MNRB

MNRB HOLDINGS BERHAD
197201001795 (13487-A)

RESILIENT PERFORMANCE MEANINGFUL PROGRESS

ANNUAL REPORT 2021

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MNRB Annual Report 2021

RESILIENT PERFORMANCE **MEANINGFUL PROGRESS**

At MNRB, we strive for resilient performance to create meaningful progress for all our stakeholders and customers. As we navigate our way through the challenges due to the ongoing global pandemic, MNRB remains persistent in its efforts to produce sustainable growth. We continue to push ahead by focusing on strengthening our talents, delivering improved customer experience, a diverse product line up and enhancing our digital and technological platforms throughout the MNRB Group.

Our website:
www.mnrb.com.my

INSIDE THIS REPORT

The interactive PDF allows you to access information easily, search for a specific item, view website or navigate between pages, sections and links.

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AT A GLANCE

GROUP TOTAL REVENUE
RM2.8 billion

GROUP PROFIT BEFORE TAX
RM223.2 million

GROUP PROFIT AFTER TAX
RM189.5 million

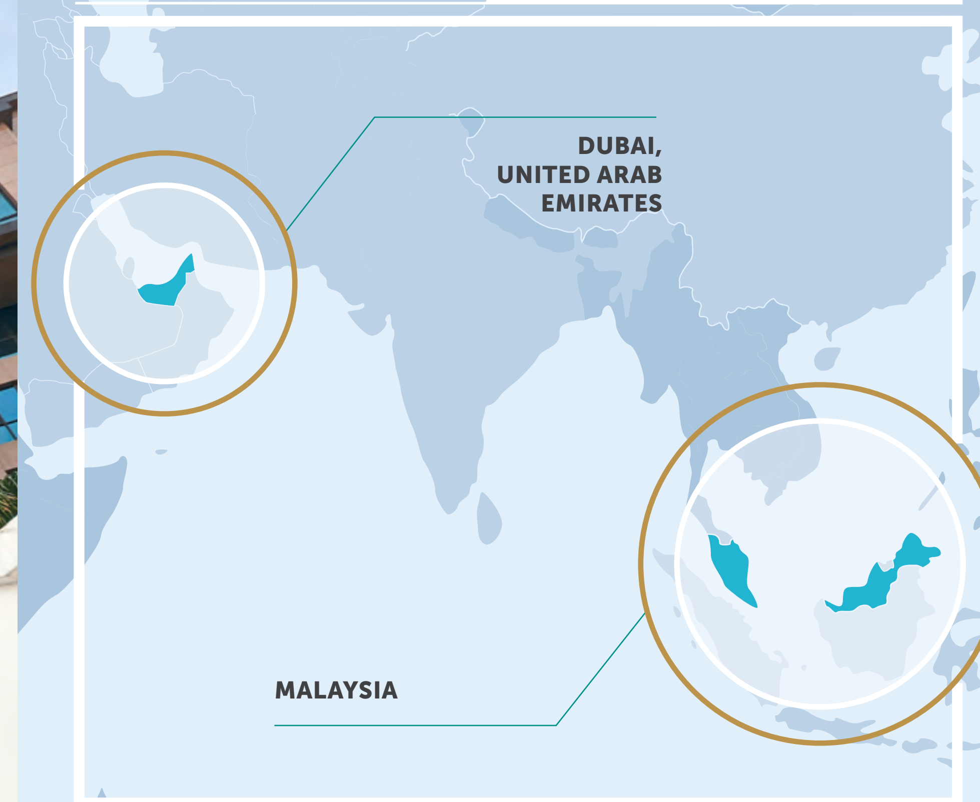
MARKET CAPITALISATION
(30 June 2021)
RM1.0 billion

GROUP TOTAL ASSETS
RM9.9 billion

MNRB SCHOLARSHIP FUND
RM14.7 million
Scholarship Disbursed

CORPORATE PROFILE & PRESENCE

WHERE WE OPERATE



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

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK JOHAR CHE MAT
Non-Independent Non-Executive Chairman

GEORGE OOMMEN
Senior Independent Non-Executive Director

KHALID SUFAT
Independent Non-Executive Director

JUNAIDAH MOHD SAID
Independent Non-Executive Director

ZAIDA KHALIDA SHAARI
Independent Non-Executive Director

DATO' WAN ROSHDI WAN MUSA
Independent Non-Executive Director

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER
Zaharudin Daud

COMPANY SECRETARY
Lena Abd Latif
SSM PC No. 201908002386
LS 0008766

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

INVESTMENT COMMITTEE
Dato' Wan Roshdi Wan Musa *(Chairman)*
Zaida Khalida Shaari
Datuk Johar Che Mat
Junaidah Mohd Said

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

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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 Malaysia Securities Berhad
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 RM663.1 million.

TAKAFUL IKHLAS FAMILY

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

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

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

Takaful IKHLAS Family offers a comprehensive range of family takaful products including investment-linked products and currently records more than 277,000 certificate (inforce policy) holders as well as more than 5,000 agents.

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

KEY BUSINESS ENTITIES

TAKAFUL IKHLAS GENERAL

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 949,000 registered certificate (policy) holders and more than 2,800 agents.

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

MALAYSIAN RE (DUBAI)

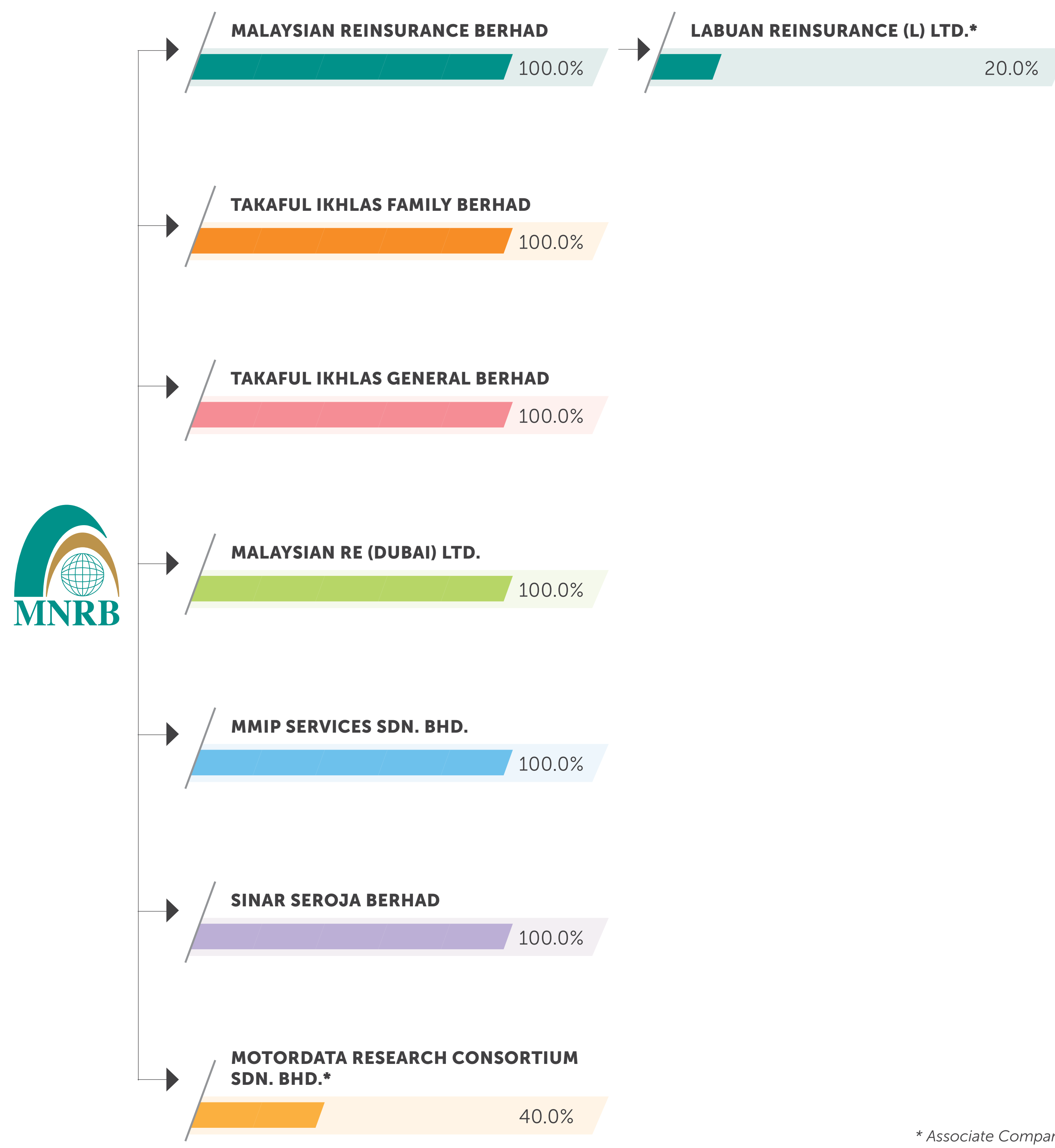
Malaysian Re (Dubai) Ltd. ("MRDL"), a wholly owned subsidiary of MNRB, was incorporated on 7 December 2006 in Dubai, the United Arab Emirates. Its office is situated within the strategic Dubai International Financial Centre ("DIFC") and regulated by the Dubai Financial Services Authority ("DFSA").

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 USD5.0 million and a Paid-up Capital of USD2.0 million.

GROUP CORPORATE STRUCTURE

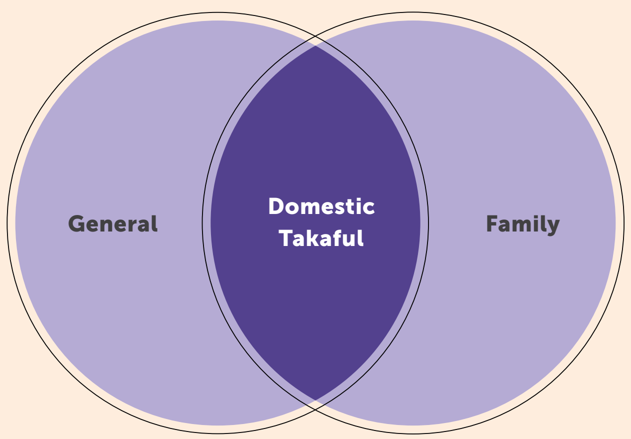


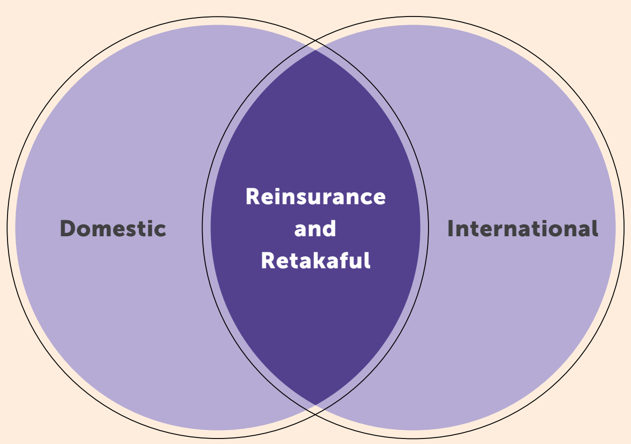
* Associate Company

OUR BUSINESS MODEL

1 OUR BUSINESS PILLARS

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





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

2 OUR GROWTH DRIVERS

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

1 Talented and Dedicated Personnel

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

2 Solid Capitalisation

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

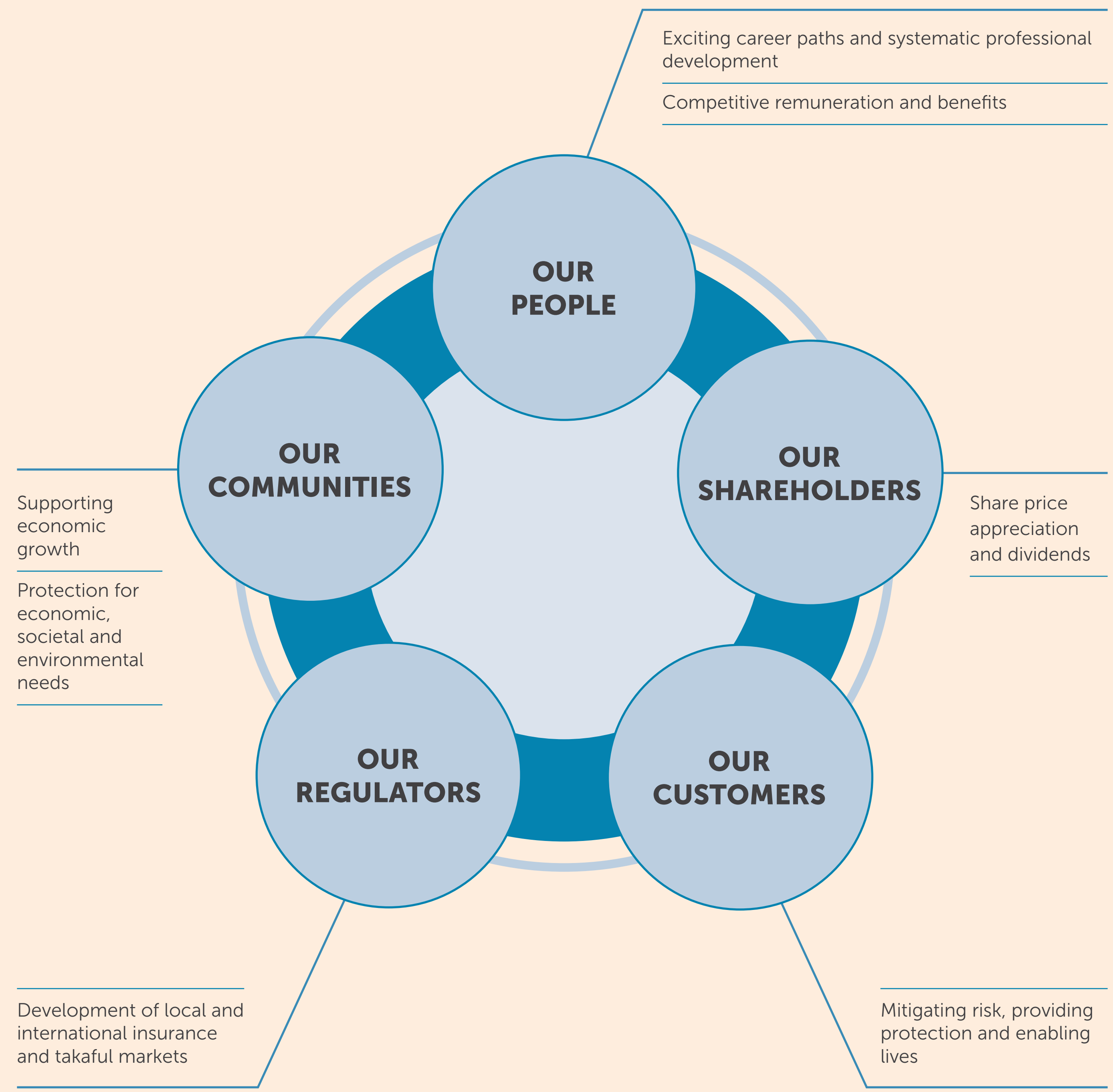
3 Robust Risk Management

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

4 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



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 2021 ("FY2021").

Datuk Johar Che Mat
Chairman

A COMMENDABLE PERFORMANCE

I am pleased to report that an agile and resilient MNRB successfully weathered the many challenges brought on by the ongoing COVID-19 pandemic to turn in a commendable performance in FY2021. Amidst a highly challenging business landscape, we posted a record profit after tax ("PAT") of RM189.5 million for the year under review – some 42.6% above FY2020's PAT of RM132.9 million. The Group also recorded an 11.4% increase in revenue to RM2.8 billion in FY2021 from RM2.6 billion in the preceding year. Our success is owing to the commendable efforts of the dedicated and diligent teams within the respective business segments who stepped up to the plate and proved their mettle amidst tough operational conditions. By relentlessly pursuing and fulfilling the key objectives of their respective business segments in line with the Group's overall strategic direction, they once again ensured that we remained relevant to our customers and the markets that we operate in.

The year's good results were evident in the strong revenue contributions from all operating subsidiaries and associates. All 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"), recorded higher gross premiums and contributions in FY2021. Our Reinsurance/Retakaful arm posted revenue growth of 7.0% to RM1.5 billion, while PAT grew 38.1% to RM133.1 million. Our takaful businesses collectively posted a 16.6% increase in revenue to RM1.3 billion, albeit a decline in their PAT by 27.7% to RM46.9 million.

As at 31 March 2021, the Group's total assets stood at RM9.9 billion, a 7.5% increase in comparison to total assets of RM9.2 billion as at 31 March 2020. In contrast, net investment income for FY2021 declined by 21.2% to RM283.5 million against the RM359.7 million garnered in FY2020. We continued to implement a prudent asset management strategy during the financial year in review with 20.8% of the Group's investments in low-risk assets which included Malaysian Government Securities and Government Investment Issues. As at end FY2021, the Group's earnings per share stood at 24.2 sen as compared to 17.2 sen for FY2020.

As at 31 March 2021, the Group's total assets stood at RM9.9 billion, a 7.5% increase in comparison to total assets of RM9.2 billion as at 31 March 2020.

SHAREHOLDER VALUE CREATION

As part of efforts to strengthen MNRB's financial position and satisfy the requirements of our businesses in a sustainable manner, the Board remains committed to weighing the need to conserve the Group's capital against our desire to reward shareholders. While we are mindful of the need to prioritise and uphold the capital preservation of the Group, we also acknowledge our shareholders' expectations for a corresponding reward for your unyielding support and confidence in MNRB all these years. At the same time, the Group is governed by the Financial Services Act, 2013 ("FSA") and regulated by Bank Negara Malaysia ("BNM"), whereby Section 51 of the FSA requires that any declaration or payment of dividend be approved in writing by BNM.

After careful consideration of the Group's financial strength and in accordance with FSA requirements, the Board declared (via an announcement on Bursa Malaysia on 17 September 2020), an interim single-tier cash dividend payment of 3.0 sen per share in respect of the financial year ended 31 March 2021. The interim dividend payment amounting to approximately RM23.5 million was made to shareholders on 23 October 2020.

The Board is also recommending the payment of a final single-tier dividend of 4.0 sen per share in respect of the financial year ended 31 March 2021. Amounting to approximately RM31.3 million, this is subject to shareholders approval at the forthcoming Annual General Meeting.

KEY INITIATIVES FOR FY2021

To reinforce our position as Malaysia's national reinsurer with prominent takaful subsidiaries, and to continue creating sustainable value for our stakeholders, the Group implemented several strategic initiatives during the financial year under review.

In June 2020, Takaful IKHLAS Family launched two new protection products, namely IKHLAS Bersama and IKHLAS Dariku. Both these products provide comprehensive protection for individuals and families, with flexible coverage periods. Designed according to customer feedback and market insights, both products also feature a special Accelerated Death Expense ("ADE") benefit. With ADE, beneficiaries are eligible to immediately receive up to RM20,000 of the basic coverage upon the demise of the participant. Both these products underscore the Group's effort to ensure a sustainable proposition by providing and promoting premium products to various market segments.

In line with the goal to expand the Group's market reach, Takaful IKHLAS Family and Takaful IKHLAS General signed a five-year strategic partnership agreement with Bank Muamalat Malaysia Berhad to distribute diverse family and general takaful products to the bank's customers across the nation.

Furthermore, to bolster its leading position in the regional insurance industry, Malaysian Re continued to sponsor the fourth edition of *ASEAN Insurance Pulse*, a renowned research publication that caters specifically for the ASEAN region. This latest edition of the publication was launched in December 2020 during a virtual event that saw participation by over 200 industry leaders across the region. Published in collaboration with a Zurich-based research agency, the fourth issue, *ASEAN Insurance Pulse 2020*, investigates the impact of the COVID-19 crisis on the region's economies and its insurance markets. It also takes the pulse of the region's insurance executives on how the pandemic has shaped their markets, looks into the actions regulators took to provide oversight during the crisis, and examines how the virus will change the regions' insurance industry moving forward.

Following the successful launch of the inaugural issue of *Malaysian Insurance Highlights* ("MIH") in December 2019, Malaysian Re went on to publish the second edition of MIH in February 2021. The publication features insights from industry executives and senior professionals, supported by key statistics and information on the latest trends in the domestic insurance and takaful industry.

In view of the COVID-19 pandemic, the Group carried out several initiatives to ensure business continuity. These included the implementation of Work-from-Home ("WFH") arrangements for the majority of our employees to minimise risk to our staff. We also expanded our customer service channels to include various physical and virtual platforms for continuous customer engagement. The specific COVID-19 responses by our respective businesses are spelt out in the the Management Discussion and Analysis ("MD&A") section of this Annual Report.

The financial year in review also saw Malaysian Re taking up the role of administrator of the nation's insurance and takaful industry COVID-19 Test Fund ("CTF"). The CTF was established to support Malaysia's Ministry of Health in its endeavours to conduct more COVID-19 testing for the benefit of medical insurance policyholders and takaful certificate holders. Towards this end, the insurance and takaful industry pledged RM10 million towards the CTF. Under the fund, medical insurance policyholders and takaful certificate holders can apply for maximum reimbursement of RM300 for COVID-19 testing. The cap on reimbursements will help to maximise the number of tests supported by the CTF.

RESPONSIBLE CORPORATE PRACTICES

The Board of MNRB is committed to upholding and reinforcing the effective application of principles and best practices that have been laid down by the regulators, namely Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Securities Commission Malaysia and BNM; as well as all applicable statutes, including but not limited to the Financial Services Act 2013, the Islamic Financial Services Act, 2013, the Companies Act, 2016 and the Malaysian Anti-Corruption Commission Act 2009. The Group's policy mandates that we employ these principles and best practices as well as uphold high standards of business integrity in all our activities. The finer details of our Corporate Governance initiatives can be viewed in the Corporate Governance Overview Statement in this Annual Report.

The Group continues to roll out a host of initiatives to strengthen our risk management and internal control systems. Operationally, FY2021 saw the Group adopting a robust risk management process with regard to managing the impact of the COVID-19 pandemic and the ensuing phases of the Malaysian Government's Movement Control Order ("MCO"). At the onset of MCO 1.0 in March 2020, the Board and Senior Management deliberated on the risks at hand arising from the pandemic, identified key areas that could be impacted, and took the necessary steps to establish risk mitigation measures for scenarios that could unfold and impact the Group.

These measures included the following:

1. The establishment of a Recovery Task Force ("RTF") to coordinate and oversee the effective execution of the Group's business continuity plans;
2. The immediate implementation of precautionary measures at all premises to ensure minimal risk of infection to customers, employees and suppliers;
3. The rollout of structured WFH and Work-In-Office ("WIO") arrangements to ensure the safety of our workforce, supplemented by the necessary technology to ensure seamless communication whilst mitigating disruptions to business operations; and
4. Enhanced ease of accessibility to the Group's contact centres during the MCO while key branches remained open albeit with a reduced capacity in line with MCO restrictions.

For more information on the Group's Risk Management initiatives, please turn to the Statement on Risk Management and Internal Control within this Annual Report.

Being a conscientious corporate citizen, the MNRB Group acknowledges the need to balance out our healthy economic performance with responsible environmental and social considerations which emphasise the Group's dependable management practices as well as our sustainable development practices.

Over the course of the financial year in review, we strengthened our sustainability efforts by conducting a materiality assessment in accordance with Bursa Malaysia's Sustainability Reporting Guidelines. Through engagement with our diverse stakeholders, we have assessed and updated the list of sustainability matters that are material to MNRB and our stakeholders. To this end, the previous 11 material matters have been revised to 10 material matters under three themes: Embracing a Sustainable Future; Empowering Our People; and Embracing Corporate Responsibility. We will look to these updated material matters to guide us when planning our strategic direction and responses. The finer details of these sustainability matters can be found in our fourth Sustainability Statement to date on pages 29 to 66 of this Annual Report.

FY2021 saw us making good strides forward in our sustainability journey as we contributed positively to the Economic, Environmental and Social ("EES") pillars of our business. As expected, much of our time and effort was spent on mitigating the impact of the pandemic.

In line with efforts to help alleviate the plight of those affected by the pandemic and related lockdowns, the Group, on behalf of Takaful IKHLAS participants, contributed RM1 million to Tabung CERDIK, a collaborative effort with the Ministry of Education ("MOE") and Yayasan Hasanah (a foundation of Khazanah Nasional). The CERDIK initiative aims to quickly ramp up digital learning for some 150,000 underprivileged students across Malaysia amid school closures due to the pandemic. The MOE decides which students and schools are eligible to take part in the CERDIK programme. Our RM1 million contribution is being utilised for the purchase of digital devices including Chromebooks and dongles for the participating schools.

Over the course of FY2021, our takaful subsidiaries also went on to implement several COVID-19 relief measures for our diverse stakeholders. These measures are spelt out in the MD&A section.

Today, sustainability initiatives are deeply embedded within our corporate strategies and business operations. We have adopted multiple measures to preserve our surrounding environment and to mitigate any environmental impact from our business operations. The finer details of our sustainability endeavours can be found in our Sustainability Statement which provides an overview of the Group's sustainability practices and highlights our progress on the EES fronts. As we continue our sustainability journey, our ultimate aim is to deliver a sustainable performance whilst ensuring long-term value creation for all our stakeholders.

I am pleased to highlight that the Group's subsidiaries continue to receive accolades for their commitment to excellence. Malaysian Re was awarded the "Best Re-Takaful Company" in the Islamic Financial News ("IFN") Non-Banking Financial Institutions Poll 2020 on 10 November 2020.

MOVING FORWARD INTO THE NEW NORMAL

As we move forward into another financial year, the Board is cautiously optimistic that the outlook will improve on the back of the anticipated rollout of the national COVID-19 vaccination programme. However, we also expect the challenges posed by the COVID-19 pandemic and different phases of the MCO to continue in FY2022, so we will continue to tread cautiously.

We have to date learnt important lessons about operating during a pandemic and this unprecedented environment we have all come to know as the "new normal". Aside from taking the necessary precautions and adhering to stringent standard operating procedures at all our premises to ensure minimal risk of infection to our customers, staff and suppliers, we have also embraced other aspects of the new normal including flexible working arrangements and best practices revolving around collaboration, flexibility and accountability.

Today, the majority of our workforce operate in WFH mode with technology enabling us to operate smoothly and with minimal disruption. Adapting quickly to this new way of working, our employees have been experimenting with the flexibility to see what works best for them as individuals and as a team. For the longer term, the Group is seriously contemplating whether it would make sense to shift out of our physical office space while weighing up how this would impact the Group's corporate culture, workforce morale and productivity. All this remains to be seen, as ultimately, we want to ensure our greatest asset – our human capital – remains agile, resilient and innovative in the new normal.

We have increased our focus on digital transformation while strengthening the ability of our businesses to operate in a more technologically-oriented manner.

The many disruptions to business during the pandemic especially due to the various phases of the MCO and global movement restrictions have underscored the importance of embracing digitalisation more expeditiously. As such, we have increased our focus on digital transformation while strengthening the ability of our businesses to operate in a more technologically-oriented manner. For instance, we have made it easier for customers to transact online, be it for participation in certificates or filing claims. Our intermediaries too remain an important component of the distribution process and we are ensuring enhancements are made to digitally enable our agents and bancatakaful partners so that they have more digital touchpoints with customers.

Today, the Group is in a sound financial position with a healthy balance sheet. Our capitalisation remains robust and we continue to take a conservative approach to investment given the volatility shown in capital markets. The vast majority of our assets remain in government securities and highly-rated corporate bonds and sukuk. We have ample headroom to pursue business growth and that is exactly the opportunity that we want to capitalise on for the coming year.

Our general and family takaful arms will continue to spearhead the Group's growth in the domestic takaful industry through an increased presence in all channels. We foresee continual growth of our active agency force and greater expansion of partnerships among both the bancatakaful and corporate channels. We remain focused on enhancing the customer experience with Takaful IKHLAS to ensure our customers encounter a smooth process when participating in protection plans for their families and properties, as well as get help when they most need it.

To strengthen the momentum of our achievements to date, our reinsurance and retakaful business will continue to capitalise on new market opportunities such as in the binders and agriculture segments. We will work on strengthening our underwriting capabilities and be more selective when evaluating growth opportunities. We also see more opportunities to significantly grow our family retakaful business and capture more business in the domestic market in collaboration with our partners.

All in all, despite the adverse economic impact brought on by the pandemic both domestically and globally, the Board is confident that given MNRB's strong capital position and growth in revenue, the Group will be able to sustain its momentum for the financial year ending 31 March 2022.

"My heartfelt appreciation also goes to the dedicated and hardworking Management team and staff of the MNRB Group for their resilience in the face of adversity and their tireless commitment to excellence. We owe our success to your worthy efforts."

IN APPRECIATION

The year in review was an unprecedented year and we have many parties whom we want to thank for standing with us amidst very trying times. On behalf of the Board of Directors, I wish to convey my utmost appreciation to our valued shareholders for their unswerving faith and confidence in MNRB. I also wish to express my deep gratitude to all our customers, business partners, ceding companies and intermediaries, as well as the regulators and industry associations for their steadfast cooperation and trust in the Group.

I wish to say a big thank you to my esteemed colleagues on the Board for their astute insights and wise counsel which truly helped MNRB and its subsidiaries steer through the year's many challenges while paving the way for our further growth and success. My heartfelt appreciation also goes to the dedicated and hardworking Management team and staff of the MNRB Group for their resilience in the face of adversity and their tireless commitment to excellence. We owe our success to your worthy efforts.

Please join me in bidding farewell to our outgoing President & Group Chief Executive Officer ("President & GCEO"), Mohd Din Merican who retired effective 23 November 2020 after helming the Group for more than eight years. He also relinquishes his post as President & Chief Executive Officer ("President & CEO") of Takaful IKHLAS Family. We thank Mohd Din Merican for his worthy contributions to the MNRB Group, all of which have strengthened the Group's reputation and standing in the insurance industry, and we wish him every success in his future endeavours.

We also bid a warm welcome to our new President & GCEO Zaharudin Daud who came onboard MNRB on 1 September 2020. Zaharudin brings to the table over 30 years of experience in the general insurance industry. Last but not least, the Board is also pleased to announce the appointment of Nor Azman Zainal as the President & CEO of Takaful IKHLAS Family effective 1 September 2020. He brings with him over 23 years of experience in the insurance/takaful industry. We look forward to working with these two gentlemen to take the Group up to new levels of success.

I am pleased with the tenacity and resolve of our people to deliver another commendable performance despite very challenging times. I am confident that the MNRB Group will remain resilient as we venture forth. Rest assured that we will continue to give our best and reinforce our position in the reinsurance and takaful arenas by continuously investing in the necessary people, infrastructure, systems and strategic partnerships to maintain sustainable growth. I humbly call upon all our stakeholders to lend MNRB their unstinting support as we work together to overcome all challenges and make the most of any opportunities that come our way. Thank you and stay safe.

On behalf of the Board,
Datuk Johar Che Mat
Chairman
6 August 2021

ECONOMIC AND INDUSTRY REVIEW AND PROSPECTS

THE ECONOMY

2020 in Review

The global economy experienced a deep recession in 2020, with the International Monetary Fund ("IMF") reporting real Gross Domestic Product ("GDP") contracting by 3.5% (+2.8% in 2019). 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 economy activities were a consequence of the developments surrounding the COVID-19 pandemic. The global economy showed gradual recovery since second half of 2020, buoyed by improvements in trade activity and domestic demand conditions, a result of the unprecedented policy response to cushion the pandemic-induced economic shocks.

Amid a highly challenging global and domestic operating environment, the Malaysian economy contracted by 5.6% in 2020 (+4.3% in 2019), the lowest since 1998 of -7.4%. This was due to broad-based weaknesses in exports, production and domestic demand, arising from adverse external spill-overs and the introduction of stringent domestic containment measures to combat COVID-19. The weaker domestic economic activities led to a deterioration in labour market conditions and income losses, thereby impacting consumer spending. Headline inflation was -1.2% (2019: 0.7%), primarily due to the decline of global oil prices, however the underlying inflation remained subdued at 1.1% (2019: 1.5%) amid spare capacity in the economy and weaker labour market conditions.

A series of stimulus packages worth RM305.0 billion (20.0% of Malaysia's GDP) was unveiled in 2020 to support the economy throughout the crisis. This included cash transfers, tax incentives, wage subsidies, coupled with financial measures, including a six-month automatic loan moratorium for households and small-and medium-sized enterprises ("SMEs") as well as the establishment of various financing facilities for SMEs to provide immediate relief to households and businesses.

The Monetary Policy Committee ("MPC") reduced the OPR by a cumulative 125 basis points to a historical low of 1.8% in 2020 to provide support to the economy.

This is in addition to the reduction of the Statutory Reserve Requirement ("SRR") ratio from 3.0% to 2.0% in March 2020.

Fitch Ratings downgraded Malaysia's sovereign rating to BBB+ in December 2020. Following the downgrade, the 10-year MGS yield trended slightly higher by 4.1 basis points to end the week at 2.7% on 11 December 2020. Nonetheless, as the domestic bond market continued to receive non-resident inflows amid improved global risk appetite, the 10-year MGS yield subsequently moderated to close at 2.7% in 2020.

Prospects

In 2021, the global economy is expected to continue its gradual and uneven recovery path from the second half of 2020. Global growth prospects will continue to be shaped by developments surrounding the COVID-19 pandemic, particularly the rollout of vaccines, ongoing structural shifts in the economy, and the extent of scarring in labour markets. Due to that, the global economic growth in 2021 is projected to register growth, with the IMF forecasting GDP growth of 5.5% in 2021.

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Growth will be underpinned by the recovery in global demand and the gradual improvement in domestic economic activity. The growth trajectory will be mainly influenced by the COVID-19 developments, particularly the extent and duration of containment measures and the rollout of vaccines. Consequently, labour market conditions are expected to improve gradually and are expected to play a key role in the recovery of private consumption.

The Government and BNM continue to introduce various measures in year 2021 to mitigate the impact and support economic activity. These include the extension of measures introduced in 2020, the 2021 Budget, as well as the *PERMAI* and *PEMERKASA* assistance packages on top of notable measures to ease financial constraints for affected individuals such as *Bantuan Prihatin Nasional, Bantuan Prihatin Rakyat, Bantuan Kehilangan Pendapatan, cash transfers, the Employee Provident Fund i-Sinar, i-Lestari cash withdrawals*, and etc.

THE INSURANCE INDUSTRY

2020 in Review

Global premiums in non-life insurance are estimated to have risen by 1.3% in 2020. The main reason is rate hardening in commercial lines, but slightly offset by competitive pressure in personal lines that have benefited from low claim frequency during the lockdown. On the other hand, global premium for life insurance is estimated to have contracted by 4.5% in 2020. The significant decline was a result of rising unemployment rate, lower purchasing power, a slowdown in distribution activities and lower interest rate environment that was impacted from COVID-19 pandemic and lockdown exercise by most of the countries.

Global reinsurance capacity remains more than sufficient to meet the cedents' need for most lines and geographies. Global reinsurance capital stood at USD658 billion in year 2020, increased by 7.0% relative to the end of 2019. However, the combined ratio weakened from 100.6% in 2019 to 104.1% in 2020, mainly due to COVID loss reserving. On an underlying basis, the combined ratio improved from 103.1% in 2019 to 100.7% in 2020.

In Malaysia, the general insurance industry's premiums declined by 1.0% to RM17.2 billion in 2020 (-0.8% to RM 17.4 billion in 2019), while the general takaful industry expanded by 4.5% 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 51.6%, which was higher than last year followed by Fire at 19.5% and Marine Aviation & Transit ("MAT") at 6.5%. Meanwhile, new business total premiums for life insurance declined by 3.4% to RM11.4 billion in 2020 compared with RM11.8 billion in 2019. The investment linked and group traditional business recorded strong growth at 1.2% and 10.5% respectively, while Individual traditional business and annuity scheme declined by 18.1% and 18.3% respectively. Comparing against family takaful, new business contributions for family takaful grew by 7.0% to RM 6.6 billion (2019: +25.3%) which was mainly driven by credit-related takaful products and employee benefit group business. However, the individual business had declined by 1.3%.

Insurance and Takaful companies under Life Insurance Association of Malaysia ("LIAM"), General Insurance Association of Malaysia ("PIAM") and Malaysian Takaful Association ("MTA"), including Malaysian Re (acting as a manager), established a COVID-19 fund to help policy/certificate holders manage the impact of the pandemic by helping defray the cost of COVID-19 tests for policy/certificate holders deemed to be most at risk for COVID-19. Individual insurance companies also made special concessions to their policyholders to help ease their financial burdens by reviewing the impact of the crisis on their premium/contribution payments and policy terms and life insurance/family takaful companies allowed eligible policy/certificate holders to apply for temporary deferment from paying their regular premium/contribution while their insurance/family takaful protection coverage continues.

BNM has also drawn up the exposure draft on "Perlindungan Tenang" to further the development of insurance and takaful products that suit the needs of the unserved or underserved segments as well as promote innovative, sustainable and inclusive insurance and takaful business models.

Prospects

Global non-life insurance premium growth is expected to grow at 3.6% annually over the next two years, with the core driving factor being the continuation of rate hardening in commercial insurance. Global life premium insurance is expected to rebound to 3.0% supported with increased risk awareness owing to COVID-19 and global economic recovery is set to accelerate the demand for life insurance products.

The domestic insurance and takaful sectors are expected to remain stable and stay resilient throughout 2021 despite the continued socio-economic impact from COVID-19. 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 204.0% whilst the general insurance and takaful sectors recorded a robust CAR of 283.0%. Despite the above, the downside risk is envisaged to persist as there is a high degree of uncertainty over the COVID-19 spreading momentum and its highest global peak.

Technology advancement and innovation will continue to be the impetus of growth in 2021 and the impact of the COVID-19 pandemic will further accelerate the upgrade in online capabilities such as virtual assistants, cloud technology, artificial intelligence, and robotic processing automation to enhance the online services offered. In addition, utilisation of big data will be more prevalent, with data insights being gathered, analysed and applied to help improve business decisions for a better customer service experience.

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

I am delighted to report that the MNRB Group maintained a steadfast focus on operational resiliency in FY2021 to deliver revenue growth and strong returns to our stakeholders. I am especially proud of the manner in which the various teams within MNRB rose to the occasion and put their best foot forward despite the highly challenging operational conditions posed by the COVID-19 pandemic and ensuing lockdowns. I am pleased to provide you an overview of the Group's businesses and growth strategies, details of our financial and operational performance in FY2021, as well as insights into our prospects and overall direction as we venture forth into the new normal.

Zaharudin Daud
President & Group Chief Executive Officer

OVERVIEW OF THE MNRB GROUP

At the Investment Holding Level

MNRB Holdings Berhad ("MNRB or the Group") serves as an investment holding company for entities within the Group, namely Malaysian Reinsurance Berhad ("Malaysian Re"), the national reinsurer and a retakaful operator; Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family"), a licensed family takaful operator; and Takaful Ikhlas General Berhad ("Takaful IKHLAS General"), a licensed general takaful operator. At the same time, the holding company provides functional shared services including risk management, legal and secretarial, as well as human capital management services to the Group's operating companies.

As part of its ongoing efforts to strengthen the workings of the Group, MNRB continues to bring several measures into play. In FY2021, these included the rejuvenation of the senior leadership team at Group level including key positions such as Group Chief Risk Officer, Head of Group Human Capital Management, and my own position as President & Group Chief Executive Officer. We also went on to streamline and enhance the operational committees groupwide to ensure better synergies and stronger collaboration.

A key strategic priority at MNRB is the development and enhancement of our digital infrastructure and the intelligence behind it. In the year under review, a new Digital and Innovation Department was set up to spearhead and expedite digital transformation and innovation across the Group as a means to empower our businesses. In time to come, a Data Analytics Unit will be set up to provide structured big-data analysis with a focus on elevating the customer experience and providing needs-based offerings. Our digital initiatives serve as the structural backbone to the many ongoing initiatives under the Group Transformation Programme.

At the Subsidiary Level

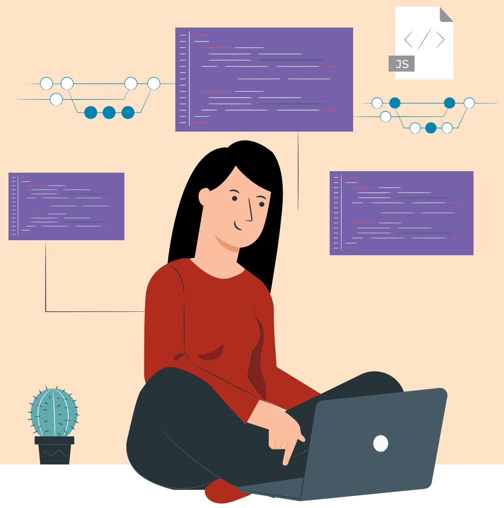
Having grown from strength to strength over the years, Malaysian Re today retains its dominant position as the market leader for reinsurance in Malaysia with approximately 60.0% market share. The company underwrites all classes of general reinsurance and retakaful businesses and has a strong focus on property treaties. It also maintains a substantial presence in overseas reinsurance markets particularly within ASEAN, North Asia, the Indian subcontinent and the Middle East. The company is also ASEAN's largest reinsurer by asset size and the second largest by gross premiums. Today, some 42.5% of Malaysian Re's business is garnered from overseas markets. Its business activities continue to be impacted by the competitive dynamics of the global reinsurance market, especially global pricing trends.

With respect to the Group's takaful business, Takaful IKHLAS Family, a licensed mid-ranked family takaful operator, offers a wide-ranging portfolio of family takaful products. Its offerings range from individual protection and savings products to mortgage reducing term takaful, group health and term takaful cover. The company is serviced by a wide agency network and bancatakaful partners. It operates in a highly competitive landscape with 11 licensed family takaful operators in the mix.

Takaful IKHLAS General, a licensed general takaful operator, offers a comprehensive range of general takaful products. These encompass retail lines like motor, fire, personal accident ("PA") and commercial lines such as engineering, liability and marine cargo. The company is traditionally serviced by a wide network of agents and bancatakaful partners and has further expanded its direct and online distribution channels whereby customers can participate in its retail product lines such as motor, fire and PA via its online platform. Takaful IKHLAS General is one of four licensed general takaful operators in the market.

The MNRB Group operates its businesses from offices in Malaysia and Dubai in the United Arab Emirates. For further details of the Group and its key business entities, please turn to the Our Business section within pages 2 to 9 of this Annual Report.

> **"A key strategic priority at MNRB is the development and enhancement of our digital infrastructure and the intelligence behind it. In the year under review, a new Digital and Innovation Department was set up to spearhead and expedite digital transformation and innovation across the Group as a means to empower our businesses."**



OUR STRATEGIC PRIORITIES

The MNRB Group continues to pursue several strategic priorities in line with our ambition of achieving sustainable long-term growth. These priorities in turn guide our core businesses in their day-to-day activities.

Our reinsurance business under the ambit of Malaysian Re has the mandate for sustaining its lead in the domestic market as well as throughout ASEAN. In line with this, this business continues to strengthen its product innovation capabilities; explore new opportunities for overseas business via strategic partnerships with Lloyd's syndicates; participate in selected insurance binders; as well as extend the footprint of its agriculture business. Its retakaful division, Malaysian Re Retakaful Division ("MRRD"), continues to grow its general retakaful business globally. Our partnership with Pacific Life Re, is opening up more opportunities for MRRD to significantly grow the family retakaful business and capture more business in the domestic market. As Malaysian Re ventures forth, it will continue to strengthen its underwriting capability and be more selective when evaluating growth opportunities to diversify its income streams and business portfolio.

On the family takaful front, Takaful IKHLAS Family continues to grow its product portfolio with more regular contribution products that cater to the evolving needs of its customers, according them a wide array of products to choose from in line with their specific requirements. The company continues to strengthen its bancatakaful relationships and expand its agency network through strategic tie-ups. It is also elevating talent development activities within its agency channel to provide best-in-class customer service.

Takaful IKHLAS General is also continuing to focus its efforts on substantially increasing its exposure in the bancatakaful segment. By leveraging on strategic partnerships with several Islamic banks, bancatakaful has become one of the more sustainable business distribution channels. Our general takaful arm remains committed to exploring opportunities for innovative direct distribution through its own platforms and via collaboration with its partners on their digital platforms. The company continues to bolster its talent pool and core operations to deliver an enhanced performance to customers.

Commercially, our family takaful and general takaful businesses continue to pursue their respective business plans by accelerating digitalisation strategies and technology deployment. Both entities continue leveraging on online platforms to strengthen their agents and intermediaries' engagement and training. Technology is also effectively leveraged to enhance online channels and ensure customers can readily reach these businesses and secure their products and services. Sales activities too are being bolstered through effective digital deployment, online processing and integration.

