont'd.)

(c) Insurance/takaful receivables (cont'd.)

For insurance/takaful receivables and reinsurance deposits of the reinsurance subsidiary, the Group considers the balances to be in default when contractual payments are two years past due and eighteen months past due respectively. As for the takaful receivables of the takaful subsidiaries, receivables where the contractual payments are one year past due are considered to be in default.

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each financial year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (or groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each financial year for any indications that the losses have decreased or no longer exist.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the period in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Impairment of assets (cont'd.)

(iii) Write-offs

(a) Non-financial assets

An estimate is made for doubtful debts based on review of all outstanding balances as at reporting date. Any financial assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business will be written down to an amount which they might be expected so to realise. The amount written off for bad debts in the financial statements of the Group and the Company are expensed to income statements as disclosed in Note 35.

(b) Financial assets

Non-financial assets are written off either partially or in their entirety only when the Group and the Company have stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.15 Measurement and impairment of Qard

Any deficits in the takaful/retakaful funds are made good via a benevolent profit-free loan or Qard, granted by the shareholder's funds to the takaful/retakaful funds. The Qard is stated at cost less any impairment losses in the shareholder's funds. In the takaful/retakaful funds, the Qard is stated at cost.

The Qard shall be repaid from future surpluses of the takaful/retakaful funds.

The Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the takaful/retakaful funds to determine whether there is any objective evidence of impairment. If the Qard is impaired, an amount comprising the difference between its cost and its recoverable amount, less any impairment loss previously recognised, is recognised in the income statements.

Impairment losses are subsequently reversed in the income statements if objective evidence exists that the Qard is no longer impaired.

2.16 Share capital and dividend expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, excluding fixed and call deposits with licensed financial institutions, which have an insignificant risk of changes in value. The statements of cash flows have been prepared using the indirect method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Insurance and takaful receivables

Insurance/takaful receivables are amounts receivable under the contractual terms of a reinsurance/retakaful/takaful contract. On initial recognition, insurance/takaful receivables are measured at fair value based on the consideration receivable. Subsequent to initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective interest/profit method.

The Group recognises an allowance for ECL for insurance receivables and recognises that impairment loss in the income statements. The basis for recognition of such impairment loss is as described in Note 2.14(i).

Insurance/takaful receivables are derecognised when the rights to receive cash flows from them have expired or when they have been transferred and the Group has also substantially transferred all risks and rewards of ownership.

2.19 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. Leases arise when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities, representing the liability to make lease payments and right-of-use ("ROU") assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognise ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. All ROU assets recognised by the Group and the Company have shorter lease terms than their estimated useful lives.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Leases (cont'd.)

(i) The Group and the Company as lessee (cont'd.)

(a) Right-of-use assets (cont'd.)

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are also subject to impairment as disclosed under Note 2.14(ii).

The ROU assets are presented as a separate line in the statements of financial position.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, these are discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate ("IBR"). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest/profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group and the Company did not make any such adjustments during the financial year.

The lease liability is presented as a separate line in the statements of financial position.

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases of equipment that are considered to be of low value (such as laptops, and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Leases (cont'd.)

(ii) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and/or the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in the income statements. Net gains or losses on derivatives include exchange differences.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Financial liabilities (cont'd.)

(a) Financial liabilities at FVTPL (cont'd.)

The Group and the Company have not designated any financial liabilities at FVTPL nor were there any financial liabilities held for trading during and at the end of the financial year.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include borrowings, lease liabilities, insurance/takaful payables and other payables.

Insurance/takaful payables and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method.

For other financial liabilities, gains and losses are recognised in the income statements when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statements

2.21 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

2.22 Income tax and deferred tax

Income tax on income statements for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of the financial year.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Income tax and deferred tax (cont'd.)

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the financial year. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also charged or credited directly in other comprehensive income.

2.23 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated balances. Short-term non- accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

As required by law, the Group and the Company make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Group and the Company also make additional contributions to the EPF for eligible employees by referring to their earnings. Such contributions are recognised as an expense in the income statements as incurred.

(c) Employees' terminal benefits

As required by the previous law in the United Arab Emirates, the Group has made provision for terminal benefits for local employees of its Dubai subsidiary, based on the employees' salaries and number of years of service. The terminal benefits are paid to the employees on termination or completion of their terms of employment.

The Group has obtained an exemption from the requirements of the DIFC Employment Regulations to pay end of service benefits contributions on behalf of its expatriate employees into a DIFC Employee Workplace Savings ("DEWS") plan and makes contributions to a pension scheme, the EPF in Malaysia as described in Note 2.23(b).

2.24 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Foreign currencies (cont'd.)

(b) Foreign currency transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial year end, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the financial year end. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items during the financial year are recognised in the income statements except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statements of the Group on disposal of the foreign operation.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(c) Foreign operations

The financial results and financial position of the Company's foreign subsidiary and operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the financial year end;

(ii) Income and expenses for each income statements are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions;

(iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity; and

(iv) The results of an associate, Labuan Reinsurance (L) Ltd., are translated at the closing rate prevailing at the financial year end with respect to the carrying amount of the investment in associate, and at the exchange rate at the date of the transactions with respect to the share of profits or losses. All resulting translation differences are included in the foreign exchange translation reserve in shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.25 Revenue recognition

Revenue is recognised when the performance obligation is satisfied at an amount that reflects the consideration to which the Group and the Company expect to be entitled.

(a) Interest and profit income

Interest and profit income are recognised on accrual basis using the effective interest/profit method.

(b) Investment performance fee

The Investment performance fee is the charge on the participants' investment fund's investment returns, which is payable to the shareholder's fund.

(c) Surplus administration charges

The surplus administration charge is the fee charged by the Company for managing the participants risk fund.

(d) Profit and investment income

Profit and investment income on Shariah compliant investments are recognised on an accrual basis using the effective profit/yield of the asset.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Management fees

Management fees are recognised when services are rendered.

(h) Wakalah fees

Wakalah fees are recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.25 Revenue recognition (cont'd.)

(i) Premiums and contributions income

Premiums/contributions are recognised in accordance with the policies stated in Notes 2.5(a) and 2.6(a).

(j) Commission income

Commission income derived from reinsurers/retakaful operators in the course of cession of premiums/contributions to reinsurers/retakaful operators are recognised in the income statements when they are incurred. Commission income is properly allocated to the relevant periods.

The method of recognition for commission income earned from retakaful operators is in accordance with the principle of Wakalah as approved by the Group Shariah Committee and as agreed between the Group's subsidiaries and the retakaful operators.

2.26 Zakat

Zakat represents an obligatory amount payable by the takaful subsidiaries and retakaful division to comply with the principles of Shariah. Zakat is computed using a method as recommended by the GSC and approved by the Board. Only the zakat that is attributable to the individual and corporate Muslim shareholders of the holding company was provided for in the financial statements. The zakat computation is reviewed by the GSC. The Board has the discretion to pay an additional sum above the obligatory amount payable.

2.27 Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the following:

Amendments to MFRSs

At the beginning of the current financial year, the Group and the Company adopted the following Amendments/ Improvements which are mandatory for annual periods beginning on or after 1 January 2021.

Amendments to MFRS 3 *Business Combinations Reference to the Conceptual Framework*
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform-Phase 2*
Amendments to MFRS 16 *Leases COVID-19-Related Rent Concessions beyond 30 June 2021*
Amendments to MFRS 116 *Property, Plant and Equipment Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts—Cost of Fulfilling a Contract*

The adoption of the above pronouncements did not have any significant effect on the disclosures or amounts recognised in the Group's and the Company's financial statements.

Notes to the Financial Statements
31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.28 Standards issued but not yet effective

The Standards, Amendments to Standards and Annual Improvements to Standards that have been issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards, Amendments to Standards and Annual Improvements to Standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101 *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to MFRS 101 *Presentation of Financial Statements Disclosure of Accounting Policies*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts Initial Application of* MFRS 17 *and* MFRS 9– *Comparative Information*	1 January 2023
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Income Taxes Deferred Tax related to Assets and Liabilities arising from Single Transaction*	1 January 2023
Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures*	To be announced by MASB

The Directors are of the opinion that the adoption of the above pronouncements are not expected to have a material impact on the financial statements of the Group and the Company in the period of initial application except for those discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Standards issued but not yet effective (cont'd.)

MFRS 17 Insurance Contracts and Amendments to MFRS 17

MFRS 17 will replace MFRS 4 Insurance Contracts issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every financial year end (the fulfilment cash flows);
- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in the income statements over the service period (i.e., coverage period);
- The immediate recognition of the loss arising from onerous contracts in the income statements, with no CSM recognised on the balance sheet on initial recognition;
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in the income statements over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either income statements or other comprehensive income, determined by an accounting policy choice;
- The presentation of insurance revenue and insurance service expenses in the income statements will be based on the concept of services provided during the period;
- Amounts that the cedants/participants will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statements, but are recognised directly on the statements of financial position;
- Insurance services results (earned revenue less incurred claims and expenses) are presented separately from the insurance finance income or expense; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Standards issued but not yet effective (cont'd.)

MFRS 17 Insurance Contracts and Amendments to MFRS 17 (cont'd.)

Based on the Amendments to MFRS 17, the standard is effective for reporting periods beginning on or after 1 January 2023, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, as the Group and the Company have applied MFRS 9 and MFRS 15 before the date they first apply MFRS 17.

The Malaysian Accounting Standards Board subsequently issued a paper titled MFRS 17 Insurance Contracts: Definition and Scope for Takaful. The paper concluded that MFRS 17 is applicable to a Takaful contract because:

- MFRS 17 applies to those contracts that fall within the 'insurance contract' definition, regardless of their legal form or the legal form of the issuing entity. Accordingly, takaful contracts would fall within the scope of MFRS 17 because a takaful fund or entity is separate from the participants (takaful policyholders) and the fund or entity is accepting significant insurance risk from the participants in the same way that a mutual conventional insurer accepts significant insurance risk from its policyholders. As MFRS 17 deems that a mutual entity accepts insurance risk, it is considered that the mutuality aspect of takaful contracts is consistent with takaful entity also accepting insurance risk.

- In the context of MFRS 17, insurance risk is being transferred from participants (takaful policyholders) to another entity – either represented by the takaful fund or funds or the takaful operator as the entity managing the insurance business as a whole.

- The acceptance of significant insurance risk need not be a direct, overt acceptance but may result from the presence of factors and circumstances indicating that insurance risk has been transferred. This is consistent with the objective of MFRS 17 that considers an entity's substantive rights and obligations when applying MFRS 17.

As a result of the above, the Group has assessed the takaful and retakaful contracts issued and concluded that MFRS 17 is applicable to the contracts issued and held. Consequently, the Group has established a project team with the assistance from consultants to plan and manage the MNRB Group wide implementation of MFRS 17. The Group is in the midst of implementing the relevant systems solution, architecture and processes to ensure compliance to the said standard.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Critical judgements made in applying accounting policies

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities at the financial year end. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of asset or liability affected in the future. The Group and the Company have not applied any significant judgements in preparing the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) General reinsurance, takaful and retakaful businesses (Note 20)

The principal uncertainty in the general reinsurance, takaful and retakaful businesses arises from the technical provisions which include the estimation of premium/contribution liabilities and claim liabilities. Premium/contribution liabilities are recorded as the higher of UPR/UCR and URR while claim liabilities mainly comprise provision for claims reported, IBNER and IBNR claims as well as a PRAD at 75% confidence level.

Generally, claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium/contribution and claim liabilities will not exactly develop as projected and may vary from the projection.

The estimates of premium/contribution and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium/contribution and claim liabilities may vary from the initial estimates. There may be reporting lag between the occurrence of an insured event and the time it is actually recorded. For these cases, the IBNR reserves are estimated. Even for liabilities which have been recorded, there are potential uncertainties as to the magnitude of the final claims compared to initial reserve provisions. For these cases, IBNER reserve provision are estimated. There are various factors affecting the level of uncertainty such as inflation, judicial interpretations, legislative changes and claims handling procedures. The sensitivity of these assumptions and their impact to results and the equity position of the businesses are disclosed in Note 34(a)(iv) and 34(b)(vi).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(a) General reinsurance, takaful and retakaful businesses (Note 20) (cont'd.)

At each financial year end, the estimates of premium/contribution and claim liabilities are reassessed for adequacy by the Appointed Actuaries and changes will be reflected as adjustments to these liabilities. The appointment of the Appointed Actuaries is approved by BNM.

In setting provisions for claims, the reinsurance subsidiary relies on advice by its cedants and exercises discretion where the claim may develop more adversely than advised. An estimate will be made in the absence of a reported figure or in the event the loss is still preliminary and has not been fully assessed.

The estimates of the ultimate incurred claims are subject to a great deal of uncertainty in the early stages as claims are still being intimated and developed, particularly so for large and catastrophic claims. These uncertainties reduce over time as the claims develop and progress towards the ultimate cost.

The methodology used in the valuation of general reinsurance/retakaful liabilities involves a more granular segregation of the business of the reinsurance/retakaful subsidiary into specific portfolios with the intention of achieving greater accuracy in the estimation process. For overseas business, the valuation of general reinsurance liabilities is performed based on territorial grouping of risks to better reflect the underwriting performance.

(b) Family takaful and retakaful businesses (Note 20)

The estimation of the ultimate liability arising from claims made under the family takaful and retakaful businesses is a critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the family takaful and retakaful funds will ultimately be required to pay as.

For family takaful and retakaful contracts, estimates are made for future deaths, disabilities, maturities, investment returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements. The family takaful and retakaful funds are estimated based on expected number of deaths on statutory mortality tables and adjusted where appropriate to reflect the funds' unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

For those contracts that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However, epidemics as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposures.

All of these will give rise to estimation uncertainties of the projected ultimate liabilities of the family takaful and retakaful funds. The sensitivity of the actuarial liabilities of the family takaful and retakaful funds to changes in assumptions are detailed in Note 34(c)(ii) and 34(d)(iii).

At each financial year end, these estimates are re-assessed for adequacy and changes will be reflected as adjustments to the liabilities by the Appointed Actuaries. The appointment of the Appointed Actuaries is approved by BNM.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Expense liabilities (Note 20)

The expense liabilities of the shareholder's fund consist of expense liabilities of the general takaful, general retakaful, family takaful and family retakaful funds which are based on estimations performed by the Appointed Actuaries. The estimation methods are explained in Note 2.7(b)(ii). The Appointed Actuaries estimate the expected management expenses required to manage the contracts less any expected cash flows from future wakalah fee income based on the the Appointed Actuaries' assumptions and observations of the actual experiences. The estimates of expense liabilities are therefore sensitive to various factors and uncertainties.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of expense liabilities may vary from the initial estimates. At each financial year end, the estimates of expense liabilities are re-assessed for adequacy by the Appointed Actuaries and changes will be reflected as adjustments to these liabilities. The appointment of the Appointed Actuaries are approved by BNM.

4. NET EARNED PREMIUMS/CONTRIBUTIONS

	Group	
	2022 RM'000	2021 RM'000
(a) Gross earned premiums/contributions		
Insurance and takaful contracts	**2,987,718**	2,565,338
Change in premium/contribution liabilities	**(85,774)**	(63,556)
	2,901,944	2,501,782
(b) Premiums/contributions ceded to reinsurers/retakaful operators		
Insurance and takaful contracts	**(524,911)**	(337,374)
Change in premium/contribution liabilities	**14,486**	(4,056)
	(510,425)	(341,430)
Net earned premiums/contributions	**2,391,519**	2,160,352

Notes to the Financial Statements
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5. INVESTMENT INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets at FVTPL				
Designated upon initial recognition:				
Interest/profit income	**114,665**	107,371	**-**	-
Mandatorily measured:				
Interest/profit income	**503**	319	**-**	-
Dividend income:				
- Quoted shares in Malaysia	**13,698**	12,725	**-**	-
- Shariah approved unit trust funds	**2,895**	806	**627**	163
- Real estate investment trusts	**851**	733	**-**	-
Financial assets at FVOCI				
Interest/profit income	**80,229**	87,925	**-**	-
Dividend income on unquoted shares in Malaysia	**2,410**	764	**-**	-
Financial assets at amortised cost				
Interest/profit income	**54,250**	60,099	**2,770**	2,701
Dividend income from subsidiaries	**-**	-	**81,000**	85,000
Other investment income	**-**	2,482	**-**	-
(Net amortisation of premiums)/accreation of discount on investments	**(3,303)**	(7,280)	**187**	-
Investment expenses	**(385)**	(1,055)	**-**	-
	265,813	264,889	**84,584**	87,864

6. NET REALISED GAINS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment				
Net realised gain	-	70	-	70
Financial assets at FVTPL				
Quoted shares in Malaysia:				
Shariah approved equities	**3,608**	3,308	-	-
Others	**907**	(2,203)	-	-
Unquoted Islamic private debt securities	**820**	1,222	-	-
Government investment issues	**3,612**	1,824	-	-
Shariah approved unit trust funds	**2,326**	5,994	-	-
Real estate investment trusts	**54**	1,329	-	-
Net realised gains	**11,327**	11,474	-	-
Financial assets at FVOCI				
Unquoted corporate debt securities	**3,047**	3,823	-	-
Unquoted Islamic private debt securities	**1**	1,515	-	-
Malaysian government securities	**924**	-	-	-
Government investment issues	**1,794**	6,237	-	-
Net realised gains	**5,766**	11,575	-	-
	17,093	23,119	-	70

Notes to the Financial Statements
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7. NET FAIR VALUE LOSSES

	Group	
	2022 RM'000	2021 RM'000
Net fair value losses on financial assets at FVTPL	**(55,559)**	(4,482)

8. FEE AND COMMISSION INCOME/(EXPENSES)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fee and commission income				
Management fees	**3,981**	6,149	**44,802**	38,997
Commission income	**42,661**	38,032	**-**	-
	46,642	44,181	**44,802**	38,997
Fee and commission expenses				
Commission expenses	**(574,395)**	(478,490)	**-**	-

9. MANAGEMENT EXPENSES

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Salaries, bonus and other related costs	**112,898**	102,698	**28,265**	22,031
Short term accumulating compensated absences	**645**	1,565	**288**	419
President & Group Chief Executive Officer ("PGCEO"), directors and Group Shariah Committee ("GSC") members' remuneration (Note 10)	**5,333**	6,921	**2,650**	3,561
Pension costs - EPF	**15,887**	14,551	**3,891**	3,044
Social security costs	**901**	784	**176**	150
Retirement benefits	**117**	-	**24**	-
Auditors' remuneration:				
Statutory auditors of the Group				
- statutory audit and audit related	**1,462**	1,381	**97**	91
- other assurance services	**683**	636	**-**	-
- regulatory-related	**97**	100	**25**	28
- other services	**181**	143	**32**	45
Depreciation of property, plant and equipment (Note 13)	**7,083**	6,103	**947**	600
Depreciation of right-of-use assets (Note 15)	**1,794**	2,896	**1,043**	1,062
Amortisation of intangible assets (Note 14)	**12,335**	10,594	**1,220**	698
Expenses relating to leases of low-value assets (Note 15)	**749**	834	**311**	503
Expenses relating to short-term leases (Note 15)	**462**	17	**-**	-
Agency expenses	**12,346**	10,210	**-**	-
Marketing and promotional costs	**43,194**	57,157	**90**	224
Electronic data processing costs	**17,293**	15,832	**2,421**	879
Management fee	**-**	-	**978**	741
Professional and legal fees	**13,047**	13,616	**1,212**	836
Contributions and donations	**611**	498	**3**	-
Other management expenses	**50,038**	42,437	**1,440**	1,486
	297,156	288,973	**45,113**	36,398

10. PGCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Number of non-executive directors	**21**	21	**6**	6
PGCEO/Executive Director of the subsidiaries (Note 10(a)):				
Salaries and bonus	**1,416**	2,195	**1,416**	1,834
Pension costs - EPF and SOCSO	**243**	393	**243**	332
Benefits-in-kind	**18**	26	**18**	26
Fees	**-**	134	**-**	-
Others	**50**	465	**50**	445
	1,727	3,213	**1,727**	2,637
Non-executive directors of the Company:				
Fees	**1,438**	1,555	**738**	761
Others	**424**	410	**203**	189
Benefits-in-kind	**31**	31	**31**	31
	1,893	1,996	**972**	981
Non-executive directors of the subsidiaries:				
Fees	**1,186**	1,203	**-**	-
Others	**348**	327	**-**	-
	1,534	1,530	**-**	-
Group Shariah Committee members:				
Fees	**173**	177	**-**	-
Meeting allowances	**56**	62	**-**	-
	229	239	**-**	-
Total PGCEO, directors' and GSC members' remuneration excluding benefits-in-kind	**5,333**	6,921	**2,650**	3,561

10. PGCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION (CONT'D.)

The number of directors whose total remuneration, borne by the Group and the Company, during the financial year fell within the following bands is analysed below.

