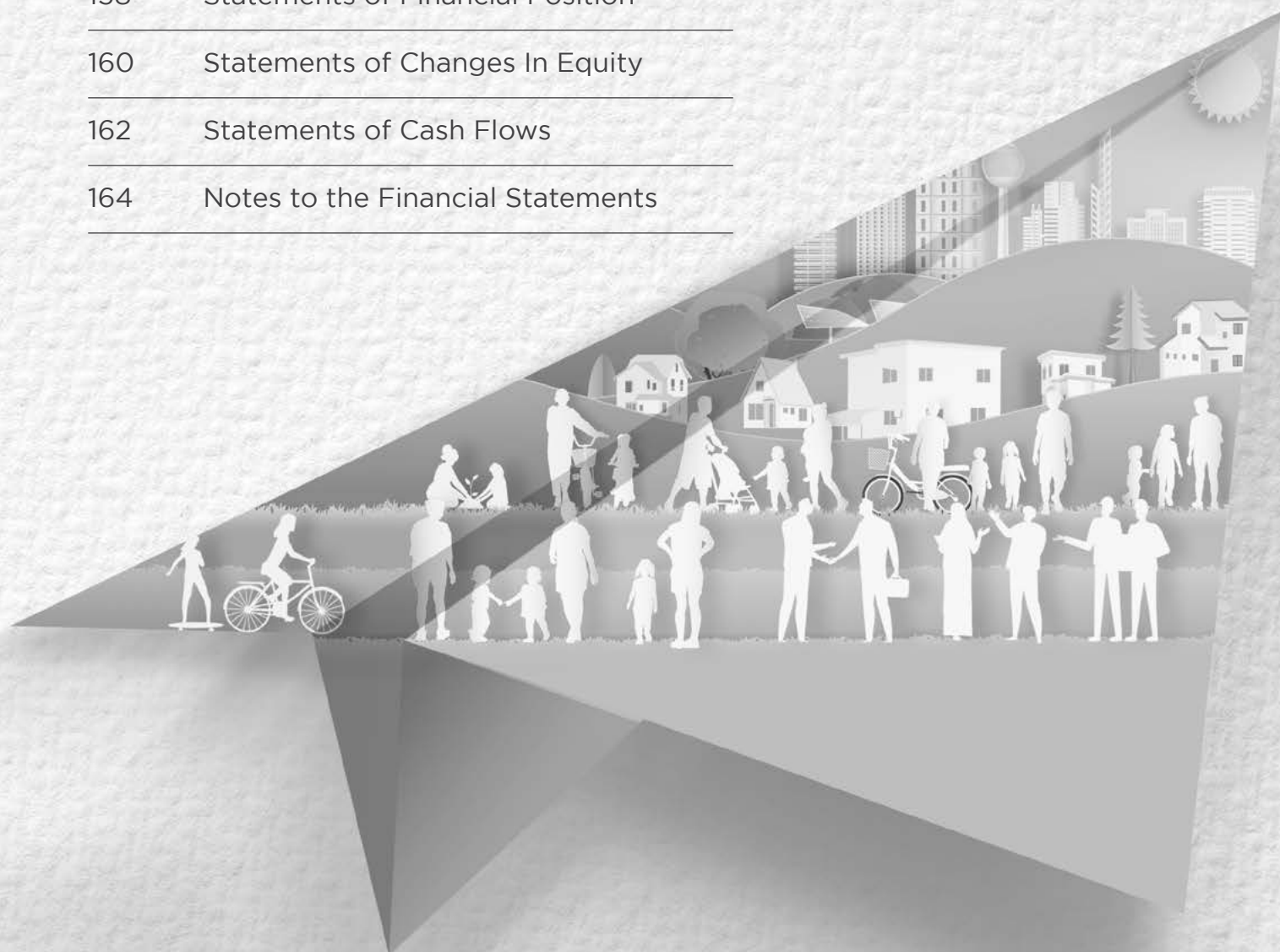


# FINANCIAL STATEMENT

|     |                                    |
|-----|------------------------------------|
| 136 | Directors' Report                  |
| 144 | Statement by Directors             |
| 144 | Statutory Declaration              |
| 145 | Independent Auditors' Report       |
| 155 | Income Statements                  |
| 157 | Statements of Comprehensive Income |
| 158 | Statements of Financial Position   |
| 160 | Statements of Changes In Equity    |
| 162 | Statements of Cash Flows           |
| 164 | Notes to the Financial Statements  |



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**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 2024.

**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**

|                                   | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|-----------------------------------|-------------------------|---------------------------|
| Net profit for the financial year | <u>433,539</u>          | <u>73,077</u>             |

**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 Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than those arising from the adoption of Malaysian Financial Reporting Standards ("MFRS") 17 Insurance Contracts, as disclosed in Note 2.22.

**Dividend**

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

|   | <b>RM'000</b> |
|---|---------------|
| In respect of the financial year ended 31 March 2023:<br>Final single-tier dividend of 4.45 sen per ordinary share declared on<br>21 September 2023 and paid on 31 October 2023 | <u>34,847</u> |

**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.

**Subsequent Event**

There are no significant adjusting events after the statements of financial position date up to the date when the financial statements are authorised for issuance.

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

### Share capital and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

On 22 March 2024, the Company had early redeemed its existing Subordinated Sukuk Murabahah of RM320 million on its first call date on 22 March 2024 and issued an RM420,000,000 nominal value subordinated sukuk which qualifies as Tier-2 capital under the RBC/RBCT Framework issued by BNM. The subordinated Medium Term Notes ("MTN") carries a tenure of ten (10) years from issue date on a 10-year, non-callable 5-year basis with a fixed interest rate of 4.46% per annum payable semi-annually in arrears.

### 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 ----- >

| Name of Directors   | Holding Company | Subsidiaries               |                        |                         |       |       |      |
|---------------------|-----------------|----------------------------|------------------------|-------------------------|-------|-------|------|
|                     |                 | Malaysian Re*              | Takaful IKHLAS Family* | Takaful IKHLAS General* | MRDL* | MSSB* | SSB* |
| Datuk Johar Che Mat | ✓               | Appointed on 1 August 2023 | ✓                      | ✓                       | ✓     | -     | -    |
| George Oommen       | ✓               | ✓                          | ✓                      | -                       | ✓     | -     | -    |
| Khalid Sufat        | ✓               | ✓                          | -                      | -                       | -     | -     | -    |
| Junaidah Mohd Said  | ✓               | -                          | -                      | -                       | -     | -     | -    |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

**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 ----- >

| Name of Directors          | Holding Company | Subsidiaries  |                              |                         |       |       |      |
|----------------------------|-----------------|---------------|------------------------------|-------------------------|-------|-------|------|
|                            | MNRB*           | Malaysian Re* | TakafuI IKHLAS Family*       | TakafuI IKHLAS General* | MRDL* | MSSB* | SSB* |
| Zaida Khalida Shaari       | ✓               | -             | -                            | -                       | -     | -     | -    |
| Dato' Wan Roszdi Wan Musa  | ✓               | -             | -                            | -                       | -     | -     | -    |
| Zaharudin Daud             | -               | ✓             | ✓                            | ✓                       | ✓     | -     | -    |
| Datin Joanne Marie Lopez   | -               | ✓             | -                            | -                       | -     | -     | -    |
| Velayudhan Harikes         | -               | ✓             | -                            | -                       | -     | -     | -    |
| Shareen Ooi Bee Hong       | -               | -             | ✓                            | -                       | -     | -     | -    |
| Md Azmi Abu Bakar          | -               | -             | ✓                            | -                       | -     | -     | -    |
| Azizul Mohd Said           | -               | -             | ✓                            | -                       | -     | -     | -    |
| Rosinah Mohd Salleh        | -               | -             | -                            | ✓                       | -     | -     | -    |
| Arul Sothy S Mylvaganam    | -               | -             | -                            | ✓                       | -     | -     | -    |
| Dato' Amirudin Abdul Halim | -               | -             | -                            | ✓                       | -     | -     | -    |
| Dr. Wan Zamri Wan Ismail   | -               | -             | -                            | ✓                       | -     | -     | -    |
| Woon Tai Hai               | -               | -             | Resigned on 1 September 2023 | ✓                       | -     | -     | -    |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**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 ----- >

| Name of Directors             | Holding Company             | Subsidiaries               |                               |                         |                           |                               |                               |
|-------------------------------|-----------------------------|----------------------------|-------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------------|
|                               |                             | Malaysian Re*              | TakafuI IKHLAS Family*        | TakafuI IKHLAS General* | MRDL*                     | MSSB*                         | SSB*                          |
| Sharmini Perampalam           | -                           | -                          | -                             | -                       | -                         | ✓                             | ✓                             |
| Chin See Mei                  | Appointed on 1 October 2023 | -                          | -                             | -                       | -                         | -                             | -                             |
| Wan Zamri Wan Zain            | -                           | Appointed on 1 August 2023 | -                             | -                       | -                         | -                             | -                             |
| Suharti Mohd Ali              | -                           | -                          | Appointed on 1 September 2023 | -                       | -                         | -                             | -                             |
| Ahmad Noor Azhari Abdul Manaf | -                           | -                          | -                             | -                       | Appointed on 1 April 2023 | Appointed on 31 December 2023 | -                             |
| Ekmarrudy Othman              | -                           | -                          | -                             | -                       | -                         | -                             | Appointed on 31 December 2023 |
| Rizal Mohd Zin                | -                           | -                          | -                             | -                       | -                         | Resigned on 2 January 2024    | Resigned on 2 January 2024    |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Directors (cont'd.)**

In accordance with the Company's Constitution, the following Directors will be retiring at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election:

- i. Clause 90 - Datuk Johar Che Mat and Zaida Khalida Shaari
- ii. Clause 95 - Chin See Mei

\* 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

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Directors (cont'd.)**

**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 those shown below) by reason of 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.

|                    | Group        |              | Company    |            |
|--------------------|--------------|--------------|------------|------------|
|                    | 2024         | 2023         | 2024       | 2023       |
|                    | RM'000       | RM'000       | RM'000     | RM'000     |
| Directors' fee     | 1,346        | 1,233        | 710        | 667        |
| Meeting allowances | 445          | 363          | 224        | 171        |
|                    | <u>1,791</u> | <u>1,596</u> | <u>934</u> | <u>838</u> |

**Directors' Indemnity**

During the financial year, the Company purchased 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 RM110,671.

**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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**Other Statutory Information (cont'd.)**

- (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.
- (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.



197201001795 (13487-A)

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**Other Statutory Information (cont'd.)**

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. The auditors' remuneration of the Group and the Company during the year are RM5,138,000 and RM264,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 July 2024.

Datuk Johar Che Mat

Khalid Sufat

Kuala Lumpur, Malaysia

OUR  
BUSINESS

OUR PERFORMANCE  
& OUTLOOK

OUR FINANCIAL  
REVIEW

OUR  
GOVERNANCE

OUR FINANCIAL  
REPORT

OTHER  
INFORMATION

**197201001795 (13487-A)**

**MNRB Holdings Berhad  
(Incorporated in 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 155 to 378 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 2024 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 26 July 2024.

Datuk Johar Che Mat

Khalid Sufat

Kuala Lumpur, Malaysia

**Statutory Declaration  
Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, Sharmini Perampalam (MIA membership no. 20010), 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 155 to 378 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 above named Sharmini Perampalam )  
at Kuala Lumpur in Wilayah Persekutuan )  
on 26 July 2024. )

Sharmini Perampalam

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 2024 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 material accounting policy information, as set out on pages 155 to 378.

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 2024, 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.

**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, 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.

1. Initial Application of Malaysian Financial Reporting Standard ("MFRS") MFRS 17 Insurance Contracts

MFRS 17 *Insurance Contracts* replaced MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. As described in the accounting policies outlined in Note 2 to the consolidated financial statements, the Group applied MFRS 17 to insurance contracts/takaful certificates issued and reinsurance contracts/retakaful certificates held retrospectively from 1 April 2022. The 1 April 2022 opening balance sheet figures as presented in these consolidated financial statements have been restated for the adoption of MFRS 17.

Auditing the Group's Initial Application of MFRS 17 was complex as it is related to the Group's measurement of the insurance contract/ takaful certificate liabilities and required the application of significant auditor judgment due to the complexity of the models, accounting interpretations made and the development of fair value assumptions used in the determination of the transition Contractual Service Margin ("CSM"). This involved professionals with specialised skills and knowledge to assist in evaluating the audit evidence obtained.

Accordingly, we have identified the Initial Application as a key audit matter.

The significant accounting judgments and the impact related to the Initial Application are disclosed in Note 2 to the consolidated financial statements.

**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Key audit matters (cont'd.)*

1. Initial Application of Malaysian Financial Reporting Standard ("MFRS") MFRS 17 Insurance Contracts (cont'd.)

Our audit procedures were executed with the assistance of our actuarial specialist and focused on the following key areas:

- We obtained an understanding of the evaluated design and tested the operating effectiveness of selected key controls over the implementation of the standard. The controls we tested included controls related to management's selection of accounting policies, the determination of the transition approach, as well as controls related to the development of fair value and actuarial models, the integrity of data used and the implementation of new models.
- Evaluating the Group's accounting policies as described in Note 2 to the consolidated financial statements and actuarial methodologies to assess compliance with MFRS 17.
- Assessing the appropriateness and consistency of key assumptions used in the calculation of the transition balances, publicly available market data, and our knowledge of the products and the requirements of MFRS 17.
- Testing the methodology and calculation of the MFRS 17 insurance contract/takaful certificate liabilities and transition CSM, either through review of the calculation logic within the newly implemented models, or through calculating an independent range estimate of the insurance contract/takaful certificate liability for a sample of insurance contract/takaful certificate.
- Evaluating the adequacy of the Group's presentation and disclosures of the consolidated financial statements regarding the adoption of MFRS 17 financial impacts and implications.

**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Key audit matters (cont'd.)*

2. Measurement of the liability for incurred claims ("LIC")

As of 31 March 2024, the Group recorded a LIC of RM3,926.9 million on its consolidated statements of financial position. The measurement of the liability for incurred claims in insurance business includes an estimate of future cash flows, the adjustment of this estimate to reflect the time value of money (discounting) and a risk adjustment for non-financial risk.

Estimating future cash flows includes all cash flows for incurred claims that have not yet been settled such as claims payments, claims settlement expenses and administration costs. MFRS 17 requires an entity-specific estimate of all future cash flows. Entities shall incorporate all information available without undue cost or effort. The estimates shall be updated at each measurement date.

Estimation of future cash flows is subject to considerable judgement. Future cash flows are projected using actuarial models, considering past experience and assumptions about future developments, including social, economic or technological factors. Expected future claims payments are estimated on the basis of historical observations for the entity's own portfolio (settlement patterns) and, if necessary, with reference to external reference data and expert estimates. In this context, past experience is used as a basis for making assumptions about future premiums and ultimate loss ratios, as well as the time frames, factors, speed of claims settlement, and inflation of claims.

Under MFRS 17, an entity shall discount the estimate of future cash flows in order to reflect the time value of money. The discount rates shall reflect the characteristics of the cash flows - including liquidity characteristics - of the insurance contracts/takaful certificates and be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts/takaful certificates in terms of timing, currency and liquidity. The discount rates used shall be updated at each measurement date, using different interest rates as a reference for the update depending on the measurement model.

MFRS 17 requires a risk adjustment for non-financial risk to be added to the present value of the expected future cash flows to account for the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment for non-financial risk shall be updated at each measurement date.

**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Key audit matters (cont'd.)*

2. Measurement of the liability for incurred claims ("LIC") (cont'd.)

In light of the uncertainty and the use of judgement in estimating future cash flows and determining the discount rates as well as the risk adjustment for non-financial risk, there is a risk of material misstatement of the liability for incurred claims of the Group. We therefore determined this to be a key audit matter.

Our audit procedures were focused on the following key areas:

We obtained an understanding, evaluated the design, and tested the operating effectiveness of a sample of controls over methods selection, completeness and accuracy of the underlying data, relevant information technology and assumption setting used by management related to the estimation of the LIC.

- To test the LIC, our audit procedures were executed with the assistance of our actuarial specialists and included, for certain lines of business selected based on risk.
- Testing the completeness and accuracy of data utilised by the Group in estimating the LIC by reconciling such amounts to the underlying accounting records and performing data-enabled audit procedures and claims data plausibility checks on selected samples.
- Evaluating the actuarial methods and assessing key assumptions used within projection techniques by the Group via quantitative and qualitative analysis.
- Comparing the LIC to our independently developed range of LIC.

3. Measurement of the liabilities for remaining coverage ("LFRC") under the General Measurement Model ("GMM") and Variable Fee Approach ("VFA")

As of 31 March 2024, the Group recorded liabilities for remaining coverage measured under the VFA and the GMM of RM3,755.0 million on its consolidated statements of financial position.

At initial recognition, the Group measures a group of insurance contracts/takaful certificates under GMM and VFA as the total of:

- Fulfilment cash flows, which comprise of:
  - (i) estimates of future cash flows, adjusted to reflect the time value of money and financial risks.
  - (ii) risk adjustment for non-financial risk.
- Contractual service margin (CSM), which represents the unearned profit the Group will recognise as it provides service under the related insurance contracts/takaful certificates.

**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Key audit matters (cont'd.)*

3. Measurement of the liabilities for remaining coverage ("LFRC") under the General Measurement Model ("GMM") and Variable Fee Approach ("VFA") (cont'd.)

LFRC are associated with significant uncertainties requiring the use of expert judgment within complex actuarial models relying on subjective assumptions in relation to future events. Key assumptions include mortality, lapse and expense assumptions as well as modelled future decisions of management and of policyholders. Moreover, because of the long duration of the insurance/takaful products, relatively small changes in key assumptions may have a significant impact on LFRC.

The determination of LFRC requires the use of complex formulas as well as the construction of models and other computational tools that may be incorrectly designed or configured, and for which inadequate assumptions and/or incomplete or inaccurate input data may be used. Accordingly, we have identified LFRC as a key audit matter.

Our audit procedures were focused on the following key areas:

We obtained an understanding, evaluated the design, and tested the operating effectiveness of a sample of controls over methods selection, completeness and accuracy of the underlying data, relevant information technology, assumption setting, and the models used by management related to the estimation of LFRC.

- To test LFRC, our audit procedures were executed with the assistance of our actuarial specialists and included, for certain lines of business selected based on risk.
- Testing of the completeness and accuracy of data, including in-force policyholder data as utilised by the Group to value estimated future cash flows by reconciling such amounts to the underlying accounting records.
- Assessing key best estimate assumptions used in selected actuarial models via quantitative and qualitative analysis, including considerations of their reasonableness based on experience studies, our knowledge of the Group and local markets, products offered, publicly available market and macroeconomic data.
- Reviewing a sample of experience studies supporting specific assumptions.
- Challenging the nature, timing and completeness of changes in key assumptions, models and methods and assessing whether individual changes were errors or refinements of estimates.



**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Key audit matters (cont'd.)*

3. Measurement of the liabilities for remaining coverage ("LFRC") under the General Measurement Model ("GMM") and Variable Fee Approach ("VFA") (cont'd.)

- Testing the models used through review of the calculation logic on a sample basis and evaluating the results to those of the Group.
- Performing analytical review procedures, including period-to-period analysis of changes in LFRC and assessing whether such changes appropriately reflect current period facts and circumstances.
- Assessing the adequacy of the disclosures in the Notes to the consolidated financial statements.

*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.

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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*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.

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.

**Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

- 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.

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.

197201001795 (13487-A)

Independent auditors' report to the members of  
MNRB Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, We report that the subsidiary of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Ahmad Hammami Bin Muhyidin  
No. 03313/07/2025 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
26 July 2024

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Income statements**  
**for the year ended 31 March 2024**

|  | Note | Group            |                    | Company        |               |
|--|------|------------------|--------------------|----------------|---------------|
|  |      | 2024             | 2023               | 2024           | 2023          |
|  |      | RM'000           | Restated<br>RM'000 | RM'000         | RM'000        |
| Insurance/takaful revenue  | 3(a) | 3,098,154        | 2,522,676          | -              | -             |
| Insurance/takaful service expenses   | 3(b) | (2,433,776)      | (2,353,589)        | -              | -             |
| <b>Insurance/takaful service result before reinsurance/retakaful contracts/certificates held</b>       |      | <u>664,378</u>   | <u>169,087</u>     | <u>-</u>       | <u>-</u>      |
| Allocation of reinsurance/retakaful premiums/contributions   |      | (604,752)        | (367,536)          | -              | -             |
| Amounts recoverable from reinsurers/retakaful operators for incurred claims                            |      | <u>434,778</u>   | <u>267,909</u>     | <u>-</u>       | <u>-</u>      |
| <b>Net expense from reinsurance/retakaful contracts/certificates held</b>                              | 6    | <u>(169,974)</u> | <u>(99,627)</u>    | <u>-</u>       | <u>-</u>      |
| <b>Insurance/takaful service result</b>  |      | <u>494,404</u>   | <u>69,460</u>      | <u>-</u>       | <u>-</u>      |
| Investment income  | 7    | 410,784          | 316,251            | 109,357        | 27,928        |
| Net realised (losses)/gains  | 8    | (3,018)          | 4,060              | (67)           | -             |
| Net fair value gains on financial assets at fair value through profit and loss                         |      | <u>145,230</u>   | <u>25,484</u>      | <u>-</u>       | <u>-</u>      |
| Net foreign exchange gain on investments   | 9    | <u>48,009</u>    | <u>13,901</u>      | <u>-</u>       | <u>-</u>      |
| <b>Investment results</b>  |      | <u>601,005</u>   | <u>359,696</u>     | <u>109,290</u> | <u>27,928</u> |
| Net insurance/takaful finance expenses from insurance/takaful contracts/certificates issued            |      | (458,913)        | (191,985)          | -              | -             |
| Net reinsurance/retakaful profit/finance income from reinsurance/retakaful contracts/certificates held |      | <u>11,518</u>    | <u>8,085</u>       | <u>-</u>       | <u>-</u>      |
| Unallocated surplus attributable to participants   |      | <u>(90,091)</u>  | <u>(34,417)</u>    | <u>-</u>       | <u>-</u>      |
| <b>Net insurance/takaful financial results</b>   | 10   | <u>(537,486)</u> | <u>(218,317)</u>   | <u>-</u>       | <u>-</u>      |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Income statements**  
for the year ended 31 March 2024 (cont'd.)

|   | Note | Group           |                    | Company         |                 |
|---|------|-----------------|--------------------|-----------------|-----------------|
|   |      | 2024            | 2023               | 2024            | 2023            |
|   |      | RM'000          | Restated<br>RM'000 | RM'000          | RM'000          |
| Fees and other operating income   | 4(a) | 49,354          | 35,613             | 57,484          | 61,488          |
| Management and other operating expenses   | 4(b) | (93,771)        | (79,682)           | (70,532)        | (58,673)        |
| Finance cost  |      | (27,270)        | (21,605)           | (16,842)        | (16,668)        |
| <b>Other expenses</b>   |      | <u>(71,687)</u> | <u>(65,674)</u>    | <u>(29,890)</u> | <u>(13,853)</u> |
| Share of results of associates  |      | 44,623          | 15,985             | -               | -               |
| <b>Profit before zakat and taxation</b>   |      | 530,859         | 161,150            | 79,400          | 14,075          |
| Tax attributable to the participants  | 11   | (25,078)        | (16,466)           | -               | -               |
| <b>Profit before zakat and taxation attributable to equity holders of the Holding Company</b>           |      | 505,781         | 144,684            | 79,400          | 14,075          |
| Zakat   |      | (1,334)         | (1,428)            | -               | -               |
| Taxation  | 12   | (70,908)        | (24,976)           | (6,323)         | (1,519)         |
| <b>Net profit for the year attributable to equity holders of the Holding Company</b>                    |      | <u>433,539</u>  | <u>118,280</u>     | <u>73,077</u>   | <u>12,556</u>   |
| <b>Basic and diluted earnings per share attributable to equity holders of the Holding Company (sen)</b> | 26   | <u>55.4</u>     | <u>15.1</u>        |                 |                 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of comprehensive income**  
**for the year ended 31 March 2024**

|   | Note | Group          |                  | Company       |               |
|---|------|----------------|------------------|---------------|---------------|
|   |      | 2024           | 2023<br>Restated | 2024          | 2023          |
|   |      | RM'000         | RM'000           | RM'000        | RM'000        |
| <b>Net profit for the year</b>  |      | 433,539        | 118,280          | 73,077        | 12,556        |
| <b><u>Other comprehensive income/(loss)</u></b>   |      |                |                  |               |               |
| <b>Other comprehensive income/(loss)</b>  |      |                |                  |               |               |
| <b>to be reclassified to income statements</b>  |      |                |                  |               |               |
| <b>in subsequent periods:</b>   |      |                |                  |               |               |
| Effects of post-acquisition foreign exchange translation reserve on investment in associate |      | (16,702)       | (28,390)         | -             | -             |
| Effects of foreign exchange translation reserve on investment in subsidiary                 |      | 877            | 601              | -             | -             |
| Net losses on financial assets at fair value through other comprehensive income ("FVOCI"):  |      |                |                  |               |               |
| Net gains on fair value changes   |      | 9,491          | 7,926            | 120           | 73            |
| Realised losses/(gains) transferred to income statements                                    | 8    | 340            | (2,852)          | -             | -             |
| Deferred tax relating to net (gains)/loss on financial assets at FVOCI                      | 19   | 101            | (2,394)          | 29            | 87            |
| Other comprehensive income attributable to participants                                     |      | (7,454)        | (2,729)          | -             | -             |
| <b>Other comprehensive income/(loss)</b>  |      |                |                  |               |               |
| <b>not to be reclassified to income statements in subsequent periods:</b>                   |      |                |                  |               |               |
| Net (loss)/gain on fair value changes on financial assets at FVOCI                          |      | 548            | (70)             | -             | -             |
| Revaluation of land and buildings   | 13   | 4,905          | 3,625            | -             | -             |
| Deferred tax relating to revaluation of land and buildings                                  | 19   | (3,787)        | (407)            | -             | -             |
| Other comprehensive income attributable to participants                                     |      | -              | -                | -             | -             |
| <b>Total comprehensive income for the year</b>  |      | <b>421,858</b> | <b>93,590</b>    | <b>73,226</b> | <b>12,716</b> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

OUR BUSINESS

OUR PERFORMANCE &amp; OUTLOOK

OUR FINANCIAL REVIEW

OUR GOVERNANCE

OUR FINANCIAL REPORT

OTHER INFORMATION

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of financial position**  
**as at 31 March 2024**

|                                       | Note | 31.03.2024        | Group             |                   | Company          |                  |
|---------------------------------------|------|-------------------|-------------------|-------------------|------------------|------------------|
|                                       |      |                   | 31.03.2024        | 31.03.2023        | 01.04.2022       | 31.03.2024       |
|                                       |      | RM'000            | Restated          | Restated          | RM'000           | RM'000           |
| <b>Assets</b>                         |      |                   |                   |                   |                  |                  |
| Property, plant and equipment         | 13   | 234,972           | 225,802           | 211,213           | 8,448            | 9,204            |
| Intangible assets                     | 14   | 117,118           | 124,797           | 75,136            | 6,633            | 4,732            |
| Right-of-use assets                   | 15   | 2,827             | 3,368             | 5,554             | 2,314            | -                |
| Investments in subsidiaries           | 16   | -                 | -                 | -                 | 1,304,476        | 1,304,476        |
| Investments in associates             | 17   | 174,911           | 147,390           | 162,378           | 1,957            | 1,957            |
| Financial and other assets            | 18   | 11,275,697        | 10,014,331        | 8,956,605         | 298,433          | 150,046          |
| Deferred tax assets                   | 19   | 47,391            | 36,867            | 26,040            | 5,397            | 3,998            |
| Insurance/takaful contract assets     | 20   | 66,334            | 64,409            | 65,393            | -                | -                |
| Reinsurance/retakaful contract assets | 20   | 511,081           | 523,586           | 612,189           | -                | -                |
| Tax recoverable                       | 21   | 26,698            | 45,920            | 59,383            | 13,506           | 19,684           |
| Cash and bank balances                |      | 115,604           | 205,462           | 214,050           | 481              | 277              |
| <b>Total assets</b>                   |      | <b>12,572,633</b> | <b>11,391,932</b> | <b>10,387,941</b> | <b>1,641,645</b> | <b>1,494,374</b> |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

Statements of financial position  
as at 31 March 2024 (cont'd.)

|   | Note | 31.03.2024<br>RM'000 | Group<br>31.03.2023<br>Restated<br>RM'000 | 01.04.2022<br>Restated<br>RM'000 | 31.03.2024<br>RM'000 | Company<br>31.03.2023<br>RM'000 |
|---|------|----------------------|---|----------------------------------|----------------------|---------------------------------|
| <b>Liabilities and participants' funds</b>                                |      |                      |   |                                  |                      |                                 |
| Borrowing   | 22   | 620,000              | 520,000                                   | 320,000                          | 420,000              | 320,000                         |
| Insurance/takaful contract liabilities                                    | 20   | 8,493,145            | 7,882,211                                 | 7,199,665                        | -                    | -                               |
| Reinsurance/retakaful contract liabilities                                | 20   | 31,938               | 5,579                                     | 3,613                            | -                    | -                               |
| Lease liabilities   | 15   | 3,016                | 3,426                                     | 5,476                            | 2,373                | -                               |
| Other payables  | 23   | 233,530              | 208,799                                   | 161,959                          | 25,811               | 19,473                          |
| Deferred tax liabilities  | 19   | 37,212               | 21,850                                    | 18,866                           | -                    | -                               |
| Tax payable   | 21   | 27,499               | 11,243                                    | 14,000                           | 181                  | -                               |
| Provision for zakat   |      | 2,661                | 2,203                                     | 1,754                            | -                    | -                               |
| <b>Total liabilities and participants' funds</b>                          |      | <b>9,449,001</b>     | <b>8,655,311</b>                          | <b>7,725,333</b>                 | <b>448,365</b>       | <b>339,473</b>                  |
| <b>Equity</b>   |      |                      |   |                                  |                      |                                 |
| Share capital   | 24   | 738,502              | 738,502                                   | 738,502                          | 738,502              | 738,502                         |
| Reserves  |      | 2,385,130            | 1,998,119                                 | 1,924,106                        | 454,778              | 416,399                         |
| <b>Total equity attributable to equity holders of the Holding Company</b> |      | <b>3,123,632</b>     | <b>2,736,621</b>                          | <b>2,662,608</b>                 | <b>1,193,280</b>     | <b>1,154,901</b>                |
| <b>Total liabilities, participants' funds and equity</b>                  |      | <b>12,572,633</b>    | <b>11,391,932</b>                         | <b>10,387,941</b>                | <b>1,641,645</b>     | <b>1,494,374</b>                |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)Statements of changes in equity  
for the year ended 31 March 2024

| Group   | Attributable to equity holders of the Holding Company ----- > |   |   |                                  |                               |                 |
|---|---|---|---|----------------------------------|-------------------------------|-----------------|
|   | Reserves ----- >  |   | Non-distributable ----- > Distributable ----- > |                                  |                               |                 |
|   | Share capital<br>RM'000                                       | Foreign<br>exchange<br>translation<br>reserve<br>RM'000 | Fair value<br>reserve<br>RM'000                 | Revaluation<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 | Total<br>RM'000 |
| <b>At 1 April 2022 (as previously reported)</b> | 738,502   | 45,966  | 25,973  | 49,575                           | 1,611,658                     | 2,471,674       |
| Impact of initial application of MFRS 17        | -   | 15,091  | 7,773   | -                                | 168,070                       | 190,934         |
| <b>At 1 April 2022 (restated)</b>               | 738,502   | 61,057  | 33,746  | 49,575                           | 1,779,728                     | 2,662,608       |
| Net profit for the year                         | -   | -   | -   | -                                | 118,280                       | 118,280         |
| Other comprehensive (loss)/income for the year  | -   | (27,789)  | (119)   | 3,218                            | -                             | (24,690)        |
| Total comprehensive (loss)/income for the year  | -   | (27,789)  | (119)   | 3,218                            | 118,280                       | 93,590          |
| Dividend paid during the year (Note 25)         | -   | -   | -   | -                                | (19,577)                      | (19,577)        |
| <b>At 31 March 2023 (restated)</b>              | 738,502   | 33,268  | 33,627  | 52,793                           | 1,878,431                     | 2,736,621       |
| <b>At 1 April 2023</b>                          | 738,502   | 33,268  | 33,627  | 52,793                           | 1,878,431                     | 2,736,621       |
| Net profit for the year                         | -   | -   | -   | -                                | 433,539                       | 433,539         |
| Other comprehensive income for the year         | -   | (15,825)  | 3,026   | 1,118                            | -                             | (11,681)        |
| Total comprehensive income for the year         | -   | (15,825)  | 3,026   | 1,118                            | 433,539                       | 421,858         |
| Dividend paid during the year (Note 25)         | -   | -   | -   | -                                | (34,847)                      | (34,847)        |
| <b>At 31 March 2024</b>                         | 738,502   | 17,443  | 36,653  | 53,911                           | 2,277,123                     | 3,123,632       |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

Statements of changes in equity  
for the year ended 31 March 2024 (cont'd.)

|   |                    | Company                                 |        |
|---|--------------------|---|--------|
| <-- Attributable to equity holders of the Company --> |                    | < - Non-distributable - > Distributable |        |
| Share capital   | Fair value reserve | Retained profits                        | Total  |
| RM'000  | RM'000             | RM'000                                  | RM'000 |

Company

**At 1 April 2022**

Net profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

Dividend paid during the year (Note 25)

**At 31 March 2023**

Net profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

Dividend paid during the year (Note 25)

**At 31 March 2024**

|         |       |          |           |
|---------|-------|----------|-----------|
| 738,502 | (435) | 423,695  | 1,161,762 |
| -       | -     | 12,556   | 12,556    |
| -       | 160   | -        | 160       |
| -       | 160   | 12,556   | 12,716    |
| -       | -     | (19,577) | (19,577)  |
| 738,502 | (275) | 416,674  | 1,154,901 |
| -       | -     | 73,077   | 73,077    |
| -       | 149   | -        | 149       |
| -       | 149   | 73,077   | 73,226    |
| -       | -     | (34,847) | (34,847)  |
| 738,502 | (126) | 454,904  | 1,193,280 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of cash flows**  
**for the year ended 31 March 2024**

|   | Note | Group       |                     | Company   |          |
|---|------|-------------|---------------------|-----------|----------|
|   |      | 2024        | 2023                | 2024      | 2023     |
|   |      | RM '000     | Restated<br>RM '000 | RM '000   | RM '000  |
| <b>Cash flows from operating activities</b>         |      |             |                     |           |          |
| Profit before zakat and taxation                    |      | 505,781     | 144,684             | 79,400    | 14,075   |
| Adjustments for:                                    |      |             |                     |           |          |
| Depreciation of:                                    |      |             |                     |           |          |
| - property, plant and equipment                     | 13   | 9,103       | 7,892               | 1,119     | 1,210    |
| - right-of-use assets                               | 15   | 1,530       | 1,404               | 1,157     | 1,023    |
| Amortisation of intangible assets                   | 14   | 22,469      | 20,723              | 2,503     | 1,295    |
| Finance costs on                                    |      |             |                     |           |          |
| - lease liabilities                                 | 15   | 114         | 125                 | 151       | 28       |
| - borrowing   |      | 27,156      | 21,480              | 16,640    | 16,640   |
| Gain from disposal of:                              |      |             |                     |           |          |
| - property, plant and equipment                     | 8    | 67          | (16)                | 67        | -        |
| - intangible asset                                  | 8    | -           | (398)               | -         | -        |
| Realised losses/(gains) on disposal of investments  | 8    | 2,951       | (3,646)             | -         | -        |
| Net amortisation of premiums on investments         | 7    | 4,977       | 4,873               | -         | -        |
| Interest/profit income                              | 7    | (404,274)   | (307,526)           | (6,444)   | (4,451)  |
| Dividend income                                     | 7    | (12,685)    | (13,895)            | (102,913) | (23,477) |
| Rental income                                       | 4(a) | (4,992)     | (2,167)             | -         | -        |
| Share of results of associates                      |      | (44,623)    | (15,985)            | -         | -        |
| Net foreign exchange gains                          | 9    | (3,426)     | (4,403)             | -         | -        |
| Net fair value gains on financial assets at FVTPL   |      | (26,570)    | (25,484)            | -         | -        |
| Loss on lease modification                          | 15   | 687         | (1,007)             | -         | -        |
| Write-off of intangible assets                      | 4(b) | -           | 2,197               | -         | -        |
| Allowance for impairment of:                        |      |             |                     |           |          |
| - financial assets at FVOCI                         | 4(b) | 41          | 11                  | 11        | 1        |
| - other receivables                                 | 4(b) | -           | 1,607               | -         | -        |
| Writeback of impairment of:                         |      |             |                     |           |          |
| - financial assets at FVOCI                         | 4(a) | -           | (707)               | -         | 1        |
| - financial assets at amortised cost                | 4(a) | -           | (1)                 | -         | -        |
| - building  | 4(a) | (21)        | (144)               | -         | -        |
| Tax borne by participants                           | 11   | 25,078      | 16,466              | -         | -        |
| Operating cash flows before working capital changes |      | 103,363     | (153,917)           | (8,309)   | 6,345    |
| Changes in working capital:                         |      |             |                     |           |          |
| Net (purchase of)/proceeds of financial assets      |      | (1,073,686) | (1,059,334)         | (154,611) | 32,699   |
| Decrease in staff financing                         |      | 484         | 790                 | 62        | 390      |
| Increase in net takaful certificate assets          |      | 609,009     | 683,526             | -         | -        |
| Increase in net retakaful certificate assets        |      | 38,864      | 90,569              | -         | -        |
| (Increase)/decrease in financial assets             |      | (438,572)   | 35,664              | 194       | 68       |
| Net change in balances with subsidiaries            |      | -           | -                   | 7,027     | (27,721) |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**Statement of cash flows**  
**for the year ended 31 March 2024 (cont'd.)**

|   | Note | Group           |                  | Company          |                 |
|---|------|-----------------|------------------|------------------|-----------------|
|   |      | 2024            | 2023<br>Restated | 2024             | 2023            |
|   |      | RM '000         | RM '000          | RM '000          | RM '000         |
| <b>Cash flows from operating activities (cont'd.)</b>         |      |                 |                  |                  |                 |
| Changes in working capital: (cont'd.)                         |      |                 |                  |                  |                 |
| Increase in tax, zakat, other payables and lease liabilities  |      | 28,097          | 47,127           | 5,388            | 8,567           |
| (Decrease)/increase in ROU                                    |      | (1,018)         | 748              | 3,471            | -               |
| Interest/profit income received                               |      | 681,109         | 302,427          | 5,787            | 4505            |
| Dividend income received                                      |      | 12,814          | 17,078           | 148              | 477             |
| Rental received   |      | 4,991           | 2,147            | -                | -               |
| Income tax and zakat paid                                     |      | (60,516)        | (42,067)         | (1,335)          | (858)           |
| <b>Net cash (used in)/generated from operating activities</b> |      | <b>(95,061)</b> | <b>(75,242)</b>  | <b>(142,178)</b> | <b>24,472</b>   |
| <b>Cash flows from investing activities</b>                   |      |                 |                  |                  |                 |
| Purchase of property, plant and equipment                     | 13   | (16,267)        | (18,621)         | (3,339)          | (7,694)         |
| Purchase of intangible assets                                 | 14   | (15,003)        | (85,647)         | (4,404)          | (2,554)         |
| Proceed from disposal of property, plant and equipment        |      | 52              | 16               | -                | -               |
| Proceed from disposal of intangible asset                     |      | -               | 13,464           | -                | -               |
| Dividend received from subsidiaries and associates            |      | -               | -                | 102,913          | 23,000          |
| <b>Net cash used in investing activities</b>                  |      | <b>(31,218)</b> | <b>(90,788)</b>  | <b>95,170</b>    | <b>12,752</b>   |
| <b>Cash flows from financing activity</b>                     |      |                 |                  |                  |                 |
| Repayment of borrowing  | 22   | (320,000)       | -                | (320,000)        | -               |
| Proceed from borrowing  | 22   | 420,000         | 200,000          | 420,000          | -               |
| Payment of lease liabilities                                  | 15   | (1,576)         | (1,501)          | (1,250)          | (1,101)         |
| Interest/profit paid  |      | (27,156)        | (21,480)         | (16,691)         | (16,640)        |
| Dividend paid   | 25   | (34,847)        | (19,577)         | (34,847)         | (19,577)        |
| <b>Net cash used in financing activities</b>                  |      | <b>36,421</b>   | <b>157,442</b>   | <b>47,212</b>    | <b>(37,318)</b> |
| <b>Cash and bank balances</b>                                 |      |                 |                  |                  |                 |
| Net (decrease)/increase during the year                       |      | <b>(89,858)</b> | <b>(8,588)</b>   | <b>204</b>       | <b>(94)</b>     |
| Cash and cash equivalents at beginning of year                |      | 205,462         | 214,050          | 277              | 371             |
| <b>Cash and cash equivalents at end of year</b>               |      | <b>115,604</b>  | <b>205,462</b>   | <b>481</b>       | <b>277</b>      |

The accompanying notes form an integral part of the financial statements.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**Notes to the financial statements - 31 March 2024**

**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 1,123 and 302 (2023: 1,042 and 256) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 26 July 2024.

**2. Material 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 2023, as fully described in Note 2.22.

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").

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 2. Material accounting policies (cont'd.)

### 2.1 Basis of preparation (cont'd.)

#### 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.

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.

#### Use of estimates and judgements

The preparation of financial statements in conformity with MFRS and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

#### (a) Takaful certificates and reinsurance contracts/retakaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose takaful certificates issued with reinsurance contracts/retakaful certificates separately. This aggregation determined based on how the Group is managed.

**MNRB Holdings Berhad  
(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.1 Basis of preparation (cont'd.)**

**Use of estimates and judgements (cont'd.)**

**(a) Takaful certificates and reinsurance contracts/retakaful certificates (cont'd.)**

**(i) Estimates of future cash flows**

In estimating the future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a certificate are those that relate directly to the fulfilment of the certificate, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) cedents, participants, insurance/takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates. Insurance/takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total contributions, number of certificates or number of claims.

For family takaful businesses, the following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates
- Longevity
- Lapse and surrender rates



**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.1 Basis of preparation (cont'd.)**

**Use of estimates and judgements (cont'd.)**

**(a) Takaful certificates and reinsurance contracts/retakaful certificates (cont'd.)**

**(ii) Discount rates**

The general takaful business and reinsurance/retakaful businesses of the Group generally determines risk-free discount rates through a risk neutral measurement technique (i.e., risk-free rate plus illiquidity premium) using a bottom-up approach.

For the reinsurance/retakaful businesses specifically, in economically developed countries, the observed government bond yield curve was used as the source of liquid risk-free yield curve as politically stable governments are commonly believed to have a low probability of defaulting on their debts. For countries where government bond rates are not readily available, another similar (government yield curve under similar macro economic settings was considered; or if the currency is pegged to another currency, the yield curve of the other currency was considered. Using the Smith-Wilson method, the yield curve is extrapolated beyond the last available market data point to an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. The ultimate forward rate is subject to revision on an annual basis. Illiquidity premium is assumed to be zero as reinsurance/retakaful products are generally short-term.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 2. Material accounting policies (cont'd.)

### 2.1 Basis of preparation (cont'd.)

#### Use of estimates and judgements (cont'd.)

##### (a) Takaful certificates and reinsurance contracts/retakaful certificates (cont'd.)

###### (ii) Discount rates (cont'd.)

The Family takaful business of the Group generally determines risk-free discount rates using the observed yield curves of government securities. The derivation of the illiquidity premium leverages the volatility adjustment bases in accordance with the BNM's discounting approach, with calibration made to reference the portfolio of the Group's insurance/takaful and shareholder's funds. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rates and inflation expectations. The ultimate forward rate may be subject to revision, it is expected to be updated only if significant changes in the long-term expectations being observed.

Discount rates applied thereon are summarised below:

#### Insurance contracts/takaful certificates issued and reinsurance contracts/retakaful certificates held

| Portfolio          | 1 year      |             | 3 years     |             | 5 years     |             | 7 years     |             | 10 years    |             | 15 year     |             |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                    | FYE24       | FYE23       | FYE24       | FYE23       | FYE24       | FYE23       | FYE24       | FYE23       | FYE24       | FYE23       | FYE24       | FYE23       |
| <b>Local (MYR)</b> |             |             |             |             |             |             |             |             |             |             |             |             |
| General Takaful    | 3.33%       | 3.16%       | 3.49%       | 3.37%       | 3.65%       | 3.58%       | 3.78%       | 3.85%       | 3.86%       | 4.04%       | 3.92%       | 4.26%       |
| Family Takaful     | 3.33%-3.53% | 3.16%-3.36% | 3.66%-3.86% | 3.58%-3.78% | 3.98%-4.18% | 4.06%-4.26% | 4.17%-4.37% | 4.60%-4.80% | 4.07%-4.27% | 4.48%-4.68% | 4.18%-4.38% | 4.82%-5.02% |
| Reinsurance        | 3.41%       | 3.39%       | 3.52%       | 3.45%       | 3.86%       | 3.88%       | 4.32%       | 4.56%       | 4.08%       | 4.10%       | 4.28%       | 4.40%       |
| Retakaful          | 3.25%       | 3.08%       | 3.57%       | 3.57%       | 3.92%       | 4.04%       | 4.23%       | 4.60%       | 4.08%       | 4.19%       | 4.32%       | 4.55%       |
| <b>Overseas</b>    |             |             |             |             |             |             |             |             |             |             |             |             |
| CNY                | 1.82%       | 2.21%       | 2.30%       | 2.81%       | 2.47%       | 2.99%       | 2.66%       | 3.25%       | 2.09%       | 2.93%       | 1.67%       | 3.17%       |
| EUR                | 3.50%       | 2.68%       | 2.04%       | 1.92%       | 2.29%       | 2.01%       | 2.29%       | 2.06%       | 2.61%       | 2.25%       | 2.93%       | 2.47%       |
| IDR                | 6.41%       | 6.03%       | 6.60%       | 5.93%       | 6.74%       | 7.09%       | 6.80%       | 7.77%       | 6.77%       | 6.60%       | 7.28%       | 7.60%       |
| INR                | 7.05%       | 7.28%       | 7.09%       | 6.97%       | 7.06%       | 7.57%       | 7.03%       | 7.44%       | 7.05%       | 7.45%       | 7.11%       | 7.52%       |
| USD                | 5.03%       | 4.00%       | 4.03%       | 3.60%       | 4.08%       | 3.19%       | 4.35%       | 3.50%       | 4.29%       | 3.35%       | 4.91%       | 4.35%       |

## 2. Material accounting policies (cont'd.)

### 2.1 Basis of preparation (cont'd.)

#### Use of estimates and judgements (cont'd.)

#### (a) Takaful certificates and reinsurance contracts/retakaful certificates (cont'd.)

##### (iii) Risk adjustment for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The Group applies a confidence level technique to determine the risk adjustments for non-financial risk of its insurance contracts and takaful certificates.

Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of BNM under the RBC and RBCT Framework.

##### (iv) Contractual Service Margin ("CSM")

The CSM is a component of the asset or liability for the group of insurance contracts and takaful certificates that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts and takaful certificates is recognised in profit or loss as insurance and takaful revenue in each period to reflect the services provided under the group of insurance contracts and takaful certificates in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future years; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts/certificates in the group, which is determined by considering for each contract/certificate the quantity of the benefits provided and its expected coverage duration.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.1 Basis of preparation (cont'd.)**

**Use of estimates and judgements (cont'd.)**

**(a) Takaful certificates and reinsurance contracts/retakaful certificates (cont'd.)**

**(iv) Contractual Service Margin (cont'd.)**

For family takaful certificates, the quantity of benefit is the contractually agreed sum covered over the duration of the certificates. The total coverage units of each group of takaful certificates are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of certificates in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

**(v) Insurance/takaful acquisition cash flows**

Insurance/takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts/takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts/takaful certificates to which the group belongs.