Sustainable long-term business growth remains a key strategic imperative to MNRB. To this end, 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 FY2021, amidst the disruption that the COVID-19 pandemic brought to lives, lifestyles and businesses, the Group expanded its efforts to assisting our customers adjust to the economic impact of the different phases of Malaysia's Movement Control Order ("MCO"), with the launch of several COVID-19 relief measures (the details of which are spelt out in the Performance by Business Segment sub-section within this MD&A). We also increased our outreach and engagement with the public through additional social media channels. These included awareness campaigns and knowledge-sharing activities to help people deal with the pandemic and the impact of the stringent but necessary MCOs.

Significant resources also went towards enhancing our digital platforms to sustain our businesses while we leveraged a host of technology solutions including expanding our data analytics capabilities to better understand and serve our customers, improve our performance, and deliver value to our stakeholders. To ensure we maintain our competitive advantage amidst the new normal, we continue to invest in technology platforms. These platforms serve as transaction portals for our clients, and accord us a critical competitive edge, even more so as digitalisation redefines our industry.

The Group's IT policy mandates that we maintain stringent oversight of our online transaction systems to mitigate any potential cyber-attacks 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 cyber-attacks 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 customer data is secured against unauthorised physical and digital access whilst simultaneously safeguarding client confidentiality.

To ensure we are able to understand and speedily respond to fast-changing demands amidst rapidly evolving market conditions, we continue to tap technological innovation and inculcate a "customer first" culture throughout the Group.

As we pursue efforts to future-proof ourselves and remain at the forefront of our industry, we continue to embrace innovation and disruptive ideas. Our Digital and Innovation team continues to engage with leading edge innovators to develop solutions that meet customers' needs. We also continue to explore further digital opportunities to improve operational efficiency and enhance our customers' experience. We have further assimilated Robotic Process Automation ("RPA") technologies within the entities of the Group, and are continuously adopting new ideas to maintain our competitive advantage while improving value creation. Even as our teams are encouraged to embrace change and innovation, we also foster out-of-the-box thinking on a groupwide basis to discover new and more effective ways to deliver value to our stakeholders.

Our customers are our primary focus, and we remain committed to meeting their needs in a timely, consistent, and effective manner. To ensure we are able to understand and speedily respond to fast-changing demands amidst rapidly evolving market conditions, we continue to tap technological innovation and inculcate a "customer first" culture throughout the Group. As we do this, we are consistently upholding transparent marketplace practices as well as ethical and fair conduct. We regularly evaluate the technical capabilities and skills of our customer-facing teams as well as roll out training and development activities to strengthen their competencies and knowledge of the markets that the Group operates in.

To drive business growth and truly be of value to our customers, 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 reflect our corporate values and maximise service delivery to our diverse stakeholders. As such, we are continuously ensuring that 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 employees and empowering them with the right tools and processes to respond effectively and efficiently to elevate the customer experience.

Integral to our success, is a commitment to ensure we respond responsibly to the regulatory requirements in the diverse territories that we do business in. To this end, we work closely with industry regulators to ensure full compliance with increasingly stringent regulations. This is reflected in our groupwide culture of strict regulatory compliance, and our focus on enhancing process flows to ensure timely and effective responses to regulatory requirements.

As part of our efforts to spur growth amidst the current challenges, we continue to collaborate closely with clients and partners, as well as diversify our business to weather the headwinds. At the same time, we are ensuring the smooth rollout of strategies across our subsidiaries and business units, whilst upholding strict oversight to ensure effective progress. As we move forward, we continue to aim for profitability levels in alignment with our risk appetite, regulatory requirements and the competitive challenges of the diverse operating environments and territories that we operate in.

Moving forward, MNRB remains committed to maintaining a focused approach in executing these strategic priorities. As we continue to build upon the momentum we have gained and take away key lessons from any shortcomings, we are confident of accomplishing sustainable long-term growth and delivering good shareholder value.

MANAGEMENT DISCUSSION & ANALYSIS

The Group's profit before tax ("PBT") rose

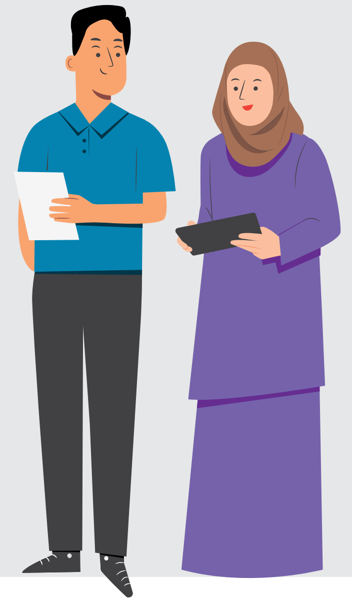
47.9%
to RM223.2 million

from PBT of **RM150.9 million** in the preceding year

The Group's total assets grew by

7.5%
to RM9.9 billion

in comparison to total assets of **RM9.2 billion** as at end FY2020



GROUP PERFORMANCE IN FY2021

I am pleased to report that despite challenging operating conditions in FY2021, the MNRB Group registered a healthy 13.5% increase in gross premiums and takaful contributions to RM2.6 billion in comparison to the RM2.3 billion recorded in the previous financial year. The stronger performance was mainly attributable to growth in gross premiums and contributions from our reinsurance and general takaful businesses. The Group's profit before tax ("PBT") rose 47.9% to RM223.2 million from PBT of RM150.9 million in the preceding year. We also went on to register our highest profit after tax ("PAT") yet of RM189.5 million and revenue of RM2.8 billion in FY2021 – approximately 42.6% and 11.4% higher respectively against FY2020's PAT of RM132.9 million and revenue of RM2.6 billion.

By the end of FY2021, the Group's total assets had grown by 7.5% to RM9.9 billion in comparison to total assets of RM9.2 billion as at end FY2020. The Group's net investment income, however, declined some 21.2% to RM283.5 million in FY2021 against the RM359.7 million obtained in FY2020. This was largely due to fair value losses arising from the increase in bond yields and the corresponding decrease in bond prices. The year in review saw us continuing to pursue a prudent asset management strategy with approximately 20.8% of the Group's investments in low-risk assets including Malaysian Government Securities and Government Investment Issues (as compared to 26.0% invested in the same over FY2020). At the end of FY2021, the Group's earnings per share stood at 24.2 sen in comparison to 17.2 sen previously.

Aside from healthy premium and contributions growth, FY2021's improved financial results were also attributable to the many improvements made to the business over the course of the year. These included better control over operational costs (i.e., there were savings from management expenses given that our teams had to operate virtually during the pandemic); better experience in claims especially on the general takaful front, which resulted in a distribution of surplus to participants and shareholders; and improved profitability by our associate company, Labuan Re. However, this was offset by the worse-than-expected performance in investment returns due to fair value changes in the sukuk market.

Today, the Group and its operating entities remain in a strong capital position which is adequate to support business growth. We continue to invest in upgrading our core systems to ensure better operational performance as well as continue to make capital investments to digitalise our businesses. We are also building new capabilities and creating new ways of engaging with our customers. All these measures will ensure we remain relevant to all our stakeholders and the markets that we serve.

MANAGEMENT DISCUSSION & ANALYSIS

PERFORMANCE BY BUSINESS SEGMENT

REINSURANCE / RETAKAFUL BUSINESS

Malaysian Re registered a

7.7% increase
in gross written premiums ("GWP") to touch a record RM1.4 billion

in comparison to GWP of **RM1.3 billion** recorded previously.

Malaysian Re's net profit increased by

38.1% to RM133.1 million

from **RM96.4 million** in FY2020

Reinsurers and retakaful operators experienced a rather volatile market in 2020 due to the impact of the COVID-19 pandemic. Investment assets experienced turbulence in markets as central banks globally cut interest rates to prop up their weakened economies. Towards the latter part of 2020, yields experienced a surge due to fears of inflation coupled with a rosier outlook on vaccine deployment. In terms of claims, some global reinsurers made hefty provisions for COVID-19-related losses, especially with respect to event cancellation and business interruption.

Fortunately for Malaysian Re, our exposure to these areas was limited. We continue to have minimal exposure to liabilities due to event cancellations or trade credit lines as our business interruption covers are very explicit about pandemic-related exclusions. All in all, the team at Malaysian Re adapted well to the new normal, with employees continuing to collaborate effectively with each other and with partners and clients via meetings, virtual engagements, seminars and conferences.

For the financial year in review, Malaysian Re registered a 7.7% increase in gross written premiums ("GWP") to touch a record RM1.4 billion in comparison to GWP of RM1.3 billion recorded previously. This growth was mainly due to positive contributions from both overseas and domestic markets. While the international business experienced substantial growth – registering an increase of RM86.9 million or 16.7% in GWP – growth on the domestic business front was relatively flat in line with the market performance of the domestic general insurance industry. Business growth was also driven by the positive impact from diversification into new lines of business including strategic partnerships with Lloyd's syndicates, participation in insurance binders, and growth opportunities in the agriculture business.

The financial year saw Malaysian Re's net profit increasing by 38.1% to RM133.1 million from RM96.4 million in FY2020 largely on the back of higher investment income and underwriting surplus. This, its highest net profit to date, underscores Malaysian Re's proactive and effective approach to business.

The year was not without its challenges as Malaysian Re suffered some large domestic losses mainly due to exposure to oil and gas-related businesses, particularly through its participation in the Malaysian Energy Risks Consortium ("MERIC"). While the international business suffered a few large losses due to fires at factories and construction sites, these amounts were relatively small. In FY2021, the company's combined ratio, decreased to 99.1% against 101.1% previously. At the same time, Malaysian Re recorded a higher net investment income of RM137.4 million in comparison to RM99.8 million previously due to fair value gain from equity and unit trust investments.

Over the course of FY2021, Malaysian Re increased its participation in industry-wide corporate responsibility programmes. This saw its appointment as the administrator for the industry's COVID-19 Test Fund ("CTF") and the manager for the Perlindungan Tenang Voucher Fund, a national microinsurance initiative.

To expand its presence in the international markets it operates in, Malaysian Re will continue to leverage on its strong Insurer Financial Strength ("IFS") rating. I am pleased to report that in December 2020, the financial strength of Malaysian Re was reaffirmed by international rating agency A.M. Best with a financial strength rating of 'A-' (Excellent) and an Issuer Credit Rating of "a-". A.M. Best also confirmed the outlook

MANAGEMENT DISCUSSION & ANALYSIS

REINSURANCE / RETAKAFUL BUSINESS

for both ratings as Stable. In addition, in February 2021, Fitch Ratings reaffirmed Malaysian Re's insurer financial strength rating of 'A' (Strong) with a Stable Outlook. The latter affirmation reflects Malaysian Re's 'Very Strong' capital buffer and consistently profitable financial performance. Malaysian Re was also awarded the title "Best Re-Takaful Company" in the Islamic Financial News ("IFN") Non-Banking Financial Institutions Poll 2020 in November 2020. These developments reaffirm Malaysian Re's standing as a key player within the insurance community.

MNRB's retakaful arm is managed by Malaysian Re's Retakaful Division or MRRD which complements the Group's conventional reinsurance business by extending the shariah-compliant supply chain to both local and international markets. Operating on a leveraged model, MRRD is able to tap into 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 FY2021, MRRD's retakaful business registered gross contributions amounting to RM54.6 million, a 70.7% increase from the RM32.0 million garnered in FY2020. This was mainly due to contributions from innovative new retakaful arrangements that were taken up by the market during the year. MRRD's net profit, however, decreased by 43.1% to RM8.5 million in FY2021 as compared to RM14.8 million previously. This decrease came on the back of lower net investment income and an increase in claim liabilities.

MRRD's retakaful business registered gross contributions amounting to

RM54.6 million

a 70.7% increase

from the **RM32.0 million** garnered in FY2020

FAMILY TAKAFUL BUSINESS

Despite the initial restrictions and impact of the first MCO imposed in March 2020 to stem the tide of the COVID-19 pandemic, the domestic economy gradually recovered in the third and fourth quarters of the year. As the insurance and takaful industry regained its momentum, the general and family takaful segments grew by 4.5% and 7.0% respectively in 2020.

Amidst this backdrop, the gross written contribution ("GWC") for the family takaful business increased by 11.2% touching RM687.5 million in comparison to RM618.0 million in FY2020. Its Annual Contribution Equivalent ("ACE") jumped by 36.4% to RM98.2 million, mainly driven by growth in the agency channel. The improvement in overall performance came mainly on the back of business growth in all business channels.

The gross written contribution ("GWC") for the family takaful business increased by

11.2%

touching RM687.5 million

in comparison to **RM618.0 million** in FY2020

Over the course of FY2021, Takaful IKHLAS Family launched the IKHLAS Bersama and IKHLAS Dariku products, aimed at meeting the takaful protection needs of individuals and families. These new comprehensive protection products with flexible coverage periods feature a special Accelerated Death Expense ("ADE") benefit which offers immediate pay-outs to beneficiaries in the event of the participant's demise. The year also saw Takaful IKHLAS Family embarking on a five-year preferred partnership with Bank Muamalat Malaysia Berhad ("BMMB") to distribute diverse credit-related and advisory products to the bank's customers. During the year, the business entity also strengthened its senior management line-up with new hires on the actuarial, finance and business operations fronts.

Takaful IKHLAS Family also provided several COVID-19 relief measures between April and June 2020. This included the COVID-19 Takaful Contribution Deferment Programme for family takaful, medical and investment-linked certificates which allowed affected customers to defer their regular takaful contributions for up to three months. Some 1,091 participants with registered contributions of RM571,000 benefitted from this initiative within that period. This initiative has now been extended until 31 December 2021. More recently, the family takaful business also implemented the COVID-19 Cash Relief initiative for family takaful certificate holders who were diagnosed as being COVID-19 positive between the period from 8 January 2021 to 31 March 2021.

All in all, for the financial year in review, despite the improvement in the gross contributions, the COVID-19 pandemic nevertheless had some impact on the growth of the family takaful businesses given the movement restrictions faced by our agents and the slower financing growth experienced by our bancatakaful partners. As such, Takaful IKHLAS Family registered a lower investment income of RM112.4 million in FY2021 – a 52.0% decrease from the preceding year. Its net profit too declined by 56.3% to RM19.5 million in FY2021 from the RM44.6 million recorded previously. This was primarily due to lower net operating income, fair value losses on investment in sukuk, lower dividends received from quoted shares, and the under-provision of tax in the preceding year.

Moving forward, the family takaful business will continue to stay resilient and adapt to the new normal effectively by leveraging technology and engagements via virtual platforms. This business will also continue to ramp up promotions and campaigns on social media platforms as well as strengthen virtual engagements with its agency force to boost participation in takaful products.

GENERAL TAKAFUL BUSINESS

The general takaful business flourished amidst the backdrop of subtle industry growth in 2020. Takaful IKHLAS General's gross contribution grew significantly by 35.8% to RM468.8 million as compared to RM345.2 million previously. This was mainly attributable to vigorous marketing efforts resulting in higher gross contributions especially from the fire and motor classes across all business channels.

Takaful IKHLAS General's gross contribution grew significantly by

35.8%

to RM468.8 million

as compared to **RM345.2 million** previously

In tandem with its family takaful counterpart, Takaful IKHLAS General too embarked on a five-year preferred partnership with BMMB for bancatakaful distribution of fire, motor and PA products. At the same time, this business continued its collaboration with its bancatakaful partners, CIMB Islamic Bank Berhad, Hong Leong Islamic Bank Berhad, Public Islamic Bank Berhad, Bank Pertanian Malaysia Berhad ("AgroBank"), Bank Kerjasama Rakyat Malaysia Berhad and Malaysia Building Society Berhad, to expand takaful coverages to retail and commercial consumers. The general takaful business also collaborated with its agency force and other intermediaries to expand its takaful value-based proposition to customers with the complementary IKHLAS Waqf and Endowment ("IWE"). In return, participants were able to contribute to society via the waqf and endowment benefits.

Takaful IKHLAS General went on to provide several COVID-19 relief measures to customers between April and June 2020. This included the COVID-19 IKHLAS Motor Takaful Relief Programme, a temporary revision of the private car comprehensive motor cover for eligible participants from 24 April 2020 to 23 June 2020. The general takaful business also launched the COVID-19

MANAGEMENT DISCUSSION & ANALYSIS

GENERAL TAKAFUL BUSINESS

IKHLAS PA Relief Measure with extended coverage for death and hospitalisation due to COVID-19 to all individual PA participants, as well as rolled out the COVID-19 IKHLAS Niaga special promotion package which supported SMEs and commercial customers and enabled them to continue doing business with adequate protection. On top of these, the complimentary coverage for death and hospitalisation due to COVID-19 was extended under the Takaful IKHLAS Relief #weprotecteveryone campaign to all motor, fire and PA takaful participants, between 1 February 2021 and 31 July 2021.

All in all, FY2021 further saw the business' net profit soar 35.0% to RM27.4 million in FY2021 in comparison to RM20.3 million previously, driven by a combination of business growth and better operational efficiencies particularly in terms of management expenses result. On the investment income side, the business registered a 21.4% increase to touch RM33.0 million in FY2021.

Moving forward amidst the foreseeable challenging operating conditions of the new normal, our takaful businesses are all geared to continually engage with customers via enhanced virtual and digital accessibility to our contact centres as well as measured physical access to our branch counters. The general takaful business will continue to pursue its business plan by leveraging more aggressive deployment of technology and digital platforms, as well as via enhancing its visibility on social media platforms to further encourage participation in its takaful products.

FY2021 further saw the business' net profit soar

35.0%

to RM27.4 million in FY2021

in comparison to **RM20.3 million** previously

BUSINESS RISKS AND MITIGATION STRATEGIES

As MNRB continues to manage its existing businesses and explore new opportunities, we acknowledge that we may be exposed to various risks that could have material impact on our operations, business performance, financial condition and/or liquidity position. As per Bursa Malaysia's disclosure requirements, we disclose these key risks and the various mitigation strategies in the Financial Statements on pages 237 to 295 of this Annual Report.

OUTLOOK AND PROSPECTS / STRATEGIES MOVING FORWARD

The services sector is expected to register growth recovery in 2021. The information and communication, as well as finance and insurance sub-sectors are poised to lead the recovery as demand for digital solutions, especially in e-commerce and e-payment continues to accelerate. Nonetheless, the reimposition of MCO 3.0 in the early part of 2021 will weigh on activities in the wholesale and retail sub-sector. Additionally, the closure of Malaysia's international borders will continue to affect tourism-related industries (e.g., food and beverage, accommodation and air travel).

Going forward into the new normal, the rollout of vaccines worldwide and other measures to combat the pandemic augur well for economic growth overseas and increases the opportunity for business growth domestically. The downside risks remain from slower-than-expected vaccine rollout, the increased severity of new variants of the SARS-CoV2 virus, and the associated volatility in the equity and sukuk markets.

Nevertheless, reinsurance and retakaful business revenue is expected to recover on the back of the rejuvenation of global economies with the rollout of the vaccine and reduction of infection rates. For Malaysian Re, we are confident that there are ample opportunities in the reinsurance and retakaful market based on our growth strategy to further expand and diversify into selected overseas books.

Based on our strategic imperatives, Malaysian Re will continue to explore the development of new products and segments, as well as increase its participation in new segments such as binders and agriculture. Malaysian Re's efforts to rebalance its portfolio will continue in FY2022. After a period of rationalising 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. We look forward to expanding our non-proportional treaty portfolio, grow our non-property lines and exit non-performing programmes to maintain our business outlook.

Takaful operators and insurers in Malaysia have been greatly affected by the various phases of Malaysia's harsh but necessary MCO since its initial implementation on 18 March 2020. While the enhanced restrictions have undoubtedly had an impact on the nation's socio-economy, the ensuing stimulus and relief measures such as the permissible delay in road tax renewals, have helped alleviate some of the financial strain on the public. This, however, has affected the take-up of takaful covers especially for the motor, fire and mortgage reducing term assurance ("MRTA") segments and posed a challenge to our businesses. Nevertheless, as an essential service, we will continue to serve our customers through all our touchpoints and address the challenge of limited physical engagement with customers. Our takaful entities continue to effectively adapt to these challenges by driving more sales via virtual engagements and enhancements to its online platforms. Our teams have focused their efforts on renewals of covers to ensure adequate protection is in place despite the interruptions to business and individual lifestyles.

Our Takaful IKHLAS Family business expects to further drive regular contribution business with increased production from its agency channel, whilst Takaful IKHLAS General expects to see further expansion of business in all channels and in increased localities nationwide. The businesses look forward to enhancing our Customer Experience ("CX") scale, with the relevant projects having commenced under the purview of the Group Transformation Programme. Simultaneously, the ongoing development of our digital platforms is enabling the relevant infrastructure, including application programming interface or API-ready tools, to support more efficient distribution of takaful products. Through partnerships with data-rich entities and by enhancing our functionalities, we are expanding our customer outreach, enabling a smoother and more efficient customer journey, as well as creating better customer experiences. By continuing to expand our engagement with customers via social media channels and enhancing our data analytics capabilities, we are on track to improve our customers' experience.

As the industry further grapples with challenges due to the ongoing global pandemic, the MNRB Group will continue to enhance its operational agility and prepare for any opportunities that may arise from any shift in the current operating environment. This is to ensure that we continue to generate sustainable profits and deliver greater value to our customers and other stakeholders. To ensure we deliver another sound performance, we will continue to accord our customers and business partners innovative protection products and services in line with the MNRB Group's vision of "We Protect Everyone". At the same time, we will set our sights on strengthening our workforce, delivering improved customer experiences, and enhancing our digital and technological platforms for the new financial year. We are cautiously optimistic that as we empower our people, ramp up our infrastructure and finetune our overall gameplan, the Group will be in a position to readily navigate the challenges of the new normal.

Barring unforeseen circumstances, we anticipate that our businesses will turn in a resilient performance in FY2022 even as we continue with our strict underwriting discipline as well as develop value through integration and a strong customer focus. 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.

ACKNOWLEDGEMENTS

In closing, I wish to convey my heartfelt gratitude to our shareholders, customers, business partners, and the communities that we operate in for their unrelenting trust and continuing confidence in the MNRB Group. I also wish to express my sincere appreciation to all my colleagues for their diligence, dedication and determination to rise above the year's challenges whilst making the most of the opportunities before us. Last but not least, my utmost gratitude to our Board of Directors for their wise counsel and direction which helped the Group to navigate safely through stormy waters to reach safe harbour.

As we move forward, our valued stakeholders can be rest assured that Team MNRB will continue to set its sights on delivering another resilient performance and long-term sustainable growth amidst the challenges of the marketplace. Thank you and stay safe everyone.

Zaharudin Daud
President & Group Chief Executive Officer
6 August 2021

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

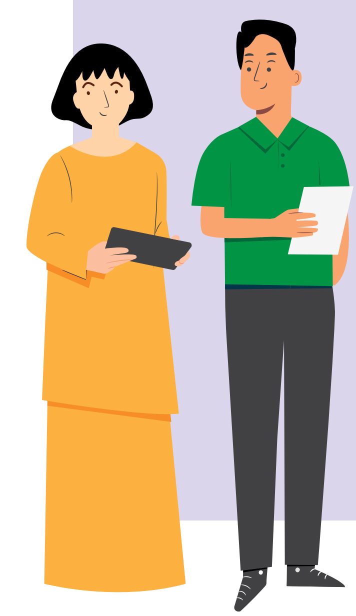
ABOUT THE SUSTAINABILITY STATEMENT

The Financial Year ended 31 March 2021 ("FY2021") is undoubtedly an exceptionally challenging year for all, due to the global COVID-19 pandemic. The pandemic and the ensuing periods of Movement Control Order ("MCO") posed tremendous challenges not only to individual's physical and mental health but also to the national economy. Conversely, we saw some positive impact to the environment with the halt of economic and physical activities during the MCO and various government lockdowns worldwide. Meanwhile, various government interventions have been put in place to flatten the curve of infection.

The current situation has changed the landscape of many industries, including (re)insurance and (re)takaful. In response to the spontaneous economic effects caused by the pandemic, governments across the globe have responded with monetary and fiscal measures to boost up their economies. The Malaysian government too has announced several stimulus measures with the objectives of protecting the rakyat, supporting businesses and strengthening the economy. The pandemic has nevertheless triggered a renewed desire to protect the environment, which may have been side-lined in the aspiration for development. For instance, during the lockdowns in India, the Himalayas became visible as polluted air dispersed. In Malaysia, rivers became cleaner as economic activities were paused during the MCO, eliminating waste-dumping into the rivers.

The MNRB Group, in continuing our sustainability journey, remain committed to balancing our economic performance with responsible environmental and social considerations across our entities. Our aim in 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 FY2021. 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 have been included.



MNRB Group

REINSURANCE / RETAKAFUL

- Malaysian Reinsurance Berhad ("Malaysian Re")
- Malaysian Re (Dubai) Ltd ("MRDL")

TAKAFUL

- Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family")
- Takaful Ikhlas General Berhad ("Takaful IKHLAS General")

CONTINUING OUR SUSTAINABILITY JOURNEY

OUR SUSTAINABILITY APPROACH

We believe that the success of our business is also contributed by 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 ("UN SDG") as a guide to our Sustainability Approach, as we implement our sustainability agenda around our key themes:

EMBRACING A SUSTAINABLE FUTURE

Please refer to pg 34

- Building long-term and mutually beneficial relationships with local and international insurers and takaful operators towards ensuring sustainability of the insurance and takaful ecosystem;
- Understanding clients' expectations and continuously enhancing reliability of our products and services;
- Providing specialised products and services for various segments of the market;
- Upholding best practice corporate governance across the MNRB Group;
- Strengthening IT systems and protecting confidential information of our stakeholders; and
- Applying technological innovation to enhance process efficiency, support comprehensive business analysis and enrich customers' experience.

EMPOWERING OUR PEOPLE

Please refer to pg 49

- Retaining and engaging our employees through continuous training and professional developments; and
- Nurturing our talents through individual development plans and succession planning programmes.

EMBRACING CORPORATE RESPONSIBILITY

Please refer to pg 61

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

OUR SUSTAINABILITY GOVERNANCE

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

Board of Directors	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	Oversees the delegation of duties by the Board related to the implementation of strategies and overall management of sustainability matters.
Group Management Risk & Compliance Committee	Assists the RMCB and Board to monitor the implementation of strategies and oversees the process of identification, monitoring and management of sustainability matters.
Sustainability Working Group	Responsible for the identification of material sustainability matters, as well as for monitoring and reporting relevant measures and indicators, based on support provided by sustainability champions across various departments. The SWG provides progress updates on sustainability performance to the GMRCC and RMCB periodically.

Diagram 1: Sustainability Governance

MATERIALITY ASSESSMENT – HARMONISING BUSINESS & STAKEHOLDER PERSPECTIVES

The Group continues to adopt a structured approach to sustainability materiality assessment as recommended by the Bursa Malaysia Sustainability Reporting Guide. Over the course of FY2021, we re-evaluated the materiality assessment process and expanded the scope of stakeholder engagement to cover both key internal and external stakeholder groups.

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

STEP 1

Review Existing List of Sustainability Matters

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.

STEP 2

Impact Assessment

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.

STEP 3

Stakeholders' Engagement

Review the outcome of the Stakeholder Prioritisation Exercise to identify key stakeholder groups with a high level of influence and dependence on MNRB Group. Engage with our key internal and external stakeholder groups through surveys to gauge their views on the importance of each sustainability matter to the MNRB Group.

STEP 4

Validation & Approval

Present the outcome of the overall materiality assessment, i.e. the Materiality Matrix to the GMRCC and RMCB for deliberation and approval.

Diagram 2: Materiality Assessment Process

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.

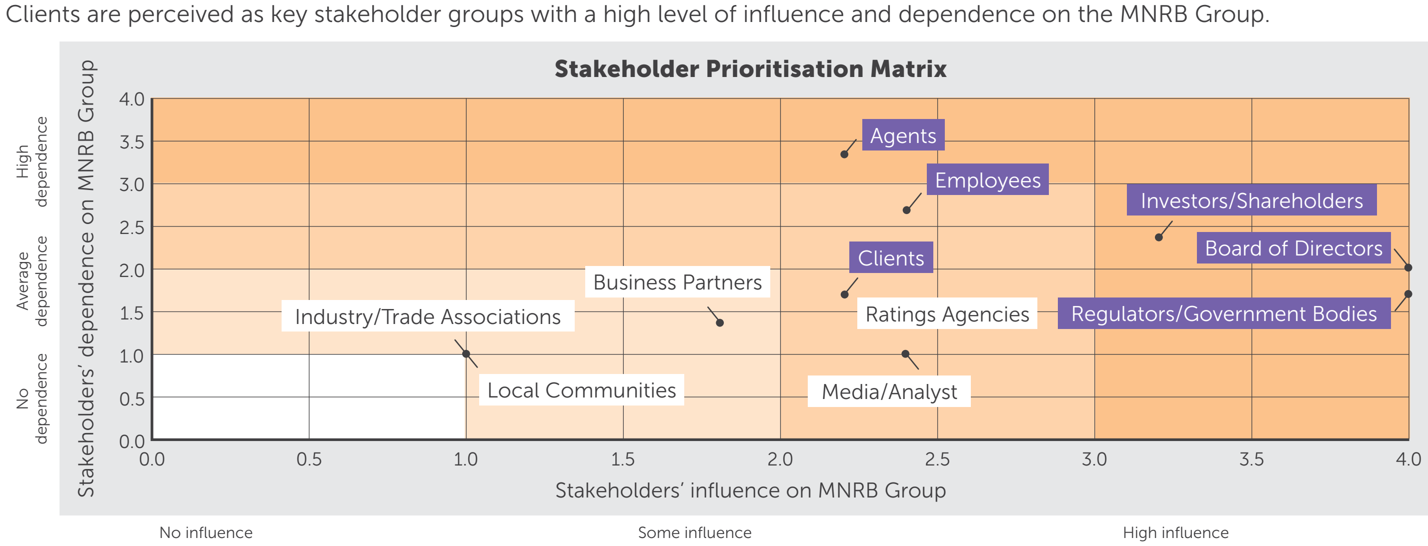
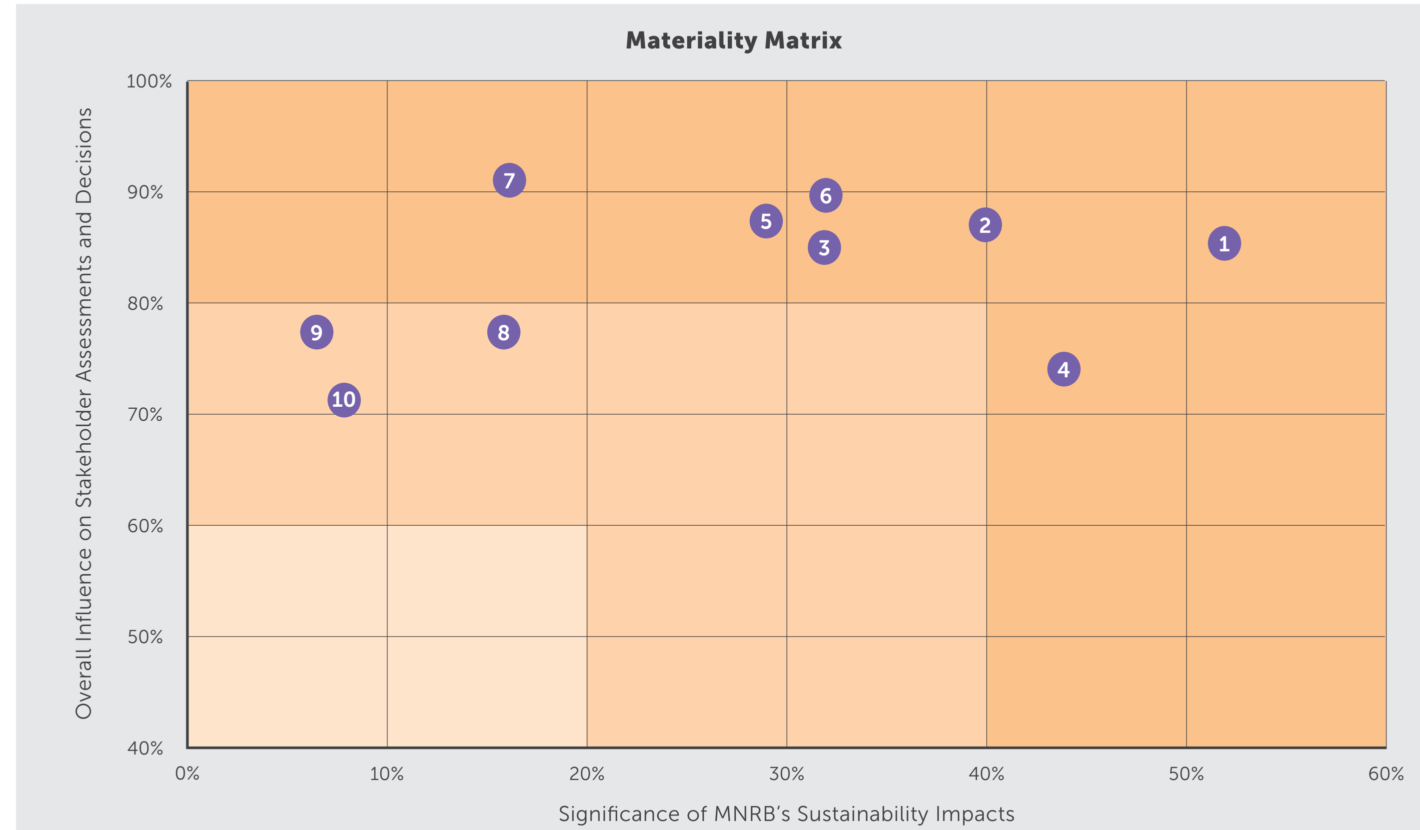


Diagram 3: Stakeholder Prioritisation Matrix

Diagram 4 below illustrates our Materiality Matrix. Our sustainability matters are grouped into three (3) themes, i.e. "Embracing a Sustainable Future", "Empowering our People" and "Embracing Corporate Responsibility". **Customer Satisfaction, Technology & Innovation, Responsible Products & Services, Value-based Collaboration, Developing Talents and Cybersecurity** 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 areas are discussed in the subsequent sections of our Statement.



SUSTAINABILITY MATTERS

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

Diagram 4: Materiality Matrix

VALUE CREATED FOR THE BUSINESS & STAKEHOLDERS

EMBRACING A SUSTAINABLE FUTURE

Customer Satisfaction People Process Platform

We aspire to continuously engage with our clients and deliver excellent customer experience, as we progress with our business growth and long-term sustainability objectives. We remain responsible and responsive to provide solutions which cater to our customers' specific needs. This includes additional propositions which enhance the value of product and service offerings we provide to our customers.

We have dedicated Customer Relationship Management ("CRM") functions within Malaysian Re and Takaful IKHLAS (Takaful IKHLAS Family & Takaful IKHLAS General) to attend to our customers' needs. At Takaful IKHLAS, our Customer Service Charter serves as a key guidance in building lifelong relationships with our clients through positive customer experience. We engage our customers and stakeholders across relevant touchpoints to better understand their expectations and improve customer experience. We endeavour to provide requisite updates to enquiries and promptly address any complaints within our targeted turnaround time. Our complaints handling procedure is based on BNM's Complaints Handling Guideline.

Client touch-points across the MNRB Group

Branch Offices | Customer Call Centre | Email & Social Media

Other technological solutions used to enhance client interaction

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

In line with the BNM's Policy Document on Fair Treatment of Financial Consumer ("FTFC"), we continue our effort in undertaking relevant awareness programmes implemented for internal stakeholders and takaful participants, based on the mechanisms which were put in place since April 2020. We aim to continuously uphold the FTFC objectives to inculcate high standards of responsibility and professionalism in our business conduct, promote a culture where interests of financial consumers are an integral part of our business strategies and operations, effectively manage our risk and provide confidence that we always act fairly in our dealings with our customers.

Over the years, we continue to incorporate our customers' feedback into enhancement of our offerings in providing solutions which meet their needs. We believe that positive customers' experience is a main motivation towards loyalty and further business expansion.

i) The following table highlights the performance outcomes relating to the effectiveness of customer service at Takaful IKHLAS over a three-year (3-year) financial period from FY2019 to FY2021:

Company	Actual Turnaround Time ("TAT")			Corrective Measures Taken			Remarks
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021	
Takaful IKHLAS Family	14 Days	14 Days	14 Days	15 Days	15 Days	14 Days	Close monitoring and follow up with complaint handlers contributed towards better TAT.
Takaful IKHLAS General	14 Days	14 Days	14 Days	11 Days	5 Days	4 Days	

Notes:
The 12-month reporting period covers the months of April to March.

ii) The following table highlights the number of customer complaints received and resolved at Takaful IKHLAS over the three-year (3-year) financial period from FY2019 to FY2021:

Company	Number of Complaints Received			Number of Complaints Resolved			Remarks
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021	
Takaful IKHLAS Family	77	105	143	100% resolved	100% resolved	100% resolved	Started to record First Contact Resolution ("FCR") complaints cases with effect from January 2020, hence the significant increase of complaints recorded in FY2021 as compared to FY2020.
Takaful IKHLAS General	39	61	61	100% resolved	100% resolved	100% resolved	Managed to maintain the number of complaints cases for two financial year in a row as a result of improved complaints handling process and close monitoring by oversight team and Senior Management.

Notes:
The 12-month reporting period covers the months from April to March.
Customer complaints were recorded during the reporting period and resolved within the TAT.

During the year, as everyone adjusted to the MCO routine, our Takaful IKHLAS entities continue reaching out to customers and the public, mainly via frequent updates on our website and social media platforms. Information on Takaful IKHLAS' products and services are available at www.takaful-ikhlas.com.my and we are accessible anytime via e-mail at ikhlascare@takaful-ikhlas.com.my, which is one of our contact channels.

In enhancing accessibility to our contact centres during the MCO, Takaful IKHLAS has deployed a softphone capability to enable our contact centre personnel to work from home and manage the continuity of our services. This capability shall continue beyond MCO and will allow for flexibility in our future working policy. Meanwhile, for branch counter services, our key branches have remained open for the duration of the MCO, albeit with reduced capacity, to manage business accessibility and continuity whilst protecting the safety and health of our branch personnel.

Additionally, over the period, various programmes and campaigns have been initiated as some form of relief measures for customers, whilst enduring through the impact of the pandemic. These include:

- Takaful IKHLAS Relief: #weprotecteveryone campaign to extend complimentary financial benefits to all IKHLAS Motor Takaful, Fire Takaful and Personal Accident ("PA") Takaful including Group PA Takaful participants during the period 1 February 2021 to 31 July 2021;
- COVID-19 Takaful Contribution Deferment Programme for Family Takaful, Medical and Investment linked certificate which has been further extended to 31 December 2021;
- COVID-19 Cash Relief for Family Takaful certificate holders who are diagnosed positive COVID-19 from the period of 8 January 2021 to 31 March 2021; and
- COVID-19 IKHLAS Motor Takaful Relief Programme, a temporary revision of Motor Private Car comprehensive cover for eligible participants from the period of 24 April 2020 to 23 June 2020.

Additionally, in managing claims arising from flood event during the monsoon season from November 2020 to March 2021, Takaful IKHLAS General has initiated a Flood Fast Track claims initiative which allows for minimal documentation submission by participants and expeditious claims approval. The fast and fair claims services for our customers after an event of natural disaster help to provide a form of financial relief in facing the adversity and distress.

Meanwhile, for Takaful IKHLAS Family participants, the OCA has been expanded to include Investment Linked Takaful Statement which is now available online for reference or inquiry.

Technological Innovation

Platform

At the Group, we realise that technological innovation is a vital tool to enable businesses to drive efficiency, address evolving risks and enhance profitability. We have embodied technological innovation within our High-Performance Culture ("HPC") programme to enable 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 well known for its capability on speed, efficiency and accuracy which is unachievable by normal human workforce. RPA facilitates improvement especially in routine business operation. RPA pilot initiatives have been tailored for operational remedies on managing change in a sustainable manner. The knowledge gained is carried forward to the subsidiaries to further tap into the value of RPA. RPA creates better employee experience by shifting from mundane, repetitive tasks to more meaningful scope of work such as analysis and process improvements.
Human Capital Management System ("HCMS") Modernisation	A HCMS that provides an intelligent HR solution in managing payroll, benefit and compensation, appraisal, learning and talent management, which facilitates HR management needs. • Streamlines payroll processing and ensures employees' payroll is compliant with Malaysian law and legislation. • Facilitates staff performance review process through setting up KPI planning, assessment/ evaluation process and review periods to ease performance cycle to fit the Group requirements.
Document Management System ("DMS")	DMS provides a central repository for documents originating from different sources and streamline them into a single source document retrieval to facilitate day-to-day business activities. • Central repository for all business and management documents with high performance retrieval ability, accessible by multiple departments to facilitate daily tasks. • The documents stored are managed with adequate access control and permission as well as encryption for security purposes. Full audit trail is available to ensure confidentiality, integrity and availability of documents stored. • The documents can easily be backed up and archived for future reference. • It also minimizes paper usage by creating paper-less environment.
*** Revamp of MNRB's corporate website**	A total revamp of MNRB's corporate website with better User Interface/User Experience ("UI/EX") will be undertaken by in-house developers. The website content and layout will provide more relevant and comprehensive information to better serve the audience of the Group.

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

Group

Future Initiatives:	*Ready Skill Programme A Ready Skill Programme ("RSP") is designed with a purpose to build Technology Capability of our employees with focus on Agility, Intelligent Automation, Advanced Analytics, Digital Strategy, Next-Gen Data and Cyber Risk. This would empower employees through the use of digital tools, boosting their performance and customer service.

Malaysian Re

Business Intelligence & Business Objects ("BIBO")	Continuous efforts are underway to improve the reporting functionality of the BIBO System and user adoption. BIBO continues to drive efficiency via an online reporting capability that enables data-driven decision-making. This provides us the agility to manoeuvre the required data and strengthen the reporting process.
*** AIR Worldwide CAT modelling Tool**	The tool provides a real time tracking of our Catastrophe modelling results, which enables the Company to make more informed decisions for the benefit of the management and our clients.
*** Customer Relationship Management ("CRM")**	Our CRM System facilitates the centralization of the management of customer information and track customer relationship interactions related to business development activities, enabling users to work efficiently. • It maximizes the value of our existing customer base whereby customers' data is stored in a single database which mitigate customer data errors. • It enables users to view the customer's complete history. • It allows delineation of which customers are most important and focus more effort towards increasing their value.
*** Business to Business ("B2B") Integration with Global Reinsurance & Large Commercial ("GRLC") Standards**	The B2B integration would digitize the message exchange including technical account and claim movement between Malaysian Re and brokers who are ready with GRLC standards. This will improve premium recognition and claims management, which could indirectly attract other key brokers. The Company would bring onboard the GRLC capabilities and manage the change from manual to digital operation 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 distribution and act as a medium of communication with our agents, this newly enhanced system is now more user-friendly. It 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 and fresh back-end certificate administration with end-to-end functionalities such as new business, certificate servicing, claims, benefits payable, re-takaful and finance integration module. It has a workflow capability and automated documentation process that provide efficient document tracking, from scanning up to archiving. This helps to streamline work processes for proposal and certificate administration.
i-SMART Mobile Application	i-SMART is a front-end application which enables our agents and bancatakaful distributors to use mobile platforms to facilitate paperless new business sales and submission process. It performs financial needs analysis to determine the customer's best fit financial needs. It generates sales illustrations, includes payment gateways, allows recurring payment facility, as well as enables tracking of agents' field activities.
New Mobile Application ("PRIME")	PRIME is an intended replacement of the current i-Smart front-end application, to enhance ability of agents and bancatakaful distributors in leveraging mobile platforms to facilitate paperless new business sales and submission process. • It maximizes the value of our existing agents' and banca distributors' mobility as the PRIME enables generation of quotation and sales illustration via direct e-submission at the point of sales. The PRIME includes online payment functionality. • The PRIME enables seamless integration of proposal e-submission to our back-office system, improving turnaround time for certificate acceptance.
Online Customer Account ("OCA")	This initiative takes the form of self-service OCA that allows customers to register and perform enquiries about their certificate status, payment due, contribution amount and document references such as income tax and e-certificate.
*** Development of new Web Transactional Portal ("WTP")**	Development of WTP to introduce new products to direct consumers and allow the customers to sign up for simple Family Takaful products online.
*** Partner's Application Programming Interface ("API") Portal**	A new Partner's API portal that would host a comprehensive set of APIs would enable seamless partners onboarding to IKHLAS online platforms. The API functionality is expected to enable seamless transactions and generate new revenue streams especially from technology platform partners.

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

Takaful IKHLAS Family

*** Artificial Intelligence ("AI") and Machine Learning ("ML")**	Incorporation of AI and ML into digital front-end applications to improve efficiency and create hyper personalization to our users.