	Number of Directors			
	Group		Company	
	2022	2021	2022	2021
PGCEO/Executive Director of the subsidiaries:				
RM800,001 to RM850,000	**-**	1	**-**	1
RM1,750,001 to RM1,800,000	**1**	-	**1**	-
RM1,800,001 to RM1,850,000	**-**	-	**-**	1
RM2,350,001 to RM2,400,000	**-**	1	**-**	-
Non-executive directors of the Company:				
RM100,001 to RM150,000	**2**	3	**3**	3
RM150,001 to RM200,000	**1**	-	**2**	2
RM200,001 to RM250,000	**-**	-	**1**	1
RM300,001 to RM350,000	**1**	1	**-**	-
RM550,001 to RM600,000	**2**	1	**-**	-
RM650,001 to RM700,000	**-**	1	**-**	-
Non-executive directors of the subsidiaries:				
RM0 to RM50,000	**4**	3	**-**	-
RM50,001 to RM100,000	**3**	2	**-**	-
RM100,001 to RM150,000	**5**	7	**-**	-
RM150,001 to RM200,000	**2**	2	**-**	-
RM250,001 to RM300,000	**1**	1	**-**	-

10. PGCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION (CONT'D.)

(a) PGCEO & directors' remuneration:

	Group				Company			
	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000
2022								
PGCEO/Executive Director of the subsidiaries								
Zaharudin Daud	1,416	-	311	1,727	1,416	-	311	1,727
Non-Executive Directors of the Company:								
Datuk Johar Che Mat	-	428	151	579	-	168	67	235
George Oommen	-	435	131	566	-	118	35	153
Khalid Sufat	-	250	61	311	-	127	33	160
Junaidah Mohd Said	-	112	41	153	-	112	36	148
Zaida Khalida Shaari	-	109	36	145	-	109	33	142
Dato' Wan Roshdi Wan Musa	-	104	35	139	-	104	30	134
	-	1,438	455	1,893	-	738	234	972
Total PGCEO and directors' remuneration	1,416	1,438	766	3,620	1,416	738	545	2,699

10. PGCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION

(a) PGCEO & directors' remuneration (cont'd.):

	Group				Company			
	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000
2021								
PGCEO/Executive Director of the subsidiaries								
Zaharudin Daud (Appointed on 23 November 2020)	665	-	153	818	665	-	153	818
Mohd Din Merican (Resigned on 23 November 2020)	1,530	134	731	2,395	1,169	-	650	1,819
	2,195	134	884	3,213	1,834	-	803	2,637
Non-Executive Directors of the Company:								
Datuk Johar Che Mat	-	443	144	587	-	171	64	235
George Oommen	-	519	141	660	-	121	31	152
Khalid Sufat	-	262	69	331	-	138	38	176
Junaidah Mohd Said	-	116	33	149	-	116	33	149
Zaida Khalida Shaari	-	111	29	140	-	111	29	140
Dato' Wan Roshdi Wan Musa	-	104	25	129	-	104	25	129
	-	1,555	441	1,996	-	761	220	981
Total PGCEO and directors' remuneration	2,195	1,689	1,325	5,209	1,834	761	1,023	3,618

11. OTHER OPERATING REVENUE/(EXPENSES)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Other operating revenue				
Writeback of impairment losses on buildings (Note 13)	**346**	-	**-**	-
Reversal of impairment losses on insurance/takaful receivables (Note 35(a))	**8,108**	-	**-**	-
Recovery of bad debts	**-**	151	**-**	-
Writeback of impairment on financial assets at:				
- FVOCI	**678**	-	**-**	-
- Amortised cost	**630**	-	**-**	-
Non-operating interest income	**1,406**	142	**3**	6
Miscellaneous income	**20,862**	10,382	**173**	158
Net rental income from properties	**2,683**	-	**-**	-
Management income pursuant to business transfer from HLMTB	**123**	321	**-**	-
	34,836	10,996	**176**	164
Other operating expenses				
Net realised losses on foreign exchange	**(3,195)**	(2,905)	**-**	-
Impairment losses on insurance/takaful receivables (Note 35(a))	**-**	(8,899)	**-**	-
Impairment losses on financial assets at:				
- FVOCI	**-**	(189)	**-**	-
- Amortised cost	**-**	(131)	**-**	-
Write-off of intangible assets	**(894)**	-	**(248)**	-
Impairment loss on buildings (Note 13)	**-**	(34)	**-**	-
Miscellaneous expenses	**(1,287)**	(501)	**(11)**	(274)
	(5,376)	(12,659)	**(259)**	(274)

12. TAX BORNE BY PARTICIPANTS

	Group	
	2022 RM'000	2021 RM'000
Current income tax:		
Current year's provision	**15,615**	15,516
Over provision of tax expense in prior years	**(1,980)**	(191)
	13,635	15,325
Deferred income tax (Note 19):		
Deferred tax relating to origination and reversal of temporary differences	**(1,033)**	(5,741)
Tax expense for the year	**12,602**	9,584

Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian income tax:				
Tax expense for the year	**33,970**	29,827	**545**	538
(Over)/under provision in prior years	**(2,113)**	2,947	**(14)**	12
	31,857	32,774	**531**	550
Deferred tax (Note 19):				
Under/(over) provision in prior years	**(163)**	(173)	**174**	(173)
Relating to origination and reversal of temporary differences	**(19,781)**	(153)	**(2,992)**	298
	(19,944)	(326)	**(2,818)**	125
	11,913	32,448	**(2,287)**	675

Domestic income tax for the Company, the general takaful business and the takaful subsidiaries' shareholder's funds are calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. Income tax on the Group's reinsurance/retakaful and family takaful business are calculated at a preferential tax rate of 8% (2021: 8%).

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12. TAXATION (CONT'D.)

A reconciliation of income tax expenses applicable to profit before zakat and tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before zakat and taxation	**127,482**	223,236	**67,471**	73,650
Taxation at Malaysian statutory tax rate of 24%	**30,596**	53,577	**16,193**	17,676
Effects of different tax rate in respect of reinsurance/ retakaful business	**(10,755)**	(24,464)	**-**	-
Effect of changes in tax law	**(9,339)**	-	**-**	-
Income not subject to tax	**(3,252)**	(54,043)	**(19,859)**	(20,456)
Expenses not deductible for tax purposes	**11,878**	59,029	**5,493**	4,328
Utilisation of previously unrecognised tax losses	**(674)**	(712)	**(674)**	(712)
Deferred tax assets recognised on unutilised business losses	**(3,600)**	-	**(3,600)**	-
(Over)/under provision of deferred tax in prior years	**(163)**	(173)	**174**	(173)
(Over)/under provision of tax in prior years	**(2,113)**	2,947	**(14)**	12
Share of results of associates	**(665)**	(3,713)	**-**	-
Tax expense for the year	**11,913**	32,448	**(2,287)**	675

The amendments to section 60AA of the Income Tax Act 1967 has been introduced in Budget 2022 and subsequently gazetted on 31 December 2021 via the Finance Act 2021. Consequent to the amendments, management expenses incurred by the Shareholder's Fund of family takaful operators are now allowed as deductible for the purpose of computing taxable income from YA 2022 onwards.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Valuation/Cost							
At 1 April 2020	36,800	162,526	6,021	37,727	2,366	377	245,817
Additions	-	-	997	61	607	535	2,199
Disposals	-	-	-	-	(752)	-	(752)
Revaluation surplus	-	3,359	-	-	-	-	3,359
Foreign exchange translation	-	(227)	2	(16)	(9)	-	(249)
Elimination of accumulated depreciation on revaluation	-	(4,659)	-	-	-	-	(4,659)
Reclassification	-	-	129	-	-	(129)	-
At 31 March 2021	36,800	160,999	7,149	37,772	2,212	783	245,715
Additions	-	-	3,517	1,274	-	5,019	9,810
Disposals	-	-	-	(285)	-	-	(285)
Revaluation surplus	-	4,735	-	-	-	-	4,735
Foreign exchange translation	-	29	14	6	3	-	52
Elimination of accumulated depreciation on revaluation	-	(4,317)	-	-	-	-	(4,317)
Reclassification	-	661	-	-	-	(661)	-
At 31 March 2022	36,800	162,107	10,680	38,767	2,215	5,141	255,710

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13. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Buildings RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Accumulated depreciation and impairment loss							
At 1 April 2020	-	-	5,166	34,910	1,552	-	41,628
Depreciation charge for the year (Note 9)	-	4,625	556	636	286	-	6,103
Disposals	-	-	-	-	(752)	-	(752)
Elimination of accumulated depreciation on revaluation	-	(4,659)	-	-	-	-	(4,659)
Foreign exchange translation	-	-	(1)	(14)	(1)	-	(16)
Impairment loss during the year (Note 11)	-	34	-	-	-	-	34
At 31 March 2021	-	-	5,721	35,532	1,085	-	42,338
Depreciation charge for the year (Note 9)	-	4,663	1,420	646	354	-	7,083
Disposals	-	-	-	(273)	-	-	(273)
Foreign exchange translation	-	-	6	4	2	-	12
Reversal of impairment loss during the year (Note 11)	-	(346)	-	-	-	-	(346)
Elimination of accumulated depreciation and impairment on revaluation	-	(4,317)	-	-	-	-	(4,317)
At 31 March 2022	-	-	7,147	35,909	1,441	-	44,497
Net carrying amount							
At 31 March 2022	36,800	162,107	3,533	2,858	774	5,141	211,213
At 31 March 2021	36,800	160,999	1,428	2,240	1,127	783	203,377

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Revaluation of freehold land and buildings

Freehold land and buildings in Malaysia have been revalued based on valuations performed by accredited independent valuers having appropriate recognised professional qualification. The valuations are based on the income and comparison approaches and are effective on 31 March 2022.

The income approach entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The comparison approach entails critical analyses of recent sales and listing of comparable properties registered within the vicinity. The technique of the approach requires the establishment of a comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the differences between the subject property and those regarded as comparable. The comparison was premised on the factors of location, size, lease, restrictive covenants age and condition of the building as well as the time element.

Description of the fair value hierarchy for freehold land and buildings and the significant inputs used in the valuation are provided in Note 38.

If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 April 2020/2021	15,596	147,128	162,724
Reclassification from work-in-progress	-	661	661
At 31 March 2022	**15,596**	**147,789**	**163,385**

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Revaluation of freehold land and buildings (cont'd.)

Group (cont'd.)	Freehold land RM'000	Buildings RM'000	Total RM'000
Accumulated depreciation and impairment loss			
At 1 April 2020	-	52,697	52,697
Depreciation charge for the year	-	4,625	4,625
Impairment losses (Note 11)	-	34	34
At 31 March 2021	-	57,356	57,356
Depreciation charge for the year	-	4,663	4,663
Reversal of impairment losses (Note 11)	-	(346)	(346)
At 31 March 2022	**-**	**61,673**	**61,673**
Net carrying amount			
At 31 March 2022	**15,596**	**86,116**	**101,712**
At 31 March 2021	15,596	89,772	105,368

Company	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 April 2020	3,550	2,960	1,114	7,624
Additions	413	4	237	654
Disposals	-	-	(752)	(752)
At 31 March 2021	3,963	2,964	599	7,526
Additions	1,734	437	-	2,171
Disposals	-	(223)	-	(223)
At 31 March 2022	**5,697**	**3,178**	**599**	**9,474**

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation				
At 1 April 2020	2,976	2,306	900	6,182
Charge for the year (Note 9)	361	135	104	600
Disposals	-	-	(752)	(752)
At 31 March 2021	3,337	2,441	252	6,030
Charge for the year (Note 9)	688	140	119	947
Disposals	-	(223)	-	(223)
At 31 March 2022	**4,025**	**2,358**	**371**	**6,754**
Net carrying amount				
At 31 March 2022	**1,672**	**820**	**228**	**2,720**
At 31 March 2021	626	523	347	1,496

14. INTANGIBLE ASSETS

Group	Software development in progress RM'000	Computer software and licences RM'000	Preferred partnership fees RM'000	Total RM'000
Cost				
At 1 April 2020	15,619	68,527	6,000	90,146
Additions	14,122	3,699	28,000	45,821
Reclassification	(408)	408	-	-
At 31 March 2021	29,333	72,634	34,000	135,967
Additions	11,404	5,156	-	16,560
Write-off	-	(2,261)	-	(2,261)
Disposal	-	-	(6,000)	(6,000)
Reclassification	(11,978)	11,978	-	-
At 31 March 2022	**28,759**	**87,507**	**28,000**	**144,266**

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14. INTANGIBLE ASSETS (CONT'D.)

Group (cont'd.)	Software development in progress RM'000	Computer software and licences RM'000	Preferred partnership fees RM'000	Total RM'000
Accumulated amortisation				
At 1 April 2020	-	48,710	4,858	53,568
Amortisation for the year (Note 9)	-	5,435	5,159	10,594
At 31 March 2021	-	54,145	10,017	64,162
Amortisation for the year (Note 9)	-	6,085	6,250	12,335
Write-off	-	(1,367)	-	(1,367)
Disposal	-	-	(6,000)	(6,000)
At 31 March 2022	**-**	**58,863**	**10,267**	**69,130**
Net carrying amount				
At 31 March 2022	**28,759**	**28,644**	**17,733**	**75,136**
At 31 March 2021	29,333	18,489	23,983	71,805

Company	Computer software and licences RM'000
Cost	
At 1 April 2020	10,052
Additions	1,118
At 31 March 2021	11,170
Additions	1,803
Write-off	(565)
At 31 March 2022	**12,408**

14. INTANGIBLE ASSETS (CONT'D.)

Company (cont'd.)	Computer software and licences RM'000
Accumulated amortisation	
At 1 April 2020	7,334
Amortisation for the year (Note 9)	698
At 31 March 2021	8,032
Amortisation for the year (Note 9)	1,220
Write-off	(317)
At 31 March 2022	**8,935**
Net carrying amount	
At 31 March 2022	**3,473**
At 31 March 2021	3,138

15. LEASE

(a) The Group and the Company as lessees

The Group and the Company have lease contracts for various items of equipments and office buildings used in their operations. Lease of office buildings generally have lease terms between 3 to 6 years, while computer and office equipment generally have lease terms of up to 3 years. The Group's and the Company's obligations under leases are secured by the lessor's title to the leased assets. Generally, the Group and the Company are restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The Group and the Company also have certain leases of equipment with lease terms of 12 months or less and leases of equipments which are of low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

15. LEASE (CONT'D.)

(a) The Group and the Company as lessees (cont'd.)

(i) Right-of-use assets:

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Data Centre RM'000	Office buildings RM'000	Computer and office equipment RM'000	Total RM'000
Cost				
At 1 April 2020	1,074	4,806	3,924	9,804
Additions during the year	-	1,270	-	1,270
Lease derecognised during the year	-	(483)	(2,925)	(3,408)
Foreign exchange translation	-	6	-	6
At 31 March 2021	1,074	4,046	999	7,672
Additions during the year	553	4,607	-	5,160
Lease derecognised during the year	(1,074)	(4,427)	(743)	(6,244)
Foreign exchange translation	-	(45)	-	(45)
At 31 March 2022	**553**	**5,734**	**256**	**6,543**
Accumulated depreciation				
At 31 March 2020	416	2,653	2,187	5,256
Charge for the year (Note 9)	416	1,111	1,369	2,896
Lease derecognised during the year	-	(483)	(2,925)	(3,408)
Foreign exchange translation	-	22	-	22
At 31 March 2021	832	3,303	631	4,766
Charge for the year (Note 9)	357	1,184	253	1,794
Lease derecognised during the year	(1,074)	(3,717)	(743)	(5,534)
Foreign exchange translation	-	(37)	-	(37)
At 31 March 2022	**115**	**733**	**141**	**989**
Net carrying amount				
At 31 March 2022	**438**	**5,001**	**115**	**5,554**
At 31 March 2021	242	2,296	368	2,906

15. LEASE (CONT'D.)

(a) The Group and the Company as lessees (cont'd.)

(i) Right-of-use assets (cont'd.):

Company	Office buildings RM'000	Computer and office equipment RM'000	Total RM'000
Cost			
At 1 April 2020/2021 and At 31 March 2021/2022	**4,218**	**215**	**4,433**
Accumulated depreciation			
At 1 April 2020	1,148	39	1,187
Charge for the year (Note 9)	1,023	39	1,062
At 31 March 2021	2,171	78	2,249
Charge for the year (Note 9)	1,024	19	1,043
At 31 March 2022	**3,195**	**97**	**3,292**
Net carrying amount			
At 31 March 2022	**1,023**	**118**	**1,142**
At 31 March 2021	2,047	137	2,184

(ii) Lease liabilities:

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group RM'000	Company RM'000
At 1 April 2020	4,219	3,159
Additions	1,270	-
Accretion of interest	158	133
Payments	(2,879)	(1,177)
Foreign exchange translation	(14)	-
At 31 March 2021	2,754	2,115
Additions	5,160	-
Lease derecognised during the year	(745)	-
Accretion of interest	182	79
Payments	(1,892)	(1,121)
Foreign exchange translation	17	-
At 31 March 2022	**5,476**	**1,073**

15. LEASE (CONT'D.)

(a) The Group and the Company as lessees (cont'd.)

(ii) Lease liabilities (cont'd.):

The following table sets out the maturity analysis of lease liabilities, showing contractual discounted and undiscounted cash flows:

	Group	
	2022 RM'000	**2021 RM'000**
Contractual discounted cash flow:		
Within 1 year	**2,335**	1,560
After 1 year but not more than 5 years	**3,112**	1,108
More than 5 years	**29**	86
	5,476	2,754
Undiscounted cash flow:		
Within 1 year	**2,634**	1,821
After 1 year but not more than 5 years	**3,493**	1,059
More than 5 years	**30**	87
	6,157	2,967

	Company	
	2022 RM'000	**2021 RM'000**
Contractual discounted cash flow:		
Within 1 year	**1,073**	1,042
After 1 year but not more than 5 years	**-**	1,073
	1,073	2,115
Undiscounted cash flow:		
Within 1 year	**1,102**	1,121
After 1 year but not more than 5 years	**-**	1,102
	1,102	2,223

(iii) Amount recognised in the statements of comprehensive income

	Group	
	2022 RM'000	**2021 RM'000**
Depreciation expense of right-of-use assets (Note 9)	**1,794**	2,896
Finance cost on lease liabilities	**182**	158
Expenses relating to short-term leases (Note 9)	**462**	17
Expenses relating to leases of low-value assets (Note 9)	**749**	834
Total amount recognised in the income statements	**3,187**	3,905

15. LEASE (CONT'D.)

(a) The Group and the Company as lessees (cont'd.)

(iii) Amount recognised in the statements of comprehensive income (cont'd.)

	Company	
	2022 RM'000	2021 RM'000
Depreciation expense of right-of-use assets (Note 9)	**1,043**	1,062
Finance cost on lease liabilities	**79**	133
Expenses relating to leases of low-value assets (Note 9)	**311**	503
Total amount recognised in the income statements	**1,433**	1,698

(iv) Cash and non-cash outflow for leases

	Group	
	2022 RM'000	2021 RM'000
Payment of lease liability	**(1,892)**	(2,879)
Non-cash additions to ROU assets	**5,160**	1,270
	3,268	(1,609)

	Company	
	2022 RM'000	2021 RM'000
Payment of lease liability	**(1,121)**	(1,177)

(v) Extension options

Most lease of the Group's and the Company's office buildings contain extension options exercisable by the Group and the Company and not the lessors. At the commencement of a lease, the Group and the Company assess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

All of the extension options for office buildings have been included in the lease liability because the Group is reasonably certain that the lease will be extended based on past practice and the existing economic incentive.

15. LEASE (CONT'D.)

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its portfolio of self-occupied properties. These leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the financial year but not recognised as receivables are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Future minimum rental receivable:		
Not later than 1 year	**1,949**	2,364
Later than 1 year and not later than 5 years	**884**	2,833
	2,833	5,197

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	**2021 RM'000**
Unquoted shares, at cost:		
In Malaysia		
At the beginning and end of the year	**1,298,106**	1,298,106
Outside Malaysia		
At the beginning and end of the year	**6,370**	6,370
	1,304,476	1,304,476

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Malaysian Reinsurance Berhad ("Malaysian Re")	Malaysia	Underwriting of all classes of general reinsurance business and management of family and general retakaful businesses	**100**	100
Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family")	Malaysia	Management of family and investment-linked takaful businesses	**100**	100
Takaful Ikhlas General Berhad ("Takaful IKHLAS General")	Malaysia	Management of general takaful business	**100**	100
Sinar Seroja Berhad	Malaysia	Family retakaful and general retakaful businesses **	**100**	100
MMIP Services Sdn. Bhd.	Malaysia	Management of the Malaysian Motor Insurance Pool which provides motor insurance to vehicle owners who are unable to obtain insurance protection for their vehicles	**100**	100
Malaysian Re (Dubai) Ltd. *	Dubai, United Arab Emirates	Marketing and promotional activities and servicing of clients on behalf of Malaysian Re	**100**	100

* Audited by a firm of chartered accountants affiliated to Ernst & Young PLT, Malaysia.
** The company has ceased its operations since December 2017.

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17. INVESTMENTS IN ASSOCIATES

	Group 2022 RM'000	Group 2021 RM'000
Unquoted shares in Malaysia, at cost	**77,615**	77,615
Share of post-acquisition retained profits	**17,969**	15,200
Share of post-acquisition fair value reserve	**(7,773)**	(5,545)
Post acquisition foreign exchange translation reserve *	**46,283**	47,535
	134,094	134,805
Represented by share of net assets	**134,094**	134,805

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares in Malaysia, at cost	**1,957**	1,957

* This is in respect of retranslation of the investment in Labuan Re at the rate of exchange prevailing at the financial year.

Details of the associates which are all incorporated in Malaysia are as follows:

Name of associates	Year end	Principal activities	Proportion of ownership interest and voting power 2022 %	Proportion of ownership interest and voting power 2021 %
Held by the Company:				
Motordata Research Consortium Sdn. Bhd. **	31 December	Development and provision of a centralised motor parts price database for the Malaysian insurance industry	**40**	40
Held by Malaysian Re:				
Labuan Reinsurance (L) Ltd ("Labuan Re")	31 December	Underwriting of all classes of general reinsurance and retakaful business	**20**	20

The financial statements of the above associates are not co-terminous with those of the Group. For the purpose of applying the equity method of accounting, the unaudited financial statements of the associates for the year ended 31 December 2021 and management financial statements to the end of the accounting period of 31 March 2022 have been used.

** Audited by a firm other than Ernst & Young PLT, Malaysia.

17. INVESTMENTS IN ASSOCIATES (CONT'D.)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2022 RM'000	2021 RM'000
Assets and liabilities:		
Current assets	**2,490,869**	2,416,818
Non-current assets	**71,447**	72,004
Total assets	**2,562,316**	2,488,822
Current liabilities	**297,296**	287,510
Non-current liabilities	**1,604,445**	1,539,421
Total liabilities	**1,901,741**	1,826,931
Equity	**660,575**	661,891
Results:		
Revenue	**582,934**	633,017
Profit for the year	**7,380**	70,209
Share of net profit for the year	**2,769**	15,472

18. FINANCIAL AND OTHER ASSETS

The following table summarises the carrying values of financial and other assets of the Group and the Company:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At carrying value:				
Financial assets at FVTPL (a)	**3,187,453**	3,101,637	**38,340**	31,800
Financial assets at FVOCI (b)	**1,973,694**	2,082,950	**49,610**	50
Amortised cost and other assets (c)	**3,814,836**	3,150,670	**79,652**	95,697
	8,975,983	8,335,257	**167,602**	127,547

18. FINANCIAL AND OTHER ASSETS (CONT'D.)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian government securities	**99,358**	155,329	**-**	-
Government investment issues	**1,783,686**	1,580,241	**-**	-
Unquoted corporate debt securities	**761,345**	1,047,553	**50,560***	1,000
Islamic commercial paper	**14,926**	149,475	**-**	-
Commercial paper	**34,849**	54,820	**-**	-
Equity securities:				
Unquoted shares in Malaysia	**87,422**	84,838	**50**	50
Quoted shares in Malaysia	**254,103**	312,968	**-**	-
Unquoted perpetual bond in Malaysia	**4,930**	4,950	**-**	-
Unquoted Islamic private debt securities	**1,796,032**	1,740,048	**-**	-
Shariah approved unit trust funds	**358,551**	241,218	**38,340**	31,800
Real estate investment trusts				
- Shariah approved	**6,447**	7,815	**-**	-
- Non-Shariah approved	**9,273**	9,627	**-**	-
Fixed and call deposits	**318,241**	341,042	**-**	-
Islamic investment accounts	**3,248,681**	2,458,178	**76,533**	92,301
Other receivables and prepayments	**198,139**	147,155	**2,119**	2,396
	8,975,983	8,335,257	**167,602**	127,547

* The unquoted corporate debit securities of the Company relate to the subordinated medium term notes ("sub-debt") issued by the Company's reinsurance subsidiary. The sub-debt carries a tenure of eight (8) years from issue date on a 8-year, non-callable 5-year basis with a fixed interest rate of 4.38% per annum payable semi-annually in arrears.

