Malaysian Reinsurance Berhad
200401025686 (664194-V)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2026

200401025686 (664194-V)

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Directors' report

The Directors have pleasure in submitting their report together with the audited financial statements of Malaysian Reinsurance Berhad ("the Company") for the financial year ended 31 March 2026.

Principal activities

The Company is principally engaged in the underwriting of general reinsurance, general retakaful and family retakaful businesses.

There have been no significant changes in the nature of these principal activities during the financial year.

Ultimate holding and financial holding company

The ultimate holding and financial holding company is MNRB Holdings Berhad ("MNRB"), a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

Results

	RM'000
Net profit for the financial year	408,109

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements. In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

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

	RM'000
In respect of the financial year ended 31 March 2025:	
Final single-tier dividend of 9.0% on 663,106,423 ordinary shares, declared and paid on 3 October 2025	60,000

At the date of this report, no dividend has been declared by the Company in respect of the current financial year.

Climate-Related Risks and Disclosures

The Company is guided by the Group's sustainability governance and approach to managing sustainability-related efforts, including climate-related matters. Details of the efforts, including climate-related disclosures, are set out in the Sustainability Statement within the Group's Annual Report for the financial year ended 31 March 2026 and available on the Group's corporate website.

Share capital and debentures

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

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Sulaiman Mohd Tahir
Velayudhan Harikes
Datin Joanne Marie Lopez
Wan Zamri Wan Zain
George Oommen
  (Appointed on 25 August 2025)
Khalid Sufat
  (Deceased on 24 June 2025)

In accordance with Clause 22.3 of the Company's Constitution, Velayudhan Harikes will be retiring at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

George Oommen who was appointed as Independent Non-Executive Director on 25 August 2025 will retire pursuant to Clause 22.2 of the Company's Constitution and being eligible, offers himself for re-election.

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company and its related corporations) by reason of a contract made by the Company or its related corporations 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.

	2026
	RM'000
Directors' fee	565
Meeting allowances	132
	697

Directors' indemnity

During the financial year, the Company maintained a Directors and Officers Liability Takaful certificate to indemnify the Directors of the MNRB Group, up to a coverage of RM60,000,000, at a contribution of RM111,250 for liability incurred in the discharging of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage.

Directors' interests

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 corporations during the financial year.

Corporate Governance disclosures

The Company has complied with the prescriptive requirements of, and adopts management practices that are consistent with the principles prescribed under, Bank Negara Malaysia's ("BNM") Policy Document BNM/RH/PD 029-9 on *Corporate Governance ("PD CG")* . The Company is committed to the principles prescribed in this PD CG to ensure public accountability at all times.

Further details are disclosed on pages 6 to 44.

Other statutory information

(a) Before the income statement, statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:

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

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

(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 inadequate to any substantial extent; and

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

Other statutory information (cont'd.)

(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 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 the financial statements 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 charges on the assets of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liabilities of the Company which have arisen since the end of the financial year other than those arising in the normal course of business of the Company.

(f) In the opinion of the Directors:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Company to meet its 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 Company for the financial year in which this report is made.

(g) Before the income statement, statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for insurance contract liabilities in accordance with the MFRS 17 *Insurance Contracts* .

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

Significant and subsequent event

Other than disclosed in Note 38, there were no material events subsequent to the reporting date that require disclosure in or adjustment to the financial statements.

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Auditors and auditors' remuneration

The auditors, Messrs. Ernst & Young PLT, have expressed their willingness to continue in office. The auditors' remuneration of the Company during the year is RM1,870,921.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 June 2026.

Dato' Sulaiman Mohd Tahir

George Oommen

Kuala Lumpur, Malaysia

Corporate governance disclosures (as referred to in the Directors' Report)

The Board of Directors (“Board”) of Malaysian Reinsurance Berhad ("the Company") remains committed towards maintaining high standards of corporate governance throughout the Company. The Board strives to continuously improve the effective application of the principles and best practices in conformity with Policy Document on Corporate Governance ("PD CG") of Bank Negara Malaysia ("BNM") issued on 3 August 2016.

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

Set out below is a statement on how the Company had applied the principles and complied with the best practices as prescribed under the PD CG during the financial year ended 31 March 2026.

Board of Directors

The Board is responsible for the proper stewardship of the Company’s resources, the achievement of the Company’s objectives and good corporate citizenship. It discharges this responsibility by complying with all the relevant Acts and Regulations, including adopting the principles and best practices of the PD CG and Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), where relevant.

The Board retains full and effective control over the Company’s affairs. This includes the responsibility to determine the Company’s development and overall strategic direction. Key matters such as the approval of financial results, major capital expenditures, budgets, business plans and succession planning for top management, are reserved for the Board or its appointed committees to deal with. In addition, the Board plays an active role in addressing sustainability matters and climate-related risks. It approves key sustainability directions and monitors progress, supported by continuous learning via periodic capacity-building programmes on emerging trends and practices.

As part of its governance oversight, the Board’s awareness, knowledge, and management of sustainability risks and opportunities, including climate-related risks, are periodically assessed through the Board Effectiveness Evaluation (“BEE”). The BEE provides a structured mechanism to evaluate the Board’s engagement and competence in these critical areas, contributing to continuous governance enhancement.

The meetings of the Board are chaired by the Non-Executive Chairman, whose role is clearly separated from the role of the President & Chief Executive Officer (“President & CEO”), who ensures that Board policies and decisions are implemented accordingly.

Board Composition

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

As at the date of this report, the Board currently comprises five (5) members. Four (4) of these members are Independent Non-Executive Directors ("INED"), one (1) is Non-Independent Non-Executive Director ("NINED") who is the Chairman of MNRB Group.

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

	Composition	Percentage
NINED	1/5	20%
INED	4/5	80%

By virtue of this composition, the Company is in compliance with the following paragraphs of the PD CG:

(i) Paragraph 11.3 which requires that the Chairman of the Board must not be an executive director and must not served as a Chief Executive Officer ("CEO") of the financial institution since past five (5) years;

(ii) Paragraph 11.4 which requires that the Board should not have more than one executive director unless otherwise approved by BNM in writing; and

(iii) Paragraph 11.6 which requires that the Board should have a majority of independent directors at all times.

Under the Company's Constitution, the number of Directors shall not be more than ten (10) and the Board currently comprises five (5) Directors.

The Directors bring to the Board, a wide range of knowledge and experience in relevant fields such as insurance/takaful and reinsurance/retakaful, accounting and finance, investment, capital markets, international business and business operations. The Board has the necessary depth of experience and judgement to bear on issues of strategy, performance, resources and ethical standards. The Board is of the opinion that its current composition and size constitute an effective Board for the Company.

Key information on each Director is set out under the section 'Board of Directors' Profile' on pages 37 to 39.

Board Charter

The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set by the regulatory authorities. This Board Charter will be reviewed periodically when necessary to incorporate updates and enhancements to the existing rules and regulations.

Directors' Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors of financial service providers.

The Chairman is primarily responsible for the effective conduct and workings of the Board. The Chairman leads the Board in the oversight of the Management and in setting strategic business plans, goals and key policies of the Company to ensure the sustainability of long-term returns.

Directors' Independence and INED

The Board comprises a majority of INEDs.

The independence of the Directors is assessed by the Group Nomination & Remuneration Committee ("GNRC") as well as the Board in accordance with the requirements of BNM, MCCG 2021, Board Charter and the Company's Policy on Independent Directors.

The Independent Directors play a pivotal role in corporate accountability and provide unbiased and independent views and judgement in relation to the Board's deliberation and decision-making process. These are reflected in their membership in the various Board Committees and attendance at meetings.

The Company determines the independence of its Directors in accordance with the requirements under the PD CG. Under the Paragraph 11.7 of the PD CG, an Independent Director of the Company is one who himself or any person linked to him is independent from Management, the substantial shareholders of the Company and/or any of its affiliates, and has no significant business or other contractual relationship with the Company or its affiliates within the last two (2) years. In addition, pursuant to Paragraph 11.9 of the PD CG and Clause 4.2 of the Board Charter, the Independent Director must has not served the Company for more than nine (9) years on the Board, except under exceptional circumstances and as approved by BNM.

All Independent Directors have demonstrated to the Board that they have exercised impartial and independent judgement while protecting the interests of the Company.

The Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationships with the Company (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Company and its shareholders. The Board is also satisfied that no individual or group of individuals dominate the decision-making process of the Board in ensuring a balanced and objective consideration of issues, thereby facilitating optimal decision-making.

MNRB Group Independent Directors Policy

The 9-year policy for the tenure of INEDs, which was approved by the Board on 30 May 2013 and implemented to ensure the continuous effective functioning of the Board remained unchanged. Due to the specialised nature of the Company's businesses, the Board is of the view that the maximum tenure of nine (9) years is reasonable considering there are significant advantages to be gained from long-serving Directors who already possessed tremendous insight and knowledge of the Company's business affairs.

The Board is of the opinion that the tenure of service of INEDs on the Board, does not, in any way, interfere with their exercise of independent judgement and their ability to act in the best interests of the Company.

Before the removal or resignation of an Independent Director can take effect, the prior approval of BNM must be obtained in line with Paragraphs 10.11 and 10.13 of the PD CG.

In assessing independence, the Board evaluates the following criteria:

- the ability to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision-making for the good of the Company;
- a willingness to stand-up and defend their own views, beliefs and opinions for the ultimate good of the Company; and
- an understanding of the Company's business activities in order to appropriately provide responses on the various strategic and technical issues brought before the Board.

Appointment of Directors and Key Senior Management Officers

The Board ensures that a formal and transparent nomination process for the appointment of Directors and Key Senior Management Officers is continuously maintained and improved pursuant to the Terms of Reference of the Group Nomination & Remuneration Committee ("TOR of GNRC").

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

The appointment of new Board members are considered and properly evaluated by the GNRC. New appointment of nominees directors are assessed by the GNRC in accordance with the PD CG, MNRB Group Fit & Proper Policy and Procedure ("Group Fit & Proper Policy").

These assessments are carried out by an independent party based on information provided by each individual on matters such as criminal record, the record of material academic/professional qualifications, financial obligations and the execution of checks on bankruptcy and regulatory disqualification.

The GNRC would discuss and deliberate on the above and conduct an interview session with the candidate. Upon completing this process, the GNRC shall recommend the proposed appointment to the Board for its deliberation and approval.

Appointment of Directors and Key Senior Management Officers (cont'd.)

In making these recommendations, the GNRC 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.

The GNRC and Board will devote sufficient time to review, deliberate and finalise the selection of Directors. The Company Secretary will ensure that all the necessary information are obtained and relevant legal and regulatory requirements are complied with. In this regard, the Board is also guided by the MNRB Group Fit & Proper Policy.

The GNRC conducts a yearly assessment on the suitability of the present Directors under the above-mentioned MNRB Group Fit & Proper Policy. The fit and proper assessment for the Directors includes self-declaration and vetting by the Company for the purpose of ensuring that they are suitable to continue serving as Directors of the Company. The following aspects would be considered by the Board in appointing/reappointing Directors:

- Character, integrity and reputation – the person must have key qualities such as honesty, independence of mind, integrity, diligence, and fairness and are of good repute in the financial and business community;

- Experience, competence and capability – the person must have the necessary skills, experience and ability to carry out the role; and

- Time and commitment – the person must have the ability to discharge role having regard to other commitment.

The Board’s expectations on the time commitment and contribution from the Directors will also be clearly communicated to the potential candidates. The GNRC 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 the Board's approval.

Re-appointment and Re-election of Directors

All Directors may subject themselves for re-appointment and/or re-election upon the expiry of their BNM Appointment Term or in accordance with Clause 22.3 of the Company's Constitution where one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting ("AGM") and all retiring Directors can offer themselves for re-election.

Pursuant to PD CG, the Company is required to apply to BNM for the re-appointment of its Directors at least three (3) months prior to the expiry of their terms of appointment as approved by BNM, should it wish to extend their appointments. Prior to such application, the relevant Directors will be assessed by the GNRC and the Board and they are required to give consent on their re-appointment prior to the recommendation being made.

In accordance with Clause 22.3 of the Company's Constitution, Velayudhan Harikes will be retiring at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Directors who are appointed by the Board during the financial period before the AGM are also required to retire from office and seek re-election by the shareholder at the first opportunity after their appointment.

George Oommen who was appointed as Independent Non-Executive Director on 25 August 2025 will retire pursuant to Clause 22.2 of the Company's Constitution and being eligible, offers himself for re-election.

Board and Individual Directors’ Effectiveness

The Board members undertake a formal and transparent process, upon completion of every financial year, to assess the effectiveness of their fellow Directors, the Board as a whole and the performance of the President & CEO.

The Board and Individual Directors Evaluation is based on answers to a detailed questionnaire. The evaluation form is distributed to all Board members and covers topics which include, among others, the responsibilities of the Board in relation to strategic plan, fiscal oversight, risk management, Board composition and training needs.

The BEE 2025/2026 was conducted by an independent external facilitator. The results indicated that the Board is functioning effectively and has a sound governance foundation, while further enhancements are recommended in board composition, strategic oversight, management alignment, and the efficiency of board processes to better support the Company’s future growth.

Other areas which are assessed include the contribution of each and every member of the Board at meetings.

The GNRC, having deliberated the findings of the Board, Individual Directors and President & CEO Evaluations, will report to the Board the results and highlight those matters that require further discussion and direction by the Board.

The Board members’ directorship in companies other than the Company, are well within the restriction of not more than five (5) directorships in public listed companies as stated in the PD CG.

Roles and Responsibilities of the Chairman and President & CEO

The roles and responsibilities of the Chairman and the President & CEO are separated with a clear division of responsibilities as defined in the Board Charter. This distinction is to provide better understanding and distribution of jurisdictional responsibilities and accountabilities. The Chairman and the President & CEO are not related to each other.

The Chairman leads the Board and is also responsible for its performance. Together with the rest of the Board members, the Chairman sets the policy framework and strategies to align the business activities driven by the Senior Management Team with the Company's vision and mission.

The President & CEO is mainly accountable for the day-to-day management to ensure the smooth and effective running of the Company. He is also responsible for the implementation of policies and Board decisions as well as coordinating the development and implementation of business and corporate strategies.

The President & CEO also ensures that the financial management practice is at the highest level of integrity and transparency for the benefit of the shareholders and the affairs of the Company are performed in an ethical manner.

Board Meetings

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

The Board has scheduled meetings at least six (6) times a year, in addition to the AGM. For the financial year ended 31 March 2026, the Board held nine (9) meetings.

Technology and information technology are effectively used in Board meetings and communications with the Board. The Board meeting materials are shared electronically via online meeting platform as and where required, Directors may participate in meetings via video conference.

All Directors have complied with the requirement to attend at least seventy-five percent (75%) of the Board meetings held during the financial year ended 31 March 2026 as required under Paragraph 9.3 of the PD CG.

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

Directors	**Attendance**	**Percentage**
Dato' Sulaiman Mohd Tahir Chairman/NINED	9/9	100%
Velayudhan Harikes INED	9/9	100%

Board Meetings (cont'd.)

Directors	Attendance	Percentage
Datin Joanne Marie Lopez INED	9/9	100%
Wan Zamri Wan Zain INED	9/9	100%
George Oommen INED (Appointed on 25 August 2025)	5/5*	100%
Khalid Sufat INED (Deceased on 24 June 2025)	1/2*	50%

*Attendance at the meetings were based on the number of meetings held while Director was in office as of 31 March 2026.

At each scheduled Board meeting, the financial performance and business reviews are discussed, including the Company's quarterly operating performance to date, against the annual budget and business plan previously approved by the Board for that year.

The respective Board Committee's reports and recommendations are also presented and discussed at Board meetings. All proceedings of Board meetings are duly recorded in the minutes of each meeting and the signed minutes of each Board meeting are properly retained by the Company Secretary.

The Board delegates the day-to-day management of the Company's business to the Senior Management team but reserves for its consideration significant matters as specified in the Board Charter.

Directors' Remuneration

(a) Remuneration Policy and Procedure

The GNRC recommends to the Board the appropriate remuneration packages for the Directors as well as the President & CEO and the key senior management officers in order to attract, motivate and retain the Directors, the President & CEO and the key senior management officers of the necessary calibre and quality as required by the Company. The remuneration packages for the Group Shariah Committee ("GSC") members are decided by the Board of MNRB. The Company's remuneration policy is to reward the Directors, President & CEO and the key senior management officers competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, the GNRC takes into account comparable roles in similar organisations that may be the same in size, market sector or business complexity.

The President & CEO does not participate in any way in determining his individual remuneration.

All Directors are paid fees which are recommended by the Board and approved annually by the shareholder at the AGM.

The remuneration structure of Directors of the Company are as follows:

- Fees for duties as Director and as 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 Directors are recommended by the Board to the shareholders after deliberating the recommendations by the GNRC. The meeting attendance allowance for all Directors is also determined by the Board.

The Board has taken into consideration prevailing market practices in determining Directors' remuneration and has adopted the revised fee structure. The revised structure has been applied in computing the Directors' fees for the financial year ended 31 March 2026:

		Meeting attendance allowance RM	Annual fees RM
Board	Chairman	RM1,500 for each meeting attended	92,000
	Member		80,500
Audit Committee	Chairman		25,300
	Member		19,550
Risk Management Committee of the Board	Chairman		25,300
	Member		19,550

Directors' Remuneration (cont'd.)

(a) Remuneration Policy and Procedure (cont'd.)

		Meeting attendance allowance RM	Annual fees RM
Group Nomination & Remuneration Committee	Chairman Member/ Permanent invitee	RM1,500 for each meeting attended	19,550 13,800
Group Digital & Information Technology Committee	Chairman Member		19,550 13,800

The details of the total remuneration of each Director of the Company during the financial year ended 31 March 2026 are disclosed in Note 11 of the Company's Audited Financial Statements. Directors' fees amounting to RM565,000 for the financial year ended 31 March 2026 will be proposed for approval at the forthcoming AGM of the Company. The fees were pro-rated based on appointment/resignation date.

The remuneration of the GSC members are decided by the MNRB Board. The meeting attendance allowance and annual fees of the GSC members are shared equally with fellow subsidiaries of MNRB Group, Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family") and Takaful Ikhlas General Berhad ("Takaful IKHLAS General"). The remuneration of the GSC members during the financial year ended 31 March 2026 are disclosed in Note 11 of the financial statements.