The Group uses a systematic and rational method to allocate:

- Insurance/takaful acquisition cash flows that are directly attributable to a group of insurance contracts/takaful certificates:
  - (i) to that group; and
  - (ii) to groups that include insurance contracts/takaful certificates that are expected to arise from the renewals of the insurance contracts/takaful certificates in that group.
- Insurance/takaful acquisition cash flows directly attributable to a portfolio of insurance contracts/takaful certificates that are not directly attributable to a group of contracts/certificates, to groups in the portfolio.

**(vi) Financial Assets**

**Impairment losses on financial assets**

The measurement of impairment losses under MFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**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 insurance service results for Market Cessions business is concerned. This is to correspond with the ceding companies' accounting periods.

Insurance/takaful service results in respect of other businesses and all other income and expenditure are for the 12 months period ended 31 March 2024.

**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:

- (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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.3 Subsidiaries, associates and basis of consolidation (cont'd.)**

**(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.

**(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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.3 Subsidiaries, associates and basis of consolidation (cont'd.)**

**(c) Takaful and retakaful operations and funds (cont'd.)**

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.

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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.3 Subsidiaries, associates and basis of consolidation (cont'd.)**

**(d) Associates (cont'd.)**

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 coterminous 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 Group's and 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.

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.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 2. Material accounting policies (cont'd.)

### 2.4 Business combination from third party (cont'd.)

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 Insurance contracts and takaful certificates classification

An insurance contract/takaful certificate is a contract/certificate under which the reinsurance/retakaful and takaful subsidiaries have accepted significant insurance/takaful risk from another party by agreeing to compensate the party if a specified uncertain future event ("the insured/covered event") adversely affects the party. A contract/certificate is considered to have significant insurance/takaful risk if, and only if, an insured event could cause a reinsurer/takaful operator to pay additional amounts that are significant in any single scenario, excluding scenarios that lack commercial substance.

The Group issues insurance contracts and takaful certificates that contain insurance/takaful risk or a combination of insurance/takaful risk and financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest 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 contracts/certificates. Insurance/takaful risk is risk other than financial risk.

The Group also cedes insurance/takaful risk in the normal course of its business. Ceded reinsurance/retakaful arrangements do not relieve the Group from its obligations to policyholders/participants. For both ceded and assumed reinsurance/retakaful businesses, contracts/contributions, claims and benefits paid or payable are presented on a gross basis.

**MNRB Holdings Berhad  
(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.5 Insurance contracts and takaful certificates classification (cont'd.)**

Reinsurance/retakaful arrangements entered into by the Group, that meet the classification requirements of insurance contracts/takaful certificates as described above are accounted for as noted below. Arrangements that do not meet these classification requirements are accounted for as financial assets.

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment**

**Separation of components**

At inception of insurance contracts/takaful certificates issued and reinsurance contracts/retakaful certificates held, the Group assesses to determine whether they contain distinct components which must be accounted for under another MFRS: derivatives embedded within insurance contracts/takaful certificates that are required to be separated (MFRS 9); cash flows relating to distinct investment components (MFRS 9); and promises to transfer distinct goods or distinct non-insurance or non reinsurance services/non-takaful or non-retakaful (MFRS 15) rather than MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) insurance contracts/takaful certificates issued and reinsurance contracts/retakaful certificates held. Currently, the Group's products do not include distinct components that require separation.

MFRS 17 defines investment components as the amounts that an insurance contract and takaful certificate require the Group to repay to a participant in all circumstances, regardless of whether a covered event occurs. Investment components which are highly inter-related with the takaful certificate of which they form a part of are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are recorded outside of profit or loss.

## 2. Material accounting policies (cont'd.)

### 2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)

#### Level of aggregation

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts/certificates with similar risks which are managed together.

The insurance contracts and takaful certificates portfolios are divided into:

- i. A group of contracts that are onerous at initial recognition;
- ii. A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- iii. A group of the remaining contracts in the portfolio.

The Group makes an evaluation of whether a series of contracts/certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract/certificate contains components that need to be separated and treated as if they were stand-alone contracts/certificates.

The portfolio is a group of insurance contracts and takaful certificates issued based on the fact that the products are subject to similar risks and managed together. In determining groups of contracts, the reinsurance/retakaful and takaful businesses have elected to include in the same group contracts where its ability to set prices or levels of benefits for participants/cedants with different characteristics is constrained by regulation.

#### Recognition

The Group recognises groups of insurance contracts/takaful certificates that it issues from the earliest of the following:

- i. The beginning of the coverage period of the group of contracts/certificates.
- ii. The date when the first payment from a participant in the group is due, or when the first payment is received if there is no due date.
- iii. For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Recognition (cont'd.)**

The Group recognises a group of reinsurance contracts/retakaful certificates held from the earliest:

- i. The beginning of the coverage period of the group of reinsurance contracts/retakaful certificates held. However, the Group delays the recognition of a group of reinsurance contracts/retakaful certificates held that provide proportionate coverage until the date when any underlying insurance contract/takaful certificate is initially recognised, if that date is later than beginning of the coverage period of the group of reinsurance contracts/retakaful certificates held; and
- ii. The date the Group recognises an onerous group of underlying insurance contracts/takaful certificates if the Group entered into the related reinsurance contracts/retakaful certificates held at or before that date.

The Group adds new insurance contracts/takaful certificates to the group in the reporting period in which the contracts/certificates meets one of the criteria set out above.

Only insurance contracts/takaful certificates that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts/certificates meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

**Onerous groups of contracts/certificates**

The profitability of group of contracts/certificates is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts/certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts/certificates that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood changes in applicable facts and circumstances.

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly as disclosed in Note 3(b).

## 2. Material accounting policies (cont'd.)

### 2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)

#### Contract boundary

The Group includes in the measurement of a group of insurance contracts and takaful certificate all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract and takaful certificates if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the participant/cedants to pay the premiums/contributions or in which the Group has a substantive obligation to provide the participant/cedants with services. A substantive obligation to provide services ends when:

- i. The Group has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- ii. Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the premiums/contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums/contributions or claims outside the boundary of the insurance contracts/takaful certificates is not recognised. Such amounts relate to future insurance contracts/takaful certificates.

For insurance contracts/takaful certificates with renewal periods, the Group assesses whether premiums/contributions and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Group by considering all the risks covered for the cedants/participant by the Group. This is considered when the Group underwrites equivalent contracts on the renewal dates for the remaining coverage. The Group reassess the contract boundary of each group at the end of each reporting period.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Measurement - Insurance contracts and takaful certificates**

**i. Contracts measured under Premium Allocation Approach (PAA)**

**Initial measurement**

The Group applies the premium allocation approach (PAA) to all the takaful certificates that it issues and retakaful certificates that it holds, as:

- The coverage period of each certificate in the group is one year or less, including coverage arising from all contribution within the contract boundary; or
- For certificates longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage ("LFRC") for the group containing those certificates under the PAA does not differ materially from the measurement that would be produced applying the general model.

Under the PAA, the liability for remaining coverage is measured as the amount of contribution received net of acquisition cash flows paid, less the net amount of contribution and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting.

The Group applies PAA models for retakaful certificates held by general takaful business, depending on the specific certificate boundaries for each retakaful certificates.

Where facts and circumstances indicate that certificates are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the certificate. Such onerous contract are separately grouped from other certificates and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group of certificates being equal to the fulfilment cash flows ("FCF"). A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Measurement - Insurance contracts and takaful certificates (cont'd.)**

**i. Contracts measured under Premium Allocation Approach (PAA) (cont'd.)**

**Subsequent measurement**

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period;
- Minus takaful acquisition cash flows;
- Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group and any adjustment to the financing component, where applicable; and
- Minus the amount recognised as takaful revenue for the services provided in the period.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment).

Takaful acquisition cash flows are allocated on a straight-line basis as a portion of contribution to profit or loss (through takaful revenue).

**ii. Contracts not measured under PAA (General Measurement Model ("GMM") and Variable Fee Approach ("VFA"))**

**Initial measurement**

At initial recognition, the Group measures a group of insurance contracts/takaful certificates as the total of:

- fulfilment cash flows, which comprise of estimates of future cash flows, adjusted to reflect the time value of money and financial risks, and a risk adjustment for non-financial risk; and
- a contractual service margin ("CSM"), which represents the unearned profit the Group will recognise as it provides service under the insurance contracts.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Measurement - Insurance contracts and takaful certificates (cont'd.)**

**ii. Contracts not measured under PAA (General Measurement Model ("GMM") and Variable Fee Approach ("VFA")) (cont'd.)**

**Initial measurement (cont'd.)**

In determining the fulfilment cash flows, the Group uses estimates and assumptions considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The Group's CSM is a component of the insurance/takaful asset or liability for the group of insurance contracts/takaful certificates and results in no income at initial recognition. The unit of account for CSM is on a group of contracts/certificates basis consistent with the level of aggregation specified above. If the fulfilment cash flows allocated to the group of insurance contracts/takaful certificates, any previously recognised insurance/takaful acquisition cash flows and any cash flows arising from the contracts/takaful at the date of initial recognition in total are a net outflow then the group of contracts/certificates is considered to be onerous. A loss from onerous insurance contracts/takaful certificates is recognised in profit and loss immediately. The Group establishes the groups at initial recognition and may add contracts/certificates to the groups after the end of a reporting period, however, the Group does not reassess the composition of the groups subsequently.

**Subsequent measurement**

In the subsequent periods, the carrying amount of a group of insurance contracts/takaful certificates at each reporting date is the sum of the liability for remaining coverage ("LFRC") and the liability for incurred claims ("LFIC"). The LFRC comprises the fulfilment cash flows that relate to services to be provided in the future and any remaining CSM at that date. The LFIC comprises the fulfilment cash flows for incurred claims and expenses that have not yet been paid. The fulfilment cash flows at the reporting dates are measured using the current estimates of expected cash flows and current discount rates.

The carrying amount of CSM at end of the reporting period is adjusted to reflect the following changes to the GMM for contracts without direct participation features:

- effect of new contracts added to the group;
- interest accreted on the carrying amount of CSM, measured at locked-in rate;
- effect of any currency exchange differences on the CSM;
- changes in fulfilment cash flows that relate to future services (non-financial), except for loss component; and
- recognition of insurance/takaful revenue for services provided in the year.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Measurement - Insurance contracts and takaful certificates (cont'd.)**

**ii. Contracts not measured under PAA (General Measurement Model ("GMM") and Variable Fee Approach ("VFA")) (cont'd.)**

**Subsequent measurement (cont'd.)**

The CSM is recognised into insurance/takaful revenue over the duration of the group of insurance contracts/takaful certificates based on the respective coverage units. The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts/certificates that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium/contribution receipts (and any related cash flows such as takaful acquisition cash flows and takaful contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premium/contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premium/contributions received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM).
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period.
- Changes in the risk adjustment for non-financial risk that relate to future service. A loss is created when there is an increase in fulfilment cash flows that exceeds the carrying amount of the CSM. Once a change in fulfilment cash flows reduces CSM to zero, the excess establishes a loss which is recognised in expense immediately. Any subsequent decrease in the fulfilment cash flows will reverse the losses previously recognised in expense. Any remaining loss will be released based on a systematic allocation of subsequent changes relating to future service in the fulfilment cash flows.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Measurement - Reinsurance contracts and retakaful certificates held**

**i. Contracts measured under PAA**

The Group applies the same accounting policies for initial measurement and subsequent measurement as those for takaful certificate issued to measure a group of retakaful certificates, adapted where necessary to reflect features that differ from those of takaful certificates.

**ii. Contracts not measured under PAA (General Measurement Model ("GMM"))**

**Initial measurement**

The measurement of reinsurance contracts/retakaful certificates follows the same principles as the GMM, with the following exceptions or modifications specified in this section below. Reinsurance contracts/ retakaful certificates held and assumed cannot use the VFA.

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers/retakaful operators, including the effects of collateral and losses from disputes.
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurers/retakaful operators.
- The Group recognises both day 1 gains and day 1 losses at initial recognition in the Statement of Financial Position as a CSM and releases this to profit or loss as the reinsurer/retakaful operator renders services, except for any portion of a day 1 loss that relates to events before initial recognition.
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts/certificates have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contracts/retakaful certificates held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a reinsurance contracts/retakaful certificates held due to the changes of the liability for incurred claims of the underlying contracts/certificates is taken to profit and loss and not the contractual service margin of the reinsurance contracts and retakaful certificates held.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Measurement - Reinsurance contracts and retakaful certificates held (cont'd.)**

**ii. Contracts not measured under PAA (General Measurement Model ("GMM") (cont'd.)**

**Initial measurement (cont'd.)**

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts and takaful certificates, the portion of income that has been recognised from related reinsurance contracts and retakaful certificates held is disclosed as a loss-recovery component.

**Subsequent Measurement**

The carrying amount of a group of reinsurance contracts/retakaful certificates at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises (a) the fulfilment cash flow ("FCF") that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

For reinsurance contracts/retakaful contracts, when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts/takaful certificates or when further onerous underlying insurance contracts/takaful certificates are added to a group, the Group establishes a loss-component of the asset for remaining coverage for a group of reinsurance contracts/retakaful certificates held representing the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts/takaful certificates, the portion of income that has been recognised from related reinsurance contracts/retakaful certificates held is disclosed as a loss-recovery component.

Where a loss-recovery has been setup at initial recognition or subsequently, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts/takaful certificates.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts/takaful certificates that the Group expects to recover from the group of reinsurance contracts/retakaful certificates. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts/takaful certificates and is zero when loss component of the onerous group of underlying insurance contracts/takaful certificates is zero.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Liability for remaining coverage - Insurance/takaful receivables and payables**

The liability for remaining coverage disclosed under insurance contracts/takaful certificates liabilities includes insurance/takaful receivables and payables.

The impairment on insurance/takaful receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance/takaful and reinsurance/retakaful receivables are grouped based on different sales channel and different reinsurance/retakaful contribution type's arrangement respectively. The impairment is calculated on the total outstanding balance including all aging buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the aging bucket which forms the base of the roll rate. Forward-looking information has been included in the calculation of ECL.

**Modification and derecognition**

The Group derecognises insurance contracts/takaful certificates when:

- i. The rights and obligations relating to the contracts/certificates are extinguished (i.e., discharged, cancelled or expired); or
- ii. The contract/certificate is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract/certificate. In such cases, the Group derecognises the initial contract/certificate and recognises the modified contract/certificate as a new contract/certificate.

When a modification is not treated as a derecognition, the Group recognises amount paid or received for the modification with the contracts/certificates as an adjustment to the relevant liability for remaining coverage.

**Qard**

For takaful and retakaful businesses, any deficit in the participants' risk fund within the takaful/retakaful fund is made good via a Qard, which is a profit free financing, granted by the shareholder's fund to the participants' risk fund. In the participants' risk fund, the Qard is included in fulfilment cash flows used to measure the takaful liabilities under MFRS 17.

Qard is measured in the fulfilment cash flows at a value discounted for time value of money, which reflects the economic effect of the expected future cash flow, consistent with all the other cash flows measured in fulfilment cash flows. This accounting measurement does not affect the retakaful Fund's obligation to repay the nominal amount of Qard, nor does it affect or change any rights or obligations of the shareholder's fund.

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

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Insurance/takaful acquisition cash flows**

Insurance/takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts/takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts/takaful certificates to which the group belongs.

The Group uses a systematic and rational method to allocate:

- i. Insurance/takaful acquisition cash flows that are directly attributable to a group of insurance contracts/takaful certificates:
  - to that group; and
  - to groups that include insurance contracts/takaful certificates that are expected to arise from the renewals of the insurance contracts/takaful certificates in that group.

Where insurance/takaful acquisition cash flows have been paid or incurred before the related group of insurance contracts/takaful certificates is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance/takaful acquisition cash flow is derecognised from the statement of financial position when the insurance/takaful acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts/takaful certificates. The Group expects to derecognise all assets for insurance/takaful acquisition cash flows within insurance/takaful coverage period.

At the end of each reporting period, the Group revises amounts of insurance/takaful acquisition cash flows allocated to groups of insurance contracts/takaful certificates not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for insurance/takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- i. An impairment test at the level of an existing or future group of insurance contracts/takaful certificates; and
- ii. An additional impairment test specifically covering the insurance/takaful acquisition cash flows allocated to expected future contract/certificate renewals.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Insurance/takaful acquisition cash flows (cont'd.)**

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss. The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

**Presentation and disclosure**

The Group has presented separately in the statement of financial position the carrying amount of groups of insurance contracts/takaful certificates issued that are assets, groups of insurance contracts/takaful certificates issued that are groups of liabilities, reinsurance contracts/retakaful certificates held that are assets and groups of reinsurance contracts/retakaful certificates held that are liabilities.

Any assets or liabilities for insurance/takaful acquisition cash flows recognised before the corresponding insurance contracts/takaful certificates are included in the carrying amount of the related groups of insurance contracts/takaful certificates issued.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance/takaful service result.

The Group separately presents income or expenses from reinsurance contracts/retakaful certificates held from the expenses or income from insurance contracts/takaful certificates issued.

i. Insurance/takaful revenue

**Contracts measured under PAA**

The takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected contribution receipts to each period of takaful certificates services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred takaful service expenses.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Presentation and disclosure (cont'd.)**

i. Insurance/takaful revenue (cont'd.)

Contracts measured under PAA (cont'd.)

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Contracts not measured under PAA

The Group's insurance/takaful revenue depicts the provision of coverage and other services arising from a group of insurance contracts/takaful certificates at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance/takaful revenue from a group of insurance contracts/takaful certificates is therefore the relevant portion for the period of the total consideration for the contracts/certificates, (i.e., the amount of premiums/contribution paid to the Group adjusted for financing effect (the time value of money) and excluding any distinct investment components).

The total consideration for a group of contracts/certificates covers amounts related to the provision of services and is comprised of:

- Insurance/takaful service expenses, excluding any amounts relating to the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- Amounts related to tax that are specifically chargeable to the cedants/participants.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release.
- The experience adjustments for premium/contribution received other than those that relate to future service.
- Amount related to insurance/takaful acquisition cash flows.

For management judgement applied to the amortisation of CSM, please refer to Note 2.1(a)(iv).

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Presentation and disclosure (cont'd.)**

ii. Loss component

The Group has grouped contracts/certificates that are onerous at initial recognition separately from contracts/certificates in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts/takaful certificates (or contracts/certificates profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

- the loss component; and
- the liability for remaining coverage excluding the loss component.

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts/certificates (since the loss component will have been materialised in the form of incurred claims). The Group uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

iii. Loss-recovery components

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts/takaful certificates or when further onerous underlying insurance contracts/takaful certificates are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts/retakaful certificates held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts/takaful certificates, the portion of income that has been recognised from related reinsurance contracts/retakaful certificates held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts/takaful certificates.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Presentation and disclosure (cont'd.)**

iii. Loss-recovery components (cont'd.)

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts/takaful certificates that the Group expects to recover from the group of reinsurance contracts/retakaful certificates held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts/takaful certificates.

iv. Net income or expense from reinsurance contracts/retakaful certificates held

The Group presents the net amounts of income or expense expected to be recovered/paid from/to reinsurers/retakaful operators on profit or loss.

The Group treats reinsurance/retakaful cash flows that are contingent on claims on the underlying contracts/certificates as part of the claims that are expected to be reimbursed under the reinsurance contract/retakaful certificate held, and excludes investment components and commissions from an allocation of reinsurance/retakaful premiums/contributions presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance/retakaful of onerous direct contracts/certificates are included as amounts recoverable from the reinsurer/retakaful operator.

v. Insurance/takaful finance income and expenses

Insurance/takaful finance income or expenses comprise the change in the carrying amount of the group of insurance contracts/takaful certificates arising from:

- The effect of the time value of money and changes in the time value of money.
- The effect of financial risk and changes in financial risk.

The Group defines the reinsurance/retakaful/takaful fund as an underlying item. Hence, changes in measurement of a group of insurance contracts/takaful certificates caused by changes in the value of the fund is reflected in insurance/takaful finance/profit income or expenses.

Finance income and expenses for all issued insurance contracts/takaful certificates except for family takaful certificates is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.6 Insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates held accounting treatment (cont'd.)**

**Presentation and disclosure (cont'd.)**

v. Insurance/takaful finance income and expenses (cont'd.)

The Group systematically allocates expected total insurance/takaful finance/profit income or expenses over the duration of the group of contracts/certificates to profit or loss using discount rates determined on initial recognition of the group of contracts/certificates, see Note 2.1(a)(ii) for current discount rates.

In the event of transfer of a group of insurance contracts/takaful certificates or derecognition of an insurance contracts/takaful certificates, the Group reclassifies the insurance/takaful income finance or expense to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contracts/certificates) that were previously recognised in other comprehensive income.

**2.7 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 revaluation reserve.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.7 Property, plant and equipment and depreciation (cont'd.)**

**(a) Recognition and measurement (cont'd.)**

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.

Only assets costing above RM300 will be capitalised. Assets costing RM300 and below are charged to the income statements in the year of purchase.

Assets costing more than RM300 up to a maximum of RM1,000 are written down to RM1 in the year of purchase. The write down is charged to the income statements as depreciation.

**(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 their 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% (2022: 10% to 15%) |
| Motor vehicles         | 20%                    |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.7 Property, plant and equipment and depreciation (cont'd.)**

**(c) Depreciation (cont'd.)**

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.

**2.8 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.

## 2. Material accounting policies (cont'd.)

### 2.8 Intangible assets (cont'd.)

#### (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.

#### (c) Preferred partnership fee in relation to bancatakaful arrangement

The preferred partnership fee represents an upfront fee paid by the Group to the financial institutions under a 5-year preferred bancatakaful arrangement.

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 financial institutions.

### 2.9 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.9 Financial assets (cont'd.)**

**(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 2.9(b) and 2.9(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").

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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.9 Financial assets (cont'd.)**

**(a) Classification and subsequent measurement (cont'd.)**

**(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
- 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.9 Financial assets (cont'd.)**

**(a) Classification and subsequent measurement (cont'd.)**

**(i) Financial assets at AC (cont'd.)**

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.

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.



**2. Material accounting policies (cont'd.)****2.9 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**

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;
- 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.9 Financial assets (cont'd.)**

**(a) Classification and subsequent measurement (cont'd.)**

**(iv) Financial assets at FVTPL (cont'd.)**

- 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 asset 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.

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, interest/profit earned or foreign currency translation differences on the financial asset. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

**(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 business 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;

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.9 Financial assets (cont'd.)**

**(b) Business model assessment (cont'd.)**

- 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
- 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).

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.9 Financial assets (cont'd.)**

**(c) The Solely Payments of Principal and Interest ("SPPI") Test (cont'd.)**

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.

**(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:

- the contractual right to receive cash flows from the asset has expired; or
- 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.

**2. Material accounting policies (cont'd.)****2.9 Financial assets (cont'd.)****(f) Derecognition of financial assets (cont'd.)**

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:

- 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.

**2.10 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 34.

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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.10 Fair value measurement (cont'd.)**

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.

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*.

Over-the-counter derivatives comprise of foreign exchange forward contracts. Over-the-counter derivatives are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions.

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 34.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.11 Impairment of assets**

**(a) 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:

- i. Financial assets measured at FVTPL;
- ii. Equity instruments; and
- iii. 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.

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                                | Stage 2                             | Stage 3                |
|---------------------------------------|--|-------------------------------------|------------------------|
|                                       | Performing                             | Non Performing                      | 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    |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.11 Impairment of assets (cont'd.)**

**(a) Financial assets (cont'd.)**

**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:

i. 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.

ii. 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.

iii. 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.

i. 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.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.11 Impairment of assets (cont'd.)**

**(a) Financial assets (cont'd.)**

**Forward-looking information and ECL measurement (cont'd.)**

i. Debt instruments/sukuks at AC and FVOCI (cont'd.)

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.

ii. 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.

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.

**(b) 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.11 Impairment of assets (cont'd.)**

**(b) Non-financial assets (cont'd.)**

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.

**(c) Write-offs**

**i. 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 31.

**ii. 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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.12 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 their 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.

**2.13 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.

**2.14 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.14 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 2.11(b).

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.

## **2. Material accounting policies (cont'd.)**

### **2.14 Leases (cont'd.)**

#### **(i) The Group and the Company as lessee (cont'd.)**

##### **(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, 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.

#### **(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.

### **2.15 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.15 Financial liabilities (cont'd.)**

**(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 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.

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) Derivatives financial instruments**

The Group and the Company use derivative financial instruments such as forward rate contracts to manage certain exposures to fluctuations in foreign currency exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**(c) 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.16 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.

**2.17 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.

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.

**2.18 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.18 Employee benefits (cont'd.)**

**(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 2.18(b).

**2.19 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.

**(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.



**2. Material accounting policies (cont'd.)****2.19 Foreign currencies (cont'd.)****(b) Foreign currency transactions and balances (cont'd.)**

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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.20 Other 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) 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.

**(c) 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.

**(d) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**(e) Management fees**

Management fees are recognised when services are rendered.

**2.21 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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.22 Changes in accounting policies and disclosures**

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the following:

**New standards, amendments and interpretations**

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 2023.

| <b>Description</b>  | <b>Effective for annual periods beginning on or after</b> |
|---|---|
| MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17  | 1 January 2023  |
| Amendments to MFRS 101 <i>Presentation of Financial Statements</i> and MFRS Practice Statement 2 <i>Making Materiality Judgements Disclosure of Accounting Policies</i> | 1 January 2023  |
| Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> - Definition of Accounting Estimates                                      | 1 January 2023  |
| Amendments to MFRS 112 <i>Income Taxes</i> - Deferred Tax related to Assets and Liabilities arising from a Single Transaction   | 1 January 2023  |
| Amendments to MFRS 17 <i>Insurance Contracts</i> - Initial Application of MFRS 17 and MFRS 9 Comparative Information  | 1 January 2023  |
| International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112)  | 1 January 2023  |

The effects arising from the adoption of MFRS 17 *Insurance Contracts* are as disclosed below.

**MFRS 17 *Insurance Contracts***

MFRS 17 replaces MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. The Group has restated comparative information for financial year ended 31 March 2023 applying the transitional provisions. The nature of the changes in accounting policies can be summarised, as follows:

(i) Changes to classification and measurement

The adoption of MFRS 17 will not change the classification of the Group's insurance, takaful, reinsurance and retakaful contracts.

MFRS 17 establishes specific principles for the recognition and measurement of insurance/takaful contracts issued and reinsurance/retakaful contracts held by the Group.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.22 Changes in accounting policies and disclosures (cont'd.)**

**MFRS 17 Insurance Contracts (cont'd.)**

(i) Changes to classification and measurement (cont'd.)

The Group has developed policies and approved technical positions that will address the following key principles of MFRS 17:

- Identify insurance, takaful, reinsurance and retakaful contracts as those under which the Group accepts significant insurance/takaful risk from another party (the policyholder/participant) by agreeing to compensate the policyholder/participant if a specified uncertain future event adversely affects the policyholder/participant;
- Separate specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance/takaful/reinsurance/retakaful contracts and accounts for them in accordance with other applicable MFRS;
- Divide the insurance/takaful/reinsurance/retakaful contracts into groups it will recognise and measure;
- Recognise and measure groups of insurance/takaful/reinsurance/retakaful contracts at:
  - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; plus
  - an amount representing the unearned profit in the group of contracts (the contractual service margin or "CSM")
- Recognise profit from a group of insurance/takaful/reinsurance/retakaful contracts over each period the Group provides insurance/takaful coverage, as the Group is released from risk. If a group of contracts is expected to be onerous over the remaining coverage period, the Group will recognise the loss immediately; and
- Recognise an asset for insurance/takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance/takaful/reinsurance/retakaful contracts is recognised. Such an asset is derecognised when the insurance/takaful acquisition cash flows are included in the measurement of the related group of insurance/takaful/reinsurance/retakaful contracts.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.22 Changes in accounting policies and disclosures (cont'd.)**

**MFRS 17 Insurance Contracts (cont'd.)**

(i) Changes to classification and measurement (cont'd.)

During the implementation period of MFRS 17, the Group has determined that its insurance/takaful contracts issued and reinsurance/retakaful contracts held are eligible for the measurement models below:

(a) Premium Allocation Approach (“PAA”)

This model will be applied for policies which have contract boundaries (i.e. coverage periods) of less than 1 year as well as for policies with contract boundaries of more than 1 year but which are able to pass the PAA eligibility test.

(b) General Measurement Model (“GMM”)

This is the default measurement model for insurance/takaful/reinsurance/retakaful contracts valued using fulfilment cash flows (the present value of expected future cash flows, plus a risk adjustment) offset by the CSM which represents the unearned profit which the Group will recognise as it provides services under the contracts.

(c) Variable Fee Approach (“VFA”)

VFA is use for insurance/takaful contracts with direct participation features where payments to policyholders/participants are contractually linked to and substantially vary with the underlying items.

The Group will be applying all the three models above for the insurance/takaful contracts issued and reinsurance/retakaful contracts held.

(ii) Changes to presentation and disclosure

For presentation purposes, the Group will aggregate insurance/takaful and reinsurance/retakaful contracts held and these will be presented separately in the statement of financial position as follows:

- Portfolios of insurance/takaful contracts issued;
- Portfolios of insurance/takaful contracts held;
- Portfolios of retakaful/reinsurance contracts held that are assets; and
- Portfolios of retakaful/reinsurance contracts held that are liabilities.

Groups of insurance/takaful contracts issued will include any assets for insurance/takaful acquisition cash flows.

The portfolios of contracts are as established at initial recognition in accordance with the requirements of MFRS 17.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**2. Material accounting policies (cont'd.)**

**2.22 Changes in accounting policies and disclosures (cont'd.)**

**MFRS 17 Insurance Contracts (cont'd.)**

(ii) Changes to presentation and disclosure (cont'd.)

The presentation of the statement of profit or loss and other comprehensive income will change significantly upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net or earned premiums/contributions or net claims incurred shown on the statement of profit or loss.

Instead, the statement of profit or loss will reflect the following items from the financial year ending 31 March 2024, together with a restated statement of profit or loss under MFRS 17 for the year ended 31 March 2023:

- Insurance/takaful revenue
- Insurance/takaful service expenses
- Insurance/takaful service results
- Finance/profit income or expenses
- Income or expenses from retakaful/reinsurance contracts held

MFRS 17 will also require more extensive disclosure requirements compared to MFRS 4. The Group will provide both qualitative and quantitative disclosures about insurance contracts in three main areas:

- Explanation of the amounts recognised in the Group's financial statements arising from insurance/takaful contracts;
- Significant judgements, and changes in those judgements, when applying MFRS 17; and
- The nature and extent of risks that arise from contracts within the scope of MFRS 17.

(iii) Transition

On the transition date of 1 April 2022, the Group has:

- Identified, recognised and measured each group of insurance/takaful and reinsurance/retakaful contracts as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;
- Identified, recognised and measured assets for insurance/takaful acquisition cash flows as if MFRS 17 had always applied;
- Derecognised any existing balances that would not exist had MFRS 17 always applied; and
- Recognised any resulting net difference in equity.

## 2. Material accounting policies (cont'd.)

### 2.22 Changes in accounting policies and disclosures (cont'd.)

#### **MFRS 17 Insurance Contracts (cont'd.)**

##### (iii) Transition (cont'd.)

Where the Full Retrospective Approach ("FRA") has been determined to be impracticable to apply during the implementation period, due to constraints on data or other relevant inputs, the Group has applied the Fair Value Approach ("FVA"). These are described in further detail below.

##### **(a) Full Retrospective Approach ("FRA")**

The determination of whether it is impracticable to adopt the FRA for group of contracts/certificates as at the transition date was made after considering the cost or effort required to collect the required information or create information where the required data was unavailable (either due to system migrations in the past, data retention policies, and changes in requirements introduced by MFRS 17) and if hindsight was needed to determine the estimates at prior periods. , the retakaful subsidiary has applied the full retrospective to all family retakaful certificates issued on or after 1 December 2021 while general takaful subsidiary applied FRA approach to all contracts regardless of its issuance date. The family takaful subsidiary has applied FRA on transition to all certificates issued on or after 1 April 2020.

##### **(b) Fair Value Approach ("FVA")**

Under the FVA, the CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 Fair Value Measurement and the fulfilment cash flows (any negative difference will be recognised in retained earnings at the transition date).

#### **Financial Effect arising from the adoption of MFRS 17**

The comparative figures have been restated to confirm with current year's presentation in accordance with MFRS 17. The effects of the adjustments on the assets, liabilities and equity on the statement of financial position of the Group as at 1 April 2022 and 31 March 2023 and on the components of profit or loss for the financial year ended 31 March 2023 are presented below:

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.22 Changes in accounting policies and disclosures (cont'd.)**

**MFRS 17 Insurance Contracts (cont'd.)**

**Financial Effect arising from the adoption of MFRS 17 (cont'd.)**

Statement of financial position as at 1 April 2022

| <b>Group</b>                               | <b>MFRS 4<br/>01.04.2022<br/>RM '000</b> | <b>Adjustments<br/>RM '000</b> | <b>MFRS 17<br/>01.04.2022<br/>RM '000</b> |
|--|--|--------------------------------|---|
| <b>Assets</b>                              |  |                                |   |
| Investment in associates                   | 134,094                                  | 28,284                         | 162,378                                   |
| Financial and other assets                 | 8,975,983                                | (19,378)                       | 8,956,605                                 |
| Insurance/takaful receivables              | 614,826                                  | (614,826)                      | -   |
| Insurance/takaful contract assets          | -  | 65,393                         | 65,393                                    |
| Reinsurance/retakaful contract assets      | 952,271                                  | (340,082)                      | 612,189                                   |
| Deferred tax assets                        | 38,330                                   | (12,290)                       | 26,040                                    |
| Tax recoverable                            | 50,702                                   | 8,681                          | 59,383                                    |
| Other assets                               | 505,953                                  | -                              | 505,953                                   |
| <b>Total assets</b>                        | <b>11,272,159</b>                        | <b>(884,218)</b>               | <b>10,387,941</b>                         |
| <b>Liabilities</b>                         |  |                                |   |
| Insurance/takaful contract liabilities     | 7,487,057                                | (287,392)                      | 7,199,665                                 |
| Participants' fund                         | 394,409                                  | (394,409)                      | -   |
| Reinsurance/retakaful contract liabilities | -  | 3,613                          | 3,613                                     |
| Insurance/takaful payables                 | 305,499                                  | (305,499)                      | -   |
| Other payables                             | 277,793                                  | (115,834)                      | 161,959                                   |
| Deferred tax liabilities                   | 3,178                                    | 15,688                         | 18,866                                    |
| Tax payable                                | 5,319                                    | 8,681                          | 14,000                                    |
| Other liabilities                          | 327,230                                  | -                              | 327,230                                   |
| <b>Total Liabilities</b>                   | <b>8,800,485</b>                         | <b>(1,075,152)</b>             | <b>7,725,333</b>                          |
| <b>Equity</b>                              |  |                                |   |
| Share capital                              | 738,502                                  | -                              | 738,502                                   |
| Reserves                                   | 1,733,172                                | 190,934                        | 1,924,106                                 |
| <b>Total Equity</b>                        | <b>2,471,674</b>                         | <b>190,934</b>                 | <b>2,662,608</b>                          |
| <b>Total liabilities and equity</b>        | <b>11,272,159</b>                        | <b>(884,218)</b>               | <b>10,387,941</b>                         |



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.22 Changes in accounting policies and disclosures (cont'd.)**

**MFRS 17 Insurance Contracts (cont'd.)**

**Financial Effect arising from the adoption of MFRS 17 (cont'd.)**

Statement of financial position as at 1 April 2023

| Group   | MFRS 4<br>01.04.2023<br>RM '000 | Adjustments<br>RM '000 | MFRS 17<br>01.04.2023<br>RM '000 |
|---|---------------------------------|------------------------|----------------------------------|
| <b>Assets</b>                                   |                                 |                        |                                  |
| Investment in associates                        | 122,164                         | 25,226                 | 147,390                          |
| Financial and other assets                      | 10,033,716                      | (19,385)               | 10,014,331                       |
| Insurance/takaful receivables                   | 706,541                         | (706,541)              | -                                |
| Insurance/takaful contract assets               | -                               | 64,409                 | 64,409                           |
| Reinsurance/retakaful assets certificate assets | 850,692                         | (327,106)              | 523,586                          |
| Deferred tax assets                             | 42,618                          | (5,751)                | 36,867                           |
| Tax recoverable                                 | 42,423                          | 3,497                  | 45,920                           |
| Other assets                                    | 559,429                         | -                      | 559,429                          |
| <b>Total assets</b>                             | <b>12,357,583</b>               | <b>(965,651)</b>       | <b>11,391,932</b>                |
| <b>Liabilities</b>                              |                                 |                        |                                  |
| Insurance/takaful contract liabilities          | 8,190,384                       | (308,173)              | 7,882,211                        |
| Participants' fund                              | 404,248                         | (404,248)              | -                                |
| Reinsurance/retakaful contract liabilities      | -                               | 5,579                  | 5,579                            |
| Insurance/takaful payables                      | 306,616                         | (306,616)              | -                                |
| Other payables                                  | 335,669                         | (126,870)              | 208,799                          |
| Deferred tax liabilities                        | 4,718                           | 17,132                 | 21,850                           |
| Tax payable                                     | 7,746                           | 3,497                  | 11,243                           |
| Other liabilities                               | 525,629                         | -                      | 525,629                          |
| <b>Total Liabilities</b>                        | <b>9,775,010</b>                | <b>(1,119,699)</b>     | <b>8,655,311</b>                 |
| <b>Equity</b>                                   |                                 |                        |                                  |
| Share capital                                   | 738,502                         | -                      | 738,502                          |
| Reserves  | 1,844,071                       | 154,048                | 1,998,119                        |
| <b>Total Equity</b>                             | <b>2,582,573</b>                | <b>154,048</b>         | <b>2,736,621</b>                 |
| <b>Total liabilities and equity</b>             | <b>12,357,583</b>               | <b>(965,651)</b>       | <b>11,391,932</b>                |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.22 Changes in accounting policies and disclosures (cont'd.)**

**MFRS 17 Insurance Contracts (cont'd.)**

**Financial Effect arising from the adoption of MFRS 17 (cont'd.)**

Statement of profit or loss for the financial financial year ended 31 March 2023

|                                   | <b>As previously<br/>stated for the year<br/>ended<br/>31.03.2023<br/>RM'000</b> | <b>Classification<br/>and<br/>measurement<br/>RM'000</b> | <b>As stated<br/>for the year<br/>ended<br/>31.03.2023<br/>RM'000</b> |
|-----------------------------------|--|--|---|
| Profit before taxation and zakat  | 150,950  | (6,266)  | 144,684   |
| Net profit for the financial year | 119,473  | (1,193)  | 118,280   |

**MFRS 9 Financial Instruments ("MFRS 9")**

The Group and the Company have adopted MFRS 9 from the financial year ended 31 March 2019. In doing so, the Group has also applied the overlay approach, which allows it to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from the adoption of MFRS 17. As MFRS 17 allows an election for the effect of changes in discount rates to be recognised through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"), the Group has applied the amendment by reclassifying the financial assets from FVTPL to FVOCI and FVOCI to FVTPL after performed necessary assessment to manage the balance sheet management strategies and the impact on financial performance. Meanwhile, the Group have performed the necessary reclassification for the eligible financial assets to match against the insurance contract/takaful certificate liabilities.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**2. Material accounting policies (cont'd.)**

**2.23 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:

| <b>Description</b>  | <b>Effective for annual periods beginning on or after</b> |
|---|---|
| Amendments to MFRS 101 <i>Presentation of Financial Statements</i> – Classification of Liabilities as Current or Non-current  | 1 January 2024  |
| Amendments to MFRS 101 <i>Presentation of Financial Statements</i> – Non-Current Liabilities with Covenants   | 1 January 2024  |
| Amendments to MFRS 16 <i>Leases</i> - Lease Liability in a Sale and Leaseback   | 1 January 2024  |
| Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 Financial Instruments: Disclosures   | 1 January 2024  |
| Amendments to MFRS 121 Lack of Exchangeability  | 1 January 2025  |
| Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</i> - Sale or Distribution of Assets between an Investor and its Associate or Joint Venture | to be determined 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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**3. (a) Insurance/takaful revenue**

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

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>2024</b>      | <b>2023</b>      |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Contracts not measured under PAA</b>   |                  |                  |
| <b>Amounts relating to the changes in the liability for remaining coverage</b>                            |                  |                  |
| Expected claims and insurance/takaful service expenses incurred in the period                             | 1,334,717        | 1,313,619        |
| Change in the risk adjustment for non-financial risk  | 133,014          | 107,119          |
| Amount of CSM recognised in profit or loss  | 437,988          | 257,297          |
| Experience adjustments for premium/contributions receipts   | 156,727          | 35,006           |
| <b>Amounts relating to recovery of insurance/takaful acquisition cash flows</b>                           |                  |                  |
| Allocation of the portion of premiums/contributions that relate to the recovery of acquisition cash flows | 164,223          | 134,265          |
| <b>Insurance/takaful revenue - contracts not measured under PAA</b>                                       | <u>2,226,669</u> | <u>1,847,306</u> |
| <b>Insurance/takaful revenue - contracts measured under PAA</b>   | 871,485          | 675,370          |
| <b>Total insurance/takaful revenue</b>  | <u>3,098,154</u> | <u>2,522,676</u> |

**(b) Insurance/takaful service expenses**

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

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>2024</b>      | <b>2023</b>      |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| Incurred claims (Note 4(b))   | 1,879,733        | 1,952,608        |
| Incurred maintenance expenses (Note 4(b))   | 324,073          | 219,267          |
| Incurred surplus to participants  | 10,000           | 3,000            |
| Amortisation of acquisition cash flows (Note 20)                                    | 340,492          | 261,598          |
| Experience variance from acquisition cash flows                                     | (9,628)          | (659)            |
| Losses on onerous contracts and reversal of losses on onerous contracts (Note 4(b)) | 44,342           | 28,884           |
| Changes to liabilities for incurred claims ("LIC")                                  | (155,236)        | (111,109)        |
| <b>Total insurance/takaful service expenses (Note 4(b))</b>                         | <u>2,433,776</u> | <u>2,353,589</u> |
| <b>Represented by:</b>  |                  |                  |
| Contracts not measured under PAA  | 1,713,565        | 1,769,621        |
| Contracts measured under PAA  | 720,211          | 583,968          |
|   | <u>2,433,776</u> | <u>2,353,589</u> |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 4. (a) Fees and other operating income

|   | Group         |                    | Company       |               |
|---|---------------|--------------------|---------------|---------------|
|   | 2024          | 2023               | 2024          | 2023          |
|   | RM'000        | Restated<br>RM'000 | RM'000        | RM'000        |
| Management fees   | 3,843         | 4,313              | 57,139        | 61,317        |
| Other operating income  | 45,511        | 31,300             | 345           | 171           |
| Net realised gains on foreign exchange                              | 25,361        | 5,433              | -             | -             |
| Reversal of impairment losses on buildings (Note 13)                | 21            | 72                 | -             | -             |
| Reversal of impairment losses on :                                  |               |                    |               |               |
| - financial assets at FVOCI   | -             | 707                | -             | -             |
| - insurance/takaful receivables                                     | 281           | -                  | -             | -             |
| Interest/profit income on premium reserve and staff loans           | 910           | 630                | -             | -             |
| Reversal of impairment losses on financial assets at amortised cost | -             | 1                  | -             | -             |
| Non-operating interest/profit income                                | 1             | 2                  | 1             | 2             |
| Miscellaneous income  | 13,945        | 22,288             | 344           | 169           |
| Net rental income from properties                                   | 4,992         | 2,167              | -             | -             |
|   | <b>49,354</b> | <b>35,613</b>      | <b>57,484</b> | <b>61,488</b> |

