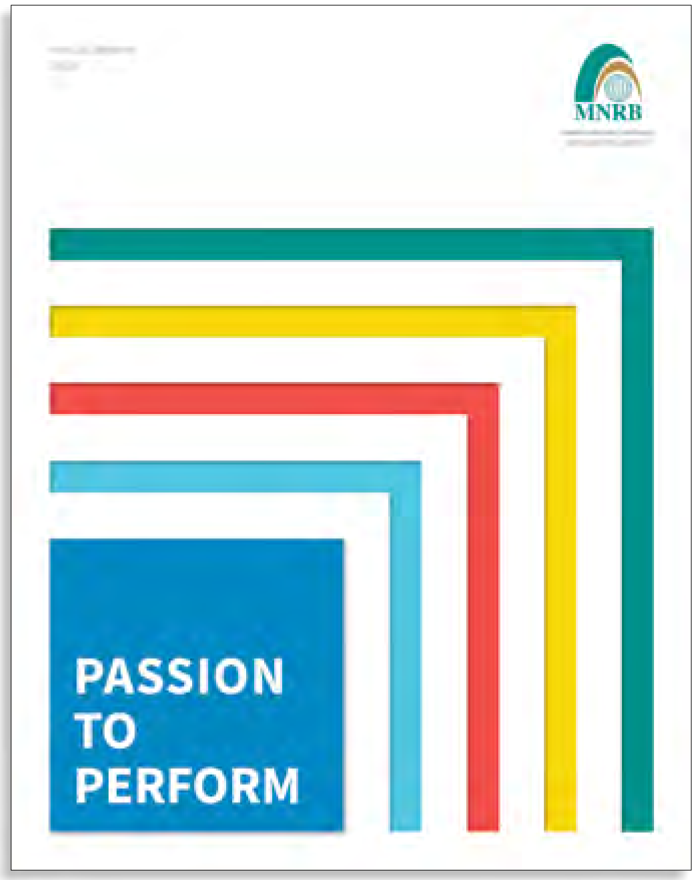
Annual Report
2020

MNRB HOLDINGS BERHAD
197201001795 (13487-A)

PASSION TO PERFORM



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Our website:
www.mnrb.com.my

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MNRB HOLDINGS BERHAD
ANNUAL REPORT 2020

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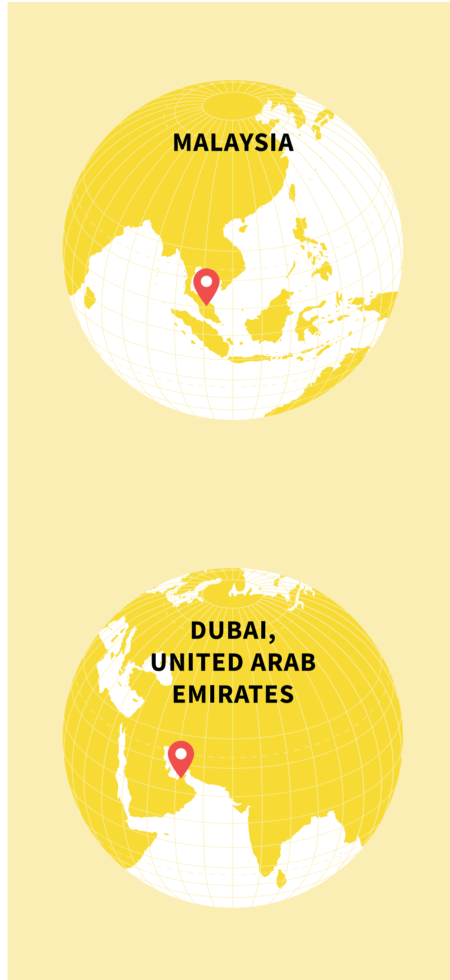
AT A GLANCE

CORPORATE PROFILE & PRESENCE

WHERE WE OPERATE



GROUP TOTAL REVENUE **RM2.6** billion	GROUP PROFIT BEFORE TAX **RM150.9** million	GROUP PROFIT AFTER TAX **RM132.9** million
MARKET CAPITALISATION (30 JULY 2020) **RM646.05** million	GROUP TOTAL ASSETS **RM9.2** billion	MNRB SCHOLARSHIP FUND **RM14.37** million Scholarship Disbursed

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

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

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

The Company has a share capital of RM739 million.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK JOHAR CHE MAT
Non-Independent Non-Executive Chairman

GEORGE OOMMEN
Senior Independent Non-Executive Director

KHALID SUFAT
Independent Non-Executive Director

JUNAIDAH MOHD SAID
Independent Non-Executive Director

ZAIDA KHALIDA SHAARI
Independent Non-Executive Director

DATO' WAN ROSHDI WAN MUSA
Independent Non-Executive Director

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

Mohd Din Merican

COMPANY SECRETARY

Lena Abd Latif

AUDIT COMMITTEE

Khalid Sufat *(Chairman)*
Datuk Johar Che Mat
George Oommen
Junaidah Mohd Said

NOMINATION COMMITTEE

Zaida Khalida Shaari *(Chairman)*
Datuk Johar Che Mat
Khalid Sufat

REMUNERATION COMMITTEE

Khalid Sufat *(Chairman)*
George Oommen
Zaida Khalida Shaari

RISK MANAGEMENT COMMITTEE

George Oommen *(Chairman)*
Khalid Sufat
Junaidah Mohd Said
Dato' Wan Roshdi Wan Musa
(Appointed w.e.f 1 April 2020)

INVESTMENT COMMITTEE

Dato' Wan Roshdi Wan Musa *(Chairman)*
[Appointed w.e.f 1 April 2020]
Zaida Khalida Shaari
(Appointed as Chairman w.e.f 3 October 2019 and redesignated as member w.e.f 1 April 2020)
Datuk Johar Che Mat
Junaidah Mohd Said

AUDITORS

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

SHARE REGISTRAR

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

PRINCIPAL BANKER

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

REGISTERED OFFICE

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

STOCK EXCHANGE LISTING

Bursa Securities
– Main Market

KEY BUSINESS ENTITIES

Malaysian Re

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

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

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

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

The Company has a Share Capital of RM663 million.

Takaful IKHLAS Family

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

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

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

Takaful IKHLAS Family offers a comprehensive range of family takaful products including investment-linked products and currently records more than 270,000 certificate (policy) holders as well as more than 5,000 highly knowledgeable and well-trained agents.

The Company has a Share Capital of RM405 million.

KEY BUSINESS ENTITIES

Takaful IKHLAS General

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

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

Takaful IKHLAS General currently records more than 745,000 registered certificate (policy) holders and more than 3,000 agents.

The Company has a Share Capital of RM230 million.

Malaysian Re (Dubai)

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

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

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

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

GROUP CORPORATE STRUCTURE

MNRB

MALAYSIAN REINSURANCE BERHAD	100%	LABUAN REINSURANCE (L) LTD.*	20%
TAKAFUL IKHLAS FAMILY BERHAD	100%		
TAKAFUL IKHLAS GENERAL BERHAD	100%		
MALAYSIAN RE (DUBAI) LTD.	100%		
MMIP SERVICES SDN. BHD.	100%		
SINAR SEROJA BERHAD	100%		
MOTORDATA RESEARCH CONSORTIUM SDN. BHD.*	40%		

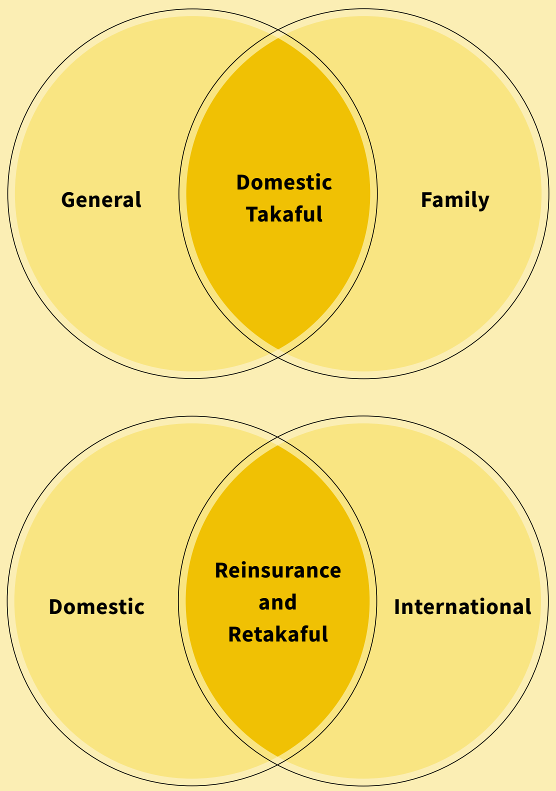
** Associate Company*

OUR BUSINESS MODEL

OUR BUSINESS MODEL

1 OUR BUSINESS PILLARS

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



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

2 OUR GROWTH DRIVERS

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

TALENTED AND DEDICATED PERSONNEL

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

SOLID CAPITALISATION

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

ROBUST RISK MANAGEMENT

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

SUSTAINABILITY

We strive to deliver value to the communities in which we operate, and actively seek to minimise our impact on the environment

3 VALUE CREATION FOR OUR STAKEHOLDERS

OUR PEOPLE

Exciting career paths and systematic professional development

Competitive remuneration and benefits

OUR SHAREHOLDERS

Share price appreciation and dividends

OUR CUSTOMERS

Mitigating risk, providing protection and enabling lives

OUR REGULATORS

Development of local and international insurance and takaful markets

OUR COMMUNITIES

Supporting economic growth

Protection for economic, societal and environmental needs

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure and privilege to present the Annual Report of MNRB Holdings Berhad (MNRB or the Group) for the financial year ended 31 March 2020 (FY2020).

Datuk Johar Che Mat
Chairman

This is my first statement to you as the Group's new Chairman following my appointment on 1 July 2019. Prior to this, I had the privilege of serving on the Boards of MNRB and both the Group's takaful businesses. In my tenure with the Group, I am pleased to say that I have gained an in-depth understanding of the workings of the Group as well as seen it steadfastly weather internal and external headwinds. Today, MNRB remains resilient and is retaining its position of strength as a key player in the reinsurance, retakaful and takaful segments. Together with my colleagues on the Board and our Senior Management, rest assured that we will continue to accord stakeholders a responsible and transparent leadership while continuing to deliver sustainable value to all.

A COMMENDABLE PERFORMANCE

I am pleased to report that MNRB once again successfully navigated the demands of a highly challenging operating environment to deliver a commendable performance. A special mention goes to our teams within the respective business segments who worked hard to pursue their key objectives, align with the Group's strategic direction, and ensure MNRB remained relevant to its markets. As a result of their worthy efforts, the Group's revenue grew 12.3% to RM2.55 billion in FY2020 from RM2.27 billion previously, while our profit after tax (PAT) grew 27.3% to RM132.9 million from RM104.4 million in FY2019.

In comparison to the preceding year, the Group's main subsidiaries, namely, Malaysian Reinsurance Berhad (Malaysian Re), and our takaful arms, Takaful Ikhlas Family Berhad (Takaful IKHLAS Family) and Takaful Ikhlas General Berhad (Takaful IKHLAS General), all posted higher gross premiums and contributions. Our Reinsurance/Retakaful arm registered revenue growth of 14.5% to touch RM1.42 billion while posting a 15.0% increase in PAT to RM96.4 million. Meanwhile, both our takaful businesses collectively grew their revenue by 10.8% to RM1.13 billion while posting a stellar 83.3% hike in PAT to RM64.9 million. These good results underscore the Group's ability to remain steadfast and deliver sustainable results in the face of an increasingly competitive operating environment.

> "As at 31 March 2020, the Group's total assets stood at RM9.21 billion, a 5.7% increase in comparison to total assets of some RM8.71 billion as at 31 March 2019."

As at 31 March 2020, the Group's total assets stood at RM9.21 billion, a 5.7% increase in comparison to total assets of some RM8.71 billion as at 31 March 2019. Net investment income for FY2020 grew 3.5% to RM359.7 million against the RM347.5 million garnered in FY2019. The Group continued to pursue a prudent asset management strategy over the course of the financial year with 26.0% of the Group's investments in low-risk assets, including Malaysian Government Securities and Government Investment Issues. At the end of FY2020, the Group's earnings per share stood at 17.2 sen per share compared to 20.3 sen per share in FY2019.

SHAREHOLDER VALUE CREATION

To bolster the Group's financial position and cater to the requirements of our businesses in a sustainable manner, the Board is committed to weighing the need to preserve MNRB's capital against our ability to reward shareholders. While the Board is committed to prioritising and upholding the capital preservation requirements of the Group, we are also mindful of our shareholders' expectations and the need to reward them for their kind patience and resolute support of the Group all these years.

As such, on 12 December 2019, an interim dividend of 2.50 sen per ordinary share amounting to approximately RM19.176 million based on the issued share capital of 767,050,063 MNRB shares as at 15 October 2019 was paid out to shareholders in respect of the financial year ended 31 March 2020. Under the Dividend Reinvestment Plan (DRP) which was approved by the shareholders at our Extraordinary General Meeting held on 25 September 2019, the entire portion of the interim dividend was paid under the DRP which accords shareholders the option to receive the interim dividend in cash or to reinvest the interim dividend into new MNRB shares at a discount from the issue price of RM1.01 per new share.

GROUP'S REVENUE in FY2020

GROWTH 12.3%

RM2.55 billion

PROFIT AFTER TAX in FY2020

GROWTH 27.3%

RM132.9 million

FY2020'S KEY INITIATIVES

The financial year in review saw the Group continuing to implement specific initiatives, including several strategic partnerships, to maintain its position of strength and create sustainable value.

In August 2019, Takaful IKHLAS General signed a five-year strategic partnership with CIMB Islamic Bank Berhad (CIMB Islamic) to distribute general takaful products to CIMB Islamic's customers across the retail, SME and commercial segments. Under the partnership, the parties have jointly targeted RM168 million in gross contributions over the next five years. As the preferred general takaful provider to all CIMB Islamic customers, Takaful IKHLAS General will tap CIMB Islamic's extensive distribution channels comprising 250 branches nationwide, online platforms and call centres. CIMB Islamic in turn will leverage on Takaful IKHLAS' wide range of offerings including motor and home protection as well as coverage for commercial subscribers such as fire, construction, workmen, equipment, marine and liability, to cater to its customers' growing demand for shariah-compliant takaful products.

December 2019 saw Malaysian Re signing a memorandum of understanding (MOU) with Pacific Life Re Singapore to provide sustainable retakaful solutions to its family takaful operators clients in Malaysia. Under the MOU, Malaysian Re's Retakaful Division (MRRD) will provide family retakaful solutions, while Pacific Life Re in return will provide support for MRRD's family retakaful business through its technical pricing, underwriting, product development, experience analysis and global insights. This initiative will help expand Malaysian Re's access to superior data insights on a global level and enable it to harness leading underwriting technology provided by Pacific Life Re's fully-owned subsidiary, UnderwriteMe.

In January 2020, Takaful IKHLAS Family signed a five-year strategic partnership with Manulife Insurance Berhad (Manulife) to sell family takaful products to the underpenetrated takaful market in Malaysia through Manulife's agency network. Under the partnership, Manulife's agency members will market and sell four of Takaful IKHLAS's family takaful products to the growing segment of Malaysians seeking Shariah-compliant life insurance products. Meanwhile, Takaful IKHLAS will focus on expanding its market share while leveraging on Manulife's high-yielding agents through the partnership. With the high potential growth and increasing demand for takaful, this strategic partnership is expected to contribute to the growth of Takaful IKHLAS Family's business.

For the year under review, Malaysian Re strengthened its leading position in the region's insurance industry via its sponsorship of the third edition of the ASEAN Insurance Pulse. This latest edition of the research publication for the ASEAN region was launched in November 2019 during the 12th ASEAN Insurance Congress in Bali, Indonesia. Published in collaboration with a Zurich-based research agency, the third *ASEAN Insurance Pulse* focuses on the state of digitisation of the region's insurance players. The issue also analyses the impact of digitisation on the region's US$31 billion non-life insurance markets and their growth and profitability prospects.

In December 2019, Malaysian Re went on to launch the inaugural issue of *Malaysian Insurance Highlights (MIH)*. This annual publication contains vital statistics and key trends relating to the domestic insurance and takaful industry, along with the insights from industry executives and senior professionals. This was followed by the launch of Malaysian Re's inaugural newsletter, *Malaysian Re Foresights* in January 2020 which gives readers a taste of the vital findings from the *ASEAN Insurance Pulse* and *MIH* publications.

RESPONSIBLE CORPORATE PRACTICES

Your Board remains focused on reinforcing the effective application of the principles and best practices that have been laid down by the regulators, namely Bank Negara Malaysia (BNM), the Securities Commission Malaysia, Bursa Malaysia Securities Berhad as well as all applicable statutes, including but not limited to the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and the Companies Act, 2016. The Group's policy decrees that we employ these principles and best practices as well as uphold high standards of business integrity in all activities undertaken by the Group. The year also saw us adopting a new Group Anti-Corruption and Bribery Policy to ensure strong business ethics and compliance in line with the latest amendments to the MACC Act 2009. The finer details of our Corporate Governance initiatives are covered in the Corporate Governance Overview Statement in this Annual Report.

In FY2020, we continued to roll out various initiatives to strengthen our risk management and internal control systems. These measures included updating the Group Enterprise Risk Management (Group ERM) Framework and sub-frameworks to ensure their relevance as well as our compliance with all applicable laws and regulations issued by the authorities. To date, we are in compliance with the BNM Policy Documents (PDs) on Risk Management in Technology (RMiT), Outsourcing, Corporate Governance and Shariah Governance as well as the new Section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. We have also embarked on a series of risk-related activities throughout the year to increase awareness and understanding of risk at all staff levels. The results of these have been quite reassuring given the overall pass rate of 89% on the successive risk quiz. Detailed information on the Group's Risk Management measures are covered in the Statement on Risk Management and Internal Control within this report.

As a conscientious corporate citizen, we understand the need to balance out our good economic performance with responsible environmental and social considerations in a way that underscores dependable management and sustainable development practices throughout the MNRB Group.

Our ultimate aim on our sustainability journey is to deliver a sustainable performance and good stakeholder value, whilst ensuring the long-term success of the MNRB Group. For the year in review, we continued to make good progress on our sustainability journey and demonstrated results in key sustainability matters. To future-proof our businesses, we elevated technological innovation across our operations by entering into strategic partnerships with Insurtech providers, implemented new back-office systems for our human resources and family takaful operations, as well as adopted new Robotic Process Automation or RPA technologies. We also introduced new corporate responsibility programmes in support of communities, such as the Asnaf Entrepreneur Development Programme, BUDI programme in collaboration with MARA, and the Ikhlas Waqf and Endowment initiatives.

Our Sustainability Statement (the Statement) on pages 27 to 57 of this Annual Report is our third to date. The Statement serves to highlight the Group's sustainability practices and spells out the good progress that we made on the Economic, Environmental and Social (EES) fronts in FY2020.

MOVING FORWARD

As the MNRB Group ventures forth into the "new normal", we do so with a cautious optimism given the challenges posed by the impact of the COVID-19 global pandemic and the ongoing Movement Control Order (MCO) in Malaysia and elsewhere.

At the start of the MCO, the Board and Senior Management began engaging in discussions on the risks at hand and potential future scenarios that might impact the Group. These robust discussions enabled the Board and Senior Management to highlight the areas of importance that could be impacted and take the necessary steps to establish mitigation measures for scenarios that could unfold.

"As the MNRB Group ventures forth into the "new normal", we do so with a cautious optimism given the challenges posed by the impact of the COVID-19 global pandemic and the ongoing Movement Control Order (MCO) in Malaysia and elsewhere."

Operationally, the Group has adopted a robust risk management process with regards to the pandemic and MCO. At the onset of the MCO, a Recovery Task Force was set up to coordinate and oversee the effective execution of the Group's business continuity plans. We immediately implemented precautionary measures at all our premises to ensure minimal risk of infection to customers, staff and suppliers. Today, we continue to leverage technology in an efficient manner to operate smoothly and with minimum disruption even as the majority of our staff work from home.

In terms of our financial assets, the MNRB Group maintains a conservative investment portfolio with the vast majority of our assets in government securities and highly-rated corporate bonds and sukuk. While deposits will undoubtedly be affected by the current low interest rate regime, we will continue to maintain this to meet liquidity requirements. We will also continue to be selective and opportunistic in terms of equities and will focus on industries that continue to benefit from the MCO and those that are expected to recover quickly once the MCO is lifted.

Looking beyond the MCO, we have set our sights on key strategic areas to improve our Group's performance and deliver value to stakeholders. The MCO has demonstrated the opportunity for insurance and takaful operators with strong digital capabilities, and we continue to pursue (if not accelerate) our plans for further digitalization of our takaful business. We are on track to implement a new core system for the general takaful business and are supplementing our agents with digital lead management capabilities.

Our reinsurance and retakaful business will continue to build on its current expansion in new market opportunities such as binders and agriculture segments. Strengthening underwriting will remain a key focus as we will be more selective when evaluating growth opportunities. We see more opportunities to significantly grow our family retakaful business further and capturing more business in the domestic market with the help of our partner Pacific Life Re.

Human capital remains our most important asset and to that end the Group is embarking on an exercise to enhance our human capital framework, especially with regards to talent attraction and retention. We recognise that businesses face a 'new normal' and the impact will be deeply felt on the workforce. New ways of working and best practices around collaboration, flexibility and accountability will emerge. The Group expects to continue strengthening the capabilities of its workforce and ensuring they become agile, resilient and innovative.

All in all, your Board is quietly confident that despite the expected challenges, MNRB will deliver a resilient performance in the new financial year.

IN APPRECIATION

Many parties have lent us their worthy support and we want to acknowledge them here. On behalf of the Board of Directors, I wish to express my sincere gratitude to our valued shareholders for their firm faith in MNRB. I also wish to express my heartfelt appreciation to our customers, business partners, ceding companies and intermediaries, as well as the regulators and industry associations for their unfaltering cooperation and confidence in the Group.

I am also deeply grateful to my esteemed colleagues on the Board for their wise insights and counsel which helped us navigate the challenges of the year. I would especially like to acknowledge the worthy contributions of my predecessor, Dato Sharkawi Alis, during his tenure with the MNRB Group. We owe him a debt of gratitude and wish him well in his endeavours.

We also want to acknowledge the invaluable contributions of our other outgoing Directors for their services to the holding company. Effective 1 October 2019, MNRB announced a new Board composition mainly to ensure compliance with BNM's requirement that limits the number of common directors allowed on the Board of the Company and its subsidiary companies. At the same, we also undertook a review to further strengthen the composition of the Board of MNRB's subsidiary companies. As a result, three existing Independent Non-Executive Directors (INEDs) who were common directors on other Boards within the MNRB Group, namely Encik Mustaffa Ahmad, Encik Arul Sothy Mylvaganam and Puan Rosinah Mohd Salleh, as well as two other Directors, namely Puan Hijah Arifakh Othman (a Non-INED) and Puan Noor Rida Hamzah (an INED), all resigned on the date in question. These resigning Directors have either remained or have been appointed as members of the Boards of our subsidiary companies. Given their wealth of experience and expertise, the Board of MNRB is confident that these Directors will continue to provide good counsel and direction that will help steer our subsidiaries towards further growth and success.

At this time, please join me in welcoming onboard our four new INEDs, namely Encik Khalid Sufat, Puan Zaida Khalida Shaari and Puan Junaidah Mohd Said who were all appointed to the Board of MNRB on 1 October 2019, while Dato' Wan Roshdi Wan Musa was appointed on 1 April 2020. We are confident that the appointment of our new Directors will set the tone towards strengthening the MNRB Group's prospects moving forward.

Last but not least, my utmost gratitude to the dedicated Management team and staff of the MNRB Group for their diligence and untiring commitment to excellence. We simply could not have done this without you.

The MNRB Group has once again proven its mettle amidst a multitude of challenges and I am confident that we will continue to remain resilient moving forward. You have our assurance that we give our best and strengthen our position in the reinsurance and takaful arena by continuing to invest in the necessary people, infrastructure, systems and strategic partnerships to help us maintain sustainable growth. As we move forward, I humbly ask all our stakeholders to lend MNRB their continual support as we work hard to overcome any challenges and capitalise on any opportunities that come our way. Thank you.

On behalf of the Board,

Datuk Johar Che Mat
Chairman

3 August 2020

ECONOMIC, INDUSTRY REVIEW AND PROSPECTS

THE ECONOMY

2019 in Review

The global economy recorded a slowdown in 2019, with the International Monetary Fund (IMF) reporting real Gross Domestic Product (GDP) growth at 2.9% (3.6% in 2018). This marks the slowest pace of growth since the global financial crisis in 2008/2009, when the world was in a synchronized downturn. The subdued growth was a consequence of rising trade barriers; elevated uncertainty surrounding trade and geopolitics; idiosyncratic factors causing macroeconomic strain in several emerging market economies; and structural factors, such as low productivity growth and aging demographics in advanced economies.

Amid the challenging global economic environment and domestic supply disruptions, the Malaysian economy expanded by 4.3% in 2019 (4.7% in 2018). This was supported by resilient private sector spending, which grew by 6.9% during the year. In the meantime, household spending remained firm and provided support to the overall growth. However, there was a slowdown in Malaysia's export and investment activity due to weaker external demand. In addition, the supply disruptions in the commodities sectors during the second half of 2019 also affected the economy. During the year, Bank Negara Malaysia (BNM) lowered the country's benchmark interest rate by 25 basis points from 3.25% to 3.00% to support the economy.

PREMIUMS FOR LIFE INSURANCE

GROWTH
14.6%

RM11.8
billion

In 2019, Malaysia experienced significant shifts in portfolio flows amid intermittent periods of heightened exchange rate volatility. This was mainly due to shifting investor risk sentiments driven by global developments. Domestic factors, to some extent, also played a role in affecting investor sentiment. For the year, the ringgit appreciated by 1.1% to close at RM4.0925 (2018: RM4.1385) against the US dollar despite the financial market volatility.

Prospects

2020 witnessed the COVID-19 pandemic evolving into a global health crisis that is causing a sharp growth slowdown in the affected countries, including most major advanced and emerging market economies. Due to that, the global economic growth in 2020 is projected to register negative growth, with the IMF forecasting GDP growth of -3.8% in 2020 and there will be a recession in 2020 that is at least as bad as during the global financial crisis in 2009. However, IMF is expecting a recovery in 2021 whereby the growth prospects for advanced countries and emerging market economies will be weak, with advanced economies expected to experience a contraction in growth.

Amid the backdrop of a global health crisis which leads to the challenging global economic outlook, the Malaysian economy is expected to grow between -2.0% to 0.5% in 2020 (4.3% in 2019) according to Bank Negara Malaysia. However, the latest outlook from the Asia Development Bank in June forecasts Malaysia's GDP to decline by 4.0% in 2020. The domestic economy will be impacted by the necessary global and domestic actions taken to contain the outbreak. The implementation and subsequent extension of the Movement Control Order (MCO) dampened economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector.

Despite the challenges, the Government and BNM have introduced various measures to mitigate the impact and support economic activity. Fiscal measures include Economic Stimulus Package worth a total of RM250 billion while BNM complemented with monetary measures of four consecutive Overnight Policy Rate reductions to provide additional liquidity in the banking system.

THE INSURANCE INDUSTRY

2019 in Review

Global premiums in non-life insurance are estimated to have risen by 3.0% in real terms in 2019, with moderate expansion and stable insurance demand in both emerging and advanced markets. Meanwhile, non-life premiums in the emerging markets grew 5.8% over the same period and remains the engine of the global sector growth. Non-life business in China and India has been particularly strong, with premiums up 9% and 11% respectively in 2019 whereby agriculture insurance has been a main growth driver. Motor also boosted growth in India, but the segment slowed in China due to weaker car sales and intensified competition after market liberalisation.

Global reinsurance capacity remains more than sufficient to meet the cedants' need for most lines and geographies. Global reinsurance capital stood at USD 625 billion over the nine months to September 30, 2019, increased by 7% relative to the end of 2018. Traditional reinsurance capital increased by 9% due to strong operating performance, lower global catastrophe loss activity and slightly better investment performance. On the other hand, alternative capital decreased by 4%, mainly driven by a reduction in collateralized reinsurance as catastrophe bonds, sidecars, and Industry Loss Warranties (ILWs) remained largely in line with 2018.

In Malaysia, the general insurance industry's premiums declined by 0.8% to RM17.4 billion in 2019 (declined by 1.8% in 2018), while the general takaful industry expanded by a strong 20% on the back of higher contributions from its largest classes of insurance, Motor. In terms of market share for both general insurance and takaful, Motor remained the largest class with a market share of 50.2%, which was higher than last year followed by Fire at 19.6% and Marine Aviation & Transit (MAT) at 6.6%. Meanwhile, new business total premiums for life insurance showed a healthy growth by increasing 14.6% to RM11.8 billion in 2019 compared with RM10.3 billion in 2018. The traditional business, investment linked, and group business recorded strong growth at 30.12%, 11.05% and 10.79% respectively. Similarly, the new business contributions for family takaful grew by 25% to RM6.2 billion (2018: +13%) which was mainly driven by credit-related takaful products, employee benefit group business and the *MySalam* initiative - the national health protection scheme. The healthy performance of the life insurance and family takaful industry reflects the increase in awareness among consumers on the importance of life insurance protection.

Prospects

The domestic insurance and takaful sectors are expected to remain stable and stay resilient throughout 2020 despite the economic impact of the COVID-19 pandemic beginning early December 2019. The heightened financial markets volatility and higher capital charges amid low interest rates and mounting credit stress could be cushioned with the strong capitalisation of insurance players. Both life insurance/family takaful and general insurance/takaful recorded a strong capital adequacy ratio (CAR) with the life insurance/family takaful sector, on average, standing at a CAR of 207% whilst the general insurance and takaful sectors recorded a robust CAR of 283%. Despite the above, the downside risk is envisaged to persist as there is a high degree of uncertainty over the coronavirus spreading momentum and its highest global peak.

Amid the challenging economic conditions, insurance and takaful premiums/contributions are anticipated to suffer in 2020, before being expected to rebound in 2021. In addition, the contraction of general insurance and takaful premiums/contributions is expected to be more pronounced in 2020, considering the challenging economic conditions and the gradual effects of tariff liberalisation for the motor and fire segments. While for life insurance and family takaful, despite near-term growth challenges, the sector is expected to be supported by Malaysia's favourable demographics and healthy demand for family protection and medical coverage in the long run.

MANAGEMENT DISCUSSION & ANALYSIS

DEAR VALUED SHAREHOLDERS,

I am delighted to report that Team MNRB steadfastly maintained a laser-focused approach in executing its strategies and business rationalisation initiatives over the course of FY2020 to regain its growth momentum and deliver a commendable performance. This achievement was all the more admirable given the host of marketplace challenges that our team had to contend with in FY2020. I am pleased to present you with an overview of the MNRB Group's businesses and growth strategies, a summary of FY2020's financial and operational performance, as well as insights into our prospects and our overall direction moving forward.

Mohd Din Merican
President & Group Chief Executive Officer

OUR BUSINESSES

MNRB Holdings Berhad (MNRB or the Group) is the holding company for Malaysian Reinsurance Berhad (Malaysian Re), the national reinsurer and a retakaful operator, Takaful Ikhlas Family Berhad (Takaful IKHLAS Family), a family takaful operator, and Takaful Ikhlas General Berhad (Takaful IKHLAS General), a general takaful operator.

Malaysian Re has grown steadfastly over the years and is today the leading general reinsurer in the domestic market with 60% market share. The company underwrites all classes of general reinsurance business and has a strong focus on the property segment. It is also ASEAN's largest reinsurer by asset size and the second largest by gross premiums. Approximately 40% of Malaysian Re's business comes from overseas markets. Back in FY2018, Malaysian Re integrated the family and general retakaful businesses of the Group's previous retakaful subsidiary, MNRB Retakaful Berhad (MRT), into its fold and now manages these under its Retakaful Division.

On the Group's takaful front, Takaful IKHLAS Family, a mid-ranked Family Takaful Operator, offers a comprehensive range of family takaful products, ranging from individual protection and savings products, to mortgage reducing term takaful, to group health, group credit and investment-linked products. The company is serviced by its wide agency network and bancatakaful partners. The family takaful space is a highly competitive space with 11 takaful operators in the mix.

Takaful IKHLAS General, a General Takaful Operator, offers a comprehensive range of general takaful products comprising common lines like motor, fire and personal accident. It also offers specialty lines like professional liability, aviation and marine cargo. The company distributes its products to both personal and commercial customers, through a wide network of agents and brokers. In addition, customers can purchase key products such as motor, fire and personal accident takaful online through our homepage.

Today, both these companies continue to focus their efforts on delivering high standards of customer service in an ethical manner, whilst strictly adhering to Shariah principles.

The MNRB Group today operates its businesses from offices in Malaysia and in Dubai, the United Arab Emirates. For details of the Group and its key business entities, please turn to the "Our Business" section within pages 3 to 7 of this Annual Report.

OUR STRATEGIC PRIORITIES

In line with MNRB's objective of achieving sustainable long-term growth, we have identified several strategic priorities to guide our core businesses in their day-to-day activities.

By way of our reinsurance business, Malaysian Re has been mandated with sustaining its lead in the domestic market as well as throughout the ASEAN nations. To this end, it continues to invest in product innovation, explore new channels of opportunity for its overseas business via strategic partnerships with Lloyd's syndicates and participation in selected insurance binders, as well as expand the footprint of its agriculture business. Its retakaful division, Malaysian Re Retakaful Division (MRRD), continues to grow its general retakaful business globally while operationalising its family retakaful business to capture the domestic family retakaful market. Moving forward, Malaysian Re will continue to pursue selective opportunities abroad to diversify its income and business portfolio.

Within the takaful business segment, Takaful IKHLAS Family continues to grow its product portfolio with more regular contribution products that caters to the ever-changing needs of its customers and to ensure that customers have an array of product choices to meet their requirements. It also continues to strengthen its bancatakaful relationships and expand its agency network through strategic tie-ups with agency groups. At the same time, it is pursuing robust talent development activities within its agency channel in order to provide the best in class in customer service.

MALAYSIAN RE

60%
market share in domestic market

MALAYSIAN RE

40%
business comes from overseas markets

Takaful IKHLAS General too is focusing its efforts on significantly increasing its exposure in the bancatakaful segment and turning it into a distribution channel that is more sustainable via strategic partnerships with several Islamic banks. It is also exploring opportunities for innovative online channel distribution through its own platforms and those via digital partners' platforms. At the same time, Takaful IKHLAS General continues to strengthen its talent pool and core operations to deliver an enhanced performance to customers.

Here at MNRB, we have set our sights on sustainable long-term business growth – this remains a key strategic imperative to us. As such, we remain committed to prudently expanding our domestic footprint and venturing into selected markets abroad where we can deliver real value for the long-term. To facilitate this, we continue to collaborate closely with clients to strengthen growth whilst diversifying our business to weather headwinds. At the same time, we are going all out to realise the smooth implementation of strategies across our subsidiaries and business units, all the while upholding strict oversight to ensure effective progress. As we venture forth, we continue to aim for profitability levels that align with our risk appetite, whilst considering the regulatory and competitive challenges of the diverse operating environments and territories that we operate in.

The Group's clients are our main focus and we remain committed to meeting their needs in a timely, consistent and effective manner. To bolster our ability to understand and respond to fast-changing client demands, we continue to tap on technological innovation and inculcate a "customer first" culture throughout the Group. While we do this, we are also consistently upholding transparent marketplace practices as well as ethical and fair conduct. We also continue to regularly evaluate the technical capabilities and skills of our customer-facing teams while rolling out training and development activities that strengthen their competencies.

> "Here at MNRB, we have set our sights on sustainable long-term business growth – this remains a key strategic imperative to us. As such, we remain committed to prudently expanding our domestic footprint and venturing into selected markets abroad where we can deliver real value for the long-term."

In our endeavour to drive business growth and be of value to our clients, we continue to bring into play a talented workforce to skilfully execute the Group's strategies. This sees us actively seeking out competent and dedicated personnel who can exemplify our corporate values and maximise service delivery to our diverse stakeholders. To this end, we ensure an optimised talent pool with the appropriate skills and experience is in place to translate strategies into actions on the ground. We remain committed to engaging our staff and empowering them with the right tools and processes to respond effectively and efficiently to the ever-evolving client demands.

Integral to the Group's success is a commitment to ensuring we respond in a responsible manner to the regulatory requirements in the diverse territories that we do business in. In tandem with this, we work closely with industry regulators to ensure full compliance with increasingly stringent regulations. Our Group-wide culture of strict compliance with regulatory requirements, as well as our focus on enhancing process flows to ensure timely and effective responses to the evolving regulatory environment, reflect this.

To hone our competitive edge, we leverage on the application of Information Technology (IT) in an optimum manner. This involves investments in IT platforms that serve both as channels for transactions with our clients and also as a critical competitive advantage as digitisation continues to redefine our industry. The Group's IT policy mandates that we maintain stringent oversight of our online transaction systems to mitigate any potential cyberattacks and any attempts at criminal exploitation. We work hard to ensure critical response plans are in place and solicit professional assistance where necessary in the event cyberattacks or criminal exploitation takes place. We are committed to upholding leading-edge IT infrastructure and systems. This includes putting in place an effective security infrastructure that ensures client data are secured against unauthorised physical and digital access whilst simultaneously safeguarding client confidentiality.

To future-proof ourselves and remain at the forefront of our industry, we continue to embrace innovation and disruptive ideas. To date, we have established an Innovation Lab that is engaging with leading edge innovators to develop solutions that meet customers' needs. At the same time, we continue to explore other opportunities in the area of digitisation to improve operational efficiency and enhance our customers' experience. These include rolling out a new core system for family takaful operations, as well as assimilating new Robotic Process Automation or RPA technologies within the Group. The Group recognises that we must continually adopt new ideas to maintain our competitive advantage while improving value creation, and as such our teams are encouraged to embrace change and innovation. We foster out-of-the-box thinking on a Group-wide basis to discover new and more effective ways to deliver value to our stakeholders.

Moving forward, we are committed to maintaining a focused approach as we execute these strategic imperatives. As we continue to build upon our successes and take away key lessons from any shortcomings, we are confident that we will accomplish sustainable long-term growth and deliver good shareholder value.

GROUP FINANCIAL PERFORMANCE

I am pleased to report that the MNRB Group delivered an improved business performance for the financial year ended 31 March 2020. In FY2020, the Group registered a 15.0% increase in gross premiums and takaful contributions to RM2.3 billion as compared to the RM2.0 billion recorded previously. The stronger performance came on the back of higher gross premiums and contributions following the robust performances of our operating subsidiaries, namely Malaysian Re, Takaful IKHLAS Family and Takaful IKHLAS General.

FY2020 saw the Group posting a 26.4% or RM31.5 million rise in its profit before tax to RM150.9 million from the RM119.4 million recorded previously. Accordingly, the Group's profit after tax grew 27.3% to RM132.9 million from RM104.4 million in FY2019. The Group's profitability gained momentum following higher gross premiums and contributions from our main subsidiaries.

As at end FY2020, the Group's total assets stood at RM9.2 billion, a 5.7% increase in comparison to total assets of some RM8.7 billion as at end FY2019, while the Group's net investment income grew 3.5% to RM359.7 million in FY2020 against the RM347.5 million garnered in FY2019. The Group continues to pursue a prudent asset management strategy. Throughout FY2020, some 26.0% of the Group's investments were invested in low-risk assets, including Malaysian Government Securities and Government Investment Issues. At the end of FY2020, the Group's earnings per share stood at 17.2 sen per share compared to 20.3 sen per share previously.

The improved financial results in FY2020 were also attributable to better control over operational costs and better performance in terms of investment returns driven by fair value changes resulting from the movement of interest and profit rates.

On the capital expenditure front, a capital injection before the start of the year placed the operating companies on a solid financial and solvency position. Continued investment in IT too has enabled the Group to improve operational processes and enhance customer experience, especially for our takaful subsidiaries.

PERFORMANCE BY BUSINESS SEGMENT

Reinsurance Business

Our reinsurance subsidiary, Malaysian Re, today retains its dominant position as the market leader for reinsurance in Malaysia while maintaining a substantial presence in overseas reinsurance markets, particularly within ASEAN, North Asia, the Indian subcontinent and the Middle East. Its business activities continue to be affected by the competitive dynamics of the global reinsurance market, especially global pricing trends.

The financial year in review saw Malaysian Re recording an 18.2% growth in gross written premiums (GWP) to touch RM1.2 billion as compared to GWP of RM1.1 billion previously. This growth was driven by the positive impact from diversification into non-traditional sources, such as strategic partnerships

GROUP'S TOTAL ASSETS in FY2020

GROWTH 5.7%

RM**9.2** billion

GROUP'S NET INVESTMENT INCOME in FY2020

GROWTH 3.5%

RM**359.7** million

REINSURANCE BUSINESS
Net Profit
RM81.5 million

RETAKAFUL BUSINESS
Net Profit
RM14.8 million

TAKAFUL BUSINESS
Net Profit
RM64.9 million

with Lloyd's syndicates and participation in insurance binders, growth opportunities in the agriculture business, as well as higher GWP recorded across business regions. This culminated in a 15.0% increase in Malaysian Re's net profit to RM96.4 million in FY2020 from RM83.8 million in the preceding financial period – its highest net profit in five years.

This was achieved despite operating in a highly challenging business environment in which Malaysian Re was affected by a series of large domestic fire losses and lower investment income. On the domestic front, Malaysian Re suffered large losses mainly from fires at Pengerang (two incidents within the same financial year) and several other fire large losses. On the international front, it was affected by large losses related to catastrophes such as Typhoon Faxai and Hagibis. In FY2020, the company's combined ratio, increased to 101.1% against 100.8% previously. At the same time, Malaysian Re recorded a lower net investment income of RM100.2 million in FY2020 against the RM113.2 million previously due to a significant deterioration in the market value of equities in the last quarter of FY2020.

I am pleased to report that the financial strength of Malaysian Re was reaffirmed by international rating agency A.M. Best with a financial strength rating of 'A-' (Excellent). In addition, following a COVID-19-related review by Fitch Ratings in April 2020, the rating agency reaffirmed Malaysian Re's insurer financial strength rating of 'A' (Strong). On top of this, Malaysian Re was named the "Best P&C Reinsurer of the Year (Malaysia)" at the *Insurance Asia News'* Awards for Excellence 2019 event for the second consecutive year. All these developments reaffirm the company's standing within the insurance community.

As Malaysian Re moves forward, it will continue to set its sights on demonstrating robust risk-adjusted capitalisation complemented by low underwriting leverage and a prudent investment portfolio. To date, the company-wide business transformation programme – Business Transformation 2020 or T20 – has accorded Malaysian Re a steadfast momentum on the back of four strategic thrusts, namely portfolio optimisation, value-added services and strategic partnerships, development and line specialisation, as well as operational excellence. The T20 initiative has also gone a long way in helping Malaysian Re rationalise its overseas portfolio by terminating non-profitable businesses while increasing its participation in high-growth and profitable segments. The company will further build upon these proven initiatives to maintain its growth momentum.

Retakaful Business

The Group's retakaful business is today helmed by Malaysian Re's Retakaful Division or MRRD which complements the conventional reinsurance business operations by extending the shariah-compliant supply chain to both local and international takaful operators. MRRD operates on a leveraged model and is thus able to tap Malaysian Re's underwriting best practices which incorporate, amongst others, sound pricing disciplines, accessibility to readily available actuarial assessments, robust data analytics as well as appropriate pricing tools.

In FY2020, MRRD's retakaful business registered gross contributions of RM31.1 million, a 3.5% increase from the RM30.1 million garnered in FY2019. This was mainly due to higher gross earned contributions received from its General retakaful business. Due to the improved performance in the General retakaful business, a reversal of Qard impairment of RM8.8 million was recognised in the financial year under review. As a result, MRRD's net profit increased to RM14.8 million in FY2020 compared to RM9.7 million previously.

In September 2019, MRRD received approval from Bank Negara Malaysia to start its Family retakaful operations. Following on from that, MRRD signed a memorandum of understanding (MOU) in December 2019 with Pacific Life Re Singapore whereby MRRD will offer sustainable retakaful solutions to its family takaful operators clients in Malaysia, while Pacific Life Re will provide support through technical pricing, underwriting, product development, experience analysis, and global insights. With this collaboration, MRRD is expected to further contribute to the sustainable growth of business for Malaysian Re in the future.

Takaful Business

For FY2020, the GWP for the Group's takaful business under Takaful IKHLAS increased by 11.7% to RM963.2 million from RM862.4 million previously. This improvement came mainly on the back of the Bancatakaful segment for both the Family and General takaful businesses which registered consistent growth throughout FY2020. The Bancatakaful segment registered double digit growth by the financial year's end as a result of strong credit-related contributions through the Mortgage Reducing Term Takaful (MRTT) and Group Credit Term Takaful (GCTT) segments, as well as fire and personal accident contributions from strategic bancatakaful partnerships. Meanwhile Takaful IKHLAS' General's underwriting surplus grew 52.6% to RM14.8 million from RM9.7 million previously. This came on the back of improved underwriting performance with a lower claims incurred ratio of 46.6% as compared to 56.2% previously.

Takaful IKHLAS also contributed significantly to the Group's net profit in FY2020. Its net profit surged 83.3% to RM64.9 million from RM35.4 million in the previous financial year due to improved net investment income and effective cost containment initiatives. This represents the highest ever net profit achievement for Takaful IKHLAS since its inception in 2003. Takaful IKHLAS recorded higher net investment income of RM260.3 million against FY2019's RM233.6 million. The gain in FY2020 was contributed by improvements in the sukuk market value as well as realised capital gains from sukuk.

The financial year under review saw Takaful IKHLAS Family completing the delivery of its new iFamily core takaful system as well as launching and promoting its Online Customer Portal for improved customer experience. In progress during this year is a new front-end system for our agents and intermediaries to improve business efficiency as well as developing a revitalised online platform for ease of purchase of our products.

Meanwhile Takaful IKHLAS General established a new partnership with an insurtech provider to provide travel PA cover for customers purchasing from an online bus ticketing platform. During the year, Takaful IKHLAS General also entered into strategic partnerships with several Islamic banks to distribute general takaful products. Takaful IKHLAS General also launched a new private car comprehensive takaful product with additional personal accident cover as well as collaborated with vehicle manufacturer, Perodua, to develop a quotation app for its sales agents.

BUSINESS RISKS & MITIGATION STRATEGIES

As MNRB ventures forth amidst a highly challenging business environment, we are mindful that we may be exposed to a variety of risks that could have a material effect on our operations, performance, financial condition and liquidity. As per Bursa Malaysia's disclosure requirements, we disclose these key risks and the strategies to mitigate these risks in the "Financial Statements" section on pages 126 to 186 of this Annual Report.

OUTLOOK AND STRATEGIES MOVING FORWARD

Going forward into the 'new normal' under the gloomy shadow of the COVID-19 pandemic, reinsurers and retakaful operators face headwinds on both the asset and liability sides of the balance sheet. On the asset side, investment assets have been affected by the turbulence in markets as well as the pre-emptive rate reductions by central banks to prop up weakening economies. On the liability side, some global reinsurers are making significant provisions for losses related to event cancellations and trade credit. While business interruption covers generally have exclusions related to pandemics and infectious diseases, there have been efforts in developed economies such as the US and UK to take insurers to court and force them to provide retrospective cover in relation to business interruptions caused by government-mandated shutdowns. Fortunately for Malaysian Re, we have minimal exposure to such event cancellations and trade credit lines while our business interruption covers are explicit about pandemic-related exclusions.

Going forward, we anticipate that reinsurance and retakaful business premium and contribution revenue may be affected by the weakening global economy but it is hoped that any downturn would be short-lived as nations work to re-open their economies again in the near future.

While global insurance capital has increased, the share of alternative capital has declined as investors of alternative capital have pulled back their capacity due to poor loss experience. However, alternative capital still holds significant market share and continues to put competitive pressure on traditional sources of reinsurance capital. The continued poor loss experience in the last two calendar years of 2018 and 2019 continue to place pressure on rates, although the consensus is that it is not yet a hard market. Upward rate movements have been selective, with large increases in loss-affected territories like Florida and Japan but with minimal increases in loss free territories.

Against this backdrop, Malaysian Re is looking to further develop new segments of its reinsurance business and move away from its reliance on property lines. Malaysian Re will be looking to grow its facultative book further, especially within the ASEAN region. While the retakaful business has been steady on the general takaful front, given the recent approval by Bank Negara in September 2019 to operationalise the family retakaful segment, MRRD will be looking to win business from family takaful operators (FTOs) following its success in winning two contracts from local FTOs thus far.

Guided by its strategic imperatives, Malaysian Re will continue to explore the development of new products and segments, as well increase its participation in recently-developed new segments such as binders and agriculture. Malaysian Re's efforts to rebalance its portfolio will continue in FY2021. After a period of rationalizing our overseas business, we expect to grow this further by deepening our relationships in priority markets in Asia and the Middle East while looking at further opportunities in Europe. To maintain business growth, it will look to expand its non-proportional portfolio, grow non-property lines and exit non-performing programmes.

Takaful operators and insurers in Malaysia have been greatly affected by Malaysia's Movement Control Order (MCO) that was implemented on 18 March 2020. Due to restrictions imposed on face-to-face meetings, Takaful IKHLAS' agents and sales staff were not able to meet with customers. The closure of government offices also affected the registration of new cars and properties, and correspondingly affected the take up of takaful covers for motor, fire and MRTA segments. Thankfully, Takaful IKHLAS was able to adapt to this situation by driving more sales through our online platform and via facilitating the processing of agency sales through a new fully online process. Our teams have focused their efforts on renewals of cover as well as ensuring protection is still in place despite the interruptions to business and people's lifestyles.

Going forward, we anticipate that the takaful and insurance industry will be affected by the weak economy as businesses and individuals rethink their spending in the face of an uncertain economic outlook. Travel insurance too will continue to be weak as long as there is uncertainty about the extent of the spread of disease. However, given that the pandemic has triggered increased concern about people's health and mortality, it also presents an opportunity to boost sales on family and health cover.

We anticipate that the performance of the General takaful market will continue to be driven by the performance of the economy, especially with regards to consumers' purchases of motor vehicles and properties. While it is strong in the motor segment, especially given its strong relationship with leading domestic car manufacturer Perodua, Takaful IKHLAS General will continue to grow its non-motor segment, especially in commercial lines of business. Following its successful venture with an insurtech platform, the company will continue to sign up additional partnerships as well as expand its own online distribution platform. Internally, Takaful IKHLAS General will also continue to focus its efforts on strengthening its internal operations, including ensuring the smooth rollout of its new takaful system.

On the Family takaful front, the bancatakaful segment has been delivering good performance to date and we will continue to capitalise on our status as a non-bank and independent takaful operator to look for opportunities to expand our network of bancatakaful partners. We will focus on increasing our regular contribution business and will be introducing such products through our bancatakaful partnerships. To date, the Takaful IKHLAS Family business has launched two new products, namely *IKHLAS Bersama* and *IKHLAS Dariku* through its social media platforms.

IKHLAS Bersama is an all-in-one affordable protection solution, while *IKHLAS Dariku* focuses on providing hibah as a gift. Both products offer comprehensive plans and flexible coverage terms that can be tailored to customers' specific needs. We envisage that these two new products would be well received by our customers as these have been tailored to meet the current customers' needs and expectations.

Both Takaful IKHLAS Family and Takaful IKHLAS General successfully bid for and continue to be recognised as a preferred partner to *Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)* whereby we provide IKHLAS Mortgage Reducing Term Takaful and fire takaful, a home financing protection plan for government servants. This plan offers competitive pricing which lowers the cost of financing for government servants wishing to own a home. On the agency front, we have strengthened our relationships with our Agency Leader Corporations and continue to introduce traditional regular contribution products in an effort to ensure business sustainability.

The pandemic has highlighted the importance of having digital capabilities as new ways of interacting with customers and partners are needed. We are enhancing our digital channels to ensure customers are able to reach us and attain our services effectively by virtual means. Detariffication provides an opportunity to explore motor products which incorporate additional factors such as driver behaviour and motor vehicle utilization. We continue to expand our engagement with customers through additional social media channels and are exploring our data analytics capabilities to understand our customers better.

While the COVID-19 pandemic had undeniably presented an era-defining challenge to the global economy and imposed its own sets of challenges on the Group's businesses, MNRB is determined to continue operating in the best manner that we can amidst a highly challenging operating environment. All in all, we remain cautiously optimistic about establishing long-term growth for the Group as a whole by providing innovative protection solutions to the various market segments in line with the MNRB Group's vision of 'We Protect Everyone'. As the MNRB Group embraces a new financial year, our main subsidiaries will continue

to focus their efforts on implementing strategies that pave a pathway towards tangible, sustainable growth. Barring unforeseen circumstances, we anticipate that our businesses will turn in a resilient performance in FY2021 even as we continue with our strict underwriting discipline as well as develop value through integration and strong customer focus.

ACKNOWLEDGEMENTS

In closing, I wish to express my heartfelt appreciation to our shareholders, customers, business partners, and the communities in which we operate, for their unwavering trust and support for the MNRB Group. I also wish to convey my utmost gratitude to my colleagues for their diligence, loyalty and resilience in facing the challenges of our business head on whilst capitalising on the opportunities before us. Last but not least, my sincere thanks go to our Board of Directors for their wise insights and counsel which once again enabled MNRB to navigate safely through a highly challenging business environment.

Moving forward, rest assured that Team MNRB will focus its efforts on maintaining our growth momentum amidst the challenges of our marketplace to deliver a resilient performance and long-term sustainable growth.

Mohd Din Merican
President & Group Chief Executive Officer

3 August 2020

CODE OF CONDUCT & BUSINESS ETHICS

The following Code of Conduct shall be strictly adhered to by all Officers of MNRB Holdings Berhad. All Officers are to ensure that their conduct complies with the spirit of this Code.

1. BASIC PRINCIPLE

An Officer should conform strictly to the laws and regulations of Malaysia, as well as to accepted standards of business ethics, both locally and overseas, including those set out in this Code.

2. CONFLICT OF INTEREST

To avoid possible conflicts of interest and/or being imposed with a situation where an interest, benefit or right due to the Company has to be compromised, an Officer may not either directly or indirectly become involved in any venture, business or dealing either on their own or in partnership or with some other person or persons, unless prior written approval has been obtained from the President & GCEO.

3. ILLEGAL GRATIFICATION AND CORRUPT PRACTICES

Solicitation and/or Acceptances of Corrupt Payments

An Officer shall not solicit or accept gratification of any kind, be it in cash, gift or favour, either directly or indirectly or through another person or from any enterprise, in return for doing anything or refraining from doing anything relating to a business transaction between his principal and the enterprise.

Making Corrupt Payments

An Officer shall not offer, give or promise any gratification of any kind, directly or indirectly, to any employee of an enterprise or agent thereof as a means of persuading that person to do or refrain from doing anything relating to a business transaction between his principal and the enterprise. In particular, this prohibition applies to dealings with Government Departments, Statutory Bodies and Agencies.

Commissions

An Officer is not permitted to accept or pay commissions, or percentage of a commission as part of any payment arising from a commercial transaction other than to those legally entitled to such amounts.