(b) Indemnification of Directors and Officers

Directors and Officers are indemnified under a Directors' and Officers' Liability Takaful Policy against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Remuneration Policy in respect of the President & CEO, Board Appointees and the Senior Management team of the Company

The Company's remuneration policy is designed to attract, motivate, reward and retain high-performing individuals who contribute to the Company's long-term success. It aims to ensure that compensation practices are aligned with the Company's strategic objectives and promote sustainable performance.

The remuneration packages for the President & CEO and Board Appointees of the Company are reviewed by the GNRC at the point of contract renewal.

These packages consist of both fixed and variable components. The fixed component comprises of monthly basic salary while the variable component is a performance-based bonus awarded annually. This bonus is linked to both corporate and individual performance, assessed using a balanced scorecard approach that encourages sustainable business practices and prudent risk taking.

Remuneration Policy in respect of the President & CEO, Board Appointees and the Senior Management team of the Company (cont'd.)

Performance measures are based on the Company's strategic and operational goals that are translated into key performance indicators (KPIs) that cover financial and non-financial areas such as profitability, growth, risk management, compliance, customer satisfaction, and sustainability. The KPIs are tailored to each individual's role and are, reviewed by the GNRC for clarity and alignment with long-terms goals, and approved by the Board.

Employees in control functions including Actuarial, Risk, Compliance and Internal Audit, do not carry business profit targets in their performance goals. Their compensation is determined independently of business profitability and is based on the achievement of key outcomes within their respective areas of responsibility.

The annual budget for salary increments and performance-related bonuses is reviewed by the GNRC and submitted to the Board for approval. This ensures that remuneration decisions are made with appropriate oversight and in alignment with the Company's financial position and strategic priorities.

To maintain competitiveness, the Company reviews its' compensation structure annually by conducting benchmarking exercise against relevant peer group of companies. The benchmarking uses data from independent surveys conducted by external consultants, helping the Company remains an attractive employer in the industry.

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

The total value of remuneration for the President & CEO, Board Appointees and Senior Management for the financial year are as follows:

	Unrestricted RM '000	Deferred RM '000	Remark
Fixed remuneration:			
- Cash-based	6,704	-	Salaries, allowance and EPF
- Other	25	-	Benefits-in-kind
Variable remuneration:			
- Cash-based	3,143	-	Bonus and EPF on bonus

Supply of information

All Directors have full and unrestricted access to all information pertaining to the Company's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Prior to Board meetings, every Director receives a notice of meeting, the agenda and Board papers. Sufficient time is given to the Directors to enable them to obtain further explanations, where necessary, so that there will be full participation by the Directors at the meeting. The Board papers include the following:

- Reports by the various Board Committees on issues deliberated at the respective Board Committee meetings;
- Financial Statements on the Company's performance; and
- Compliance reports.

Proper guidelines have been established by the Board pertaining to the content, presentation style and delivery of papers to the Board for each Board meeting to ensure adequate information is disseminated to the Directors.

All Directors have direct access to the members of the Senior Management Team and the services of the Company Secretary to enable them to discharge their duties effectively.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.

Throughout their period in office, Directors are updated on the Company's business, the competitive and regulatory environments in which it operates and other changes by way of written briefings and meetings with the Senior Management.

Conflict of Interest

As per the Conflict of Interest ("COI") Policy, Directors are required to declare their respective shareholdings in the Company and related companies and their interests in any contracts with the Company or any of its related companies. Directors are also required to declare their directorships and interest in other companies and shall abstain from any discussions and decision-making in relation to these companies if the interest are deemed to be material pursuant to Companies Act 2016.

All disclosures on COI and directorships held by the Directors are properly recorded and retained by the Company Secretary.

Directors’ Training

The Company acknowledges that continuous education is vital for the Board members to gain insight into the regulatory updates and market developments in order to enhance the Directors’ skills and knowledge in order to effectively discharge their responsibilities. In view of the challenges and recognising the importance of increased board leadership, the Company provides the Board members with relevant training programmes and seminars in order to continuously strengthen their skill set and knowledge as well as to acquire sound understanding of current issues and developments in the financial and business environment.

To enable them to contribute effectively from the outset of their appointment, all new Directors are required to undergo an induction programme where they are briefed on the Company, the formal statement of the Board’s role, powers that have been delegated to the Company’s Senior Management and Management committees as well as the Company's latest financial information.

Being a Director of a financial institution, it is mandatory for a newly appointed Director to attend the Financial Institution Directors’ Education (“FIDE”) Core programme within one (1) year from the date of appointment. In the event that the new Director has completed the same in another financial institution previously, the Director should provide a copy of his/her FIDE certificate to the Company Secretary.

The Company Secretary facilitates the organising of internal training programmes and the Directors’ participation in external programmes, in addition to keeping a complete record of the training programmes attended by the Directors.

During the financial year, all Directors, collectively or on their own, attended various seminars and programmes organised by professional bodies and regulatory authorities as well as those conducted in-house. These include the following:

- MNRB Group Directors’ Training: "Strategic Opportunities for Asian Reinsurers - An Insider’s View"
- MNRB Group Directors’ Training: “A Global and Regional Overview of Reinsurance - The Past and the Next”
- MNRB Group Directors' Training: “Financial Crime Awareness Program – AML & CFT Updates”
- AML/CFT AND ABC: “Corporate Liability: How to Say No to Corruption”
  MNRB Group Directors’ Training: “Navigating the Anti-Financial Crime Landscape”

Directors' Training

- MNRB Group Directors' Training: "Data Privacy Essentials: Understanding the PDPA Obligation"
- Sharing by China Re "Development of China's National Health Insurance and Medical Insurance"
- Sharing by EY "Harnessing AI in Insurance"
- "Understanding Insurance/Takaful Performance under MFRS 17"
- MNRB Group Directors' Training: "Digital Trust and Maqasid: Reimagining Islamic Finance in the Age of AI & Fintech" & "Understanding the Intersection of Digitalization, Maqasid and Trust"
- MNRB Group Directors' Training: "Cyber Security – The Changing Face of Cyber Threats"
- MNRB Group Directors' Training: "Strategic Sustainability and ESG: Unlocking Long-Term Value Creation, Compliance and Managing Risks"
- MNRB Group Directors' Training: "Aligning Shariah Governance and Board Leadership for Digital Trust and Cyber Resilience"
- FIDE CORE Module A
- FIDE CORE Module B
- "Key Tax Regulatory and Industry Developments"

Board Committees

The Board has delegated specific responsibilities to three (3) Board Committees, as follows:

- Audit Committee;
- Risk Management Committee of the Board ("RMCB"); and
- Group Nomination and Remuneration Committee ("GNRC").

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.

(i) Audit Committee

As at the financial year end, the Audit Committee comprises three (3) INEDs. One (1) member of the Committee is a qualified accountant and a member of the Malaysian Institute of Accountants.

The Audit Committee terms of reference include the review and deliberation of the Company's financial statements, the findings of the External and Internal Auditors, related party transactions and and any conflict-of-interest situations within the Company, as well as making recommendation to the Board on the appointment/re-appointment of the External Auditors.

The composition including the tenure of the Audit Committee members had been reviewed during the financial year.

Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

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

It is able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

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

During the financial year, five (5) Audit Committee meetings were held. Details of the Audit Committee members' attendance at the meetings held during the financial year were as follows:

	Attendance	Percentage
Chairman		
George Oommen (Appointed on 25 August 2025)	2/2*	100%
Khalid Sufat (Deceased on 24 June 2025)	1/2*	50%
Members		
Velayudhan Harikes	5/5	100%
Datin Joanne Marie Lopez	5/5	100%

*Attendance at the meetings were based on the no. of meetings held while Director was in office as of 31 March 2026.

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 Audit Committee Report for inclusion in the Directors' Report;

- Reviewed and recommended to the Board, the actuarial valuation of liabilities and the regulatory capital requirements of the Company for quarterly and year-end financial results to be in compliance with BNM's requirements;

Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

- Deliberated on, and recommended to the Board, the payment of dividend for the financial year ended 31 March 2025;

- Reviewed and recommended to the Board, the zakat payable amount and the basis of computation for the financial year ended 31 March 2025;

- Deliberated on, and recommended to the Board, the adoption of new Malaysian Financial Reporting Standards ("MFRSs") and Amendments/Annual Improvements to MFRS Accounting Standards that are effective for the financial year ended 31 March 2026;

- Evaluated the performance and recommended to the Board, the re-appointment and remuneration of the External Auditors for the financial year ended 31 March 2026;

- Reviewed and recommended to the Board, the Tax Agent's tax compliance fees for the years of assessment 2025 and 2026;

- Reviewed and recommended to the Board, the appointment and remuneration of the Tax Consultant to assist the Company in negotiating with Lembaga Hasil Dalam Negeri ("LHDN") for the closure of the buyout tax voluntary disclosure exercise;

- Reviewed and recommended to the Board, the MNRB Group Related Party Transactions Policy;

- Reviewed and recommended to the Board, the adoption of the MNRB Group BNM's Insurance and Takaful Statistical Reporting ("ITSR") Framework and Policy to the Company;

- Reviewed the tax matters affecting the Company;

- 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. A meeting without the presence of the Management was also held with the External Auditors on 10 June 2025. Matters discussed during the meeting include key reservations noted by the External Auditors during the course of their annual audit;

Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

- Deliberated on matters pertaining to the implementation of MFRS 17 *Insurance Contracts* ;

- Reviewed the Internal Audit plan for FY 2026/2027 and External Auditors' audit plan for the financial year ended 31 March 2026;

- Reviewed the results of the internal audit reports of the Company on the adequacy and effectiveness of governance, risk management and compliance process;

- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised by both the Internal and External Auditors including status of completion achieved; and

- Evaluated the effectiveness of the overall compliance risk of the Company.

(ii) Risk Management Committee of the Board

The Board has established a dedicated RMCB which oversees the management of the key risk and compliance areas of the Company and to ensure that the risk management and compliance management processes are in place and functioning effectively.

As at the financial year end, the RMCB comprises of three (3) INEDs.

The RMCB is responsible for the following:

- ensuring that the Company's corporate objectives are supported by a sound risk strategy and an effective risk and compliance management framework that is appropriate to the nature, scale and complexity of its activities;

- reviewing and recommending the Company's risk and compliance management strategies, framework, risk appetite and tolerance (including the risk preference for the significant arrangement / activities) for the Board's approval and oversee the implementation thereof;

- reviewing the adequacy of the Risk Management Framework, Compliance Framework, and other risk and compliance related frameworks, policies and systems, and the extent to which there are operating effectively in supporting the Company corporate objectives;

- reviewing and assessing the management's implementation of risk and compliance strategy and obtaining assurance that the organizational units are operating within the parameters of the Company's risk appetite;

Board Committees (cont'd.)

(ii) Risk Management Committee of the Board (cont'd.)

- reviewing and assessing the Company's risk appetite regularly to ensure that it continues to be relevant and reflects any changes in the Company's capacity to take on risk, its inherent risk profile, as well as market and macroeconomic conditions;

- ensuring adequate infrastructure, resources and system are in place for an effective risk and compliance management system i.e., ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's risk-taking activities;

- reviewing the management's periodic reports on BNM supervisory dashboard, Composite Risk Rating (CRR) update, risk exposure, risk portfolio composition, compliance report, and others risk management and compliance related activities;

- reviewing and assessing the risk capital profiles to ensure adequacy of the risk fund, capital available, insurance and shareholders' equity to support the Total Capital Required as specified in the Risk Based Capital Framework for Insurers / Takaful Operators ("Risk Based Capital" / "Risk Based Capital Takaful"), Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") and, the Group Capital Adequacy Ratio ("GCAR") and Group Capital Sufficiency Indicator ("GCSI") letter issued by Bank Negara Malaysia ("BNM");

- Reviewing the quarterly statutory liabilities report of reinsurance / retakaful / takaful business and focusing on key areas of concern and the Appointed Actuary's observations and recommendations, including any actions required to be taken;

- reviewing the reports on stress testing and ICAAP recommending for Board's approval prior to submission to BNM;

- reviewing and monitoring the outsourcing risk management framework, material outsourcing (which includes significant modifications) and annual outsourcing plan (including all new and renewal of existing arrangements) for the Board's approval;

- reviewing technology-related matters including Information Technology ("IT") and cybersecurity strategic plans covering a period of no less than three (3) years, updates on critical systems and performance, technology projects, significant IT and cyber-incidents, performance of critical technology and material outsourcing activities and utilization of technology budget;

- ensuring that the technology risk assessment undertaken relating to material technology applications which to be submitted to BNM, is robust and comprehensive;

- assisting the Board to provide effective oversight in addressing sustainability risk and opportunities of the Company, including the management of climate-related risk to safeguard the Company against adverse impact of climate change;

Board Committees (cont'd.)

(ii) Risk Management Committee of the Board (cont'd.)

- assisting the Board in the implementation of a sound remuneration system that is symmetrical to risk outcome by examining whether the incentives provided by the Company's remuneration system take into consideration of risks, capital, liquidity and the likelihood and timing of earning, without prejudice to the tasks of the Group Nomination & Remuneration Committee ("GNRC");

- at least one (1) of the members participate in the GNRC meeting and providing feedback on the appointment, of the Chief Risk Officer / Head of Risk Management and Chief Compliance Officer / Head of Compliance to the GNRC for its deliberation and recommendation to the Board.

  In addition, to preserve the aforementioned roles' independence, they shall have direct and unimpeded access to the RMCB and Board;

- performing any other function in relation to risk management and compliance as may be agreed by the Board.

During the financial year, five (5) RMCB meetings were held. Details of the RMCB members' attendance at the meetings held during the financial year are as follows:

	Attendance	**Percentage**
<u>Chairman</u>		
Velayudhan Harikes	5/5	100%
<u>Members</u>		
Wan Zamri Wan Zain	5/5	100%
Datin Joanne Marie Lopez	3/3*	100%
(Appointed on 1 October 2025)		
Dato' Sulaiman Mohd Tahir	2/2*	100%
(Resigned on 1 October 2025)		
Khalid Sufat	1/2	50%
(Deceased on 24 June 2025)		

*Attendance at the meetings were based on the no. of meetings held while Director was in office as of 31 March 2026.

Board Committees (cont'd.)

(iii) Group Nomination & Remuneration Committee

The GNRC was established to support and advise the Board of Directors in fulfilling its responsibilities to ensure inter alia that the Board and the key management personnel of the Company comprise individuals with the appropriate mix of qualifications, skills and experience. Proposals by the Company to the GNRC shall be deliberated upon and its recommendations be escalated to the Board of the Company for its decision.

The GNRC comprises three (3) INEDs and two (2) Permanent Invitees representing Takaful IKHLAS Family and Takaful IKHLAS General.

During the financial year, seven (7) GNRC meetings were held. Details of the GNRC members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
Chairman		
Zaida Khalida Shaari	7/7	100%
Members		
Junaidah Mohd Said	7/7	100%
George Oommen Representing Malaysian Reinsurance Berhad and MNRB (Appointed on 25 August 2025)	2/2^	100%
Khalid Sufat (Deceased on 24 June 2025)	2/3^	67%
Azizul Mohd Said Permanent invitee representing Takaful IKHLAS Family	6/6*^	100%
Datuk Adillah Ahmad Nordin Permanent invitee representing Takaful IKHLAS General (Appointed on 1 July 2025)	3/3*^	100%
Dr Wan Zamri Wan Ismail Permanent invitee representing Takaful IKHLAS General (Ceased on 1 July 2025)	3/3^	100%

*The GNRC meeting held on 17 July 2025 were attended by the GNRC members only without the presence of the Permanent Invitees.

^Attendance at the meetings were based on the no. of meetings held while Director was in office as of 31 March 2026.

The President & CEO was invited to attend the meetings to furnish the GNRC with the necessary information and clarification to the relevant items on the agenda.

Board Committees (cont'd.)

Group Investment Committee ("GIC")

The Board also maintained another one (1) non-mandated oversight committee to support the Board in carrying out its functions as follows:

The GIC oversees, guides and monitors the investment operations of the MNRB Group as well as approves recommended investment-related transactions. The Committee is also responsible to note and approve specific transactions of a nature that, by regulation, requires awareness of and sanctioning by the Board.

Datin Joanne Marie Lopez was appointed to represent the Company as members in the GIC.

The members of the GIC shall be a minimum of five (5) members and a maximum of seven (7) members comprising at least one (1) representative from each Company. Selected members of the Board are as follows:

- MNRB Group - two (2) Non Executive Directors of whom one (1) shall be the Chairman;
- MRE Investment Committee ("IC")'s representative - one (1) Non Executive Director;
- Takaful IKHLAS Family IC's representative - one (1) Non Executive Director; and
- Takaful IKHLAS General IC's representative - one (1) Non Executive Director.

The GIC comprises five (5) INEDs, and one (1) NINED during the financial year. The GIC is chaired by an INED.

During the financial year, Zaida Khalida Shaari (“Zaida Khalida”), an INED of MNRB, was appointed as a member of the GIC on 14 January 2026.

On 11 February 2026, Dato’ Wan Roshdi Wan Musa, Chairman of the GIC, resigned from the MNRB Board and concurrently stepped down as Chairman of the GIC on the same date. Following his resignation, Zaida Khalida was appointed as Chairman of the GIC in place of Dato’ Wan Roshdi, with effect from 11 February 2026.

Group Shariah Committee

The Company is advised by the GSC of MNRB Group for its Retakaful Division. The GSC, as an integral function of Shariah governance, is responsible to provide Shariah advisory oversights and to ensure compliance of the Group's Takaful and Retakaful business activities with Shariah principles during the reporting period.

The establishment of the GSC is in compliance with the Islamic Financial Services Act (“IFSA”) 2013 and BNM’s policy document BNM/RH/PD 028-100 Shariah Governance ("PD SG") which outlines BNM’s strengthened expectations for effective Shariah governance arrangements that are well-integrated with business and risk strategies of the Islamic financial institutions ("IFI").

Group Shariah Committee (cont'd.)

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

The GSC of MNRB consists of seven (7) members with the majority of members who are Shariah qualified person fulfilling the requirements of BNM's PD SG under paragraph 12.2.

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

- Providing a decision or advice to the Company's retakaful business on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Retakaful Division;
- Providing a decision or advice on matters that require a reference to be made to the SAC of BNM;
- Providing a decision or advice on the operations, business, affairs and activities of the Company's retakaful business which may trigger a Shariah non-compliance event;
- Deliberating and affirming a Shariah non-compliance finding by any relevant functions; and
- Endorsing a rectification measure to address a Shariah non-compliance event.