(a) Financial assets at FVTPL

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value:				
Designated upon initial recognition:				
Government investment issues	**1,171,196**	1,141,718	**-**	-
Unquoted Islamic private debt securities	**1,374,595**	1,363,264	**-**	-
Government guaranteed	**-**	774,768	**-**	-
Unsecured	**-**	587,334	**-**	-
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	**188,017**	215,664	**-**	-
Others	**66,086**	97,304	**-**	-
Unquoted perpetual bond in Malaysia	**4,930**	4,950	**-**	-
Unquoted corporate debt securities	**7,705**	19,469	**-**	-

18. FINANCIAL AND OTHER ASSETS (CONT'D.)

(a) Financial assets at FVTPL (cont'd.)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value:				
Mandatorily measured:				
Unquoted Islamic private debt securities	**653**	608	**-**	-
Shariah approved unit trust funds	**358,551**	241,218	**38,340**	31,800
Real estate investment trusts				
- Shariah approved	**6,447**	7,815	**-**	-
- Non-Shariah approved	**9,273**	9,627	**-**	-
	3,187,453	3,101,637	**38,340**	31,800

(b) Financial assets at FVOCI

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
At fair value:				
Malaysian government securities	**99,358**	155,329	**-**	-
Government investment issues	**612,490**	438,523	**-**	-
Unquoted corporate debt securities	**753,640**	1,028,084	**49,560**	-
Unquoted Islamic private debt securities	**420,784**	376,176	**-**	-
Unquoted shares in Malaysia *	**87,189**	84,605	**-**	-
Golf club memberships	**233**	233	**50**	50
	1,973,694	2,082,950	**49,610**	50

* Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. The Group holds non-controlling interests (between 4% and 9%) in these companies. These investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

The pertinent information of the investments in unquoted shares in Malaysia are as follows:

	Financial Park (Labuan) Sdn. Bhd. RM'000	Malaysian Rating Corporation Berhad RM'000	Total RM'000
Fair value			
As at 1 April 2020	82,014	2,368	84,382
Fair value movement during the year	148	75	223
As at 31 March 2021	82,162	2,443	84,605
Fair value movement during the year	2,486	98	2,584
As at 31 March 2022	**84,648**	**2,541**	**87,189**

Disclosures on expected credit losses recognised on financial assets at FVOCI are disclosed in Note 35(a).

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18. FINANCIAL AND OTHER ASSETS (CONT'D.)

(c) Financial assets at amortised cost

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At amortised cost:				
Unquoted corporate debt securities	**-**	-	**1,000**	1,000
Fixed and call deposits with licensed:				
Commercial banks	**81,149**	77,313	**-**	-
Foreign banks	**237,092**	263,729	**-**	-
Islamic investment accounts with licensed:				
Islamic banks	**2,729,397**	1,892,300	**66,335**	77,487
Investment banks	**-**	5,903	**-**	-
Development banks	**519,284**	559,975	**10,198**	14,814
Islamic commercial paper	**14,926**	149,475	**-**	-
Commercial paper	**34,849**	54,820	**-**	-
Secured staff loans	**3,858**	5,315	**959**	1,755
Amounts due from subsidiaries *	**-**	-	**7**	-
Amounts due from associates *	**12**	-	**-**	-
Income due and accrued	**61,982**	64,567	**496**	276
Amount due from Insurance Pool accounts	**8,516**	9,864	**-**	-
Due from Lloyds' syndicate	**62,666**	44,985	**-**	-
Sundry receivables	**55,529**	19,087	**280**	282
	3,809,260	3,147,333	**79,275**	95,614
Other assets:				
Other receivables	**73**	304	**-**	-
Prepayments	**5,503**	3,033	**377**	83
	3,814,836	3,150,670	**79,652**	95,697

All items above, other than other receivables and prepayments, are financial assets measured at amortised cost. The carrying amounts disclosed above approximate fair value due to their relatively short term nature.

* The carrying amounts disclosed are non-trade in nature, unsecured, not subject to any interest/profit elements and repayable on demand.

18. FINANCIAL AND OTHER ASSETS (CONT'D.)

(d) Average effective interest rate

Average effective interest rates for each class of interest-bearing investment and placements with licensed financial institutions, at net carrying amounts, are as below:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Debt securities	**3.98%**	4.43%	**4.48%**	5.06%
Staff loans	**2.54%**	2.37%	**3.04%**	3.04%
Deposits with financial institutions	**1.87%**	2.05%	**2.55%**	2.39%

19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 April	**11,676**	3,458	**1,617**	1,742
Recognised in:				
Income statements (Note 12)	**19,944**	326	**2,818**	(125)
Participants' funds (Note 12)	**1,033**	5,741	**-**	-
Other comprehensive income	**2,499**	2,151	**-**	-
At 31 March	**35,152**	11,676	**4,435**	1,617

Deferred tax assets and liabilities are offset when there is a legally enforeceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relates to the same authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	**38,330**	21,503	**4,435**	1,617
Deferred tax liabilities	**(3,178)**	(9,827)	**-**	-
	35,152	11,676	**4,435**	1,617

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows:

Group	Provisions and payables RM'000	Unabsorbed/ accelerated capital allowances RM'000	Impairment losses on loans and receivables RM'000	Premium/ contribution and expense liabilities RM'000	Financial assets RM'000	Revaluation of land and buildings RM'000	Unutilised business losses and others RM'000	Total RM'000
2022								
At 1 April 2021	**5,460**	**(524)**	**3,776**	**10,815**	**(4,113)**	**(7,620)**	**3,882**	**11,676**
Recognised in:								
Income statements (Note 12)	**4,212**	**(677)**	**-**	**12,165**	**683**	**-**	**3,561**	**19,944**
Participants' fund (Note 12)	**(1,019)**	**-**	**(1,755)**	**13**	**3,968**	**-**	**(174)**	**1,033**
Other comprehensive income	**-**	**-**	**-**	**-**	**4,933**	**(2,434)**	**-**	**2,499**
At 31 March 2022	**8,653**	**(1,201)**	**2,021**	**22,993**	**5,471**	**(10,054)**	**7,269**	**35,152**
2021								
At 1 April 2020	3,130	(1,528)	2,004	8,761	(4,768)	(7,161)	3,020	3,458
Recognised in:								
Income statements (Note 12)	1,144	38	-	2,054	(3,599)	-	689	326
Participants' fund Note 12)	1,186	966	1,772	-	1,807	(163)	173	5,741
Other comprehensive income	-	-	-	-	2,447	(296)	-	2,151
At 31 March 2021	5,460	(524)	3,776	10,815	(4,113)	(7,620)	3,882	11,676

The amendments to section 60AA of the Income Tax Act 1967 has also been introduced in Budget 2022 and subsequently gazetted on 31 December 2021 via the Finance Act 2021. Consequent to the amendments, management expenses incurred by the Shareholder's Fund of the family takaful operators are now allowed as deductible for the purpose of computing taxable income from YA 2022 onwards. Since management expenses are now deductible under the new amendments, the Group has recognised a deferred tax assets of RM 10,956,000.

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows (cont'd.):

Company	Unabsorbed/ accelerated capital allowances RM'000	Unutilised business losses RM'000	Provisions and payables RM'000	Total RM'000
2022				
At 1 April 2021	**(120)**	**-**	**1,737**	**1,617**
Recognised in income statements (Note 12)	**(415)**	**3,600**	**(367)**	**2,818**
At 31 March 2022	**(535)**	**3,600**	**1,370**	**4,435**
2021				
At 1 April 2020	(155)	-	1,897	1,742
Recognised in income statements (Note 12)	35	-	(160)	(125)
At 31 March 2021	(120)	-	1,737	1,617

Deferred tax assets in respect of the following items of the Group and the Company have not been recognised as the probability of recognition cannot be determined with certainty given the lack of assessable profits in current and prior years.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised business losses	**8,486**	12,760	**383**	4,657

The unutilised tax losses of the Group and the Company are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

The Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from year of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

Based on the Act, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

However, following the Budget 2022 announcement and the gazetting of the Finance Act 2021 on 31 December 2021 any accumulated unutilised tax losses from the year of assessment 2019 onwards can now be carried forward to a maximum of 10 consecutive years of assessments and any balance of the unutilised tax losses thereafter shall be disregarded. This will be effective retrospectively from year of assessment 2019.

20. INSURANCE/TAKAFUL CONTRACT LIABILITIES

	2022 Gross RM'000	2022 Reinsurance/ retakaful RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance/ retakaful RM'000	2021 Net RM'000
General reinsurance/takaful/retakaful funds (Note (a))	**3,799,924**	**(844,875)**	**2,955,049**	2,841,022	(365,206)	2,475,816
Family takaful/retakaful funds (Note (b))	**3,586,246**	**(107,396)**	**3,478,850**	3,411,712	(92,029)	3,319,683
Expense liabilities (Note (c))	**100,887**	**-**	**100,887**	88,256	-	88,256
Total	**7,487,057**	**(952,271)**	**6,534,786**	6,340,990	(457,235)	5,883,755

(a) General reinsurance/takaful/retakaful funds

	2022 Gross RM'000	2022 Reinsurance/ retakaful RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance/ retakaful RM'000	2021 Net RM'000
Claim liabilities (Note (i))	**3,178,822**	**(772,159)**	**2,406,663**	2,305,694	(306,976)	1,998,718
Premium/contribution liabilities (Note (ii))	**621,102**	**(72,716)**	**548,386**	535,328	(58,230)	477,098
	3,799,924	**(844,875)**	**2,955,049**	2,841,022	(365,206)	2,475,816

(i) Claim liabilities

	2022 Gross RM'000	2022 Reinsurance/ retakaful RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance/ retakaful RM'000	2021 Net RM'000
At 1 April	**2,305,694**	**(306,976)**	**1,998,718**	2,120,368	(375,044)	1,745,324
Claims incurred in the current underwriting/accident year	**1,085,925**	**(506,662)**	**579,263**	540,030	(86,757)	453,273
Adjustment to claims incurred in prior underwriting/accident years due to changes in IBNR and PRAD	**112,709**	**(22,742)**	**89,967**	44,202	22,341	66,543
Movements in claims incurred in prior underwriting/accident years	**532,376**	**(48,237)**	**484,139**	430,459	36,957	467,416
Claims paid during the year	**(857,882)**	**112,458**	**(745,424)**	(829,365)	95,527	(733,838)
At 31 March	**3,178,822**	**(772,159)**	**2,406,663**	2,305,694	(306,976)	1,998,718

20. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONT'D.)

	2022 Gross RM'000	2022 Reinsurance/ retakaful RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance/ retakaful RM'000	2021 Net RM'000
(a) General reinsurance/takaful/ retakaful funds						
(ii) Premium/contribution liabilities						
At 1 April	**535,328**	**(58,230)**	**477,098**	471,772	(62,286)	409,486
Premiums/contributions written in the year	**2,263,941**	**(420,260)**	**1,843,681**	1,870,494	(254,658)	1,615,836
Premiums/contributions earned during the year	**(2,178,167)**	**405,774**	**(1,772,393)**	(1,806,938)	258,714	(1,548,224)
At 31 March	**621,102**	**(72,716)**	**548,386**	535,328	(58,230)	477,098
(b) Family takaful/retakaful funds						
Provision for claims reported by contract holders	**114,255**	**(22,294)**	**91,961**	82,316	(13,630)	68,686
Participants' Investment Fund ("PIF")	**2,893,271**	**-**	**2,893,271**	2,808,666	-	2,808,666
Participants' Risk Fund ("PRF")	**371,470**	**(85,102)**	**286,368**	336,449	(78,399)	258,050
Net asset value attributable to unitholders	**207,250**	**-**	**207,250**	184,281	-	184,281
	3,586,246	**(107,396)**	**3,478,850**	3,411,712	(92,029)	3,319,683

20. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONT'D.)

	2022			2021		
	Gross RM'000	Reinsurance/ retakaful RM'000	Net RM'000	Gross RM'000	Reinsurance/ retakaful RM'000	Net RM'000
(b) Family takaful/retakaful funds (cont'd.)						
At 1 April	**3,411,712**	**(92,029)**	**3,319,683**	3,178,633	(59,998)	3,118,635
Net earned contributions	**663,094**	**(104,651)**	**558,443**	635,619	(82,716)	552,903
Net creation of units	**60,683**	**-**	**60,683**	59,225	-	59,225
Liabilities paid for death, maturities, surrenders, benefits and claims	**(406,183)**	**79,678**	**(326,505)**	(296,314)	64,790	(231,524)
Net cancellation of units	**(18,703)**	**-**	**(18,703)**	(21,870)	-	(21,870)
Benefits and claims experience variation	**31,939**	**(8,664)**	**23,275**	7,878	(244)	7,634
Fees deducted	**(217,801)**	**-**	**(217,801)**	(221,440)	-	(221,440)
Other revenue and expenses	**(18,155)**	**-**	**(18,155)**	11,971	-	11,971
Transfer to shareholder's fund	**(16,916)**	**-**	**(16,916)**	(16,052)	-	(16,052)
Increase in reserve	**96,576**	**18,270**	**114,846**	74,062	(13,861)	60,201
At 31 March	**3,586,246**	**(107,396)**	**3,478,850**	3,411,712	(92,029)	3,319,683

20. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONT'D.)

	2022 Gross/net RM'000	2021 Gross/net RM'000
(c) Expense liabilities		
At 1 April	**88,256**	72,300
Increase during the year	**12,631**	15,956
At 31 March	**100,887**	88,256

21. INSURANCE/TAKAFUL RECEIVABLES

	Group	
	2022 RM'000	2021 RM'000
Due contributions including agents' balances	**102,441**	116,905
Amounts due from brokers and ceding companies	**529,124**	406,808
	631,565	523,713
Less: Allowance for impairment	**(16,739)**	(24,847)
	614,826	498,866

Offsetting insurance/takaful receivables and insurance/takaful payables

	2022 RM'000	2021 RM'000
Gross amounts of recognised insurance/takaful receivables	**1,389,106**	1,100,224
Less: Gross amounts of recognised insurance/takaful payables set off in the statements of financial position	**(757,541)**	(576,511)
Net amounts of insurance/takaful receivables presented in the statements of financial position	**631,565**	523,713

Included in gross amounts due from brokers and ceding companies is an amount of RM81,820 (2021: RM35,271) due from an associate, Labuan Reinsurance (L) Ltd. The amount receivable is subject to settlement terms stipulated in the reinsurance contracts.

The carrying amount disclosed above approximates fair value due to its relatively short term nature.

Disclosures on the movement of the allowance for impairment losses on insurance/takaful receivables are presented in Note 35(a).

Notes to the Financial Statements
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22. TAX RECOVERABLE/(PAYABLE)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax recoverable	**50,702**	68,670	**19,821**	20,166
Tax payable	**(5,319)**	(6,279)	**-**	-
	45,383	62,391	**19,821**	20,166

Included in the total tax recoverable above are two pending appeal cases and tax paid in excess to the Inland Revenue Board ("IRB"). The pending appeal cases relate to MNRB and Takaful IKHLAS Family, as follows:

(i) The IRB had, on 8 September 2017, issued notices of additional assessment (i.e. Forms JA) to the Company for the years of assessment ("YA") 2008 to 2014, disallowing the interest expense that the Company had deducted as part of its business expense in arriving at the taxable profit.

The additional tax payable by the Company under the above-mentioned notices was RM13,576,000. IRB had also treated the tax returns made by the Company for the above YA as incorrect, and imposed a penalty of RM6,109,000 to the Company. This brought the total amount payable to IRB to RM19,685,000.

The Company disagreed with the additional assessment imposed by IRB for the above YA and had submitted a notice of appeal by filing Form Q with the Special Commissioner of Income Tax ("SCIT") on 6 October 2017. At the case mention held on 4 August 2021, the SCIT insistent that this matter is to be fixed for hearing on 7 and 8 March 2022. On 3 March 2022, parties were notified by the SCIT that the hearing had to be vacated for reasons that could not be avoided.

Subsequently, a case management was held on 28 April 2022 and the SCIT has fixed 15 and 16 November 2023 as new dates for hearing.

Notwithstanding the appeal and the hearing before the SCIT, the Company had paid the total amount payable of RM19,685,000. The Company is also at liberty to pursue an amicable settlement of this matter.

Based on legal advice, the Company is of the view that there are strong justifications for its appeal and have treated the above tax payment as tax recoverable. As at the date of the financial statements, there have been no further developments on this matter.

22. TAX RECOVERABLE/(PAYABLE) (CONT'D.)

(ii) The IRB had, on 28 December 2018, issued notices of additional assessments to Takaful IKHLAS Family for YA 2011 and 2013 for RM3,052,000 and RM2,147,000 respectively.

Takaful IKHLAS Family disagreed with the additional assessment imposed by IRB for the above YA and had submitted a notice of appeal by filing Form Q with the Special Commissioner of Income Tax ("SCIT") on 24 January 2019. The SCIT had fixed a preliminary hearing of the appeal by Takaful IKHLAS Family on 24 April 2020 but it was later postponed due to the Movement Control Order ("MCO"). The new care mention date was re-scheduled to 9 September 2020 but was subsequently postponed to 31 March 2021.

Takaful IKHLAS Family's legal advisor had appeared before the SCIT on 16 August 2021 in order to attempt settlement in this matter as parties are desirous to settle the case amicably. The SCIT then fixed on 7 October 2021 which had been vacated to 4 January 2022 for parties to update on the progress of the settlement proposal as well as for parties to file in the respective cause papers, in the event a settlement could not be reached.

Takaful IKHLAS Family's legal advisor had attended the case management on 4 January 2022 and informed the SIT that a draft Questions for Determination ("QFD") had been shared with the IRB for their comments and confirmation. The SCIT then fixed 2 March 2022 which had been further vacated to 13 July 2022 for the next case management for parties to update the status of the draft QFD.

Notwithstanding the appeal and the proposed hearing before the SCIT, Takaful IKHLAS Family had paid the total amount payable of RM5,199,000. Takaful IKHLAS Family is also at liberty to pursue an amicable settlement of this matter.

Takaful IKHLAS Family is of the view that there are strong justifications for its appeal and have treated the said payment as tax recoverable. As at the date of the financial statements, there have been no further developments on this matter.

Notes to the Financial Statements
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23. PARTICIPANTS' FUNDS

	Group 2022 RM'000	Group 2021 RM'000
Participants' funds comprise the following:		
Accumulated surplus (Note (a))	**358,007**	339,070
Fair value reserves (Note (b))	**(1,486)**	2,693
Revaluation surplus (Note (c))	**37,888**	35,961
	394,409	377,724

(a) Accumulated surplus

	2022 RM'000	2021 RM'000
At 1 April	**339,070**	293,893
Net surplus of the general and family takaful and retakaful funds	**17,585**	49,027
Net surplus of the retakaful funds to shareholders	**9,354**	1,150
Hibah payable to participants during the year	**(8,002)**	(5,000)
At 31 March	**358,007**	339,070

(b) Fair value reserves

	2022 RM'000	2021 RM'000
At 1 April	**2,693**	4,764
Net loss on fair value changes	**(5,045)**	(529)
Realised gains transferred to income statements	**(394)**	(2,209)
Deferred tax on fair value changes	**1,260**	667
Net change in fair value reserves attributable to participants	**(4,179)**	(2,071)
At 31 March	**(1,486)**	2,693

(c) Revaluation surplus

	2022 RM'000	2021 RM'000
At 1 April	**35,961**	34,081
Recognised in other comprehensive income	**2,095**	2,043
Deferred tax on revaluation surplus	**(168)**	(163)
Net change in revaluation surplus attributable to participants	**1,927**	1,880
At 31 March	**37,888**	35,961

24. BORROWING

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sukuk Murabahah Programme	**320,000**	320,000	**320,000**	320,000

Sukuk Murabahah Programme

The Company issued RM320 million of Tier 2 Capital Subordinated Sukuk on 22 March 2019. The Sukuk carries a fixed profit rate of 5.2% per annum with a tenure of 10 years but is non-callable for the first 5 years. The tenure is subject to early redemption and the final redemption date is on 22 March 2029.

25. INSURANCE/TAKAFUL PAYABLES

	Group	
	2022 RM'000	2021 RM'000
Due to agents, brokers, retrocessionaires and retakaful operators	**305,499**	202,171

Offsetting insurance/takaful receivables and insurance/takaful payables

	Group	
	2022 RM'000	2021 RM'000
Gross amounts of recognised insurance/takaful payables	**1,063,040**	778,682
Less: Gross amounts of recognised insurance/takaful receivables set off in the statements of financial position	**(757,541)**	(576,511)
Net amounts of insurance/takaful payables presented in the statements of financial position	**305,499**	202,171

Included in gross amounts due to brokers and retrocessionaires is an amount of RM503,135 (2021: RM932,209) due to an associate, Labuan Reinsurance (L) Ltd. The amount payable is subject to settlement terms stipulated in the reinsurance contracts.

The carrying amounts disclosed above approximate fair values due to their relatively short term nature.

Notes to the Financial Statements
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26. OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Advance contributions	**3,485**	3,386	**-**	-
Deposit contributions	**52,163**	57,318	**-**	-
Provisions	**53,051**	44,819	**5,924**	6,190
Amount due to subsidiaries *	**-**	-	**12,256**	7,442
Agency provident fund	**4,277**	5,642	**-**	-
Amount due to participants	**8,341**	6,375	**-**	-
Surplus payables	**21,256**	19,467	**-**	-
Sundry payables	**135,220**	93,675	**4,982**	3,362
	277,793	230,682	**23,162**	16,994

* These amounts are non-trade in nature, unsecured, not subject to any interest/profit elements and repayable on demand.

The carrying amounts disclosed above approximate fair values due to their relatively short term nature.

27. SHARE CAPITAL

	Number of ordinary shares		Amount	
Group and Company	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Issued and fully paid:				
At 1 April/31 March	**783,088**	783,088	**738,502**	738,502

28. DIVIDEND

	Group and Company	
	2022 RM'000	2021 RM'000
Recognised during the financial year:		
Interim dividend of 3.0 sen per ordinary share on 783,086,696 ordinary shares, declared on 17 September 2020 and paid on 23 October 2020	**-**	23,493
Final single-tier dividend of 4.0 sen per ordinary share on 783,086,696 ordinary shares, declared on 24 September 2021 and paid on 27 October 2021	**31,323**	-

29. EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the holding company by the number of ordinary shares in issue during the year.

	Group		Company	
	2022	2021	2022	2021
Net profit for the year (RM'000)	**114,422**	189,495	**69,758**	72,975
Number/weighted average number of ordinary shares in issue ('000)*	**783,088**	783,088	**783,088**	783,088
Basic and diluted earnings per share (sen)	**14.6**	24.2	**8.9**	9.3

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares.

30. CAPITAL COMMITMENTS AND CONTINGENCIES

The commitments of the Group and of the Company as at the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Authorised and contracted for:				
- Property, plant and equipment	**1,268**	4,314	**99**	-
- Intangible assets*	**11,803**	8,816	**105**	13
	13,071	13,130	**204**	13
Authorised but not contracted for:				
- Property, plant and equipment	**5,586**	1,136	**1,337**	55
- Intangible assets*	**21,470**	27,292	**1,740**	145
	27,056	28,428	**3,077**	200

* Relating to purchases for enhancements of the computer system of the Company and the reinsurance/retakaful and takaful subsidiaries.

Contingencies

The Group has provided bank guarantees on the services contracts with external parties of RM452,412 (2021: RM624,930) in the form of cash deposit in marginal accounts.

31. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Group and the Company, and certain members of senior management of the Group and the Company.

31. RELATED PARTY DISCLOSURES (CONT'D.)

(A) THE SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES ARE AS FOLLOWS:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income/(expenses):				
Transactions with subsidiaries:				
Management fee received	-	-	**44,802**	38,997
Management fee expense	-	-	**(978)**	(741)
Net dividend received	-	-	**81,000**	85,000
Management expense chargeback	-	-	**5,771**	3,456
Payment of lease liabilities	-	-	**(1,011)**	(1,102)
Interest income	-	-	**156**	49
Gross contribution paid	-	-	**(719)**	(537)
Transactions with an associate:				
Net reinsurance inwards	**324**	818	-	-
Gross contributions	-	6	-	-
Retakaful outward contributions	**(7,422)**	(9,370)	-	-
Retakaful commission	**671**	368	-	-
Claims recoveries	**6,428**	1,528	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Outstanding balances arising from the transactions above as at the financial year have been disclosed in Notes 18(c), 21, 25 and 26 of the financial statements.