4. GIFTS

It is appreciated that it is a common practice in Malaysia for firms having dealings with a company to send employees of that company gifts at festival times and at different occasions. This practice is not forbidden but such must be restricted to gifts of consumable goods (foods and drinks), flowers and other items of nominal value. The receipt of any other kind of gifts, directly or indirectly or the payment of bills incurred by an executive, by an enterprise having a business transaction, or any agent or any employee of such an enterprise, is strictly forbidden. If such gifts are offered, they must be refused on the grounds that they contravene Company regulations. It is the responsibility of an Officer to obtain permission from his Head of Division if he is in doubt as to whether a gift can be accepted due to its value.

5. ENTERTAINMENT

The entertainment of an Officer by a person or enterprise having a business transaction with the Company should be restricted to within reasonable bounds. Lavish entertainment which could influence an Officer in the performance of his duties is strictly forbidden.

SUSTAINABILITY STATEMENT

About the Sustainability Statement

In continuing our sustainability journey, we remain committed to balancing out our economic performance with responsible environmental and social considerations across the MNRB Group. Our aim on our sustainability journey is to deliver a sustainable performance and good stakeholder value whilst ensuring long-term value creation.

Our Sustainability Statement (the Statement) serves to disclose the progress of our sustainability initiatives, performance and achievements for the financial year ended 31 March 2020 (FY2020). This Statement covers the operations of MNRB Holdings Berhad and its subsidiaries (collectively referred to as the “MNRB Group” or “we” or “our” or “us”). Our sustainability framework and reporting approach is guided by the Sustainability Reporting Guidelines and Toolkits issued by Bursa Malaysia Securities Berhad (Bursa Malaysia). Where applicable, comparable information from previous years has been included.

Continuing Our Sustainability Journey

Our Sustainability Approach

We believe that the success of our business depends on our ability to identify and address economic, environmental and social (EES) issues, which represent the risks and opportunities relevant to our business. We continue to adopt the UN Sustainable Development Goals (SDGs) as a framework for our Sustainability Approach. Within this framework, we continue to implement our sustainability agenda through our key themes:

EMBRACING A SUSTAINABLE FUTURE

- Building enduring and mutually beneficial relationships with local and international insurers and takaful operators for the good of the insurance and takaful ecosystem;
- Understanding clients' expectations and maintaining the credibility of our products and services;
- Providing specialised products and services for various segments of the market;
- Upholding corporate governance practices across the MNRB Group;
- Strengthening our IT systems and protecting confidential information belonging to our stakeholders; and
- Applying technological innovation to enhance process efficiency and support comprehensive business analysis.

EMPOWERING OUR PEOPLE

- Retaining and engaging our employees through continuous training; and
- Nurturing talent through succession planning.

ENRICHING OUR COMMUNITY

- Making improvements to the well-being of local communities through corporate responsibility programmes;
- Fostering the growth of the local insurance and takaful industry through our market training and scholarship programmes; and
- Continuously mitigating the environmental impact arising from our business operations.

Our Sustainability Governance

As per our previous Sustainability Statement, our sustainability governance structure remains unchanged. Our corporate sustainability strategy and performance are overseen by the Board of Directors and supported by the Risk Management Committee of the Board, Operational Risk Management Committee and Sustainability Working Group (SWG). Our membership and the responsibilities of the SWG are set out in our SWG Terms of Reference.

Board of Directors (Board)	Accountable for overall management of our corporate strategy and performance, taking into account the EES impacts related to business operations.
Risk Management Committee of the Board (RMCB)	Oversees the delegation of duties by the Board related to the implementation of strategies and overall management of sustainability matters.
Operational Risk Management Committee (ORMC)	Assists the Board and RMCB to monitor the implementation of strategies and oversees the process of identification, monitoring and management of sustainability matters.
Sustainability Working Group (SWG)	Responsible for the identification of material sustainability matters, as well as for monitoring and reporting relevant measures and indicators, based on support provided by sustainability champions across various departments. The SWG provides progress updates on sustainability performance to the ORMC and RMCB periodically.

Diagram 1: Sustainability Governance

Materiality Assessment – Harmonising Business & Stakeholder Perspectives

We continue to adopt a structured approach as recommended by the Bursa Malaysia Sustainability Reporting Guide for materiality assessment. Over the course of FY2020, we revisited the materiality assessment process and concluded that since there was no major change to the business operating environment, we would adopt the same sustainability materiality assessment as the last financial year (FY2019). In all this, we remain committed to our four-step approach on harmonising business needs with stakeholder interests as summarised in ***Diagram 2*** below. Our aim is to reassess our business conditions every year and make a decision as to whether to renew our materiality assessment process.

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

Diagram 2: Materiality Assessment Process

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

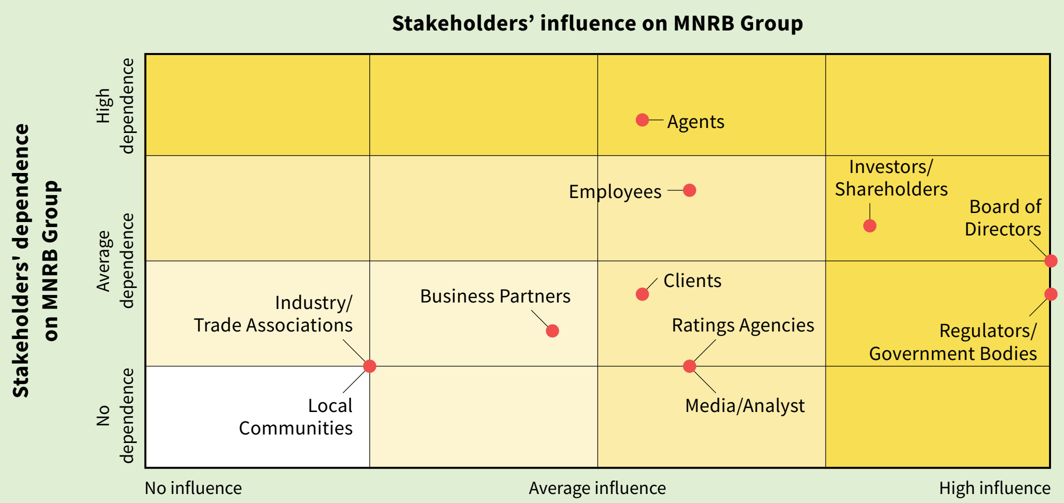
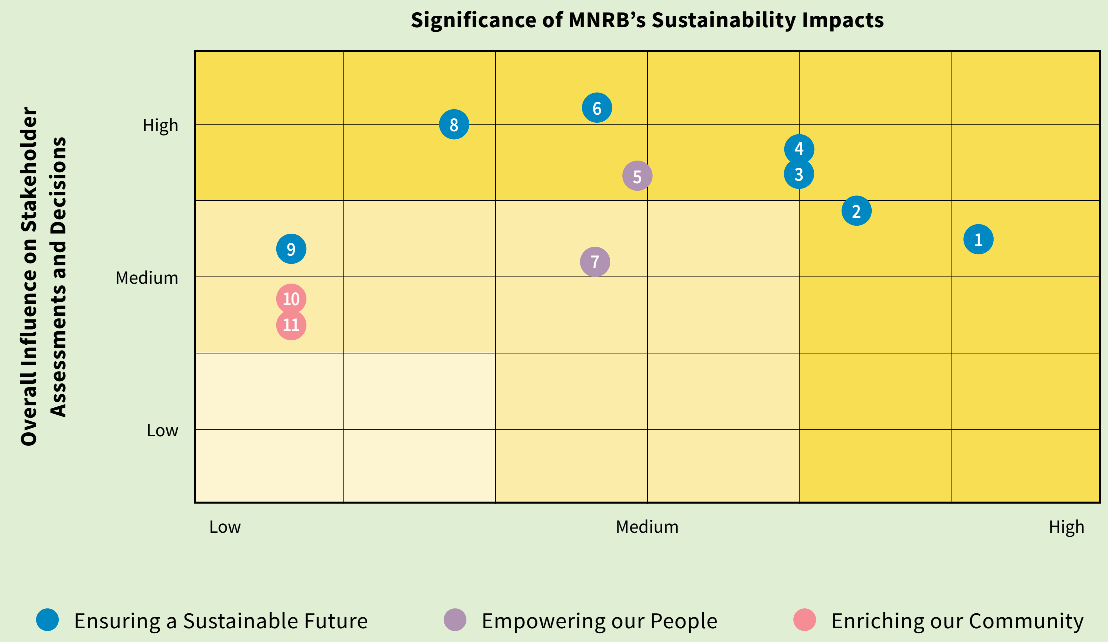


Diagram 3: Stakeholder Prioritisation Matrix

Diagram 4 below illustrates our Materiality Matrix. Our sustainability matters are grouped into three (3) themes, i.e. "Ensuring a Sustainable Future", "Empowering our People" and "Enriching our Community". Client satisfaction, strategic partnership and business expansion, responsible products and services, technological innovation, talent development, and data privacy and security are our top six (6) material sustainability matters which are of high importance to our stakeholders and business. The efforts to manage and monitor the MNRB Group's performance in these six (6) areas are discussed in the subsequent sections of our Statement.



Sustainability Matters

1. Client Satisfaction
2. Strategic Partnership & Business Expansion
3. Responsible Products & Services
4. Technological Innovation
5. Talent Development
6. Data Privacy & Security
7. Attractive & Inclusive Workplace
8. Business Ethics & Corporate Governance
9. Responsible Investment
10. Community Development
11. Environmental Management

Diagram 4: Materiality Matrix

Value Created for the Business & Stakeholders

EMBRACING A SUSTAINABLE FUTURE

CLIENT SATISFACTION

As our business revolves around our clients, delivering quality services to them is vital to our growth. We remain responsible, vigilant and offer products and solutions that cater to their needs. This allows us to maximise the value we provide to our clients, leading to better business outcomes.

We have dedicated functions within Malaysian Re as well as both Takaful IKHLAS Family and General to attend to our customers' needs. At Takaful IKHLAS, our Client Service Charter serves as a key enabler to guide us in building lifelong relationships with our clients through positive client experiences. We engage our clients across all touch-points to better understand their expectations and improve the customer/certificate holder experience. We endeavour to provide requisite updates to client queries and address complaints promptly within our targeted turnaround time. Our complaints handling procedure is based on Bank Negara Malaysia's or BNM's Complaints Handling Guideline requirements as at December 2019.

Client touch-points across the MNRB Group

Customer Call Centre | Branch Offices | Email & Social Media

Other technological solutions used to enhance client interaction

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

In response to BNM's policy document on Fair Treatment of Financial Consumer (FTFC) issued on 6 November 2019 and which came into effect on 6 May 2020, the necessary mechanisms were put in place at end-April 2020 with relevant awareness programmes implemented for internal stakeholders and participants. The FTFC policy aims to inculcate high standards of responsible and professional conduct among a financial service provider (FSP); promote a culture where the interests of financial consumers are an integral part of a FSP's business strategies and operations; set expectations for a FSP to effectively manage conduct risk; and provide financial consumers with the confidence that a FSP acts fairly in its dealings with financial consumers.

We will continue to incorporate client feedback into our service offerings to provide solutions that meet their needs. By improving customer satisfaction and loyalty, we can expand our reach and subsequently contribute to positive business outcomes.

i) The following table highlights the performance outcomes relating to the effectiveness of customer service at Takaful IKHLAS over the three-year (3-year) period from 2017-2019:

Complaints Handling Turnaround Time (TAT)	Targeted TAT			Actual TAT			Corrective Measures
	2017	2018	2019	2017	2018	2019	
Takaful IKHLAS Family	14 days*	14 days	14 days	12 days*	14 days	16 days	Close monitoring on TAT and follow up with complaint handlers.
Takaful IKHLAS General		14 days	14 days		11 days	5 days	

Notes:
* *For 2017, the TAT statistics were reported under Takaful IKHLAS Berhad.*
The 12-month reporting period covers the months of January to December.

ii) The following table highlights the number of customer complaints received and resolved at Takaful IKHLAS over the three-year (3-year) period from 2017-2019:

Company	Number of Complaints Received			Number of Complaints Resolved			Remarks
	2017	2018	2019	2017	2018	2019	
Takaful IKHLAS Family	128*	76	74	100% resolved	100% resolved	100% resolved	As per actual BNM's requirement on Complaints Statistical Submission (including Ombudsman Financial Services cases)
Takaful IKHLAS General		46	72		100% resolved	100% resolved	

Notes:
* *For 2017, the complaints statistics were reported under Takaful IKHLAS Berhad.*
The 12-month reporting period covers the months from January to December.
Customer complaints were recorded during the reporting period and resolved within the TAT.

STRATEGIC PARTNERSHIP & BUSINESS EXPANSION

In today's rapidly-changing and competitive environment, the need for new ideas, skills and opportunities has become apparent. We believe in the power of strategic partnerships when creating new channels for value creation and embracing innovation to benefit our business and the community.

At Malaysian Re, our dedicated functions are tasked with overseeing the overall management of partnerships and collaborations. Business optimisation is sustained by increasing participation in profitable businesses, securing new potential, and growing non-property lines. We are aware of our business growth and expansion in selected primary market segments. We tactically seek opportunities exploring critical areas of development and distribution in specialised and non-conventional products. This is in line with our Value Creation Plan-Business Transformation 2020 (VCP-T20) Programme, which is part of our Vision and Key Performance Indicator (KPI) fulfilment. At our takaful subsidiaries, both Takaful IKHLAS Family and Takaful IKHLAS General have also embedded the VCPs in their strategic business plans.

Malaysian Re has also been involved in regional insurance industry activities such as the ASEAN Insurance Congress (AIC), Singapore International Reinsurance Conference (SIRC), East Asian Insurance Congress (EAIC), Asian Reinsurance Summit (ARS), among others, with the aim of furthering and developing international collaboration in the field of insurance and reinsurance.

In addition, we leverage on partnerships and various global platforms to facilitate knowledge transfer between our employees and others, as well as ensure our employees' skills are constantly upgraded. This is seen in ***Diagram 5***.

Malaysian Re – Our Key Strategic Partnerships
***New**

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

Partnership on research - ASEAN Insurance Pulse

Malaysian Re's continuous commitment to supporting the overall integration of the ASEAN marketplace culminated in the launch of the 3rd edition of ASEAN Insurance Pulse 2019. The annual publication is undertaken in collaboration with a Zurich-based research agency. This publication aims to inform policymakers, industry players and other stakeholders on the current state and future prospects of the ASEAN region's non-life insurance markets as well as discover ways in which to close the protection gap.

Participation in industry-specific conferences

Malaysian Re participated in several industry specific conferences/ meetings annually, which allowed us to learn from other industry players through open dialogue and knowledge sharing platforms. This provided us the opportunity to collaborate and find solutions to address industry-specific challenges.

Partnership with a Managing Agent of Lloyd's Syndicate

Malaysian Re's partnership with a Managing Agent of Lloyd's Syndicate, is a key component of our VCP-T20 Programme as we aspire to become a leading reinsurer in the region. With this, we are able to drive innovation, increase market access, enhance customer value propositions in specialty product markets, address skills development needs.

***Partnership on research - Malaysian Insurance Highlights**

Malaysian Re launched the inaugural Malaysian Insurance Highlights (MIH) publication in December 2019. The annual publication contains vital statistics and key trends relating to the domestic insurance and takaful industry, along with the insights from industry executives and senior professionals.

***Partnership with a leading specialist Managing General Agent (MGA)**

Malaysian Re's partnership with a leading specialist MGA, sees Malaysian Re providing capacity in exchange for underwriting specialists with the aim of ensuring revenue diversification, expansion of the Company's geographical reach, and resource optimisation.

***Partnership with a reputable foreign reinsurer**

Malaysian Re's partnership with a reputable foreign reinsurer enables collaboration on the provision of quotations and the capacity to underwrite Engineering risk in Malaysia.

***Collaboration with regional national reinsurers**

Malaysian Re is collaborating with regional national reinsurers to garner reciprocal business while efficiently managing risks through aggregate optimisation and revenue diversification.

***Partnership with a reputable life reinsurer**

Malaysian Re's partnership with a reputable life reinsurer for expansion of its family retakaful business is enhancing the Malaysian Re Retakaful Division or MRRD's offering of sustainable family retakaful solutions to family takaful operators. At the same time, the life reinsurer provides assistance via underwriting technical pricing, product development, as well as global insights and experience analysis. The capability of MRRD to write both Family and General retakaful business strengthens Malaysian Re's ability to diversify its income streams in addition to the conventional general reinsurance business.

Diagram 5: Key Strategic Partnerships by Malaysian Re

Our contributions to the local reinsurance and retakaful industry through a series of market services programmes are presented below.

Key Market Services Programmes

Central Administration Bureau (CAB)

We facilitate efficient administration of accounting and claims, as well as simplify settlements for facultative and coinsurance businesses to ensure efficient monthly settlements of net balances (i.e. premium and claims).

MMIP Services

We serve as an Administration Manager that manages a high-risk insurance pool that provides motor insurance to vehicle owners who face difficulty in obtaining motor insurance from the commercial insurance market.

Manager of Scheme for Insurance of Large and Specialised Risks (SILSR)

We were appointed by BNM to develop technical expertise and professionalism within the industry, facilitate favourable coverage at competitive terms and promote optimum retention within the country.

Secretariat of the Rating Committee

We streamline and control premium charges and policy wordings to improve the quality of products, whilst ensuring compliance with Intercompany Agreements on General Insurance Businesses.

Secretariat to the Malaysian Energy Risks Consortium (MERIC)

We develop underwriting skills and promote knowledge and skill sharing within the energy business in Malaysia with a view to increasing local retention.

Manager of the Malaysian Aviation Pool (MAP)

We provide underwriting services and insurance quotations to the general aviation business in Malaysia (this is also for knowledge and skill sharing).

Re-Banjir System

We offer members of Persatuan Insurans Am Malaysia (PIAM) and Malaysian Takaful Association (MTA) a Malaysian flood risk analysis tool. Re-Banjir enables the estimation of flood exposure and a better understanding of the effects of flooding on portfolios.

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

These strategic partnerships benefit everyone: They enable us to broaden our scope and increase market accessibility, while employees are able to expand development opportunities by being exposed to new perspectives and expertise. Closer ties between complementary businesses also allow companies to offer solutions better suited to our clients and the community, hence contributing to long-term business growth.

Takaful IKHLAS Family and General – Key Strategic Partnerships

Takaful IKHLAS Family

Partnerships with Financial Institutions

- *IKHLAS Takaful Gadai Janji (MRTT)*, a home financing protection plan.
- *Takaful Amani Didik*, an education takaful plan, with the objective to encourage people to save money for their children's education. Takaful lends assistance to ensure the objective is met.
- *Agro Bestari-i*, an education takaful plan, with the objective to encourage people to save money for their children's education. Takaful lends assistance to ensure this objective is met.
- *Agro Nurani*, a takaful protection plan, specifically for persons with disabilities (PWD). It aims to increase takaful penetration rate amongst PWDs and is designed to be affordable with convenient claim processes.
- *Agro Mabrur-i,* affordable, accessible and easily understandable insurance and takaful products aimed at low income groups.
- In January 2020, Takaful IKHLAS Family forged a strategic partnership with a conventional Life Company. This partnership is part of Takaful IKHLAS Family's strategy to expand the agency force and to penetrate new markets. Under this arrangement, four (4) Takaful IKHLAS' products were promoted, namely:
  (i) *IKHLAS Preferred Term Takaful;*
  (ii) *IKHLAS Savings Prime Takaful* which focuses on health protection and savings;
  (iii) *IKHLAS Education Plus* which caters to children's protection and savings; and
  (iv) *IKHLAS Wanita Elegance,* a protection specifically for women.

  With the high potential growth and increasing demand for takaful, this strategic partnership will contribute positively to the growth of takaful-related products for Takaful IKHLAS Family and offer protection to Malaysians.

Takaful IKHLAS General

Partnerships with Financial Institutions

- Takaful IKHLAS General is currently in collaboration with various financial institutions to distribute its range of general takaful products.

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

  These bancatakaful arrangements also provides customers with competitive products, risk management expertise as well as simplified and improved transaction processes via a one-stop-centre for new business, renewals and claims.

Takaful IKHLAS Family and General – Key Strategic Partnerships

Takaful IKHLAS Family / Takaful IKHLAS General

Partnership with Government Bodies

Takaful IKHLAS is collaborating with Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) to provide the *IKHLAS Mortgage Reducing Term Takaful*, a home financing protection plan, to government servants. It offers competitive pricing that enables government servants to lower their costs to own a home.

Takaful IKHLAS Family

Partnership with Government Bodies

Takaful IKHLAS is collaborating with a few "community-based" organisations to develop asnaf (zakat recipients) into takaful entrepreneurs (takaful agents) by providing the knowledge and skills to help them generate their own income in a sustainable manner.

Other Partnerships

There are several collaborations underway with various institutions and agencies to offer the Idaman Scheme, a takaful protection scheme, via monthly contribution deduction for members and employees up to their retirement age. The scheme serves as added protection and savings for members (mostly in the B40 category) as they work until their retirement.

Takaful IKHLAS General

Partnership on Insurtech

Takaful IKHLAS General's collaboration with an Insurtech company (since 2019) has enabled the distribution of affordable *Personal Accident (PA)* coverage for travel.

Insurtech refers to the use of technological innovation designed to optimise savings and efficiency from the current insurance industry model. Such collaboration bridges the gap between the fast-paced innovation of insurtech companies as well as the risk management and risk transfer capabilities of Takaful IKHLAS General. Currently, Takaful IKHLAS General provides a short-term PA coverage for bus commuters.

Takaful IKHLAS General is also looking to work with other Insurtech companies.

Partnership on Research

A collaboration is underway with Universiti Sultan Zainal Abidin (UniSZA) which involves the provision of a research grant to UniSZA for the development of the *Crop Micro Takaful Scheme* for smallholder farmers in Malaysia.

The research aims to determine a feasible structure for the provision of the *Crop Micro Takaful Scheme* to smallholder farmers.

RESPONSIBLE PRODUCTS & SERVICES

In line with our Vision of "***We Protect Everyone***", we strive to provide reinsurance and takaful solutions that protect against emerging economic, environmental and social risks. From a sustainability perspective, additional focus is given towards risks that relate to climate change and the protection of socially disadvantaged groups. We define responsible products and services as solutions that effectively tackle the environmental and social challenges faced by our stakeholders.

We work within our existing Underwriting Guidelines and Product Management Framework to develop products and services which address the challenges faced by the environment and socially-disadvantaged groups. Our efforts to date, include the following:

Affordable Takaful Products	Products for Specialised Communities	Products to address Climate Change
Agro Madani: Affordable Group Term Takaful (GTT) and Group Personal Accident (GPA).	*Agro Mabrur-i*: GTT that provides coverage for the B40 segment under *Perlindungan Tenang*.	Property & Engineering Reinsurance (Treaty & Facultative): Reinsurance that protects against property risks.
Takaful Prihatin: Affordable GTT and GPA for business owners.	*IKHLAS Bus Safe Ride*: Provides travel protection for express bus passengers during their journey.	
Takaful Amani Plus: Affordable GTT and GPA.	*Agro Nurani*: GTT and GPA that provides coverage for handicapped people registered with the Social Welfare Department.	
IKHLAS Waqf & Endowment: Value-based initiative providing complimentary waqf and endowment benefits to individual participants.	Agricultural Reinsurance: Reinsurance that protects against loss or damage to crops and livestock.	
IKHLAS Basic Term Takaful: Affordable Term Takaful.		
IKHLAS Value Term Takaful: Affordable Term Takaful.		

As a reputable reinsurer, takaful and retakaful services provider, our reputation is built on the trust that our stakeholders have in us. This is highly dependent on the quality and marketing of our products and services, the advice we provide our customers, and the personal conduct and capability of our agents. We strive to ensure our products are marketed and sold in a responsible manner as well as ensure that our customers are getting the appropriate information best suited to their needs.

During the year, Takaful IKHLAS constantly ensures that their agents and intermediaries receive the proper training in sales conduct which is undertaken by our in-house training division, IKHLAS Academy:

	Agency Training	Agency Code of Ethics	Balanced Score Card
Objectives	Enhanced training focused on client service, marketing skills and product knowledge	Set standards on code of conduct as per industry and MTA guidelines	To encourage agents to consider consumers' financial needs and circumstances, provide proper advice and ensure ethical and professional conduct
Achievements	Boost agency production Dedicated agency training roadmap (see below)	Agents equipped with knowledge on advisory principles, disclosure of underwriting info and ethical market conduct	Increase agents' productivity from 2.71 to 3.01 cases per month Increase the number of active agents from 900 to 1,200

Dedicated agency training roadmap

New recruitment
1. Rising star
2. Wasilah Kesejahteraan

Existing agents
1. Advanced Takaful Planning
2. Wasilah Kesejahteraan

Leaders
1. Leadership & Agency Management Programme
2. Agency Business Survival
3. Coaching for Performance

Sustainability requires meaningful convergence between our business interests and EES considerations. Being able to address our stakeholders' needs through responsible products and services is critical to our overall profitability, competitive market positioning and long-term financial viability.

TECHNOLOGICAL INNOVATION

In today's world, technological innovation has become a vital tool which is enabling businesses to drive efficiency, address evolving risks and sustain profitability. At the MNRB Group, this is embodied within our High Performance Culture (HPC) programme and is enabling faster, simpler solutions that strengthen our role as a responsible service provider.

Key Initiatives to Improve Process Efficiency through the Application of Innovative Technology
***New**

Group	
*** Robotic Processing Automation (RPA)**	RPA is a pilot initiative to drive automation within the Group with a few identified user case studies. RPA enables us to automate manual and repetitive human tasks on data entry and reconciliation, reduce human errors, as well as improve the turnaround time of the respective business processes which subsequently lends to improved productivity and reduced operational costs. Continuous feasibility studies and analyses are being undertaken to extend the adoption of RPA enterprise-wide to improve overall business process, enable more timely regulatory reporting and enhance accuracy.
*** Human Resource System (HCMS) Modernisation**	Our human resources function has been technologically refreshed with the implementation of the new system that provides end-to-end HR information on demand for strategic and tactical decisions to drive business growth and manage risks. The system enhances employee engagement and addresses daily routine difficulties.
*** Innovation Lab (InnoLab) and Strategic Partnership Programme (STP)**	The InnoLab and STP initiatives are platforms for the Group to accelerate technological innovation by enabling solutions conceptualisation and development performed by dedicated resources. This has the potential to be extended to technology partnerships, if required. This initiative enables business boundary expansion, new product development and creative technology innovation. Through a strategic technology partnership, this initiative fosters front-end channel innovation especially for the distribution channels, i.e. the agency and partners, as well as for customers via an enhanced digital experience.
Malaysian Re	
Business Intelligent & Business Objects (BIBO)	Continuous efforts are underway to improve the reporting functionality of the BIBO System. BIBO continues to drive efficiency via an online reporting capability that enables data driven decision making. This is giving us the agility to manoeuvre the required data and strengthen the reporting process.

Key Initiatives to Improve Process Efficiency through the Application of Innovative Technology
***New**

Takaful IKHLAS Family	
Agency Portal – Point-of-Sales (i-POS) System	In addition to its current function, i.e. to monitor proposal submissions, manage certificate contributions and act as a medium of communication between the Company and its agents, this newly enhanced system is now more user-friendly. It also provides direct linkage to quotations and sales illustrations, generates financial needs analysis, and enables online underwriting and approvals.
i-Family System	This system provides a full, fresh back-end policy administration with end-to-end business functionality such as new business, certificate servicing, claims, benefits payable, re-takaful and a finance integration module. It has a workflow capability and automated documentation processes that provide efficient document tracking, from scanning up to archiving. This is helping to streamline work processes for proposal and policy administration.
i-SMART Mobile Application	i-SMART is a front-end application tool which enables agents and banca distributors to use mobile platforms to facilitate new business sales and the submission process in a paperless manner. It performs financial needs analysis to determine what best fits customers' financial needs. It also generates sales illustrations, includes payment gateways and a recurring payment facility, as well as enables the tracking of agents' field activities.
*** Online Customer Account (OCA)**	This initiative takes the form of online self-service customer account (OCA) that allows customers to register online and perform enquiries about their certificate status, payment due, contribution amount and document references such as income tax and e-certificate.
Takaful IKHLAS General	
*** Insurtech Initiative**	This initiative drives business innovation via partnerships and simple yet attractive products e.g. travel insurance for an online bus ticketing platform. It is also helping drive insurance adoption via on-demand travel micro insurance products. Pay as you drive motor takaful is an Insurtech solution that monitors driving behaviour via telematics and rewards cautious drivers with discounts on contributions.
*** General Takaful System Re-engineering (GTSR)**	The GTSR is a programme to refresh and improve the overall business process from sales to backend operations including system upgrades and enhancements. This initiative is yet to be implemented.

Key Initiatives to Improve Process Efficiency through the Application of Innovative Technology
***New**

Takaful IKHLAS General	
* **Motor Takaful (MT) Portal**	The MT portal has improved the user interface of the Motor Takaful portal with its offer of a mobile friendly experience via a simplified end-to-end process for New Business and Renewals. It also offers the capability to work with other online motor partners.
* **General Partnership Portal**	This portal is used by Bancassurance partners for certificate and endorsement enquiry purposes. It also allows Banca partners to make requests for endorsement. It will be further enhanced to offer claims request and enquiry. This helps reduce the process turnaround time and minimise the loss of documents in transit.
* **B2C Personal Accident System**	The Business to Customer (B2C) Personal Accident System enables customers to obtain Takaful proposals, quotations and make purchases online. This user-friendly system allows customers to directly acquire information on insurance as well as Takaful certificates and cover via a mobile-friendly interface that includes email and SMS notifications for status updates of certificates.
* **IKHLAS-Q**	This is a pilot project to provide a user-friendly mobile application for sales agents to generate quotations for new vehicles. The system aims to improve the overall turnaround time for new vehicle quotation requests and improve both the sales agent and customer experience.

Digitalisation simplifies standard processes for our employees and thus enables them to focus their efforts on the more complex cases to provide better services for our customers. We are currently exploring the use of Insurtech in providing end-to-end solutions.

Moving forward, we will continue to capitalise on the latest technologies to enhance the MNRB Group's business operations as well as to develop and enhance our products and services. We will also continue to further explore technological innovation in the areas of mobile applications, process automation, data analytics and online distribution, amongst others.

BUSINESS ETHICS & CORPORATE GOVERNANCE

The MNRB Group acknowledges that it is vital to conduct business in compliance with ethical standards and applicable regulatory requirements. In line with this principle, our employees uphold the MNRB Group's values of integrity, collaboration and expertise, in all their dealings, thereby safeguarding the interests of our stakeholders. Our internal policies and procedures address issues related to bribery, anti-corruption and money-laundering, and are regularly communicated to all employees. By adopting these policies and procedures, we aim to ensure that the Group and its employees consistently carry out business ethically and with integrity.

Following the introduction of new legislation and guidelines, namely Section 17A of the Malaysian Anti-Corruption Commission or MACC (Amendment) Act 2018 on Corporate Liability, as well as Companies Act 2016 and MCCG 2017, there is a growing demand for commercial companies like the MNRB Group to promote better corporate governance and legal compliance by requiring all its stakeholders to play a proactive role in preventing corrupt practices. In this context, the MNRB Group is expected to safeguard its businesses and ensure all commercial activities are carried out in an environment which is free from corruption.

The MNRB Group Code of Conduct for employees (Code of Conduct) is incorporated within the MNRB's Scheme of Service for strict adherence by all employees. Amongst others, it outlines the following principles:

1. Basic Principle – employees should conform strictly to the laws and regulations of Malaysia;
2. Conflict of Interest – employees may not either directly or indirectly become involved in any venture, business or dealing;
3. Zero tolerance towards any illegal gratification or corrupt practice, i.e. solicitation and/or making/accepting corrupt payments or commissions; and
4. Gifts and entertainment are to be restricted within reasonable bounds, i.e. gifts of consumable goods, flowers and other items, of nominal value.

In addition to the Code of Conduct, the MNRB Group has in place a Group Whistleblowing Policy, Fit & Proper Policy and Related Party Transaction Policy to govern the conduct of its officers.

As the Group has takaful and retakaful businesses under its stable, it has established the Shariah Governance Policy with the primary objective of strengthening the effectiveness of Shariah governance arrangements that are well-integrated within the business and risk strategies of the Company. The Policy sets out the strengthened oversight accountabilities of the Board, Group Shariah Committee and other key organs involved in the implementation of Shariah governance.

Initiatives to Ensure Business Ethics and Compliance

Group Anti-Corruption and Bribery Policy

Communicates our commitment to prevent and detect fraud as well as other irregularities such as bribery and corruption.

Group Whistleblowing Policy

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

MNRB Group Code of Conduct

The Code of Conduct stipulates, amongst others, that all staff must conform strictly to the laws and regulations of Malaysia along with the accepted standards of business ethics as set out therein.

Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT)

Awareness and refresher programmes are conducted annually for all employees and agents. These are offered via e-Learning modules for all staff and on-boarding for new employees.

Electronic Compliance Tracking System (e-CTS)

Monitors regulatory submissions and verification of compliance with the relevant regulatory guidelines.

Compliance Portal

Internal compliance information pop-up messages/alerts via the intranet as part of the Group's awareness initiatives.

Compliance Reporting Systems

Whistleblowing hotline and Management Self-Identified Incident (MSII) e-Form submissions are reported to the Compliance Review Committee and Audit Committee.

Shariah Governance Policy

In accordance with the regulatory Shariah Governance Framework, this policy is to ensure the Group operations and business activities are in accordance with Shariah principles.

Our Group Compliance Management Department (GCMD) and Compliance Review Committee are tasked with minimising financial and reputational risks arising from regulatory non-compliance in accordance with our Compliance Management Framework. The MNRB Group's compliance with Shariah Principles is guided by the Shariah Governance Framework and overseen by our Shariah and Business Advisory Department (SBAD), Shariah compliance and Audit function and the Group Shariah Committee, established at the Takaful subsidiary.

Over the years, the GCMD has collaborated with the Risk Management Department (RMD) and SBAD to organise a series of compliance and risk management awareness programmes. The objective of these programmes is to raise our employees' awareness on compliance, risk management and corporate governance matters. The chart above illustrates the initiatives to continue cultivating awareness of ethical conduct, compliance and risk.

In addition, we have in place a number of other mechanisms to ensure transparent and compliant operations. These include the dissemination of applicable regulatory guidelines for all Management-level employees; awareness briefings on the latest regulatory developments; attestation by the Heads of Departments (HODs) that they are complying with internal policies; and the implementation of a Risk Control Self-Assessment (RCSA) approach for departmental self-assessment on processes and compliance monitoring mechanisms.

Anchored by these fundamentals and in accordance with the MNRB Group Outsourcing Framework and Policy as well as the Group Procurement Policy and Procedures, we carefully assess all counterparties or stakeholders that we are associated with. This involves ensuring the necessary due diligence processes are in place to assess suppliers' background and qualifications prior to their appointment and/or renewal of contracts. Examples of assessment criteria used include suppliers' financial background, compliance with

regulatory requirements (e.g. in the area of anti-fraud, anti-bribery and corruption), suppliers' experience and capabilities on the subject matter, and the quality of their work, among other things.

The Group strives for full compliance with all regulatory policies and guidelines, as well its own internal Code of Conduct, internal policies and procedures.

To instil trust and confidence as well as to allow informed investment decisions by our shareholders, we disclose fair and balanced information of relevance, including the MNRB Group Corporate Governance Report via the MNRB Group Corporate website – **www.mnrb.com.my**.

DATA PRIVACY & SECURITY

We are aware of the increasing frequency and sophistication of cybersecurity incidents directed at major financial and insurance institutions. The potential damage inflicted from these incidents could significantly affect the MNRB Group's financials and reputation.

Policies and procedures, such as the Group's Information Technology (IT) Security Policy, Company Information Protection Policy, Incident Reporting & Computer Incident Response Policy, Mobile Devices & Mobile Computing Policy, Bring Your Own Device Policy, Cryptography Policy and Media Disposal Policy are cascaded down from the Group-level and extended to all our subsidiaries. This ensures that the Group as a whole is complying with the relevant regulatory requirements, including the Personal Data Protection Act 2010.

We continually invest and improve our IT security, infrastructure and processes to protect data and information entrusted to us by our stakeholders.

Initiatives to Ensure Data Protection and Privacy

Annual Penetration Testing

To assess the vulnerability of our IT infrastructure (applicable to both the Group and its subsidiaries).

Encryption Exercise and Core System Database Preventive Maintenance

To protect clients' data and ensure its availability.

Compliance Audit

To ensure compliance with regulatory requirements and internal information security related policies.

IT Risk Management

To provide oversight of technology operations management and cybersecurity management via the facilitation of risks, action plans and controls identification.

Disaster Recovery Plan

To ensure business operations are up and running in the event of a disaster.

Awareness Test – social engineering test

To measure staff awareness of cyber threats via the Annual Phishing test (began in the year 2017).

Initiatives to Ensure Data Protection and Privacy
***New**

* Cybersecurity Conceptual Architecture	IT Audit	Data Centre Relocation
To provide a comprehensive roadmap to continuously enhance the group-wide cyber security landscape.	To ensure the Group's IT systems are audited by both internal and external parties.	The Data centre (DC) for both Takaful IKHLAS subsidiaries has been relocated to a Tier-3 DC with increased security measures and availability. The DC relocation for MNRB/Malaysian Re will be completed in FY2021.

The sustainability of our business is dependent on stakeholder trust and our ability to maintain a secure, confidential environment for them. We are continuously working to improve our data security through investments in both technology and employee awareness programmes.

RESPONSIBLE INVESTMENT

Investments remain an integral part of our business and we are committed to undertaking these in a responsible manner. We invest to attain optimum returns while balancing the risks involved, hence creating value for our stakeholders. The MNRB Group's investment management approach involves a systematic and structured investment process, focusing on capital preservation, liquidity management and return optimisation. The Investment Committee and the Board have oversight for the investment process which also takes into account EES criteria.

Guided by our Investment Policy Statement, our Group Investment Department and Group Investment Management Committee ensure proper risk management by prudently monitoring existing and screening potential investment portfolios. The department safeguards portfolios by complying with approved Strategic Asset Allocations that have been thoroughly discussed and approved by the Board. Although Environmental, Social and Governance (ESG) matters are not specifically mentioned in the policy statement, when assessing how the issuers are managing their risk and opportunities, we also take into account the ESG perspective.

All investments must also adhere to strict permissible instruments and avoid exposure to impermissible sectors such as gaming and alcohol-related sectors. Investments are only made with approved counterparties who meet the appropriate rating and other relevant criteria within approved credit limits, as stipulated in the investment policies and guidelines. Furthermore, the department ensures that our investments conform to Shariah principles as per the requirements of our takaful funds.

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

The Takaful contributions received are strictly invested in Shariah compliant instruments. These are regularly checked for compliance with Shariah principles through regular Shariah reviews and are reported to the Group Shariah Committee.

EMPOWERING OUR PEOPLE

TALENT DEVELOPMENT

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

We endeavour to nurture a high-performance culture to generate growth. Our comprehensive development plans provide opportunities for our employees to enhance their skills, knowledge and capabilities.

Avenues for Training Development

		FY 2019	FY 2020
1	Internal Training Courses	√	√
2	External Training Courses	√	√
3	Online Training Courses	√	√
4	Executive Coaching	√	√
5	Job Rotation	√	√

We believe a structured, targeted and continuous development intervention is essential in equipping our people with the right mindset, knowledge and skills.

Key Training Programmes

FY 2019

1. Group Integrated Assurance Approach
2. Reinsurance & Technical Accounting
3. Reverse Stress Testing International Best Practice
4. The Takaful Rendezvous 2018
5. Power Communication & Presentation
6. Leadership Energy Summit 2018
7. Key Drivers Coaching Programme
8. Product Development with ARGO
9. Dynamic Analysis of Risk & Reinsurance Techniques (DART)
10. Developing & Empowering Tomorrow's Leaders
11. 9th ASEAN School for Young Insurance Managers (AYIM)

FY 2020

1. Mastering the Secrets of Successful Sales & Marketing Professionals with Finesse Corporate Grooming
2. Reinsurance Business Simulation
3. A Practical Workshop in Reinsurance Accounting
4. Basic Reinsurance & CAT Modelling
5. Asia Pacific Training Programme 2019
6. MNRB Group Ideathon 2019 Workshop
7. Liability Insurance Seminar 2019
8. International Reinsurance Management Training
9. 14th International Shariah Scholars Forum
10. 11th International Conference of Financial Crime and Terrorism Financing
11. Young Takaful Manager Leadership Programme (YTML)
12. Corporate Leader Advanced Programme
13. The Takaful Rendezvous 2019
14. Group Talent Programme – Structured Leadership Development Programme
15. Excellent Customer Service
16. YOU Lead 2019
17. 4th Robotic Process Automation Asia

Internal job rotation and attachment programmes are highly supported as diverse knowledge and skills of our employees could foster creativity and strengthen our problem-solving efforts.

Key Talent Development Programmes

FY2019	Education Assistance Programme (EAP)	A programme to encourage employees to fast-track their progress to pursue industry-specific professional qualifications (e.g. Institute & Faculty of Actuaries or IFoA, the Malaysian Insurance Institute or MII, and the Society of Actuaries). During the reporting year, 63 employees participated in this programme.
FY2019	Leaders as Teachers (LATs)	A reinforcement programme for our employees/internal subject matter experts to conduct and contextualise learning materials for our employees to increase the transfer of newly-acquired knowledge. During the reporting year, 35 employees were engaged, an increase of 15 employees from FY2018.
FY2020	Education Assistance Programme (EAP)	A programme to encourage employees to fast-track their progress to pursue industry-specific professional qualifications (e.g. Institute & Faculty of Actuaries or IFoA, the Malaysian Insurance Institute or MII, and the Society of Actuaries). During the reporting year, 56 employees participated in this programme. In addition, one (1) of our scholars qualified to be an actuary.
FY2020	Leaders as Teachers (LATs)	A reinforcement programme for our employees/internal subject matter experts to conduct and contextualise learning materials for our employees to increase the transfer of newly-acquired knowledge. During the reporting year, 109 employees participated in this programme.
FY2020	Executive Coaching Programme	A programme where we engaged professional coaches to help our senior management to gain self-awareness, clarify goals, achieve their development objectives and unlock their potential. During the reporting year, 12 employees were selected to undergo the programme for six (6) months.
FY2020	Structured Leadership Development Programme (SLDP)	In this programme, talents were trained and coached to enhance their leadership skills in the areas of Leading Self, Leading Team and Communication. This three (3) modules programme was developed based on the MNRB Group Leadership Competencies and conducted over a one (1) year period. It involved around 150 talents across different levels and companies within the MNRB Group.

To ensure that our pool of talent is well developed, we have established our Group Talent Programme. Candidates undergo a rigorous identification and selection process before being incepted into the talent pool. Post-inception, they are required to tailor their own Individual Development Plan (IDP) and attend our Structured Leadership Development Programme (SLDP). We also identify successors for our Mission Critical Positions (MCP) and Operational Critical Positions (OCP) from the talent pool.

Our talent development programmes focus on utilising human capital to advance our business and create value over the short, medium and long-terms. We will continue to grow talent that complements our transformation efforts through initiatives and internal programmes (including leadership and career development initiatives) as well as succession plans.

The MNRB Group also supports local youth employment by providing local graduates with hands-on opportunities to obtain technical knowledge and soft skills through our internship programmes.

In addition, the Group participates in the PNB Graduate Executive Trainee (PNB GET) programme, in support of the Government's effort to intensify the employability and marketability of Malaysian graduates (locally or abroad). This programme aims to enhance these trainers' personal development and better equip them with the relevant skills for job placements. As at March 2020, we had already offered 53 permanent positions to qualified trainees, based on the available vacancies.

We also provide training for the industry and our business partners in an effort to further promote professionalism as well as the upskilling of the insurance and takaful industry.

Key Training Programmes for the Industry

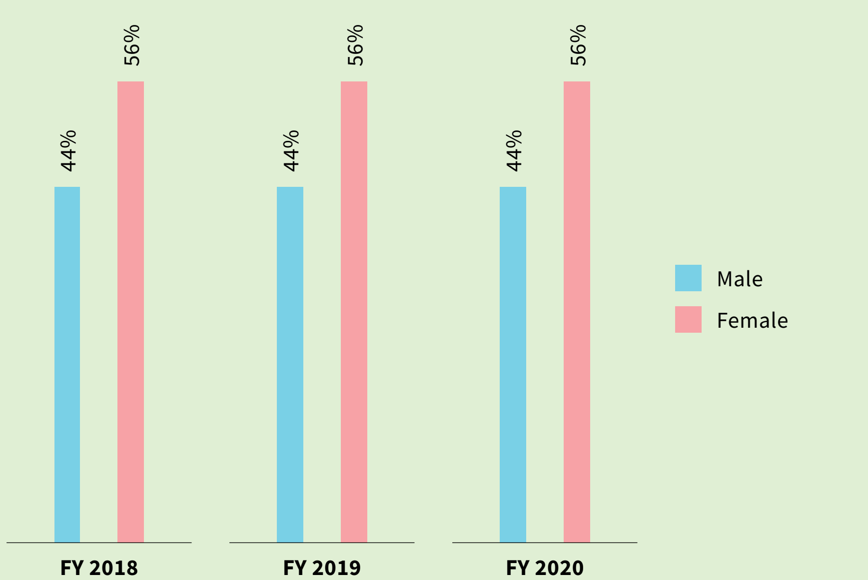
FY 2019	FY 2020
1. YOU Lead 2018	1. Young Takaful Manager Leadership Programme (YTML)
2. IKHLAS Academy – Rising Star	2. YOU Lead 2019
3. IKHLAS Academy – Wasilah Kesejahteraan	3. IKHLAS Academy – Rising Star
4. IKHLAS Academy – Advanced Takaful Planning	4. IKHLAS Academy – Wasilah Kesejahteraan
5. IKHLAS Academy – Leadership & Agency Management Programme	5. IKHLAS Academy – Advanced Takaful Planning
6. IKHLAS Academy – Agency Business Survival	6. IKHLAS Academy – Leadership & Agency Management Programme
	7. IKHLAS Academy – Agency Business Survival

ATTRACTIVE & INCLUSIVE WORKPLACE

We recognise that the sustainable growth of our business is tied to the well-being of our employees. To this end, we maintain a conducive work environment, offer competitive remuneration and benefits to our employees, as well as embrace the diversity of our people in the areas of gender, age, skills and experience. In doing this, we are able to steadily attract and retain a pool of top talent.

Our Recruitment Policy governs all aspects of employment practices. It embraces diversity and inclusion based on skills and expertise. ***Diagram 6*** below presents our employee profile. We recognise the value of having diverse talent across different gender and age groups, thereby enabling us to leverage on the wealth of experience and industry exposure of more experienced employees as well as the more creatively inclined mindsets of younger employees. Our initiatives to support the development of local talent underscore our commitment to strengthen the Malaysian economy and fortify the growth of the local re/insurance and re/takaful industry as a whole.

Employee Profile – Gender (%)



Employee Profile – Age Band (%)

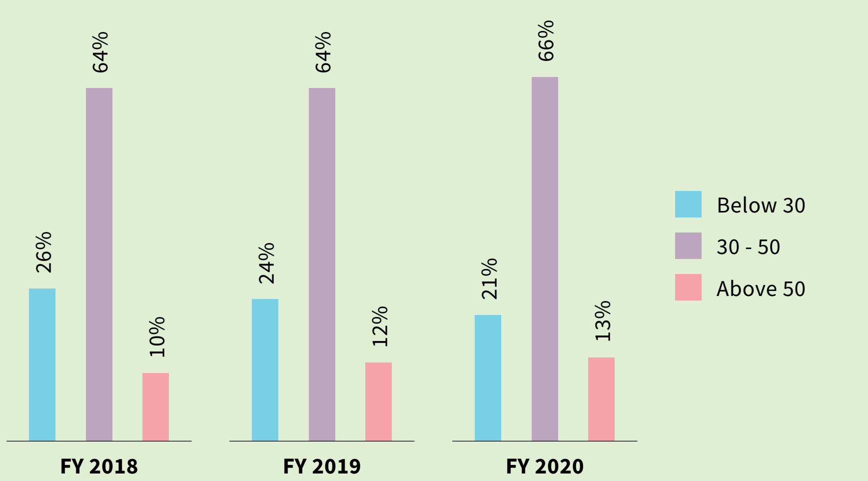


Diagram 6: Employee Profile

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

Key Well-being Initiatives

		FY2019	FY2020
1.	**Long Service Awards** To recognise and reward our long-serving employees for their contributions.	√	√
2.	**Nursing Room** Made available for nursing mothers.	√	√
3.	**Flexible Working Hours (FWH)** All levels of employees can begin their work day at any time between 7:30 am and 10:00 am.	√	√
4.	**Flexible Working Arrangement (FWA)** Executives are no longer desk-bound and will have more control over their time schedules and working environment.	√	√
5.	**Health Week** Our health week is held annually to encourage our staff to lead a healthier lifestyle. It aims to educate our employees about key aspects of healthy living. The key programmes conducted during the health week include: • An Annual Health Screening and Examination for all staff; • A Health Talk; • Nutrition Counselling; • Healthy Food Promotion; and • MNRB Fun Run and Brisk Walk – to encourage staff to participate in activities beneficial to their health.	√	√
6.	**Weekly/Monthly Sports activities** To encourage employees to make changes towards healthier lifestyle where activities such as Zumba, badminton and futsal are organised for interested employees.	√	√
7.	**Recreational Programmes** To foster positive collaboration and a strong esprit de corps among employees. Activities such as the train hunt, mall hunt, food hunt and bowling tournament have garnered overwhelming positive response from employees.	√	√
8.	**Occupational Safety & Health initiatives** To care for employees' health and well-being. The OSH Committee has initiated/organised relevant activities including Basic Fireman and Firefighting training for Fire Marshals, First Aider Training, and an Ergonomic & Internal Air Quality Assessment for Bangunan Malaysian Re.	√	√

We recognise the importance of employee engagement in sustaining employee morale and productivity and have established various channels that promote employee engagement. Knowing that their feedback is heard and acted upon keeps our employees motivated and satisfied.

Key Employee Engagement Channels

		FY2019	FY2020
1.	Regular townhall gatherings to hear from our employees, to provide updates on business performance and key developments.	√	√
2.	Chat session with the President & GCEO to provide the opportunity for lower level employees to get to know him and let their issues be heard.	√	√
3.	Allocation of engagement budget for HOD's to conduct their own engagement activities.	√	√
4.	Regular formal written communication from the desk of the President & GCEO to communicate business performance and key developments to all employees.	√	√
5.	Focus group discussions to identify and understand employees' concerns and issues.	√	√
6.	Career discussion between HODs and employees as an avenue to provide clarity on career growth and development.	√	√
7.	iPTalks (our version of the popular "TED Talks") - conducted in the form of a competition for employees to share their passion with their colleagues and create fun at work.	√	√
8.	The Heart-To-Heart Mentoring Programme - a programme that promotes the demonstration of good behaviour based on the Group's Core Values.	X	√
9.	The regular check-in session or one-to-one session was introduced to foster health relationships between a supervisor and his/her subordinates and to provide clear direction and guidance to the staff.	X	√

√ = Include X = Not Include

An enhanced sense of well-being motivates employees to contribute towards organisational success. To this end, we undertake an annual survey to gauge employee satisfaction levels. During the financial year in review, we recorded an average employee engagement score of 80%, in comparison to 79% in FY2017 and FY2018. We are continuously developing action plans to address our employees' concerns and identify improvement initiatives to increase employee satisfaction levels.

Company	Employee Engagement Index (EEI) Results		
	FY2018	FY2019	FY2020
MNRB	81%	82%	79%
Malaysian Re	80%	85%	90%
Takaful IKHLAS Family	79% (TIB)	78%	85%
Takaful IKHLAS General		79%	86%

The EEI is a leading indicator of employee satisfaction, loyalty, advocacy and pride towards the company.

Company	Employee Attrition Rate (%)		
	FY2018	FY2019	FY2020
MNRB	7.8	6.2	6.8
Malaysian Re	5.8	4.7	7.4
Takaful IKHLAS Family	11.0	9.8	6.0
Takaful IKHLAS General			5.9

EMBRACING CORPORATE RESPONSIBILITY

COMMUNITY DEVELOPMENT

The MNRB Group remains steadfast in its efforts to contribute to the needs of society in general as well as to specific target audiences. As a market leader, we share the responsibility for nurturing the growth of the local reinsurance and retakaful industries by preparing and gearing up professionals with the right knowledge, skills and competencies. Our key market training programmes are presented below.

Programme for Insurance Executive Development (PIED)	Young Emergent Leadership Showcase (YouLead!)	Technical Courses in Fire Risk Assessment and Special/Self-Rating (FRA)
This is designed for executives with at least two (2) years of work experience in the insurance industry, as well as those who are well versed in the knowledge of the four (4) classes of insurance (i.e. marine engineering, fire, property and liability).	A leadership programme for young emerging managers with high potential, it focuses on effective leadership fundamentals, deciphers key industry issues, and provides knowledge sharing/regulatory updates on the insurance industry by experts in their fields. A continuous support group is formed for each batch after the programme.	A programme designed to educate underwriting and marketing professionals from insurance companies with at least two years of experience. Participants are expected to conduct fire risk surveys and have a good grasp of the special/self-rating rules and computation.
1	2	3

The MNRB Group remains committed to bringing positive change to communities through monetary and non-monetary means. To this end, we conduct corporate responsibility programmes that focus on education as we believe these have the transformational power to strengthen communities and build their resilience in a sustainable manner. These initiatives also serve to uphold and elevate the quality of life for the less privileged and deprived communities, as well as to promote the social inclusion of communities in general.

Our Key Corporate Responsibility Programmes

MNRB Scholarship Fund

Total Investment since the Funds' Inception **in 1998**:
More than RM17,021,630

A fund established to assist promising Malaysian students by providing them access to education so as to produce quality professionals for the development of the reinsurance and takaful industries. The fields of study include Actuarial Science, Risk Management, Insurance/Takaful, Accounting, Finance and ICT.

Year	Contribution (RM)	Total number of Scholars
FY2017	1.0 million	101
FY2018	1.2 million	85
FY2019	0.85 million	57
FY2020	0.35 million	40

Blood Donation

No. of donors:
91 donors
(in FY2020)

The objective of this charity programme is to support the noble mandate of the National Blood Centre (NBC) to increase the supply of blood supply to help less fortunate patients suffering from anaemia, leukaemia, haemophilia, etc.

PGM MNRB ADT Championship

A sponsorship initiative to support the Professional Golf of Malaysia (PGM) Tour and the Asian Development Tour (ADT) Championship in their efforts to develop a pool of professional Malaysian golfers.

Minggu Saham Amanah Malaysia (MSAM)

An annual integrated investment education programme to increase the public's awareness of the importance of investment and financial planning. Participation in this programme provides an avenue for Takaful IKHLAS to introduce and create awareness of its takaful products.

MNRB Ringgit Savvy Programme

No. of participants:
800 (in FY2018)
500 (in FY2019)
500 (in FY2020)

An educational programme for primary and secondary school students to learn about the concept of investments and smart money management.