Takaful IKHLAS General

Insurtech Initiative	This initiative drives business innovation via collaboration with insurtech partners, which deploy simple yet appealing products e.g. travel PA takaful cover managed via online bus ticketing platform. This initiative will further drive takaful inclusion of the general population via on-demand travel micro-takaful plans.
General Takaful System Re-engineering ("GTSR")	The GTSR is a programme to refresh and improve the overall business process from front-end sales to back-end operations, including system upgrades and enhancements. GTSR includes systems integration to expedite customers' experience. Customers could obtain immediate responses and experience good post-participation service. Agency administration module is a portal which allows agents to monitor their performance and lodge a claim. It is a tool for agents to virtually access their statements, view their production and record data of prospects and future leads.
*** Development of Intermediary Digital Suite**	Development of a full range of digital front-end applications to support the intermediary businesses across web portals and mobile apps that covers: • Cradle-to-grave agent's mobile application • Agency web application • Management web application, e.g. web application for back-office usage, i.e. underwriting, marketing, etc. This shall foster business growth in our intermediary channels and facilitate in increasing new agent recruitments.
Motor Takaful Portal ("MTP")	The MTP has improved user interface experience with the mobile-friendly portal with a simplified end-to-end process for New Business and Renewals. It also offers the capability to integrate with other online platforms.
General Partnership Portal ("GPP")	This GPP is mainly utilised by bancatakaful partners for issuance of certificate, endorsement enquiries and requests. It will be further enhanced to facilitate claim enquiries and requests. The GPP enhances the process turnaround time and mitigates loss of documents in transit.

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

Takaful IKHLAS General

*** Partner's Application Programming Interface ("API") Portal**	A new Partner's API portal that would host a comprehensive set of APIs would enable seamless partners onboarding to IKHLAS online platforms. The API functionality is expected to enable seamless transactions and generate new revenue streams especially from technology platform partners.
B2C Personal Accident System	The Business to Customer ("B2C") Personal Accident System enables customers to obtain quotations, proposals and make payments online. This system allows customers to directly acquire information on their certificates and coverages 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 enhance both the sales agent and customer experience.
*** Artificial Intelligence ("AI") and Machine Learning ("ML")**	Incorporation of AI and ML into digital front-end applications to improve efficiency and create hyper personalization to our users.

We value that digitalisation is key to enhance efficiency and accuracy of our business operation processes and enable our employees to focus more efforts into the more complex analysis and business strategies in providing better customer experience. We are further exploring the use of insurtech in providing end-to-end business solutions.

Moving forward, we will continue to capitalise on the latest technologies to enhance the MNRB Group's business operations and to develop and enhance our products and services. Some of the additional initiatives are:

- Invest in data analytics and technology to enable more efficient and effective processes to better serve customers' needs and maintain competitive edge.
- Align with changes impacting the industry, i.e. changing consumer expectations, emerging technology trends, data and analytics.

Responsible Products & Services People Process Platform

Continuing our journey along with our Vision of ***"We Protect Everyone"***, we strive to provide reinsurance, retakaful and takaful solutions that protect our customers' resilience 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 underserved and unserved groups. We define responsible products and services as takaful and reinsurance solutions that effectively tackle the economic, environmental and social impediments faced by our stakeholders.

We work within our existing Underwriting Guidelines, Product Management Framework and Product Pricing Policy to design and develop products and services, including the offerings which address economic and environmental impact to various stakeholders especially those in underserved and unserved segments of the population. Our efforts to date, include:

Affordable Takaful Products

Agro Madani:
Affordable Group Term Takaful ("GTT") and Group Personal Accident ("GPA"), specifically for Agrobank customers.

Takaful Prihatin:
Affordable GTT and GPA for business owners.

Takaful Amani Plus:
Affordable GTT and GPA.

IKHLAS Basic Term Takaful:
Affordable Term Takaful.

IKHLAS Value Term Takaful:
Affordable Term Takaful.

IKHLAS Motor Comprehensive Plus Takaful:
An affordable and comprehensive motor takaful plan.

IKHLAS Home Protect Takaful:
An affordable and comprehensive coverage designed for a homeowner.

Products for Specialised Communities

Agro Mabrur-i:
A GTT product that provides coverage for underserved segment qualified under Perlindungan Tenang.

IKHLAS Bus Safe Ride:
Provides travel protection for bus passengers during their journey.

Agro Nurani:
GTT and GPA products that provide coverage for disabled individuals registered with the Social Welfare Department.

Agricultural Reinsurance:
A programme which protects against damage to crops and livestock.

IKHLAS PTP Plus Takaful:
A private car comprehensive coverage specially designed for Perodua vehicle owners.

IKHLAS Wanita Elegance Takaful:
A protection plan specially catered to financially assist in the struggles of female illnesses and cancers, including maternity risks.

IKHLASlink Lady Secure Takaful Rider:
A protection plan specially catered for female participants to ease financial burden upon contraction of female-related illnesses.

Long Term Houseowner for the government employees:
A plan which protects government employees' residential properties during period of financing.

Takaful Kasih Plus:
An affordable Personal Accident coverage designed for Agrobank customers.

Products to address Climate Change

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

SUSTAINABILITY STATEMENT

Meanwhile, we continue to offer our value based ***IKHLAS Waqf & Endowment ("IWE")*** initiative for the community. The IWE provides complimentary Waqf and endowment benefits to individuals who participate in any of our general takaful plans. The IWE allocates RM1,000 for each general takaful certificate for donation to Waqf and endowment under the participant's name upon his/her accidental demise. The Waqf and endowment goes a long way to benefit the community and reflect as good deeds on the named individuals.

As the Group specialises in providing reinsurance, retakaful and takaful offerings, our reputation is built on the trust that our stakeholders have in us. This is highly dependent on the quality and credibility of our products and services, the advice and recommendation we provide our customers and the personal conduct and capability of our intermediaries. We strive to ensure our products and services are promoted in a responsible manner and that our customers are getting the appropriate information and advice on the coverage best suited to their needs.

For reinsurance and retakaful, Malaysian Re has adopted its licensed AIR's Catastrophe Modelling tool in underwriting, risk management and claims estimation, to support our corporate clients in assessing potential natural catastrophe events. Malaysian Re also own, manage and operate a Re.Banjir Flood Modelling ("Re.Banjir") tool and offers its use to the Malaysian insurance industry. Re.Banjir is a flood analysis tool, developed based on the best catastrophe modelling practices, which calculates the Probable Maximum Loss ("PML") for flood events in Malaysia. This then would enable the estimation of flood exposures for a better understanding of the effects of flood on the respective portfolios.

Further, Malaysian Re continues to organize technical training courses for our corporate clients' underwriters to scale up their risk analytics capabilities. These courses are offered to both domestic and international clients. Annual cedants' workshops further ensue as avenues to discuss on current market issues and sharing of knowledge.

For Takaful IKHLAS, we constantly ensure that our agents and other intermediaries are properly trained in sales conduct and product understanding. This responsibility is undertaken by our in-house training division, IKHLAS Academy, especially in managing training requirements for Takaful IKHLAS Family. A dedicated training programme, Agency Training Roadmap, for intermediaries has been developed by the 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 Malaysian Takaful Association ("MTA") guidelines	To encourage agents to consider consumers' financial needs and circumstances, provide proper advice and ensure ethical and professional conduct
Achievements	• 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 2.6 to 3.6 cases per month • Increase the number of active agents from 14.6% to 28.3%

Dedicated agency training roadmap

New recruitment
- Rising star
- Wasilah Kesejahteraan

Existing agents
- Advanced Takaful Planning
- Wasilah Kesejahteraan

Leaders
- Leadership & Agency Management Programme
- Agency Business Survival
- Coaching for Performance

SUSTAINABILITY STATEMENT

> "For the commission on alternative energy, we are providing a **2.5% Green Energy Incentives** on eligible general takaful risks."

At Takaful IKHLAS, we ensure that our agents are equipped with knowledge in general advising principles, contract documentations, disclosure of underwriting information and ethical market conduct. We also endeavour that our agents always comply with the standards set by the industry's Agency Code of Ethics and Shariah principles and compliance. We further ensure our agents meet the required Continuing Professional Development ("CPD") hours as required by the MTA.

In fostering initiative towards addressing the issue on climate-related risks and its impact to the EES aspects, Takaful IKHLAS General is responding to this through an update to our Underwriting Guidelines. For the commission on alternative energy, we are providing a 2.5% Green Energy Incentives on eligible general takaful risks. We foresee this action would contribute to mitigate the effects of the climate change from an underwriting perspective.

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

Cybersecurity

Platform

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

To address the risk, we adopt a multifaceted approach to protect confidentiality, integrity, authenticity and availability of information by embedding data and information security protection throughout our operations and information technology programmes. This approach is undertaken with the goal of safeguarding customers', employees' and the Group's digital assets whilst ensuring high availability system uptime. This is achieved by:

i. maintaining a comprehensive set of cybersecurity policies and standards, including codes of conduct for employee and non-employee system users.

ii. utilizing up-to-date technologies and tools to protect information, including multifactor authentication, firewalls, intrusion detection and prevention systems, in addition to vulnerability and penetration testing.

iii. providing awareness training for employees on data privacy and cybersecurity covering a broad range of security topics, including password protection, social engineering and compliance.

iv. implementing incident response measures and procedures to ensure timely and accurate resolution of computer security incidences.

The Group IT Security Policy protects our IT environment, particularly in safeguarding confidentiality, integrity and availability of information and systems. It serves as master policy for security standards for all the companies within the Group, to manage and secure IT assets including the respective Infrastructure, Network and Information.

This ensures that the Group complies with the relevant regulatory requirements, including the Personal Data Protection Act 2010 and subsequently, able to provide a secure working environment, protect customer data/information and preserve Group's assets.

Initiatives to Ensure Data Protection and Privacy *New

Annual Intelligence-led Penetration Testing

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

Encryption Exercise and Core System Database Preventive Maintenance

To protect customers' 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 including cyber-attacks.

Awareness Test – social engineering test

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

IT Audit

To ensure IT systems are audited by both internal and external parties.

Data Centre Relocation

- The Data Centre ("DC") for all companies have been relocated to a Tier-3 DC with increased security measure and availability.
- Segment differentiation for critical systems and users.
- Provide network infrastructure to be resilient, secure and scalable.

Multi-factor Authentication ("MFA")

Adopt stronger and robust authentication processes for accessing critical systems including for remote access to better protect both user's credential and the network.

SUSTAINABILITY STATEMENT

Initiatives to Ensure Data Protection and Privacy *New

Distributed Denial of Services ("DDoS") services

Subscription to DDoS protection to the Group's systems and infrastructure are adequately protected against all types of DDoS attacks. This to ensure the availability and integrity of data.

Expansion of Security information and event management ("SIEM") Monitoring by SOC

To expand the security monitoring of critical servers and network appliances to monitor cybersecurity threats in order to protect the Group's infrastructure environment that protects customer data/information as well as its assets.

Cyber Emergency Response Team ("CERT")

Building up CERT members which converse with the incident response plan and handling procedures and remain contactable at all times.

*** Privileged Access Management**

- A solution for segregation of duties and access control privilege for systems, databases and applications.
- Ensure access controls to enterprise-wide systems are effectively managed and monitored.
- To control and audit the system owner/admin access which helps for investigation for any anomalies flagged.

*** Data Loss Prevention ("DLP") solution**

Deployed to cover data in-use, data in-motion and data at-rest to improve the Group's information security and protect business information from data breaches. DLP are running on detection mode. This will be implemented for all companies.

*** Advanced Persistent Threat Solution**

Deployed to protect the network, email and endpoint to detect, analyse and prevent threats from malware that has evolved to bypass traditional security methods.

*** Web Gateway**

Deployed to provide cyberbarrier or checkpoint that keeps unauthorized traffic from entering the network. The web gateway only allows users to access approved, secure websites and blocked all others.

*** Endpoint Protection Security Software Suite**

Consists of anti-malware, intrusion prevention and firewall features deployed to protect the server and desktop computers.

*** Email Messaging Gateway**

Deployed to provide inbound and outbound messaging security including protection against the latest messaging threats and built-in data protection capabilities to keep email secure and confidential.

The sustainability of our business is dependent on stakeholders' trust and our ability to maintain a secure and confidential environment. We continuously work to improve our Cybersecurity control measures through investments in both IT infrastructure and employee awareness programmes.

Our employees receive on-going cybersecurity training and awareness programme covering a broad range of security topics, from password protection and social engineering, to privacy and compliance. For example, our Weekly ICT Security Advisory programme provides all our employees with useful IT and Cybersecurity tips.

In order to strengthen our security controls, the Group has implemented Annual Cyber Drill Exercise to test the effectiveness of the Group's Cyber Incident Response Plan ("CIRP"), based on various current and emerging threat scenarios (e.g. phishing, ransomware and social engineering) with the involvement of key stakeholders and CERT team.

Business Ethics & Corporate Governance

Process | Communication | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

Following the introduction of new legislation and guidelines, namely Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 on Corporate Liability, as well as the Companies Act 2016 and Malaysian Code on Corporate Governance ("MCCG") 2017, there is a growing demand for enhanced corporate governance and regulatory compliance, which require stakeholders to play more proactive roles in preventing corrupt practices. In this context, the MNRB Group has set the tone from the top on our stance against bribery and corruption to safeguard our businesses and ensure all commercial activities are carried out in an environment which is free from bribery and corruption.

The Group Code of Conduct ("Code of Conduct") is incorporated within the Group'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 which may have conflict of interest;
3. Zero tolerance towards any illegal gratification or corrupt practice; and
4. Gifts and entertainment are to be restricted within reasonable bounds, i.e. gifts of consumable goods and other items, of nominal value, as promulgated by our Group Anti-Bribery and Corruption Policy.

In addition to the Code of Conduct, the MNRB Group has in place a Group Whistleblowing Policy, Group Anti-Fraud Policy and Fit & Proper Policy to govern the conduct of our officers.

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

SUSTAINABILITY STATEMENT

Initiatives to Preserve Business Ethics and Compliance

Group Anti-Bribery and Corruption Policy

Communicates our commitment to prevent 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 nor 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 and Targeted Financial Sanction ("AML/CFTTFS")

Awareness and refresher programmes are conducted regularly for all employees and agents. These are offered via e-Learning modules for all staff and induction programme 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 Process

All compliance matters, including non-compliance issues and regulatory submission are reported to GMRCC and the Audit Committee and RMCB.

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 the GMRCC are tasked with mitigating financial and reputational risks arising from regulatory non-compliance in accordance with our Group Compliance Management Framework. The MNRB Group's compliance with Shariah Principles is guided by the Shariah Governance Policy and operationalized by our Shariah and Business Advisory Department ("SBAD"). There are oversights from Shariah Risk, Shariah Compliance and Shariah Audit functions and the Group Shariah Committee which was established particularly to ensure takaful and retakaful business entities aims and operations, business, affairs and activities are in compliance with Shariah.

Over the years, GCMD collaborates with Group Risk Management Department ("GRMD") and SBAD to organise 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.

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 and awareness briefings on the latest regulatory developments. Attestation by the Heads of Departments ("HODs") via compliance checklists provides a mechanism for departmental self-assessment on monitoring compliance to the regulatory guidelines.

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

Additionally, 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**.

Responsible Investment | Process

Investment remains as an integral part of our business and the MNRB Group is 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 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 of the investment process which also takes into account EES criteria.

Guided by our Investment Policy Statement ("IPS"), our Group Investment Department and Group Investment Management Committee ensure proper risk management by prudently monitoring existing 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. We portrayed our interest to long-term view through the inclusion of Sustainability Investing in our IPS.

All investments must also adhere to strict permissible instruments and avoid exposure to impermissible sectors such as gambling 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 verified for compliance with Shariah principles through regular Shariah reviews and are reported to the Group Shariah Committee.

EMPOWERING OUR PEOPLE

Developing Talents | People

The Group recognises that our people 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 talent development framework and is necessary to support our business as we grow.

As to ensure Talent Management Framework and High-Performance Culture are inclusive and robust, necessary steps have been taken to strengthen the Group's talent and succession programmes. The framework includes:

1.	**Talent classification and demographic standing**	Identifying talent gaps in the Group;
2.	**Talent Planning**	Planning and analysis which will address initiatives for talent gaps;
3.	**Talent Interventions**	Intervention to address competency and performance;
4.	**Talent Performance & Reward**	To address accountability, responsibility and culture; and
5.	**Talent Engagement**	Initiatives, programmes, activities to engage employees and alignment to corporate objective.

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

Avenues for Training Development

FY 2020		FY 2021
✓	Internal Training Courses	✓
✓	External Training Courses	✓
✓	Online Training Courses	✓
✓	Executive Coaching	
✓	Job Rotation	

Key Training Programmes

FY 2020	FY 2021
1. Mastering the Secrets of Successful Sales & Marketing Professionals with Finesse Corporate Grooming	1. Leading & Thriving Through Challenging Times
2. Reinsurance Business Simulation	2. COVID-19 - Identifying Hidden Opportunities and Navigating Our Business for Insurance Sales and Marketers
3. A Practical Workshop in Reinsurance Accounting	3. Coronavirus in a Connected and Digital World. Exploring the Implications for The Insurance Industry
4. Basic Reinsurance & CAT Modelling	4. Webinar Series for Sales Team - Topic #1: Entrepreneur's Mind at Work
5. Asia Pacific Training Programme 2019	5. Work from Home Enablement with G Suite. G Suite is Google Workspace application store. The training is about learning on how to work from home remotely using Google workspace. The benefits of using this G Suite is cost effectiveness and work efficiency.
6. MNRB Group Ideathon 2019 Workshop	6. Stress Management
7. Liability Insurance Seminar 2019	7. Webinar Series for Sales Team - Topic #2: Selling in Turbulence Masterclass
8. International Reinsurance Management Training	8. Shariah Audit and Assurance: Fieldwork Procedure & Reporting
9. 14th International Shariah Scholars Forum	9. Webinar Cyber Security in a Remote Working Environment
10. 11th International Conference of Financial Crime and Terrorism Financing	10. PowerPoint Slide Design: Impactful Slide Design Master Class
11. Young Takaful Manager Leadership Programme	11. Webinar on Building & Reporting a Culture of Integrity
12. Corporate Leader Advanced Programme	12. The Power of Emotional Intelligence
13. The Takaful Rendezvous 2019	13. Social Media Training
14. Group Talent Programme – Structured Leadership Development Programme	14. Introduction to Reinsurance
15. Excellent Customer Service	15. Preparing for the Post Pandemic World
16. YOU Lead 2019	16. Extraordinary Productivity in Extraordinary Challenging Times
17. 4th Robotic Process Automation Asia	17. Professional Skills Training Webinar
	18. The 6 Critical Practices for Leading a Team: Everyone Deserves a Great Manager

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 acumen.

Key Talent Development Programmes

FY 2020

Education Assistance Programme ("EAP")

A programme to encourage employees to fast-track their progress to pursue industry-specific professional qualifications (e.g. Institute and Faculty of Actuaries ("IFoA"), the Malaysian Insurance Institute ("MII") and the Society of Actuaries). During the reporting year, 56 employees participated in this programme. In addition, 1 of our employees of our scholars qualified to be an actuary.

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.

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 6 months.

Structured Leadership Development Programme

In this programme, talents were trained and coached to enhance their leadership skills in the areas of Leading Self, Leading Team and Communication. This 3-module programme was developed based on the MNRB Group Leadership Competencies and conducted over a 1-year period. It involved around 150 talents across different levels and companies within the MNRB Group.

FY 2021

Education Assistance Programme

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

Leaders as Teachers

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

The Group has established a Group Talent Programme, in effort to ensure that our pool of talent is well developed. Candidates for the talent pool undergo a rigorous identification and selection process prior to being incepted into the programme. Post-inception, talents are required to tailor their own Individual Development Plan ("IDP") and attend the 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 efficient management of human capital to advance our business and create value over the short, medium and long-term. We will continue to grow talents who complement our transformational agenda through internal development plans including leadership programmes, career development initiatives and succession plans.

Under the Group Talent Programme, the IDP is designed to prepare identified key talents for higher managerial positions. Some of our Career Development Programme initiatives in FY2021 include:

1. Acting as Head of Department: 7 talents/successors have been appointed as Acting Head of Department. This provides the successors the necessary exposures to eventually undertake the respective role;
2. Success Profile & Job Profile Assessment: This is an evaluation to understand the successor's strengths and gaps. The result of the assessment will be used to design the IDP for the respective talent;
3. Performance & Development Intervention: These are on the job intervention such as project assignments, shadowing role and close-up sessions to further enhance the talent's exposure to the larger role.

Additionally, the Group further provides training and development opportunities to local graduates, for practical experience in technical knowledge and soft skills through our internship programmes.

Similarly, we also provide training for the industry and our business partners in effort to further promote professionalism and upskilling of the insurance and takaful industry talents.

Key Training Programmes for The Industry

FY 2020	FY 2021
1. Young Takaful Manager Leadership Programme ("YTML")	1. YTML *(programme was not conducted during the year)*
2. YOU Lead 2019	2. YOU Lead 2020 *(programme was postponed due to the MCO)*
3. IKHLAS Academy – Rising Star	3. IKHLAS Academy – Rising Star
4. IKHLAS Academy – Wasilah Kesejahteraan	4. IKHLAS Academy – Wasilah Kesejahteraan
5. IKHLAS Academy – Advanced Takaful Planning	5. IKHLAS Academy – Business Takaful
6. IKHLAS Academy – Leadership & Agency Management Programme	6. IKHLAS Academy – Dream Shield
7. IKHLAS Academy – Agency Business Survival	7. IKHLAS Academy – Kenali Sijil Anda
	8. IKHLAS Academy – New Market Approach FB Ads & Insta Ads
	9. IKHLAS Academy – Change Catalyst
	10. IKHLAS Academy – U Centric

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

Our Recruitment Policy governs all aspects of employment practices. We recognise the value of having diverse talents across different gender and age groups, thereby enabling us to leverage on the wealth of experience and industry exposure of the

more experienced talents and the more creatively-inclined mindsets of younger employees. ***Diagram 5*** illustrates our current employee profile. Our initiatives to support the development of local talents underscore our commitment to strengthen the Malaysian economy and fortify the growth of the local reinsurance and takaful industry.

Employee Profile

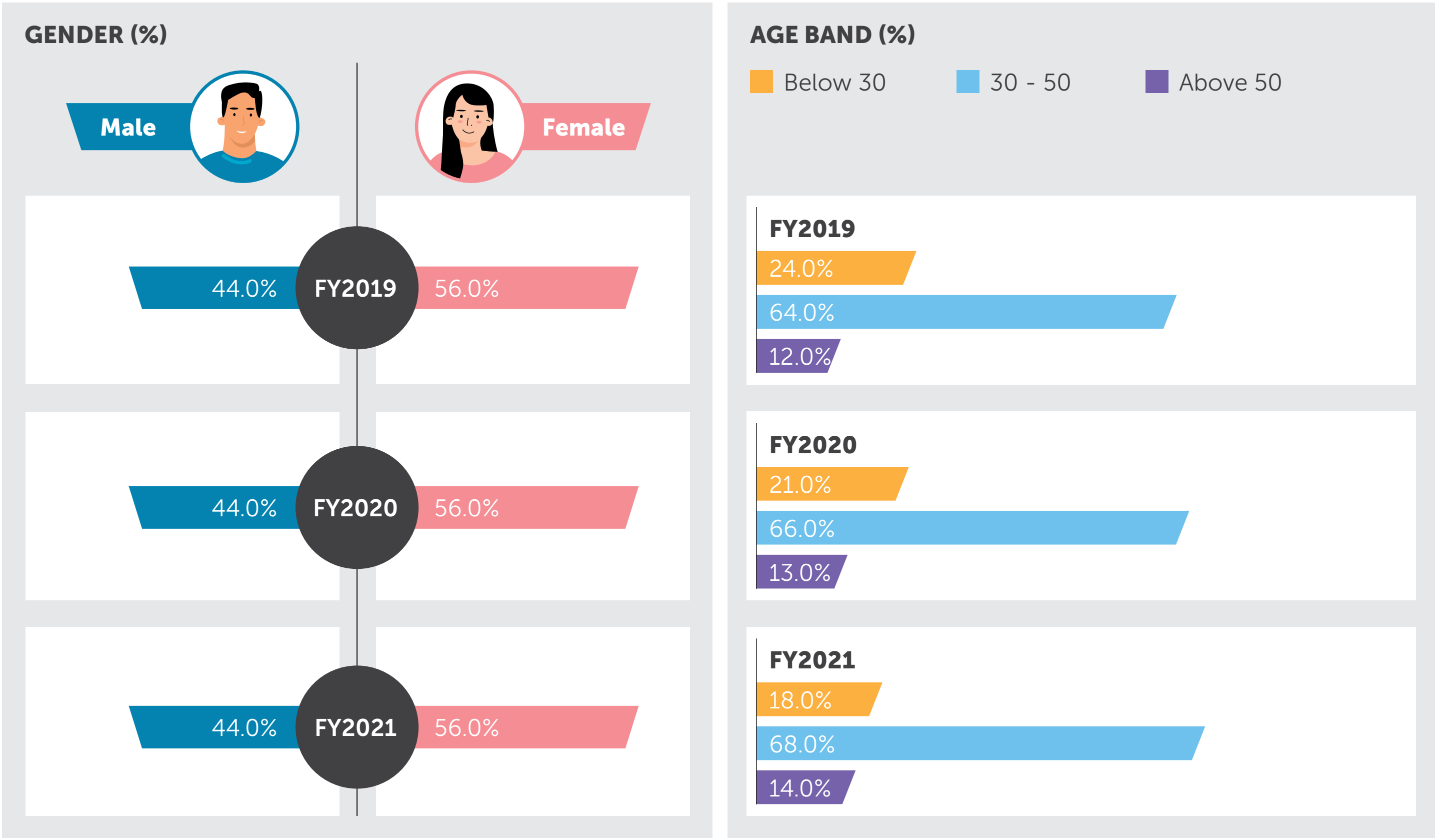


Diagram 5: Employee Profile

As a responsible employer, we are committed to continually 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

FY 2020	FY 2021
Long Service Award To recognise and reward our long-serving employees for their contributions.	**Long Service Award** To recognize employees who have served the Group over ten, twenty or thirty years.
Nursing Room Made available for nursing mothers.	**Nursing Room** Made available for nursing mothers.

Key Well-being Initiatives

FY 2020

Flexible Working Hours
All levels of employees can begin their work day at any time between 7:30 am and 10:00 am.

Flexible Working Arrangement
Executives are no longer desk bound and will have more control over their time schedules and working environment.

Health Week
Our health week is held annually to encourage our staff to lead a healthier lifestyle. It aims to educate our employees on key aspects of healthy living. The key programmes conducted during 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.

Occupational Safety & Health ("OSH")
OSH 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.

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.

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.

FY 2021

Flexible Working Hours & Flexible Working Arrangement
During the period of MCO, the Group has always prioritised the health of our employees. In an attempt to contain the spread of the COVID-19, employees are encouraged to work from home ("WFH") unless required to work in office ("WIO") for the performance of their job. From time to time, based on the direction from the government, the Group issues updates on the working arrangement including split-team and reduced work hours for those who are WIO.

Nevertheless, during normal periods, all employees can subscribe to flexible working hours where they can commence work at any time between 7:30 am and 10:00 am.

Education Assistance Programme ("EAP")
EAP supports our employees' academic programmes which directly relates to the business. EAP provides full education assistance including:
- Examinations/course/tuition fees;
- Increments incentives upon successful completion of study or examinations; and
- Study leave and/or Exam leave.

Occupational Safety & Health ("OSH")
OSH initiatives are intended to care for employees' health and well-being. The OSH Committee has organised relevant activities including an Ergonomic & Internal Air Quality Assessment and its rectification for Bangunan Malaysian Re. The OSH Committee also organised a Basic Fireman and Firefighting Training for Fire Marshalls and First Aider Training.

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

Key Employee Engagement Channels

FY 2020	FY 2021
Regular townhall gatherings to hear from our employees, to provide updates on business performance and key developments.	Quarterly townhall gatherings to provide updates on business performance and key developments, and avenues to hear feedback from our employees.
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.	Chat sessions with the President & GCEO to provide opportunity for relevant employees to voice out their concerns and feedback.
Allocation of engagement budget for HOD's to conduct their own engagement activities.	Allocation of engagement budget for HOD's to conduct departmental engagement activities.
Regular formal written communication from the desk of the President & GCEO to communicate business performance and key developments to all employees.	Regular formal written communication from the desk of the President & GCEO to communicate business performance and key developments to all employees.
Focus group discussions to identify and understand employees' concerns and issues.	Focus group discussions to identify and understand employees' concerns and issues.
Career discussion between HODs and employees as an avenue to provide clarity on career growth and development.	Bi-monthly one-on-one sessions between supervisors and subordinates to understand challenges, align and track performance.
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.	Minimum of 16 Training Hours per employee to ensure equal development opportunities for all staff.
The Heart-To-Heart Mentoring Programme - a programme that promotes the demonstration of good behaviour based on the Group's Core Values.	Despite the MCO, a smaller scale Malaysia Day Celebration was held to promote collaboration, a sense of fun at work and foster the spirit of 1-Malaysia. Among the activities were the distribution of Unity Ribbon and Staff Merdeka Video & Photo Celebration.
The regular check-in session or one-to-one session was introduced to foster healthy relationships between a supervisor and his/her subordinates and to provide clear direction and guidance to the staff.	Check-in sessions or one-to-one sessions continued to be carried out via alternative means, e.g. online session, to foster healthy working relationships between a supervisor and his/her subordinates and to provide clear direction and guidance to the staff.

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

Company	Employee Engagement Index ("EEI") Results	
	FY2019	FY2020
MNRB	82.0%	79.0%
Malaysian Re	85.0%	90.0%
Takaful IKHLAS Family	78.0%	85.0%
Takaful IKHLAS General	79.0%	86.0%

The Employee Engagement Index ("EEI") is a leading indicator of employee satisfaction, loyalty, advocacy and pride towards the Group.

We continually develop action plans to address our employees' concerns and identifying improvement initiatives to increase satisfaction levels. Our continuous initiatives have been successful in reducing our employee attrition average rate score of 5.7, in comparison to 6.5 in FY2020 and 6.9 in FY2019, as presented in ***Diagram 6*** below.

Company	Employee Attrition Rate (%)		
	FY2019	FY2020	FY2021
MNRB Group	6.9	6.5	5.7
MNRB	6.2	6.8	4.6
Malaysian Re	4.7	7.4	4.7
Takaful IKHLAS Family	9.8	6.0	7.4
Takaful IKHLAS General		5.9	6.0

Diagram 6: Employee Attrition Rate

Value-based Collaboration

Process

The Group embraces shared goals and visions that embodies the core values of Integrity, Collaboration and Expertise ("ICE") within the organization and the way we address our stakeholders. To support our employees, we ensure that the right infrastructure and working environment are created to enable a collaborative culture. One of the approaches undertaken is by providing a collaborative digital workspace, e.g. online meeting platform, where employees can meet, discuss and share documents. Impacted by the MCO, we adapt and change the way we work, while embracing the changes that the world brings.

Additionally, the Group also embrace value-based collaboration through strategic partnership with our brokers, cedants, intermediaries and service providers, including insurtech partners as we harness new technologies, in discerning manners.

We leverage on our affiliations with industry players through active membership and participation in trade associations' focus group discussions and activities, e.g. Persatuan Insurans Am Malaysia ("PIAM"), Life Insurance Association of Malaysia ("LIAM") and MTA. In today's rapidly changing and competitive environment, the need for new ideas, skills and opportunities has become more apparent. We believe constant and effective communication and cooperation with our stakeholders remain key to value creation and innovation.

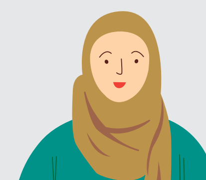
At Malaysian Re, dedicated functions are tasked with overseeing the overall management of partnerships and collaborations. Business optimisation is sustained by increasing participation in profitable businesses, securing new potential and growing non-property lines. We tactically seek new opportunities in exploring

critical areas of development and distribution in specialised and non-conventional products, in line with our Value Creation Plan-Business Transformation Programme.

Malaysian Re has also been involved in regional insurance industry activities such as the ASEAN Insurance Congress ("AIC"), Singapore International Reinsurance Conference ("SIRC"), East Asia 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.

We leverage on partnerships and various global platforms to facilitate knowledge transfer between our employees and others, to mutually enhance our skills, knowledge and experience. A summary of key strategic collaboration initiatives is illustrated in ***Diagram 7*** below.

Malaysian Re – Our Key Strategic Partnerships



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

Partnership 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 4th edition of ASEAN Insurance Pulse 2020.

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.

The ASEAN Insurance Pulse 2020 explores the unprecedented impact of COVID-19 pandemic on the region's economies and its insurance markets. It draws upon the pulse of insurance executives operating in the region on how the pandemic has shaped their markets, mitigative measures undertaken by the regulators during the crisis and how the outbreak has fundamentally changed the regions' insurance industry.

Participation in industry-specific conferences

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

Partnership with Lloyd's Syndicate

Malaysian Re's partnership with a Lloyd's Syndicate, is a key component of our Value Creation Plan ("VCP") as we aspire to become a leading reinsurer in the region. With this partnership, we are able to drive innovation, increase market access, enhance customer value propositions in specialty product markets and address skill development needs.

Partnership on research - Malaysian Insurance Highlights

This annual publication which commenced in December 2019 contains vital statistics and key trends relating to the domestic insurance and takaful industry, along with the insights from industry executives and senior professionals.

Partnership with Managing General Agent ("MGA")

Malaysian Re's collaboration with specialist MGA partners sees the Company 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 is enabling collaboration on the provision of quotations and the capacity to underwrite Engineering risk in Malaysia.

SUSTAINABILITY STATEMENT

Malaysian Re – Our Key Strategic Partnerships

Collaboration with regional national reinsurers	Partnership with a reputable life reinsurer
Malaysian Re collaborates with regional national reinsurers to garner reciprocal business while efficiently managing risks through aggregate optimisation and revenue diversification.	Malaysian Re's partnership with a reputable life reinsurer for expansion of its family retakaful business is enhancing the Malaysian Re Retakaful Division ("MRRD") 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 7: Key Strategic Partnerships by Malaysian Re

We further collaborate with the local reinsurance and retakaful industry through a series of market services programmes are presented in ***Diagram 8*** below.

Key Market Services Programmes

1.	**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).
2.	**Malaysian Motor Insurance Pool ("MMIP") Services**	We serve as an Administration Manager that manages a high-risk insurance pool that provides motor insurance to vehicle owners who face difficulty in obtaining motor insurance from the commercial insurance market.
3.	**Manager of Scheme for Insurance of Large and Specialised Risks ("SILSR")**	Malaysian Re has been appointed to develop technical expertise and professionalism within the industry, facilitate favourable coverage at competitive terms and promote optimum retention within the country.
4.	**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.
5.	**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.
6.	**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).
7.	**Re.Banjir Tool**	We offer members of PIAM and MTA access to 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.

Diagram 8: Key Market Services Programmes of Malaysian Re

SUSTAINABILITY STATEMENT

Over the years, Takaful IKHLAS has been involved in strategic collaborations with leading financial institutions and government agencies to promote takaful products and services to the public, as well as targeted stakeholder groups. These stakeholder groups encompass people with disabilities, farmers, small and medium-sized enterprises ("SME") 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, including the unserved and underserved communities with better access to affordable takaful products.

These collaborations benefit everyone: They enable us to broaden our scope and increase market accessibility, while employees are able to expand development opportunities with the exposures to new perspectives and expertise. Closer ties between complementary businesses allow companies to offer solutions better suited to our clients and the community, hence providing needed protection safety net and contributing to long-term business growth. The following highlights amongst the collaborations that we continue pursuing throughout the financial year.

Takaful IKHLAS Family and General – Key Strategic Partnerships

Takaful IKHLAS Family

Partnerships with Financial Institutions

Takaful IKHLAS Family is in collaboration with selected financial institutions to distribute its family takaful products.

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

The family takaful products mentioned above includes:

- 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.

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.

Partnership with Government Bodies

Takaful IKHLAS Family is in collaboration with a few "community-based" organisations to develop asnaf (zakat recipients) to become takaful entrepreneurs (takaful agents). The Asnaf Entrepreneurship Programme ("AEP") would equip them with the knowledge and skills to generate their own income in a sustainable manner.

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.

Other Partnerships

There are several collaborations with various institutions and agencies such as 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.

Program Bantuan Untuk Pendidikan ("BUDI"), a collaboration programme with MARA to provide education financial assistance to selected MRSM students.

Partnership on Research

Collaboration with a local university involved a provision of a research grant to the university 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.

Diagram 9: Takaful IKHLAS Family and General – Key Strategic Partnerships

As indicated in the above initiatives and projects, our approach in value-based collaboration spans more than just 'cooperation' with our agents, business partners, service providers and obtaining feedback from our clients. It involves our shared vision, mutual respect and understanding with the goal of achieving excellent business outcomes and outstanding customer experience. The increasingly fast pace of digitalisation and e-commerce, which was further accelerated with the effect of the MCO had indicated that effective collaboration is indeed invaluable, as well as process of advancing the collaboration with our stakeholders.

Going forward, the Group remains optimistic of further enhancement in our collaborative efforts within our reinsurance and takaful eco-system, amid the eventual return of a more predictable market environment. Further collaboration with other strategic partners may be undertaken to expand our deliveries of value-driven solutions and value-added services to our stakeholders especially in promoting our sustainability value perspective. An area includes value-based collaboration with our charitable donors and participants of our Waqf-integrated takaful plans e.g. IKHLAS Waqf Rider and IKHLAS Waqf & Endowment, upon which the Waqf fund could provide meaningful assistance to the more vulnerable segments of society. While we specialise in providing coverage towards sustainability of livelihoods and financial resilience, these Waqf and endowment would provide for improved life experiences and enhanced values.

In further instances of fostering Takaful inclusion to wider and deeper segments of the population, we continue pursuing efficient means to reach out to the masses via digital platforms, collaborations with network providers and engagements with various social media. Inherently, the digitalisation would also reduce carbon footprints in support of further environmental sustainability.

EMBRACING CORPORATE RESPONSIBILITY

Environmental Management | Process | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

The Group adopts multiple measures in preserving our surrounding environment and mitigating environmental impact from our business operations. Our main efforts in managing environmental sustainability are demonstrated below.

Our Main Environmental Management

1. Mitigating our Carbon Footprint

Over the last financial year, the MCO and the flexible working arrangement resulted in significant reduction of employees WIO. As at March 2021, less than 25.0% of our employees were on WIO arrangement, resulting in lower carbon footprint from commutation to and from work. We also provided packed lunch to WIO personnel, to further minimise mobility.

The prevalence of virtual meeting tools and web-based conferencing facilities further facilitate online and cross-border meetings with our Dubai office, significantly reducing the need for physical travelling and further minimise our carbon footprint.

The pandemic has nevertheless triggered positive impact to the environment as physical activities are reduced, together with the corresponding carbon emission.

2. Upgrading our Office Building to Safeguard Employee Health

FY2020	**13** Air-conditioning related complaints
FY2021	**7** Air-conditioning related complaints

We have further 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 has significantly reduced the number of complaints received, which is also attributed to fewer employees working in office during the period of MCOs.

Our Main Environmental Management

3. Conserving Electricity

FY2020	**4,550,266 kWh** Electricity Consumption
FY2021	**4,128,679 kWh** Electricity Consumption

In consequent to the majority of our employees WFH arrangement amid the COVID-19 pandemic, we experienced a significant reduction in total electricity consumption over the period.

Further energy efficiency efforts also include the switch to LED energy saving light bulbs and replacement of the electrical and mechanical components of elevators in Bangunan Malaysian Re, including the drive system. The elevator system previously consumed about 15.0% of the total power consumption, whilst the efforts have contributed savings of just under 10.0% of the building's total power consumption.

The installation of zonal light switches at corporate areas has further reduced power consumption, which is localised only in areas where there are employees working in office.

4. Recycling Waste

FY2020	**6,526 kg** Waste Recycled
FY2021	**3,143 kg** Waste Recycled

We have in place a proper waste management programme to handle recyclable materials. Despite this, we observe a significant decline in waste disposal in the office as more employees were working from home during the MCO periods.

5. Reducing Water Consumption

FY2020	**43,051 m^3** Water Consumption
FY2021	**28,014 m^3** Water Consumption

We have installed more resource efficient washroom fixtures to reduce water consumption. However, the observed reduction in the total water consumption is attributable to fewer employees working in office during the MCO periods.

Community Development

People

The MNRB Group remains steadfast in our 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. Over the last financial year, as we manage our business amidst the unprecedented period of MCOs, we have adapted to conduct some of our programmes via virtual means. Meanwhile, a few events were deferred to a later time upon stability of the pandemic as vaccination progresses. Our key market training programmes are as indicated below.

Market Training Programmes

Programme for Insurance Executive Development ("PIED")

This is designed for executives with at least 2 years of work experience in the insurance industry, as well as those who are well versed in the knowledge of the 4 classes of insurance (i.e. Marine, Engineering, Fire & Property and Liability).

Note:
The programme was postponed due to the MCO.

Young Emergent Leadership Showcase ("YouLead!")

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.

Note:
The programme was postponed due to the MCO.

Technical Courses in Fire Risk Assessment and Special / Self-Rating ("FRA")

A programme designed to educate underwriting and marketing professionals from insurance companies with at least two years of experience. Participants are expected to conduct fire risk surveys and have a good grasp of the special/self-rating rules and computation.

Note:
The programme was conducted virtually due to the MCO.

Despite the MCO, Malaysian Re pursued to organised the following webinars, attended by both local and international participants:

	Programme	Date	Number of Participants
1.	Malaysian Re's Webinar - "COVID-19: Impacts on Underwriting & Claims Management for Property Insurance"	13 October 2020	**96** (Local & ASEAN)
2.	SILSR Webinar – "Renewable Energy Risks and Insurance"	13 January 2021	**30** (Local)
3.	SILSR Webinar – "Business Interruption"	17 February 2021	**31** (Local)
4.	Malaysian Re's Webinar – "Fundamentals of Credit Insurance"	25 February 2021	**70** (Local & ASEAN)
5.	Malaysian Re's Webinar – "Comprehensive Reinsurance Technical Course"	8 to 12 March 2021	**102** (Local & ASEAN)

SUSTAINABILITY STATEMENT

	Programme	Date	Number of Participants
6.	MRDL's Webinar – "Reinsurance Planning and Structuring"	17 March 2021	**51** (Middle East, India & Pakistan)
7.	MRDL's Webinar – "Reinsurance Claims"	18 March 2021	**60** (Middle East, India & Pakistan)
8.	MRRD Webinar – "Understanding the Concept of Retakaful"	30 March 2021	**56** (Pakistan)
9.	MRRD Webinar – "Shariah Governance: Malaysian Re Approach"	31 March 2021	**63** (Local, Indonesia, Singapore & Pakistan)

The MNRB Group maintains our commitment to generate positive impact to communities through financial and non-financial means. We continue our corporate responsibility and value-based intermediation programmes with a major focus on education, as we believe these have the transformational power to strengthen communities and build their resilience in a sustainable manner. The initiatives also intended to elevate the quality of life for the underserved and unserved communities, whilst promoting towards the social inclusion of the communities in general.

Our Key Corporate Responsibility Programmes
***New**

MNRB Scholarship Fund

A fund established to assist promising Malaysian students by enabling them access to tertiary education in order to produce quality professionals for the development of the reinsurance and Takaful industries. The fields of study, amongst others, include Actuarial Science, Insurance, Accounting and IT.

Total Investment since the Funds' inception in 1998: More than RM17,311,096 (as at 31 December 2020). The contributions into the Fund over the last five years, is as depicted below:

Year	Contribution (RM)	Total number of Scholars
FY2017	1.0 million	101
FY2018	1.2 million	85
FY2019	0.9 million	51
FY2020	0.4 million	40
FY2021	0.3 million	42

Blood Donation

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

No. of donors:

91 donors (in FY2020)

Note: This programme is put on hold due to the MCO.

SUSTAINABILITY STATEMENT

Our Key Corporate Responsibility Programmes
***New**

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.

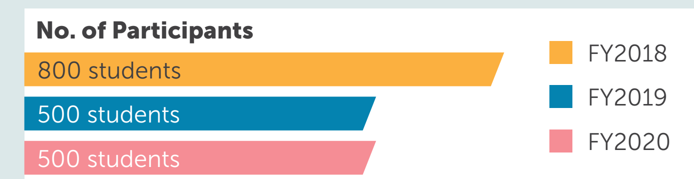
Minggu Saham Amanah Malaysia ("MSAM")

An annual integrated investment education programme organized by Permodalan Nasional Berhad ("PNB") to increase awareness of Malaysians on the importance of investment and financial planning.

In 2020, MSAM was re-branded as Minggu Saham Digital ("MSD") and organized virtually. The MNRB Group participated in MSD and highlighted the importance of takaful protections which are also accessible through digital platforms.