A total of ten (10) GSC meetings were held during the financial year. Details of the GSC members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
Chairman		
Prof. Dr. Younes Soualhi	10/10	100%
Members		
Dr. Shamsiah Mohamad	9/10	90%
Shahrir Sofian	10/10	100%
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	10/10	100%
Dr. Khairul Anuar Ahmad	8/10	80%
Wan Rumaizi Wan Husin	10/10	100%
Dr. Safinar Salleh (Appointed on 1 April 2025)	10/10	100%

Key information on each of the GSC member is set out under the section ‘Group Shariah Committee Members Profile’ on pages 40 to 44.

Whistleblowing

The Company is committed to fostering a culture of integrity, transparency and accountability, in line with the Malaysian Code on Corporate Governance ("MCCG"). As part of this commitment, the Company adopts the Group Whistleblowing Policy which provides a structured framework for the reporting and management of misconduct.

The Policy provides a safe and confidential avenue for employees, external parties and stakeholders to report concerns relating to fraud, misconduct, bribery, corruption and other forms of improper conduct. It also ensures that whistleblowers who report in good faith are protected against retaliation, in accordance with the Whistleblower Protection Act 2010.

To enhance accessibility, the Group has implemented MNRB Speak Up, a secure and independent whistleblowing platform that serves as an additional reporting channel, reinforcing accessibility and the Group's speak-up culture.

The Company has established a Whistleblowing Committee ("WB Committee") to ensure that all disclosures are assessed independently, confidentially and with due diligence. The WB Committee provides oversight in evaluating disclosures, overseeing investigations and ensuring appropriate actions are taken in response to substantiated improper conduct. The Group Integrity & Governance Unit supports the WB Committee by facilitating the management and investigation of reported concerns in a timely, objective and independent manner, with reporting to the WB Committee and the Board where appropriate.

Anti-Bribery And Corruption Policy

The Company is committed to upholding high standards of integrity, ethical conduct and professionalism in all its business activities, in line with the Malaysian Code on Corporate Governance ("MCCG"). The prevention of bribery and corruption is a shared responsibility across the Group and forms an integral part of the governance and oversight roles of the Board, Senior Management and employees.

The Company adopts the Group Anti-Bribery and Corruption ("ABC") Policy, which establishes a zero-tolerance approach towards bribery and corruption. The Policy outlines the principles and requirements governing the Group's conduct, supported by key controls including the No Gift Policy, whistleblowing mechanisms and periodic corruption risk assessments to promote a culture of integrity and accountability.

In line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Group's ABC framework is guided by the T.R.U.S.T. principles under the Guidelines on Adequate Procedures. Non-compliance may expose the Group and its Directors, officers and employees to legal and reputational risks.

Oversight of ABC matters is undertaken by the Group Integrity & Governance Unit, which leads the implementation of the Group's integrity programme and provides independent reporting to Management and the Board.

Accountability and Audit

(i) Financial Reporting

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Company's operations and prospects each time it releases its annual financial statements. The Audit Committee of the Board assists by scrutinising the information to be disclosed to ensure accuracy, adequacy and completeness. The Directors are responsible for ensuring that the accounting records are kept properly and that the Company's financial statements are prepared in accordance with applicable approved accounting standards in Malaysia.

The Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016 is set out on page 45.

(ii) Internal Control and Risk Management

Responsibility

The Board acknowledges its overall responsibility for the establishment and oversight of the Company'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 Company's business strategies and objectives, within the risk appetite and tolerance established by the Board. In pursuing these objectives, internal control systems can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.

The Board has established a group-wide risk management framework, i.e. the Group Risk Management Framework and Policy ("RM Framework") that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Company. The RM Framework has been in place for the whole of the financial year ended 31 March 2026 and the latest review was completed in August 2024.

The RM Framework serves as a central risk management framework, supported by related sub-frameworks, policies and underlying procedures. It is consistent with the risk appetite defined by the Board, GMRCC and based on principles of risk governance stipulated in BNM Risk Governance Guidelines.

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

Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management Governance

- A dedicated Board Committee known as the RMCB is established at the Company to support the Board in meeting the expectations and responsibilities on the risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a strong risk management culture on Company-wide basis. There are clearly defined responsibilities and reporting to the RMCB from the management to provide oversight and governance over the Company's activities, which aims to safeguard shareholder's interests and the Company’s assets, as well as to manage the risks of the Company for the entirety of the financial year ended 31 March 2026.

- The GSC is established to provide objective and sound advice to the Company to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah.

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

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

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

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

Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

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:

(i) RM Framework

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

Risk Appetite

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

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

Highlights on Key Risks

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

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

(ii) Internal Audit

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

- The internal audit function of the Company is undertaken by the Internal Audit Department established at MNRB Holdings Berhad. The department reports directly to the Audit Committee of the Company.

Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management and Internal Control Structure (cont'd.)

(ii) Internal Audit (cont'd.)

- The Internal Audit Department performs regular reviews of the business processes of the Company to assess the adequacy and effectiveness of governance, risk management and internal controls.

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

- The Audit Committee meets at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors, Regulatory Authorities and Management. It further evaluates the effectiveness and adequacy of the Company's internal control system. The Audit Committee has active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the Audit Committee during the year are highlighted in the Audit Committee Reports of the Company.

(iii) Other Key Elements of Internal Control

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

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

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

- The Company's financial systems record all transactions to produce performance reports that are submitted to the Management within internally stipulated timelines. These performance reports are tabled to the Audit Committee and approved by the Board.

Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management and Internal Control Structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

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

- Retrocession/retrotakaful 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 Company is contractually bound to observe the adopted MNRB Group Code of Ethics, which promotes a culture of compliance, professionalism, ethical standards and responsible conduct. The Company expects each employee to perform and work with honesty and integrity at all times and uphold the Company’s values without fail.

- The Company has adopted the Group’s Leadership Competency Framework implemented to support the development of a strong, consistent, and future-ready leadership pipeline. The framework establishes a structured and objective approach for identifying, developing, and assessing leadership capabilities across the organisation. It is embedded within key human capital processes, including recruitment, performance management, succession planning, and talent development, to ensure alignment between leadership behaviours, organisational values, and strategic priorities. The framework also promotes consistency in talent-related decisions, strengthens leadership accountability, and supports the Company’s efforts in developing and retaining high-potential talent to sustain long-term organisational resilience and growth.

- The Company implements an annual Mandatory Block Leave ("MBL") policy as part of its operational risk management and internal control framework. The MBL serves as a prudent risk mitigation measure to reduce overreliance on any individual employee and to strengthen governance, transparency, and accountability within critical functions. This practice is particularly relevant for employees holding sensitive positions or operating in higher-risk areas such as underwriting, treasury, procurement, and investment management, where continuous oversight and segregation of duties are essential to maintaining effective risk and compliance controls.

Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management and Internal Control Structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- The Company conducts an annual employee engagement survey to assess employee engagement levels and obtain feedback on the effectiveness of various employee touchpoints and workplace initiatives. The survey findings provide valuable insights to support the development and implementation of targeted action plans aimed at enhancing employee experience, strengthening organisational culture, and driving continuous improvement across the Company.

- 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 Company 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 Company adopts the Group Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions (“AML, CFT, CPF & TFS”) Policy that reflects the Company’s commitment in combating money laundering and financing of terrorism. It also sets out the expectations on the Company to be vigilant in ensuring proper controls and monitoring mechanisms to safeguard the Company against being abused for money laundering or terrorism financing ("ML/TF") purposes.

- A Group Whistleblowing Policy is 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 Whistleblower Protection Act 2010.

Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management and Internal Control Structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- 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 Company has also established a Disaster Recovery Plan ("DRP") which outlines the processes and set of procedures to recover the Company’s IT infrastructure within a set Recovery Time Objective ("RTO").

  The BCM Programme and the 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 Company is adequately protected against these risks and/or claims that could result in financial or reputational loss.

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

Accountability and Audit (cont'd.)

(iii) Relationship with Auditors

Information on the role of the Audit Committee in relation to the External Auditors is set out under the section 'Audit Committee' on pages 19 to 22.

The Company has always maintained a professional and transparent relationship with its Auditors in seeking professional advice and ensuring compliance with the approved financial reporting standards.

The MNRB Group Audit Committee deliberated and recommended to the Board of MNRB on the appointment of External Auditors and Tax Agents for the MNRB Group for a period of five (5) years from the financial year ending 31 March 2022 to the financial year ending 31 March 2026.

(iv) Management Accountability

The Company has an organisational structure showing all reporting lines as well as clearly documented job descriptions for all its Management and Executive employees and formal performance appraisals are done on a periodic basis.

Authority limits, as approved by the Board, are clearly established and made available to all employees.

Whilst the Board is responsible for creating the framework and policies within which the Company should be operating, the management is accountable for the execution of the enabling policies and attainment of the Company's corporate objectives.

(v) Corporate Independence

Significant related party transactions and balances are disclosed in Note 30 to the financial statements.

(vi) Public Accountability

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

Board of Directors' Profile

Dato' Sulaiman Mohd Tahir, Non-Independent Non-Executive Chairman

Male, Malaysian, Non-Independent Non-Executive Chairman ("NINEC") of the Company on 14 February 2025. He is a Fellow Member of Asian Institute of Chartered Banker. He has thirty-five (35) years of experience in Malaysia's financial sector. He began his banking career in 1987 at Bank of Commerce Berhad. There he took on several front-line roles, including in branch banking, corporate banking and as an area business manager covering SMEs and Corporates. In 2000, he joined Bank Bumiputra Commerce Berhad, overseeing the bank's retail sales and distribution channels. In 2006, Bank Bumiputra Commerce Group merged with CIMB creating CIMB Group where he was appointed as Regional Head of Consumer Sales and Distribution. His journey with CIMB Group concluded with his appointment as the Chief Executive Officer (CEO)/Executive Director of CIMB Bank.

Dato’ Sulaiman then joined AmBank Group in 2015 as the Group CEO until his retirement in November 2023. While in AmBank Group, he held several directorships in its group of companies. On 25 September 2019, he was appointed as NINED of Financial Industry Collective Outreach until 22 November 2023. He was formerly a NINED of Payment Network Malaysia Sdn Bhd (PayNet) from 1 June 2020 until 22 November 2023. He was then reappointed as INED on 24 October 2024 in PayNet. Along with his current directorship in PayNet, he is also the Chairman and INED of Bank Pembangunan Malaysia and a NINEC of MNRB Holdings Berhad, Takaful IKHLAS Family and Takaful IKHLAS General. Dato' Sulaiman resigned as Member of the RMCB on 1 October 2025. He had attended all the nine (9) Board meetings held during the financial year.

George Oommen, Senior Independent Non-Executive Director

Male, Malaysian, an INED since 25 August 2025. Previously he was appointed as Independent Non-Executive Chairman of Malaysian Reinsurance Berhad on 7 January 2019, the position he held until 31 July 2023. He continued as its Director until 28 February 2025. He is the Chairman of AC, a Member of GNRC and a member of the GIC of MNRB. He is a Fellow Member of Association of Chartered Certified Accountants (ACCA), Member of Malaysian Institute of Certified Public Accountants (MICPA) and Member of Malaysian Institute of Accountants (MIA). He has thirty-nine (39) years of experience in the insurance industry. He began his insurance career in 1981 when he joined American International Assurance Company Ltd as an Accountant. In 1999, he was transferred to AIG Lippo Life Insurance Company, Indonesia as Vice President-Director. Subsequently, in 2020 he joined TATA AIG Life Insurance Company, India, as Managing Director. George Oommen later joined ACE INA Holdings Inc, India as Country Head/CEO in 2002. In 2003, he was appointed Chairman/Managing Director of ACE Life, Egypt concurrently. In 2007, he joined Dubai International Financial Centre, UAE in 2007 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. He was formerly a Director of Takaful IKHLAS General from 30 November 2018 until 1 October 2021. He was a Director of Malaysian Re (Dubai) Ltd. until 12 July 2024. Currently, he is an INED of MNRB, Takaful IKHLAS Family, Chairman of Labuan Reinsurance (L) Ltd. and Director of Labuan Re Underwriting Ltd. He resigned as an INED of the Company on 28 February 2025 but was subsequently reappointed to the same position on 25 August 2025. He had attended all five (5) Board meetings held during the financial year since his appointment.

Board of Directors' Profile (cont'd.)

Velayudhan Harikes, Independent Non-Executive Director

Male, Singaporean, an INED since 1 April 2021. Chairman of the RMCB and member of the AC. He is a Fellow of the Insurance Institute of India and has considerable experience in the insurance industry having held leadership roles in South East Asia and the Middle East. He began his career in 1979 when he joined the New India Assurance Company where he served in a variety of roles including as Assistant Manager for Reinsurance / Aviation and Country Manager (Bahrain). In 1992, he joined Dubai National Insurance as Technical and Reinsurance Manager. He was then appointed as the Assistant General Manager of Bahrain Kuwait Insurance Company in 1993.

He later joined Swire Blanch Asia (Pte) Ltd, Singapore in 1998 as General Manager and subsequently Director and Principal Officer. In 2000, he became the President Director / CEO of PT Asuransi Aegis, Indonesia and thereafter was appointed as the President Director / CEO of PT Asuransi Indrapura (now known as FPG Indonesia) in 2007. He was the Regional CEO and Managing Director, Asia of Howden Broking Group from 2013 to 2016 before he commenced his own insurance consultancy practice upon retirement. He had attended all the nine (9) Board meetings held during the financial year.

Datin Joanne Marie Lopez, Independent Non-Executive Director

Female, Malaysian, an INED since 1 April 2023. She is a member of the AC, RMCB and the GIC of MNRB Group. She graduated with a Bachelor of Economics majoring in Applied Economics from Universiti of Malaya. She has extensive experience in the capital markets with over thirty (30) years in asset management, managing funds mainly for financial institutions. She started her career in Utama Merchant Bank Berhad as an Investment Analyst in 1991 until her appointment as Head, Portfolio Management in 1997 before joining BBMB Securities Sdn Bhd as Vice President of Institutional Sales. Thereafter, she joined Manulife Insurance Malaysia Berhad as an Assistant Vice President from 2000 to 2006. She retired after sixteen (16) years as the Chief Investment Officer of Hong Leong Assurance Berhad (HLA) where she managed money for both the conventional and takaful portfolios for HLA and the Hong Leong Group.

She is currently a Director of Ancom Logistics Berhad, V.S. Industry Berhad and Abrdn Islamic Malaysia Sdn Bhd. She was formerly a Director of Nylex (Malaysia) Berhad. She is also a member of FIDE Forum and the Institute of Corporate Directors (ICDM). She had attended all the nine (9) Board meetings held during the financial year.

Board of Directors' Profile (cont'd.)

Wan Zamri Wan Zain, Independent Non-Executive Director

Male, Malaysian, an INED effective 1 August 2023. Member of the RMCB. He holds a Bachelor degree in Finance and Business Economics from the Southern Illinois University, United States of America ("USA") and also graduated with Master of Business Administration (Financial Management and Management Information System) from West Coast University, Los Angeles, USA. He began his career with HSBC Bank Malaysia Berhad ("HSBC Malaysia") in year 1985 as the Operation Officer at Sungai Petani Branch and subsequently, he held various executive management roles in HSBC Malaysia, HSBC Hong Kong and HSBC Amanah Takaful Malaysia Sdn Bhd. In May 2008, he joined AIA Takaful International Bhd as the Chief Executive Officer ("CEO") until April 2011 and subsequently joined AmMetLife Takaful Bhd as CEO from May 2011 until May 2015.

He has also served as an Independent Director of Bank Kerjasama Rakyat Malaysia Berhad from 2017 until 2019, Zurich General Insurance Malaysia Berhad from 2018 until 2019 and Agrobank from 2023 until 2025. Presently, he is a Chairman of Agro Captive Takaful Limited, a wholly owned subsidiary of Agrobank and an Independent Director of DynaFront Holdings Berhad. He was formerly a Managing Director of Sprint Milestone Sdn. Bhd. He had attended all the nine (9) Board meetings held during the financial year.

Group Shariah Committee Members Profile

Prof. Dr. Younes Soualhi

Male, Algerian. Appointed as a Chairman of Group Shariah Committee with effect from November 3, 2022. He obtained his Bachelor in Usul al Fiqh from Emir University of Islamic Sciences Algeria, Masters in Usul al-Fiqh from International Islamic University Malaysia and complete his Ph.D in Usul al-Fiqh from University of Malaya. Holding the esteemed designation of Registered Financial Planner (RFP) under the Malaysian Financial Planning Council (MFPC), he brings a wealth of expertise in financial planning and advisory services to the table. As a distinguished member of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shariah sub-committee, he contributes to shaping global standards and best practices in Islamic finance. Currently, he serves as a Senior Researcher and Head of PhD Program (Applied Shariah in Islamic Economics and Finance at the International Shari'ah Research Academy for Islamic Finance (ISRA), where his insights drive pioneering research initiatives in the field.

Additionally, he holds the esteemed position of Professor at INCEIF University, Malaysia, where he imparts invaluable knowledge and expertise to the next generation of Islamic finance professionals. In his capacity as Chairman of the Shariah Committee of Al-Rajhi Bank, Malaysia, he plays a pivotal role in ensuring compliance with Shariah principles within the banking sector. He has been awarded a Certificate of Takaful and Retakaful by the International Council for Islamic Finance Educators (INCEIF) in 2026. He also serves as the sole Shariah advisor for Kuwait Retakaful (Labuan), showcasing his expertise in the realm of Islamic insurance. Furthermore, he serves as the Chairman of the Shariah Council of experts for Salam Takaful, Nigeria, and as the Deputy Chairman of Aljazair Mutahidah Takaful company in Algeria, underscoring his global influence and leadership in Islamic finance. Previously, he held esteemed positions such as Chairman of the Shari'ah board of Munich Re Retakaful and a member of the Shariah Committee of HSBC Amanah Malaysia, further highlighting his extensive experience and trusted reputation in the industry. With over 30 years of experience, he has taught Islamic finance subjects such as Takaful and Retakaful courses at the master's and Ph.D. levels. His scholarly contributions extend to the publication of articles and books in Islamic Banking and Finance, particularly focusing on Takaful and Retakaful, enriching the academic discourse in the field.