## 4. (b) Expenses by nature

|  | Group     |           | Company |        |
|--|-----------|-----------|---------|--------|
|  | 2024      | 2023      | 2024    | 2023   |
|  | RM'000    | RM'000    | RM'000  | RM'000 |
| Claims and benefits  | 1,879,733 | 1,952,608 | -       | -      |
| Fees and commissions   | 277,569   | 248,084   | -       | -      |
| Losses on onerous insurance/takaful contracts/certificates (Note 3(b))   | 44,342    | 28,884    | -       | -      |
| Staff costs:   |           |           |         |        |
| Salaries, bonus and other related costs  | 171,804   | 132,969   | 45,348  | 38,687 |
| Short term accumulating compensated absences   | (249)     | 627       | (253)   | 236    |
| President & Group Chief Executive Officer ("PGCEO"), directors and Group Shariah Committee ("GSC") members' remuneration (Note 5(a)) | 5,671     | 4,853     | 3,174   | 2,562  |
| Pension costs - EPF  | 22,682    | 18,706    | 6,562   | 5,245  |
| Social security costs  | 952       | 1,239     | 293     | 247    |
| Retirement benefits  | 121       | 141       | 27      | 42     |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**(b) Expenses by nature (cont'd.)**

|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | 2024<br>RM'000   | 2023<br>RM'000   | 2024<br>RM'000 | 2023<br>RM'000 |
| Auditors' remuneration:                                 |                  |                  |                |                |
| Statutory auditors of the Group                         |                  |                  |                |                |
| - statutory audit                                       | 4,220            | 1,657            | 134            | 105            |
| - other assurance services                              | -                | 2,012            | -              | -              |
| - regulatory-related                                    | 568              | 105              | 26             | 26             |
| - other services  | 350              | 192              | 104            | 32             |
| Depreciation of property, plant and equipment (Note 13) | 9,103            | 7,892            | 1,119          | 1,210          |
| Depreciation of right-of-use assets (Note 14)           | 1,530            | 1,404            | 1,157          | 1,023          |
| Amortisation of intangible assets (Note 15)             | 22,469           | 20,723           | 2,503          | 1,295          |
| Expense relating to short-term leases                   | -                | 199              | -              | -              |
| Expenses relating to leases of low-value assets         | 425              | 1,079            | 289            | 468            |
| Agency expenses   | 7,762            | 7,981            | -              | -              |
| Marketing and promotional costs                         | 62,412           | 59,349           | 704            | 207            |
| Electronic data processing costs                        | 22,336           | 22,830           | 2,839          | 5,179          |
| Management fee  | -                | -                | 256            | 407            |
| Professional and legal fees                             | 22,825           | 12,564           | 3,843          | 29             |
| Contributions and donations                             | 254              | 4                | -              | -              |
| Tax on premium  | 3,575            | 2,265            | -              | -              |
| Other management expenses                               | 24,625           | 33,436           | 2,375          | 1,661          |
| Net realised losses on foreign exchange                 | 2,255            | 7,652            | -              | -              |
| Impairment losses on financial assets at FVOCI          | 41               | 11               | 11             | 1              |
| Allowance for impairment losses on other receivables    | -                | 1,607            | -              | -              |
| Write-off of intangible assets (Note 14)                | -                | 2,197            | -              | -              |
| Loss from participation in Lloyds' syndicate            | -                | 1,572            | -              | -              |
| Investment expenses                                     | 645              | 888              | -              | -              |
| Miscellaneous expenses                                  | 11,251           | 16,610           | 21             | 11             |
|   | <u>2,599,270</u> | <u>2,592,340</u> | <u>70,532</u>  | <u>58,673</u>  |
| Net amortisation of acquisition cash flows              | <u>(71,723)</u>  | <u>(159,069)</u> | <u>-</u>       | <u>-</u>       |
|   | <u>2,527,547</u> | <u>2,433,271</u> | <u>70,532</u>  | <u>58,673</u>  |
| <b>Represented by:</b>                                  |                  |                  |                |                |
| Takaful service expenses (Note 3(b))                    | 2,433,776        | 2,353,589        | -              | -              |
| Management and other operating expenses                 | 93,771           | 79,682           | 70,532         | 58,673         |
|   | <u>2,527,547</u> | <u>2,433,271</u> | <u>70,532</u>  | <u>58,673</u>  |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**5. (a) PGCEO, directors' and GSC members' remuneration**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2024<br>RM'000 | 2023<br>RM'000 | 2024<br>RM'000 | 2023<br>RM'000 |
| Number of non-executive directors  | 23             | 21             | 7              | 6              |
| <b>PGCEO/Executive Director of the subsidiaries (Note 5(b)) :</b>                            |                |                |                |                |
| Salaries and bonus   | 1,870          | 1,442          | 1,870          | 1,442          |
| Pension costs - EPF and SOCSO  | 318            | 245            | 318            | 245            |
| Benefits-in-kind   | 18             | 18             | 18             | 18             |
| Others   | 52             | 38             | 52             | 38             |
|  | <u>2,258</u>   | <u>1,743</u>   | <u>2,258</u>   | <u>1,743</u>   |
| <b>Non-executive directors of the Company (Note 5(b)):</b>                                   |                |                |                |                |
| Fees   | 1,346          | 1,233          | 710            | 667            |
| Meeting allowances   | 445            | 363            | 224            | 171            |
| Benefits-in-kind   | 88             | 31             | 76             | 31             |
|  | <u>1,879</u>   | <u>1,627</u>   | <u>1,010</u>   | <u>869</u>     |
| <b>Non-executive directors of the subsidiaries:</b>  |                |                |                |                |
| Fees   | 1,074          | 998            | -              | -              |
| Meeting allowances   | 256            | 309            | -              | -              |
|  | <u>1,330</u>   | <u>1,307</u>   | <u>-</u>       | <u>-</u>       |
| <b>Group Shariah Committee members:</b>  |                |                |                |                |
| Fees   | 243            | 180            | -              | -              |
| Meeting allowances   | 67             | 45             | -              | -              |
|  | <u>310</u>     | <u>225</u>     | <u>-</u>       | <u>-</u>       |
| Total PGCEO, directors' and GSC members' remuneration excluding benefits-in-kind (Note 4(b)) | <u>5,671</u>   | <u>4,853</u>   | <u>3,174</u>   | <u>2,562</u>   |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**5. (a) PGCEO, directors' and GSC members' remuneration (cont'd.)**

|   | Number of Directors |      |                 |      |
|---|---------------------|------|-----------------|------|
|   | Group<br>2024       | 2023 | Company<br>2024 | 2023 |
| PGCEO/Executive Director of the subsidiaries: |                     |      |                 |      |
| RM1,500,001 to RM2,000,000                    | -                   | 1    | -               | 1    |
| RM2,000,001 to RM2,500,000                    | 1                   | -    | 1               | -    |
| Non-executive directors of the Company:       |                     |      |                 |      |
| RM50,001 to RM100,000                         | 1                   | -    | 1               | -    |
| RM100,001 to RM150,000                        | 3                   | 3    | 4               | 5    |
| RM150,001 to RM200,000                        | -                   | -    | 1               | -    |
| RM200,001 to RM250,000                        | -                   | -    | 1               | 1    |
| RM250,001 to RM300,000                        | -                   | 1    | -               | -    |
| RM300,001 to RM350,000                        | 1                   | -    | -               | -    |
| RM400,001 to RM450,000                        | -                   | 1    | -               | -    |
| RM450,001 to RM500,000                        | 1                   | -    | -               | -    |
| RM500,001 to RM550,000                        | -                   | 1    | -               | -    |
| RM550,001 to RM600,000                        | 1                   | -    | -               | -    |
| Non-executive directors of the subsidiaries:  |                     |      |                 |      |
| RM0 to RM50,000                               | 4                   | 5    | -               | -    |
| RM50,001 to RM100,000                         | 2                   | 2    | -               | -    |
| RM100,001 to RM150,000                        | 8                   | 6    | -               | -    |
| RM150,001 to RM200,000                        | 2                   | 1    | -               | -    |
| RM250,001 to RM300,000                        | -                   | 1    | -               | -    |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

5. (b) PGCEO/Executive Director of the subsidiaries and non-executive directors of the company

|   | ←-----Group----->       |              |  | -----Company----->      |             |  |              |
|---|-------------------------|--------------|--|-------------------------|-------------|--|--------------|
|   | Salary and bonus RM'000 | Fees RM'000  | Benefits-in-kind and other emoluments RM'000 | Salary and bonus RM'000 | Fees RM'000 | Benefits-in-kind and other emoluments RM'000 | Total RM'000 |
| <b>2024</b>   |                         |              |  |                         |             |  |              |
| <b>PGCEO/Executive Director of the subsidiaries</b> |                         |              |  |                         |             |  |              |
| Zaharudin Daud                                      | 1,870                   | -            | 388  | 1,870                   | -           | 388  | 2,258        |
| <b>Non-Executive Directors of the Company:</b>      |                         |              |  |                         |             |  |              |
| Datuk Johar Che Mat                                 | -                       | 448          | 145  | -                       | 159         | 64   | 223          |
| George Oommen                                       | -                       | 335          | 127  | -                       | 109         | 46   | 155          |
| Khalid Sufat  | -                       | 213          | 98   | -                       | 92          | 46   | 138          |
| Junaidah Mohd Said                                  | -                       | 99           | 53   | -                       | 99          | 48   | 147          |
| Zaida Khalida Shaari                                | -                       | 104          | 43   | -                       | 104         | 40   | 144          |
| Dato' Wan Roshdi Wan Musa                           | -                       | 104          | 43   | -                       | 104         | 38   | 142          |
| Puan Chin See Mei                                   | -                       | 43           | 24   | -                       | 43          | 18   | 61           |
|   | -                       | 1,346        | 533  | -                       | 710         | 300  | 1,010        |
| <b>Total PGCEO and directors' remuneration</b>      | <b>1,870</b>            | <b>1,346</b> | <b>921</b>                                   | <b>1,870</b>            | <b>710</b>  | <b>688</b>                                   | <b>3,268</b> |



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**6. Net expense from reinsurance/retakaful contracts/retakaful certificates held**

The Group has voluntarily disclosed an analysis of the net expenses from reinsurance contracts/retakaful certificates held recognised in the period in the table below:

|  | <b>Group</b>     |                  |
|--|------------------|------------------|
|  | <b>2024</b>      | <b>2023</b>      |
|  | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Contracts not measured under PAA</b>  |                  |                  |
| <b>Amounts relating to the changes in the assets for remaining coverage</b>                        |                  |                  |
| Expected recovery for insurance/takaful service expenses incurred in the period                    | (267,369)        | (188,104)        |
| Changes in the risk adjustment for non-financial risk  | (10,878)         | (6,771)          |
| Net cost recognised in profit or loss  | (93,551)         | (28,941)         |
| Other amount   | (9,380)          | 4,352            |
| <b>Allocation of reinsurance/retakaful premium/contributions - Contract not measured under PAA</b> | <b>(381,178)</b> | <b>(219,464)</b> |
| <b>Allocation of reinsurance/retakaful premium/contributions - Contract measured under PAA</b>     | <b>(223,574)</b> | <b>(148,072)</b> |
| <b>Allocation of reinsurance/retakaful premium/contributions</b>                                   | <b>(604,752)</b> | <b>(367,536)</b> |
| Amounts recoverable for claims and other expenses incurred in the period:                          |                  |                  |
| Amounts recoverable for claims   | 247,164          | 137,807          |
| Loss recovery on onerous underlying certificates   | 23,468           | 4,948            |
| Changes in amounts recoverable arising from changes in liability for incurred claims               | (8,072)          | 6,977            |
| <b>Amounts recoverable from reinsurers/retakaful operators - Contract not measured under PAA</b>   | <b>262,560</b>   | <b>149,732</b>   |
| Amounts recoverable from claims  | 132,533          | 91,632           |
| Changes in amounts recoverable arising from changes in liability for incurred claims               | 39,685           | 26,545           |
| <b>Amounts recoverable from reinsurers/retakaful operators - Contract measured under PAA</b>       | <b>172,218</b>   | <b>118,177</b>   |
| <b>Amounts recoverable from reinsurers/retakaful operators for incurred claims</b>                 | <b>434,778</b>   | <b>267,909</b>   |
| <b>Net expense from reinsurance/retakaful contracts/certificates held</b>                          | <b>(169,974)</b> | <b>(99,627)</b>  |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**7. Investment income**

|   | <b>Group</b>   |                | <b>Company</b> |               |
|---|----------------|----------------|----------------|---------------|
|   | <b>2024</b>    | <b>2023</b>    | <b>2024</b>    | <b>2023</b>   |
|   | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Financial assets at FVTPL</b>                        |                |                |                |               |
| <u>Designated upon initial recognition:</u>             |                |                |                |               |
| Interest/profit income                                  | 124,151        | 119,910        | -              | -             |
| <u>Mandatorily measured:</u>                            |                |                |                |               |
| Interest/profit income                                  | 47,188         | 656            | -              | -             |
| Dividend income:  |                |                |                |               |
| - Quoted shares in Malaysia                             | 9,722          | 9,643          | -              | -             |
| - Shariah approved unit trust funds                     | 1,834          | 2,658          | 148            | 477           |
| - Real estate investment trusts                         | 1,047          | 1,012          | -              | -             |
| <b>Financial assets at FVOCI</b>                        |                |                |                |               |
| Interest/profit income                                  | 30,460         | 74,768         | 2,196          | 2,190         |
| Dividend income on shariah approved unit trust funds    | 82             | 582            | -              | -             |
| <b>Financial assets at amortised cost</b>               |                |                |                |               |
| Interest/profit income                                  | 202,475        | 112,192        | 4,248          | 2,261         |
| <b>Loans and receivables</b>                            |                |                |                |               |
| Dividend income from subsidiaries                       | -              | -              | 102,365        | 23,000        |
| Dividend income from associate                          | -              | -              | 400            | -             |
| Net amortisation of premiums of discount on investments | (4,977)        | (4,873)        | -              | -             |
| Investment expenses                                     | (1,198)        | (297)          | -              | -             |
|   | <u>410,784</u> | <u>316,251</u> | <u>109,357</u> | <u>27,928</u> |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**8. Net realised (losses)/gains**

|  | Group          |              | Company     |          |
|--|----------------|--------------|-------------|----------|
|  | 2024           | 2023         | 2024        | 2023     |
|  | RM'000         | RM'000       | RM'000      | RM'000   |
| <b>Property, plant and equipment</b>     |                |              |             |          |
| Net realised (losses)/gain               | (67)           | 16           | (67)        | (0)      |
| <b>Intangible assets</b>                 |                |              |             |          |
| Net realised gain                        | -              | 398          | -           | -        |
| <b>Financial assets at FVTPL</b>         |                |              |             |          |
| Quoted shares in Malaysia:               |                |              |             |          |
| Shariah approved equities                | (6,522)        | (4,828)      | -           | -        |
| Others                                   | (5,281)        | 125          | -           | -        |
| Unquoted Islamic private debt securities | 724            | 1,365        | -           | -        |
| Government investment issues             | 10,202         | 3,476        | -           | -        |
| Malaysian government securities          | (21)           | -            | -           | -        |
| Shariah approved unit trust funds        | (52)           | 141          | -           | -        |
| Property trust fund                      | (1,139)        | -            | -           | -        |
| Real estate investment trusts            | (522)          | 515          | -           | -        |
| Net realised (losses)/gains              | (2,611)        | 794          | -           | -        |
| <b>Financial assets at FVOCI</b>         |                |              |             |          |
| Unquoted corporate debt securities       | -              | 694          | -           | -        |
| Unquoted Islamic private debt securities | -              | 55           | -           | -        |
| Government investment issues             | (340)          | 2,103        | -           | -        |
| Net realised (losses)/gains              | (340)          | 2,852        | -           | -        |
|  | <u>(3,018)</u> | <u>4,060</u> | <u>(67)</u> | <u>-</u> |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**9. Net foreign exchange gains on investments**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2024</b>   | <b>2023</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| Foreign exchange gains:                   |               |               |
| Realised                                  | 44,583        | 9,498         |
| Unrealised                                | 3,426         | 4,403         |
| Net foreign exchange gains on investments | <u>48,009</u> | <u>13,901</u> |

**10. Net insurance/takaful financial results**

|  | <b>Group</b>            |                         |
|--|-------------------------|-------------------------|
|  | <b>2024</b>             | <b>2023</b>             |
|  | <b>RM'000</b>           | <b>RM'000</b>           |
| <b>Insurance/takaful profit/finance (expenses)/income from insurance/takaful contracts/certificates issued</b>       |                         |                         |
| Profit accreted to insurance/takaful contracts/certificates using current financial assumptions                      | (84,091)                | 8,865                   |
| Profit accreted to insurance/takaful contracts/certificates using locked-in rate                                     | (21,095)                | (13,466)                |
| Due to changes in the value of underlying items  | (261,673)               | (172,537)               |
| Financial risk component   | (5,527)                 | (5,065)                 |
| Net foreign exchange expense   | (86,527)                | (9,782)                 |
| Net insurance/takaful profit/finance expenses from contract/certificates issued                                      | <u>(458,913)</u>        | <u>(191,985)</u>        |
| <b>Reinsurance/retakaful profit/finance (expenses)/income from reinsurance/retakaful contracts/certificates held</b> |                         |                         |
| Profit accreted to reinsurance/retakaful contracts/certificates using current financial assumptions                  | (3,758)                 | 5,226                   |
| Profit accreted to reinsurance/retakaful contracts using locked-in rate  | 11,739                  | 4,597                   |
| Due to changes in interest/profit rates and other financial assumptions  | (394)                   | (1,671)                 |
| Net foreign exchange income/(expenses)   | 3,931                   | (67)                    |
| Net insurance/takaful profit/finance income/(expenses) from contract/certificates issued                             | <u>11,518</u>           | <u>8,085</u>            |
| <b>Unallocated surplus attributable to participants</b>  | (90,091)                | (34,417)                |
| <b>Net insurance/takaful financial results</b>   | <u><b>(537,486)</b></u> | <u><b>(218,317)</b></u> |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**11. Tax attributable to the participants**

|                     | Group         |                    |
|---------------------|---------------|--------------------|
|                     | 2024          | 2023               |
|                     | RM'000        | Restated<br>RM'000 |
| Current income tax  | 21,048        | 15,661             |
| Deferred income tax | 4,030         | 805                |
|                     | <u>25,078</u> | <u>16,466</u>      |

**12. Taxation**

|   | Group         |                    | Company      |              |
|---|---------------|--------------------|--------------|--------------|
|   | 2024          | 2023               | 2024         | 2023         |
|   | RM'000        | Restated<br>RM'000 | RM'000       | RM'000       |
| <b>Malaysian income tax:</b>                                  |               |                    |              |              |
| Tax expense for the year                                      | 67,255        | 39,243             | 7,690        | 972          |
| Under/(over) provision in prior years                         | 6,532         | (2,819)            | 3            | 23           |
|   | <u>73,787</u> | <u>36,424</u>      | <u>7,693</u> | <u>995</u>   |
| <b>Deferred tax (Note 19):</b>                                |               |                    |              |              |
| Relating to origination and reversal of temporary differences | (2,879)       | (11,448)           | (1,370)      | 524          |
| <b>Tax expense for the year</b>                               | <u>70,908</u> | <u>24,976</u>      | <u>6,323</u> | <u>1,519</u> |

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% (2023: 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% (2023: 8%).

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       |               |
|--|----------------|--------------------|---------------|---------------|
|  | 2024           | 2023               | 2024          | 2023          |
|  | RM'000         | Restated<br>RM'000 | RM'000        | RM'000        |
| Profit before zakat and taxation   | <u>530,859</u> | <u>161,150</u>     | <u>79,400</u> | <u>14,075</u> |
| Taxation at Malaysian statutory tax rate of 24%                            | 127,407        | 38,676             | 19,056        | 3,378         |
| Effects of different tax rate in respect of reinsurance/retakaful business | (63,638)       | (7,912)            | -             | -             |
| Income not subject to tax  | (8,155)        | (12,252)           | (24,701)      | (5,635)       |
| Expenses not deductible for tax purposes                                   | 12,117         | 13,775             | 6,271         | 4,409         |
| Utilisation of previously unrecognised tax losses                          | -              | (656)              | -             | (656)         |
| Under provision of tax in prior years                                      | 6,532          | (2,819)            | 3             | 23            |
| Impairment of tax recoverable  | 7,354          | -                  | 5,694         | -             |
| Share of results of associates   | (10,709)       | (3,836)            | -             | -             |
| Tax expense for the year   | <u>70,908</u>  | <u>24,976</u>      | <u>6,323</u>  | <u>1,519</u>  |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 13. Property, plant and equipment

| Group   | Freehold<br>land<br>RM'000 | Buildings<br>RM'000 | Computer<br>equipment<br>RM'000 | Furniture,<br>fittings<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Work in<br>progress<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|---------------------|---------------------------------|---|-----------------------------|-------------------------------|-----------------|
|   |                            |                     |                                 |   |                             |                               |                 |
| At 1 April 2022   | 36,800                     | 162,107             | 10,680                          | 38,767  | 2,215                       | 5,141                         | 255,710         |
| Additions   | -                          | -                   | 1,698                           | 26  | 342                         | 16,555                        | 18,621          |
| Disposals   | -                          | -                   | -                               | -   | (90)                        | -                             | (90)            |
| Revaluation surplus                                       | -                          | 3,625               | -                               | -   | -                           | -                             | 3,625           |
| Foreign exchange translation                              | -                          | 319                 | 7                               | 21  | 11                          | -                             | 358             |
| Elimination of accumulated<br>depreciation on revaluation | -                          | (4,516)             | -                               | -   | -                           | -                             | (4,516)         |
| Reclassification  | -                          | 1,356               | 835                             | 4,421   | -                           | (6,612)                       | -               |
| At 31 March 2023  | 36,800                     | 162,891             | 13,220                          | 43,235  | 2,478                       | 15,084                        | 273,708         |
| Additions   | -                          | -                   | 1,145                           | 874   | 672                         | 13,576                        | 16,267          |
| Disposals   | -                          | -                   | -                               | -   | (821)                       | -                             | (821)           |
| Revaluation surplus                                       | -                          | 4,905               | -                               | -   | -                           | -                             | 4,905           |
| Foreign exchange translation                              | -                          | 485                 | 10                              | 32  | 17                          | -                             | 544             |
| Elimination of accumulated<br>depreciation on revaluation | -                          | (4,597)             | -                               | -   | -                           | -                             | (4,597)         |
| Adjustments   | -                          | -                   | -                               | -   | -                           | (2,910)                       | (2,910)         |
| Reclassification  | -                          | 10,692              | -                               | 4,111   | -                           | (14,803)                      | -               |
| At 31 March 2024  | 36,800                     | 174,376             | 14,375                          | 48,252  | 2,346                       | 10,947                        | 287,096         |



197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**13. Property, plant and equipment (cont'd.)**

|   | Freehold land<br>RM'000 | Buildings<br>RM'000 | Computer equipment<br>RM'000 | Furniture, fittings and office equipment<br>RM'000 | Motor vehicles<br>RM'000 | Work in progress<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|---------------------|------------------------------|--|--------------------------|----------------------------|-----------------|
|   |                         |                     |                              |  |                          |                            |                 |
| <b>Group (cont'd.)</b>  |                         |                     |                              |  |                          |                            |                 |
| <b>Accumulated depreciation and impairment loss</b>                   |                         |                     |                              |  |                          |                            |                 |
| At 1 April 2022   | -                       | -                   | 7,147                        | 35,909   | 1,441                    | -                          | 44,497          |
| Depreciation charge for the year (Note 4(b))                          | -                       | 4,653               | 1,412                        | 1,426  | 401                      | -                          | 7,892           |
| Disposals   | -                       | -                   | -                            | -  | (90)                     | -                          | (90)            |
| Elimination of accumulated depreciation on revaluation                | -                       | (4,516)             | -                            | -  | -                        | -                          | (4,516)         |
| Foreign exchange translation  | -                       | 161                 | 7                            | 21   | 6                        | -                          | 195             |
| Reversal of impairment loss during the year (Note 4(a))               | -                       | (72)                | -                            | -  | -                        | -                          | (72)            |
| At 31 March 2023  | -                       | 226                 | 8,566                        | 37,356   | 1,758                    | -                          | 47,906          |
| Depreciation charge for the year (Note 4(b))                          | -                       | 4,944               | 1,750                        | 2,057  | 352                      | -                          | 9,103           |
| Disposals   | -                       | -                   | -                            | -  | (702)                    | -                          | (702)           |
| Foreign exchange translation  | -                       | 379                 | 9                            | 32   | 15                       | -                          | 435             |
| Reversal of impairment loss during the year (Note 4(a))               | -                       | (21)                | -                            | -  | -                        | -                          | (21)            |
| Elimination of accumulated depreciation and impairment on revaluation | -                       | (4,597)             | -                            | -  | -                        | -                          | (4,597)         |
| At 31 March 2024  | -                       | 931                 | 10,325                       | 39,445   | 1,423                    | -                          | 52,124          |
| <b>Net carrying amount</b>  |                         |                     |                              |  |                          |                            |                 |
| At 31 March 2024  | 36,800                  | 173,445             | 4,050                        | 8,807  | 923                      | 10,947                     | 234,972         |
| At 31 March 2023  | 36,800                  | 162,665             | 4,654                        | 5,879  | 720                      | 15,084                     | 225,802         |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**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 based on valuation date of 31 March 2024.

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 performed 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 34.

Freehold buildings outside Malaysia have been revalued based on their value-in-use and a discount rate of 7% (2023: 6%) is applied, being the prevailing rental yield in the country where the buildings are located.

If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

| <b>Group</b>                           | <b>Freehold<br/>land<br/>RM'000</b> | <b>Buildings<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------------------------------|-----------------------------|-------------------------|
| <b>Cost</b>                            |                                     |                             |                         |
| At 1 April 2022                        | 15,596                              | 147,789                     | 163,385                 |
| Reclassification from work-in-progress | -                                   | 1,356                       | 1,356                   |
| Foreign exchange translation           | -                                   | 319                         | 319                     |
| At 31 March 2023                       | 15,596                              | 149,464                     | 165,060                 |
| Reclassification from work-in-progress | -                                   | 10,692                      | 10,692                  |
| Foreign exchange translation           | -                                   | 484                         | 484                     |
| At 31 March 2024                       | 15,596                              | 160,640                     | 176,236                 |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**13. Property, plant and equipment (cont'd.)**

**Revaluation of freehold land and buildings (cont'd.)**

| <b>Group (cont'd.)</b>                              | <b>Freehold<br/>land<br/>RM'000</b> | <b>Buildings<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|-------------------------------------|-----------------------------|-------------------------|
| <b>Accumulated depreciation and impairment loss</b> |                                     |                             |                         |
| At 1 April 2022                                     | -                                   | 61,673                      | 61,673                  |
| Depreciation charge for the year                    | -                                   | 3,680                       | 3,680                   |
| Reversal of impairment losses                       | -                                   | (72)                        | (72)                    |
| Foreign exchange translation                        | -                                   | 161                         | 161                     |
| At 31 March 2023                                    | -                                   | 65,442                      | 65,442                  |
| Depreciation charge for the year                    | -                                   | 3,920                       | 3,920                   |
| Reversal of impairment losses                       | -                                   | (21)                        | (21)                    |
| Foreign exchange translation                        | -                                   | 366                         | 366                     |
| At 31 March 2024                                    | -                                   | 69,707                      | 69,707                  |
| <b>Net carrying amount</b>                          |                                     |                             |                         |
| At 31 March 2024                                    | 15,596                              | 90,933                      | 106,529                 |
| At 31 March 2023                                    | 15,596                              | 84,022                      | 99,618                  |

| <b>Company</b>   | <b>Computer<br/>equipment<br/>RM'000</b> | <b>Furniture,<br/>fittings<br/>and office<br/>equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Work-in-<br/>progress<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------|--|--|--------------------------------------|---|-------------------------|
| <b>Cost</b>      |  |  |                                      |   |                         |
| At 1 April 2022  | 5,451                                    | 2,782  | 599                                  | 642                                     | 9,474                   |
| Additions        | 442                                      | -  | -                                    | 7,252                                   | 7,694                   |
| Disposals        | -  | -  | (5)                                  | -                                       | (5)                     |
| Reclassification | 425                                      | 459  | -                                    | (884)                                   | -                       |
| At 31 March 2023 | 6,318                                    | 3,241  | 594                                  | 7,010                                   | 17,163                  |
| Additions        | 108                                      | 44   | 382                                  | 2,805                                   | 3,339                   |
| Disposals        | -  | -  | (594)                                | -                                       | (594)                   |
| Adjustments      | -  | -  | -                                    | (2,909)                                 | (2,909)                 |
| At 31 March 2024 | 6,426                                    | 3,285  | 382                                  | 6,906                                   | 16,999                  |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**13. Property, plant and equipment (cont'd.)**

|                                 | Computer<br>equipment<br>RM'000 | Furniture,<br>fittings<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---------------------------------|---------------------------------|---|-----------------------------|--------------------------------|-----------------|
| <b>Company (cont'd.)</b>        |                                 |   |                             |                                |                 |
| <b>Accumulated depreciation</b> |                                 |   |                             |                                |                 |
| At 1 April 2022                 | 4,025                           | 2,358   | 371                         | -                              | 6,754           |
| Charge for the year (Note 4(b)) | 818                             | 274   | 118                         | -                              | 1,210           |
| Disposals                       | -                               | -   | (5)                         | -                              | (5)             |
| At 31 March 2023                | 4,843                           | 2,632   | 484                         | -                              | 7,959           |
| Charge for the year (Note 4(b)) | 848                             | 183   | 88                          | -                              | 1,119           |
| Disposals                       | -                               | -   | (527)                       | -                              | (527)           |
| At 31 March 2024                | 5,691                           | 2,815   | 45                          | -                              | 8,551           |
| <b>Net carrying amount</b>      |                                 |   |                             |                                |                 |
| At 31 March 2024                | 735                             | 470   | 337                         | 6,906                          | 8,448           |
| At 31 March 2023                | 1,475                           | 609   | 110                         | 7,010                          | 9,204           |

**14. Intangible assets**

|                  | Software<br>development<br>in<br>progress<br>RM'000 | Computer<br>software<br>and<br>licences<br>RM'000 | Preferred<br>partnership<br>fees<br>RM'000 | Total<br>RM'000 |
|------------------|---|---|--|-----------------|
| <b>Group</b>     |   |   |  |                 |
| <b>Cost</b>      |   |   |  |                 |
| At 1 April 2022  | 28,759  | 87,507  | 28,000                                     | 144,266         |
| Additions        | 3,462   | 8,185   | 74,000                                     | 85,647          |
| Write-off        | -   | (6,576)   | -  | (6,576)         |
| Disposal         | -   | -   | (28,000)                                   | (28,000)        |
| Reclassification | (10,006)  | 10,006  | -  | -               |
| At 31 March 2023 | 22,215  | 99,122  | 74,000                                     | 195,337         |
| Additions        | 7,985   | 7,018   | -  | 15,003          |
| Reclassification | (3,861)   | 3,861   | -  | -               |
| Adjustments      | -   | (214)   | -  | (214)           |
| At 31 March 2024 | 26,339  | 109,787   | 74,000                                     | 210,126         |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**14. Intangible assets (cont'd.)**

|                                       | Software<br>development<br>in<br>progress<br>RM'000 | Computer<br>software<br>and<br>licences<br>RM'000 | Preferred<br>partnership<br>fees<br>RM'000 | Total<br>RM'000  |
|---------------------------------------|---|---|--|--|
| <b>Group (cont'd.)</b>                |   |   |  |  |
| <b>Accumulated amortisation</b>       |   |   |  |  |
| At 1 April 2022                       | -   | 58,863  | 10,267                                     | 69,130   |
| Amortisation for the year (Note 4(b)) | -   | 6,605   | 14,118                                     | 20,723   |
| Write-off                             | -   | (4,379)   | -  | (4,379)  |
| Disposal                              | -   | -   | (14,934)                                   | (14,934)   |
| At 31 March 2023                      | -   | 61,089  | 9,451                                      | 70,540   |
| Amortisation for the year (Note 4(b)) | -   | 7,205   | 15,264                                     | 22,469   |
| At 31 March 2024                      | -   | 68,294  | 24,715                                     | 93,009   |
| <b>Net carrying amount</b>            |   |   |  |  |
| At 31 March 2024                      | 26,339  | 41,493  | 49,285                                     | 117,118  |
| At 31 March 2023                      | 22,215  | 38,033  | 64,549                                     | 124,797  |
|                                       |   |   |  | <b>Computer<br/>software<br/>and<br/>licences<br/>RM'000</b> |
| <b>Company</b>                        |   |   |  |  |
| <b>Cost</b>                           |   |   |  |  |
| At 1 April 2022                       |   |   |  | 12,408   |
| Additions                             |   |   |  | 2,554  |
| At 31 March 2023                      |   |   |  | 14,962   |
| Additions                             |   |   |  | 4,404  |
| At 31 March 2024                      |   |   |  | 19,366   |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 14. Intangible assets (cont'd.)

| <b>Company (cont'd.)</b>              | <b>Computer software and licences<br/>RM'000</b> |
|---------------------------------------|--|
| <b>Accumulated amortisation</b>       |  |
| At 1 April 2022                       | 8,935  |
| Amortisation for the year (Note 4(b)) | 1,295  |
| At 31 March 2023                      | <u>10,230</u>                                    |
| Amortisation for the year (Note 4(b)) | 2,503  |
| At 31 March 2024                      | <u>12,733</u>                                    |
| <b>Net carrying amount</b>            |  |
| At 31 March 2024                      | <u>6,633</u>                                     |
| At 31 March 2023                      | <u>4,732</u>                                     |

## 15. Leases

## (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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**15. Leases (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:

| <b>Group</b>                    | <b>Data<br/>Centre<br/>RM'000</b> | <b>Office<br/>buildings<br/>RM'000</b> | <b>Computer<br/>and office<br/>equipment<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---------------------------------|-----------------------------------|--|---|-------------------------|
| <b>Cost</b>                     |                                   |  |   |                         |
| At 1 April 2022                 | 553                               | 5,734                                  | 256   | 6,543                   |
| Lease modification              | -                                 | (171)                                  | (256)   | (427)                   |
| Additions during the year       | -                                 | 296                                    | -   | 296                     |
| Termination                     | -                                 | (846)                                  | -   | (846)                   |
| Foreign exchange translation    | -                                 | 34                                     | -   | 34                      |
| At 31 March 2023                | 553                               | 5,047                                  | -   | 5,600                   |
| Lease modification              | -                                 | (408)                                  | -   | (408)                   |
| Additions during the year       | 686                               | 1,040                                  | -   | 1,726                   |
| Termination                     | (553)                             | (809)                                  | -   | (1,362)                 |
| Foreign exchange translation    | -                                 | 52                                     | -   | 52                      |
| At 31 March 2024                | 686                               | 4,922                                  | -   | 5,608                   |
| <b>Accumulated depreciation</b> |                                   |  |   |                         |
| At 1 April 2022                 | 115                               | 733                                    | 141   | 989                     |
| Lease modification              | -                                 | 826                                    | (141)   | 685                     |
| Charge for the year (Note 4(b)) | 277                               | 1,127                                  | -   | 1,404                   |
| Termination                     | -                                 | (846)                                  | -   | (846)                   |
| At 31 March 2023                | 392                               | 1,840                                  | -   | 2,232                   |
| Lease modification              | -                                 | 357                                    | -   | 357                     |
| Charge for the year (Note 4(b)) | 305                               | 1,225                                  | -   | 1,530                   |
| Termination                     | (553)                             | (809)                                  | -   | (1,362)                 |
| Foreign exchange translation    | -                                 | 24                                     | -   | 24                      |
| At 31 March 2024                | 144                               | 2,637                                  | -   | 2,781                   |
| <b>Net carrying amount</b>      |                                   |  |   |                         |
| At 31 March 2024                | 542                               | 2,285                                  | -   | 2,827                   |
| At 31 March 2023                | 161                               | 3,207                                  | -   | 3,368                   |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 15. Leases (cont'd.)

## (a) The Group and the Company as lessees (cont'd.)

## (i) Right-of-use assets (cont'd.):

| Company                            | Office<br>buildings<br>RM'000 | Computer<br>and office<br>equipment<br>RM'000 | Total<br>RM'000 |
|------------------------------------|-------------------------------|---|-----------------|
| <b>Cost</b>                        |                               |   |                 |
| At 1 April 2022                    | 4,218                         | 215   | 4,433           |
| Lease derecognised during the year | -                             | (215)   | (215)           |
| At 31 March 2023                   | 4,218                         | -   | 4,218           |
| Lease derecognised during the year | (4,218)                       | -   | (4,218)         |
| Additions                          | 3,471                         | -   | 3,471           |
| At 31 March 2024                   | 3,471                         | -   | 3,471           |
| <b>Accumulated depreciation</b>    |                               |   |                 |
| At 1 April 2022                    | 3,195                         | 97  | 3,292           |
| Charge for the year (Note 4(b))    | 1,023                         | -   | 1,023           |
| Lease derecognised during the year | -                             | (97)  | (97)            |
| At 31 March 2023                   | 4,218                         | -   | 4,218           |
| Charge for the year (Note 4(b))    | 1,157                         | -   | 1,157           |
| Lease derecognised during the year | (4,218)                       | -   | (4,218)         |
| At 31 March 2024                   | 1,157                         | -   | 1,157           |
| <b>Net carrying amount</b>         |                               |   |                 |
| At 31 March 2024                   | 2,314                         | -   | 2,314           |
| At 31 March 2023                   | -                             | -   | -               |

## (ii) Lease liabilities:

Set out below are the carrying amounts of lease liabilities and the movements during the period:

|                              | Group<br>RM '000 | Company<br>RM '000 |
|------------------------------|------------------|--------------------|
| <b>At 1 April 2022</b>       | <b>5,476</b>     | <b>1,073</b>       |
| Lease modification           | (1,007)          | -                  |
| Additions                    | 287              | -                  |
| Accretion of interest/profit | 125              | 28                 |
| Payments                     | (1,501)          | (1,101)            |
| Foreign exchange translation | 46               | -                  |
| <b>At 31 March 2023</b>      | <b>3,426</b>     | <b>-</b>           |
| Lease modification           | 687              | -                  |
| Additions                    | 1,725            | 3,472              |
| Termination                  | (1,484)          | -                  |
| Accretion of interest/profit | 114              | 151                |
| Payments                     | (1,576)          | (1,250)            |
| Foreign exchange translation | 124              | -                  |
| <b>At 31 March 2024</b>      | <b>3,016</b>     | <b>2,373</b>       |



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**15. Leases (cont'd.)**

**(a) The Group and the Company as lessees (cont'd.)**

**(iii) Extension options**

Most of the Group's and the Company's leases on 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 their control.

All of the extension options for office buildings have been included in the lease liability because the Group and Company is reasonably certain that the lease will be extended based on past practice and the existing economic incentive.

**(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:

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2024</b>   | <b>2023</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> |
| Future minimum rental receivable:            |               |               |
| Not later than 1 year                        | 1,709         | 1,650         |
| Later than 1 year and not later than 5 years | 1,257         | 62            |
|  | <u>2,966</u>  | <u>1,712</u>  |

**16. Investments in subsidiaries**

|                                      | <b>Company</b>   |                  |
|--------------------------------------|------------------|------------------|
|                                      | <b>2024</b>      | <b>2023</b>      |
|                                      | <b>RM'000</b>    | <b>RM'000</b>    |
| 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            |
|                                      | <u>1,304,476</u> | <u>1,304,476</u> |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**16. Investments in subsidiaries (cont'd.)**

Details of the subsidiaries are as follows:

| Name of subsidiaries                                     | Country of incorporation            | Principal activities   | Effective ownership interest |        |
|--|-------------------------------------|--|------------------------------|--------|
|  |                                     |  | 2024 %                       | 2023 % |
| 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 ("SSB")                              | Malaysia                            | Family retakaful and general retakaful businesses #  | 100                          | 100    |
| MMIP Services Sdn. Bhd. ("MSSB")                         | 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. ("MRDL")*                      | Dubai, United Arab Emirates ("UAE") | Marketing and promotional activities and servicing of clients on behalf of Malaysian Re  | 100                          | 100    |

The Board of Directors of MRDL has, on 29 March 2024, passed a director resolution for voluntary liquidation of MRDL. A request of license withdrawal to Dubai Financial Service Authority ("DFSA") was submitted by MRDL, which subsequently approved and the license was withdrawn effective 10 July 2024. MRDL has thereon appointed a company based in UAE to act as the liquidator.

**Held through Takaful IKHLAS General:**

|                                   |          |  |     |   |
|-----------------------------------|----------|--|-----|---|
| Hong Leong Dana Abadi ("HLDA") ** | Malaysia | Investment in Shariah compliant money market instruments and Sukuk | 100 | - |
|-----------------------------------|----------|--|-----|---|

\* Audited by a firm of chartered accountants affiliated to Ernst & Young PLT, Malaysia.

\*\* Audited by a firm other than Ernst & Young PLT, Malaysia.

# SSB has ceased its operations since December 2017.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**17. Investments in associates**

|   | <b>Group</b>   |                |
|---|----------------|----------------|
|   | <b>2024</b>    | <b>2023</b>    |
|   | <b>RM'000</b>  | <b>RM'000</b>  |
| Unquoted shares in Malaysia, at cost                    | 77,615         | 77,615         |
| Share of post-acquisition retained profits              | 83,995         | 39,373         |
| Reversal of dividend income                             | (2,983)        | (2,583)        |
| Post-acquisition foreign exchange translation reserve * | 16,284         | 32,985         |
|   | <u>174,911</u> | <u>147,390</u> |
| Represented by share of net assets                      | <u>174,911</u> | <u>147,390</u> |
|   | <b>Company</b> |                |
|   | <b>2024</b>    | <b>2023</b>    |
|   | <b>RM'000</b>  | <b>RM'000</b>  |
| Unquoted shares in Malaysia, at cost                    | <u>1,957</u>   | <u>1,957</u>   |

\* 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:

| <b>Name of associates</b>                  | <b>Year end</b> | <b>Principal activities</b>  | <b>Proportion of ownership interest and voting power</b> |             |
|--|-----------------|--|--|-------------|
|  |                 |  | <b>2024</b>  | <b>2023</b> |
|  |                 |  | %  | %           |
| <b>Held by the Company:</b>                |                 |  |  |             |
| Motordata Research Consortium Sdn. Bhd. ** | 31 December     | Development and provision of a centralised motor parts price database for the Malaysian insurance industry | 40   | 40          |
| <b>Held by Malaysian Re:</b>               |                 |  |  |             |
| 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 audited financial statements of the associates for the year ended 31 December 2023 and management financial statements to the end of the accounting period of 31 March 2024 have been used.

\*\* Audited by a firm other than Ernst & Young PLT, Malaysia.

**MNRB Holdings Berhad**  
(Incorporated in 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:

|                                  | <b>2024</b>      | <b>2023</b>                |
|----------------------------------|------------------|----------------------------|
|                                  | <b>RM'000</b>    | <b>Restated<br/>RM'000</b> |
| <b>Assets and liabilities:</b>   |                  |                            |
| Current assets                   | 2,424,659        | 2,687,132                  |
| Non-current assets               | 58,288           | 70,525                     |
| Total assets                     | <u>2,482,947</u> | <u>2,757,657</u>           |
| Current liabilities              | 309,582          | 318,113                    |
| Non-current liabilities          | 1,299,685        | 1,826,873                  |
| Total liabilities                | <u>1,609,267</u> | <u>2,144,986</u>           |
| <b>Equity</b>                    | <u>873,680</u>   | <u>612,671</u>             |
| <b>Results:</b>                  |                  |                            |
| Insurance Revenue                | 659,508          | 614,181                    |
| Profit for the year              | <u>(45,796)</u>  | <u>(43,762)</u>            |
| Share of net profit for the year | <u>44,623</u>    | <u>15,985</u>              |

**18. Financial and other assets**

The following table summarises the carrying values of financial and other assets of the Group and the Company:

|                                     | <b>Group</b>      |                   | <b>Company</b> |                |
|-------------------------------------|-------------------|-------------------|----------------|----------------|
|                                     | <b>2024</b>       | <b>2023</b>       | <b>2024</b>    | <b>2023</b>    |
|                                     | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>  | <b>RM'000</b>  |
| <u>At carrying value:</u>           |                   |                   |                |                |
| Financial assets at FVTPL (a)       | 4,959,479         | 3,445,293         | 5,329          | 5,181          |
| Financial assets at FVOCI (b)       | 626,239           | 1,803,902         | 49,809         | 49,682         |
| Amortised cost and other assets (c) | 5,689,979         | 4,765,136         | 243,295        | 95,183         |
|                                     | <u>11,275,697</u> | <u>10,014,331</u> | <u>298,433</u> | <u>150,046</u> |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**18. Financial and other assets (cont'd.)**

|  | Group             |                   | Company        |                |
|--|-------------------|-------------------|----------------|----------------|
|  | 2024              | 2023              | 2024           | 2023           |
|  | RM'000            | RM'000            | RM'000         | RM'000         |
| Malaysian government securities          | 301,812           | 89,773            | -              | -              |
| Government investment issues             | 2,161,965         | 2,100,241         | -              | -              |
| Unquoted corporate debt securities       | 740,218           | 641,148           | 50,759         | 50,632         |
| Commercial paper                         | 59,569            | -                 | -              | -              |
| Equity securities:                       |                   |                   |                |                |
| Unquoted shares in Malaysia              | 87,899            | 87,352            | 50             | 50             |
| Quoted shares in Malaysia                | 233,403           | 222,588           | -              | -              |
| Unquoted perpetual bond in Malaysia      | 4,964             | 4,884             | -              | -              |
| Unquoted Islamic private debt securities | 1,675,232         | 1,742,180         | -              | -              |
| Shariah approved unit trust funds        | 356,830           | 346,407           | 5,329          | 5,181          |
| Real estate investment trusts:           |                   |                   |                |                |
| - Shariah approved                       | 14,665            | 5,859             | -              | -              |
| - Non-Shariah approved                   | 9,050             | 8,694             | -              | -              |
| Fixed and call deposits                  | 970,093           | 647,571           | -              | -              |
| Islamic investment accounts              | 4,482,959         | 3,972,333         | 231,517        | 76,992         |
| Derivatives                              | (320)             | 69                | -              | -              |
| Other receivables and prepayments        | 177,358           | 145,232           | 10,778         | 17,191         |
|  | <u>11,275,697</u> | <u>10,014,331</u> | <u>298,433</u> | <u>150,046</u> |

\* The unquoted corporate debt 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.

|   | Group     |           | Company |        |
|---|-----------|-----------|---------|--------|
|   | 2024      | 2023      | 2024    | 2023   |
|   | RM'000    | RM'000    | RM'000  | RM'000 |
| <b>(a) Financial assets at FVTPL</b>        |           |           |         |        |
| <b>At fair value:</b>                       |           |           |         |        |
| <u>Designated upon initial recognition:</u> |           |           |         |        |
| Government investment issues                | 1,532,331 | 1,414,505 | -       | -      |
| Unquoted Islamic private debt securities    | 1,386,861 | 1,436,711 | -       | -      |
| Malaysian government securities             | 301,812   | -         | -       | -      |
| <u>Mandatorily measured:</u>                |           |           |         |        |
| Government investment issues                | 379,665   | -         | -       | -      |
| Quoted shares in Malaysia:                  |           |           |         |        |
| Shariah approved equities                   | 221,166   | 166,292   | -       | -      |
| Others                                      | 12,237    | 56,296    | -       | -      |
| Unquoted perpetual bond in Malaysia         | 4,964     | 4,884     | -       | -      |
| Unquoted corporate debt securities          | 740,218   | 5,576     | -       | -      |

OUR BUSINESS

OUR PERFORMANCE &amp; OUTLOOK

OUR FINANCIAL REVIEW

OUR GOVERNANCE

OUR FINANCIAL REPORT

OTHER INFORMATION

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 18. Financial and other assets (cont'd.)

|  | Group            |                  | Company      |              |
|--|------------------|------------------|--------------|--------------|
|  | 2024             | 2023             | 2024         | 2023         |
|  | RM'000           | RM'000           | RM'000       | RM'000       |
| <b>(a) Financial assets at FVTPL (cont'd.)</b> |                  |                  |              |              |
| <b>At fair value:</b>                          |                  |                  |              |              |
| <u>Mandatorily measured (cont'd.):</u>         |                  |                  |              |              |
| Shariah approved unit trust funds              | 356,830          | 346,407          | 5,329        | 5,181        |
| Real estate investment trusts:                 |                  |                  |              |              |
| - Shariah approved                             | 14,665           | 5,859            | -            | -            |
| - Non-Shariah approved                         | 9,050            | 8,694            | -            | -            |
| Derivative <sup>(i)</sup>                      | (320)            | 69               | -            | -            |
|  | <u>4,959,479</u> | <u>3,445,293</u> | <u>5,329</u> | <u>5,181</u> |

<sup>(i)</sup> The table below shows the fair values of derivative financial instruments, recorded as assets (being derivatives which are in a net gain position) or liabilities (being derivatives which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a derivatives' underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year and are neither indicative of the market risk nor the credit risk.

|                                   | Notional Amount | Asset  | Liability |
|-----------------------------------|-----------------|--------|-----------|
|                                   | RM'000          | RM'000 | RM'000    |
| <b>2024</b>                       |                 |        |           |
| Trading derivative:               |                 |        |           |
| Forward foreign exchange contract | 68,838          | -      | (319)     |
| <b>2023</b>                       |                 |        |           |
| Trading derivative:               |                 |        |           |
| Forward foreign exchange contract | 195,766         | 69     | -         |

Forward contracts are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investments. The Group enters into forward foreign exchange contracts for the purpose of hedging part of its investment portfolio.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**18. Financial and other assets (cont'd.)**

|   | Group          |                  | Company        |                |
|---|----------------|------------------|----------------|----------------|
|   | 2024<br>RM'000 | 2023<br>RM'000   | 2024<br>RM'000 | 2023<br>RM'000 |
| <b>(b) Financial assets at FVOCI</b>        |                |                  |                |                |
| <b>At fair value:</b>                       |                |                  |                |                |
| Malaysian government securities             | -              | 89,773           | -              | -              |
| Government investment issues                | 249,969        | 685,736          | -              | -              |
| Unquoted corporate debt securities          | -              | 635,572          | 49,759         | 49,632         |
| Unquoted Islamic private debt securities    | 288,371        | 305,469          | -              | -              |
| Unquoted shares in Malaysia <sup>(ii)</sup> | 87,666         | 87,119           | -              | -              |
| Golf club memberships                       | 233            | 233              | 50             | 50             |
|   | <u>626,239</u> | <u>1,803,902</u> | <u>49,809</u>  | <u>49,682</u>  |

<sup>(ii)</sup> 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<br>Park<br>(Labuan)<br>Sdn. Bhd.<br>RM'000 | Malaysian<br>Rating<br>Corporation<br>Berhad<br>RM'000 | Total<br>RM'000 |
|-------------------------------------|--|--|-----------------|
| <b>Fair value</b>                   |  |  |                 |
| As at 1 April 2022                  | 84,648   | 2,541  | 87,189          |
| Fair value movement during the year | (35)   | (35)   | (70)            |
| As at 31 March 2023                 | 84,613   | 2,506  | 87,119          |
| Fair value movement during the year | 354  | 194  | 548             |
| As at 31 March 2024                 | <u>84,967</u>  | <u>2,700</u>   | <u>87,667</u>   |

Disclosures on expected credit losses recognised on financial assets at FVOCI are disclosed in Note 31(a).