MNRB Ringgit Savvy Programme

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



Note: This programme is put on hold due to the MCO.

*** Malaysian Re's Virtual Round Table Discussion "Malaysian Insurance Outlook & Challenges: Present & Beyond COVID-19"**

- A Virtual Round Table Discussion entitled "Malaysian Insurance Outlook & Challenges: Present & Beyond COVID-19" was held in conjunction with the virtual launch of Malaysian Insurance Highlights 2020 on 26 February 2020.
- The formidable lineup of panelists for this virtual round table discussion comprised of prominent industry figures, namely Antony Lee, Chairman of PIAM, Loh Guat Lan, President of LIAM, Marcel Omar Papp, Management Committee Member of MTA and Zainudin Ishak, the President & CEO of Malaysian Re as the moderator.
- The virtual round table session serves as a reference and important guide for the industry to forge ahead while operating in the new norms. In alignment with the introduction of approved vaccines, outcome from the discussions is hoped to contribute in mitigating the impact of the pandemic to our domestic insurance markets.

No. of participants:

280 pax industry leaders and key players.

Our Value-Based Intermediation Programmes *New		
* Program Bantuan Untuk Pendidikan	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.	No. of participants: 50
Asnaf Entrepreneurship Programme	An entrepreneurship programme organised in collaboration with zakat authorities to train eligible asnaf to become takaful agents. The programme includes an allowance for the asnaf funded by the IKHLAS Charity Fund.	No. of participants: 14
IKHLAS Waqf & Endowment ("IWE")	This programme provides a complimentary Waqf and endowment benefit to all individuals who participate in any of our general takaful plans. The Waqf and endowment will be channelled to the relevant Waqf or endowment recipients in the name of the participant upon his/her accidental demise. Since its inaugural launch in April 2019, the IWE has contributed RM11,000 to 2 Waqf and endowment bodies in the name of 9 of our participants. There were 1,535,411 individual certificates eligible for IWE benefit as at March 2021.	
* IKHLAS Waqf Facility	A Waqf facility by Takaful IKHLAS to facilitate arrangement for settlement of Family Takaful death benefits which are assigned for Waqf. Currently, we have arrangement with Waqf institutions such as Perbadanan Wakaf Selangor, Yayasan Wakaf Malaysia, and JCorp Waqaf Annur.	

Initiatives	No of individual certificates
A total of RM3,000 has been paid to University of Malaya Awqaf ("UM AWQAF") in Dec 2019 in the name of 3 participants	699,621 (as at March 2020)
Another RM8,000 distributed to Hospital Canselor Tuanku Muhriz UKM in December 2020 in the name of 6 participants (2 of them had 2 certificates each).	1,535,411 (as at March 2021)

LOOKING AHEAD

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

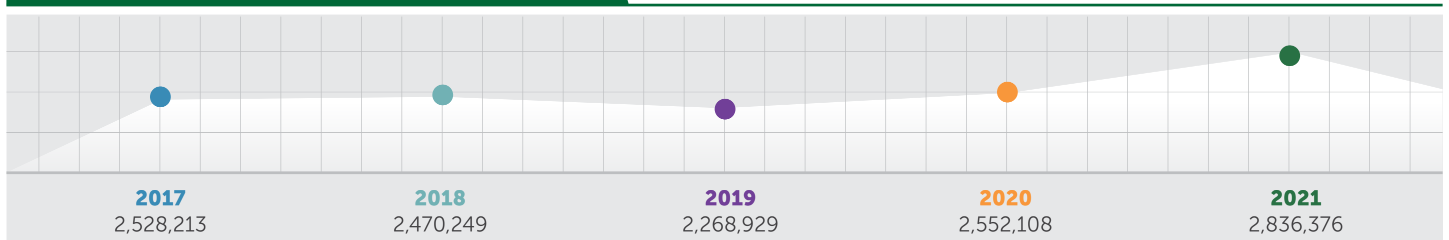
FIVE-YEAR FINANCIAL HIGHLIGHTS

	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	**2,836,376**	2,552,108	2,268,929	2,470,249	2,528,213
Profit before zakat and tax	**223,236**	150,922	119,399	192,524	98,928
Profit after zakat and tax	**189,495**	132,907	104,407	140,865	71,170
Technical reserve	**5,883,755**	5,345,745	4,950,037	4,841,692	4,658,583
Total assets	**9,910,213**	9,214,807	8,707,363	7,935,000	7,556,580
Shareholders' fund	**2,418,320**	2,271,787	2,119,652	1,538,001	1,419,466
Share capital	**738,502**	738,502	722,306	319,605	319,605
Earnings per share (sen)	**24.2**	17.2*	20.3	42.2	27.6
Net assets per share (RM)	**3.1**	2.9	2.8	4.8	4.4
Profit before zakat and tax to Shareholders' fund (%)	**9.2**	6.6	5.6	12.5	7.0
Profit after zakat and tax to Shareholders' fund (%)	**7.8**	5.9	4.9	9.2	5.0

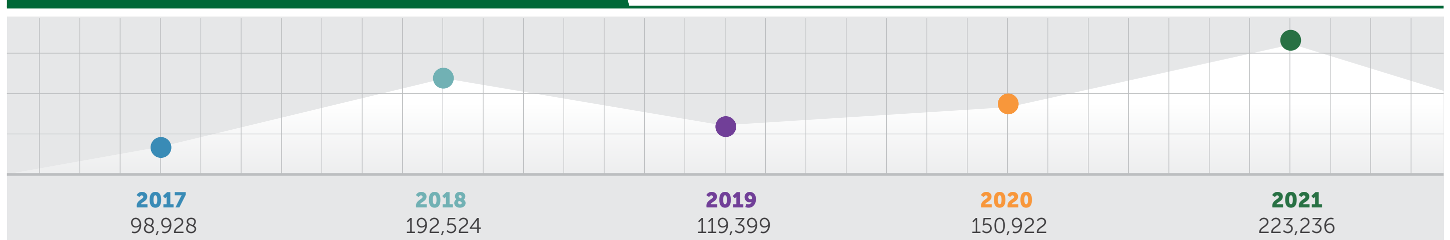
** on enlarged Share Capital persuant to the Dividend Reinvestment Plan ("DRP") exercise*

FIVE-YEAR GROUP PERFORMANCE

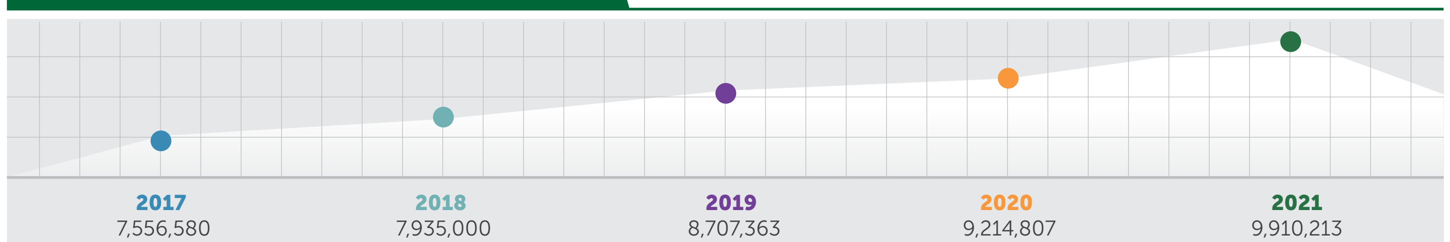
REVENUE (RM'000)



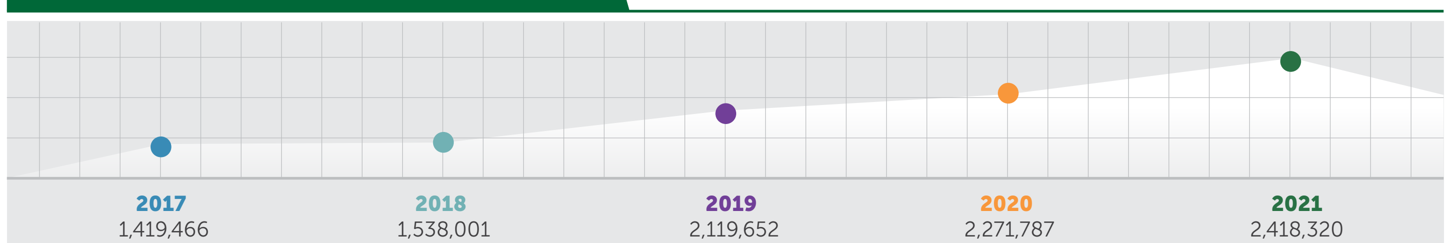
PROFIT BEFORE ZAKAT AND TAX (RM'000)



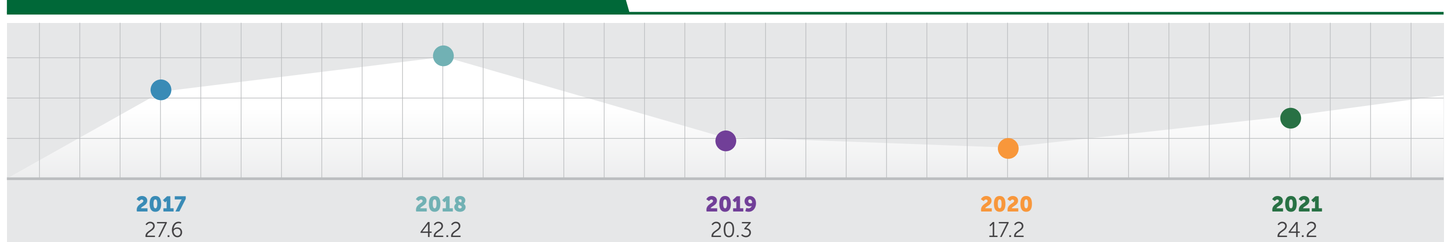
TOTAL ASSETS (RM'000)



SHAREHOLDERS' FUND (RM'000)



EARNINGS PER SHARE (sen)



SEGMENTAL ANALYSIS

REINSURANCE / RETAKAFUL BUSINESS SEGMENTS

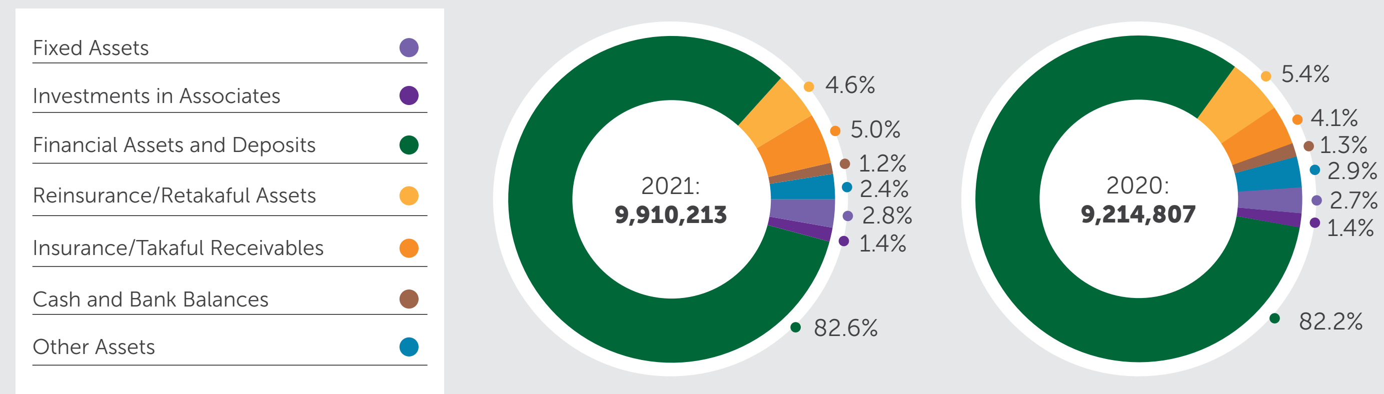
SEGMENTAL ANALYSIS

TAKAFUL BUSINESS SEGMENTS (LOCAL)

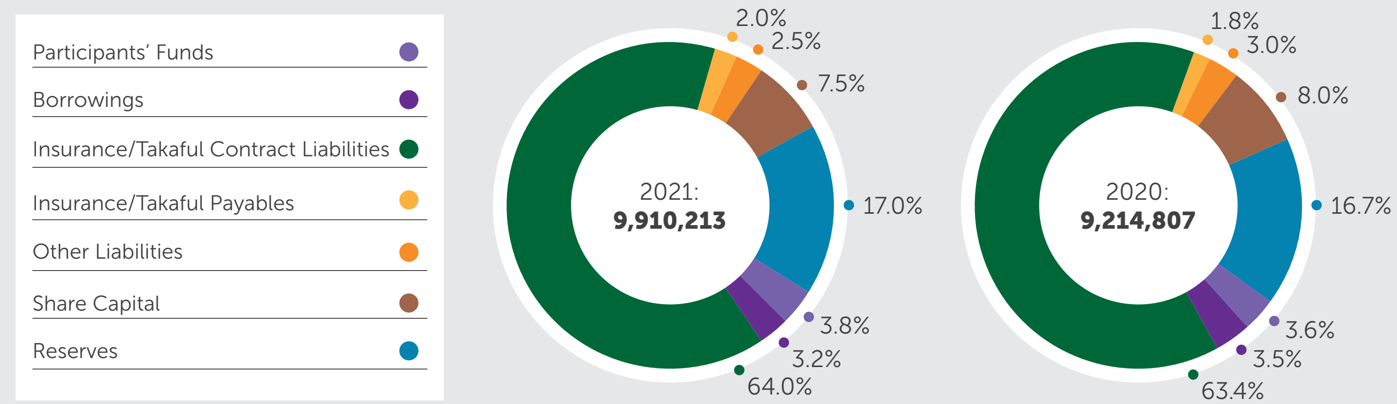
Segment	Gross Contributions (RM'000) 2020	Gross Contributions (RM'000) 2021	Claims Ratio (%) 2020	Claims Ratio (%) 2021	Combined Ratio (%) 2020	Combined Ratio (%) 2021
Fire	68,145	102,617	12.5%	16.3%	35.8%	106.3%
Personal Accident	41,547	35,317	31.0%	15.4%	77.1%	38.7%
Motor	212,846	303,235	72.4%	59.0%	109.4%	93.1%
Miscellaneous	22,648	27,613	-85.8%	94.8%	-566.5%	1531.5%
Family Individual	156,898	171,248	62.3%	47.0%	77.1%	65.6%
Family Group	127,987	173,614	66.7%	34.9%	118.1%	73.2%
Mortgage	135,707	138,723	19.7%	32.8%	67.5%	69.1%
Investment-Linked	198,001	203,886	47.7%	37.7%	97.4%	86.9%

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 2021 (RM'000)

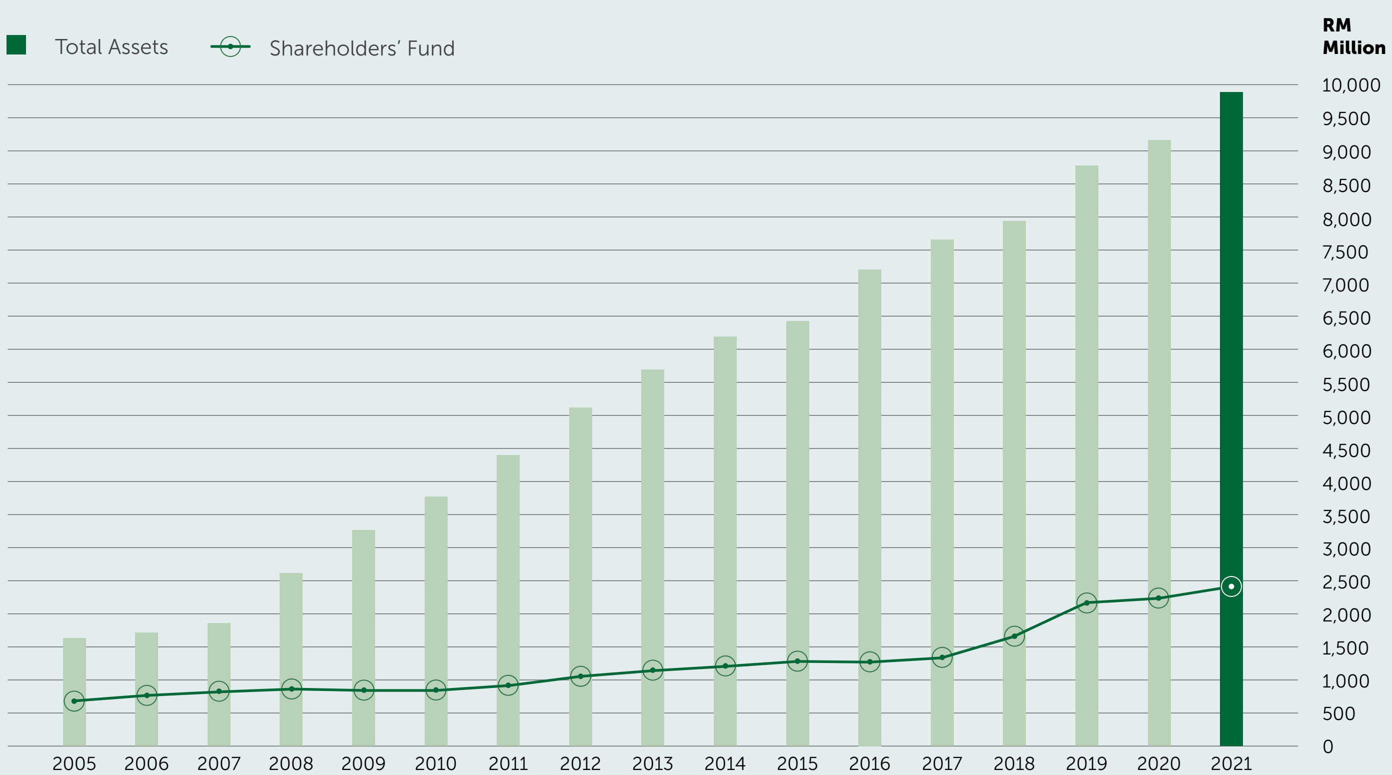
Reinsurance/Retakaful	1,509,191
Takaful	1,318,206
Other	8,979
Total	**2,836,376**

GROUP OPERATING REVENUE BY BUSINESS SEGMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (RM'000)

Reinsurance/Retakaful	1,410,916
Takaful	1,130,816
Other	10,376
Total	**2,552,108**

GROUP'S GROWTH

Year	Shareholders' Fund (RM'000)	Total Assets (RM'000)
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
2021	2,418,320	9,910,213

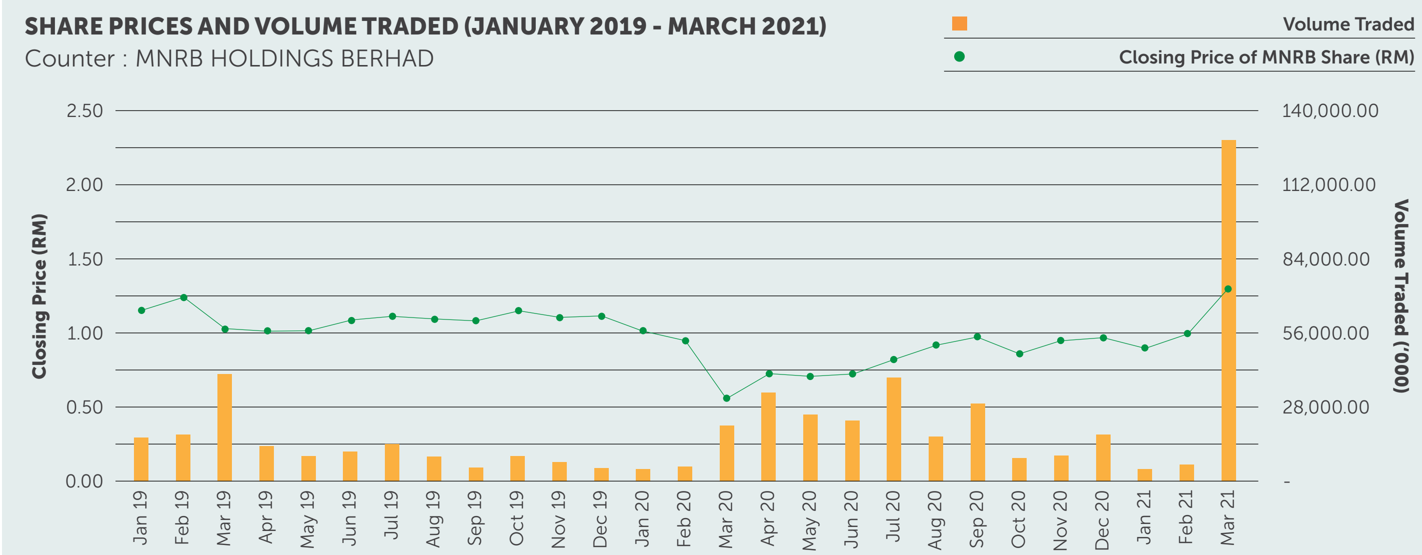


INVESTORS INFORMATION

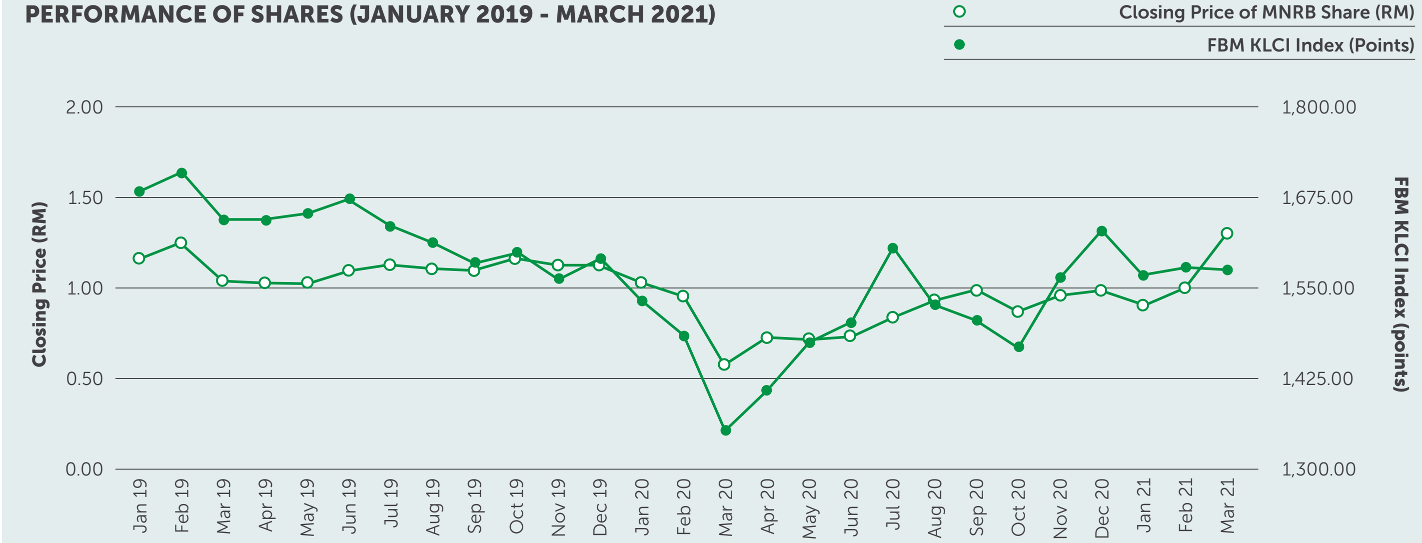
	1/4/20-31/3/21	1/4/19-31/3/20	1/4/18-31/3/19	1/4/17-31/3/18	1/4/16-31/3/17
Closing Price (RM)	**1.30**	0.565	1.03	2.64	2.43
Highest Price (RM)	**1.47**	1.19	1.99	2.84	2.50
Lowest Price (RM)	**0.55**	0.47	0.85	2.19	1.60
Total Volume Traded ('000)	**344,640**	113,710	202,783	48,840	28,315
Gross Dividend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

Source: Bloomberg @ 29/6/2021

SHARE PRICES AND VOLUME TRADED (JANUARY 2019 - MARCH 2021)
Counter : MNRB HOLDINGS BERHAD



PERFORMANCE OF SHARES (JANUARY 2019 - MARCH 2021)



FINANCIAL CALENDAR 2021

48TH ANNUAL GENERAL MEETING

DATE OF NOTICE OF AGM
26 August 2021

AGM DATE
23 September 2021

1ST QUARTER RESULT

REPORT AS AT	ANNOUNCEMENT DATE
30 June 2020	26 August 2020

2ND QUARTER RESULT

REPORT AS AT	ANNOUNCEMENT DATE
30 September 2020	30 November 2020

3RD QUARTER RESULT

REPORT AS AT	ANNOUNCEMENT DATE
31 December 2020	25 February 2021

4TH QUARTER RESULT

REPORT AS AT	ANNOUNCEMENT DATE
31 March 2021	28 May 2021

DIRECTORS' PROFILE

DATUK JOHAR CHE MAT

Non-Independent Non-Executive Chairman

Age	Gender	Nationality
68	Male	Malaysian

Date of Appointment
1 October 2017

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

He obtained a Bachelor of Economics Degree from University of Malaya in 1975. He has thirty-six (36) years of experience in the banking industry. He began his career in 1975 as an Officer at the Prime Minister's Department. 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 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 ten (10) Board Meetings held in the financial year.

GEORGE OOMMEN

Senior Independent Non-Executive Director

Age	Gender	Nationality
67	Male	Malaysian

Date of Appointment
1 January 2018

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

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-seven (37) years of experience in the insurance industry. He began his insurance career in 1981 when he joined American International Assurance Company Limited as an Accountant. In 1999, he was transferred to AIG Lippo Life Insurance Company, Indonesia as Vice President-Director. 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. He is also the Independent Non-Executive Chairman/Director of Malaysian Reinsurance Berhad and Labuan Reinsurance (L) Ltd.

On 9 April 2020, he was appointed to the Board of Labuan Re Underwriting Limited (a wholly owned subsidiary of Labuan Re, which is a Corporate Member at Lloyd's of London).

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 ten (10) Board Meetings held in the financial year.

DIRECTORS' PROFILE

KHALID SUFAT

Independent Non-Executive Director

Age	Gender	Nationality
65	Male	Malaysian

Date of Appointment
1 October 2019

Board Committee Membership
- Chairman of Audit Committee
- Chairman of Remuneration Committee
- Member of Risk Management Committee of the Board
- 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 ten (10) Board Meetings held in the financial year.

JUNAIDAH MOHD SAID

Independent Non-Executive Director

Age	Gender	Nationality
62	Female	Malaysian

Date of Appointment
1 October 2019

Board Committee Membership
- Member of Risk Management Committee of the Board
- 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 over 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 and tariffs, development of micro insurance framework, optimisation of national retention, introduction of deferred annuity scheme and establishment of Protection and Indemnity Malaysia (a Malaysian P & I Club).

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 ten (10) Board Meetings held in the financial year.

ZAIDA KHALIDA SHAARI

Independent Non-Executive Director

Age	Gender	Nationality
53	Female	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. Thereafter, in 1997, she joined Permodalan Nasional Berhad ("PNB") as legal advisor to the corporate finance group and subsequently appointed as the Senior Compliance Officer & Head of Legal Department. She was also appointed as the joint Company Secretary of PNB. She joined Khazanah Nasional Berhad ("Khazanah") in January 2007 as a Senior Vice President of Investments, and was 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 focus to improve 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 ten (10) Board Meetings held in the financial year.

DATO' WAN ROSHDI WAN MUSA

Independent Non-Executive Director

Age	Gender	Nationality
63	Male	Malaysian

Date of Appointment
1 April 2020

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

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 advice 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.

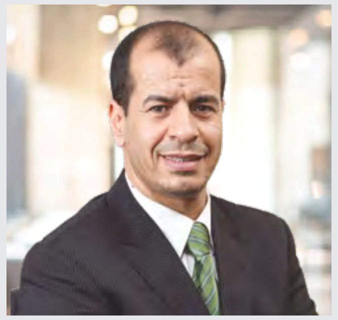
In 2004, he was appointed as the Chief Investment Officer of PNB where he held this position until 2015. During this period, he was involved in the setting of the strategic direction for accomplishment of PNB's investment goals. This included the management and delivery of outcomes of unit trust funds 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 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. Attended all the ten (10) Board Meetings held in the financial year.

GROUP SHARIAH COMMITTEE MEMBERS' PROFILE

ASSOC. PROF. DR. SAID BOUHERAOUA

Age	Gender	Nationality
54	Male	Algerian



Date of Appointment
2 November 2015

Attendance
8/8

He was a Shariah Committee member of Sinar Seroja Berhad since 1 April 2011 until its dissolution on 2 November 2015.

He completed his Ph.D in Islamic Law (Shariah), from the International Islamic University Malaysia ("IIUM"), Malaysia.

He is a member of the Shariah Committee at Affin Islamic Bank Berhad. He is a Director of Affin Islamic Bank Berhad and also a member of Higher Shariah Committee at the Central Bank of the Oman Sultanate. He is also a Chairman of Shariah Committee of SunTrust Bank Nigeria and Trust Bank Amanah Suriname.

He was also an Associate Professor at Department of Islamic Law, Ahmad Ibrahim Kulliyyah of Laws, IIUM. He is currently a Director of Research, Development and Innovation Department at the International Shariah Research Academy for Islamic Finance ("ISRA") and the editor-in-chief of ISRA International Journal of Islamic Finance. He has published several books and articles in international referred journals throughout his career as Lecturer/Researcher. He has also presented papers in international conferences and conducted training sessions in Islamic Finance in Malaysia and abroad.

SAHIBUS SAMAHAH DATUK DR. LUQMAN ABDULLAH

Age	Gender	Nationality
52	Male	Malaysian

Date of Appointment
3 November 2020

Attendance
2/4

He obtained his Ph.D in Islamic Law of Property from University of Edinburgh, Scotland. He was the Head of Fiqh and Usul/Islamic Jurisprudence Department at University of Malaya.

He currently serves as the Mufti of Wilayah Persekutuan. He is also appointed as Shariah Committee Member of MBSB Bank, Shariah Panel Expert of Jabatan Kemajuan Islam Malaysia ("JAKIM"), member of Association of Shariah Advisor in Islamic Finance, Committee Member of Shariah Advisory Council of Amanah Raya Berhad and Member of Administrative Committee for Wakaf MAIK – Muamalat.

He is the Chairman of Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan and was a visiting Scholar at University of Edinburgh, Scotland in 2013. His areas of specialisation are Islamic Law of Property, Islamic Jurisprudence/ Legal Theories and Shariah/Fiqh Textual Studies (Dirasah Nassiyyah).

DR. SHAMSIAH MOHAMAD

Age	Gender	Nationality
54	Female	Malaysian

Date of Appointment
3 November 2020

Attendance
4/4

She obtained her Ph.D specialising in Fiqh & Usul Fiqh from University of Jordan. She was an Associate Professor at the Academy of Islamic Studies in University of Malaya and a Senior Researcher at International Shari'ah Research Academy for Islamic Finance ("ISRA").

She sits on several Shariah Committee of prestigious financial institutions and has vast experience handling Shariah issues. She is also appointed as a Member of Shariah Advisory Council of Securities Commission Malaysia, Shariah Committee of Bursa Malaysia Securities Berhad, Shariah Supervisory Council of Bank Islam Malaysia Berhad, Shariah Committee of SME Bank and Shariah Committee of Association of Islamic Banking Institutions Malaysia ("AIBIM").

She was also a Shariah Advisory Council of Bank Negara Malaysia from 2013 to 2019. Her areas of specialization are Islamic Transaction.

SHAHRIR SOFIAN

Age	Gender	Nationality
58	Male	Malaysian

Date of Appointment
3 November 2020

Attendance
3/4

He obtained his Master in Actuarial Science (with distinction) at City University, London. He also holds a double degree in Economics and Islamic Studies (majoring in Shariah) from local universities.

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

GROUP SHARIAH COMMITTEE MEMBERS' PROFILE

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

Age	Gender	Nationality
54	Male	Malaysian

Date of Appointment
1 April 2021

He graduated with a Bachelor of Laws from International Islamic University, Malaysia. Obtained Masters in Law from University of London United Kingdom, and Ph.D in Shariah from National University of Malaysia.

He is currently presiding as the Chief Justice of Syariah Courts as well as Director General of Department of Syariah and Judiciary Malaysia since 1 April 2019. He was honoured by being appointed as a Member of the Selangor Royal Council from December 2019 to November 2022. He was also appointed as a Committee Member of the Islamic Religious Council of the Federal Territory for the session from February 2021 until February 2024.

He was chosen and served as Malaysian Cheavening Visiting Fellow at Oxford Centre For Islamic Studies, Oxford University, United Kingdom for 2008/2009 and as Visiting Fellow at Harvard Law School, Harvard University, USA for 2012/2013.

He has participated in many local and international seminars on his subject areas of specialisation.

KEY SENIOR MANAGEMENT

1. Zaharudin Daud
2. Zainudin Ishak
3. Nor Azman Zainal
4. Eddy Azly Abidin
5. Norazman Hashim
6. Ahkter Abdul Manan
7. Rizal Mohd Zin
8. Leong Joe Yee
9. Lena Abd Latif
10. Haniza Filzah Hayani Abu Haniffa
11. Tung Chee Lim
12. Azlinda Ahmad Zainal

KEY SENIOR MANAGEMENT'S PROFILE

KEY SENIOR MANAGEMENT'S PROFILE

ZAHARUDIN DAUD

President & Group Chief Executive Officer

Age	Gender	Nationality
54	Male	Malaysian

SKILLS AND EXPERIENCE:

He joined MNRB on 1 September 2020 as the GCEO Designate prior to his official appointment as the President & Group Chief Executive Officer of MNRB on 23 November 2020.

He obtained Advanced Diploma in Business Studies from Institute Teknologi Mara and is an Associate of The Chartered Insurance Institute (ACII) since 1992. He started his career in an insurance Broking house and has exposures in Sales and Marketing, Operations, Retail Underwriting and Product Design in his over thirty (30) years of experience in the general insurance business. He was also the Management Committee member of the Persatuan Insurans Am Malaysia (PIAM) and Life Insurance Association of Malaysia (LIAM) until 2018, and was a Board member of ISM Insurance Services Malaysia Berhad (ISM) until August 2020. In early 2010, he was redeployed to Singapore to be the Principal Officer of Etiqa Singapore before returning to Malaysia to assume the position of the Chief Executive Officer of Etiqa Insurance Berhad in September 2014. He was the Chief Executive Officer of Etiqa General Takaful Berhad from January 2018 to August 2020.

He was appointed as a Non-Independent Executive Director of Malaysian Reinsurance Berhad, Takaful Ikhlas Family Berhad and Takaful Ikhlas General Berhad on 23 November 2020. He is also a Director of associate company, Motordata Research Consortium Sdn. Bhd. On 21 January 2021, he was appointed as a Director of Malaysian Re (Dubai) Ltd.

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

ZAINUDIN ISHAK

President & Chief Executive Officer of Malaysian Reinsurance Berhad

Age	Gender	Nationality
54	Male	Malaysian

SKILLS AND EXPERIENCE:

He is the President & Chief Executive Officer of Malaysian Reinsurance Berhad, a position he has held since April 2015. He holds an Associateship of Malaysian Insurance Institute (AMII). He has accumulated 30 years of experience in insurance industry covering a range of business and functional roles earned in various capacities in the domestic and multinational corporations in Kuala Lumpur, Hong Kong and the Kingdom of Saudi Arabia, inclusive 15 years stint as CEO. He has also served as the Chairman of Malaysian Takaful Association from 2012 to 2015.

In addition to his current role, he also sits on board of Financial Park (Labuan) Sdn Bhd and Management Committee of Persatuan Insurans Am Malaysia (PIAM). He is also a Director of Malaysian Re (Dubai) Ltd. and MMIP Services Sdn Bhd.

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.

NOR AZMAN ZAINAL

President & Chief Executive Officer of Takaful Ikhlas Family Berhad

Age	Gender	Nationality
49	Male	Malaysian

SKILLS AND EXPERIENCE:

President & Chief Executive Officer of Takaful Ikhlas Family Berhad since 1 September 2020. Graduated with a Bachelor of Science (Hons) in Actuarial Science from City University, London.

He has 24 years of experience in life insurance and takaful with multinational financial institutions, namely HSBC, Prudential, AIA and ING (Aetna Universal Life) among others. Prior to joining Takaful Ikhlas Family Berhad, he was the Chief Executive Officer 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.

EDDY AZLY ABIDIN

President & Chief Executive Officer of Takaful Ikhlas General Berhad

Age	Gender	Nationality
54	Male	Malaysian

SKILLS AND EXPERIENCE:

He is the President & Chief Executive Officer of Takaful Ikhlas General Berhad since 30 November 2018. He graduated with an Associateship of Chartered Insurance Institute from the Chartered Insurance Institute, United Kingdom and Master of Business Administration (MBA) from University of Glasgow, Scotland. 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.

NORAZMAN HASHIM

Executive Vice President & Group Chief Financial Officer

Age	Gender	Nationality
59	Male	Malaysian

SKILLS AND EXPERIENCE:

He obtained his Masters Degree in Business Administration from the Cranfield School of Management, United Kingdom in 1990. He is also a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of the Malaysian Institute of Accountants (MIA). 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 a Director in any public companies or listed issuer. Not related to any Director and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past five (5) years.

AHKTER ABDUL MANAN

Senior Vice President & Group Chief Investment Officer

Age	Gender	Nationality
58	Male	Malaysian

SKILLS AND EXPERIENCE:

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

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

KEY SENIOR MANAGEMENT'S PROFILE

RIZAL MOHD ZIN

Senior Vice President & Group Chief Strategy Officer

Age	Gender	Nationality
45	Male	Malaysian

SKILLS AND EXPERIENCE:
He holds a Bachelor of Arts in Engineering and Masters in Engineering from the University of Cambridge, UK. 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.

LEONG JOE YEE

Senior Vice President & Group Chief Risk Officer

Age	Gender	Nationality
43	Male	Malaysian

SKILLS AND EXPERIENCE:
He graduated in year 2000 with Bachelor of Science in Business Administration, Actuarial Science from Drake University, Iowa USA. He began his career as an actuarial consultant in the United States and returned to Malaysia in 2003. He has extensive experience in driving risk management and operational changes in organizations, partnering with business and underwriting teams in transforming the business by leveraging on analytics, driving the implementation of business intelligence, and providing independent insights and perspective to Board of Directors. Prior to joining MNRB, he was the Chief Risk Officer for Hannover Re Malaysian Branch. He joined MNRB on 10 March 2021.

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	Gender	Nationality
38	Male	Malaysian

SKILLS AND EXPERIENCE:
He graduated in year 2006 with a Bachelor of Science with Honours (Actuarial Science) from the National University of Malaysia. He obtained his Fellowship qualification from the Casualty Actuarial Society of the United States in 2011. He is also a Fellow of the Actuarial Society of Malaysia. He began his actuarial career in 2006. Prior to joining MNRB on 27 July 2015, he was the Appointed Actuary (general takaful business) and Head of Insurance Risk for HSBC Amanah Takaful (Malaysia) Berhad. His past 15 years of working experience covers the full spectrum of actuarial services, including ratemaking, profit testing, capital modelling and valuation for general insurance/takaful business and general reinsurance/retakaful business.

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

KEY SENIOR MANAGEMENT'S PROFILE

LENA ABD LATIF

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

Age	Gender	Nationality
54	Female	Malaysian

SKILLS AND EXPERIENCE:
She holds a Bachelor of Laws (Honours) Degree from the International Islamic University Malaysia and was called to the Malaysian Bar. Up till now she has over thirty (30) years of accumulated working experience in legal, secretarial and corporate affairs starting at Utusan Melayu (Malaysia) Berhad and Land & General Berhad. She joined the then Malaysian National Reinsurance Berhad in 2003 as Manager, Legal & Secretarial and was appointed as its Company Secretary in February 2004. She was promoted to her current position as Senior Vice President & Head of Legal & Secretarial in 2011. She is also the Company Secretary of Malaysian Reinsurance Berhad, Takaful Ikhlas Family Berhad, Takaful Ikhlas General Berhad, Sinar Seroja Berhad, Malaysian Re (Dubai) Ltd and MMIP Services Sdn Bhd.

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

AZLINDA AHMAD ZAINAL

Senior Vice President & Head of Group Human Capital Management

Age	Gender	Nationality
54	Female	Malaysian

SKILLS AND EXPERIENCE:
She graduated with a Bachelor of Business Administration from Universiti Teknologi MARA (UiTM). She began her career in 1990 with Bank Bumiputra Malaysia Berhad and had worked with several GLCs since then. Her working experiences in HR for more than 25 years cover many different industries such as financial, insurance, education, manufacturing, utilities and construction. Through her varied work experiences, she had successfully undertaken numerous strategic human capital projects, organizational developments and improvements in internal processes. She joined MNRB on 1 December 2020.

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	Gender	Nationality
52	Female	Malaysian

SKILLS AND EXPERIENCE:
She is a Chartered Accountant (C.A), an Associate member of the Institute of Chartered Secretaries and Administrators (ICSA) and also a Chartered member of the Institute of the Internal Auditors (CMIIA). She also holds a Bachelor in Accountancy Degree from the International Islamic University Malaysia in 1992. 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 (STMB) and moved her way up from Senior Manager to Head of the Internal Audit Division until April 2019. She left STMB in April 2019 to join MNRB on 3 May 2019. She has vast experience in both external and internal auditing, besides other areas in finance field.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE APPROACH

The Board of Directors ("the Board") of MNRB Holdings Berhad ("MNRB" or "the Company") presents this Corporate Governance Overview Statement ("CG Overview Statement") to provide shareholders and investors with an overview of the principal features of the Company's and its subsidiaries' ("the Group") 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 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 Malaysian Code of Corporate Governance 2017 ("MCCG 2017")
- 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 2021.

This CG Overview Statement is prepared in compliance with Bursa Securities Listing Requirements and supported by the Corporate Governance Report 2021, based on prescribed format as outlined in Paragraph 15.25(2) of Bursa Securities Listing Requirements.

The Corporate Governance Report is to provide a detailed articulation on the extent to which the Company has complied with the corporate governance practices set out in the MCCG 2017. The Corporate Governance Report 2021 is available on the Company's website, www.mnrb.com.my., as well as via an announcement on Bursa Securities' website.

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

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

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

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

On 30 March 2021, the Board had, upon the recommendation by the Nomination Committee, approved the Talent Management and Succession Planning Framework for the MNRB Group, which aims to enhance the existing framework by focusing more in ensuring ready successors for leadership positions who are capable of driving business growth and achieving the MNRB Group's strategic business plan. This is crucial to ensure a pool of qualified and competent staff are prepared and ready to fill up critical positions within the Group as and when required and at the same time, ensuring effective development, engagement and retention of high potential employees.

Key positions that support strategic objectives as well as operational activities have been identified and profiled for the initiatives. Successors are evaluated against performance expectations and capabilities required for the key positions. Development for them shall include Leadership and Technical learnings as well as transfer of corporate knowledge through managing Group Transformation Projects.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD COMPOSITION

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

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

During the financial year ended 31 March 2021, the Board comprised six (6) members, all of whom are Non-Executive Directors, including the Chairman. Five (5) of these members are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Chairman/Director.

The presence of majority independent directors allows the Board to apply heightened professional vigilance and challenge the Management in an unbiased manner and prevent dominance and complacency in the boardroom.

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

Independent Non-Executive Directors	5 out of 6 **83.3%**
Non-Independent Non-Executive Chairman/Director	1 out of 6 **16.7%**

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

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.

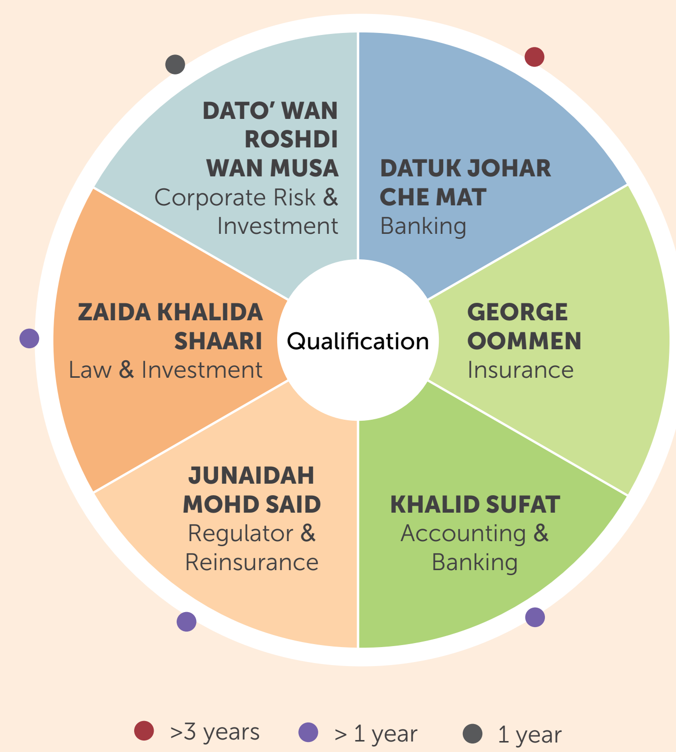
The Board values the different expertise that each Director brings to the Board due to his diverse background, skills and experience.