Group Shariah Committee Members Profile (cont'd.)

Dr. Shamsiah Mohamad

Female, Malaysian. Appointed as a Group Shariah Committee member on November 3, 2020. Obtained her PhD 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). Her distinguished presence extends to multiple Shariah Committees of prestigious financial institutions, where she is entrusted with navigating complex Shariah issues with assurance. Currently, she holds esteemed positions as a Member of the Group Shariah Supervisory Council of Bank Islam Malaysia Berhad, and as a Resident Shariah Adviser at Amanie Advisors Sdn. Bhd. Additionally, she is also a member of the Shariah Committee of Lembaga Zakat Selangor, the Shariah Committee of Dana Peladang Kebangsaan and Pertubuhan Peladang Kebangsaan, as well as the Jawatankuasa Penasihat Ibadat Haji TH-JAKIM.

Her previous appointments include serving as a member of the Shariah Advisory Council of the Securities Commission Malaysia, the Shariah Committee of Bursa Malaysia Securities Berhad, Subject Matter Expert at IBFIM, the Shariah Committee of SME Bank, and the Shariah Committee of the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM). She has also provided Shariah advisory expertise to various institutions, including Standard Chartered Bank, Bank Muamalat Malaysia Berhad, Standard Chartered Saadiq Berhad, JAKIM, Medic IG Holdings, BIMB Investment and BIMB Securities Sdn Bhd. Notably, she served on the esteemed Shariah Advisory Council of Bank Negara Malaysia (BNM) from 2013 to 2019. Throughout her career, she has focused extensively on Islamic finance and Shariah matters relating to Islamic commercial transactions, contributing significantly to the development of the Islamic finance industry.

Shahrir Sofian

Male, Malaysian. Appointed as a Group Shariah Committee member on November 3, 2020. Obtained his master's 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. Currently, he serves as a respected Shariah Committee member for the Islamic Banking window at Citibank Berhad. With an illustrious career spanning over three decades, he has held various pivotal roles within Bank Negara Malaysia (BNM) since 1987. Notably, he served as Manager in the Financial Sector Development Department and Manager of the Insurance Development Department, where he played a key role in steering compliance review processes.

His contributions to BNM were multifaceted, including involvement in strategic initiatives such as the formulation of the Balance Score Card for Life Insurance/Family Takaful Agents under the LIFE framework and the Development of Business Plan of the Insurance Development Department, which became an integral part of the Bank's overarching business strategy. He played a pivotal role in shaping policy frameworks, including the formulation of the policy document on direct channels and the establishment of a dedicated department, namely, the Islamic Banking and Takaful Department, which propelled the progress and development of the Islamic Financial System. Furthermore, his extensive expertise extends to insurance regulations and operations, where demonstrated a keen understanding and proficiency in navigating the intricacies of this sector.

Group Shariah Committee Members Profile (cont'd.)

Assoc. Prof. Datuk Dr. Luqman Haji Abdullah

Male, Malaysian. Appointed as a Group Shariah Committee member on November 3, 2020. He obtained his PhD in Islamic Law of Property from the University of Edinburgh, Scotland. He formerly served as the Mufti of Wilayah Persekutuan from May 2020 to May 2025, a role that placed him at the forefront of Islamic legal and ethical guidance at the national level. Currently, he serves as a distinguished Shariah Committee Member of MBSB Bank, offering expert insights to ensure compliance with Shariah principles in the banking sector. He is also appointed as a Shariah Panel Expert of Jabatan Kemajuan Islam Malaysia (JAKIM), further showcasing his expertise and influence in matters of Islamic governance. As a dedicated member of the Association of Shariah Advisors in Islamic Finance (ASAS), he contributes to shaping industry standards and best practices. Moreover, he holds significant roles as a Committee Member of the Shariah Advisory Council of Amanah Raya Berhad (ARB), demonstrating his commitment to advancing Islamic finance and philanthropy. Beyond his professional engagements, he serves as the Chairman of Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan, where he plays a pivotal role in nurturing Islamic education and values in the community. His dedication to academic pursuits is further evidenced by his tenure as a Visiting Scholar at the University of Edinburgh, Scotland in 2013.

Previously, he held the esteemed position of Head of the Fiqh and Usul / Islamic Jurisprudence Department at the University of Malaya, where he contributed significantly to academic discourse and scholarship. His areas of specialization encompass Islamic Law of Property, Islamic Jurisprudence/Legal Theories, and Shariah/Fiqh Textual Studies (Dirasah Nassiyyah), reflecting his profound expertise in these domains.

Dr. Khairul Anuar Ahmad

Male, Malaysian. Appointed as a member of the Group Shariah Committee effective July 1, 2022. He holds a PhD in Islamic Banking and Finance from International Islamic University of Malaysia (IIUM). Currently, he holds the esteemed position of Senior Lecturer at Universiti Islam Selangor (UIS), where he specializes in Fiqh Muamalat (Islamic Law of Transactions) and Islamic Economics & Banking. He serves as the Chairman of the Shariah Committee at OCBC Al-Amin Bank Berhad, demonstrating his leadership and proficiency in ensuring compliance with Shariah principles within the banking sector. Additionally, he is a respected member of the Shariah Committees at YAPEIM, KOPSYA, Afsha Shariah Advisory Sdn Bhd and Sedania As-Salam Capital Sdn Bhd, where his insights contribute to informed decision-making processes.

His extensive experience includes serving as a Member of the Shariah Committee at HSBC Amanah Berhad and FWD Takaful Bhd, underscoring his trusted reputation within the Islamic finance industry. He is also an ordinary member of the Association of Shariah Advisors in Islamic Finance (ASAS), further cementing his standing as a respected authority in the field. Throughout his career as a lecturer, he has contributed significantly to the advancement of Islamic finance through the publication of several articles and research papers. His scholarly contributions enrich the discourse surrounding Islamic finance and serve as a testament to his dedication to the field.

Group Shariah Committee Members Profile (cont'd.)

Wan Rumaizi Wan Husin

Male, Malaysian. Appointed as a Group Shariah Committee member on August 1, 2023. Obtained his first degree in Fiqh and Usul al-Fiqh from al Al-Bayt University Jordan and Master's degree in Fiqh and Usul al-Fiqh from International Islamic University Malaysia. Formerly, he served as a lecturer at the esteemed Department of Fiqh and Usul al-Fiqh at the Kulliyah of Islamic Revealed Knowledge and Human Sciences of the International Islamic University Malaysia, where he contributed significantly to the academic landscape in Islamic jurisprudence. Known for his dynamic presence and expertise, he is highly active in delivering speeches and specialized training on Shariah principles, particularly in the areas of Fiqh Muamalat, Islamic Economics, and Fiqhi-Medico, garnering admiration for his insightful contributions. With a wealth of experience in Shariah consultation, he has played pivotal roles such as module developer and member of the Working Group for MS 1900:2014 Standard (Shariah-based Quality Management Systems – Requirement with Guidance) secretariat by SIRIM. Additionally, he has served as a Shariah Advisor for Yayasan Muamalat Belia, Tissue Bank HUSM Kubang Kerian, and as a Shariah Committee Representative to BKRM's BOD Meeting and JAKIM's Muamalat Panel of Experts.

Currently, he holds esteemed positions including Board member and Chairman of the Shariah Committee at AEON Bank (M) Berhad, Chairman of the Shariah Committee of Agrobank Berhad, and member of the Shariah Committee of Lembaga Tabung Haji. He also serves as a member of the Baitulmal Committee of Majlis Agama Islam dan Adat Istiadat Melayu Kelantan (MAIK), a Panel Consultant Member of the International Research Centre in Islamic Economy and Finance (IRCIEF) at UIS, and Member of the International Union for Muslim Scholars (Ittihad al-'Alami li 'Ulama' al-Muslimin), Qatar. Previously, he held several prominent positions within the Islamic finance industry, including Chairman of the Shariah Board of Al-Rajhi Bank Malaysia Berhad, member of the Shariah Committee of Bank Kerjasama Rakyat Malaysia Berhad, and member of the Shariah Committee of PruBSN Takaful Berhad. These appointments reflect his extensive experience and significant contributions to Shariah governance and the advancement of the Islamic finance industry.

Group Shariah Committee Members Profile (cont'd.)

Dr. Safinar Salleh

Female, Malaysian. Appointed as a Group Shariah Committee member on April 1, 2025. She is currently serving as a lecturer at the Department of Islamic Law, Ahmad Ibrahim Kulliyyah of Laws (AIKOL), International Islamic University Malaysia (IIUM). She holds a PhD in Islamic Studies (Shariah) from Glasgow Caledonian University, United Kingdom, a Master’s Degree in Shariah from the University of Malaya, and a Bachelor’s Degree in Shariah from Al-Azhar University, Egypt. In addition to her academic role, Dr. Safinar is currently a Shariah Committee member of Export-Import Bank of Malaysia Berhad (EXIM Bank) and Hong Leong Islamic Bank Berhad. Previously, she has also served on the Shariah Committees of Swiss Re Retakaful, MUFG Bank (Malaysia) Berhad, MUA Life Ltd (Mauritius) and Bank Simpanan Nasional (BSN).

She brings with her extensive experience in Islamic banking and finance, with particular expertise in Shariah advisory for the corporate sector, as well as Takaful and Retakaful. Her interests also cover the Islamic capital market, Islamic law of contracts, and Waqf. Dr. Safinar has co-authored several publications with fellow academicians, including Prof. Dr. Rusni Hassan, Chairperson of the Shariah Committee at HLISB, focusing primarily on Islamic banking and Takaful. Moreover, Dr. Safinar has contributed to the development of the industry through her role as a module reviewer for the Takaful module under the Certified Shariah Advisor (CSA) and Certified Shariah Practitioner (CSP) certifications, developed by the Association of Shariah Advisors in Islamic Finance (ASAS).

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

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

We, Dato' Sulaiman Mohd Tahir and George Oommen, being two of the Directors of Malaysian Reinsurance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 52 to 215 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 March 2026 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 June 2026.

Dato' Sulaiman Mohd Tahir

George Oommen

Kuala Lumpur, Malaysia

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

I, Sharmini Perampalam (MIA membership no. 20010), being the officer primarily responsible for the financial management of Malaysian Reinsurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 52 to 215 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 Sharmini Perampalam
at Kuala Lumpur in Wilayah Persekutuan
on 26 June 2026.

Sharmini Perampalam

Before me,

PESURUHJAYA SUMPAH
No. W 1006
MOHAMAD ZULISWANDI
BIN MOHAMED
01.01.2025 - 31.12.2027
MALAYSIA

Commissioner of Oaths

Level 25, Menara Hong Leong,
No. 6, Jalan Damanlela Bukit Damansara
50490 Kuala Lumpur.

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

Report of the Group Shariah Committee

بسم الله الرحمن الرحيم

In the name of Allah, the Most Beneficent, the Most Merciful

We, Prof. Dr. Younes Soualhi and Shahrir Sofian, on behalf of the members of the Group Shariah Committee of MNRB Holdings Berhad, which provides the oversight over the management of Shariah matters of the Retakaful Division of Malaysian Reinsurance Berhad ("Retakaful Division"), do hereby submit the following report on behalf of the members of the Committee:

Pursuant to our letter of appointment and terms of reference, we have reviewed the principles and the contracts relating to the transactions and applications introduced by the Retakaful Division during the financial year ended 31 March 2026. We have also conducted our review to form an opinion pursuant to Section 30(1) of the IFSA 2013, as to whether the Retakaful Division has complied with the principles of Shariah, Shariah rulings issued by the Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM"), Shariah guidelines issued by BNM pursuant to Section 29 of the IFSA 2013, as well as Shariah decisions resolved by us.

The management of the Company is responsible for ensuring that the Retakaful Division conducts its business in accordance with the principles of Shariah. It is our responsibility to form an independent opinion, based on our review of the operations of the Retakaful Division.

We have assessed the work carried out by the Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentations and procedures adopted by the Retakaful Division.

We have planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Retakaful Division has not violated any principles of Shariah.

In our opinion:

1. the contracts, transactions and dealings entered into by the Retakaful Division during the financial year ended 31 March 2026 that we have reviewed are in compliance with the principles of Shariah;

2. the allocation of profit and surplus distribution between Shareholder's Fund and Participants' Risk Fund conformed to the basis that had been approved by us in accordance to the principles of Shariah;

3. there were no earnings that have been realised/unrealised from sources or by means prohibited by the principles of Shariah that have been considered for disposal to charitable causes;

Report of the Group Shariah Committee (cont'd.)

4. the calculation, payment and distribution of zakat are in compliance with the principles of Shariah;

5. during the financial year, no Shariah non-compliant event was identified; and

6. based on the outcomes of Shariah Risk Management activities undertaken during the period, the Group's Shariah risk exposure remain within the approved risk appetite and tolerance levels, with no material Shariah risks events identified that would adversely impact the Group's overall Shariah Compliance status.

This opinion is rendered based on what had been presented to us by the management of the Retakaful Division and its Shariah and Business Advisory Department. We, the members of the Group Shariah Committee, do hereby confirm, to our level best that the operations of the Retakaful Division for the year ended 31 March 2026 have been conducted in conformity with the principles of Shariah.

Signed on behalf of the Group Shariah Committee.

Prof. Dr. Younes Soualhi

Shahrir Sofian

Kuala Lumpur, Malaysia
26 June 2026

EY
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200401025686 (664194-V)

Independent auditors' report to the member of Malaysian Reinsurance Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malaysian Reinsurance Berhad ("the Company"), which comprise the statement of financial position as at 31 March 2026, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 52 to 215.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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 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"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 Directors' Report, Corporate Governance Disclosure and Report of the Group Shariah Committee, but does not include the financial statements of the Company and our auditors' report thereon.

200401025686 (664194-V)

Independent auditors' report to the member of
Malaysian Reinsurance Berhad (cont'd.)
(Incorporated in Malaysia)

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

Our opinion on the financial statements 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 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 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 Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 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 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.

200401025686 (664194-V)

Independent auditors' report to the member of
Malaysian Reinsurance Berhad (cont'd.)
(Incorporated in Malaysia)

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

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

- Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

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

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.

Shape the future
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200401025686 (664194-V)

Independent auditors' report to the member of Malaysian Reinsurance Berhad (cont'd.)
(Incorporated in Malaysia)

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

Kannan A/L Rajagopal
No. 03490/03/2028 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 June 2026

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

Income Statement
for the year ended 31 March 2026

	Notes	2026 RM'000	2025 RM'000
Insurance/takaful revenue	4(a)	1,823,818	1,909,324
Insurance/takaful service expenses	4(b)	(1,264,400)	(1,452,203)
Insurance/takaful service result before reinsurance contracts/retakaful certificates held		**559,418**	**457,121**
Allocation of reinsurance premiums/retakaful contributions	4(c)	(327,252)	(319,473)
Amounts recoverable from reinsurers/retakaful operators for incurred claims	4(d)	171,915	210,849
Net expense from reinsurance contracts/ retakaful certificates held		**(155,337)**	**(108,624)**
Insurance/takaful service result		**404,081**	**348,497**
Interest/profit income calculated using the effective interest/profit method	5(a)	62,656	106,019
Other investment income	5(b)	148,768	105,433
Net realised gains/(losses)	6	9,248	(12,023)
Net fair value gains	7	13,866	9,287
Reversal of/(allowance on) impairment on financial assets	8	75	(59)
Net foreign exchange losses on investments	9	(72,724)	(82,437)
Total investment income		**161,889**	**126,220**
Insurance/takaful finance expenses for insurance contracts/takaful certificates issued	10	(75,123)	(73,499)
Reinsurance/retakaful finance income for reinsurance contracts/retakaful certificates held	10	5,376	5,790
Unallocated surplus attributable to participants	10	(24,774)	(7,207)
Net insurance/takaful financial result		**(94,521)**	**(74,916)**
Other income	12	8,118	9,955
Other expenses	4(b)	(17,459)	(26,831)
Finance cost		(12,590)	(12,677)
Other expenses		**(21,931)**	**(29,553)**
Profit before zakat and taxation		**449,518**	**370,248**
Taxation attributable to participants	14	(4,662)	(1,679)
Profit before zakat and taxation attributable to shareholder		**444,856**	**368,569**
Zakat		(267)	(148)
Taxation	15	(36,480)	(43,231)
Net profit for the financial year		**408,109**	**325,190**
Earnings per share (sen)			
Basic and diluted	26	61.5	49.0

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
for the year ended 31 March 2026 (cont'd.)