Notes to the Financial Statements
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31. RELATED PARTY DISCLOSURES (CONT'D.)

(b) The key management personnel compensations are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
PGCEO/Executive director of the subsidiaries:				
Salaries and bonus	**1,416**	2,195	**1,416**	1,834
Pension costs - EPF and SOCSO	**243**	393	**243**	332
Fees	**-**	134	**-**	-
Benefits-in-kind	**18**	26	**18**	26
Others	**50**	465	**50**	445
	1,727	3,213	**1,727**	2,637
Non-executive directors of the Company:				
Fees	**1,438**	1,555	**738**	761
Others	**424**	410	**203**	189
Benefits-in-kind	**31**	31	**31**	31
	1,893	1,996	**972**	981
Non-executive directors of subsidiaries:				
Fees	**1,186**	1,203	**-**	-
Others	**348**	327	**-**	-
	1,534	1,530	**-**	-
Shariah Committee members:				
Fees	**173**	177	**-**	-
Meeting allowances	**56**	62	**-**	-
	229	239	**-**	-
Other key management personnel's remuneration:				
Salaries and bonus	**16,458**	18,190	**5,554**	5,641
Pension costs - EPF and SOCSO	**2,693**	3,007	**890**	922
Allowances	**2,274**	2,629	**734**	833
	21,425	23,826	**7,178**	7,396

32. SEGMENT INFORMATION

Group	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2022							
Results							
Net earned premiums/contributions	-	1,413,840	924,934	54,281	-	(1,536)	2,391,519
Interest/profit income	2,770	79,011	163,006	5,005	11	(156)	249,647
Other revenue	126,792	25,678	40,692	303	8,000	(142,392)	59,178
Net claims and benefits	-	(978,145)	(638,705)	(22,191)	-	-	(1,639,041)
Other expenses	(42,162)	(481,332)	(389,492)	(17,809)	(6,577)	56,424	(880,948)
Depreciation of property, plant and equipment	(947)	(2,879)	(2,937)	-	(320)	-	(7,083)
Depreciation of right-of-use assets	(1,043)	-	(2,531)	-	(448)	2,228	(1,794)
Amortisation of intangible assets	(1,220)	(1,151)	(9,825)	(116)	(23)	-	(12,335)
Finance costs	(16,719)	(156)	(210)	-	(27)	267	(16,845)
Share of results of associates	-	-	-	-	-	2,769	2,769
Operating profit before surplus attributable to takaful and retakaful participants and taxation	67,471	54,866	85,037	19,473	(616)	(82,396)	145,067
Surplus attributable to takaful and retakaful participants	-	-	(14,215)	(3,370)	-	-	(17,585)
Operating profit before taxation	67,471	54,866	70,822	16,103	(616)	(82,396)	127,482
Zakat	-	-	(1,034)	(113)	-	-	(1,147)
Taxation	2,287	(7,376)	(6,180)	(680)	(4)	-	(11,913)
Net profit for the year	69,758	47,490	63,648	15,310	612	(82,396)	114,422

32. SEGMENT INFORMATION (CONT'D.)

Group (cont'd.)	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2021							
Results							
Net earned premiums/contributions	-	1,262,380	855,599	43,726	-	(1,353)	2,160,352
Interest/profit income	2,701	85,270	162,007	5,771	14	(49)	255,714
Other revenue	124,395	51,902	25,592	358	11,908	(131,166)	82,989
Net claims and benefits	-	(857,422)	(540,116)	(22,266)	-	-	(1,419,804)
Other expenses	(34,313)	(402,766)	(375,806)	(12,497)	(10,758)	50,071	(786,069)
Depreciation of property, plant and equipment	(600)	(2,686)	(2,494)	-	(323)	-	(6,103)
Depreciation of right-of-use assets	(1,062)	-	(4,232)	-	(515)	2,913	(2,896)
Amortisation of intangible assets	(698)	(1,067)	(8,675)	(123)	(31)	-	(10,594)
Finance costs	(16,773)	(44)	(243)	-	(32)	294	(16,798)
Share of results of associates	-	-	-	-	-	15,472	15,472
Operating profit before surplus attributable to takaful and retakaful participants, zakat and taxation	73,650	135,567	111,632	14,969	263	(63,818)	272,263
Surplus attributable to takaful and retakaful participants	-	-	(42,733)	(6,294)	-	-	(49,027)
Operating profit before zakat and taxation	73,650	135,567	68,899	8,675	263	(63,818)	223,236
Zakat	-	-	(1,173)	(120)	-	-	(1,293)
Taxation	(675)	(10,892)	(20,790)	(90)	(1)	-	(32,448)
Net profit for the year	72,975	124,675	46,936	8,465	262	(63,818)	189,495

32. SEGMENT INFORMATION (CONT'D.)

Group (cont'd.)	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2022							
Assets							
Segment assets (i)	1,504,040	4,953,462	5,855,510	373,708	14,608	(1,563,263)	11,138,065
Investments in associates	1,957	120,369	-	-	-	11,768	134,094
	1,505,997	5,073,831	5,855,510	373,708	14,608	(1,551,495)	11,272,159
Liabilities and Participants' funds							
Segment liabilities							
Participants' funds	-	-	362,388	32,021	-	-	394,409
Borrowings	320,000	51,000	-	-	-	(51,000)	320,000
Insurance and takaful contract liabilities	-	3,035,409	4,343,618	124,305	-	(16,275)	7,487,057
Other liabilities	24,235	213,617	365,748	185,058	2,026	(191,665)	599,019
	344,235	3,300,026	5,071,754	341,384	2,025	(258,940)	8,800,485
Equities							
Segment equities (i)	1,161,762	1,773,805	783,756	32,324	12,582	(1,292,555)	2,471,674
Total liabilities, participants' funds and equity	1,505,997	5,073,831	5,855,510	373,708	14,608	(1,551,495)	11,272,159

32. SEGMENT INFORMATION (CONT'D.)

Group (cont'd.)	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2021							
Assets							
Segment assets [i]	1,460,914	4,029,262	5,462,788	307,036	13,671	(1,498,263)	9,775,408
Investments in associates	1,957	116,268	-	-	-	16,580	134,805
	1,462,871	4,145,530	5,462,788	307,036	13,671	(1,481,683)	9,910,213
Liabilities and participants' funds							
Segment liabilities							
Participants' funds	-	-	358,168	19,556	-	-	377,724
Borrowings	320,000	1,000	-	-	-	(1,000)	320,000
Insurance and takaful contract liabilities	-	2,223,260	4,036,313	86,791	-	(5,374)	6,340,990
Other liabilities	19,109	118,708	317,270	173,841	1,862	(177,611)	453,179
	339,109	2,342,968	4,711,751	280,188	1,862	(183,985)	7,491,893
Equities							
Segment equities [i]	1,123,762	1,802,562	751,037	26,848	11,809	(1,297,698)	2,418,320
Total liabilities, participants' funds and equity	1,462,871	4,145,530	5,462,788	307,036	13,671	(1,481,683)	9,910,213

(i) Included in segment assets is Qard granted to the general and family retakaful funds by the shareholder's fund of the retakaful division of the reinsurance subsidiary, amounting to RM56.9 million (2021: RM68.5). Qard represents a loan to the general and family retakaful funds to make good any underwriting deficit experienced during a financial period. These balances, including the impairment losses recognised thereon amounting to RM52.7 million (2021: RM62.1 million), have been eliminated in full upon consolidation.

33. RISK MANAGEMENT FRAMEWORK

The Group Risk Management Framework and Policy ("RM Framework") was established to provide a set of guidelines for implementing risk management throughout the Group. It encompasses the Group's risk management:

(i) **strategy**, by having appropriate risk management objectives, policy and appetite;

(ii) **architecture**, by setting up risk management roles and responsibilities, communication and reporting structure; and

(iii) **protocols**, by describing the procedures, methodologies, tools and techniques for risk management.

Risk management is the process of identifying, assessing, measuring, controlling, mitigating, and continuously monitoring the risks in respect of the Group as a whole. It involves regular self-assessments of all reasonably foreseeable and material risks that the Group faces, including their inter-relationships and the maintenance of a link between ongoing risk management and mid to long term business goals, strategies and capital needs.

The RM Framework aims to serve as a guide for the effective management of risks throughout the Group. The Framework is intended to provide guidance to the Group in performing its risk management roles and responsibilities and ultimately aims to support the achievement of the Group's strategic and financial objectives.

The primary objectives of the RM Framework are as follows:

(i) Embeds the Risk Management process and ensures it is an integral part of the Group's planning process at a strategic and operational level;

(ii) Facilitates effective risk oversight through a clear internal risk governance structure and responsibilities;

(iii) Create a risk awareness culture from a strategic, operational, and individual perspective;

33. RISK MANAGEMENT FRAMEWORK (CONT'D.)

The primary objectives of the RM Framework are as follows (cont'd.):

(iv) Give credibility to the process and engage management's attention to the treatment, monitoring, reporting and review of identified risks as well as considering new and emerging risks on a continuous basis;

(v) Allow the Group and operating entities to proactively manage their risks in a systematic and structured way and to continually refine its processes to reduce their risk profile, thereby maintaining a safer environment for its stakeholders;

(vi) Ensure appropriate strategies are in place to mitigate risks and maximise opportunities;

(vii) Align the Group's risk management practices with its sustainability principles;

(viii) Provides a single point of reference for managing risks in a systematic and structured way; and

(ix) Standardises risk terminologies across the Group to facilitate a consistent and uniform approach in managing risks.

In pursuit of the above objectives, it is the Group's policy to adhere to, and comply with, all relevant governance and regulatory requirements and implement best practices with regards to risk management principles. The Group also aims to uphold high standards of business practices in all its activities.

(a) Risk management governance

The Risk Management governance structure is as follows:

(i) The Board had established a dedicated Board Committee known as the Risk Management Committee of the Board ("RMCB") to support the Board in meeting the expectations and responsibilities on the risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a risk management culture on a group-wide basis. This is replicated at each of the main operating subsidiaries (Malaysian Reinsurance Berhad, Takaful IKHLAS Family Berhad and Takaful IKHLAS General Berhad);

(ii) The Audit Committee was established to complement the role of the Board by providing an independent assessment of the adequacy and effectiveness of governance, risk management and internal control. The Audit Committee is assisted by an independent Internal Audit Department in performing its role;

33. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(iii) The Group Shariah Committee ("GSC") was established to provide objective and sound advice to the Group to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah.;

(iv) The Group Management Committee ("GMC"), together with the Senior Management Committee ("SMC") of its main operating subsidiaries oversees the implementation of risk and compliance management processes, establish and implement appropriate organisational structures and systems for managing financial and non-financial risks;

(v) The Group Management Risk & Compliance Committee ("GMRCC"), which comprises the President & Group Chief Executive Officer, the President & Chief Executive Officer and selected members of Senior Management from MNRB and its main operating subsidiaries to support the GMC/respective SMCs to implement the risk and compliance management processes, establish clear guidance in managing the Group's risk to ensure its alignment to their respective risk appetite for all business strategies and activities;

(vi) The Group Chief Risk Officer ("GCRO") and Risk Management Department ("RMD") establish the infrastructure and provide oversight over the risk management processes in MNRB and across the main operating subsidiaries through the adoption of the RM Framework; and

(iv) At the operational level, the implementation of risk management processes in the day-to-day operations of the Group is consistent with the RM Framework.

The Board had also established a dedicated Group Investment Committee to further oversee risks associated with investments and assets allocation strategies. This is also replicated at each of the main operating subsidiaries. Further, the Group has established Investment Policies at each main operating subsidiary to ensure proper risk management by investing in low-risk assets, deposits with licensed financial institutions, debt securities and other marketable securities.

(b) Capital management

The Internal Capital Adequacy Assessment Process ("ICAAP") encompassess the overall process where the subsidiaries ensure adequate capital is available to meet its capital requirements on an ongoing basis, under normal and stressed conditions, in line with BNM Guidelines on Internal Capital Adequacy Assessment for Insurers, Internal Capital Adequacy Assessment for Takaful Operators, Risk-Based Capital Framework for Insurers ("RBC Framework"), Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") and Policy Document on Stress Testing.

33. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(b) Capital management (cont'd.)

Based on the material risks identified, the main operating subsidiaries asses the overall capital adequacy, and develop the Capital Management Plan ("CMP"), where the main objective is to monitor and maintain, at all times, an appropriate level of capital which commensurate with the main operating subsidiaries' business operations and the resultant risk profiles.

The CMP outlines the criteria, mechanism and process flow to manage the level of Capital Adequacy Ratio ("CAR") of the main operating subsidiaries. This includes the thresholds, triggers, and action plans in place which could be undertaken to reduce the level of risks or strengthen capital available. The action plans shall be triggered upon the CAR reaching the respective thresholds. These actions are chosen with consideration to the possible adverse scenarios relative to normal operating conditions.

In this regard, the Group also measures and monitors its capital position through its Group Capital Adequacy Ratio ("GCAR") and Group Capital Sufficiency Indicator ("GCSI"), in line with BNM's capital requirement for Insurance Groups.

(c) Regulatory framework

MNRB and its main operating subsidiaries are required to comply, as applicable, with the Financial Services Act ("FSA") 2013, the Islamic Financial Services Act ("IFSA") 2013, the Companies Act 2016, other relevant Acts, and Policy Documents issued by BNM from time to time.

In line with the RBC and RBCT Framework's requirements on capital adequacy, the main operating subsidiaries actively manage their capital by taking into account the potential impact of business exposure on their business strategies, risk profiles and overall resilience.

In addition, MNRB is required to comply with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), and the Capital Markets and Services Act 2007.

(d) Asset-liability management ("ALM") Framework

The main risk that each operating subsidiary faces due to the nature of investments and liabilities is the mismatch of assets to liabilities (investment risks). Each subsidiary manages these positions within the ALM framework to achieve long-term investment returns in excess of its obligations. The principal technique identified is to match assets to the liabilities arising from reinsurance/retakaful/takaful contracts. Amongst the mechanism to manage the ALM framework is the assessment and monitoring of the investment portfolio duration as well as the liability duration for specific risks.

An Asset-Liability Committee ("ALCO") has been established at each main subsidiary to manage and monitor asset-liability mismatch risks. The ALCO ultimately reports to the Board of the respective subsidiaries through its Group Investment Committee.

34. INSURANCE/TAKAFUL RISK

The following disclosures relating to the underwriting risk of the Group are presented separately for each specific business. Elimination of intra-Group transactions are not considered as the disclosures represent how each Business Unit within the Group assesses and manages underwriting risk.

(a) General reinsurance/retakaful

(i) Nature of risk

The reinsurance/retakaful subsidiary principally underwrites general reinsurance and retakaful contracts in relation to the following main classes of business: Fire, Motor, Marine and Miscellaneous. Risks under these contracts usually cover a twelve-month duration other than some long-term contracts, such as construction contracts which may cover up to 3 years or more. The most significant risk arises from adverse development of claims and occurrence of new catastrophe losses. These risks vary significantly in relation to the economic conditions and territories from which the risks are underwritten.

The above risks are mitigated by diversification across a large portfolio of business to ensure a balanced mix and spread of business. Diversification through the implementation of underwriting strategies reduces the volatility of losses and improves the overall portfolio experience.

The table below discloses concentration on insurance/takaful contract/certificate liabilities by main classes of business, by local and overseas risks and by reinsurance and retakaful:

Insurance/takaful contract/certificate liabilities

	Gross RM'000	Retro-takaful/ Retro-cession RM'000	Net RM'000
2022			
Fire	**1,649,121**	**(534,434)**	**1,114,687**
Motor	**464,583**	**(5,735)**	**458,848**
Marine	**292,079**	**(32,148)**	**259,931**
Miscellaneous	**721,843**	**(28,860)**	**692,983**
	3,127,626	**(601,177)**	**2,526,449**
Local	**1,823,121**	**(542,687)**	**1,280,434**
Overseas	**1,304,505**	**(58,490)**	**1,246,015**
	3,127,626	**(601,177)**	**2,526,449**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(i) Nature of risk (cont'd.)

Insurance/takaful contract/certificate liabilities (cont'd.)

	Gross RM'000	Retro-takaful/ Retro-cession RM'000	Net RM'000
2021			
Fire	1,002,882	(125,343)	877,539
Motor	454,431	(5,585)	448,846
Marine	258,085	(14,079)	244,006
Miscellaneous	576,389	(25,261)	551,128
	2,291,787	(170,268)	2,121,519
Local	1,297,207	(141,055)	1,156,152
Overseas	994,580	(29,213)	965,367
	2,291,787	(170,268)	2,121,519

The losses are further mitigated by ensuring that the subsidiary's retrocession/retrotakaful arrangements are effective and adequate. Clear underwriting guidelines as approved by the Board are used to ensure all risks are written in accordance with the approved limits and catastrophe aggregates are managed within the capacity of the retrocession programmes. Pricing tool ensures the risks exposures are adequately priced.

The reinsurance/retakaful subsidiary's retrocession/retrotakaful programmes are reviewed by the GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. Prudent standards are applied in selection of the key retrocessionaires/retrotakaful providers.

Stress testing is performed on a quarterly basis. The purpose of the stress testing is to test the solvency and financial viability of the general reinsurance/retakaful business under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, claims experience and investment environment.

(ii) Catastrophe risk

The risk that a single or a series of catastrophe events, usually over a short period, which leads to a high number of claims or single large loss or combination of both. The consequences of the risk is minimised by having retrocession/retrotakaful coverage in place and retention in line with the risk appetite of the reinsurance/retakaful subsidiary.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(iii) Premium/Contribution risk

Premium/contribution risk arises when premiums/contributions charged are insufficient to meet expected claims and expenses. This risk is mitigated by adhering to the pricing policy and ceding the risk above the respective reinsurance/retakaful subsidiary's risk appetite to retrocessionaires/retrotakaful providers with strong financial standing.

(iv) Reserving risk

The reinsurance/retakaful subsidiary's claim liabilities, and consequently some of the inputs used in determining its premium/contribution liabilities, are based upon previous claims experience, existing knowledge of events, the terms and conditions of relevant policies and interpretation of circumstances. Upon notification of a claim by its cedants or receipt of notification of a market loss event, the reinsurance/retakaful subsidiary sets aside reserves to meet the expected ultimate loss arising from this claim. These claim reserves are updated periodically for further developments via advice from cedants and any updates on market loss events.

At each financial year, the reinsurance/retakaful subsidiary performs a test on the adequacy of its liabilities that is certified by the Appointed Actuaries, for the purpose of ensuring that claim and premium liabilities are objectively assessed and adequately provided for. Any deficiency is recognised in the income statements.

(v) Impact on liabilities, profit and equity

Key assumptions

Liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant contracts and interpretation of circumstances. Particularly relevant are past experiences with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions.

The inherent uncertainties in estimating liabilities arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience.

Notes to the Financial Statements
31 March 2022

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(v) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis

The insurance/takaful contract liabilities are sensitive to various key factors which are both internal and external. External factors to which the reinsurance/retakaful subsidiary is sensitive to include:

(i) Claims practices of ceding companies;
(ii) Frequency and severity of claims incurred by cedants;
(iii) Changes in premium/contribution rates in insurance/takaful;
(iv) Changes in reinsurance/retakaful markets; and
(v) Legislative and regulatory changes.

The sensitivity analysis was applied to the ultimate loss ratio of the reinsurance/retakaful subsidiary by increasing or decreasing the said ratio by 5%. The increase/(decrease) was applied to the earned exposure in the last two (2) years where the uncertainty of the ultimate loss is higher as claim is at an early stage of development. The table below shows the impact on the Group's gross and net claim liabilities, profit before tax and equity should the ultimate loss ratio be increased/(decreased) by 5%:

2022	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax* RM'000	Impact on equity** RM'000
	Increase/(decrease)			
Increase 5%				
Fire	**61,259**	**60,493**	**(57,590)**	**(52,982)**
Marine	**14,655**	**14,503**	**(13,869)**	**(12,759)**
Motor	**24,640**	**24,320**	**(24,320)**	**(22,374)**
Miscellaneous	**37,247**	**36,831**	**(35,159)**	**(32,347)**
	137,801	**136,147**	**(130,938)**	**(120,462)**
Decrease 5%				
Fire	**(61,032)**	**(60,493)**	**57,590**	**52,982**
Marine	**(14,630)**	**(14,503)**	**13,869**	**12,759**
Motor	**(24,538)**	**(24,320)**	**24,320**	**22,374**
Miscellaneous	**(37,155)**	**(36,831)**	**35,159**	**32,347**
	(137,355)	**(136,147)**	**130,938**	**120,462**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(v) Impact on liabilities, profit and equity (cont'd.)

Key assumptions (cont'd.)

Sensitivity analysis (cont'd.)

2021	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax* RM'000	Impact on equity** RM'000
	Increase/(decrease)			
Increase 5%				
Fire	50,161	49,110	(47,230)	(43,452)
Marine	14,124	13,826	(13,397)	(12,325)
Motor	25,019	24,495	(24,495)	(22,535)
Miscellaneous	30,827	30,176	(29,146)	(26,814)
	120,131	117,607	(114,268)	(105,126)
Decrease 5%				
Fire	(50,146)	(49,110)	47,230	43,452
Marine	(14,123)	(13,826)	13,397	12,325
Motor	(25,011)	(24,495)	24,495	22,535
Miscellaneous	(30,821)	(30,176)	29,146	26,814
	(120,101)	(117,607)	114,268	105,126

* The impact on profit before tax has included consideration of the impact on estimated reinstatement premium receivables.

** The impact on equity reflects the after tax impact.

This analysis assumes that other factors relevant, but not significant to the valuation of claim liabilities, remain constant.

The method used in performing sensitivity analysis was consistent with the prior year.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table

The following tables show the estimate of cumulative ultimate incurred claims, including both claims provisions and IBNR for each successive underwriting year at each financial year end, along with cumulative claim payments to-date.

In setting provisions for claims, the general reinsurance/retakaful subsidiary gives consideration to the probability and magnitude of future experience at best estimate level with a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience for an underwriting year is the greatest when the claim is at an early stage of development.