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 18. Financial and other assets (cont'd.)

|   | Group            |                  | Company        |               |
|---|------------------|------------------|----------------|---------------|
|   | 2024             | 2023             | 2024           | 2023          |
|   | RM'000           | RM'000           | RM'000         | RM'000        |
| <b>(c) Financial assets at amortised cost</b> |                  |                  |                |               |
| <b>At amortised cost:</b>                     |                  |                  |                |               |
| Unquoted corporate debt securities            | -                | -                | 1,000          | 1,000         |
| Fixed and call deposits with licensed:        |                  |                  |                |               |
| Commercial banks                              | 190,239          | 114,400          | -              | -             |
| Foreign banks                                 | 779,854          | 533,171          | -              | -             |
| Islamic investment accounts with licensed:    |                  |                  |                |               |
| Islamic banks                                 | 3,748,889        | 3,472,984        | 219,445        | 66,547        |
| Development banks                             | 734,070          | 499,349          | 12,072         | 10,445        |
| Commercial paper                              | 59,569           | -                | -              | -             |
| Secured staff loans                           | 2,584            | 3,068            | 507            | 569           |
| Amounts due from subsidiaries *               | -                | -                | 8,835          | 15,472        |
| Amounts due from associates *                 | -                | 12               | -              | -             |
| Income due and accrued                        | 112,458          | 66,502           | 1,024          | 442           |
| Amount due from Insurance                     |                  |                  |                |               |
| Pool accounts                                 | 23               | 48               | -              | -             |
| Due from Lloyds' syndicate                    | 40,573           | 50,812           | -              | -             |
| Sundry receivables                            | 19,318           | 17,868           | 266            | 341           |
|   | <u>5,687,577</u> | <u>4,758,214</u> | <u>243,149</u> | <u>94,816</u> |
| <b>Other assets:</b>                          |                  |                  |                |               |
| Other receivables                             | 92               | 168              | -              | -             |
| Prepayments                                   | 2,310            | 6,754            | 146            | 367           |
|   | <u>5,689,979</u> | <u>4,765,136</u> | <u>243,295</u> | <u>95,183</u> |

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.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**18. Financial and other assets (cont'd.)**

**(d) Average effective interest/profit 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 |        |
|--------------------------------------|--------|--------|---------|--------|
|                                      | 2024   | 2023   | 2024    | 2023   |
|                                      | RM'000 | RM'000 | RM'000  | RM'000 |
| Debt securities                      | 4.78%  | 4.61%  | 4.48%   | 4.48%  |
| Staff loans                          | 2.14%  | 2.33%  | 3.04%   | 3.04%  |
| Deposits with financial institutions | 3.72%  | 3.24%  | 3.63%   | 3.56%  |

**19. Deferred tax assets/(liabilities)**

|                                     | Group   |                    | Company |        |
|-------------------------------------|---------|--------------------|---------|--------|
|                                     | 2024    | 2023               | 2024    | 2023   |
|                                     | RM'000  | Restated<br>RM'000 | RM'000  | RM'000 |
| At 1 April, restated                | 15,017  | 7,175              | 3,998   | 4,435  |
| Recognised in:                      |         |                    |         |        |
| Income statements (Note 12)         | 2,879   | 11,448             | 1,370   | (524)  |
| Tax borne by participants (Note 11) | (4,030) | (805)              | -       | -      |
| Other comprehensive income          | (3,686) | (2,801)            | 29      | 87     |
| At 31 March                         | 10,180  | 15,017             | 5,397   | 3,998  |

Deferred tax assets and liabilities are offset when there is a legally enforceable 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 |        |
|--------------------------|----------|--------------------|---------|--------|
|                          | 2024     | 2023               | 2024    | 2023   |
|                          | RM'000   | Restated<br>RM'000 | RM'000  | RM'000 |
| Deferred tax assets      | 47,391   | 36,867             | 5,397   | 3,998  |
| Deferred tax liabilities | (37,212) | (21,850)           | -       | -      |
|                          | 10,179   | 15,017             | 5,397   | 3,998  |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

### 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                               | Accelerated capital allowances RM'000 | Takaful Certificates Liabilities RM'000 | Financial assets RM'000 | Revaluation of land and buildings RM'000 | Others RM'000 | Total RM'000 |
|-------------------------------------|---------------------------------------|---|-------------------------|--|---------------|--------------|
| <b>2024</b>                         |                                       |   |                         |  |               |              |
| At 1 April 2023, restated           | (2,742)                               | 12,232                                  | 857                     | (9,568)                                  | 14,238        | 15,016       |
| Recognised in:                      |                                       |   |                         |  |               |              |
| Income statements (Note 12)         | (657)                                 | 3,496                                   | (691)                   | -  | 731           | 2,879        |
| Tax borne by participants (Note 11) | (448)                                 | 7,552                                   | (11,134)                | -  | -             | (4,030)      |
| Other comprehensive income          | -                                     | -                                       | 101                     | (3,787)                                  | -             | (3,686)      |
| At 31 March 2024                    | (3,847)                               | 23,280                                  | (10,867)                | (13,355)                                 | 14,969        | 10,179       |
| <b>2023</b>                         |                                       |   |                         |  |               |              |
| At 1 April 2022, restated           | (1,487)                               | (384)                                   | 5,876                   | (9,161)                                  | 12,331        | 7,175        |
| Recognised in:                      |                                       |   |                         |  |               |              |
| Income statements (Note 12)         | (1,300)                               | 10,951                                  | (144)                   | -  | 1,941         | 11,448       |
| Tax borne by participants (Note 11) | 45                                    | 1,665                                   | (2,481)                 | -  | (34)          | (805)        |
| Other comprehensive income          | -                                     | -                                       | (2,394)                 | (407)                                    | -             | (2,801)      |
| At 31 March 2023, restated          | (2,742)                               | 12,232                                  | 857                     | (9,568)                                  | 14,238        | 15,017       |

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. Since management expenses are now deductible under the new amendments, the Group has recognised deferred tax assets of RM 10,956,000 in FYE 2022.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

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/<br>accelerated capital<br>allowances<br>RM'000 | Unutilised<br>business<br>losses<br>RM'000 | Provisions and<br>payables<br>RM'000 | Financial<br>assets<br>RM'000 | Total<br>RM'000 |
|-----------------------------|--|--|--------------------------------------|-------------------------------|-----------------|
| <b>2024</b>                 |  |  |                                      |                               |                 |
| At 1 April 2023             | (178)  | 2,000                                      | 2,089                                | 87                            | 3,998           |
| Recognised in:              |  |  |                                      |                               |                 |
| Income statements (Note 12) | (369)  | -  | 1,739                                | -                             | 1,370           |
| Other comprehensive income  | -  | -  | -                                    | 29                            | 29              |
| At 31 March 2024            | (547)  | 2,000                                      | 3,828                                | 116                           | 5,397           |
| <b>2023</b>                 |  |  |                                      |                               |                 |
| At 1 April 2022             | (535)  | 3,600                                      | 1,370                                | -                             | 4,435           |
| Recognised in income        |  |  |                                      |                               |                 |
| Income statements (Note 12) | 357  | (1,600)                                    | 719                                  | -                             | (524)           |
| Other comprehensive income  | -  | -  | -                                    | 87                            | 87              |
| At 31 March 2023            | (178)  | 2,000                                      | 2,089                                | 87                            | 3,998           |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**19. Deferred tax assets/(liabilities) (cont'd.)**

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.

|                            | <b>Group</b>  |               |
|----------------------------|---------------|---------------|
|                            | <b>2024</b>   | <b>2023</b>   |
|                            | <b>RM'000</b> | <b>RM'000</b> |
| Unutilised business losses | 8,103         | 8,103         |

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 were allowed to be carried forward for a maximum period of 7 consecutive years of assessments 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 (ie. from year of assessment 2019 to 2028).

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

**20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities**

The breakdown of groups of reinsurance and takaful/retakaful contracts issued, and reinsurance/retakaful contracts held, that are in an asset position and those in a liability position by Group is set out in the table below:

|   | 2024             |                       |                    | 2023             |                       |                    |
|---|------------------|-----------------------|--------------------|------------------|-----------------------|--------------------|
|   | Assets<br>RM'000 | Liabilities<br>RM'000 | Net<br>RM'000      | Assets<br>RM'000 | Liabilities<br>RM'000 | Net<br>RM'000      |
| <b>Insurance/takaful contracts issued</b>         |                  |                       |                    |                  |                       |                    |
| General reinsurance/retakaful - Other than PAA    | 7,489            | (2,931,520)           | (2,924,031)        | 4,170            | (2,760,248)           | (2,756,078)        |
| General Takaful - PAA                             | -                | (1,201,019)           | (1,201,019)        | -                | (1,021,619)           | (1,021,619)        |
| Family Takaful                                    | -                | (51,017)              | (51,017)           | -                | (36,472)              | (36,472)           |
| PAA   | 58,845           | (4,309,589)           | (4,250,744)        | 60,239           | (4,063,872)           | (4,003,633)        |
| Other than PAA                                    |                  |                       |                    |                  |                       |                    |
| <b>Total insurance/takaful contracts issued</b>   | <b>66,334</b>    | <b>(8,493,145)</b>    | <b>(8,426,811)</b> | <b>64,409</b>    | <b>(7,882,211)</b>    | <b>(7,817,802)</b> |
| <b>Reinsurance/retakaful contracts held</b>       |                  |                       |                    |                  |                       |                    |
| General reinsurance/retakaful - Other than PAA    | 162,744          | (5,681)               | 157,063            | 234,857          | (22)                  | 234,835            |
| General Takaful - PAA                             | 319,809          | -                     | 319,809            | 233,365          | -                     | 233,365            |
| Family Takaful                                    | 84               | (14,991)              | (14,907)           | 6,078            | (1,272)               | 4,806              |
| PAA   | 28,444           | (11,266)              | 17,178             | 49,286           | (4,285)               | 45,001             |
| Other than PAA                                    |                  |                       |                    |                  |                       |                    |
| <b>Total reinsurance/retakaful contracts held</b> | <b>511,081</b>   | <b>(31,938)</b>       | <b>479,143</b>     | <b>523,586</b>   | <b>(5,579)</b>        | <b>518,007</b>     |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims.

## Insurance/takaful contracts issued

General reinsurance/retakaful - Other than PAA

|   | 2024  |                |                                 |   | Total            |
|---|---|----------------|---------------------------------|---|------------------|
|   | Liabilities for remaining coverage Excluding loss component | Loss component | Liabilities incurred for claims | Unallocated surplus and Qard <sup>1</sup> |                  |
|   | RM'000  | RM'000         | RM'000                          | RM'000                                    | RM'000           |
| Insurance/takaful contracts liabilities as at 1 April                     | (242,717)   | 36,066         | 2,925,381                       | 41,518                                    | 2,760,248        |
| Insurance/takaful contracts assets as at 1 April                          | (6,638)   | 31             | 2,437                           | -   | (4,170)          |
| <b>Net insurance/takaful contract liabilities/(assets) as at 1 April</b>  | <b>(249,355)</b>  | <b>36,097</b>  | <b>2,927,818</b>                | <b>41,518</b>                             | <b>2,756,078</b> |
| <b>Insurance/takaful revenue</b>  | (1,826,265)   | -              | -                               | -   | (1,826,265)      |
| Contracts under the fair value approach                                   | (660,003)   | -              | -                               | -   | (660,003)        |
| New contracts and contracts under full retrospective approach             | (1,166,262)   | -              | -                               | -   | (1,166,262)      |
| <b>Insurance/takaful service expense</b>                                  | 101,789   | 33,006         | 1,258,299                       | -   | 1,393,094        |
| <b>Insurance/takaful service result</b>                                   | <b>(1,724,476)</b>  | <b>33,006</b>  | <b>1,258,299</b>                | -   | <b>(433,171)</b> |
| Insurance/takaful finance expenses  | 45,106  | 1,429          | 54,857                          | 26,279                                    | 127,671          |
| Effect of movements in exchange rates                                     | 2,756   | 2,264          | 81,507                          | -   | 86,527           |
| <b>Total changes in the statement of profit or loss</b>                   | <b>(1,676,614)</b>  | <b>36,699</b>  | <b>1,394,663</b>                | <b>26,279</b>                             | <b>(218,973)</b> |
| <b>Cash flows</b>   |   |                |                                 |   |                  |
| Premium/contributions received  | 1,609,041   | -              | -                               | -   | 1,609,041        |
| Qard received/paid  | -   | -              | -                               | 50  | 50               |
| Claims and other expenses paid  | -   | -              | (1,020,022)                     | -   | (1,020,022)      |
| Insurance/takaful acquisition cash flows                                  | (103,533)   | -              | -                               | -   | (103,533)        |
| <b>Total cash flows</b>   | <b>1,505,508</b>  | -              | <b>(1,020,022)</b>              | <b>50</b>                                 | <b>485,536</b>   |
| Other movements   | (26,332)  | (144)          | (72,134)                        | -   | (98,610)         |
| <b>Net insurance/takaful contract liabilities/(assets) as at 31 March</b> | <b>(446,793)</b>  | <b>72,652</b>  | <b>3,230,325</b>                | <b>67,847</b>                             | <b>2,924,031</b> |
| Insurance/takaful contract liabilities as at 31 March                     | (431,737)   | 72,448         | 3,222,962                       | 67,847                                    | 2,931,520        |
| Insurance/takaful contract assets as at 31 March                          | (15,056)  | 204            | 7,363                           | -   | (7,489)          |
| <b>Net insurance/takaful contract liabilities/(assets) as at 31 March</b> | <b>(446,793)</b>  | <b>72,652</b>  | <b>3,230,325</b>                | <b>67,847</b>                             | <b>2,924,031</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Insurance/takaful contracts issued (cont'd)

General reinsurance/retakaful - Other than PAA (continued)

|   |                                    | 2023           |                                 |                               |                    |        |
|---|------------------------------------|----------------|---------------------------------|-------------------------------|--------------------|--------|
|   | Liabilities for remaining coverage | Loss component | Liabilities incurred for claims | Unallocated surplus and Qard' | Total              |        |
|   | Excluding loss component           | RM'000         | RM'000                          | RM'000                        | RM'000             | RM'000 |
| Insurance/takaful contracts liabilities as at 1 April                     | (181,583)                          | 8,147          | 2,662,168                       | 33,603                        | 2,522,335          |        |
| Insurance/takaful contracts assets as at 1 April                          | (2,217)                            | -              | 1,744                           | -                             | (473)              |        |
| <b>Net insurance/takaful contract liabilities/(assets) as at 1 April</b>  | <b>(183,800)</b>                   | <b>8,147</b>   | <b>2,663,912</b>                | <b>33,603</b>                 | <b>2,521,862</b>   |        |
| <b>Insurance/takaful revenue</b>  | <b>(1,458,128)</b>                 | <b>-</b>       | <b>-</b>                        | <b>-</b>                      | <b>(1,458,128)</b> |        |
| Contracts under the fair value approach                                   | (1,094,272)                        | -              | -                               | -                             | (1,094,272)        |        |
| New contracts and contracts under full retrospective approach             | (363,856)                          | -              | -                               | -                             | (363,856)          |        |
| <b>Insurance/takaful service expense</b>                                  | <b>94,239</b>                      | <b>27,066</b>  | <b>1,272,825</b>                | <b>-</b>                      | <b>1,394,130</b>   |        |
| <b>Insurance/takaful service result</b>                                   | <b>(1,363,889)</b>                 | <b>27,066</b>  | <b>1,272,825</b>                | <b>-</b>                      | <b>(63,998)</b>    |        |
| Insurance/takaful finance expenses  | 22,841                             | 198            | 2,920                           | 7,809                         | 33,768             |        |
| Effect of movements in exchange rates                                     | 1,065                              | 686            | 8,031                           | -                             | 9,782              |        |
| <b>Total changes in the statement of profit or loss</b>                   | <b>(1,339,983)</b>                 | <b>27,950</b>  | <b>1,283,776</b>                | <b>7,809</b>                  | <b>(20,448)</b>    |        |
| <b>Cash flows</b>   |                                    |                |                                 |                               |                    |        |
| Premium/contributions received  | 1,381,308                          | -              | -                               | -                             | 1,381,308          |        |
| Qard received/paid  | -                                  | -              | -                               | 106                           | 106                |        |
| Claims and other expenses paid  | -                                  | -              | (979,094)                       | -                             | (979,094)          |        |
| Insurance/takaful acquisition cash flows                                  | (88,888)                           | -              | -                               | -                             | (88,888)           |        |
| <b>Total cash flows</b>   | <b>1,292,420</b>                   | <b>-</b>       | <b>(979,094)</b>                | <b>106</b>                    | <b>313,432</b>     |        |
| <b>Other movements</b>  | <b>(17,992)</b>                    | <b>-</b>       | <b>(40,776)</b>                 | <b>-</b>                      | <b>(58,768)</b>    |        |
| <b>Net insurance/takaful contract liabilities/(assets) as at 31 March</b> | <b>(249,355)</b>                   | <b>36,097</b>  | <b>2,927,818</b>                | <b>41,518</b>                 | <b>2,756,078</b>   |        |
| Insurance/takaful contract liabilities as at 31 March                     | (242,717)                          | 36,066         | 2,925,381                       | 41,518                        | 2,760,248          |        |
| Insurance/takaful contract assets as at 31 March                          | (6,638)                            | 31             | 2,437                           | -                             | (4,170)            |        |
| <b>Net insurance/takaful contract liabilities/(assets) as at 31 March</b> | <b>(249,355)</b>                   | <b>36,097</b>  | <b>2,927,818</b>                | <b>41,518</b>                 | <b>2,756,078</b>   |        |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

- a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

General reinsurance/retakaful - Other than PAA (continued)**i Qard**

The balance and reconciliations of fulfillment cash flows include obligations to repay Qard advanced by the Shareholder's Fund to the General and Family Retakaful Funds. Qard was advanced by the Shareholder's Fund in compliance with the requirements set out in paragraph 19 of the BNM Takaful Operating Framework. Consistent with those requirements, the amount does not bear interest. The amount is repayable, and if to the extent, the General and Family Retakaful Funds have available resources. In accordance with Paragraph 19.4 of the BNM TOF, the Shareholder's Fund has determined a time period during which the Qard shall be repaid and consequently the period beyond which any unpaid Qard will be deemed irrecoverable and the outstanding amount forgiven. The table below reconciles the nominal value of the Qard included in fulfillment cash flows:

|                                | General Retakaful Fund |               | Family Retakaful Fund |               |
|--------------------------------|------------------------|---------------|-----------------------|---------------|
|                                | 2024                   | 2023          | 2024                  | 2023          |
|                                | RM'000                 | RM'000        | RM'000                | RM'000        |
| Opening balance                | 36,061                 | 36,294        | 20,727                | 20,617        |
| Provision Qard during the year | -                      | (233)         | 11,478                | 110           |
| Closing balance                | <b>36,061</b>          | <b>36,061</b> | <b>32,205</b>         | <b>20,727</b> |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Insurance/takaful contracts issued (cont'd)

General Takaful (PAA)

2024

|   | Liabilities for remaining coverage |                | Liability for incurred claims |                 | Unallocated Surplus | Total            |
|---|------------------------------------|----------------|-------------------------------|-----------------|---------------------|------------------|
|   | Excluding loss component           | Loss component | Estimates of the PVFCF        | Risk adjustment |                     |                  |
|   | RM'000                             | RM'000         | RM'000                        | RM'000          | RM'000              | RM'000           |
| Takaful contracts liabilities as at 1 April             | 330,301                            | 1,880          | 466,487                       | 49,626          | 173,325             | 1,021,619        |
| Takaful contracts assets as at 1 April                  | -                                  | -              | -                             | -               | -                   | -                |
| <b>Net takaful contract liabilities as at 1 April</b>   | <b>330,301</b>                     | <b>1,880</b>   | <b>466,487</b>                | <b>49,626</b>   | <b>173,325</b>      | <b>1,021,619</b> |
| Takaful revenue   | (801,376)                          | -              | -                             | -               | -                   | (801,376)        |
| Takaful service expense                                 | 172,206                            | 769            | 491,665                       | 1,787           | -                   | 666,427          |
| Takaful finance expenses                                | 5,527                              | 245            | 13,511                        | 1,525           | 14,484              | 35,292           |
| <b>Total changes in the statement of profit or loss</b> | <b>(623,643)</b>                   | <b>1,014</b>   | <b>505,176</b>                | <b>3,312</b>    | <b>14,484</b>       | <b>(99,657)</b>  |
| <b>Cash flows</b>                                       |                                    |                |                               |                 |                     |                  |
| Contributions received                                  | 676,946                            | -              | -                             | -               | -                   | 676,946          |
| Claim and other expenses paid                           | -                                  | -              | (398,906)                     | -               | -                   | (398,906)        |
| <b>Total cash flows</b>                                 | <b>676,946</b>                     | <b>-</b>       | <b>(398,906)</b>              | <b>-</b>        | <b>-</b>            | <b>278,040</b>   |
| <b>Other movements</b>                                  |                                    |                |                               |                 |                     |                  |
| Net takaful contract liabilities as at 31 March         | 383,604                            | 2,894          | 572,757                       | 52,938          | 188,826             | 1,201,019        |
| Takaful contract liabilities as at 31 March             | 383,604                            | 2,894          | 572,757                       | 52,938          | 188,826             | 1,201,019        |
| Takaful contract assets as at 31 March                  | -                                  | -              | -                             | -               | -                   | -                |
| <b>Net takaful contract liabilities as at 31 March</b>  | <b>383,604</b>                     | <b>2,894</b>   | <b>572,757</b>                | <b>52,938</b>   | <b>188,826</b>      | <b>1,201,019</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

General Takaful (PAA) (cont'd)

|   | 2023                               |                |                               |                 |                     |                  | Total |
|---|------------------------------------|----------------|-------------------------------|-----------------|---------------------|------------------|-------|
|   | Liabilities for remaining coverage |                | Liability for incurred claims |                 | Unallocated Surplus | Total            |       |
|   | Excluding loss component           | Loss component | Estimates of the PVFCF        | Risk adjustment |                     |                  |       |
| RM'000  | RM'000                             | RM'000         | RM'000                        | RM'000          | RM'000              | RM'000           |       |
| Takaful contract liabilities as at 1 April              | 277,972                            | 2,262          | 381,414                       | 44,100          | 165,797             | 871,545          |       |
| Takaful contract assets as at 1 April                   | -                                  | -              | -                             | -               | -                   | -                |       |
| <b>Net takaful contract liabilities as at 1 April</b>   | <b>277,972</b>                     | <b>2,262</b>   | <b>381,414</b>                | <b>44,100</b>   | <b>165,797</b>      | <b>871,545</b>   |       |
| Takaful revenue   | (606,292)                          | -              | -                             | -               | -                   | (606,292)        |       |
| Takaful service expense                                 | 128,768                            | (493)          | 400,270                       | 5,004           | -                   | 533,549          |       |
| Takaful service result                                  | (477,524)                          | (493)          | 400,270                       | 5,004           | -                   | (72,743)         |       |
| Takaful finance expenses                                | 5,065                              | 111            | 4,007                         | 522             | 7,528               | 17,233           |       |
| <b>Total changes in the statement of profit or loss</b> | <b>(472,459)</b>                   | <b>(382)</b>   | <b>404,277</b>                | <b>5,526</b>    | <b>7,528</b>        | <b>(55,510)</b>  |       |
| <b>Cash flows</b>                                       |                                    |                |                               |                 |                     |                  |       |
| Contributions received                                  | 524,788                            | -              | -                             | -               | -                   | 524,788          |       |
| Claim and other expenses paid                           | -                                  | -              | (319,204)                     | -               | -                   | (319,204)        |       |
| <b>Total cash flows</b>                                 | <b>524,788</b>                     | <b>-</b>       | <b>(319,204)</b>              | <b>-</b>        | <b>-</b>            | <b>205,584</b>   |       |
| <b>Net takaful contract liabilities as at 31 March</b>  | <b>330,301</b>                     | <b>1,880</b>   | <b>466,487</b>                | <b>49,626</b>   | <b>173,325</b>      | <b>1,021,619</b> |       |
| Takaful contract liabilities as at 31 March             | 330,301                            | 1,880          | 466,487                       | 49,626          | 173,325             | 1,021,619        |       |
| Takaful contract assets as at 31 March                  | -                                  | -              | -                             | -               | -                   | -                |       |
| <b>Net takaful contract liabilities as at 31 March</b>  | <b>330,301</b>                     | <b>1,880</b>   | <b>466,487</b>                | <b>49,626</b>   | <b>173,325</b>      | <b>1,021,619</b> |       |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Insurance/takaful contracts issued (cont'd)

Family Takaful - Other than PAA

|   | 2024                               |                |                                 |                     | Total            |
|---|------------------------------------|----------------|---------------------------------|---------------------|------------------|
|   | Liabilities for remaining coverage | Loss component | Liabilities incurred for claims | Unallocated Surplus |                  |
|   | Excluding loss component           | Loss component |                                 |                     |                  |
|   | RM'000                             | RM'000         | RM'000                          | RM'000              | RM'000           |
| Takaful contracts liabilities as at 1 April                   | 3,436,445                          | 2,895          | 194,964                         | 429,568             | 4,063,872        |
| Takaful contracts assets as at 1 April                        | (60,239)                           | -              | -                               | -                   | (60,239)         |
| <b>Net takaful contract liabilities as at 1 April</b>         | <b>3,376,206</b>                   | <b>2,895</b>   | <b>194,964</b>                  | <b>429,568</b>      | <b>4,003,633</b> |
| <b>Takaful revenue</b>  | (400,404)                          | -              | -                               | -                   | (400,404)        |
| Contracts under the fair value approach                       | (136,569)                          | -              | -                               | -                   | (136,569)        |
| New contracts and contracts under full retrospective approach | (263,835)                          | -              | -                               | -                   | (263,835)        |
| <b>Takaful service expense</b>                                | 45,796                             | 10,523         | 254,952                         | -                   | 311,271          |
| <b>Investment components</b>                                  | (192,295)                          | -              | 192,295                         | -                   | -                |
| <b>Takaful service result</b>                                 | <b>(546,903)</b>                   | <b>10,523</b>  | <b>447,247</b>                  | -                   | <b>(89,133)</b>  |
| <b>Takaful finance expenses</b>                               | 249,019                            | -              | -                               | 41,429              | 290,448          |
| <b>Total changes in the statement of profit or loss</b>       | <b>(297,884)</b>                   | <b>10,523</b>  | <b>447,247</b>                  | <b>41,429</b>       | <b>201,315</b>   |
| <b>Cash flows</b>   |                                    |                |                                 |                     |                  |
| Contributions received / paid                                 | 637,491                            | -              | -                               | -                   | 637,491          |
| Claims paid, including investment components                  | -                                  | -              | (421,626)                       | -                   | (421,626)        |
| Administration and other expenses                             | -                                  | -              | (34,329)                        | -                   | (34,329)         |
| Takaful acquisition cash flows                                | (113,785)                          | -              | -                               | -                   | (113,785)        |
| <b>Total cash flows</b>                                       | <b>523,706</b>                     | -              | <b>(455,955)</b>                | -                   | <b>67,751</b>    |
| <b>Other movements</b>  | 98,020                             | -              | (122,850)                       | 2,875               | (21,955)         |
| <b>Net takaful contract liabilities as at 31 March</b>        | <b>3,700,048</b>                   | <b>13,418</b>  | <b>63,406</b>                   | <b>473,872</b>      | <b>4,250,744</b> |
| Takaful contract liabilities as at 31 March                   | 3,756,507                          | 13,418         | 65,792                          | 473,872             | 4,309,589        |
| Takaful contract assets as at 31 March                        | (56,459)                           | -              | (2,386)                         | -                   | (58,845)         |
| <b>Net takaful contract liabilities as at 31 March</b>        | <b>3,700,048</b>                   | <b>13,418</b>  | <b>63,406</b>                   | <b>473,872</b>      | <b>4,250,744</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

- a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

Family Takaful - Other than PAA (cont'd)

|   | 2023                               |              |                  |                                 |                     | Total            |
|---|------------------------------------|--------------|------------------|---------------------------------|---------------------|------------------|
|   | Liabilities for remaining coverage |              | Loss component   | Liabilities incurred for claims | Unallocated surplus |                  |
|   | Excluding loss component           | RM'000       | RM'000           | RM'000                          | RM'000              | RM'000           |
| Takaful contracts liabilities as at 1 April                   | 3,099,576                          | 584          | 584              | 250,512                         | 413,365             | 3,764,037        |
| Takaful contracts assets as at 1 April                        | (64,920)                           | -            | -                | -                               | -                   | (64,920)         |
| <b>Net takaful contract liabilities as at 1 April</b>         | <b>3,034,656</b>                   | <b>584</b>   | <b>584</b>       | <b>250,512</b>                  | <b>413,365</b>      | <b>3,699,117</b> |
| <b>Takaful revenue</b>  | (389,179)                          | -            | -                | -                               | -                   | (389,179)        |
| Contracts under the fair value approach                       | (123,111)                          | -            | -                | -                               | -                   | (123,111)        |
| New contracts and contracts under full retrospective approach | (266,068)                          | -            | -                | -                               | -                   | (266,068)        |
| <b>Takaful service expense</b>                                | 30,441                             | 2,311        | 2,311            | 326,835                         | -                   | 359,587          |
| <b>Investment components</b>                                  | (158,883)                          | -            | -                | 158,883                         | -                   | -                |
| <b>Takaful service result</b>                                 | <b>(517,621)</b>                   | <b>2,311</b> | <b>2,311</b>     | <b>485,718</b>                  | <b>-</b>            | <b>(29,592)</b>  |
| <b>Takaful finance expenses</b>                               | 149,176                            | -            | -                | -                               | 13,010              | 162,186          |
| <b>Total changes in the statement of profit or loss</b>       | <b>(368,445)</b>                   | <b>2,311</b> | <b>2,311</b>     | <b>485,718</b>                  | <b>13,010</b>       | <b>132,594</b>   |
| <b>Cash flows</b>   |                                    |              |                  |                                 |                     |                  |
| Contributions received / paid                                 | 715,010                            | -            | -                | -                               | -                   | 715,010          |
| Claims paid, including investment components                  | -                                  | -            | -                | (411,174)                       | -                   | (411,174)        |
| Administration and other expenses                             | -                                  | -            | -                | (33,823)                        | -                   | (33,823)         |
| Takaful acquisition cash flows                                | (148,117)                          | -            | -                | -                               | -                   | (148,117)        |
| <b>Total cash flows</b>                                       | <b>566,893</b>                     | <b>-</b>     | <b>(444,997)</b> | <b>-</b>                        | <b>-</b>            | <b>121,896</b>   |
| <b>Other movements</b>  | 143,102                            | -            | -                | (96,269)                        | 3,193               | 50,026           |
| <b>Net takaful contracts liabilities as at 31 March</b>       | <b>3,376,206</b>                   | <b>2,895</b> | <b>194,964</b>   | <b>194,964</b>                  | <b>429,568</b>      | <b>4,003,633</b> |
| Takaful contracts liabilities as at 31 March                  | 3,436,445                          | 2,895        | 194,964          | 194,964                         | 429,568             | 4,063,872        |
| Takaful contracts assets as at 31 March                       | (60,239)                           | -            | -                | -                               | -                   | (60,239)         |
| <b>Net takaful contracts liabilities as at 31 March</b>       | <b>3,376,206</b>                   | <b>2,895</b> | <b>194,964</b>   | <b>194,964</b>                  | <b>429,568</b>      | <b>4,003,633</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Insurance/takaful contracts issued (cont'd)

Family Takaful - PAA

|   | 2024                               |                               |                 |                     |               | Total         |
|---|------------------------------------|-------------------------------|-----------------|---------------------|---------------|---------------|
|   | Liabilities for remaining coverage | Liability for incurred claims |                 | Unallocated Surplus |               |               |
| Excluding loss component                                | Loss component                     | Estimates of the PVFCF        | Risk adjustment |                     |               |               |
| RM'000  | RM'000                             | RM'000                        | RM'000          | RM'000              | RM'000        | RM'000        |
| Takaful contracts liabilities as at 1 April             | 4,462                              | -                             | 25,618          | -                   | 6,392         | 36,472        |
| Takaful contracts assets as at 1 April                  | -                                  | -                             | -               | -                   | -             | -             |
| <b>Net takaful contracts liabilities as at 1 April</b>  | <b>4,462</b>                       | <b>-</b>                      | <b>25,618</b>   | <b>-</b>            | <b>6,392</b>  | <b>36,472</b> |
| Takaful revenue   | (71,031)                           | -                             | 922             | -                   | -             | (70,109)      |
| Takaful service expense                                 | 18,957                             | -                             | 44,027          | -                   | -             | 62,984        |
| Investment components                                   | (1,607)                            | -                             | 1,607           | -                   | -             | -             |
| Takaful service result                                  | (53,681)                           | -                             | 46,556          | -                   | -             | (7,125)       |
| Takaful finance expenses                                | 1,167                              | -                             | -               | -                   | 7,899         | 9,066         |
| <b>Total changes in the statement of profit or loss</b> | <b>(52,514)</b>                    | <b>-</b>                      | <b>46,556</b>   | <b>-</b>            | <b>7,899</b>  | <b>1,941</b>  |
| <b>Cash flows</b>                                       |                                    |                               |                 |                     |               |               |
| Premium/contributions received                          | 96,389                             | -                             | -               | -                   | -             | 96,389        |
| Qard received/paid                                      | -                                  | -                             | (45,079)        | -                   | -             | (45,079)      |
| Claims and other expenses paid                          | (171)                              | -                             | (19,579)        | -                   | -             | (19,750)      |
| Takaful acquisition cash flows                          | (18,956)                           | -                             | -               | -                   | -             | (18,956)      |
| <b>Total cash flows</b>                                 | <b>77,262</b>                      | <b>-</b>                      | <b>(64,658)</b> | <b>-</b>            | <b>-</b>      | <b>12,604</b> |
| <b>Net takaful contracts liabilities as at 31 March</b> | <b>29,210</b>                      | <b>-</b>                      | <b>7,516</b>    | <b>-</b>            | <b>14,291</b> | <b>51,017</b> |
| Takaful contracts liabilities as at 31 March            | 29,210                             | -                             | 7,516           | -                   | 14,291        | 51,017        |
| Takaful contracts assets as at 31 March                 | -                                  | -                             | -               | -                   | -             | -             |
| <b>Net takaful contracts liabilities as at 31 March</b> | <b>29,210</b>                      | <b>-</b>                      | <b>7,516</b>    | <b>-</b>            | <b>14,291</b> | <b>51,017</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

Family Takaful - PAA (cont'd)

|   | 2023                               |                                   |                               |                     |              | Total          |
|---|------------------------------------|-----------------------------------|-------------------------------|---------------------|--------------|----------------|
|   | Liabilities for remaining coverage | Loss component                    | Liability for incurred claims | Unallocated Surplus |              |                |
|   | Excluding loss component           | Estimates of the PVFCF adjustment | Risk adjustment               |                     |              |                |
|   | RM'000                             | RM'000                            | RM'000                        | RM'000              | RM'000       | RM'000         |
| Takaful contracts liabilities as at 1 April             | 18,637                             | -                                 | 23,111                        | -                   | -            | 41,748         |
| Takaful contracts assets as at 1 April                  | -                                  | -                                 | -                             | -                   | -            | -              |
| <b>Net takaful contract liabilities as at 1 April</b>   | <b>18,637</b>                      | <b>-</b>                          | <b>23,111</b>                 | <b>-</b>            | <b>-</b>     | <b>41,748</b>  |
| Takaful revenue   | (70,017)                           | -                                 | 939                           | -                   | -            | (69,078)       |
| Takaful service expense                                 | 13,499                             | -                                 | 52,822                        | -                   | -            | 66,321         |
| Investment components                                   | (1,475)                            | -                                 | 1,475                         | -                   | -            | -              |
| Takaful service result                                  | (57,993)                           | -                                 | 55,236                        | -                   | -            | (2,757)        |
| Takaful finance expenses                                | (2,636)                            | -                                 | -                             | -                   | 6,392        | 3,756          |
| <b>Total changes in the statement of profit or loss</b> | <b>(60,629)</b>                    | <b>-</b>                          | <b>55,236</b>                 | <b>-</b>            | <b>6,392</b> | <b>999</b>     |
| <b>Cash flows</b>                                       |                                    |                                   |                               |                     |              |                |
| Premium/contributions received                          | 62,012                             | -                                 | -                             | -                   | -            | 62,012         |
| Qard received/paid                                      | -                                  | -                                 | (49,313)                      | -                   | -            | (49,313)       |
| Claims and other expenses paid                          | (2,058)                            | -                                 | (3,416)                       | -                   | -            | (5,474)        |
| Takaful acquisition cash flows                          | (13,500)                           | -                                 | -                             | -                   | -            | (13,500)       |
| <b>Total cash flows</b>                                 | <b>46,454</b>                      | <b>-</b>                          | <b>(52,729)</b>               | <b>-</b>            | <b>-</b>     | <b>(6,275)</b> |
| <b>Net takaful contracts liabilities as at 31 March</b> | <b>4,462</b>                       | <b>-</b>                          | <b>25,618</b>                 | <b>-</b>            | <b>6,392</b> | <b>36,472</b>  |
| Takaful contracts liabilities as at 31 March            | 4,462                              | -                                 | 25,618                        | -                   | 6,392        | 36,472         |
| Takaful contracts assets as at 31 March                 | -                                  | -                                 | -                             | -                   | -            | -              |
| <b>Net takaful contracts liabilities as at 31 March</b> | <b>4,462</b>                       | <b>-</b>                          | <b>25,618</b>                 | <b>-</b>            | <b>6,392</b> | <b>36,472</b>  |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

- a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Reinsurance/retakaful contracts held

General reinsurance/retakaful - Other than PAA

|  | 2024  |   | Total            |
|--|---|---|------------------|
|  | Liabilities for remaining coverage<br>Excluding loss recovery component<br>RM'000 | Liabilities for incurred claims<br>RM'000 |                  |
| Reinsurance/retakaful contracts assets as at 1 April                           | (49,453)  | 4,851                                     | 279,459          |
| Reinsurance/retakaful contracts liabilities as at 1 April                      | (22)  | -   | (22)             |
| <b>Net reinsurance/retakaful contract (liabilities)/assets as at 1 April</b>   | <b>(49,475)</b>   | <b>4,851</b>                              | <b>279,459</b>   |
| Allocation of premium/contributions  | (263,589)   | -   | (263,589)        |
| Amounts recoverable from reinsurers/retakaful operators                        | -   | 23,468                                    | 149,816          |
| <b>Net income or expense from contracts held</b>                               | <b>(263,589)</b>  | <b>23,468</b>                             | <b>149,816</b>   |
| Reinsurance/retakaful finance expenses   | (3,303)   | 167                                       | 4,771            |
| Effect of movements in exchange rates  | 1,394   | 833                                       | 1,704            |
| <b>Total changes in the income statement</b>                                   | <b>(265,498)</b>  | <b>24,468</b>                             | <b>156,291</b>   |
| <b>Cash flows</b>  |   |   |                  |
| Premium/contributions paid   | 168,399   | -   | (5,375)          |
| Amounts received   | -   | -   | (156,057)        |
| <b>Total cash flows</b>  | <b>168,399</b>  | <b>-</b>                                  | <b>(161,432)</b> |
| <b>Net reinsurance/retakaful contracts (liabilities)/assets as at 31 March</b> | <b>(146,574)</b>  | <b>29,319</b>                             | <b>274,318</b>   |
| Reinsurance/retakaful contracts assets as at 31 March                          | (140,877)   | 29,319                                    | 274,302          |
| Reinsurance/retakaful contracts liabilities as at 31 March                     | (5,697)   | -   | 16               |
| <b>Net reinsurance/retakaful contracts (liabilities)/assets as at 31 March</b> | <b>(146,574)</b>  | <b>29,319</b>                             | <b>274,318</b>   |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Reinsurance/retakaful contracts held (cont'd)

General reinsurance/retakaful - Other than PAA (continued)

|  | 2023                               |                         |                                 |                 |  |
|--|------------------------------------|-------------------------|---------------------------------|-----------------|--|
|  | Liabilities for remaining coverage |                         | Liabilities for incurred claims |                 |  |
|  | Excluding loss recovery component  | Loss recovery component |                                 |                 |  |
| RM'000   | RM'000                             | RM'000                  | RM'000                          | RM'000          |  |
| Reinsurance/retakaful contracts assets as at 1 April                           | (19,537)                           | -                       | 387,891                         | 368,354         |  |
| Reinsurance/retakaful contracts liabilities as at 1 April                      | (59)                               | -                       | -                               | (59)            |  |
| <b>Net reinsurance/retakaful contract (liabilities)/assets as at 1 April</b>   | <b>(19,596)</b>                    | <b>-</b>                | <b>387,891</b>                  | <b>368,295</b>  |  |
| Allocation of premium/contributions  | (121,142)                          | -                       | -                               | (121,142)       |  |
| Amounts recoverable from reinsurers/retakaful operators                        | -                                  | 4,948                   | 63,532                          | 68,480          |  |
| <b>Net income or expense from contracts held</b>                               | <b>(121,142)</b>                   | <b>4,948</b>            | <b>63,532</b>                   | <b>(52,662)</b> |  |
| Reinsurance/retakaful finance expenses   | 446                                | 17                      | 5,944                           | 6,407           |  |
| Effect of movements in exchange rates  | 66                                 | (114)                   | (19)                            | (67)            |  |
| <b>Total changes in the income statement</b>                                   | <b>(120,630)</b>                   | <b>4,851</b>            | <b>69,457</b>                   | <b>(46,322)</b> |  |
| <b>Cash flows</b>  |                                    |                         |                                 |                 |  |
| Premium/contributions paid   | 90,751                             | -                       | -                               | 90,751          |  |
| Amounts received   | -                                  | -                       | (177,889)                       | (177,889)       |  |
| <b>Total cash flows</b>  | <b>90,751</b>                      | <b>-</b>                | <b>(177,889)</b>                | <b>(87,138)</b> |  |
| <b>Net reinsurance/retakaful contracts (liabilities)/assets as at 31 March</b> | <b>(49,475)</b>                    | <b>4,851</b>            | <b>279,459</b>                  | <b>234,835</b>  |  |
| Reinsurance/retakaful contracts assets as at 31 March                          | (49,453)                           | 4,851                   | 279,459                         | 234,857         |  |
| Reinsurance/retakaful contracts liabilities as at 31 March                     | (22)                               | -                       | -                               | (22)            |  |
| <b>Net reinsurance/retakaful contracts (liabilities)/assets as at 31 March</b> | <b>(49,475)</b>                    | <b>4,851</b>            | <b>279,459</b>                  | <b>234,835</b>  |  |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Reinsurance/retakaful contracts held (cont'd)

General Takaful - PAA

|  | 2024                          |                         |                        |                                      | Total           |
|--|-------------------------------|-------------------------|------------------------|--------------------------------------|-----------------|
|  | Assets for remaining coverage | Loss recovery component | Estimates of the PVFCF | Amounts recoverable: claims incurred |                 |
|  | RM'000                        | RM'000                  | RM'000                 | RM'000                               | RM'000          |
| Retakaful contracts assets as at 1 April                           | 49,426                        | (199)                   | 163,552                | 20,586                               | 233,365         |
| Retakaful contracts liabilities as at 1 April                      | -                             | -                       | -                      | -                                    | -               |
| <b>Net retakaful contracts assets/(liabilities) as at 1 April</b>  | <b>49,426</b>                 | <b>(199)</b>            | <b>163,552</b>         | <b>20,586</b>                        | <b>233,365</b>  |
| Allocation of retakaful contributions                              | (223,574)                     | -                       | -                      | -                                    | (223,574)       |
| Amounts recoverable from retakaful operators                       | (2,486)                       | 145                     | 173,010                | 1,549                                | 172,218         |
| <b>Net income or expense from retakaful contracts held</b>         | <b>(226,060)</b>              | <b>145</b>              | <b>173,010</b>         | <b>1,549</b>                         | <b>(51,356)</b> |
| Retakaful finance income   | -                             | (7)                     | 5,307                  | 652                                  | 5,952           |
| <b>Total changes in the statement of profit or loss</b>            | <b>(226,060)</b>              | <b>138</b>              | <b>178,317</b>         | <b>2,201</b>                         | <b>(45,404)</b> |
| <b>Cash flows</b>  |                               |                         |                        |                                      |                 |
| Contributions paid   | 219,331                       | -                       | -                      | -                                    | 219,331         |
| Amounts received   | 3,281                         | -                       | (92,483)               | -                                    | (89,202)        |
| <b>Total cash flows</b>  | <b>222,612</b>                | <b>-</b>                | <b>(92,483)</b>        | <b>-</b>                             | <b>130,129</b>  |
| Other movements  | (1,445)                       | (74)                    | 3,238                  | -                                    | 1,719           |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>44,533</b>                 | <b>(135)</b>            | <b>252,624</b>         | <b>22,787</b>                        | <b>319,809</b>  |
| Retakaful contracts assets as at 31 March                          | 44,533                        | (135)                   | 252,624                | 22,787                               | 319,809         |
| Retakaful contracts liabilities as at 31 March                     | -                             | -                       | -                      | -                                    | -               |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>44,533</b>                 | <b>(135)</b>            | <b>252,624</b>         | <b>22,787</b>                        | <b>319,809</b>  |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

- a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Reinsurance/retakaful contracts held (cont'd)

General Takaful - PAA (cont'd)

|  | 2023                              |                         |                                      |                 |                 | Total  |
|--|-----------------------------------|-------------------------|--------------------------------------|-----------------|-----------------|--------|
|  | Assets for remaining coverage     |                         | Amounts recoverable: claims incurred |                 |                 |        |
|  | Excluding loss recovery component | Loss recovery component | Estimates of the PVFCF               | Risk adjustment |                 |        |
|  | RM'000                            | RM'000                  | RM'000                               | RM'000          | RM'000          | RM'000 |
| Retakaful contracts assets as at 1 April                           | 32,189                            | -                       | 157,082                              | 18,449          | 207,720         |        |
| Retakaful contracts liabilities as at 1 April                      | -                                 | -                       | -                                    | -               | -               |        |
| <b>Net retakaful contracts assets as at 1 April</b>                | <b>32,189</b>                     | <b>-</b>                | <b>157,082</b>                       | <b>18,449</b>   | <b>207,720</b>  |        |
| Allocation of retakaful contributions                              | (148,073)                         | -                       | -                                    | -               | (148,073)       |        |
| Amounts recoverable from retakaful operators                       | (1,965)                           | (199)                   | 118,427                              | 1,914           | 118,177         |        |
| <b>Net income or expense from retakaful contracts held</b>         | <b>(150,038)</b>                  | <b>(199)</b>            | <b>118,427</b>                       | <b>1,914</b>    | <b>(29,896)</b> |        |
| Retakaful finance income   | -                                 | -                       | 1,522                                | 223             | 1,745           |        |
| <b>Total changes in the statement of profit or loss</b>            | <b>(150,038)</b>                  | <b>(199)</b>            | <b>119,949</b>                       | <b>2,137</b>    | <b>(28,151)</b> |        |
| <b>Cash flows</b>  |                                   |                         |                                      |                 |                 |        |
| Contributions paid   | 165,636                           | -                       | -                                    | -               | 165,636         |        |
| Amounts received   | 3,119                             | -                       | (113,479)                            | -               | (110,360)       |        |
| <b>Total cash flows</b>  | <b>168,755</b>                    | <b>-</b>                | <b>(113,479)</b>                     | <b>-</b>        | <b>55,276</b>   |        |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>50,906</b>                     | <b>(199)</b>            | <b>163,552</b>                       | <b>20,586</b>   | <b>234,845</b>  |        |
| Retakaful contracts assets as at 31 March                          | 50,906                            | (199)                   | 163,552                              | 20,586          | 234,845         |        |
| Retakaful contracts liabilities as at 31 March                     | -                                 | -                       | -                                    | -               | -               |        |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>50,906</b>                     | <b>(199)</b>            | <b>163,552</b>                       | <b>20,586</b>   | <b>234,845</b>  |        |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Reinsurance/retakaful contracts held (cont'd)