	2026 RM'000	2025 RM'000
Net profit for the financial year	**408,109**	**325,190**
Other comprehensive income, net of tax:		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Net gains on financial assets at FVOCI (Note 19(b))	811	5,040
Deferred tax relating to FVOCI (Note 20)	(65)	(403)
Revaluation of land and building:		
Revaluation surplus (Note 16)	3,370	3,646
Deferred tax relating to revaluation surplus (Note 20)	129	(100)
Other comprehensive income for the year, net of tax	4,245	8,183
Total comprehensive income for the year	**412,354**	**333,373**

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

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

Statement of financial position as at 31 March 2026

	Notes	2026 RM'000	2025 RM'000
Assets			
Property and equipment	16	136,946	143,081
Intangible assets	17	7,572	3,732
Investment in associate	18	136,920	152,000
Financial and other assets	19	5,902,663	5,506,829
Insurance/takaful contract assets	22	51,773	6,139
Reinsurance/retakaful contract assets	22	358,785	276,524
Cash and bank balances		20,791	32,835
Total assets		6,615,450	6,121,140
Liabilities			
Borrowing	21	250,000	251,000
Insurance/takaful contract liabilities	22	3,358,632	3,216,874
Reinsurance/retakaful contract liabilities	22	5,068	3,993
Other payables and provisions	23	37,049	43,539
Tax payable		5,973	3,656
Deferred tax liabilities	20	28,737	24,671
Zakat		233	3
Total liabilities		3,685,692	3,543,736
Equity			
Share capital	24	663,106	663,106
Merger deficit	25	(9,618)	(9,618)
Fair value reserve		40,715	39,969
Revaluation reserve		59,398	55,899
Retained profits		2,176,157	1,828,048
Total equity		2,929,758	2,577,404
Total liabilities and equity		6,615,450	6,121,140

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

Statement of changes in equity
for the year ended 31 March 2026

		<------------ Non-distributable			------------>	Distributable	
		Share capital	Merger deficit	Fair value reserve	Revaluation reserve	retained profits	Total
	Notes	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2024		663,106	(9,618)	35,332	52,353	1,602,858	2,344,031
Net profit for the year		-	-	-	-	325,190	325,190
Other comprehensive income for the year		-	-	4,637	3,546	-	8,183
Total comprehensive income for the year		-	-	4,637	3,546	325,190	333,373
Dividend paid during the year	27	-	-	-	-	(100,000)	(100,000)
At 31 March 2025		663,106	(9,618)	39,969	55,899	1,828,048	2,577,404
At 1 April 2025		663,106	(9,618)	39,969	55,899	1,828,048	2,577,404
Net profit for the year		-	-	-	-	408,109	408,109
Other comprehensive income for the year		-	-	746	3,499	-	4,245
Total comprehensive income for the year		-	-	746	3,499	408,109	412,354
Dividend paid during the year	27	-	-	-	-	(60,000)	(60,000)
At 31 March 2026		663,106	(9,618)	40,715	59,398	2,176,157	2,929,758

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

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

Statement of cash flows
for the year ended 31 March 2026

	Notes	2026 RM'000	2025 RM'000
Cash flows from operating activities			
Profit before zakat and taxation		449,518	370,248
Adjustments for:			
Amortisation of intangible assets	4(b)	846	729
Depreciation of property and equipment	4(b)	4,619	4,629
Losses from disposal of property and equipment	13	-	5
Write-off of property and equipment	13	194	-
Write-off of intangible assets	17	-	1
Impairment of assets	13	-	4,601
Net realised (gains)/losses on disposals of investments	6	(9,248)	12,023
(Reversal of)/allowance for impairment losses on assets at AC	8	(75)	59
Interest/profit income		(189,602)	(194,189)
Dividend income from equity instruments	5(b)	(15,229)	(17,685)
Dividend income from investment in associate	5(b)	(7,686)	(6,887)
Rental income	12	(4,507)	(4,451)
Unrealised foreign exchange (gains)/losses on investments	9	(8,044)	6,586
Fair value gains on financial assets at FVTPL	7	(28,946)	(12,605)
Fair value losses on investment in associate	7	15,080	3,318
Net accretion of premiums/discounts on investments	5(b)	(714)	(1,079)
Realised foreign exchange losses on investments	9	80,768	75,851
Profit from operations before changes in operating assets and liabilities		286,974	241,154
Changes in working capital:			
Purchase of investments		(1,209,665)	(1,324,296)
Net change in placements with licensed financial institutions		763,249	787,132
Net change in staff loans		98	127
Net change in other receivables		20,664	22,996
Net change in balances with related companies		(1,040)	2,241
Net change in insurance/takaful contract assets		(45,634)	1,350
Net change in reinsurance/retakaful contract assets		(82,261)	(113,780)
Net change in insurance/takaful contact liabilities		141,758	284,595
Net change in reinsurance/retakaful contact liabilities		1,075	(1,688)
Net change in other payables		991	3,155
Cash used in operations		(123,791)	(97,014)

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

Statement of cash flows
for the year ended 31 March 2026 (cont'd.)

	Notes	2026 RM'000	2025 RM'000
Cash flows from operating activities (cont'd.)			
Net tax paid		(34,695)	(44,259)
Zakat paid		(37)	(148)
Interest/profit received		186,719	171,088
Dividend received		23,156	25,005
Rental received		4,039	4,411
Net cash generated from operating activities		**55,391**	**59,083**
Cash flows from investing activities			
Purchase of property and equipment	16	(1,749)	(7,660)
Proceeds from sale of equipment		-	20
Purchase of intangible assets	17	(4,686)	(3,080)
Net cash used in investing activities		**(6,435)**	**(10,720)**
Cash flows from financing activities			
Repayment of borrowing		(1,000)	-
Dividend paid	27	(60,000)	(100,000)
Net cash used in financing activities		**(61,000)**	**(100,000)**
Cash and cash equivalents*:			
Net decrease during the financial year		**(11,857)**	**(50,521)**
Net foreign exchange differences		**(187)**	**(1,116)**
At beginning of the financial year		**32,835**	**84,472**
Cash and cash equivalents at end of the financial year		**20,791**	**32,835**

* The cash and cash equivalents consist of cash and bank balances.

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

Notes to the financial statements - 31 March 2026

1. Corporate information

The Company is principally engaged in the underwriting of general reinsurance, general retakaful and family retakaful businesses.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. 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 holding and ultimate holding company is MNRB, a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 June 2026.

2. Material accounting policies

2.1 Basis of preparation and presentation of financial statements

The financial statements of the Company have been prepared in accordance with MFRS accounting standards, IFRS accounting standards and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Company had adopted the amendments to the MFRS Accounting Standards applicable for annual financial periods beginning on or after 1 January 2025, as described fully in Note 2.21.

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

As at the end of the financial year, the Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Insurers ("RBC") and Risk-Based Capital Framework for Takaful Operators (RBCT") issued by BNM.

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. Material accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

Retakaful operations and its funds

Under the concept of retakaful, participants 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, as a retakaful operator, the Company manages the general and family retakaful funds in line with the principles of Wakalah (agency), which is the business model used by the Company. Under the Wakalah model, the retakaful operator is not a participant in the fund but manages the funds (including the relevant assets and liabilities) towards the purpose outlined above.

In accordance with the IFSA 2013, the assets and liabilities of the retakaful funds are segregated from those of the retakaful operator; a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements*, the assets, liabilities, income and expenses of the retakaful funds are consolidated with those of the retakaful operator to represent the control possessed by the retakaful operator over the respective funds. Upon consolidation, the related interfund balances and transactions are eliminated in full.

The analysis by funds for the income statements, the statements of financial position and statements of cash flow of the general and family retakaful fund, general reinsurance fund and the shareholder's fund are presented in Note 37.

2. Material accounting policies (cont'd.)

2.2 Investment in associate

An associate is an entity over which the Company has significant influence, but not control or joint control, in accordance with MFRS 128 *Investments in Associates and Joint Ventures*. Significant influence is presumed to exist when the Company holds 20% or more of the voting power of the investee, unless this presumption can be clearly rebutted.

The Company holds a 20% equity interest in Labuan Reinsurance (L) Ltd. ("LRE"), which qualifies as an associate based on the indicators of significant influence, including board representation and ongoing strategic involvement in operational and financial matters.

In the Company's separate financial statements, the investment in LRE is measured at fair value through profit or loss in accordance with MFRS 9 *Financial Instruments*, as permitted under MFRS 127 *Separate Financial Statements*. The Company has elected not to apply the equity method on the basis that it qualifies for the exemption provided in paragraph 17 of MFRS 128, as it is a wholly owned subsidiary whose parent prepares publicly available consolidated financial statements that comply with MFRS Accounting Standards.

Accordingly, changes in fair value are recognised in the income statement. The results of the associate are not equity accounted in these separate financial statements.

On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

2.3 Insurance/takaful service result

A contract is to be classified as a reinsurance/retakaful contracts issued or as a reinsurance/retakaful contracts held pursuant to MFRS 17 if a significant insurance risk is thereby assumed or transferred. These contract types are treated according to the same rules, irrespective of whether the contracts were issued, acquired in connection with a merger or acquired as part of a transfer of contracts that do not constitute business operations. Contracts that may take the legal form of an insurance/takaful contract but do not transfer any significant insurance/takaful risk are classified as investment contracts. The recognition and measurement of such contracts follows the rules for the recognition of financial instruments according to MFRS 9.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

The general and family retakaful fund is maintained in accordance with the IFSA 2013 and consists of fair value reserves and any accumulated surplus/deficit. Any deficit will be made good by the shareholder's fund via a benevolent profit/interest-free loan or Qard.

General reinsurance/retakaful and family retakaful revenue consists of insurance/takaful service results and investment income accounted for on an accrual basis. As for retakaful, the takaful service results is on accrual basis as approved by the GSC. Unrealised income is deferred and receipts in advance are treated as liabilities in the statement of financial position.

(a) Separating components from insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates

The Company assesses its insurance contracts and takaful certificates to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, the Company apply MFRS 17 to all remaining components of the (host) insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates. Currently, the Company’s products do not include distinct components that require separation.

Some insurance/takaful contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance/takaful component of the reinsurance contracts/retakaful certificates and are, therefore, non-distinct investment components which are not accounted for separately.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(b) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Each portfolio is divided into annual cohorts and further divided based on expected profitability at inception into three categories:

i. onerous contracts;
ii. contracts with no significant risk of becoming onerous; and
iii. any remaining contracts in the annual cohort.

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

The Company has defined portfolios of insurance contracts and takaful certificates issued based on its are subject to similar risks and managed together. Each group must not contain contracts issued more than 12 months apart on the expectation such contracts would potentially exhibit varying levels of profitability.

The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for cedants with different characteristics is constrained by regulation.

The insurance contracts and takaful certificates portfolios are divided into:

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

The reinsurance contracts/retakaful certificates held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition;
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition; and
- A group of the remaining contracts in the portfolio.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(c) Recognition

The Company recognises a group of insurance contracts and takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a cedant in the group is due, or when the first payment is received if there is no due date; and
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.
- If the reinsurance contracts/retakaful certificates provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract.
- In all other cases, from the beginning of the coverage period of the first contract in the group.

(d) Onerous groups of contracts

An insurance contract/takaful certificate is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total, are a net outflow.

For the avoidance of doubt, as underlying business is required to be treated separately from a reinsurance contract/retakaful certificate held, this assessment of profitability should be on a gross basis, before the risk mitigating effect of the reinsurance contract/retakaful certificate held.

The Company assesses the profitability at the level of “a set of contracts”. Pricing is generally conducted differently depending on the business structure (for e.g. pricing is conducted at contract level for facultative reinsurance whereas it is at cedant level for treaty reinsurance for general reinsurance and general retakaful), of which the assumptions, risk margins and target profitabilities are applied across the contracts, and profitability is valued according to these structures.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(e) Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or

- Both of the following criteria are satisfied:

  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts/takaful certificates that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.

  - The pricing of the premiums/contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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

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

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(f) Measurement

MFRS 17 introduces a discounted measurement approach as the general measurement model ("GMM") for all insurance contracts. However, due to the complexity of the GMM, MFRS 17 provides the option of using simplified approach which is the Premium Allocation Approach ("PAA"), primarily for short-term contracts and Variable Fee Approach ("VFA") for contracts with direct participation features.

The Company has determined that it will apply GMM to all its insurance contracts/retakaful certificates issued and reinsurance contracts/retakaful certificates held.

Insurance contracts/takaful certificates

(i) Initial measurement

The general model measures a group of reinsurance contracts and retakaful certificates as the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and

- A contractual service margin ("CSM"), representing the unearned profit that the Company will recognise as it provides reinsurance contract services in the future.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(i) Initial measurement (cont'd.)

- Premiums/contributions and related cash flows.
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported, expected future claims, surplus to participants.
- An allocation of reinsurance/retakaful acquisition cash flows attributable to the portfolio to which the contract belongs.
- Claims handling costs.
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries.
- Recurring commissions and brokerages that are expected to be paid to broker/cedants.
- An allocation of fixed and variable overheads directly attributable to fulfilling reinsurance contracts/retakaful certificates.
- Transaction-based taxes.

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by cedants;
- Other information about the known or estimated characteristics of the reinsurance contracts and retakaful certificates;
- Historical data about the Company's own experience, supplemented when necessary with data from other sources;
- Historic data adjusted to reflect current conditions; and
- Current pricing information, when available.

The Company's CSM is a component of the asset or liability for the group of reinsurance contracts/retakaful certificates that represents the unearned profit the Company will recognise as it provides services in the future. The Company measures the CSM on initial recognition at an amount that, unless the group of contracts is onerous, results in no impact to Income Statement arising from:

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(i) Initial measurement (cont'd.)

- Initial recognition of the fulfilment cash flows;
- Derecognition at the date of initial recognition of any asset or liability recognised for reinsurance retakaful acquisition cash flows; and
- Any cash flows arising from the contracts in the group at that date.

For groups of contracts assessed as onerous, the Company has recognised a loss in Income Statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the Company for the liability for remaining coverage for an onerous group depicting the losses recognised.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognises a loss in Income Statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group representing the losses recognised.

(ii) Subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts/takaful certificates that has not yet been recognised in Income Statement, because it relates to future service to be provided.

For a group of insurance contracts/takaful certificates the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period, adjusted for:

- The effect of any new contracts added to the group.
- Interest/profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- The changes in fulfilment cash flows relating to future service, except to the extent that:

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(ii) Subsequent measurement (cont'd.)

  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM.
- The amount recognised as insurance/takaful revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of profit on the CSM is determined using the bottom-up approach at inception.

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

- Experience adjustments that arise from the difference between the premium/contribution receipts (and any related cash flows such as insurance/takaful acquisition cash flows and insurance/takaful premium/contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums/contributions received (or due) related to current or past services are recognised immediately in Income Statement while differences related to premiums/contributions received (or due) for future services are adjusted against the CSM;

- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the income statements and other comprehensive income rather than adjusting the CSM);

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(ii) Subsequent measurement (cont'd.)

- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts/takaful certificates at initial recognition.

The Company measures the carrying amount of a group of insurance contracts/takaful certificates at the end of each reporting period as the sum of:

(i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and

(ii) the liability for incurred claims for the Company comprised the fulfilment cash flows related to past service allocated to the group at that date.

Reinsurance contracts/retakaful certificates held

(i) Initial measurement

The measurement of retrocession contracts and retrotakaful certificates held follows the same principles as those for reinsurance contracts/retakaful certificates issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non performance by the retrocession/retrotakaful operators, including the effects of collateral and losses from disputes.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Reinsurance contracts/retakaful certificates held (cont'd.)

(i) Initial measurement (cont'd.)

- The Company determines the risk adjustment for non- financial risk so that it represents the amount of risk being transferred to the reinsurer/retakaful operator.

- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to income statements as the reinsurer/retakaful operator renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

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

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts/takaful certificates and the percentage of claims on the underlying insurance contracts/takaful certificates the Company expects to recover from the group of reinsurance contracts/retakaful certificates held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts/retakaful certificates held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts/takaful certificates to insurance contracts/takaful certificates covered by the group of reinsurance contracts/retakaful certificates held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Reinsurance contracts/retakaful certificates held (cont'd.)

(ii) Subsequent measurement

The measurement of reinsurance contracts/retakaful certificates held follows the same principles as those for insurance contracts/takaful certificates issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in income statements if the related changes arising from the underlying ceded contracts have been recognised in income statements. Alternatively, changes in the fulfilment cash flows adjust the CSM.

- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract/retakaful certificates held do not adjust the contractual service margin as they do not relate to future service.

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

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

A loss recovery component reverses consistent with reversal of the loss component of underlying groups of insurance contracts and takaful certificates issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts and retakaful certificates held. Reversals of the loss-recovery component that are not changes in the fulfilment cash flows of the group of reinsurance contracts and retakaful certificates held adjust the CSM.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(g) Modification and derecognition of insurance contracts/takaful certificates

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

(h) Insurance/takaful acquisition cash flows

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

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

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

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

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

- An impairment test at the level of an existing or future group of insurance contracts/takaful certificates; and

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

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

- An additional impairment test specifically covering the insurance contracts/takaful acquisition cash flows allocated to expected future contract renewals.

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

(i) Presentation

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

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

The Company disaggregates the amounts recognised in the income statements and other comprehensive income into a insurance/takaful service result, comprising insurance/takaful revenue and insurance/takaful service expenses, and insurance/takaful finance income or expenses.

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

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

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

(i) Insurance/takaful revenue

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

- Insurance/takaful service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release.
- Amounts related to insurance/takaful acquisition cash flows.

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

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

(i) the loss component;
(ii) the liability for remaining coverage excluding the loss component.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

(ii) Loss components (cont'd.)

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

(iii) Loss-recovery components

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

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

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

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

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

(iv) Insurance/takaful service expenses

Insurance/takaful service expenses arising from insurance/takaful contracts are recognised in income statements generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance/takaful service expenses;
- Amortisation of insurance/takaful acquisition cash flows;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

(v) Insurance/takaful finance income and expense

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

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

Finance income and expenses on the Company's issued insurance contract/takaful certificates is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Company systematically allocates expected total insurance/takaful finance income or expenses over the duration of the group of contracts to income statements using discount rates determined on initial recognition of the group of contracts.

2. Material accounting policies (cont'd.)

2.3 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

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

Surpluses of contracts under the general/family retakaful funds are attributable to policyholders and shareholder and the amount and timing of distribution to both the policyholders and shareholder are determined by an actuarial valuation of the long term liabilities to policyholders at the date of the statement of financial position and is made in accordance with the provisions of the Financial Services Act 2013 and policy documents issued by BNM.

Unallocated surplus, where the amounts of surplus are yet to be allocated or distributed to either policyholders or shareholder by the end of the financial year, are held within non-distributable Equity. The shareholder will ultimately have the rights over this unallocated surplus upon the recommendation of distribution by the Appointed Actuary.

2.4 Property and equipment and depreciation

(a) Recognition and measurement

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment are recognised as an asset, if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any impairment losses, whilst properties (which comprise land and buildings) are stated at revalued amount less subsequent accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

In respect of freehold land and buildings, valuations are performed with sufficient frequency to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the financial year end.

2. Material accounting policies (cont'd.)

2.4 Property and equipment and depreciation (cont'd.)

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

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 income statements, in which case the increase is recognised in income statements. A revaluation deficit is recognised in income statements, 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 and equipment, the difference between net proceeds and the carrying amount is recognised in income statements and the unutilised portion of the revaluation surplus on that item, if any, is transferred directly to retained profits.

(b) Subsequent costs

The cost of replacing part of an item of property 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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in income statements as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress are also not depreciated as these assets are not available for use. When work in progress are completed and the asset is available for use, it is reclassified to the relevant category of property and equipment and depreciation of the asset begins. During the period in which the assets is not yet available for use, it is tested for impairment annually. Depreciation of other property 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:

Building	3%
Computer equipment	10% to 33.3%
Furniture and fittings	10%
Office equipment	10% to 33.3%
Motor vehicles	20%

2. Material accounting policies (cont'd.)

2.4 Property and equipment and depreciation (cont'd.)

(c) Depreciation (cont'd.)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period 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 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.