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 2021, the Board has two (2) women members, representing 33.0% of the total Board Members.

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

During the year, one (1) new Independent Non-Executive Director was appointed to the Board, namely Dato' Wan Roshdi Wan Musa. With his appointment, the existing Board comprises a wide range of knowledge and experience such as reinsurance, regulatory, accounting, banking, legal, investment and business operations.

The table below depicts the qualification/experience as well as tenure of the existing Directors during the financial year ended 31 March 2021:-



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.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

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 of at least six (6) times a year, besides the Annual General Meeting ("AGM"). For the financial year ended 31 March 2020, the Board met ten (10) times consisting of six (6) scheduled meetings and four (4) special meetings.

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 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 (50.0%) of Board meetings while under Paragraph 9.3 of the PD CG, all Directors are required to attend at least seventy five percent (75.0%) of Board meetings held during the financial year. For the financial year ended 31 March 2021, all Directors have complied with both the requirements.

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	10/10	100.0%
George Oommen Senior Independent Non-Executive Director	10/10	100.0%
Khalid Sufat Independent Non-Executive Director	10/10	100.0%
Junaidah Mohd Said Independent Non-Executive Director	10/10	100.0%
Zaida Khalida Shaari Independent Non-Executive Director	10/10	100.0%
Dato' Wan Roshdi Wan Musa Independent Non-Executive Director *(Appointed with effect from 1 April 2020)*	10/10	100.0%

BOARD COMMITTEES

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

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

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. Composition of the various Board Committees is in compliance with the independence criteria outlined in both the Listing Requirements and the MCCG 2017. There is also an appropriate cross-memberships to further promote effectiveness.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

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	3/3	100.0%
George Oommen Senior Independent Non-Executive Director	3/3	100.0%
Zaida Khalida Shaari Independent Non-Executive Director	3/3	100.0%

DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee recommends to the Board the appropriate remuneration packages for the Board in order to attract, motivate and retain the Directors. The Remuneration Policy is to reward the Directors competitively, taking into account performance, market 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 of the same in size, market sector or business complexity.

On 30 March 2021, the Board through the Remuneration Committee, had approved the amendments to the Remuneration Policy and renamed it as MNRB Group Non-Executive Directors' Remuneration Policy. Amongst the revision was to include provisions on the treatment on remuneration for Executive Director and Officers of the Company who are appointed as the Company's nominee directors.

Previously, all Non-Executive Directors were paid Directors' Fees on an annual basis upon the resolution being approved by the shareholders at the AGM. However, at the 47th AGM of the Company, a resolution was tabled to the shareholders to allow for the Company to pay the Directors' fees on a quarterly basis instead of in arrears after every AGM. The Board was of the view that this arrangement is just and equitable as the Non-Executive Directors had discharged their responsibilities and rendered their services to the Company.

At the 47th AGM, the proposal to increase Meeting Attendance Allowance from RM1,250 to RM1,500 for Directors was also approved by the shareholders. The proposed review was comprehensively deliberated by the Remuneration Committee and was duly approved by the Board.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

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 approvals.

The Board has considered the market practices for Non-Executive Directors 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 2021 as used in the previous financial year:

		Meeting Attendance Allowance RM	Annual fees RM
Board	Chairman	RM1,500 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

The remuneration of the Group Shariah Committee ("GSC") 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 GSC member for the financial year ended 31 March 2021 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

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

The objective of the Company's remuneration policy is to attract, motivate, reward and retain 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 2021 are as follows:

Fixed Remuneration	Grade	Unrestricted RM	Deferred RM	Remark
Cash-Based	President & GCEO	1,992,552.15	-	Salaries, allowance and EPF
	BA & SM	6,295,159.00	-	
Others	President & GCEO	25,693.00	-	Benefit-in-kind
	BA & SM	7,200.00	-	
Variable Remuneration	**Grade**	**Unrestricted RM**	**Deferred RM**	**Remark**
Cash-Based	President & GCEO	618,450.00	-	Variable Bonus and EPF on bonus
	BA & SM	1,094,595.00	-	
Others	President & GCEO	-	-	
	BA & SM	-	-	

BA: Board Appointees SM: Senior Management

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD EDUCATION & DEVELOPMENT

Induction Programme for Newly Appointed Director

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

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

Pursuant to the requirements of Bursa Malaysia, a newly appointed Director is required to attend the Mandatory Accreditation Programme ("MAP") and obtain a certificate from a programme organiser approved by Bursa Malaysia. Dato' Wan Roshdi Wan Musa had attended two (2) days MAP from 15 June to 17 June 2020.

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

In the event that the new Director had completed the same in another financial institution previously, the Director should provide a copy of his/her FIDE certificate to the Company Secretary. Dato' Wan Roshdi Wan Musa had attended the following FIDE Core programmes: -

- Module A from 29 June 2020 to 10 July 2020; and
- Module B from 13 July 2020 to 21 July 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, schedule of meetings, amongst others.

During the financial year, an induction programme for Dato' Wan Roshdi Wan Musa was provided by the former President & GCEO covering operational and financial overview as well as future projects and strategies. Dato' Wan Roshdi Wan Musa also received the Director's Handbook prepared by the Company Secretary.

Directors' Continuous Education and Development

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

The Company Secretary keeps a complete record of the trainings received or attended by the Directors. Details of trainings/conferences/workshops attended by the Directors during the financial year can be found in the Corporate Governance Report 2021 under Practice 1.4.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

REPORT BY THE NOMINATION COMMITTEE

The Board's 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.

The Nomination Committee comprises three (3) Non-Executive Directors with 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.

MEETINGS AND ATTENDANCE

During the financial year, the Nomination Committee convened four (4) meetings.

Details of members' attendance are as follows:-

Name of Director	Attendance	Percentage
Zaida Khalida Shaari Chairman Independent Non-Executive Director	4/4	100.0%
Datuk Johar Che Mat Non-Independent Non-Executive Director	4/4	100.0%
Khalid Sufat Independent Non-Executive Director	4/4	100.0%

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.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

DIRECTORS AND KEY SENIOR MANAGEMENT APPOINTMENT

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

Individuals appointed to the Board, Group Shariah Committee 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 by independent party on matters such as bankruptcy and regulatory disqualification.

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

- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind, fairness and ethical behaviour;
- Competence and capability, where the candidate must have the skills, experience, ability and commitment to carry out the role; and
- Financial integrity, where the candidate must 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, Group Shariah Committee member and its President & GCEO.

During the year, no new recommendation was made by the Nomination Committee to appoint a new Director.

BOARD EVALUATION & ASSESSMENT

The Nomination Committee had also performed the Annual Assessment on the Effectiveness of the Board & Board Committees as well as Directors' Self & Peer Evaluation during the financial year.

During the period under review, the process was externally facilitated and conducted by Securities Services (Holdings) Sdn. Bhd. ("Securities Services"). The evaluation was conducted through questionnaires circulated to the Board covering a variety of aspects associated with the Board & Board Committees effectiveness and Directors' Self & Peer Evaluation that covered few aspects such as contribution, performance, calibre and personality of Individual Director.

These questionnaires were designed by Securities Services and were carefully selected by the respective chairmen of the Nomination Committee across the MNRB Group with the goals to recognise the Board & Board Committees' strength and gaps or areas for improvement.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Besides questionnaires, Securities Services' approach also entails a 360-degree evaluation methodology and evaluations were made by using questionnaires and one-on-one interviews with Directors and selected Key Senior Management.

The results and the report on the assessment for Board & Board Committees were tabled to the Nomination Committee for its recommendation to the Board to identify and address areas for improvements. The deliverables from this exercise is a comprehensive report where Securities Services had presented the results and provide recommendations with the Board members to set action plans and prioritise the milestones.

The results of Directors' Self & Peer Evaluation were presented to the Chairman of the Nomination Committee and the Chairman of the Board only in order to maintain confidentiality. The result of each individual director was then presented by the Chairman of the Board during a one-to-one session. The objectives are for the Chairman to guide the development of each Director as well as to have in depth feedback from the respective members of the Board in a harmonious manner. The findings also form part of the Board's evaluation for the reappointment of existing Directors.

In addition to Board Annual Assessment above, the Nomination Committee also reviewed the term of office and performance of the Audit Committee and its members in line with the requirement under paragraph 15.20 of the Listing Requirements.

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

The 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 2020/2021

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

- The reappointment of George Oommen as Independent Non-Executive Director;
- The reappointments and appointments of new Group Shariah Committee Members;
- The appointments of Key Senior Management;
- The appointment of an External Consultant for the Board, Committees and Individual Director's Effectiveness Evaluation;
- The results of the Annual Assessment on the Effectiveness of the Board & Board Committees;
- The results of the Annual Assessment on the Effectiveness of the Group Shariah Committee and its members;
- The results of the Audit Committee Evaluation and the assessment on Audit Committee effectiveness;
- The amendment of the TOR of the Nomination Committee;
- The findings of the Fit and Proper Assessment of Key Responsible Persons; and
- The Talent Management and Succession Planning Framework for MNRB Group of Companies.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

INVESTMENT COMMITTEE

The Investment Committee comprises one (1) Non-Independent Non-Executive Director and three (3) 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
Dato' Wan Roshdi Wan Musa Chairman Independent Non-Executive Director *(Appointed with effect from 1 April 2020)*	4/4	100.0%
Zaida Khalida Shaari Independent Non-Executive Director *(Relinquished as Chairman with effect from 1 April 2020)*	4/4	100.0%
Datuk Johar Che Mat Non-Independent Non-Executive Director	4/4	100.0%
Junaidah Mohd Said Independent Non-Executive Director	4/4	100.0%

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

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

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

(a) providing a decision or advice to the Group's Takaful and Retakaful businesses on the application of any rulings of the Shariah Advisory Council or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the IFI;

(b) providing a decision or advice on matters which require a reference to be made to the Shariah Advisory Council;

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

(c) providing a decision or advice on the operations, business, affairs and activities of the Group's Takaful and Retakaful businesses which may trigger a Shariah non-compliance event;

(d) deliberating and affirming a Shariah non-compliance finding by any relevant functions; and

(e) endorsing a rectification measure to address a Shariah non-compliance event.

During the financial year, the Board had appointed three (3) new GSC members namely, Dr. Shamsiah Mohamad, Shahrir Sofian and Sahibus Samahah Datuk Dr. Luqman Abdullah to replace four (4) GSC members, whom had exceeded nine (9) years tenure. The resignations were due to Shariah Governance Policy Document issued by BNM which prohibits GSC members to serve more than nine (9) years in the similar IFI.

On 1 April 2021, Yang Amat Arif Dato' Setia Dr. Mohd Na'im Mokhtar was appointed as a new GSC member.

The three (3) newly appointed GSC members bring a wide range of knowledge and experience in relevant fields such as takaful, regulatory, economic, banking, legal and business operations.

A total of eight (8) Group Shariah Committee meetings were held during the financial year.

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

Name of Director	Attendance	Percentage
Prof. Dato' Dr. Ahmad Hidayat Buang Chairman	8/8	100.0%
Assoc. Prof. Dr. Said Bouheraoua Member	8/8	100.0%
Dr. Shamsiah Mohamad Member *(Appointed with effect from 3 November 2020)*	4/4	100.0%
Shahrir Sofian Member *(Appointed with effect from 3 November 2020)*	3/4	75.0%
Sahibus Samahah Datuk Dr. Luqman Abdullah Member *(Appointed with effect from 3 November 2020)*	2/4	50.0%
Assoc. Prof. Dr. Mohamed Fairooz Abdul Khir Member *(Resigned with effect from 25 September 2020)*	2/3	67.0%
Datuk Nik Moustpha Nik Hassan Member *(Resigned with effect from 3 November 2020)*	4/4	100.0%
Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi Member *(Resigned with effect from 3 November 2020)*	4/4	100.0%
Assistant. Prof. Dr. Muhammad Naim Omar Member *(Resigned with effect from 3 November 2020)*	4/4	100.0%

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

During the financial year ended 31 March 2021, 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 102 to 104 of this Annual Report, include primarily, the duties as spelt out in paragraph 15.12 of the Listing Requirements.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Directors are responsible for ensuring that the accounting records are kept properly and that the Group's financial statements are prepared in accordance with applicable approved accounting standards in Malaysia. The Statement by Directors pursuant to Section 251 (3) of the Companies Act 2016 is set out on page 132 of this Annual Report.

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 ("RMCB") which oversees the implementation of an enterprise-wide risk management framework. The RMCB comprises majority of Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director.

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

Details of members' attendance are as follows:-

Name of Director	Attendance	Percentage
George Oommen Chairman Senior Independent Non-Executive Director	4/4	100.0%
Khalid Sufat Independent Non-Executive Director	4/4	100.0%
Junaidah Mohd Said Independent Non-Executive Director	4/4	100.0%
Dato' Wan Roshdi Wan Musa Independent Non-Executive Director *(Appointed with effect from 1 April 2020)*	4/4	100.0%

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 105 to 111 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 Annual Report, disclosures and announcements to Bursa Securities, press release, 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.

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

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

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

All the resolutions as set out in the Notice dated 26 August 2020 were conducted by way of poll via e-polling and were duly passed by the shareholders. The Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd., acted as the Poll Administrator and Commercial Quest Sdn. Bhd. was appointed as the Independent Scrutineer to verify and confirm the results of the poll.

KPMG Management & Risk Consulting Sdn. Bhd. was appointed as the Moderator in line with the advice from the Minority Shareholders Watch Group to appoint an independent party to moderate the Q & As session in a fair and impartial manner.

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.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 28 May 2021.

AUDIT COMMITTEE REPORT

NAME OF DIRECTOR

Khalid Sufat
Chairman
Independent Non-Executive Director

Datuk Johar Che Mat
Non-Independent Non-Executive Director

George Oommen
Senior Independent Non-Executive Director

Junaidah Mohd Said
Independent Non-Executive Director

MEMBERSHIP

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

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

As at the financial year end, the Audit Committee comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Two (2) members of the Committee are qualified accountants and members of the Malaysian Institute of Accountants.

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

AUTHORITY

The Audit 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 Audit 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 Audit Committee shall be the Company Secretary.

ACTIVITIES

For the financial year under review, a total of six (6) Audit Committee Meetings were held. Details of members' attendance are as follows:-

Name of Director	Attendance	Percentage
Khalid Sufat	6/6	100.0%
Datuk Johar Che Mat	6/6	100.0%
George Oommen	6/6	100.0%
Junaidah Mohd Said	6/6	100.0%

The main activities that took place during the meetings were:

- Reviewed the quarterly results, unaudited interim financial statements and year-end financial statements prior to approval by the Board;
- Reviewed the disclosures in the audited financial statements to be in compliance with regulatory requirements;
- Reviewed the Internal and External Auditors' audit plans for the year ended 31 March 2021, as well as the Internal Auditors' audit plan for the financial year ending 31 March 2022;
- Evaluated the performance and recommended to the Board, the appointment and remuneration of the External Auditors for the financial year ended 31 March 2021;
- Deliberated and recommended to the Board on the payment of dividend for the financial year ended 31 March 2020;
- Deliberated and recommended to the Board on the appointment of External Auditors and Tax Agents for a period of five (5) years from the financial year ending 31 March 2022 to the financial year ending 31 March 2026;
- Deliberated and recommended to the Board on 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 2021;
- Reviewed the Statement of Directors' Responsibility in Relation to the Financial Statements, Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the annual report to be in compliance with Bursa Malaysia requirements;
- Reviewed the Related Party Transactions as entered into by the Company on periodic basis, including understanding the relationship of the transacting parties, nature of these parties' business, the nature and timing of transactions and comparing the terms of the transactions with other third-party transactions;
- Deliberated on significant matters raised by the External Auditors including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and received progress updates from Management on actions taken for improvements;
- Reviewed the External Auditors' Management Letter and Management's response thereto;
- Meetings with the External Auditors without the presence of the Management were held on 20 July 2020 and 22 February 2021. Matters discussed during these meetings include key reservations noted by the External Auditors during the course of their annual audit;
- Deliberated on matters pertaining to the implementation of MRFS 17 *Insurance Contract*;
- Reviewed the status update on the tax audit conducted by Inland Revenue Board on the Company for the Years of Assessment 2008 to 2014;
- Reviewed the actual and proposed Key Performance Indicators of the Internal Audit Department for the financial years ended 31 March 2020 and 31 March 2021 respectively;
- Reviewed the results of the Internal Audit Reports for the Company on the adequacy and effectiveness of governance, risk management and compliance processes;
- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised by both the Internal and External Auditors including status of completion achieved;
- Reviewed compliance and anti-money laundering & counter financing terrorism issues as well as evaluated the effectiveness of the overall compliance risk of the Company; and
- Deliberated on the requirements and the impact of requirements spelled under Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 to the Company and the implementation progress of Group Anti-Corruption Plan.

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

AUDIT COMMITTEE REPORT

INTERNAL AUDIT DEPARTMENT

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

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

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

For the financial year ended 31 March 2021, the total costs incurred for Internal Audit Department were RM3,354,662.

Summary of Internal Audit Department's activities in the financial year 2020/2021 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 and investigations over possible threats to the safeguarding of assets and matters concerning organisational level reputational risks;
- Follow up audits were 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 Main Market 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, internal control system can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.

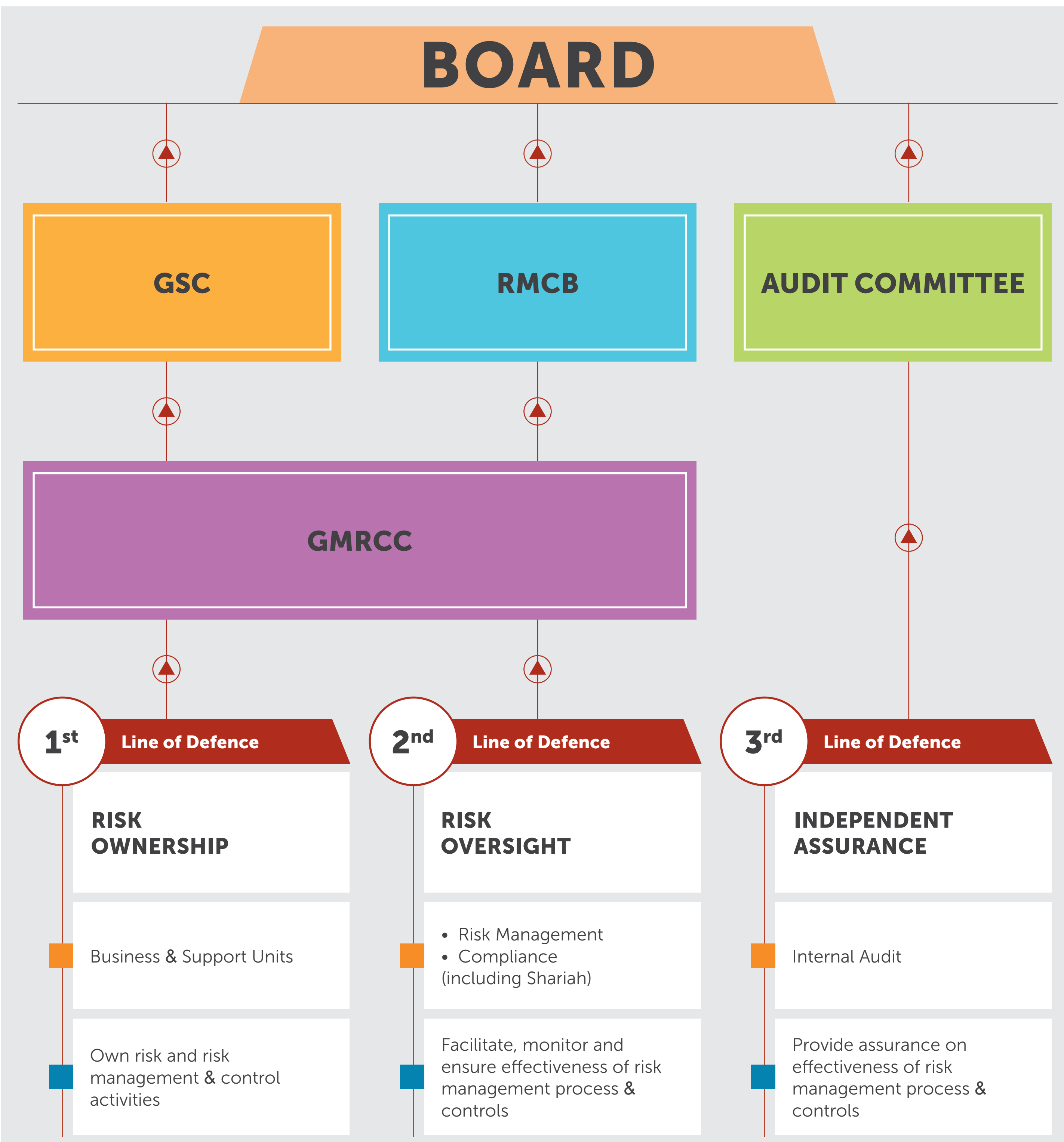
The Board has established an enterprise-wide risk management framework, i.e. the Group Enterprise Risk Management ("Group ERM") Framework that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Company and its main operating subsidiaries (Malaysian Reinsurance Berhad, Takaful Ikhlas Family Berhad and Takaful Ikhlas General Berhad). The Framework has been in place for the whole of the financial year ended 31 March 2021 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 Chairmen of all RMCBs have provided their confirmation to the Chairman of MNRB that the necessary risk management framework had been put in place and 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 2021.
- Dedicated Management Committee known as the Group Management Risk & Compliance Committee ("GMRCC") have been established at the Group level 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 risk governance across the Group and is supported by the Head of Risk Management of Takaful Ikhlas Family Berhad and Takaful Ikhlas General Berhad (Takaful subsidiaries). Together they assist the GMRCC and the respective RMCBs in ensuring effective implementation and maintenance of 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.



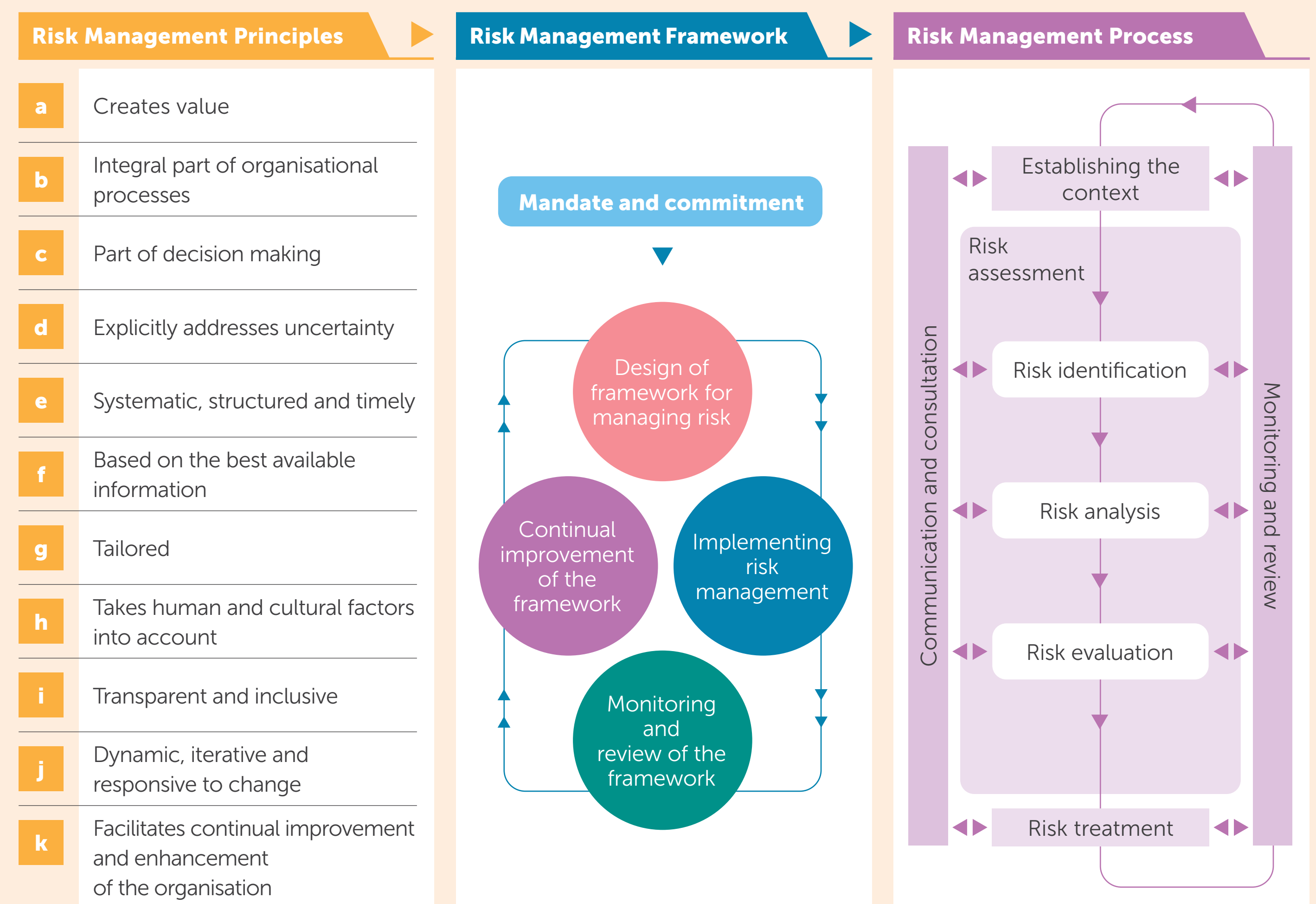
RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

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 is 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 support in pursuit of its business objectives, taking into account its capital structure and access to financial market.
- The **Risk Appetite Statement ("RAS")** is established by the Boards of the respective companies of the Group, and regularly reviewed as appropriate, according to the desired level of risk exposures. Management operationalises the RAS into risk tolerance levels for specific risks.

Highlights on Key Risks

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

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

2. INTERNAL AUDIT

- The Audit Committee 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 Group 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 as well as inputs from the respective Audit Committees.
- The Audit Committees meet at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors, and Regulatory Authorities. It further evaluates the effectiveness and adequacy of the Group's internal control system. The Audit Committees have active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the Audit Committees during the year are highlighted in the Audit Committee Reports of 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 minimize errors and reduce the possibilities of fraud, segregation of duties is practised by ensuring conflicting tasks are assigned to different employees or departments.
- Annual business plans and budgets are developed in line with the Group's strategies and risk appetite and submitted to the respective Boards for approval. Financial performance and major variances against targets are reviewed by the Management on a regular basis and reported to the Boards on a quarterly basis.
- 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 Group Management Committee ("GMC") before being tabled to the Audit Committee and approved by 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 each employee to conduct him/herself with integrity and objectivity and not to place him/herself 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 the annual Mandatory Block Leave ("MBL") to create a positive talent management culture where the company 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 Anti-Bribery and Corruption ("Group ABC") Policy has also been established to state the Board's and Management's commitment and stance on bribery and corruption risks, which include disciplinary actions for non-compliance, misconduct or breach of the policy.

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

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

- 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 BCM Programme and DRP are 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. The GSC provides 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 ("President & GCEO"), is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities. ITSC has also been established at respective main operating subsidiaries.

- The Information Communication & Technology Department ("ICTD") established at the Company and Takaful subsidiaries are responsible for continuously monitoring and responding to IT security threats, conducting awareness programmes, as well as performing assessments and network penetration test programmes.

- MNRB holds a 20.0% effective equity interest in its associated company, Labuan Reinsurance (L) Ltd. (Labuan Re) through its subsidiary, Malaysian Reinsurance Berhad and a 40.0% effective equity interest in another associated company, Motordata Research Consortium Sdn. Bhd. ("MRC"). MNRB safeguards its interests in its associates by ensuring that there is adequate representation from MNRB on the Board of Directors of the associates. During the year, Malaysian Re has two representatives on the Board of Labuan Re, whilst MNRB has two representatives on the Board of MRC.

ASSURANCE

The Board has also received assurance from the President & GCEO, the Group Chief Financial Officer, the Group Chief Internal Auditor, the President & Chief Executive Officers and the Senior Executive Officer of the operating subsidiaries that the risk management and internal control system had been put in 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 2021 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 2021,

- 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. **UTILISATIONS OF PROCEEDS RAISED FROM CORPORATE**
   There was no corporate proposal and proceeds raised by the Company during the financial year ended 31 March 2021.

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 2021 amounted to RM143,000 and RM45,000 respectively (2020: RM63,000 and RM10,000).

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 2021 or, if not then subsisting, entered into since the end of the previous financial year.

ANALYSIS OF SHAREHOLDINGS

AS AT 21 JULY 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	432	6.42	7,315	0.00
100 - 1,000	503	7.48	304,867	0.04
1,001 - 10,000	3,452	51.34	14,736,828	1.88
10,001 - 100,000	1,841	27.38	60,117,243	7.68
100,001 to less than 5% of issued shares	494	7.35	279,679,539	35.72
5% and above of issued shares	2	0.03	428,240,904	54.69
Total	**6,724**	**100.00**	**783,086,696**	**100.00**

Directors' Shareholdings

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

Substantial Shareholders

No.	Name of Substantial Shareholders	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	%
1	Amanahraya Trustees Berhad Amanah Saham Bumiputera	334,049,504	-	42.66
2	Permodalan Nasional Berhad	94,191,400	-	12.03

30 Largest Shareholders

No.	Name of Shareholders	No. of Shares	%
1	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	334,049,504	42.66
2	PERMODALAN NASIONAL BERHAD	94,191,400	12.03
3	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG GOON KHING (E-JCL)	27,582,400	3.52
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	9,144,839	1.17
5	NG LONG TIANG	8,300,082	1.06
6	CHEN CHIN PENG	6,567,514	0.84
7	PROMSERV SDN. BHD.	6,533,070	0.83
8	OLIVE LIM SWEE LIAN	6,076,000	0.78
9	ONG HUNG HOCK	6,000,000	0.77
10	NEOH CHOO EE & COMPANY, SDN. BHD.	5,312,316	0.68
11	LIM PEI TIAM & LIAM AHAT KIAT	5,000,000	0.64
12	LIEW SWEE MIO @ LIEW HOI FOO	3,375,300	0.43
13	JOHAN ENTERPRISE SDN. BHD.	3,343,000	0.43
14	MARK SIA ENG JOO	3,200,000	0.41
15	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG GOON SIONG (E-JCL)	2,783,000	0.36
16	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL WAHID BIN OMAR	2,710,804	0.35
17	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,451,200	0.31
18	LEE MAY LIN	2,186,732	0.28
19	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,179,790	0.28
20	PROMSERV ENGINEERING SDN. BHD.	2,147,100	0.27

ANALYSIS OF SHAREHOLDINGS

No.	Name of Shareholders (cont'd)	No. of Shares	%
21	GAN HONG HU	2,065,900	0.26
22	DING HUONG KAI	2,000,000	0.26
23	KOAY WAN FING @ KOAY GIAN PENG	2,000,000	0.26
24	TAN LEE HWA	2,000,000	0.26
25	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	1,983,779	0.25
26	KENANGA NOMINEES (TEMPATAN) SDN. BHD. DERRICK KONG YING KIT (PCS)	1,900,000	0.24
27	ONG KEK BING	1,900,000	0.24
28	YUET KAM ALICE LIN	1,872,800	0.24
29	QUEK PHAIK IM	1,850,000	0.24
30	CHONG FOOK KIAN	1,800,000	0.23
	TOTAL	**552,506,530**	**70.55**

LIST OF PROPERTIES

31 MARCH 2021

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 31/3/2021 (RM)
Self Occupied Properties						
IKHLAS Point, Tower 11A Avenue 5, Bangsar South No. 8, Jln Kerinchi 59200 Kuala Lumpur	26 September 2008	31 March 2021	1 unit of 10 storey corner office building	Leasehold/ office premise/ occupied/ 13 years	strata	78,590,000
No. 17, Lorong Dungun Damansara Heights 50490 Kuala Lumpur	17 February 1995	31 March 2021	1 unit of 12 storey building with 2 storey basement car park	Freehold/ office premise/ rented out/ 26 years	61,300/ 366,409	113,588,000
Lot 528, Section 6 Kuching Town Land District No. 11C, Jalan Kulas 93732 Kuching, Sarawak	7 October 2010	31 March 2021	4 storey intermediate terraced shophouse	Leasehold/ office premise/ occupied/ 11 years	Not applicable/ 1,200	1,730,000
Manchester Tower Apartment 2406, Dubai Marina Dubai, UAE	28 July 2008	31 March 2021	1 unit of apartment	Freehold/ occupied by staff/ 13 years	Not applicable/ 1,011	785,964
Apt. 507 Marina Diamond 5 Dubai Marina Dubai, UAE	29 July 2008	31 March 2021	1 unit of apartment	Freehold/ occupied by staff/ 13 years	Not applicable/ 1,084	804,856
Yansoon 4, Apartment 204 Burj Khalifa, Dubai Downtown, UAE	30 September 2010	31 March 2021	1 unit of apartment	Freehold/ occupied by staff/ 11 years	Not applicable/ 1,475	1,588,035
PT 483, Jalan Jambatan Sultan Yahya KB Waterfront, Seksyen 17 15000 Kota Bahru, Kelantan	31 January 2013	31 March 2021	3 storey shophouse	Leasehold/ office premise/ occupied/ 8 years	Not applicable/ 4,680	1,300,000
Total Self Occupied Properties						**198,386,855**

GROUP'S OFFICES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTICE OF THE 48TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Eighth (48th) 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://meeting.boardroomlimited.my/
Day and Date	:	Thursday, 23 September 2021
Time	:	11.00 a.m.
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 48th AGM no later than 11.00 a.m. on Tuesday, 21 September 2021. (ii) Pose questions via real time submission of typed texts at https://meeting.boardroomlimited.my/ during live streaming of the 48th AGM.

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To approve the payment of a final single-tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 March 2021. **(Ordinary Resolution 1) [Please refer to Explanatory Note (ii)]**

3. To re-elect the following Directors, each whom retires by rotation pursuant to Clause 91 of the Company's Constitution and being eligible, have offered themselves for re-election:-
   (i) Datuk Johar Che Mat **(Ordinary Resolution 2)**
   (ii) Zaida Khalida Shaari **(Ordinary Resolution 3)**
   [Please refer to Explanatory Note (iii)]

4. To approve the payment of Directors' Fees and payment thereof to the Directors for the period from the 48th AGM until the next AGM of the Company in 2022, to be payable on a quarterly basis as follows:

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

(Ordinary Resolution 4) [Please refer to Explanatory Note (iv)]

5. To approve the payment of Directors' benefits (excluding Directors' Fees) payable to the Directors up to an amount of RM926,435 from the conclusion of the 48th AGM until the conclusion of the next AGM in 2022. **(Ordinary Resolution 5) [Please refer to Explanatory Note (v)]**

6. To reappoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 March 2022 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

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

7. Proposed renewal of the authority for Directors to allot and issue new ordinary shares of MNRB, for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the shareholders of MNRB the option to elect to reinvest their cash dividend in new MNRB Shares.

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

   AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations, arrangements and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company." **(Ordinary Resolution 7) [Please refer to Explanatory Note (vi)]**

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

NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with the provisions under Article 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 15 September 2021. Only a depositor whose name appears on the ROD as at 15 September 2021 shall be entitled to attend this 48th AGM or appoint a proxy(ies) to attend, speak and vote on his/her behalf.

By Order of the Board

LENA ABD LATIF
(SSM Practicing Certificate No. 201908002386)
(LS 0008766)
Company Secretary
Kuala Lumpur
26 August 2021

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 48th AGM shall be conducted fully virtual and entirely via remote participation and electronic voting facilities.

2. The venue for the 48th AGM is through online meeting platform of Lumi AGM via https://meeting.boardroomlimited.my/ provided by Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

3. As the 48th 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, and only one (1) proxy shall be entitled to vote.

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, Malaysia not less than forty-eight (48) hours before the time set for the 48th AGM or any adjournment thereof. Alternatively, the Form of Proxy may also be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Portal at https://investor.boardroomlimited.com/ not less than forty-eight (48) hours before the time of holding the 48th 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 initialed. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

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 2021

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

(ii) Ordinary Resolution 1 – Payment of Final Single-Tier Dividend

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final single tier dividend, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval. The Book Closure Date will be announced by the Company after this AGM.

(iii) Ordinary Resolutions 2 & 3 – Re-election of Directors

The Nomination Committee ("NC") had considered the performance and contribution of each of the retiring Director and have also assessed the independence of the Independent Non-Executive Directors seeking re-election.

Based on the results of the Board Effectiveness Evaluation conducted by the independent consultant, Securities Services (Holdings) Sdn. Bhd., the performance of each of the retiring Director was found to be satisfactory. In addition, each of the retiring Director has also provided his/her annual declaration/confirmation on his/her fitness and propriety as well as independence.

The Board endorsed the NC's recommendation on the re-election of the retiring Directors. The retiring Directors had abstained from deliberations and decisions on their re-election at the NC and Board meetings.

The details and profiles of the Directors who are standing for re-election at the 48th AGM are provided in the Directors Profile section of the Company's Annual Report 2021.

(iv) Ordinary Resolution 4 – Directors' Fees

Pursuant to Section 230(1) of Companies Act 2016, any fees and benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Directors' Fees remain unchanged as per the fees approved at the last AGM held on 24 September 2020. The resolution if passed, will allow the Company to make the payment of fees to the NEDs on quarterly basis instead in arrears after every AGM.

The Board is of the view that it is just and equitable for the NEDs to be paid such payment on a quarterly basis after they have discharged their responsibilities and rendered their services to the Company.

(v) Ordinary Resolution 5 – Directors' Benefits (excluding Directors' Fees)

The Directors' Benefits (excluding Directors' Fees) payable to the Chairman and Directors from the conclusion of this AGM up till the conclusion of the next AGM in 2022 of the Company comprises benefits in kind and emolument as set out below:-

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

Payment of the Directors' Benefits will be made by the Company as and when incurred if the proposed Ordinary Resolution 5 is passed at the 48th AGM of the Company.

The Directors' benefits remain unchanged as per the benefits approved at the last AGM held on 24 September 2020, save for the following additional increase in medical benefits as approved by the Board at its meeting held on May 28, 2021:-

Medical Type	Entitlement (RM)	
	Current	Proposed
• Outpatient • Dental • Optical • Annual Medical Check-Up	8,000 500 Nil Nil	10,000
• Inpatient	100,000	150,000

The estimated amount of benefits payable to NEDs for the period from 24 September 2021 until the next AGM of the Company in 2022 is up to RM926,435. In determining the estimated amount of benefits payable, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees and Board of subsidiaries, as well as the number of NEDs involved in these meetings.

(vi) Ordinary Resolution 7

If passed, will give authority to the Directors to allot and issue shares for the DRP in respect of dividends to be declared until the next AGM. A renewal of this authority will be sought at the next AGM in 2022.

STATEMENT ACCOMPANYING NOTICE OF THE 48TH 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 48th 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

Click on the links to further information within the document.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2021.

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	189,495	72,975

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

Since the end of the previous financial year, the Company paid an interim single tier dividend of 3.00 sen per ordinary share totalling RM23,492,631 which was declared on 17 September 2020 and paid on 23 October 2020 in respect of the financial year ended 31 March 2021.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company since the beginning of the financial year to the date of this report.

SIGNIFICANT AND SUBSEQUENT EVENT

The details of significant event during the year and subsequent event after the year are disclosed in Note 40 to the financial statements.

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:

Name of Directors	Holding Company	Subsidiaries					
	MNRB*	Malaysian Re*	Takaful IKHLAS Family*	Takaful IKHLAS General*	MRDL*	MSSB*	SSB*
Datuk Johar Che Mat	✓	-	✓	✓	✓	-	-
George Oommen	✓	✓	✓	✓	✓	-	-
Khalid Sufat	✓	✓	-	-	-	-	-
Junaidah Mohd Said	✓	-	-	-	-	-	-
Zaida Khalida Shaari	✓	-	-	-	-	-	-
Dato' Wan Roshdi Wan Musa	✓	-	-	-	-	-	-
Zaharudin Daud	-	Appointed on 23 November 2020	Appointed on 23 November 2020	Appointed on 23 November 2020	Appointed on 21 January 2021	-	-
Hijah Arifakh Othman	-	-	-	✓	-	-	-
Rosinah Mohd Salleh	-	-	-	✓	-	-	-
Arul Sothy S Mylvaganam	-	-	-	✓	-	-	-
Noor Rida Hamzah	-	-	✓	-	-	-	-
Professor Dato' Dr. Ahmad Hidayat Buang	-	-	✓	-	-	-	-
Shareen Ooi Bee Hong	-	-	✓	-	-	-	-
Woon Tai Hai	-	-	✓	✓	-	-	-
Datin Zaimah Zakaria	-	✓	-	-	-	-	-
Datuk Nik Moustpha Nik Hassan	-	-	-	✓	-	-	-
Velayudhan Harikes	-	Appointed on 1 April 2021	-	-	-	-	-
Dato' Amirudin Abdul Halim	-	-	-	Appointed on 1 April 2021	-	-	-
Rizal Mohd Zin	-	-	-	-	-	-	Appointed on 20 November 2020

Name of Directors	Holding Company	Subsidiaries					
	MNRB*	Malaysian Re*	Takaful IKHLAS Family*	Takaful IKHLAS General*	MRDL*	MSSB*	SSB*
Zainudin Ishak	-	-	-	-	✓	✓	-
Norazman Hashim	-	-	-	-	-	✓	✓
Mustaffa Ahmad	-	Resigned on 22 September 2020	-	-	-	-	-
Mohd Din Merican	-	Resigned on 23 November 2020	Resigned on 23 November 2020	Resigned on 22 September 2020	Resigned on 23 November 2020	-	Resigned on 23 November 2020

In accordance with Clause 91 of the Company's Constitution, Datuk Johar Che Mat and Zaida Khalida Shaari will be retiring at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company or the fixed salary and benefits receivable as a full-time employee of the Company as disclosed in Notes 9, 10 and 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 million at a contribution of RM62,000.

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 income statements, statements of comprehensive income and statements of financial position of the Group and the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts;

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and the Company.

(f) In the opinion of the Directors:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

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

AUDITORS AND AUDITORS' REMUNERATION

The retiring auditors, Messrs. Ernst & Young PLT, have expressed their willingness to accept re-appointment. 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 25 June 2021.

Datuk Johar Che Mat **Khalid Sufat**

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, Datuk Johar Che Mat and Khalid Sufat, being two of the Directors of MNRB Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 139 to 310 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 June 2021.

Datuk Johar Che Mat **Khalid Sufat**

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, Norazman Hashim (MIA membership no. 5817), being the officer primarily responsible for the financial management of MNRB Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 139 to 310 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Norazman Hashim)
at Kuala Lumpur in Wilayah Persekutuan)
on 28 July 2021.)

Norazman Hashim

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of MNRB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MNRB Holdings Berhad, which comprise the statements of financial position as at 31 March 2021 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 139 to 310.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

1. *Insurance/takaful contract liabilities of the Group*

The Group's insurance/takaful contract liabilities as at 31 March 2021 amounted to RM6.3 billion (as disclosed in Note 20 to the financial statements) or approximately 85% of its total liabilities. The insurance/takaful contract liabilities include the following liabilities of the reinsurance/retakaful subsidiary, Malaysian Reinsurance Berhad, and the takaful subsidiaries,Takaful Ikhlas General Berhad and Takaful Ikhlas Family Berhad:

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

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

(c) 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.