Family Takaful - Other than PAA (cont'd)

|  | 2024                          |                         |                        |                                      | Total           |
|--|-------------------------------|-------------------------|------------------------|--------------------------------------|-----------------|
|  | Assets for remaining coverage | Loss recovery component | Estimates of the PVFCF | Amounts recoverable: claims incurred |                 |
|  | RM'000                        | RM'000                  | RM'000                 | RM'000                               | RM'000          |
| Retakaful contracts assets as at 1 April                           | (13,702)                      | -                       | 58,486                 | 4,502                                | 49,286          |
| Retakaful contracts liabilities as at 1 April                      | (14,727)                      | -                       | 10,442                 | -                                    | (4,285)         |
| <b>Net retakaful contracts assets/(liabilities) as at 1 April</b>  | <b>(28,429)</b>               | <b>-</b>                | <b>68,928</b>          | <b>4,502</b>                         | <b>45,001</b>   |
| Allocation of retakaful contributions                              | (82,665)                      | -                       | -                      | -                                    | (82,665)        |
| Amounts recoverable from retakaful operators                       | (2,907)                       | 34                      | 69,684                 | (604)                                | 66,207          |
| <b>Net income or expense from retakaful contracts held</b>         | <b>(85,572)</b>               | <b>34</b>               | <b>69,684</b>          | <b>(604)</b>                         | <b>(16,458)</b> |
| <b>Total changes in the statement of profit or loss and OCI</b>    | <b>(85,572)</b>               | <b>34</b>               | <b>69,684</b>          | <b>(604)</b>                         | <b>(16,458)</b> |
| <b>Cash flows</b>  |                               |                         |                        |                                      |                 |
| Contributions received / paid                                      | 85,353                        | -                       | -                      | -                                    | 85,353          |
| Claims paid, including investment components                       | 2,907                         | -                       | (88,479)               | -                                    | (85,572)        |
| <b>Total cash flows</b>  | <b>88,260</b>                 | <b>-</b>                | <b>(88,479)</b>        | <b>-</b>                             | <b>(219)</b>    |
| <b>Other movements</b>   | <b>(14,196)</b>               | <b>(70)</b>             | <b>3,120</b>           | <b>-</b>                             | <b>(11,146)</b> |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>(39,937)</b>               | <b>(36)</b>             | <b>53,253</b>          | <b>3,898</b>                         | <b>17,178</b>   |
| Retakaful contracts assets as at 31 March                          | (16,198)                      | (36)                    | 40,780                 | 3,898                                | 28,444          |
| Retakaful contracts liabilities as at 31 March                     | (23,739)                      | -                       | 12,473                 | -                                    | (11,266)        |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>(39,937)</b>               | <b>(36)</b>             | <b>53,253</b>          | <b>3,898</b>                         | <b>17,178</b>   |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Reinsurance/retakaful contracts held (cont'd)

Family Takaful - Other than PAA (cont'd)

|                                   |                         | 2023                    |                 | Amounts recoverable: |        | Total           |
|-----------------------------------|-------------------------|-------------------------|-----------------|----------------------|--------|-----------------|
| Assets for remaining coverage     |                         | Loss recovery component |                 | claims incurred      |        |                 |
| Excluding loss recovery component | Loss recovery component | Estimates of the PVFCF  | Risk adjustment |                      |        |                 |
| RM'000                            | RM'000                  | RM'000                  | RM'000          | RM'000               | RM'000 | RM'000          |
| (20,517)                          | -                       | 52,598                  | 4,034           |                      |        | 36,115          |
| (9,483)                           | -                       | 8,022                   | -               |                      |        | (1,461)         |
| <b>(30,000)</b>                   | -                       | <b>60,620</b>           | <b>4,034</b>    |                      |        | <b>34,654</b>   |
| (94,721)                          | -                       | -                       | -               |                      |        | (94,721)        |
| -                                 | -                       | 76,261                  | 468             |                      |        | 76,729          |
| <b>(94,721)</b>                   | -                       | <b>76,261</b>           | <b>468</b>      |                      |        | <b>(17,992)</b> |
| <b>(94,721)</b>                   | -                       | <b>76,261</b>           | <b>468</b>      |                      |        | <b>(17,992)</b> |
| 94,720                            | -                       | -                       | -               |                      |        | 94,720          |
| -                                 | -                       | (71,533)                | -               |                      |        | (71,533)        |
| <b>94,720</b>                     | -                       | <b>(71,533)</b>         | -               |                      |        | <b>23,187</b>   |
| 1,572                             | -                       | 3,580                   | -               |                      |        | 5,152           |
| <b>(28,429)</b>                   | -                       | <b>68,928</b>           | <b>4,502</b>    |                      |        | <b>45,001</b>   |
| (13,702)                          | -                       | 58,486                  | 4,502           |                      |        | 49,286          |
| (14,727)                          | -                       | 10,442                  | -               |                      |        | (4,285)         |
| <b>(28,429)</b>                   | -                       | <b>68,928</b>           | <b>4,502</b>    |                      |        | <b>45,001</b>   |

Retakaful contracts assets as at 1 April

Retakaful contracts liabilities as at 1 April

## Net retakaful contracts assets/(liabilities) as at 1 April

Allocation of retakaful contributions

Amounts recoverable from retakaful operators

## Net income or expense from retakaful contracts held

## Total changes in the statement of profit or loss and OCI

## Cash flows

Contributions received / paid

Claims paid, including investment components

## Total cash flows

## Other movements

## Net retakaful contracts assets/(liabilities) as at 31 March

Retakaful contracts assets as at 31 March

Retakaful contracts liabilities as at 31 March

## Net retakaful contracts assets/(liabilities) as at 31 March

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Reinsurance/retakaful contracts held (cont'd)

Family Takaful - PAA

|  | 2024                          |                         |                                      |                 | Total           |
|--|-------------------------------|-------------------------|--------------------------------------|-----------------|-----------------|
|  | Assets for remaining coverage | Loss recovery component | Amounts recoverable: claims incurred | Risk adjustment |                 |
| Excluding loss recovery component                                  | RM'000                        | RM'000                  | RM'000                               | RM'000          | RM'000          |
| Retakaful contracts assets as at 1 April                           | (2,927)                       | -                       | 9,005                                | -               | 6,078           |
| Retakaful contracts liabilities as at 1 April                      | -                             | -                       | (1,272)                              | -               | (1,272)         |
| <b>Net retakaful contracts assets/(liabilities) as at 1 April</b>  | <b>(2,927)</b>                | <b>-</b>                | <b>7,733</b>                         | <b>-</b>        | <b>4,806</b>    |
| Allocation of retakaful contributions                              | (34,924)                      | -                       | -                                    | -               | (34,924)        |
| Amounts recoverable from retakaful operators                       | -                             | -                       | 23,069                               | -               | 23,069          |
| <b>Net income or expense from retakaful contractss held</b>        | <b>(34,924)</b>               | <b>-</b>                | <b>23,069</b>                        | <b>-</b>        | <b>(11,855)</b> |
| <b>Total changes in the statement of profit or loss and OCI</b>    | <b>(34,924)</b>               | <b>-</b>                | <b>23,069</b>                        | <b>-</b>        | <b>(11,855)</b> |
| <b>Cash flows</b>  |                               |                         |                                      |                 |                 |
| Contributions received   | 25,548                        | -                       | -                                    | -               | 25,548          |
| Claims paid, including investment components                       | -                             | -                       | (27,575)                             | -               | (27,575)        |
| <b>Total cash flows</b>  | <b>25,548</b>                 | <b>-</b>                | <b>(27,575)</b>                      | <b>-</b>        | <b>(2,027)</b>  |
| <b>Other movements</b>   | <b>(5,290)</b>                | <b>-</b>                | <b>(541)</b>                         | <b>-</b>        | <b>(5,831)</b>  |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>(17,593)</b>               | <b>-</b>                | <b>2,686</b>                         | <b>-</b>        | <b>(14,907)</b> |
| Retakaful contracts assets as at 31 March                          | (2,602)                       | -                       | 2,686                                | -               | 84              |
| Retakaful contracts liabilities as at 31 March                     | (14,991)                      | -                       | -                                    | -               | (14,991)        |
| <b>Net retakaful contracts assets/(liabilities) as at 31 March</b> | <b>(17,593)</b>               | <b>-</b>                | <b>2,686</b>                         | <b>-</b>        | <b>(14,907)</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

- a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Reinsurance/retakaful contracts held (cont'd)

Family Takaful - PAA (cont'd)

|                | 2023                              |                         |                                      |                 |        | Total          |
|----------------|-----------------------------------|-------------------------|--------------------------------------|-----------------|--------|----------------|
|                | Assets for remaining coverage     |                         | Amounts recoverable: claims incurred |                 |        |                |
|                | Excluding loss recovery component | Loss recovery component | Estimates of the PVFCF               | Risk adjustment | Risk   |                |
| RM'000         | RM'000                            | RM'000                  | RM'000                               | RM'000          | RM'000 |                |
|                | -                                 | -                       | -                                    | -               | -      | -              |
|                | (3,689)                           | -                       | 1,596                                | -               | -      | (2,093)        |
|                | <b>(3,689)</b>                    | -                       | <b>1,596</b>                         | -               | -      | <b>(2,093)</b> |
|                | (3,600)                           | -                       | -                                    | -               | -      | (3,600)        |
|                | -                                 | -                       | 4,523                                | -               | -      | 4,523          |
|                | <b>(3,600)</b>                    | -                       | <b>4,523</b>                         | -               | -      | <b>923</b>     |
|                | <b>(3,600)</b>                    | -                       | <b>4,523</b>                         | -               | -      | <b>923</b>     |
| 4,887          | -                                 | -                       | -                                    | -               | -      | 4,887          |
| -              | -                                 | -                       | 1,185                                | -               | -      | 1,185          |
| <b>4,887</b>   | -                                 | -                       | <b>1,185</b>                         | -               | -      | <b>6,072</b>   |
| (525)          | -                                 | -                       | 429                                  | -               | -      | (96)           |
| <b>(2,927)</b> | -                                 | -                       | <b>7,733</b>                         | -               | -      | <b>4,806</b>   |
| (2,927)        | -                                 | -                       | 9,005                                | -               | -      | 6,078          |
| -              | -                                 | -                       | (1,272)                              | -               | -      | (1,272)        |
| <b>(2,927)</b> | -                                 | -                       | <b>7,733</b>                         | -               | -      | <b>4,806</b>   |

Retakaful contracts assets as at 1 April

Retakaful contracts liabilities as at 1 April

**Net retakaful contracts assets/(liabilities) as at 1 April**

Allocation of retakaful contributions

Amounts recoverable from retakaful operators

**Net income or expense from retakaful contracts held****Total changes in the statement of profit or loss and OCI****Cash flows**

Contributions received

Claims paid, including investment components

**Total cash flows****Other movements****Net retakaful contracts assets/(liabilities) as at 31 March**

Retakaful contracts assets as at 31 March

Retakaful contracts liabilities as at 31 March

**Net retakaful contracts assets/(liabilities) as at 31 March**

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

The table below presents a roll-forward of the net asset or liability for insurance/takaful contracts issued and reinsurance/retakaful contracts held, showing estimates of the present value of future cash flows, risk adjustment and CSM.

**Insurance/takaful contracts issued**

General reinsurance/retakaful - Other than PAA

|  | 2024                      |                    |                                  |                                    |                  |
|--|---------------------------|--------------------|----------------------------------|------------------------------------|------------------|
|  | Estimates of<br>the PVFCF | Risk<br>adjustment | Contractual<br>service<br>margin | Unallocated<br>Surplus and<br>Qard | Total            |
|  | RM'000                    | RM'000             | RM'000                           | RM'000                             | RM'000           |
| Insurance/takaful contracts liabilities as at 1 April                  | 1,891,979                 | 344,870            | 481,881                          | 41,518                             | 2,760,248        |
| Insurance/takaful contracts assets as at 1 April                       | (13,006)                  | 2,081              | 6,755                            | -                                  | (4,170)          |
| <b>Net insurance/takaful contracts liabilities as at 1 April</b>       | <b>1,878,973</b>          | <b>346,951</b>     | <b>488,636</b>                   | <b>41,518</b>                      | <b>2,756,078</b> |
| Changes that relate to current services                                |                           |                    |                                  |                                    |                  |
| Contractual service margin recognised for services received            | -                         | -                  | (414,532)                        | -                                  | (414,532)        |
| Risk adjustment for the risk expired                                   | -                         | (125,391)          | -                                | -                                  | (125,391)        |
| Experience adjustments   | 54,401                    | 77,301             | 102,244                          | -                                  | 233,946          |
| Changes that relate to future services                                 |                           |                    |                                  |                                    |                  |
| Contracts initially recognised in the period                           | (347,897)                 | 100,852            | 272,531                          | -                                  | 25,486           |
| Changes in estimates that adjust the contractual service margin        | 61,517                    | 7,266              | (68,743)                         | -                                  | 40               |
| Changes in estimates that do not adjust the contractual service margin | 17,642                    | (10,231)           | -                                | -                                  | 7,411            |
| Changes that relate to past services                                   |                           |                    |                                  |                                    |                  |
| Changes in amounts recoverable arising from changes in LIC             | (86,986)                  | (73,145)           | -                                | -                                  | (160,131)        |
| <b>Insurance/takaful service results</b>                               | <b>(301,323)</b>          | <b>(23,348)</b>    | <b>(108,500)</b>                 | <b>-</b>                           | <b>(433,171)</b> |
| <b>Insurance/takaful finance income</b>                                | <b>71,499</b>             | <b>10,430</b>      | <b>19,463</b>                    | <b>26,279</b>                      | <b>127,671</b>   |
| <b>Effect of movements in exchange rates</b>                           | <b>68,240</b>             | <b>11,116</b>      | <b>7,171</b>                     | <b>-</b>                           | <b>86,527</b>    |
| <b>Total changes in the statement of profit or loss and OCI</b>        | <b>(161,584)</b>          | <b>(1,802)</b>     | <b>(81,866)</b>                  | <b>26,279</b>                      | <b>(218,973)</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

General reinsurance/retakaful - Other than PAA (cont'd)

|  | 2024                                |                              |  |  |          | Total<br>RM'000  |
|--|-------------------------------------|------------------------------|--|--|----------|------------------|
|  | Estimates of<br>the PVFCF<br>RM'000 | Risk<br>adjustment<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Unallocated<br>Surplus and<br>Qard<br>RM'000 |          |                  |
| Contributions received   | 1,609,041                           | -                            | -  | -  | -        | 1,609,041        |
| Qard received/paid   | -                                   | -                            | -  | 50   | -        | 50               |
| Claims and other expenses paid including investment components | (1,020,022)                         | -                            | -  | -  | -        | (1,020,022)      |
| Takaful acquisition cash flows                                 | (103,533)                           | -                            | -  | -  | -        | (103,533)        |
| <b>Total cash flows</b>  | <b>485,486</b>                      | <b>-</b>                     | <b>-</b>                                   | <b>50</b>                                    | <b>-</b> | <b>485,536</b>   |
| <b>Other movements</b>   | <b>(97,260)</b>                     | <b>1,086</b>                 | <b>(2,436)</b>                             | <b>-</b>                                     | <b>-</b> | <b>(98,610)</b>  |
| <b>Net contract liabilities as at 31 March</b>                 | <b>2,105,615</b>                    | <b>346,235</b>               | <b>404,334</b>                             | <b>67,847</b>                                | <b>-</b> | <b>2,924,031</b> |
| Contract liabilities as at 31 March                            | 2,121,433                           | 344,240                      | 398,000                                    | 67,847                                       | -        | 2,931,520        |
| Contract assets as at 31 March                                 | (15,818)                            | 1,995                        | 6,334                                      | -  | -        | (7,489)          |
| <b>Net contract liabilities as at 31 March</b>                 | <b>2,105,615</b>                    | <b>346,235</b>               | <b>404,334</b>                             | <b>67,847</b>                                | <b>-</b> | <b>2,924,031</b> |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Insurance/takaful contracts issued (cont'd)

General reinsurance/retakaful - Other than PAA

|  | 2023                   |                 |                            |                              |                  |
|--|------------------------|-----------------|----------------------------|------------------------------|------------------|
|  | Estimates of the PVFCF | Risk adjustment | Contractual service margin | Unallocated Surplus and Qard | Total            |
|  | RM'000                 | RM'000          | RM'000                     | RM'000                       | RM'000           |
| Insurance/takaful contracts liabilities as at 1 April                                | 1,829,328              | 295,445         | 363,959                    | 33,603                       | 2,522,335        |
| Insurance/takaful contracts assets as at 1 April                                     | (788)                  | 291             | 24                         | -                            | (473)            |
| <b>Net insurance/takaful contracts liabilities as at 1 April</b>                     | <b>1,828,540</b>       | <b>295,736</b>  | <b>363,983</b>             | <b>33,603</b>                | <b>2,521,862</b> |
| Changes that relate to current services  |                        |                 |                            |                              |                  |
| Contractual service margin recognised for services received                          | -                      | -               | (233,986)                  | -                            | (233,986)        |
| Risk adjustment for the risk expired   | -                      | (97,892)        | -                          | -                            | (97,892)         |
| Experience adjustments   | 194,015                | 74,126          | 108,704                    | -                            | 376,845          |
| Changes that relate to future services   |                        |                 |                            |                              |                  |
| Contracts initially recognised in the period   | (422,304)              | 117,381         | 324,747                    | -                            | 19,824           |
| Changes in estimates that adjust the contractual service margin                      | 68,942                 | 17,754          | (89,990)                   | -                            | (3,294)          |
| Changes in estimates that do not adjust the contractual service margin               | 16,208                 | (5,472)         | -                          | -                            | 10,736           |
| Changes that relate to past services   |                        |                 |                            |                              |                  |
| Changes in amounts recoverable arising from changes in liability for incurred claims | (77,203)               | (59,028)        | -                          | -                            | (136,231)        |
| <b>Insurance/takaful service results</b>   | <b>(220,342)</b>       | <b>46,869</b>   | <b>109,475</b>             | <b>-</b>                     | <b>(63,998)</b>  |
| Insurance/takaful finance income   | 10,729                 | 3,024           | 12,206                     | 7,809                        | 33,768           |
| Effect of changes in non-performance risk of reinsurers/retakaful operators          | -                      | -               | -                          | -                            | -                |
| Effect of movements in exchange rates  | 8,981                  | 1,321           | (520)                      | -                            | 9,782            |
| <b>Total changes in the statement of profit or loss and OCI</b>                      | <b>(200,632)</b>       | <b>51,214</b>   | <b>121,161</b>             | <b>7,809</b>                 | <b>(20,448)</b>  |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

General reinsurance/retakaful - Other than PAA (cont'd)

|  | 2023                                |                              |  |  |          | Total<br>RM'000  |
|--|-------------------------------------|------------------------------|--|--|----------|------------------|
|  | Estimates of<br>the PVFCF<br>RM'000 | Risk<br>adjustment<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Unallocated<br>Surplus and<br>Qard<br>RM'000 |          |                  |
| <i>Cash flows</i>  |                                     |                              |  |  |          |                  |
| Contributions received   | 1,381,308                           | -                            | -  | -  | -        | 1,381,308        |
| Qard received/paid   | -                                   | -                            | -  | 106  | -        | 106              |
| Claims and other expenses paid including investment components | (979,094)                           | -                            | -  | -  | -        | (979,094)        |
| Takaful acquisition cash flows                                 | (88,888)                            | -                            | -  | -  | -        | (88,888)         |
| <b>Total cash flows</b>  | <b>313,326</b>                      | <b>-</b>                     | <b>-</b>                                   | <b>106</b>                                   | <b>-</b> | <b>313,432</b>   |
| <b>Other movements</b>   | <b>(62,261)</b>                     | <b>-</b>                     | <b>3,493</b>                               | <b>-</b>                                     | <b>-</b> | <b>(58,768)</b>  |
| <b>Net contract liabilities as at 31 March</b>                 | <b>1,878,973</b>                    | <b>346,950</b>               | <b>488,637</b>                             | <b>41,518</b>                                | <b>-</b> | <b>2,756,078</b> |
| Contract liabilities as at 31 March                            | 1,891,979                           | 344,870                      | 481,881                                    | 41,518                                       | -        | 2,760,248        |
| Contract assets as at 31 March                                 | (13,006)                            | 2,080                        | 6,756                                      | -  | -        | (4,170)          |
| <b>Net contract liabilities as at 31 March</b>                 | <b>1,878,973</b>                    | <b>346,950</b>               | <b>488,637</b>                             | <b>41,518</b>                                | <b>-</b> | <b>2,756,078</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Insurance/takaful contracts issued (cont'd)

Family Takaful - Other than PAA

|  | 2024                      |                    |                                  |                                    |                  |
|--|---------------------------|--------------------|----------------------------------|------------------------------------|------------------|
|  | Estimates of<br>the PVFCF | Risk<br>adjustment | Contractual<br>service<br>margin | Unallocated<br>Surplus and<br>Qard | Total            |
|  | RM'000                    | RM'000             | RM'000                           | RM'000                             | RM'000           |
| Contract liabilities as at 1 April   | 3,561,293                 | 7,973              | 65,038                           | 429,568                            | 4,063,872        |
| Contract assets as at 1 April  | (284,348)                 | 21,933             | 202,176                          | -                                  | (60,239)         |
| <b>Net contract liabilities as at 1 April</b>  | <b>3,276,945</b>          | <b>29,906</b>      | <b>267,214</b>                   | <b>429,568</b>                     | <b>4,003,633</b> |
| Changes that relate to current services  |                           |                    |                                  |                                    |                  |
| Contractual service margin recognised for services received                          | -                         | -                  | (23,456)                         | -                                  | (23,456)         |
| Risk adjustment for the risk expired   | -                         | (7,623)            | -                                | -                                  | (7,623)          |
| Experience adjustments   | (44,188)                  | -                  | -                                | -                                  | (44,188)         |
| Changes that relate to future services   |                           |                    |                                  |                                    |                  |
| Contracts initially recognised in the period   | (53,717)                  | 6,950              | 54,537                           | -                                  | 7,770            |
| Changes in estimates that adjust the contractual service margin                      | 55,563                    | (492)              | (55,071)                         | -                                  | -                |
| Changes in estimates that do not adjust the contractual service margin               | 2,753                     | -                  | -                                | -                                  | 2,753            |
| Changes that relate to past services   |                           |                    |                                  |                                    |                  |
| Changes in amounts recoverable arising from changes in liability for incurred claim: | (19,679)                  | (4,710)            | -                                | -                                  | (24,389)         |
| <b>Insurance/takaful finance income</b>  | <b>246,281</b>            | <b>640</b>         | <b>2,111</b>                     | <b>-</b>                           | <b>249,032</b>   |
| <b>Unallocated surplus attributable to participants</b>                              | <b>-</b>                  | <b>-</b>           | <b>-</b>                         | <b>41,416</b>                      | <b>41,416</b>    |
| <b>Total changes in the statement of profit or loss and OCI</b>                      | <b>187,013</b>            | <b>(5,235)</b>     | <b>(21,879)</b>                  | <b>41,416</b>                      | <b>201,315</b>   |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

Family Takaful - Other than PAA

|  | 2024                                |                              |  |  |                  | Total<br>RM'000 |
|--|-------------------------------------|------------------------------|--|--|------------------|-----------------|
|  | Estimates of<br>the PVFCF<br>RM'000 | Risk<br>adjustment<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Unallocated<br>Surplus and<br>Qard<br>RM'000 |                  |                 |
| <b>Cash flows</b>                              |                                     |                              |  |  |                  |                 |
| Contributions paid                             | 637,491                             | -                            | -  | -  | -                | 637,491         |
| Claims paid, including investment components   | (425,287)                           | 3,661                        | -  | -  | -                | (421,626)       |
| Administration and other expenses              | (34,329)                            | -                            | -  | -  | -                | (34,329)        |
| Takaful acquisition cash flows                 | (113,785)                           | -                            | -  | -  | -                | (113,785)       |
| <b>Total cash flows</b>                        | <b>64,090</b>                       | <b>3,661</b>                 | <b>-</b>                                   | <b>-</b>                                     | <b>-</b>         | <b>67,751</b>   |
| <b>Other movements</b>                         | (24,843)                            | -                            | -  | 2,888  | -                | (21,955)        |
| <b>Net contract liabilities as at 31 March</b> | <b>3,503,205</b>                    | <b>28,332</b>                | <b>245,335</b>                             | <b>473,872</b>                               | <b>4,250,744</b> |                 |
| Contract liabilities as at 31 March            | 3,766,171                           | 7,581                        | 61,965                                     | 473,872                                      |                  | 4,309,589       |
| Contract assets as at 31 March                 | (262,966)                           | 20,751                       | 183,370                                    | -  |                  | (58,845)        |
| <b>Net contract liabilities as at 31 March</b> | <b>3,503,205</b>                    | <b>28,332</b>                | <b>245,335</b>                             | <b>473,872</b>                               | <b>4,250,744</b> |                 |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Insurance/takaful contracts issued (cont'd)

Family Takaful - Other than PAA

|  | 2023                   |                 |                            |                              |                  |
|--|------------------------|-----------------|----------------------------|------------------------------|------------------|
|  | Estimates of the PVFCF | Risk adjustment | Contractual service margin | Unallocated Surplus and Qard | Total            |
|  | RM'000                 | RM'000          | RM'000                     | RM'000                       | RM'000           |
| Contract liabilities as at 1 April                                     | 3,309,194              | 6,935           | 34,543                     | 413,365                      | 3,764,037        |
| Contract assets as at 1 April  | (239,308)              | 20,051          | 154,337                    | -                            | (64,920)         |
| <b>Net contract assets/(liabilities) as at 1 April</b>                 | <b>3,069,886</b>       | <b>26,986</b>   | <b>188,880</b>             | <b>413,365</b>               | <b>3,699,117</b> |
| Changes that relate to current services                                |                        |                 |                            |                              |                  |
| Contractual service margin recognised for services received            | -                      | -               | (23,311)                   | -                            | (23,311)         |
| Risk adjustment for the risk expired                                   | -                      | (9,227)         | -                          | -                            | (9,227)          |
| Experience adjustments   | 5,712                  | -               | -                          | -                            | 5,712            |
| Changes that relate to future services                                 |                        |                 |                            |                              |                  |
| Contracts initially recognised in the period                           | (59,415)               | 7,157           | 55,407                     | -                            | 3,149            |
| Changes in estimates that adjust the contractual service margin        | (48,603)               | 3,950           | 44,653                     | -                            | -                |
| Changes in estimates that do not adjust the contractual service margin | (838)                  | -               | -                          | -                            | (838)            |
| Changes that relate to past services                                   |                        |                 |                            |                              |                  |
| Changes in amounts recoverable arising from changes in LIC             | -                      | (5,077)         | -                          | -                            | (5,077)          |
| <b>Insurance/takaful finance income</b>                                | <b>147,393</b>         | <b>198</b>      | <b>1,585</b>               | <b>-</b>                     | <b>149,176</b>   |
| <b>Unallocated surplus attributable to participants</b>                | <b>-</b>               | <b>-</b>        | <b>-</b>                   | <b>13,010</b>                | <b>13,010</b>    |
| <b>Total changes in the statement of profit or loss and OCI</b>        | <b>44,249</b>          | <b>(2,999)</b>  | <b>78,334</b>              | <b>13,010</b>                | <b>132,594</b>   |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Insurance/takaful contracts issued (cont'd)

Family Takaful - Other than PAA

|  | 2023                                |                              |  |  | Total<br>RM'000  |
|--|-------------------------------------|------------------------------|--|--|------------------|
|  | Estimates of<br>the PVFCF<br>RM'000 | Risk<br>adjustment<br>RM'000 | Contractual<br>service<br>margin<br>RM'000 | Unallocated<br>Surplus and<br>Gard<br>RM'000 |                  |
| Contributions paid                             | 715,010                             | -                            | -  | -  | 715,010          |
| Claims paid, including investment components   | (417,093)                           | 5,919                        | -  | -  | (411,174)        |
| Administration and other expenses              | (33,823)                            | -                            | -  | -  | (33,823)         |
| Takaful acquisition cash flows                 | (148,117)                           | -                            | -  | -  | (148,117)        |
| <b>Total cash flows</b>                        | <b>115,977</b>                      | <b>5,919</b>                 | -  | -  | <b>121,896</b>   |
| <b>Other movements</b>                         | 46,833                              | -                            | -  | 3,193  | 50,026           |
| <b>Net contract liabilities as at 31 March</b> | <b>3,276,945</b>                    | <b>29,906</b>                | <b>267,214</b>                             | <b>429,568</b>                               | <b>4,003,633</b> |
| Contract assets as at 31 March                 | 3,561,293                           | 7,973                        | 65,038                                     | 429,568                                      | 4,063,872        |
| Contract liabilities as at 31 March            | (284,348)                           | 21,933                       | 202,176                                    | -  | (60,239)         |
| <b>Net contract liabilities as at 31 March</b> | <b>3,276,945</b>                    | <b>29,906</b>                | <b>267,214</b>                             | <b>429,568</b>                               | <b>4,003,633</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Reinsurance/retakaful contracts held

General reinsurance/retakaful - Other than PAA

|  | 2024                    |                        |                                   |                 | 2023                          |                        |                                   |                 |
|--|-------------------------|------------------------|-----------------------------------|-----------------|-------------------------------|------------------------|-----------------------------------|-----------------|
|  | Estimates of the RM'000 | Risk adjustment RM'000 | Contractual service margin RM'000 | Total RM'000    | Estimates of the PVFCF RM'000 | Risk adjustment RM'000 | Contractual service margin RM'000 | Total RM'000    |
| Contract assets as at 1 April  | 183,479                 | 27,251                 | 24,127                            | 234,857         | 334,496                       | 33,767                 | 91                                | 368,354         |
| Contract liabilities as at 1 April                                     | (24)                    | -                      | 2                                 | (22)            | (59)                          | -                      | -                                 | (59)            |
| <b>Net contract assets as at 1 April</b>                               | <b>183,455</b>          | <b>27,251</b>          | <b>24,129</b>                     | <b>234,835</b>  | <b>334,437</b>                | <b>33,767</b>          | <b>91</b>                         | <b>368,295</b>  |
| Changes that relate to current services                                |                         |                        |                                   |                 |                               |                        |                                   |                 |
| Contractual service margin recognised for services received            | -                       | -                      | (93,551)                          | (93,551)        | -                             | -                      | (28,941)                          | (28,941)        |
| Risk adjustment for the risk expired                                   | -                       | (10,878)               | -                                 | (10,878)        | -                             | (6,771)                | -                                 | (6,771)         |
| Experience adjustments   | (95,172)                | 21,348                 | 24,835                            | (48,989)        | (82,631)                      | 1,023                  | 2,575                             | (79,033)        |
| Changes that relate to future services                                 |                         |                        |                                   |                 |                               |                        |                                   |                 |
| Contracts initially recognised in the period                           | (189,804)               | 20,097                 | 181,469                           | 11,762          | (62,315)                      | 16,523                 | 49,189                            | 3,397           |
| Changes in estimates that adjust the contractual service margin        | 81,710                  | 964                    | (82,674)                          | -               | (699)                         | 325                    | 374                               | -               |
| Changes in estimates that do not adjust the contractual service margin | 27,985                  | (16,277)               | -                                 | 11,708          | 1,295                         | 257                    | -                                 | 1,552           |
| Changes that relate to past services                                   |                         |                        |                                   |                 |                               |                        |                                   |                 |
| Changes in amounts recoverable arising from changes in LIC             | 50,603                  | (10,960)               | -                                 | 39,643          | 74,794                        | (17,661)               | -                                 | 57,133          |
| <b>Insurance/takaful finance income</b>                                | <b>5,101</b>            | <b>(8,859)</b>         | <b>5,393</b>                      | <b>1,635</b>    | <b>5,305</b>                  | <b>(79)</b>            | <b>1,181</b>                      | <b>6,407</b>    |
| <b>Effect of movements in exchange rates</b>                           | <b>1,457</b>            | <b>646</b>             | <b>1,828</b>                      | <b>3,931</b>    | <b>406</b>                    | <b>(133)</b>           | <b>(340)</b>                      | <b>(67)</b>     |
| <b>Total changes in the statement of profit or loss and OCI</b>        | <b>(118,120)</b>        | <b>(3,919)</b>         | <b>37,300</b>                     | <b>(84,739)</b> | <b>(63,845)</b>               | <b>(6,516)</b>         | <b>24,038</b>                     | <b>(46,323)</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

- a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

## Reinsurance/retakaful contracts held

General reinsurance/retakaful - Other than PAA (cont'd)

|   | 2024                    |                        |                                   | 2023                          |                        |                                   |                 |
|---|-------------------------|------------------------|-----------------------------------|-------------------------------|------------------------|-----------------------------------|-----------------|
|   | Estimates of the RM'000 | Risk adjustment RM'000 | Contractual service margin RM'000 | Estimates of the PVFCF RM'000 | Risk adjustment RM'000 | Contractual service margin RM'000 | Total RM'000    |
| <b>Cash flows</b>                         |                         |                        |                                   |                               |                        |                                   |                 |
| Contributions paid                        | 163,024                 | -                      | -                                 | 90,791                        | -                      | -                                 | 90,791          |
| Amounts received                          | (156,057)               | -                      | -                                 | (177,928)                     | -                      | -                                 | (177,928)       |
| <b>Total cash flows</b>                   | <b>6,967</b>            | <b>-</b>               | <b>-</b>                          | <b>(87,137)</b>               | <b>-</b>               | <b>-</b>                          | <b>(87,137)</b> |
| <b>Net contract assets as at 31 March</b> | <b>72,302</b>           | <b>23,332</b>          | <b>61,429</b>                     | <b>183,455</b>                | <b>27,251</b>          | <b>24,129</b>                     | <b>234,835</b>  |
| Contract assets as at 31 March            | 85,349                  | 22,180                 | 55,215                            | 183,479                       | 27,251                 | 24,127                            | 234,857         |
| Contract liabilities as at 31 March       | (13,047)                | 1,152                  | 6,214                             | (24)                          | -                      | 2                                 | (22)            |
| <b>Net contract assets as at 31 March</b> | <b>72,302</b>           | <b>23,332</b>          | <b>61,429</b>                     | <b>183,455</b>                | <b>27,251</b>          | <b>24,129</b>                     | <b>234,835</b>  |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

a) Roll-forward of net asset or liability of insurance/takaful and reinsurance/retakaful contracts showing the liability for remaining coverage and the liability for incurred claims (cont'd)

Reinsurance/retakaful contracts held (cont'd)

Family Takaful - Other than PAA

|   | 2024                          |                        |                 | 2023                    |                        |                 |
|---|-------------------------------|------------------------|-----------------|-------------------------|------------------------|-----------------|
|   | Estimates of the PVFCF RM'000 | Risk adjustment RM'000 | Total RM'000    | Estimates of the RM'000 | Risk adjustment RM'000 | Total RM'000    |
| Contract assets as at 1 April                                   | 45,466                        | 3,820                  | 49,286          | 32,635                  | 3,480                  | 36,115          |
| Contract liabilities as at 1 April                              | (4,967)                       | 682                    | (4,285)         | (2,015)                 | 554                    | (1,461)         |
| <b>Net contract assets as at 1 April</b>                        | <b>40,499</b>                 | <b>4,502</b>           | <b>45,001</b>   | <b>30,620</b>           | <b>4,034</b>           | <b>34,654</b>   |
| Changes that relate to current services                         |                               |                        |                 |                         |                        |                 |
| Contractual service margin recognised for services received     | (17,073)                      | -                      | (17,073)        | -                       | -                      | -               |
| Risk adjustment for the risk expired                            | -                             | 928                    | 928             | -                       | -                      | -               |
| Experience adjustments  | (378)                         | (3)                    | (381)           | (17,992)                | -                      | (17,992)        |
| Changes that relate to future services                          |                               |                        |                 |                         |                        |                 |
| Contracts initially recognised in the period                    | 664                           | (154)                  | 510             | -                       | -                      | -               |
| Changes in estimates that adjust the contractual service margin | (368)                         | (90)                   | (458)           | -                       | -                      | -               |
| <b>Insurance/takaful finance income</b>                         | <b>21</b>                     | <b>(5)</b>             | <b>16</b>       | <b>-</b>                | <b>-</b>               | <b>-</b>        |
| <b>Total changes in the statement of profit or loss and OCI</b> | <b>(17,134)</b>               | <b>676</b>             | <b>(16,458)</b> | <b>(17,992)</b>         | <b>-</b>               | <b>(17,992)</b> |
| <b>Cash flows</b>   |                               |                        |                 |                         |                        |                 |
| Contributions received / paid                                   | 85,353                        | -                      | 85,353          | 94,720                  | -                      | 94,720          |
| Claims paid, including investment components                    | (84,968)                      | (604)                  | (85,572)        | (72,001)                | 468                    | (71,533)        |
| <b>Total cash flows</b>   | <b>385</b>                    | <b>(604)</b>           | <b>(219)</b>    | <b>22,719</b>           | <b>468</b>             | <b>23,187</b>   |
| <b>Other movements</b>  | <b>(11,146)</b>               | <b>-</b>               | <b>(11,146)</b> | <b>5,152</b>            | <b>-</b>               | <b>5,152</b>    |
| <b>Net contract assets as at 31 March</b>                       | <b>12,604</b>                 | <b>4,574</b>           | <b>17,178</b>   | <b>40,499</b>           | <b>4,502</b>           | <b>45,001</b>   |
| Contract assets as at 31 March                                  | 24,536                        | 3,908                  | 28,444          | 45,466                  | 3,820                  | 49,286          |
| Contract liabilities as at 31 March                             | (11,932)                      | 666                    | (11,266)        | (4,967)                 | 682                    | (4,285)         |
| <b>Net contract assets as at 31 March</b>                       | <b>12,604</b>                 | <b>4,574</b>           | <b>17,178</b>   | <b>40,499</b>           | <b>4,502</b>           | <b>45,001</b>   |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

## b) The impacts on the current period of transition approaches adopted to establishing CSM (cont'd)

The impact on the current period of the transition approaches adopted to establishing CSMs for reinsurance/takaful contracts portfolios

**Insurance/takaful contracts issued**General reinsurance/retakaful - Other than PAA

|   | 2024   |  | 2023   |   | Total          |
|---|--|--|--|---|----------------|
|   | Contracts using the fair value approach RM'000 | New contracts and contracts under full retrospective approach RM'000 | Contracts using the fair value approach RM'000 | New contracts and contracts under full retrospective RM'000 |                |
| <b>Contractual service margin as at 1 April</b>                 | <b>269,927</b>                                 | <b>218,709</b>   | <b>488,636</b>                                 | <b>360,148</b>  | <b>363,983</b> |
| Changes that relate to current services                         | (171,261)                                      | (141,027)  | (312,288)                                      | (41,693)  | (125,282)      |
| Contractual service margin recognised for services provided     | -  | 272,531  | 272,531  | 5   | 324,742        |
| Changes that relate to future services                          | 61,913   | (130,656)  | (68,743)                                       | (56,216)  | (89,990)       |
| Contracts initially recognised in the period                    | (109,348)                                      | 848  | (108,500)                                      | (97,904)  | 109,475        |
| Changes in estimates that adjust the contractual service margin | 6,954  | 12,509   | 19,463   | 7,574   | 12,206         |
| <b>Takaful service result</b>                                   | <b>265</b>                                     | <b>6,906</b>   | <b>7,171</b>                                   | <b>109</b>  | <b>(520)</b>   |
| <b>Takaful finance expenses</b>                                 | <b>(102,129)</b>                               | <b>20,263</b>  | <b>(81,866)</b>                                | <b>(90,221)</b>   | <b>121,161</b> |
| <b>Effect of movements in exchange rates</b>                    | <b>-</b>                                       | <b>(2,436)</b>   | <b>(2,436)</b>                                 | <b>-</b>  | <b>3,493</b>   |
| <b>Total changes in the statement of profit or loss and OCI</b> | <b>167,798</b>                                 | <b>236,536</b>   | <b>404,334</b>                                 | <b>269,927</b>  | <b>488,637</b> |
| Other movements   |  |  |  |   |                |
| <b>Contractual service margin as at 31 March</b>                |  |  |  |   |                |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

b) The impacts on the current period of transition approaches adopted to establishing CSM (cont'd)

Insurance/takaful contracts issued

Family Takaful - Other than PAA

|   | 2024   |  |                 | 2023   |   |                |
|---|--|--|-----------------|--|---|----------------|
|   | Contracts using the fair value approach RM'000 | New contracts and contracts under full retrospective approach RM'000 | Total RM'000    | Contracts using the fair value approach RM'000 | New contracts and contracts under full retrospective RM'000 | Total RM'000   |
| <b>Contractual service margin as at 1 April</b>                 | <b>137,710</b>                                 | <b>129,504</b>   | <b>267,214</b>  | <b>126,774</b>                                 | <b>62,106</b>   | <b>188,880</b> |
| Changes that relate to current services                         | (12,480)                                       | (11,018)   | (23,498)        | (13,222)                                       | (10,089)  | (23,311)       |
| Contractual service margin recognised for services provided     | -  | 54,097   | 54,097          | -  | 55,407  | 55,407         |
| Changes that relate to future services                          | (5,066)  | (49,507)   | (54,573)        | 22,963   | 21,690  | 44,653         |
| Contracts initially recognised in the period                    | (17,546)                                       | (6,428)  | (23,974)        | 9,741  | 67,008  | 76,749         |
| Changes in estimates that adjust the contractual service margin | 1,373  | 722  | 2,095           | 1,195  | 390   | 1,585          |
| <b>Takaful service result</b>                                   | <b>-</b>                                       | <b>-</b>   | <b>-</b>        | <b>-</b>                                       | <b>-</b>  | <b>-</b>       |
| <b>Takaful finance expenses</b>                                 | <b>(16,173)</b>                                | <b>(5,706)</b>   | <b>(21,879)</b> | <b>10,936</b>                                  | <b>67,398</b>   | <b>78,334</b>  |
| <b>Effect of movements in exchange rates</b>                    | <b>121,537</b>                                 | <b>123,798</b>   | <b>245,335</b>  | <b>137,710</b>                                 | <b>129,504</b>  | <b>267,214</b> |
| <b>Total changes in the statement of profit or loss and OCI</b> |  |  |                 |  |   |                |
| <b>Contractual service margin as at 31 March</b>                |  |  |                 |  |   |                |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

c) The components of new business

The components of new business is disclosed in the table below:

**Insurance/takaful contracts issued**

General reinsurance/retakaful - Other than PAA

|   | 2024                      |                   |               | 2023                      |                   |               |
|---|---------------------------|-------------------|---------------|---------------------------|-------------------|---------------|
|   | Contracts issued          |                   | Total         | Contracts issued          |                   | Total         |
|   | Non-<br>onerous<br>RM'000 | Onerous<br>RM'000 |               | Non-<br>onerous<br>RM'000 | Onerous<br>RM'000 |               |
| Estimate of present value of future cash outflows, excluding takaful acquisition cash flows | 659,401                   | 306,717           | 966,118       | 1,005,319                 | 339,631           | 1,344,950     |
| Estimates of takaful acquisition cash flows   | 21,307                    | 8,459             | 29,766        | 34,824                    | 8,706             | 43,530        |
| Estimate of present value of future cash outflows   | 680,708                   | 315,176           | 995,884       | 1,040,143                 | 348,337           | 1,388,480     |
| Estimates of present value of future cash inflows   | (1,023,964)               | (321,411)         | (1,345,375)   | (1,454,106)               | (357,901)         | (1,812,007)   |
| Risk adjustment   | 69,789                    | 31,651            | 101,440       | 88,868                    | 29,389            | 118,257       |
| Contractual service margin  | 273,467                   | -                 | 273,467       | 325,095                   | -                 | 325,095       |
| <b>Amount included in insurance/takaful contract liabilities for the period</b>             | -                         | <b>25,416</b>     | <b>25,416</b> | -                         | <b>19,825</b>     | <b>19,825</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

## c) The components of new business (cont'd)

## Insurance/takaful contracts issued (cont'd)

Family Takaful - Other than PAA

|  | 2024  |                   | 2023  |                   | Total        |
|--|---|-------------------|---|-------------------|--------------|
|  | Contracts issued<br>Non-<br>onerous<br>RM'000 | Onerous<br>RM'000 | Contracts issued<br>Non-<br>onerous<br>RM'000 | Onerous<br>RM'000 |              |
|  | 19,563  | 12,591            | 16,113  | 1,552             | 17,665       |
|  | 94,336  | 12,502            | 116,192                                       | 9,307             | 125,499      |
|  | 113,899                                       | 25,093            | 132,305                                       | 10,859            | 143,164      |
|  | (176,762)                                     | (15,947)          | (194,939)                                     | (7,640)           | (202,579)    |
|  | 5,695   | 1,255             | 6,614   | 543               | 7,157        |
|  | 54,551  | (14)              | 55,407  | -                 | 55,407       |
|  | <b>(2,617)</b>                                | <b>10,387</b>     | <b>(613)</b>                                  | <b>3,762</b>      | <b>3,149</b> |

## Insurance/takaful contracts liabilities

Estimate of present value of future cash outflows, excluding  
takaful acquisition cash flows

Estimates of takaful acquisition cash flows

Estimate of present value of future cash outflows

Estimates of present value of future cash inflows

Risk adjustment

Contractual service margin

**Amount included in insurance/takaful contract liabilities for the  
period**

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

c) The components of new business

Reinsurance/retakaful contracts held

General reinsurance/retakaful - Other than PAA

| Contracts purchased |              |
|---------------------|--------------|
| Non-onerous         |              |
| 2024                | 2023         |
| RM'000              | RM'000       |
| (460,078)           | (207,253)    |
| 270,271             | 144,937      |
| 20,097              | 16,523       |
| 181,469             | 49,189       |
| <b>11,759</b>       | <b>3,396</b> |

Reinsurance/retakaful contracts liabilities

Estimate of present value of future cash outflows

Estimates of present value of future cash inflows

Risk adjustment

Contractual service margin

**Amount included in reinsurance/retakaful contract liabilities for the period**

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 20. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd)

## d) CSM recognition in income statement

The disclosure of when the CSM is expected to be in income in future years is presented below:

General reinsurance/retakaful - Other than PAA

**31 March 2024**

|                                      | Less than<br>1 year<br>RM'000 | 1-2 years<br>RM'000 | 2-3 years<br>RM'000 | 3-4 years<br>RM'000 | 4-5 years<br>RM'000 | More than<br>5 years<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------|-----------------|
| Insurance/takaful contracts issued   | 347,964                       | 52,906              | 2,687               | 834                 | 374                 | (431)                          | 404,334         |
| Reinsurance/retakaful contracts held | (58,026)                      | (3,493)             | 38                  | 18                  | 26                  | 8                              | (61,429)        |
|                                      | <u>289,938</u>                | <u>49,413</u>       | <u>2,725</u>        | <u>852</u>          | <u>400</u>          | <u>(423)</u>                   | <u>342,905</u>  |

**31 March 2023**

|                                      |                |                |               |              |              |              |                |
|--------------------------------------|----------------|----------------|---------------|--------------|--------------|--------------|----------------|
| Insurance/takaful contracts issued   | 312,612        | 133,511        | 32,443        | 1,577        | 1,022        | 7,472        | 488,637        |
| Reinsurance/retakaful contracts held | (19,217)       | (4,790)        | (60)          | (28)         | (13)         | (21)         | (24,129)       |
|                                      | <u>293,395</u> | <u>128,721</u> | <u>32,383</u> | <u>1,549</u> | <u>1,009</u> | <u>7,451</u> | <u>464,508</u> |

Family Takaful - Other than PAA

**31 March 2024**

|                          |        |        |        |        |        |         |         |
|--------------------------|--------|--------|--------|--------|--------|---------|---------|
| Takaful contracts issued | 21,584 | 20,249 | 18,708 | 17,247 | 15,842 | 151,705 | 245,335 |
|--------------------------|--------|--------|--------|--------|--------|---------|---------|

**31 March 2023**

|                          |        |        |        |        |        |         |         |
|--------------------------|--------|--------|--------|--------|--------|---------|---------|
| Takaful contracts issued | 22,960 | 21,312 | 19,768 | 18,273 | 16,828 | 168,073 | 267,214 |
|--------------------------|--------|--------|--------|--------|--------|---------|---------|

The Company expects to recognise the CSM in profit or loss for existing contracts within five years, which represents the longest coverage period for the contracts in force issued by the Company. The expected timeline for the CSM recognition for reinsurance/retakaful contracts held is in line with reinsurance/retakaful contracts



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**21. Tax recoverable/(payable)**

|                 | Group        |               | Company       |               |
|-----------------|--------------|---------------|---------------|---------------|
|                 | 2024         | 2023          | 2024          | 2023          |
|                 | RM'000       | RM'000        | RM'000        | RM'000        |
| Tax recoverable | 26,698       | 45,920        | 13,506        | 19,684        |
| Tax payable     | (27,499)     | (11,243)      | (181)         | -             |
|                 | <u>(801)</u> | <u>34,677</u> | <u>13,325</u> | <u>19,684</u> |

Included in the total tax recoverable 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. The next date for an update to the SCIT is 5 June 2024.