2.5 Intangible assets

All intangible assets are initially recorded at cost. Subsequent to initial recognition, intangible assets are stated at cost less any accumulated amortisation and any accumulated 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 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 asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually at the end of each reporting period. Amortisation is charged to 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 useful life is also reviewed annually to determine whether the useful life assessment continues to be supportable. During the period in which the assets is not yet available for use, it is tested for impairment annually.

2. Material accounting policies (cont'd.)

2.5 Intangible assets (cont'd.)

(a) Software development in progress

Software development in progress represents 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. Software development in progress are not amortised as these assets are not available for use. 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.

(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 33.3% using the straight-line method over their estimated useful lives. Impairment is assessed whenever there is indication of impairment. The amortisation period and method are also reviewed annually at the end of each reporting period.

2.6 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Company becomes 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 income statements.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(a) Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them, as described in Notes 2.7(b) and 2.7(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 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 above, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- 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 Company may irrevocably designate a debt investment that meets the AC or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For purposes of subsequent measurement, the Company's financial assets are classified in three categories:

- Financial assets at AC (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. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd)

(i) Financial assets at AC

Debt instruments that meet the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest/profit method and are subject to impairment. Gains and losses are recognised in income statements when the asset is derecognised, modified or impaired.

The effective interest/profit method is a method of calculating the amortised cost of a debt instrument and of allocating interest/profit income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest/profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest/profit rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest/profit rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

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

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 or minus 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.

For purchased or originated credit impaired financial assets, the Company recognises 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.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(ii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, 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 *Financial Instruments* that is neither held for trading nor 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 Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve. Gains and losses on these financial assets are never recycled to income statements. Dividends are recognised as investment income in income statements when the right to receive payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(iii) 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 Company designates 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 Company has designated debt instruments under the Family Retakaful Fund as financial assets at FVTPL.

Financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in income statements. Net gains or losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in income statements as part of other expenses or other income and investment income respectively. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in income statements.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(b) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company 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 as well as for future business development.

The Company's business model is 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 by and to the Company's key management personnel;

- How the Company is 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 Company's original expectations, the Company does 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.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

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

The Company should 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 Company's key management personnel as a result of external or internal changes;
- Significant to the Company's operations; and
- Demonstrable to external parties.

A change in the business model will occur only when the Company begins or ceases 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.

(c) The SPPI Test

The Company assesses 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 Company applies judgement and considers 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 Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(e) Derecognition

A financial asset is derecognised when:

(i) the contractual right to receive cash flows from the asset has expired; or

(ii) the Company has transferred their right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset; or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers 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 Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company’s continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument;
- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest/profit rate, the Company records a modification gain or loss.

2. Material accounting policies (cont'd.)

2.6 Financial assets (cont'd.)

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.7 Fair value measurement

The Company measures financial instruments such as financial assets at FVTPL, financial assets at FVOCI and non-financial assets such as self-occupied properties at fair value at each financial year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 36.

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

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

2. Material accounting policies (cont'd.)

2.7 Fair value measurement (cont'd.)

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 Company's self-occupied property. 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 Company determines 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 36.

2. Material accounting policies (cont'd.)

2.8 Impairment of assets

(a) Financial assets

The Company recognises an allowance for expected credit losses ("ECL") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest/profit rate.

The ECL model applies to all financial assets held by the Company except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Malaysian government securities ("MGS/GII") 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 lost experiences arising from these government securities.

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). Credit exposures for which there have 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 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-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest/ profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

2. Material accounting policies (cont'd.)

2.8 Impairment of assets (cont'd.)

(a) Financial assets (cont'd.)

Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates to reflect current and forecast economic conditions. The forward looking adjustment is interpreted as an adjustment to 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:

- 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.

- EAD — The ***Exposure at Default*** is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the financial year end, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- 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 Company would expect to receive. It is usually expressed as a percentage of the EAD.

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as Gross Domestic Product ("GDP"), inflation, currency rates and stock index.

2. Material accounting policies (cont'd.)

2.8 Impairment of assets (cont'd.)

(a) Financial assets (cont'd.)

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

(i) Debt instruments/sukuks at AC

In accordance with 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 will reduce the carrying amount of these financial assets in the statement of financial position.

(ii) Insurance/takaful receivables

The impairment on insurance/takaful receivables is measured using the simplified approach at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance/takaful 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 bucket which forms the base of the roll rate. Forward-looking factors are also considered during the calculation of ECL.

(b) 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”).

2. Material accounting policies (cont'd.)

2.8 Impairment of assets (cont'd.)

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in 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 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 income statements in the period in which the reversals are recognised.

(c) Write-offs

Financial assets are written-off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written-off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2. Material accounting policies (cont'd.)

2.9 Measurement and impairment of Qard

Any deficits in the retakaful funds are made good via a benevolent profit-free loan or Qard, granted by the shareholder's fund to the retakaful funds. The Qard is stated at cost less any impairment losses in the shareholder's funds and at cost in the retakaful funds. The Qard shall be repaid from future surpluses of the retakaful funds.

The Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the 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 income statements.

Impairment losses are subsequently reversed in income statements if objective evidence exists that the Qard is no longer impaired.

2.10 Share capital and dividend expenses

An equity instrument is any contract that evidences a residual interest in the assets of 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.

2.11 Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows comprise cash on hand, balances with banks, and short-term, highly liquid deposits with original maturities of three months or less, which are held to meet short-term cash commitments. These instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Short-term deposits with original maturities of three months or less that are held for investment purposes, rather than for meeting short-term cash obligations, do not meet the definition of cash equivalents in accordance with MFRS 107 *Statement of Cash Flows* and are therefore excluded from cash and cash equivalents.

2. Material accounting policies (cont'd.)

2.12 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 variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance/takaful risk is risk other than financial risk.

A reinsurance/retakaful contract is a contract under which the Company has accepted significant insurance/takaful risk from cedant by agreeing to compensate the cedant if a specified uncertain future event adversely affects the cedant. As a general guideline, the Company determines whether significant insurance/takaful risk has been accepted by comparing claims payable on the occurrence of the event with claims payable if the event had not occurred.

Conversely, investment contracts are those contracts that transfer financial risk with no significant insurance/takaful risk.

Once a contract has been classified as a reinsurance/retakaful contract, it remains a reinsurance/retakaful contract for the remainder of its life-time, even if the insurance/takaful risk reduces significantly during the period, unless all rights and obligations expire or are extinguished.

2.13 Leases

(a) Classification

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(b) The Company as a lessee

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

2. Material accounting policies (cont'd.)

2.13 Leases (cont'd.)

(c) The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating revenue in the income statement 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.

2.14 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 statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the 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 income statements. Net gains or losses on derivatives include exchange differences.

The Company had not designated any financial liabilities as at FVTPL nor were there any financial liabilities held for trading during and at the end of the financial year.

2. Material accounting policies (cont'd.)

2.14 Financial liabilities (cont'd.)

(b) Other financial liabilities

The Company's other financial liabilities include borrowings, insurance/takaful payables and other payables.

Insurance/takaful 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 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. Gains or losses are recognised in the income statement.

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 subsequent recognition of a new liability. The difference in the respective carrying amounts is recognised in income statements.

2.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

2.16 Income tax

Income tax on income statements for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted as at the financial year end.

2. Material accounting policies (cont'd.)

2.16 Income tax (cont'd.)

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 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.

2.17 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 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 Company makes contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Company also makes additional contributions to the EPF for eligible employees by reference to their earnings. Such contributions are recognised as an expense in income statements as incurred.

2. Material accounting policies (cont'd.)

2.18 Foreign currencies

(a) Functional and presentation currency

The Company's financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the financial year end are translated into Ringgit Malaysia at rates of exchange ruling at that 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 was 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, and on the retranslation of monetary items, are included in income statements for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statements for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

The principal exchange rate for every unit of United States Dollar ruling at the financial year end is RM4.0502 (2025: RM4.4346).

2.19 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled when the performance obligation is satisfied. The following specific recognition criteria must also be met before revenue is recognised.

(a) Interest and profit income

Interest and profit income are recognised on accrual basis using the effective interest/profit method.

2. Material accounting policies (cont'd.)

2.19 Revenue recognition (cont'd.)

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. 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.

2.20 Zakat

Zakat represents an obligatory amount payable by the Company to comply with the principles of Shariah. Zakat is computed using a method as recommended by the GSC and approved by the Board. Only the zakat that is attributable to the individual and corporate Muslim shareholders of the holding company was provided for in the financial statements. The zakat computation is reviewed by the GSC. The Board has the discretion to pay an additional sum above the obligatory amount payable.

2.21 New and amended standards and interpretations

At the beginning of the current financial year, the Company adopted the following Amendments to Standards which are mandatory for annual periods beginning on or after 1 January 2025:

Description	**Effective for annual periods beginning on or after**
Lack of Exchangeability (Amendments to MFRS *121 The Effects of Changes in Foreign Exchange Rates*)	1 January 2025

The adoption of the above Amendments to Standards did not have any significant financial impact to the Company's financial statements.

2. Material accounting policies (cont'd.)

2.22 Standards and annual improvements to standards issued but not yet effective

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but which are not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these Standards and Amendments to Standards, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
Annual Improvements to MFRS Accounting Standards - Volume 11 (Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards)* (Amendments to MFRS 7 *Financial Instruments: Disclosures*) (Amendments to MFRS 9 *Financial Instruments*) (Amendments to MFRS 10 *Consolidated Financial Instruments*) (Amendments to MFRS 107 *Statement of Cash Flows*)	1 January 2026
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 *Financial Instruments and* MFRS 7 *Financial Instruments: Disclosures*)	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 *Financial Instruments and* MFRS 7 *Financial Instruments: Disclosures*)	1 January 2026
MFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates)*	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

2. Material accounting policies (cont'd.)

2.22 Standards and annual improvements to standards issued but not yet effective

Except for MFRS 18, the Directors expect that the adoption of the above pronouncements will not have a material impact on the Company's financial statements upon initial application.

The Company are currently assessing the detailed implications of applying the new standard on the financial statements. Based on current preliminary analysis, the adoption of MFRS 18 is not expected to have an impact on net profit, although the Company expect that the grouping of income and expenses into the new categories will affect how operating profit is calculated and reported.

The Company do not anticipate significant changes to the information currently disclosed in the notes, as the requirement to disclose material information remains unchanged. However, the manner in which the information is grouped may change due to the application of aggregation and disaggregation principles. In addition, there will be new disclosures required for:

i. Management-defined performance measures;
ii. A break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this breakdown is only required for certain specified nature of expense items; and
iii. For the first annual period of application of MFRS 18, a reconciliation for each line item in the statement of profit or loss between restated amounts presented by applying MFRS 18 and the amounts previously presented applying MFRS 101.

The Company will apply the new standard from its mandatory effective date of 1 April 2027. As retrospective application is required, the comparative information for financial year ending 31 March 2028 will be restated to reflect the requirements of MFRS 18. The adoption of MFRS 18 is not expected to have a material impact on the Company's profitability, as the changes primarily relate to presentation and disclosure.

3. Material accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities as at the financial year end. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

Judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company has not applied any significant judgements in preparing the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimates of future cash flows

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

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

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

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

3. Material accounting estimates and judgements (cont'd.)

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

(b) Discount rate

The Company generally determines risk-free discount rates through a risk-neutral measurement technique (i.e., risk-free rate plus illiquidity premium) using a bottom-up approach. In economically developed countries, the observed government bond yield curve was used as the source of liquid risk-free yield curve as politically stable governments are commonly believed to have a low probability of defaulting on their debts. For countries where government bond rates are not readily available, another similar (government) yield curve under similar macroeconomic settings was considered; or if the currency is pegged to another currency, the yield curve of the other currency was considered. Using the Smith-Wilson method, the yield curve is extrapolated beyond the last available market data point to an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. The ultimate forward rate is subject to revision on an annual basis. Illiquidity premium/contribution is assumed to be zero as general reinsurance/retakaful products are generally short-term.

Discount rates applied thereon are summarised below:

		1 year		3 years		5 years		7 years		10 years		15 year	
		FYE26	FYE25	FYE26	FYE25	FYE26	FYE25	FYE26	FYE25	FYE26	FYE25	FYE26	FYE25
	Local												
MYR	Reinsurance	2.94%	3.27%	3.36%	3.61%	3.68%	3.89%	3.78%	3.97%	3.98%	4.04%	4.40%	4.36%
MYR	Retakaful	2.96%	3.28%	3.42%	3.77%	3.51%	3.69%	3.72%	4.27%	4.16%	3.80%	4.45%	4.40%
	Overseas												
CNY	CNY	1.26%	1.56%	1.44%	1.79%	1.92%	1.74%	2.00%	2.22%	2.32%	1.62%	2.92%	0.92%
EUR	EUR	2.41%	2.30%	2.60%	2.41%	2.92%	2.95%	3.18%	2.98%	3.63%	3.60%	4.06%	3.51%
IDR	IDR	5.50%	6.37%	6.13%	6.67%	7.07%	7.00%	7.66%	7.06%	6.86%	7.16%	6.94%	7.10%
INR	INR	5.80%	6.51%	6.57%	6.69%	6.84%	6.67%	7.39%	7.06%	6.75%	6.59%	8.27%	7.29%
USD	USD	3.63%	4.05%	3.77%	3.98%	4.17%	4.28%	4.63%	4.54%	4.92%	4.66%	5.61%	5.09%

(c) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance/takaful contracts and reinsurance/retakaful contracts held. Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The Company applies a target confidence level of the 75th percentile, which is in line with the requirements of BNM’s RBC and RBCT Frameworks.

3. Material accounting estimates and judgements (cont'd.)

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

(c) Risk adjustments for non-financial risk (cont'd.)

The Company disaggregates the change in the risk adjustment for non-financial risk between insurance/takaful service result and insurance/takaful finance income or expense.

(d) Contractual service margin

The CSM of a group of contracts is recognised in Income Statement to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in Income Statement the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

(e) Estimates of assets or liabilities for incurred claims

For general reinsurance/retakaful contracts, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims IBNR at the end of the reporting period for gross and reinsurance basis.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder method, Additive Loss Reserving method and Expected Loss Ratio method.

The main assumption underlying these techniques is that the Company’s past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios.

3. Material accounting estimates and judgements (cont'd.)

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

(e) Estimates of assets or liabilities for incurred claims (cont'd.)

Historical claims development is mainly analysed by underwriting year, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. The final reserves are discounted to derive the liabilities for incurred claims by explicitly considering the payment patterns.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(f) Own-used Property – Bangunan Malaysian Re

Bangunan Malaysian Re is carried at historical cost and depreciated over its estimated useful life in accordance with MFRS 116. The depreciation period follows the straight-line method, with 33 years applied to the building structure. Associated land is not depreciated.

The property is a 12-storey commercial office building that serves primarily as the head office for the Company, with a portion leased to third parties and other entities within the MNRB Group. As at 31 March 2026, approximately 77% of the total gross floor area is used internally by the Company and affiliated entities for administrative and operational purposes or consists of shared support facilities. Vacant areas are not held for rental or capital appreciation.

Leased areas represent 23% of the total space, comprising both related-party and third-party tenants. However, the property is held under a single undivided title, and the rental activity is deemed incidental to the building’s core function. Given that internal use significantly exceeds 25% of the total area, the property continues to be classified as Property and Equipment. No reclassification to investment property is made.

4. Insurance/takaful service result

(a) Insurance/takaful revenue

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

	2026 RM'000	2025 RM'000
Amounts relating to changes in liabilities for remaining coverage:		
Expected claims and insurance/takaful service expenses incurred in the period	1,208,799	1,157,109
Change in the risk adjustment for non-financial risk	130,289	119,656
Amount of CSM recognised in income statements	363,756	493,942
Other amounts including experience adjustments	(6,151)	31,646
Amounts relating to recovery of insurance/takaful acquisition cash flows:		
Allocation of the portion of premiums/contributions that relate to the recovery of acquisition cash flows	127,125	106,971
Total insurance/takaful revenue	1,823,818	1,909,324

(b) Insurance/takaful service expenses

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

	2026 RM'000	2025 RM'000
Incurred claims and other insurance/takaful service expenses	1,353,076	1,550,657
Amortisation of acquisition cash flows	127,125	106,971
Experience variance from amortisation of acquisition cash flows	(16,783)	2,130
Losses on onerous contracts and reversal of losses on onerous contracts	15,928	(30,800)
Changes to liabilities for incurred claims	(214,946)	(176,755)
Total insurance/takaful service expenses	1,264,400	1,452,203

a. The wakalah fees paid to the Shareholder's Fund during the year is RM19.6 million (2025: RM12.5 million).

4. Insurance/takaful service result (cont'd.)

(b) Insurance/takaful service expenses (cont'd.)