Our Key Corporate Responsibility Programmes
*New

*Masjid Protect

No. of participants:
20%
of the mosque population
(4 certificates)

An initiative to increase takaful penetration through a community-based platform i.e. mosques by enhancing financial literacy among the targeted market segment.

*Program Bantuan Untuk Pendidikan (BUDI)

No. of participants:
50

An initiative by MARA in collaboration with corporate entities to provide financial assistance to students from B40 families. It aims to provide equal opportunities for Maktab Rendah Sains MARA students from B40 families to succeed in their education.

*COVID-19 Test Fund

Malaysian Re contributed RM76,924 to the PIAM Relief Fund.

Takaful IKHLAS Family and Takaful IKHLAS General contributed RM67,000 each to the Malaysian Takaful Association (MTA) (utilising their IKHLAS Charity Fund).

Malaysian Re has volunteered to play its role for national service as the administrator of the RM8 million COVID-19 Test Fund, set up by the industry. Effective 11 April 2020, Malaysian Re is tasked with managing the reimbursement process and ensuring no over utilisation.

*Asnaf Entrepreneurship Programme (AEP)

No. of participants:
30

An entrepreneurship programme organised in collaboration with the zakat authority to train eligible asnaf to become takaful agents by using zakat money.

*IKHLAS Waqf & Endowment (IWE)

A total of RM3,000 has been paid to **UM AWQAF** in Dec 2019 for 3 participants.

(There were 699,621 individual certificates as at March 2020)

A value-based intermediation programme to benefit both the community and Takaful IKHLAS. This programme provides a complimentary benefit (Waqf and endowment) to all individual Takaful IKHLAS General participants. The Waqf and endowment will be channelled to the Waqf's beneficiary (Muslim) or endowment beneficiary (non-Muslim) under the participant's name, in the event of an accidental death.

ENVIRONMENTAL MANAGEMENT

At the MNRB Group, we adopt multiple measures to preserve our surrounding environment and to mitigate any environmental impact from our business operations. Our main environmental management efforts are demonstrated below.

Our Main Environmental Management Efforts

Mitigating our Carbon Footprint

By reducing the need to travel, we are mitigating our carbon footprint. Currently we provide a daily shuttle service for our staff to and from the LRT station and our headquarters (HQ), Bangunan Malaysian Re, while web-based conferencing facilities at our HQ aid cross-border meetings with our Dubai office. We also maintain a green garden within the office compound of our HQ as well as have replaced plastic mineral water bottles with glass drinkware for use during meetings and training sessions.

Furthermore, we have the three C's (a convenience store, clinic and café) as tenants within our HQ building. Given these amenities, our staff and tenants do not have to drive out of the building.

Upgrading our Office Building to Safeguard Employee Health

FY2019
31
Air-conditioning related complaints

FY2020
13
Air-conditioning related complaints

We have improved the indoor air quality (IAQ) at our building by upgrading the air-conditioning system. The rectification of air quality issues at affected floors in Bangunan Malaysian Re was undertaken by an appointed IAQ contractor in 2019, thus significantly reducing the number of complaints received.

Recycling Waste

FY2019
31,856kg
Waste Recycled

FY2020
6,526kg
Waste Recycled

We have in place a proper waste management programme to handle recyclable materials. A large quantity of recycled papers from old working/operational files was disposed in FY2019 following the periodic storage clean-up exercise.

Our Main Environmental Management Efforts

Conserving Electricity

FY2019
1,763,048 kWh
Electricity Consumption

FY2020
1,514,971 kWh
Electricity Consumption

To conserve energy, we have switched to LED energy saving light bulbs, while the electrical and mechanical components of elevators within the building have been replaced for greater energy efficiency. We are currently working to replace the elevator drive system which will also help us to reduce power consumption. Currently the elevator system consumes about 15% of the total power consumption. The efforts to date have contributed savings of just under 10% of our building's total power consumption.

We have also installed zonal light switches at corporate areas. This has helped to reduce power consumption especially among staff who need to stay back after office hours or work at the office during the weekends.

The significant reduction of more than 14% of total electricity consumption in FY2020 was attributable to the disposal of Ikhlas Point Tower 11 and relocation of staff to Tower 11A.

Reducing Water Consumption

FY2019
11,940 m^3
Water Consumption

FY2020
11,838 m^3
Water Consumption

We have installed more resource efficient washroom fixtures to reduce water consumption.

LOOKING AHEAD

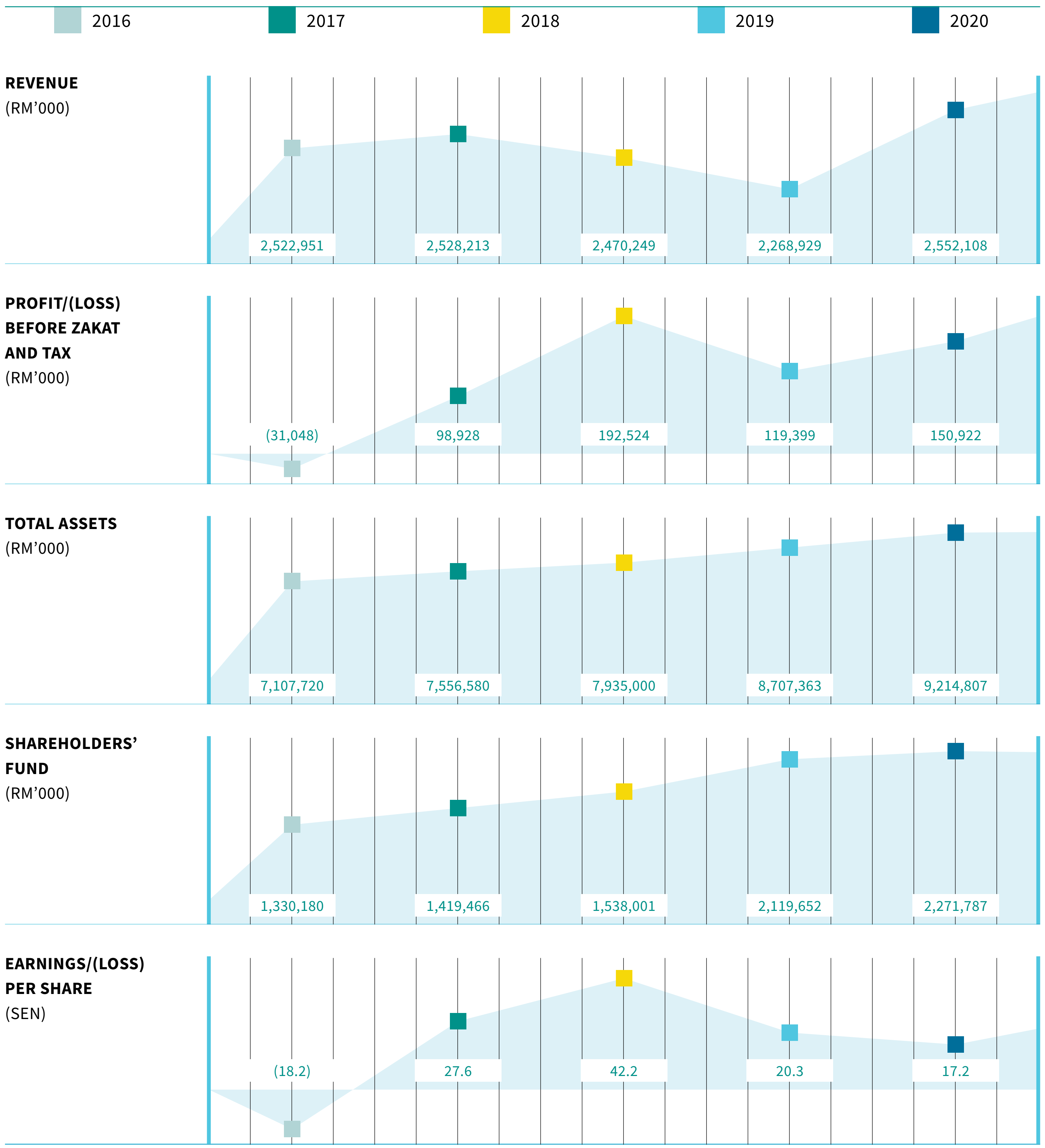
The MNRB Group considers sustainability as an endless journey of improvement and we are committed to ensuring the sustainable growth of our business without compromising the needs of our stakeholders. The Group remains dedicated to incorporating sustainability into our operations and business strategies by refining our internal processes and bolstering our capabilities to create sustainable value for our business, our stakeholders, and society as a whole.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	**2,552,108**	2,268,929	2,470,249	2,528,213	2,522,951
Profit/(loss) before zakat and tax	**150,922**	119,399	192,524	98,928	(31,048)
Profit/(loss) after zakat and tax	**132,907**	104,407	140,865	71,170	(38,829)
Technical reserve	**5,345,745**	4,950,037	4,841,692	4,658,583	4,350,338
Total assets	**9,214,807**	8,707,363	7,935,000	7,556,580	7,107,720
Shareholders' fund	**2,271,787**	2,119,652	1,538,001	1,419,466	1,330,180
Share capital	**738,502****	722,306*	319,605	319,605	213,070
Earnings/(loss) per share (sen)	**17.2****	20.3*	42.2	27.6	(18.2)
Net assets per share (RM)	**2.90****	2.76*	4.81	4.44	6.24
Profit/(loss) before zakat and tax to Shareholders' fund (%)	**6.64**	5.63	12.52	6.97	(2.33)
Profit/(loss) after zakat and tax to Shareholders' fund (%)	**5.85**	4.93	9.16	5.01	(2.92)

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

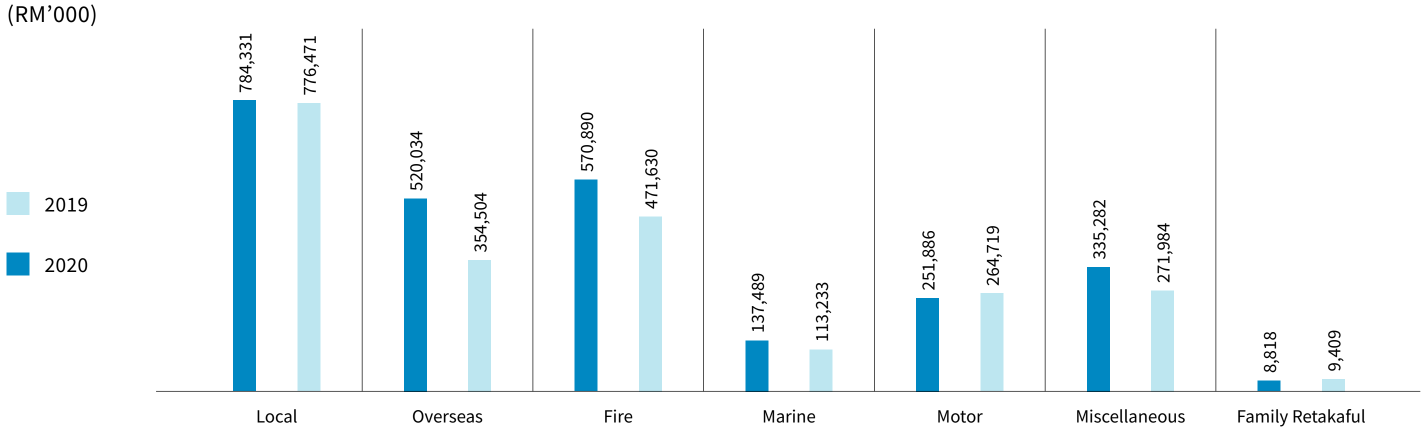
FIVE-YEAR GROUP PERFORMANCE



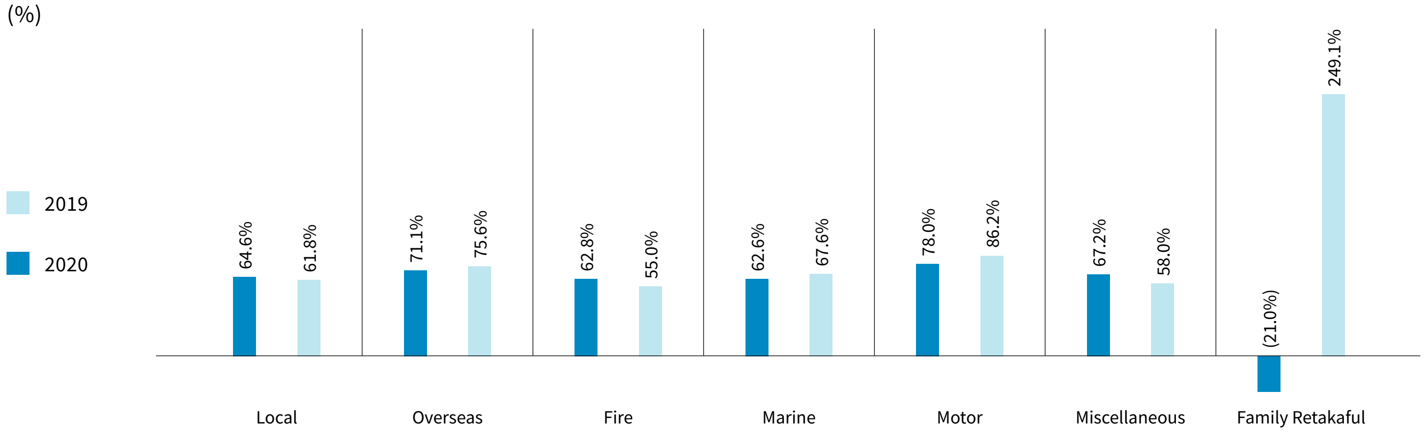
SEGMENTAL ANALYSIS

REINSURANCE/RETAKAFUL BUSINESS SEGMENTS

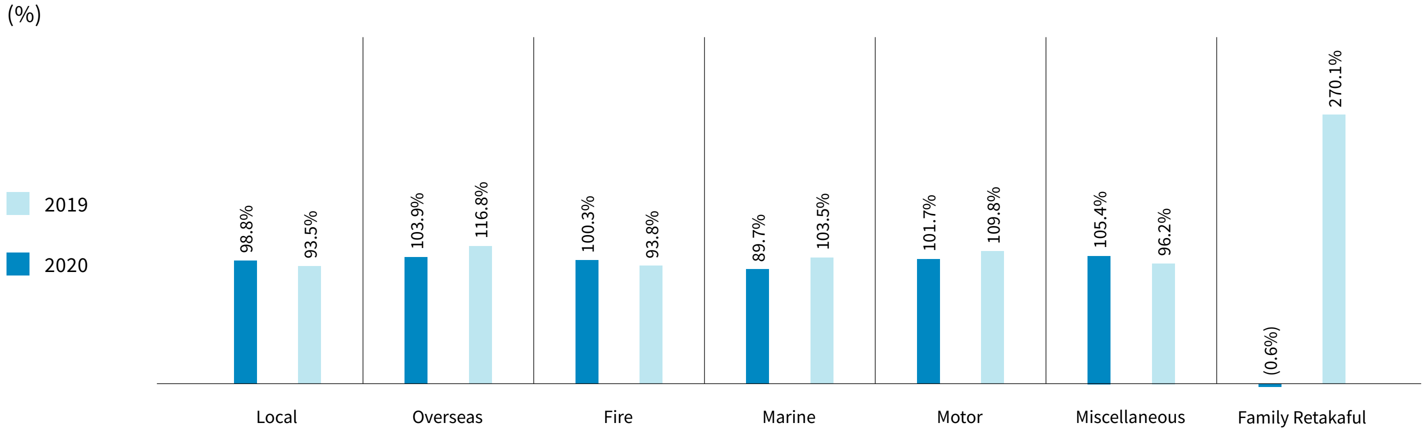
GROSS PREMIUMS/CONTRIBUTIONS
(RM'000)



CLAIMS RATIO
(%)

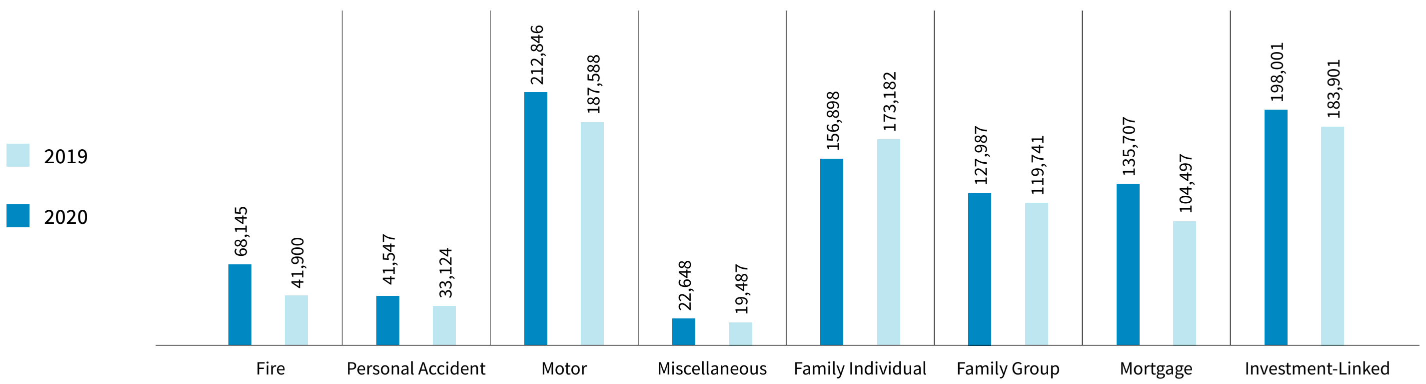


COMBINED RATIO
(%)

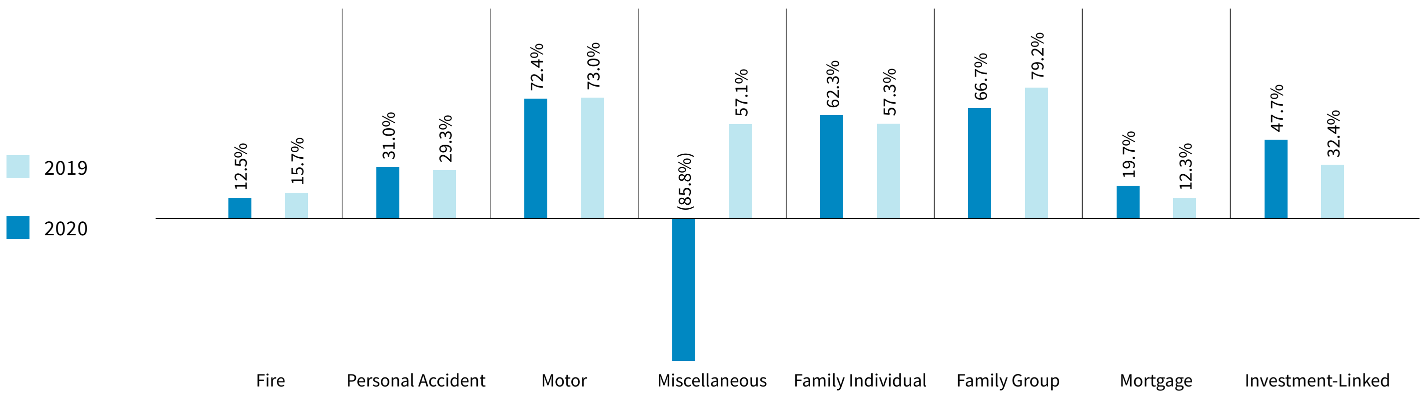


TAKAFUL BUSINESS SEGMENTS (LOCAL)

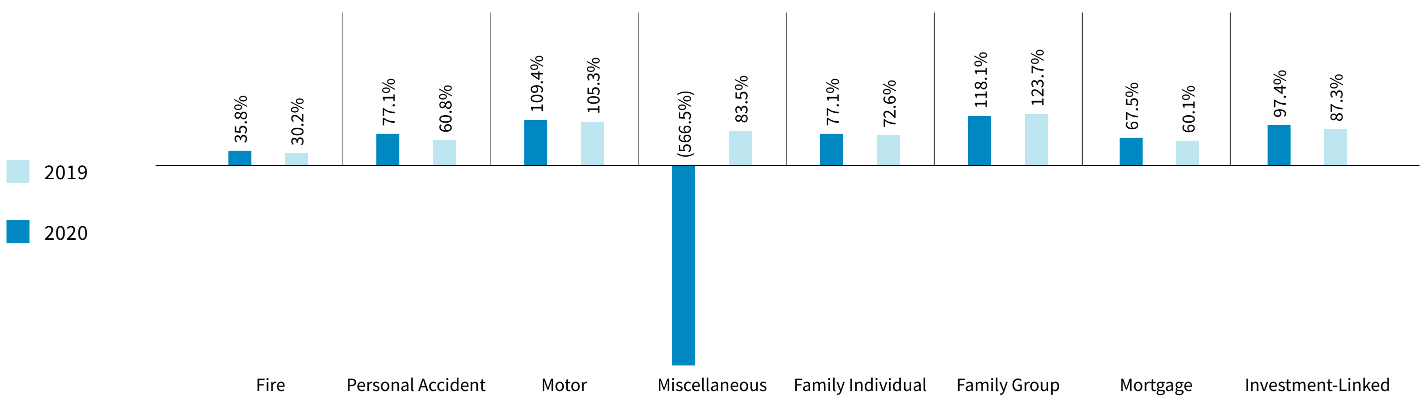
GROSS CONTRIBUTIONS
(RM'000)



CLAIMS RATIO
(%)

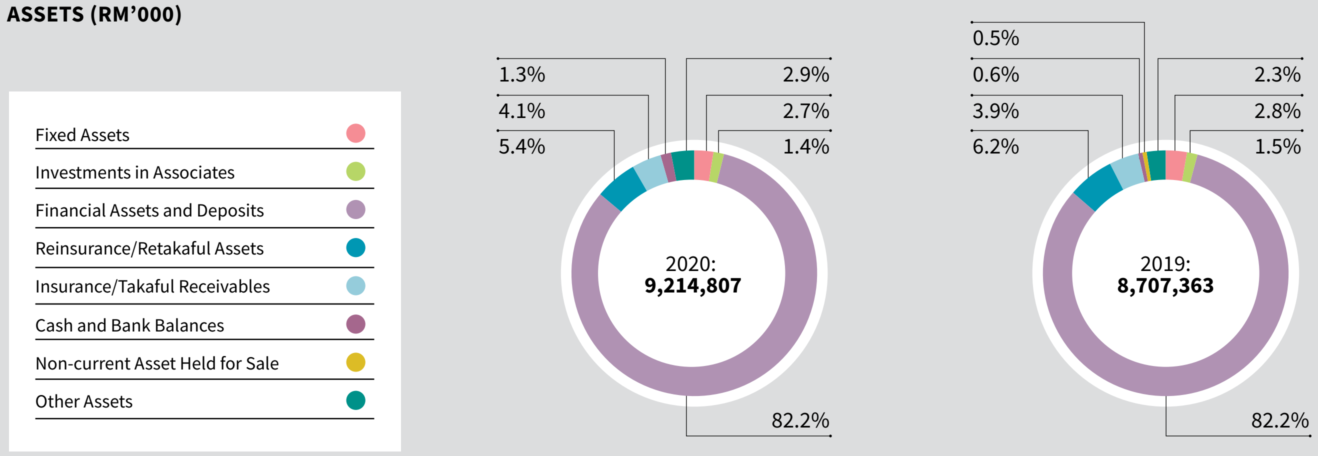


COMBINED RATIO
(%)

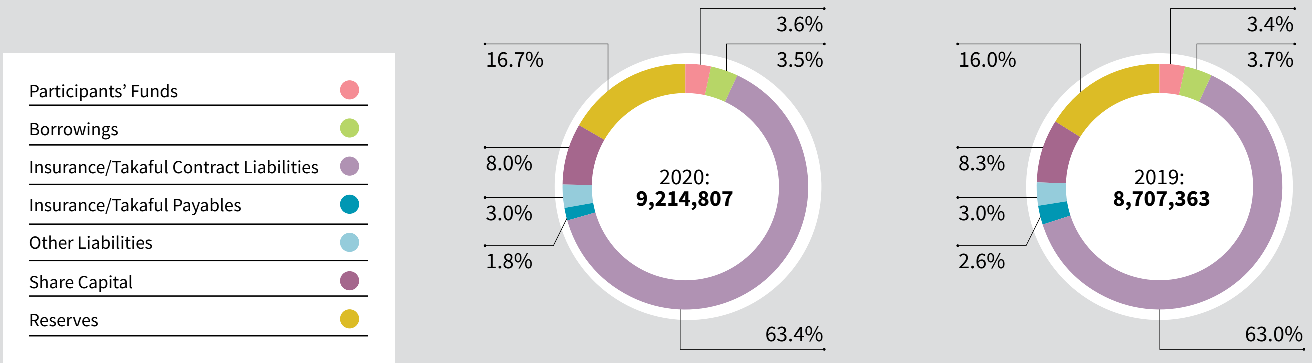


SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

ASSETS (RM'000)



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



GROUP OPERATING REVENUE

GROUP OPERATING REVENUE BY BUSINESS SEGMENTS FOR THE PERIOD ENDED 31 MARCH 2020

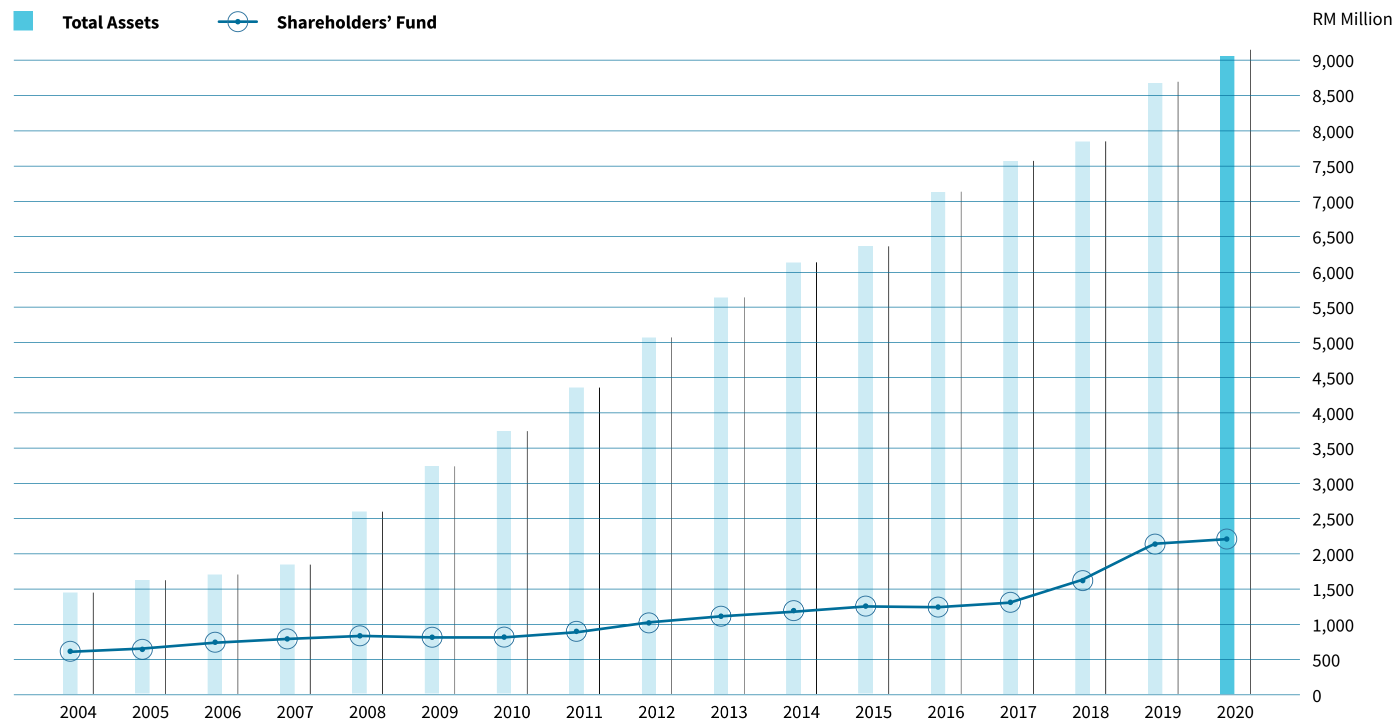
Reinsurance/Retakaful	1,367,111
Takaful	1,133,971
Other	51,026
	Total: 2,552,108

GROUP OPERATING REVENUE BY BUSINESS SEGMENTS FOR THE PERIOD ENDED 31 MARCH 2019

Reinsurance/Retakaful	1,212,812
Takaful	1,015,127
Other	40,990
	Total: 2,268,929

GROUP'S GROWTH

Year	Shareholders' Fund (RM'000)	Total Assets (RM'000)
2004	617,010	1,476,021
2005	677,039	1,607,197
2006	747,803	1,772,311
2007	808,477	1,963,036
2008	893,919	2,576,247
2009	835,646	3,378,919
2010	892,513	3,845,983
2011	998,715	4,467,967
2012	1,058,488	5,048,449
2013	1,131,944	5,642,265
2014	1,223,469	6,136,512
2015	1,349,474	6,477,236
2016	1,330,180	7,107,720
2017	1,419,466	7,556,580
2018	1,538,001	7,935,000
2019	2,119,652	8,707,363
2020	2,271,787	9,214,807

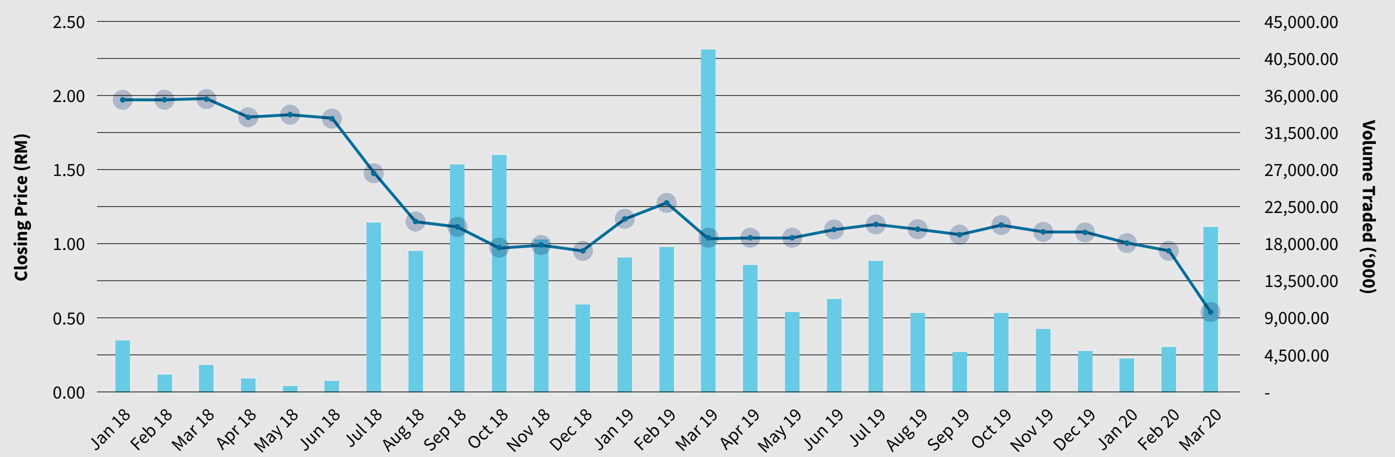


INVESTORS INFORMATION

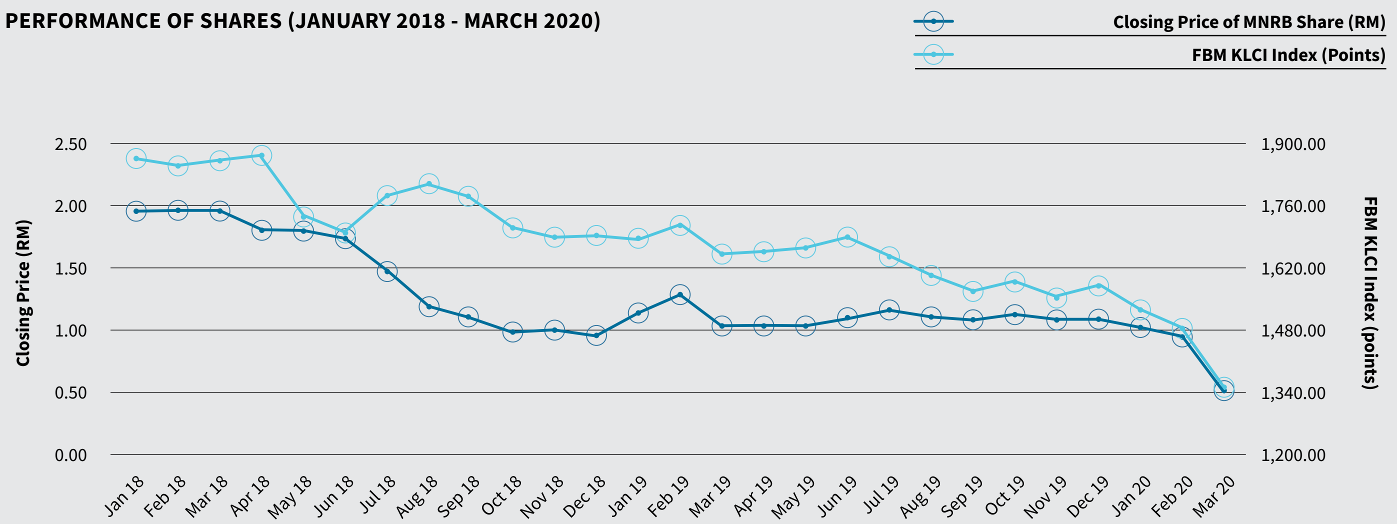
	1/4/19-31/3/20	1/4/18-31/3/19	1/4/17-31/3/18	1/4/16-31/3/17	1/4/15-31/3/16
Closing Price (RM)	**0.565**	1.03	2.64	2.43	2.86
Highest Price (RM)	**1.19**	1.99	2.84	2.50	4.18
Lowest Price (RM)	**0.47**	0.85	2.19	1.60	2.82
Total Volume Traded ('000)	**113,710**	202,783	48,840	28,315	20,247
Gross Dividend Yield (%)	**4.42**	0.00	0.00	0.00	0.00
Price Earning Ratio (x)	**3.28**	5.07	5.99	8.80	-

Source: Bloomberg @ 3/04/2020

SHARE PRICES AND VOLUME TRADED (JANUARY 2018 - MARCH 2020)
Counter : MNRB HOLDINGS BERHAD



PERFORMANCE OF SHARES (JANUARY 2018 - MARCH 2020)



FINANCIAL CALENDAR 2020

47th Annual General Meeting

DATE OF NOTICE OF AGM
26 August 2020

AGM DATE
24 September 2020

Quarter Result	Report as at	Announcement Date
1st QUARTER RESULT	30 June 2019	28 August 2019
2nd QUARTER RESULT	30 September 2019	28 November 2019
3rd QUARTER RESULT	31 December 2019	27 February 2020
4th QUARTER RESULT	31 March 2020	29 June 2020

DIRECTORS' PROFILE

DATUK JOHAR CHE MAT
Non-Independent Non-Executive Chairman

Age
67

Gender
Male

Nationality
Malaysian

Date of Appointment
1 October 2017

Board Committee Membership
- **Member of Audit Committee**
- **Member of Investment Committee**
- **Member of Nomination Committee**

Independent Non-Executive Director since 1 October 2017 and was subsequently re-designated as Non-Independent Non-Executive Chairman on 1 July 2019. He obtained a Bachelor of Economics Degree from University of Malaya in 1975. He has thirty-five (35) years of experience in the banking industry. He began his career in 1975 as an Officer at the Prime Minister's Department. In 1976, he joined Malayan Banking Berhad ("Maybank") where he served in various divisions including in senior positions as the Manager/Senior Manager covering the transactional banking (operations), retail finance, retail marketing and private banking. From 1993 to 1995, he was appointed as the Regional Manager for Maybank branches in Selangor and Negeri Sembilan. In 1996, he was promoted as the General Manager, Commercial Banking Division and subsequently served as the Senior General Manager, Corporate Banking and Enterprise Banking Division in 2000. In 2002, he was promoted as the Senior Executive Vice President, Retail Financial Services and was thereafter appointed as the Chief Operating Officer of the Maybank Group from 2006 till 2010. In 2012, he was designated as the Board representative of Amanah Raya Berhad.

A Director of Rural Capital Berhad, MBSB Bank Berhad, Dagang NeXchange Berhad and Motordata Research Consortium Sdn. Bhd. Also Chairman of Takaful Ikhlas Family Berhad, Takaful Ikhlas General Berhad and Malaysian Re (Dubai) Ltd.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the twelve (12) Board Meetings held in the financial year.

GEORGE OOMMEN
Senior Independent Non-Executive Director

Age
66

Gender
Male

Nationality
Malaysian

Date of Appointment
1 January 2018

Board Committee Membership
- **Chairman of Risk Management Committee**
- **Member of Audit Committee**
- **Member of Remuneration Committee**

Independent Non-Executive Director since 1 January 2018 and was redesignated as Senior Independent Non-Executive Director on 27 February 2020. He is a Fellow of the Association of Chartered Certified Accountants UK and also a member of two Malaysian Accountancy bodies, namely the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He has thirty-six (36) years of experience in the insurance industry. He began his insurance career in 1981 when he joined American International Assurance Company Limited as an Accountant. In 1999, he was transferred to AIG Lippo Life Insurance Company, Indonesia as Vice President-Director. He then joined TATA AIG Life Insurance Company, India in 2000 as Managing Director.

He later joined ACE INA Holdings Inc., India as Country Head/CEO in 2002 and thereafter in 2003 he was appointed Chairman/Managing Director of ACE Life, Egypt, concurrently. In 2007, he joined the Dubai International Financial Centre, UAE as the Executive Director, Business Development. In 2010, he was appointed as the CEO & General Representative, Assicurazioni Generali, S.p.A. for the Middle East and North African Region based in Dubai.

Also a Director of Takaful Ikhlas Family Berhad, Takaful Ikhlas General Berhad and Malaysian Re (Dubai) Ltd. On 7 January 2019, he was appointed as the new Independent Non-Executive Chairman of Malaysian Reinsurance Berhad. Subsequently, on 25 October 2019, he was appointed as Non-Executive Chairman of Labuan Reinsurance (L) Ltd.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the twelve (12) Board Meetings held in the financial year.

KHALID SUFAT
Independent Non-Executive Director

Age
64

Gender
Male

Nationality
Malaysian

Date of Appointment
1 October 2019

Board Committee Membership
- **Chairman of Audit Committee**
- **Chairman of Remuneration Committee**
- **Member of Risk Management Committee**
- **Member of Nomination Committee**

He is a Fellow Member of Association of Chartered Certified Accountants (UK), Member of Malaysian Institute of Certified Public Accountants and Member of Malaysian Institute of Accountants. He has considerable experience in the banking industry having held several senior positions, namely, Managing Director of Bank Kerjasama Rakyat Malaysia Berhad, General Manager, Consumer Banking of Malayan Banking Berhad and Executive Director of United Merchant Finance Berhad. He had previously managed three (3) listed companies as Executive Director of Tronoh Mines Malaysia Berhad, as Deputy Executive Chairman of Furqan Business Organisation Berhad and as Group Managing Director of Seacera Tiles Berhad. Also a Director of Malaysian Reinsurance Berhad, Employees Provident Fund and Kuwait Finance House (Malaysia) Berhad.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the seven (7) Board Meetings held since his appointment date on 1 October 2019.

JUNAIDAH MOHD SAID
Independent Non-Executive Director

Age
61

Gender
Female

Nationality
Malaysian

Date of Appointment
1 October 2019

Board Committee Membership
- **Member of Risk Management Committee**
- **Member of Audit Committee**
- **Member of Investment Committee**

She began her career as an Executive Officer of Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad) in 1984 upon obtaining her Diploma in Investment Analysis from Institut Teknologi MARA (now known as Universiti Teknologi MARA) in 1983. She then pursued her degree and obtained her Bachelor of Business Administration majoring in Finance from the Western Michigan University, United States of America where she graduated in 1987. Her career in central banking began in 1988 when she joined Bank Negara Malaysia ("BNM").

Her 30-year experience in BNM had been mainly in the regulation and supervision of the insurance and insurance-related industry such as insurance broking and loss adjusting. Throughout her career in the central bank, she had contributed significantly to the development of the Malaysian insurance industry driving major policy initiatives such as liberalisation of the motor tariff, development of risk-based insurance framework, optimisation of national retention, introduction of deferred annuity scheme and establishment of Protection and Indemnity Malaysia (a Malaysian P & I Club).

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the seven (7) Board Meetings held since her appointment date on 1 October 2019.

ZAIDA KHALIDA SHAARI
Independent Non-Executive Director

Age
52

Gender
Female

Nationality
Malaysian

Date of Appointment
1 October 2019

Board Committee Membership
- **Chairman of Nomination Committee**
- **Member of Remuneration Committee**
- **Member of Investment Committee**

She obtained LLB (Hons) from University of Warwick, United Kingdom in 1989 and was admitted as a Barrister-at-Law at Gray's Inn, United Kingdom in 1990 and the Malaysian Bar in 1991. In 2009, she obtained a Master of Business Administration from University of Strathclyde, United Kingdom. She began her career in 1991 in legal practice with Messrs. Zain & Co. in 1997, she joined Permodalan Nasional Berhad ("PNB") as legal advisor to the corporate finance group and was subsequently appointed as the Senior Compliance Officer & Head of Legal Department. She was also appointed as the joint Company Secretary of PNB. She joined Khazanah Nasional Berhad ("Khazanah") in January 2007 as a Senior Vice President of Investments, and was appointed as Director of Investments in April 2009. During her stint in Khazanah, she oversaw the real estate and education investments of Khazanah. She served Khazanah as an Executive Director of Investments until January 2019. Also a Director of UEM Sunrise Berhad and Cement Industries of Malaysia Berhad.

On 1 June 2020, she was appointed as Chief Executive Officer of Yayasan AMIR, a non-profit organisation that focuses on improving accessibility to quality education in public schools, through a Public-Private Partnership with the Ministry of Education Malaysia.

Not related to any Director and/or major shareholder of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the seven (7) Board Meetings held since her appointment date on 1 October 2019.

DATO' WAN ROSHDI WAN MUSA
Independent Non-Executive Director

Age
62

Gender
Male

Nationality
Malaysian

Date of Appointment
1 April 2020

Board Committee Membership
- **Chairman of Investment Committee**
- **Member of Risk Management Committee**

He began his career in 1985 when he joined PNB and held various positions including Vice President in Corporate Services and Corporate Finance Department. During his stint, he was responsible for value enhancement exercises on a number of PNB's strategic investment for the purpose of increasing shareholder's wealth and strengthening the position of these companies at their respective industries. His key responsibilities included monitoring and engaging with PNB investee companies to advise on the strategic perspectives and foster sound corporate governance as well as identify, recommend and support sustainable value creation opportunities in those companies from the corporate strategic and financial standpoint, which includes corporate restructuring and rationalization exercise, capital raising, strategic investments/partnerships transactions and Initial Public Offerings.

In 2004, he was appointed as the Chief Investment Officer of PNB where he held this position until 2015. During this period, he was involved in the setting of the strategic direction for accomplishment of PNB's investment goals. This included the management and delivery of outcomes of unit trust funds managed by the Investment Division through the formulation, recommendation and oversight of investment strategies related to asset allocation, economic & sector allocation and financial market outlook. Prior to his retirement in June 2016, Dato' Wan Roshdi held the position of Chief Risk Officer, PNB where he handled risk management and performance portfolio assessment division. Also a Director of Malaysian Industrial Development Finance Berhad and UiTM Holdings Group of companies.

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

GROUP SHARIAH COMMITTEE MEMBERS' PROFILE

PROF. DATO' DR. HAJI AHMAD HIDAYAT BUANG
Chairman, Group Shariah Committee

Age
58

Gender
Male

Nationality
Malaysian

Date of Appointment
2 November 2015

No. of Group Shariah Commitee Meeting Attended:
8/8

Present Shariah Committee Membership/Director in Other Institutions:
- **Chairman of Shariah Supervisory Council at Bank Islam Malaysia Berhad**
- **Independent Non-Executive Director of Takaful Ikhlas Family Berhad**
- **Chairman of Majlis Pengawasan Syariah ARB**

Appointed as the Group Shariah Committee Chairman on 2 November 2015. Shariah Committee member for Takaful IKHLAS since 2002 and was subsequently appointed as the Shariah Committee Chairman for Takaful IKHLAS since 2013 until its dissolution on 2 November 2015.

Professor of the Academy of Islamic Studies at University of Malaya. Previously, he was a Director for the Academy of Islamic Studies from October 2006 until February 2011. Holds a Bachelor in Shariah from the University of Malaya. Completed his Master in Law and Doctorate from University of London (specializing in Islamic Contracts). Former member of OCBC Al-Amin Bank Berhad and CIMB Islamic Bank Berhad's Shariah Council. He is now a Chairman for Bank Islam Malaysia Berhad's Shariah Supervisory Council.

He had been appointed as Independent Non-Executive Director of Takaful Ikhlas Family Berhad and Chairman of Majlis Pengawasan Syariah ARB.

He was involved in curricular development, design and monitoring of Islamic Shariah Higher Degrees at University and national level as Senate Member of the University, and also a member of the Accreditation Committee of MQA from 2010-2019, auditor and panel assessor for the same agency since 1997.

ASSOC. PROF. DR. SAID BOUHERAOUA
Member, Group Shariah Committee

Age
53

Gender
Male

Nationality
Algerian

Date of Appointment
2 November 2015

No. of Group Shariah Commitee Meeting Attended:
8/8

Present Shariah Committee Membership/Director in Other Institutions:
- **Independent Non-Executive Director of Affin Islamic Bank Berhad**
- **Chairman of Shariah Committee of Affin Islamic Bank Berhad**
- **Member of higher Shariah Committee of the Central Bank of the Oman Sultanate**

Appointed as the Group Shariah Committee member on 2 November 2015. Shariah Committee member for MNRB Retakaful Berhad ("MRT") since 1 April 2011 until its dissolution on 2 November 2015.

Obtained his Ph.D in Islamic Law (Shariah) from the International Islamic University Malaysia ("IIUM") in 2002. He was an Associate Professor at Department of Islamic Law, Ahmad Ibrahim Kulliyyah of Laws, IIUM. He is currently a Director of Research Development and innovation at the International Shariah Research Academy for Islamic Finance ("ISRA") and the editor-in-chief of ISRA International Journal of Islamic Finance.

Dr. Said is also appointed as an Independent Non-Executive Director of AFFIN ISLAMIC, Chairman of Shariah Committee of AFFIN ISLAMIC, and a member of higher Shariah Committee of the Central Bank of the Oman Sultanate.

Dr. Said has throughout his career as Lecturer/Researcher published several books, chapter in books and articles in international referred journals. He has also presented papers in international conferences and conducted training sessions in Islamic Finance in Malaysia and abroad.

ASSOC. PROF. DR. SYED MUSA SYED JAAFAR ALHABSHI
Member, Group Shariah Committee

Age
60

Gender
Male

Nationality
Malaysian

Date of Appointment
2 November 2015

No. of Group Shariah Commitee Meeting Attended:
8/8

Present Shariah Committee Membership/Director in Other Institutions:
- **Member of Shariah Committee at Bank of Tokyo – Mitsubishi UFJ (Malaysia) Berhad**
- **Member of Shariah Supervisory Council at Labuan International Business and Financial Centre**
- **Member of Shariah Advisory Council, Securities Commission Malaysia**

Appointed as the Group Shariah Committee member on 2 November 2015. Shariah Committee member for MRT since 1 June 2011 until 2 November 2015. Shariah Committee member for Takaful IKHLAS since September 2012 until August 2015.

He currently sits on the Shariah Committee of Bank of Tokyo — Mitsubishi UFJ (Malaysia) Berhad as well as Shariah Committee member of SAC LOFSA and also a member of Shariah Advisory Council, Securities Commission Malaysia.

Obtained his Diploma in Business Studies from Ngee Ann Polytechnic, Singapore in 1984, a Bachelor of Business Administration (Hons.). Degree from the IIUM in 1989 and a Doctorate in Business Administration majoring in Accounting and Finance from University of Strathclyde, Glaslow, United Kingdom in 1994.

He began his career with Coopers & Lybrand, Singapore as an Audit Assistant in 1984. From 1989 until 1994, he joined IIUM as an Assistant Lecturer and upon completion of his doctorate he became an Assistant Professor and held various academic administrative positions in IIUM till 2000. He joined Universiti Tun Abdul Razak in 2000 as an Associate Professor and became Head of Centre for Graduate Studies.

He later served as Dean of Faculty of Business in 2004. In 2006, he joined Amanie Business Solutions Sdn. Bhd. as a Principal Consultant until 2009 and as a Fellow Consultant from 2010 to 2012. In 2009, he resumed his academic career as Associate Professor with Universiti Tun Abdul Razak and was appointed Dean of Graduate School of Business in 2010. Since October 2012, he is the Associate Professor of Institute of Islamic Banking and Finance (IIiBF). He has served as Dean of IIiBF, IIUM for period of 2017 to 2019.

DATUK NIK MOUSTPHA HAJI NIK HASSAN
Member, Group Shariah Committee

Age
67

Gender
Male

Nationality
Malaysian

Date of Appointment
2 November 2015

No. of Group Shariah Commitee Meeting Attended:
7/8

Present Shariah Committee Membership/Director in Other Institutions:
- **Independent Non-Executive Director of Takaful Ikhlas General Berhad**
- **Board of Duopharma Biotech Berhad**
- **Member of Board of Trustees, Yayasan TRISILCO**
- **Member of the Institute of Corporate Directors Malaysia**

Appointed as the Group Shariah Committee member on 2 November 2015. Shariah Committee member for Takaful IKHLAS since December 2002 and also Shariah Committee member for MRT since April 2012 until its dissolution on 2 November 2015.

He studied Business and Economics at Ohio University, United States of America. He is Adjunct Professor Faculty of Economics and Management UKM and Adviser of the Faculty of Business and Accounting, UM.

He was the Director General of IKIM from August 2009 until August 2015. Prior to joining IKIM, he was the Dean of Kulliyyah Economics at the International Islamic University of Malaysia. In 1989, he used to serve as visiting Scholar at Oxford Centre for Islamic Studies, United Kingdom for one (1) academic year.

Prior to being appointed to the Board of Duopharma Biotech, he had served as an Independent Non-Executive Director of Chemical Company of Malaysia Berhad (CCMB) from September 2016.

He is also a Director of Takaful Ikhlas General Berhad and Member of Board of Trustees, Yayasan TRISILCO and Institute of Corporate Directors Malaysia.

ASSOC. PROF. DR. MOHAMED FAIROOZ ABDUL KHIR
Member, Group Shariah Committee

Age
44

Gender
Male

Nationality
Malaysian

Date of Appointment
2 November 2015

No. of Group Shariah Commitee Meeting Attended:
8/8

Present Shariah Committee Membership/Director in Other Institutions:
- **Member of Shariah Committee at Maybank Islamic Berhad**
- **Chairman of Shariah Committee at AGRO Bank**
- **Member of Shariah Advisory Council, Securities Commission Malaysia**
- **Member of Perak Fatwa Committee**

Appointed as the Group Shariah Committee member on 2 November 2015. Shariah Committee member for MRT since April 2013 and also Shariah Committee member of Takaful IKHLAS since April 2014 until its dissolution on 2 November 2015.

Holds a B.A in Islamic Revealed Knowledge and Human Sciences (Fiqh & Usul Fiqh) from IIUM in 2000. Obtained his M.A in Shariah from University of Malaya in 2005 and completed his Ph.D in Islamic Finance from the same university in 2011.

He started his career with IIUM Centre for Foundation Studies since 2002 as a lecturer in the department of Islamic Revealed Knowledge and Human Sciences. After eight (8) years in service, he resumed his career path as a Researcher at the International Shariah Research Academy for Islamic Finance (ISRA) and currently he is an Associate Professor at Islamic University of Malaysia, Cyberjaya. He is a Member of Shariah Advisory Council, Securities Commission Malaysia.

He is also a member of the Shariah Committee for Maybank Islamic Berhad since July 2013 and AGRO Bank since August 2012. Actively involved in research works, writing books, and presentation of research papers at various local and international conferences and forums. He had been conferred an Excellence Award by University of Malaya for early completion of his Ph.D study.

ASSISTANT PROF. DR. MUHAMMAD NAIM OMAR
Member, Group Shariah Committee

Age
52

Gender
Male

Nationality
Malaysian

Date of Appointment
2 November 2015

No. of Group Shariah Commitee Meeting Attended:
8/8

Present Shariah Committee Membership/Director in Other Institutions:
- **Member of Shariah Committee at Lembaga Zakat Selangor**
- **Member of Shariah Committee OCBC Al-Amin**

Appointed as the Group Shariah Committee member on 2 November 2015. Shariah Committee member of Takaful IKHLAS since April 2009 until its dissolution on 2 November 2015.

He is an Assistant Professor of Islamic Law at Ahmad Ibrahim Kulliyyah of Laws, International Islamic University of Malaysia. He is also a member for OCBC Al-Amin Bank Berhad's Shariah Committee and a Member of Shariah Committee at Lembaga Zakat Selangor.

Graduated with a degree in Shariah Law from Al- Azhar University in 1992. In 1999, he received his Masters Degree from Cairo University in Shariah Law and later received Ph.D from the University of Wales, Lampeter, in 2006.