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

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

Our audit procedures were focused on the following key areas:

- Understanding and documenting the qualifications, objectivity and independence of the Appointed Actuaries tasked with estimating the insurance/takaful contract liabilities of the Group;
- Reviewing the reports prepared by the Appointed Actuaries in respect of the insurance/takaful contract liabilities of the Group;
- Assessing the valuation methodologies applied by the Group to derive the insurance/takaful contract liabilities;
- Assessing the design and testing the operating effectiveness of key internal controls over the actuarial valuation process with respect to financial reporting, including the bases used by the Group in determining and approving the key assumptions applied;
- Assessing the experience analyses of the reinsurance, retakaful and takaful businesses used during the setting of the key assumptions to derive the insurance/takaful contract liabilities and challenging the rationale applied by the Appointed Actuaries and management in deriving those assumptions. We have also also reviewed the impacts considered by the Group arising from the COVID-19 pandemic to the assumptions and the methodologies applied in deriving the valuation of the insurance/takaful contract liabilities. In addition and where appropriate, comparisons have also been made against other industry constituents and the experience of the respective subsidiaries;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MNRB HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

1. *Insurance/takaful contract liabilities of the Group (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 have also considered the impacts of the COVID-19 pandemic to the assumptions and the methodologies applied by the Group in deriving the valuation of the insurance/takaful contract liabilities. 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 UER valuations performed by the Appointed Actuary to ascertain if adequate reserves have been established for the shareholder's fund of the family takaful business;
- Reviewing the Liability Adequacy Test results performed by the reinsurance, retakaful and takaful subsidiaries;
- Auditing the fair value of financial assets and adequacy of liabilities of the investment-linked funds of the family takaful business;
- Performing control tests over the creation and cancellation of units of the investment-linked funds as well as calculation of Net Asset Values; and
- Assessing the adequacy of disclosures made in the financial statements in respect of the insurance/takaful contract liabilities of the Group.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

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 and RM19.7 million respectively. These additional tax assessments and penalties were paid by the Group and the Company and were recorded as tax recoverable. The outcome of the appeals can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the appeals could develop in ways not initially expected. The Group and the Company continue to assess the development of these matters to determine the recoverability of these amounts. Such assessment involves significant judgement and estimates which are highly subjective. Accordingly, we consider this area to be an area of audit focus.

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Responsibilities of the directors for the financial statements (cont'd.)

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MNRB HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Kuala Lumpur, Malaysia
25 June 2021

Ahmad Hammami bin Muhyidin
No. 03313/07/2021 J
Chartered Accountant

INCOME STATEMENTS

for the year ended 31 March 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gross earned premiums/contributions	4(a)	**2,501,782**	2,162,418	**-**	-
Premiums/contributions cededto reinsurers/ retakaful operators	4(b)	**(341,430)**	(277,824)	**-**	-
Net earned premiums/ contributions		**2,160,352**	1,884,594	**-**	-
Investment income	5	**264,889**	284,121	**87,864**	42,808
Net realised gains/(losses)	6	**23,119**	94,401	**70**	(4)
Net fair value losses	7	**(4,482)**	(18,780)	**-**	-
Fee and commission income	8	**44,181**	48,762	**38,997**	37,394
Other operating revenue	11	**10,996**	23,741	**164**	274
Other revenue		**338,703**	432,245	**127,095**	80,472
Gross claims and benefits paid		**(1,125,679)**	(1,313,534)	**-**	-
Claims ceded to reinsurers/retakaful operators		**160,317**	243,772	**-**	-
Gross change in contract liabilities		**(418,405)**	(195,154)	**-**	-
Change in contract liabilities ceded to reinsurers/ retakaful operators		**(36,037)**	(99,578)	**-**	-
Net claims and benefits		**(1,419,804)**	(1,364,494)	**-**	-
Fee and commission expenses	8	**(478,490)**	(452,839)	**-**	-
Management expenses	9	**(288,973)**	(262,780)	**(36,398)**	(37,035)
Finance costs		**(16,798)**	(16,981)	**(16,773)**	(16,728)
Other operating expenses	11	**(12,659)**	(2,528)	**(274)**	-
Change in expense liabilities	20	**(15,956)**	(7,731)	**-**	-
Tax borne by participants	12	**(9,584)**	(17,998)	**-**	-
Other expenses		**(822,460)**	(760,857)	**(53,445)**	(53,763)
Share of results of associates		**15,472**	(9,838)	**-**	-

INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before surplus attributable to takaful and retakaful participants and taxation		**272,263**	181,650	**73,650**	26,709
Surplus attributable to takaful and retakaful participants	24(a)	**(49,027)**	(30,728)	**-**	-
Profit before zakat and taxation		**223,236**	150,922	**73,650**	26,709
Zakat		**(1,293)**	(1,286)	**-**	-
Taxation	12	**(32,448)**	(16,729)	**(675)**	1,897
Net profit for the year attributable to equity holders of the Holding Company		**189,495**	132,907	**72,975**	28,606
Basic and diluted earnings per share attributable to equity holders of the Holding Company (sen)	30	**24.2**	17.2		

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

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net profit for the year	**189,495**	132,907	**72,975**	28,606
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	**(6,224)**	9,663	**-**	-
Effects of foreign exchange translation reserve on investment in subsidiary	**(489)**	808	**-**	-
Net (loss)/gains on financial assets at fair value through other comprehensive income ("FVOCI"):				
Net (loss)/gains on fair value changes	**(7,105)**	51,260	**-**	-
Realised gains transferred to income statement (Note 6)	**(11,575)**	(36,308)	**-**	-
Deferred tax relating to net (loss)/gain on financial assets at FVOCI	**2,447**	(2,532)	**-**	-
Other comprehensive loss/(income) attributable to participants (Note 24(b))	**2,071**	(2,191)	**-**	-
Other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods:				
Net gain on fair value changes on financial assets at FVOCI	**223**	224	**-**	-
Revaluation of land and buildings	**3,359**	2,895	**-**	-
Deferred tax relating to revaluation of land and buildings	**(296)**	369	**-**	-
Other comprehensive income attributable to participants (Note 24(c))	**(1,880)**	(2,305)	**-**	-
Total comprehensive income for the year	**170,026**	154,790	**72,975**	28,606

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

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	13	**203,377**	204,189	**1,496**	1,442
Intangible assets	14	**71,805**	36,578	**3,138**	2,718
Right-of-use assets	15	**2,906**	4,548	**2,184**	3,246
Investments in subsidiaries	16	**-**	-	**1,304,476**	1,304,476
Investments in associates	17	**134,805**	133,282	**1,957**	1,957
Financial and other assets	18	**8,335,257**	7,754,754	**127,547**	75,108
Deferred tax assets	19	**21,503**	15,404	**1,617**	1,742
Reinsurance/retakaful assets	20	**457,235**	497,328	**-**	-
Insurance/takaful receivables	21	**498,866**	381,703	**-**	-
Tax recoverable	22	**68,670**	68,604	**20,166**	20,049
Cash and bank balances		**115,789**	118,417	**290**	294
Total assets		**9,910,213**	9,214,807	**1,462,871**	1,411,032
Liabilities and participants' funds					
Participants' funds	24	**377,724**	332,738	**-**	-
Borrowing	25	**320,000**	320,000	**320,000**	320,000
Insurance/takaful contract liabilities	20	**6,340,990**	5,843,073	**-**	-
Lease liabilities	15	**2,754**	4,219	**2,115**	3,159
Insurance/takaful payables	26	**202,171**	169,851	**-**	-
Other payables	27	**230,682**	250,306	**16,994**	13,593
Deferred tax liabilities	19	**9,827**	11,946	**-**	-
Tax payable	22	**6,279**	9,423	**-**	-
Provision for zakat		**1,466**	1,464	**-**	-
Total liabilities and participants' funds		**7,491,893**	6,943,020	**339,109**	336,752
Equity					
Share capital	28	**738,502**	738,502	**738,502**	738,502
Reserves		**1,679,818**	1,533,285	**385,260**	335,778
Total equity attributable to equity holders of the Holding Company		**2,418,320**	2,271,787	**1,123,762**	1,074,280
Total liabilities, participants' funds and equity		**9,910,213**	9,214,807	**1,462,871**	1,411,032

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2021

	Attributable to equity holders of the Holding Company					
		Reserves				
		Non-distributable			Distributable	
	Share capital RM'000	Foreign exchange translation reserve RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
Group						
At 1 April 2019	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
At 1 April 2020	738,502	53,800	68,910	48,018	1,362,557	2,271,787
Net profit for the year	-	-	-	-	189,495	189,495
Other comprehensive income for the year	-	(6,713)	(13,939)	1,183	-	(19,469)
Total comprehensive income for the year	-	(6,713)	(13,939)	1,183	189,495	170,026
Dividends paid during the year (Note 29)	-	-	-	-	(23,493)	(23,493)
At 31 March 2021	**738,502**	**47,087**	**54,971**	**49,201**	**1,528,559**	**2,418,320**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Attributable to equity holders of the Company		
		Distributable	
	Share capital RM'000	Retained profits RM'000	Total RM'000
Company			
At 1 April 2019	722,306	326,348	1,048,654
Issuance of shares pursuant to DRP (Note 28)	16,196	-	16,196
Net profit for the year, representing total comprehensive income for the year	-	28,606	28,606
Dividend paid during the year (Note 29)	-	(19,176)	(19,176)
At 31 March 2020	738,502	335,778	1,074,280
Net profit for the year, representing total comprehensive income for the year	-	72,975	72,975
Dividends paid during the year (Note 29)	-	(23,493)	(23,493)
At 31 March 2021	**738,502**	**385,260**	**1,123,762**

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

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit before zakat and taxation	**223,236**	150,922	**73,650**	26,709
Adjustments for:				
Net fair value losses on financial assets at FVTPL	**4,482**	18,780	**-**	-
Impairment losses on FVOCI financial assets	**189**	576	**-**	-
Impairment losses on financial assets at amortised cost	**131**	-	**-**	-
Impairment/(reversal of impairment) loss on insurance/ takaful receivables	**8,899**	(1,677)	**-**	-
Depreciation of property, plant and equipment	**6,103**	5,893	**600**	459
Amortisation of intangible assets	**10,594**	6,633	**698**	387
Depreciation of right-of-use ("ROU") assets	**2,896**	3,720	**1,062**	1,187
Tax borne by participants	**9,584**	17,998	**-**	-
Net gains on disposal of property, plant and equipment	**(70)**	(25)	**(70)**	-
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	**34**	585	**-**	-
Increase in gross premium/contribution liabilities	**63,556**	97,417	**-**	-
Interest/profit income	**(255,714)**	(271,712)	**(2,701)**	(2,208)
Dividend income	**(15,028)**	(16,412)	**(85,163)**	(40,600)
Rental income	**(2,482)**	(3,317)	**-**	-
Finance cost on borrowing	**16,640**	16,685	**16,640**	16,685
Finance costs on lease liabilities	**158**	296	**133**	43
Realised gains on disposals of investments	**(23,049)**	(95,230)	**-**	-
Net amortisation of premiums on investments	**7,280**	6,285	**-**	-
Share of results of associates	**(15,472)**	9,838	**-**	-
Profit/(loss) from operations before changes in operating assets and liabilities	**41,967**	(51,891)	**4,849**	2,666

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities (cont'd.)				
Increase in placements with licensed financial institutions, Islamic investment accounts and marketable securities	**(658,896)**	(344,964)	**(54,432)**	(27,176)
Net proceeds from disposal of investments	**45,691**	12,537	**-**	-
Decrease/(increase) in staff loans	**2,626**	218	**880**	(257)
Increase in insurance/takaful receivables	**(126,062)**	(42,675)	**-**	-
Decrease/(Increase) in other receivables	**16,191**	(37,561)	**462**	(359)
Net change in balances with subsidiaries	**-**	-	**3,673**	3,483
Increase in gross claim liabilities, actuarial liabilities and unallocated surplus	**418,405**	248,035	**-**	-
Increase in expense liabilities	**15,956**	7,731	**-**	-
Increase in participants' fund	**45,177**	32,948	**-**	-
Decrease in reinsurance/retakaful assets	**40,093**	42,525	**-**	-
Increase/(decrease) in insurance/takaful payables	**32,320**	(54,181)	**-**	-
(Decrease)/Increase in other payables	**(19,624)**	17,620	**39**	1,299
Taxes and zakat (paid)/recoverable	**(52,600)**	(57,397)	**(667)**	203
Interest/profit received	**274,590**	256,721	**3,041**	1,647
Dividends received	**11,651**	21,427	**163**	-
Rental received	**849**	3,344	**-**	-
Net cash generated from/(used in) operating activities	**88,334**	54,437	**(41,992)**	(18,494)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	**(2,199)**	(3,227)	**(654)**	(601)
Purchase of intangible assets	**(45,821)**	(6,009)	**(1,118)**	(737)
Dividends received from subsidiaries and associate	**-**	-	**85,000**	40,600
Proceeds from disposal of property, plant and equipment	**70**	39	**70**	-
Proceeds from disposal of non-current assets held for sale	**-**	45,025	**-**	-
Net cash (used in)/generated from investing activities	**(47,950)**	35,828	**83,298**	39,262
Cash flows from financing activities				
Payment of lease liablilites	**(2,879)**	(3,858)	**(1,177)**	(1,324)
Interest/profit paid	**(16,640)**	(16,685)	**(16,640)**	(16,685)
Dividends paid	**(23,493)**	(2,980)	**(23,493)**	(2,980)
Net cash used in financing activities	**(43,012)**	(23,523)	**(41,310)**	(20,989)
Cash and bank balances				
Net (decrease)/increase during the year	**(2,628)**	66,742	**(4)**	(221)
At beginning of the year	**118,417**	51,675	**294**	515
At end of the year	**115,789**	118,417	**290**	294

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2021

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 932 and 174 (2020: 935 and 169) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 25 June 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

At the beginning of the current financial year, the Group and the Company had adopted the amended MFRSs applicable for annual financial periods beginning on or after 1 January 2020, as fully described in Note 2.28.

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

Basis of measurement

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

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

Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Accounting period

For the general reinsurance business, the Group adopts quarterly accounting periods ending on 31 March, 30 June, 30 September and 31 December, insofar as the 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 2021.

2.3 Subsidiaries, associates and basis of consolidation

(a) Subsidiaries

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

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

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

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

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

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

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Company's voting rights and potential voting rights.

In the Company's financial statements, investments in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

(c) Takaful and retakaful operations and funds

Under the concept of takaful/retakaful, participants/cedants make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, the takaful/retakaful subsidiaries manage the general and family takaful/retakaful funds in line with the principles of Wakalah (agency). Under the Wakalah model, takaful/retakaful subsidiaries are not participants in the funds but manage the funds (including the relevant assets and liabilities) towards the purpose outlined above.

In accordance with the Islamic Financial Services Act ("IFSA") 2013, the assets and liabilities of the takaful/retakaful funds are segregated from those of the shareholder's funds of the takaful/retakaful subsidiaries, a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements*, the assets, liabilities, income and expenses of the takaful and retakaful funds are consolidated with those of the shareholders' funds to represent the control possessed by the takaful/retakaful subsidiaries over the respective funds.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Business combination from third party

Business combinations involving entities not under common control are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments ("MFRS 9"), is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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 business and inwards non-proportional treaty reinsurance/retakaful business.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 General reinsurance, takaful and retakaful underwriting results (cont'd.)

(b) Premium and contribution liabilities (cont'd.)

(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 represent the portion of the net premiums/contributions of insurance/takaful contracts written that relate to the unexpired periods of the contracts at the end of the financial year. The UPR/UCR is computed based on time-apportioned over the contracts' period or according to the duration of the certificates.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;
- Time apportionment method for all classes of general takaful business within Malaysia except Long Term Fire, Mortgage Reducing Personal Accident, Marine and Aviation cargo;
- Geometric method for Long Term Fire and Mortgage Reducing Personal Accident; 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.

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 shareholders and participants in accordance with the terms and conditions of the respective contracts or as prescribed by the Group Shariah Committee.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Family takaful and retakaful underwriting results (cont'd.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Family takaful and retakaful underwriting results (cont'd.)

(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.

2.7 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/cedants 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Shareholder's fund relating to takaful and retakaful business (cont'd.)

(b) Expense liabilities (cont'd.)

(i) Expense liabilities of general takaful and retakaful funds (cont'd.)

Unexpired expense reserves

The UER is determined based on the expected future expenses payable by the shareholder's funds in managing the general takaful and retakaful funds for the full contractual obligation of the takaful and retakaful contracts as at the end of the financial year, less any expected cash flows from future wakalah fee income, and any other income due to the shareholder's funds that can be determined with reasonable certainty, including a PRAD calculated at a 75% confidence level. The method used to value the UER is consistent with the method used in estimating the URR as disclosed in Note 2.5(b)(i).

Reserves for unearned wakalah fees

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).

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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 assets

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.

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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 4%
Computer equipment	10% to 33.3%
Office equipment	10% to 33.3%
Furniture and fittings	10% to 15%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(d) Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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.

(c) Preferred partnership fee in relation to bancatakaful arrangement

The preferred partnership fee represents an upfront fee paid by the Group to two Islamic banks under a 5-years preferred bancatakaful arrangement as follows:

(i) Following the initial recognition of the cost of preferred partnership fee, the fee is amortised based on the straight line method, until the expiry of the contract which is within five (5) years. Upon the expiry of the contract, if the total projected production is not met, the contract may be extended for an additional period of time as mutually agreed between the Group and the bank.

(ii) Following the initial recognition of the cost of preferred partnership fee, the fee is amortised based on the actual contribution received over the total committed contribution, until the expiry of the contract which is within five (5) years. Upon the expiry of the contract, if the total projected production is not met, the contract may be renewed for another year or the bank will compensate the Group on a pro-rated basis on the balance of the 'unamortised' fee.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(a) Classification and subsequent measurement

The classification of financial assets at initial recognition depends on the Group and the Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristic, as described in Notes 2.12(b) and 2.12(c). All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

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

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

For purchased or originated credit impaired financial assets, the Group and the Company recognise interest/profit income by applying the credit adjusted effective interest/profit rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

(ii) Financial assets at FVOCI with recycling of cumulative gains and losses

Debt instruments that meet the following conditions are measured at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest/profit on the principal amount outstanding.

For debt instruments at FVOCI, interest/profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the income 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.

(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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

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

(iii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (cont'd.)

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.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

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

The Group and the Company's business models are not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group 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.

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 rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either:

(a) the Group and the Company have transferred substantially all the risks and rewards of the asset; or

(b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group and the Company have neither transferred nor retained substantially all the risks and rewards and have retained control of the asset, the asset continues to be recognised only to the extent of the Group 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(e) Derecognition of financial assets (cont'd.)

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.

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

An annual valuation is performed to reflect the fair value of the Group's self-occupied properties. At the end of each financial year, accredited independent valuers having appropriate recognised professional qualification are appointed to perform the annual valuation. The valuation techniques used by the accredited independent valuers are verified to ensure that they are in accordance with the requirements of MFRS 13 *Fair Value Measurement*.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each 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.

2.14 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Impairment of assets (cont'd.)

(i) Financial assets (cont'd.)

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group and the Company will generally be required to apply the 'three-bucket' approach based on the change in credit quality since initial recognition:

	Stage 1	**Stage 2**	**Stage 3**
	Performing	**Non Performing**	**Non Performing**
ECL Approach	12-months ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased	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 Gross Domestic Product ("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.

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

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. Leases arise when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities, representing the liability to make lease payments and right-of-use ("ROU") assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognise ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. All ROU assets recognised by the Group and the Company have shorter lease terms than 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Leases (cont'd.)

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

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, these are discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate. 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 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 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.

For other financial liabilities, gains and losses are recognised in the income statements when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statements.

2.22 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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 the previous law in the United Arab Emirates, the Group has made 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

(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

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.26 Revenue recognition

Revenue is recognised when the performance obligation is satisfied at an amount that reflects the consideration to which the Group and the Company expect to be entitled.

(a) Interest and profit income

Interest and profit income are recognised 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).

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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:

Amendments to MFRSs

At the beginning of the current financial year, the Group and the Company adopted the following Amendments/improvements to MFRSs which are mandatory for annual periods beginning on or after 1 January 2020.

Amendments to MFRS 4 *Insurance Contracts Extension of the Temporary Exemption from Applying MFRS 9*
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*
Amendments to MFRS 3 *Definition of a Business*
Amendments to MFRS 101 and MFRS 108 *Definition of Material*
Amendments to the Revised Conceptual Framework for Financial Reporting

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Standards issued but not yet effective

The Standards, Amendments to Standards and Annual Improvements to Standards that have been issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards, Amendments to Standards and Annual Improvements to Standards, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 16 Leases *Covid-19-Related Rent Concessions*	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform-Phase 2*	1 January 2021
Amendments to MFRS 16 Leases *Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
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
Amendments to MFRS 101 *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to MFRS 101 *Presentation of Financial Statements Disclosure of Accounting Policies*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures*	To be announced by MASB

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Standards issued but not yet effective (cont'd.)

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* and Amendments to MFRS 17

MFRS 17 will replace MFRS 4 Insurance Contracts issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every 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;
- 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 cedants/participants will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statements, but are recognised directly on the statements of financial position;
- Insurance services results (earned revenue less incurred claims and expenses) are presented separately from the insurance finance income or expense; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Standards issued but not yet effective (cont'd.)

MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (cont'd.)

Based on the Amendments to MFRS 17, the standard is effective for reporting periods beginning on or after 1 January 2023, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, as the Group and the Company have applied MFRS 9 and MFRS 15 before the date it first applies MFRS 17.

The Malaysian Accounting Standards Board issued a paper titled MFRS 17 Insurance Contracts: Definition and Scope for Takaful. The paper concluded that MFRS 17 is applicable to a Takaful contract because:

- MFRS 17 applies to those contracts that fall within the 'insurance contract' definition, regardless of their legal form or the legal form of the issuing entity. Accordingly, takaful contracts would fall within the scope of MFRS 17 because a takaful fund or entity is separate from the participants (takaful policyholders) and the fund or entity is accepting significant insurance risk from the participants in the same way that a mutual conventional insurer accepts significant insurance risk from its policyholders. As MFRS 17 deems that a mutual entity accepts insurance risk, it is considered that the mutuality aspect of takaful contracts is consistent with takaful entity also accepting insurance risk.

- In the context of MFRS 17, insurance risk is being transferred from participants (takaful policyholders) to another entity – either represented by the takaful fund or funds or the takaful operator as the entity managing the insurance business as a whole.

- The acceptance of significant insurance risk need not be a direct, overt acceptance but may result from the presence of factors and circumstances indicating that insurance risk has been transferred. This is consistent with the objective of MFRS 17 that considers an entity's substantive rights and obligations when applying MFRS 17.

As a result of the above, the Group and the Company has assessed the takaful contracts issued and concluded that MFRS 17 is applicable. Consequently, the Group and the Company has established a project team with the assistance from consultants to plan and manage the MNRB Group wide implementation of MFRS 17. The Group and the Company 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 (Note 20)

The principal uncertainty in the general reinsurance, takaful and retakaful businesses arises from the technical provisions which include the estimation of premium/contribution liabilities and claim liabilities. Premium/contribution liabilities are recorded as the higher of UPR/UCR and URR while claim liabilities mainly comprise provision for claims reported, IBNER and IBNR claims as well as a PRAD at 75% confidence level.

Generally, claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium/contribution and claim liabilities will not exactly develop as projected and may vary from the projection.

The estimates of premium/contribution and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium/contribution and claim liabilities may vary from the initial estimates.There may be reporting lag between the occurrence of an insured event and the time it is actually recorded. For these cases, the IBNR reserves are estimated. Even for liabilities which have been recorded, there are potential uncertainties as to the magnitude of the final claims compared to initial reserve provisions. For these cases, IBNER reserve provision are estimated. There are various factors affecting the level of uncertainty such as inflation, judicial interpretations, legislative changes and claims handling procedures. The sensitivity of these assumptions and their impact to results and the equity position of the businesses are disclosed in Note 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.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(a) General reinsurance, takaful and retakaful businesses (Note 20) (cont'd.)

Effective from 1 April 2020, the formula of UCR computation for all classes of the general takaful fund has been revised whereby the wakalah fee is computed on gross contribution less ceded amount.

This method earns the retakaful commission income in the general takaful fund rather than recognising the retakaful commission income immediately as revenue income which gives a fairer view of the net tabarru' amount. With this change, the UCR net of proportional retakaful arrangement is expected to be higher by the amount of unearned ceding commission. The clauses applied is more accurate in reflecting the unexpired portion of tabarru' allocation where a proportional treaty is in place. The change in the UCR computation has been accounted for prospectively in the current financial year in accordance with the requirements of MFRS 108: *Accounting Policies, Changes Accounting Estimates and Errors*. The day 1 effect on the financial statements for the year ended 31 March 2021 are described as below:

Group	RM'000
Income statements	
Net earned premiums/contributions	13,374
Statements of financial position	
Insurance/takaful contract liabilities	(13,374)

(b) Family takaful and retakaful businesses (Note 20)

The estimation of the ultimate liability arising from claims made under the family takaful and retakaful businesses is a critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the family takaful and retakaful funds will ultimately be required to pay as 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(b) Family takaful and retakaful businesses (Note 20) (cont'd.)

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.

(c) Expense Liabilities (Note 20)

The expense liabilities of the shareholder's fund consist of expense liabilities of the general takaful, general retakaful, family takaful and family retakaful funds which are based on estimations performed by qualified actuaries. The estimation methods are explained in Note 2.6(b)(ii). 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 are approved by BNM.

4. NET EARNED PREMIUMS/CONTRIBUTIONS

		Group	
		2021 RM'000	2020 RM'000
(a)	**Gross earned premiums/contributions**		
	Insurance and takaful contracts	**2,565,338**	2,259,835
	Change in premium/contribution liabilities	**(63,556)**	(97,417)
		2,501,782	2,162,418
(b)	**Premiums/contributions ceded to reinsurers/retakaful operators**		
	Insurance and takaful contracts	**(337,374)**	(281,651)
	Change in premium/contribution liabilities	**(4,056)**	3,827
		(341,430)	(277,824)
	Net earned premiums/contributions	**2,160,352**	1,884,594

5. INVESTMENT INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at FVTPL				
Designated upon initial recognition:				
Interest/profit income	**107,371**	106,492	**-**	-
Mandatorily measured:				
Interest/profit income	**319**	267	**-**	-
Dividend income:				
- Quoted shares in Malaysia	**12,725**	12,166	**-**	-
- Shariah approved unit trust fund	**806**	2,228	**163**	-
- Real estate investment trusts	**733**	1,136	**-**	-
Financial assets at FVOCI				
Interest/profit income	**87,925**	91,767	**-**	-
Dividend income on unquoted shares in Malaysia	**764**	882	**-**	-
Financial assets at amortised cost				
Interest/profit income	**60,099**	73,186	**2,701**	2,208
Dividend income from subsidiaries	**-**	-	**85,000**	40,000
Dividend income from associate	**-**	-	**-**	600
Rental income	**2,482**	3,317	**-**	-
Net amortisation of premiums on investments	**(7,280)**	(6,285)	**-**	-
Investment expenses	**(1,055)**	(1,035)	**-**	-
	264,889	284,121	**87,864**	42,808

6. NET REALISED GAINS/(LOSSES)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment				
Net realised gains	**70**	25	**70**	-
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:				
Shariah approved equities in Malaysia	**3,308**	4,454	**-**	-
Others	**(2,203)**	1,650	**-**	-
Unquoted Islamic private debt securities	**1,222**	15,608	**-**	-
Government investment issues	**1,824**	33,665	**-**	-
Shariah approved unit trust funds	**5,994**	2,754	**-**	-
Real estate investment trusts	**1,329**	791	**-**	-
Net realised gains	**11,474**	58,922	**-**	-
Financial assets at FVOCI				
Unquoted corporate debt securities	**3,823**	7,479	**-**	-
Unquoted Islamic private debt securities	**1,515**	1,408	**-**	-
Government investment issues	**6,237**	27,421	**-**	-
Net realised gains	**11,575**	36,308	**-**	-
	23,119	94,401	**70**	(4)

NOTES TO THE FINANCIAL STATEMENTS
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7. NET FAIR VALUE LOSSES

	Group	
	2021 RM'000	2020 RM'000
Net fair value losses on financial assets at FVTPL	**(4,482)**	(18,780)

8. FEE AND COMMISSION INCOME/(EXPENSES)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fee and commission income				
Management fees	**6,149**	8,152	**38,997**	37,394
Commission income	**38,032**	40,610	**-**	-
	44,181	48,762	**38,997**	37,394
Fee and commission expenses				
Commission expenses	**(478,490)**	(452,839)	**-**	-

9. MANAGEMENT EXPENSES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, bonus and other related costs	**102,698**	94,535	**22,031**	22,694
Short term accumulating compensated absences	**1,565**	72	**419**	(28)
Group Chief Executive Officer ("GCEO"), directors and Group Shariah Committee ("GSC") members' remuneration (Note 10)	**6,921**	6,116	**3,561**	2,617
Pension costs - EPF	**14,551**	12,769	**3,044**	3,027
Social security costs	**784**	766	**150**	159
Retirement benefits	**-**	125	**-**	66
Auditors' remuneration:				
Statutory auditors of the Group				
- statutory audit and audit related	**2,017**	1,703	**91**	88
- regulatory-related	**100**	115	**28**	33
- other services	**143**	63	**45**	10
Depreciation of property, plant and equipment (Note 13)	**6,103**	5,893	**600**	459
Depreciation of right-of-use assets (Note 15)	**2,896**	3,720	**1,062**	1,187
Amortisation of intangible assets (Note 14)	**10,594**	6,633	**698**	387
Expenses relating to leases of low-value assets (Note 15)	**834**	449	**503**	252
Expenses relating to short-term leases (Note 15)	**17**	98	**-**	-
Agency expenses	**10,210**	6,189	**-**	-
Marketing and promotional costs	**57,157**	42,296	**224**	361
Electronic data processing costs	**15,832**	21,750	**879**	1,106
Management fee	**-**	-	**741**	-
Professional and legal fees	**13,616**	12,298	**836**	1,761
Contributions and donations	**498**	428	**-**	-
Other management expenses	**42,437**	46,762	**1,486**	2,856
	288,973	262,780	**36,398**	37,035

NOTES TO THE FINANCIAL STATEMENTS
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10. GCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Number of non-executive directors	**19**	20	**6**	11
GCEO:				
Salaries and bonus	**2,195**	2,111	**1,834**	1,425
Pension costs - EPF and SOCSO	**393**	359	**332**	242
Benefits-in-kind	**26**	23	**26**	23
Fees	**134**	196	**-**	-
Others	**465**	38	**445**	-
	3,213	2,727	**2,637**	1,690
Non-executive directors of the Company:				
Fees	**1,555**	1,816	**761**	766
Others	**410**	478	**189**	184
Benefts-in-kind	**31**	-	**31**	-
	1,996	2,294	**981**	950
Non-executive director of the subsidiaries:				
Fees	**1,203**	701	**-**	-
Others	**327**	150	**-**	-
	1,530	851	**-**	-
Group Shariah Committee members:				
Fees	**177**	196	**-**	-
Allowances	**62**	71	**-**	-
	239	267	**-**	-
Total GCEO, directors' and GSC members' remuneration excluding benefits-in-kind	**6,921**	6,116	**3,561**	2,617

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2021

10. GCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION (CONT'D.)

The number of directors whose total remuneration, borne by the Group and the Company, during the financial year fell within the following bands is analysed below.

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
GCEO:				
RM800,001 to RM850,000	**1**	-	**1**	-
RM1,650,001 to RM1,700,000	**-**	-	**-**	1
RM1,800,001 to RM1,850,000	**-**	-	**1**	-
RM2,350,001 to RM2,400,000	**1**	-	**-**	-
RM2,700,001 to RM2,750,000	**-**	1	**-**	-
Non-executive directors of the Company:				
RM0 to RM50,000	**-**	1	**-**	1
RM50,001 to RM100,000	**-**	2	**-**	8
RM100,001 to RM150,000	**3**	2	**3**	1
RM150,001 to RM200,000	**-**	3	**2**	1
RM200,001 to RM250,000	**-**	1	**1**	-
RM300,001 to RM350,000	**1**	-	**-**	-
RM500,001 to RM550,000	**-**	1	**-**	-
RM550,001 to RM600,000	**1**	-	**-**	-
RM600,001 to RM650,000	**-**	1	**-**	-
RM650,001 to RM700,000	**1**	-	**-**	-
Non-executive director of the subsidiaries:				
RM0 to RM50,000	**3**	2	**-**	-
RM50,001 to RM100,000	**1**	2	**-**	-
RM100,001 to RM150,000	**6**	1	**-**	-
RM150,001 to RM200,000	**2**	1	**-**	-
RM200,001 to RM250,000	**-**	1	**-**	-
RM250,001 to RM300,000	**1**	1	**-**	-
RM500,001 to RM550,000	**-**	1	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
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10. GCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION (CONT'D.)

	Group				Company			
	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments	Total RM'000	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments RM'000	Total RM'000
2021								
Group Chief Executive Officer ("GCEO")								
Zaharudin Daud (Appointed on 23 November 2020)	665	-	153	818	665	-	153	818
Mohd Din Merican (Resigned on 23 November 2020)	1,530	134	731	2,395	1,169	-	650	1,819
Total GCEO remuneration	2,195	134	884	3,213	1,834	-	803	2,637
Non-Executive Directors of the Company:								
Datuk Johar Che Mat	-	443	144	587	-	171	64	235
George Oommen	-	519	141	660	-	121	31	152
Khalid Sufat	-	262	69	331	-	138	38	176
Junaidah Mohd Said	-	116	33	149	-	116	33	149
Zaida Khalida Shaari	-	111	29	140	-	111	29	140
Dato' Wan Roshdi Wan Musa	-	104	25	129	-	104	25	129
	-	1,555	441	1,996	-	761	220	981
Total GCEO and directors' remuneration	2,195	1,689	1,325	5,209	1,834	761	1,023	3,618

10. GCEO, DIRECTORS' AND GSC MEMBERS' REMUNERATION (CONT'D.)

	Group				Company			
	Salary and bonus RM'000	Fees RM'000	Benefits-in-kind and other emoluments	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")/ Executive Director								
Mohd Din Merican	2,111	196	420	2,727	1,425	-	265	1,690
Non-Executive Directors of the Company:								
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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2021

11. OTHER OPERATING REVENUE/(EXPENSES)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other operating revenue				
Gains on foreign exchange	**-**	7,318	**-**	-
Reversal of impairment losses on insurance/takaful receivables (Note 36(a))	**-**	1,677	**-**	-
Recovery of bad debts	**151**	155	**-**	-
Non-operating interest income	**142**	1,418	**6**	9
Miscellaneous income	**10,382**	10,873	**158**	265
Management income pursuant to business transfer from HLMTB	**321**	2,300	**-**	-
	10,996	23,741	**164**	274
Other operating expenses				
Losses on foreign exchange	**(2,905)**	-	**-**	-
Impairment losses oninsurance/takaful receivables (Note 36(a))	**(8,899)**	-	**-**	-
Impairment losses on financial assets at:				
FVOCI	**(189)**	(576)	**-**	-
Amortised cost	**(131)**	-	**-**	-
Impairment loss on buildings (Note 34)	**(34)**	(585)	**-**	-
Miscellaneous expenses	**(501)**	(1,367)	**(274)**	-
	(12,659)	(2,528)	**(274)**	-

12. TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian income tax:				
Tax expense for the year	**29,827**	26,268	**538**	415
Under/(over) provision in prior years	**2,947**	(2,737)	**12**	(2,440)
	32,774	23,531	**550**	(2,025)
Deferred tax (Note 19):				
(Over)/under provision in prior years	**(173)**	230	**(173)**	230
Relating to origination and reversal of temporary differences	**(153)**	(7,032)	**298**	(102)
	(326)	(6,802)	**125**	128
	32,448	16,729	**675**	(1,897)

NOTES TO THE FINANCIAL STATEMENTS
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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% (2020: 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% (2020: 8%).

A reconciliation of income tax expenses applicable to profit before zakat and tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before zakat and tax	**223,236**	150,922	**73,650**	26,709
Taxation at Malaysian statutory tax rate of 24%	**53,577**	36,222	**17,676**	6,411
Effects of different tax rate in respect of reinsurance/retakaful business	**(4,008)**	(4,162)	**-**	-
Income not subject to tax	**(74,499)**	(62,109)	**(20,456)**	(9,712)
Expenses not deductible for tax purposes	**59,029**	47,560	**4,328**	4,250
Utilisation of previously unrecognised tax losses	**(712)**	(636)	**(712)**	(636)
(Over)/under provision of deferred tax in prior years	**(173)**	230	**(173)**	230
Under/(over) provision of tax in prior years	**2,947**	(2,737)	**12**	(2,440)
Share of results of associates	**(3,713)**	2,361	**-**	-
Tax expense for the year	**32,448**	16,729	**675**	(1,897)

Tax borne by participants

	Group	
	2021 RM'000	2020 RM'000
Current income tax:		
Current year's provision	**15,516**	23,307
Over provision of tax expense in prior years	**(191)**	(3,367)
	15,325	19,940
Deferred income tax (Note 19):		
Deferred tax relating to origination and reversal of temporary differences	**(5,741)**	(1,942)
Tax expense for the year	**9,584**	17,998

NOTES TO THE FINANCIAL STATEMENTS
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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 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
Additions	-	210	1,321	61	607	2,199
Disposals	-	-	-	-	(752)	(752)
Revaluation surplus	-	3,359	-	-	-	3,359
Foreign exchange translation	-	(226)	2	(16)	(9)	(249)
Elimination of accumulated depreciation on revaluation	-	(4,659)	-	-	-	(4,659)
At 31 March 2021	**36,800**	**161,587**	**7,344**	**37,772**	**2,212**	**245,715**

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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
Accumulated depreciation and impairment loss						
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 (Note 11)	-	585	-	-	-	585
At 31 March 2020	-	-	5,166	34,910	1,552	41,628
Depreciation charge for the year (Note 9)	-	4,625	556	636	286	6,103
Disposals	-	-	-	-	(752)	(752)
Elimination of accumulated depreciation on revaluation	-	(4,659)	-	-	-	(4,659)
Foreign exchange translation	-	-	(1)	(14)	(1)	(16)
Impairment loss during the year (Note 11)	-	34	-	-	-	34
At 31 March 2021	**-**	**-**	**5,721**	**35,532**	**1,085**	**42,338**
Net carrying amount						
At 31 March 2021	**36,800**	**161,587**	**1,623**	**2,240**	**1,127**	**203,377**
At 31 March 2020	36,800	162,903	855	2,817	814	204,189

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 2021.

The income approach entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The comparison approach entails critical analyses of recent sales and listing of comparable properties registered within the vicinity. The technique of the approach requires the establishment of a comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the differences between the subject property and those regarded as comparable. The comparison was premised on the factors of location, size, lease, restrictive covenants age and condition of the building as well as the time element.

Description of the fair value hierarchy for freehold land and buildings and the significant inputs used in the valuation are provided in Note 39.

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 2019	15,596	145,760	161,356
Additions	-	1,368	1,368
At 31 March 2020	15,596	147,128	162,724
Additions	-	211	211
At 31 March 2021	**15,596**	**147,339**	**162,935**
Accumulated depreciation			
At 1 April 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
Depreciation charge for the year	-	4,625	4,625
Impairment losses during the year	-	34	34
At 31 March 2021	**-**	**57,356**	**57,356**
Net carrying amount			
At 31 March 2021	**15,596**	**89,983**	**105,579**
At 31 March 2020	15,596	94,431	110,027

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 April 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
Additions	413	4	237	654
Disposals	-	-	(752)	(752)
At 31 March 2021	**3,963**	**2,964**	**599**	**7,526**
Accumulated depreciation				
At 1 April 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
Charge for the year (Note 9)	361	135	104	600
Disposals	-	-	(752)	(752)
At 31 March 2021	**3,337**	**2,441**	**252**	**6,030**
Net carrying amount				
At 31 March 2021	**626**	**523**	**347**	**1,496**
At 31 March 2020	574	654	214	1,442

14. INTANGIBLE ASSETS

Group	Software development in progress RM'000	Computer software and licences RM'000	Preferred partnership fees RM'000	Total RM'000
Cost				
At 1 April 2019	13,923	64,826	6,000	84,749
Additions	3,356	2,653	-	6,009
Disposal	-	(612)	-	(612)
Reclassification	(1,660)	1,660	-	-
At 31 March 2020	15,619	68,527	6,000	90,146
Additions	14,122	3,699	28,000	45,821
Reclassification	(408)	408	-	-
At 31 March 2021	**29,333**	**72,634**	**34,000**	**135,967**
Accumulated amortisation				
At 1 April 2019	-	44,386	3,157	47,543
Amortisation for the year (Note 9)	-	4,932	1,701	6,633
Disposal	-	(608)	-	(608)
At 31 March 2020	-	48,710	4,858	53,568
Amortisation for the year (Note 9)	-	5,435	5,159	10,594
At 31 March 2021	**-**	**54,145**	**10,017**	**64,162**
Net carrying amount				
At 31 March 2021	**29,333**	**18,489**	**23,983**	**71,805**
At 31 March 2020	15,619	19,817	1,142	36,578

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31 MARCH 2021

14. INTANGIBLE ASSETS (CONT'D.)

Company	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
Cost			
At 1 April 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
Additions	-	1,118	1,118
At 31 March 2021	**-**	**11,170**	**11,170**
Accumulated amortisation			
At 1 April 2019	-	7,555	7,555
Amortisation for the year (Note 9)	-	387	387
Disposal	-	(608)	(608)
At 31 March 2020	-	7,334	7,334
Amortisation for the year (Note 9)	-	698	698
At 31 March 2021	**-**	**8,032**	**8,032**
Net carrying amount			
At 31 March 2021	**-**	**3,138**	**3,138**
At 31 March 2020	-	2,718	2,718

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.

(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	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
Additions during the year	-	1,270	-	1,270
Lease derecognised during the year	-	(483)	(2,925)	(3,408)
Foreign exchange translation	-	6	-	6
At 31 March 2021	**1,074**	**4,046**	**999**	**6,199**

15. LEASE (CONT'D.)

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

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

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period: (cont'd.)

Group (cont'd.)	Data Centre RM'000	Office buildings RM'000	Computer and office equipment RM'000	Total RM'000
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
Charge for the year (Note 9)	416	1,111	1,369	2,896
Lease derecognised during the year	-	(483)	(2,925)	(3,408)
Foreign exchange translation	-	22	-	22
At 31 March 2021	**832**	**1,750**	**631**	**3,213**
Net Carrying Amount				
At 31 March 2021	**242**	**2,296**	**368**	**2,906**
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	1,159	215	1,374
Additions during the year	3,059	-	3,059
At 31 March 2020/31 March 2021	**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
Charge for the year (Note 9)	1,023	39	1,062
At 31 March 2021	**2,171**	**78**	**2,249**
Net carrying amount			
At 31 March 2021	**2,047**	**137**	**2,184**
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	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
Additions	1,270	-
Accretion of interest	158	133
Payments	(2,879)	(1,177)
Foreign exchange translation	(14)	-
At 31 March 2021	**2,754**	**2,115**

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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 2021 RM '000	Group 2020 RM '000
Contractual discounted cash flow:		
Within 1 year	**1,560**	2,700
After 1 year but not more than 5 years	**1,108**	1,519
More than 5 years	**86**	-
	2,754	4,219
Undiscounted cash flow:		
Within 1 year	**1,821**	2,762
After 1 year but not more than 5 years	**1,059**	1,659
More than 5 years	**87**	-
	2,967	4,421

	Company 2021 RM '000	Company 2020 RM '000
Contractual discounted cash flow:		
Within 1 year	**1,041**	1,045
After 1 year but not more than 5 years	**1,074**	2,114
	2,115	3,159
Undiscounted cash flow:		
Within 1 year	**1,121**	1,177
After 1 year but not more than 5 years	**1,102**	2,222
	2,223	3,399

15. LEASE (CONT'D.)

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

(iii) Amount recognised in the statements of comprehensive income

	Group	
	2021 RM '000	**2020 RM '000**
Depreciation expense of right-of-use assets (Note 9)	**2,896**	3,720
Finance cost on lease liabilities	**158**	296
Expenses relating to short-term leases (Note 9)	**17**	98
Expenses relating to leases of low-value assets (Note 9)	**834**	449
Total amount recognised in profit or loss	**3,905**	4,563

	Company	
	2021 RM '000	**2020 RM '000**
Depreciation expense of right-of-use assets (Note 9)	**1,062**	1,187
Finance cost on lease liabilities	**133**	43
Expenses relating to leases of low-value assets (Note 9)	**503**	252
Total amount recognised in profit or loss	**1,698**	1,482

(iv) Amount recognised in the statement of cash flows

	Group	
	2021 RM '000	**2020 RM '000**
Payment of lease liability	**(2,879)**	(3,858)
Non-cash additions to ROU assets	**1,270**	434
	(1,609)	(3,424)

	Company	
	2021 RM '000	**2020 RM '000**
Payment of lease liability	**(1,177)**	(1,324)
Non-cash additions to ROU assets	**-**	3,059
	(1,177)	1,735

15. LEASE (CONT'D.)

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

(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.