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 has treated the above tax payment as tax recoverable.

As at the date of the financial statements, an out of court settlement has been offered by IRB and the Board agreed to settle the matter out of court for the amount of RM13,990,934 in favour of the Company and the Company's solicitors are in the process of drafting the settlement agreement. The Company has written down the amount of tax recoverable by RM5,693,859 to reflect the irrecoverable taxes as a result of the settlement.

- (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.

During the course of the case management on 11 April 2023, IRB informed the SCIT that they needed more time to consider the draft Questions for Determination and the SCIT had fixed 10 August 2023 for the parties to finalise the cause papers. A new hearing date is pending from the SCIT.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**21. Tax recoverable/(payable) (cont'd.)**

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 has treated the said payment as tax recoverable.

As at the date of the financial statements, the management and the IRB are in discussion for a global settlement of YA2010 to YA2013 tax matters. The amount of tax recoverable has been written down by RM4,700,000 to take into account potential concessions the Company may be required to make to settle the matter out of court amicably of which RM1,659,879 relates to the recoverable of RM5,199,000 from YA2011 and 2013.

**22. Borrowing**

|                           | Group   |         | Company |         |
|---------------------------|---------|---------|---------|---------|
|                           | 2024    | 2023    | 2024    | 2023    |
|                           | RM'000  | RM'000  | RM'000  | RM'000  |
| Sukuk Murabahah Programme | 620,000 | 520,000 | 420,000 | 320,000 |

**Sukuk Murabahah Programme**

On 22 March 2024, the Company had early redeemed its existing Subordinated Sukuk Murabahah of RM320 million on its first call date and issued an RM420 million nominal value subordinated sukuk which qualifies as Tier-2 capital under the RBC/RBCT Framework issued by BNM. The subordinated MTN carries a tenure of ten (10) years from issue date on a 10-year, non-callable 5-year basis with a fixed profit rate of 4.46% per annum payable in semi-annually in arrears.

**Medium Term Notes ("MTN")**

On 26 October 2022, the Group issued an additional RM200,000,000 nominal value subordinated MTN which qualifies as Tier-2 capital under the RBC/RBCT Framework issued by BNM. The subordinated MTN carries a tenure of ten (10) years from issue date on a 10-year, non-callable 5-year basis with a fixed interest rate of 5.21% per annum payable in semi-annually in arrears.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**23. Other payables**

|                                       | Group          |                    | Company       |               |
|---------------------------------------|----------------|--------------------|---------------|---------------|
|                                       | 2024           | 2023               | 2024          | 2023          |
|                                       | RM'000         | Restated<br>RM'000 | RM'000        | RM'000        |
| Advance contributions                 | 3,994          | 6,953              | -             | -             |
| Proposal and other deposit            | 17,136         | 14,135             | -             | -             |
| Provisions                            | 97,282         | 67,001             | 13,181        | 7,651         |
| Amount due to subsidiaries *          | -              | -                  | 390           | -             |
| Amount due to Insurance pool accounts |                | 8,790              |               |               |
| Agency provident fund                 | 4,653          | 4,469              | -             | -             |
| Other accruals and payables           | 110,465        | 107,451            | 12,240        | 11,822        |
|                                       | <u>233,530</u> | <u>208,799</u>     | <u>25,811</u> | <u>19,473</u> |

\* 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.

**24. Share capital**

| Group and Company             | Number of ordinary shares |                | Amount         |                |
|-------------------------------|---------------------------|----------------|----------------|----------------|
|                               | 2024                      | 2023           | 2024           | 2023           |
|                               | '000                      | '000           | RM'000         | RM'000         |
| <b>Issued and fully paid:</b> |                           |                |                |                |
| At 1 April / 31 March         | <u>783,088</u>            | <u>783,088</u> | <u>738,502</u> | <u>738,502</u> |

**25. Dividend**

|   | Group and Company |        |
|---|-------------------|--------|
|   | 2024              | 2023   |
|   | RM'000            | RM'000 |
| <b>Recognised during the financial year:</b>  |                   |        |
| Final single-tier dividend of 4.45 sen per ordinary share on 783,086,696 ordinary shares, declared on 21 September 2023 and paid on 31 October 2023 | 34,847            | -      |
| Final single-tier dividend of 2.5 sen per ordinary share on 783,086,696 ordinary shares, declared on 26 July 2022 and paid on 31 October 2022       | -                 | 19,577 |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**26. Earnings per share**

The basic and diluted earnings per share are 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.

|  | <b>Group</b> |                          | <b>Company</b> |             |
|--|--------------|--------------------------|----------------|-------------|
|  | <b>2024</b>  | <b>Restated<br/>2023</b> | <b>2024</b>    | <b>2023</b> |
| Net profit for the year (RM'000)                                     | 433,539      | 118,280                  | 76,323         | 16,589      |
| Weighted average number of ordinary shares in issue ('000) (Note 24) | 783,088      | 783,088                  | 783,088        | 783,088     |
| Basic and diluted earnings per share (sen)                           | <u>55.4</u>  | <u>15.1</u>              | <u>9.7</u>     | <u>2.1</u>  |

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares.

**27. Capital commitments and contingencies**

The commitments of the Group and of the Company as at the end of financial year are as follows:

|                                    | <b>Group</b>  |               | <b>Company</b> |               |
|------------------------------------|---------------|---------------|----------------|---------------|
|                                    | <b>2024</b>   | <b>2023</b>   | <b>2024</b>    | <b>2023</b>   |
|                                    | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Authorised and contracted for:     |               |               |                |               |
| - Property, plant and equipment    | 3,638         | 6,385         | 31             | 2,898         |
| - Intangible assets*               | 9,406         | 10,326        | 4,572          | 2,076         |
|                                    | <u>13,044</u> | <u>16,711</u> | <u>4,603</u>   | <u>4,974</u>  |
| Authorised but not contracted for: |               |               |                |               |
| - Property, plant and equipment    | 3,183         | 12,360        | 2,004          | 867           |
| - Intangible assets*               | 5,359         | 21,301        | -              | 327           |
|                                    | <u>8,542</u>  | <u>33,661</u> | <u>2,004</u>   | <u>1,194</u>  |

\* Relating to purchases for enhancements of the computer system of the Group and the Company and the reinsurance/retakaful and takaful subsidiaries.

**Contingencies**

The Group has provided bank guarantees on the services contracts with external parties of RM682,596 (2023: RM520,458) in the form of cash deposit in margin accounts.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**28. 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.

**(a) The significant transactions with related parties are as follows:**

|  | Group  |        | Company |         |
|--|--------|--------|---------|---------|
|  | 2024   | 2023   | 2024    | 2023    |
|  | RM'000 | RM'000 | RM'000  | RM'000  |
| <b>Income/(expenses):</b>              |        |        |         |         |
| <b>Transactions with subsidiaries:</b> |        |        |         |         |
| Management fee income                  | -      | -      | 57,139  | 61,317  |
| Management fee expense                 | -      | -      | (256)   | (407)   |
| Net dividend income                    | -      | -      | 102,765 | 23,000  |
| Management expense chargeback          | -      | -      | 9,545   | 5,505   |
| Payment of lease liabilities           | -      | -      | (1,389) | (1,101) |
| Rental income                          | -      | -      | 8       | 8       |
| Rental expenses for property           | -      | -      | (163)   | (142)   |
| Interest income                        | -      | -      | 2,246   | 2,239   |
| Gross contributions                    | -      | -      | (1,325) | (837)   |

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.

**(b) Related party balances**

Included in the statement of financial position are amounts due from/(to) related parties represented by the following:

**Balances with subsidiaries:**

|                                    |   |   |        |        |
|------------------------------------|---|---|--------|--------|
| Unquoted corporate debt securities | - | - | 50,759 | 50,632 |
| Other receivables                  | - | - | 15,275 | 15,472 |

**Balances with an associate:**

|  |       |       |   |   |
|--|-------|-------|---|---|
| Takaful certificate payables             | (394) | (629) | - | - |
| Reinsurance/retakaful certificate assets | 7,264 | 6,112 | - | - |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**28. Related party disclosures (cont'd.)**

(c) The key management personnel compensations are as follows:

|   | Group         |               | Company      |              |
|---|---------------|---------------|--------------|--------------|
|   | 2024          | 2023          | 2024         | 2023         |
|   | RM'000        | RM'000        | RM'000       | RM'000       |
| <b>PGCEO/Executive director of the subsidiaries:</b>  |               |               |              |              |
| Salaries and bonus                                    | 1,870         | 1,442         | 1,870        | 1,442        |
| Pension costs - EPF and SOCSO                         | 318           | 245           | 318          | 245          |
| Benefits-in-kind                                      | 18            | 18            | 18           | 18           |
| Others  | 52            | 38            | 52           | 38           |
|   | <u>2,258</u>  | <u>1,743</u>  | <u>2,258</u> | <u>1,743</u> |
| <b>Non-executive directors of the Company:</b>        |               |               |              |              |
| Fees  | 1,346         | 1,233         | 710          | 667          |
| Others  | 445           | 363           | 224          | 171          |
| Benefits-in-kind                                      | 88            | 31            | 76           | 31           |
|   | <u>1,879</u>  | <u>1,627</u>  | <u>1,010</u> | <u>869</u>   |
| <b>Non-executive directors of subsidiaries:</b>       |               |               |              |              |
| Fees  | 1,074         | 998           | -            | -            |
| Others  | 256           | 309           | -            | -            |
|   | <u>1,330</u>  | <u>1,307</u>  | <u>-</u>     | <u>-</u>     |
| <b>Shariah Committee members:</b>                     |               |               |              |              |
| Fees  | 243           | 180           | -            | -            |
| Meeting allowances                                    | 67            | 45            | -            | -            |
|   | <u>310</u>    | <u>225</u>    | <u>-</u>     | <u>-</u>     |
| <b>Other key management personnel's remuneration:</b> |               |               |              |              |
| Salaries and bonus                                    | 21,391        | 16,755        | 5,881        | 5,771        |
| Pension costs - EPF and SOCSO                         | 3,448         | 2,659         | 922          | 850          |
| Allowances  | 1,981         | 2,537         | 798          | 360          |
| Others  | 1,333         | -             | -            | -            |
|   | <u>28,153</u> | <u>21,951</u> | <u>7,601</u> | <u>6,981</u> |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

## 29. 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;
- (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) Ensure appropriate strategies are in place to mitigate risks and maximize opportunities;
- (vi) Allow the Group and operating entities to proactively manage their risks in a systematic and structured way and to continually refine their processes to reduce their risk profile, thereby maintaining a safer environment for their stakeholders;

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**29. Risk management framework (cont'd.)**

The primary objectives of the RM Framework are as follows (cont'd.):

- (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 Board and Senior Management collectively have responsibility and accountability for setting the objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives

The Group has adopted the Three Lines of Defense governance model which provides a formal, transparent, and effective risk governance structure to promote active involvement from the Board, Senior Management, and all employees in the risk management process across the Group.

In addition, the Group and respective entities have set up an in-house risk management function, compliance function and committee on a group and entity wide basis to ensure efficient risk management

The roles and responsibilities of the functions structure are 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 ("AC") 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;



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**29. Risk management framework (cont'd.)**

**(a) Risk management governance (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 oversee 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
- (vii) 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.

A dedicated Group Investment Committee (“GIC”) of the Board which reports to the Board has been established to further oversee risks associated with investments and assets allocation. The GIC is assisted by the Group Investment Management Committee (“GIMC”) which is represented by the President & CEO from each of the main operating subsidiaries. Further, the Group has established a Group Investment Policies (“GIP”) to ensure proper risk management by investing in low-risk assets, deposits with licensed financial institutions, debt securities and other marketable securities.

Investment Management and Asset-Liability Management committees has been established at each main subsidiary to manage and monitor asset-liability and duration mismatch, credit risk profile, cashflow analysis and overall asset management. These committees ultimately report to the Board of the respective subsidiaries through its GIC.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**29. Risk management framework (cont'd.)**

**(b) Capital management**

The Internal Capital Adequacy Assessment Process (“ICAAP”) encompasses 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.

The ICAAP Policy also requires the subsidiaries to set an Individual Target Capital Level (“ITCL”) based on its business strategies, risk profiles and risk management practices. The subsidiaries’ prevailing ITCL is above the minimum regulatory capital requirement outlined under the RBC/RBCT Framework.

Based on the material risks identified, the main operating subsidiaries assess 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. 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 breakdown : Voluntary Cesion and Autofacultative (VC and Auto Fac), Facultative, Treaty - Proportional treaty, and Treaty - Non Proportional treaty. 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 reinsurance/retakaful subsidiary is exposed to concentration risk through its reinsurance and retakaful contracts, which may be concentrated in certain geographic regions, line of business and type of coverages.

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 losses are further mitigated by ensuring that the subsidiary's retrocession/retotakaful 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/retotakaful programmes. Pricing tool ensures the risks exposures are adequately priced.

The reinsurance/retakaful subsidiary's retrocession/retotakaful programmes are reviewed by the Retrocession Committee ("RC") and GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. The RC is responsible to ensure all aspects of the business operations, risk management including risk appetite, risk tolerance and business strategies of the reinsurance/retakaful subsidiary were taken into consideration in the overall procurement of Malaysian Re's Retrocession program and being carried out in the best interest of the reinsurance/retakaful subsidiary. Selection of reinsurers participating in the Retrocession programs of Malaysian Re is in accordance with the criteria stipulated by BNM and the Board.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. Insurance/takaful risk (cont'd.)**

**(a) General reinsurance/retakaful (cont'd.)**

**(i) Nature of risk (cont'd.)**

Stress testing is performed at least once a year and may be performed more frequently if required. The purpose of the stress testing is to test the solvency and financial viability of the general reinsurance/retakaful business under the various scenarios as guided by regulatory guidelines. Stress tests and scenario analysis are used to assess the reinsurance subsidiary's ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

**(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 are minimised by having retrocession/retrotakaful coverage in place and retention in line with the risk appetite of the reinsurance/retakaful subsidiary.

**(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 underwriting guideline and ceding the risk above our risk appetite to retrocessionaires/retrotakaful providers with strong financial standing. Any deficiencies in the premium will be recognised in the income statement as loss component at the inception of the business.

**(iv) Reserving risk**

Reserving risk relates to the risk arising from inadequate reserves to meet the net claims amount payable. The determination of the reinsurance/retakaful subsidiary's insurance contract liabilities relies on the information derived from various sources such as historical claims experience, existing knowledge of occurred events, the terms and conditions of relevant contracts and interpretation of prevailing circumstances. Upon notification of a claim, the reinsurance/retakaful 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 reporting date end, the reinsurance/retakaful subsidiary performs a valuation of liabilities for the purpose of ensuring that liabilities for remaining coverage and liabilities for incurred claims are objectively assessed and adequately provided for.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**30. Insurance/takaful risk (cont'd.)**

**(a) General reinsurance/retakaful (cont'd.)**

**(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.

**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 adopted for the LRC and LIC of the Company by increasing or decreasing the said ratio by 5%. The table below shows the impact on the Company's gross and net claim liabilities, profit before zakat and taxation and equity should the ultimate loss ratio be increased/(decreased) by 5%:

| 2024                      | Impact on              | Impact on            | Impact on                           | Impact on           |
|---------------------------|------------------------|----------------------|-------------------------------------|---------------------|
|                           | gross<br>CSM<br>RM'000 | net<br>CSM<br>RM'000 | profit<br>before<br>tax *<br>RM'000 | equity **<br>RM'000 |
|                           | <----- Increase -----> |                      | <----- Decrease ----->              |                     |
| <b>Increase 5%</b>        |                        |                      |                                     |                     |
| VC and Auto Fac           | 5,860                  | 5,860                | 30,343                              | 27,916              |
| Facultative               | 1,038                  | 1,038                | 10,662                              | 9,809               |
| Treaty - Proportional     | 12,063                 | 11,030               | 105,543                             | 97,100              |
| Treaty - Non proportional | 2,025                  | 2,023                | 11,708                              | 10,771              |
|                           | 20,986                 | 19,951               | 158,256                             | 145,596             |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 30. Insurance/takaful risk (cont'd.)

## (a) General reinsurance/retakaful (cont'd.)

## (v) Impact on liabilities, profit and equity (cont'd.)

## Sensitivity analysis (cont'd.)

|                           | Impact on<br>gross<br>CSM<br>RM'000<br><----- Increase -----> | Impact on<br>net<br>CSM<br>RM'000<br><----- Increase -----> | Impact on<br>profit<br>before<br>tax *<br>RM'000<br><----- Decrease -----> | Impact on<br>equity **<br>RM'000 |
|---------------------------|---|---|--|----------------------------------|
| <b>Decrease 5%</b>        |   |   |  |                                  |
| VC and Auto Fac           | (5,793)   | (5,793)   | (30,292)   | (27,869)                         |
| Facultative               | (954)   | (953)   | (10,604)   | (9,755)                          |
| Treaty - Proportional     | (7,994)   | (6,737)   | (96,602)   | (88,874)                         |
| Treaty - Non proportional | (2,025)   | (2,023)   | (12,187)   | (11,212)                         |
|                           | <u>(16,766)</u>   | <u>(15,506)</u>   | <u>(149,685)</u>   | <u>(137,710)</u>                 |

## 2023

|                           | Impact on<br>gross<br>liabilities<br>RM'000<br><----- Increase -----> | Impact on<br>net<br>liabilities<br>RM'000<br><----- Increase -----> | Impact on<br>profit<br>before<br>tax *<br>RM'000<br><----- Decrease -----> | Impact on<br>equity **<br>RM'000 |
|---------------------------|---|---|--|----------------------------------|
| VC and Auto Fac           | 18,313  | 18,313  | 31,583   | 29,057                           |
| Facultative               | 784   | 784   | 10,894   | 10,022                           |
| Treaty - Proportional     | 17,380  | 16,602  | 91,176   | 83,882                           |
| Treaty - Non proportional | 1,827   | 1,822   | 5,275  | 4,853                            |
|                           | <u>38,304</u>   | <u>37,521</u>   | <u>138,928</u>   | <u>127,814</u>                   |

**Decrease 5%**

|                           |                 |                 |                  |                  |
|---------------------------|-----------------|-----------------|------------------|------------------|
| VC and Auto Fac           | (17,546)        | (17,546)        | (31,341)         | (28,834)         |
| Facultative               | (787)           | (787)           | (10,891)         | (10,020)         |
| Treaty - Proportional     | (18,015)        | (16,931)        | (89,880)         | (82,689)         |
| Treaty - Non proportional | (1,827)         | (1,822)         | (5,275)          | (4,853)          |
|                           | <u>(38,175)</u> | <u>(37,086)</u> | <u>(137,387)</u> | <u>(126,396)</u> |

\* The impact on profit before tax has included consideration of the impact on estimated reinstatement premium receivables.

This analysis assumes that other factors relevant, but not significant, to the valuation of claim liabilities remain constant.

**30. 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 Company 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") 2023 will only be available once the Company has completed the underwriting of its business for the period from 1 January 2023 to 31 December 2023.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 30. Insurance/takaful risk (cont'd.)

## (a) General reinsurance/retakaful (cont'd.)

## Liability for Incurred Claims for 2024:

| Underwriting year  | Before | 2017           | 2018           | 2019  | 2020           | 2021             | 2022             | 2023           | Subtotal         |
|--|--------|----------------|----------------|---|----------------|------------------|------------------|----------------|------------------|
|  | RM'000 | RM'000         | RM'000         | RM'000  | RM'000         | RM'000           | RM'000           | RM'000         | RM'000           |
| At the end of accident year  |        | -              | -              | -   | -              | 1,015,635        | 801,407          | 646,564        |                  |
| One year later   |        | -              | -              | -   | 926,423        | 1,443,904        | 1,486,803        | -              |                  |
| Two years later  |        | -              | -              | 803,946   | 916,687        | 1,560,518        | -                | -              |                  |
| Three years later  |        | -              | 839,794        | 796,453   | 890,144        | -                | -                | -              |                  |
| Four years later   |        | 625,661        | 823,012        | 787,445   | -              | -                | -                | -              |                  |
| Five years later   |        | 631,193        | 813,669        | -   | -              | -                | -                | -              |                  |
| Six years later  |        | 626,744        | -              | -   | -              | -                | -                | -              |                  |
| <b>Current estimate of booked ultimate claims incurred (a) + (b)</b> |        | <b>626,744</b> | <b>813,669</b> | <b>787,445</b>  | <b>890,144</b> | <b>1,560,518</b> | <b>1,486,803</b> | <b>646,564</b> |                  |
| At the end of accident year  |        | -              | -              | -   | -              | 98,272           | 59,557           | 120,159        |                  |
| One year later   |        | -              | -              | -   | 332,955        | 634,343          | 441,457          | -              |                  |
| Two years later  |        | -              | -              | 504,333   | 519,684        | 1,010,685        | -                | -              |                  |
| Three years later  |        | -              | 689,320        | 598,163   | 633,530        | -                | -                | -              |                  |
| Four years later   |        | 543,550        | 705,750        | 649,437   | -              | -                | -                | -              |                  |
| Five years later   |        | 566,080        | 731,274        | -   | -              | -                | -                | -              |                  |
| Six years later  |        | 587,399        | -              | -   | -              | -                | -                | -              |                  |
| <b>Cumulative payments to-date (b)</b>                               |        | <b>587,399</b> | <b>731,274</b> | <b>649,437</b>  | <b>633,530</b> | <b>1,010,685</b> | <b>441,457</b>   | <b>120,159</b> |                  |
| <b>Expected claim liabilities (a) - (b)</b>                          |        | <b>226,092</b> | <b>82,395</b>  | <b>138,008</b>  | <b>256,614</b> | <b>549,833</b>   | <b>1,045,346</b> | <b>526,405</b> | <b>2,864,038</b> |
|  |        |                |                | Latest UWY BE LIC   |                |                  |                  |                | 27,699           |
|  |        |                |                | Claim handling expenses                                     |                |                  |                  |                | 25,754           |
|  |        |                |                | <b>Total Best Estimate of LIC</b>                           |                |                  |                  |                | <b>2,917,491</b> |
|  |        |                |                | Risk Adjustment at 75% Confidence Interval                  |                |                  |                  |                | 232,959          |
|  |        |                |                | Discounting impact  |                |                  |                  |                | (270,093)        |
|  |        |                |                | Forex Impact  |                |                  |                  |                | 81,378           |
|  |        |                |                | Trade balances  |                |                  |                  |                | 206,808          |
|  |        |                |                | Incurred claims from Family Retakaful and Shareholder funds |                |                  |                  |                | 107,988          |
|  |        |                |                | Inter-company elimination                                   |                |                  |                  |                | (46,206)         |
|  |        |                |                | <b>Liability for Incurred Claims</b>                        |                |                  |                  |                | <b>3,230,325</b> |





197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 30. Insurance/takaful risk (cont'd.)

## (f) Claims development table (cont'd.)

## Liability for Incurred Claims for 2023:

| Underwriting year  | Before         |                |                |                |                |   |                | Subtotal<br>RM'000 |
|--|----------------|----------------|----------------|----------------|----------------|---|----------------|--------------------|
|  | 2015<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2018<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000  | 2021<br>RM'000 |                    |
| At the end of accident year                                    | -              | -              | -              | -              | -              | -   | 1,015,635      | 801,407            |
| One year later   | -              | -              | -              | -              | -              | 926,423   | 1,443,904      | -                  |
| Two years later  | -              | -              | -              | 803,946        | -              | 916,687   | -              | -                  |
| Three years later  | -              | -              | 839,794        | 796,453        | -              | -   | -              | -                  |
| Four years later   | -              | 625,661        | 823,012        | -              | -              | -   | -              | -                  |
| Five years later   | 739,338        | 631,193        | -              | -              | -              | -   | -              | -                  |
| Six years later  | 743,635        | -              | -              | -              | -              | -   | -              | -                  |
| <b>Current estimate of booked ultimate claims incurred (a)</b> | <b>743,635</b> | <b>631,193</b> | <b>823,012</b> | <b>796,453</b> | <b>916,687</b> | <b>1,443,904</b>  | <b>801,407</b> |                    |
| At the end of accident year                                    | -              | -              | -              | -              | -              | -   | 98,272         | 59,557             |
| One year later   | -              | -              | -              | -              | -              | 332,955   | 634,344        | -                  |
| Two years later  | -              | -              | -              | 504,333        | -              | 519,684   | -              | -                  |
| Three years later  | -              | -              | 689,320        | 598,163        | -              | -   | -              | -                  |
| Four years later   | -              | 543,550        | 705,749        | -              | -              | -   | -              | -                  |
| Five years later   | 669,423        | 566,080        | -              | -              | -              | -   | -              | -                  |
| Seven years later  | 691,464        | -              | -              | -              | -              | -   | -              | -                  |
| <b>Cumulative payments to-date (b)</b>                         | <b>691,464</b> | <b>566,080</b> | <b>705,749</b> | <b>598,163</b> | <b>519,684</b> | <b>634,344</b>  | <b>59,557</b>  |                    |
| <b>Expected claim liabilities (a) - (b)</b>                    | <b>218,507</b> | <b>52,171</b>  | <b>65,113</b>  | <b>117,263</b> | <b>198,290</b> | <b>809,560</b>  | <b>741,850</b> | <b>2,599,757</b>   |
|  |                |                |                |                |                | Latest UWY BE LIC   |                | 90,156             |
|  |                |                |                |                |                | Claim handling expenses                                     |                | 15,982             |
|  |                |                |                |                |                | <b>Total Best Estimate of LIC</b>                           |                | <b>2,705,895</b>   |
|  |                |                |                |                |                | Risk Adjustment at 75% Confidence Interval                  |                | 214,806            |
|  |                |                |                |                |                | Discounting impact  |                | (179,979)          |
|  |                |                |                |                |                | Forex Impact  |                | 8,253              |
|  |                |                |                |                |                | Trade balances  |                | 158,794            |
|  |                |                |                |                |                | Incurred claims from Family Retakaful and Shareholder funds |                | 44,978             |
|  |                |                |                |                |                | Inter-company elimination                                   |                | (24,929)           |
|  |                |                |                |                |                | <b>Liability for Incurred Claims</b>                        |                | <b>2,927,818</b>   |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

30. Insurance/takaful risk (cont'd.)

(f) General reinsurance/retakaful (cont'd.)

Net general reinsurance/retakaful claim liabilities for 2023:

|  | Before         |                |                |  |                |                | Subtotal         |                |                  |
|--|----------------|----------------|----------------|--|----------------|----------------|------------------|----------------|------------------|
| Underwriting year  | 2015           | 2016           | 2017           | 2018   | 2019           | 2020           | 2021             | 2022           | RM'000           |
|  | RM'000         | RM'000         | RM'000         | RM'000   | RM'000         | RM'000         | RM'000           | RM'000         | RM'000           |
| At the end of accident year                                    | -              | -              | -              | -  | -              | -              | 701,161          | 792,897        |                  |
| One year later   | -              | -              | -              | -  | -              | 904,785        | 1,073,931        | -              |                  |
| Two years later  | -              | -              | -              | 791,936  | -              | 895,116        | -                | -              |                  |
| Three years later  | -              | -              | -              | 736,048  | 787,432        | -              | -                | -              |                  |
| Four years later   | -              | 606,856        | -              | 728,215  | -              | -              | -                | -              |                  |
| Five years later   | 730,080        | 611,390        | -              | -  | -              | -              | -                | -              |                  |
| Six years later  | 734,130        | -              | -              | -  | -              | -              | -                | -              |                  |
| <b>Current estimate of booked ultimate claims incurred (a)</b> | <b>734,130</b> | <b>611,390</b> | <b>611,390</b> | <b>728,215</b>   | <b>787,432</b> | <b>895,116</b> | <b>1,073,931</b> | <b>792,897</b> |                  |
| At the end of accident year                                    | -              | -              | -              | -  | -              | -              | 98,202           | 55,133         |                  |
| One year later   | -              | -              | -              | -  | -              | 332,823        | 407,913          | -              |                  |
| Two years later  | -              | -              | -              | 504,281  | -              | 519,622        | -                | -              |                  |
| Three years later  | -              | -              | -              | 600,631  | 596,451        | -              | -                | -              |                  |
| Four years later   | -              | 530,019        | -              | 616,488  | -              | -              | -                | -              |                  |
| Five years later   | 660,517        | 550,041        | -              | -  | -              | -              | -                | -              |                  |
| Six years later  | 682,556        | -              | -              | -  | -              | -              | -                | -              |                  |
| <b>Cumulative payments to-date (b)</b>                         | <b>682,556</b> | <b>550,041</b> | <b>550,041</b> | <b>616,488</b>   | <b>596,451</b> | <b>519,622</b> | <b>407,913</b>   | <b>55,133</b>  |                  |
| <b>Expected claim liabilities (a) - (b)</b>                    | <b>212,069</b> | <b>51,574</b>  | <b>61,349</b>  | <b>111,727</b>   | <b>190,981</b> | <b>375,494</b> | <b>666,018</b>   | <b>737,764</b> | <b>2,406,976</b> |
|  |                |                |                | Latest UWY BE LIC  |                |                |                  |                | 88,095           |
|  |                |                |                | Claim handling expenses                                      |                |                |                  |                | 15,982           |
|  |                |                |                | <b>Total Best Estimate of LIC</b>                            |                |                |                  |                | <b>2,511,053</b> |
|  |                |                |                | Risk Adjustment at 75% Confidence Interval                   |                |                |                  |                | 196,239          |
|  |                |                |                | Discounting impact   |                |                |                  |                | (167,151)        |
|  |                |                |                | Forex Impact   |                |                |                  |                | 8,272            |
|  |                |                |                | Trade balances   |                |                |                  |                | 112,975          |
|  |                |                |                | Incurring claims from Family Retakaful and Shareholder funds |                |                |                  |                | 11,904           |
|  |                |                |                | Inter-company elimination                                    |                |                |                  |                | (24,933)         |
|  |                |                |                | <b>Net general reinsurance/retakaful claim liabilities</b>   |                |                |                  |                | <b>2,648,359</b> |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. 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).

Each participant pays 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 general takaful subsidiary is exposed to concentration risk through its takaful contracts, which may be concentrated in certain geographic regions, industry sectors, or line of business.

The risks are mitigated by, among others, diversification across a large portfolio of business, which is designed to smoothen the overall claim experience. The solvency of the GTF is managed by adopting prudent underwriting and claims management practices and controls such as underwriting and claims SOPs.

The general takaful subsidiary also manages its risk exposure by the use of retakaful arrangements. The retakaful treaty arrangements of the Company are reviewed annually by the Treaty Working Group ("TWG"), GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. The TWG is responsible to ensure all aspects of the business operations, risk management including risk appetite, risk tolerance and business strategies of the Company were taken into consideration in the overall procurement of the company's and being carried out in the best interest of the Company. Selection of retakaful operators participating in the retakaful arrangements is in accordance with the criteria stipulated by BNM and the Board.

Stress Testing is performed at least once a year, or more frequently if required. The purpose of the stress testing is to test the solvency and financial viability of the GTF under various scenarios as guided by regulatory guidelines. Stress tests and scenario analysis are used to assess the general takaful subsidiary's ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

**(ii) Reserving risk**

Reserving risk relates to the risk arising from inadequate reserves to meet the net claims amount payable. The determination of GTF's liabilities for remaining coverage and liabilities for incurred claims relies on the information derived from various sources such as historical claims experience, existing knowledge of occurred events, the terms and conditions of relevant certificates 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 the claim. These claim reserves are updated periodically taking into account the development of the claims.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. Insurance/takaful risk (cont'd.)**

**(b) General takaful fund (cont'd.)**

**(ii) Reserving risk (cont'd.)**

At each reporting date end, the general takaful subsidiary performs a valuation of liabilities for the purpose of ensuring that liabilities for remaining coverage and liabilities for incurred claims are objectively assessed and adequately provided for.

**(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 our 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. Examples of external factors that may affect claims development include isolated one-off occurrence, changes in market factors such as public attitude to claims notification and reporting, economic conditions, judicial decision as well as government legislation. Examples of internal factors include changes in portfolio mix, changes in certificate conditions and changes in claims handling procedures, especially those that affect the speed of claim settlement.

Other key circumstances affecting the reliability of assumptions include delays in settlement.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. Insurance/takaful risk (cont'd.)**

**(b) General takaful fund (cont'd.)**

**(v) Impact on liabilities, profit and equity (cont'd.)**

**Sensitivity analysis**

The Liabilities for Incurred Claims ("LFIC") 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 processes.

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on LFIC and equity for Participant Risk Fund ("PRF") and Shareholder's Fund ("SHF") respectively. The correlation of assumptions will have significant effects in determining the LFIC but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

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.

|  |                         | <b>General Takaful</b>                   |                             |
|--|-------------------------|--|-----------------------------|
|  |                         | <b>Impact on<br/>gross LFIC</b>          | <b>Impact on<br/>Equity</b> |
|  |                         | <b>&lt;-- Increase/(decrease) --&gt;</b> |                             |
| <b>2024</b>  |                         |  |                             |
| Motor Act Average  | +10% of Ultimate Claims | 84,682                                   | (8,884)                     |
| Severity   | -10% of Ultimate Claims | (83,476)                                 | 8,656                       |
| Motor Others Expected  | +10% of Ultimate Claims | 58,396                                   | (2,602)                     |
| Loss Ratio   | -10% of Ultimate Claims | (57,251)                                 | 2,421                       |
| Fire Expected Loss Ratio   | +10% of Ultimate Claims | 12,083                                   | (385)                       |
|  | -10% of Ultimate Claims | (11,051)                                 | 296                         |
| Discounting  | +1% of Discount Rate    | (8,380)                                  | 720                         |
|  | -1% of Discount Rate    | 8,686                                    | (747)                       |
| Claim Handling Expense<br>("CHE") & Claim<br>Management Expense<br>("CME") | +10% of Ultimate Claims | 5,878                                    | (4,321)                     |
|  | -10% of Ultimate Claims | (5,878)                                  | 4,321                       |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**30. Insurance/takaful risk (cont'd.)**

**(b) General takaful fund (cont'd.)**

**(v) Impact on liabilities, profit and equity (cont'd.)**

**Sensitivity analysis (cont'd.)**

|  |                         | <b>General Takaful</b>                   |                             |
|--|-------------------------|--|-----------------------------|
|  |                         | <b>Impact on<br/>gross LFIC</b>          | <b>Impact on<br/>Equity</b> |
|  |                         | <b>&lt;-- Increase/(decrease) --&gt;</b> |                             |
| <b>2023</b>  |                         |  |                             |
| Motor Act Average  | +10% of Ultimate Claims | 67,514                                   | (8,132)                     |
| Severity   | -10% of Ultimate Claims | (67,292)                                 | 7,975                       |
| Motor Others Expected  | +10% of Ultimate Claims | 41,748                                   | (2,222)                     |
| Loss Ratio   | -10% of Ultimate Claims | (41,592)                                 | 2,108                       |
| Fire Expected Loss Ratio   | +10% of Ultimate Claims | 12,115                                   | (407)                       |
|  | -10% of Ultimate Claims | (12,057)                                 | 363                         |
| Discounting  | +1% of Discount Rate    | (6,065)                                  | 559                         |
|  | -1% of Discount Rate    | 6,255                                    | (577)                       |
| Claim Handling Expense<br>("CHE") & Claim<br>Management Expense<br>("CME") | +10% of Ultimate Claims | 4,941                                    | (3,631)                     |
|  | -10% of Ultimate Claims | (4,941)                                  | 3,631                       |

The method used in performing the sensitivity analysis is consistent with the prior year.

**(vi) 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 Company gives consideration to the probability and magnitude of future experience on best estimate basis 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 greatest when the claim is at an early stage of development:





197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

29. Takaful risk of the general takaful fund (cont'd.)

(f) Claims development table (cont'd.)

Net General Takaful Certificate Liabilities for 2024:

| Accident year   | As at 31 March |               |               |                |                |                |                |                |                |                | Total          |                  |
|---|----------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
|   | Prior 2016     | 2016          | 2017          | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           |                | RM '000          |
|   | RM '000        | RM '000       | RM '000       | RM '000        | RM '000        | RM '000        | RM '000        | RM '000        | RM '000        | RM '000        | RM '000        | RM '000          |
| At the end of accident year                           | 675,135        | 110,041       | 113,257       | 113,775        | 107,381        | 118,287        | 127,751        | 155,257        | 222,317        | 271,714        | 271,714        | 271,714          |
| One year later  | 925,667        | 100,341       | 113,434       | 113,959        | 106,516        | 108,953        | 122,867        | 154,435        | 225,101        | 271,714        | 271,714        | 225,101          |
| Two year later  | 888,655        | 96,034        | 108,941       | 110,916        | 102,714        | 108,923        | 120,150        | 146,862        | 146,862        | 146,862        | 146,862        | 146,862          |
| Three year later                                      | 839,138        | 94,500        | 107,880       | 110,336        | 104,226        | 105,836        | 117,327        |                |                |                |                | 117,327          |
| Four year later                                       | 820,312        | 94,192        | 106,783       | 109,770        | 104,998        | 104,879        |                |                |                |                |                | 104,879          |
| Five year later                                       | 819,695        | 93,674        | 106,876       | 109,236        | 105,221        |                |                |                |                |                |                | 105,221          |
| Six year later  | 736,851        | 89,117        | 100,796       | 101,984        |                |                |                |                |                |                |                | 101,984          |
| Seven year later                                      | 724,514        | 87,895        | 98,744        |                |                |                |                |                |                |                |                | 98,744           |
| Eight year later                                      | 712,759        | 87,872        |               |                |                |                |                |                |                |                |                | 87,872           |
| Ninth year later                                      | 711,888        |               |               |                |                |                |                |                |                |                |                | 711,888          |
| <b>Current estimate of cumulative claims incurred</b> | <b>711,888</b> | <b>87,872</b> | <b>98,744</b> | <b>101,984</b> | <b>105,221</b> | <b>104,879</b> | <b>117,327</b> | <b>146,862</b> | <b>225,101</b> | <b>271,714</b> | <b>271,714</b> | <b>1,971,593</b> |
| At the end of accident year                           | 309,674        | 43,970        | 50,502        | 49,290         | 46,005         | 47,549         | 53,774         | 55,640         | 84,438         | 103,757        | 103,757        | 103,757          |
| One year later  | 528,304        | 69,156        | 79,164        | 79,694         | 75,861         | 74,034         | 81,153         | 96,918         | 146,451        | 146,451        | 146,451        | 146,451          |
| Two year later  | 645,673        | 80,147        | 90,931        | 92,440         | 85,132         | 84,566         | 94,110         | 114,054        |                |                |                | 114,054          |
| Three year later                                      | 684,554        | 84,404        | 95,729        | 97,264         | 90,723         | 90,732         | 101,457        |                |                |                |                | 101,457          |
| Four year later                                       | 704,377        | 85,974        | 97,147        | 98,941         | 94,927         | 93,283         |                |                |                |                |                | 93,283           |
| Five year later                                       | 708,245        | 86,721        | 97,953        | 99,665         | 96,878         |                |                |                |                |                |                | 96,878           |
| Six year later  | 710,150        | 87,294        | 98,156        | 100,680        |                |                |                |                |                |                |                | 100,680          |
| Seven year later                                      | 711,724        | 87,492        | 98,447        |                |                |                |                |                |                |                |                | 98,447           |
| Eight year later                                      | 711,933        | 87,811        |               |                |                |                |                |                |                |                |                | 87,811           |
| Ninth year later                                      | 711,856        |               |               |                |                |                |                |                |                |                |                | 711,856          |
| <b>Cumulative payments to-date</b>                    | <b>711,856</b> | <b>87,811</b> | <b>98,447</b> | <b>100,680</b> | <b>96,878</b>  | <b>93,283</b>  | <b>101,457</b> | <b>114,054</b> | <b>146,451</b> | <b>103,757</b> | <b>103,757</b> | <b>1,654,673</b> |
| <b>Net liabilities for incurred claims:</b>           |                |               |               |                |                |                |                |                |                |                |                |                  |
| Best estimate of claims liabilities (including ALAE)  | 33             | 61            | 298           | 1,304          | 8,343          | 11,596         | 15,870         | 32,808         | 78,650         | 167,957        | 167,957        | 316,919          |
| Discounting Impact                                    | (2)            | (2)           | (18)          | (67)           | (405)          | (594)          | (829)          | (1,693)        | (4,159)        | (7,795)        | (7,795)        | (15,565)         |
| Net takaful receivables and others                    |                |               |               |                |                |                |                |                |                |                |                | 301,355          |
| Risk adjustment and other claim-related expenses      |                |               |               |                |                |                |                |                |                |                |                | (17,637)         |
|   |                |               |               |                |                |                |                |                |                |                |                | 283,718          |
|   |                |               |               |                |                |                |                |                |                |                |                | 40,857           |
|   |                |               |               |                |                |                |                |                |                |                |                | <b>324,575</b>   |

**Net liabilities for incurred claims:**

Best estimate of claims liabilities  
(including ALAE)  
Discounting Impact

Net takaful receivables and others

Risk adjustment and other claim-related expenses



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

30. Takaful risk of the general takaful fund (cont'd.)

(f) Claims development table (cont'd.)

Net General Takaful Certificate Liabilities for 2023

| Accident year   | Prior 2015<br>RM '000 | As at 31 March  |                 |                 |                 |                 |                 |                 |                 |                 | Total<br>RM '000 |
|---|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|   |                       | 2015<br>RM '000 | 2016<br>RM '000 | 2017<br>RM '000 | 2018<br>RM '000 | 2019<br>RM '000 | 2020<br>RM '000 | 2021<br>RM '000 | 2022<br>RM '000 | 2023<br>RM '000 |                  |
| At the end of accident year                           | 675,135               | 104,071         | 110,041         | 113,257         | 113,775         | 107,381         | 118,287         | 127,751         | 155,257         | 222,317         | 222,317          |
| One year later  | 821,596               | 102,643         | 100,341         | 113,434         | 113,959         | 106,516         | 108,953         | 122,867         | 154,435         | 154,435         | 154,435          |
| Two year later  | 786,012               | 97,354          | 96,034          | 108,941         | 110,916         | 102,714         | 108,923         | 120,150         |                 |                 | 120,150          |
| Three year later                                      | 741,784               | 94,702          | 94,500          | 107,880         | 110,336         | 104,226         | 105,836         |                 |                 |                 | 105,836          |
| Four year later                                       | 725,611               | 94,152          | 94,192          | 106,783         | 109,770         | 104,998         |                 |                 |                 |                 | 104,998          |
| Five year later                                       | 725,543               | 94,338          | 93,674          | 106,876         | 109,236         |                 |                 |                 |                 |                 | 109,236          |
| Six year later  | 642,513               | 90,196          | 89,117          | 100,796         |                 |                 |                 |                 |                 |                 | 100,796          |
| Seven year later                                      | 634,318               | 90,030          | 87,895          |                 |                 |                 |                 |                 |                 |                 | 87,895           |
| Eight year later                                      | 622,729               | 89,839          |                 |                 |                 |                 |                 |                 |                 |                 | 89,839           |
| Ninth year later                                      | 622,066               |                 |                 |                 |                 |                 |                 |                 |                 |                 | 622,066          |
| <b>Current estimate of cumulative claims incurred</b> | <b>622,066</b>        | <b>89,839</b>   | <b>87,895</b>   | <b>100,796</b>  | <b>109,236</b>  | <b>104,998</b>  | <b>105,836</b>  | <b>120,150</b>  | <b>154,435</b>  | <b>222,317</b>  | <b>1,717,569</b> |
| At the end of accident year                           | 309,674               | 45,169          | 43,970          | 50,502          | 49,290          | 46,005          | 47,549          | 53,774          | 55,640          | 84,438          | 84,438           |
| One year later  | 483,135               | 71,475          | 69,156          | 79,164          | 79,694          | 75,861          | 74,034          | 81,153          | 96,918          | 96,918          | 96,918           |
| Two year later  | 574,199               | 82,078          | 80,147          | 90,931          | 92,440          | 85,132          | 84,566          | 94,110          |                 |                 | 94,110           |
| Three year later                                      | 602,476               | 86,274          | 84,404          | 95,729          | 97,264          | 90,723          | 90,732          |                 |                 |                 | 90,732           |
| Four year later                                       | 618,103               | 87,824          | 85,974          | 97,147          | 98,941          | 94,927          |                 |                 |                 |                 | 94,927           |
| Five year later                                       | 620,421               | 89,303          | 86,721          | 97,953          | 99,665          |                 |                 |                 |                 |                 | 99,665           |
| Six year later  | 620,847               | 89,481          | 87,294          | 98,156          |                 |                 |                 |                 |                 |                 | 98,156           |
| Seven year later                                      | 622,243               | 89,485          | 87,492          |                 |                 |                 |                 |                 |                 |                 | 87,492           |
| Eight year later                                      | 622,449               | 89,509          |                 |                 |                 |                 |                 |                 |                 |                 | 89,509           |
| Ninth year later                                      | 622,040               |                 |                 |                 |                 |                 |                 |                 |                 |                 | 622,040          |
| <b>Cumulative payments to-date</b>                    | <b>622,040</b>        | <b>89,509</b>   | <b>87,492</b>   | <b>98,156</b>   | <b>99,665</b>   | <b>94,927</b>   | <b>90,732</b>   | <b>94,110</b>   | <b>96,918</b>   | <b>84,438</b>   | <b>1,457,986</b> |
| <b>Net liabilities for incurred claims:</b>           |                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Best estimate of claims liabilities (including ALAE)  | 26                    | 330             | 404             | 2,640           | 9,571           | 10,071          | 15,104          | 26,040          | 57,517          | 137,880         | 259,583          |
| Discounting Impact                                    | (1)                   | (15)            | (18)            | (93)            | (387)           | (407)           | (632)           | (1,114)         | (2,427)         | -5312.4264      | (10,406)         |
| Net takaful payables and others                       |                       |                 |                 |                 |                 |                 |                 |                 |                 |                 | 249,176          |
| Risk adjustment and other claim-related expenses      |                       |                 |                 |                 |                 |                 |                 |                 |                 |                 | 23,049           |
|   |                       |                 |                 |                 |                 |                 |                 |                 |                 |                 | 272,225          |
|   |                       |                 |                 |                 |                 |                 |                 |                 |                 |                 | 37,925           |
|   |                       |                 |                 |                 |                 |                 |                 |                 |                 |                 | <b>310,150</b>   |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. 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, Credit-related 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 family takaful subsidiary is exposed to concentration risk through its takaful contracts, which may be concentrated in certain geographic regions, industry sectors, or line of business.