KEY MANAGEMENT TEAM

1. Mohd Din Merican
2. Zainudin Ishak
3. Eddy Azly Abidin
4. Norazman Hashim
5. Ahkter Abdul Manan
6. Rizal Mohd Zin
7. Lena Abd Latif
8. Tung Chee Lim
9. Nazzahatol Azura Aziz
10. Khairudin Affendi Mohamad
11. Chong Chee Yin
12. Haniza Filzah Hayani Abu Haniffa
13. Ekmarrudy Othman
14. Muhamad Rizal Bahari

KEY MANAGEMENT TEAM'S PROFILE

MOHD DIN MERICAN

- *President & Group Chief Executive Officer of MNRB*
- *President & Chief Executive Officer of Takaful Ikhlas Family Berhad*

Age
58

Gender
Male

Nationality
Malaysian

Qualification:
- **Bachelor of Commerce (Honours) Degree from Carleton University, Ottawa, Canada**
- **Associate of the Malaysian Insurance Institute (AMII)**

SKILLS AND EXPERIENCE:
He has more than thirty (30) years of experience in the insurance industry and has held key management positions in various insurance, insurance broking and reinsurance firms including being the Principal Officer & General Manager of SCOR Switzerland Ltd. (Converium Ltd.), Labuan Branch. Prior to joining MNRB, he was the Chief Operating Officer of Maybank Ageas Holdings Berhad and the Chief Executive Officer of Etiqa Insurance Berhad. He was formerly a member of Management Committee of Persatuan Insurans Am Malaysia, National Insurance Association of Malaysia and President of Life Insurance Association of Malaysia. Also an Executive Director of Malaysian Reinsurance Berhad, Takaful Ikhlas Family Berhad and Takaful Ikhlas General Berhad. He also holds directorships in Sinar Seroja Berhad, Labuan Reinsurance (L) Ltd., Malaysian Re (Dubai) Ltd. and Motordata Research Consortium Sdn. Bhd. On 23 November 2018, he was also appointed as the President & CEO of Takaful Ikhlas Family Berhad. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

ZAINUDIN ISHAK

President & Chief Executive Officer of Malaysian Reinsurance Berhad

Age
53

Gender
Male

Nationality
Malaysian

Qualification:
- **Associate member of the Malaysian Insurance Institute (AMII)**

SKILLS AND EXPERIENCE:
He started his career as Executive at Trust International Insurance Sdn. Bhd. in 1989. He joined Commerce Assurance Berhad (now CIMB Aviva Takaful Berhad) in 1994 and was appointed as a CEO in 2006. In 2009, he then joined HSBC Amanah Takaful Berhad as Executive Director & Chief Executive Officer. He also served as the Chairman of Malaysian Takaful Association until early 2015. A Director of Malaysian Re (Dubai) Ltd., Financial Park (Labuan) Sdn. Bhd. and MMIP Services Sdn. Bhd. He was appointed as Non-Independent Executive Director of Malaysian Re on 1 April 2015. He then relinquished his position as the Non-Independent Executive Director on 2 March 2018. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

EDDY AZLY ABIDIN

President & Chief Executive Officer of Takaful Ikhlas General Berhad

Age
53

Gender
Male

Nationality
Malaysian

Qualification:
- **Master of Business Administration (MBA) from University of Glasgow, Scotland**
- **Associate of Chartered Insurance Institute from the Chartered Insurance Institute, United Kingdom**

SKILLS AND EXPERIENCE:
He is a Chartered Insurer and has more than 30 years of experience in general insurance underwriting and other various fields in the insurance industry of which he spent over 20 years with a leading subsidiary of a public listed company. Prior to his current appointment, he served Lonpac Insurance Bhd. as the General Manager of Underwriting Division. He joined Takaful Ikhlas Family Berhad on 1 April 2016 as the Senior Vice President & Chief Business Operations Officer – General. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

KEY MANAGEMENT TEAM'S PROFILE

NORAZMAN HASHIM

Executive Vice President & Group Chief Financial Officer

Age
58

Gender
Male

Nationality
Malaysian

Qualification:
- **Masters Degree in Business Administration from the Cranfield School of Management, United Kingdom**
- **Fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom**
- **Member of the Malaysian Institute of Accountants (MIA)**

SKILLS AND EXPERIENCE:
He joined the then Malaysian National Reinsurance Berhad in 1985 and was appointed as its Financial Controller and Company Secretary in 1994. He was subsequently transferred to Malaysian Re on 1 April 2005 and promoted to General Manager of the Corporate Services Division in June 2005 where he oversaw the Administration, Legal & Secretarial, Corporate Communications, Human Capital Management and Finance Departments. On 1 April 2008, he was transferred to MNRB where he assumed his current position. He is a Director of MMIP Services Sdn. Bhd. and Sinar Seroja Berhad. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

AHKTER ABDUL MANAN

Senior Vice President & Group Chief Investment Officer

Age
57

Gender
Male

Nationality
Malaysian

Qualification:
- **Bachelor of Social Science (Honours) Degree majoring in Management with a minor in Economics from University of Science, Malaysia**

SKILLS AND EXPERIENCE:
He is responsible for the overall investment function of the MNRB Group. He started his career in the Investment and Securities Department (IVS) of Malaysian International Merchant Bankers Berhad (MIMB) in 1987 as an Investment Analyst. In 1991, he was promoted to Manager, Head of IVS and in 1995 to Assistant General Manager. He was subsequently promoted to General Manager of IVS in 1997. He was then seconded to MIDF Aberdeen Asset Management Sdn. Bhd. (MIDF Aberdeen), which he help set up in 1998. In January 2001, he was appointed the Chief Executive Officer and Executive Director of MIDF Aberdeen. He joined Asia Unit Trust Berhad (AUTB) in September 2004 as Chief Executive Officer following the transfer of business of MIDF Aberdeen to Amanah SSCM Asset Management Berhad. He left AUTB in July 2007 to join MNRB on 17 July 2007. In total, he brings to the Company thirty-three (33) years of experience in the Asset Management industry. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

RIZAL MOHD ZIN

Senior Vice President & Group Chief Strategy Officer

Age
44

Gender
Male

Nationality
Malaysian

Qualification:
- **Bachelor of Arts in Engineering & Masters in Engineering from University of Cambridge, United Kingdom**

SKILLS AND EXPERIENCE:
He started his career at a large telecommunications company in 1999 and then gained experience in the fields of corporate strategy planning and execution, performance management, Merger & Acquisition (M&A) and investment management in various sectors such as media, education, FMCG and private equity. Prior to joining MNRB, he was a Director for Investments at Ekuiti Nasional Berhad, a government-linked private equity firm. He joined MNRB on 1 April 2019. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

KEY MANAGEMENT TEAM'S PROFILE

LENA ABD LATIF

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

Age
53

Gender
Female

Nationality
Malaysian

Qualification:
- **Bachelor of Laws (Honours) Degree from International Islamic University, Malaysia and has been called to the Malaysian Bar**

SKILLS AND EXPERIENCE:
She has over twenty-six (26) years of accumulated working experience in legal, secretarial and corporate affairs at Utusan Melayu (Malaysia) Berhad and Land & General Berhad. She joined the then Malaysian National Reinsurance Berhad in 2003 as Manager, Legal & Secretarial and was appointed as its Company Secretary in February 2004. She was promoted to her current position as Senior Vice President & Head of Legal & Secretarial in 2011. She is also the Company Secretary of Malaysian Reinsurance Berhad, Takaful Ikhlas Family Berhad, Takaful Ikhlas General Berhad, Sinar Seroja Berhad, Malaysian Re (Dubai) Ltd. and MMIP Services Sdn. Bhd. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

TUNG CHEE LIM

Senior Vice President & Group General Actuary

Age
37

Gender
Male

Nationality
Malaysian

Qualification:
- **Bachelor of Science in Actuarial (Honours) Degree from National University of Malaysia**
- **Fellowship qualification from Casualty Actuarial Society of the United States**
- **Fellow of Actuarial Society of Malaysia**

SKILLS AND EXPERIENCE:
He joined MNRB in 2015. Prior to joining MNRB, he was the Appointed Actuary and Head of Insurance for HSBC Amanah Takaful Berhad (General Takaful business). His past 14 years of working experience covers the full spectrum of actuarial services including ratemaking, profit testing, capital modelling, and valuation for general insurance/takaful business and general reinsurance/retakaful business. Not a Director in any public companies or listed issuer. Not related to any Director and/ or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

NAZZAHATOL AZURA AZIZ

Senior Vice President & Group Chief Risk Officer

Age
48

Gender
Female

Nationality
Malaysian

Qualification:
- **Bachelor of Science in Management (Honours) Degree from Case Western Reserve University, Cleveland, Ohio, USA**

SKILLS AND EXPERIENCE:
She began her career as an auditor with Messrs. Arthur Andersen in 1995, where she served in the Services Group of Audit Division. She joined the then Malaysian National Reinsurance Berhad in 2000 as an Executive in the Compliance Department. During her nineteen (19) years at the Company, she held various roles of increasing responsibility, including Assistant Vice President at Finance Department, Head of Corporate Finance and Vice President at Corporate Services Division. In 2013, she was appointed as the Head of Business Process Improvement prior to assuming her current position on 15 June 2016. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

KHAIRUDIN AFFENDI MOHAMAD

Senior Vice President & Head of Group Human Capital Management

Age
44

Gender
Male

Nationality
Malaysian

Qualification:
- **Bachelor of Economics from the University of Western Australia**
- **Masters in Human Resources Development from Universiti Putra Malaysia**

SKILLS AND EXPERIENCE:
He brings with him leadership and management experiences in Human Resource ("HR") including strategic experiences such as talent management, succession planning, learning & organization development, recruitment & staffing, performance management, job management, workforce planning, HR system roll-out, post-merger & integration's harmonization & change management and business partnering. His over twenty (20) years of experience also span beyond HR to include general administration, project management, procurement, logistics, development of business and community partnerships across different industries including Insurance & Takaful, Capital Market, Telecommunication and Retail. Prior to joining MNRB on 1 June 2020, he was the Head of Human Resources of Prudential BSN Takaful Berhad. Not a Director in any public companies or listed issuer. Not related to any Director and/ or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

KEY MANAGEMENT TEAM'S PROFILE

CHONG CHEE YIN

Senior Vice President & Group Chief Information Officer

Age
45

Gender
Male

Nationality
Malaysian

Qualification:
- Bachelor of Science majoring in Microelectronics & Physics, Campbell University USA

SKILLS AND EXPERIENCE:
He started his career as an IT Automation Engineer with Gateway 2000, one of the well-known computer manufacturers. In year 2000, he decided to advance his career in the Financial Industry by joining OSK Securities Berhad until 2003 followed by Scope International, a wholly owned subsidiary of Standard Chartered Bank. Prior to joining MNRB on 1 August 2018, he was the Chief Information Officer for B2BE focusing on global IT planning, staffing, budgeting, and enterprise-wide IT architecture design and implementation. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

HANIZA FILZAH HAYANI ABU HANIFFA

Senior Vice President & Group Chief Internal Auditor

Age
51

Gender
Female

Nationality
Malaysian

Qualification:
- Bachelor in Accountancy Degree from International Islamic University Malaysia
- Chartered member of the Institute of the Internal Auditors (CMIIA)
- Member of the Malaysian Institute of Accountants (MIA)
- Associate member of Institute of Chartered Secretaries and Administrators

SKILLS AND EXPERIENCE:
She started her career in 1992 with Messrs. Arthur Andersen & Co. and later served in an associate company of Petronas for about eight (8) years as the Head of Corporate Services and Finance before moving on to MAS where she was given the opportunity to work closely with the Turnaround office as the Manager, Group Reporting & Control. In 2007, she joined Syarikat Takaful Malaysia Berhad and moved her way up from Senior Manager to Head of the Internal Audit Division until April 2019. She has vast experience in both External and Internal Auditing, besides other areas in finance field. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

EKMARRUDY OTHMAN

Senior Vice President & Head of Finance

Age
44

Gender
Male

Nationality
Malaysian

Qualification:
- Bachelor of Science in Finance and Accounting (Honours) Degree from the University of Salford, Manchester

SKILLS AND EXPERIENCE:
His foundational years were spent in two (2) of the big four (4) audit firms with experiences ranging from financial audits, corporate finance and transaction advisory services. He then joined the commercial industry and was exposed in corporate strategy and transformation management in a listed Islamic banking group. He joined MNRB in 2011 as the Head of Corporate Finance before assuming his current role in August 2017. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

MUHAMAD RIZAL BAHARI

Vice President & Head of Group Compliance Management

Age
46

Gender
Male

Nationality
Malaysian

Qualification:
- Bachelor of Accountancy (Honours) Degree from Universiti Teknologi MARA, Malaysia

SKILLS AND EXPERIENCE:
He began his career in 2001 when he joined SEA Insurance Berhad as an Internal Auditor. He has twelve (12) years of experience in internal auditing, specifically in insurance-related companies such as UniAsia General Insurance, Allianz General Insurance Malaysia Berhad, Anika Insurance Brokers and Maybank Berhad prior to joining the MNRB Group in Takaful Ikhlas Family Berhad as the Assistant Vice President of Compliance Management Department in 2012. Due to his experience in oversight functions, he was appointed as the Head of Group Compliance Management for MNRB effective 1 October 2017. Not a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of MNRB Holdings Berhad ("MNRB" or "the Company") presents this Corporate Governance Overview Statement ("CG Overview Statement") to provide shareholders and investors with an overview of the principal features of the Company and its subsidiaries' ("the Group") corporate governance framework, summary of corporate governance practices during the financial year as well as key focus areas and future priorities in relation to corporate governance. The Board believes that maintaining good governance is key to delivering stakeholders' value and takes guidance from the key corporate governance principles as set out in the Malaysian Code of Corporate Governance 2017 ("MCCG 2017").

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

- Companies Act, 2016;
- The MCCG 2017; and
- Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

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

MNRB's policy is to implement these principles and best practices and to uphold high standards of business integrity in all activities undertaken by the Group. This shall include a commitment to emulate good industry examples and to comply with policy documents and recommendations in the conduct of business activities within the Group.

Set out below is a statement on how MNRB has applied the principles and complied with the best practices as prescribed under the MCCG 2017, the Listing Requirements and the PD CG during the financial year ended 31 March 2020. This CG Overview Statement is prepared in compliance with Bursa Securities Listing Requirements and supported by the Corporate Governance Report 2020, based on prescribed format as outlined in Paragraph 15.25(2) of Bursa Securities Listing Requirements.

The Corporate Governance Report 2020 is available on the Company's website, www.mnrb.com.my, as well as via an announcement on Bursa Securities' website.

PRINCIPLE A: **BOARD LEADERSHIP AND EFFECTIVENESS**

BOARD RESPONSIBILITIES

The Board is responsible for the proper stewardship of the Group's resources, the achievement of the Group's objectives and good corporate citizenship. It discharges these responsibilities by complying with all the relevant Acts and Regulations, including adopting the principles and best practices of the MCCG 2017, the Listing Requirements and the PD CG.

The Board retains full and effective control over the Group's affairs. This includes the responsibility to determine the Group's development and overall strategic direction. Key matters such as the approval of quarterly and annual results, major acquisitions and disposals, major capital expenditures, budgets, business plans and succession planning for top management, are reserved for the Board or its appointed committees to deal with.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company and in line with MCCG 2017, the Board is required to adhere to the following:-

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

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

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

BOARD COMPOSITION

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

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

The composition of the Board was revised entirely following a restructuring of the Board composition in October 2019. This major restructuring at the Board was to fulfil BNM's requirement on common directors across the MNRB Group.

During the financial year ended 31 March 2020, the Board comprised five (5) members, all of whom are Non-Executive Directors, including the Chairman. Four (4) of these members are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Chairman/Director. Three (3) of the total composition are new Directors appointed on October 1, 2019.

In accordance with best practice, the Board, had on 27 February 2020, appointed and redesignated George Oommen, Independent Non-Executive Director as Senior Independent Non-Executive Director to replace Mustaffa Ahmad who had resigned from the Board on 1 October 2019.

On 1 April 2020, one (1) Independent Non-Executive Director was appointed to the Board which then brings the total number of Board members to six (6).

As at the date of this report, the percentage of the Board composition is as follows:-	
Non-Independent Non-Executive Chairman/Director	1 out of 6 16.7%
Independent Non-Executive Directors	5 out of 6 83.3%

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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

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

This is in line with the Board's holistic approach in determining its size, composition, and level of independence. The Board, as far as possible, also takes into account the following principles in determining its composition and ideal size:-

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

BOARD DIVERSITY

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

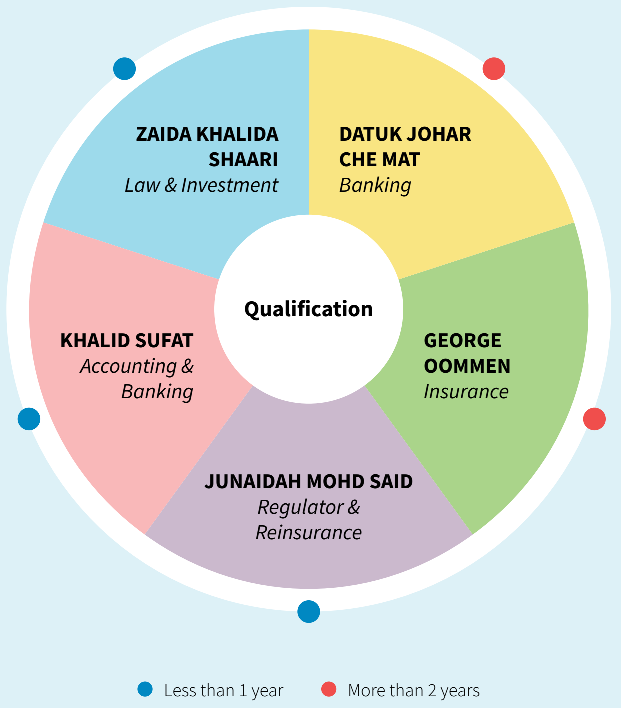
The Board values the different expertise that each Director brings to the Board due to his diverse background, skills and experience.

Although the Board has no specific targets on gender diversity, it endeavours to maintain the number of women directors subject to their suitability and competency. During financial year ended 31 March 2020, the Board has two (2) women members, representing 40% of the total Board Members.

In order to comply with regulatory requirements and to have a well-balanced Board, the existing appointment process for a new Board member takes into consideration the required skill sets, experience, competency, gender and age of the individual candidates as well as the appropriate size, structure and composition of the Board as a whole.

During the year, three (3) new Independent Non-Executive Directors were appointed to the Board. With the new Directors, the existing Board comprises a wide range of knowledge and experience such as reinsurance, regulatory, accounting, banking, legal, investment and business operations.

Diagram below depicts the qualification/experience and tenure of the Director during the financial year ended 31 March 2020.



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

APPOINTMENTS TO THE BOARD

The appointment of new Board members is considered and properly evaluated by the Nomination Committee. Upon completing this process, the Nomination Committee shall recommend the proposed appointment to the Board for its deliberation and approval. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, as well as professionalism, integrity including financial integrity, competencies and other qualities, before recommending them to the Board for appointment. An interview session is always held between members of the Nomination Committee and the candidate.

The Nomination Committee and the Board will devote sufficient time to review, deliberate and finalise the selection of Directors. In this aspect, the Company Secretary will ensure that all the necessary information is obtained and relevant legal and regulatory requirements are complied with. In this regard, the Board is also guided by the Group's Fit and Proper Policy for Key Responsible Persons.

Under the PD CG, all appointments and reappointments of Directors of the Company are subject to the prior approval of BNM.

The Nomination Committee conducts a yearly assessment on the suitability of the present Directors under the abovementioned Fit and Proper Policy for Key Responsible Persons. The fit and proper assessment for the Directors includes self-declaration and vetting by the Company for the purpose of ensuring that they are suitable to continue serving as Directors of the Company.

The following aspects would be considered by the Board in appointing/reappointing Directors:-

- Probity, personal integrity and reputation – the person must have key qualities such as honesty, independence of mind, integrity, diligence and fairness;
- Competence and capability – the person must have the necessary skills, ability and commitment to carry out the role; and
- Financial integrity – the person must manage their debts and financial affairs prudently.

BOARD MEETINGS

The Board meeting dates for the financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective meeting schedules.

The Board has scheduled meetings at least six (6) times a year, besides the Annual General Meeting ("AGM"). For the financial year ended 31 March 2020, the Board met twelve (12) times consisting of six (6) scheduled meetings and six (6) special meetings. The increased number of meetings for the financial year ended 31 March 2020 was due to deliberations on the Dividend Reinvestment Plan as well as on the reshuffling of MNRB Board Composition.

Technology and information technology are effectively used in Board meetings and communications with the Board. Board meeting materials are shared electronically and where required, Directors may participate in meetings via video conference. During the Government's Movement Control Period which started in 18 March 2020, communication with the Board was done electronically including dissemination of materials and meeting papers. Meetings, during this period were also conducted remotely.

Pursuant to the Listing Requirements, all Directors are required to attend at least fifty percent (50%) of Board meetings while under Paragraph 9.3 of the PD CG, all Directors are required to attend at least seventy five percent (75%) of Board meetings held during the financial year. For the financial year ended 31 March 2020, all Directors have complied with both requirements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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

Name of Director	Attendance	Percentage
Datuk Johar Che Mat Chairman/Non-Independent Non-Executive Director *(Redesignated to Chairman with effect from 1 July 2019)*	12/12	100%
George Oommen Senior Independent Non-Executive Director	12/12	100%
Khalid Sufat Independent Non-Executive Director *(Appointed with effect from 1 October 2019)*	7/7	100%
Junaidah Mohd Said Independent Non-Executive Director *(Appointed with effect from 1 October 2019)*	7/7	100%
Zaida Khalida Shaari Independent Non-Executive Director *(Appointed with effect from 1 October 2019)*	7/7	100%
Dato Sharkawi Alis Chairman/Non-Independent Non-Executive Director *(Resigned with effect from 1 July 2019)*	3/3	100%
Hijah Arifakh Othman Non-Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	4/5	80%
Mustaffa Ahmad Senior Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	5/5	100%
Rosinah Mohd Salleh Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	5/5	100%
Arul Sothy Mylvaganam Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	5/5	100%
Noor Rida Hamzah Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	5/5	100%

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD COMMITTEES

The Board has delegated specific responsibilities to five (5) Board Committees, as follows:-

- Audit Committee
- Risk Management Committee of the Board
- Nomination Committee
- Remuneration Committee
- Investment Committee

These Board Committees have their respective Terms of Reference, which clearly define their duties and obligations in assisting and supporting the Board. The ultimate responsibility for the final decision on all matters lies with the entire Board.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee comprising three (3) Independent Non-Executive Directors. The Remuneration Committee's primary objective is to establish a formal and transparent procedure for developing a remuneration policy for Directors and key senior officers and to ensure that their compensation is competitive and consistent with the Company's culture, objectives and strategies. Additionally, the Remuneration Committee is also responsible for recommending to the Board the specific remuneration packages for Senior Management including the President & GCEO to ensure that they commensurate with the scope of responsibilities held. The Remuneration Committee met three (3) times during the financial year.

Details of members' attendance are as follows:-

Name of Director	Attendance	Percentage
Khalid Sufat Chairman Independent Non-Executive Director *(Appointed with effect from 3 October 2019)*	1/1	100%
George Oommen Senior Independent Non-Executive Director	3/3	100%
Zaida Khalida Shaari Independent Non-Executive Director *(Appointed with effect from 3 October 2019)*	1/1	100%
Noor Rida Hamzah Chairman Non-Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%
Arul Sothy Mylvaganam Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%
Rosinah Mohd Salleh Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee recommends to the Board the appropriate remuneration packages for the senior officers in order to attract, motivate and retain talent. The Group's remuneration policy is to reward the Directors and the senior officers competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, the Remuneration Committee takes into account comparable roles in similar organisations that may be same in size, market sector or business complexity.

All Non-Executive Directors are paid Directors' fees, which are recommended by the Board and approved annually by the shareholders at the AGM.

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

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

The fees for Non-Executive Directors are recommended by the Board to the shareholders after deliberating the recommendations by the Remuneration Committee. The meeting attendance allowance for all Non-Executive Directors is recommended by the Board to the shareholders for their approval.

The Board has considered the market practices for Non-Executive Director remuneration, and has decided to use the same fee structure for computing the fee for each Non-Executive Director for the financial year ended 31 March 2020 as used in the previous financial year:

		Meeting Attendance Allowance RM	Annual fees RM
Board	Chairman	RM1,250 for each meeting attended	130,000
	Member		70,000
Audit Committee	Chairman		22,000
	Member		17,000
Risk Management Committee of the Board	Chairman		22,000
	Member		17,000
Remuneration Committee	Chairman		17,000
	Member		12,000
Nomination Committee	Chairman		17,000
	Member		12,000
Investment Committee	Chairman		17,000
	Member		12,000

Fees for Non-Executive Directors amounting to RM1,816,100 for the financial year ended 31 March 2020 will be tabled for approval at the forthcoming AGM of the Company. The fees were pro-rated based on joining/resignation date.

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

The fee structure for each Group Shariah Committee member for the financial year ended 31 March 2020 remains the same as that used in the previous financial year:

	Meeting Attendance Allowance RM	Annual fees RM
Chairman	RM1,500 for each meeting attended	36,000
Member		32,000

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

REMUNERATION POLICY IN RESPECT OF THE PRESIDENT & GCEO AND BOARD APPOINTEES OF THE COMPANY

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

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

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

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

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

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

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

The total value of remuneration for the President & GCEO and Board Appointees (i.e. Group Chief Financial Officer, Group Chief Investment Officer, Group Chief Risk Officer and Group Chief Internal Auditor) for the financial year ended 31 March 2020 are as follows:

Fixed Remuneration	Grade	Unrestricted	Deferred	Remark
Cash-Based	President & GCEO	1,356,977.41	-	Salaries, allowance and EPF
	BA & SM	5,494,098.41	-	
Others	President & GCEO	-	-	Benefit-in-kind
	BA & SM	45,550	-	
Variable Remuneration	**Grade**	**Unrestricted**	**Deferred**	**Remark**
Cash-Based	President & GCEO	333,450.00	-	Variable Bonus and EPF on bonus
	BA & SM	692,081.00	-	
Others	President & GCEO	-	-	
	BA & SM	-	-	

BA: Board Appointees SM: Senior Management

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

DIRECTORS' TRAINING

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

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

Pursuant to the requirements of Bursa Malaysia, a newly appointed Director is required to attend the Mandatory Accreditation Programme ("MAP") and obtain a certificate from a programme organiser approved by Bursa Malaysia. Junaidah Mohd Said had attended two (2) days MAP from 11 November 2019 to 12 November 2019 while Khalid Sufat and Zaida Khalida Shaari had completed the MAP prior to joining the Company.

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

Khalid Sufat had completed the FIDE program prior to joining the Company while Junaidah Mohd Said and Zaida Khalida Shaari had attended two (2) days from 19 March 2020 to 20 March 2020.

All new Directors are required to undergo an induction programme whereby they receive information about the Group, the formal statement of the Board's role, the powers that have been delegated to the Company's Senior Management and Management committees as well as the latest financial information about the Group. This is to enable them to contribute effectively from the outset of their appointment.

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

During the financial year, an induction programme for the three (3) new Directors was provided by the President & GCEO covering operational and financial overview as well as future projects and strategies. They also received the Director's Handbook prepared by the Company Secretary.

The Company Secretary also facilitates the organisation of internal training programmes and the Directors' participation in external programmes. The Company Secretary keeps a complete record of the trainings received or attended by the Directors. Details of trainings/conferences/workshops attended by the Directors during the financial year can be found in the Corporate Governance Report 2020 under Practice 1.4.

REPORT BY THE NOMINATION COMMITTEE

The Nomination Committee was established to support and advise the Board of Directors in fulfilling its responsibilities to ensure the Board and key management personnel of the Company comprise individuals with the appropriate mix of qualifications, skills and experience.

During the financial year, the composition of the Nomination Committee was revised entirely following a restructuring of the Board composition in October 2019. This major reshuffling at the Board was to fulfil BNM's requirement on common directors across the MNRB Group. It entailed appointments and resignations of Directors on/from the Board. Consequently, the composition of the Nomination Committee was revised.

The Nomination Committee comprises three (3) Non-Executive Directors, the majority of whom are independent. The Nomination Committee is chaired by an Independent Non-Executive Director.

The Nomination Committee composition complies with the relevant requirements of the Main Market Listing Requirements of Bursa Malaysia, MCCG 2017 and BNM's PD CG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

MEETINGS AND ATTENDANCE

During the financial year, the Nomination Committee convened seven (7) meetings.

Details of members' attendance are as follows:-

Name of Director	Attendance	Percentage
Zaida Khalida Shaari Chairman Independent Non-Executive Director *(Appointed with effect from October 3, 2019)*	4/4	100%
Datuk Johar Che Mat Non-Independent Non-Executive Director *(Appointed with effect from October 3, 2019)*	4/4	100%
Khalid Sufat Independent Non-Executive Director *(Appointed with effect from October 3, 2019)*	4/4	100%
Rosinah Mohd Salleh Chairman *(Resigned with effect from October 1, 2019)*	3/3	100%
Dato Sharkawi Alis Non-Independent Non-Executive Director *(Resigned with effect from July 1, 2019)*	2/2	100%
Mustaffa Ahmad Independent Non-Executive Director *(Resigned with effect from October 1, 2019)*	3/3	100%
Noor Rida Hamzah Independent Non-Executive Director *(Resigned with effect from October 1, 2019)*	3/3	100%

The President & GCEO is invited to attend the meetings to furnish the Nomination Committee with the necessary information and clarification to relevant items on the agenda.

All the proceedings at Nomination Committee meetings are duly recorded in the minutes. The Company Secretary ensures that the minutes are signed by the Chairman and entered into the minutes book.

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

DIRECTORS AND KEY SENIOR MANAGEMENT APPOINTMENT

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

Individuals appointed to the Board and relevant senior positions must have the appropriate fitness to discharge their prudential responsibilities during the course of their appointment.

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

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

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

The Chairman of the Nomination Committee and at least two (2) other members conduct an interview session with the potential candidates and assess them based on their skills and experience, independence (as the case may be) and objectivity, sound judgement and other relevant perspectives.

The Board's expectations on the time commitment and contribution from the Directors will also be clearly communicated to the potential candidates. The Nomination Committee will evaluate the candidates' ability to discharge their duties and responsibilities as well as appropriate time commitment prior to recommending their appointment as Directors for approval.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD EVALUATION & ASSESSMENT

The Annual Assessment on the Effectiveness of the Board and the Individual Directors was not conducted during the financial year. The Board, at its 280th meeting held on February 27, 2020, had agreed that the Board Annual Assessment and Individual Directors Assessment for the financial year ended March 31, 2020 need not be carried out considering majority of its members had not completed a full year's term.

Nonetheless, an Individual Assessment was performed on Puan Zaida Khalida Shaari to appraise her performance for purposes of reappointment following the expiry of her term as approved by BNM on September 30, 2020.

In line with the requirement under paragraph 15.20 of the Listing Requirements, the Nomination Committee of a listed company needs to review the term of office and performance of the Audit Committee and each of its audit members annually.

Based on the Corporate Governance Guide issued by Bursa Securities, the assessment of the Audit Committee as a whole would include assessment on the Quality & Composition, Skills & Competencies and Meeting Considerations & Conduct.

The Nomination Committee, having deliberated the findings, would report to the Board the results and highlight those matters that require further discussion and direction by the Board.

SUMMARY OF THE NOMINATION COMMITTEE'S ACTIVITIES IN THE FINANCIAL YEAR 2019/2020

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

- The appointment of new Directors to the Board;
- The appointment of Head of Group Human Capital Management;
- The revised Board Committee composition;
- The appointment of MNRB's Nominee Director for Motordata Research Consortium Sdn Bhd;
- The appointment of Chairman of Malaysian Re (Dubai) Ltd;
- The results of the Annual Assessment on the Effectiveness of the Board and the Individual Board Members;
- The results of the Audit Committee Evaluation and the assessment on Audit Committee effectiveness;
- The results of the Annual Assessment on the Effectiveness of the Group Shariah Committee and the Members;
- The amendment of the TOR of the Nomination Committee;
- The renewal of Contract of Service for Senior Vice President of MMIP Services Sdn Bhd; and
- The findings of the Fit and Proper Assessment of Key Responsible Persons.

INVESTMENT COMMITTEE

The Investment Committee comprises one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The Investment Committee examines strategic investment proposals and makes decisions to optimise the Group's returns on its investment activities. The Investment Committee met four (4) times during the financial year.

The Investment Committee is responsible for reviewing and approving investment proposals, as well as monitoring the investment portfolios of the Company and its main operating subsidiaries to ensure conformity with overall business objectives and statutory requirements.

Details of members' attendance are as follows:-

Name of Director	Attendance	Percentage
Zaida Khalida Shaari Chairman Independent Non-Executive Director *(Appointed with effect from 3 October 2019)*	2/2	100%
Datuk Johar Che Mat Non-Independent Non-Executive Director	4/4	100%
Junaidah Mohd Said Independent Non-Executive Director *(Appointed with effect from 3 October 2019)*	2/2	100%
Hijah Arifakh Othman Chairman Non-Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%
Mustaffa Ahmad Senior Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

GROUP SHARIAH COMMITTEE

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

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

Any Shariah non-compliance risk is reported to the Group Shariah Committee and the Board. The effective management of the Shariah non-compliance risk is managed through the Shariah Control Function which presents a periodic report on Shariah non-compliance on the action plans undertaken to address any Shariah non-compliance risk.

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

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

A total of eight (8) Group Shariah Committee meetings were held during the financial year. Details of the Group Shariah Committee members' attendance at the meetings held during the financial year were as follows:

Name	Attendance	Percentage
Prof. Dato' Dr. Ahmad Hidayat Buang Chairman	8/8	100%
Datuk Nik Moustpha Haji Nik Hassan Member	7/8	87.5%
Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi Member	8/8	100%
Assoc. Prof. Dr. Said Bouheraoua Member	8/8	100%
Assistant. Prof. Dr. Muhammad Naim Omar Member	8/8	100%
Assoc. Prof. Dr. Mohamed Fairooz Abdul Khir Member	8/8	100%

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

During the financial year ended 31 March 2020, the Audit Committee comprises four (4) members. The Company has complied with Paragraph 15.09 of the Listing Requirements, which requires all members of the Audit Committee to be Non-Executive Directors with majority of them being Independent Directors. Two (2) members of the Audit Committee are qualified Accountants and members of the Malaysian Institute of Accountants.

The Audit Committee's duties, as spelt-out in the Audit Committee Report on pages 91 to 93 of this Annual Report, include primarily, the duties as spelt out in paragraph 15.12 of the Listing Requirements.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Directors are responsible for ensuring that the accounting records are kept properly and that the Group's financial statements are prepared in accordance with applicable approved accounting standards in Malaysia.

RISK MANAGEMENT COMMITTEE OF THE BOARD

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

With this in mind, the Board had established a dedicated Risk Management Committee of the Board which oversees the implementation of an enterprise-wide risk management framework. The Risk Management Committee of the Board comprises majority of Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director.

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

Details of members' attendance are as follows:-

Name of Director	Attendance	Percentage
George Oommen Chairman Senior Independent Non-Executive Director *(Redesignated as Chairman with effect from 3 October 2019)*	4/4	100%
Khalid Sufat Independent Non-Executive Director *(Appointed with effect from 3 October 2019)*	2/2	100%
Junaidah Mohd Said Independent Non-Executive Director *(Appointed with effect from 3 October 2019)*	2/2	100%
Mustaffa Ahmad Chairman Senior Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%
Hijah Arifakh Othman Non-Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%
Datuk Johar Che Mat Non-Independent Non-Executive Director *(Resigned with effect from 1 October 2019)*	2/2	100%

Information on the Group's Internal Control and Risk Management is presented in the Group's Statement on Risk Management and Internal Control as set out on pages 94 to 99 of this Annual Report.

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

COMMUNICATION WITH STAKEHOLDERS

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

INVESTOR RELATIONS

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

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

The Board recognises the importance of timely and accurate information to the shareholders and investors for them to make informed investment decisions about MNRB and the Group. Hence, the Board, had on 30 May 2017, approved the Group External Communication Policy to secure any information relating to the business and affairs of the Group/Company that, when publicly released, would significantly affect, or would reasonably be expected to have significant effect to MNRB's share price, the Company's reputation, financial and/or competitive position.

MNRB also maintains a website, which shareholders and the public in general can access to gain information about the Group at www.mnrb.com.my.

CONDUCT OF GENERAL MEETINGS

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

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

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

A summary of the key matters discussed at the annual general meeting will be published at the Company's website after the conclusion of the Annual General Meeting.

Apart from the abovementioned engagement with shareholders through annual reports and general meetings, the Group also makes announcements of its quarterly results and other announcements to Bursa Malaysia to provide stakeholders with key information that affects their decision-making, thus enhancing the level of transparency. To promote wider publicity and dissemination of information that is made public, the Group also issues press releases to the Media on all significant corporate developments and business initiatives to keep the investment community and all stakeholders updated on the progress and strategic development of the business of the Group.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 21 May 2020.

AUDIT COMMITTEE REPORT

NAME OF DIRECTOR

Khalid Sufat
Chairman
Independent Non-Executive Director
(Appointed with effect from 3 October 2019)

Datuk Johar Che Mat
Non-Independent Non-Executive Director

George Oommen
Senior Independent Non-Executive Director

Junaidah Mohd Said
Independent Non-Executive Director
(Appointed with effect from 3 October 2019)

Arul Sothy Mylvaganam
Chairman
Independent Non-Executive Director
(Resigned with effect from 1 October 2019)

Noor Rida Hamzah
Independent Non-Executive Director
(Resigned with effect from 1 October 2019)

MEMBERSHIP

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

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

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

AUTHORITY

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

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

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

MEETINGS

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

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

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

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

The Secretary to the Committee shall be the Company Secretary.

ACTIVITIES

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

Name of Director	Attendance	Percentage
Khalid Sufat *(Appointed with effect from 3 October 2019)*	2/2	100%
Datuk Johar Che Mat	5/5	100%
George Oommen	5/5	100%
Junaidah Mohd Said *(Appointed with effect from 3 October 2019)*	2/2	100%
Arul Sothy Mylvaganam *(Resigned with effect from 1 October 2019)*	3/3	100%
Noor Rida Hamzah *(Resigned with effect from 1 October 2019)*	3/3	100%

The main activities that took place during the meetings were:

- Reviewed the quarterly results, unaudited interim financial statements and year-end financial statements prior to approval by the Board;
- Reviewed the disclosures in the audited financial statements to be in compliance with regulatory requirements;
- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and received progress updates from Management on actions taken for improvements;
- Deliberated on and recommended to the Board, the adoption of new Malaysian Financial Reporting Standards ("MFRSs") and Amendments/Annual Improvements to MFRSs that are effective for the financial year ended 31 March 2020;
- Deliberated on matters pertaining to the implementation of MRFS 17 – Insurance Contract;
- Evaluated the performance and recommended to the Board, the appointment and remuneration of the external auditors for the financial year ended 31 March 2020;
- Reviewed the internal and external auditors' audit plan for the year ended 31 March 2020;
- Reviewed the external auditors' management letter and Management's response thereto. Meeting without the presence of the Management were also held with the external auditors on 18 June 2019 and 25 November 2019 respectively. Matters discussed during these meetings include key reservations noted by the external auditors during the course of their annual audit;
- Reviewed the Statement of Directors' Responsibility in Relation to the Financial Statements, Audit Committee Report and Statement of Risk Management and Internal Control for inclusion in the annual report to be in compliance with Bursa Malaysia requirements;
- Reviewed the Related Party Transactions as entered into by the Company on periodic basis, including understanding the relationship of the transacting parties, nature of these parties' business, the nature and timing of transactions and comparing the terms of the transactions with other third-party transactions;
- Reviewed the status update on the tax audit conducted by Inland Revenue Board on the Company for the Years of Assessment 2008 to 2014;
- Reviewed the results of the internal audit reports for the Company on the adequacy and effectiveness of governance, risk management and compliance process;
- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised by both the internal and external auditors including status of completion achieved; and
- Reviewed compliance and anti-money laundering & counter financing terrorism issues as well as evaluated the effectiveness of the overall compliance risk of the Company.

INTERNAL AUDIT DEPARTMENT

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

As at the financial year end, Internal Audit Department is staffed by twenty two (22) auditors. Some of the Internal Audit Department staff have professional qualifications such as the Association of Chartered Certified Accountants, Certified Internal Auditor, Certified Information Systems Auditor and Certified Fraud Examiner and are members of the Institute of Internal Auditors. With the exception of one (1) Internal Audit Department staff who exercised the Company's ESOS in 2004 and holds shares of the Company, the rest of the Internal Audit Department staff are free from any relationship or conflict of interest. This does not result in the impairment of objectivity and independence of the internal audit function as a whole.

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

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

For the financial year ended 31 March 2020, the total costs incurred for Internal Audit Department were RM2,897,107.

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

- Conducted audits of the various business portfolios/departments of the Company and its subsidiaries, including the reviews performed over key risk areas i.e. underwriting, claims, investment, finance, information and communication technology, compliance, human capital management and actuarial valuation;
- Conducted special reviews over possible threats to the safeguarding of assets and matters concerning organisational level reputational risks;
- Follow up audits were then conducted on the implementation of the recommendations made and Management actions taken to improve on issues identified during the audits; and
- Prepared annual audit plans for the Audit Committee's consideration.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

RESPONSIBILITY

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

The Board has established an enterprise-wide risk management framework, i.e. the Group Enterprise Risk Management (Group ERM) Framework, that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Company and its main operating subsidiaries. The Framework has been in place for the whole of the financial year ended 31 March 2020 and has continued up to the date on which this Statement was approved.

The Group ERM Framework is applicable across the Group and serves as a central risk management framework, supported by related sub-frameworks, policies and underlying procedures.

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

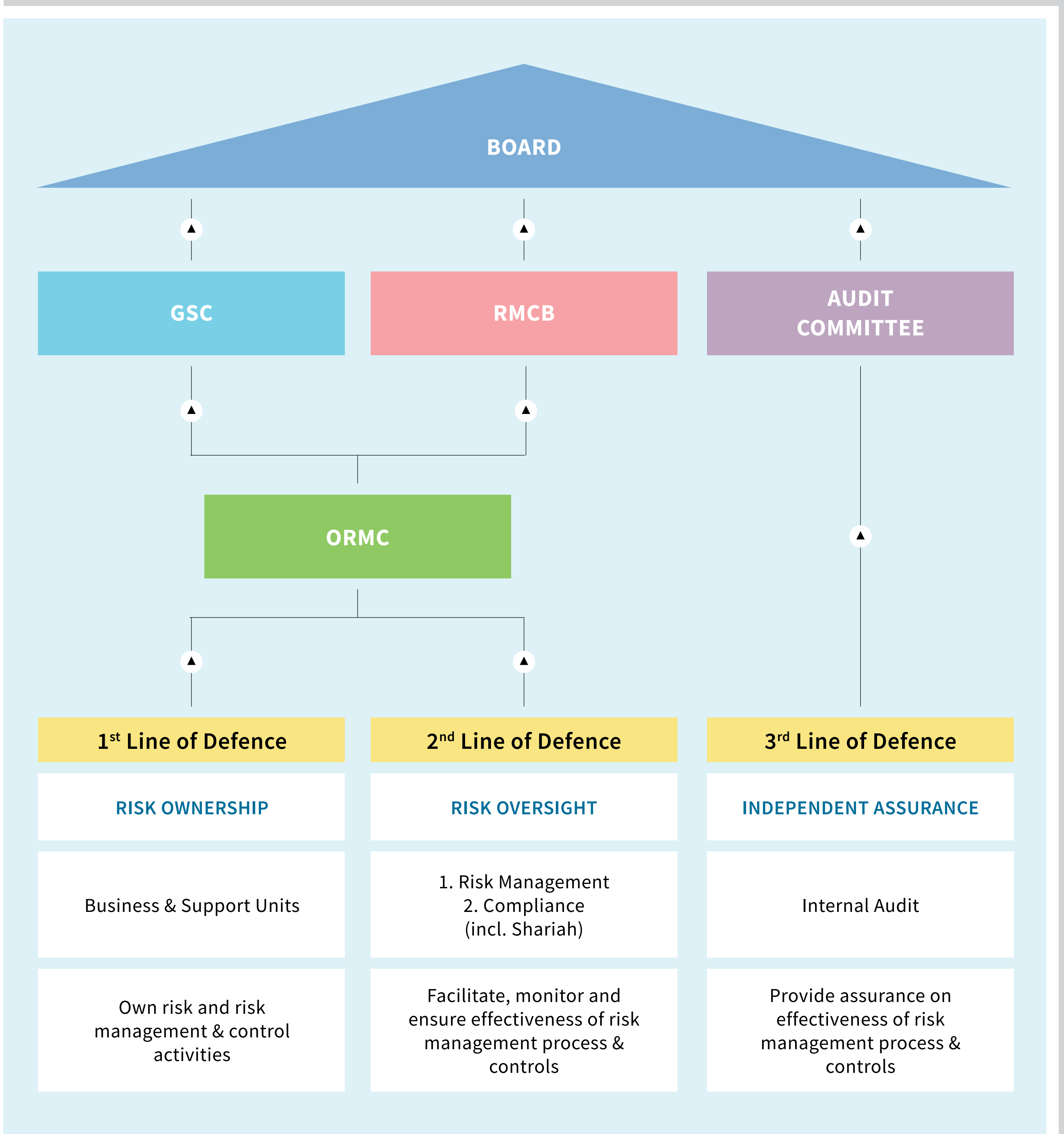
RISK MANAGEMENT GOVERNANCE

- Dedicated Board Committees known as the Risk Management Committee of the Board (RMCB) have been established at the Company and each of its main operating subsidiaries to oversee the implementation of an enterprise-wide risk management framework. As part of the risk governance process, the Chairman of all RMCBs have provided their confirmation to the Chairman of MNRB that the necessary risk management framework had been put in place and is operating adequately, in all material aspects, to safeguard shareholders' interests and the Group's assets, as well as to manage the risks of the Company and its main operating subsidiaries for the entirety of the financial year ended 31 March 2020.

- Dedicated Management Committees known as the Operational Risk Management Committee (ORMC) have also been established at the Company and its main operating subsidiaries to assist the respective RMCBs in implementing the Group ERM Framework and ensuring the inculcation of a proactive risk management culture on an enterprise-wide basis.

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

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



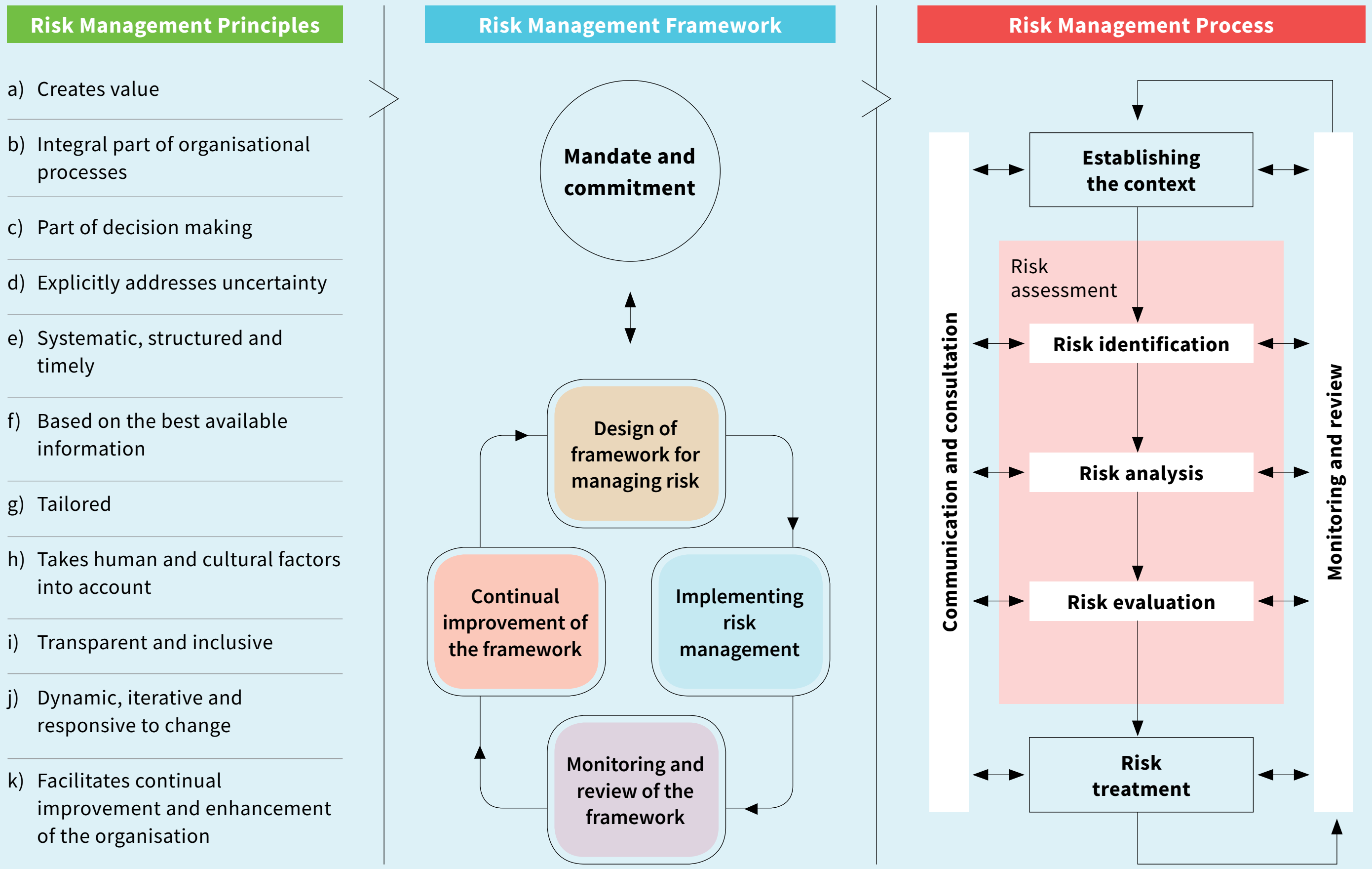
RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

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

1. GROUP ENTERPRISE RISK MANAGEMENT FRAMEWORK

Risk Management Structure

- The Board believes that an effective Group ERM Framework and strong internal control system is essential to the Group in its pursuit to achieve its business objectives, especially on the continued profitability and enhancement of shareholders' value in today's rapidly changing market environment.
- The Group ERM Framework and risk management process are based on, and consistent with the **MS ISO 31000:2010 Risk Management – Principles and Guidelines**, as illustrated in the diagram below:



Risk Appetite

- Defining risk appetite is an essential element of the Group's enterprise risk management. When deciding on its risk appetite, the Group considers its risk capacity, i.e. the amount and type of risk the Group is able to tolerate in pursuit of its business objectives, taking into account its capital structure and access to the financial market.
- The **Risk Appetite Statement (RAS)** is established by the Boards of the respective companies of the Group, and is regularly reviewed, according to the desired level of risk exposures. Management operationalises the RAS into risk tolerance levels for specific risks.

Highlights on Key Risks

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

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

2. INTERNAL AUDIT

- The Audit Committee complements the oversight role of the Board by providing an independent assessment of the adequacy and reliability of the risk management process, and compliance with the risk policies and regulatory guidelines. The Audit Committee is assisted by an independent Internal Audit Department (IAD) in performing its role.
- The internal audit function of the Company and its main operating subsidiaries (via outsourcing arrangements) is undertaken by the IAD established at the Company level. The department reports directly to the respective Audit Committees of the Company and its main operating subsidiaries.
- The IAD performs regular reviews of the business processes of the Group in an effort to assess the adequacy and effectiveness of internal controls.
- Where applicable, it provides recommendations to improve on the effectiveness of risk management, controls and governance processes. Management will accordingly follow through to ensure the resolution of recommendations agreed upon. Audit reviews are carried out on functions that are identified on a risk-based approach, in the context of the Group's evolving business and its regulatory environment, while also taking into consideration inputs of Senior Management and the respective Audit Committees.
- The Audit Committees meet at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors, and Regulatory Authorities. It further evaluates the effectiveness and adequacy of the Group's internal control system. The Audit Committees have active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the Audit Committees during the year are highlighted in the Audit Committee Reports of the Company and its main operating subsidiaries.

3. OTHER KEY ELEMENTS OF INTERNAL CONTROL

- The Board adopts communication policies to ensure that all decisions made are communicated promptly to staff of all levels within the Group and vice versa where feedback and suggestions on improvements could be communicated to the Management and the Board.

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

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

- The Group's financial systems record all transactions to produce performance reports that are submitted to the respective Management within internally stipulated timelines. These performance reports and the Quarterly Bursa Announcements are tabled to the Audit Committee for its review and recommendation to the Board.

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

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

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

- Every employee of the Group is contractually bound to observe the prescribed standards of business ethics in their conduct at work and their relationships with external parties such as customers and suppliers. The Group expects all employees to conduct themselves with integrity and objectivity and not to place themselves in a position of conflict of interest.

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

- The Group implements annual mandatory block leave to create a positive talent management culture where the Group does not have an overreliance on any particular employee, and as a prudent operational risk management measure particularly with regard to employees posted in sensitive positions or areas of operations such as underwriting, treasury, procurement or investment.

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

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

- The Group has established the Group Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Policy Statement to reflect the Group's commitment in combating money laundering and financing of terrorism.

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

- A structured Business Continuity Management (BCM) programme is in place to ensure resumption of critical business operations within the pre-defined Maximum Tolerable Downtime (MTD).

- The Group has also established a Disaster Recovery Plan (DRP) which outlines the processes and set of procedures to recover the Group's IT infrastructure within a set Recovery Time Objective (RTO). The DRP is validated by conducting regular tests and updated as and when necessary.

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

- The Group Shariah Committee (GSC) has been established to assist the Board in making decisions on Shariah related policies and provide oversight on Shariah related matters, including to ensure compliance with Shariah principles.

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

- The Information Communication & Technology Department is responsible for continuously monitoring and responding to IT security threats to the Group, conducting awareness programmes, as well as performing assessments and network penetration test programmes.

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

ASSURANCE

The Board has also received assurance from the President & GCEO, the Group Chief Financial Officer (GCFO), the Group Chief Internal Auditor (GCIA), the Chief Executive Officers (CEO) and the Senior Executive Officer (SEO) of the operating subsidiaries that the risk management framework and internal control system are in a place and are operating sufficiently, in all material aspects to safeguard shareholders' interests and the Group's assets, as well as to manage the Group's risks.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Directors are required to prepare the financial statements which gives a true and fair view of the state of affairs of the Group and the Company as at 31 March 2020 and of their results and cash flows for the year then ended.

The Directors consider that, in preparing the financial statements for the year ended 31 March 2020,

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

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

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

1. DIVIDEND REINVESTMENT PLAN ("DRP")

On 21 August 2019, the Company announced its proposal to undertake a Dividend Reinvestment Plan ("DRP") that will provide the Company's shareholders with an option to elect to re-invest, in whole or in part, their cash dividends into ordinary shares. The said proposal was approved by the shareholders at an Extraordinary General Meeting held on 25 September 2019.

The Board of Directors had declared an interim dividend in respect of the financial year ending 31 March 2020 of 2.50 sen per ordinary share amounting to approximately RM19,176,000 based on the issued share capital of 767,050,063 shares as at 15 October 2019. The Board of Directors had agreed to apply the DRP to the said interim dividend.

Out of the total dividend distribution of RM19,176,000, a total of RM16,196,000 was converted into 16,036,633 new ordinary shares of the Company pursuant to the DRP. The balance portion of RM2,980,000 was paid in cash on 12 December 2019.

2. NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group and the Company for the financial year ended 31 March 2020 amounted to RM63,000 and RM10,000 respectively (2019: RM81,000 and RM9,000).