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its portfolio of self-occupied properties. These leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are as follows:

	Group	
	2021 RM '000	**2020 RM '000**
Future minimum rental receivable:		
Not later than 1 year	**2,050**	3,685
Later than 1 year and not later than 5 years	**1,458**	3,508
	3,508	7,193

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM '000	**2020 RM '000**
Unquoted shares, at cost:		
In Malaysia		
At the beginning and end of the year	**1,298,106**	1,298,106
Outside Malaysia		
At the beginning and end of the year	**6,370**	6,370
	1,304,476	1,304,476

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2021 %	2020 %
Malaysian Reinsurance Berhad ("Malaysian Re")	Malaysia	Underwriting of all classes of general reinsurance business and management of family and general retakaful business	**100**	100
Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family")	Malaysia	Management of family and investment-linked takaful business	**100**	100
Takaful Ikhlas General Berhad ("Takaful IKHLAS General")	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 Malaysian Re	**100**	100

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

17. INVESTMENTS IN ASSOCIATES

	Group	
	2021 RM '000	**2020 RM '000**
Unquoted shares in Malaysia, at cost	**77,615**	77,615
Share of post-acquisition retained profits	**15,200**	(272)
Share of post-acquisition fair value reserve	**(5,545)**	2,180
Post-acquisition foreign exchange translation reserve *	**47,535**	53,759
	134,805	133,282
Represented by share of net assets	**134,805**	133,282

	Company	
	2021 RM '000	**2020 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 2021 %	2020 %
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 2020 and management financial statements to the end of the accounting period of 31 March 2021 have been used.

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

17. INVESTMENTS IN ASSOCIATES (CONT'D.)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2021 RM '000	2020 RM '000
Assets and liabilities:		
Current assets	**2,416,818**	2,636,293
Non-current assets	**72,004**	80,213
Total assets	**2,488,822**	2,716,506
Current liabilities	**287,510**	324,557
Non-current liabilities	**1,539,421**	1,733,547
Total liabilities	**1,826,931**	2,058,104
Equity	**661,891**	658,402
Results:		
Revenue	**633,017**	673,545
Profit/(loss) for the year	**70,209**	(51,251)
Share of net profit/(loss) for the year	**15,472**	(9,838)

18. FINANCIAL AND OTHER ASSETS

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At carrying value:				
Financial assets at FVTPL (a)	**3,101,637**	2,968,600	**31,800**	-
Financial assets at FVOCI (b)	**2,082,950**	2,254,163	**50**	50
Amortised cost and other assets (c)	**3,150,670**	2,531,991	**95,697**	75,058
	8,335,257	7,754,754	**127,547**	75,108
Malaysian government securities	**155,329**	145,670	**-**	-
Government investment issues	**1,580,241**	1,863,258	**-**	-
Unquoted corporate debt securities	**1,048,715**	1,119,053	**1,000**	1,000
Islamic commercial paper	**149,475**	-	**-**	-
Commercial paper	**54,820**	-	**-**	-
Equity securities:				
Unquoted shares in Malaysia	**84,838**	84,675	**50**	50
Quoted shares in Malaysia	**312,968**	295,637	**-**	-
Unquoted perpetual bond in Malaysia	**4,950**	-	**-**	-
Unquoted Islamic private debt securities	**1,738,886**	1,577,346	**-**	-
Shariah approved unit trust funds	**241,218**	113,826	**31,800**	-
Real estate investment trusts	**17,442**	23,298	**-**	-
Fixed and call deposits	**341,042**	353,179	**-**	-
Islamic investment accounts	**2,458,178**	1,998,974	**92,301**	69,669
Other receivables and prepayments	**147,155**	179,838	**2,396**	4,389
	8,335,257	7,754,754	**127,547**	75,108

18. FINANCIAL AND OTHER ASSETS (CONT'D.)

(a) Financial assets at FVTPL

	Group		Company	
At fair value:	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Designated upon initial recognition:				
Unquoted corporate debt securities	**1,162**	2,190	**-**	-
Government investment issues	**1,141,718**	1,262,018	**-**	-
Unquoted Islamic private debt securities	**1,362,102**	1,253,077	**-**	-
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	**215,664**	209,176	**-**	-
Warrants	**-**	11	**-**	-
Others	**97,304**	86,450	**-**	-
Unquoted perpetual bond in Malaysia	**4,950**	-	**-**	-
Unquoted corporate debt securities	**19,469**	17,928	**-**	-
Unquoted Islamic private debt securities	**608**	626	**-**	-
Shariah approved unit trust funds	**241,218**	113,826	**31,800**	-
Real estate investment trusts	**17,442**	23,298	**-**	-
	3,101,637	2,968,600	**31,800**	-

18. FINANCIAL AND OTHER ASSETS (CONT'D.)

(b) Financial assets at FVOCI

	Group		Company	
At fair value:	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Malaysian government securities	**155,329**	145,670	**-**	-
Government investment issues	**438,523**	601,240	**-**	-
Unquoted corporate debt securities	**1,028,084**	1,098,935	**-**	-
Unquoted Islamic private debt securities	**376,176**	323,643	**-**	-
Unquoted shares in Malaysia *	**84,605**	84,382	**-**	-
Golf club memberships	**233**	293	**50**	50
	2,082,950	2,254,163	**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 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
Movement during the year	148	75	223
As at 31 March 2021	**82,162**	**2,443**	**84,605**

Disclosures on expected credit losses recognised on financial assets at FVOCI are disclosed in Note 36(a).

18. FINANCIAL AND OTHER ASSETS (CONT'D.)

(c) Financial assets at amortised cost

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At amortised cost:				
Unquoted corporate debt securities	**-**	-	**1,000**	1,000
Fixed and call deposits with licensed:				
Commercial banks	**77,313**	121,384	**-**	-
Foreign banks	**263,729**	231,795	**-**	-
Islamic investment accountswith licensed:				
Islamic banks	**1,892,300**	1,550,743	**77,487**	43,979
Investment banks	**5,903**	3,982	**-**	-
Development banks	**559,975**	444,249	**14,814**	25,690
Islamic commercial paper	**149,475**	-	**-**	-
Commercial paper	**54,820**	-	**-**	-
Secured staff loans	**5,315**	7,941	**1,755**	2,635
Amounts due from subsidiaries *	**-**	-	**-**	311
Income due and accrued	**64,567**	78,433	**276**	616
Amount due from Insurance Pool accounts	**9,864**	29,716	**-**	-
Due from Lloyds' syndicate	**44,985**	36,971	**-**	-
Sundry receivables	**19,087**	18,383	**282**	289
	3,147,333	2,523,597	**95,614**	74,520
Other assets:				
Other receivables	**304**	6,993	**-**	413
Prepayments	**3,033**	1,401	**83**	125
	3,150,670	2,531,991	**95,697**	75,058

All items above, other than other receivables and prepayments, are financial assets measured at amortised cost. The carrying amounts disclosed above approximate fair value due to their relatively short term nature.

* The carrying amounts disclosed are non-trade in nature, unsecured, not subject to any interest/profit elements and repayable on demand.

18. FINANCIAL AND OTHER ASSETS (CONT'D.)

(d) Average effective interest rate

Average effective interest rates for each class of interest-bearing investment and placements with licensed financial institutions, at net carrying amounts are as below:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Debt securities	**4.43%**	4.97%	**5.06%**	5.06%
Staff loans	**3.02%**	3.02%	**3.04%**	3.04%
Deposits with financial institutions	**2.05%**	2.78%	**2.39%**	3.41%

19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 April	**3,458**	(3,123)	**1,742**	1,870
Recognised in:				
Income statement (Note 12)	**326**	6,802	**(125)**	(128)
Participants' funds (Note 12)	**5,741**	1,942	**-**	-
Other comprehensive income	**2,151**	(2,163)	**-**	-
At 31 March	**11,676**	3,458	**1,617**	1,742

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relates to the same authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deferred tax assets	**21,503**	15,404	**1,617**	1,742
Deferred tax liabilities	**(9,827)**	(11,946)	**-**	-
	11,676	3,458	**1,617**	1,742

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows:

Group	Provisions and payables RM'000	Unabsorbed/ accelerated capital allowances RM'000	Impairment losses on loans and receivables	Premium/ contribution and expense liabilities RM'000	Financial assets RM'000	Revaluation of land and buildings RM'000	Others RM'000	Total RM'000
2021								
At 1 April 2020	**3,130**	**(1,528)**	**2,004**	**8,761**	**(4,768)**	**(7,161)**	**3,020**	**3,458**
Recognised in:								
Income statement (Note 12)	**1,144**	**38**	**-**	**2,054**	**(3,599)**	**-**	**689**	**326**
Participants' fund (Note 12)	**1,186**	**966**	**1,772**	**-**	**1,807**	**(163)**	**173**	**5,741**
Other comprehensive income	**-**	**-**	**-**	**-**	**2,447**	**(296)**	**-**	**2,151**
At 31 March 2021	**5,460**	**(524)**	**3,776**	**10,815**	**(4,113)**	**(7,620)**	**3,882**	**11,676**
2020								
At 1 April 2019	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

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19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows: (cont'd.)

Company	Unabsorbed/ accelerated capital allowances RM'000	Others RM'000	Total RM'000
2021			
At 1 April 2020	**(155)**	**1,897**	**1,742**
Recognised in income statement (Note 12)	**35**	**(160)**	**(125)**
At 31 March 2021	**(120)**	**1,737**	**1,617**
2020			
At 1 April 2019	(398)	2,268	1,870
Recognised in income statement (Note 12)	243	(371)	(128)
At 31 March 2020	(155)	1,897	1,742

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		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised business losses	**12,598**	13,310	**4,495**	5,207

The unutilised tax losses of the Group and the Company are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from year of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

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20. INSURANCE/TAKAFUL CONTRACT LIABILITIES

	2021 Gross RM'000	2021 Reinsurance/ retakaful RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance/ retakaful RM'000	2020 Net RM'000
General reinsurance/takaful/retakaful funds (Note (a))	**2,841,022**	**(365,206)**	**2,475,816**	2,592,140	(437,330)	2,154,810
Family takaful/retakaful funds (Note (b))	**3,411,712**	**(92,029)**	**3,319,683**	3,178,633	(59,998)	3,118,635
Expense liabilities (Note (c))	**88,256**	**-**	**88,256**	72,300	-	72,300
Total	**6,340,990**	**(457,235)**	**5,883,755**	5,843,073	(497,328)	5,345,745
(a) General reinsurance/takaful/retakaful funds						
Claim liabilities (Note (i))	**2,305,694**	**(306,976)**	**1,998,718**	2,120,368	(375,044)	1,745,324
Premium/contribution liabilities (Note (ii))	**535,328**	**(58,230)**	**477,098**	471,772	(62,286)	409,486
	2,841,022	**(365,206)**	**2,475,816**	2,592,140	(437,330)	2,154,810
(i) Claim liabilities						
At 1 April	**2,120,368**	**(375,044)**	**1,745,324**	2,098,790	(418,710)	1,680,080
Transferred from Hong Leong Malaysia Takaful Berhad ("HLMTB") on 1 June 2019	**-**	**-**	**-**	51,278	(51,729)	(451)
Claims incurred in the current underwriting/ accident year	**540,030**	**(86,757)**	**453,273**	487,691	(36,251)	451,440
Adjustment to claims incurred in prior underwriting/accident years due to changes in IBNR and PRAD	**44,202**	**22,341**	**66,543**	(1,500)	14,296	12,796
Movements in claims incurred in prior underwriting/accident years	**430,459**	**36,957**	**467,416**	453,985	(59,921)	394,064
Claims paid during the year	**(829,365)**	**95,527**	**(733,838)**	(969,876)	177,271	(792,605)
At 31 March	**2,305,694**	**(306,976)**	**1,998,718**	2,120,368	(375,044)	1,745,324

20. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONT'D.)

	2021 Gross RM'000	2021 Reinsurance/ retakaful RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance/ retakaful RM'000	2020 Net RM'000
(a) General reinsurance/takaful/retakaful funds (cont'd.)						
(ii) Premium/contribution liabilities						
At 1 April	**471,772**	**(62,286)**	**409,486**	372,852	(56,962)	315,890
Transferred from HLMTB on 1 June 2019	**-**	**-**	**-**	1,503	(1,497)	6
Premiums/contributions written in the year	**1,870,494**	**(254,658)**	**1,615,836**	1,634,390	(198,372)	1,436,018
Premiums/contributions earned during the year	**(1,806,938)**	**258,714**	**(1,548,224)**	(1,536,973)	194,545	(1,342,428)
At 31 March	**535,328**	**(58,230)**	**477,098**	471,772	(62,286)	409,486
(b) Family takaful/retakaful funds						
Provision for claims reported by contract holders	**82,316**	**(13,630)**	**68,686**	74,438	(13,386)	61,052
Participants' Investment Fund ("PIF")	**2,808,666**	**-**	**2,808,666**	2,704,591	-	2,704,591
Participants' Risk Fund ("PRF")	**336,449**	**(78,399)**	**258,050**	263,924	(46,612)	217,312
Net asset value attributable to unitholders	**184,281**	**-**	**184,281**	135,680	-	135,680
	3,411,712	**(92,029)**	**3,319,683**	3,178,633	(59,998)	3,118,635

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20. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONT'D.)

	2021 Gross RM'000	2021 Reinsurance/ retakaful RM'000	2021 Net RM'000	2020 Gross RM'000	2020 Reinsurance/ retakaful RM'000	2020 Net RM'000
(b) Family takaful/retakaful funds (cont'd.)						
At 1 April	**3,178,633**	**(59,998)**	**3,118,635**	2,953,779	(64,181)	2,889,598
Net earned contributions	**635,619**	**(82,716)**	**552,903**	583,399	(83,279)	500,120
Net creation of units	**59,225**	**-**	**59,225**	42,046	-	42,046
Liabilities paid for death, maturities, surrenders, benefits and claims	**(296,314)**	**64,790**	**(231,524)**	(343,658)	66,501	(277,157)
Net cancellation of units	**(21,870)**	**-**	**(21,870)**	(33,499)	-	(33,499)
Benefits and claims experience variation	**7,878**	**(244)**	**7,634**	7,549	(1,865)	5,684
Fees deducted	**(221,440)**	**-**	**(221,440)**	(208,161)	-	(208,161)
Other revenue and expenses	**11,971**	**-**	**11,971**	(7,346)	-	(7,346)
Transfer to shareholder's fund	**(16,052)**	**-**	**(16,052)**	(24,559)	-	(24,559)
Increase in reserve	**74,062**	**(13,861)**	**60,201**	209,083	22,826	231,909
At 31 March	**3,411,712**	**(92,029)**	**3,319,683**	3,178,633	(59,998)	3,118,635

20. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONT'D.)

	2021 Gross/net RM'000	2020 Gross/net RM'000
(c) Expense liabilities		
At 1 April	**72,300**	64,469
Transferred from HLMTB on 1 June 2019	**-**	100
Increase during the year	**15,956**	7,731
At 31 March	**88,256**	72,300

21. INSURANCE/TAKAFUL RECEIVABLES

	Group 2021 RM'000	Group 2020 RM'000
Due contributions including agents' balances	**116,905**	76,525
Amounts due from brokers and ceding companies	**406,808**	321,126
	523,713	397,651
Less: Allowance for impairment	**(24,847)**	(15,948)
	498,866	381,703

Offsetting insurance/takaful receivables and insurance/takaful payables

	2021 RM'000	2020 RM'000
Gross amounts of recognised insurance/takaful receivables	**1,100,224**	979,522
Less: Gross amounts of recognised insurance/takaful payables set off in the statements of financial position	**(576,511)**	(581,871)
Net amounts of insurance/takaful receivables presented in the statements of financial position	**523,713**	397,651

Included in gross amounts due from brokers and ceding companies is an amount of RM35,271 (2020: RM1,845,374) 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	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax recoverable	**68,670**	68,604	**20,166**	20,049
Tax payable	**(6,279)**	(9,423)	**-**	-
	62,391	59,181	**20,166**	20,049

Included in the total tax recoverable above are two pending appeal cases and tax paid in excess to the Inland Revenue Board ("IRB"). The pending appeal cases relate to MNRB and Takaful IKHLAS Family, as follows:

(i) 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. During the meeting on 1 October 2020, parties were notifed by the SCIT that the hearing had to be vacated for reasons that could not be avoided.

Subsequently, the case management with the SCIT which were initially fixed for 28 May 2021 has been vacated in light of the Movement Control Order 3.0. Accordingly, a new mention date has been fixed for 4 August 2021.

Notwithstanding the appeal and the hearing before the SCIT, the Company had paid the total amount payable of RM19,685,000. The Company is also at liberty to pursue an amicable settlement of this matter.

Based on legal advice, the Company is of the view that there are strong justifications for its appeal and have treated the above tax payment as tax recoverable. As at the date of the financial statements, there have been no further developments on this matter.

22. TAX RECOVERABLE/(PAYABLE) (CONT'D.)

Included in the total tax recoverable above are two pending appeal cases and tax paid in excess to the Inland Revenue Board ("IRB"). The pending appeal cases relate to MNRB and Takaful IKHLAS Family, as follows: (cont'd.)

(ii) The IRB had, on 28 December 2018, issued notices of additional assessments to Takaful IKHLAS Family for YA 2011 and YA 2013 for RM3,052,000 and RM2,147,000 respectively.

Takaful IKHLAS Family disagreed with the additional assessment imposed by IRB for the above YA and had submitted a notice of appeal by filing Form Q with the SCIT on 24 January 2019. The SCIT had fixed a preliminary hearing of the appeal by Takaful IKHLAS Family on 24 April 2020 but it was later postponed due to the Movement Control Order (""MCO""). The new case mention date was re-scheduled to 9 September 2020 but was subsequently postponed to 31 March 2021.

The lawyer of Takaful IKHLAS Family had appeared before the SCIT on 31 March 2021 for a case management. Parties are to update the SCIT on 16 August 2021 on the progress of any settlement and the relevant cause papers will also have to be filed on the same date so as to enable the matter to be expedited, to prevent further delay to this matter.

Notwithstanding the appeal and the proposed hearing before the SCIT, Takaful IKHLAS Family had paid the total amount payable of RM5,199,000. Takaful IKHLAS Family is also at liberty to pursue an amicable settlement of this matter.

Takaful IKHLAS Family is of the view that there are strong justifications for its appeal and have treated the said payment as tax recoverable. As at the date of the financial statements, there have been no further developments on this matter.

23. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2021	**2020**
	RM'000	**RM'000**
Freehold land and building:		
At 1 April	**-**	45,875
Disposal	**-**	(45,875)
At 31 March	**-**	-

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	
	2021 RM'000	2020 RM'000
Participants' funds comprise the following:		
Accumulated surplus (Note (a))	**339,070**	293,893
Fair value reserves (Note (b))	**2,693**	4,764
Revaluation surplus (Note (c))	**35,961**	34,081
	377,724	332,738

(a) Accumulated surplus

	2021 RM'000	2020 RM'000
At 1 April	**293,893**	237,848
Net surplus of the general and family takaful and retakaful funds	**49,027**	30,728
Net surplus of the retakaful funds to shareholders	**1,150**	8,882
Transfer from HLMTB on 1 June 2019	**-**	3,338
Hibah paid and payable to participants during the year	**(5,000)**	(10,000)
Transfer from revaluation surplus arising from disposal	**-**	23,097
At 31 March	**339,070**	293,893

(b) Fair value reserves

	2021 RM'000	2020 RM'000
At 1 April	**4,764**	2,573
Net gains on fair value changes	**(529)**	6,084
Realised gains transferred to income statements	**(2,209)**	(3,301)
Deferred tax on fair value changes	**667**	(592)
Net change in fair value reserves attributable to participants	**(2,071)**	2,191
At 31 March	**2,693**	4,764

(c) Revaluation surplus

	2021 RM'000	2020 RM'000
At 1 April	**34,081**	54,873
Recognised in other comprehensive income	**2,043**	1,853
Deferred tax on revaluation surplus	**(163)**	452
Net change in revaluation surplus attributable to participants	**1,880**	2,305
Transfer to accumulated surplus arising from disposal	**-**	(23,097)
At 31 March	**35,961**	34,081

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25. BORROWING

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 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	
	2021 RM'000	2020 RM'000
Due to agents, brokers, retrocessionaires and retakaful operators	**202,171**	169,851

Offsetting insurance/takaful receivables and insurance/takaful payables

	Group	
	2021 RM'000	2020 RM'000
Gross amounts of recognised insurance/takaful payables	**778,682**	751,722
Less: Gross amounts of recognised insurance/takaful receivables set off in the statements of financial position	**(576,511)**	(581,871)
Net amounts of insurance/takaful payables presented in the statements of financial position	**202,171**	169,851

Included in gross amounts due to brokers and retrocessionaires is an amount of RM932,209 (2020: RM698,513) 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		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Advance contributions	**3,386**	3,503	**-**	-
Deposit contributions	**57,318**	62,361	**-**	-
Provisions	**44,819**	45,635	**6,190**	7,494
Amount due to subsidiaries *	**-**	-	**7,442**	4,080
Agency provident fund	**5,642**	5,722	**-**	-
Amount due to participants	**6,375**	6,215	**-**	-
Hibah payables	**19,467**	18,775	**-**	-
Sundry payables	**93,675**	108,095	**3,362**	2,019
	230,682	250,306	**16,994**	13,593

* 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.

28. SHARE CAPITAL

	Number of ordinary shares		Amount	
Group and Company	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:				
At 1 April	**783,088**	767,051	**738,502**	722,306
Issued pursuant to the DRP	**-**	16,037	**-**	16,196
At 31 March	**783,088**	783,088	**738,502**	738,502

In the previous 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 new ordinary shares as permitted under the DRP.

The new ordinary shares issued in the previous year rank *pari passu* in all respects with the existing shares of the Company.

29. DIVIDEND

	Group and Company	
	2021 RM'000	2020 RM'000
Recognised during the financial year:		
Interim dividend of 2.5 sen per ordinary share on 767,050,063 ordinary shares, declared on 15 October 2019 and paid on 12 December 2019	**-**	19,176
Interim dividend of 3.0 sen per ordinary share on 783,086,696 ordinary shares, declared on 17 September 2020 and paid on 23 October 2020	**23,493**	-

In the previous year, out of the total dividend distribution of RM19,176,000, a total of RM16,196,000 was converted into RM16,036,633 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		Company	
	2021	2020	2021	2020
Net profit for the year (RM'000)	**189,495**	132,907	**72,975**	28,606
Weighted average number of ordinary shares in issue ('000)*	**783,088**	772,812	**783,088**	772,812
Basic and diluted per share (sen)	**24.2**	17.2	**9.3**	3.7

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 for the previous year has been adjusted upon completion of the DRP exercise on 12 December 2019.

31. CAPITAL COMMITMENTS AND CONTINGENCIES

The commitments of the Group and of the Company as at the reporting date are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Authorised and contracted for:				
- Property, plant and equipment	**4,314**	343	**-**	-
- Intangible assets*	**8,816**	8,599	**13**	525
	13,130	8,942	**13**	525
Authorised but not contracted for:				
- Property, plant and equipment	**1,136**	653	**55**	50
- Intangible assets*	**27,292**	26,124	**145**	215
	28,428	26,777	**200**	265

* Relating to purchases for enhancements of the computer system of the Company and the reinsurance/retakaful and takaful subsidiaries.

The Group has provided bank guarantees on the services contracts with external parties of RM624,930 in the form of cash deposit in marginal accounts.

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		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income/(expenses):				
Transactions with subsidiaries:				
Management fees received	**-**	-	**38,997**	37,394
Management fees for property and admin	**-**	-	**(741)**	-
Net dividend received	**-**	-	**85,000**	40,000
Payment of lease liabilities rental paid	**-**	-	**(1,102)**	(1,236)
Interest income	**-**	-	**49**	50
Gross contribution paid	**-**	-	**(537)**	(1,218)
Transactions with an associate:				
Net dividend received	**-**	-	**-**	600
Net reinsurance inwards	**818**	898	**-**	-
Gross contributions	**6**	4	**-**	-
Retakaful outward contributions	**(9,370)**	(4,132)	**-**	-
Retakaful commission	**368**	519	**-**	-
Claims recoveries	**1,528**	1,402	**-**	-

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.

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) The key management personnel compensations are as follows:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
GCEO:				
Salaries and bonus	**2,195**	2,111	**1,834**	1,425
Pension costs - EPF and SOCSO	**393**	359	**332**	242
Fees	**134**	196	**-**	-
Benefits-in-kind	**26**	23	**26**	23
Others	**465**	38	**445**	-
	3,213	2,727	**2,637**	1,690
Non-executive directors of the Company:				
Fees	**1,555**	1,816	**761**	766
Others	**410**	478	**189**	184
Benefits-in-kind	**31**	-	**31**	-
	1,996	2,294	**981**	950
Non-executive directors of subsidiaries:				
Fees	**1,203**	701	**-**	-
Others	**327**	150	**-**	-
	1,530	851	**-**	-
Shariah Committee members:				
Fees	**177**	196	**-**	-
Meeting allowances	**62**	71	**-**	-
	239	267	**-**	-
Other key management personnel's remuneration:				
Salaries and bonus	**18,190**	17,202	**5,641**	4,672
Pension costs - EPF and SOCSO	**3,007**	2,703	**922**	746
Allowances	**2,629**	3,067	**833**	789
	23,826	22,972	**7,396**	6,207

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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
2021							
Results							
Net earned premiums/ contributions	-	1,262,380	855,599	43,726	-	(1,353)	2,160,352
Interest/profit income	2,701	85,270	162,007	5,771	14	(49)	255,714
Other revenue	124,395	51,902	25,592	358	11,908	(131,166)	82,989
Net claims and benefits	-	(857,422)	(540,116)	(22,266)	-	-	(1,419,804)
Other expenses	(34,313)	(402,766)	(375,806)	(12,497)	(10,758)	50,071	(786,069)
Depreciation of property, plant and equipment	(600)	(2,686)	(2,494)	-	(323)	-	(6,103)
Depreciation of right-of-use assets	(1,062)	-	(4,232)	-	(515)	2,913	(2,896)
Amortisation of intangible assets	(698)	(1,067)	(8,675)	(123)	(31)	-	(10,594)
Finance costs	(16,773)	(44)	(243)	-	(32)	294	(16,798)
Share of results of associates	-	-	-	-	-	15,472	15,472
Operating profit before surplus attributable to takaful and retakaful participants and taxation	73,650	135,567	111,632	14,969	263	(63,818)	272,263
Surplus attributable to takaful and retakaful participants	-	-	(42,733)	(6,294)	-	-	(49,027)
Operating profit before taxation	73,650	135,567	68,899	8,675	263	(63,818)	223,236
Zakat	-	-	(1,173)	(120)	-	-	(1,293)
Taxation	(675)	(10,892)	(20,790)	(90)	(1)	-	(32,448)
Net profit for the year	72,975	124,675	46,936	8,465	262	(63,818)	189,495

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							
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)	(332,879)	(8,438)	(11,225)	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	101,942	20,880	(179)	(56,797)	181,650
Surplus attributable to takaful and retakaful participants	-	-	(24,832)	(5,896)	-	-	(30,728)
Operating profit before taxation	26,709	89,095	77,110	14,984	(179)	(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	64,913	14,878	(185)	(56,797)	132,907

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
2021							
Assets							
Segment assets[i]	**1,460,914**	**4,029,262**	**5,462,788**	**307,036**	**13,671**	**(1,498,263)**	**9,775,408**
Investments in associates	**1,957**	**116,268**	**-**	**-**	**-**	**16,580**	**134,805**
	1,462,871	**4,145,530**	**5,462,788**	**307,036**	**13,671**	**(1,481,683)**	**9,910,213**
Liabilities and Participants' funds							
Segment liabilities							
Participants' funds	**-**	**-**	**358,168**	**19,556**	**-**	**-**	**377,724**
Borrowings	**320,000**	**1,000**	**-**	**-**	**-**	**(1,000)**	**320,000**
Insurance and takaful contract liabilities	**-**	**2,223,260**	**4,036,313**	**86,791**	**-**	**(5,374)**	**6,340,990**
Other liabilities	**19,109**	**118,708**	**317,270**	**173,841**	**1,862**	**(177,611)**	**453,179**
	339,109	**2,342,968**	**4,711,751**	**280,188**	**1,862**	**(183,985)**	**7,491,893**
Equities							
Segment equities[i]	**1,123,762**	**1,802,562**	**751,037**	**26,848**	**11,809**	**(1,297,698)**	**2,418,320**
Total liabilities, participants' funds and equity	**1,462,871**	**4,145,530**	**5,462,788**	**307,036**	**13,671**	**(1,481,683)**	**9,910,213**

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

(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 RM68.5 million (2020: RM71.5 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 RM62.1 million (2020: RM63.2 million), have been eliminated in full upon consolidation.

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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;

(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 (Malaysian Reinsurance Berhad, Takaful IKHLAS Family Berhad and Takaful IKHLAS General Berhad);

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34. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk management governance (cont'd.)

(ii) The Group Management Risk & Compliance Committee ("GMRCC"), which comprises the President & Group Chief Executive Officer, the President & CEOs and selected members of Senior Management from the Company and its main operating subsidiaries, 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.

(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's investment strategy is aimed towards capital preservation, income optimisation and liquidity management.

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 operators ("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.

(iii) Product Pricing Policy which serves as an internal standard and guide in the pricing and re-pricing exercise of relevant General Takaful & Family Takaful products. The Policy was designed to ensure the selected pricing methodologies and actuarial assumptions are sound, and the profitability of the product are within the subsidiaries' risk appetite and in line with business strategy. The Policy also ensures all related risks and their corresponding mitigations are well documented.

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34. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(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.

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 profiles.

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 are 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.

34. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(b) Capital management objectives, policies and approach (cont'd.)

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, the Islamic Financial Services Act ("IFSA") 2013, the Companies Act 2016, other relevant Acts, and Policy Documents issued by BNM from time to time.

In line with the RBC 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"), and the Capital Markets and Services Act 2007.

(d) Asset-liability management ("ALM") framework

The main risk that each operating subsidiary faces due to the nature of investments and liabilities is the mismatch of assets to liabilities (investment risks). Each subsidiary manages these positions within the ALM framework to achieve long-term investment returns in excess of its obligations. The principal technique identified is to match assets to the liabilities arising from reinsurance/retakaful/takaful contracts. Amongst the mechanism to manage the ALM framework is the assessment and monitoring of the investment portfolio duration as well as the liability duration for specific risks.

An Asset-Liability Committee ("ALCO") has been established at each main subsidiary to manage and monitor asset-liability mismatch risks. The ALCO ultimately reports to the Board of the respective subsidiaries through its 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/retakaful subsidiary principally underwrites general reinsurance and retakaful contracts by the following main classes of business: Fire, Motor, Marine and Miscellaneous. Risks under these contracts usually cover a twelve-month duration other than some long-term contracts, such as construction contracts which may cover up to 3 years or more. The most significant risk arises from adverse development of claims and occurrence of new catastrophe losses. These risks vary significantly in relation to the economic conditions and territories from which the risks are underwritten.

The above risks are mitigated by diversification across a large portfolio of business to ensure a balanced mix and spread of business. Diversification through the implementation of underwriting strategies reduces the volatility of losses and improves the overall portfolio experience. The losses are further mitigated by ensuring that the subsidiary's retrocession/retrotakaful arrangements are effective and adequate. Clear underwriting guidelines as approved by the Board are used to ensure all risks are written in accordance with the approved limits and catastrophe aggregates are managed within the capacity of the retrocession programmes. Pricing tool ensures the risks exposures are adequately priced.

35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(i) Nature of risk (cont'd.)

The reinsurance/retakaful subsidiary's retrocession/retrotakaful programmes are reviewed by the GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. Prudent standards are applied in selection of the Company's key retrocessionaires/retrotakaful providers.

Stress testing is performed on a quarterly basis. The purpose of the stress testing is to test the solvency and financial viability of the general reinsurance/retakaful business under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, claims experience and investment environment.

(ii) Concentration of risk by type of business

The table below measures the concentration of insurance/takaful contract liabilities by the main classes of business and by local and overseas risks:

	Gross RM'000	Retro-takaful/ Retro-cession RM'000	Net RM'000
2021			
Fire	**1,002,882**	**(125,343)**	**877,539**
Motor	**454,431**	**(5,585)**	**448,846**
Marine	**258,085**	**(14,079)**	**244,006**
Miscellaneous	**576,389**	**(25,261)**	**551,128**
	2,291,787	**(170,268)**	**2,121,519**
Local	**1,297,207**	**(141,055)**	**1,156,152**
Overseas	**994,580**	**(29,213)**	**965,367**
	2,291,787	**(170,268)**	**2,121,519**

35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(ii) Concentration of risk by type of business (cont'd)

	Gross RM'000	Retro-takaful/ 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

(iii) Reserving risk

The reinsurance/retakaful subsidiary's claim liabilities, and consequently some of the inputs used in determining its premium/contribution liabilities, are based upon previous claims experience, existing knowledge of events, the terms and conditions of relevant policies and interpretation of circumstances. Upon notification of a claim by its cedants or receipt of notification of a market loss event, the reinsurance/retakaful subsidiary sets aside reserves to meet the expected ultimate loss arising from this claim. These claim reserves are updated periodically for further developments via advice from cedants and any updates on market loss events.

At each reporting date, the reinsurance/retakaful 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 income statements.

(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.

35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd)

Key assumptions (cont'd.)

The inherent uncertainties in estimating liabilities arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience.

Sensitivity analysis

The insurance/takaful contract liabilities are sensitive to various key factors which are both internal and external. External factors to which the reinsurance/retakaful subsidiary is sensitive to include:

(i) Claims practices of ceding companies;
(ii) Frequency and severity of claims incurred by cedants;
(iii) Changes in premium/contribution rates in insurance/takaful;
(iv) Changes in reinsurance/retakaful markets; and
(v) Legislative and regulatory changes.

The sensitivity analysis was applied to the ultimate loss ratio of the reinsurance/retakaful subsidiary by increasing or decreasing the said ratio by 5%. The increase/(decrease) was applied to the earned exposure in the last 2 years where the uncertainty of the ultimate loss is higher as claim is at an early stage of development. The table below shows the impact on the Group's gross and net claim liabilities, profit before tax and equity should the ultimate loss ratio be increased/(decreased) by 5%:

	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax* RM'000	Impact on equity** RM'000
2021	Increase/(decrease)			
Increase 5%				
Fire	50,161	49,110	(47,230)	(43,452)
Marine	14,124	13,826	(13,397)	(12,325)
Motor	25,019	24,495	(24,495)	(22,535)
Miscellaneous	30,827	30,176	(29,146)	(26,814)
	120,131	117,607	(114,268)	(105,126)

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35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd)

Sensitivity analysis (cont'd.)

	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax* RM'000	Impact on equity** RM'000
2021 (cont'd.)	(Decrease)/increase			
Decrease 5%				
Fire	(50,146)	(49,110)	47,230	43,452
Marine	(14,123)	(13,826)	13,397	12,325
Motor	(25,011)	(24,495)	24,495	22,535
Miscellaneous	(30,821)	(30,176)	29,146	26,814
	(120,101)	(117,607)	114,268	105,126

	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax* RM'000	Impact on equity** RM'000
2020	Increase/(decrease)			
Increase 5%				
Fire	42,104	41,885	(40,308)	(37,083)
Marine	13,972	12,273	(11,826)	(10,880)
Motor	22,816	22,697	(22,697)	(20,882)
Miscellaneous	27,935	27,791	(26,751)	(24,611)
	106,827	104,646	(101,582)	(93,456)

35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd)

Sensitivity analysis (cont'd.)

2020	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax* RM'000	Impact on equity** RM'000
	← (Decrease)/increase →			
Decrease 5%				
Fire	(42,104)	(41,885)	40,308	37,083
Marine	(13,972)	(12,273)	11,826	10,880
Motor	(22,816)	(22,697)	22,697	20,882
Miscellaneous	(27,935)	(27,791)	26,751	24,611
	(106,827)	(104,646)	101,582	93,456

* The impact on profit before tax has included consideration of the impact on estimated reinstatement premium receivables.

** The impact on equity reflects the after tax impact.

This analysis assumes that other factors relevant, but not significant to the valuation of claim liabilities, remain constant.

The method used for deriving sensitivity information has been updated from the previous year. The change in the sensitivity methodology was to better reflect the impact on the recent two (2) years exposures as compared to recent two (2) underwriting year exposures. The latter exposure mainly impacts the previous underwriting year (i.e: underwriting year 2020) because the booking and earning of premiums for recent underwriting year (i.e: underwriting year 2021) is minimal. Prior year's comparative has been restated to enhance comparability with the current year's analysis.

(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 underwriting year is the greatest when the claim is at an early stage of development.

The ultimate liability projection for Underwriting Year ("UWY") 2021 will only be available once the reinsurance/retakaful subsidiary has completed underwriting its business for the period from 1 January 2021 to 31 December 2021.

The claims development for the previous underwriting years have been restated in the gross claims development table in the current year, to better reflect the Group's gross participation in the businesses. Prior year's comparative was not restated as it is not material.

35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(v) Claims development table (cont'd.)

The claims development for the previous underwriting years have been restated in the gross claims development table in the current year, to better reflect the Group's gross participation in the businesses. Prior year's comparative was not restated as it is not material.

Gross general reinsurance/retakaful contract liabilities for 2021:

Underwriting year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Subtotal RM'000
At the end of underwriting year		772,304	703,952	707,937	684,259	782,335	849,676	942,403	1,005,332	
One year later		797,653	722,287	762,054	824,967	707,863	960,687	909,028	-	
Two years later		832,394	729,885	816,207	786,520	692,333	903,133	-	-	
Three years later		913,605	734,344	805,460	791,266	692,481	-	-	-	
Four years later		964,398	723,221	822,505	778,764	-	-	-	-	
Five years later		951,669	801,843	823,647	-	-	-	-	-	
Six years later		989,444	799,548	-	-	-	-	-	-	
Seven years later		943,350	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**5,860,744**	**942,295**	**795,796**	**820,028**	**772,317**	**684,453**	**894,483**	**858,662**	**584,558**	
At the end of underwriting year		91,977	50,464	48,141	50,779	47,943	105,412	72,520	63,937	
One year later		465,417	394,520	467,060	369,591	395,792	542,781	388,690	-	
Two years later		627,254	521,806	593,458	550,347	516,091	689,938	-	-	
Three years later		741,303	577,362	667,552	640,952	563,218	-	-	-	
Four years later		819,399	618,482	724,810	670,036	-	-	-	-	
Five years later		848,750	684,641	741,602	-	-	-	-	-	
Six years later		908,137	696,148	-	-	-	-	-	-	
Seven years later		879,659	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**5,764,133**	**879,659**	**696,148**	**741,602**	**670,036**	**563,218**	**689,938**	**388,690**	**63,937**	
Expected claim liabilities (a) - (b)	96,611	62,636	99,648	78,426	102,281	121,235	204,545	469,972	520,621	1,755,975

35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(v) Claims development table (cont'd.)

Gross general reinsurance/retakaful contract liabilities for 2021: (cont'd.)

	Subtotal RM'000
Other portfolios	79,787
Best estimate of claim liabilities	1,835,762
Claim handling expenses	13,375
Fund PRAD at 75% confidence interval	136,242
Gross general reinsurance/retakaful claim liabilities	1,985,379
Elimination upon consolidation	(5,374)
Gross general reinsurance/retakaful contract liabilities after elimination	1,980,005

Net general reinsurance/retakaful contract liabilities for 2021:

Underwriting year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Subtotal RM'000
At the end of underwriting year		745,438	705,370	703,964	863,017	783,471	851,093	926,223	998,304	
One year later		763,552	712,346	877,687	823,576	707,596	939,331	900,746	-	
Two years later		794,351	763,018	817,079	785,839	689,271	878,022	-	-	
Three years later		844,810	734,168	806,237	791,205	691,601	-	-	-	
Four years later		883,611	723,955	823,471	778,759	-	-	-	-	
Five years later		868,517	801,563	823,650	-	-	-	-	-	
Six years later		905,640	799,699	-	-	-	-	-	-	
Seven years later		913,380	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**5,757,698**	**912,326**	**795,797**	**820,030**	**772,317**	**683,477**	**869,270**	**851,361**	**582,442**	

35. UNDERWRITING RISK (CONT'D.)

(a) General reinsurance/retakaful (cont'd.)

(v) Claims development table (cont'd.)

Net general reinsurance/retakaful contract liabilities for 2021: (cont'd.)

Underwriting year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Subtotal RM'000
At the end of underwriting year		66,414	50,464	48,141	50,779	47,943	105,412	72,432	63,606	
One year later		446,728	394,520	467,060	369,591	395,792	539,287	384,880	-	
Two years later		607,074	521,806	593,458	550,347	516,091	669,253	-	-	
Three years later		689,440	577,362	667,555	640,952	563,218	-	-	-	
Four years later		761,309	618,482	724,812	670,036	-	-	-	-	
Five years later		792,241	684,641	741,604	-	-	-	-	-	
Six years later		851,276	696,148	-	-	-	-	-	-	
Seven years later		857,681	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**5,663,156**	**857,681**	**696,148**	**741,604**	**670,036**	**563,218**	**669,253**	**384,880**	**63,606**	
Expected claim liabilities (a) - (b)	94,542	54,645	99,649	78,426	102,281	120,259	200,017	466,481	518,836	1,735,136

	Subtotal RM'000
Other portfolios	80,955
Best estimate of claim liabilities	1,816,091
Claim handling expenses	13,375
Fund PRAD at 75% confidence interval	120,397
Less: Retrocession recoveries	(126,914)
Net general reinsurance/retakaful claim liabilities	1,822,949
Elimination upon consolidation	(5,374)
Net general reinsurance/retakaful claim liabilities after elimination	1,817,575

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	Subtotal 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

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: (cont'd.)

	Subtotal RM'000
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

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	Subtotal 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**	

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31 MARCH 2021

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: (cont'd.)

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	Subtotal RM'000
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

	Subtotal RM'000
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**

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 the GMRCC and subsequently, as delegated by the Board, are recommended to the RMCB for approval.

Stress Testing is performed on a quarterly basis. The purpose of the Stress Testing is to test the solvency 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 income statements.

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
2021			
Fire	**92,382**	**(5,648)**	**86,734**
Motor	**349,620**	**(138,889)**	**210,731**
Personal Accident	**23,689**	**843**	**24,532**
Miscellaneous	**83,544**	**(51,244)**	**32,300**
	549,235	**(194,938)**	**354,297**
2020			
Fire	85,517	(11,299)	74,218
Motor	292,032	(130,021)	162,011
Personal Accident	26,910	(693)	26,217
Miscellaneous	76,917	(51,402)	25,515
	481,376	(193,415)	287,961

Currently, all business of the general takaful fund is derived in Malaysia; accordingly, disclosure of concentration risk by geographical region is not relevant to the general takaful fund.

(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.

Other key circumstances affecting the reliability of assumptions include delays in settlement.

35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(iv) Impact on liabilities, profit and equity (cont'd.)

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 significant effects in determining the ultimate claim liabilities. It should be noted that movements in these assumptions are non-linear.

The sensitivity analysis has been performed for the main classes of business which are Motor Act, Motor Others and Fire. Motor Act is analysed using changes in claim severity while Motor Others and Fire are analysed using changes in the expected ultimate loss ratio.

	Change in assumption of ultimate claims ratio	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus before tax RM'000	Impact on general takaful fund* RM'000
		Increase/(decrease)			
2021					
Motor Act Average Severity	**+10%**	**50,153**	**30,176**	**(30,176)**	**(22,934)**
	-10%	**(49,712)**	**(30,005)**	**30,005**	**22,804**
Motor Others Expected Loss Ratio	**+10%**	**30,464**	**18,369**	**(18,369)**	**(13,960)**
	-10%	**(30,245)**	**(18,239)**	**18,239**	**13,861**
Fire Expected Loss Ratio	**+10%**	**4,998**	**2,192**	**(2,192)**	**(1,666)**
	-10%	**(4,983)**	**(2,187)**	**2,187**	**1,662**
2020					
Motor Act Average Severity	+10%	54,732	36,571	(36,571)	(27,794)
	-10%	(54,087)	(36,291)	36,291	27,581
Motor Others Expected Loss Ratio	+10%	31,165	18,806	(18,806)	(14,293)
	-10%	(30,918)	(18,663)	18,663	14,184
Fire Expected Loss Ratio	+10%	4,863	1,717	(1,717)	(1,305)
	-10%	(4,848)	(1,714)	1,714	1,303

* 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.

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35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(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.