The ultimate liability projection for Underwriting Year ("UWY") 2022 will only be available once the reinsurance/retakaful subsidiary has completed underwriting its business for the period from 1 January 2022 to 31 December 2022.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Gross general reinsurance/retakaful contract liabilities for 2022:

Underwriting year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Subtotal RM'000
At the end of underwriting year		703,952	707,937	684,259	782,335	849,676	942,403	1,005,332	1,576,477	
One year later		722,287	762,054	824,967	707,863	960,687	909,028	1,053,165		
Two years later		729,885	816,207	786,520	692,333	903,133	859,348			
Three years later		734,344	805,460	791,266	692,481	892,418				
Four years later		723,221	822,505	778,764	666,230					
Five years later		801,843	823,647	771,898						
Six years later		799,548	810,074							
Seven years later		787,274								
Current estimate of booked ultimate claims incurred (a)	**6,786,688**	**783,365**	**808,137**	**768,251**	**662,478**	**887,889**	**846,826**	**990,851**	**1,061,644**	
At the end of underwriting year		50,464	48,141	50,779	47,943	105,412	72,520	63,937	113,191	
One year later		394,520	467,060	369,591	395,792	542,781	388,690	354,479		
Two years later		521,806	593,458	550,347	516,091	689,938	526,889			
Three years later		577,362	667,552	640,952	563,218	733,724				
Four years later		618,482	724,810	670,036	577,617					
Five years later		684,641	741,602	694,511						
Six years later		696,148	755,199							
Seven years later		706,649								
Cumulative payments to-date (b)	**6,646,726**	**706,649**	**755,199**	**694,511**	**577,617**	**733,724**	**526,889**	**354,479**	**113,191**	
Expected claim liabilities (a) - (b)	**139,962**	**76,716**	**52,938**	**73,740**	**84,861**	**154,165**	**319,937**	**636,372**	**948,453**	**2,487,144**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Gross general reinsurance/retakaful contract liabilities for 2022 (cont'd.):

	Subtotal RM'000
Other portfolios	74,273
Best estimate of claim liabilities	2,561,417
Claim handling expenses	16,811
Fund PRAD at 75% confidence interval	186,187
Foreign exchange	4,667
Gross general reinsurance/retakaful claim liabilities	2,769,082
Elimination upon consolidation	(16,275)
Gross general reinsurance/retakaful contract liabilities after elimination	2,752,807

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Net general reinsurance/retakaful contract liabilities for 2022:

Underwriting year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Subtotal RM'000
At the end of underwriting year		705,370	703,964	863,017	783,471	851,093	926,223	998,304	1,562,128	
One year later		712,346	877,687	823,576	707,596	939,331	900,746	1,044,267		
Two years later		763,018	817,079	785,839	689,271	878,022	842,883			
Three years later		734,168	806,237	791,205	691,601	871,472				
Four years later		723,955	823,471	778,759	666,068					
Five years later		801,563	823,650	771,898						
Six years later		799,699	810,074							
Seven years later		787,274								
Current estimate of booked ultimate claims incurred (a)	**6,693,054**	**783,685**	**808,137**	**768,251**	**662,316**	**866,943**	**830,426**	**983,376**	**1,054,998**	
At the end of underwriting year		50,464	48,141	50,779	47,943	105,412	72,432	63,606	112,978	
One year later		394,520	467,060	369,591	395,792	539,287	384,880	353,658		
Two years later		521,806	593,458	550,347	516,091	669,253	521,181			
Three years later		577,362	667,555	640,952	563,218	713,915				
Four years later		618,482	724,812	670,036	577,617					
Five years later		684,641	741,604	694,511						
Six years later		696,148	755,199							
Seven years later		706,649								
Cumulative payments to-date (b)	**6,554,103**	**706,649**	**755,199**	**694,511**	**577,617**	**713,915**	**521,181**	**353,658**	**112,978**	
Expected claim liabilities (a) - (b)	**138,951**	**76,716**	**52,938**	**73,740**	**84,699**	**153,028**	**309,245**	**629,718**	**942,020**	**2,461,055**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Net general reinsurance/retakaful contract liabilities for 2022 (cont'd.):

	Subtotal RM'000
Other portfolios	74,264
Best estimate of claim liabilities	2,535,319
Claim handling expenses	16,811
Fund PRAD at 75% confidence interval	143,485
Foreign exchange	4,362
Less: Retrocession recoveries	(520,311)
Net general reinsurance/retakaful claim liabilities	2,179,666
Elimination upon consolidation	(16,275)
Net general reinsurance/retakaful claim liabilities after elimination	2,163,391

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Gross general reinsurance/retakaful contract liabilities for 2021:

Underwriting year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Subtotal RM'000
At the end of underwriting year		772,304	703,952	707,937	684,259	782,335	849,676	942,403	1,005,332	
One year later		797,653	722,287	762,054	824,967	707,863	960,687	- 909,028	-	
Two years later		832,394	729,885	816,207	786,520	692,333	903,133	-	-	
Three years later		913,605	734,344	805,460	791,266	692,481	-	-	-	
Four years later		964,398	723,221	822,505	778,764	-	-	-	-	
Five years later		951,669	801,843	823,647	-	-	-	-	-	
Six years later		989,444	799,548	-	-	-	-	-	-	
Seven years later		943,350	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**5,860,744**	**942,295**	**795,796**	**820,028**	**772,317**	**684,453**	**894,483**	**858,662**	**584,558**	
At the end of underwriting year		91,977	50,464	48,141	50,779	47,943	105,412	72,520	63,937	
One year later		465,417	394,520	467,060	369,591	395,792	542,781	388,690	-	
Two years later		627,254	521,806	593,458	550,347	516,091	689,938	-	-	
Three years later		741,303	577,362	667,552	640,952	563,218	-	-	-	
Four years later		819,399	618,482	724,810	670,036	-	-	-	-	
Five years later		848,750	684,641	741,602	-	-	-	-	-	
Six years later		908,137	696,148	-	-	-	-	-	-	
Seven years later		879,659	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**5,764,133**	**879,659**	**696,148**	**741,602**	**670,036**	**563,218**	**689,938**	**388,690**	**63,937**	
Expected claim liabilities (a) - (b)	**96,611**	**62,636**	**99,648**	**78,426**	**102,281**	**121,235**	**204,545**	**469,972**	**520,621**	**1,755,975**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Gross general reinsurance/retakaful contract liabilities for 2021 (cont'd.):

	Subtotal RM'000
Other portfolios	79,787
Best estimate of claim liabilities	1,835,762
Claim handling expenses	13,375
Fund PRAD at 75% confidence interval	136,242
Gross general reinsurance/retakaful claim liabilities	1,985,379
Elimination upon consolidation	(5,374)
Gross general reinsurance/retakaful contract liabilities after elimination	1,980,005

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Net general reinsurance/retakaful contract liabilities for 2021:

Underwriting year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Subtotal RM'000
At the end of underwriting year		745,438	705,370	703,964	863,017	783,471	851,093	926,223	998,304	
One year later		763,552	712,346	877,687	823,576	707,596	939,331	900,746	-	
Two years later		794,351	763,018	817,079	785,839	689,271	878,022	-	-	
Three years later		844,810	734,168	806,237	791,205	691,601	-	-	-	
Four years later		883,611	723,955	823,471	778,759	-	-	-	-	
Five years later		868,517	801,563	823,650	-	-	-	-	-	
Six years later		905,640	799,699	-	-	-	-	-	-	
Seven years later		913,380	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**5,757,698**	**912,326**	**795,797**	**820,030**	**772,317**	**683,477**	**869,270**	**851,361**	**582,442**	
At the end of underwriting year		66,414	50,464	48,141	50,779	47,943	105,412	72,432	63,606	
One year later		446,728	394,520	467,060	369,591	395,792	539,287	384,880	-	
Two years later		607,074	521,806	593,458	550,347	516,091	669,253	-	-	
Three years later		689,440	577,362	667,555	640,952	563,218	-	-	-	
Four years later		761,309	618,482	724,812	670,036	-	-	-	-	
Five years later		792,241	684,641	741,604	-	-	-	-	-	
Six years later		851,276	696,148	-	-	-	-	-	-	
Seven years later		857,681	-	-	-	-	-	-		
Cumulative payments to-date (b)	**5,663,156**	**857,681**	**696,148**	**741,604**	**670,036**	**563,218**	**669,253**	**384,880**	**63,606**	
Expected claim liabilities (a) - (b)	**94,542**	**54,645**	**99,649**	**78,426**	**102,281**	**120,259**	**200,017**	**466,481**	**518,836**	**1,735,136**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(vi) Claims development table (cont'd.)

Net general reinsurance/retakaful contract liabilities for 2021 (cont'd.):

	Subtotal RM'000
Other portfolios	80,955
Best estimate of claim liabilities	1,816,091
Claim handling expenses	13,375
Fund PRAD at 75% confidence interval	120,397
Less: Retrocession recoveries	(126,914)
Net general reinsurance/retakaful claim liabilities	1,822,949
Elimination upon consolidation	(5,374)
Net general reinsurance/retakaful claim liabilities after elimination	1,817,575

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(b) General takaful fund

(i) Nature of risk

The general takaful subsidiary principally issues the following types of general takaful: Motor, Fire, Personal Accident and Miscellaneous (which includes Engineering and Marine).

All participants pay a portion of contributions on the basis of tabarru' ("donation") into the General Takaful Fund ("GTF") for the purpose of meeting claims for events or risks covered under the takaful contracts.

The risks are mitigated by diversification across a large portfolio of business, which is designed to balance the overall experience. The solvency of the GTRF is managed by adopting prudent underwriting and claims management practices.

The table below discloses concentration on takaful certificate liabilities by main class of business and by retakaful:

	Gross RM'000	Retakaful RM'000	Net RM'000
2022			
Fire	**136,519**	**(38,039)**	**98,480**
Motor	**436,146**	**(164,923)**	**271,223**
Personal Accident	**27,760**	**(70)**	**27,690**
Miscellaneous (including Marine, Aviation and Transit)	**71,873**	**(40,666)**	**31,207**
	672,298	**(243,698)**	**428,600**
2021			
Fire	92,382	(5,648)	86,734
Motor	349,620	(138,889)	210,731
Personal Accident	23,689	843	24,532
Miscellaneous (including Marine, Aviation and Transit)	83,544	(51,244)	32,300
	549,235	(194,938)	354,297

The general takaful subsidiary also manages its risk exposure by the use of retakaful arrangements. The retakaful treaty arrangements are reviewed annually by the GMRCC and subsequently, as delegated by the Board, are recommended to the RMCB for approval.

Stress Testing is performed on a quarterly basis. The purpose of the Stress Testing is to test the solvency and financial viability of the GTRF under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, claims experience and investment environment.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(ii) Reserving risk

The GTF's claim liabilities, and consequently some of the inputs used in determining its contribution liabilities and Shareholder's Fund's expense liabilities, are based upon claims experience, existing knowledge of the events, the terms and conditions of relevant contracts and interpretation of prevailing circumstances. Upon notification of a claim, the general takaful subsidiary sets aside case and technical reserves to meet the expected ultimate loss arising from this claim. These claim reserves are updated periodically taking into account the development of the claims.

At each financial year, the general takaful subsidiary performs a valuation of liabilities that is certified by the Appointed Actuaries for the purpose of ensuring that claim and contribution liabilities are objectively assessed and adequately provided for. Any deficiency is recognised in the income statements.

(iii) Catastrophe Risk

The risk that a single or a series of catastrophe events, usually over a short period, which leads to a high number of claims or single large loss or combination of both. The consequences of the risk is minimised by having retakaful coverage in place and retention in line with the risk appetite of the general takaful subsidiary.

(iv) Contribution Risk

Contribution risk arises when contributions charged are insufficient to meet expected claims and expenses. This risk is mitigated by adhering to the pricing policy and ceding the risk above the general takaful subsidiary's risk appetite to retakaful operators with strong financial standing.

(v) Impact on liabilities, profit and equity

Key assumptions

The principal assumption underlying the estimation of liabilities is that the general takaful future claims development will follow a pattern similar to the historical trend experience.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claims notification and reporting, economic conditions, as well as internal factors such as changes in portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd.)

Key assumptions (cont'd.)

Other key circumstances affecting the reliability of assumptions include delays in settlement.

Sensitivity analysis

The general takaful claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, surplus before tax and the resulting general takaful fund. The correlation of assumptions will have significant effects in determining the ultimate claim liabilities. It should be noted that movements in these assumptions are non-linear.

The sensitivity analysis has been performed for the main classes of business which are Motor Act, Motor Others and Fire. Motor Act is analysed using changes in claim severity while Motor Others and Fire are analysed using changes in the expected ultimate loss ratio.

	Change in assumption of ultimate claims ratio	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus before tax RM'000	Impact on general takaful fund* RM'000
	Increase/(decrease)				
2022					
Motor Act Average Severity	**+10%**	**49,989**	**28,482**	**(28,482)**	**(21,646)**
	-10%	**(49,989)**	**(28,482)**	**28,482**	**21,646**
Motor Others Expected Loss Ratio	**+10%**	**30,945**	**18,567**	**(18,567)**	**(14,111)**
	-10%	**(30,945)**	**(18,567)**	**18,567**	**14,111**
Fire Expected Loss Ratio	**+10%**	**9,498**	**2,661**	**(2,661)**	**(2,022)**
	-10%	**(9,498)**	**(2,661)**	**2,661**	**2,022**

Notes to the Financial Statements
31 March 2022

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis (cont'd.)

	Change in assumption of ultimate claims ratio	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on general takaful fund* RM'000
	←		Increase/(decrease)		→
2021					
Motor Act Average Severity	+10%	50,153	30,176	(30,176)	(22,934)
	-10%	(49,712)	(30,005)	30,005	22,804
Motor Others Expected Loss Ratio	+10%	30,464	18,369	(18,369)	(13,960)
	-10%	(30,245)	(18,239)	18,239	13,861
Fire Expected Loss Ratio	+10%	4,998	2,192	(2,192)	(1,666)
	-10%	(4,983)	(2,187)	2,187	1,662

* The impact on general takaful fund reflects the after-tax impact.

The method used in performing the sensitivity analysis is consistent with the prior year.

(v) Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims reported and IBNR (including IBNER) for each successive accident year at each financial year, together with cumulative payments to-date.

In setting provisions for claims, the general takaful subsidiary gives consideration to the probability and magnitude of future experience at best estimate level with a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience for an accident year is the greatest when the claim is at an early stage of development.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful claim liabilities for 2022:

Accident year	Prior 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At the end of accident year	635,225	141,258	176,571	174,218	190,776	195,417	188,468	194,052	204,481	294,653	
One year later	737,394	125,098	176,737	163,828	192,331	196,877	192,772	185,943	206,425		
Two years later	707,595	122,664	172,414	157,286	185,552	198,738	186,612	194,488			
Three years later	675,758	116,932	168,315	153,908	187,120	197,158	192,388				
Four years later	666,650	114,368	167,527	155,963	184,175	197,653					
Five years later	659,612	113,948	171,452	154,356	184,535						
Six years later	645,916	111,549	163,584	147,206							
Seven years later	646,364	110,253	162,573								
Eight years later	650,578	110,175									
Ninth years later	648,327										
Current estimate of cumulative claims incurred	**648,327**	**110,175**	**162,573**	**147,206**	**184,535**	**197,653**	**192,388**	**194,488**	**206,425**	**294,653**	
At the end of accident year	329,854	52,965	72,433	70,093	80,611	82,191	73,362	78,164	81,540	115,765	
One year later	492,617	89,811	121,645	112,184	132,501	131,743	127,672	120,590	132,365		
Two years later	576,567	102,861	141,980	130,725	153,910	158,922	147,522	140,866			
Three years later	609,829	106,947	154,662	138,037	162,779	168,814	165,025				
Four years later	622,755	108,544	157,119	140,658	165,165	174,992					
Five years later	626,739	109,092	160,685	141,922	167,414						
Six years later	632,008	109,867	161,168	143,256							
Seven years later	634,261	110,006	161,293								
Eight years later	647,753	110,119									
Ninth years later	647,830										
Cumulative payments to-date	**647,830**	**110,119**	**161,293**	**143,256**	**167,414**	**174,992**	**165,025**	**140,866**	**132,365**	**115,765**	
Gross general takaful contract liabilities:											
Best Estimate of Claims Liabilities (incl. Allocated Loss Adjustment Expenses "ALAE")	**497**	**56**	**1,280**	**3,950**	**17,121**	**22,661**	**27,363**	**53,622**	**74,060**	**178,888**	**379,498**
Fund PRAD at 75%											**46,517**
Total											**426,015**

34. **INSURANCE/TAKAFUL RISK (CONT'D.)**

(b) **General takaful fund (cont'd.)**

(v) **Claims development table (cont'd.)**

Net general takaful claim liabilities for 2022:

Accident year	Prior 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At the end of accident year	675,135	89,101	104,071	110,041	113,257	113,775	107,381	118,287	127,751	155,258	
One year later	732,495	80,459	102,643	100,341	113,434	113,959	106,516	108,953	122,866		
Two years later	705,553	77,240	97,354	96,034	108,941	110,916	102,714	108,923			
Three years later	664,544	73,895	94,702	94,500	107,880	110,336	104,226				
Four years later	651,716	73,044	94,152	94,192	106,783	109,770					
Five years later	652,499	72,721	94,338	93,674	106,876						
Six years later	569,792	70,690	90,196	89,117							
Seven years later	563,628	70,247	90,031								
Eight years later	552,482	70,256									
Ninth years later	551,810										
Current estimate of cumulative claims incurred	**551,810**	**70,256**	**90,031**	**89,117**	**106,876**	**109,770**	**104,226**	**108,923**	**122,866**	**155,258**	
At the end of accident year	309,674	33,647	45,169	43,970	50,502	49,290	46,005	47,549	53,774	55,640	
One year later	449,488	56,856	71,475	69,156	79,164	79,694	75,861	74,034	81,153		
Two years later	517,342	64,848	82,078	80,147	90,931	92,440	85,132	84,566			
Three years later	537,628	68,204	86,274	84,404	95,729	97,264	90,723				
Four years later	549,899	69,343	87,824	85,974	97,147	98,941					
Five years later	551,078	69,749	89,303	86,721	97,956						
Six years later	551,098	70,119	89,481	87,294							
Seven years later	552,124	70,200	89,485								
Eight years later	552,249	70,253									
Ninth years later	551,803										
Cumulative payments to-date	**551,803**	**70,253**	**89,485**	**87,294**	**97,956**	**98,941**	**90,723**	**84,566**	**81,153**	**55,640**	
Net general takaful contract liabilities:											
Best Estimate of Claims Liabilities (incl. ALAE)	5	3	546	1,823	8,920	10,829	13,503	24,357	41,713	99,618	201,319
Fund PRAD at 75%											25,678
Net general takaful contract liabilities before elimination:											226,998
Elimination upon consolidation											16,275
Net general takaful contract liabilities after elimination:											243,273

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful claim liabilities for 2021:

Accident year	Prior 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At the end of accident year	635,225	108,384	141,258	176,571	174,218	190,776	195,417	188,468	194,051	204,481	
One year later	629,010	106,221	125,098	176,737	163,828	192,331	196,877	192,772	185,943	-	
Two years later	601,375	97,322	122,664	172,414	157,286	185,552	198,738	186,612	-	-	
Three years later	578,436	96,354	116,932	168,315	153,908	187,120	197,158	-	-	-	
Four years later	570,297	94,383	114,368	167,527	155,963	184,175	-	-	-	-	
Five years later	565,229	91,299	113,948	171,455	154,356	-	-	-	-	-	
Six years later	554,618	89,597	111,546	163,584	-	-	-	-	-	-	
Seven years later	556,767	90,226	110,254	-	-	-	-	-	-	-	
Eight years later	560,352	89,747	-	-	-	-	-	-	-	-	
Ninth years later	560,628										
Current estimate of cumulative claims incurred	**560,628**	**89,747**	**110,254**	**163,584**	**154,356**	**184,175**	**197,158**	**186,612**	**185,943**	**204,481**	
At the end of accident year	329,854	41,992	52,965	72,433	70,093	80,611	82,191	73,362	78,163	81,540	
One year later	450,625	70,413	89,811	121,645	112,184	132,501	131,743	127,672	120,590	-	
Two years later	506,154	81,651	102,861	141,980	130,725	153,910	158,922	147,522	-	-	
Three years later	528,178	85,797	106,947	154,662	138,037	162,779	168,814	-	-	-	
Four years later	536,958	86,573	108,544	157,119	140,658	165,165	-	-	-	-	
Five years later	540,166	87,856	109,092	160,689	141,922	-	-	-	-	-	
Six years later	544,151	88,484	109,863	161,168	-	-	-	-	-	-	
Seven years later	545,776	88,920	110,005	-	-	-	-	-	-	-	
Eight years later	558,833	88,968	-	-	-	-	-	-	-	-	
Ninth years later	559,570										
Cumulative payments to-date	**559,570**	**88,968**	**110,005**	**161,168**	**141,922**	**165,165**	**168,814**	**147,522**	**120,590**	**81,540**	
Gross general takaful contract liabilities:											
Best Estimate of Claims Liabilities (incl. Allocated Loss Adjustment Expenses "ALAE")	1,058	779	249	2,416	12,434	19,010	28,344	39,090	65,353	122,941	291,674
Fund PRAD at 75%											34,015
Total											325,689

34. **INSURANCE/TAKAFUL RISK (CONT'D.)**

(b) **General takaful fund (cont'd.)**

(v) **Claims development table (cont'd.)**

Net general takaful claim liabilities for 2021:

Accident year	Prior 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At the end of accident year	675,135	77,046	89,101	104,071	110,041	113,257	113,775	107,381	118,288	125,074	
One year later	655,449	74,561	80,459	102,643	100,341	113,434	113,959	106,516	108,953		
Two years later	630,992	66,794	77,240	97,354	96,034	108,941	110,916	102,714			
Three years later	597,750	65,723	73,895	94,702	94,500	107,880	110,335				
Four years later	585,993	64,087	73,044	94,152	94,192	106,783					
Five years later	588,412	61,523	72,721	94,341	93,674						
Six years later	508,269	60,096	70,687	90,169							
Seven years later	503,533	59,851	70,247								
Eight years later	492,631	59,649									
Ninth years later	493,309										
Current estimate of cumulative claims incurred	**493,309**	**59,649**	**70,247**	**90,169**	**93,674**	**106,783**	**110,335**	**102,714**	**108,953**	**125,074**	
At the end of accident year	309,674	30,126	33,647	45,169	43,970	50,502	49,290	46,005	47,549	51,097	
One year later	419,362	50,073	56,856	71,475	69,156	79,164	79,694	75,861	74,034		
Two years later	467,270	57,352	64,848	82,078	80,147	90,931	92,440	85,132			
Three years later	480,275	59,537	68,204	86,274	84,404	95,729	97,263				
Four years later	490,361	58,440	69,343	87,824	85,974	97,147					
Five years later	492,638	59,117	69,749	89,306	86,721						
Six years later	491,981	59,519	70,116	89,454							
Seven years later	492,605	59,635	70,200								
Eight years later	492,614	59,647									
Ninth years later	493,303										
Cumulative payments to-date	493,303	59,647	70,200	89,454	86,721	97,147	97,263	85,132	74,034	51,097	
Net general takaful contract liabilities:											
Best Estimate of Claims Liabilities (incl. ALAE)	6	2	47	715	6,953	9,636	13,072	17,582	34,919	73,977	156,909
Fund PRAD at 75%											18,860
Net general takaful contract liabilities before elimination:											175,769
Elimination upon consolidation											5,374
Net general takaful contract liabilities after elimination:											181,143

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(c) Family takaful fund

(i) Nature of risk

The family takaful subsidiary principally writes the following types of family takaful certificates: Ordinary Takaful Plans, Mortgage Takaful Plans, Group Takaful Plans and Investment-linked Takaful Plans. The takaful contributions are segregated into 2 separate funds: Participants' Risk Fund ("PRF") and Participants' Investment Fund ("PIF").

The PRF is compulsory for all certificates and refers to the fund used to pool the portion of contributions paid by participants on the basis of tabarru' ("donation") for the purpose of meeting claims on events/risks covered under the takaful certificates. Under the tabarru' contract, the fund is collectively owned by the pool of participants. In managing the PRF, the family takaful subsidiary adopts an appropriate set of policies and procedures to ensure the availability of funds to meet takaful benefits when due.