The breakdown of expenses incurred:

	2026 RM'000	2025 RM'000
Salaries, bonus and other related costs	34,023	21,214
President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind (Note 11)	2,663	2,507
Pension costs - EPF	4,523	2,854
Social security costs	215	249
Retirement benefits	35	125
Short-term accumulating compensated absences	4	7
Auditors' remuneration:		
- statutory audit and audit related	1,037	872
- regulatory-related	461	262
- other services	373	370
Depreciation of property and equipment (Note 16)	4,619	4,629
Amortisation of intangible assets (Note 17)	846	729
Tax on premiums	2,189	2,875
Marketing and promotional costs	1,283	1,793
Professional and legal fees	2,731	7,850
Contributions and donations	654	504
Electronic data processing line	3,325	13,441
Management fees to holding company	29,141	25,067
Management fees to fellow subsidiaries	590	1,122
Other management expenses	8,244	12,671
Other operating expense (Note 13)	793	5,096
Total expenses excluding commissions	97,749	104,237
Fees and commissions	554,487	523,692
Less: Commission deducted from premium/contribution	(470,116)	(414,206)
Net commissions	84,371	109,486
Total expenses including commissions	182,120	213,723
Less: Amount attributed to acquisition cash flows	(110,342)	(109,101)
Add: Amortisation of acquisition cash flows	110,342	109,101
	182,120	213,723

Represented by:

Other insurance/takaful service expenses	54,319	77,791
Acquisition expenses	110,342	109,101
Other expenses	17,459	26,831
	182,120	213,723

4. Insurance/takaful service result (cont'd.)

(c) Allocation of reinsurance premiums/retakaful contributions

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

	2026 RM'000	2025 RM'000
Amounts relating to the changes in the assets for remaining coverage		
Expected recovery for insurance/takaful service expenses incurred in the period	(237,996)	(203,174)
Changes in the risk adjustment for non-financial risk	(27,412)	(10,299)
Net cost/gain recognised in income statements	(96,457)	(105,069)
Other amount including experience adjustments	34,613	(931)
Allocation of reinsurance premiums/retakaful contributions	(327,252)	(319,473)

(d) Amounts recoverable from reinsurers/retakaful operators for incurred claims

	2026 RM'000	2025 RM'000
Amounts recoverable for claims and other expenses incurred in the period:		
Amounts recoverable for claims	152,579	192,792
Changes in fulfilment cash flows which relate to onerous underlying contracts	(7,483)	(18,375)
Changes in amounts recoverable arising from changes in liability for incurred claims	26,819	36,432
Amounts recoverable from reinsurers/retakaful operators	171,915	210,849
Net expense from reinsurance contracts/retakaful certificates held	(155,337)	(108,624)

5. Investment income

(a) Interest/profit income calculated using the effective interest/profit method

	2026 RM'000	2025 RM'000
Financial assets at amortised cost:		
Interest/profit income	62,656	106,019

(b) Other investment income

	2026 RM'000	2025 RM'000
Financial assets at FVTPL:		
Designated upon initial recognition:		
Interest/profit income	126,946	87,822
Mandatorily measured:		
Interest/profit income	-	348
Dividend income:		
- quoted shares in Malaysia	13,542	8,916
- real estate investment trusts	846	482
- unit trust fund	-	559
Financial assets at FVOCI:		
Dividend income from unquoted shares in Malaysia	841	841
Dividend income from investment in associate	7,686	6,887
Net accretion of discount on investments	714	1,079
Investment expenses	(1,807)	(1,501)
	148,768	105,433

6. Net realised gains/(losses)

	2026 RM'000	2025 RM'000
Financial assets at FVTPL:		
Quoted shares in Malaysia:		
- Shariah approved equities	1,623	2,064
- Other equities	1,177	2,243
Real estate investment trusts	104	(516)
Unit trust funds	-	(186)
Corporate debt securities	139	(14,582)
Government investment issues	2,242	(1,621)
Malaysian government securities	3,963	575
	9,248	(12,023)

7. Net fair value gains

	2026 RM'000	2025 RM'000
Fair value gains on financial assets at FVTPL	28,946	12,605
Fair value losses on investment in associate (Note 18)	(15,080)	(3,318)
	13,866	9,287

8. Reversal of/(allowance on) impairment on financial assets

	2026 RM'000	2025 RM'000
Reversal on/(impairment of) financial assets at amortised cost	75	(59)

9. Net foreign exchange losses on investments

	2026 RM'000	2025 RM'000
Foreign exchange losses:		
Realised	(80,768)	(75,851)
Unrealised	8,044	(6,586)
	(72,724)	(82,437)

10. Insurance/takaful financial result

	2026 RM'000	2025 RM'000
Insurance/takaful finance expenses from insurance contracts/takaful certificates issued		
Interest/profit accreted to insurance contracts/ takaful certificates using current financial assumptions	(132,435)	(138,039)
Interest/profit accreted to insurance contracts/ takaful certificates using locked-in rate	(28,717)	(19,180)
Net foreign exchange income	86,029	83,720
Total insurance/takaful finance expenses from contracts/certificates issued	**(75,123)**	**(73,499)**
Reinsurance/retakaful finance income from reinsurance contracts/retakaful certificates held		
Interest/profit accreted to reinsurance contracts/retakaful certificates using current financial assumptions	12,312	11,366
Interest/profit accreted to reinsurance contracts/retakaful certificates using locked-in rate	5,472	6,659
Net foreign exchange expense	(12,408)	(12,235)
Total reinsurance/retakaful finance income from contracts/certificates held	**5,376**	**5,790**
Unallocated surplus attributable to participants	**(24,774)**	**(7,207)**
Net insurance/takaful financial result	**(94,521)**	**(74,916)**

11. President & CEO's, Directors' and GSC members' remuneration

	2026 RM'000	2025 RM'000
President & CEO of the Company:		
Salary and bonus	1,435	1,183
Pension costs - EPF	244	201
Benefits-in-kind	25	31
Others	160	118
	1,864	1,533
Non-executive directors of the Company:		
Fees	565	656
Allowances	132	239
Benefits-in-kind	32	-
	729	895
GSC members:		
Fees	100	86
Allowances	27	24
	127	110
Total President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind	2,663	2,507

The number of directors of the Company, whose total remuneration during the financial year fell within the following bands, is analysed below:

	Number of directors	
	2026	2025
Non independence non-executive directors:		
RM1 to RM50,000	-	1
RM100,001 to RM150,000	1	1
Non-executive directors:		
RM1 to RM50,000	1	-
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	1	3
RM150,001 to RM200,000	2	2

11. President & CEO's, Directors' and GSC members' remuneration (cont'd.)

2026	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
President & CEO:						
Ahmad Noor Azhari Abdul Manaf	1,435	-	244	25	160	1,864
Non independent non-executive directors:						
Dato' Sulaiman Mohd Tahir	-	102	-	21	17	140
Non-executive directors:						
George Oommen (Appointed with effect from 25 August 2025)	-	72	-	-	14	86
Velayudhan Harikes	-	125	-	10	29	164
Datin Joanne Marie Lopez	-	124	-	-	35	159
Wan Zamri Wan Zain	-	110	-	1	29	140
Khalid Sufat (Deceased on 24 June 2025)	-	32	-	-	8	40
Total Directors' remuneration	-	565	-	32	132	729

11. President & CEO's, Directors' and GSC members' remuneration (cont'd.)

	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
GSC members:						
Prof. Dr. Younes Soualhi	-	16	-	-	4	20
Shahrir Sofian	-	14	-	-	4	18
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	-	4	18
Dr. Shamsiah Mohamad	-	14	-	-	4	18
Dr. Khairul Anuar Ahmad	-	14	-	-	3	17
Wan Rumaizi Wan Husin	-	14	-	-	4	18
Dr. Safinar Salleh (Appointed on 1 April 2025)	-	14	-	-	4	18
Total GSC members' remuneration	-	100	-	-	27	127
Total President & CEO's, Directors' and GSC members' remuneration	1,435	665	244	57	319	2,720
2025						
President & CEO:						
Ahmad Noor Azhari Abdul Manaf	1,183	-	201	31	118	1,533
Executive directors:						
Zaharudin Daud* (Resigned on 1 October 2024)	-	-	-	-	-	-

* The Executive Director, Zaharudin Daud is not entitled to receive any Directors remuneration.

	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
Non independent non-executive directors:						
Dato' Sulaiman Mohd Tahir (Appointed as Chairman with effect from 14 February 2025)	-	13	-	-	2	15
Datuk Johar Che Mat (Resigned on 12 February 2025)	-	90	-	-	27	117
Total Non independent non-executive directors	-	103	-	-	29	132

11. President & CEO's, Directors' and GSC members' remuneration (cont'd.)

2025 (cont'd.)	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
Non-executive directors:						
Khalid Sufat	-	131	-	-	53	184
(Deceased on 24 June 2025)						
Velayudhan Harikes	-	118	-	-	44	162
Datin Joanne Marie Lopez		107			41	148
Wan Zamri Wan Zain	-	94	-	-	30	124
George Oommen	-	103	-	-	42	145
(Resigned with on 28 February 2025)	-					
Total Directors' remuneration	-	656	-	-	239	895
GSC members:						
Prof. Dr. Younes Soualhi	-	16	-	-	4	20
Shahrir Sofian	-	14	-	-	4	18
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	-	4	18
Dr. Shamsiah Mohamad	-	14	-	-	4	18
Dr. Khairul Anuar Ahmad	-	14	-	-	4	18
Wan Rumaizi Wan Husin	-	14	-	-	4	18
Total GSC members' remuneration	-	86	-	-	24	110
Total President & CEO's, Directors' and GSC members' remuneration	1,183	742	201	31	381	2,538

12. Other income

	2026 RM'000	2025 RM'000
Interest income on premium reserve and staff loans	569	822
Net rental income from property	4,507	4,451
Other operating income	3,042	4,682
	8,118	9,955

13. Other operating expense

	2026 RM'000	2025 RM'000
Realised loss on disposal of asset	-	5
Write-off of property and equipment	194	-
Impairment on computer equipment (Note 16)	-	815
Impairment on intangible assets (Note 17)	-	3,786
Others	599	490
	793	5,096

14. Taxation attributable to participants

	2026 RM'000	2025 RM'000
Malaysian income tax:		
Tax expense for the year	3,053	1,589
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 20)	1,609	90
	4,662	1,679

Income tax and deferred tax for the general and family retakaful funds of the Company are calculated at the statutory tax rate of 8% (2025: 8%) of the estimated assessable profit for the year.

15. Taxation

	2026 RM'000	2025 RM'000
Malaysian income tax:		
Tax expense for the year	33,378	29,208
Under provision of tax in prior year	581	9,239
	33,959	38,447
Deferred tax:		
Relating to origination and reversal of temporary differences	3,001	4,811
Over provision of deferred tax in prior year	(480)	(27)
	2,521	4,784
	36,480	43,231

Income tax is calculated at the Malaysian statutory tax rate of 8% (2025: 8%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2026 RM'000	2025 RM'000
Profit before zakat and taxation	449,518	370,248
Taxation at Malaysian statutory tax rate of 8%	35,961	29,486
Income not subject to tax	(4,953)	(1,533)
Expenses not deductible for tax purposes	5,371	6,066
Over provision of deferred tax in prior year	(480)	(27)
Under provision of tax in prior years	581	9,239
Tax expense for the year recognised in income statements	36,480	43,231

16. Property and equipment

	Freehold land RM'000	Building RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
2026							
Valuation/Cost							
At 1 April 2025	47,000	79,000	3,833	18,919	283	10,221	159,256
Additions	-	-	258	80	-	1,411	1,749
Write-off	-	-	-	(679)	-	-	(679)
Revaluation surplus	1,000	2,370	-	-	-	-	3,370
Elimination of accumulated depreciation on revaluation	-	(2,370)	-	-	-	-	(2,370)
Adjustment	-	-	-	-	-	(6,441)	(6,441)
Reclassifications	-	-	-	2,813	-	(2,813)	-
At 31 March 2026	48,000	79,000	4,091	21,133	283	2,378	154,885
Accumulated depreciation and impairment							
At 1 April 2025	-	-	2,311	13,746	118	-	16,175
Charge for the year (Note 4)	-	2,370	608	1,605	36	-	4,619
Write-off	-	-	-	(485)	-	-	(485)
Elimination of accumulated depreciation on revaluation	-	(2,370)	-	-	-	-	(2,370)
At 31 March 2026	-	-	2,919	14,866	154	-	17,939
Net carrying amount							
At 31 March 2026	48,000	79,000	1,172	6,267	129	2,378	136,946

16. Property and equipment (cont'd.)

2025	Freehold land RM'000	Building RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Valuation/Cost							
At 1 April 2024	36,800	88,200	1,892	20,286	910	4,683	152,771
Additions	-	-	1,304	3	-	6,353	7,660
Disposals	-	-	(178)	(1,370)	(627)		(2,175)
Revaluation surplus	1,000	2,646	-	-	-	-	3,646
Elimination of accumulated depreciation on revaluation	-	(2,646)	-	-	-	-	(2,646)
Reclassifications	9,200	(9,200)	815	-	-	(815)	-
At 31 March 2025	47,000	79,000	3,833	18,919	283	10,221	159,256
Accumulated depreciation and impairment							
At 1 April 2024	-	-	1,132	13,723	672	-	15,527
Charge for the year (Note 4)	-	2,646	542	1,388	53	-	4,629
Elimination of accumulated depreciation on revaluation	-	(2,646)	-	-	-	-	(2,646)
Impairment	-	-	815	-	-	-	815
Disposals	-	-	(178)	(1,365)	(607)	-	(2,150)
At 31 March 2025	-	-	2,311	13,746	118	-	16,175
Net carrying amount							
At 31 March 2025	47,000	79,000	1,522	5,173	165	10,221	143,081

16. Property and equipment (cont'd.)

Revaluation of freehold land and building

Freehold land and building have been revalued based on a valuation performed by an accredited independent valuer having an appropriate recognised professional qualification using the income approach. The valuation is based on the valuation date of 31 March 2026.

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. Description of the fair value hierarchy for freehold land and building and the significant inputs used in the valuation are provided in Note 36.

The Company has assessed that the current use of the freehold land and building represents their highest and best use, in accordance with the principles of fair value measurement.

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

	Freehold land RM'000	Building RM'000	Total RM'000
Cost			
At 1 April 2024	15,596	94,986	110,582
Reclassification	9,200	(9,200)	-
At 31 March 2025/2026	24,796	85,786	110,582
Accumulated depreciation			
At 1 April 2024	-	44,227	44,227
Charge for the year	-	2,646	2,646
At 31 March 2025	-	46,873	46,873
Charge for the year	-	2,370	2,370
At 31 March 2026	-	49,243	49,243
Net carrying amount			
At 31 March 2026	24,796	36,543	61,339
At 31 March 2025	24,796	38,913	63,709

17. Intangible assets

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
2026			
Cost			
At 1 April 2025	2,124	21,485	23,609
Additions	2,135	2,551	4,686
Reclassification	(1,263)	1,263	-
At 31 March 2026	2,996	25,299	28,295
Accumulated amortisation and impairment			
At 1 April 2025	-	19,877	19,877
Amortisation for the year (Note 4)	-	846	846
At 31 March 2026	-	20,723	20,723
Net carrying amount			
At 31 March 2026	2,996	4,576	7,572
2025			
Cost			
At 1 April 2024	4,649	16,162	20,811
Additions	1,035	2,045	3,080
Write-off	-	(282)	(282)
Reclassification	(3,560)	3,560	-
At 31 March 2025	2,124	21,485	23,609
Accumulated amortisation and impairment			
At 1 April 2024	-	15,379	15,379
Amortisation for the year (Note 4)	-	729	729
Impairment	-	3,786	3,786
Write-off	-	(281)	(281)
Adjustment	-	264	264
At 31 March 2025	-	19,877	19,877
Net carrying amount			
At 31 March 2025	2,124	1,608	3,732

18. Investment in associate

	2026 RM'000	2025 RM'000
At beginning of the financial year	152,000	155,318
Fair value (losses)/gains	(1,288)	6,648
Foreign exchange losses	(13,792)	(9,966)
Net fair value losses (Note 7)	(15,080)	(3,318)
At end of the financial year	136,920	152,000

As at 31 March 2026, the Company holds a 20% (2025: 20%) equity interest in LRE, a company incorporated in the Federal Territory of Labuan, Malaysia. LRE is principally engaged in the underwriting of all classes of general reinsurance and general retakaful businesses under a licence granted by the Labuan Financial Services Authority pursuant to the Labuan Financial Services and Securities Act 2010. LRE's financial year end is 31 December.

The investment in LRE is recognised in the Company's separate financial statements at FVTPL in accordance with MFRS 9, as permitted under MFRS 127. The Company has elected not to apply the equity method, having met the exemption criteria under MFRS 128 (paragraphs 17-19), including being a wholly owned subsidiary of a parent that prepares publicly available consolidated financial statements in compliance with MFRS Accounting Standards.

Accordingly, the results of the associate are not equity accounted in the Company's financial statements.

The investment is classified within Level 3 of the fair value hierarchy under MFRS 13. Additional information on valuation techniques and significant unobservable inputs is disclosed in Note 36.

18. Investment in associate (cont'd)

The summarised financial information of the associate as at 31 March 2026 and 31 March 2025, is as follows:

	2026 RM'000	2025 RM'000
Assets and liabilities		
Current assets	2,048,855	2,502,212
Non-current assets	41,652	48,252
Total assets	2,090,507	2,550,464
Current liabilities	266,533	317,139
Non-current liabilities	1,051,328	1,376,404
Total liabilities	1,317,861	1,693,543
Equity	772,646	856,921

MNRB, the ultimate holding company, includes the results of LRE in its consolidated financial statements using the equity method in accordance with MFRS 128.

19. Financial and other assets

The following tables summarise the carrying values of financial and other assets of the Company other than cash and bank balances and insurance/takaful receivables:

	2026 RM'000	2025 RM'000
Financial assets at FVTPL (a)	4,128,201	2,841,229
Financial assets at FVOCI (b)	93,582	92,771
Financial assets at amortised cost and other assets (c)	1,680,880	2,572,829
	5,902,663	5,506,829
Government investment issues	1,335,555	904,036
Malaysian government securities	571,048	355,091
Corporate debt securities	1,750,530	1,226,292
Equity securities:		
Unquoted shares in Malaysia	93,517	92,706
Quoted shares in Malaysia	411,899	257,359
Perpetual bond in Malaysia	-	4,992
Real estate investment trusts	16,407	2,977
Golf club membership	65	65
Commercial papers	134,144	172,468
Unit trust funds	4,945	4,577
Structured deposit	37,817	85,905
Deposits	1,473,111	2,309,084
Other receivables and prepayments	73,625	91,277
	5,902,663	5,506,829

The Company's financial assets are summarised by categories as follows:

	2026 RM'000	2025 RM'000
(a) Financial assets at FVTPL		
At fair value:		
(i) Designated upon initial recognition:		
Corporate debt securities	1,750,530	1,226,292
Government investment issues	1,335,555	904,036
Malaysian government securities	571,048	355,091
(ii) Mandatorily measured:		
Quoted shares in Malaysia:		
Shariah approved equities	276,162	178,047
Other equities	135,737	79,312
Perpetual bond in Malaysia	-	4,992
Shariah approved real estate investment trusts	1,511	195
Non-Shariah approved real estate investment trusts	14,896	2,782

19. Financial and other assets (cont'd.)

(a) Financial assets at FVTPL (cont'd.)