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies involving directors' and major shareholders' interests, which subsisted at the end of the financial year ended 31 March 2020 or, if not then subsisting, entered into since the end of the previous financial year.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 JULY 2020

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	396	6.14	5,892	0.00
100 - 1,000	408	6.33	223,709	0.03
1,001 - 10,000	3,231	50.10	13,494,774	1.72
10,001 - 100,000	1,885	29.23	61,885,575	7.90
100,001 to less than 5% of issued shares	527	8.17	261,943,987	33.45
5% and above of issued shares	2	0.03	445,532,759	56.90
Total	**6,449**	**100.00**	**783,086,696**	**100.00**

Directors' Shareholdings

No.	Name of Directors	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	%
1	Datuk Johar Che Mat	0.00	-	-
2	George Oommen	0.00	-	-
3	Khalid Sufat	0.00	-	-
4	Junaidah Mohd Said	0.00	-	-
5	Zaida Khalida Shaari	0.00	-	-
6	Dato' Wan Roshdi Wan Musa	0.00	-	-

Substantial Shareholders

No.	Name of Substantial Shareholders	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	%
1	Amanahraya Trustees Berhad Amanah Saham Bumiputera	345,357,958	-	44.10
2	Permodalan Nasional Berhad	100,174,801	-	12.79

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	345,357,958	44.10
2	PERMODALAN NASIONAL BERHAD	100,174,801	12.79
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	9,360,039	1.20
4	NG LONG TIANG	7,300,082	0.93
5	LIM PEI TIAM @ LIAM AHAT KIAT	6,176,500	0.79
6	PROMSERV SDN. BHD.	6,026,070	0.77
7	CHEN CHIN PENG	5,595,814	0.71
8	NEOH CHOO EE & COMPANY, SDN. BERHAD	5,312,316	0.68
9	OLIVE LIM SWEE LIAN	5,256,300	0.67
10	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC.	3,811,254	0.49
11	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD. (SFS)	3,530,700	0.45
12	LIEW SWEE MIO @ LIEW HOI FOO	3,375,300	0.43
13	JOHAN ENTERPRISE SDN. BHD.	3,345,000	0.43
14	M & A NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SARAH PAULINE A/P MELKEES (M&A)	3,321,000	0.42
15	TAN YU YEH	2,900,000	0.37
16	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,858,279	0.37
17	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL WAHID BIN OMAR (MARGIN)	2,710,804	0.35
18	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	2,248,042	0.29
19	LEE MAY LIN	2,186,732	0.28
20	GAN HONG HU	2,065,900	0.26

ANALYSIS OF SHAREHOLDINGS

AS AT 22 JULY 2020

No.	Name of Shareholders	No. of Shares	%
21	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - DERRICK KONG YING KIT (PCS)	2,024,500	0.26
22	ONG HUNG HOCK	2,000,004	0.26
23	LEE KEK MING	2,000,000	0.26
24	TAN LEE HWA	2,000,000	0.26
25	WONG KENG KEE	1,999,500	0.26
26	YUET KAM ALICE LIN	1,872,800	0.24
27	LIM KIAN WAT	1,788,500	0.23
28	TAN YU WEI	1,780,900	0.23
29	THONG WENG TIM	1,745,070	0.22
30	CHUA HIN BEE	1,720,000	0.22
	TOTAL	**541,844,165**	**69.22**

LIST OF PROPERTIES

31 MARCH 2020

Address	Date of Acquisition	Date of Revaluation	Description of Properties	Tenure/Existing Use/Age of Buildings	Land Area (sq. ft.) Build-up Area (sq. ft.)	Net Book Value as at 31/3/2020 (RM)
Self Occupied Properties						
IKHLAS Point, Tower 11A Avenue 5, Bangsar South No. 8, Jln Kerinchi 59200 Kuala Lumpur	26 September 2008	31 March 2020	1 unit of 10 storey corner office building	Leasehold/ office premise/ occupied/ 12 years	strata	78,590,000
No. 17, Lorong Dungun Damansara Heights 50490 Kuala Lumpur	17 February 1995	31 March 2020	1 unit of 12 storey building with 2 storey basement car park	Freehold/ office premise/ rented out/ 25 years	61,300/ 366,409	114,377,000
Lot 528, Section 6 Kuching Town Land District No. 11C, Jalan Kulas 93732 Kuching, Sarawak	7 October 2010	31 March 2020	4 storey intermediate terraced shophouse	Leasehold/ office premise/ occupied/ 10 years	Not applicable/ 1,200	1,730,000
Manchester Tower Apartment 2406, Dubai Marina Dubai, UAE	28 July 2008	31 March 2020	1 unit of apartment	Freehold/ occupied by staff/ 12 years	Not applicable/ 1,011	985,005
Apt. 507 Marina Diamond 5 Dubai Marina Dubai, UAE	29 July 2008	31 March 2020	1 unit of apartment	Freehold/ occupied by staff/ 12 years	Not applicable/ 1,084	952,143
Yansoon 4, Apartment 204 Burj Khalifa, Dubai Downtown, UAE	30 September 2010	31 March 2020	1 unit of apartment	Freehold/ occupied by staff/ 10 years	Not applicable/ 1,475	1,769,347
PT 483, Jalan Jambatan Sultan Yahya KB Waterfront, Seksyen 17 15000 Kota Bahru, Kelantan	31 January 2013	31 March 2020	3 storey shophouse	Leasehold/ office premise/ occupied/ 7 years	Not applicable/ 4,680	1,300,000
Total Self Occupied Properties						**199,703,495**

GROUP'S OFFICES

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

MALAYSIAN REINSURANCE BERHAD
12th Floor, Bangunan Malaysian Re
No. 17, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur
Tel : +603 2096 8000
Fax : +603 2096 7000
Website : www.malaysian-re.com.my
Email : enquiry@malaysian-re.com.my

TAKAFUL IKHLAS FAMILY BERHAD
9th Floor, IKHLAS Point
Tower 11A, Avenue 5, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2723 9999
Fax : +603 2723 9998
Website : www.takaful-ikhlas.com.my
Email : ikhlascare@takaful-ikhlas.com.my

TAKAFUL IKHLAS GENERAL BERHAD
9th Floor, IKHLAS Point
Tower 11A, Avenue 5, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2723 9999
Fax : +603 2723 9998
Website : www.takaful-ikhlas.com.my
Email : ikhlascare@takaful-ikhlas.com.my

MMIP SERVICES SDN. BHD.
6th Floor, Bangunan Malaysian Re
No. 17, Lorong Dungun, Damansara Heights
50490 Kuala Lumpur
Tel : +603 2080 6000
Fax : +603 2080 6001
Website : www.mnrb.com.my/mssb/
Email : mmip_support@malaysian-re.com.my

MALAYSIAN RE (DUBAI) LTD.
Unit 101, Level 1
Gate Village 4, The Gate District
Dubai International Financial Centre
P. O. Box 506571
Dubai, United Arab Emirates
Tel : +971 4 3230388
Fax : +971 4 3230288
Website : www.mnrb.com.my/malaysianre-dubai/
Email : enquiry@mnrb.com.my

TAKAFUL IKHLAS BRANCHES

HEAD OFFICE/KUALA LUMPUR
IKHLAS Point
Tower 11A, Avenue 5, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2723 9696
Fax : +603 2711 8140

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

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

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

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

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

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

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

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

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

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

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

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

NOTICE OF THE 47TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh (47th) Annual General Meeting ("AGM") of MNRB Holdings Berhad ("MNRB" or "the Company") will be conducted fully virtual for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Meeting Platform	:	https://web.lumiagm.com/
Day and Date	:	Thursday, 24 September 2020
Time	:	11.00 a.m.
Broadcast Venue	:	Function Room, 3rd Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur
Mode of communication	:	(i) Shareholders are encouraged to submit questions in advance prior to the AGM by email to the Company's Investor Relations at ir@mnrb.com.my in relation to the agenda items for the 47th AGM no later than 11.00 a.m. on Tuesday, 22 September 2020. (ii) Pose questions via real time submission of typed texts at https://web.lumiagm.com/ during live streaming of the 47th AGM.

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note (i)**

2. To re-elect George Oommen who is retiring by rotation pursuant to Clause 91 of the Company's Constitution and being eligible, has offered himself for re-election. **(Ordinary Resolution 1)**

3. To re-elect the following Directors, each of whom retires pursuant to Clause 95 of the Company's Constitution and being eligible, have offered themselves for re-election:-
   (i) Khalid Sufat **(Ordinary Resolution 2)**
   (ii) Junaidah Mohd Said **(Ordinary Resolution 3)**
   (iii) Zaida Khalida Shaari **(Ordinary Resolution 4)**
   (iv) Dato' Wan Roshdi Wan Musa **(Ordinary Resolution 5)**

4. To approve the payment of Directors' Fees amounting to RM1,816,100 for the financial year ended 31 March 2020. **(Ordinary Resolution 6)** **[Please refer to Explanatory Note (ii)]**

5. To approve the payment of Directors' fees and the payment thereof to the Directors for the period from 1 April 2020 until the next AGM in 2021, to be payable on a quarterly basis as follows:- **(Ordinary Resolution 7)**

Directors' Fees	Chairman		Directors	
	Per Quarter	Per Annum	Per Quarter	Per Annum
Board	RM32,500	RM130,000	RM17,500	RM70,000
• Audit Committee • Risk Management Committee	RM5,500	RM22,000	RM4,250	RM17,000
• Nomination Committee • Remuneration Committee • Investment Committee	RM4,250	RM17,000	RM3,000	RM12,000

6. To approve the payment of Directors' benefits (excluding Directors' fees) payable to the Directors from the conclusion of this AGM up till the conclusion of the next AGM in 2021. **(Ordinary Resolution 8)** **[Please refer to Explanatory Note (iii)]**

7. To reappoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 March 2021 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 9)**

AS SPECIAL BUSINESS
To consider and, if thought fit, to pass the following resolution, with or without modifications:

8. Proposed renewal of the authority for Directors to allot and issue new ordinary shares of MNRB, for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the shareholders of MNRB the option to elect to reinvest their cash dividend in new MNRB Shares. **(Ordinary Resolution 10)** **[Please refer to Explanatory Note (iv)]**

   "**THAT** pursuant to the DRP approved at the Extraordinary General Meeting held on 25 September 2019, approval be and is hereby given to the Company to allot and issue such number of new MNRB Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors of the Company may, at their sole and absolute discretion, deem fit and in the interest of the Company. **PROVIDED THAT** the issue price of the said new MNRB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("VWAP") of MNRB Shares immediately prior to the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of MNRB Shares at the material time;

   AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations, arrangements and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

9. To transact any other business for which due notice shall have been given.

By Order of the Board

LENA ABD LATIF
(SSM Practicing Certificate No. 201908002386)
(LS 0008766)
Company Secretary
Kuala Lumpur
26 August 2020

NOTES:

REMOTE PARTICIPATION AND ELECTRONIC VOTING, PROXY AND/OR CORPORATE REPRESENTATIVES

1. In view of the Coronavirus (COVID-19) pandemic and with the safety of the Company's shareholders, employees and directors being of primary concern, the Board and management have considered all available options and decided that the 47th AGM shall be conducted fully virtual and entirely via remote participation and electronic voting facilities.

2. The main and only venue for the 47th AGM is the broadcast venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act that requires the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies/corporate representatives should be physically present** nor admitted at the broadcast venue on the day of the 47th AGM.

3. As the 47th AGM will be conducted as a fully virtual meeting, a member who is not able to participate in the AGM is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the instrument appointing a proxy.

4. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 (Central Depositories Act) and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act (Exempt Authorised Nominees) which hold ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.

5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

6. The instrument appointing a proxy (ies) shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a Corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.

7. The Form of Proxy duly completed must be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the 47th AGM or any adjournment thereof. Alternatively, the Form of Proxy may also be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Portal at www.boardroomlimited.my not less than forty-eight (48) hours before the time of holding the 47th AGM.

8. If the Form of Proxy is submitted without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

9. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

Explanatory Notes

(i) Item 1 of the Agenda – Audited Financial Statements for the Financial Year Ended 31 March 2020

This item on the Agenda is meant for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(ii) Ordinary Resolution 6 – Directors' Fees

Pursuant to Section 230(1) of Companies Act 2016, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. For the financial year ended 31 March 2020, the Directors' Fees for the Company and its subsidiaries was RM1,816,100.

(iii) Ordinary Resolution 8 – Directors' Benefits (excluding Directors' fees)

The Directors' Benefits (excluding Directors' Fee) payable to the Chairman and Directors from the conclusion of this AGM up till the conclusion of the next AGM in 2021 of the Company comprises benefits in kind and other emoluments as set out below:-

	Chairman	Directors
Benefits in kind:	Non-Independent Non-Executive Chairman of MNRB:- • Company car and driver. • Petrol (incurred basis).	Nil
	• Medical benefits on incurred basis. • Directors' & Officers Liability Insurance coverage. • Other claimable expenses incurred in the course of carrying out their duties.	
Emolument: Meeting Attendance Allowance	*RM1,500 (per meeting)	

* The Board is proposing a review of the existing Meeting Attendance Allowance from RM1,250 per meeting to RM1,500 per meeting in view that fair remuneration is critical to attract, retain and motivate Directors to drive the Company's long-term objectives. The proposed review was comprehensively deliberated by the Remuneration Committee and was duly approved by the Board for tabling at this AGM for shareholders' approval.

Payment of the Directors' Benefits will be made by the Company as and when incurred if the proposed Ordinary Resolution 8 is passed at the 47th AGM of the Company.

(iv) Ordinary Resolution 10

If passed, will give authority to the Directors to allot and issue shares for the DRP in respect of dividends to be declared until the next AGM. A renewal of this authority will be sought at the next AGM in 2021.

STATEMENT ACCOMPANYING NOTICE OF THE 47TH ANNUAL GENERAL MEETING

pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

   No individual is seeking election as a Director at the 47th AGM.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities Berhad

   No general mandate was sought for the issuance of securities at the last AGM of the Company.

FINANCIAL STATEMENTS

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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 of the Company for the financial year ended 31 March 2020.

Principal Activities

The Company is an investment holding company, principally engaged in the provision of management services to its subsidiaries.

The principal activities and other information of the subsidiaries are as disclosed in Note 16 to the financial statements.

Results

	Group RM'000	Company RM'000
Net profit for the financial year	132,907	28,606

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

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

In respect of the financial year ended 31 March 2020:

	RM'000
Single tier interim dividend of RM0.025 per ordinary share declared on 15 October 2019 and paid on 12 December 2019	19,176

Out of the total dividend distribution of RM19,176,000, a total of RM16,196,000 was converted into 16,036,633 new ordinary shares of the Company pursuant to the Dividend Reinvestment Plan ("DRP") as disclosed in Notes 28, 29 and 40(a). The remaining portion of RM2,980,000 was paid in cash on 12 December 2019.

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MNRB Holdings Berhad
(Incorporated in Malaysia)

Share Capital

During the financial year, the Company increased its share capital from RM722,306,000 to RM738,502,000 via the issuance of 16,036,633 new ordinary shares arising from the DRP as mentioned above.

Significant Events

The details of significant events during the year are disclosed in Note 40 to the financial statements.

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MNRB Holdings Berhad
(Incorporated in Malaysia)

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					
	MNRB*	MRE*	TIFB*	TIGB*	MRDL*	MSSB*	SSB*
Datuk Johar bin Che Mat (Redesignated from INED to Chairman of MNRB w.e.f 1 July 2019)	✓	-	✓	✓	Appointed on 5 January 2020	-	-
George Oommen	✓	✓	✓	✓	✓	-	-
Khalid bin Sufat	Appointed on 1 October 2019	Appointed on 1 October 2019	-	-	-	-	-
Junaidah binti Mohd Said	Appointed on 1 October 2019	-	-	-	-	-	-
Zaida Khalida binti Shaari	Appointed on 1 October 2019	-	-	-	-	-	-
Dato' Wan Roshdi bin Wan Musa	Appointed on 1 April 2020	-	-	-	-	-	-
Mohd Din bin Merican	-	✓	✓	✓	✓	-	✓
Hijah Arifakh binti Othman	Resigned on 1 October 2019	-	-	Appointed on 1 October 2019	-	-	-
Mustaffa bin Ahmad	Resigned on 1 October 2019	✓	-	-	-	-	-
Rosinah binti Mohd Salleh	Resigned on 1 October 2019	-	-	✓	-	-	-
Arul Sothy S Mylvaganam	Resigned on 1 October 2019	Resigned on 1 October 2019	-	Appointed on 1 October 2019	-	-	-
Noor Rida binti Hamzah	Resigned on 1 October 2019	-	Appointed on 1 October 2019	-	-	-	-
Professor Dato' Dr. Ahmad Hidayat bin Buang	-	-	Appointed on 1 October 2019	-	-	-	-
Ooi Bee Hong	-	-	Appointed on 1 October 2019	-	-	-	-
Woon Tai Hai	-	-	Appointed on 1 September 2019	Appointed on 1 October 2019	-	-	-
Datin Zaimah binti Zakaria	-	✓	-	-	-	-	-

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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*	MRE*	TIFB*	TIGB*	MRDL*	MSSB*	SSB*
Datuk Nik Moustapha bin Nik Hassan	-	-	Resigned on 27 August 2019	✓	-	-	-
Zainudin bin Ishak	-	-	-	-	✓	✓	-
Norazman bin Hashim	-	-	-	-	-	✓	✓
Dato Sharkawi bin Alis	Resigned on 1 July 2019	-	-	-	Resigned on 1 July 2019	-	-

* MNRB - MNRB Holdings Berhad
MRE - Malaysian Reinsurance Berhad
TIFB - Takaful Ikhlas Family Berhad
TIGB - Takaful Ikhlas General Berhad
MRDL - Malaysian Re (Dubai) Ltd.
MSSB - MMIP Services Sdn Bhd
SSB - Sinar Seroja Berhad

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MNRB Holdings Berhad
(Incorporated in Malaysia)

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company or its subsidiaries were a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company or the fixed salary and benefits receivable as a full-time employee of the Company as disclosed in Notes 9, 10 and 32 to the financial statements or benefits receivable from related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest to be disclosed under Part 1, Section 3 of the Fifth Schedule of the Companies Act, 2016.

During the financial year, the Company purchased a Directors and Officers Liability Takaful cover to provide indemnity to all directors of the MNRB Group for a limit of RM50,000,000 at a contribution of RM63,000.

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 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 so to realise.

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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 of 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 months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e)(ii) and (f)(i) above, contingent or other liabilities do not include liabilities arising from reinsurance, takaful and retakaful contracts underwritten in the ordinary course of business of the reinsurance/retakaful and takaful subsidiaries and associate companies.

MNRB Holdings Berhad
(Incorporated in Malaysia)

Auditors and auditors' remuneration

The retiring auditors, Messrs. Ernst & Young PLT, have expressed their willingness to accept re-appointment. Details of the auditors' remuneration for their service as auditors are disclosed in Note 9 of the statutory financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 August 2020.

Datuk Johar bin Che Mat | Khalid bin Sufat

Kuala Lumpur, Malaysia

MNRB Holdings Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Datuk Johar bin Che Mat and Khalid bin 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 17 to 202 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 Company and of the Group as at 31 March 2020 and of the results and the cash flows of the Company and of the Group for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 August 2020.

Datuk Johar bin Che Mat | Khalid bin Sufat

Kuala Lumpur, Malaysia

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

I, Norazman bin Hashim (MIA membership no. 5817), being the officer primarily responsible for the financial management of MNRB Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 17 to 202 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Norazman bin Hashim)
at Kuala Lumpur in Wilayah Persekutuan)
on 3 August 2020.) Norazman bin Hashim

Before me,

Commissioner of Oaths

Tan Seok Kett
No. W530

Lot 333, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur

PESURUHJAYA SUMPAH
W530
TAN SEOK KETT
1/1/2019-31/12/2021
MALAYSIA

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 2020 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 202.

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 2020, 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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed these matters 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. Insurance/takaful contract liabilities of the Group

The Group's insurance/takaful contract liabilities as at 31 March 2020 amounted to RM5.8 billion (as disclosed in Note 20 to the financial statements) or approximately 84% of its total liabilities. The insurance/takaful contract liabilities include the following liabilities of the reinsurance/retakaful subsidiary, Malaysian Reinsurance Berhad and the takaful subsidiaries,Takaful Ikhlas General Berhad and Takaful Ikhlas Family Berhad:

(a) Premium/contribution and claim liabilities of the general reinsurance/retakaful and takaful businesses;

(b) Actuarial liabilities of the family retakaful and takaful businesses;

(c) Investment-linked participants' account of the family takaful business; and

(d) Expense liabilities in respect of the shareholder's fund of the takaful and retakaful businesses.

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

Key audit matters (cont'd.)

1. Insurance/takaful contract liabilities of the Group (cont'd.)

These liabilities have been estimated based on standard actuarial valuation methodologies and other estimation models as allowed under the Risk-Based Capital Framework for Insurers and Risk-Based Capital Framework for Takaful Operators issued by Bank Negara Malaysia as well as the accounting policies described in Notes 2.5, 2.6 and 2.7 for the valuation of the insurance/takaful contract liabilities of the Group.

The complexity of the actuarial valuation methodologies and other estimation models applied to derive the insurance/takaful contract liabilitites may give rise to estimation errors as a result of inadequate or incomplete data, the design and application of the relevant valuation models by the management’s experts (i.e. the Appointed Actuaries) and the use of inappropriate assumptions. Significant professional judgement is applied by the Group in deriving the assumptions (as described in Note 3.2 to the financial statements) and any significant changes thereon may have a material effect on the insurance/takaful contract liabilities.

Our audit procedures were focused on the following key areas:

- Understanding and documenting the qualifications, objectivity and independence of the Appointed Actuaries tasked with estimating the insurance/takaful contract liabilities of the Group;
- Reviewing the reports prepared by the Appointed Actuaries in respect of the insurance/takaful contract liabilities of the Group;
- Assessing the valuation methodologies applied by the Group to derive the insurance/takaful contract liabilities;
- Assessing the design and testing the operating effectiveness of key internal controls over the actuarial valuation process with respect to financial reporting, including the bases used by the Group in determining and approving the key assumptions applied;
- Assessing the experience analyses of the reinsurance, retakaful and takaful business used during the setting of the key assumptions to derive the insurance/takaful contract liabilities and challenging the rationale applied by the Appointed Actuaries and management in deriving those assumptions. In addition and where appropriate, comparisons have also been made against other industry constituents and the experience of the respective subsidiaries;

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

Key audit matters (cont'd.)

1. Insurance/takaful contract liabilities of the Group (cont'd.)

- Testing the completeness and sufficiency of data used in the valuation of insurance/takaful contract liabilities including reviewing the data extraction process and reconciliations carried out by the Group. These tests also included control tests performed on selected samples of claims reserves, claims paid and reinsurance policies and retakaful and takaful certificates issued by the Group to ascertain effectiveness of operating controls over quality and accuracy of the underlying data;
- Performing audit tests on the model review process applied by management in respect of the family takaful business and independently reviewing the results thereon;
- Performing independent analyses and re-computation of the general reinsurance/retakaful/takaful contract liabilities for selected classes of business, focusing on the most significant business portfolio and those which may potentially result in significant deviations in estimates. We compared our independent analyses and re-computations to those performed by management to ascertain if the reserves were sufficient and within range of our independent analyses;
- Performing tests on the unearned premium reserves ("UPR")/ unearned contribution reserves ("UCR") calculations produced by management and thereafter, comparing the UPR/UCR against the unexpired risk reserves ("URR") valuations performed by the Appointed Actuaries to ascertain if adequate reserves have been established for the general reinsurance, retakaful and takaful business;
- Performing tests on the unearned wakalah fees ("UWF") calculations produced by management and, thereafter, comparing the UWF against the unexpired expense reserves ("UER") valuations performed by the Appointed Actuaries to ascertain if adequate reserves have been established for the shareholder's fund of the retakaful and takaful business;
- Reviewing the Liability Adequacy Test results performed by the reinsurance, retakaful and takaful subsidiaries;
- Auditing the fair value of financial assets and adequacy of liabilities of the investment-linked funds of the family takaful business;
- Performing control tests over the creation and cancellation of units of the investment-linked funds as well as calculation of Net Asset Values; and
- Assessing the adequacy of disclosures made in the financial statements in respect of the insurance/takaful contract liabilities of the Group.

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

Key audit matters (cont'd.)

1. Insurance/takaful contract liabilities of the Group (cont'd.)

We have also engaged our Actuarial Services professionals in accordance with the requirements of International Standard on Auditing 620: *Reliance on the Work of an Auditors' Expert* to assist us in performing certain audit procedures on the insurance/takaful contract liabilities of the Group.

2. Tax recoverable of the Group

As disclosed in Note 22 to the financial statements, the Group is currently appealing against additional tax assessments and penalties raised by the Inland Revenue Board of Malaysia ("IRB"), amounting to approximately RM24.9 million. These additional tax assessments and penalties were paid by the Group and were recorded as tax recoverable. The outcome of the appeals can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the appeals could develop in ways not initially expected. Therefore, the Group continuously assess the development of these matters to determine whether outflows of resources embodying economic benefits could be probable. Such assessment involves significant judgement and estimates which are highly subjective. Accordingly, we consider this area to be an area of audit focus.

As part of our audit procedures, we have involved our tax specialists in reviewing correspondences between the Group and external legal counsel to obtain an understanding of the matters. We have enquired and discussed with management on the developments in legal proceedings and obtained confirmations from the Group's external legal counsel to compare the expert opinions to management's position. We also considered the objectivity, independence and expertise of the legal advisers and we also assessed the basis adopted by the legal advisers in their evaluations of the possible outcome of the litigations and claims.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

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

Information other than the financial statements and auditors' report thereon (cont'd.)

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, 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.

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.

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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.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- 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.

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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.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

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

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039 Chartered Accountants	Ahmad Hammami Bin Muhyidin No. 03313/07/2021 J Chartered Accountant

Kuala Lumpur, Malaysia
3 August 2020

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MNRB Holdings Berhad
(Incorporated in Malaysia)

Income statements
for the year ended 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Gross earned premiums/ contributions	4(a)	2,162,418	1,975,703	-	-
Premiums/contributions ceded to reinsurers/retakaful operators	4(b)	(277,824)	(303,004)	-	-
Net earned premiums/ contributions		1,884,594	1,672,699	-	-
Investment income	5	284,121	266,934	42,808	32,096
Net realised gains/(losses)	6	94,401	7,820	(4)	31
Net fair value (losses)/gains	7	(18,780)	72,769	-	-
Fee and commission income	8	48,762	34,521	37,394	38,899
Other operating revenue	11	23,741	12,651	274	712
Other revenue		432,245	394,695	80,472	71,738
Gross claims and benefits paid		(1,313,534)	(1,315,197)	-	-
Claims ceded to reinsurers/ retakaful operators		243,772	182,818	-	-
Gross change in contract liabilities		(195,154)	(152,567)	-	-
Change in contract liabilities ceded to reinsurers/retakaful operators		(99,578)	60,656	-	-
Net claims and benefits		(1,364,494)	(1,224,290)	-	-
Fee and commission expenses	8	(452,839)	(384,339)	-	-
Management expenses	9	(262,780)	(247,941)	(37,035)	(40,261)
Finance costs		(16,981)	(16,244)	(16,728)	(16,244)
Other operating expenses	11	(2,528)	(1,668)	-	-
Change in expense liabilities	20	(7,731)	(5,114)	-	-
Tax borne by participants	12	(17,998)	(22,137)	-	-
Other expenses		(760,857)	(677,443)	(53,763)	(56,505)
Share of results of associates		(9,838)	(13,121)	-	-

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Income statements
for the year ended 31 March 2020 (cont'd.)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit before surplus attributable to takaful and retakaful participants and taxation		181,650	152,540	26,709	15,233
Surplus attributable to takaful and retakaful participants	24(a)	(30,728)	(33,141)	-	-
Profit before zakat and taxation		150,922	119,399	26,709	15,233
Zakat		(1,286)	(681)	-	-
Taxation	12	(16,729)	(14,311)	1,897	(1,317)
Net profit for the year attributable to equity holders of the Holding Company		132,907	104,407	28,606	13,916
Basic and diluted earnings per share attributable to equity holders of the Holding Company (sen) [1]	30	17.2	20.3		

[1] The basic and diluted earnings per share for the year ended 31 March 2020 was adjusted upon completion of the DRP exercise on 12 December 2019.

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

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MNRB Holdings Berhad
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Statements of comprehensive income
for the year ended 31 March 2020

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Net profit for the year	132,907	104,407	28,606	13,916
Other comprehensive income/(loss)				
Other comprehensive income/(loss) to be reclassified to income statement in subsequent periods:				
Effects of post-acquisition foreign exchange translation reserve on investment in associate	9,663	7,870	-	-
Effects of foreign exchange translation reserve on investment in subsidiary	808	561	-	-
Net gain on financial assets at fair value through other comprehensive income ("FVOCI"):				
Net gains on fair value changes	51,260	36,820	-	-
Realised gains transferred to income statement (Note 6)	(36,308)	(5,089)	-	-
Deferred tax relating to net gain on financial assets at FVOCI	(2,532)	(3,490)	-	-
Other comprehensive income attributable to participants (Note 24(b))	(2,191)	(3,126)	-	-
Other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods:				
Net income/(losses) on fair value changes on financial assets at FVOCI	224	(214)	-	-
Revaluation of land and buildings	2,895	14,245	-	-
Deferred tax relating to revaluation of land and buildings	369	2,700	-	-
Other comprehensive income attributable to participants (Note 24(c))	(2,305)	(13,538)	-	-
Total comprehensive income for the year	154,790	141,146	28,606	13,916

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

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MNRB Holdings Berhad
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Statements of financial position
as at 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Property, plant and equipment	13	204,189	204,187	1,442	1,300
Intangible assets	14	36,578	37,206	2,718	2,372
Right-of-use assets	15	4,548	-	3,246	-
Investments in subsidiaries	16	-	-	1,304,476	1,304,476
Investments in associates	17	133,282	133,741	1,957	1,957
Financial and other assets	18	7,754,754	7,289,554	75,108	47,220
Deferred tax assets	19	15,404	13,247	1,742	1,872
Reinsurance/retakaful assets	20	497,328	539,853	-	-
Insurance/takaful receivables	21	381,703	337,351	-	-
Tax recoverable	22	68,604	54,674	20,049	18,227
Non-current asset held for sale	23	-	45,875	-	-
Cash and bank balances		118,417	51,675	294	515
Total assets		9,214,807	8,707,363	1,411,032	1,377,939
Liabilities and participants' funds					
Participants' funds	24	332,738	295,294	-	-
Borrowing	25	320,000	320,000	320,000	320,000
Insurance/takaful contract liabilities	20	5,843,073	5,489,890	-	-
Lease liabilities	15	4,219	-	3,159	-
Insurance/takaful payables	26	169,851	224,032	-	-
Other payables	27	250,306	232,532	13,593	9,288
Deferred tax liabilities	19	11,946	16,365	-	-
Tax payable	22	9,423	8,321	-	-
Provision for zakat		1,464	1,277	-	-
Total liabilities and participants' funds		6,943,020	6,587,711	336,752	329,288

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MNRB Holdings Berhad
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Statements of financial position
as at 31 March 2020 (cont'd.)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Equity					
Share capital	28	738,502	722,306	738,502	722,306
Reserves		1,533,285	1,397,346	335,778	326,345
Total equity attributable to equity holders of the Holding Company		2,271,787	2,119,652	1,074,280	1,048,651
Total liabilities, participants' funds and equity		9,214,807	8,707,363	1,411,032	1,377,939

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

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MNRB Holdings Berhad
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Statements of changes in equity
for the year ended 31 March 2020

	< ----------- Attributable to equity holders of the Holding Company ------------- >					
		< -------------------------- Reserves -------------------------- >				
		< ---------- Non-distributable ---------- >			Distributable	
	Share capital RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
Group						
At 1 April 2018	319,605	34,898	33,556	43,652	1,144,094	1,575,805
Net profit for the year	-	-	-	-	104,407	104,407
Other comprehensive income for the year	-	8,431	24,901	3,407	-	36,739
Total comprehensive income for the year	-	8,431	24,901	3,407	104,407	141,146
Issuance of shares persuant to completion of rights issue exercise (Note 28)	402,701	-	-	-	-	402,701
At 31 March 2019	722,306	43,329	58,457	47,059	1,248,501	2,119,652
At 1 April 2019, as previously stated	722,306	43,329	58,457	47,059	1,248,501	2,119,652
Effects of adoption of MFRS 16 (Note 2.28)	-	-	-	-	325	325
At 1 April 2019, as restated	722,306	43,329	58,457	47,059	1,248,826	2,119,977
Net profit for the year	-	-	-	-	132,907	132,907
Other comprehensive income for the year	-	10,471	10,453	959	-	21,883
Total comprehensive income for the year	-	10,471	10,453	959	132,907	154,790
Issuance of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 28)	16,196	-	-	-	-	16,196
Dividends paid during the year (Note 29)	-	-	-	-	(19,176)	(19,176)
At 31 March 2020	738,502	53,800	68,910	48,018	1,362,557	2,271,787

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

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MNRB Holdings Berhad
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Statements of changes in equity
for the year ended 31 March 2020 (cont'd.)

	Share capital RM'000	Distributable Retained profits RM'000	Total RM'000
	Attributable to equity holders of the Company		
Company			
At 1 April 2018	319,605	312,429	632,034
Issuance of shares persuant to completion of rights issue exercise (Note 28)	402,701	-	402,701
Net profit for the year, representing total comprehensive income for the year	-	13,916	13,916
At 31 March 2019	722,306	326,345	1,048,651
Effects of adoption of MFRS 16 (Note 2.28)	-	3	3
At 1 April 2019, as restated	722,306	326,348	1,048,654
Issuance of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 28)	16,196	-	16,196
Net profit for the year, representing total comprehensive income for the year	-	28,606	28,606
Dividends paid during the year (Note 29)	-	(19,176)	(19,176)
At 31 March 2020	738,502	335,778	1,074,280

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

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MNRB Holdings Berhad
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Statements of cash flows
for the year ended 31 March 2020

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities				
Profit before zakat and taxation	150,922	119,399	26,709	15,233
Adjustments for:				
Net fair value losses/(gains) on financial assets at FVTPL	18,780	(72,769)	-	-
Impairment/(reversal of impairment) losses on FVOCI financial assets	576	(3)	-	-
Reversal of impairment losses on other receivables	-	(27)	-	-
Reversal of impairment loss on insurance/takaful receivables	(1,677)	(852)	-	-
Depreciation of property, plant and equipment	5,893	6,799	459	423
Amortisation of intangible assets	6,633	6,181	387	405
Depreciation of right-of-use ("ROU") assets	3,720	-	1,187	-
Tax borne by participants	17,998	22,137	-	-
Net gains on disposal of property, plant and equipment	(25)	(160)	-	(31)
Net loss on disposal of intangible assets	4	-	4	-
Net loss on disposal of non-current asset held for sale	850	-	-	-
Impairment loss on buildings	585	216	-	-
Disposal cost for non-current asset held for sale	-	125	-	-
Decrease in gross premium/contribution liabilities	97,417	17,478	-	-
Interest/profit income	(271,712)	(261,966)	(2,208)	(2,096)
Dividend income	(16,412)	(8,051)	(40,600)	(30,000)
Rental income	(3,317)	(3,066)	-	-
Finance cost on borrowing	16,685	16,244	16,685	16,244
Finance costs on lease liabilities	296	-	43	-
Realised gains on disposals of investments	(95,230)	(7,660)	-	-
Net amortisation of premiums on investments	6,285	5,094	-	-
Share of results of associates	9,838	13,121	-	-
(Loss)/profit from operations before changes in operating assets and liabilities	(51,891)	(147,760)	2,666	178

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MNRB Holdings Berhad
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Statements of cash flows
for the year ended 31 March 2020 (cont'd.)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities (cont'd.)				
Increase in placements with licensed financial institutions, Islamic investment accounts and marketable securities	(344,964)	(191,002)	(27,176)	(16,608)
Net proceeds from disposal/(purchase) of investments	12,537	(492,746)	-	-
Decrease/(increase) in staff loans	218	154	(257)	(464)
(Increase)/decrease in insurance/ takaful receivables	(42,675)	79,169	-	-
Increase in other receivables	(37,561)	(22,550)	(359)	(292)
Net change in balances with subsidiaries	-	-	3,483	1,909
Increase in gross claim liabilities, actuarial liabilities and unallocated surplus	248,035	152,567	-	-
Increase in expense liabilities	7,731	5,114	-	-
Increase in participants' fund	32,948	27,177	-	-
Decrease/(increase) in reinsurance/ retakaful assets	42,525	(61,600)	-	-
Decrease in insurance/takaful payables	(54,181)	(46,412)	-	-
Increase in other payables	17,620	6,787	1,299	(592)
Taxes and zakat (paid)/recoverable	(57,397)	(46,721)	203	(975)
Interest/profit received	256,721	263,127	1,647	2,082
Dividends received	21,427	7,910	-	-
Rental received	3,344	2,983	-	-
Net cash generated from/(used in) operating activities	54,437	(463,803)	(18,494)	(14,762)

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MNRB Holdings Berhad
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Statements of cash flows
for the year ended 31 March 2020 (cont'd.)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities				
Subscription of shares in subsidiary	-	-	-	(400,000)
Purchase of property, plant and equipment	(3,227)	(2,225)	(601)	(474)
Purchase of intangible assets	(6,009)	(11,256)	(737)	(1,147)
Dividends received from subsidiaries and associate	-	-	40,600	30,000
Proceeds from disposal of property, plant and equipment	39	403	-	33
Proceeds from disposal of non-current assets held for sale	45,025	-	-	-
Net cash generated from/(used in) investing activities	35,828	(13,078)	39,262	(371,588)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	-	402,701	-	402,701
Payment of lease liablilites	(3,858)	-	(1,324)	-
Interest/profit paid	(16,685)	(16,244)	(16,685)	(16,244)
Dividends paid	(2,980)	-	(2,980)	-
Net cash (used in)/generated from financing activities	(23,523)	386,457	(20,989)	386,457
Cash and bank balances				
Net increase/(decrease) during the year	66,742	(90,424)	(221)	107
At beginning of the year	51,675	142,099	515	408
At end of the year	118,417	51,675	294	515

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

Notes to the financial statements - 31 March 2020

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 to the financial statements. 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 935 and 169 (2019: 845 and 190) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 3 August 2020.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted the Issues Committee ("IC") interpretation, new and amended MFRSs applicable for annual financial periods beginning on or after 1 January 2019, as fully described in Note 2.28.

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

As at the reporting date, the reinsurance/retakaful and takaful subsidiaries have met the minimum capital requirements as prescribed by the Risk-Based Capital ("RBC") Framework and Risk-Based Capital for Takaful Operators ("RBCT") Framework issued by Bank Negara Malaysia ("BNM").

2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position, only when there is a legally enforceable right to offset the recognised amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense will not be offset in the income statements and the statements of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and of the Company.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Accounting period

For the general reinsurance business, the Group adopts quarterly accounting periods ending on 31 March, 30 June, 30 September and 31 December, insofar as the underwriting income and outgo for Market Cessions business is concerned. This is to correspond with the ceding companies' accounting periods.

Underwriting income and outgo in respect of other businesses and all other income and expenditure are for the 12 months period ended 31 March 2020.

2.3 Subsidiaries, associates and basis of consolidation

(a) Subsidiaries

A subsidiary is an entity over which the Company has all of the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect the amount of its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(a) Subsidiaries (cont'd.)

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Company's voting rights and potential voting rights.

In the Company's financial statements, investments in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statements.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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 intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

2. Significant accounting policies (cont'd.)

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

(c) Takaful and retakaful operations and funds

Under the concept of takaful/retakaful, participants/cedants make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, the takaful/retakaful subsidiaries manage the general and family takaful/retakaful funds in line with the principles of Wakalah (agency). Under the Wakalah model, takaful/retakaful subsidiaries are not participants in the funds but manage the funds (including the relevant assets and liabilities) towards the purpose outlined above.

In accordance with the Islamic Financial Services Act ("IFSA") 2013, the assets and liabilities of the takaful/retakaful funds are segregated from those of the shareholder's funds of the takaful/retakaful subsidiaries, a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements*, the assets, liabilities, income and expenses of the takaful and retakaful funds are consolidated with those of the shareholders' funds to represent the control possessed by the takaful/retakaful subsidiaries over the respective funds.

In preparing the Group financial statements, the balances and transactions of the shareholder's funds of takaful/retakaful subsidiaries were amalgamated and combined with those of the takaful and retakaful funds respectively. Interfund assets and liabilities, income, expenses and cash flows are eliminated in full during amalgamation and consolidation.

The takaful and retakaful funds of the takaful/retakaful subsidiaries are consolidated and amalgamated from the date of control and continue to be consolidated until the date such control ceases.

(d) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes.

2. Significant accounting policies (cont'd.)

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

(d) Associates (cont'd.)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investments in the associates. The investments in associates are accounted for using the equity method from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates or the investments become subsidiaries.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associates' identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investments and is instead included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investments are acquired.

When the Group's share of losses in associates equal or exceed its interest in the associates, including any long-term interests that, in substance, form part of the Group's net investments in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is derived from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for transactions and events in similar circumstances.

In the Company's financial statements, investments in associates are stated at cost less any accumulated impairment losses.

On disposal of such investments, the difference between net disposal proceeds and the carrying amount is included in the income statement.

2.4 Business combination from third party

Business combinations involving entities not under common control are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2. Significant accounting policies (cont'd.)

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* ("MFRS 9"), is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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 profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.5 General reinsurance, takaful and retakaful underwriting results

The general reinsurance, takaful and retakaful underwriting results are determined after taking into account premiums/contributions, retrocession/ retakaful/ retrotakaful, commissions, movements in premium/ contribution liabilities, net claims incurred and wakalah fees.

The general takaful and retakaful funds are maintained in accordance with the IFSA 2013 and consist of the accumulated surplus/deficit in the funds, fair value reserves and revaluation surplus. Any deficit will be made good by the shareholder's fund via benevolent profit/interest-free loan or Qard.

2. Significant accounting policies (cont'd.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

In the general takaful and retakaful funds, the surplus distributable to the participants is determined after deducting retakaful/retrotakaful costs, movements in contribution liabilities, commissions, net claims incurred, wakalah fees, expenses, taxation and surplus administration charges. The surplus may be distributed to the shareholder and participants in accordance with the terms and conditions of the respective contracts or as prescribed by the Group Shariah Committee.

(a) Premium and contribution recognition

Gross premiums/contributions are recognised in a financial period in respect of risks assumed during the particular financial period. Gross premiums/contributions include premium/contribution income in relation to direct general business, inwards facultative business, inwards proportional treaty reinsurance/retakaful and inwards non-proportional treaty reinsurance/retakaful.

Contributions from direct businesses are recognised following individual risks' inception dates. Inwards facultative premiums/contributions are recognised in the financial period in respect of the facultative risk assumed during the particular financial period following individual risk's inception dates.

Inwards proportional treaty premiums/contributions are recognised on the basis of periodic advices received from cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured/covered at various inception dates of these risks and contractually accounted for under the terms of the proportional reinsurance/retakaful treaty.

Premium/contribution income on inwards non-proportional treaties, which cover losses occurring during a specified treaty period, are recognised based on the contractual premiums/contributions already established at the start of the treaty period under the terms and conditions of each contract.

(b) Premium and contribution liabilities

Premium/contribution liabilities represent the future obligations on reinsurance/retakaful contracts as represented by premiums/contributions received for risks that have not yet expired. The movement in premium/contribution liabilities is released over the term of the reinsurance/retakaful contracts and recognised as earned premium/contribution.

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2. Significant accounting policies (cont'd.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

(b) Premium and contribution liabilities (cont'd.)

Premium/contribution liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR")/unearned contribution reserves ("UCR") respectively for all lines of business or the best estimate value of the unexpired risk reserves ("URR") and a provision of risk margin for adverse deviation ("PRAD") calculated at 75% confidence level at the end of the financial year.

(i) Unexpired risk reserves

The URR is a prospective estimate of the expected future payments arising from future events insured or covered under policies or contracts in force as at the end of the financial year and also includes allowance for expenses, including overheads and costs of reinsurance/retakaful, expected to be incurred during the unexpired period in administering these policies or contracts and settling the relevant claims, and allowing for expected future premium/contribution refunds.

URR is estimated via an actuarial valuation performed by qualified actuaries, using a mathematical method of estimation similar to Incurred But Not Reported ("IBNR") claims.

(ii) Unearned premium and contribution reserves

The UPR/UCR represents the portion of the net premiums/contributions of insurance/takaful contracts written that relate to the unexpired periods of the contracts at the end of the financial year. The UPR/UCR is computed on net premium/contribution income with a further deduction for wakalah fee or commission expenses, as appropriate. The methods of computation of UPR/UCR are as follows:

- For inwards proportional treaty reinsurance/retakaful business, UPR/UCR is computed on the 1/8th method commencing from the quarter corresponding to the reporting quarter of the treaty statement;
- For inwards non-proportional treaty reinsurance/retakaful business, UPR/UCR is computed at 1/2 of the last quarter Minimum Deposit Premiums/Contributions received;
- For inwards facultative reinsurance/retakaful business, UPR/UCR is computed on the 1/8th method commencing from the date of inception;
- Time apportionment method for all classes of general takaful business within Malaysia except Marine and Aviation Cargo; and
- 25% method for Marine and Aviation Cargo.

2. Significant accounting policies (cont'd.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

(c) Claim liabilities

The amount of outstanding claims is the best estimate value of claim liabilities, which includes provision for claims reported, claims incurred but not enough reserved ("IBNER") and IBNR claims together with related expenses less recoveries to settle the present obligation as well as a PRAD calculated at 75% confidence level at the end of the financial year. Liabilities for outstanding claims are recognised when a claimable event occurs and/or as advised/notified. IBNER and IBNR claims are based on an actuarial valuation by qualified actuaries, using a mathematical method of estimation based on, amongst others, actual claims development patterns.

(d) Liability adequacy test

At each reporting date, the Group reviews all insurance/takaful contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group, contractual or otherwise, with respect to insurance/takaful contracts issued. In performing this review, the Group compares all contractual cash flows against the carrying value of insurance/takaful contract liabilities. Any deficiency is recognised in the income statement.

The estimation of claim liabilities and premium/contribution liabilities performed at the reporting date is part of the liability adequacy tests performed by the Group.

(e) Acquisition costs and commission expenses

The acquisition costs and commission expenses, which are costs directly incurred in acquiring and renewing reinsurance/takaful/retakaful business, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

2.6 Family takaful and retakaful underwriting results

The family takaful and retakaful underwriting results are determined after taking into account contributions, retakaful/retrotakaful costs, commissions, net benefits incurred and wakalah fees.

The family takaful and retakaful funds are maintained in accordance with the requirements of the IFSA 2013 and consist of the accumulated surplus/deficit in the funds, fair value reserves and revaluation surplus. The family takaful and retakaful funds surplus/deficit is determined by an annual actuarial valuation of the funds. Any actuarial deficit in the family takaful and retakaful funds will be made good by the shareholder's fund via a loan or Qard.

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2. Significant accounting policies (cont'd.)

2.6 Family takaful and retakaful underwriting results (cont'd.)

In the family takaful and retakaful funds, the surplus distributable to the participants is determined after deducting retakaful/retrotakaful costs, net benefits incurred, wakalah fees, expenses, taxation and surplus administration charges. The surplus may be distributed to the shareholder and participants in accordance with the terms and conditions of the respective contracts or as prescribed by the Group Shariah Committee.

(a) Contribution recognition

Takaful contribution is recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah. First year contribution is recognised on the assumption of risks and subsequent takaful contributions are recognised on due dates. Takaful contributions outstanding at the reporting date are recognised as income for the period provided they are within the grace period allowed for payment and there are sufficient funds available in the participants' accounts to cover such contributions due.

Retakaful contributions are recognised in respect of risks assumed during a particular financial period. Inward treaty retakaful contributions are recognised on the basis of statements received from ceding companies.

(b) Contract liabilities

Family takaful contract liabilities are recognised when contracts are in-force and contributions are charged. Liabilities relating to benefits payable of the family retakaful fund are recognised as advised by ceding companies.

For a one year family contract or a one year extension to a family contract covering contingencies other than life or survival, the liabilities for such family takaful contracts comprise contribution and claim liabilities with an appropriate allowance for PRAD from the expected experience.

Liabilities of family takaful business are determined in accordance with valuation guidelines for takaful operators issued by Bank Negara Malaysia ("BNM"). All family takaful liabilities are valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the contracts, discounted at the appropriate risk discount rate. This method is known as the gross contribution valuation method. In the case of a family contract where a part of, or the whole of, the contributions are accumulated in a fund, the accumulated amounts as declared to the participants are set as the liabilities. Zerorisation is applied at contract level and no contract is treated as an asset under the valuation method adopted.

2. Significant accounting policies (cont'd.)

2.6 Family takaful and retakaful underwriting results (cont'd.)

(b) Contract liabilities (cont'd.)

The family takaful contract liabilities are derecognised when the contracts expire, are discharged or are cancelled. At each reporting date, an assessment is made on whether the recognised family takaful contract liabilities are adequate by performing a liability adequacy test as disclosed in Note 2.6(d).

In respect of the family takaful and retakaful risk fund, the expected future cash flows of benefits are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of contract reserves at a 75% confidence level is secured. For investment-linked business, the fund value is treated as liabilities.

Surplus, defined as the difference between the value of the family fund and its liabilities, including retained surplus, is distributed to the participants after deducting the surplus administration charge.

If the difference between the value of the family fund and the liabilities results in a deficit, the deficit is made good via a Qard which will be repaid when the fund returns to a surplus position.

(c) Creation/cancellation of units of family takaful fund

Amounts received for units created represent contributions paid by participants or unitholders as payment for new contracts or subsequent payments to increase the amount of the contracts. Creation/cancellation of units are recognised in the financial statements at the next valuation date, after the request to purchase/sell units are received from the participants or unitholders.

(d) Liability adequacy test

At each reporting date, the Group reviews all takaful contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group, contractual or otherwise, with respect to takaful contracts issued. In performing this review, the Group compares all contractual cash flows against the carrying value of takaful contract liabilities. Any deficiency is recognised in the income statement.

2. Significant accounting policies (cont'd.)

2.7 Shareholder's fund relating to takaful and retakaful business

(a) Commission expenses

Commission expenses, which are costs directly incurred in securing contributions on takaful contracts, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income. Commission expenses are recognised in the income statement at an agreed percentage for each contract underwritten. This is in accordance with the principles of Wakalah as approved by the Group Shariah Committee and as agreed between the participants and the takaful and reinsurance/retakaful subsidiaries.

(b) Expense liabilities

The expense liabilities of the shareholder's fund consist of expense liabilities relating to the management of the general takaful and retakaful funds and the family takaful and retakaful funds which are based on estimations performed by qualified actuaries. The movement in expense liabilities is released over the term of the takaful contracts and recognised in the income statement.

(i) Expense liabilities of general takaful and retakaful funds

The expense liabilities of the general takaful and retakaful funds are reported at the higher of the aggregate of the reserves for unearned wakalah fees ("UWF") and the best estimate value of the provision for unexpired expense reserves ("UER") and a PRAD at a 75% confidence level at the end of the financial year.

<u>Unexpired expense reserves</u>

The UER is determined based on the expected future expenses payable by the shareholder's funds in managing the general takaful and retakaful funds for the full contractual obligation of the takaful and retakaful contracts as at the end of the financial year, less any expected cash flows from future wakalah fee income, and any other income due to the shareholder's funds that can be determined with reasonable certainty, including a PRAD calculated at a 75% confidence level. The method used to value the UER is consistent with the method used in estimating the URR as disclosed in Note 2.5(b)(i).

<u>Reserves for unearned wakalah fees</u>

The UWF represent the portion of wakalah fee income that relates to the unexpired periods of contracts at the end of the financial year. The method used in computing UWF is consistent with the methods used in the calculation of the UCR as disclosed in Note 2.5(b)(ii).

2. Significant accounting policies (cont'd.)

2.7 Shareholder's fund relating to takaful and retakaful business (cont'd.)

(b) Expense liabilities (cont'd.)

(ii) Expense liabilities of family takaful and retakaful funds

The valuation of expense liabilities in relation to contracts of the family takaful and retakaful funds is conducted separately by the Appointed Actuaries. The method used to value expense liabilities is consistent with the method used to value takaful and retakaful liabilities of the corresponding family takaful and retakaful contracts. In valuing the expense liabilities, the present value of expected future expenses payable by the shareholder's funds in managing the takaful and retakaful funds for the full contractual obligation of the takaful and retakaful contracts less any expected cash flows from future wakalah fee income, and any other income due to the shareholder's funds that can be determined with reasonable certainty, are taken into consideration. The estimation includes a PRAD at a 75% confidence level.

(iii) Liability adequacy test

At each reporting date, the Group reviews the expense liabilities to ensure that the carrying amount is sufficient or adequate to cover the obligations of the Group for all managed takaful and retakaful contracts. In performing this review, the Group considers all contractual cash flows and compares this against the carrying value of expense liabilities. Any deficiency is recognised in the income statement.

2.8 Product classification

Financial risk is the risk of a possible future change in one or more of a specified interest/profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance/underwriting risk is the risk other than financial risk.

An insurance/takaful contract is a contract under which the reinsurance and takaful subsidiaries have accepted significant insurance/underwriting risk from another party by agreeing to compensate the party if a specified uncertain future event adversely affects the party. As a general guideline, the reinsurance and retakaful subsidiaries determine whether significant insurance/underwriting risk has been accepted by comparing claims/benefits payable on the occurrence of the event with claims/benefits payable if the event had not occurred.

Conversely, investment contracts are those contracts that transfer financial risk with no significant insurance/underwriting risk.

2. Significant accounting policies (cont'd.)

2.8 Product classification (cont'd.)

Once a contract has been classified as an insurance/takaful contract, it remains an insurance/takaful contract for the remainder of its life-time, even if the insurance/underwriting risk reduces significantly during the period, unless all rights and obligations expire or are extinguished.

2.9 Reinsurance and retakaful

The reinsurance/retakaful and takaful subsidiaries cede insurance/underwriting risk in the normal course of business. Ceded reinsurance/retakaful and takaful arrangements do not relieve the reinsurance/retakaful and takaful subsidiaries from their obligations to cedants/participants. For both ceded and assumed reinsurance/retakaful and takaful businesses, premiums/contributions and claims/benefits are presented on a gross basis.

Reinsurance and retakaful arrangements entered into by the reinsurance/retakaful and takaful subsidiaries that meet the classification requirements of insurance/takaful contracts as described in Note 2.8 are accounted for as noted below. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Reinsurance and retakaful assets represent amounts recoverable from reinsurers and retakaful operators for insurance and takaful contract liabilities which have yet to be settled at the reporting date. Amounts recoverable from reinsurers and retakaful operators are measured consistently with the amounts associated with the underlying insurance and takaful contracts and the terms of the relevant reinsurance and retakaful arrangement.

At each reporting date, the reinsurance/retakaful and takaful subsidiaries assess whether objective evidence exists that reinsurance and retakaful assets are impaired. Objective evidence of impairment for reinsurance and retakaful assets are similar to those noted for insurance and takaful receivables. If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest/profit rate. The impairment loss is recognised in the income statement. Reinsurance and retakaful assets are derecognised when the contractual rights expire or are extinguished or when the contract is transferred to another party.

2. Significant accounting policies (cont'd.)

2.10 Property, plant and equipment and depreciation

(a) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, 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 reporting date.

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 statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

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.

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Leased properties are depreciated over the shorter of the lease term and their useful lives.

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.

2. Significant accounting policies (cont'd.)

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

(c) Depreciation (cont'd.)

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 3%
Computer equipment	10% to 33.3%
Office equipment	10% to 33.3%
Furniture and fittings	10% to 15%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2.11 Intangible assets

All intangible assets are initially recorded at cost. Subsequent to recognition, intangible assets are stated at cost less any accumulated amortisation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

On disposal of intangible assets, the difference between net proceeds and the carrying amount is recognised in the income statements.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and 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 reporting period. 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. Significant accounting policies (cont'd.)

2.11 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.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

(a) Classification and subsequent measurement

The classification of financial assets at initial recognition depends on the Group and the Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristic, as described in Notes 2.12(b) and 2.12(c). All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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2. Significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

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

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 it manages its 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.

2. Significant accounting policies (cont'd.)

2.12 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 profit or loss 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.

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2. Significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

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

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

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 reporting periods, 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 statement 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 profit or loss.

2. Significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

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

(iii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition

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 if it is contingent consideration recognised by an acquirer in a business combination. The classification is determined on an instrument-by-instrument basis.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- 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 profit or loss. Dividends are recognised as investment income in the income statement 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 fair value through OCI are not subject to impairment assessment.

2. Significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

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

(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 at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.
- Debt instruments that fail the SPPI test are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as 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 at FVTPL.

(iv) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or profit earned on the financial asset.

(b) Business model assessment

The Group and the Company determine their business model at the level that best reflects how they manage groups of financial assets to achieve their business objective.

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:

2. Significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group and the Company's key management personnel;
- How participants are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest/profit income, maintaining a particular interest/profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and
- 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 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 incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Group and the Company assess its business models at each reporting period 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 and the Company's senior management as a result of external or internal changes;
- Significant to the Group 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 its operations. Changes in the objective(s) of the business model must be effected before the reclassification date.

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2. Significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

(c) The Solely Payments of Principal and Interest ("SPPI") Test

The Group and the Company assess the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. In assessing the SPPI test, the Group and the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set.

(d) Reclassifications

The Group and the Company do not reclassify its 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) Derecognition of financial assets

A financial asset is derecognised when:

(i) the contractual right to receive cash flows from the asset has expired; or

(ii) the Group and the Company have transferred their right to receive cash flows from the asset or has 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. Significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

(e) 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 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
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest/profit rate, the Group and the Company record a modification gain or loss.

2.13 Fair value measurement

The Group and the Company measure financial instruments such as financial assets at FVTPL, financial assets at FVOCI and non-financial assets such as self-occupied properties at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Notes 18.

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.

2. Significant accounting policies (cont'd.)

2.13 Fair value measurement (cont'd.)

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

An annual valuation is performed to reflect the fair value of the Group's self-occupied properties. At the end of each financial year, accredited independent valuers having appropriate recognised professional qualification are appointed to perform the annual valuation. The valuation techniques used by the accredited independent valuers are verified to ensure that they are in accordance with the requirements of MFRS 13 *Fair Value Measurement*.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The fair value hierarchy of assets that are measured at fair value and/or for which fair value are disclosed is presented in Note 39.

2. Significant accounting policies (cont'd.)

2.14 Impairment of assets

(i) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost or FVOCI, except for investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the appropriate effective interest/profit rate.

The ECL model applies to all financial assets held by the Group and the Company except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Malaysian government securities (MGS/GII) which are considered low credit risk assets as the Malaysian federal government have 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:

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2. Significant accounting policies (cont'd.)

2.14 Impairment of assets (cont'd.)

(i) Financial assets (cont'd.)

	Stage 1 Performing	Stage 2 Non Performing	Stage 3 Non Performing
ECL Approach	12-months ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased	Credit-impaired assets
Recognition of interest/profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward looking adjustment is interpreted as an adjustment for the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of default ("PD")

  The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

- Exposure at default ("EAD")

  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- 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.

2. Significant accounting policies (cont'd.)

2.14 Impairment of assets (cont'd.)

(i) Financial assets (cont'd.)

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

In its ECL models, the Group and the Company rely on a broad range of forward looking information as economic inputs, such as GDP, inflation, currency rates 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.

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 profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss 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 eigtheen 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.

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2. Significant accounting policies (cont'd.)

2.14 Impairment of assets (cont'd.)

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (or groups of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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.

(iii) Write-offs

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. There were no write-offs over the periods reported in these financial statements.

2. Significant accounting policies (cont'd.)

2.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the non-current assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets are then measured at the lower of its carrying amount and fair value less costs to sell. Any difference is included in the income statement. Non-current assets classified as held for sale are not depreciated.

2.16 Measurement and impairment of Qard

Any deficits in the takaful/retakaful funds are made good via a loan or Qard, granted by the shareholder's funds to the takaful/retakaful funds. The Qard is stated at cost less any impairment losses in the shareholder's funds. In the takaful/retakaful funds, the Qard is stated at cost.

The Qard shall be repaid from future surpluses of the takaful/retakaful funds.

The Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the takaful/retakaful funds to determine whether there is any objective evidence of impairment. If the Qard is impaired, an amount comprising the difference between its cost and its recoverable amount, less any impairment loss previously recognised, is recognised in the income statement.

Impairment losses are subsequently reversed in the income statement if objective evidence exists that the Qard is no longer impaired.

2.17 Share capital and dividend expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, excluding fixed and call deposits with licensed financial institutions, which have an insignificant risk of changes in value. The statements of cash flows have been prepared using the indirect method.

2. Significant accounting policies (cont'd.)

2.19 Insurance and takaful receivables

Insurance/takaful receivables are amounts receivable under the contractual terms of a reinsurance/retakaful/takaful contract. On initial recognition, insurance/takaful receivables are measured at fair value based on the consideration receivable. Subsequent to initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective interest/profit method.

The Group recognises an allowance for ECL for insurance receivables and recognises that impairment loss in the income statement. The basis for recognition of such impairment loss is as described in Note 2.14(i).

Insurance/takaful receivables are derecognised when the rights to receive cash flows from them have expired or when they have been transferred and the Group has also substantially transferred all risks and rewards of ownership.

2.20 Leases

(a) Policy applicable before 1 April 2019

(i) Classification

A lease is recognised as a finance lease if it substantially transfers to the Group and the company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not substantially transfer all risks and rewards are classified as operating leases, with the following exceptions:

(a) Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a case-by-case basis and, if classified as investment property, is accounted for as if held under a finance lease; and

(b) Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

2. Significant accounting policies (cont'd.)

2.20 Leases (cont'd.)

(a) Policy applicable before 1 April 2019 (cont'd.)

(ii) Operating leases - the Group and the Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit or incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the upfront payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values of leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iii) Operating leases - the Group and the Company as lessor

Assets leased out under operating leases are presented in the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(b) Policy applicable beginning 1 April 2019

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.

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2. Significant accounting policies (cont'd.)

2.20 Leases (cont'd.)

(b) Policy applicable beginning 1 April 2019 (cont'd.)

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

(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 estimated useful lives.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are also subject to impairment as disclosed under Note 2.14(ii).

The ROU assets are presented as a separate line in the statements of financial position.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Significant accounting policies (cont'd.)

2.20 Leases (cont'd.)

(b) Policy applicable beginning 1 April 2019 (cont'd.)

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

(b) Lease liabilities (cont'd.)

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. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest/profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. the Group and the Company did not make any such adjustments during the financial year.

The lease liability is presented as a separate line in the statements of financial position.

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases of equipment that are considered to be of low value (such as laptops, and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

(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.

2. Significant accounting policies (cont'd.)

2.20 Leases (cont'd.)

(b) Policy applicable beginning 1 April 2019 (cont'd.)

(ii) The Group as lessor (cont'd.)

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in investment income 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.

2.21 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and/or the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in the income statement. Net gains or losses on derivatives include exchange differences.

The Group and the Company had not designated any financial liabilities as at FVTPL.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include borrowings, lease liabilities, insurance/takaful payables and other payables.

Insurance/takaful payables and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method.

2. Significant accounting policies (cont'd.)

2.21 Financial liabilities (cont'd.)

(b) Other financial liabilities (cont'd.)

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 statement.

2.22 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 reporting date 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.

2.23 Income tax

Income tax on profit or loss 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.

2. Significant accounting policies (cont'd.)

2.23 Income tax (cont'd.)

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.

2.24 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated balances. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

As required by law, the Group and the Company make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Group and the Company also make additional contributions to the EPF for eligible employees by referring to their earnings. Such contributions are recognised as an expense in the income statements as incurred.

(c) Employees' terminal benefits

As required by law in the United Arab Emirates, the Group makes provision for terminal benefits for 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.

2.25 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.

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2. Significant accounting policies (cont'd.)

2.25 Foreign currencies (cont'd.)

(b) Foreign currency transactions

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 reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the income statement 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 statement 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 statement 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 reporting date;

(ii) Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchanges rates at the dates of the transactions;

(iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity; and

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2. Significant accounting policies (cont'd.)

2.25 Foreign currencies (cont'd.)

(c) Foreign operations (cont'd.)

(iv) The results of an associate, Labuan Reinsurance (L) Ltd., are translated at the closing rate prevailing at the reporting date with respect to the carrying amount of the investment in associate, and at the exchange rate at the date of the transactions with respect to the share of profits or losses. All resulting translation differences are included in the foreign exchange translation reserve in shareholders' equity.

2.26 Revenue recognition

Revenue is recognised when control of the goods or the services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

(a) Interest and profit income

Interest and profit income are recognised using the effective interest/profit method.

(b) 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.

(c) Dividend income

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

(d) Management fees

Management fees are recognised when services are rendered.

(e) Wakalah fees

Wakalah fees are recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah.

(f) Premiums and contributions income

Premiums/contributions are recognised in accordance with the policies stated in Notes 2.5(a) and 2.6(a).

2. Significant accounting policies (cont'd.)

2.26 Revenue recognition (cont'd.)

(g) Commission income

Commission income derived from reinsurers/retakaful operators in the course of cession of premiums/contributions to reinsurers/retakaful operators are recognised in the income statement when they are incurred. Commission income is properly allocated to the relevant periods.

The method of recognition for commission income earned from retakaful operators is in accordance with the principle of Wakalah as approved by the Group Shariah Committee and as agreed between the Group's subsidiaries and its retakaful operators.

2.27 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 Group Shariah Committee ("GSC") and approved by the Board. Only the zakat that is attributable to the individual and corporate Muslim shareholders of the holding company was provided for in the financial statements. The zakat computation is reviewed by the GSC. The Board has the discretion to pay an additional sum above the obligatory amount payable.

2.28 Changes in accounting policies

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

Adoption of MFRS and amendments/improvements to MFRSs

At the beginning of the current financial year, the Group and the Company adopted the following Standards, Amendments/improvements to MFRSs and Issues Committee ("IC") Interpretations which are mandatory for annual periods beginning on or after 1 January 2019.

IC Interpretation 23 *Uncertainty over Income Tax Treatments*
Annual improvements to MFRS Standards 2015-2017 Cycle:
i) MFRS 3 *Business Combinations*
ii) MFRS 11 *Joint Arrangements*
iii) MFRS 112 *Income Taxes*
iv) MFRS 123 *Borrowing Costs*
MFRS 16 *Leases*
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
Amendments to MFRS 9 *Prepayment Features with Negative Compensations*

The adoption of the above pronouncements did not have any significant effect on the disclosures or amounts recognised in the Group's and the Company's financial statements except as discussed below:

2. Significant accounting policies (cont'd.)

2.28 Changes in accounting policies (cont'd.)

MFRS 16 *Leases* ("MFRS 16")

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under MFRS 117. The standard supersedes MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard was effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the Standard using either a full retrospective or a modified retrospective approach.

The Group and the Company adopted MFRS 16 for the first time as of 1 April 2019, using the modified retrospective approach, whereby comparative information was not required to be restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

In line with the practical expedient allowed under MFRS 16, the Group and the Company have elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. Therefore, the Group and the Company did not apply the standard to contracts that were not previously identified as containing a lease when applying MFRS 117 and IC Interpretation 4.

The accounting policies relating to leases prior to 1 April 2019 and beginning 1 April 2019, are disclosed n Note 2.20 to the financial statements.

(i) Lessee

Upon adoption of MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating lease, except for short-term leases and leases of low-value assets which are described in Note 2.20(b)(i)(c).

At transition, lease liabilities were measured at the present value of remaining lease payments, discounted using the company's incremental borrowing rate as of 1 April 2019. The carrying value of the lease liability also includes the extension options granted in favour of the Group and the Company, if they are reasonably certain to exercise the option.

Right-of-use assets were measured at their carrying value as if MFRS 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application and includes any initial direct costs incurred and an estimate of restoration costs.

2. Significant accounting policies (cont'd.)

2.28 Changes in accounting policies (cont'd.)

MFRS 16 *Leases* (cont'd.)

(i) Lessee (cont'd.)

The Group and the Company have elected to apply the following practical expedients on a lease by lease basis for measurement purposes upon the first-time adoption of the standard:

- Used a single discount rate for a portfolio of leases with reasonably similar characteristics;
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease;
- Applied the short-term leases exemption to leases with lease terms that end within 12 months of the date of initial application;
- Applied the low value asset exemption to exempt such assets from the requirements of the standards; and
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 for the Group and the Company was 4.94% and 4.80% respectively.

(ii) Lessor

Lessor accounting under MFRS 16 is substantially similiar to the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as stated in MFRS 117 and distinguish between two types of leases: operating lease and finance lease.

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2. Significant accounting policies (cont'd.)

2.28 Changes in accounting policies (cont'd.)

MFRS 16 *Leases* (cont'd.)

(iii) Financial effects due to adoption of MFRS 16

The following table reconciles the operating lease commitments disclosed in applying MFRS 117 at 31 March 2019 to the lease liabilities recognised in the statement of financial position at 1 April 2019.

	Group RM'000	Company RM'000
Operating lease commitment at 31 March 2019 as disclosed in the financial statements	2,021	1,248
Weighted average incremental borrowing rate as at 1 April 2019	4.94%	4.80%
Discounted operating lease commitments as at 1 April 2019	1,539	1,216
Less: Recognition exemption for short-term leases	(329)	(329)
Less: Extension options reasonably certain not to be exercised	(414)	-
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	6,536	482
Lease liabilities recognised at 1 April 2019	7,332	1,369

Impacts on retained profits

	Group RM'000	Company RM'000
Retained profits at 1 April 2019, as previously stated	1,248,501	326,345
Effects of adoption of MFRS 16:		
- Recognition of rights-of-use assets	7,803	1,374
- Recognition of lease liabilities	(7,332)	(1,369)
	471	5
- Deferred tax	(5)	(2)
- Provision for restoration	(141)	-
	325	3
Retained profits as at 1 April 2019, as restated	1,248,826	326,348

2. Significant accounting policies (cont'd.)

2.28 Changes in accounting policies (cont'd.)

MFRS 16 *Leases* (cont'd.)

(iii) Financial effects due to adoption of MFRS 16 (cont'd.)

The day-one financial impact of the adoption of MFRS 16 on the statement of financial position of the Group and Company were as follows:

Group

	Carrying value 31.03.2019 RM '000	Re-measurement RM '000	Carrying value after re-measurement 01.04.2019 RM '000
Assets			
Property, plant and equipment	204,187	-	204,187
Intangible assets	37,206	-	37,206
Right-of-use asset	-	7,803	7,803
Investment in associates	133,741	-	133,741
Financial and other assets	7,289,554		7,289,554
Deferred tax assets	13,247	(5)	13,242
Reinsurance/retakaful assets	539,853	-	539,853
Insurance/takaful receivables	337,351	-	337,351
Tax recoverable	54,674	-	54,674
Non-current assets held for sale	45,875	-	45,875
Cash and bank balances	51,675	-	51,675
Total assets	8,707,363	7,798	8,715,161
Liabilities and Participants' funds			
Participants' funds	295,294	-	295,294
Borrowings	320,000	-	320,000
Insurance/takaful contract liabilities	5,489,890	-	5,489,890
Lease liability	-	7,332	7,332
Insurance/takaful payables	224,032	-	224,032
Other payables	232,532	141	232,673
Deferred tax liabilities	16,365	-	16,365
Tax payables	8,321	-	8,321
Provision for zakat	1,277	-	1,277
Total liabilities and participants' funds	6,587,711	7,473	6,595,184

Group

	Carrying value 31.03.2019 RM '000	Re-measurement RM '000	Carrying value after re-measurement 01.04.2019 RM '000
Equity			
Share capital	722,306	-	722,306
Reserves	1,397,346	325	1,397,671
Total equity attributable to equity holders of the Group	2,119,652	325	2,119,977
Total liabilities, participants' funds and equity	8,707,363	7,798	8,715,161

Company

	Carrying value 1 April 2019 RM '000	Re-measurement RM '000	Carrying value after re-measurement 1 April 2019 RM '000
Assets			
Property, plant and equipment	1,300	-	1,300
Intangible assets	2,372	-	2,372
Right-of-use assets	-	1,374	1,374
Investments in subsidiaries	1,304,476	-	1,304,476
Investments in associates	1,957	-	1,957
Financial and other assets	47,220	-	47,220
Deferred tax assets	1,872	(2)	1,870
Tax recoverable	18,227	-	18,227
Cash and bank balances	515	-	515
Total assets	1,377,939	1,372	1,379,311

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2. Significant accounting policies (cont'd.)

2.28 Changes in accounting policies (cont'd.)

MFRS 16 *Leases* (cont'd.)

(iii) Financial effects due to adoption of MFRS 16 (cont'd.)

Company

	Carrying value 1 April 2019 RM '000	Re-measurement RM '000	Carrying value after re-measurement 1 April 2019 RM '000
Liabilities			
Borrowing	320,000	-	320,000
Lease liabilities	-	1,369	1,369
Other payables	9,288	-	9,288
Total liabilities and participants' funds	329,288	1,369	330,657
Equity			
Share capital	722,306	-	722,306
Reserves	326,345	3	326,348
Total equity attributable to equity holders of the Group	1,048,651	3	1,048,654
Total liabilities, participants' funds and equity	1,377,939	1,372	1,379,311

2.29 Standards issued but not yet effective

The Standards, Amendments to Standards, IC Interpretation 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, IC Interpretation and Annual Improvements to Standards, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
Amendments to the Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 - *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020

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2. Significant accounting policies (cont'd.)

2.29 Standards issued but not yet effective (cont'd.)

Description (cont'd.)	**Effective for annual periods beginning on or after**
Amendments to MFRS 16 (*Covid-19-Related Rent Concessions)*	1 June 2020
Amendments to MFRS 101 *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*	1 January 2022
Annual Improvements to MFRS Standards 2018−2020 i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* ii) MFRS 9 *Financial Instruments* iii) MFRS 16 *Leases* iv) MFRS 141 *Agriculture*	1 January 2022
Amendments to MFRS 3 *Business Combinations (Reference to Conceptual Framework)*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment*	1 January 2022
Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2022
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures*	To be announced by MASB

The Directors are of the opinion that the adoption of the above pronouncements are not expected to have a material impact on the financial statements of the Group and the Company in the period of initial application except for those discussed below:

MFRS 17 *Insurance Contracts* ("MFRS 17")

MFRS 17 will replace MFRS 4 *Insurance Contracts* issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every reporting period (the fulfilment cash flows);
- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in the income statement over the service period (i.e., coverage period);
- The immediate recognition of the loss arising from onerous contracts in the income statement, with no CSM recognised on the balance sheet on initial recognition;

2. Significant accounting policies (cont'd.)

2.29 Standards issued but not yet effective (cont'd.)

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

- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in the income statement over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The presentation of insurance revenue and insurance service expenses in the income statement will be based on the concept of services provided during the period;
- Amounts that the policyholders will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statements, but are recognised directly on the statements of financial position;
- Insurance services results (earned revenue less incurred claims and expenses) are presented separately from the insurance finance income or expense; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

On 17 March 2020, the IASB has decided on a new effective date of IFRS 17 to commence from reporting periods beginning on or after 1 January 2023.

The Group has established a project team with the assistance from consultants to plan and manage the MNRB Group wide implementation of MFRS 17. The Group is in the midst of implementing the relevant systems solution, architecture and processes to ensure compliance to the said standard.

3. Significant accounting estimates and judgements

3.1 Critical judgements made in applying accounting policies

The preparation of the Group and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of asset or liability affected in the future. The Group and the Company have not applied any significant judgements in preparing the financial statements.

3. Significant accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) General reinsurance, takaful and retakaful businesses

The principal uncertainty in the general reinsurance, takaful and retakaful businesses arises from the technical provisions which include the estimation of premium/contribution liabilities and claim liabilities. Premium/contribution liabilities are recorded as the higher of UPR/UCR and URR while claim liabilities mainly comprise provision for claims reported, IBNER and IBNR claims as well as a PRAD at 75% confidence level.

Generally, claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium/contribution and claim liabilities will not exactly develop as projected and may vary from the projection.

The estimates of premium/contribution and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium/contribution and claim liabilities may vary from the initial estimates.There may be reporting lag between the occurrence of an insured event and the time it is actually recorded. For these cases, the IBNR reserves are estimated. Even for liabilities which have been recorded, there are potential uncertainties as to the magnitude of the final claims compared to initial reserve provisions. For these cases, IBNER reserve provision are estimated. There are various factors affecting the level of uncertainty such as inflation, judicial interpretations, legislative changes and claims handling procedures. The sensitivity of these assumptions and their impact to results and the equity position of the businesses are disclosed in Note 35(a)(iv) and 35(b)(iv).

At each reporting date, the estimates of premium/contribution and claim liabilities are reassessed for adequacy by the Appointed Actuaries and changes will be reflected as adjustments to these liabilities. The appointment of the actuaries is approved by BNM.

In setting provisions for claims, the reinsurance subsidiary relies on advice by its cedants and exercises discretion where the claim may develop more adversely than advised. An estimate will be made in the absence of a reported figure or in the event the loss is still preliminary and has not been fully assessed.

The estimates of the ultimate incurred claims are subject to a great deal of uncertainty in the early stages as claims are still being intimated and developed, particularly so for large and catastrophic claims. These uncertainties reduce over time as the claims develop and progress towards the ultimate cost.

3. Significant accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(a) General reinsurance, takaful and retakaful businesses (cont'd.)

The methodology used in the valuation of general reinsurance/retakaful liabilities involves a more granular segregation of the business of the reinsurance/retakaful subsidiary into specific portfolios with the intention of achieving greater accuracy in the estimation process. For overseas business, the valuation of general reinsurance liabilities is performed based on territorial grouping of risks to better reflect the underwriting performance.

(b) Family takaful and retakaful businesses

The estimation of the ultimate liability arising from claims made under the family takaful and retakaful businesses is a critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the family takaful and retakaful funds will ultimately be required to pay as claims/benefits.

For family takaful and retakaful contracts, estimates are made for future deaths, disabilities, maturities, investment returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements. The family takaful and retakaful funds are estimated based on expected number of deaths on statutory mortality tables and adjusted where appropriate to reflect the funds' unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

For those contracts that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However, epidemics as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposures.

All of these will give rise to estimation uncertainties of the projected ultimate liabilities of the family takaful and retakaful funds. The sensitivity of the actuarial liabilities of the family takaful and retakaful funds to changes in assumptions are detailed in Note 35(c)(iii) and 35(d)(iii).

At each reporting date, these estimates are re-assessed for adequacy and changes will be reflected as adjustments to the liabilities by the Appointed Actuaries. The appointment of the actuaries is approved by BNM.

3. Significant accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Expense Liabilities

The expense liabilities of the shareholder's fund consist of expense liabilities of the general takaful, general retakaful, family takaful and family retakaful funds which are based on estimations performed by qualified actuaries. The estimation methods are explained in Note 2.6(b). The qualified actuaries estimate the expected management expenses required to manage the contracts less any expected cash flows from future wakalah fee income based on the qualified actuaries' assumptions and observations of the actual experiences. The estimates of expense liabilities are therefore sensitive to various factors and uncertainties.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of expense liabilities may vary from the initial estimates. At each reporting date, the estimates of expense liabilities are re-assessed for adequacy by the appointed actuaries and changes will be reflected as adjustments to these liabilities. The appointment of the Appointed Actuaries is approved by BNM.

4. Net earned premiums/contributions

	Group 2020 RM'000	Group 2019 RM'000
(a) Gross earned premiums/contributions		
Insurance and takaful contracts	2,259,835	1,993,181
Change in premium/contribution liabilities	(97,417)	(17,478)
	2,162,418	1,975,703
(b) Premiums/contributions ceded to reinsurers/retakaful operators		
Insurance and takaful contracts	(281,651)	(303,946)
Change in premium/contribution liabilities	3,827	942
	(277,824)	(303,004)
Net earned premiums/contributions	1,884,594	1,672,699

5. Investment income

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Financial assets at FVTPL				
Designated upon initial recognition:				
Interest/profit income	106,492	108,689	-	-
Mandatorily measured:				
Interest/profit income	267	1,263	-	-
Dividend income:				
- Quoted shares in Malaysia	13,209	6,375	-	-
- Unit trust fund	2,228	1,573	-	-
- Real estate investment trusts	93	-		
Financial assets at FVOCI				
Interest/profit income	91,767	86,045	-	-
Dividend income on unquoted shares in Malaysia	882	103	-	-
Financial assets at amortised cost				
Interest/profit income	73,186	65,969	2,208	2,096

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5. Investment income (cont'd.)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Dividend income from subsidiaries	-	-	40,000	30,000
Dividend income from associate	-	-	600	-
Rental income	3,317	3,066	-	-
Net amortisation of premiums on investments	(6,285)	(5,094)	-	-
Investment expenses	(1,035)	(1,055)	-	-
	284,121	266,934	42,808	32,096

6. Net realised gains/(losses)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Property, plant and equipment				
Net realised gains	25	160	-	31
Intangible assets				
Net realised losses	(4)	-	(4)	-
Non-current asset held for sale				
Net realised loss	(850)	-	-	-
Financial assets at FVTPL				
Quoted shares in Malaysia	2,497	4,931	-	-
Quoted Shariah approved equities in Malaysia	4,284	(1,834)	-	-
Unquoted Islamic private debt securities	15,608	-	-	-
Government investment issues	33,665	-	-	-
Unit trust funds	2,754	(526)	-	-
Real estate investments trust	114	-	-	-
Net realised gains	58,922	2,571	-	-
Financial assets at FVOCI				
Unquoted corporate debt securities	26,123	1,350	-	-
Unquoted Islamic private debt securities	1,408	3,551	-	-
Government investment issues	8,777	188	-	-
Net realised gains	36,308	5,089	-	-
	94,401	7,820	(4)	31

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7. Net fair value (losses)/gains

	Group	
	2020 RM'000	2019 RM'000
Net fair value (losses)/gains on financial assets at FVTPL	(18,780)	72,769

8. Fee and commission income/(expenses)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fee and commission income				
Management fees	8,152	8,814	37,394	38,899
Commission income	40,610	25,707	-	-
	48,762	34,521	37,394	38,899
Fee and commission expenses				
Commission expenses	(452,839)	(384,339)	-	-

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9. Management expenses

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, bonus and other related costs	94,535	106,685	22,694	24,316
Short term accumulating compensated absences	72	59	(28)	51
Group Chief Executive Officer ("GCEO") directors and Group Shariah Committee ("GSC") members' remuneration (Note 10)	6,116	6,329	2,617	3,773
Pension costs - EPF	12,769	13,769	3,027	3,072
Social security costs	766	701	159	139
Retirement benefits	125	229	66	143
Auditors' remuneration:				
Statutory auditors of the Group				
- statutory audit and audit related	1,703	1,484	88	88
- regulatory-related	115	87	33	5
- other services	63	81	10	9
Depreciation of property, plant and equipment	5,893	6,799	459	423
Depreciation of right-of-use assets	3,720	-	1,187	-
Amortisation of intangible assets	6,633	6,181	387	405
Expenses relating to leases of low-value assets	449	-	252	-
Expenses relating to short-term leases	98	-	-	-
Agency expenses	6,189	8,276	-	-
Marketing and promotional costs	42,296	17,707	361	353
Electronic data processing costs	21,750	17,072	1,106	1,086
Office rental	-	3,930	-	1,226
Professional and legal fees	12,298	9,769	1,761	2,626
Contributions and donations	428	870	-	10
Other management expenses	46,762	47,913	2,856	2,536
	262,780	247,941	37,035	40,261

10. GCEO, directors' and Group Shariah Committee remuneration

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Number of non-executive directors	20	14	11	8
GCEO:				
Salaries and bonus	2,111	2,518	1,425	2,281
Pension costs - EPF and SOCSO	359	379	242	348
Benefits-in-kind	23	72	23	72
Fees	196	201	-	-
Others	38	47	-	4
	2,727	3,217	1,690	2,705
Non-executive directors:				
Fees	2,517	2,284	766	909
Others	628	604	184	231
	3,145	2,888	950	1,140
Group Shariah Committee members:				
Fees	196	194	-	-
Allowances	71	102	-	-
	267	296	-	-
Total GCEO, directors' and GSC's remuneration excluding benefits-in-kind	6,116	6,329	2,617	3,773

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10. GCEO, directors' and Group Shariah Committee remuneration (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Director of a subsidiary*:				
Salaries and bonus	666	715	666	715
Pension costs - EPF and SOCSO	102	118	102	118
Other allowances	5	64	5	64
Benefits-in-kind	77	86	77	86
	850	983	850	983

* Director of a subsidiary refers to a management personnel who is employed by the holding company.

The number of directors of the Company whose total remuneration, borne by the Group and the Company, during the financial year fell within the following bands is analysed below.

	Number of Directors			
	Group		Company	
	2020	2019	2020	2019
GCEO/Executive director:				
RM1,650,001 to RM1,700,000	-	-	1	-
RM2,700,001 to RM2,750,000	1	-	-	1
RM3,200,001 to RM3,250,000	-	1	-	-
Non-executive directors:				
RM0 to RM50,000	3	3	1	-
RM50,001 to RM100,000	4	-	8	-
RM100,001 to RM150,000	3	1	1	7
RM150,001 to RM200,000	4	2	1	1
RM200,001 to RM250,000	2	2	-	-
RM250,001 to RM300,000	1	2	-	-
RM300,001 to RM350,000	-	1	-	-
RM350,001 to RM400,000	-	3	-	-
RM500,001 to RM550,000	3	-	-	-

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10. GCEO and directors' remuneration (cont'd.)

	Group				Company			
	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000
2020								
Group Chief Executive Officer ("GCEO")								
Mohd Din Merican	2,111	196	420	2,727	1,425	-	265	1,690
Non-Executive Directors:								
Datuk Johar Che Mat	-	407	100	507	-	159	31	190
George Oommen	-	506	123	629	-	118	30	148
Khalid Sufat (Appointed on 1 October 2019)	-	129	32	161	-	69	18	87
Junaidah Mohd Said (Appointed on 1 October 2019)	-	58	19	77	-	58	16	74
Zaida Khalida Shaari (Appointed on 1 October 2019)	-	58	18	76	-	58	15	73
Hijah Arifakh Othman (Resigned on 1 October 2019)	-	101	21	122	-	52	10	62
Mustaffa Ahmad (Resigned on 1 October 2019)	-	129	46	175	-	58	15	73
Rosinah Mohd Salleh (Resigned on 1 October 2019)	-	102	39	141	-	49	13	62
Arul Sothy Mylvaganam (Resigned on 1 October 2019)	-	167	39	206	-	52	13	65
Noor Rida Hamzah (Resigned on 1 October 2019)	-	125	34	159	-	58	16	74
Dato Sharkawi Alis (Resigned with effect from 1 July 2019)	-	34	7	41	-	35	7	42
	-	1,816	478	2,294	-	766	184	950
Total GCEO and directors' remuneration	2,111	2,012	898	5,021	1,425	766	449	2,640

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10. GCEO and directors' remuneration (cont'd.)

	Group				Company			
	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000
2019								
Group Chief Executive Officer ("GCEO")/ Executive Director								
Mohd Din Merican (Resigned from the Board with effect from 1 July 2018)	2,518	201	498	3,217	2,281	-	424	2,705
Non-Executive Directors:								
Dato Sharkawi Alis	-	313	51	364	-	142	22	164
Hijah Arifakh Othman	-	104	30	134	-	104	26	130
Mustaffa Ahmad	-	245	70	315	-	112	33	145
Rosinah Mohd Salleh	-	208	60	268	-	99	26	125
Arul Sothy Mylvaganam	-	225	54	279	-	104	25	129
Noor Rida Hamzah	-	116	36	152	-	116	33	149
Datuk Johar Che Mat	-	171	48	219	-	116	33	149
George Oommen	-	308	85	393	-	116	33	149
	-	1,690	434	2,124	-	909	231	1,140
Total GCEO and directors' remuneration	2,518	1,891	932	5,341	2,281	909	655	3,845

11. Other operating revenue/(expenses)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Other operating revenue				
Gains on foreign exchange	7,318	1,502	-	-
Reversal of impairment losses on insurance/takaful receivables	1,677	852	-	-
Recovery of bad debts	155	-	-	-
Non-operating interest income	1,418	295	9	6
Miscellaneous income	10,873	10,002	265	706
Management income pursuant to business transfer from HLMTB (Note 40 (b))	2,300	-	-	-
	23,741	12,651	274	712
Other operating expenses				
Losses on foreign exchange	(32)	(318)	-	-
(Impairment losses)/reversal of impairment losses on financial assets at FVOCI	(576)	3	-	-
Impairment loss on buildings	(585)	(216)	-	-
Miscellaneous expenses	(1,335)	(1,137)	-	-
	(2,528)	(1,668)	-	-

12. Taxation

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Malaysian income tax:				
Tax expense for the year	26,268	17,807	415	378
Over provision in prior years	(2,737)	(7,286)	(2,440)	-
	23,531	10,521	(2,025)	378
Deferred tax (Note 19):				
Under provision in prior years	230	-	230	-
Relating to origination and reversal of temporary differences	(7,032)	3,790	(102)	939
	(6,802)	3,790	128	939
	16,729	14,311	(1,897)	1,317

12. Taxation (cont'd.)

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% (2019: 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% (2019: 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 Company and of the Group is as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit before zakat and tax	150,922	119,399	26,709	15,233
Taxation at Malaysian statutory tax rate of 24%	36,222	28,656	6,411	3,656
Effects of different tax rate in respect of reinsurance/retakaful business	(4,162)	(15,007)	-	-
Income not subject to tax	(62,109)	(42,871)	(9,712)	(7,207)
Expenses not deductible for tax purposes	47,560	47,670	4,250	4,868
Utilisation of previously unrecognised tax losses	(636)	-	(636)	-
Under provision of deferred tax in prior year	230	-	230	-
Over provision of tax in prior years	(2,737)	(7,286)	(2,440)	-
Share of results of associates	2,361	3,149	-	-
Tax expense for the year	16,729	14,311	(1,897)	1,317

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12. Taxation (cont'd.)

Tax borne by participants

	Group 2020 RM'000	Group 2019 RM'000
Current income tax:		
Current year's provision	23,307	15,168
(Over)/under provision of tax expense in prior years	(3,367)	233
	19,940	15,401
Deferred income tax (Note 19):		
Deferred tax relating to origination and reversal of temporary differences	(1,942)	6,736
Tax expense for the year	17,998	22,137

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13. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Valuation/Cost						
At 1 April 2018	36,800	201,118	11,275	39,415	3,076	291,684
Additions	-	1,064	254	205	702	2,225
Disposals	-	-	(667)	(846)	(1,672)	(3,185)
Transfer to non-current assets held for sale (Note 23)	-	(46,000)	-	-	-	(46,000)
Revaluation surplus	-	14,245	-	-	-	14,245
Foreign exchange translation	-	328	5	22	12	367
Elimination of accumulated depreciation on revaluation	-	(5,155)	-	-	-	(5,155)
At 31 March 2019	36,800	165,600	10,867	38,796	2,118	254,181
Additions	-	1,368	893	509	457	3,227
Disposals	-	-	(5,747)	(1,600)	(221)	(7,568)
Revaluation surplus	-	2,895	-	-	-	2,895
Foreign exchange translation	-	359	8	22	12	401
Elimination of accumulated depreciation on revaluation	-	(7,319)	-	-	-	(7,319)
At 31 March 2020	36,800	162,903	6,021	37,727	2,366	245,817

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

Group (cont'd.)	**Freehold land RM'000**	**Buildings RM'000**	**Computer equipment RM'000**	**Furniture, fittings and office equipment RM'000**	**Motor vehicles RM'000**	**Total RM'000**
Accumulated depreciation and impairment loss						
At 1 April 2018	-	1,841	10,789	35,593	2,717	50,940
Depreciation charge for the year (Note 9)	-	5,286	330	935	248	6,799
Disposals	-	-	(667)	(841)	(1,434)	(2,942)
Elimination of accumulated depreciation on revaluation	-	(5,155)	-	-	-	(5,155)
Foreign exchange translation	-	100	5	22	9	136
Impairment loss during the year	-	216	-	-	-	216
At 31 March 2019	-	2,288	10,457	35,709	1,540	49,994
Depreciation charge for the year (Note 9)	-	4,446	449	769	229	5,893
Disposals	-	-	(5,742)	(1,591)	(221)	(7,554)
Elimination of accumulated depreciation on revaluation	-	(7,319)	-	-	-	(7,319)
Foreign exchange translation	-	-	2	23	4	29
Impairment loss during the year	-	585	-	-	-	585
At 31 March 2020	-	-	5,166	34,910	1,552	41,628
Net carrying amount						
At 31 March 2020	36,800	162,903	855	2,817	814	204,189
At 31 March 2019	36,800	163,312	410	3,087	578	204,187

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

Revaluation of freehold land and buildings

Freehold land and buildings in Malaysia have been revalued based on valuations performed by accredited independent valuers having appropriate recognised professional qualification. The valuations are based on the income and comparison approaches and are effective on 31 March 2020.

The income approach entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The comparison approach entails critical analyses of recent sales and listing of comparable properties registered within the vicinity. The technique of the approach requires the establishment of a comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the differences between the subject property and those regarded as comparable.

Description of the fair value hierarchy for freehold land and buildings and the significant inputs used in the valuation are provided in Note 39.

Freehold buildings outside Malaysia have been revalued based on their value-in-use and a discount rate of 7% (2019: 7%) 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:

Group	**Freehold land RM'000**	**Buildings RM'000**	**Total RM'000**
Cost			
At 1 April 2018	15,596	175,113	190,709
Additions	-	1,064	1,064
Transfer to non-current asset held for sale	-	(30,417)	(30,417)
At 31 March 2019	15,596	145,760	161,356
Additions	-	1,368	1,368
At 31 March 2020	15,596	147,128	162,724

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

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

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group (cont'd.)			
Accumulated depreciation			
At 1 April 2018	-	49,658	49,658
Depreciation charge for the year	-	5,286	5,286
Transfer to non-current asset held for sale	-	(7,494)	(7,494)
Impairment losses during the year	-	216	216
At 31 March 2019	-	47,666	47,666
Depreciation charge for the year	-	4,446	4,446
Impairment losses during the year	-	585	585
At 31 March 2020	-	52,697	52,697
Net carrying amount			
At 31 March 2020	15,596	94,431	110,027
At 31 March 2019	15,596	98,094	113,690

	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company				
Cost				
At 1 April 2018	3,386	3,133	1,211	7,730
Additions	106	11	357	474
Disposals	(380)	(2)	(454)	(836)
At 31 March 2019	3,112	3,142	1,114	7,368
Additions	592	9	-	601
Disposals	(154)	(191)	-	(345)
At 31 March 2020	3,550	2,960	1,114	7,624

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

	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company (cont'd.)				
Accumulated depreciation				
At 1 April 2018	3,084	2,188	1,207	6,479
Charge for the year (Note 9)	186	163	74	423
Disposals	(380)	-	(454)	(834)
At 31 March 2019	2,890	2,351	827	6,068
Charge for the year (Note 9)	240	146	73	459
Disposals	(154)	(191)	-	(345)
At 31 March 2020	2,976	2,306	900	6,182
Net carrying amount				
At 31 March 2020	574	654	214	1,442
At 31 March 2019	222	791	287	1,300

14. Intangible assets

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
Group			
Cost			
At 1 April 2018	9,974	63,519	73,493
Additions	6,678	4,578	11,256
Reclassification	(2,729)	2,729	-
At 31 March 2019	13,923	70,826	84,749
Additions	3,356	2,653	6,009
Disposal	-	(612)	(612)
Reclassification	(615)	615	-
Adjustment	-	-	-
At 31 March 2020	16,664	73,482	90,146

14. Intangible assets (cont'd.)

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
Group (cont'd.)			
Accumulated amortisation			
At 1 April 2018	-	41,362	41,362
Amortisation for the year (Note 9)	-	6,181	6,181
At 31 March 2019	-	47,543	47,543
Amortisation for the year (Note 9)	-	6,633	6,633
Disposal	-	(608)	(608)
At 31 March 2020	-	53,568	53,568
Net carrying amount			
At 31 March 2020	16,664	19,914	36,578
At 31 March 2019	13,923	23,283	37,206

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
Company			
Cost			
At 1 April 2018	47	8,733	8,780
Additions	998	149	1,147
At 31 March 2019	1,045	8,882	9,927
Additions	-	737	737
Disposal	-	(612)	(612)
Reclassification	(1,045)	1,045	-
At 31 March 2020	-	10,052	10,052

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14. Intangible assets (cont'd.)

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
Company (cont'd.)			
Accumulated amortisation			
At 1 April 2018	-	7,150	7,150
Amortisation for the year (Note 9)	-	405	405
At 31 March 2019	-	7,555	7,555
Amortisation for the year (Note 9)	-	387	387
Disposal	-	(608)	(608)
At 31 March 2020	-	7,334	7,334
Net carrying amount			
At 31 March 2020	-	2,718	2,718
At 31 March 2019	1,045	1,327	2,372

15. Lease

(a) The Group and the Company as lessee

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 and the Company's obligations under leases are secured by the lessor's title to the leased assets. Generally, the Group and the Company are restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The Group and the Company also have certain leases of equipment with lease terms of 12 months or less and leases of equipments which are of low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

15. Lease (cont'd.)

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

(i) Right-of-use assets:

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Data Centre RM'000	Office buildings RM'000	Computer and office equipment RM'000	Total RM'000
Cost				
At 1 April 2019, as previously stated	-	-	-	-
Effects of adoption of MFRS 16 (Note 2.28)	1,074	2,805	3,924	7,803
At 1 April 2019, as restated	1,074	2,805	3,924	7,803
Additions during the year	-	434	-	434
Lease derecognised during the year	-	(22)	-	(22)
Foreign exchange translation	-	36	-	36
At 31 March 2020	1,074	3,253	3,924	8,251
Accumulated Depreciation				
At 1 April 2019	-	-	-	-
Charge for the year (Note 9)	416	1,117	2,187	3,720
Lease derecognised during the year	-	(22)	-	(22)
Foreign exchange translation	-	5	-	5
At 31 March 2020	416	1,100	2,187	3,703
Net Carrying Amount				
At 31 March 2020	658	2,153	1,737	4,548

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15. Lease (cont'd.)

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

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

Company	Office buildings RM'000	Computer and office equipment RM'000	Total RM'000
Cost			
At 1 April 2019, as previously stated	-	-	-
Effects of adoption of MFRS 16 (Note 2.28)	1,159	215	1,374
At 1 April 2019, as restated	1,159	215	1,374
Additions during the year	3,071	-	3,071
Lease derecognised during the year	(12)	-	(12)
At 31 March 2020	4,218	215	4,433
Accumulated Depreciation			
At 1 April 2019	-	-	-
Charge for the year (Note 9)	1,148	39	1,187
At 31 March 2020	1,148	39	1,187
Net Carrying Amount			
At 31 March 2020	3,070	176	3,246

(ii) Lease liabilities:

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

	Group RM '000	Company RM '000
At 1 April 2019, as previously stated	-	-
Effects of adoption of MFRS 16 (Note 2.28)	7,332	1,369
At 1 April 2019, as restated	7,332	1,369
Additions	421	3,071
Accretion of interest	296	43
Payments	(3,858)	(1,324)
Foreign exchange translation	28	-
At 31 March 2020	4,219	3,159

15. Lease (cont'd.)

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

(ii) Lease liabilities (cont'd.):

The following table sets out the maturity analysis of lease liabilities, showing contractual discounted and undiscounted cash flows:

	Group RM '000	Company RM '000
Contractual discounted cash flow:		
Within 1 year	2,700	1,045
After 1 year but not more than 5 years	1,519	2,114
	4,219	3,159
Undiscounted cash flow:		
Within 1 year	2,762	1,177
After 1 year but not more than 5 years	1,659	2,222
	4,421	3,399

(iii) Amount recognised in the statements of comprehensive income

	Group RM '000	Company RM '000
Depreciation expense of right-of-use assets (Note 9)	3,720	1,187
Finance cost on lease liabilities	296	43
Expenses relating to short-term leases (Note 9)	98	-
Expenses relating to leases of low-value assets (Note 9)	449	252
Total amount recognised in profit or loss	4,563	1,482

(iv) Amount recognised in the statement of cash flows

The Group and the Company had total cash outflow for payment of lease liabilities of RM3,858,000 and RM1,324,000 respectively during the financial year ended 31 March 2020. The Group and the Company also had non-cash additions to ROU assets of RM434,000 and RM3,071,000 respectively.

(v) Extension options

Most lease of the Group and the Company's office buildings contain extension options exercisable by the Group and the Company and not the lessors. At the commencement of a lease, the Group and the Company assess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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

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15. Lease (cont'd.)

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its portfolio of self-occupied properties. These leases have remaining non-cancellable lease terms of between 2 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are as follows:

	Group	
	2020 RM'000	2019 RM'000
Future minimum rental receivable:		
Not later than 1 year	3,685	2,964
Later than 1 year and not later than 5 years	3,508	1,734
	7,193	4,698

16. Investments in subsidiaries

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost:		
In Malaysia		
At the beginning of the year	1,298,106	898,106
Additional investment during the year	-	400,000
At the end of the year	1,298,106	1,298,106
Outside Malaysia		
At the beginning and end of the year	6,370	6,370
	1,304,476	1,304,476

The increase in investments in subsidiaries in the previous year represents the utilisation of proceeds arising from the completion of the rights issue exercise on 31 October 2018 for subscription of new ordinary shares in the subsidiaries.

16. Investments in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2020 %	2019 %
Malaysian Reinsurance Berhad ("MRE")	Malaysia	Underwriting of all classes of general reinsurance business and management of family and general retakaful business	100	100
Takaful Ikhlas Family Berhad ("TIFB")	Malaysia	Management of family and investment-linked takaful business	100	100
Takaful Ikhlas General Berhad ("TIGB")	Malaysia	Management of general takaful business	100	100
Sinar Seroja Berhad	Malaysia	Dormant company	100	100
MMIP Services Sdn. Bhd.	Malaysia	Management of the Malaysian Motor Insurance Pool which provides motor insurance to vehicle owners who are unable to obtain insurance protection for their vehicles	100	100
Malaysian Re (Dubai) Ltd.	Dubai, United Arab Emirates	Marketing and promotional activities and servicing of clients on behalf of MRE	100	100

17. Investments in associates

	Group 2020 RM'000	2019 RM'000
Unquoted shares in Malaysia, at cost	77,615	77,615
Share of post-acquisition retained profits	(272)	10,167
Share of post-acquisition fair value reserve	2,180	1,863
Post-acquisition foreign exchange translation reserve *	53,759	44,096
	133,282	133,741
Represented by share of net assets	133,282	133,741

	Company 2020 RM'000	2019 RM'000
Unquoted shares in Malaysia, at cost	1,957	1,957

* This is in respect of retranslation of the investment in Labuan Re at the rate of exchange prevailing at the reporting date.

Details of the associates which are all incorporated in Malaysia are as follows:

Name of associates	Year end	Principal activities	Proportion of ownership interest and voting power 2020 %	2019 %
Held by the Company:				
Motordata Research Consortium Sdn. Bhd.	31 December	Development and provision of a centralised motor parts price database for the Malaysian insurance industry	40	40
Held by Malaysian Re:				
Labuan Reinsurance (L) Ltd ("Labuan Re")	31 December	Underwriting of all classes of general reinsurance and retakaful business	20	20

The financial statements of the above associates are not co-terminous with those of the Group. For the purpose of applying the equity method of accounting, the audited financial statements of the associates for the year ended 31 December 2019 and management financial statements to the end of the accounting period of 31 March 2020 have been used.

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:

	2020 RM'000	2019 RM'000
Assets and liabilities:		
Current assets	2,636,293	2,269,248
Non-current assets	80,213	73,780
Total assets	2,716,506	2,343,028
Current liabilities	324,557	335,371
Non-current liabilities	1,733,547	1,348,524
Total liabilities	2,058,104	1,683,895
Equity	658,402	659,133
Results:		
Revenue	673,545	640,565
Loss for the year	(51,251)	(95,886)
Share of net loss for the year	(9,838)	(13,121)

18. Financial and other assets

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At carrying value:				
Financial assets at FVTPL (a)	2,968,600	2,988,831	-	-
Financial assets at FVOCI (b)	2,254,163	2,155,736	50	50
Amortised cost and other assets (c)	2,531,991	2,144,987	75,058	47,170
	7,754,754	7,289,554	75,108	47,220

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Malaysian government securities	145,670	183,878	-	-
Government investment issues	1,863,258	1,826,349	-	-
Unquoted corporate debt securities	1,119,053	1,050,562	1,000	1,000
Equity securities:				
Unquoted shares in Malaysia	84,675	84,451	50	50
Quoted shares in Malaysia	295,637	267,164	-	-
Unquoted Islamic private debt securities	1,577,346	1,552,294		
Unit trust funds	113,826	168,589	-	-
Real estate investment trust	23,298	16,299	-	-
Fixed and call deposits	353,179	306,395	-	-
Islamic investment accounts	1,998,974	1,701,627	69,669	42,493
Other receivables and prepayments	179,838	131,946	4,389	3,677
	7,754,754	7,289,554	75,108	47,220

(a) Financial assets at FVTPL

	Group 2020 RM'000	Group 2019 RM'000
At fair value:		
Designated upon initial recognition:		
Unquoted corporate debt securities	2,190	4,178
Government investment issues	1,262,018	1,306,506
Unquoted Islamic private debt securities	1,253,077	1,210,214
Mandatorily measured:		
Quoted shares in Malaysia:		
Shariah approved equities	209,176	184,207
Warrants	11	43
Others	86,450	82,914
Unquoted corporate debt securities	17,928	15,142
Unquoted Islamic private debt securities	626	739
Unit trust funds	113,826	168,589
Real estate investment trusts	23,298	16,299
	2,968,600	2,988,831

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
(b) Financial assets at FVOCI				
At fair value				
Malaysian government securities	145,670	183,878	-	-
Government investment issues	601,240	519,843	-	-
Unquoted corporate debt securities	1,098,935	1,031,242	-	-
Unquoted shares in Malaysia *	84,382	84,158	-	-
Unquoted Islamic private debt securities	323,643	336,322		
Golf club memberships	293	293	50	50
	2,254,163	2,155,736	50	50

* Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. The Group holds non-controlling interests (between 4% and 9%) in these companies. These investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

The pertinent information of the investments in unquoted shares in Malaysia are as follows:

	Financial Park (Labuan) Sdn. Bhd. RM'000	Malaysian Rating Corporation Berhad RM'000	Total RM'000
Fair value			
As at 1 April 2018	82,055	2,317	84,372
Movement during the year	(159)	(55)	(214)
As at 1 April 2019	81,896	2,262	84,158
Movement during the year	118	106	224
As at 31 March 2020	82,014	2,368	84,382

Disclosures on expected credit losses recognised on financial assets at FVOCI are disclosed in Note 36(a).

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
(c) Amortised cost and other assets				
At amortised cost:				
Unquoted corporate debt securities	-	-	1,000	1,000
Fixed and call deposits with licensed:				
Commercial banks	121,384	74,838	-	-
Foreign banks	231,795	231,557	-	-
Islamic investment accounts with licensed:				
Islamic banks	1,550,743	1,152,324	43,979	42,493
Investment banks	3,982	6,679	-	-
Development banks	444,249	542,624	25,690	-
Islamic commercial paper	-	5,019	-	-
Secured staff loans	7,941	7,856	2,635	2,378
Amounts due from subsidiaries *	-	-	311	776
Income due and accrued	78,433	67,884	616	55
Amount due from Insurance Pool accounts	29,716	4,250	-	-
Due from Lloyds' syndicate	36,971	17,098	-	-
Sundry receivables	18,383	30,589	289	209
	2,523,597	2,140,718	74,520	46,911
Other assets:				
Other receivables and prepayments	8,394	4,269	538	259
	2,531,991	2,144,987	75,058	47,170

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.

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19. Deferred tax (liabilities)/assets

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At 1 April, as previously restated	(3,118)	8,198	1,872	2,811
Effects of adoption of MFRS 16	(5)	-	(2)	-
At 1 April, as restated	(3,123)	8,198	1,870	2,811
Recognised in:				
Income statement (Note 12)	6,802	(3,790)	(128)	(939)
Participants' funds (Note 12)	1,942	(6,736)	-	-
Recognised in other comprehensive income	(2,163)	(790)	-	-
At 31 March	3,458	(3,118)	1,742	1,872

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 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deferred tax assets	15,404	13,247	1,742	1,872
Deferred tax liabilities	(11,946)	(16,365)	-	-
	3,458	(3,118)	1,742	1,872

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

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows:

Group	Provisions and payables RM'000	Unabsorbed/ accelerated capital allowances RM'000	Impairment losses on loans and receivables RM'000	Premium/ contribution/ expense liabilities RM'000	Financial assets RM'000	Revaluation of land and buildings RM'000	Others RM'000	Total RM'000
2020								
At 1 April 2019, as previously stated	1,215	(929)	1,343	6,656	(5,873)	(7,982)	2,452	(3,118)
Effects of adoption of MFRS 16 (Note 2.28)					-	-	(5)	(5)
At 1 April 2019, as restated	1,215	(929)	1,343	6,656	(5,873)	(7,982)	2,447	(3,123)
Recognised in:								
Income statement (Note 12)	208	367	174	2,098	4,229	-	(274)	6,802
Participants' fund (Note 12)	1,707	(966)	487	7	(592)	452	847	1,942
Other comprehensive income	-	-	-	-	(2,532)	369	-	(2,163)
At 31 March 2020	3,130	(1,528)	2,004	8,761	(4,768)	(7,161)	3,020	3,458
2019								
At 1 April 2018	779	(781)	1,938	5,461	626	(9,505)	9,680	8,198
Recognised in:								
Income statement (Note 12)	436	(148)	(122)	1,143	(1,934)	-	(3,165)	(3,790)
Participants' fund (Note 12)	-	-	(473)	52	(1,075)	(1,177)	(4,063)	(6,736)
Other comprehensive income	-	-	-	-	(3,490)	2,700	-	(790)
At 31 March 2019	1,215	(929)	1,343	6,656	(5,873)	(7,982)	2,452	(3,118)

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

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows: (cont'd.)

Company	Unabsorbed/ accelerated capital allowances RM'000	Impairment losses on staff loans RM'000	Others RM'000	Total RM'000
2020				
At 1 April 2019, as previously stated	(398)	4	2,266	1,872
Effects of adoption of MFRS 16 (Note 2.28)	-	-	(2)	(2)
At 1 April 2019, as restated	(398)	4	2,264	1,870
Recognised in income statement (Note 12)	243	-	(371)	(128)
At 31 March 2020	(155)	4	1,893	1,742
2019				
At 1 April 2018	333	4	2,474	2,811
Recognised in income statement (Note 12)	(731)	-	(208)	(939)
At 31 March 2019	(398)	4	2,266	1,872

Deferred tax assets have not been recognised in respect of the following items of the Group and the Company as the probability of recognition cannot be determined with certainty given the lack of assessable profits in current and prior years.