The PIF refers to the fund in which a portion of the contributions paid by takaful participants for a takaful certificate is allocated for the purpose of savings and/or investment. The PIF is individually owned by participants. In managing the PIF, the family takaful subsidiary adopts appropriate investment and management strategies to achieve returns that are in line with the participants' reasonable expectations and where relevant, to ensure the availability of funds for future tabarru' apportionment into the PRF. The investment risk exposure for the PIF is borne by the participants. For investment-linked takaful, the PIF refers to the unit fund(s).

Family takaful risk exists from the anti-selection process and inadequacy of PRF to meet future claims arising from family takaful certificates. The risks arise when actual claims experience is different from the assumptions used in setting the prices for products and establishing the technical provisions and liabilities for claims. Other sources of risks include certificate lapses and certificate claims such as mortality and morbidity experience, if they were to differ significantly from assumptions.

The table below discloses the contribution of the PIF and PRF liabilities (as disclosed in Note 23) by type of certificates:

	Gross RM'000	Retakaful RM'000	Net RM'000
2022			
Family takaful plans	**1,376,289**	**(405)**	**1,375,884**
Investment-linked takaful plans	**39,045**	**(832)**	**38,213**
Mortgage takaful plans	**1,418,941**	**(345)**	**1,418,596**
Group credit takaful plans	**256,640**	**(33,586)**	**223,054**
Others	**161,856**	**(40,340)**	**121,516**
	3,252,771	**(75,508)**	**3,177,263**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(c) Family takaful fund (cont'd.)

(i) Nature of risk (cont'd.)

	Gross RM'000	Retakaful RM'000	Net RM'000
2021			
Family takaful plans	1,325,625	(6,475)	1,319,150
Investment-linked takaful plans	67,203	(15,059)	52,144
Mortgage takaful plans	1,384,478	(47)	1,384,431
Group credit takaful plans	242,879	(24,029)	218,850
Others	115,200	(25,231)	89,969
	3,135,385	(70,841)	3,064,544

The family takaful subsidiary utilises retakaful arrangements to manage the mortality and morbidity risks. Retakaful structures are set based on the risk appetite of the takaful subsidiary. Due to the nature of the business, the retakaful arrangements are reviewed as and when required, especially with introduction of new product.

The family takaful subsidiary reviews the actual experience of mortality, morbidity, lapses and surrenders, as well as expenses to ensure that appropriate policies, guidelines and limits are put in place to manage these risks.

The PIF is supported by the investment profit from the fund and the distribution surplus from PRF, if any. In the event of volatile investment climate and/or unusual claims experience, the investment profit and surplus distribution to the participants may reduce.

Stress Testing is performed on a quarterly basis. The purpose of the Stress Testing is to test the solvency and financial viability of the family takaful fund under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, investment environment and mortality/morbidity patterns.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(c) Family takaful fund (cont'd.)

(ii) Impact on liabilities, profit and equity

Key assumptions

The family takaful subsidiary is being guided by the regulators and relevant guidelines in determining the liabilities of the family takaful fund and in the selection of assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

Assumptions are based on mortality rates as set out in the Product Documentation submitted to BNM. They reflect the historical experience and are adjusted, when appropriate, to reflect the participants' expected experience. Assumptions are differentiated by gender, occupational class and product group.

An increase in mortality/morbidity will lead to a higher claims cost (as claims could be larger, or occur sooner than anticipated). To the extent that the actual mortality/morbidity incidence rate is worse than that priced for, the expected surplus arising in the PRF would be lower, leading to lower surplus administration charge income. If the poor experience persists, the PRF may go into deficit, requiring the shareholders to provide Qard. This is mitigated with adequate retakaful arrangements as well as contract design (in some circumstances) that builds in repricing mechanisms.

Discount rates

Family takaful liabilities of credit-related products, for example, Mortgage Reducing Term Takaful ("MRTT") and Group Credit Takaful ("GCT") are determined as the sum of the discounted value of the expected benefits less the discounted value of the expected tabarru' (risk charge) that would be required to meet these future cash outflows. The valuation of liabilities will be discounted to valuation date using the Government Investment Issues ("GII") zero coupon spot yields which are obtained from the Bond Pricing Agency Malaysia as prescribed in the valuation guidelines.

A decrease in the discount rate will increase the value of family takaful liabilities and consequently, reduces the surplus distribution to participants and shareholder.

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34. INSURANCE/TAKAFUL RISK (CONT'D.)

(c) Family takaful fund (cont'd.)

(ii) Impact on liabilities, profit and equity (cont'd.)

The assumptions that have significant effects on the financial position and financial performance of the family takaful fund are listed below:

Type of business	Mortality and morbidity rates	2022 Discount rates	2021 Discount rates
Credit related products and individual regular contribution plans	Base mortality [1], adjusted for retakaful rates [2]	GII discount rate	GII discount rate
Others	Base mortality [1]	N/A	N/A

[1] These rates are obtained from the various industry mortality and morbidity experience tables that are used to determine the contribution rates; and

[2] Retakaful rates are derived from the fund's retakaful arrangements with respect to the credit related products and individual regular contribution plans.

Sensitivity analysis

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, surplus before tax and the resulting family takaful fund. The correlations of assumptions will have significant effects in determining the ultimate family takaful liabilities. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus before tax RM'000	Impact on family takaful fund* RM'000
	Increase/(decrease)				
2022					
Mortality/morbidity	**+ 10%**	**135,924**	**83,295**	**(83,295)**	**(83,295)**
Discount rates	**+ 1%**	**(19,101)**	**(21,054)**	**21,054**	**21,054**
Mortality/morbidity	**- 10%**	**(98,423)**	**(52,743)**	**52,743**	**52,743**
Discount rates	**- 1%**	**23,630**	**25,480**	**(25,480)**	**(25,480)**

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(c) Family takaful fund (cont'd.)

(ii) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis (cont'd.)

	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus before tax RM'000	Impact on family takaful fund* RM'000
	Increase/(decrease)				
2021					
Mortality/morbidity	+ 10%	152,791	83,813	(83,813)	(83,813)
Discount rates	+ 1%	(24,727)	(23,731)	23,731	23,731
Mortality/morbidity	- 10%	(114,693)	(58,528)	58,528	58,528
Discount rates	- 1%	30,026	28,876	(28,876)	(28,876)

* The impact on the family takaful fund reflects the after tax position which is presumed to be nil as the family takaful fund is taxed only on investment income.

The method used in performing the sensitivity analysis is consistent with the prior year.

(d) Family retakaful fund

(i) Nature of risk

The family retakaful business principally consists of Individual Family Retakaful Plans and Group Family Retakaful Plans, covering mortality, morbidity and health, which includes critical illness and medical related risks.

The actual experience illnesses of the underwritten risks is reviewed periodically to ensure that appropriate policies, guidelines and limits put in place to manage these risks remain adequate and appropriate.

Family retakaful underwriting risk relates to the pricing and loss ratios arising from family retakaful products. The risks arise when actual claims experience is different from the assumptions used in setting the yearly renewable rates for retakaful products. Deviations in actual claims experience compared to the assumptions used may be due to deviations in actual underwritten risks experience.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(d) Family retakaful fund (cont'd.)

(i) Nature of risk (cont'd.)

	Gross RM'000	Retakaful RM'000	Net RM'000
2022			
Family Individual	**11,970**	**(9,594)**	**2,376**
Local	**11,536**	**(9,498)**	**2,038**
Overseas	**434**	**(96)**	**338**
	11,970	**(9,594)**	**2,376**

	Gross RM'000	Retakaful RM'000	Net RM'000
2021			
Family Individual	9,346	(7,558)	1,788
Family Group	384	-	384
	9,730	(7,558)	2,172
Local	9,309	(7,473)	1,836
Overseas	421	(85)	336
	9,730	(7,558)	2,172

The underwritten risks are further managed through retrotakaful arrangement.

Stress testing is performed on a quarterly basis. The purpose of the stress testing is to test the solvency and financial viability of the family retakaful fund under various scenarios. These scenarios are based on regulatory guidelines and simulate drastic changes in major parameters such as new business volume, investment environment and mortality/morbidity patterns.

(ii) Contribution risk

Contribution risk arises when contributions charged are insufficient to meet expected claims and expenses.

34. INSURANCE/TAKAFUL RISK (CONT'D.)

(d) Family retakaful fund (cont'd.)

(iii) Impact on liabilities, profit and equity

Key assumptions

The family retakaful business is being guided by the regulations and relevant guidelines in determining the liabilities and the choice of assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks, and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Sensitivity analysis

The family retakaful fund's claim liabilities are sensitive to changes in loss ratios.

Due to limited information, the sensitivity analysis was applied to the ultimate loss ratio of the family retakaful fund by increasing the said ratio by 20%. The table below shows the impact on the family retakaful fund's gross and net liabilities, surplus before tax and the family retakaful fund should the ultimate loss ratio be increased or decreased by 20%:

	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus/ before tax RM'000	Impact on family retakaful fund* RM'000
		Decrease/(increase)		Increase/(decrease)	
2022					
Loss ratio	**-20%**	**3,465**	**703**	**703**	**647**
Loss ratio	**+20%**	**(19,631)**	**(7,613)**	**(7,613)**	**(7,004)**
2021					
Loss ratio	-20%	4,195	998	918	918
Loss ratio	+20%	(20,766)	(9,835)	(9,835)	(9,048)

* The impact on the family retakaful fund reflects the after-tax impact.

The method used in performing the sensitivity analysis is consistent with that of the prior year's.

35. FINANCIAL RISK

Transactions in financial instruments may result in the Group and the Company assuming financial risks. These include credit risk, liquidity risk and market risk. This note presents information about the Group's and the Company's exposure to each of the above risks and the Group's and the Company's objectives, policies and processes for measuring and managing such risks.

The following tables summarise the financial assets and financial liabilities of the Group and the Company by their classification, including their carrying values and fair values, which are considered by management in monitoring and managing of its financial risks:

Group	Note	2022 Carrying value RM'000	2022 Fair value RM'000	2021 Carrying value RM'000	2021 Fair value RM'000
Financial and insurance/takaful assets					
Financial assets at FVTPL	18(a)	**3,187,453**	**3,187,453**	3,101,637	3,101,637
Financial assets at FVOCI	18(b)	**1,973,694**	**1,973,694**	2,082,950	2,082,950
Financial assets at amortised cost *	18(c)	**3,809,260**	**3,809,260**	3,147,333	3,147,333
Reinsurance/retakaful assets	20	**952,271**	**952,271**	457,235	457,235
Insurance/takaful receivables *	21	**614,826**	**614,826**	498,866	498,866
Cash and bank balances		**214,050**	**214,050**	115,789	115,789
		10,751,554	**10,751,554**	9,403,810	9,403,810
Financial and insurance/takaful liabilities					
Insurance/takaful contract liabilities	20	**7,487,057**	**7,487,057**	6,340,990	6,340,990
Other liabilities:					
Borrowing	24	**320,000**	**320,000**	320,000	320,000
Lease liabilities	15	**5,476**	**5,476**	2,754	2,754
Insurance/takaful payables *	25	**305,499**	**305,499**	202,171	202,171
Other payables (excluding provisions) *	26	**224,742**	**224,742**	185,863	185,863
		8,342,774	**8,342,774**	7,051,778	7,051,778

35. FINANCIAL RISK (CONT'D.)

Company	Note	2022 Carrying value RM'000	2022 Fair value RM'000	2021 Carrying value RM'000	2021 Fair value RM'000
Financial assets					
Financial assets at FVTPL	18(a)	**38,340**	**38,340**	31,800	31,800
Financial assets at FVOCI	18(b)	**49,610**	**49,610**	50	50
Financial assets at amortised cost *	18(c)	**79,275**	**79,275**	95,614	95,614
Cash and bank balances		**371**	**371**	290	290
		167,596	**167,596**	127,754	127,754
Financial liabilities					
Borrowing	24	**320,000**	**320,000**	320,000	320,000
Lease liabilities	15	**1,073**	**1,073**	2,115	2,115
Other payables (excluding provisions) *	26	**17,238**	**17,238**	10,804	10,804
		338,311	**338,311**	332,919	332,919

* The carrying values of the financial assets at amortised cost, insurance/takaful receivables, insurance/takaful payables and other liabilities approximate their fair values due to their short term nature.

35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk

Credit risk is the risk of a counterparty failing to perform its obligations.

Credit risk includes the following major elements:

(i) An investment credit risk which is the risk of financial loss arising from a change in the value of an investment. This is linked to the creditworthiness and the expected ability of the issuer and/or financial institution ("counterparty") to make timely payment of interest and/or principal. Any adverse situations faced by the counterparty may result in rating downgrades and default which may impact the value as well as liquidity of the investments;

(ii) A derivative counterparty risk which is the risk of financial loss arising from a derivative counterparty's default, or the deterioration of the derivative counterparty's financial position. As at the financial year, the Group did not transact in derivatives and was not exposed to this risk;

(iii) Reinsurance/retakaful/takaful counterparty risk which is the risk of financial loss arising from the default or deterioration of the solvency position of the counterparties; and

(iv) Premium/contribution risk of financial loss arising from the non-payment of insurance premiums/takaful contribution.

The Group is exposed to investment credit risk on its investment portfolio, primarily from investments in bonds/sukuks. Creditworthiness assessments for new and existing investments are undertaken by the Group in accordance with the Investment Policy as approved by the Board. In addition, the credit ratings of the bonds/sukuks portfolios are regularly monitored and any downgrade in credit ratings will be evaluated to determine the required actions. As at the reporting date, the Group's bonds/sukuks portfolio has no material exposure below investment grade.

The Group is exposed to reinsurance/retakaful/takaful counterparty risks of three different types:

(i) as a result of recoveries owing from the counterparties for claims/benefits;

(ii) from amounts due from ceding companies; and

(iii) as a result of reserves held by the counterparties which would have to be met by the reinsurance/retakaful and takaful subsidiaries in the event of default.

35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Management of credit risk

In order to manage and mitigate credit risk, the following policies and procedures were set in place:

(i) Investment policies prescribe the minimum credit rating for bonds/sukuks that may be held. In addition, the policies are further aimed at investing in a diverse portfolio of bonds/sukuks/fixed income securities in order to reduce the potential impact that may arise from individual companies defaulting;

(ii) Counterparty limits are set for investments and cash deposits to ensure that there is no concentration of credit risk;

(iii) The Group's investment portfolio is managed to ensure diversification and focuses on high quality investment grade fixed income securities and equities with good fundamentals. For the financial year ended 31 March 2022, the credit rating of the Group's fixed income portfolio was dominated by Government Investment Issues ("GII"), Malaysian Government Securities ("MGS") and securities rated AAA as determined by Rating Agency Malaysia ("RAM") and/or Malaysian Rating Corporation Berhad ("MARC"); and

(iv) To mitigate reinsurance/retakaful/takaful counterparty risk, the Group will give due consideration to the credit quality of the counterparties. To facilitate this process, a list of acceptable counterparties based on their rating is maintained within the Group. The Group regularly reviews the financial security of its counterparties.

35. **FINANCIAL RISK (CONT'D.)**

(a) **Credit Risk (cont'd.)**

Credit exposure by credit rating for 2022

The table below provides information regarding the credit risk exposures of the Group and the Company by classifying assets according to the credit ratings of counterparties. The reinsurers'/retakaful operators' share of unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

Group	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	826,418	548,177	-	-	-	1,374,595
Government investment issues	1,171,196	-	-	-	-	1,171,196
Mandatorily measured:						
Quoted shares in Malaysia:	-	-	-			
Shariah approved equities	-	-	-	188,017	-	188,017
Others	-	-	-	66,086	-	66,086
Unquoted perpetual bond in Malaysia	-	4,930	-	-	-	4,930
Unquoted corporate debt securities	-	-	7,705	-	-	7,705
Unquoted Islamic private debt securities	-	-	653	-	-	653
Shariah approved unit trust funds	-	-	-	358,551	-	358,551
Real estate investment trusts:						
- Shariah approved	-	-	-	6,447	-	6,447
- Non-Shariah approved	-	-	-	9,273	-	9,273

35. **FINANCIAL RISK (CONT'D.)**

(a) **Credit Risk (cont'd.)**

Credit exposure by credit rating for 2022 (cont'd.)

Group (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVOCI						
Government investment issues	612,490	-	-	-	-	612,490
Unquoted corporate debt securities	210,292	543,348	-	-	-	753,640
Malaysian government securities	99,358	-	-	-	-	99,358
Unquoted shares in Malaysia	-	-	-	87,189	-	87,189
Unquoted Islamic private debt securities	162,284	258,500	-	-	-	420,784
Golf club membership	-	-	-	233	-	233
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	-	81,149	-	-	-	81,149
Foreign banks	-	237,092	-	-	-	237,092
Islamic investment accounts with licensed:						
Islamic banks	-	2,729,397	-	-	-	2,729,397
Development banks	-	519,284	-	-	-	519,284
Islamic commercial paper	-	14,926	-	-	-	14,926
Commercial paper	-	34,849	-	-	-	34,849
Secured staff loans	-	-	-	-	3,858	3,858
Income due and accrued	29,631	29,144	131	1,578	1,498	61,982

35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2022 (cont'd.)

Group (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at amortised cost (cont'd.)						
Amounts due from associates	-	12	-	-	-	12
Amount due from Insurance Pool accounts	-	-	-	-	8,516	8,516
Due from Lloyds' syndicate	-	62,666	-	-	-	62,666
Sundry receivables	-	-	-	-	55,529	55,529
Reinsurance/retakaful assets *	-	581,969	8,124	-	289,462	879,555
Insurance/takaful receivables *	-	143,800	96,900	-	374,126	614,826
Cash and bank balances	-	214,032	-	18	-	214,050
	3,111,669	6,003,275	113,513	717,392	732,989	10,678,878

* Non-rated balances primarily relate to balances due/recoverable from(re)insurers and/or (re)takaful operators licensed under FSA, IFSA 2013 and Labuan Financial Services and Securities Act 2010 ("LFSSA") respectively.

Company						
Financial assets at FVTPL						
Shariah approved unit trust fund	-	-	-	38,340		38,340
Financial assets at FVOCI						
Golf club membership	-	-	-	50	-	50
Unquoted corporate debt securities		49,560				49,560

35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2022 (cont'd.)

Company (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at amortised cost						
Unquoted corporate debt securities	-	1,000	-	-	-	1,000
Islamic investment accounts with licensed:						
Islamic banks	-	66,335	-	-	-	66,335
Development bank	-	10,198	-	-	-	10,198
Secured staff loans	-	-	-	-	959	959
Amounts due from subsidiaries	-	-	-	-	7	7
Income due and accrued	-	-	-	-	496	496
Sundry receivables	-	-	-	-	280	280
Cash and bank balances	-	371	-	-	-	371
	-	127,464	-	38,390	1,742	167,596

Credit exposure by credit rating for 2021

Group	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	774,767	588,497	-	-	-	1,363,264
Government investment issues	1,141,718	-	-	-	-	1,141,718

35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2021

Group (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL (cont'd.)						
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	215,664	-	215,664
Others	-	-	-	97,304	-	97,304
Unquoted perpetual bond in Malaysia	-	4,950	-	-	-	4,950
Unquoted corporate debt securities	-	19,469		-	-	19,469
Unquoted Islamic private debt securities	-	-	608	-	-	608
Shariah approved unit trust funds	-	-	-	241,218	-	241,218
Real estate investment trusts:						
- Shariah approved	-	-	-	8,169	-	8,169
- Non-Shariah approved	-	-	-	9,273	-	9,273
Financial assets at FVOCI						
Government investment issues	438,523		-	-	-	438,523
Unquoted corporate debt securities	289,203	738,881	-	-	-	1,028,084
Malaysian government securities	155,329	-		-	-	155,329
Unquoted shares in Malaysia	-	-	-	84,605	-	84,605
Unquoted Islamic private debt securities	132,797	243,379	-	-	-	376,176
Golf club membership	-	-	-	233	-	233

35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2021 (cont'd.)

Group (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	-	77,313	-	-	-	77,313
Foreign banks	-	263,729	-	-	-	263,729
Islamic investment accounts with licensed:						
Islamic banks	-	1,892,300	-	-	-	1,892,300
Investment banks	-	5,903	-	-	-	5,903
Development banks	-	359,647	-	-	200,328	559,975
Islamic commercial paper	-	149,475	-	-	-	149,475
Commercial paper	-	54,820	-	-	-	54,820
Secured staff loans	-	-	-	-	5,315	5,315
Income due and accrued	28,082	32,031	15	-	4,439	64,567
Amount due from Insurance Pool accounts	-	-	-	-	9,864	9,864
Due from Lloyds' syndicate	-	44,985	-	-	-	44,985
Sundry receivables	-	-	-	-	19,087	19,087
Reinsurance/retakaful assets *	-	367,766	-	-	31,239	399,005
Insurance/takaful receivables *	-	157,828	-	-	341,038	498,866
Cash and bank balances	-	111,603		16	4,170	115,789
	3,047,483	5,349,155	623	656,482	615,480	9,669,223

* Non-rated balances primarily relate to balances due/recoverable from (re)insurers and/or (re)takaful operators licensed under FSA and IFSA 2013 respectively.

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35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2021 (cont'd.)

Company	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Shariah approved unit trust fund	-	-	-	31,800	-	31,800
Financial assets at FVOCI						
Golf club membership	-	-	-	50	-	50
Financial assets at amortised cost						
Unquoted corporate debt securities	-	1,000	-	-	-	1,000
Islamic investment accounts with licensed:						
Islamic banks	-	77,487	-	-	-	77,487
Development bank	-	14,814	-	-	-	14,814
Secured staff loans	-	-	-	-	1,755	1,755
Income due and accrued	-	-	-	-	276	276
Sundry receivables	-	-	-	-	282	282
Cash and bank balances	-	290	-	-	-	290
	-	93,591	-	31,850	2,313	127,754

35. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Investment assets - Reconciliation of allowance account

Significant increase in credit risk (““SICR””)

The Group and the Company apply the General Approach or the ‘three-bucket’ approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of ECL is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Group and the Company measure impairment losses and apply the effective interest rate (“EIR”) method with the forward looking element to compute the ECL.

The Group and the Company measure both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date.

Expected credit loss (“ECL”)

The Group and the Company assess the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Group and the Company are required to estimate the probability of default occurring in the 12 months after the reporting date and in each subsequent year throughout the expected life of the financial instruments.

The financial assets are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

As at the reporting date, all financial assets at amortised cost held by the Group and the Company are classified as Stage 1. The credit rating of these financial assets at amortised cost are as disclosed above in Note 35(a).

The following table shows the carrying value of the Group’s financial assets measured at AC and the expected credit loss amount recognised. There were no ECL arising for the Company as at 31 March 2022 and 31 March 2021.

35. FINANCIAL RISK (CONT'D.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account (cont'd.)

Expected credit loss ("ECL") (cont'd.)

Group	2022 RM'000	2021 RM'000
Total carrying amount of financial investment at AC	**3,809,260**	3,147,333
Total ECL on financial investment at AC as at 31 March	**3**	633

The following table shows the carrying value of the Group's financial assets measured at FVOCI and the expected credit loss amount recognised. There were no ECL arising for the Company as at 31 March 2022 and 31 March 2021.