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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**30. Insurance/Takaful risk (cont'd.)**

**(c) Family takaful fund (cont'd.)**

**(i) Nature of risk (cont'd.)**

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 at least once a year, or more frequently if required. The purpose of the Stress Testing is to test the solvency and financial viability of the family takaful fund under various scenarios as guided by regulatory guidelines. Stress tests and scenario analysis are used to assess the family takaful subsidiary's ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

The table below discloses the contribution of the PIF and PRF liabilities by type of certificates:

|                                 | <b>Gross<br/>RM'000</b> | <b>Net<br/>RM'000</b> |
|---------------------------------|-------------------------|-----------------------|
| <b>2024</b>                     |                         |                       |
| Family takaful plans            | 1,335,429               | 1,335,429             |
| Investment-linked takaful plans | 287,206                 | 287,206               |
| Mortgage takaful plans          | 1,340,527               | 1,340,527             |
| Group credit takaful plans      | 230,732                 | 230,732               |
| Others                          | 58,210                  | 58,210                |
|                                 | <u>3,252,104</u>        | <u>3,252,104</u>      |
|                                 | <b>Gross<br/>RM'000</b> | <b>Net<br/>RM'000</b> |
| <b>2023</b>                     |                         |                       |
| Family takaful plans            | 1,299,947               | 1,299,947             |
| Investment-linked takaful plans | 216,118                 | 216,118               |
| Mortgage takaful plans          | 1,295,078               | 1,295,078             |
| Group credit takaful plans      | 225,325                 | 225,325               |
| Others                          | 53,783                  | 53,783                |
|                                 | <u>3,090,251</u>        | <u>3,090,251</u>      |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. Insurance/Takaful risk (cont'd.)**

**(c) Family takaful fund (cont'd.)**

**(ii) Reserving Risk**

Reserving risk relates to the risk arising from inadequate reserves to meet future benefits payment / claims and family takaful subsidiary expense needs. The risk arises from uncertainty in the estimation of future liabilities, influenced by factors such as changes in mortality and morbidity rates, economic conditions, regulatory requirements, family takaful subsidiary revenue and expense management, etc..

At each reporting date, the family takaful subsidiary performs a valuation of liabilities that is certified by the Appointed Actuary for the purpose of ensuring that reserves are objectively assessed and adequately provided for.

**(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.

**(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 family takaful subsidiary's risk appetite to retakaful operators with strong financial standing.

**(iii) 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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**30. Insurance/Takaful risk (cont'd.)**

**(c) Family takaful fund (cont'd.)**

**(iii) Impact on profit and equity (cont'd.)**

**Key assumptions (cont'd.)**

The assumptions that have significant effects on the financial position and financial performance of the family takaful fund are described below:

| Type of business  | Mortality and morbidity rates   | 2024<br>Discount<br>rates | 2023<br>Discount<br>rates |
|---|---|---------------------------|---------------------------|
| Credit related products and individual regular contribution plans | Base mortality <sup>1</sup> , adjusted for retakaful rates and actual experience <sup>2</sup> | GII discount rate **      | GII discount rate **      |
| Others  | Base mortality <sup>1</sup>   | N/A*                      | N/A*                      |

<sup>1</sup> These rates are obtained from the various industry mortality and morbidity experience tables that are used to determine the contribution rates; and

<sup>2</sup> Retakaful rates are derived from the fund's retakaful arrangements with respect to the credit related products and individual regular contribution plans.

\* No discounting rates used for short-term product.

\*\* Discount rates are derived based on GII of appropriate term and adjusted for illiquidity premium and other factor, if applicable.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

**(i) 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, as appropriate, to reflect the participants' expected experience. Assumptions are differentiated by gender, occupational class and product group.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. Insurance/Takaful risk (cont'd.)**

**(c) Family takaful fund (cont'd.)**

**(iii) Impact on profit and equity (cont'd.)**

**Key assumptions (cont'd.)**

**(i) Mortality and morbidity rates (cont'd.)**

An increase in mortality/morbidity will lead to a 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.

**(ii) Discount rates**

Family takaful liabilities of credit-related products, for examples, 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 based on the Government Investment Issues ("GII") zero coupon spot yields which are obtained from the Bond Pricing Agency Malaysia ("BPAM") and adjusted for illiquidity premium and other factors, if applicable.

A decrease in the discount rate will increase the value of family takaful liabilities and consequently, may impact the surplus distribution to participants and shareholders.

**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 effect on the sensitivity analysis but to demonstrate the impact due to changes in specific assumptions, the sensitivity analysis is performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current business profile and economic assumptions.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**30. Insurance/Takaful risk (cont'd.)**

**(c) Family takaful fund (cont'd.)**

**(iii) Impact on profit and equity (cont'd.)**

**Sensitivity analysis (cont'd.)**

|                      | Change in assumptions | Impact on profit before tax gross of retakaful RM'000 | Impact on profit before tax net of retakaful RM'000 | Impact on equity gross of retakaful RM'000 | Impact on equity net of retakaful RM'000 |
|----------------------|-----------------------|---|---|--|--|
|                      | %                     | <----- Increase/(decrease) ----->                     |   |  |  |
| <b>2024</b>          |                       |   |   |  |  |
| Mortality rates      | +10%                  | (1,944)   | (1,944)   | (1,477)                                    | (1,477)                                  |
| Morbidity rates      | +10%                  | (193)   | (193)   | (147)                                      | (147)                                    |
| Expenses             | +10%                  | (3,771)   | (3,771)   | (2,866)                                    | (2,866)                                  |
| Surrender rates      | +10%                  | (21)  | (21)  | (16)                                       | (16)                                     |
| Contribution holiday | +10%                  | (150)   | (150)   | (114)                                      | (114)                                    |
| Discount rates       | +10%                  | 3,338   | 3,338   | 2,537                                      | 2,537                                    |
| Mortality/morbidity  | -10%                  | 1,787   | 1,787   | 1,358                                      | 1,358                                    |
| Morbidity rates      | -10%                  | 186   | 186   | 141  | 141                                      |
| Expenses             | -10%                  | 3,738   | 3,738   | 2,841                                      | 2,841                                    |
| Surrender rates      | -10%                  | 24  | 24  | 18   | 18                                       |
| Contribution holiday | -10%                  | 256   | 256   | 195  | 195                                      |
| Discount rates       | -10%                  | (3,950)   | (3,950)   | (3,002)                                    | (3,002)                                  |
| <b>2023</b>          |                       |   |   |  |  |
| Mortality rates      | +10%                  | (11)  | (11)  | (8)  | (8)                                      |
| Morbidity rates      | +10%                  | (10)  | (10)  | (8)  | (8)                                      |
| Expenses             | +10%                  | (3,212)   | (3,212)   | (2,441)                                    | (2,441)                                  |
| Surrender rates      | +10%                  | (61)  | (61)  | (46)                                       | (46)                                     |
| Contribution holiday | +10%                  | (223)   | (223)   | (169)                                      | (169)                                    |
| Discount rates       | +10%                  | 1,781   | 1,781   | 1,354                                      | 1,354                                    |
| Mortality rates      | -10%                  | (9)   | (9)   | (7)  | (7)                                      |
| Morbidity rates      | -10%                  | (10)  | (10)  | (8)  | (8)                                      |
| Expenses             | -10%                  | 3,193   | 3,193   | 2,427                                      | 2,427                                    |
| Surrender rates      | -10%                  | 41  | 41  | 31   | 31                                       |
| Contribution holiday | -10%                  | 298   | 298   | 226  | 226                                      |
| Discount rates       | -10%                  | (1,795)   | (1,795)   | (1,364)                                    | (1,364)                                  |

\* 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 and significant assumptions made in deriving sensitivity information did not change from those used in the previous year.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**30. Insurance/Takaful risk (cont'd.)**

**(d) Family retakaful fund**

**(i) Nature of risk**

The family retakaful subsidiary 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. The family retakaful business is exposed to concentration risk through its retakaful contracts, which may be concentrated in certain geographic regions and type of coverages.

The underwritten risks are further managed through retakaful arrangement.

Stress testing is performed on a atleast once a year, or more frequently if required. The purpose of the stress testing is to test the solvency and financial viability of the family retakaful fund under the various scenarios according to regulatory guidelines. Stress tests and scenario analysis are used to assess the family retakaful subsidiary's ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

**(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.

**(iii) Contribution risk**

Contribution risk arises when contributions charged are insufficient to meet expected claims and expenses.

**(iv) Impact on CSM, 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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**30. Insurance/Takaful risk (cont'd.)**

**(d) Family retakaful fund (cont'd.)**

**(iv) Impact on CSM, profit and equity (cont'd.)**

**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/(decreasing) the said ratio by 5%. The table below shows the impact on the family retakaful fund's gross and net CSM, surplus/(deficit) before tax and family retakaful fund should the ultimate loss ratio be increased/(decreased) by 5%:

| <b>Change in assumptions</b>     | <b>Impact on gross CSM **<br/>RM'000</b> | <b>Impact on net CSM<br/>RM'000</b> | <b>Impact on profit before tax<br/>RM'000</b> | <b>Impact on equity ***<br/>RM'000</b> |
|----------------------------------|--|-------------------------------------|---|--|
| <b>2024</b>                      |  |                                     |   |  |
| <b>Increase 5% *</b>             |  |                                     |   |  |
| Treaty - Proportional treaty     | (1)                                      | (1)                                 | (12,711)                                      | (11,694)                               |
| Treaty - Non proportional treaty | -  | -                                   | (504)   | (464)                                  |
|                                  | <u>(1)</u>                               | <u>(1)</u>                          | <u>(13,215)</u>                               | <u>(12,158)</u>                        |
| <b>Decrease 5% *</b>             |  |                                     |   |  |
| Treaty - Proportional treaty     | 968                                      | 968                                 | 8,594   | 7,907                                  |
| Treaty - Non proportional treaty | -  | -                                   | 504   | 464                                    |
|                                  | <u>968</u>                               | <u>968</u>                          | <u>9,098</u>                                  | <u>8,371</u>                           |
| <b>2023</b>                      |  |                                     |   |  |
| <b>Increase 5% *</b>             |  |                                     |   |  |
| Treaty - Proportional treaty     | (1,061)                                  | (1,061)                             | (9,155)                                       | (8,423)                                |
| Treaty - Non proportional treaty | -  | -                                   | -   | -                                      |
|                                  | <u>(1,061)</u>                           | <u>(1,061)</u>                      | <u>(9,155)</u>                                | <u>(8,423)</u>                         |
| <b>Decrease 5% *</b>             |  |                                     |   |  |
| Treaty - Proportional treaty     | 1,063                                    | 1,063                               | 5,124   | 4,714                                  |
| Treaty - Non proportional treaty | -  | -                                   | -   | -                                      |
|                                  | <u>1,063</u>                             | <u>1,063</u>                        | <u>5,124</u>                                  | <u>4,714</u>                           |

\* Stress is a multiplicative function.

\*\* The amounts for the gross basis refer to both LIC & LRC.

\*\*\* The impact on equity reflects the impact after tax of 8% (2023: 8%), where applicable.

This analysis assumes that other factors relevant, but not significant, to the valuation of claim liabilities remain constant.

**MNRB Holdings Berhad  
(Incorporated in Malaysia)**

**31. 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.

**(a) Credit Risk**

Credit risk is the risk of a counterparty failing to perform its obligations as the risk that counterparty fails on its financial obligations / does not honor its contract / default.

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;
- (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 credit 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 encompass thorough evaluations of the financial stability, performance and credit ratings of potential new and existing investments are undertaken by the Group in accordance with the guidelines outlined in the Group Investment Policy ("GIP") as approved by the Board. In addition, the credit ratings of the bonds/sukuks portfolios are regularly monitored and any downgrade in credit ratings triggers an immediate evaluation process to determine the appropriate course of actions. This evaluation involves assessing the impact of the downgrade on the overall risk profile of the portfolio and implementing necessary measures to mitigate associated risks. As at the reporting date, the Group's bonds/sukuks portfolio has no material exposure below investment grade.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(a) Credit Risk (cont'd.)**

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.

**Management of credit risk**

In order to manage and mitigate credit risk, the following policies and procedures were set in place:

- (i) Group Credit Risk Management Policy sets out key processes for credit risk management with primary focus on pro-actively identifying, assessing and monitoring credit related exposure within the business.
- (ii) Investment policies prescribe the minimum credit rating for Corporate Bonds and Sukuk that may be invested to mitigate the likelihood of potential default of any individual counterparty.
- (iii) In establishing internal single counterparty limits for Financial Institutions ("FI") for money market placements and other investment instruments, credit ratings and financial strength of the FIs are the key determinants to set the limit. These FI limits are set to prevent excessive risk concentration of a particular FI.
- (iv) 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 2024, 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.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 31. Financial risk (cont'd.)

## (a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2024

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<br>guaranteed<br>RM'000 | AAA/IP1<br>to BBB<br>RM'000 | BB to C<br>RM'000 | Not subject to<br>credit risk<br>RM'000 | Not rated*<br>RM'000 | Total<br>RM'000 |
|---|------------------------------------|-----------------------------|-------------------|---|----------------------|-----------------|
| <b>Financial assets at FVTPL</b>            |                                    |                             |                   |   |                      |                 |
| <u>Designated upon initial recognition:</u> |                                    |                             |                   |   |                      |                 |
| Unquoted Islamic private debt securities    | 798,892                            | 587,969                     | -                 | -                                       | -                    | 1,386,861       |
| Government investment issues                | 1,532,331                          | -                           | -                 | -                                       | -                    | 1,532,331       |
| Malaysian government securities             | 301,812                            | -                           | -                 | -                                       | -                    | 301,812         |
| <u>Mandatorily measured:</u>                |                                    |                             |                   |   |                      |                 |
| Government investment issues                | 379,665                            | -                           | -                 | -                                       | -                    | 379,665         |
| Quoted shares in Malaysia:                  |                                    |                             |                   |   |                      |                 |
| Shariah approved equities                   | -                                  | -                           | -                 | 221,166                                 | -                    | 221,166         |
| Others                                      | -                                  | -                           | -                 | 12,237                                  | -                    | 12,237          |
| Unquoted perpetual bond in Malaysia         | -                                  | 4,964                       | -                 | -                                       | -                    | 4,964           |
| Unquoted corporate debt securities          | 148,057                            | 586,585                     | -                 | -                                       | 5,576                | 740,218         |
| Shariah approved unit trust funds           | -                                  | -                           | -                 | 356,830                                 | -                    | 356,830         |
| Real estate investment trusts:              |                                    |                             |                   |   |                      |                 |
| - Shariah approved                          | -                                  | -                           | -                 | 14,665                                  | -                    | 14,665          |
| - Non-Shariah approved                      | -                                  | -                           | -                 | 9,050                                   | -                    | 9,050           |
| Derivative                                  | -                                  | -                           | -                 | (320)                                   | -                    | (320)           |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

31. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2024 (cont'd.)

| Group (cont'd.)                            | Government<br>guaranteed<br>RM'000 | AAA/IP1<br>to BBB<br>RM'000 | BB to C<br>RM'000 | subject to<br>credit risk<br>RM'000 | Not<br>rated*<br>RM'000 | Total<br>RM'000 |
|--|------------------------------------|-----------------------------|-------------------|-------------------------------------|-------------------------|-----------------|
| <b>Financial assets at FVOCI</b>           |                                    |                             |                   |                                     |                         |                 |
| Government investment issues               | 249,969                            | -                           | -                 | -                                   | -                       | 249,969         |
| Unquoted corporate debt securities         | -                                  | -                           | -                 | -                                   | -                       | -               |
| Malaysian government securities            | -                                  | -                           | -                 | -                                   | -                       | -               |
| Unquoted Islamic private debt securities   | 90,241                             | 198,130                     | -                 | -                                   | -                       | 288,371         |
| Unquoted shares in Malaysia                | -                                  | -                           | -                 | 87,666                              | -                       | 87,666          |
| Golf club membership                       | -                                  | -                           | -                 | 233                                 | -                       | 233             |
| <b>Financial assets at amortised cost</b>  |                                    |                             |                   |                                     |                         |                 |
| Fixed and call deposits with licensed:     |                                    |                             |                   |                                     |                         |                 |
| Commercial banks                           | -                                  | 190,239                     | -                 | -                                   | -                       | 190,239         |
| Foreign banks                              | -                                  | 779,854                     | -                 | -                                   | -                       | 779,854         |
| Islamic investment accounts with licensed: |                                    |                             |                   |                                     |                         |                 |
| Islamic banks                              | -                                  | 3,671,108                   | -                 | 3,180                               | 74,601                  | 3,748,889       |
| Investment banks                           | -                                  | -                           | -                 | -                                   | -                       | -               |
| Development banks                          | -                                  | 734,070                     | -                 | -                                   | -                       | 734,070         |
| Islamic commercial paper                   | -                                  | 59,569                      | -                 | -                                   | -                       | 59,569          |
| Secured staff loans                        | -                                  | -                           | -                 | -                                   | 2,584                   | 2,584           |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 31. Financial risk (cont'd.)

## (a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2024 (cont'd.)

| Group (cont'd.)                                     | Government<br>guaranteed<br>RM'000 | AAA/P1<br>to BBB<br>RM'000 | BB to C<br>RM'000 | Not<br>subject to<br>credit risk<br>RM'000 | Not rated*<br>RM'000 | Total<br>RM'000   |
|---|------------------------------------|----------------------------|-------------------|--|----------------------|-------------------|
|   |                                    |                            |                   |  |                      |                   |
| <b>Financial assets at amortised cost (cont'd.)</b> |                                    |                            |                   |  |                      |                   |
| Income due and accrued                              | 41,674                             | 68,674                     | -                 | 355  | 1,755                | 112,458           |
| Insurance/takaful contract assets                   | -                                  | 119,084                    | -                 | -  | 7,517                | 126,601           |
| Reinsurance/retakaful contract assets               | -                                  | 402,234                    | -                 | -  | 175,990              | 578,224           |
| Due from Lloyds' syndicate                          | -                                  | 40,573                     | -                 | -  | -                    | 40,573            |
| Sundry receivables                                  | -                                  | -                          | -                 | -  | 19,318               | 19,318            |
| Cash and bank balances                              | -                                  | 115,587                    | -                 | -  | 17                   | 115,604           |
|   | <b>3,542,641</b>                   | <b>7,558,640</b>           | <b>-</b>          | <b>705,062</b>                             | <b>287,358</b>       | <b>12,093,700</b> |

\* 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 | - | - | - | 5,329 | - | 5,329 |
|----------------------------------|---|---|---|-------|---|-------|

**Financial assets at FVOCI**

|                                    |   |        |   |    |   |        |
|------------------------------------|---|--------|---|----|---|--------|
| Golf club membership               | - | -      | - | 50 | - | 50     |
| Unquoted corporate debt securities | - | 49,759 | - | -  | - | 49,759 |



197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

31. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2024 (cont'd.)

| Company (cont'd.)                          | Government<br>guaranteed<br>RM'000 | AAA/P1<br>to BBB<br>RM'000 | BB to C<br>RM'000 | Not<br>subject to<br>credit risk<br>RM'000 | Not rated<br>RM'000 | Total<br>RM'000 |
|--|------------------------------------|----------------------------|-------------------|--|---------------------|-----------------|
| <b>Financial assets at amortised cost</b>  |                                    |                            |                   |  |                     |                 |
| Unquoted corporate debt securities         | -                                  | 1,000                      | -                 | -  | -                   | 1,000           |
| Islamic investment accounts with licensed: |                                    |                            |                   |  |                     |                 |
| Islamic banks                              | -                                  | 219,445                    | -                 | -  | -                   | 219,445         |
| Development bank                           | -                                  | 12,072                     | -                 | -  | -                   | 12,072          |
| Secured staff loans                        | -                                  | -                          | -                 | -  | 507                 | 507             |
| Amounts due from subsidiaries              | -                                  | -                          | -                 | -  | 8,835               | 8,835           |
| Income due and accrued                     | -                                  | -                          | -                 | -  | 1,024               | 1,024           |
| Sundry receivables                         | -                                  | -                          | -                 | -  | 266                 | 266             |
| Cash and bank balances                     | -                                  | 481                        | -                 | -  | -                   | 481             |
|  | -                                  | 282,757                    | -                 | 5,379                                      | 10,632              | 298,768         |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 31. Financial risk (cont'd.)

## (a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2023 (cont'd.)

| Group                                    | Government<br>guaranteed<br>RM'000 | AAA/P1<br>to BBB<br>RM'000 | BB to C<br>RM'000 | Not<br>subject to<br>credit risk<br>RM'000 | Not rated*<br>RM'000 | Total<br>RM'000 |
|--|------------------------------------|----------------------------|-------------------|--|----------------------|-----------------|
|  |                                    |                            |                   |  |                      |                 |
| <b>Financial assets at FVTPL</b>         |                                    |                            |                   |  |                      |                 |
| Unquoted Islamic private debt securities | 811,329                            | 625,382                    | -                 | -  | -                    | 1,436,711       |
| Government investment issues             | 1,414,505                          | -                          | -                 | -  | -                    | 1,414,505       |
| <u>Mandatorily measured:</u>             |                                    |                            |                   |  |                      |                 |
| Quoted shares in Malaysia:               |                                    |                            |                   |  |                      |                 |
| Shariah approved equities                | -                                  | -                          | -                 | 166,292                                    | -                    | 166,292         |
| Others                                   | -                                  | -                          | -                 | 56,296                                     | -                    | 56,296          |
| Unquoted perpetual bond in Malaysia      | -                                  | 4,884                      | -                 | -  | -                    | 4,884           |
| Unquoted corporate debt securities       | -                                  | -                          | -                 | -  | 5,576                | 5,576           |
| Unquoted Islamic private debt securities | -                                  | -                          | -                 | -  | -                    | -               |
| Shariah approved unit trust funds        | -                                  | -                          | -                 | 346,407                                    | -                    | 346,407         |
| Real estate investment trusts:           |                                    |                            |                   |  |                      |                 |
| - Shariah approved                       | -                                  | -                          | -                 | 5,859                                      | -                    | 5,859           |
| - Non-Shariah approved                   | -                                  | -                          | -                 | 8,694                                      | -                    | 8,694           |
| Derivative                               | -                                  | -                          | -                 | 69   | -                    | 69              |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

31. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2023 (cont'd.)

| Group (cont'd.)                          | Government<br>guaranteed<br>RM'000 | AAA/P1<br>to BBB<br>RM'000 | BB to C<br>RM'000 | Not<br>subject to<br>credit risk<br>RM'000 | Not rated*<br>RM'000 | Total<br>RM'000 |
|--|------------------------------------|----------------------------|-------------------|--|----------------------|-----------------|
|  |                                    |                            |                   |  |                      |                 |
| <b>Financial assets at FVOCI</b>         |                                    |                            |                   |  |                      |                 |
| Government investment issues             | 685,736                            | -                          | -                 | -  | -                    | 685,736         |
| Unquoted corporate debt securities       | 145,969                            | 489,603                    | -                 | -  | -                    | 635,572         |
| Malaysian government securities          | 89,773                             | -                          | -                 | -  | -                    | 89,773          |
| Unquoted shares in Malaysia              | -                                  | -                          | -                 | 87,119                                     | -                    | 87,119          |
| Unquoted Islamic private debt securities | 117,446                            | 188,023                    | -                 | -  | -                    | 305,469         |
| Golf club membership                     | -                                  | -                          | -                 | 233  | -                    | 233             |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 31. Financial risk (cont'd.)

## (a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2023 (cont'd.)

| Group (cont'd.)                            | Government<br>guaranteed<br>RM'000 | AAA/P1<br>to BBB<br>RM'000 | BB to C<br>RM'000 | Not subject to<br>credit risk<br>RM'000 | Not rated*<br>RM'000 | Total<br>RM'000 |
|--|------------------------------------|----------------------------|-------------------|---|----------------------|-----------------|
| <b>Financial assets at amortised cost</b>  |                                    |                            |                   |   |                      |                 |
| Fixed and call deposits with licensed:     |                                    |                            |                   |   |                      |                 |
| Commercial banks                           | -                                  | 114,400                    | -                 | -                                       | -                    | 114,400         |
| Foreign banks                              | -                                  | 533,171                    | -                 | -                                       | -                    | 533,171         |
| Islamic investment accounts with licensed: |                                    |                            |                   |   |                      |                 |
| Islamic banks                              | -                                  | 3,472,984                  | -                 | -                                       | -                    | 3,472,984       |
| Development banks                          | -                                  | 499,349                    | -                 | -                                       | -                    | 499,349         |
| Islamic commercial paper                   | -                                  | -                          | -                 | -                                       | -                    | -               |
| Commercial paper                           | -                                  | -                          | -                 | -                                       | -                    | -               |
| Secured staff loans                        | -                                  | -                          | -                 | -                                       | 3,068                | 3,068           |
| Income due and accrued                     | 30,929                             | 33,246                     | -                 | 1,034                                   | 1,293                | 66,502          |
| Amounts due from associates                | -                                  | 12                         | -                 | -                                       | -                    | 12              |
| Insurance/takaful contract assets          | -                                  | 60,239                     | -                 | -                                       | 4,170                | 64,409          |
| Reinsurance/retakaful contract assets      | -                                  | 278,504                    | -                 | -                                       | 252,538              | 531,042         |
| Due from Lloyds' syndicate                 | -                                  | 50,812                     | -                 | -                                       | -                    | 50,812          |
| Sundry receivables                         | -                                  | 175                        | -                 | -                                       | 37,078               | 37,253          |
| Cash and bank balances                     | -                                  | 205,446                    | -                 | 16                                      | -                    | 205,462         |
|  | 3,295,687                          | 6,556,230                  | -                 | 672,019                                 | 303,723              | 10,827,659      |

\*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.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

31. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2023 (cont'd.)

| Company   | Government guaranteed<br>RM'000 | AAA/P1 to BBB<br>RM'000 | BB to C<br>RM'000 | Not subject to credit risk<br>RM'000 | Not rated<br>RM'000 | Total<br>RM'000 |
|---|---------------------------------|-------------------------|-------------------|--------------------------------------|---------------------|-----------------|
| <b>Financial assets at FVTPL</b>                            |                                 |                         |                   |                                      |                     |                 |
| Shariah approved unit trust fund                            | -                               | -                       | -                 | 5,181                                | -                   | 5,181           |
| <b>Financial assets at FVOCI</b>                            |                                 |                         |                   |                                      |                     |                 |
| Golf club membership  | -                               | -                       | -                 | 50                                   | -                   | 50              |
| Unquoted corporate debt securities                          | -                               | 49,632                  | -                 | -                                    | -                   | 49,632          |
| <b>Financial assets at amortised cost</b>                   |                                 |                         |                   |                                      |                     |                 |
| Unquoted corporate debt securities                          | -                               | 1,000                   | -                 | -                                    | -                   | 1,000           |
| Islamic investment accounts with licensed:<br>Islamic banks | -                               | 66,547                  | -                 | -                                    | -                   | 66,547          |
| Development bank  | -                               | 10,445                  | -                 | -                                    | -                   | 10,445          |
| Secured staff loans   | -                               | -                       | -                 | -                                    | 569                 | 569             |
| Amounts due from subsidiaries                               | -                               | -                       | -                 | -                                    | 15,472              | 15,472          |
| Income due and accrued                                      | -                               | -                       | -                 | -                                    | 442                 | 442             |
| Sundry receivables  | -                               | -                       | -                 | -                                    | 341                 | 341             |
| Cash and bank balances                                      | -                               | 277                     | -                 | -                                    | -                   | 277             |
|   | -                               | 127,901                 | -                 | 5,231                                | 16,824              | 149,956         |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**31. 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 Expected Credit Loss ("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 financial year end 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 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 2024 and 31 March 2023.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(a) Credit Risk (cont'd.)**

**Investment assets - Reconciliation of allowance account (cont'd.)**

**Expected credit loss ("ECL") (cont'd.)**

**Group**

|   | <b>2024</b>   | <b>2023</b>   |
|---|---------------|---------------|
|   | <b>RM'000</b> | <b>RM'000</b> |
| <b>Total carrying amount of financial investment at AC</b>    | <u>40,573</u> | <u>50,812</u> |
| <b>Total ECL on financial investment at AC as at 31 March</b> | <u>3</u>      | <u>3</u>      |

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 2024 and 31 March 2023.

**Group**

|  | <b>2024</b>    | <b>2023</b>      |
|--|----------------|------------------|
|  | <b>RM'000</b>  | <b>RM'000</b>    |
| <b>Financial investments at FVOCI</b>                            |                |                  |
| Government guaranteed  | 340,210        | 1,038,924        |
| AAA to BBB   | 198,130        | 677,626          |
| Not subject to credit risk                                       | 87,666         | 87,352           |
| <b>Total carrying amount of financial investment at FVOCI</b>    | <u>626,006</u> | <u>1,803,902</u> |
| <b>Total ECL on financial investment at FVOCI as at 31 March</b> | <u>177</u>     | <u>136</u>       |

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**

|                                    | <b>FVOCI</b>  | <b>AC</b>     | <b>Total</b>  |
|------------------------------------|---------------|---------------|---------------|
|                                    | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| Balance as at 1 April 2022         | 125           | 3             | 128           |
| Net adjustment of loss allowances  | 11            | -             | 11            |
| Balance as at 31 March 2023        | <u>136</u>    | <u>3</u>      | <u>139</u>    |
| Net adjustment of loss allowances  | 41            | -             | 41            |
| <b>Balance as at 31 March 2024</b> | <u>177</u>    | <u>3</u>      | <u>180</u>    |

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**31. 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.



197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. 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 within the balances of insurance/takaful contract/certificates liabilities of the Group's reinsurance/retakaful subsidiary using a provision matrix:

|                       | Months past due   |                         |                          |                           |                           |                               | Total<br>RM'000 |
|-----------------------|-------------------|-------------------------|--------------------------|---------------------------|---------------------------|-------------------------------|-----------------|
|                       | Not due<br>RM'000 | 1 to 6 months<br>RM'000 | 7 to 12 months<br>RM'000 | 13 to 18 months<br>RM'000 | 19 to 24 months<br>RM'000 | More than 24 months<br>RM'000 |                 |
| <b>31 March 2024</b>  |                   |                         |                          |                           |                           |                               |                 |
| ECL rate              | 0.14%             | 0.31%                   | 2.27%                    | 9.19%                     | 33.25%                    | 36.27%                        |                 |
| Gross carrying amount | 369,687           | 311,348                 | 20,018                   | 8,708                     | 1,251                     | 6,162                         | 717,174         |
| Allowance for ECL     | 503               | 973                     | 454                      | 801                       | 416                       | 2,235                         | 5,382           |
| <b>31 March 2023</b>  |                   |                         |                          |                           |                           |                               |                 |
| ECL rate              | 0.14%             | 0.38%                   | 1.89%                    | 7.36%                     | 19.54%                    | 48.37%                        |                 |
| Gross carrying amount | 318,876           | 214,325                 | 22,696                   | 8,271                     | 1,392                     | 8,201                         | 573,761         |
| Allowance for ECL     | 440               | 805                     | 428                      | 609                       | 272                       | 3,967                         | 6,521           |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. 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 within the balances of insurance/takaful contract/certificates liabilities of the Group's takaful subsidiaries using a provision matrix:

|                       | Months past due   |                      |                      |                      |                        |                    |         | Total<br>RM'000 |
|-----------------------|-------------------|----------------------|----------------------|----------------------|------------------------|--------------------|---------|-----------------|
|                       | Not due<br>RM'000 | 0-3 Months<br>RM'000 | 4-6 Months<br>RM'000 | 7-9 Months<br>RM'000 | 10-12 Months<br>RM'000 | > 1 year<br>RM'000 |         |                 |
| <b>31 March 2024</b>  |                   |                      |                      |                      |                        |                    |         |                 |
| ECL rate              | 0.00%             | 0.50%                | 1.16%                | 18.69%               | 28.91%                 | 58.78%             | 2.56%   |                 |
| Gross carrying amount | 3,937             | 168,277              | 29,696               | 3,632                | 2,632                  | 4,796              | 212,970 |                 |
| Allowance for ECL     | -                 | 847                  | 345                  | 679                  | 761                    | 2,819              | 5,451   |                 |
| <b>31 March 2023</b>  |                   |                      |                      |                      |                        |                    |         |                 |
| ECL rate              | 0.00%             | 2.54%                | 2.19%                | 8.90%                | 39.83%                 | 46.00%             | 5.79%   |                 |
| Gross carrying amount | 5,073             | 107,417              | 17,353               | 7,143                | 3,030                  | 7,842              | 147,858 |                 |
| Allowance for ECL     | -                 | 2,727                | 380                  | 636                  | 1,207                  | 3,607              | 8,557   |                 |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. 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.

| <b>Group</b>                  | <b>Not credit<br/>impaired<br/>RM'000</b> | <b>Credit<br/>impaired<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-------------------------------|---|---------------------------------------|-------------------------|
| <u>Gross carrying amounts</u> |   |                                       |                         |
| As at 1 April 2023            | 714,306                                   | 7,313                                 | 721,619                 |
| Increase/(decrease)           | 214,818                                   | (8,400)                               | 206,418                 |
| As at 31 March 2024           | 929,124                                   | (1,087)                               | 928,037                 |
| <u>Allowance for ECL</u>      |   |                                       |                         |
| As at 1 April 2023            | 8,962                                     | 6,116                                 | 15,078                  |
| Increase/(decrease)           | 3,835                                     | (2,389)                               | 1,446                   |
| As at 31 March 2024           | 12,797                                    | 3,727                                 | 16,524                  |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 31. Financial risk (cont'd.)

## (a) Credit risk (cont'd.)

## Incorporation of forward-looking information (cont'd.)

| Group (cont'd.)               | Not credit<br>impaired<br>RM'000 | Credit<br>impaired<br>RM'000 | Total<br>RM'000 |
|-------------------------------|----------------------------------|------------------------------|-----------------|
| <u>Gross carrying amounts</u> |                                  |                              |                 |
| As at 1 April 2022            | 623,724                          | 7,841                        | 631,565         |
| Increase/(decrease)           | 90,582                           | (528)                        | 90,054          |
| As at 31 March 2023           | <u>714,306</u>                   | <u>7,313</u>                 | <u>721,619</u>  |
| <u>Allowance for ECL</u>      |                                  |                              |                 |
| As at 1 April 2022            | 10,655                           | 6,084                        | 16,739          |
| (Decrease)/increase           | (1,693)                          | 32                           | (1,661)         |
| As at 31 March 2023           | <u>8,962</u>                     | <u>6,116</u>                 | <u>15,078</u>   |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(a) Credit risk (cont'd.)**

**Movement of allowance for impairment losses on insurance/takaful receivables.**

| <b>Group</b>  | <b>Individually<br/>impaired<br/>RM'000</b> | <b>Collectively<br/>impaired<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|---|-------------------------|
| <b>2024</b>   |   |   |                         |
| At 1 April 2023   | 5,155                                       | 9,923                                       | 15,078                  |
| (Reversal of)/provision for impairment<br>losses for the year | (2,071)                                     | 650   | (1,421)                 |
| At 31 March 2024  | <u>3,084</u>                                | <u>10,573</u>                               | <u>13,656</u>           |
| <b>2023</b>   |   |   |                         |
| At 1 April 2022   | 5,499                                       | 11,240                                      | 16,739                  |
| Reversal of impairment losses for the year                    | (344)                                       | (1,317)                                     | (1,661)                 |
| At 31 March 2023  | <u>5,155</u>                                | <u>9,923</u>                                | <u>15,078</u>           |

**(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.

**MNRB Holdings Berhad  
(Incorporated in Malaysia)**

**31. Financial risk (cont'd.)**

**(b) Liquidity Risk (cont'd.)**

As part of its liquidity management strategy, the Group has in place the Group Liquidity Management Policy which outlines the 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.
- (v) Liquidity risk position

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 in line with BNM's RBC Framework and RBCT Framework requirements for 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 insurance/reinsurance contracts, takaful/ retakaful contracts, 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.

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

31. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2024

| Group                                      | Carrying value<br>RM'000 | Up to<br>1 year<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 | No maturity<br>date<br>RM'000 | Total<br>RM'000 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|-------------------------------|-----------------|
| <b>Financial assets at FVTPL</b>           |                          |                           |                          |                           |                               |                 |
| <u>Designated upon initial recognition</u> |                          |                           |                          |                           |                               |                 |
| Government investment issues               | 1,532,331                | 73,915                    | 30,374                   | 1,433,267                 | -                             | 1,537,556       |
| Unquoted Islamic private debt securities   | 1,386,861                | 56,019                    | 349,119                  | 984,400                   | -                             | 1,389,538       |
| Malaysian government securities            | 301,812                  | 10,132                    | 106,056                  | 265,338                   | -                             | 381,526         |
| <u>Mandatorily measured</u>                |                          |                           |                          |                           |                               |                 |
| Government investment issues               | 379,665                  | 49,147                    | 200,720                  | 206,447                   | -                             | 456,314         |
| Quoted shares in Malaysia:                 |                          |                           |                          |                           |                               |                 |
| Shariah approved equities                  | 221,166                  | -                         | -                        | -                         | 221,166                       | 221,166         |
| Others                                     | 12,237                   | -                         | -                        | -                         | 12,237                        | 12,237          |
| Unquoted perpetual bond in Malaysia        | 4,964                    | 180                       | 5,122                    | -                         | -                             | 5,302           |
| Unquoted corporate debt securities         | 740,218                  | 178,495                   | 327,143                  | 295,988                   | -                             | 801,626         |
| Real estate investment trusts:             |                          |                           |                          |                           |                               |                 |
| - Shariah approved                         | 14,665                   | -                         | -                        | -                         | 14,665                        | 14,665          |
| - Non-Shariah approved                     | 9,050                    | -                         | -                        | -                         | 9,050                         | 9,050           |
| Shariah approved unit trusts               | 356,830                  | -                         | -                        | -                         | 356,830                       | 356,830         |
| Derivative                                 | (320)                    | -                         | -                        | -                         | (320)                         | (320)           |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(b) Liquidity risk (cont'd.)**

**Maturity profiles for 2024 (cont'd.)**

| <b>Group (cont'd.)</b>                            | <b>Carrying value<br/>RM'000</b> | <b>Up to<br/>1 year<br/>RM'000</b> | <b>1 - 5<br/>years<br/>RM'000</b> | <b>Over<br/>5 years<br/>RM'000</b> | <b>No maturity<br/>date<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|----------------------------------|------------------------------------|-----------------------------------|------------------------------------|--|-------------------------|
| <b>Financial assets at FVOCI</b>                  |                                  |                                    |                                   |                                    |  |                         |
| Government investment issues                      | 249,969                          | 5,099                              | 50,039                            | 199,655                            | -                                      | 254,793                 |
| Unquoted shares in Malaysia                       | 87,666                           | -                                  | -                                 | -                                  | 87,666                                 | 87,666                  |
| Unquoted Islamic private debt securities          | 288,371                          | 32,645                             | 141,585                           | 138,581                            | -                                      | 312,811                 |
| Golf club membership                              | 233                              | -                                  | -                                 | -                                  | 233                                    | 233                     |
| <b>Financial assets at amortised cost</b>         |                                  |                                    |                                   |                                    |  |                         |
| <b>Fixed and call deposits with licensed:</b>     |                                  |                                    |                                   |                                    |  |                         |
| Commercial banks                                  | 190,239                          | 192,453                            | -                                 | -                                  | -                                      | 192,453                 |
| Foreign banks                                     | 779,854                          | 779,854                            | -                                 | -                                  | -                                      | 779,854                 |
| <b>Islamic investment accounts with licensed:</b> |                                  |                                    |                                   |                                    |  |                         |
| Islamic banks                                     | 3,748,889                        | 3,762,434                          | -                                 | -                                  | -                                      | 3,762,434               |
| Development banks                                 | 734,070                          | 789,433                            | -                                 | -                                  | -                                      | 789,433                 |
| Commercial paper                                  | 59,569                           | 60,000                             | -                                 | -                                  | -                                      | 60,000                  |
| Secured staff loans                               | 2,584                            | 601                                | 2,033                             | 3                                  | -                                      | 2,637                   |



197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(b) Liquidity risk (cont'd.)**

**Maturity profiles for 2024 (cont'd.)**

| <b>Group (cont'd.)</b>                              | <b>Carrying value RM'000</b> | <b>Up to 1 year RM'000</b> | <b>1 - 5 years RM'000</b> | <b>Over 5 years RM'000</b> | <b>No maturity date RM'000</b> | <b>Total RM'000</b> |
|---|------------------------------|----------------------------|---------------------------|----------------------------|--------------------------------|---------------------|
| <b>Financial assets at amortised cost (cont'd.)</b> |                              |                            |                           |                            |                                |                     |
| Income due and accrued                              | 112,458                      | 112,458                    | -                         | -                          | -                              | 112,458             |
| Insurance/takaful contract assets                   | 66,334                       | -                          | -                         | -                          | 66,334                         | 66,334              |
| Reinsurance/retakaful contract assets               | 500,125                      | 288,375                    | 227,526                   | 88,793                     | (6,841)                        | 597,853             |
| Amount due from Insurance pool accounts             | 23                           | 23                         | -                         | -                          | -                              | 23                  |
| Due from Lloyds' syndicate                          | 40,573                       | -                          | 40,573                    | -                          | -                              | 40,573              |
| Sundry receivables                                  | 19,318                       | 19,390                     | 200                       | -                          | -                              | 19,590              |
| Cash and bank balances                              | 115,604                      | 115,604                    | -                         | -                          | -                              | 115,604             |
| <b>Total financial and insurance assets</b>         | <b>11,955,358</b>            | <b>6,526,077</b>           | <b>1,475,368</b>          | <b>3,612,472</b>           | <b>765,984</b>                 | <b>12,379,901</b>   |

|  |                     |                    |                    |                    |                    |                     |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Borrowings                                       | (620,000)           | (12,660)           | (114,009)          | (721,324)          | -                  | (847,993)           |
| Lease liabilities                                | (3,016)             | (2,417)            | (5,418)            | -                  | -                  | (7,835)             |
| Insurance/takaful contract liabilities           | (9,602,091)         | (2,619,685)        | (3,033,141)        | (2,900,705)        | (1,049,229)        | (9,602,761)         |
| Reinsurance/retakaful contract liabilities       | (31,938)            | (26,257)           | -                  | -                  | (5,681)            | (31,938)            |
| Zakat payables                                   | (2,661)             | (2,661)            | -                  | -                  | -                  | (2,661)             |
| Other payables (excluding provisions)            | (268,668)           | (268,668)          | -                  | -                  | -                  | (268,668)           |
| <b>Total financial and insurance liabilities</b> | <b>(10,528,374)</b> | <b>(2,932,348)</b> | <b>(3,152,568)</b> | <b>(3,622,029)</b> | <b>(1,054,910)</b> | <b>(10,761,856)</b> |

|                          |                  |                  |                    |                |                  |                  |
|--------------------------|------------------|------------------|--------------------|----------------|------------------|------------------|
| <b>Surplus/(deficit)</b> | <b>1,426,983</b> | <b>3,593,729</b> | <b>(1,677,200)</b> | <b>(9,557)</b> | <b>(288,926)</b> | <b>1,618,045</b> |
|--------------------------|------------------|------------------|--------------------|----------------|------------------|------------------|

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(b) Liquidity risk (cont'd.)**

**Maturity profiles for 2024 (cont'd.)**

| Company                                    | Carrying value<br>RM'000 | Up to<br>1 year<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over<br>5 years<br>RM'000 | No maturity<br>date<br>RM'000 | Total<br>RM'000  |
|--|--------------------------|---------------------------|--------------------------|---------------------------|-------------------------------|------------------|
| <b>Financial assets at FVTPL</b>           |                          |                           |                          |                           |                               |                  |
| Shariah approved unit trust fund           | 5,329                    | -                         | -                        | -                         | 5,329                         | 5,329            |
| Non-Shariah approved unit trust fund       | -                        | -                         | -                        | -                         | -                             | -                |
| <b>Financial assets at FVOCI</b>           |                          |                           |                          |                           |                               |                  |
| Golf club membership                       | 50                       | -                         | -                        | -                         | 50                            | 50               |
| Unquoted corporate debt securities         | 49,759                   | 2,190                     | 8,766                    | 52,094                    | -                             | 63,050           |
| <b>Financial assets at amortised cost</b>  |                          |                           |                          |                           |                               |                  |
| Unquoted corporate debt securities         | 1,000                    | 50                        | 1,020                    | -                         | -                             | 1,070            |
| Islamic investment accounts with licensed: |                          |                           |                          |                           |                               |                  |
| Islamic banks                              |                          |                           |                          |                           |                               |                  |
| Development bank                           | 219,445                  | 221,752                   | -                        | -                         | -                             | 221,752          |
| Secured staff loans                        | 12,072                   | 12,196                    | -                        | -                         | -                             | 12,196           |
| Amount due from subsidiaries               | 507                      | 198                       | 359                      | 3                         | -                             | 560              |
| Income due and accrued                     | 8,835                    | 8,835                     | -                        | -                         | -                             | 8,835            |
| Sundry receivables                         | 1,024                    | 1,024                     | -                        | -                         | -                             | 1,024            |
| Cash and bank balances                     | 266                      | 266                       | -                        | -                         | -                             | 266              |
|  | 481                      | 481                       | -                        | -                         | -                             | 481              |
| <b>Total financial assets</b>              | <b>298,768</b>           | <b>246,992</b>            | <b>10,145</b>            | <b>52,097</b>             | <b>5,379</b>                  | <b>314,613</b>   |
| Borrowing                                  | (420,000)                | (18,732)                  | (93,711)                 | (494,517)                 | -                             | (606,960)        |
| Lease liabilities                          | (2,373)                  | (1,250)                   | (1,250)                  | -                         | -                             | (2,500)          |
| Other payables (excluding provisions)      | (12,630)                 | (12,630)                  | -                        | -                         | -                             | (12,630)         |
| <b>Total financial liabilities</b>         | <b>(435,003)</b>         | <b>(32,612)</b>           | <b>(94,961)</b>          | <b>(494,517)</b>          | <b>-</b>                      | <b>(622,090)</b> |
| <b>(Deficit)/surplus</b>                   | <b>(136,235)</b>         | <b>214,380</b>            | <b>(84,816)</b>          | <b>(442,420)</b>          | <b>5,379</b>                  | <b>(307,477)</b> |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(b) Liquidity risk (cont'd.)**