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Unutilised business losses	13,457	14,093	5,354	5,990
Unabsorbed capital allowance	-	82	-	-
	13,457	14,175	5,354	5,990

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20. Insurance/takaful contract liabilities

	2020 Gross RM'000	2020 Reinsurance/ retakaful RM'000	2020 Net RM'000	2019 Gross RM'000	2019 Reinsurance/ retakaful RM'000	2019 Net RM'000
General reinsurance/takaful/ retakaful funds (Note (a))	2,592,140	(437,330)	2,154,810	2,471,642	(475,672)	1,995,970
Family takaful/retakaful funds (Note (b))	3,178,633	(59,998)	3,118,635	2,953,779	(64,181)	2,889,598
Shareholder's funds (Note (c))	72,300	-	72,300	64,469	-	64,469
Total	5,843,073	(497,328)	5,345,745	5,489,890	(539,853)	4,950,037
(a) General reinsurance/ takaful/retakaful funds						
Claim liabilities (Note (i))	2,120,368	(375,044)	1,745,324	2,098,790	(418,710)	1,680,080
Premium/contribution liabilities (Note (ii))	471,772	(62,286)	409,486	372,852	(56,962)	315,890
	2,592,140	(437,330)	2,154,810	2,471,642	(475,672)	1,995,970
(i) Claim liabilities						
At 1 April	2,098,790	(418,710)	1,680,080	2,181,919	(371,072)	1,810,847
Transferred from Hong Leong Malaysia Takaful Berhad ("HLMTB") on 1 June 2019 (Note 40(b))	51,278	(51,729)	(451)	-	-	-
Claims incurred in the current underwriting/accident year	487,691	(36,251)	451,440	708,987	(142,301)	566,686
Adjustment to claims incurred in prior underwriting/accident years due to changes in IBNR and PRAD	(1,500)	14,296	12,796	(588,506)	28,750	(559,756)
Movements in claims incurred in prior underwriting/accident years	453,985	(59,921)	394,064	791,616	(58,160)	733,456
Claims paid during the year	(969,876)	177,271	(792,605)	(995,226)	124,073	(871,153)
At 31 March	2,120,368	(375,044)	1,745,324	2,098,790	(418,710)	1,680,080

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20. Insurance/takaful contract liabilities (cont'd.)

	2020 Gross RM'000	2020 Reinsurance/ retakaful RM'000	2020 Net RM'000	2019 Gross RM'000	2019 Reinsurance/ retakaful RM'000	2019 Net RM'000
(a) General reinsurance/ takaful/retakaful funds (cont'd.)						
(ii) Premium/contribution liabilities						
At 1 April	372,852	(56,962)	315,890	355,374	(56,018)	299,356
Transferred from HLMTB on 1 June 2019 (Note 40(b))	1,503	(1,497)	6	-	-	-
Premiums/contributions written in the year	1,634,390	(198,372)	1,436,018	1,402,944	(225,627)	1,177,317
Premiums/contributions earned during the year	(1,536,973)	194,545	(1,342,428)	(1,385,466)	224,683	(1,160,783)
At 31 March	471,772	(62,286)	409,486	372,852	(56,962)	315,890
(b) Family takaful/retakaful funds						
Provision for claims reported by contract holders	74,438	(13,386)	61,052	66,889	(11,521)	55,368
Participants' Investment Fund ("PIF")	2,704,591	-	2,704,591	2,519,419	-	2,519,419
Participants' Risk Fund ("PRF")	263,924	(46,612)	217,312	232,993	(52,660)	180,333
Net asset value attributable to unitholders	135,680	-	135,680	134,478	-	134,478
	3,178,633	(59,998)	3,118,635	2,953,779	(64,181)	2,889,598

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20. Insurance/takaful contract liabilities (cont'd.)

	2020 Gross RM'000	2020 Reinsurance/ retakaful RM'000	2020 Net RM'000	2019 Gross RM'000	2019 Reinsurance/ retakaful RM'000	2019 Net RM'000
(b) Family takaful/retakaful funds (cont'd.)						
At 1 April	2,953,779	(64,181)	2,889,598	2,718,083	(51,163)	2,666,920
Net earned contributions	583,399	(83,279)	500,120	547,997	(78,319)	469,678
Net creation of units	42,046	-	42,046	42,240	-	42,240
Liabilities paid for death, maturities, surrenders, benefits and claims	(343,658)	66,501	(277,157)	(319,971)	58,745	(261,226)
Net cancellation of units	(33,499)	-	(33,499)	(10,907)	-	(10,907)
Benefits and claims experience variation	7,549	(1,865)	5,684	(24,288)	2,995	(21,293)
Fees deducted	(208,161)	-	(208,161)	(198,854)	-	(198,854)
Other revenue and expenses	(7,345)	-	(7,345)	(10,240)	-	(10,240)
Transfer to shareholder's fund	(24,559)	-	(24,559)	(16,738)	-	(16,738)
Increase in reserve	209,082	22,826	231,908	226,457	3,561	230,018
At 31 March	3,178,633	(59,998)	3,118,635	2,953,779	(64,181)	2,889,598

20. Insurance/takaful contract liabilities (cont'd.)

	2020 Gross/net RM'000	2019 Gross/net RM'000
(c) Expense liabilities		
At 1 April	64,469	59,355
Transferred from HLMTB on 1 June 2019 (Note 40(b))	100	-
Increase during the year	7,731	5,114
At 31 March	72,300	64,469

21. Insurance/takaful receivables

	Group	
	2020 RM'000	2019 RM'000
Due contributions including agents' balances	76,525	52,939
Amounts due from brokers and ceding companies	321,126	299,949
	397,651	352,888
Less: Allowance for impairment	(15,948)	(15,537)
	381,703	337,351

Offsetting insurance/takaful receivables and insurance/takaful payables

	2020 RM'000	2019 RM'000
Gross amounts of recognised insurance/takaful receivables	979,522	675,193
Less: Gross amounts of recognised insurance/takaful payables set off in the statements of financial position	(581,871)	(322,305)
Net amounts of insurance/takaful receivables presented in the statements of financial position	397,651	352,888

Included in gross amounts due from brokers and ceding companies is an amount of RM1,845,374 (2019: RM1,266,063) due from an associate, Labuan Reinsurance (L) Ltd. The amount receivable is subject to settlement terms stipulated in the reinsurance contracts.

The carrying amount disclosed above approximates fair value due to its relatively short term nature.

Disclosures on the movement of the allowance for impairment losses on insurance/takaful receivables are presented in Note 36(a).

22. Tax recoverable/(payable)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax recoverable	68,604	54,674	20,049	19,685
Tax payable	(9,423)	(8,321)	-	(1,458)
	59,181	46,353	20,049	18,227

Included in the total tax recoverable above are two pending appeal cases and tax paid in excess to the Inland Revenue Board ("IRB") . The pending appeal cases relate to MNRB and TIFB, as follows:

(i) IRB had, on 8 September 2017, issued notices of additional assessment (i.e. Forms JA) to the Company for the years of assessment ("YA") 2008 to 2014, disallowing the interest expense that the Company had deducted as part of its business expense in arriving at the taxable profit.

The additional tax payable by the Company under the above-mentioned notices was RM13,576,000. IRB had also treated the tax returns made by the Company for the above YA as incorrect, and imposed a penalty of RM6,109,000 to the Company. This brought the total amount payable to IRB to RM19,685,000.

The Company disagreed with the additional assessment imposed by IRB for the above YA and had submitted a notice of appeal by filing Form Q with the Special Commissioner of Income Tax ("SCIT") on 6 October 2017. At the case mention date held on 28 November 2018, the SCIT had fixed the date for hearing of the appeal by the Company on 1 and 2 October 2020.

Notwithstanding the appeal and the hearing before the SCIT, the Company had paid the total amount payable of RM19,685,000.

Based on legal advice, the Company is of the view that there are strong justifications for its appeal and have treated the above tax payment as tax recoverable.

(ii) The IRB had, on 28 December 2018, issued notices of additional assessments to TIFB for YA 2011 and YA 2013 for RM3,052,000 and RM2,147,000 respectively.

TIFB 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 SCIT on 24 January 2019. The SCIT had fixed a preliminary hearing of the appeal by TIFB on 24 April 2020 but it was later postponed due to the Movement Control Order ("MCO"). The new case mention date was re-scheduled to 9 September 2020.

Notwithstanding the appeal and the proposed hearing before the SCIT, TIFB had paid the total amount payable of RM5,199,000. TIFB is of the view that there are strong justifications for its appeal and have treated the said payment as tax recoverable.

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23. Non-current asset held for sale

	Group 2020 RM'000	Group 2019 RM'000
Freehold land and building:		
At 1 April	45,875	-
Transfer from property, plant and equipment (Note 13)	-	46,000
Less: Costs to sell	-	(125)
Proceeds from disposal	(45,025)	-
Loss upon disposal (Note 6)	(850)	-
At 31 March	-	45,875

The non-current asset held for sale relates to an investment property of the family takaful fund/self-occupied property of the Group; the disposal was completed on 5 December 2019 with the Group recognising a loss on disposal amounting to RM850,000 as disclosed in Note 6.

24. Participants' funds

	Group 2020 RM'000	Group 2019 RM'000
Participants' funds comprise the following:		
Accumulated surplus (Note (a))	293,893	237,848
Fair value reserves (Note (b))	4,764	2,573
Revaluation surplus (Note (c))	34,081	54,873
	332,738	295,294

(a) Accumulated surplus

	Group 2020 RM'000	Group 2019 RM'000
At 1 April	237,848	210,671
Net surplus of the general and family takaful and retakaful funds	30,728	33,141
Net surplus of the retakaful funds to shareholders	8,882	-
Transfer from HLMTB on 1 June 2019 (Note 40(b))	3,338	-
Hibah paid and payable to participants during the year	(10,000)	(5,964)
Transfer from revaluation surplus arising from disposal	23,097	-
At 31 March	293,893	237,848

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24. Participants' funds (cont'd.)

(b) Fair value reserves

	Group 2020 RM'000	Group 2019 RM'000
At 1 April	2,573	(553)
Net gains on fair value changes	6,084	4,201
Realised gains transferred to income statements	(3,301)	-
Deferred tax on fair value changes	(592)	(1,075)
Net change in fair value reserves attributable to participants	2,191	3,126
At 31 March	4,764	2,573

(c) Revaluation surplus

	Group 2020 RM'000	Group 2019 RM'000
At 1 April	54,873	41,335
Recognised in other comprehensive income	1,853	14,715
Deferred tax on revaluation surplus	452	(1,177)
Net change in revaluation surplus attributable to participants	2,305	13,538
Transfer to accumulated surplus arising from disposal	(23,097)	-
At 31 March	34,081	54,873

25. Borrowing

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Sukuk Murabahah Programme	320,000	320,000	320,000	320,000

Sukuk Murabahah Programme

The Company issued RM320 million of Tier 2 Capital Subordinated Sukuk on 22 March 2019. The Sukuk carries a fixed profit rate of 5.2% per annum with a tenure of 10 years but is non-callable for the first 5 years. The tenure is subject to early redemption and the final redemption date is on 22 March 2029.

26. Insurance/takaful payables

	Group 2020 RM'000	Group 2019 RM'000
Due to agents, brokers, retrocessionaires and retakaful operators	169,851	224,032

Offsetting insurance/takaful receivables and insurance/takaful payables

	Group 2020 RM'000	Group 2019 RM'000
Gross amounts of recognised insurance/takaful payables	751,722	546,337
Less: Gross amounts of recognised insurance/takaful receivables set off in the statements of financial position	(581,871)	(322,305)
Net amounts of insurance/takaful payables presented in the statements of financial position	169,851	224,032

Included in gross amounts due to brokers and retrocessionaires is an amount of RM698,513 (2019: RM2,174,853) due to an associate, Labuan Reinsurance (L) Ltd. The amount payable is subject to settlement terms stipulated in the reinsurance contracts.

The carrying amounts disclosed above approximate fair values due to their relatively short term nature.

27. Other payables

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Advance contributions	3,503	3,395	-	-
Deposit contributions	62,361	49,228	-	-
Outstanding commissions	-	831	-	-
Provisions	45,635	27,066	7,494	5,940
Amount due to subsidiaries *	-	-	4,080	1,062
Agency provident fund	5,722	5,304	-	-
Amount due to participants	6,215	6,149	-	-
Hibah payables	18,775	15,196	-	-
Sundry payables and accruals	108,095	125,363	2,019	2,286
	250,306	232,532	13,593	9,288

* 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.

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28. Share capital

Group and Company	Number of ordinary shares 2020 '000	Number of ordinary shares 2019 '000	Amount 2020 RM'000	Amount 2019 RM'000
Issued and fully paid:				
At 1 April	767,051	319,605	722,306	319,605
Issued pursuant to the DRP	16,037	-	16,196	-
Issued pursuant to the rights issue exercise	-	447,446	-	402,701
At 31 March	783,088	767,051	738,502	722,306

During the financial year, the Company increased its share capital from RM722,306,000 to RM738,502,000 via the issuance of 16,036,633 new ordinary shares amounting to RM16,196,000 upon election by shareholders to reinvest the electable portion of the interim dividend, of RM0.025 per ordinary share, in respect of the financial year ended 31 March 2020, in new ordinary shares as permitted under the DRP.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing shares of the Company.

29. Dividend

The Company via the announcement on 10 September 2019 proposed to undertake an optional Dividend Reinstatement Plan ("DRP") that provides shareholders of the Company with an option to reinvest, in whole or in part, their cash dividend in new ordinary shares of the Company.

During the year, a single tier interim dividend of RM0.025 per ordinary share was declared on 15 October 2019 and paid on 12 December 2019. Out of the total dividend distribution of RM19,176,000, a total of RM16,196,000 was converted into 16,036,633 new ordinary shares of the Company pursuant to the DRP. The remaining portion of RM2,980,000 was paid in cash on 12 December 2019.

30. Earnings per share

The basic and diluted earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the holding company by the weighted average number of ordinary shares in issue during the year.

	Group 2020	Group 2019	Company 2020	Company 2019
Net profit for the year (RM'000)	132,907	104,407	28,606	13,916
Weighted average number of ordinary shares in issue ('000)*	772,812	514,134	772,812	514,134
Basic and diluted per share (sen)	17.2	20.3	3.7	2.7

The Group and the Company have no dilution in their earnings per ordinary share as there are no diluted potential ordinary shares.

* The weighted average number of ordinary shares in issue has been adjusted upon completion of the DRP exercise on 12 December 2019.

31. Capital commitments

The commitments of the Group and of the Company as at the reporting date are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Authorised and contracted for:				
- Property, plant and equipment	343	-	-	-
- Intangible assets*	8,599	9,821	525	668
	8,942	9,821	525	668
Authorised but not contracted for:				
- Property, plant and equipment	653	1,650	50	-
- Intangible assets*	26,124	1,643	215	35
	26,777	3,293	265	35

* Relating to purchases for enhancements of the computer system of the Company and the reinsurance/retakaful and takaful subsidiaries.

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32. 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 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Income/(expenses):				
Transactions with subsidiaries:				
Management fees received	-	-	37,394	38,899
Payment of lease liabilities rental paid	-	-	(1,236)	(1,226)
Interest income	-	-	50	50
Gross contribution paid	-	-	(1,218)	-
Transactions with an associate, Labuan Reinsurance (L) Ltd:				
Net reinsurance inwards	898	304	-	-
Gross contributions	4	-	-	-
Retakaful outward contributions	(4,132)	(246)	-	-
Retakaful commission	519	25	-	-
Claims recoveries	1,402	263	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Outstanding balances arising from the transactions above as at the reporting date have been disclosed in Notes 18 (c), 21, 26 and 27 of the financial statements.

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32. Related party disclosures (cont'd)

(b) The key management personnel compensations are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
GCEO:				
Salaries and bonus	2,111	2,518	1,425	2,281
Pension costs - EPF and SOCSO	359	379	242	348
Fees	196	201	-	-
Benefits-in-kind	23	72	23	72
Others	38	47	-	4
	2,727	3,217	1,690	2,705
Non-executive directors:				
Fees	2,517	2,284	766	909
Others	628	604	184	231
	3,145	2,888	950	1,140
Director of a subsidiary:				
Salaries and bonus	666	715	666	715
Pension costs - EPF and SOCSO	102	118	102	118
Other allowances	5	64	5	64
Benefits-in-kind	77	86	77	86
	850	983	850	983
Shariah Committee members:				
Fees	196	194	-	-
Meeting allowances	71	102	-	-
	267	296	-	-
Other key management personnel's remuneration:				
Salaries and bonus	16,536	14,256	4,006	4,906
Pension costs - EPF and SOCSO	2,601	2,192	644	701
Allowances	1,353	1,116	290	270
Benefits-in-kind	1,632	793	417	214
	22,122	18,357	5,357	6,091

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33. Segment information

Group	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2020							
Results							
Net earned premiums/contributions	-	1,106,682	756,710	22,937	-	(1,735)	1,884,594
Interest/profit income	2,208	96,435	165,652	7,401	66	(50)	271,712
Other revenue	78,264	29,580	132,252	330	11,768	(91,661)	160,533
Net claims and benefits	-	(756,199)	(607,068)	(1,227)	-	-	(1,364,494)
Other expenses	(35,002)	(383,570)	(332,880)	(8,438)	(11,224)	43,484	(727,630)
Depreciation of property, plant and equipment	(459)	(2,734)	(2,516)	-	(184)	-	(5,893)
Depreciation of right-of-use assets	(1,187)	-	(4,772)	-	(515)	2,754	(3,720)
Amortisation of intangible assets	(387)	(1,049)	(5,042)	(123)	(32)	-	(6,633)
Finance costs	(16,728)	(50)	(395)	-	(57)	249	(16,981)
Share of results of associates	-	-	-	-	-	(9,838)	(9,838)
Operating profit before surplus attributable to takaful and retakaful participants and taxation	26,709	89,095	101,941	20,880	(178)	(56,797)	181,650
Surplus attributable to takaful participants	-	-	(24,832)	(5,896)	-	-	(30,728)
Operating profit before taxation	26,709	89,095	77,109	14,984	(178)	(56,797)	150,922
Zakat	-	-	(1,227)	(59)	-	-	(1,286)
Taxation	1,897	(7,603)	(10,970)	(47)	(6)	-	(16,729)
Net profit for the year	28,606	81,492	64,912	14,878	(184)	(56,797)	132,907

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33. Segment information (cont'd.)

Group (cont'd.)	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2019							
Results							
Net earned premiums/contributions	-	968,061	684,359	20,279	-	-	1,672,699
Interest/profit income	2,096	102,117	150,467	7,257	80	(51)	261,966
Other revenue	69,642	(2,762)	113,025	139	12,235	(59,550)	132,729
Net claims and benefits	-	(644,882)	(575,965)	(3,443)	-	-	(1,224,290)
Other expenses	(39,433)	(327,337)	(301,222)	(12,095)	(11,985)	43,853	(648,219)
Depreciation of property, plant and equipment	(423)	(2,738)	(3,452)	-	(186)	-	(6,799)
Amortisation of intangible assets	(405)	(978)	(4,643)	(125)	(30)	-	(6,181)
Finance costs	(16,244)	(51)	-	-	-	51	(16,244)
Share of results of associates	-	-	-	-	-	(13,121)	(13,121)
Operating profit before surplus attributable to takaful participants, zakat and taxation	15,233	91,430	62,569	12,012	114	(28,818)	152,540
Surplus attributable to takaful participants	-	-	(23,497)	(9,644)	-	-	(33,141)
Operating profit before zakat and taxation	15,233	91,430	39,072	2,368	114	(28,818)	119,399
Zakat	-	-	(681)	-	-	-	(681)
Taxation	(1,317)	(8,397)	(2,996)	(1,595)	(6)	-	(14,311)
Net profit for the year	13,916	83,033	35,395	773	108	(28,818)	104,407

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33. Segment information (cont'd.)

Group (cont'd.)	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2020							
Assets							
Segment assets (i)	1,409,075	3,760,906	5,114,051	241,312	14,497	(1,458,316)	9,081,525
Investments in associates	1,957	121,932	-	-	-	9,393	133,282
	1,411,032	3,882,838	5,114,051	241,312	14,497	(1,448,923)	9,214,807
Liabilities and Participants' funds							
Segment liabilities							
Participants' funds	-	-	320,687	12,051	-	-	332,738
Borrowings	320,000	1,000	-	-	-	(1,000)	320,000
Insurance and takaful contract liabilities	-	2,054,424	3,717,034	71,615	-	-	5,843,073
Other liabilities	16,752	114,639	316,979	139,370	2,569	(143,100)	447,209
	336,752	2,170,063	4,354,700	223,036	2,569	(144,100)	6,943,020
Equities							
Segment equities (i)	1,074,280	1,712,775	759,351	18,276	11,928	(1,304,823)	2,271,787
Total liabilities, participants' funds and equity	1,411,032	3,882,838	5,114,051	241,312	14,497	(1,448,923)	9,214,807

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33. Segment information (cont'd.)

Group (cont'd.)

2019

	Investment holding RM'000	Reinsurance business RM'000	Takaful operator RM'000	Retakaful operator RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Assets							
Segment assets [i]	1,375,982	3,709,811	4,706,720	96,146	14,394	(1,329,431)	8,573,622
Investments in associates	1,957	115,569	-	-	-	16,215	133,741
	1,377,939	3,825,380	4,706,720	96,146	14,394	(1,313,216)	8,707,363
Liabilities and participants' funds							
Segment liabilities							
Participants' funds	-	-	298,411	(3,117)	-	-	295,294
Borrowings	320,000	1,000	-	-	-	(1,000)	320,000
Insurance and takaful contract liabilities	-	1,973,486	3,432,232	84,172	-	-	5,489,890
Other liabilities	9,288	191,329	281,183	21,434	2,890	(23,597)	482,527
	329,288	2,165,815	4,011,826	102,489	2,890	(24,597)	6,587,711
Equities							
Segment equities [i]	1,048,651	1,659,565	694,894	(6,343)	11,504	(1,288,619)	2,119,652
Total liabilities, participants' funds and equity	1,377,939	3,825,380	4,706,720	96,146	14,394	(1,313,216)	8,707,363

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33. Segment information (cont'd.)

(i) Included in segment assets is Qard granted to the general and family retakaful funds by the shareholder's fund of the retakaful division of the reinsurance subsidiary, amounting to RM71.5 million (2019: RM98.0 million). Qard represents a loan to the general and family retakaful funds to make good any underwriting deficit experienced during a financial period. These balances, including the impairment losses recognised thereon amounting to RM63.2 million (2019: RM72.1 million), have been eliminated in full upon consolidation.

34. Risk management framework

The Group Enterprise Risk Management ("ERM") 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.

An enterprise risk management process is adopted to systematically identify, analyse and evaluate various risks posed by the rapidly changing business environment, and to establish and implement an appropriate system of internal controls to manage these risks and opportunities while ensuring full and effective control, particularly over the Group's significant strategic, financial, organisational and compliance matters.

The Group ERM 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 Group ERM Framework are as follows:

(i) Provides a single point of reference for managing risks of the Group in a systematic and structured way;

(ii) Embeds the Risk Management process and ensures it is an integral part of the Group's planning process at a strategic and operational level;

(iii) Facilitates effective risk oversight through a clear internal risk governance structure and responsibilities;

(iv) Aligns the Group's risk management practices with its sustainability principles;

34. Risk management framework (cont'd.)

(v) Helps create a risk awareness culture from a strategic, operational and individual perspective; and

(vi) Standardises risk terminologies across the Group to facilitate a consistent and uniform approach in managing risk.

In pursuit of the above objectives, it is the Group's policy to adhere to, and comply with, all relevant governance and regulatory requirements and implement best practices with regards to risk management principles. The Group also aims to uphold high standards of business practices in all its activities.

(a) Risk management governance

The Risk Management governance structure is as follows:

(i) The Board had established a dedicated Board Committee known as the Risk Management Committee of the Board ("RMCB") to oversee the implementation of an enterprise-wide risk management framework. This is replicated at each of the main operating subsidiaries;

(ii) The Operational Risk Management Committee ("ORMC"), which comprises the President & Group Chief Executive Officer and Senior Management, implements the risk management processes, provides assurance to the Board that the processes have been carried out effectively and inculcates a risk management culture on an enterprise-wide basis. The ORMC is also established at each of the main operating subsidiaries;

(iii) The Group Chief Risk Officer ("GCRO") and Risk Management Department ("RMD") establish the infrastructure and provide oversight of the risk management processes in the Company and across the main operating subsidiaries through the adoption of the Group ERM Framework; and

(iv) At the operational level, the implementation of risk management processes in the day to day operations of the Group is consistent with the Group ERM Framework.

The Board had also established a dedicated Investment Committee to further oversee risks associated with investments and assets allocation. This is also replicated at each of the main operating subsidiaries. Further, the Group has established Investment Policies at each main operating subsidiary to ensure proper risk management by investing in low-risk assets, deposits with licensed financial institutions, debt securities and other marketable securities. The Group investment strategy is aimed towards capital preservation, income optimization and liquidity management.

34. Risk management framework (cont'd.)

(a) Risk management governance (cont'd.)

Each main operating subsidiary had put in place the following policies to ensure proper risk management:

(i) Underwriting Policy where each subsidiary's underwriting strategy is to have an acceptable mix and spread of business portfolios by:

- observing underwriting guidelines and limits; and
- applying prudential standards in the assessment of security of its key retrocessionaires/retrotakaful/retakaful providers ("counterparties").

In this respect, each main operating subsidiary complies with the relevant regulatory guidelines in the underwriting of risks.

(ii) Claims Reserving Policy where claim liabilities are determined based on historical claims trends, existing knowledge of events, terms and conditions of policies/certificates and assessment of circumstances. Past experience with similar events, historical claims development trends, legislative changes, judicial decisions and economic conditions are particularly relevant in claims reserving.

(b) Capital management objectives, policies and approach

The Internal Capital Adequacy Assessment Process ("ICAAP") Policy sets out the overall process where the subsidiaries ensure adequate capital is available to meet its capital requirements on an ongoing basis, 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 Group 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.

The Capital Management Plan ("CMP") is designed and implemented at the main operating subsidiaries to ensure an effective management of their respective capital and maximise the Group's value by optimising capital structure and enhancing capital efficiency.

Under the CMP, the main operating subsidiaries measure and monitor their respective capital position mainly via the Capital Adequacy Ratio ("CAR").

The CMP identifies certain trigger points of the CAR position and further describes a set of corrective action plans that will be implemented towards maintaining an adequate level of capital. It is intended that capital will be utilised more efficiently in a controlled manner so that the main operating subsidiaries will be able to manage their capital position above the respective internal target.

34. Risk management framework (cont'd.)

(b) Capital management objectives, policies and approach (cont'd.)

Capital management objectives

The main objective of capital management is to monitor and maintain, at all times, an appropriate level of capital that is commensurate with the main operating subsidiaries' business operations and the resultant risk profile.

The key objective of the CMP is for appropriate action plans to be taken by the Board and management of the main operating subsidiaries when any of the CMP's internal targets is triggered. This includes remedial actions that must be undertaken by the main operating subsidiaries' Board and management to improve the capital position.

Capital management policies

The key capital management policies are as follows:

(i) Ensure the Group has adequate capital to support its business objectives; and

(ii) Establish responsibility of the main operating subsidiaries' Board and management in developing an internal capital adequacy assessment process and setting capital targets which are commensurate with its business operations and the resultant risk profile and control environment.

Approach to capital management

The main operating subsidiaries conduct stress tests in compliance with BNM's Policy Document on Stress Testing. The impact of the adverse scenarios on the capital position of the main operating subsidiaries is assessed on a quarterly basis, focusing on short to medium term views.

(c) Regulatory framework

The Company and its main operating subsidiaries are required to comply, as applicable, with the Financial Services Act ("FSA") 2013 and the Islamic Financial Services Act ("IFSA") 2013.

In line with the RBC Framework and RBCT Framework 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, the Company is required to comply with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), Capital Markets and Services Act 2007, Companies Act 2016 and other relevant Acts.

34. Risk management framework (cont'd.)

(d) Asset-liability management ("ALM") framework

The main risk that each operating subsidiary faces due to the nature of investments and liabilities is the mismatch of assets to liabilities (investment risks). Each subsidiary manages these positions within the ALM framework to achieve long-term investment returns in excess of its obligations. The principal technique identified is to match assets to the liabilities arising from reinsurance/ retakaful/ takaful contracts. Amongst the mechanism to manage the ALM framework is the assessment and monitoring of the investment portfolio duration as well as the liability duration for specific risks.

An Asset-Liability Committee ("ALCO") has been established at each main subsidiary to manage and monitor asset-liability mismatch risks. The ALCO ultimately reports to the Board of the respective subsidiaries through its Investment Committee.

35. Underwriting 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 subsidiary principally underwrites all classes of general reinsurance/retakaful business. Risks under these contracts usually cover a twelve-month duration other than some long term contracts which may cover up to 3 years or more. The most significant risk arises from adverse claims development and occurrence of new catastrophe losses. These risks vary significantly in relation to economic conditions and territories from which the risks are underwritten.

The above risks are mitigated by diversification across a large portfolio of business to ensure a balanced mix and spread of business. Diversification through the implementation of underwriting strategies and claim management policies reduces the volatility of risks and improves the overall portfolio experience, and also ensures that its insurance contract liabilities are adequate.

The reinsurance subsidiary also manages its risk exposure through the use of retrocession/retrotakaful programmes which are reviewed annually by the ORMC and RMCB, and subsequently approved by the Board. Prudent standards are applied in placement of the reinsurance subsidiary's key retrocessionaires / retrotakaful providers.

Stress Testing is performed on a quarterly basis. The purpose of the Stress Testing is to test the solvency of the general reinsurance/retakaful business under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume and investment environment.

35. Underwriting risk (cont'd.)

(a) General reinsurance/retakaful (cont'd.)

(i) Nature of risk (cont'd.)

(ii) Concentration of risk by type of business

The table below measures the concentration of insurance contract liabilities by the main classes of business and by local and overseas risks:

	Gross RM'000	Retro-cession RM'000	Net RM'000
2020			
Fire	840,391	(98,135)	742,256
Motor	422,721	(4,033)	418,688
Marine	323,034	(110,202)	212,832
Miscellaneous	524,618	(31,545)	493,073
	2,110,764	(243,915)	1,866,849
Local	1,188,376	(182,512)	1,005,864
Overseas	922,388	(61,403)	860,985
	2,110,764	(243,915)	1,866,849
2019			
Fire	861,090	(184,740)	676,350
Motor	413,418	(8,124)	405,294
Marine	307,490	(95,139)	212,351
Miscellaneous	456,648	(22,727)	433,921
	2,038,646	(310,730)	1,727,916
Local	1,121,121	(175,840)	945,281
Overseas	917,525	(134,890)	782,635
	2,038,646	(310,730)	1,727,916

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35. Underwriting risk (cont'd.)

(a) General reinsurance/retakaful (cont'd.)

(iii) Reserving risk

The reinsurance subsidiary's claim liabilities, and consequently some of the inputs used in determining its premium/contribution liabilities, are based upon previous claims experience, existing knowledge of events, the terms and conditions of relevant policies and interpretation of circumstances. Upon notification of a claim by its cedants or receipt of notification of a market loss event, the reinsurance subsidiary sets aside reserves to meet the expected ultimate loss arising from this claim. These claim reserves are updated periodically for further developments via advice from cedants.

At each reporting date, the reinsurance subsidiary performs a test on the adequacy of its liabilities that is certified by the Appointed Actuary, for the purpose of ensuring that claim and premium liabilities are objectively assessed and adequately provided for. Any deficiency is recognised in the statement of comprehensive income.

(iv) 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 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.

35. Underwriting risk (cont'd.)

(a) General reinsurance/retakaful (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis (cont'd.)

The sensitivity analysis was applied to the ultimate loss ratio of the reinsurance subsidiary by increasing the said ratio of the two most recent underwriting years by 5%. The table below shows the impact on the reinsurance subsidiary's gross and net claim liabilities, profit before tax and equity should the ultimate loss ratio be increased by 5%:

	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
	<---------------- Increase/(decrease) ---------------->			
2020				
Fire	19,774	19,769	(19,769)	(18,187)
Marine	4,594	3,502	(3,502)	(3,221)
Motor	9,573	9,573	(9,573)	(8,807)
Miscellaneous	10,325	10,323	(10,323)	(9,497)
	44,266	43,167	(43,167)	(39,712)
2019				
Fire	20,229	20,229	(20,229)	(18,611)
Marine	3,087	3,087	(3,087)	(2,840)
Motor	9,405	9,405	(9,405)	(8,653)
Miscellaneous	7,899	7,899	(7,899)	(7,267)
	40,620	40,620	(40,620)	(37,371)

* The impact on equity reflects the after tax impact.

This analysis assumes that other factors relevant, but not significant to the valuation of claim liabilities, remain constant. The method used in performing the sensitivity analysis was consistent with the prior year.

35. Underwriting risk (cont'd.)

(a) General reinsurance (cont'd.)

(v) Claims development table

The following tables show the estimate of cumulative ultimate incurred claims, including both claims provisions and IBNR for each successive underwriting year at each financial year end, along with cumulative claim payments to-date.

In setting provisions for claims, the general reinsurance/retakaful subsidiary gives consideration to the probability and magnitude of future experience at best estimate level with a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience for an accident year is the greatest when the claim is at an early stage of development.

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35. Underwriting risk (cont'd.)

(a) General reinsurance/retakaful (cont'd.)

(v) Claims development table (cont'd.)

Gross general reinsurance/retakaful contract liabilities for 2020:

Underwriting year	Before 2012 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	Sub Total RM'000
At the end of underwriting year		678,781	755,249	709,990	736,158	695,227	790,114	849,676	946,948	
One year later		699,168	778,872	738,302	776,819	841,478	715,481	960,687	-	
Two years later		703,132	810,844	744,827	823,354	800,205	708,469	-	-	
Three years later		741,350	923,036	742,262	809,917	802,761	-	-	-	
Four years later		755,438	967,111	729,685	827,090	-	-	-	-	
Five years later		822,195	953,217	808,786	-	-	-	-	-	
Six years later		799,572	991,885	-	-	-	-	-	-	
Seven years later		807,584	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**5,200,091**	**806,941**	**989,992**	**805,275**	**821,447**	**793,368**	**694,718**	**906,122**	**588,547**	
At the end of underwriting year		48,231	66,414	50,464	48,141	50,779	47,943	105,412	72,520	
One year later		336,973	450,853	394,640	467,078	371,055	395,780	542,781	-	
Two years later		485,266	611,454	525,476	593,676	555,168	516,379	-	-	
Three years later		582,071	724,613	581,640	668,180	645,941	-	-	-	
Four years later		636,596	803,350	623,705	726,269	-	-	-	-	
Five years later		698,341	832,772	690,471	-	-	-	-	-	
Six years later		740,119	892,672	-	-	-	-	-	-	
Seven years later		769,854	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**5,125,927**	**769,854**	**892,672**	**690,471**	**726,269**	**645,941**	**516,379**	**542,781**	**72,520**	
Expected claim liabilities (a) - (b)	74,164	37,087	97,320	114,804	95,178	147,427	178,339	363,341	516,027	1,623,687

Other portfolios	51,486
Best estimate of claim liabilities	1,675,173
Claim handling expenses	10,193
Fund PRAD at 75% confidence interval	127,877
Gross general reinsurance/retakaful claim liabilities	1,813,243

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35. Underwriting risk (cont'd.)

(a) General reinsurance/retakaful (cont'd.)

(v) Claims development table (cont'd.)

Net general reinsurance/retakaful contract liabilities for 2020:

Underwriting year	Before 2012 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	Sub Total RM'000
At the end of underwriting year		646,500	745,438	705,370	703,964	863,017	783,471	851,093	926,223	
One year later		679,991	763,552	712,346	877,687	823,576	707,596	939,331	-	
Two years later		674,963	794,351	763,018	817,079	785,839	689,271	-	-	
Three years later		709,217	844,810	734,168	806,237	791,205	-	-	-	
Four years later		753,532	883,611	723,955	823,471	-	-	-	-	
Five years later		773,005	868,517	801,563	-	-	-	-	-	
Six years later		768,254	905,640	-	-	-	-	-	-	
Seven years later		777,147	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**4,995,181**	**776,503**	**903,749**	**798,074**	**817,804**	**781,802**	**676,249**	**895,636**	**579,025**	
At the end of underwriting year		47,742	66,414	50,464	48,141	50,779	47,943	105,412	72,432	
One year later		333,140	446,728	394,520	467,060	369,591	395,792	539,287	-	
Two years later		478,500	607,074	521,806	593,458	550,347	516,091	-	-	
Three years later		574,004	689,440	577,362	667,555	640,952	-	-	-	
Four years later		618,991	761,309	618,482	724,812	-	-	-	-	
Five years later		671,610	792,241	684,641	-	-	-	-	-	
Six years later		711,549	851,276	-	-	-	-	-	-	
Seven years later		741,206	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**4,923,383**	**741,206**	**851,276**	**684,641**	**724,812**	**640,952**	**516,091**	**539,287**	**72,432**	
Expected claim liabilities (a) - (b)	71,798	35,297	52,473	113,433	92,992	140,850	160,158	356,349	506,593	1,529,943

Other portfolios	52,342
Best estimate of claim liabilities	1,582,285
Claim handling expenses	10,195
Fund PRAD at 75% confidence interval	104,890
Less: Retrocession recoveries	(115,638)
Net general reinsurance/retakaful claim liabilities	1,581,732

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35. Underwriting risk (cont'd.)

(a) General reinsurance/retakaful (cont'd.)

(v) Claims development table (cont'd.)

Gross general reinsurance/retakaful contract liabilities for 2019:

Underwriting year	Before 2011 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	Sub Total RM'000
At the end of underwriting year		653,195	678,781	755,249	709,990	736,158	695,227	790,114	849,676	
One year later		755,795	699,168	778,872	738,302	776,819	841,478	715,481	-	
Two years later		831,359	703,132	810,844	744,827	823,354	800,205	-	-	
Three years later		884,511	741,350	923,036	742,262	809,917	-	-	-	
Four years later		918,231	755,438	967,111	729,685	-	-	-	-	
Five years later		924,282	822,195	953,217	-	-	-	-	-	
Six years later		1,046,734	799,572	-	-	-	-	-	-	
Seven years later		1,058,117	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**4,015,708**	**1,057,213**	**797,644**	**949,532**	**723,943**	**800,818**	**784,153**	**686,668**	**638,016**	
At the end of underwriting year		74,108	48,231	66,414	50,464	48,141	50,779	47,943	105,412	
One year later		468,913	336,973	450,853	394,640	467,078	371,055	395,780	-	
Two years later		672,090	485,266	611,454	525,476	593,676	555,168	-	-	
Three years later		786,901	582,071	724,613	581,640	668,180	-	-	-	
Four years later		842,952	636,596	803,350	623,705	-	-	-	-	
Five years later		873,568	698,341	832,772	-	-	-	-	-	
Six years later		983,399	740,119	-	-	-	-	-	-	
Seven years later		1,009,690	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**3,949,476**	**1,009,690**	**740,119**	**832,772**	**623,705**	**668,180**	**555,168**	**395,780**	**105,412**	
Expected claim liabilities (a) - (b)	66,232	47,523	57,525	116,760	100,238	132,638	228,985	290,888	532,604	1,573,393

Other portfolios	105,176
Best estimate of claim liabilities	1,678,569
Claim handling expenses	9,778
Fund PRAD at 75% confidence interval	125,209
Gross general reinsurance/retakaful claim liabilities	1,813,556

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35. Underwriting risk (cont'd.)

(a) General reinsurance/retakaful (cont'd.)

(v) Claims development table (cont'd.)

Net general reinsurance/retakaful contract liabilities for 2019:

Underwriting year	Before 2011 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	Sub Total RM'000
At the end of underwriting year		565,450	646,499	745,437	705,370	703,964	863,017	783,472	851,093	
One year later		740,800	679,991	763,551	712,346	877,687	823,576	707,596	-	
Two years later		816,058	674,963	794,351	763,018	817,079	785,839	-	-	
Three years later		870,176	709,217	844,810	734,168	806,237	-	-	-	
Four years later		901,716	753,532	883,611	723,955	-	-	-	-	
Five years later		925,335	773,005	868,517	-	-	-	-	-	
Six years later		1,027,115	768,255	-	-	-	-	-	-	
Seven years later		1,042,602	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**3,819,861**	**1,041,705**	**766,401**	**864,869**	**718,209**	**797,147**	**770,021**	**679,624**	**639,349**	
At the end of underwriting year		73,515	47,742	66,414	50,464	48,141	50,779	47,943	105,412	
One year later		462,589	333,140	446,728	394,520	467,060	369,591	395,792	-	
Two years later		663,963	478,500	607,074	521,806	593,458	550,347	-	-	
Three years later		776,430	574,004	689,440	577,362	667,555	-	-	-	
Four years later		831,445	618,991	761,309	618,482	-	-	-	-	
Five years later		862,696	671,610	792,241	-	-	-	-	-	
Six years later		970,672	711,549	-	-	-	-	-	-	
Seven years later		996,289	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**3,759,264**	**996,289**	**711,549**	**792,241**	**618,482**	**667,555**	**550,347**	**395,792**	**105,412**	
Expected claim liabilities (a) - (b)	60,597	45,416	54,852	72,628	99,727	129,592	219,674	283,832	533,937	1,500,255

Other portfolios	99,724
Best estimate of claim liabilities	1,599,979
Claim handling expenses	9,778
Fund PRAD at 75% confidence interval	99,472
Less: Retrocession recoveries	(191,320)
Net general reinsurance/retakaful claim liabilities	1,517,909

35. Underwriting risk (cont'd.)

(b) General takaful fund

(i) Nature of risk

The general takaful subsidiary principally issues the following types of general takaful contracts: Motor, Fire, Personal Accident and other Miscellaneous classes.

All participants pay a portion of contributions on the basis of tabarru' ("donation") into the General Takaful Risk Fund ("GTRF") for the purpose of meeting claims for events or risks covered under the takaful contracts.

The risks are mitigated by diversification across a large portfolio of business, which is designed to balance the overall experience. The solvency of the GTRF is managed by adopting prudent underwriting and claims management practices.

The general takaful subsidiary also manages its risk exposure by the use of retakaful arrangements. The retakaful treaty arrangements are reviewed annually by ORMC and RMCB, and approved by the Board.

Stress Testing is performed on a quarterly basis. The purpose of the Stress Testing is to test the solvency of the GTRF under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, claims experience and investment environment.

(ii) Reserving risk

The GTRF's claim liabilities, and consequently some of the inputs used in determining its contribution liabilities and Shareholder's Fund's expense liabilities, are based upon claims experience, existing knowledge of the events, the terms and conditions of relevant contracts and interpretation of prevailing circumstances. Upon notification of a claim, the general takaful subsidiary sets aside case and technical reserves to meet the expected ultimate loss arising from this claim. These claim reserves are updated periodically taking into account the development of the claims.

At each reporting date, the general takaful subsidiary performs a valuation of liabilities that is certified by the Appointed Actuary for the purpose of ensuring that claim and contribution liabilities are objectively assessed and adequately provided for. Any deficiency is recognised in the statement of comprehensive income.

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35. Underwriting risk (cont'd.)

(b) General takaful fund (cont'd.)

(iii) Concentration of risk by type of certificates

The table below sets out the concentration of takaful certificates liabilities by classes of business:

	Gross RM'000	Retakaful RM'000	Net RM'000
2020			
Fire	107,140	(19,420)	87,720
Motor	269,679	(120,720)	148,959
Personal Accident	27,921	(1,295)	26,626
Miscellaneous	76,636	(51,980)	24,656
	481,376	(193,415)	287,961
2019			
Fire	88,907	(24,336)	64,571
Motor	271,038	(123,020)	148,018
Personal Accident	20,058	(300)	19,758
Miscellaneous	52,993	(17,286)	35,707
	432,996	(164,942)	268,054

(iv) Impact on liabilities, profit and equity

Key assumptions

The principal assumption underlying the estimation of liabilities is that the general takaful future claims development will follow a pattern similar to the historical trend experience.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claims notification and reporting, economic conditions, as well as internal factors such as changes in portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

35. Underwriting risk (cont'd.)

(b) General takaful fund (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd.)

Key assumptions (cont'd.)

Other key circumstances affecting the reliability of assumptions include delays in settlement.

Sensitivity analysis

The general takaful claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, surplus before tax and the GTRF. The correlation of assumptions will have a significant effect in determining the ultimate claim liabilities. It should be noted that movements in these assumptions are non-linear.

The sensitivity analysis has been performed for the main classes of business which are Motor Act, Motor Others and Fire. Motor Act is analysed using changes in claim severity while Motor Others and Fire are analysed using changes in the expected ultimate loss ratio.

	Change in assumption of ultimate claims ratio	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on general takaful fund* RM'000
		<--------------- Increase/(decrease)			--------------->
2020					
Motor Act Average Severity	+10%	52,244	34,908	(34,908)	(26,530)
Motor Others Expected Loss Ratio	+10%	31,190	18,806	(18,806)	(14,293)
Fire Expected Loss Ratio	+10%	5,150	1,855	(1,855)	(1,410)

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35. Underwriting risk (cont'd.)

(b) General takaful fund (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis (cont'd.)

	Change in assumption of ultimate claims ratio	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on general takaful fund* RM'000
		<--------------- Increase/(decrease)			--------------->
2019					
Motor Act Average Severity	+10%	46,447	31,310	(31,310)	(23,796)
Motor Others Expected Loss Ratio	+10%	32,209	19,345	(19,345)	(14,702)
Fire Expected Loss Ratio	+10%	5,972	1,993	(1,993)	(1,515)

* The impact on general takaful fund reflects the after-tax impact.

The method used in performing the sensitivity analysis is consistent with the prior year.

(v) Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims reported and IBNR (including IBNER) for each successive accident year at each reporting date, together with cumulative payments to-date.

In setting provisions for claims, the general takaful subsidiary gives consideration to the probability and magnitude of future experience at best estimate level with a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience for an accident year is the greatest when the claim is at an early stage of development.

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35. Underwriting risk (cont'd.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful contract liabilities for 2020:

Accident year	**Prior 2013 RM'000**	**2013 RM'000**	**2014 RM'000**	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**Total RM'000**
At the end of accident year	635,225	108,384	141,258	176,571	174,218	190,776	195,417	188,468	194,051	
One year later	629,010	106,221	125,098	176,737	163,828	192,331	196,877	192,772	-	
Two years later	601,375	97,322	122,664	172,414	157,286	185,552	198,738	-	-	
Three years later	578,436	96,354	116,932	168,315	153,908	187,120	-	-	-	
Four years later	570,297	94,383	114,368	167,527	155,963	-	-	-	-	
Five years later	565,229	91,299	113,948	171,455	-	-	-	-	-	
Six years later	554,618	89,597	111,546	-	-	-	-	-	-	
Seven years later	556,767	90,226	-	-	-	-	-	-	-	
Eight year later	560,352	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	**560,352**	**90,226**	**111,546**	**171,455**	**155,963**	**187,120**	**198,738**	**192,772**	**194,051**	
At the end of accident year	329,854	41,992	52,965	72,433	70,093	80,611	82,191	73,362	78,163	
One year later	450,625	70,413	89,811	121,645	112,184	132,501	131,743	127,672	-	
Two years later	506,154	81,651	102,861	141,980	130,725	153,910	158,922	-	-	
Three years later	528,178	85,797	106,947	154,662	138,037	162,779	-	-	-	
Four years later	536,958	86,573	108,544	157,119	140,658	-	-	-	-	
Five years later	540,166	87,856	109,092	160,689	-	-	-	-	-	
Six years later	544,151	88,484	109,863	-	-	-	-	-	-	
Seven years later	545,776	88,920	-	-	-	-	-	-	-	
	558,833	-	-	-	-	-	-	-	-	
Cumulative payments to-date	**558,833**	**88,920**	**109,863**	**160,689**	**140,658**	**162,779**	**158,922**	**127,672**	**78,163**	
Gross general takaful contract liabilities:										
Best Estimate of Claims Liabilities (incl. Allocated Loss Adjustment Expenses "ALAE")	**1,519**	**1,306**	**1,683**	**10,766**	**15,305**	**24,341**	**39,816**	**65,100**	**115,888**	**275,724**
Fund PRAD at 75%										**31,401**
Total										**307,125**

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35. Underwriting risk (cont'd.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Net general takaful contract liabilities for 2020:

Accident year	**Prior 2013 RM'000**	**2013 RM'000**	**2014 RM'000**	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**Total RM'000**
At the end of accident year	675,135	77,046	89,101	104,071	110,041	113,257	113,775	107,381	118,288	
One year later	655,449	74,561	80,459	102,643	100,341	113,434	113,959	106,516	-	
Two year later	630,992	66,794	77,240	97,354	96,034	108,941	110,916	-	-	
Three year later	597,750	65,723	73,895	94,702	94,500	107,880	-	-	-	
Four year later	585,993	64,087	73,044	94,152	94,192	-	-	-	-	
Five year later	588,412	61,523	72,721	94,341	-	-	-	-	-	
Six year later	508,269	60,096	70,687	-	-	-	-	-	-	
Seven year later	503,533	59,851	-	-	-	-	-	-	-	
Eight year later	492,631	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	**492,631**	**59,851**	**70,687**	**94,341**	**94,192**	**107,880**	**110,916**	**106,516**	**118,288**	
At the end of accident year	309,674	30,126	33,647	45,169	43,970	50,502	49,290	46,005	47,549	
One year later	419,362	50,073	56,856	71,475	69,156	79,164	79,694	75,861	-	
Two year later	467,270	57,352	64,848	82,078	80,147	90,931	92,440	-	-	
Three year later	480,275	59,537	68,204	86,274	84,404	95,729	-	-	-	
Four year later	490,361	58,440	69,343	87,824	85,974	-	-	-	-	
Five year later	492,638	59,117	69,749	89,306	-	-	-	-	-	
Six year later	491,981	59,519	70,116	-	-	-	-	-	-	
Seven year later	492,605	59,635	-	-	-	-	-	-	-	
Eight year later	492,614	-	-	-	-	-	-	-	-	
Cumulative payments to-date	**492,614**	**59,635**	**70,116**	**89,306**	**85,974**	**95,729**	**92,440**	**75,861**	**47,549**	
Net general takaful contract liabilities:										
Best Estimate of Claims Liabilities (incl. ALAE)	**17**	**216**	**571**	**5,035**	**8,218**	**12,151**	**18,476**	**30,655**	**70,739**	**146,078**
Fund PRAD at 75%										**17,514**
Total										**163,592**

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35. Underwriting risk (cont'd.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful contract liabilities for 2019:

Accident year	**Prior 2013 RM'000**	**2013 RM'000**	**2014 RM'000**	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**Total RM'000**
At the end of accident year	635,225	108,384	141,258	176,571	174,218	190,776	195,417	188,468	
One year later	629,010	106,221	125,098	176,737	163,828	192,331	196,877	-	
Two years later	601,375	97,322	122,664	172,414	157,286	185,552	-	-	
Three years later	578,436	96,354	116,932	168,315	153,908	-	-	-	
Four years later	570,297	94,383	114,368	167,527	-	-	-	-	
Five years later	565,229	91,299	113,948	-	-	-	-	-	
Six years later	554,618	89,597	-	-	-	-	-	-	
Seven years later	556,766	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	**556,766**	**89,597**	**113,948**	**167,527**	**153,908**	**185,552**	**196,877**	**188,468**	
At the end of accident year	329,854	41,992	52,965	72,433	70,093	80,611	82,191	73,362	
One year later	450,625	70,413	89,811	121,645	112,184	132,501	131,743	-	
Two years later	506,154	81,651	102,861	141,980	130,725	153,910	-	-	
Three years later	528,178	85,797	106,947	154,662	138,037	-	-	-	
Four years later	536,958	86,573	108,544	157,119	-	-	-	-	
Five years later	540,166	87,856	109,092	-	-	-	-	-	
Six years later	544,151	88,484	-	-	-	-	-	-	
Seven years later	545,776	-	-	-	-	-	-	-	
Cumulative payments to-date	**545,776**	**88,484**	**109,092**	**157,119**	**138,037**	**153,910**	**131,743**	**73,362**	
Gross general takaful contract liabilities:									
Best Estimate of Claims Liabilities (incl. Allocated Loss Adjustment Expenses "ALAE")	**10,990**	**1,113**	**4,856**	**10,408**	**15,871**	**31,642**	**65,134**	**115,106**	**255,120**
Fund PRAD at 75%									**30,114**
Total									**285,234**

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35. Underwriting risk (cont'd.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Net general takaful contract liabilities for 2019:

Accident year	**Prior 2013 RM'000**	**2013 RM'000**	**2014 RM'000**	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**Total RM'000**
At the end of accident year	675,135	77,046	89,101	104,071	110,041	113,257	113,775	107,381	
One year later	655,449	74,561	80,459	102,643	100,341	113,434	113,959	-	
Two years later	630,992	66,794	77,240	97,354	96,034	108,941	-	-	
Three years later	597,750	65,723	73,895	94,702	94,500	-	-	-	
Four years later	585,993	64,087	73,044	94,152	-	-	-	-	
Five years later	588,412	61,523	72,721	-	-	-	-	-	
Six years later	508,269	60,096	-	-	-	-	-	-	
Seven years later	503,531	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	**503,531**	**60,096**	**72,721**	**94,152**	**94,500**	**108,941**	**113,959**	**107,381**	
At the end of accident year	309,674	30,126	33,647	45,169	43,970	50,502	49,290	46,005	
One year later	419,362	50,073	56,856	71,475	69,156	79,164	79,694	-	
Two years later	467,270	57,352	64,848	82,078	80,147	90,931	-	-	
Three years later	480,275	59,537	68,204	86,274	84,404	-	-	-	
Four years later	490,361	58,440	69,343	87,824	-	-	-	-	
Five years later	492,638	59,117	69,749	-	-	-	-	-	
Six years later	491,981	59,519	-	-	-	-	-	-	
Seven years later	492,605	-	-	-	-	-	-	-	
Cumulative payments to-date	**492,605**	**59,519**	**69,749**	**87,824**	**84,404**	**90,931**	**79,694**	**46,005**	
Net general takaful contract liabilities:									
Best Estimate of Claims Liabilities (incl. ALAE)	**10,926**	**577**	**2,972**	**6,328**	**10,096**	**18,010**	**34,265**	**61,376**	**144,550**
Fund PRAD at 75%									**17,621**
Total									**162,171**

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35. Underwriting risk (cont'd.)

(c) Family takaful fund

(i) Nature of risk

The family takaful subsidiary principally issues the following types of family takaful certificates: Ordinary Takaful Plans, Mortgage Takaful Plans, Group Takaful Plans and Investment-linked Takaful Plans. The takaful contributions are segregated into 2 separate funds: Participants' Risk Fund ("PRF") and Participants' Investment Fund ("PIF").

The PRF is compulsory for all certificates and refers to the fund used to pool the portion of contributions paid by participants on the basis of tabarru' ("donation") for the purpose of meeting claims on events/risks covered under the takaful certificates. Under the tabarru' contract, the fund is collectively owned by the pool of participants. In managing the PRF, the family takaful subsidiary adopts an appropriate set of policies and procedures to ensure the availability of funds to meet takaful benefits when due.

The PIF refers to the fund in which a portion of the contributions paid by takaful participants for a takaful certificate is allocated for the purpose of savings and/or investment. The PIF is individually owned by participants. In managing the PIF, the family takaful subsidiary adopts appropriate investment and management strategies to achieve returns that are in line with the participants' reasonable expectations and where relevant, to ensure the availability of funds for future tabarru' apportionment into the PRF. The investment risk exposure for the PIF is borne by the participants. For investment-linked takaful, the PIF refers to the unit fund(s).