35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful claim liabilities for 2021:

Accident year	Prior 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At the end of accident year	635,225	108,384	141,258	176,571	174,218	190,776	195,417	188,468	194,051	204,481	
One year later	629,010	106,221	125,098	176,737	163,828	192,331	196,877	192,772	185,943		
Two years later	601,375	97,322	122,664	172,414	157,286	185,552	198,738	186,612			
Three years later	578,436	96,354	116,932	168,315	153,908	187,120	197,158				
Four years later	570,297	94,383	114,368	167,527	155,963	184,175					
Five years later	565,229	91,299	113,948	171,455	154,356						
Six years later	554,618	89,597	111,546	163,584							
Seven years later	556,767	90,226	110,254								
Eight year later	560,352	89,747									
Ninth year later	560,628										
Current estimate of cumulative claims incurred	**560,628**	**89,747**	**110,254**	**163,584**	**154,356**	**184,175**	**197,158**	**186,612**	**185,943**	**204,481**	
At the end of accident year	329,854	41,992	52,965	72,433	70,093	80,611	82,191	73,362	78,163	81,540	
One year later	450,625	70,413	89,811	121,645	112,184	132,501	131,743	127,672	120,590		
Two years later	506,154	81,651	102,861	141,980	130,725	153,910	158,922	147,522			
Three years later	528,178	85,797	106,947	154,662	138,037	162,779	168,814				
Four years later	536,958	86,573	108,544	157,119	140,658	165,165					
Five years later	540,166	87,856	109,092	160,689	141,922						
Six years later	544,151	88,484	109,863	161,168							
Seven years later	545,776	88,920	110,005								
Eight year later	558,833	88,968									
Ninth year later	559,570										
Cumulative payments to-date	**559,570**	**88,968**	**110,005**	**161,168**	**141,922**	**165,165**	**168,814**	**147,522**	**120,590**	**81,540**	

35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful claim liabilities for 2021: (cont'd.)

Accident year	Prior 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
Gross general takaful contract liabilities:											
Best Estimate of Claims Liabilities (incl. Allocated Loss Adjustment Expenses "ALAE")	**1,058**	**779**	**249**	**2,416**	**12,434**	**19,010**	**28,344**	**39,090**	**65,353**	**122,941**	**291,674**
Fund PRAD at 75%											**34,015**
Total											**325,689**

Net general takaful claim liabilities for 2021:

Accident year	Prior 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At the end of accident year	675,135	77,046	89,101	104,071	110,041	113,257	113,775	107,381	118,288	125,074	
One year later	655,449	74,561	80,459	102,643	100,341	113,434	113,959	106,516	108,953		
Two year later	630,992	66,794	77,240	97,354	96,034	108,941	110,916	102,714			
Three year later	597,750	65,723	73,895	94,702	94,500	107,880	110,335				
Four year later	585,993	64,087	73,044	94,152	94,192	106,783					
Five year later	588,412	61,523	72,721	94,341	93,674						
Six year later	508,269	60,096	70,687	90,169							
Seven year later	503,533	59,851	70,247								
Eight year later	492,631	59,649									
Ninth year later	493,309										
Current estimate of cumulative claims incurred	**493,309**	**59,649**	**70,247**	**90,169**	**93,674**	**106,783**	**110,335**	**102,714**	**108,953**	**125,074**	

35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Net general takaful claim liabilities for 2021: (cont'd.)

Accident year	Prior 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At the end of accident year	309,674	30,126	33,647	45,169	43,970	50,502	49,290	46,005	47,549	51,097	
One year later	419,362	50,073	56,856	71,475	69,156	79,164	79,694	75,861	74,034		
Two year later	467,270	57,352	64,848	82,078	80,147	90,931	92,440	85,132			
Three year later	480,275	59,537	68,204	86,274	84,404	95,729	97,263				
Four year later	490,361	58,440	69,343	87,824	85,974	97,147					
Five year later	492,638	59,117	69,749	89,306	86,721						
Six year later	491,981	59,519	70,116	89,454							
Seven year later	492,605	59,635	70,200								
Eight year later	492,614	59,647									
Ninth year later	493,303										
Cumulative payments to-date	**493,303**	**59,647**	**70,200**	**89,454**	**86,721**	**97,147**	**97,263**	**85,132**	**74,034**	**51,097**	
Net general takaful contract liabilities:											
Best Estimate of Claims Liabilities (incl. ALAE)	**6**	**2**	**47**	**715**	**6,953**	**9,636**	**13,072**	**17,582**	**34,919**	**73,977**	**156,909**
Fund PRAD at 75%											**18,860**
Net general takaful contract liabilities before elimination:											**175,769**
Elimination upon consolidation											**5,374**
Net general takaful contract liabilities after elimination:											**181,143**

35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful claim 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**	

35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Gross general takaful claim liabilities for 2020: (cont'd.)

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
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**

Net general takaful claim 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**	

35. UNDERWRITING RISK (CONT'D.)

(b) General takaful fund (cont'd.)

(v) Claims development table (cont'd.)

Net general takaful claim liabilities for 2020: (cont'd.)

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	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**

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.

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.

35. UNDERWRITING RISK (CONT'D.)

(c) Family takaful fund

(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
2021			
Family takaful plans	**1,325,625**	**(6,475)**	**1,319,150**
Investment-linked takaful plans	**67,203**	**(15,059)**	**52,144**
Mortgage takaful plans	**1,384,478**	**(47)**	**1,384,431**
Group credit takaful plans	**242,879**	**(24,029)**	**218,850**
Others	**115,200**	**(25,231)**	**89,969**
	3,135,385	**(70,841)**	**3,064,544**
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

All businesses of the family takaful fund are derived from participants in Malaysia; accordingly, disclosure of concentration risk by geographical region is not relevant to the family takaful fund.

(iii) Impact on liabilities, profit and equity

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 (cont'd.)

Key assumptions (cont'd.)

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.

A decrease in the discount rate will increase the value of family takaful liabilities and consequently, reduces the surplus distribution to participants and shareholder.

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	2021 Discount rates	2020 Discount rates
Credit related products and individual regular contribution plans	Base mortality[1], adjusted for retakaful rates[2]	GII discount rate	GII discount rate
Others	Base mortality[1]	N/A	N/A

[1] These rates are obtained from the various industry mortality and morbidity experience tables that are used to determine the contribution rates; and

[2] Retakaful rates are derived from the fund's retakaful arrangements with respect to the credit related products and individual regular contribution plans.

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 surplus before tax RM'000	Impact on family takaful fund* RM'000
		Increase/(decrease)			
2021					
Mortality/morbidity	**+10%**	**152,791**	**83,813**	**(83,813)**	**(83,813)**
Discount rates	**+1%**	**(24,727)**	**(23,731)**	**23,731**	**23,731**
Mortality/morbidity	**-10%**	**(114,693)**	**(58,528)**	**58,528**	**58,528**
Discount rates	**-1%**	**30,026**	**28,876**	**(28,876)**	**(28,876)**
2020					
Mortality/morbidity	+10%	96,936	45,144	(45,144)	(45,144)
Discount rates	+1%	(20,813)	(22,093)	22,093	22,093
Mortality/morbidity	-10%	(73,790)	(32,225)	32,225	32,225
Discount rates	-1%	25,517	27,194	(27,194)	(27,194)

* 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

(i) Nature of risk

The family retakaful business principally consists of Individual Family Retakaful Plans and Group Family Retakaful Plans, covering mortality, morbidity and health, which includes critical illness and medical related risks.

The actual experience illnesses of the underwritten risks is reviewed periodically to ensure that appropriate policies, guidelines and limits put in place to manage these risks remain adequate and appropriate.

35. UNDERWRITING RISK (CONT'D.)

(d) Family retakaful fund (cont'd.)

(i) Nature of risk (cont'd.)

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 Malaysia and Brunei. These liabilities are run-off business transferred from Sinar Seroja Berhad.

The table below sets out the concentration of takaful contract liabilities by types of business and by local and overseas exposures:

	Gross RM'000	Retakaful RM'000	Net RM'000
2021			
Family Individual	**9,346**	**(7,558)**	**1,788**
Family Group	**384**	**-**	**384**
	9,730	**(7,558)**	**2,172**
Local	**9,309**	**(7,473)**	**1,836**
Overseas	**421**	**(85)**	**336**
	9,730	**(7,558)**	**2,172**
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

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35. UNDERWRITING RISK (CONT'D.)

(d) Family retakaful fund (cont'd.)

(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, and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Sensitivity analysis

The family retakaful fund's claim liabilities are sensitive to changes in loss ratios.

Due to limited information, the sensitivity analysis was applied to the ultimate loss ratio of the family retakaful fund by increasing the said ratio by 20%. The table below shows the impact on the family retakaful fund's gross and net liabilities, surplus before tax and the family retakaful fund should the ultimate loss ratio be increased or decreased by 20%:

	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus/(deficits) before tax RM'000	Impact on family retakaful fund* RM'000
		← Decrease/(increase)	→	← Increase/(decrease)	→
2021					
Loss ratio	**-20%**	**4,195**	**998**	**998**	**918**
Loss ratio	**+20%**	**(20,766)**	**(9,835)**	**(9,835)**	**(9,048)**
2020					
Loss ratio	-20%	6,495	4,028	4,028	3,706
Loss ratio	+20%	(25,623)	(16,351)	(16,351)	(15,043)

* The impact on the family retakaful fund reflects the after-tax impact.

The method used in performing the sensitivity analysis is consistent with that of the prior year's.

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:

		2021		2020	
Group	Note	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial and insurance/takaful assets					
Financial assets at FVTPL	18(a)	**3,101,637**	**3,101,637**	2,968,600	2,968,600
Financial assets at FVOCI	18(b)	**2,082,950**	**2,082,950**	2,254,163	2,254,163
Financial assets at amortised cost *	18(c)	**3,147,333**	**3,147,333**	2,523,597	2,523,597
Reinsurance/retakaful assets	20	**457,235**	**457,235**	497,328	497,328
Insurance/takaful receivables *	21	**498,866**	**498,866**	381,703	381,703
Cash and bank balances		**115,789**	**115,789**	118,417	118,417
		9,403,810	**9,403,810**	8,743,808	8,743,808
Financial and insurance/takaful liabilities					
Insurance/takaful contract liabilities	20	**6,340,990**	**6,340,990**	5,843,073	5,843,073
Other liabilities:					
Borrowing	25	**320,000**	**320,000**	320,000	320,000
Lease liabilities	15	**2,754**	**2,754**	4,219	4,219
Insurance/takaful payables *	26	**202,171**	**202,171**	169,851	169,851
Other payables (excluding provisions) *	27	**185,863**	**185,863**	204,671	204,671
		7,051,778	**7,051,778**	6,541,814	6,541,814

36. FINANCIAL RISK (CONT'D.)

Company	Note	2021 Carrying value RM'000	2021 Fair value RM'000	2020 Carrying value RM'000	2020 Fair value RM'000
Financial assets					
Financial assets at FVTPL	18(a)	**31,800**	**31,800**	-	-
Financial assets at FVOCI	18(b)	**50**	**50**	50	50
Financial assets at amortised cost *	18(c)	**95,614**	**95,614**	74,520	74,520
Cash and bank balances		**290**	**290**	294	294
		127,754	**127,754**	74,864	74,864
Financial liabilities					
Borrowing	25	**320,000**	**320,000**	320,000	320,000
Lease liabilities	15	**2,115**	**2,115**	3,159	3,159
Other payables (excluding provisions) *	27	**10,804**	**10,804**	6,099	6,099
		332,919	**332,919**	329,258	329,258

* 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.

(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.

36. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

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.

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/sukuk/fixed income securities in order to reduce the potential impact that may arise from individual companies defaulting;

(ii) Counterparty limits are set for investments and cash deposits to ensure that there is no concentration of credit risk;

(iii) The Group's investment portfolio is managed to ensure diversification and focuses on high quality investment grade bonds with good fundamentals. For the financial year ended 31 March 2021, 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 2021

The table below provides information regarding the credit risk exposures of the Group and the Company by classifying assets according to the credit ratings of counterparties. The reinsurers'/retakaful operators' share of unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

Group	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted corporate debt securities	-	1,162	-	-	-	1,162
Unquoted Islamic private debt securities	774,767	587,335	-	-	-	1,362,102
Government investment issues	1,141,718	-	-	-	-	1,141,718
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	215,664	-	215,664
Others	-	-	-	97,304	-	97,304
Unquoted perpetual bond in Malaysia	-	4,950	-	-	-	4,950
Unquoted corporate debt securities	-	19,469	-	-	-	19,469
Unquoted Islamic private debt securities	-	-	608	-	-	608
Shariah approved unit trust funds	-	-	-	241,218	-	241,218
Real estate investment trusts	-	-	-	17,442	-	17,442

36. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2021 (cont'd.)

Group (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVOCI						
Government investment issues	438,523	-	-	-	-	438,523
Unquoted corporate debt securities	289,203	738,881	-	-	-	1,028,084
Malaysian government securities	155,329	-	-	-	-	155,329
Unquoted shares in Malaysia	-	-	-	84,605	-	84,605
Unquoted Islamic private debt securities	132,797	243,379	-	-	-	376,176
Golf club membership	-	-	-	233	-	233
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	-	77,313	-	-	-	77,313
Foreign banks	-	263,729	-	-	-	263,729
Islamic investment accounts with licensed:						
Islamic banks	-	1,892,300	-	-	-	1,892,300
Investment banks	-	5,903	-	-	-	5,903
Development banks	-	359,647	-	-	200,328	559,975
Islamic commercial paper	-	149,475	-	-	-	149,475
Commercial paper	-	54,820	-	-	-	54,820
Secured staff loans	-	-	-	-	5,315	5,315
Income due and accrued	28,082	32,031	15	-	4,439	64,567
Amount due from Insurance Pool accounts	-	-	-	-	9,864	9,864
Due from Lloyds' syndicate	-	44,985	-	-	-	44,985
Sundry receivables	-	-	-	-	19,087	19,087
Reinsurance/retakaful assets *	-	367,766	-	-	31,239	399,005
Insurance/takaful receivables *	-	157,828	-	-	341,038	498,866
Cash and bank balances	-	111,603	-	16	4,170	115,789
	2,960,419	5,112,576	623	656,482	615,480	9,345,580

* Non-rated balances primarily relate to balances due/recoverable from local insurers and/or takaful operators licensed under FSA and IFSA 2013 repsectively.

36. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2021 (cont'd.)

Company	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Shariah approved unit trust fund	-	-	-	31,800	-	31,800
Financial assets at FVOCI						
Golf club membership	-	-	-	50	-	50
Financial assets at amortised cost						
Unquoted corporate debt securities	-	1,000	-	-	-	1,000
Islamic investment accounts with licensed:						
Islamic banks	-	77,487	-	-	-	77,487
Development bank	-	14,814	-	-	-	14,814
Secured staff loans	-	-	-	-	1,755	1,755
Income due and accrued	-	-	-	-	276	276
Sundry receivables	-	-	-	-	282	282
Cash and bank balances	-	290	-	-	-	290
	-	93,591	-	31,850	2,313	127,754

36. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2020

Group	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted 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 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
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

36. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2020 (cont'd.)

Group	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at 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
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.

36. FINANCIAL RISK (CONT'D.)

(a) Credit Risk (cont'd.)

Credit exposure by credit rating for 2020 (cont'd.)

Company	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to C RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVOCI						
Golf club membership	-	-	-	50	-	50
Financial assets at amortised cost						
Unquoted corporate debt securities	-	1,000	-	-	-	1,000
Islamic investment accounts with licensed:						
Islamic banks	-	43,979	-	-	-	43,979
Development bank	-	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

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

<u>Investment assets - Reconciliation of allowance account</u>

Significant increase in credit risk ("SICR")

The Group and the Company apply the General Approach or the 'three-bucket'" approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of ECL is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Group and the Company measure impairment losses and apply the effective interest rate ("EIR") method with the forward looking element to compute the ECL

The Group and the Company measure both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date.

Expected credit loss ("ECL")

The Group and the Company assess the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Group and the Company are required to estimate the probability of default occurring in the 12 months after the reporting date and in each subsequent year throughout the expected life of the financial instruments.

The financial assets are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

As at the reporting date, all financial assets at amortised cost held by the Group and the Company are classified as Stage 1. The credit rating of these financial assets at amortised cost are as disclosed above in Note 36(a).

The following table shows the carrying value of the Group's and the Company's financial assets measured at AC and the expected credit loss amount recognised.

There were no ECL arising for the Company as at 31 March 2021 and 31 March 2020.

Group	2021 RM'000	2020 RM'000
Total carrying amount of financial investment at AC	**3,147,333**	2,523,597
Total ECL on financial investment at AC as at 31 March	**131**	-

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Expected credit loss ("ECL") (cont'd)

<u>Investment assets - Reconciliation of allowance account (cont'd)</u>

The following table shows the carrying value of the Group's and the Company's financial assets measured at FVOCI and the expected credit loss amount recognised.

There were no ECL arising for the Company as at 31 March 2021 and 31 March 2020.

	2021 RM'000	2020 RM'000
Financial investments at FVOCI		
Government guaranteed	**1,015,852**	1,140,866
AAA to BBB	**982,260**	1,028,622
Not subject to credit risk	**84,838**	84,675
Total carrying amount of financial investment at OCI	**2,082,950**	2,254,163
Total ECL on financial investment at OCI as at 31 March	**803**	614

As at the reporting date, all financial investments measured at FVOCI held by the Group and the Company are classified as Stage 1.

Movements in allowances for impairment losses for financial investments measured at FVOCI and AC are as follows:

	2021 RM'000	2020 RM'000
Balance as at 1 April	**614**	38
Net adjustment of loss allowances	**320**	576
Balance as at 31 March	**934**	614

36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Other financial asset - Reconciliation of allowance account

Other financial assets consist of reinsurance/retakaful assets, insurance/takaful receivables and other receivables.

Definition of default

The Group and the Company consider a financial asset to be in default by assessing the following criteria:

(i) Quantitative criteria

Takaful receivables of the takaful subsidiaries are considered to be in default when the counterparty fails to make contractual payments within 12 months from the time when they fall due, which is derived based on the subsidiaries' historical information.

Whereas for the reinsurance/retakaful subsidiary, insurance/takaful receivables are considered to be in default when the counterparty fails to make contractual payments within 24 months when they fall due, which is derived based on the subsidiary's historical information. For reinsurance deposits placed, balances aged more than 18 months are deemed to be credit impaired.

(ii) Qualitative criteria

Default occurs when the counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty.

The criteria above have been applied to all financial instruments held by the Group and the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Group's and the Company's expected loss calculations.

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:

	Months past due						
	Not due RM'000	**1 to 6 months RM'000**	**7 to 12 months RM'000**	**13 to 18 months RM'000**	**19 to 24 months RM'000**	**More than 24 months RM'000**	**Total RM'000**
31 March 2021							
ECL rate	**0.09%**	**0.43%**	**2.57%**	**21.80%**	**7.24%**	**27.72%**	**1.09%**
Gross carrying amount	**253,775**	**99,479**	**16,492**	**1,743**	**1,299**	**6,906**	**379,694**
Allowance for ECL	**226**	**432**	**424**	**380**	**94**	**2,568**	**4,124**
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

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:

	Months past due						
	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 2021							
ECL rate	**0.00%**	**5.49%**	**14.33%**	**43.10%**	**70.24%**	**66.96%**	**14.39%**
Gross carrying amount	**945**	**108,928**	**12,806**	**6,154**	**2,736**	**12,450**	**144,019**
Allowance for ECL	**-**	**5,978**	**1,835**	**2,652**	**1,922**	**8,336**	**20,723**
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

The following table shows the movement in gross insurance/takaful receivables and the loss allowances recognised for credit impaired receivables.

Group	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
As at 1 April 2020	368,031	29,620	397,651
Increase/(decrease)	130,692	(4,630)	126,062
As at 31 March 2021	498,723	24,990	523,713
Allowance for ECL			
As at 1 April 2020	5,933	10,015	15,948
Increase/(decrease)	14,044	(5,145)	8,899
As at 31 March 2021	19,977	4,870	24,847

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36. Financial risk (cont'd.)

(a) Credit Risk (cont'd.)

Incorporation of forward-looking information (cont'd.)

Group	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
As at 1 April 2019	310,266	42,622	352,888
Transferred from HLMTB on 1 June 2019	-	2,088	2,088
Increase/(decrease)	57,765	(15,090)	42,675
As at 31 March 2020	368,031	29,620	397,651
Allowance for ECL			
As at 1 April 2019	4,600	10,937	15,537
Transferred from HLMTB on 1 June 2019	-	2,088	2,088
Increase/(decrease)	1,333	(3,010)	(1,677)
As at 31 March 2020	5,933	10,015	15,948

Movement of allowance for impairment losses on insurance/takaful receivables

Group	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2021			
At 1 April 2020	**8,839**	**7,109**	**15,948**
(Reversal of)/provision for impairment losses for the year	**(1,736)**	**10,635**	**8,899**
At 31 March 2021	**7,103**	**17,744**	**24,847**
2020			
At 1 April 2019	9,577	5,960	15,537
(Reversal of)/provision for impairment losses for the year	(2,826)	1,149	(1,677)
Transferred from HLMTB on 1 June 2019	2,088	-	2,088
At 31 March 2020	8,839	7,109	15,948

36. Financial risk (cont'd.)

(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.

As part of its liquidity management strategy, the Group has in place processes capable of measuring and reporting on:

(i) Daily cash flows;

(ii) Minimum liquidity holdings;

(iii) The composition and market values of investment portfolios, including liquid holdings; and

(iv) The holding of liquid assets in the respective reinsurance, retakaful and takaful funds.

In order to manage the liquidity of the reinsurance/retakaful/takaful funds, the investment mandate requires that a certain proportion of the funds is maintained as liquid assets.

Maturity Profiles

The table below summarises the maturity profile of the assets and liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable. For insurance and takaful contract liabilities and reinsurance and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance/takaful liabilities. The reinsurers'/retakaful operators' share of expenses liabilities, unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

Expense liabilities, contribution liabilities and the retakaful operators' share of contribution liabilities have been excluded from the analysis as there are no contractual obligations to make payments on those liabilities.

36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2021

Group	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition						
Unquoted corporate debt securities	1,162	66	1,159	-	-	1,225
Government investment issues	1,141,718	58,536	359,430	1,380,306	-	1,798,272
Unquoted Islamic private debt securities	1,362,102	101,729	448,502	1,496,359	-	2,046,590
Mandatorily measured						
Quoted shares in Malaysia:						
Shariah approved equities	215,664	-	-	-	215,664	215,664
Others	97,304	-	-	-	97,304	97,304
Unquoted perpetual bond in Malaysia	4,950	-	-	-	5,000	5,000
Unquoted corporate debt securities	19,469	266	1,928	46,844	-	49,038
Unquoted Islamic private debt securities	608	60	676	-	-	736
Shariah approved unit trust funds	241,218	-	-	-	241,218	241,218
Real estate investment trusts	17,442	-	-	-	17,442	17,442
Financial assets at FVOCI						
Malaysian government securities	155,329	5,871	51,294	136,591	-	193,756
Government investment issues	438,523	26,577	216,552	283,864	-	526,993
Unquoted corporate debt securities	1,028,084	324,557	532,466	297,481	-	1,154,504
Unquoted shares in Malaysia	84,605	-	-	-	84,605	84,605
Unquoted Islamic private debt securities	376,176	128,530	161,850	155,277	-	445,657
Golf club membership	233	-	-	-	233	233

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2021 (cont'd.)

Group (cont'd.)	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at amortised cost						
Fixed and call deposits with licensed:						
Commercial banks	77,313	76,347	-	-	-	76,347
Foreign banks	263,729	263,142	-	-	-	263,142
Islamic investment accounts with licensed:						
Islamic banks	1,892,300	1,882,041	24,099	-	-	1,906,140
Investment banks	5,903	5,904	-	-	-	5,904
Development banks	559,975	565,364	-	-	-	565,364
Islamic commercial paper	149,475	150,000	-	-	-	150,000
Commercial paper	54,820	55,000	-	-	-	55,000
Secured staff loans	5,315	1,570	3,923	63	-	5,556
Income due and accrued	64,567	64,567	-	-	-	64,567
Amount due from Insurance Pool accounts	9,864	9,864	-	-	-	9,864
Due from Lloyds' syndicate	44,985	-	44,985	-	-	44,985
Sundry receivables	19,087	19,087	-	-	-	19,087
Reinsurance/retakaful assets	399,005	127,084	178,908	93,013	-	399,005
Insurance/takaful receivables	498,866	498,866	-	-	-	498,866
Cash and bank balances	115,789	106,151	-	-	9,638	115,789
Total financial and insurance assets	**9,345,580**	**4,471,179**	**2,025,772**	**3,889,798**	**671,104**	**11,057,853**
Borrowings	(320,000)	(16,640)	(66,606)	(369,555)	-	(452,801)
Insurance/takaful contract liabilities	(5,717,406)	(815,930)	(1,707,914)	(3,193,562)	-	(5,717,406)
Lease liabilities	(2,754)	(1,821)	(1,059)	(87)	-	(2,967)
Insurance/takaful payables	(202,171)	(200,256)	(293)	(1,622)	-	(202,171)
Other payables (excluding provisions)	(185,863)	(185,863)	-	-	-	(185,863)
Total financial and insurance liabilities	**(6,428,194)**	**(1,220,510)**	**(1,775,872)**	**(3,564,826)**	**-**	**(6,561,208)**
Surplus	**2,917,386**	**3,250,669**	**249,900**	**324,972**	**671,104**	**4,496,645**

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36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2021 (cont'd.)

Company	Carrying value RM'000	Up to 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Shariah approved unit trust fund	31,800	-	-	-	31,800	31,800
Financial assets at FVOCI						
Golf club membership	50	-	-	-	50	50
Financial assets at amortised cost						
Unquoted corporate debt securities	1,000	50	1,169	-	-	1,219
Islamic investment accounts with licensed:						
Islamic banks	77,487	56,005	24,099	-	-	80,104
Development bank	14,814	14,891	-	-	-	14,891
Secured staff loans	1,755	394	1,366	-	-	1,760
Income due and accrued	276	276	-	-	-	276
Sundry receivables	282	282	-	-	-	282
Cash and bank balances	290	290	-	-	-	290
Total financial assets	**127,754**	**72,188**	**26,634**	**-**	**31,850**	**130,672**
Borrowing	(320,000)	(16,640)	(66,606)	(369,555)	-	(452,801)
Lease liabilities	(2,115)	(1,121)	(1,102)	-	-	(2,223)
Other payables (excluding provisions)	(10,804)	(10,804)	-	-	-	(10,804)
Total financial liabilities	**(332,919)**	**(28,565)**	**(67,708)**	**(369,555)**	**-**	**(465,828)**
(Deficit)/surplus	**(205,165)**	**43,623**	**(41,074)**	**(369,555)**	**31,850**	**(335,156)**

36. Financial risk (cont'd.)

(b) Liquidity Risk (cont'd.)

Maturity profiles for 2020

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	109	2,245	-	-	2,354
Government investment issues	1,262,018	159,596	334,706	1,392,654	-	1,886,956
Unquoted Islamic private debt securities	1,253,077	71,953	452,489	1,290,707	-	1,815,149
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	47,380	-	49,239
Unquoted Islamic private debt securities	626	670	-	-	-	670
Shariah approved unit trust funds	113,826	-	-	-	113,826	113,826
Real estate investment trusts	23,298	-	-	-	23,298	23,298
Financial assets at FVOCI						
Malaysian government securities	145,670	5,600	41,183	140,514	-	187,297
Government investment issues	601,240	158,911	208,359	339,206	-	706,476
Unquoted corporate debt securities	1,098,935	303,128	610,961	338,508	-	1,252,597
Unquoted shares in Malaysia	84,382	-	-	-	84,382	84,382
Unquoted Islamic private debt securities	323,643	44,984	197,239	133,532	-	375,755
Golf club membership	293	-	-	-	293	293

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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						
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	1,256	6,726	165	-	8,147
Income due and accrued	78,433	78,433	-	-	-	78,433
Amount due from Insurance Pool accounts	29,716	29,716	-	-	-	29,716
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	3,838,275	2,171,289	3,754,019	517,436	10,281,019
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	2,629,994	642,809	343,352	517,436	4,133,591

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 corporate 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	2,566	-	-	2,645
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	28,664	1,021	50	78,815
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	(40,162)	(385,219)	50	(400,167)

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 foreign currency 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

Group	Changes in market indices	Impact on profit before tax RM'000	Impact on equity/ participants' fund* RM'000
	Increase/(decrease)		
2021			
Price/NAV	**+5%**	**19,234**	**21,286**
Price/NAV	**-5%**	**(19,234)**	**(21,286)**
2020			
Price/NAV	+5%	15,947	18,489
Price/NAV	-5%	(15,947)	(18,489)

Company	Changes in market indices	Impact on profit before tax RM'000	Impact on equity/ participants' fund* RM'000
	Increase/(decrease)		
2021			
Price/NAV	**+5%**	**1,590**	**1,208**
Price/NAV	**-5%**	**(1,590)**	**(1,208)**
2020			
Price/NAV	Nil	-	-

* The impact on equity reflects the after tax impact.

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36. Financial risk (cont'd.)

(c) Market Risk (cont'd.)

Foreign exchange risk/currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset and/or liability will fluctuate because of movements in foreign currency exchange rates.

The Group's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to foreign exchange risk arises principally because of its foreign currency denominated underwriting revenues (such as premiums/contributions) and expenses (such as claims/benefits and commission expenses).

The Group has a foreign exchange risk framework in place and is continuously enhancing its risk mitigation measures.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on gross and net claims liabilities, profit before tax and equity. The sensitivity analysis was applied to the Group's gross and net claim liabilities in foreign currencies, while the impact on profit before taxation and equity includes the hedging effect from the backing assets held in the respective foreign currencies.

Group	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity * RM'000
	Increase/(decrease)				
2021					
Foreign currency	**+5%**	**42,358**	**41,512**	**(5,475)**	**(5,037)**
Foreign currency	**-5%**	**(42,358)**	**(41,512)**	**5,475**	**5,037**
2020					
Foreign currency	+5%	39,035	36,432	(4,772)	(4,390)
Foreign currency	-5%	(39,035)	(36,432)	4,772	4,390

* The impact on equity reflects the after tax impact.

The method used in performing the sensitivity analysis is consistent with the prior year.

36. Financial risk (cont'd.)

(c) Market Risk (cont'd.)

Interest/profit rate risk

The Group is exposed to interest/profit rate risk as follows:

(i) Fair values of fixed interest/profit-bearing assets would move inversely to changes in interest/profit rates; and

(ii) Future cash flows of variable interest/profit-bearing assets would move in direct proportion to changes in rates.

The earnings of the Group are affected by changes in market interest/profit rates due to the impact such changes have on interest/profit income from cash and cash equivalents, including investments in fixed/Islamic deposits. The fixed income portfolio is inversely related to interest/profit rates and, hence, it is the source of portfolio volatility.

The Group manages its interest/profit rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest/profit rate movements.

The nature of the Group's exposure to interest/profit rate risk and its objectives, policies and processes for managing interest/profit rate risk have not changed significantly from the previous financial year.

Sensitivity analysis

A change of 25 basis points ("bp") in interest/profit rates at the reporting date would have increased/(decreased) the value of the portfolio of fixed-income investment by the amounts shown below.

Group	Changes in variable	Impact on profit before tax RM'000	Impact on equity/ participants' fund* RM'000
	← (Decrease)/increase		→
2021			
Interest/profit rates	**+25 bp**	**(54,746)**	**(67,330)**
Interest/profit rates	**-25 bp**	**54,746**	**67,330**
2020			
Interest/profit rates	+25 bp	(55,056)	(69,101)
Interest/profit rates	-25 bp	55,056	69,101

* 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, bribery & corruption, physical damage, business disruption, transaction failures, legal and regulatory breaches, 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, system validation, enhanced authorisation and reconciliation procedures, continuous staff education and appropriate assessment processes, and engagement of internal audit for assurance.

(b) Shariah Non-Compliance Risk

Shariah non-compliance (SNC) risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which any Company within the Group may suffer arising from failure to comply with:

(i) The rulings of the Shariah Advisory Council of Bank Negara Malaysia ("SAC-BNM");

(ii) Standards on Shariah matters issued by BNM (pursuant to Section 29(1) of the IFSA and Section 33E(1) of the Development Financial Institutions Act ("DFIA") 2002);

(iii) The rulings and standards of the Shariah Advisory Council of Securities Commission Malaysia ("SAC-SC"); or

(iv) Decisions or advices of the Group Shariah Committee ("GSC").

The Group mitigates such risk by initiating, monitoring and adhering to a robust Group Shariah Risk Management ("Group SRM") Framework which is guided by the Shariah Governance Framework issued by BNM.

(c) Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage, which the Group may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

The Group monitors all compliance aspects in observing regulatory requirements. In this respect, it has developed a Group Compliance Management Framework and other relevant internal policies and procedures to ensure compliance with all applicable laws and guidelines issued by the regulatory authorities.

(d) 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, screening of new tenants' credit worthiness and financial standing as well as ensuring that the properties and facilities are continuously maintained and upgraded.

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38. Shareholders', reinsurance, takaful and retakaful funds

(a) Consolidated income statement by fund

For the year ended 31 March 2021	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Gross earned premiums/ contributions	1,358,646	419,487	688,196	43,861	8,302	(16,710)	2,501,782
Premiums/contributions ceded to reinsurers/retakaful operators	(96,267)	(174,333)	(77,025)	(2,746)	(5,691)	14,632	(341,430)
Net earned premiums/ contributions	1,262,379	245,154	611,171	41,115	2,611	(2,078)	2,160,352
Investment income	208,880	17,257	126,823	1,796	583	(90,450)	264,889
Net realised gains/(losses)	11,751	2,644	8,711	-	13	-	23,119
Net fair value gains/(losses)	31,344	2,832	(39,523)	-	(50)	915	(4,482)
Fee and commission income	477,782	38,682	2	223	-	(472,508)	44,181
Other operating revenue	12,266	-	524	215	6	(2,015)	10,996
Other revenue	742,023	61,415	96,537	2,234	552	(564,058)	338,703
Gross claims and benefit paid	(670,094)	(158,765)	(287,931)	(4,908)	(8,383)	4,402	(1,125,679)
Claims ceded to reinsurers/ retakaful operators	38,521	63,989	59,747	(2,581)	5,043	(4,402)	160,317
Gross change in contract liabilities	(157,007)	(18,564)	(236,841)	(15,129)	3,762	5,374	(418,405)
Change in contract liabilities ceded to reinsurers/retakaful operators	(68,842)	6,386	31,863	(238)	168	(5,374)	(36,037)
Net claims and benefits	(857,422)	(106,954)	(433,162)	(22,856)	590	-	(1,419,804)

38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(a) Consolidated income statement by fund (cont'd.)

For the year ended 31 March 2021 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Fee and commission expenses	(479,359)	(175,581)	(237,492)	(15,923)	(319)	430,184	(478,490)
Management expenses	(336,145)	-	(1,107)	-	-	48,279	(288,973)
Finance costs	(17,222)	-	-	-	-	424	(16,798)
Other operating expenses	(11,227)	(6,301)	-	120	-	4,749	(12,659)
Changes in expense liabilities	(15,956)	-	-	-	-	-	(15,956)
Tax borne by participants	-	(1,861)	(7,043)	(405)	(275)	-	(9,584)
Other expenses	(859,909)	(183,743)	(245,642)	(16,208)	(594)	483,636	(822,460)
Share of results of associates	-	-	-	-	-	15,472	15,472
Operating profit before surplus attributable to takaful participants, zakat and taxation	287,071	15,872	28,904	4,285	3,159	(67,028)	272,263
Surplus attributable to takaful participants	-	(15,872)	(28,904)	(4,285)	(3,159)	3,193	(49,027)
Operating profit/(loss) before zakat and taxation	287,071	-	-	-	-	(63,835)	223,236
Zakat	(1,293)	-	-	-	-	-	(1,293)
Taxation	(32,448)	-	-	-	-	-	(32,448)
Net profit/(loss) for the year to equity holders of the Parent	253,330	-	-	-	-	(63,835)	189,495

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
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	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	(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)

38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(a) Consolidated income statement by fund (cont'd.)

For the year ended 31 March 2020 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Fee and commission expenses	(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)/deficit 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 zakat and 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.)

(b) Consolidated statement of financial position by fund

As at 31 March 2021	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Assets							
Property, plant and equipment	121,707	-	-	-	-	81,670	203,377
Investment properties	-	-	81,620	-	-	(81,620)	-
Intangible assets	71,805	-	-	-	-	-	71,805
Right-of-use assets	7,136	-	-	-	-	(4,230)	2,906
Investments in subsidiaries	1,304,477	-	-	-	-	(1,304,477)	-
Investments in associates	118,225	-	-	-	-	16,580	134,805
Deferred tax assets	14,324	7,244	-	-	-	(65)	21,503
Financial assets	4,411,138	541,113	3,515,361	87,247	14,926	(234,528)	8,335,257
Reinsurance/retakaful assets	166,968	200,312	84,471	3,300	7,558	(5,374)	457,235
Insurance/takaful receivables	355,386	75,211	48,085	19,983	2,558	(2,357)	498,866
Tax recoverable	71,794	-	-	(2,695)	(429)	-	68,670
Cash and bank balances	69,971	8,173	37,412	126	107	-	115,789
Total assets	6,712,931	832,053	3,766,949	107,961	24,720	(1,534,401)	9,910,213

38. Shareholders', reinsurance, takaful and retakaful funds (cont'd.)

(b) Consolidated statement of financial position by fund (cont'd.)

As at 31 March 2021 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Liabilities and Participants' funds							
Participants' funds	-	159,985	199,649	6,231	125	11,734	377,724
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,311,512	549,235	3,411,982	73,904	9,730	(15,373)	6,340,990
Lease liabilities	7,206	-	-	-	-	(4,452)	2,754
Insurance/takaful payables	111,841	49,349	32,504	9,965	869	(2,357)	202,171
Other payables	232,199	73,423	115,860	17,809	13,965	(222,574)	230,682
Deferred tax liabilities	2,878	-	6,444	52	31	422	9,827
Tax payable	5,708	61	510	-	-	-	6,279
Provision for zakat	1,466	-	-	-	-	-	1,466
Total liabilities and participants' funds	2,993,810	832,053	3,766,949	107,961	24,720	(233,600)	7,491,893
Equity							
Share capital	2,043,108	-	-	-	-	(1,304,606)	738,502
Reserves	1,676,013					3,805	1,679,818
Total equity attributable to equity holders of the Parent	3,719,121	-	-	-	-	(1,300,801)	2,418,320
Total liabilities, participants' funds and equity	6,712,931	832,053	3,766,949	107,961	24,720	(1,534,401)	9,910,213

38. **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
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
	6,367,873	757,551	3,536,406	64,399	16,093	(1,527,515)	9,214,807

38. **Shareholders', reinsurance, takaful and retakaful funds (cont'd.)**

(b) **Consolidated statement of financial position by fund (cont'd.)**

As at 31 March 2020 (cont'd.)	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Eliminations and adjustments RM'000	Consolidated RM'000
Liabilities and Participants' funds							
Participants' funds	-	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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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's and the Company's assets:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

The fair values of the Group's and Company's assets are determined as follows:

(i) The carrying amounts of financial assets, such as 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 have been revalued based on valuations performed by accredited independent valuers having appropriate recognised professional qualification. The valuations are based on the income and comparison approaches. In arriving at the fair value of the assets, the valuers had also taken into consideration the future developments in terms of infrastructure in the vicinity of the properties; and

(vi) Fair value of unquoted shares in Malaysia are derived using the net assets of the invested companies.

39. Fair values of assets (cont'd.)

Description of significant unobservable inputs:

	Valuation technique	Significant unobservable inputs	Range
2021			
Property, plant and equipment			
Office building of Malaysian Re	**Income approach**	**Yield**	**6.25%**
		Rental per square foot	**RM4.50**
Office buildings of Takaful IKHLAS Family	**Comparison approach**	**Sales price per square feet for similar properties**	**RM641 to RM1,511**
Unquoted shares in Malaysia	**Net assets**	**Net assets**	**Not applicable**
2020			
Property, plant and equipment			
Office building of Malaysian Re	Income approach	Yield	6.25%
		Rental per square foot	RM4.50
Office buildings of Takaful IKHLAS Family	Comparison approach	Sales price per square feet for similar properties	RM509 to RM1,511
Unquoted shares in Malaysia	Net assets	Net assets	Not applicable

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value.

The movement from opening balances to closing balances during the respective financial years are provided in Notes 13 and 18(b).

There have been no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year.

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 on a recurring basis 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				
2021				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	161,587	161,587
	-	-	198,387	198,387
(b) Financial assets at FVTPL				
Designated upon initial recognition				
Unquoted corporate debt securities	-	1,162	-	1,162
Government investment issues	-	1,141,718	-	1,141,718
Unquoted Islamic private debt securities	-	1,362,102	-	1,362,102
Mandatorily measured				
Quoted shares in Malaysia:				
Shariah approved equities	215,664	-	-	215,664
Others	97,304	-	-	97,304
Unquoted perpetual bond in Malaysia	-	4,950	-	4,950
Unquoted corporate debt securities	-	19,469	-	19,469
Unquoted Islamic private debt securities	-	608	-	608
Shariah approved unit trust funds	241,218	-	-	241,218
Real estate investment trusts	17,442	-	-	17,442
	571,628	2,530,009	-	3,101,637

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.)				
2021 (cont'd.)				
Assets measured at fair value (cont'd.):				
(c) Financial assets at FVOCI				
Malaysian government securities	-	155,329	-	155,329
Government investment issues	-	438,523	-	438,523
Unquoted corporate debt securities	-	1,028,084	-	1,028,084
Unquoted shares	-	-	84,605	84,605
Unquoted Islamic private debt securities	-	376,176	-	376,176
Golf club memberships	-	-	233	233
	-	1,998,112	84,838	2,082,950
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

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.)				
Assets measured at fair value (cont'd):				
(b) Financial assets at FVTPL (cont'd.)				
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
(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
Company				
2021				
Assets measured at fair value:				
(a) Financial assets at FVTPL				
Shariah approved unit trust fund	**31,800**	**-**	**-**	**31,800**
(b) Financial assets at FVOCI				
Golf club membership	**-**	**-**	**50**	**50**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2021

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.)				
2020				
Assets measured at fair value:				
(a) Financial assets at FVOCI				
Golf club membership	-	-	50	50

40. Significant and subsequent event

COVID-19 pandemic

On 11 March 2020, the World Health Organisation ("WHO") had declared COVID-19 as a pandemic and it has been the cause of one of the most severe instances of economic and financial market turmoil in recent history.

Measures taken by various governments to contain the pandemic, including imposition of lockdowns and temporary closure of businesses, have affected economic activities within the local and the overseas regions.

The Group and the Company 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 and the Company, primarily by imposing social distancing, "work from home" arrangements for the employees as well as strictly adhering to all regulations and guidelines issued by the authorities.

The management's view of the prospects in the early part of the financial year was bleak due to the COVID-19 environment but in the third quarter, news on the rollout of vaccines had improved market sentiments. The improvement in market sentiments resulted in consequential improvements in the equity market and the firming of bond yields locally. The former had contributed positively to the Group's and the Company's recovery in relation to the fair value of equity instruments. On the other hand, the firming of bond yields had not reached the necessary pre-Covid levels to assist in the improvement of bond income and had, instead, resulted in fair value losses due to the corresponding decline in bond prices.

The environment is expected to remain challenging until COVID-19 is fully controlled and the economy is expected to continue being volatile as it starts to adjust to the improvements. This volatility is expected to be mirrored in the equity and bond markets. We will continue to adopt a prudent stance in our asset allocations in managing the risks and returns.

40. Significant events (cont'd.)

COVID-19 pandemic (cont'd.)

In respect to the financial results of the Group and the Company, COVID-19 has impacted the claims experience of the reinsurance and retakaful businesses, as well as the business volume of the general and family takaful businesses, which have seen a reduction in contributions in the first quarter of the financial year ended 31 March 2021.

In addition, BNM had on 27 March 2020 announced several measures to assist policyholder/participants to manage the impact of the COVID-19 pandemic and subsequently on 29 January 2021, had set out additional measures to assist affected consumers to preserve their protection coverage. The relief measures that were extended by the takaful subsidiaries of the Group to their participants include:

- Deferment of payment of family takaful contribution;
- Flexibilities to reinstate or preserve family takaful protection;
- Expediting claims processing;
- Flexibility in the payment of takaful contributions; and
- 6 months interest free instalment repayment option.

Overall, notwithstanding the above, management is of the view that the results for the financial year ended 31 March 2021 have largely remained resilient and were not materially impacted by COVID-19. However, the Group and the Company remains cautious in its expectations of the level of profitability for the next financial year amid ongoing uncertainties as the economy attempts to recover back to the pre pandemic level. The Group and the Company will continue to closely monitor and respond to the impact of the pandemic.

The Group and the Company is of the view that the pandemic will not fundamentally impact the ability of its business operations to continue to operate as a going concern and will continue to remain resilient, to weather through the current pandemic. In addition, the healthy levels of solvency and liquidity of the Group and the Company are sufficient to sustain both its operational and financial requirements and, accordingly, the Group's and the Company's financial statements for the financial year ended 31 March 2021 continue to be prepared on a going concern basis.

The management of the Group and the Company are of the view that there were no other matters, other than those described above, arising from the on-going pandemic that would have a significant impact on the carrying values of the Company's assets and liabilities as at 31 March 2021.

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