**Maturity profiles for 2023**

| <b>Group</b>                               | <b>Carrying value<br/>RM'000</b> | <b>Up to<br/>1 year<br/>RM'000</b> | <b>1 - 5<br/>years<br/>RM'000</b> | <b>Over<br/>5 years<br/>RM'000</b> | <b>No maturity<br/>date<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|----------------------------------|------------------------------------|-----------------------------------|------------------------------------|--|-------------------------|
| <b>Financial assets at FVTPL</b>           |                                  |                                    |                                   |                                    |  |                         |
| <u>Designated upon initial recognition</u> |                                  |                                    |                                   |                                    |  |                         |
| Government investment issues               | 1,414,505                        | 62,655                             | 265,667                           | 2,135,768                          | -                                      | 2,464,090               |
| Unquoted Islamic private debt securities   | 1,436,711                        | 108,405                            | 561,027                           | 1,546,617                          | -                                      | 2,216,049               |
| <u>Mandatorily measured</u>                |                                  |                                    |                                   |                                    |  |                         |
| Quoted shares in Malaysia:                 |                                  |                                    |                                   |                                    |  |                         |
| Shariah approved equities                  | 166,292                          | -                                  | -                                 | -                                  | 166,292                                | 166,292                 |
| Others                                     | 56,296                           | -                                  | -                                 | -                                  | 56,296                                 | 56,296                  |
| Unquoted perpetual bond in Malaysia        | 4,884                            | -                                  | -                                 | -                                  | 5,482                                  | 5,482                   |
| Unquoted corporate debt securities         | 5,576                            | 201                                | 1,658                             | 39,583                             | -                                      | 41,442                  |
| Real estate investment trusts:             |                                  |                                    |                                   |                                    |  |                         |
| - Shariah approved                         | 5,859                            | -                                  | -                                 | -                                  | 5,859                                  | 5,859                   |
| - Non-Shariah approved                     | 8,694                            | -                                  | -                                 | -                                  | 8,694                                  | 8,694                   |
| Shariah approved unit trusts               | 346,407                          | -                                  | -                                 | -                                  | 346,407                                | 346,407                 |
| Derivative                                 | 69                               | -                                  | -                                 | -                                  | 69                                     | 69                      |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

(b) **Liquidity risk (cont'd.)**

**Maturity profiles for 2023 (cont'd.)**

| <b>Group (cont'd.)</b>                     | <b>Carrying value<br/>RM'000</b> | <b>Up to<br/>1 year<br/>RM'000</b> | <b>1 - 5<br/>years<br/>RM'000</b> | <b>Over<br/>5 years<br/>RM'000</b> | <b>No maturity<br/>date<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|----------------------------------|------------------------------------|-----------------------------------|------------------------------------|--|-------------------------|
| <b>Financial assets at FVOCI</b>           |                                  |                                    |                                   |                                    |  |                         |
| Malaysian government securities            | 89,773                           | 3,398                              | 42,725                            | 70,617                             | -                                      | 116,740                 |
| Government investment issues               | 685,736                          | 38,184                             | 398,131                           | 438,715                            | -                                      | 875,030                 |
| Unquoted corporate debt securities         | 635,572                          | 135,843                            | 359,916                           | 272,373                            | -                                      | 768,132                 |
| Unquoted shares in Malaysia                | 87,119                           | -                                  | -                                 | -                                  | 87,119                                 | 87,119                  |
| Unquoted Islamic private debt securities   | 305,469                          | 37,451                             | 149,210                           | 207,165                            | -                                      | 393,826                 |
| Golf club membership                       | 233                              | -                                  | -                                 | -                                  | 233                                    | 233                     |
| <b>Financial assets at amortised cost</b>  |                                  |                                    |                                   |                                    |  |                         |
| Fixed and call deposits with licensed:     |                                  |                                    |                                   |                                    |  |                         |
| Commercial banks                           | 114,400                          | 114,733                            | -                                 | -                                  | -                                      | 114,733                 |
| Foreign banks                              | 533,171                          | 536,418                            | -                                 | -                                  | -                                      | 536,418                 |
| Islamic investment accounts with licensed: |                                  |                                    |                                   |                                    |  |                         |
| Islamic banks                              | 3,472,984                        | 3,509,394                          | -                                 | -                                  | -                                      | 3,509,394               |
| Development banks                          | 499,349                          | 510,984                            | -                                 | -                                  | -                                      | 510,984                 |
| Secured staff loans                        | 3,068                            | 1,155                              | 1,913                             | -                                  | -                                      | 3,068                   |
| Income due and accrued                     | 66,502                           | 66,502                             | -                                 | -                                  | -                                      | 66,502                  |
| Amounts due from associates                | 12                               | 12                                 | -                                 | -                                  | -                                      | 12                      |
| Amount due from Insurance pool accounts    | 48                               | 48                                 | -                                 | -                                  | -                                      | 48                      |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

31. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles for 2023 (cont'd.)

| Group (cont'd.)                                     | Carrying value<br>RM'000 | Up to 1 year<br>RM'000 | 1 - 5 years<br>RM'000 | Over 5 years<br>RM'000 | No maturity date<br>RM'000 | Total<br>RM'000    |
|---|--------------------------|------------------------|-----------------------|------------------------|----------------------------|--------------------|
| <b>Financial assets at amortised cost (cont'd.)</b> |                          |                        |                       |                        |                            |                    |
| Due from Lloyds' syndicate                          | 50,812                   | -                      | 50,812                | -                      | -                          | 50,812             |
| Sundry receivables                                  | 32,721                   | 34,092                 | -                     | -                      | 190                        | 34,282             |
| Reinsurance/retakaful assets                        | 300,441                  | 192,058                | 101,927               | 2,286                  | 4,170                      | 300,441            |
| Insurance/takaful receivables                       | 234,857                  | 83,951                 | 121,471               | 518                    | 28,917                     | 234,857            |
| Cash and bank balances                              | 205,462                  | 205,462                | -                     | -                      | -                          | 205,462            |
| <b>Total financial and insurance/takaful assets</b> | <b>10,763,022</b>        | <b>5,640,946</b>       | <b>2,054,457</b>      | <b>4,713,642</b>       | <b>709,728</b>             | <b>13,118,773</b>  |
| <b>Borrowings</b>                                   | <b>(520,000)</b>         | <b>(27,094)</b>        | <b>(109,265)</b>      | <b>(572,530)</b>       | <b>-</b>                   | <b>(708,889)</b>   |
| Insurance/takaful contract liabilities              | (7,889,753)              | (1,921,213)            | (2,196,053)           | (3,716,046)            | (56,645)                   | (7,889,957)        |
| Reinsurance/retakaful contract liabilities          | (5,579)                  | (5,557)                | -                     | -                      | (22)                       | (5,579)            |
| Lease liabilities                                   | (1,962)                  | (1,305)                | (2,497)               | -                      | -                          | (3,802)            |
| Zakat payables                                      | (306,616)                | (306,616)              | -                     | -                      | -                          | (306,616)          |
| Other payables (excluding provisions)               | (141,798)                | (141,798)              | -                     | -                      | -                          | (141,798)          |
| <b>Total financial and insurance liabilities</b>    | <b>(8,865,708)</b>       | <b>(2,403,583)</b>     | <b>(2,307,815)</b>    | <b>(4,288,576)</b>     | <b>(56,667)</b>            | <b>(9,056,641)</b> |
| <b>Surplus</b>                                      | <b>1,897,314</b>         | <b>3,237,363</b>       | <b>(253,358)</b>      | <b>425,066</b>         | <b>653,061</b>             | <b>4,062,132</b>   |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(b) Liquidity risk (cont'd.)**

**Maturity profiles for 2023 (cont'd.)**

| <b>Company</b>  | <b>Carrying value<br/>RM'000</b> | <b>Up to<br/>1 year<br/>RM'000</b> | <b>1 - 5<br/>years<br/>RM'000</b> | <b>Over<br/>5 years<br/>RM'000</b> | <b>No maturity<br/>date<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|----------------------------------|------------------------------------|-----------------------------------|------------------------------------|--|-------------------------|
| <b>Financial assets at FVTPL</b>                            |                                  |                                    |                                   |                                    |  |                         |
| Shariah approved unit trust fund                            | 5,181                            | -                                  | -                                 | -                                  | 5,181                                  | 5,181                   |
| <b>Financial assets at FVOCI</b>                            |                                  |                                    |                                   |                                    |  |                         |
| Golf club membership  | 50                               | -                                  | -                                 | -                                  | 50                                     | 50                      |
| Unquoted corporate debt securities                          | 49,632                           | 2,173                              | 8,702                             | 54,003                             | -                                      | 64,878                  |
| <b>Financial assets at amortised cost</b>                   |                                  |                                    |                                   |                                    |  |                         |
| Unquoted corporate debt securities                          | 1,000                            | 49                                 | 1,070                             | -                                  | -                                      | 1,119                   |
| Islamic investment accounts with licensed:<br>Islamic banks |                                  |                                    |                                   |                                    |  |                         |
| Development bank  | 66,547                           | 67,405                             | -                                 | -                                  | -                                      | 67,405                  |
| Secured staff loans   | 10,445                           | 10,462                             | -                                 | -                                  | -                                      | 10,462                  |
| Amount due from subsidiaries                                | 569                              | 464                                | 105                               | -                                  | -                                      | 569                     |
| Income due and accrued                                      | 15,472                           | 15,472                             | -                                 | -                                  | -                                      | 15,472                  |
| Sundry receivables  | 442                              | 442                                | -                                 | -                                  | -                                      | 442                     |
| Cash and bank balances                                      | 341                              | 341                                | -                                 | -                                  | -                                      | 341                     |
| <b>Total financial assets</b>                               | <b>149,956</b>                   | <b>97,085</b>                      | <b>9,877</b>                      | <b>54,003</b>                      | <b>5,231</b>                           | <b>166,196</b>          |
| Borrowing   | (320,000)                        | (16,640)                           | (66,606)                          | (336,275)                          | -                                      | (419,521)               |
| Other payables (excluding provisions)                       | (11,822)                         | (11,822)                           | -                                 | -                                  | -                                      | (11,822)                |
| <b>Total financial liabilities</b>                          | <b>(331,822)</b>                 | <b>(28,462)</b>                    | <b>(66,606)</b>                   | <b>(336,275)</b>                   | <b>-</b>                               | <b>(431,343)</b>        |
| <b>(Deficit)/surplus</b>                                    | <b>(181,866)</b>                 | <b>68,623</b>                      | <b>(56,729)</b>                   | <b>(282,272)</b>                   | <b>5,231</b>                           | <b>(265,147)</b>        |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. 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 and the change in value of the insurance liabilities. The risk of loss also arises from volatility in asset prices, interest/profit rates, or foreign currency exchange rates to the asset prices and value of the insurance liabilities. 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 and insurance liabilities 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 and insurance liabilities 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 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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. 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 | Impact on equity/ participants' fund* |
|---------------------------------|---------------------------|--|---------------------------------------|
|                                 |                           | RM'000                                     | RM'000                                |
| <---- Increase/(decrease) ----> |                           |  |                                       |
| <b>2024</b>                     |                           |  |                                       |
| Price/NAV                       | + 5%                      | 20,682                                     | 22,001                                |
| Price/NAV                       | - 5%                      | (20,682)                                   | (22,001)                              |
| <b>2023</b>                     |                           |  |                                       |
| Price/NAV                       | + 5%                      | 12,799                                     | 15,752                                |
| Price/NAV                       | - 5%                      | (12,799)                                   | (15,752)                              |
| Company                         | Changes in market indices | Impact on profit before tax                | Impact on equity/ participants' fund* |
|                                 |                           | RM'000                                     | RM'000                                |
| <---- Increase/(decrease) ----> |                           |  |                                       |
| <b>2024</b>                     |                           |  |                                       |
| Price/NAV                       | + 5%                      | 266  | 203                                   |
| Price/NAV                       | - 5%                      | (266)                                      | (203)                                 |
| <b>2023</b>                     |                           |  |                                       |
| Price/NAV                       | + 5%                      | 259  | 197                                   |
| Price/NAV                       | - 5%                      | (259)                                      | (197)                                 |

\* The impact on equity reflects the after tax impact.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. 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 management plan in place and is continuously enhancing its risk mitigation measures. The management's Asset & Liability Committee convenes regular meetings to discuss and deliberate on foreign exchange related issues including hedging strategy to reduce unhedged foreign exchange, as well as other measures to mitigate foreign exchange risk.

**Sensitivity analysis**

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on 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       | Impact on net liabilities | Impact on profit before zakat and taxation | Impact on equity* |
|------------------|---------------------|-----------------------------------|---------------------------|--|-------------------|
|                  |                     | RM'000                            | RM'000                    | RM'000                                     | RM'000            |
|                  |                     | <----- Increase/(decrease) -----> |                           |  |                   |
| <b>2024</b>      |                     |                                   |                           |  |                   |
| Foreign currency | +5%                 | 6,366                             | (1,986)                   | 24,510                                     | 22,549            |
| Foreign currency | -5%                 | (6,366)                           | 1,986                     | (24,510)                                   | (22,549)          |
| <b>2023</b>      |                     |                                   |                           |  |                   |
| Foreign currency | +5%                 | 7,000                             | (1,107)                   | 20,240                                     | 18,620            |
| Foreign currency | -5%                 | (7,000)                           | 1,107                     | (20,240)                                   | (18,620)          |

\* The impact on equity reflects the after tax impact.

The method used in performing the sensitivity analysis is consistent with the prior year.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. 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.
- (iii) present value of insurance liabilities 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 value of the Group's fixed income portfolio is inversely related to interest/profit rates. There is no direct contractual relationship between financial assets and insurance contracts. However, the Group and Company's interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The policy also requires it to manage the maturities of interest bearing financial assets.

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 Group also consistently monitors the financial, market and economic development in determining interest rates direction and formulating investment and asset liability strategy.

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 ("bps") in interest/profit rates at the reporting date would have increased/(decreased) the value of the insurance contract liabilities and portfolio of fixed-income investment by the amounts shown below.

|                       | Changes<br>in variable<br><----- (Decrease)/increase -----> | Impact on<br>profit<br>before zakat<br>and taxation<br>RM'000 | Impact on<br>equity/<br>participants'<br>fund*<br>RM'000 |
|-----------------------|---|---|--|
| <b>Group</b>          |   |   |  |
| <b>2024</b>           |   |   |  |
| Interest/profit rates | +25 bp  | (54,220)  | (50,659)   |
| Interest/profit rates | -25 bp  | 54,220  | 50,659   |
| <b>2023</b>           |   |   |  |
| Interest/profit rates | +25 bp  | (71,489)  | (81,128)   |
| Interest/profit rates | -25 bp  | 71,489  | 81,128   |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**31. Financial risk (cont'd.)**

**(c) Market risk (cont'd.)**

**Interest/profit rate risk (cont'd.)**

| <b>Company</b>        | <b>Changes<br/>in variable</b>                 | <b>Impact on<br/>equity*<br/>RM'000</b> |
|-----------------------|--|---|
|                       | <b>&lt;----- (Decrease)/increase -----&gt;</b> |   |
| <b>2024</b>           |  |   |
| Interest/profit rates | +25 bp   | (901)                                   |
| Interest/profit rates | -25 bp   | 901                                     |
| <b>2023</b>           |  |   |
| Interest/profit rates | +25 bp   | (733)                                   |
| Interest/profit rates | -25 bp   | 733                                     |

\* The impact on equity reflects the after tax impact.

**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.

**32. 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**32. Other risks (cont'd.)**

**(a) Operational risk (cont'd.)**

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.

**(d) Environment, Social and Governance (“ESG”) Risk**

ESG or sustainability risks are considered as environmental, social and governance events or conditions which could create financial losses or reputational damage to the Group. The Climate Change Risk (the risk resulting from climate change and affecting natural and human systems. It encompasses physical, transition and liability risks) is the sub risk from ESG.

Sustainability risk arises from the potential impact that the Group’s operations may have on the environment, society, and the quality of its governance. These include issues relating to climate change, labour practices as well as the Group’s ethics and transparency.

The Group has established the Group Sustainability Commitment towards Net Zero Carbon Organisation by 2050, which will form part of the Group Sustainability Framework. The implementation and finalization of the Framework shall be harmonized with the Group’s Sustainability Governance, Commitments and Policy.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**33. Insurance business**

**(a) Consolidated income statements by insurance business**

**For the year ended 31 March 2024**

|   | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000  |
|---|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|------------------|
| Insurance/takaful revenue   | 1,719,996             | 143,469             | 801,376                      | 470,513                     | -                | (37,200)                     | 3,098,154        |
| Insurance/takaful service expense   | (1,308,693)           | (127,508)           | (677,518)                    | (393,934)                   | -                | 73,877                       | (2,433,776)      |
| <b>Insurance service result before reinsurance contracts held</b>                       | <b>411,302</b>        | <b>15,961</b>       | <b>123,858</b>               | <b>76,579</b>               | <b>-</b>         | <b>36,678</b>                | <b>664,378</b>   |
| Allocation of reinsurance/retakaful premiums  | (221,771)             | (41,818)            | (244,401)                    | (133,959)                   | -                | 37,197                       | (604,752)        |
| Amounts recoverable from reinsurers/retakaful for incurred claims                       | 135,669               | 37,616              | 181,417                      | 105,031                     | -                | (24,955)                     | 434,778          |
| <b>Net expense from reinsurance/retakaful contracts/retakaful certificates held</b>     | <b>(86,102)</b>       | <b>(4,203)</b>      | <b>(62,984)</b>              | <b>(28,928)</b>             | <b>-</b>         | <b>12,242</b>                | <b>(169,974)</b> |
| <b>Insurance/takaful service result</b>   | <b>325,200</b>        | <b>11,758</b>       | <b>60,874</b>                | <b>47,651</b>               | <b>-</b>         | <b>48,920</b>                | <b>494,404</b>   |
| Investment income   | 177,697               | 7,119               | 41,987                       | 178,978                     | 110,014          | (105,011)                    | 410,784          |
| Net realised gains  | (11,595)              | -                   | (4,355)                      | 12,999                      | (67)             | -                            | (3,018)          |
| Net fair value gains/losses on financial assets at fair value through profit and loss   | 53,762                | 87                  | 6,579                        | 118,660                     | 16               | (33,874)                     | 145,230          |
| Net foreign exchange gain/loss  | 48,009                | -                   | -                            | -                           | -                | -                            | 48,009           |
| <b>Investment return</b>  | <b>267,873</b>        | <b>7,206</b>        | <b>44,211</b>                | <b>310,637</b>              | <b>109,963</b>   | <b>(138,885)</b>             | <b>601,005</b>   |
| Insurance/takaful finance expenses for insurance contracts/takaful certificates issued  | (186,170)             | (2,262)             | (20,808)                     | (250,186)                   | -                | 513                          | (458,913)        |
| Reinsurance/retakaful finance income for resuranc contracts/retakaful certificates held | 5,641                 | (75)                | 6,466                        | -                           | -                | (514)                        | 11,518           |
| Unallocated surplus attributable to participants  | -                     | (14,646)            | (8,206)                      | (62,715)                    | -                | (4,524)                      | (90,091)         |
| <b>Net insurance/takaful financial results</b>  | <b>(180,529)</b>      | <b>(16,983)</b>     | <b>(22,548)</b>              | <b>(312,901)</b>            | <b>-</b>         | <b>(4,525)</b>               | <b>(537,486)</b> |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 33. Insurance Business (cont'd.)

## (a) Consolidated income statements by insurance business (cont'd.)

|   | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000 |
|---|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-----------------|
| <b>For the year ended 31 March 2024 (cont'd.)</b>   |                       |                     |                              |                             |                  |                              |                 |
| Fees and other operating income   | 44,265                | 313                 | 7,730                        | 8,521                       | 65,476           | (76,951)                     | 49,354          |
| Management and other operating expenses   | (21,663)              | (219)               | (4,248)                      | (13,605)                    | (78,242)         | 24,206                       | (93,771)        |
| Finance cost  | (12,694)              | -                   | (311)                        | -                           | (16,866)         | 2,601                        | (27,270)        |
| <b>Net other operating (expenses)/income</b>  | <b>9,908</b>          | <b>94</b>           | <b>3,171</b>                 | <b>(5,084)</b>              | <b>(29,632)</b>  | <b>(50,144)</b>              | <b>(71,687)</b> |
| Share of results of associates  | -                     | -                   | -                            | -                           | -                | 44,623                       | 44,623          |
| <b>Profit before zakat and taxation</b>   | <b>422,453</b>        | <b>2,075</b>        | <b>85,708</b>                | <b>40,303</b>               | <b>80,331</b>    | <b>(100,011)</b>             | <b>530,859</b>  |
| Tax attributable of the participants  | -                     | (13)                | (3,280)                      | (21,785)                    | -                | -                            | (25,078)        |
| <b>Profit before zakat and taxation attributable to equity holders of the Holding Company</b> | <b>422,453</b>        | <b>2,062</b>        | <b>82,428</b>                | <b>18,518</b>               | <b>80,331</b>    | <b>(100,011)</b>             | <b>505,781</b>  |
| Zakat   | -                     | (127)               | (837)                        | (370)                       | -                | -                            | (1,334)         |
| Taxation  | (35,765)              | (198)               | (18,243)                     | (10,390)                    | (6,326)          | 13                           | (70,908)        |
| <b>Net profit for the year attributable to equity holders of the Holding Company</b>          | <b>386,687</b>        | <b>1,738</b>        | <b>63,348</b>                | <b>7,758</b>                | <b>74,005</b>    | <b>(99,998)</b>              | <b>433,538</b>  |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

33. Insurance business (cont'd.)

(a) Consolidated income statements by insurance business (cont'd.)

For the year ended 31 March 2023, restated

|  | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000 |
|--|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-----------------|
| Insurance/takaful revenue  | 1,413,059             | 61,761              | 606,292                      | 458,257                     | -                | (16,693)                     | 2,522,676       |
| Insurance/takaful service expense  | (1,350,208)           | (76,570)            | (538,407)                    | (443,956)                   | -                | 55,552                       | (2,353,589)     |
| <b>Insurance service result before reinsurance/<br/>retakaful contracts held</b>           | 62,851                | (14,809)            | 67,885                       | 14,301                      | -                | 38,858                       | 169,087         |
| Allocation of reinsurance/retakaful premiums   | (97,244)              | (23,899)            | (164,765)                    | (98,321)                    | -                | 16,693                       | (367,536)       |
| Amounts recoverable from reinsurers/retakaful<br>operator for incurred claims              | 32,653                | 35,826              | 134,081                      | 81,252                      | -                | (15,903)                     | 267,909         |
| <b>Net expense from reinsurance/retakaful<br/>contracts/certificates held</b>              | (64,590)              | 11,927              | (30,684)                     | (17,069)                    | -                | 790                          | (99,627)        |
| <b>Insurance/takaful service result</b>  | (1,739)               | (2,882)             | 37,201                       | (2,768)                     | -                | 39,648                       | 69,460          |
| Investment income  | 122,483               | 5,068               | 30,362                       | 158,189                     | 27,971           | (27,822)                     | 316,251         |
| Net realised gains   | (1,762)               | -                   | (1,111)                      | 6,519                       | -                | 414                          | 4,060           |
| Net fair value gains/losses on financial assets<br>at fair value through profit and loss   | (24,071)              | (70)                | (727)                        | 37,663                      | -                | 12,689                       | 25,484          |
| Net foreign exchange gain/loss   | 13,901                | -                   | -                            | -                           | -                | -                            | 13,901          |
| <b>Investment return</b>   | 110,551               | 4,998               | 28,524                       | 202,371                     | 27,971           | (14,719)                     | 359,696         |
| Insurance/takaful finance expenses for insurance<br>contracts/takaful certificates issued  | (39,066)              | 2,985               | (9,705)                      | (146,540)                   | -                | 341                          | (191,985)       |
| Reinsurance/retakaful finance income for resuranc<br>contracts/retakaful certificates held | 6,728                 | (388)               | 2,086                        | (19,402)                    | -                | 19,061                       | 8,085           |
| Unallocated surplus attributable to participants   | -                     | (5,165)             | (7,067)                      | -                           | -                | (22,185)                     | (34,417)        |
| <b>Net insurance/takaful financial result</b>  | (32,338)              | (2,568)             | (14,686)                     | (165,942)                   | -                | (2,783)                      | (218,317)       |

197201001795 (13487-A)

MNRB Holdings Berhad  
(Incorporated in Malaysia)

## 33. Insurance business (cont'd.)

## (a) Consolidated income statements by insurance business (cont'd.)

|   | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000 |
|---|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-----------------|
| <b>For the year ended 31 March 2023, restated (cont'd.)</b>                                   |                       |                     |                              |                             |                  |                              |                 |
| Fees and other operating income   | 21,867                | 748                 | 5,516                        | 13,331                      | 70,244           | (76,093)                     | 35,613          |
| Management and other operating expenses   | (29,537)              | (173)               | (4,923)                      | (11,118)                    | (66,900)         | 32,969                       | (79,682)        |
| Finance cost  | (6,693)               | -                   | (405)                        | -                           | (16,705)         | 2,198                        | (21,605)        |
| <b>Net other operating (expenses)/income</b>  | <b>(14,363)</b>       | <b>575</b>          | <b>188</b>                   | <b>2,213</b>                | <b>(13,361)</b>  | <b>(40,926)</b>              | <b>(65,674)</b> |
| Share of results of associates  | -                     | -                   | -                            | -                           | -                | 15,985                       | 15,985          |
| <b>Profit before zakat and taxation</b>   | <b>62,111</b>         | <b>123</b>          | <b>51,227</b>                | <b>35,874</b>               | <b>14,610</b>    | <b>(2,795)</b>               | <b>161,150</b>  |
| Tax attributable of the participants  | -                     | 322                 | (1,940)                      | (14,848)                    | -                | -                            | (16,466)        |
| <b>Profit before zakat and taxation attributable to equity holders of the Holding Company</b> | <b>62,111</b>         | <b>445</b>          | <b>49,287</b>                | <b>21,026</b>               | <b>14,610</b>    | <b>(2,795)</b>               | <b>144,684</b>  |
| Zakat   | -                     | (89)                | (1,027)                      | (312)                       | -                | -                            | (1,428)         |
| Taxation  | (5,457)               | (105)               | (13,563)                     | (4,010)                     | (1,519)          | (322)                        | (24,976)        |
| <b>Net profit for the year attributable to equity holders of the Holding Company</b>          | <b>56,654</b>         | <b>251</b>          | <b>34,697</b>                | <b>16,704</b>               | <b>13,091</b>    | <b>(3,117)</b>               | <b>118,280</b>  |



197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

33. Insurance business (cont'd.)

(b) Consolidated statement of financial position by insurance business

For the year ended 31 March 2024

|                                       | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000   |
|---------------------------------------|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-------------------|
| <b>Assets</b>                         |                       |                     |                              |                             |                  |                              |                   |
| Property, plant and equipment         | 137,244               | 1                   | 672                          | 85,439                      | 11,567           | 49                           | 234,972           |
| Intangible assets                     | 5,432                 | -                   | 50,432                       | 54,620                      | 6,634            | -                            | 117,118           |
| Right-of-use assets                   | -                     | -                   | 6,608                        | 543                         | 2,650            | (6,974)                      | 2,827             |
| Investments in subsidiaries           | -                     | -                   | -                            | -                           | 1,304,477        | (1,304,477)                  | -                 |
| Investments in associates             | 155,318               | -                   | -                            | -                           | 1,957            | 17,636                       | 174,911           |
| Financial and other assets            | 4,930,119             | 117,997             | 1,230,645                    | 4,752,457                   | 402,759          | (158,280)                    | 11,275,697        |
| Deferred tax assets                   | -                     | -                   | 37,096                       | -                           | 5,399            | 4,896                        | 47,391            |
| Insurance/takaful contract assets     | 7,488                 | -                   | -                            | 58,845                      | -                | 1                            | 66,334            |
| Reinsurance/retakaful contract assets | 140,375               | 22,369              | 317,862                      | 42,306                      | -                | (11,831)                     | 511,081           |
| Tax recoverable                       | -                     | -                   | 1,904                        | 11,285                      | 13,509           | -                            | 26,698            |
| Cash and bank balances                | 75,424                | 9,048               | 12,300                       | 11,615                      | 7,217            | (0)                          | 115,604           |
| <b>Total assets</b>                   | <b>5,451,400</b>      | <b>149,415</b>      | <b>1,657,519</b>             | <b>5,017,110</b>            | <b>1,756,169</b> | <b>(1,458,980)</b>           | <b>12,572,633</b> |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**33. Insurance business (cont'd.)**

**(b) Consolidated statement of financial position by insurance business (cont'd.)**

For the year ended 31 March 2024 (cont'd.)

|  | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000   |
|--|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-------------------|
| <b>Liabilities</b>   |                       |                     |                              |                             |                  |                              |                   |
| Borrowings   | 251,000               | -                   | -                            | -                           | 420,000          | (51,000)                     | 620,000           |
| Insurance/takaful contract liabilities                           | 2,808,062             | 124,526             | 1,198,380                    | 4,374,006                   | -                | (11,829)                     | 8,493,145         |
| Reinsurance/retakaful contract liabilities                       | 5,681                 | -                   | -                            | 26,257                      | -                | -                            | 31,938            |
| Lease liabilities  | -                     | -                   | 6,955                        | 547                         | 2,736            | (7,222)                      | 3,016             |
| Other payables   | 44,936                | (5,083)             | 91,488                       | 81,867                      | 26,840           | (6,518)                      | 233,530           |
| Deferred tax liabilities   | 19,404                | (220)               | -                            | 13,140                      | -                | 4,888                        | 37,212            |
| Tax payable  | 7,879                 | -                   | 15,093                       | 4,346                       | 181              | -                            | 27,499            |
| Provision for zakat  | -                     | 3                   | 2,365                        | 293                         | -                | -                            | 2,661             |
| <b>Total liabilities and participants' funds</b>                 | <b>3,136,962</b>      | <b>119,226</b>      | <b>1,314,281</b>             | <b>4,500,456</b>            | <b>449,757</b>   | <b>(71,681)</b>              | <b>9,449,001</b>  |
| <b>Equity</b>  |                       |                     |                              |                             |                  |                              |                   |
| Share capital  | 663,106               | -                   | 230,000                      | 405,000                     | 845,002          | (1,404,606)                  | 738,502           |
| Reserves   | 1,651,332             | 30,189              | 113,238                      | 111,654                     | 461,410          | 17,307                       | 2,385,130         |
| <b>Total equity attributable to equity holders of the Parent</b> | <b>2,314,438</b>      | <b>30,189</b>       | <b>343,238</b>               | <b>516,654</b>              | <b>1,306,412</b> | <b>(1,387,299)</b>           | <b>3,123,632</b>  |
| <b>Total liabilities, participants' funds and equity</b>         | <b>5,451,400</b>      | <b>149,415</b>      | <b>1,657,519</b>             | <b>5,017,110</b>            | <b>1,756,169</b> | <b>(1,458,980)</b>           | <b>12,572,633</b> |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

33. Insurance business (cont'd.)

(b) Consolidated statement of financial position by insurance business (cont'd.)

For the year ended 31 March 2023, restated

|                                       | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000   |
|---------------------------------------|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-------------------|
| <b>Assets</b>                         |                       |                     |                              |                             |                  |                              |                   |
| Property, plant and equipment         | 127,475               | 1                   | 825                          | 84,861                      | 12,590           | 50                           | 225,802           |
| Intangible assets                     | 5,901                 | -                   | 56,268                       | 57,896                      | 4,732            | -                            | 124,797           |
| Right-of-use assets                   | -                     | -                   | 7,964                        | 161                         | 700              | (5,457)                      | 3,368             |
| Investments in subsidiaries           | -                     | -                   | -                            | -                           | 1,304,477        | (1,304,477)                  | -                 |
| Investments in associates             | 113,812               | -                   | -                            | -                           | 1,957            | 31,621                       | 147,390           |
| Financial and other assets            | 4,288,345             | 97,615              | 1,039,364                    | 4,505,889                   | 153,766          | (70,648)                     | 10,014,331        |
| Deferred tax assets                   | -                     | -                   | 28,287                       | -                           | 4,001            | 4,579                        | 36,867            |
| Insurance/takaful contract assets     | 4,009                 | 161                 | -                            | 60,239                      | -                | (0)                          | 64,409            |
| Reinsurance/retakaful contract assets | 209,168               | 25,689              | 240,907                      | 55,364                      | -                | (7,542)                      | 523,586           |
| Tax recoverable                       | 11,050                | (821)               | -                            | 15,998                      | 19,693           | -                            | 45,920            |
| Cash and bank balances                | 131,706               | 5,153               | 50,928                       | 9,982                       | 7,694            | (1)                          | 205,462           |
| <b>Total assets</b>                   | <b>4,891,466</b>      | <b>127,798</b>      | <b>1,424,543</b>             | <b>4,790,390</b>            | <b>1,509,610</b> | <b>(1,351,875)</b>           | <b>11,391,932</b> |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**33. Insurance business (cont'd.)**

**(b) Consolidated statement of financial position by insurance business (cont'd.)**

For the year ended 31 March 2023, restated (cont'd.)

|  | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000   |
|--|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-------------------|
| <b>Liabilities and participants' funds</b>                       |                       |                     |                              |                             |                  |                              |                   |
| Borrowings   | 251,000               | -                   | -                            | -                           | 320,000          | (51,000)                     | 520,000           |
| Insurance/takaful contract liabilities                           | 2,651,761             | 112,390             | 1,025,258                    | 4,100,344                   | -                | (7,542)                      | 7,882,211         |
| Reinsurance/retakaful contract liabilities                       | 22                    | -                   | -                            | 5,557                       | -                | -                            | 5,579             |
| Lease liabilities  | -                     | -                   | 8,202                        | 165                         | 722              | (5,663)                      | 3,426             |
| Other payables   | 39,747                | (11,354)            | 92,227                       | 87,774                      | -                | 405                          | 208,799           |
| Deferred tax liabilities   | 12,925                | (1,605)             | -                            | 5,925                       | 20,330           | (15,725)                     | 21,850            |
| Tax payable  | -                     | -                   | 7,436                        | 3,807                       | -                | -                            | 11,243            |
| Provision for zakat  | -                     | 3                   | 1,961                        | 239                         | -                | -                            | 2,203             |
| <b>Total liabilities and participants' funds</b>                 | <b>2,955,455</b>      | <b>99,435</b>       | <b>1,135,084</b>             | <b>4,203,811</b>            | <b>341,052</b>   | <b>(79,525)</b>              | <b>8,655,311</b>  |
| <b>Equity</b>  |                       |                     |                              |                             |                  |                              |                   |
| Share capital  | 663,106               | -                   | 230,000                      | 405,000                     | 745,002          | (1,304,606)                  | 738,502           |
| Reserves   | 1,272,905             | 28,363              | 59,459                       | 181,579                     | 423,556          | 32,257                       | 1,998,119         |
| <b>Total equity attributable to equity holders of the Parent</b> | <b>1,936,011</b>      | <b>28,363</b>       | <b>289,459</b>               | <b>586,579</b>              | <b>1,168,558</b> | <b>(1,272,349)</b>           | <b>2,736,621</b>  |
| <b>Total liabilities, participants' funds and equity</b>         | <b>4,891,466</b>      | <b>127,798</b>      | <b>1,424,543</b>             | <b>4,790,390</b>            | <b>1,509,610</b> | <b>(1,351,874)</b>           | <b>11,391,932</b> |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

33. Insurance business (cont'd.)

(b) Consolidated statement of financial position by insurance business (cont'd.)

For the year ended 1 April 2022, restated

|                                       | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000   |
|---------------------------------------|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-------------------|
| <b>Assets</b>                         |                       |                     |                              |                             |                  |                              |                   |
| Property, plant and equipment         | 120,884               | 1                   | 397                          | 83,824                      | 6,056            | 51                           | 211,213           |
| Intangible assets                     | 7,537                 | 94                  | 10,637                       | 53,395                      | 3,473            | -                            | 75,136            |
| Right-of-use assets                   | -                     | -                   | 3,430                        | 437                         | 2,216            | (529)                        | 5,554             |
| Investments in subsidiaries           | -                     | -                   | -                            | -                           | 1,304,477        | (1,304,477)                  | -                 |
| Investments in associates             | 120,369               | -                   | -                            | -                           | 1,957            | 40,052                       | 162,378           |
| Deferred tax assets                   | -                     | -                   | 21,605                       | -                           | 172,056          | 8,762,944                    | 8,956,605         |
| Financial and other assets            | 3,578,407             | 101,218             | 949,334                      | 4,222,926                   | 4,437            | (8,830,282)                  | 26,040            |
| Insurance/takaful contract assets     | 271                   | 202                 | -                            | 64,920                      | -                | (0)                          | 65,393            |
| Reinsurance/retakaful contract assets | 339,971               | 28,383              | 214,020                      | 36,115                      | -                | (6,300)                      | 612,189           |
| Tax recoverable                       | 24,328                | (257)               | -                            | 15,484                      | 19,828           | -                            | 59,383            |
| Cash and bank balances                | 184,251               | 122                 | 10,543                       | 13,030                      | 6,105            | (1)                          | 214,050           |
| <b>Total assets</b>                   | <b>4,376,018</b>      | <b>129,763</b>      | <b>1,209,966</b>             | <b>4,490,131</b>            | <b>1,520,605</b> | <b>(1,338,542)</b>           | <b>10,387,941</b> |

197201001795 (13487-A)

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**33. Insurance business (cont'd.)**

**(b) Consolidated statement of financial position by insurance business (cont'd.)**

For the year ended 1 April 2022, restated (cont'd.)

| Liabilities  | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>Takaful<br>RM'000 | Family<br>Takaful<br>RM'000 | Others<br>RM'000 | Consoli-<br>dation<br>RM'000 | Group<br>RM'000   |
|--|-----------------------|---------------------|------------------------------|-----------------------------|------------------|------------------------------|-------------------|
| Borrowings   | 51,000                | -                   | -                            | -                           | 320,000          | (51,000)                     | 320,000           |
| Insurance/takaful contract liabilities                           | 2,422,806             | 101,729             | 875,645                      | 3,805,785                   | -                | (6,300)                      | 7,199,665         |
| Reinsurance/retakaful contract liabilities                       | -                     | 59                  | -                            | 3,554                       | -                | (0)                          | 3,613             |
| Lease liabilities  | -                     | -                   | 3,511                        | 442                         | 2,105            | (582)                        | 5,476             |
| Other payables   | 10,800                | 656                 | 52,051                       | 90,706                      | 24,157           | (16,412)                     | 161,959           |
| Deferred tax liabilities   | 12,743                | (831)               | -                            | 6,931                       | -                | 23                           | 18,866            |
| Tax payable  | -                     | -                   | 4,895                        | 9,105                       | -                | -                            | 14,000            |
| Provision for zakat  | -                     | 3                   | 1,336                        | 415                         | -                | -                            | 1,754             |
| <b>Total liabilities and participants' funds</b>                 | <b>2,497,349</b>      | <b>101,617</b>      | <b>937,438</b>               | <b>3,916,938</b>            | <b>346,262</b>   | <b>(74,271)</b>              | <b>7,725,333</b>  |
| <b>Equity</b>  |                       |                     |                              |                             |                  |                              |                   |
| Share capital  | 663,106               | -                   | 230,000                      | 405,000                     | 745,002          | (1,304,606)                  | 738,502           |
| Reserves   | 1,215,563             | 28,146              | 42,528                       | 168,193                     | 429,341          | 40,335                       | 1,924,106         |
| <b>Total equity attributable to equity holders of the Parent</b> | <b>1,878,669</b>      | <b>28,146</b>       | <b>272,528</b>               | <b>573,193</b>              | <b>1,174,343</b> | <b>(1,264,271)</b>           | <b>2,662,608</b>  |
| <b>Total liabilities, participants' funds and equity</b>         | <b>4,376,018</b>      | <b>129,763</b>      | <b>1,209,966</b>             | <b>4,490,131</b>            | <b>1,520,605</b> | <b>(1,338,542)</b>           | <b>10,387,941</b> |

### 34. 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.

**MNRB Holdings Berhad**  
**(Incorporated in Malaysia)**

**34. Fair values of assets (cont'd.)**

**Description of significant unobservable inputs:**

|   | <b>Valuation technique</b> | <b>Significant unobservable inputs</b>             | <b>Range</b>                           |
|---|----------------------------|--|--|
| <b>2024</b>                               |                            |  |  |
| <u>Property, plant and equipment</u>      |                            |  |  |
| Office building of Malaysian Re           | Income approach            | Yield<br>Rental per square foot                    | 6.25%<br>RM4.50                        |
| Office buildings of Takaful IKHLAS Family | Income approach            | Yield<br>Rental per square foot                    | 4.7% to<br>6.0%<br>RM5.50 to<br>RM6.05 |
| Office buildings of Takaful IKHLAS Family | Comparison approach        | Sales price per square feet for similar properties | RM763 to<br>RM986                      |
| Unquoted shares in Malaysia               | Net assets                 | Net assets   | Not applicable                         |
| <b>2023</b>                               |                            |  |  |
| <u>Property, plant and equipment</u>      |                            |  |  |
| Office building of Malaysian Re           | Income approach            | Yield<br>Rental per square foot                    | 6.25%<br>RM1.40 to<br>RM5.40           |
| Office buildings of Takaful IKHLAS Family | Comparison approach        | Sales price per square feet for similar properties | RM769 to<br>RM1,832                    |
| Unquoted shares in Malaysia 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.



**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**34. 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 Level 1, 2 and 3 of the fair value hierarchy:

|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000  |
|---|-------------------|-------------------|-------------------|------------------|
| <b>Group</b>                                |                   |                   |                   |                  |
| <b>2024</b>                                 |                   |                   |                   |                  |
| <b>Assets measured at fair value:</b>       |                   |                   |                   |                  |
| <b>(a) Property, plant and equipment</b>    |                   |                   |                   |                  |
| Freehold land                               | -                 | -                 | 36,800            | 36,800           |
| Buildings                                   | -                 | -                 | 174,376           | 174,376          |
|   | <u>-</u>          | <u>-</u>          | <u>211,176</u>    | <u>211,176</u>   |
| <b>(b) Financial assets at FVTPL</b>        |                   |                   |                   |                  |
| <u>Designated upon initial recognition:</u> |                   |                   |                   |                  |
| Government investment issues                | -                 | 1,532,331         | -                 | 1,532,331        |
| Quoted shares in Malaysia:                  |                   |                   |                   |                  |
| Unquoted Islamic private debt securities    | -                 | 1,386,861         | -                 | 1,386,861        |
| Malaysian government securities             |                   |                   |                   |                  |
| Unsecured                                   | -                 | 301,812           | -                 | 301,812          |
| <u>Mandatorily measured:</u>                |                   |                   |                   |                  |
| Quoted shares in Malaysia:                  |                   |                   |                   |                  |
| Shariah approved equities                   | 221,166           | -                 | -                 | 221,166          |
| Others                                      | 12,237            | -                 | -                 | 12,237           |
| Unquoted perpetual bond in Malaysia         | -                 | 4,964             | -                 | 4,964            |
| Unquoted corporate debt securities          | -                 | 740,218           | -                 | 740,218          |
| Shariah approved unit trust funds           | 356,830           | -                 | -                 | 356,830          |
| Real estate investment trusts:              |                   |                   |                   |                  |
| - Shariah approved                          | 14,665            | -                 | -                 | 14,665           |
| - Non-Shariah approved                      | 9,050             | -                 | -                 | 9,050            |
| Derivative                                  | -                 | (320)             | -                 | (320)            |
|   | <u>613,948</u>    | <u>3,664,054</u>  | <u>-</u>          | <u>4,579,814</u> |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**34. Fair values of assets (cont'd.)**

|                        | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>Group (cont'd.)</b> |                   |                   |                   |                 |

**2024 (cont'd.)**

**Assets measured at fair value (cont'd.):**

**(c) Financial assets at FVOCI**

|  |   |         |        |         |
|--|---|---------|--------|---------|
| Government investment issues             | - | 249,969 | -      | 249,969 |
| Unquoted shares in Malaysia              | - | -       | 87,666 | 87,666  |
| Unquoted Islamic private debt securities | - | 288,371 | -      | 288,371 |
| Golf club memberships                    | - | -       | 233    | 233     |
|  | - | 538,340 | 87,899 | 626,239 |

**2023**

**Assets measured at fair value:**

**(a) Property, plant and equipment**

|               |   |   |         |         |
|---------------|---|---|---------|---------|
| Freehold land | - | - | 36,800  | 36,800  |
| Buildings     | - | - | 162,891 | 162,891 |
|               | - | - | 199,691 | 199,691 |

**(b) Financial assets at FVTPL**

Designated upon initial recognition:

|  |   |           |   |           |
|--|---|-----------|---|-----------|
| Government investment issues             | - | 1,414,505 | - | 1,414,505 |
| Unquoted Islamic private debt securities | - | 1,436,711 | - | 1,436,711 |

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

**34. Fair values of assets (cont'd.)**

**Description of significant unobservable inputs:**

|   | <b>Valuation technique</b> | <b>Significant unobservable inputs</b>             | <b>Range</b>                           |
|---|----------------------------|--|--|
| <b>2024</b>                               |                            |  |  |
| <u>Property, plant and equipment</u>      |                            |  |  |
| Office building of Malaysian Re           | Income approach            | Yield<br>Rental per square foot                    | 6.25%<br>RM4.50                        |
| Office buildings of Takaful IKHLAS Family | Income approach            | Yield<br>Rental per square foot                    | 4.7% to<br>6.0%<br>RM5.50 to<br>RM6.05 |
| Office buildings of Takaful IKHLAS Family | Comparison approach        | Sales price per square feet for similar properties | RM763 to<br>RM986                      |
| Unquoted shares in Malaysia               | Net assets                 | Net assets   | Not applicable                         |
| <b>2023</b>                               |                            |  |  |
| <u>Property, plant and equipment</u>      |                            |  |  |
| Office building of Malaysian Re           | Income approach            | Yield<br>Rental per square foot                    | 6.25%<br>RM1.40 to<br>RM5.40           |
| Office buildings of Takaful IKHLAS Family | Comparison approach        | Sales price per square feet for similar properties | RM769 to<br>RM1,832                    |
| Unquoted shares in Malaysia 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.

**MNRB Holdings Berhad**  
(Incorporated in Malaysia)

## 34. Fair values of assets (cont'd.)

| Company                               | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---------------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>2024</b>                           |                   |                   |                   |                 |
| <b>Assets measured at fair value:</b> |                   |                   |                   |                 |
| <b>(a) Financial assets at FVTPL</b>  |                   |                   |                   |                 |
| Shariah approved unit trust fund      | 5,329             | -                 | -                 | 5,329           |
| <b>(b) Financial assets at FVOCI</b>  |                   |                   |                   |                 |
| Golf club membership                  | -                 | -                 | 50                | 50              |
| Unquoted corporate debt securities    | -                 | 49,759            | -                 | 49,759          |
|                                       | -                 | 49,759            | 50                | 49,809          |
| <b>2023</b>                           |                   |                   |                   |                 |
| <b>Assets measured at fair value:</b> |                   |                   |                   |                 |
| <b>(a) Financial assets at FVTPL</b>  |                   |                   |                   |                 |
| Shariah approved unit trust fund      | 5,181             | -                 | -                 | 5,181           |
| <b>(b) Financial assets at FVOCI</b>  |                   |                   |                   |                 |
| Golf club membership                  | -                 | -                 | 50                | 50              |
| Unquoted corporate debt securities    | -                 | 49,632            | -                 | 49,632          |
|                                       | -                 | 49,632            | 50                | 49,682          |



**MNRB HOLDINGS BERHAD**

197201001795 (13487-A)

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

**[www.mnr.com.my](http://www.mnr.com.my)**