Family takaful underwriting 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.

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.

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.

35. Underwriting risk (cont'd.)

(c) Family takaful fund (cont'd.)

(i) Nature of risk (cont'd.)

Stress Testing is performed on a quarterly basis. The purpose of the Stress Testing is to test the solvency of the family takaful fund under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, investment environment and mortality/morbidity patterns.

(ii) Concentration of risk by type of certificates

The table below shows the concentration of actuarial liabilities by type of certificate:

	Gross RM'000	Retakaful RM'000	Net RM'000
2020			
Family takaful plans	1,232,250	(3,209)	1,229,041
Investment-linked takaful plans	43,784	(5,862)	37,922
Mortgage takaful plans	1,360,774	(36)	1,360,738
Group credit takaful plans	214,901	(8,630)	206,271
Others	103,314	(21,485)	81,829
	2,955,023	(39,222)	2,915,801
2019			
Family takaful plans	1,167,990	(5,062)	1,162,928
Investment-linked takaful plans	39,693	(11,647)	28,046
Mortgage takaful plans	1,210,099	-	1,210,099
Group credit takaful plans	193,796	(6,456)	187,340
Others	124,290	(23,070)	101,220
	2,735,868	(46,235)	2,689,633

Key assumptions

Material judgement is required 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.

35. Underwriting risk (cont'd.)

(c) Family takaful fund (cont'd.)

(iii) Impact on liabilities, profit and equity

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

Assumptions are based on mortality rates as set out in the Product Documentation submitted to BNM. They reflect the historical experience and are adjusted, when appropriate, to reflect the participants' own experience. Assumptions are differentiated by gender, occupational class and product group.

An increase in mortality/morbidity will lead to a higher claims cost (as claims could be larger, or occur sooner than anticipated). To the extent that the actual mortality/morbidity incidence rate is worse than that priced for, the expected surplus arising in the PRF would be lower, leading to lower surplus administration charge income. If the poor experience persists, the PRF may go into deficit, requiring the shareholders to provide Qard. This is mitigated with adequate retakaful arrangements as well as contract design (in some circumstances) that builds in repricing mechanisms.

Discount rates

Family takaful liabilities of credit-related products, for example, Mortgage Reducing Term Takaful ("MRTT") and Group Credit Takaful ("GCT") are determined as the sum of the discounted value of the expected benefits less the discounted value of the expected tabarru' (risk charge) that would be required to meet these future cash outflows. The valuation of liabilities will be discounted to valuation date using the Government Investment Issues ("GII") zero coupon spot yields which are obtained from the Bond Pricing Agency Malaysia as prescribed in the valuation guidelines.

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35. Underwriting risk (cont'd.)

(c) Family takaful fund (cont'd.)

(iii) Impact on liabilities, profit and equity

Discount rates (cont'd.)

The assumptions that have significant effects on the financial position and financial performance of the family takaful fund are listed below:

Type of business	Mortality and morbidity rates	2020 Discount rates	2019 Discount rates
Credit related products and individual regular contribution plans	Base mortality [1], adjusted for retakaful rates [2]	GII discount rate	GII discount rate
Others	Base mortality [1]	N/A	N/A

[1] These rates are obtained from the various industry mortality and morbidity experience tables that were used to determine the contribution rates.

[2] Retakaful rates are derived from the fund's retakaful arrangements with respect to the MRTT and GCT business.

35. Underwriting risk (cont'd.)

(c) Family takaful fund (cont'd.)

(iii) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, surplus before tax and the resulting family takaful fund. The correlations of assumptions will have significant effects in determining the ultimate family takaful liabilities. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on family takaful fund* RM'000
		<--------------- Increase/(decrease) --------------->			
2020					
Mortality/morbidity	+ 10%	96,936	45,144	(45,144)	(45,144)
Discount rates	+ 1%	(20,813)	(22,093)	22,093	22,093
2019					
Mortality/morbidity	+ 10%	97,438	50,293	(50,293)	(50,293)
Discount rates	+ 1%	(16,056)	(16,417)	16,417	16,417

* 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.

(d) Family retakaful fund

Approval was granted by BNM for the reinsurance subsidiary to carry out the Family Retakaful business effective from 17 September 2019, after it had fulfilled the licensing requirements under the Islamic Financial Services Act 2013 (“IFSA”).

35. Underwriting risk (cont'd.)

(d) Family retakaful fund (cont'd.)

(i) Nature of risk

The family retakaful business principally consists of Individual Family Retakaful Plans and Group Family Retakaful Plans, covering mortality, morbidity and health, which includes critical illness and medical related risks.

The actual experience 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 underwritten risks are further managed through retrotakaful arrangement.

Stress testing is performed on a quarterly basis. The purpose of the stress testing is to test the solvency of the family retakaful fund under various scenarios. These scenarios are based on regulatory guidelines and simulate drastic changes in major parameters such as new business volume, investment environment and mortality/morbidity patterns.

(ii) Concentration of takaful contract liabilities

The business of the family retakaful fund is derived from Malaysian and overseas risks, situated mainly in Brunei and Indonesia. These liabilities are run-off business transferred from Sinar Seroja Berhad.

The table below sets out the concentration of takaful contract liabilities by local and overseas exposures:

	Gross RM'000	Retakaful RM'000	Net RM'000
2020			
Family Individual	10,473	(7,390)	3,083
Family Group	3,019	-	3,019
	13,492	(7,390)	6,102
Local	11,319	(6,752)	4,567
Overseas	2,173	(638)	1,535
	13,492	(7,390)	6,102

35. Underwriting risk (cont'd.)

(d) Family retakaful fund (cont'd.)

(ii) Concentration of takaful contract liabilities (cont'd.)

	Gross RM'000	Retakaful RM'000	Net RM'000
2019			
Family Individual	10,172	(6,425)	3,747
Family Group	6,372	-	6,372
	16,544	(6,425)	10,119
Local	14,371	(5,787)	8,584
Overseas	2,173	(638)	1,535
	16,544	(6,425)	10,119

(iii) Impact on liabilities, profit and equity

Key assumptions

Material judgement is required in determining the liabilities and the choice 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.

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35. Underwriting risk (cont'd.)

(d) Family retakaful fund (cont'd.)

(iii) Impact on liabilities, 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 the said ratio by 20%. The table below shows the impact on the family retakaful fund's gross and net liabilities, surplus before tax and the family retakaful fund should the ultimate loss ratio be increased by 20%:

	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on family retakaful fund RM'000
		<- Decrease/(increase)->		<- Increase/(decrease)->	
2020					
Loss ratio	-20%	6,495	4,028	4,028	3,706
Loss ratio	+20%	(25,623)	(16,351)	(16,351)	(15,043)
2019					
Loss ratio	-20%	10,320	7,553	7,553	6,949
Loss ratio	+20%	(28,289)	(20,320)	(20,320)	(18,694)

The method used in performing the sensitivity analysis is consistent with that of the prior year's.

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36. Financial risk

Transactions in financial instruments may result in the Group and the Company assuming financial risks. These include credit risk, liquidity risk and market risk. This note presents information about the Group's and the Company's exposure to each of the above risks and the Group's and the Company's objectives, policies and processes for measuring and managing such risks.

The following tables summarise the financial assets and financial liabilities of the Group and the Company by their classification, including their carrying values and fair values, which are considered by management in monitoring and managing of its financial risks:

Group	Note	2020 Carrying value RM'000	2020 Fair value RM'000	2019 Carrying value RM'000	2019 Fair value RM'000
Financial and insurance/takaful assets					
Financial assets at FVTPL	18(a)	2,968,600	2,968,600	2,988,831	2,988,831
Financial assets at FVOCI	18(b)	2,254,163	2,254,163	2,155,736	2,155,736
Financial assets at amortised cost *	18(c)	2,523,597	2,523,597	2,140,718	2,140,718
Reinsurance/retakaful assets	20	497,328	497,328	539,853	539,853
Insurance/takaful receivables *	21	381,703	381,703	337,351	337,351
Cash and bank balances		118,417	118,417	51,675	51,675
		8,743,808	8,743,808	8,214,164	8,214,164
Financial and insurance/takaful liabilities					
Insurance/takaful contract liabilities	20	5,843,073	5,843,073	5,489,890	5,489,890
Other liabilities:					
Borrowing	25	320,000	320,000	320,000	320,000
Lease liabilities	15	4,219	4,219	-	-
Insurance/takaful payables *	26	169,851	169,851	224,032	224,032
Other payables *	27	204,671	204,671	205,466	205,466
		6,541,814	6,541,814	6,239,388	6,239,388

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36. Financial risk (cont'd.)

Company	Note	2020 Carrying value RM'000	2020 Fair value RM'000	2019 Carrying value RM'000	2019 Fair value RM'000
Financial assets					
Financial assets at FVOCI	18(b)	50	50	50	50
Financial assets at amortised cost *	18(c)	75,058	75,058	47,170	47,170
Cash and bank balances		294	294	515	515
		75,402	75,402	47,735	47,735
Financial liabilities					
Borrowing	25	320,000	320,000	320,000	320,000
Lease liabilities	15	3,159	3,159	-	-
Other payables *	27	6,099	6,099	3,348	3,348
		329,258	329,258	323,348	323,348

* The carrying values of the financial assets at amortised cost, loans and receivables, insurance/takaful receivables and other liabilities approximate their fair values due to their short term nature.

36. Financial risk (cont'd.)

(a) Credit Risk

Credit risk is the risk of a counterparty failing to perform its obligations.

Credit risk includes the following major elements:

(i) An investment credit risk which is the risk of financial loss arising from a change in the value of an investment. This is linked to the creditworthiness and the expected ability of the issuer and/or financial institution ("counterparty") to make timely payment of interest and/or principal. Any adverse situations faced by the counterparty may result in rating downgrades and default which may impact the value as well as liquidity of the investments;

(ii) A derivative counterparty risk which is the risk of financial loss arising from a derivative counterparty's default, or the deterioration of the derivative counterparty's financial position. As at the reporting date, the Group did not transact in derivatives and was not exposed to this risk; and

(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.

The Group is exposed to investment credit risk on its investment portfolio, primarily from investments in bonds/sukuks. Creditworthiness assessment for new and existing investments are undertaken by the Group in accordance with the Investment Policy as approved by the Board. In addition, the credit ratings of the bonds/sukuks portfolios are regularly monitored and any downgrade in credit ratings will be evaluated to determine the required actions. As at the reporting date, the Group's bonds/sukuks portfolio has no material exposure below investment grade.

The Group is exposed to reinsurance/retakaful/takaful counterparty risks of three different types:

(i) as a result of recoveries owing from the counterparties for claims/benefits;

(ii) from amounts due from ceding companies; and

(iii) as a result of reserves held by the counterparties which would have to be met by the reinsurance/retakaful and takaful subsidiaries in the event of default.

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Management of credit risk

In order to manage and mitigate credit risk, the following policies and procedures were set in place:

(i) Investment policies prescribe the minimum credit rating for bonds/sukuks that may be held. In addition, the policies are further aimed at investing in a diverse portfolio of bonds/sukuks in order to reduce the potential impact that may arise from individual companies defaulting;

(ii) Counterparty limits are set for investments and cash deposits to ensure that there is no concentration of credit risk;

(iii) The Group's investment portfolio is managed to ensure diversification and focuses on high quality investment grade bonds with good fundamentals. For the financial year ended 31 March 2020, 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.

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2020

The table below provides information regarding the credit risk exposures of the Group and the Company by classifying assets according to the credit ratings of counterparties. The reinsurers'/retakaful operators' share of unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

Group	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted corporate debt securities	-	2,190	-	-	-	2,190
Unquoted Islamic private debt securities	659,865	593,212	-	-	-	1,253,077
Government investment issues	1,262,018	-	-	-	-	1,262,018
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	209,176	-	209,176
Warrants	-	-	-	11	-	11
Others	-	-	-	86,450	-	86,450
Unquoted debt securities	-	17,928	-	-	-	17,928
Unquoted Islamic private debt securities	-	-	626	-	-	626
Unit trust funds	-	-	-	113,826	-	113,826
Real estate investment trust	-	-	-	23,298	-	23,298

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2020 (cont'd.)

Group (cont'd.)	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVOCI						
Government investment issues	601,240	-	-	-	-	601,240
Unquoted corporate debt securities	306,892	792,043	-	-	-	1,098,935
Malaysian government securities	145,670	-	-	-	-	145,670
Unquoted shares in Malaysia	-	-	-	84,382	-	84,382
Unquoted Islamic private debt securities	87,064	236,579	-	-	-	323,643
Golf club membership	-	-	-	293	-	293
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	-	121,384	-	-	-	121,384
Foreign banks	-	231,795	-	-	-	231,795
Islamic investment accounts with licensed:						
Islamic banks	-	1,550,743	-	-	-	1,550,743
Investment banks	-	3,982	-	-	-	3,982
Development banks	-	255,686	-	-	188,563	444,249
Secured staff loans	-	-	-	-	7,941	7,941
Income due and accrued	15,073	45,186	-	577	17,597	78,433

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2020 (cont'd.)

Group (cont'd.)	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at amortised cost (cont'd.)						
Amount due from Insurance Pool accounts	-	-	-	-	29,716	29,716
Due from Lloyds' syndicate	-	36,971	-	-	-	36,971
Sundry receivables	-	15	-	-	18,368	18,383
Reinsurance/retakaful assets *	-	379,688	-	-	55,354	435,042
Insurance/takaful receivables *	-	131,381	-	-	250,322	381,703
Cash and bank balances	-	109,372	-	14	9,031	118,417
	3,077,822	4,508,155	626	518,027	576,892	8,681,522

* Non-rated balances primarily relate to balances due/recoverable from local insurers and/or takaful operators licensed under FSA and IFSA 2013 repsectively.

Company	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVOCI						
Golf club membership	-	-	-	50	-	50
Financial assets at amortised cost						
Unquoted debt securities	-	1,000	-	-	-	1,000
Islamic investment accounts with licensed						
Islamic banks	-	43,979	-	-	-	43,979
Development banks	-	25,690	-	-	-	25,690
Secured staff loans	-	-	-	-	2,635	2,635
Amounts due from subsidiaries	-	-	-	-	311	311
Income due and accrued	-	-	-	-	616	616
Sundry receivables	-	-	-	-	289	289
Cash and bank balances	-	294	-	-	-	294
	-	70,963	-	50	3,851	74,864

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2019

Group	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted corporate debt securities	2,000	2,178	-	-	-	4,178
Unquoted Islamic private debt securities	702,381	507,833	-	-	-	1,210,214
Government investment issues	1,306,506	-	-	-	-	1,306,506
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	184,207	-	184,207
Warrants	-	-	-	43	-	43
Others	-	-	-	82,914	-	82,914
Unquoted debt securities	-	15,142	-	-	-	15,142
Unquoted Islamic private debt securities	-	-	739	-	-	739
Shariah approved unit trust funds	-	-	-	168,589	-	168,589
Real estate investment trusts	-	-	-	16,299	-	16,299

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2019 (cont'd.)

Group	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVOCI						
Government investment issues	519,843	-	-	-	-	519,843
Unquoted corporate debt securities	378,619	652,623	-	-	-	1,031,242
Malaysian government securities	183,878	-	-	-	-	183,878
Unquoted shares in Malaysia	-	-	-	84,158	-	84,158
Unquoted Islamic private debt securities	105,860	230,462	-	-	-	336,322
Golf club membership	-	-	-	293	-	293
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	-	74,838	-	-	-	74,838
Foreign banks	-	231,557	-	-	-	231,557
Islamic investment accounts with licensed:						
Islamic banks	-	1,152,324	-	-	-	1,152,324
Investment banks	-	6,679	-	-	-	6,679
Development banks	-	352,618	-	-	190,006	542,624
Islamic commercial paper	-	5,019	-	-	-	5,019
Secured staff loans	-	-	-	-	7,856	7,856
Income due and accrued	24,492	40,587	17	479	2,309	67,884
Amount due from Insurance Pool accounts	-	-	-	-	4,250	4,250
Due from Lloyds' syndicate	-	17,098	-	-	-	17,098
Sundry receivables	-	24	-	-	30,565	30,589

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2019 (cont'd.)

Group (cont'd.)	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Reinsurance/retakaful assets *	-	455,308	-	-	27,583	482,891
Insurance/takaful receivables *	-	2,758	-	-	334,593	337,351
Cash and bank balances	-	49,977	-	1,698	-	51,675
	3,223,579	3,797,025	756	538,680	597,162	8,157,202

* Non-rated balances primarily relate to balances due/recoverable from local insurers and/or takaful operators licensed under FSA and IFSA 2013 repsectively.

Company

	Government guaranteed RM'000	AAA to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVOCI						
Golf club membership	-	-	-	50	-	50
Financial assets at amortised cost						
Unquoted debt securities	-	1,000	-	-	-	1,000
Islamic investment accounts with licensed						
Islamic banks	-	42,493	-	-	-	42,493
Secured staff loans	-	-	-	-	2,378	2,378
Amounts due from subsidiaries	-	-	-	-	776	776
Income due and accrued	-	-	-	-	55	55
Sundry receivables	-	-	-	-	209	209
Cash and bank balances	-	515	-	-	-	515
	-	44,008	-	50	3,418	47,476

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Investment assets - Reconciliation of allowance account

Significant increase in credit risk ("SICR")

The Group and the Company apply the General Approach or the 'three-bucket'" approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of ECL is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective interest rate ("EIR") method with the forward looking element to compute the ECL.

The Group and the Company have considered 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 Company is required to estimate the probability of default occurring in the 12 months after the reporting date and in each subsequent year throughout the expected life of the financial instruments.

The financial assets are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Investment assets - Reconciliation of allowance account (cont'd)

As at the reporting date, all financial assets at amortised cost held by the Group and the Company are classified as Stage 1. There were no ECL arising from these assets as at 31 March 2020 and 31 March 2019. The credit rating of these financial assets at amortised cost are as disclosed above in Note 36(a).

The following table sets out information about the credit quality of financial assets measured at FVOCI.

Group

	2020 RM'000	2019 RM'000
Financial investments at FVOCI		
Government guaranteed	1,140,866	1,188,200
AAA to BBB	1,028,622	883,085
Not subject to credit risk	84,675	84,451
Total carrying amount	2,254,163	2,155,736
Total ECL as at 31 March	614	38

	2020 RM'000	2019 RM'000
Balance as at 1 April	38	41
Net adjustment of loss allowances	576	(3)
Balance as at 31 March	614	38

As at the reporting date, all financial investments at FVOCI held by the Group are classified as Stage 1.

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

<u>Other financial asset - Reconciliation of allowance account</u>

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.

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Incorporation of forward-looking information

The Group and the Company incorporate forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Group and the Company have performed historical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Group and the Company.

Set out below is the information about the credit risk exposure on the insurance/takaful receivables of the Group's reinsurance/retakaful subsidiary using a provision matrix:

	Not due RM'000	1 to 6 months RM'000	7 to 12 months RM'000	13 to 18 months RM'000	19 to 24 months RM'000	More than 24 months RM'000	Total RM'000
31 March 2020							
ECL rate	0.07%	0.14%	1.19%	8.72%	15.58%	26.15%	1.20%
Gross carrying amount	173,282	102,468	20,147	5,540	950	10,039	312,426
Allowance for ECL	124	142	240	483	148	2,625	3,762
31 March 2019							
ECL rate	0.04%	0.24%	0.83%	1.47%	1.58%	46.11%	1.73%
Gross carrying amount	179,114	79,475	15,191	6,924	3,423	9,835	293,962
Allowance for ECL	69	189	126	102	54	4,535	5,075

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Incorporation of forward-looking information (cont'd)

Table below shows the credit risk exposure on the takaful receivables of the Group's takaful subsidiaries using a provision matrix:

	Not due RM'000	0-3 Months RM'000	4-6 Months RM'000	7-9 Months RM'000	10-12 Months RM'000	> 1 year RM'000	Total RM'000
31 March 2020							
ECL rate	0.00%	4.01%	6.13%	21.25%	70.57%	74.13%	14.30%
Gross carrying amount	4,532	58,153	7,973	2,574	2,025	9,968	85,225
Allowance for ECL	-	2,332	489	547	1,429	7,389	12,186
31 March 2019							
ECL rate	1.02%	5.52%	28.24%	30.77%	89.37%	93.65%	17.75%
Gross carrying amount	294	47,759	2,199	1,446	254	6,974	58,926
Allowance for ECL	3	2,635	621	445	227	6,531	10,462

36. 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.

	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
As at 1 April 2019	341,338	11,550	352,888
Transferred from HLMTB on 1 June 2019 (Note 40(b))	-	2,088	2,088
Increase	42,280	395	42,675
As at 31 March 2020	383,618	14,033	397,651
Allowance for ECL			
As at 1 April 2019	4,789	10,748	15,537
Transferred from HLMTB on 1 June 2019 (Note 40(b))	-	2,088	2,088
(Decrease)/increase	(4,306)	2,629	(1,677)
As at 31 March 2020	483	15,465	15,948

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Incorporation of forward-looking information (cont'd.)

	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
As at 1 April 2018	423,182	8,875	432,057
(Decrease)/increase	(81,844)	2,675	(79,169)
As at 31 March 2019	341,338	11,550	352,888
Allowance for ECL			
As at 1 April 2018	5,198	11,191	16,389
Decrease	(409)	(443)	(852)
As at 31 March 2019	4,789	10,748	15,537

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Movement of allowance for impairment losses on insurance/takaful receivables

	Group Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2020			
At 1 April 2019	9,246	6,291	15,537
(Reversal of)/provision for impairment losses for the year	(2,495)	818	(1,677)
Transferred from HLMTB on 1 June 2019	2,088	-	2,088
At 31 March 2020	8,839	7,109	15,948
2019			
At 1 April 2018	7,213	9,176	16,389
Reversal of impairment losses for the year	2,033	(2,885)	(852)
At 31 March 2019	9,246	6,291	15,537

(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.

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

As part of its liquidity management strategy, the Group has in place processes capable of measuring and reporting on:

(i) Daily cash flows;

(ii) Minimum liquidity holdings;

(iii) The composition and market values of investment portfolios, including liquid holdings; and

(iv) The holding of liquid assets in the respective reinsurance, retakaful and takaful funds.

In order to manage the liquidity of the reinsurance/retakaful/takaful funds, the investment mandate requires that a certain proportion of the funds is maintained as liquid assets.

Maturity Profiles

The table below summarises the maturity profile of the assets and liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable. For insurance and takaful contract liabilities and reinsurance and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance/takaful liabilities. The reinsurers'/retakaful operators' share of unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

Expense liabilities, contribution liabilities and the retakaful operators' share of contribution liabilities have been excluded from the analysis as there are no contractual obligations to make payments on those liabilities.

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

<u>**Maturity profiles for 2020**</u>

Group	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition						
Unquoted corporate debt securities	2,190	108	2,335	-	-	2,443
Government investment issues	1,262,018	160,427	338,880	1,492,016	-	1,991,323
Unquoted Islamic private debt securities	1,253,077	71,364	458,726	1,359,431	-	1,889,521
Mandatorily measured						
Quoted shares in Malaysia:						
Shariah approved equities	209,176	-	-	-	209,176	209,176
Warrants	11	-	-	-	11	11
Others	86,450	-	-	-	86,450	86,450
Unquoted corporate debt securities	17,928	201	1,658	49,852	-	51,711
Unquoted Islamic private debt securities	626	670	-	-	-	670
Unit trust funds	113,826	-	-	-	113,826	113,826
Real estate investment trusts	23,298	-	-	-	23,298	23,298

36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2020 (cont'd.)

Group (cont'd.)	**Carrying value RM'000**	**Up to 1 year RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**No maturity date RM'000**	**Total RM'000**
Financial assets at FVOCI						
Malaysian government securities	145,670	5,600	41,783	145,584	-	192,967
Government investment issues	601,240	159,626	212,218	357,171	-	729,015
Unquoted corporate debt securities	1,098,935	305,426	624,617	355,287	-	1,285,330
Unquoted shares in Malaysia	84,382	-	-	-	84,382	84,382
Unquoted Islamic private debt securities	323,643	45,185	201,478	140,032	-	386,695
Golf club membership	293	-	-	-	293	293
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	121,384	117,925	-	-	-	117,925
Foreign banks	231,795	196,143	40,803	-	-	236,946
Islamic investment accounts with licensed:						
Islamic banks	1,550,743	1,543,317	25,900	-	-	1,569,217
Investment banks	3,982	3,982	-	-	-	3,982
Development banks	444,249	452,208	-	-	-	452,208
Secured staff loans	7,941	1,381	6,400	160	-	7,941
Income due and accrued	78,433	78,433	-	-	-	78,433
Amount due from Insurance Pool accounts	29,716	29,716	-	-	-	29,716

36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2020 (cont'd.)

Group (cont'd.)	**Carrying value RM'000**	**Up to 1 year RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**No maturity date RM'000**	**Total RM'000**
Financial assets at amortised cost (cont'd.)						
Due from Lloyds' syndicate	36,971	-	36,971	-	-	36,971
Sundry receivables	18,383	18,383	-	-	-	18,383
Reinsurance/retakaful assets	435,042	154,219	209,470	71,353	-	435,042
Insurance/takaful receivables	381,703	379,124	2,579	-	-	381,703
Cash and bank balances	118,417	118,417	-	-	-	118,417
Total financial and insurance assets	8,681,522	3,841,855	2,203,818	3,970,886	517,436	10,533,995
Borrowings	(320,000)	(16,640)	(66,604)	(386,240)	-	(469,484)
Insurance/takaful contract liabilities	(5,299,001)	(817,248)	(1,457,326)	(3,024,427)	-	(5,299,001)
Lease liabilities	(4,219)	(2,762)	(1,659)	-	-	(4,421)
Insurance/takaful payables	(169,851)	(166,960)	(2,891)	-	-	(169,851)
Other payables (excluding provisions)	(204,671)	(204,671)	-	-	-	(204,671)
Total financial and insurance liabilities	(5,997,742)	(1,208,281)	(1,528,480)	(3,410,667)	-	(6,147,428)
Surplus	2,683,780	2,633,574	675,338	560,219	517,436	4,386,567

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2020 (cont'd.)

Company	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVOCI						
Golf club membership	50	-	-	-	50	50
Financial assets at amortised cost						
Unquoted debt securities	1,000	50	198	1,021	-	1,269
Islamic investment accounts with licensed:						
Islamic banks	43,979	21,585	25,900	-	-	47,485
Development Bank	25,690	25,856	-	-	-	25,856
Secured staff loans	2,635	79	2,556	-	-	2,635
Amount due from subsidiaries	311	311	-	-	-	311
Income due and accrued	616	616	-	-	-	616
Sundry receivables	289	289	-	-	-	289
Cash and bank balances	294	294	-	-	-	294
Total financial assets	74,864	49,080	28,654	1,021	50	78,805
Borrowing	(320,000)	(16,640)	(66,604)	(386,240)	-	(469,484)
Lease liabilities	(3,159)	(1,177)	(2,222)	-	-	(3,399)
Other payables (excluding provisions)	(6,099)	(6,099)	-	-	-	(6,099)
Total financial liabilities	(329,258)	(23,916)	(68,826)	(386,240)	-	(478,982)
(Deficit)/surplus	(254,394)	25,164	(40,172)	(385,219)	50	(400,177)

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2019

Group	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition						
Unquoted corporate debt securities	4,178	2,131	2,431	-	-	4,562
Government investment issues	1,306,506	56,764	411,829	1,714,865	-	2,183,458
Unquoted Islamic private debt securities	1,210,214	74,871	428,570	1,390,976	-	1,894,417
Mandatorily measured						
Quoted shares in Malaysia:						
Shariah approved equities	184,207	-	-	-	184,207	184,207
Warrants	43	-	-	-	43	43
Others	82,914	-	-	-	82,914	82,914
Unquoted corporate debt securities	15,142	201	1,395	47,531	-	49,127
Unquoted Islamic private debt securities	739	754	-	-	-	754
Shariah approved unit trust funds	168,589	-	-	-	168,589	168,589
Real estate investment trusts	16,299	-	-	-	16,299	16,299

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2019 (cont'd.)

Group (cont'd.)	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVOCI						
Malaysian government securities	183,878	7,428	58,040	180,576	-	246,044
Government investment issues	519,843	25,259	245,505	412,535	-	683,299
Unquoted corporate debt securities	1,031,242	128,282	674,166	452,700	-	1,255,148
Unquoted shares in Malaysia	84,158	-	-	-	84,158	84,158
Unquoted Islamic private debt securities	336,322	41,410	186,747	192,518	-	420,675
Golf club membership	293	-	-	-	293	293
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	74,838	75,306	-	-	-	75,306
Foreign banks	231,557	193,561	42,126	-	-	235,687
Islamic investment accounts with licensed:						
Islamic banks	1,152,324	1,166,529	-	-	-	1,166,529
Investment banks	6,679	6,679	-	-	-	6,679
Development banks	542,624	452,603	100,000	-	-	552,603
Islamic commercial paper	5,019	5,085	-	-	-	5,085
Secured staff loans	7,856	4,274	3,284	298	-	7,856
Income due and accrued	67,884	67,884	-	-	-	67,884

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2019 (cont'd.)

Group (cont'd.)	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at amortised cost (cont'd.)						
Amount due from Insurance Pool accounts	4,250	4,250	-	-	-	4,250
Due from Lloyds' syndicate	17,098	-	17,098	-	-	17,098
Sundry receivables	30,589	30,589	-	-	-	30,589
Reinsurance/retakaful assets	482,891	180,175	228,136	74,580	-	482,891
Insurance/takaful receivables	337,351	336,365	986	-	-	337,351
Cash and bank balances	51,675	51,675	-	-	-	51,675
Total financial and insurance assets	8,157,202	2,912,075	2,400,313	4,466,579	536,503	10,315,470
Borrowings	(320,000)	(16,640)	(66,604)	(402,880)	-	(486,124)
Insurance/takaful contract liabilities	(5,052,569)	(856,340)	(1,402,140)	(2,794,089)	-	(5,052,569)
Insurance/takaful payables	(224,032)	(224,032)	-	-	-	(224,032)
Other payables (excluding provisions)	(205,466)	(205,466)	-	-	-	(205,466)
Total financial and insurance liabilities	(5,802,067)	(1,302,478)	(1,468,744)	(3,196,969)	-	(5,968,191)
Surplus	2,355,135	1,609,597	931,569	1,269,610	536,503	4,347,279

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2019 (cont'd.)

Company	**Carrying value RM'000**	**Up to 1 year RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**No maturity date RM'000**	**Total RM'000**
Financial assets at FVOCI						
Golf club membership	50	-	-	-	50	50
Financial assets at amortised cost						
Unquoted debt securities	1,000	50	198	1,070	-	1,318
Islamic investment accounts with licensed:						
Islamic banks	42,493	42,493	-	-	-	42,493
Secured staff loans	2,378	2,378	-	-	-	2,378
Amount due from subsidiaries	776	776	-	-	-	776
Income due and accrued	55	55	-	-	-	55
Sundry receivables	209	209	-	-	-	209
Cash and bank balances	515	515	-	-	-	515
Total financial assets	47,476	46,476	198	1,070	50	47,794
Borrowing	(320,000)	(16,640)	(66,604)	(402,880)	-	(486,124)
Other payables (excluding provisions)	(3,348)	(3,348)	-	-	-	(3,348)
Total financial liabilities	(323,348)	(19,988)	(66,604)	(402,880)	-	(489,472)
(Deficit)/surplus	(275,872)	26,488	(66,406)	(401,810)	50	(441,678)

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36. Financial risk (cont'd.)

(c) Market Risk

Market risk is the risk of loss arising from a change in the values of, or the income from, financial assets. A risk of loss also arises from volatility in asset prices, interest/profit rates, or exchange rates. Market risk includes the following elements:

(i) Equity price risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from stock market dynamics impacting equity prices;

(ii) Foreign exchange risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from a movement of or volatility in exchange rates; and

(iii) Interest/profit rate risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from variability in interest/profit rates.

Equity price risk

Equity 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 equity risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The equity price risk policy requires the Group and its main operating subsidiaries to 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 equity 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.

36. Financial risk (cont'd.)

(c) Market Risk (cont'd.)

Equity 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

	Changes in market indices	Impact on profit before tax RM'000	Impact on equity/ participants' fund* RM'000
2020		<- Increase/(decrease) ->	
Group			
Price	+ 5%	15,947	14,270
Price	- 5%	(15,947)	(14,270)
2019			
Group			
Price	+ 5%	16,174	14,603
Price	- 5%	(16,174)	(14,603)

* The impact on equity reflects the after tax impact.

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 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.

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36. Financial risk (cont'd.)

(c) Market Risk (cont'd.)

Foreign exchange risk/currency risk (cont'd.)

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 and assets denominated in foreign currencies.

	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity * RM'000
		<-------------- Increase/(decrease) -------------->			
2020					
Foreign currency	+5%	39,035	36,432	(4,772)	(4,390)
Foreign currency	-5%	(39,035)	(36,432)	4,772	4,390
2019					
Foreign currency	+5%	34,508	34,508	(6,352)	(5,843)
Foreign currency	-5%	(34,508)	(34,508)	6,352	5,843

The method used in performing the sensitivity analysis is consistent with the prior year.

Interest/profit rate risk

The Group is exposed to interest/profit rate risk as follows:

(i) Fair values of fixed interest/profit-bearing assets would move inversely to changes in interest/profit rates; and

(ii) Future cash flows of variable interest/profit-bearing assets would move in direct proportion to changes in rates.

The earnings of the Group are affected by changes in market interest/profit rates due to the impact such changes have on interest/profit income from cash and cash equivalents, including investments in fixed/Islamic deposits. The fixed income portfolio is inversely related to interest/profit rates and, hence, it is the source of portfolio volatility.

36. Financial risk (cont'd.)

(c) Market Risk (cont'd.)

Interest/profit rate risk (cont'd.)

The Group manages its interest/profit rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest/profit rate movements.

The nature of the Group's exposure to interest/profit rate risk and its objectives, policies and processes for managing interest/profit rate risk have not changed significantly from the previous financial year.

Sensitivity analysis

A change of 25 basis points ("bp") in interest/profit rates at the reporting date would have increased/(decreased) the value of the portfolio of fixed-income investment by the amounts shown below.

2020	Changes in variable	Impact on profit before tax RM'000	Impact on equity/ participants' fund* RM'000
	<--------- Increase/(decrease)	---------->	
Group			
Interest/profit rates	+25 bp	(55,056)	(69,101)
Interest/profit rates	-25 bp	55,056	69,101
2019			
Group			
Interest/profit rates	+25 bp	(58,739)	(76,310)
Interest/profit rates	-25 bp	58,739	76,310

* The impact on equity reflects the after tax impact.

37. Other risks

(a) Operational Risk

Operational risk is the risk of loss resulting from inadequate or ineffective or failed internal resources (people, processes and systems), 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, physical damage, business disruption, transaction failures, legal and regulatory breaches, epidemic and pandemic outbreak, as well as employee health and safety hazards. Operational risk may result in direct financial losses and indirect financial losses due to reputational damage.

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, authorisation and reconciliation procedures, continuous staff education and appropriate assessment processes, and engagement of internal audit for assurance.

(b) Shariah Risk

Shariah risk is defined as potential Shariah non-compliance that contributes to adverse reputation, financial losses and opportunity costs resulting from ineffective governance, incompetent employees and improper transactional and operational execution. The Group mitigates such risk by initiating, monitoring and adhering to a robust Shariah Risk Management Framework.

The Framework 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) Property Investment Risk

Property investment risk is the risk associated with the Group’s investment 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 the management of 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 and a continuous maintenance and upgrade of facilities.

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38. Shareholders', reinsurance, takaful and retakaful funds

(a) Consolidated income statement by fund

For the year ended 31 March 2020	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Gross earned premiums/contributions	1,200,829	320,199	618,594	22,287	8,818	(8,309)	2,162,418
Premiums/contributions ceded to reinsurers/retakaful operators	(94,147)	(104,603)	(76,889)	(1,778)	(6,390)	5,983	(277,824)
Net earned premiums/contributions	1,106,682	215,596	541,705	20,509	2,428	(2,326)	1,884,594
Investment income	179,015	17,664	130,552	2,537	862	(46,509)	284,121
Net realised gains/(losses)	36,808	3,926	53,667	-	-	-	94,401
Net fair value (losses)/gains	(45,687)	(4,823)	31,124	-	73	533	(18,780)
Fee and commission income	442,511	26,899	10	302	-	(420,960)	48,762
Other operating revenue	33,909	1,391	4,048	16	15	(15,638)	23,741
Other revenue	646,556	45,057	219,401	2,855	950	(482,574)	432,245
Gross claims and benefit paid	(772,253)	(188,976)	(333,972)	(9,680)	(9,686)	1,033	(1,313,534)
Claims ceded to reinsurers/ retakaful operators	87,611	90,484	60,321	209	6,180	(1,033)	243,772
Gross change in contract liabilities	(9,395)	29,390	(227,906)	9,705	3,052	-	(195,154)
Change in contract liabilities ceded to reinsurers/retakaful operators	(62,162)	(31,261)	(5,148)	(1,972)	965	-	(99,578)
Net claims and benefits	(756,199)	(100,363)	(506,705)	(1,738)	511	-	(1,364,494)

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38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(a) Consolidated income statement by fund (cont'd.)

For the year ended 31 March 2020	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Fee and commission expenses	(453,538)	(137,312)	(232,720)	(8,931)	(336)	379,998	(452,839)
Management expenses	(308,212)	-	(1,350)	-	-	46,782	(262,780)
Finance costs	(17,463)	-	-	-	-	482	(16,981)
Other operating expenses	(2,432)	(61)	(7)	(28)	-	-	(2,528)
Changes in expense liabilities	(7,731)	-	-	-	-	-	(7,731)
Tax borne by participants	-	368	(16,913)	(1,258)	(184)	(11)	(17,998)
Other expenses	(789,376)	(137,005)	(250,990)	(10,217)	(520)	427,251	(760,857)
Share of results of associates	-	-	-	-	-	(9,838)	(9,838)
Operating profit before surplus attributable to takaful participants, zakat and taxation	207,663	23,285	3,411	11,409	3,369	(67,487)	181,650
Surplus attributable to takaful participants	-	(23,285)	(3,411)	(11,409)	(3,369)	10,746	(30,728)
Operating profit before taxation	207,663	-	-	-	-	(56,741)	150,922
Zakat	(1,286)	-	-	-	-	-	(1,286)
Taxation	(16,729)	-	-	-	-	-	(16,729)
Net profit for the year attributable to equity holders of the Parent	189,648	-	-	-	-	(56,741)	132,907

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38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(a) Consolidated income statement by fund (cont'd.)

For the year ended 31 March 2019	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Gross earned premiums/contributions	1,092,728	272,808	581,321	20,651	9,409	(1,214)	1,975,703
Premiums/contributions ceded to reinsurers/retakaful operators	(124,667)	(97,181)	(71,594)	(3,056)	(6,725)	219	(303,004)
Net earned premiums/contributions	968,061	175,627	509,727	17,595	2,684	(995)	1,672,699
Investment income	158,162	16,777	125,241	2,396	781	(36,423)	266,934
Net realised (losses)/gains	6,990	1,451	(621)	-	-	-	7,820
Net fair value gains	(28,499)	(1,074)	93,668	-	15	8,659	72,769
Fee and commission income	374,590	23,614	3	-	-	(363,686)	34,521
Other operating revenue	13,614	2,347	5,203	154	14	(8,681)	12,651
Other revenue	524,857	43,115	223,494	2,550	810	(400,131)	394,695
Gross claims and benefit paid	(822,110)	(156,890)	(309,021)	(18,263)	(10,950)	2,037	(1,315,197)
Claims ceded to reinsurers/ retakaful operators	59,198	61,477	52,185	5,435	6,560	(2,037)	182,818
Gross change in contract liabilities	72,981	(20,039)	(235,013)	30,186	(682)	-	(152,567)
Change in contract liabilities ceded to reinsurers/retakaful operators	45,048	16,708	14,629	(14,118)	(1,611)	-	60,656
Net claims and benefits	(644,883)	(98,744)	(477,220)	3,240	(6,683)	-	(1,224,290)

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38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(a) Consolidated income statement by fund (cont'd.)

For the year ended 31 March 2019	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Fee and commission expenses	(384,372)	(96,792)	(215,592)	(8,589)	(382)	321,388	(384,339)
Management expenses	(292,696)	-	(2,137)	-	-	46,892	(247,941)
Finance costs	(16,295)	-	-	-	-	51	(16,244)
Other operating expenses	(1,347)	(2,303)	-	(403)	(3)	2,388	(1,668)
Changes in expense liabilities	(5,114)	-	-	-	-	-	(5,114)
Tax borne by participants	-	(5,643)	(16,274)	(1,178)	3	955	(22,137)
Other expenses	(699,824)	(104,738)	(234,003)	(10,170)	(382)	371,674	(677,443)
Share of results of associates	-	-	-	-	-	(13,121)	(13,121)
Operating profit/(loss) before (surplus)/ deficit attributable to takaful participants, zakat and taxation	148,211	15,260	21,998	13,215	(3,571)	(42,573)	152,540
(Surplus)/deficit attributable to takaful participants	-	(15,260)	(21,998)	(13,215)	3,571	13,761	(33,141)
Operating profit/(loss) before zakat and taxation	148,211	-	-	-	-	(28,812)	119,399
Zakat	(681)	-	-	-	-	-	(681)
Taxation	(14,311)	-	-	-	-	-	(14,311)
Net profit for the year attributable to equity holders of the Parent	133,219	-	-	-	-	(28,812)	104,407

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38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(b) Consolidated statement of financial position by fund

As at 31 March 2020	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Assets							
Property, plant and equipment	122,408	-	-	-	-	81,781	204,189
Investment properties	-	-	81,620	-	-	(81,620)	-
Intangible assets	36,578	-	-	-	-	-	36,578
Right-of-use assets	13,924	-	-	-	-	(9,376)	4,548
Investments in subsidiaries	1,304,476	-	-	-	-	(1,304,476)	-
Investments in associates	123,889	-	-	-	-	9,393	133,282
Deferred tax assets	11,232	4,172	-	-	-	-	15,404
Financial assets	4,108,505	493,806	3,315,613	54,679	5,368	(223,217)	7,754,754
Reinsurance/retakaful assets	240,203	193,415	52,608	3,712	7,390	-	497,328
Insurance/takaful receivables	297,174	45,179	27,860	8,036	3,454	-	381,703
Tax recoverable	71,040	-	-	(2,267)	(169)	-	68,604
Cash and bank balances	38,444	20,979	58,705	239	50	-	118,417
Total assets	6,367,873	757,551	3,536,406	64,399	16,093	(1,527,515)	9,214,807

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38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(b) Consolidated statement of financial position by fund (cont'd.)

As at 31 March 2020	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Liabilities and Participants' funds							
Participants' funds	-	151,245	170,745	1,814	11	8,923	332,738
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,126,723	481,376	3,175,141	56,341	13,492	(10,000)	5,843,073
Lease liabilities	13,786	-	-	-	-	(9,567)	4,219
Insurance/takaful payables	109,832	33,000	18,586	5,858	2,575	-	169,851
Other payables	208,533	91,801	159,162	316	-	(209,506)	250,306
Deferred tax liabilities	1,467	-	9,778	70	15	616	11,946
Tax payable	6,300	129	2,994	-	-	-	9,423
Provision for zakat	1,464	-	-	-	-	-	1,464
Total liabilities and participants' funds	2,789,105	757,551	3,536,406	64,399	16,093	(220,534)	6,943,020
Equity							
Share capital	2,043,108	-	-	-	-	(1,304,606)	738,502
Reserves	1,535,660	-	-	-	-	(2,375)	1,533,285
Total equity attributable to equity holders of the Parent	3,578,768	-	-	-	-	(1,306,981)	2,271,787
Total liabilities, participants' funds and equity	6,367,873	757,551	3,536,406	64,399	16,093	(1,527,515)	9,214,807

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MNRB Holdings Berhad
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38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(b) Consolidated statement of financial position by fund (cont'd.)

As at 31 March 2019	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Assets							
Property, plant and equipment	122,427	-	-	-	-	81,760	204,187
Investment properties	-	-	81,760	-	-	(81,760)	-
Intangible assets	37,206	-	-	-	-	-	37,206
Deferred tax assets	9,538	1,423	-	-	-	2,286	13,247
Investments in subsidiaries	1,304,476	-	-	-	-	(1,304,476)	-
Investments in associates	117,526	-	-	-	-	16,215	133,741
Financial assets	3,948,575	461,430	3,095,850	74,662	9,822	(300,785)	7,289,554
Reinsurance/retakaful assets	305,037	164,941	57,756	5,694	6,425	-	539,853
Insurance/takaful receivables	276,110	23,031	25,433	9,299	3,478	-	337,351
Tax recoverable	55,753	-	-	(1,079)	-	-	54,674
Non-current assets held for sale	-	-	45,875	-	-	-	45,875
Cash and bank balances	17,442	460	32,486	715	572	-	51,675
Total assets	6,194,090	651,285	3,339,160	89,291	20,297	(1,586,760)	8,707,363

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38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(b) Consolidated statement of financial position by fund (cont'd.)

As at 31 March 2019	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Liabilities and participants' funds							
Participants' funds	-	132,821	167,334	13,229	11	(18,101)	295,294
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,037,955	432,995	2,947,234	65,161	16,544	(9,999)	5,489,890
Insurance/takaful payables	180,723	8,707	27,132	5,903	1,567	-	224,032
Other payables	224,330	72,211	188,953	4,998	2,175	(260,135)	232,532
Deferred tax liabilities	4,625	-	8,507	-	-	3,233	16,365
Tax payable	3,770	4,551	-	-	-	-	8,321
Provision for zakat	1,277	-	-	-	-	-	1,277
Total liabilities and participants' funds	2,773,680	651,285	3,339,160	89,291	20,297	(286,002)	6,587,711
Equity							
Share capital	2,026,912	-	-	-	-	(1,304,606)	722,306
Reserves	1,393,498	-	-	-	-	3,848	1,397,346
Total equity attributable to equity holders of the Parent	3,420,410	-	-	-	-	(1,300,758)	2,119,652
Total liabilities, participants' funds and equity	6,194,090	651,285	3,339,160	89,291	20,297	(1,586,760)	8,707,363

39. 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 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 and Company's assets are determined as follows:

(i) The carrying amounts of financial assets, such as loans and receivables, 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 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 and investment property 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

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39. Fair values of assets (cont'd.)

(vi) Fair value of unquoted shares in Malaysia are derived using the net assets of the invested companies.

	Valuation technique	Significant unobservable inputs	Range
2020			
<u>Property, plant and equipment</u>			
Office building of MRE	Income approach	Yield	6.00% to 6.25%
		Rental per square foot	RM4.00 to RM4.50
Office buildings of TIFB	Comparison approach	Sales price per square feet for similar properties	RM509 to RM1,511
Unquoted shares in Malaysia	Net assets	Net assets	Not applicable
2019			
<u>Property, plant and equipment</u>			
Office building of MRE	Income approach	Yield	6.0% to 6.25%
		Rental per square foot	RM4.50
Office buildings of TIFB	Comparison approach	Sales price per square feet for similar properties	RM509 to RM1,382
Unquoted shares in Malaysia	Net assets	Net assets	Not applicable

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value.

There have been no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

39. 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 and/or for which fair values are disclosed under Levels 1, 2 and 3 of the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2020				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	162,903	162,903
	-	-	199,703	199,703
(b) Financial assets at FVTPL				
Designated upon initial recognition				
Unquoted corporate debt securities	-	2,190	-	2,190
Government investment issues	-	1,262,018	-	1,262,018
Unquoted islamic private debt securities	-	1,253,077	-	1,253,077
Mandatorily measured				
Quoted shares in Malaysia:				
Shariah approved equities	209,176	-	-	209,176
Warrants	11	-	-	11
Others	86,450	-	-	86,450
Unquoted corporate debt securities	-	17,928	-	17,928
Unquoted islamic private debt securities	-	626	-	626
Shariah approved unit trust funds	113,826	-	-	113,826
Real estate investment trusts	23,298	-	-	23,298
	432,761	2,535,839	-	2,968,600

39. Fair values of assets (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group (cont'd.)				
2020 (cont'd.)				
(c) Financial assets at FVOCI				
Malaysian government securities	-	145,670	-	145,670
Government investment issues	-	601,240	-	601,240
Unquoted corporate debt securities	-	1,098,935	-	1,098,935
Unquoted shares	-	-	84,382	84,382
Unquoted Islamic private debt securities	-	323,643	-	323,643
Golf club memberships	-	-	293	293
	-	2,169,488	84,675	2,254,163
2019				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	163,312	163,312
	-	-	200,112	200,112
(b) Financial assets at FVTPL				
Designated upon initial recognition				
Unquoted corporate debt securities	-	4,178	-	4,178
Government investment issues	-	1,306,506	-	1,306,506
Unquoted islamic private debt securities	-	1,210,214	-	1,210,214
Mandatorily measured				
Quoted shares in Malaysia:				
Shariah approved equities	184,207	-	-	184,207
Warrants	43	-	-	43
Others	82,914	-	-	82,914

39. Fair values of assets (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group (cont'd.)				
2019 (cont'd.)				
Assets measured at fair value:				
(b) Financial assets at FVTPL (cont'd.)				
Unquoted corporate debt securities	-	15,142	-	15,142
Unquoted islamic private debt securities	-	739	-	739
Shariah approved unit trust funds	168,589	-	-	168,589
Real estate investment trusts	16,299	-	-	16,299
	452,052	2,536,779	-	2,988,831
(c) Financial assets at FVOCI				
Malaysian government securities	-	183,878	-	183,878
Government investment issues	-	519,843	-	519,843
Unquoted corporate debt				-
securities	-	1,031,242	-	1,031,242
Unquoted shares	-	-	84,158	84,158
Unquoted Islamic private debt securities	-	336,322	-	336,322
Golf club memberships	-	-	293	293
	-	2,071,285	84,451	2,155,736
Company				
2020				
Assets measured at fair value:				
Financial assets at FVOCI				
Golf membership	-	-	50	50

39. Fair values of assets (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company (cont'd.)				
2019				
Assets measured at fair value:				
Financial assets at FVOCI				
Golf membership	-	-	50	50

40. Significant events

(a) Dividend Reinvestment Plan ("DRP")

On 21 August 2019, the Company announced its proposal to undertake a Dividend Reinvestment Plan ("DRP") that will provide the Company's shareholders with an option to elect to re-invest, in whole or in part, their cash dividends in ordinary shares. The said proposal was approved by shareholders at an Extraordinary General Meeting on 25 September 2019.

The Board of Directors had declared an interim dividend in respect of the financial year ending 31 March 2020 of 2.50 sen per ordinary share amounting to approximately RM19,176,000 based on the issued share capital of 767,050,063 shares as at 15 October 2019. The Board of Directors had agreed to apply the DRP to the said interim dividend.

Out of the total dividend distribution of RM19,176,000, a total of RM16,196,000 was converted into 16,036,633 new ordinary shares of the Company pursuant to the DRP. The balance portion of RM2,980,000 was paid in cash on 12 December 2019.

(b) Hong Leong MSIG Takaful Berhad ("HLMTB") business transfer

On 1 June 2019 the general takaful business (“the business”) of Hong Leong MSIG Takaful Berhad ("HLMTB") was transferred to TIGB pursuant to the Business Transfer Scheme ("BTS") which was duly approved by BNM pursuant to Section 112 of the Islamic Financial Services Act, 2013. This matter was concluded upon obtaining the vesting order from the High Court of Malaya dated 14 May 2019. The net assets identified were settled and transferred for a consideration of RM1 (Ringgit Malaysia: One only). The effective date of the transfer of the business was on 1 June 2019.

40. Significant events (contd.)

(b) Hong Leong MSIG Takaful Berhad ("HLMTB") business transfer (cont'd.)

The fair value of the identifiable assets and liabilities transferred to the Group as at date of transfer were as follows:

	RM '000
Assets	
Financial assets	24,808
Retakaful certificate assets	53,226
Takaful certificate receivables, net of impairment	-
Cash and bank balances	5,466
Total assets	83,500
Liabilities	
Takaful certificate liabilities	52,781
Expense liabilities	100
Takaful certificate payables	24,029
Other payables	3,252
Total liabilities	80,162
Participants' fund	
Accumulated surplus (Note 24(a))	3,338
Total liabilities and participants' funds	83,500
Total identifiable net assets transferred at fair value	-

(i) Goodwill

As the purchase price is equal to the fair value of the net assets acquired, the goodwill for the business transfer is nil and, accordingly, no goodwill has been recognised as part of the transfer.

(ii) Transaction recognised separately from BTS

Upon the transfer of the business from HLMTB, HLMTB agreed to pay the Group RM3,000,000 as compensation for data migration expenses incurred as well as other claims run off costs arising from the purchase of HLMTB's general takaful business. RM2,300,000 was recognised during the first year as management income (as disclosed under Note 11) while RM700,000 was deferred to be recognised in the future.

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(Incorporated in Malaysia)

40. Significant events (cont'd)

(c) COVID-19 pandemic

The Coronavirus Disease 2019 ("COVID-19") pandemic has developed rapidly in 2020 and disrupted many business operations around the world.

Measures taken by various governments to contain the pandemic, including imposition of lockdowns and temporary closure of businesses, have affected economic activities.

The Group was not excluded from such measures and had taken a number of steps to monitor and prevent the effects of the COVID-19 virus within the Group, primarily by imposing social distancing and "work from home" arrangements for the employees. This required the Group to invest in certain IT related infrastructure and capabilities.

As at the reporting date, the impact of COVID-19 to the Group's profitability, solvency and liquidity was limited, save for the recognition of fair value losses on the Group's investments held in Malaysian corporate debt/sukuk and equity securities. The Group, however, is cognisant that the COVID-19 pandemic is not the sole factor to the said loss in investments.

The Group's outlook amidst this period is moderately cautious, as it expects a slight reduction in premiums/contributions due to the overall slowdown of the economy and marginally higher claims from attritional losses from business interruptions compared to its initial business plan that was prepared in the beginning of the year.

This, however, will be offset by the mitigation plans that the Group has put in place, including accelerating the opportunities to provide new reinsurance/takaful to the cedents/participants whilst continuously exploring cost containment measures.

Up to the date of the financial statements, the Group has not observed any significant impacts arising from the COVID-19 outbreak on the claims performance and, consequentially, to the valuation of insurance contract liabilities as at 31 March 2020. At this juncture, it is not possible to estimate the full impact of the outbreak's short-term and long-term effects on the performance of the Group or the various governments' varying efforts to combat the outbreak and support businesses. Whilst the measures taken by the various governments may not as yet have an immediate and pronounced impact on the insurance and takaful industries in particular, it is expected that there may be a knock-on effect on the business operations and performance of the Group in the coming financial years. The Group will continue to monitor the situation of the outbreak and the financial impact, if any, to the Group's financial statements.

The management is of the view that there were no other matters, other than those described above, arising from the on-going pandemic that would have a significant impact on the carrying values of the Group's assets and liabilities as at 31 March 2020.

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