Group	2022 RM'000	2021 RM'000
Financial investments at FVOCI		
Government guaranteed	**1,084,424**	1,015,852
AAA to BBB	**801,848**	982,260
Not subject to credit risk	**87,422**	84,838
Total carrying amount of financial investment at FVOCI	**1,973,694**	2,082,950
Total ECL on financial investment at FVOCI as at 31 March	**125**	803

As at the reporting date, all financial investments measured at FVOCI held by the Group and the Company are classified as Stage 1.

Movements in allowances for impairment losses for financial investments measured at FVOCI and AC are as follows:

Group	FVOCI RM'000	AC RM'000	Total RM'000
Balance as at 1 April 2021	614	502	1,116
Net adjustment of loss allowances	189	131	320
Balance as at 31 March 2021	803	633	1,436
Net adjustment of loss allowances	(678)	(630)	(1,308)
Balance as at 31 March 2022	**125**	**3**	**128**

35. FINANCIAL RISK (CONT'D.)

(a) Credit risk (cont'd.)

Other financial asset - Reconciliation of allowance account

Other financial assets consist of reinsurance/retakaful assets, insurance/takaful receivables and other receivables.

Definition of default

The Group and the Company consider a financial asset to be in default by assessing the following criteria:

(i) Quantitative criteria

Takaful receivables of the takaful subsidiaries are considered to be in default when the counterparty fails to make contractual payments within 12 months from the time when they fall due, which is derived based on the subsidiaries' historical information.

Whereas for the reinsurance/retakaful subsidiary, insurance/takaful receivables are considered to be in default when the counterparty fails to make contractual payments within 24 months when they fall due, which is derived based on the subsidiary's historical information. For reinsurance deposits placed, balances aged more than 18 months are deemed to be credit impaired.

(ii) Qualitative criteria

Default occurs when the counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty.

The criteria above have been applied to all financial instruments held by the Group and the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Group's and the Company's expected loss calculations.

Notes to the Financial Statements
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35. FINANCIAL RISK (CONT'D.)

(a) Credit risk (cont'd.)

Incorporation of forward-looking information

The Group and the Company incorporate forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Group and the Company have performed historical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Group and the Company.

Set out below is the information about the credit risk exposure on the insurance/takaful receivables of the Group's reinsurance/retakaful subsidiary using a provision matrix:

		Months past due					
	Not due RM'000	1 to 6 months RM'000	7 to 12 months RM'000	13 to 18 months RM'000	19 to 24 months RM'000	More than 24 months RM'000	Total RM'000
31 March 2022							
ECL rate	**0.10%**	**0.24%**	**1.78%**	**7.40%**	**20.37%**	**48.03%**	**0.91%**
Gross carrying amount	**330,345**	**151,877**	**18,698**	**1,595**	**967**	**6,921**	**510,403**
Allowance for ECL	**341**	**357**	**332**	**118**	**197**	**3,324**	**4,669**
31 March 2021							
ECL rate	0.09%	0.43%	2.57%	21.80%	7.24%	27.72%	1.09%
Gross carrying amount	253,775	99,479	16,492	1,743	1,299	6,906	379,694
Allowance for ECL	226	432	424	380	94	2,568	4,124

35. FINANCIAL RISK (CONT'D.)

(a) Credit risk (cont'd.)

Incorporation of forward-looking information (cont'd.)

Table below shows the credit risk exposure on the takaful receivables of the Group's takaful subsidiaries using a provision matrix:

		Months past due					
	Not due RM'000	0 to 3 Months RM'000	4 to 6 Months RM'000	7 to 9 Months RM'000	10 to 12 Months RM'000	More than 1 year RM'000	Total RM'000
31 March 2022							
ECL rate	**0.00%**	**1.84%**	**7.18%**	**35.56%**	**42.67%**	**64.10%**	**9.96%**
Gross carrying amount	**2,016**	**95,875**	**5,727**	**3,608**	**1,507**	**12,429**	**121,162**
Allowance for ECL	**-**	**1,766**	**411**	**1,283**	**643**	**7,967**	**12,070**
31 March 2021							
ECL rate	0.00%	5.49%	14.33%	43.10%	70.24%	66.96%	14.39%
Gross carrying amount	945	108,928	12,806	6,154	2,736	12,450	144,019
Allowance for ECL	-	5,978	1,835	2,652	1,922	8,336	20,723

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35. FINANCIAL RISK (CONT'D.)

(a) Credit risk (cont'd.)

Incorporation of forward-looking information (cont'd.)

The following table shows the movement in gross insurance/takaful receivables and the loss allowances recognised for credit impaired receivables.

Group	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
As at 1 April 2021	513,734	9,979	523,713
Increase/(decrease)	109,990	(2,138)	107,852
As at 31 March 2022	**623,724**	**7,841**	**631,565**
Allowance for ECL			
As at 1 April 2021	20,090	4,757	24,847
(Decrease)/increase	(9,435)	(1,327)	(8,108)
As at 31 March 2022	**10,655**	**6,084**	**16,739**

35. FINANCIAL RISK (CONT'D.)

(a) Credit risk (cont'd.)

Incorporation of forward-looking information (cont'd.)

Group	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
As at 1 April 2020	379,364	18,287	397,651
Increase	134,370	8,308	126,062
As at 31 March 2021	513,734	9,979	523,713
Allowance for ECL			
As at 1 April 2020	5,954	9,994	15,948
Increase/(decrease)	14,136	(5,237)	8,899
As at 31 March 2021	20,090	4,757	24,847

35. FINANCIAL RISK (CONT'D.)

(a) Credit risk (cont'd.)

Movement of allowance for impairment losses on insurance/takaful receivables

Group	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2022			
At 1 April 2021	**3,872**	**20,975**	**24,847**
Provision for/(reversal of) impairment losses for the year	**1,627**	**(9,735)**	**(8,108)**
At 31 March 2022	**5,499**	**11,240**	**16,739**
2021			
At 1 April 2020	9,018	6,930	15,948
(Reversal of)/provision for impairment losses for the year	(5,146)	14,045	8,899
At 31 March 2021	3,872	20,975	24,847

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not have sufficient cash resources available to meet payment obligations without incurring material additional costs.

The Group and the Company assess liquidity risk by ensuring the following:

(i) The Group and the Company are able to meet payment obligations under normal and stressed operating environments without suffering any loss;

(ii) Additions/withdrawals from the Group's and the Company's investment funds are managed efficiently; and

(iii) Appropriate measures are in place to respond to liquidity risk.

35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

As part of its liquidity management strategy, the Group has in place processes capable of measuring and reporting on:

(i) Daily cash flows;

(ii) Minimum liquidity holdings;

(iii) The composition and market values of investment portfolios, including liquid holdings; and

(iv) The holding of liquid assets in the respective reinsurance, retakaful and takaful funds.

In order to manage the liquidity of the reinsurance/retakaful/takaful funds, the investment mandate requires that a certain proportion of the funds is maintained as liquid assets.

Maturity Profiles

The table below summarises the maturity profile of the assets and liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable. For insurance and takaful contract liabilities and reinsurance and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance/takaful liabilities. The reinsurers'/retakaful operators' share of expenses liabilities, unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

Expense liabilities, contribution liabilities and the retakaful operators' share of contribution liabilities have been excluded from the analysis as there are no contractual obligations to make payments on those liabilities.

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35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2022

Group	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition						
Government investment issues	1,171,196	57,349	219,694	1,777,527	-	2,054,570
Unquoted Islamic private debt securities	1,374,595	171,299	434,549	1,485,108	-	2,090,956
Mandatorily measured						
Quoted shares in Malaysia:						
Shariah approved equities	188,017	-	-	-	188,017	188,017
Others	66,086	-	-	-	66,086	66,086
Unquoted perpetual bond in Malaysia	4,930	-	-	-	5,000	5,000
Unquoted corporate debt securities	7,705	464	2,222	42,470	-	45,156
Unquoted Islamic private debt securities	653	676	-	-	-	676
Real estate investment trusts:						
- Shariah approved	6,447	-	-	-	6,447	6,447
- Non-Shariah approved	9,273	-	-	-	9,273	9,273
Shariah approved unit trusts	358,551	-	-	-	358,551	358,551

35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2022 (cont'd.)

Group (cont'd.)	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVOCI						
Malaysian government securities	99,358	3,837	24,937	103,140	-	131,914
Government investment issues	612,490	82,725	230,355	472,692	-	785,772
Unquoted corporate debt securities	753,640	287,735	345,293	230,129	-	863,157
Unquoted shares in Malaysia	87,189	-	-	-	87,189	87,189
Unquoted Islamic private debt securities	420,784	141,184	165,635	209,351	-	516,170
Golf club membership	233	-	-	-	233	233
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	81,149	81,263	-	-	-	81,263
Foreign banks	237,092	239,053	-	-	-	239,053
Islamic investment accounts with licensed:						
Islamic banks	2,729,397	2,719,166	23,199	-	-	2,742,365
Development banks	519,284	522,374	-	-	-	522,374
Islamic commercial paper	14,926	15,000	-	-	-	15,000
Commercial paper	34,849	35,000	-	-	-	35,000
Secured staff loans	3,858	1,635	2,223	-	-	3,858
Income due and accrued	61,982	61,982	-	-	-	61,982
Amounts due from associates	12	12	-	-	-	12
Amount due from Insurance pool accounts	8,516	8,516	-	-	-	8,516

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35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2022 (cont'd.)

Group (cont'd.)	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at amortised cost (cont'd.)						
Due from Lloyds' syndicate	62,666	-	62,666	-	-	62,666
Sundry receivables	55,529	56,339	-	-	190	55,529
Reinsurance/retakaful assets	879,555	336,731	451,798	104,142	-	892,671
Insurance/takaful receivables	614,826	614,826	-	-	-	614,826
Cash and bank balances	214,050	214,050	-	-	-	214,050
Total financial and insurance assets	10,678,838	5,650,216	1,962,571	4,424,559	720,986	12,758,332
Borrowings	(320,000)	(16,640)	(66,606)	(352,915)	-	(436,161)
Insurance/takaful contract liabilities	(6,765,068)	(1,369,298)	(2,173,522)	(3,395,268)	-	(6,938,088)
Lease liabilities	(5,476)	(2,634)	(3,493)	(30)	-	(6,157)
Insurance/takaful payables	(305,499)	(305,499)	-	-	-	(305,499)
Other payables (excluding provisions)	(224,742)	(224,742)	-	-	-	(224,742)
Total financial and insurance liabilities	(7,620,785)	(1,918,813)	(2,243,621)	(3,748,213)	-	(7,910,647)
Surplus/(Deficit)	3,058,053	3,731,403	(281,050)	676,346	720,986	4,847,685

35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2022 (cont'd.)

Company	Carrying value RM'000	Up to 1 year RM'000	1 -5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Shariah approved unit trust fund	38,340	-	-	-	38,340	38,340
Financial assets at FVOCI						
Golf club membership	50	-	-	-	50	50
Unquoted corporate debt securities	49,560	2,171	8,689	56,136	-	66,996
Financial assets at amortised cost						
Unquoted corporate debt securities	1,000	50	1,120	-	-	1,170
Islamic investment accounts with licensed:						
Islamic banks	66,335	44,865	23,199	-	-	68,064
Development bank	10,198	10,211	-	-	-	10,211
Secured staff loans	959	459	500	-	-	959
Amount due from subsidiaries	7	7	-	-	-	7
Income due and accrued	496	496	-	-	-	496
Sundry receivables	280	280	-	-	-	280
Cash and bank balances	371	371	-	-	-	371
Total financial assets	167,596	58,910	33,508	56,136	38,390	186,944
Borrowing	(320,000)	(16,640)	(66,606)	(352,915)	-	(436,161)
Lease liabilities	(1,073)	(1,102)	-	-	-	(1,102)
Other payables (excluding provisions)	(17,238)	(17,238)	-	-	-	(17,238)
Total financial liabilities	(338,311)	(34,980)	(66,606)	(352,915)	-	(454,501)
(Deficit)/surplus	(170,716)	23,930	(33,098)	(296,779)	38,390	(267,557)

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35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2021

Group	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition						
Government investment issues	1,141,718	58,536	359,430	1,380,306	-	1,798,272
Unquoted Islamic private debt securities	1,363,264	101,795	449,661	1,496,359	-	2,047,815
Mandatorily measured						
Quoted shares in Malaysia:						
Shariah approved equities	215,664	-	-	-	215,664	215,664
Others	97,304	-	-	-	97,304	97,304
Unquoted perpetual bond in Malaysia	4,950	-	-	-	5,000	5,000
Unquoted corporate debt securities	19,469	266	1,928	46,844	-	49,038
Unquoted Islamic private debt securities	608	60	676	-	-	736
Shariah approved unit trust funds	241,218	-	-		241,218	241,218
Real estate investment trusts:						
- Shariah approved	7,815	-	-	-	7,815	7,815
- Non-Shariah approved	9,627	-	-	-	9,627	9,627

35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2021 (cont'd.)

Group (cont'd.)	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVOCI						
Malaysian government securities	155,329	5,871	51,294	136,591	-	193,756
Government investment issues	438,523	26,577	216,552	283,864	-	526,993
Unquoted corporate debt securities	1,028,084	324,557	532,466	297,481	-	1,154,504
Unquoted shares in Malaysia	84,605	-	-	-	84,605	84,605
Unquoted Islamic private debt securities	376,176	128,530	161,850	155,277	-	445,657
Golf club membership	233	-	-	-	233	233
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	77,313	76,347	-	-	-	76,347
Foreign banks	263,729	263,142	-	-	-	263,142
Islamic investment accounts with licensed:						
Islamic banks	1,892,300	1,882,041	24,099	-	-	1,906,140
Investment banks	5,903	5,904	-	-	-	5,904
Development banks	559,975	565,364	-	-		565,364
Islamic commercial paper	149,475	150,000	-	-	-	150,000
Commercial paper	54,820	55,000	-	-	-	55,000
Secured staff loans	5,315	1,570	3,923	63	-	5,556
Income due and accrued	64,567	64,567	-	-	-	64,567
Amount due from Insurance Pool accounts	9,864	9,864	-	-	-	9,864

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35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2021 (cont'd.)

Group (cont'd.)	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at amortised cost (cont'd.)						
Due from Lloyds' syndicate	44,985	-	44,985	-	-	44,985
Sundry receivables	19,087	19,087	-	-	-	19,087
Reinsurance/retakaful assets	399,005	127,084	178,908	93,013	-	399,005
Insurance/takaful receivables	498,866	498,866	-	-	-	498,866
Cash and bank balances	115,789	106,151	-	-	9,638	115,789
Total financial and insurance assets	9,345,580	4,471,179	2,025,772	3,889,798	671,104	11,057,853
Borrowings	(320,000)	(16,640)	(66,606)	(369,555)	-	(452,801)
Insurance/takaful contract liabilities	(5,717,406)	(815,930)	(1,707,914)	(3,193,562)	-	(5,717,406)
Lease liabilities	(2,754)	(1,821)	(1,059)	(87)	-	(2,967)
Insurance/takaful payables	(202,171)	(200,256)	(293)	(1,622)	-	(202,171)
Other payables (excluding provisions)	(185,863)	(185,863)	-	-	-	(185,863)
Total financial and insurance liabilities	(6,428,194)	(1,220,510)	(1,775,872)	(3,564,826)	-	(6,561,208)
Surplus	2,917,386	3,250,669	249,900	324,972	671,104	4,496,645

35. FINANCIAL RISK (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2021 (cont'd.)

Company	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Shariah approved unit trust fund	31,800	-	-	-	31,800	31,800
Financial assets at FVOCI						
Golf club membership	50	-	-	-	50	50
Financial assets at amortised cost						
Unquoted corporate debt securities	1,000	50	1,169	-	-	1,219
Islamic investment accounts with licensed:						
Islamic banks	77,487	56,005	24,099	-	-	80,104
Development bank	14,814	14,891	-	-	-	14,891
Secured staff loans	1,755	394	1,366	-	-	1,760
Income due and accrued	276	276	-	-	-	276
Sundry receivables	282	282	-	-	-	282
Cash and bank balances	290	-	290	-	-	290
Total financial assets	127,754	72,188	26,634	-	31,850	130,672
Borrowing	(320,000)	(16,640)	(66,606)	(369,555)	-	(452,801)
Lease liabilities	(2,115)	(1,121)	(1,102)	-	-	(2,223)
Other payables (excluding provisions)	(10,804)	(10,804)	-	-	-	(10,804)
Total financial liabilities	(332,919)	(28,565)	(67,708)	(369,555)	-	(465,828)
(Deficit)/surplus	(205,165)	43,623	(41,074)	(369,555)	31,850	(335,156)

35. FINANCIAL RISK (CONT'D.)

(c) Market risk

Market risk is the risk of loss arising from a change in the values of, or the income from, financial assets. A risk of loss also arises from volatility in asset prices, interest/profit rates, or foreign currency exchange rates. Market risk includes the following elements:

(i) Price risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument impacting the equity and collective investment schemes (property trusts and unit trust funds) prices;

(ii) Foreign exchange risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from a movement of or volatility in exchange rates;

(iii) Interest/profit rate risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from variability in interest/profit rates; and

(iv) Property investment risk which is the risk of fluctuations in the fair value or future cash flows of a property arising from decline in real estate values or income, where the MNRB and its main operating subsidiaries have invested in property or real estate for own occupancy, investment or rental purpose.

Price risk

Price risk is the risk that the fair value or future cash flow of a financial instrument fluctuates because of changes in market prices (other than those arising from interest rate/profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group's price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

MNRB and its main operating subsidiaries manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, market and issuer, having regard also to such limits as stipulated by BNM. The Group complied with such limits as stipulated by BNM during the financial year and had no significant concentration of price risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity (inclusive of the impact on other comprehensive income). The correlation of variables have a significant effect in determining the ultimate impact on price risk. Additionally, changes in variables are considered individually. It should be noted that movements in these variables are non-linear.

35. FINANCIAL RISK (CONT'D.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

The equities under the investment-linked fund were excluded from the sensitivity analysis as the risks associated with the fluctuations in market prices of the equities are borne by the participants.

Sensitivity analysis

Group	Changes in market indices	Impact on profit before zakat and taxation RM'000	Impact on equity/ participants' fund* RM'000
	Increase/(decrease)		
2022			
Price/NAV	**+ 5%**	**19,528**	**21,536**
Price/NAV	**- 5%**	**(19,528)**	**(21,536)**
2021			
Price/NAV	+ 5%	19,234	21,286
Price/NAV	- 5%	(19,234)	(21,286)

Company	Changes in market indices	Impact on profit before tax RM'000	Impact on equity/ participants' fund* RM'000
	Increase/(decrease)		
2022			
Price/NAV	**+ 5%**	**1,917**	**1,457**
Price/NAV	**- 5%**	**(1,917)**	**(1,457)**
2021			
Price/NAV	+ 5%	1,590	1,208
Price/NAV	- 5%	(1,590)	(1,208)

* The impact on equity reflects the after tax impact.

35. FINANCIAL RISK (CONT'D.)

(c) Market risk (cont'd.)

Foreign exchange risk/currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset and/or liability will fluctuate because of movements in foreign currency exchange rates.

The Group's primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally because of its foreign currency denominated underwriting revenues (such as premiums/contributions) and expenses (such as claims/benefits and commission expenses).

The Group has a foreign exchange risk framework in place and is continuously enhancing its risk mitigation measures.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on gross and net claims liabilities, profit before tax and equity. The sensitivity analysis was applied to the Group's gross and net claim liabilities in foreign currencies, while the impact on profit before taxation and equity includes the hedging effect from the backing assets held in the respective foreign currencies.

Group	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before zakat and taxation RM'000	Impact on equity * RM'000
	Increase/(decrease)				
2022					
Foreign currency	**+5%**	**55,063**	**52,524**	**(4,435)**	**(4,080)**
Foreign currency	**-5%**	**(55,063)**	**(52,524)**	**4,435**	**4,080**
2021					
Foreign currency	+5%	42,358	41,512	(5,475)	(5,037)
Foreign currency	-5%	(42,358)	(41,512)	5,475	5,037

* The impact on equity reflects the after tax impact.

The method used in performing the sensitivity analysis is consistent with the prior year.

35. FINANCIAL RISK (CONT'D.)

(c) Market risk (cont'd.)

Interest/profit rate risk

The Group is exposed to interest/profit rate risk as follows:

(i) Fair values of fixed interest/profit-bearing assets would move inversely to changes in interest/profit rates; and

(ii) Future cash flows of variable interest/profit-bearing assets would move in direct proportion to changes in rates.

The earnings of the Group are affected by changes in market interest/profit rates due to the impact such changes have on interest/profit income from cash and cash equivalents, including investments in fixed/Islamic deposits. The fixed income portfolio is inversely related to interest/profit rates and, hence, it is the source of portfolio volatility.

The Group manages its interest/profit rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest/profit rate movements.

The nature of the Group's exposure to interest/profit rate risk and its objectives, policies and processes for managing interest/profit rate risk have not changed significantly from the previous financial year.

Sensitivity analysis

A change of 25 basis points ("bp") in interest/profit rates at the reporting date would have increased/(decreased) the value of the portfolio of fixed-income investment by the amounts shown below.

Group	Changes in variable	Impact on profit before zakat and taxation RM'000	Impact on equity/ participants' fund* RM'000
	← (Decrease)/increase		→
2022			
Interest/profit rates	**+25 bp**	**(60,673)**	**(69,978)**
Interest/profit rates	**-25 bp**	**60,673**	**69,978**
2021			
Interest/profit rates	+25 bp	(54,746)	(67,330)
Interest/profit rates	-25 bp	54,746	67,330

* The impact on equity reflects the after tax impact.

Company	Changes in variable	Impact on equity* RM'000
	← (Decrease)/increase	→
2022		
Interest/profit rates	**+25 bp**	**(821)**
Interest/profit rates	**-25 bp**	**821**

* The impact on equity reflects the after tax impact.

35. FINANCIAL RISK (CONT'D.)

(c) Market risk (cont'd.)

Property investment risk

Property investment risk is the risk of fluctuations in the fair value or future cash flows of a property arising from decline in real estate values or income, where MNRB and its main operating subsidiaries have invested in property or real estate for own occupancy, investment or rental purpose. Operational manuals are put in place to describe the responsibilities in relation to management of the properties.

The financial risk arising from a delinquent or loss of tenants are managed at the outset through careful selection of properties with high tenancy including tenants with long term tenancies, screening of new tenants' credit worthiness and financial standing as well as ensuring that the properties and facilities are continuously maintained and upgraded.

36. OTHER RISKS

(a) Operational risk

Operational risk can broadly be defined as the risk of direct or indirect losses or reputational damage due to failure attributable to people, internal processes, system (IT) or from external events. Operational risk is inherent in all activities of the Group, and can transverse multiple activities including outsourcing. It includes a wide spectrum of heterogeneous risks such as fraud, bribery & corruption, physical damage, business disruption, transaction failures, legal and regulatory breaches, pandemic outbreak, as well as employee health and safety hazards.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework, and by monitoring and responding to potential risks, the Group is able to minimise risks to an acceptable level. Controls include effective segregation of duties, access controls, system validation, enhanced authorisation and reconciliation procedures, continuous staff education and appropriate assessment processes, and engagement of internal audit for assurance.

(b) Shariah non-compliance risk

Shariah non-compliance ("SNC") risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which any Company within the Group may suffer arising from failure to comply with:

(i) The rulings of the Shariah Advisory Council of Bank Negara Malaysia ("SAC-BNM");

(ii) Standards on Shariah matters issued by BNM (pursuant to Section 29(1) of the IFSA and Section 33E(1) of the Development Financial Institutions Act ("DFIA") 2002);

(iii) The rulings and standards of the Shariah Advisory Council of Securities Commission Malaysia ("SAC-SC"); or

(iv) Decisions or advices of the Group Shariah Committee GSC.

The Group mitigates such risk by initiating, monitoring and adhering to a robust Group Shariah Risk Management ("Group SRM") Framework which is guided by the Shariah Governance Framework issued by BNM.

(c) Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage, which the Group may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

The Group monitors all compliance aspects in observing regulatory requirements. In this respect, it has developed a Group Compliance Management Framework and other relevant internal policies and procedures to ensure compliance with all applicable laws and guidelines issued by the regulatory authorities.

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS

(a) Consolidated income statements by fund

For the year ended 31 March 2022	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Gross earned premiums/contributions	1,610,115	493,392	714,618	62,657	10,017	11,145	2,901,944
Premiums/contributions ceded to reinsurers/retakaful operators	(196,275)	(186,054)	(96,166)	(9,908)	(8,485)	(13,537)	(510,425)
Net earned premiums/contributions	**1,413,840**	**307,338**	**618,452**	**52,749**	**1,532**	**(2,392)**	**2,391,519**
Investment income	198,603	16,794	133,244	1,789	366	(84,983)	265,813
Net realised gains	7,981	2,860	6,252	-	-	-	17,093
Net fair value losses	(5,091)	(1,085)	(47,113)	-	(102)	(2,168)	(55,559)
Fee and commission income	504,382	42,513	-	230	-	(500,483)	46,642
Other operating revenue	31,036	7,658	12,883	322	17	(17,080)	34,836
Other revenue	**736,911**	**68,740**	**105,266**	**2,341**	**281**	**(604,714)**	**308,825**
Gross claims and benefit paid	(660,587)	(214,448)	(398,193)	(18,038)	(7,990)	35,191	(1,264,065)
Claims ceded to reinsurers/retakaful operators	33,322	112,639	71,486	1,688	8,192	(35,191)	192,136
Gross change in contract liabilities	(749,568)	(100,327)	(172,294)	(34,131)	(2,240)	10,898	(1,047,662)
Change in contract liabilities ceded to reinsurers/retakaful operators	398,689	49,099	13,331	28,293	2,036	(10,898)	480,550
Net claims and benefits	**(978,144)**	**(153,037)**	**(485,670)**	**(22,188)**	**(2)**	**-**	**(1,639,041)**

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS (CONT'D.)

(a) Consolidated income statements by fund (cont'd.)

For the year ended 31 March 2022 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Fee and commission expenses	(575,715)	(195,153)	(234,717)	(20,413)	(414)	452,017	(574,395)
Management expenses	(352,030)	-	(3,415)	-	-	58,289	(297,156)
Finance costs	(17,239)	-	-	-	-	394	(16,845)
Other operating expenses	(5,323)	-	-	(53)	-	-	(5,376)
Changes in expense liabilities	(12,631)	-	-	-	-	-	(12,631)
Tax borne by participants	-	(5,374)	(6,120)	(1,004)	(104)	-	(12,602)
Other expenses	**(962,938)**	**(200,527)**	**(244,252)**	**(21,470)**	**(518)**	**510,700**	**(919,005)**
Share of results of associates	-	-	-	-	-	2,769	2,769
Operating profit/(loss) before (surplus)/deficit attributable to takaful participants, zakat and taxation	209,669	22,514	(6,204)	11,433	1,292	(93,637)	145,067
(Surplus)/deficit attributable to takaful participants	-	(22,514)	6,204	(11,433)	(1,292)	11,450	(17,585)
Operating profit before zakat and taxation	209,669	-	-	-	-	(82,187)	127,482
Zakat	(1,147)	-	-	-	-	-	(1,147)
Taxation	(11,850)	-	-	-	-	(63)	(11,913)
Net profit for the year to equity holders of the Parent	196,672	-	-	-	-	(82,250)	114,422

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS (CONT'D.)

(a) Consolidated income statements by fund (cont'd.)

For the year ended 31 March 2021	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Gross earned premiums/contributions	1,358,646	419,487	688,196	43,861	8,302	(16,710)	2,501,782
Premiums/contributions ceded to reinsurers/retakaful operators	(96,267)	(174,333)	(77,025)	(2,746)	(5,691)	14,632	(341,430)
Net earned premiums/contributions	1,262,379	245,154	611,171	41,115	2,611	(2,078)	2,160,352
Investment income	208,880	17,257	126,823	1,796	583	(90,450)	264,889
Net realised gains	11,751	2,644	8,711	-	13	-	23,119
Net fair value gains/(losses)	31,344	2,832	(39,523)	-	(50)	915	(4,482)
Fee and commission income	477,782	38,682	2	223	-	(472,508)	44,181
Other operating revenue	12,266	-	524	215	6	(2,015)	10,996
Other revenue	742,023	61,415	96,537	2,234	552	(564,058)	338,703
Gross claims and benefit paid	(670,094)	(158,765)	(287,931)	(4,908)	(8,383)	4,402	(1,125,679)
Claims ceded to reinsurers/retakaful operators	38,521	63,989	59,747	(2,581)	5,043	(4,402)	160,317
Gross change in contract liabilities	(157,007)	(18,564)	(236,841)	(15,129)	3,762	5,374	(418,405)
Change in contract liabilities ceded to reinsurers/retakaful operators	(68,842)	6,386	31,863	(238)	168	(5,374)	(36,037)
Net claims and benefits	(857,422)	(106,954)	(433,162)	(22,856)	590	-	(1,419,804)

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS (CONT'D.)

(a) Consolidated income statements by fund (cont'd.)

For the year ended 31 March 2021 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Fee and commission expenses	(479,359)	(175,581)	(237,492)	(15,923)	(319)	430,184	(478,490)
Management expenses	(336,145)	-	(1,107)	-	-	48,279	(288,973)
Finance costs	(17,222)	-	-	-	-	424	(16,798)
Other operating expenses	(11,227)	(6,301)	-	120	-	4,749	(12,659)
Changes in expense liabilities	(15,956)	-	-	-	-	-	(15,956)
Tax borne by participants	-	(1,861)	(7,043)	(405)	(275)	-	(9,584)
Other expenses	(859,909)	(183,743)	(245,642)	(16,208)	(594)	483,636	(822,460)
Share of results of associates	-	-	-	-	-	15,472	15,472
Operating profit before surplus attributable to takaful participants, zakat and taxation	287,071	15,872	28,904	4,285	3,159	(67,028)	272,263
Surplus attributable to takaful participants	-	(15,872)	(28,904)	(4,285)	(3,159)	3,193	(49,027)
Operating profit before zakat and taxation	287,071	-	-	-	-	(63,835)	223,236
Zakat	(1,293)	-	-	-	-	-	(1,293)
Taxation	(32,448)	-	-	-	-	-	(32,448)
Net profit for the year attributable to equity holders of the Parent	253,330	-	-	-	-	(63,835)	189,495

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS (CONT'D.)

(b) Consolidated statement of financial position by fund

As at 31 March 2022	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Assets							
Property, plant and equipment	129,542	-	-	-	-	81,671	211,213
Investment properties	-	-	81,620	-	-	(81,620)	-
Intangible assets	75,136						75,136
Right-of-use assets	11,992					(6,438)	5,554
Investments in subsidiaries	1,304,477					(1,304,477)	-
Investments in associates	122,326					11,768	134,094
Deferred tax assets	35,817	5,836	-			(3,323)	38,330
Financial assets	4,756,876	670,735	3,744,872	104,401	10,100	(311,001)	8,975,983
Reinsurance/retakaful assets	569,575	259,972	97,802	31,603	9,594	(16,275)	952,271
Insurance/takaful receivables	468,481	68,044	41,048	33,371	5,199	(1,317)	614,826
Tax recoverable	50,431			560	-	(289)	50,702
Cash and bank balances	195,791	7,167	10,981	46	65	-	214,050
Total assets	7,720,444	1,011,754	3,976,323	169,981	24,958	(1,631,301)	11,272,159

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS (CONT'D.)

(b) Consolidated statement of financial position by fund (cont'd.)

As at 31 March 2022 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Liabilities and participants' funds							
Participants' funds	-	170,580	193,445	7,067	138	23,179	394,409
Borrowings	371,000					(51,000)	320,000
Insurance/takaful contract liabilities	3,136,298	672,298	3,584,276	108,490	11,970	(26,275)	7,487,057
Lease liabilities	12,011	-	-	-	-	(6,535)	5,476
Insurance/takaful payables	201,478	59,657	34,193	11,487	-	(1,316)	305,499
Other payables	213,276	109,219	161,357	42,754	12,546	(261,359)	277,793
Deferred tax liabilities	2,958	-	2,628	183	15	(2,606)	3,178
Tax payable	4,895	-	424	-	289	(289)	5,319
Provision for zakat	1,754	-	-	-	-	-	1,754
Total liabilities and participants' funds	3,943,670	1,011,754	3,976,323	169,981	24,958	(326,201)	8,800,485
Equity							
Share capital	2,043,108					(1,304,606)	738,502
Reserves	1,733,666					(494)	1,733,172
Total equity attributable to equity holders of the Parent	3,776,774	-	-	-	-	(1,305,100)	2,471,674
Total liabilities, participants' funds and equity	7,720,444	1,011,754	3,976,323	169,981	24,958	(1,631,301)	11,272,159

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS (CONT'D.)

(b) Consolidated statement of financial position by fund (cont'd.)

As at 31 March 2021	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Assets							
Property, plant and equipment	121,707	-	-	-	-	81,670	203,377
Investment properties	-	-	81,620	-	-	(81,620)	-
Intangible assets	71,805	-	-	-	-	-	71,805
Right-of-use assets	7,136	-	-	-	-	(4,230)	2,906
Investments in subsidiaries	1,304,477	-	-	-	-	(1,304,477)	-
Investments in associates	118,225	-	-	-	-	16,580	134,805
Deferred tax assets	14,324	7,244	-	-	-	(65)	21,503
Financial assets	4,411,138	541,113	3,515,361	87,247	14,926	(234,528)	8,335,257
Reinsurance/retakaful assets	166,968	200,312	84,471	3,300	7,558	(5,374)	457,235
Insurance/takaful receivables	355,386	75,211	48,085	19,983	2,558	(2,357)	498,866
Tax recoverable	71,794	-	-	(2,695)	(429)	-	68,670
Cash and bank balances	69,971	8,173	37,412	126	107	-	115,789
	6,712,931	832,053	3,766,949	107,961	24,720	(1,534,401)	9,910,213

37. SHAREHOLDERS', REINSURANCE, TAKAFUL AND RETAKAFUL FUNDS (CONT'D.)

(b) Consolidated statement of financial position by fund (cont'd.)

As at 31 March 2021 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Liabilities and Participants' funds							
Participants' funds	-	159,985	199,649	6,231	125	11,734	377,724
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,311,512	549,235	3,411,982	73,904	9,730	(15,373)	6,340,990
Lease liabilities	7,206	-	-	-	-	(4,452)	2,754
Insurance/takaful payables	111,841	49,349	32,504	9,965	869	(2,357)	202,171
Other payables	232,199	73,423	115,860	17,809	13,965	(222,574)	230,682
Deferred tax liabilities	2,878	-	6,444	52	31	422	9,827
Tax payable	5,708	61	510	-	-	-	6,279
Provision for zakat	1,466	-	-	-	-	-	1,466
Total liabilities and participants' funds	2,993,810	832,053	3,766,949	107,961	24,720	(233,600)	7,491,893
Equity							
Share capital	2,043,108	-	-	-	-	(1,304,606)	738,502
Reserves	1,676,013					3,805	1,679,818
Total equity attributable to equity holders of the Parent	3,719,121	-	-	-	-	(1,300,801)	2,418,320
Total liabilities, participants' funds and equity	6,712,931	832,053	3,766,949	107,961	24,720	(1,534,401)	9,910,213

38. FAIR VALUES OF ASSETS

MFRS 7 *Financial Instruments: Disclosures* ("MFRS 7") requires the classification of financial instruments measured at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. MFRS 13 *Fair Value Measurement* requires similar disclosure requirements as MFRS 7, but extends to include all assets and liabilities measured at fair value and/or for which fair values are disclosed. The following levels of hierarchy are used for determining and disclosing the fair value of the Group's and the Company's assets:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

The fair values of the Group's and Company's assets are determined as follows:

(i) The carrying amounts of financial assets, such as financial assets at amortised cost, insurance/takaful receivables and cash and bank balances, are reasonable approximation of their fair values due to the relatively short term maturity of these balances;

(ii) The fair values of quoted equities are based on quoted market prices as at the reporting date;

(iii) The fair values of Malaysian government securities, government investment issues, unquoted Islamic private debt securities, unquoted perpetual bond, commercial papers and unquoted corporate debt securities are based on indicative market prices from the Bond Pricing Agency of Malaysia ("BPAM");

(iv) The fair values of investments in mutual funds, unit trust funds and real estate investment trusts are valued based on the net asset values of the underlying funds as at the reporting date;

(v) Freehold land and buildings have been revalued based on valuations performed by accredited independent valuers having appropriate recognised professional qualification. The valuations are based on the income and comparison approaches. In arriving at the fair value of the assets, the valuers had also taken into consideration the future developments in terms of infrastructure in the vicinity of the properties; and

(vi) Fair value of unquoted shares in Malaysia are derived using the net assets of the invested companies.

38. FAIR VALUES OF ASSETS (CONT'D.)

Description of significant unobservable inputs:

	Valuation technique	Significant unobservable inputs	Range
2022			
Property, plant and equipment			
Office building of Malaysian Re	Income approach	Yield Rental per square foot	6.25% RM4.50
Office buildings of Takaful IKHLAS Family	Comparison approach	Sales price per square feet for similar properties	RM692 to RM1,281
Unquoted shares in Malaysia	Net assets	Net assets	Not applicable
2021			
Property, plant and equipment			
Office building of Malaysian Re	Income approach	Yield Rental per square foot	6.25% RM4.50
Office buildings of Takaful IKHLAS Family	Comparison approach	Sales price per square feet for similar properties	RM641 to RM1,511
Unquoted shares in Malaysia	Net assets	Net assets	Not applicable

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value.

The movement from opening balances to closing balances during the respective financial years are provided in Notes 13 and 18(b).

There have been no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year.

38. FAIR VALUES OF ASSETS (CONT'D.)

As at the reporting date, the Group and the Company held the following assets that are measured at fair value on a recurring basis and/or for which fair values are disclosed under Levels 1, 2 and 3 of the fair value hierarchy:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	162,107	162,107
	-	-	198,907	198,907
(b) Financial assets at FVTPL				
Designated upon initial recognition:				
Unquoted corporate debt securities	-	-	-	-
Government investment issues	-	1,171,196	-	1,171,196
Unquoted Islamic private debt securities	-	1,374,595	-	1,374,595
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	188,017	-	-	188,017
Others	66,086	-	-	66,086
Unquoted perpetual bond in Malaysia	-	4,930	-	4,930
Unquoted corporate debt securities	-	7,705	-	7,705
Unquoted Islamic private debt securities	-	653	-	653
Shariah approved unit trust funds:	358,551	-	-	358,551
- Shariah approved	6,447	-	-	6,447
- Non-Shariah approved	9,273	-	-	9,273
	628,374	2,559,079	-	3,187,453

Notes to the Financial Statements
31 March 2022

38. FAIR VALUES OF ASSETS (CONT'D.)

Group (cont'd.)	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022 (cont'd.)				
Assets measured at fair value (cont'd.):				
(c) Financial assets at FVOCI				
Malaysian government securities	**-**	**99,358**	**-**	**99,358**
Government investment issues	**-**	**612,490**	**-**	**612,490**
Unquoted corporate debt securities	**-**	**753,640**	**-**	**753,640**
Unquoted shares	**-**	**-**	**87,189**	**87,189**
Unquoted Islamic private debt securities	**-**	**420,784**	**-**	**420,784**
Golf club memberships	**-**	**-**	**233**	**233**
	-	**1,886,272**	**87,422**	**1,973,694**
2021				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	160,999	160,999
	-	-	197,799	197,799
(b) Financial assets at FVTPL				
Designated upon initial recognition:				
Government investment issues	-	1,141,718	-	1,141,718
Unquoted Islamic private debt securities	-	1,363,264	-	1,363,264

38. FAIR VALUES OF ASSETS (CONT'D.)

Group (cont'd.)	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021 (cont'd.)				
(b) Financial assets at FVTPL (cont'd.)				
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	215,664	-	-	215,664
Others	97,304	-	-	97,304
Unquoted corporate debt securities	-	19,469	-	19,469
Unquoted perpetual bond in Malaysia	-	4,950	-	4,950
Unquoted Islamic private debt securities	-	608	-	608
Shariah approved unit trust funds	241,218	-	-	241,218
Real estate investment trusts:				
- Non-Shariah approved unit trust funds	-	-	-	-
- Real estate investment trusts	7,815	-	-	7,815
- Non-Shariah approved	9,627	-	-	9,627
	571,628	2,530,009	-	3,101,637
(c) Financial assets at FVOCI				
Malaysian government securities	-	155,329	-	155,329
Government investment issues	-	438,523	-	438,523
Unquoted corporate debt				-
Unquoted corporate debt securities	-	1,028,084	-	1,028,084
Unquoted shares	-	-	84,605	84,605
Unquoted Islamic private debt securities	-	376,176	-	376,176
Golf club memberships	-	-	233	233
	-	1,998,112	84,838	2,082,950

Notes to the Financial Statements
31 March 2022

38. FAIR VALUES OF ASSETS (CONT'D.)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Assets measured at fair value:				
(a) Financial assets at FVTPL				
Shariah approved unit trust fund	**38,340**	**-**	**-**	**38,340**
(b) Financial assets at FVOCI				
Golf club membership	**-**	**-**	**50**	**50**
Unquoted corporate debt securities	**-**	**49,560**	**-**	**49,560**
	-	**49,560**	**50**	**49,610**
2021				
Assets measured at fair value:				
(a) Financial assets at FVTPL				
Shariah approved unit trust fund	31,800	-	-	31,800
(b) Financial assets at FVOCI				
Golf club membership	-	-	50	50

39. SIGNIFICANT AND SUBSEQUENT EVENT

COVID-19 pandemic

The prolonged COVID-19 pandemic has continued to impact people, businesses, and economies globally and had an impact to the Group's takaful business during the first half of the financial year which recorded negative business growth.

With more than 80% of the population fully vaccinated and hospitalization and death cases tapering down, Malaysia is now in the "transition to endemic" phase where most of the economic activities have now fully resumed. The Group has since recovered during the second half of the financial year.

The local equity market is expected to improve in anticipation of earnings recovery from improved economic conditions. There are however uncertainties arising from the possibility of new communicable diseases, inflationary pressures and continued supply chain bottlenecks.

The Group and the Company is of the view that the pandemic will not fundamentally impact the ability of its business operations to continue to operate as a going concern and will continue to remain resilient, to weather through the current pandemic. In addition, the healthy levels of solvency and liquidity of the Group and the Company are sufficient to sustain both its operational and financial requirements and, accordingly, the Group's and the Company's financial statements for the financial year ended 31 March 2022 continue to be prepared on a going concern basis.

The management of the Group and the Company are of the view that there were no other matters, other than those described above, arising from the on-going pandemic that would have a significant impact on the carrying values of the Group's and the Company's assets and liabilities as at 31 March 2022.

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MNRB

MNRB HOLDINGS BERHAD
197201001795 (13487-A)
Incorporated in Malaysia

PROXY FORM

No. of Shares Held:
CDS Account No.:

I/We ______________________________ MYKAD No./Passport No./Company No.
(Full name in BLOCK LETTERS as per MYKAD/Passport/Certificate of Incorporation)

______________ of ______________________________
(Address in full)

______________________ being a member of MNRB HOLDINGS BERHAD ("the Company"), hereby appoint

PROXY 1		**No. of Shares**	**%**
Full name as per MYKAD/ Passport			
MYKAD/ Passport No.			
Address in full			
Email address/ Tel No.			

PROXY 2		**No. of Shares**	**%**
Full name as per MYKAD/ Passport			
MYKAD/ Passport No.			
Address in full			
Email address/ Tel No.			
		TOTAL SHARES	**100%**

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the 49th Annual General Meeting of the Company to be conducted virtually at broadcast venue of the Function Room, 3rd Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur on **Thursday, 22 September 2022 at 11.00 a.m.** and at any adjournment thereof, on the following resolutions referred to in the Notice of Annual General Meeting.

AGENDA			
To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon.			
NO.	**RESOLUTIONS**	**FOR**	**AGAINST**
	ORDINARY BUSINESS		
1.	To approve the payment of a final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2022.		
2.	To re-elect Khalid Sufat, who retires pursuant to Clause 91 of the Company's Constitution.		
3.	To re-elect Junaidah Mohd Said, who retires pursuant to Clause 91 of the Company's Constitution.		
4.	To approve the payment of Directors' fees for the period from the 49th AGM until the next AGM in 2023.		
5.	To approve the payment of Directors' benefits (excluding Directors' Fees) payable to the Directors up to an amount of RM798,698 from the conclusion of the 49th AGM until the conclusion of the next AGM in 2023.		
6.	To reappoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
7.	To approve the Renewal of the Authority for Directors to Allot and Issue New Ordinary Shares in the Company in relation to the Dividend Reinvestment Plan.		
8.	To approve the proposed Amendments to the Constitution of the Company.		

(Please indicate with a cross **(X)** in the space provided whether you wish your votes to be cast for or against the resolutions above. In the absence of specific instructions, your proxy will vote or abstain as he/they may think fit).

Dated________day of ______________________2022

____
Signature of Common Seal of Member

NOTE:

1. The Securities Commission Malaysia had on 7 April 2022, revised the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers ("SC's Guidance") which encourage listed issuers to conduct virtual general meetings. As such, the Board and Management have considered all available options and decided that the 49th AGM shall be conducted virtually and entirely via remote participation and electronic voting facilities.
2. The main and only venue for the 49th AGM is the broadcast venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 68 of the Constitution of the Company that requires the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies/corporate representatives should be physically present nor admitted at the broadcast venue on the day of the 49th AGM.**
3. As the 49th AGM will be conducted virtually, a member who is not able to participate in the AGM is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the instrument appointing a proxy.
4. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 15 September 2022 shall be eligible to attend this 49th AGM or appoint a proxy(ies) to attend, speak and vote on his/her behalf.

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Please affix Stamp

BOARDROOM SHARE REGISTRARS SDN. BHD.
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

FOLD HERE

5. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 (Central Depositories Act) and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act (Exempt Authorised Nominees) which hold ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.
6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy, and only one (1) proxy shall be entitled to vote.
7. The instrument appointing a proxy (ies) shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a Corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.
8. The Form of Proxy duly completed must be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the 49th AGM or any adjournment thereof. Alternatively, the Form of Proxy may also be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Portal at https://investor.boardroomlimited.com/ not less than forty-eight (48) hours before the time of holding the 49th AGM.
9. If the Form of Proxy is submitted without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

www.mnrb.com.my

MNRB HOLDINGS BERHAD
197201001795 (13487-A)

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