	2026 RM'000	2025 RM'000
At fair value (cont'd.):		
(ii) Mandatorily measured (cont'd.):		
Shariah approved unit trust funds	4,945	4,577
Structured deposit	37,817	85,905
	4,128,201	2,841,229

(b) Financial assets at FVOCI

	2026 RM'000	2025 RM'000
Unquoted shares in Malaysia [i]	93,517	92,706
Golf club membership	65	65
	93,582	92,771

(i) Equity instruments designated at FVOCI include investments in equity shares of non-listed companies in Malaysia. The Company holds non-controlling interests (between 4% and 9%) in these companies. These investments were irrevocably designated at FVOCI as the Company 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			
At 1 April 2024	84,966	2,700	87,666
Movement during the year	4,830	210	5,040
At 31 March 2025	89,796	2,910	92,706
Movement during the year	502	309	811
At 31 March 2026	90,298	3,219	93,517

19. Financial and other assets (cont'd.)

(c) Financial assets at amortised cost and other assets

	2026 RM'000	2025 RM'000
At amortised cost:		
Deposit placements with licensed:		
Commercial banks	545,164	639,145
Foreign banks	456,470	248,663
Islamic banks	451,982	1,409,479
Development bank	19,495	11,797
Commercial papers	134,144	172,468
Secured staff loans:		
Receivable within 12 months	31	84
Receivable after 12 months	900	945
Income due and accrued	39,499	36,387
Sundry receivables**	1,232	9,598
	1,648,917	2,528,566
Other assets:		
Amount due from Insurance Pool accounts	18,157	16,696
Due from Lloyds' syndicate*	12,109	26,698
Prepayments	1,697	869
	1,680,880	2,572,829

All items above, other than prepayments are financial assets measured at amortised cost. The carrying amounts disclosed above approximate fair values due to their relatively short-term nature.

* These amounts represent the Company's share, through its investment, of the assets and liabilities held through a Lloyds' syndicate. The Company has no control over the disposition of the assets and liabilities at Lloyds'.

** The sundry receivables include amounts due from the Retakaful Division which were eliminated to arrive at the Company level balances as disclosed under note 37(b). The amounts eliminated were as follows:

	2026 RM'000	2025 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Amount due from Retakaful Division#	51,530	45,067
	138,914	132,451

The amount due from the Retakaful Division is unsecured, profit-free and repayable upon demand.

19. Financial and other assets (cont'd.)

(d) Average effective interest/profit rates

The average effective interest/profit rates for each class of interest/profit-bearing investment and placements with licensed financial institutions, at net carrying amounts are as below:

	2026	2025
	%	%
Debt securities	4.0	4.1
Loan receivables	3.0	3.0
Deposits with financial institutions	3.5	4.2

20. Deferred taxation

	2026 RM'000	2025 RM'000
At beginning of the year	24,671	19,294
Recognised in:		
Participants' fund (Note 14)	1,609	90
Income statement (Note 15)	2,521	4,784
Other comprehensive income	(64)	503
At end of the year	28,737	24,671

Presented after appropriate offsetting as follows:

	2026 RM'000	2025 RM'000
Deferred tax liabilities	32,958	29,746
Deferred tax assets	(4,221)	(5,075)
	28,737	24,671

20. Deferred taxation (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Investment in associate RM'000	Insurance/ takaful contract liabilities RM'000	FVOCI reserves RM'000	Fair value of financial assets at FVTPL RM'000	Accelerated capital allowances RM'000	Revaluation of land and buildings RM'000	Total RM'000
At 1 April 2024	3,320	9,311	3,072	-	280	6,596	22,579
Recognised in:							
Participants' fund	-	81	-	-	-	-	81
Income statement	2,850	4,013	-	-	(280)	-	6,583
Other comprehensive income	-	-	403	-	-	100	503
At 31 March 2025	6,170	13,405	3,475	-	-	6,696	29,746
At 1 April 2025	6,170	13,405	3,475	-	-	6,696	29,746
Recognised in:							
Participants' fund	-	1,762	-	-	-	-	1,762
Income statement	(1,269)	1,744	-	1,039	-	-	1,514
Other comprehensive income	-	-	65	-	-	(129)	(64)
At 31 March 2026	4,901	16,911	3,540	1,039	-	6,567	32,958

20. Deferred taxation (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets

	Fair value of financial assets at FVTPL RM'000	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 April 2024	(1,653)	-	(1,632)	(3,285)
Recognised in:				
Participants' fund	9	-	-	9
Income statement	732	(62)	(2,469)	(1,799)
At 31 March 2025	(912)	(62)	(4,101)	(5,075)
At 1 April 2025	(912)	(62)	(4,101)	(5,075)
Recognised in:				
Participants' fund	-	-	(153)	(153)
Income statement	912	(86)	181	1,007
At 31 March 2026	-	(148)	(4,073)	(4,221)

21. Borrowing

	2026 RM'000	2025 RM'000
At amortised cost:		
Medium Term Notes ("MTN")	250,000	251,000
At fair value:		
Medium Term Notes ("MTN")	252,795	258,590

On 1 September 2015, the Company issued RM1,000,000 nominal value subordinated MTN which qualifies as Tier-2 capital under the RBC Framework issued by BNM. The subordinated MTN carries a tenure of ten (10) years from issue date on a 10-year, non-callable 5-year basis with a fixed interest rate of 4.95% per annum payable semi-annually in arrears. This has been matured during the financial year.

On 15 March 2022, the Company issued an additional RM50,000,000 nominal value subordinated MTN which qualifies as Tier-2 capital under the RBC Framework. The subordinated MTN carries a tenure of eight (8) years from issue date on a 8-year, non-callable 5-year basis with a fixed interest rate of 4.38% per annum payable semi-annually in arrears.

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

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities

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

	2026 Assets RM'000	2026 Liabilities RM'000	2026 Net RM'000	2025 Assets RM'000	2025 Liabilities RM'000	2025 Net RM'000
Insurance/takaful contracts issued:						
Local	11,065	(1,712,901)	(1,701,836)	5,019	(1,601,571)	(1,596,552)
Overseas	40,708	(1,645,731)	(1,605,023)	1,120	(1,615,303)	(1,614,183)
Total insurance/takaful contracts issued	51,773	(3,358,632)	(3,306,859)	6,139	(3,216,874)	(3,210,735)
Reinsurance/retakaful contracts held:						
Local	111,812	-	111,812	77,917	(2,997)	74,920
Overseas	246,973	(5,068)	241,905	198,607	(996)	197,611
Total reinsurance/retakaful contracts held	358,785	(5,068)	353,717	276,524	(3,993)	272,531

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

The Company disaggregates information to provide disclosure in respect of major product lines separately. This disaggregation has been determined based on how the company is managed.

Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

Included within the 'other movements' in the tables are amounts that are transferred to other items in the statement of financial position. The fulfilment cash flows may include amounts that are in the scope of a standard other than MFRS 17. For example, the Company has included some employee costs in the fulfilment cash flows under paragraph B65(l) of MFRS 17. The Company removes such costs from the fulfilment cash flows when they are incurred and included in the carrying amount of another asset or liability (e.g. other payables) in accordance with the other standard.

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

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

Insurance/takaful contracts issued

2026	Liabilities for remaining coverage: Excluding loss component RM'000	Liabilities for remaining coverage: Loss component RM'000	Liabilities for incurred claims RM'000	Unallocated surplus RM'000	Total RM'000
Insurance/takaful contract liabilities as at 1 April 2025	(539,425)	47,728	3,630,951	77,620	3,216,874
Insurance/takaful contract assets as at 1 April 2025	(119,857)	957	112,761	-	(6,139)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2025	**(659,282)**	**48,685**	**3,743,712**	**77,620**	**3,210,735**
Insurance/takaful revenue	**(1,823,818)**	**-**	**-**	**-**	**(1,823,818)**
Contracts under the fair value approach	(236,983)	-	-	-	(236,983)
New contracts and contracts under full retrospective approach	(1,586,835)	-	-	-	(1,586,835)
Insurance/takaful service expenses	**126,057**	**15,928**	**1,122,415**	**-**	**1,264,400**
Incurred claims and other insurance/takaful service expenses	15,715	-	1,337,361	-	1,353,076
Amortisation of acquisition cash flows	127,125	-	-	-	127,125
Experience variance from amortisation of acquisition cash flows	(16,783)	-	-	-	(16,783)
Reversal of onerous contracts	-	15,928	-	-	15,928
Changes to liabilities for incurred claims	-	-	(214,946)	-	(214,946)
Insurance/takaful service result	**(1,697,761)**	**15,928**	**1,122,415**	**-**	**(559,418)**
Non-distinct Investment Component	**(70,254)**	**-**	**70,254**	**-**	**-**
Insurance/takaful finance expenses	**58,881**	**(1,121)**	**103,392**	**24,774**	**185,926**
Effect of movements in exchange rates	**4,180**	**(1,147)**	**(89,062)**	**-**	**(86,029)**
Total changes in the income statement	**(1,704,954)**	**13,660**	**1,206,999**	**24,774**	**(459,521)**

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

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

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2026 (cont'd.)	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus RM'000**	**Total RM'000**
Cash flows					
Premium/contributions received	2,029,056	-	-	-	2,029,056
Claims and other expenses paid	-	-	(1,308,877)	-	(1,308,877)
Total cash flows	**2,029,056**	**-**	**(1,308,877)**	**-**	**720,179**
Other movements	**(113,637)**	**3,295**	**(54,319)**	**127**	**(164,534)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2026	**(448,817)**	**65,640**	**3,587,515**	**102,521**	**3,306,859**
Insurance/takaful contract liabilities as at 31 March 2026	(326,176)	34,315	3,532,509	117,984	3,358,632
Insurance/takaful contract assets as at 31 March 2026	(122,641)	31,325	55,006	(15,463)	(51,773)
Net insurance/takaful contract (assets)/liabilities as at 31 March 2026	**(448,817)**	**65,640**	**3,587,515**	**102,521**	**3,306,859**

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

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

Insurance/takaful contracts issued (cont'd.)

2025	Liabilities for remaining coverage: Excluding loss component RM'000	Liabilities for remaining coverage: Loss component RM'000	Liabilities for incurred claims RM'000	Unallocated surplus RM'000	Total RM'000
Insurance/takaful contracts liabilities as at 1 April 2024	(458,671)	72,620	3,261,553	56,777	2,932,279
Insurance/takaful contract assets as at 1 April 2024	(15,056)	204	7,363	-	(7,489)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2024	**(473,727)**	**72,824**	**3,268,916**	**56,777**	**2,924,790**
Insurance/takaful revenue	**(1,909,324)**	**-**	**-**	**-**	**(1,909,324)**
Contracts under the fair value approach	(460,227)	-	-	-	(460,227)
New contracts and contracts under full retrospective approach	(1,449,097)	-	-	-	(1,449,097)
Insurance/takaful service expenses	**109,101**	**(30,800)**	**1,373,902**	**-**	**1,452,203**
Incurred claims and other insurance/takaful service expenses	-	-	1,550,657	-	1,550,657
Amortisation of acquisition cash flows	106,971	-	-	-	106,971
Experience variance from amortisation of acquisition cash flows	2,130	-	-	-	2,130
Reversal of on onerous contracts	-	(30,800)	-	-	(30,800)
Changes to liabilities for incurred claims	-	-	(176,755)	-	(176,755)
Insurance/takaful service result	**(1,800,223)**	**(30,800)**	**1,373,902**	**-**	**(457,121)**
Insurance/takaful finance expenses	**51,189**	**9,632**	**96,398**	**7,207**	**164,426**
Effect of movements in exchange rates	**65,776**	**(2,971)**	**(146,525)**	**-**	**(83,720)**
Total changes in the income statement	**(1,683,258)**	**(24,139)**	**1,323,775**	**7,207**	**(376,415)**

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

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

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2025 (cont'd.)	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus RM'000**	**Total RM'000**
Cash flows					
Premium/contributions received	1,605,324	-	-	-	1,605,324
Claims and other expenses paid	-	-	(774,081)	-	(774,081)
Insurance/takaful acquisition cash flows	(109,101)	-	-	-	(109,101)
Total cash flows	**1,496,223**	**-**	**(774,081)**	**-**	**722,142**
Other movements	**1,480**	**-**	**(74,898)**	**13,636**	**(59,782)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2025	**(659,282)**	**48,685**	**3,743,712**	**77,620**	**3,210,735**
Insurance/takaful contract liabilities as at 31 March 2025	(539,425)	47,728	3,630,951	77,620	3,216,874
Insurance/takaful contract assets as at 31 March 2025	(119,857)	957	112,761	-	(6,139)
Net insurance/takaful contract (assets)/liabilities as at 31 March 2025	**(659,282)**	**48,685**	**3,743,712**	**77,620**	**3,210,735**

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

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

Insurance/takaful contracts issued (cont'd.)

Qard

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

	General Retakaful Fund		Family Retakaful Fund	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Opening balance	25,300	36,061	32,205	32,205
Reversal of Qard during the year	(2,000)	(10,761)	-	-
Closing balance	**23,300**	**25,300**	**32,205**	**32,205**

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

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

Reinsurance/retakaful contracts held

2026	Assets for remaining coverage: Excluding loss recovery component RM'000	Assets for remaining coverage: Loss recovery component RM'000	Amounts recoverable from incurred claims RM'000	Total RM'000
Reinsurance/retakaful contract assets as at 1 April 2025	(84,892)	9,758	351,658	276,524
Reinsurance/retakaful contract liabilities as at 1 April 2025	(4,756)	-	763	(3,993)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April 2025	**(89,648)**	**9,758**	**352,421**	**272,531**
Allocation of reinsurance premiums/retakaful contributions	**(327,252)**	**-**	**-**	**(327,252)**
Expected recovery for insurance/takaful service expenses incurred in the period	(237,996)	-	-	(237,996)
Changes in the risk adjustment for non-financial risk	(27,412)	-	-	(27,412)
Net cost/gain recognised in profit or loss	(96,457)	-	-	(96,457)
Other amount including experience adjustments	34,613	-	-	34,613
Amounts recoverable from reinsurers/retakaful operators	**-**	**(7,483)**	**179,398**	**171,915**
Amounts recoverable for claims	-	-	152,579	152,579
Loss recovery on onerous underlying contracts	-	(7,483)	-	(7,483)
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	26,819	26,819
Net income or expense from reinsurance/retakaful contracts held	**(327,252)**	**(7,483)**	**179,398**	**(155,337)**
Reinsurance/retakaful finance income	**9,695**	**426**	**7,616**	**17,737**
Effect of changes in non-performance risk of reinsurers/retakaful operators	**(183)**	**-**	**230**	**47**
Effect of movements in exchange rates	**(2,657)**	**(1,033)**	**(8,718)**	**(12,408)**
Total changes in the income statement	**(320,397)**	**(8,090)**	**178,526**	**(149,961)**

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

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

Reinsurance/retakaful contracts held (cont'd.)

2026 (cont'd.)	Assets for remaining coverage: Excluding loss recovery component RM'000	Assets for remaining coverage: Loss recovery component RM'000	Amounts recoverable from incurred claims RM'000	Total RM'000
Cash flows				
Premium/contribution and similar expenses paid	410,496	-	(8,664)	401,832
Amounts received	-	-	(173,054)	(173,054)
Total cash flows	**410,496**	**-**	**(181,718)**	**228,778**
Other movements	**2,369**	**-**	**-**	**2,369**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2026	**2,820**	**1,668**	**349,229**	**353,717**
Reinsurance/retakaful contract assets as at 31 March 2026	7,997	1,668	349,120	358,785
Reinsurance/retakaful contract liabilities as at 31 March 2026	(5,177)	-	109	(5,068)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2026	**2,820**	**1,668**	**349,229**	**353,717**

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

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

Reinsurance/retakaful contracts held (cont'd.)

2025	Assets for remaining coverage: Excluding loss recovery component RM'000	Assets for remaining coverage: Loss recovery component RM'000	Amounts recoverable from incurred claims RM'000	Total RM'000
Reinsurance/retakaful contract assets as at 1 April 2024	(140,877)	29,319	274,302	162,744
Reinsurance/retakaful contract liabilities as at 1 April 2024	(5,697)	-	16	(5,681)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April 2024	**(146,574)**	**29,319**	**274,318**	**157,063**
Allocation of reinsurance/retakaful premium/contributions	**(319,473)**	**-**	**-**	**(319,473)**
Expected recovery for insurance/takaful service expenses incurred in the period	(203,174)	-	-	(203,174)
Changes in the risk adjustment for non-financial risk	(10,299)	-	-	(10,299)
Net cost/gain recognised in income statement	(105,069)	-	-	(105,069)
Other amount	(931)	-	-	(931)
Amounts recoverable from reinsurers/retakaful operators	**-**	**(18,375)**	**229,224**	**210,849**
Amounts recoverable for claims	-	-	192,792	192,792
Loss recovery on onerous underlying contracts	-	(18,375)	-	(18,375)
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	36,432	36,432
Net income or expense from reinsurance/retakaful contracts held	**(319,473)**	**(18,375)**	**229,224**	**(108,624)**

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

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

Reinsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
2025 (cont'd.)	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Amounts recoverable from incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful finance income	12,538	356	5,213	18,107
Effect of changes in non-performance risk of reinsurers/retakaful operators	-	-	(82)	(82)
Effect of movements in exchange rates	**2,916**	**(1,542)**	**(13,609)**	**(12,235)**
Total changes in the income statement and other comprehensive income	**(304,019)**	**(19,561)**	**220,746**	**(102,834)**
Cash flows				
Premium/contribution and similar expenses paid	361,132	-	(6,023)	355,109
Amounts received	-	-	(136,620)	(136,620)
Total cash flows	**361,132**	-	**(142,643)**	**218,489**
Other movements	**(187)**	-	-	**(187)**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2025	**(89,648)**	**9,758**	**352,421**	**272,531**
Reinsurance/retakaful contract assets as at 31 March 2025	(84,892)	9,758	351,658	276,524
Reinsurance/retakaful contract liabilities as at 31 March 2025	(4,756)	-	763	(3,993)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2025	**(89,648)**	**9,758**	**352,421**	**272,531**

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

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

Insurance/takaful contracts issued

2026	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Insurance/takaful contract liabilities as at 1 April 2025	2,190,367	450,670	498,217	77,620	3,216,874
Insurance/takaful contract assets as at 1 April 2025	(7,744)	799	806	-	(6,139)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2025	**2,182,623**	**451,469**	**499,023**	**77,620**	**3,210,735**
Changes that relate to current services					
Contractual service margin recognised for services provided	-	-	(363,756)	-	(363,756)
Risk adjustment for the risk expired	-	(28,989)	-	-	(28,989)
Experience adjustments	32,345	-	-	-	32,345
Changes that relate to future services					
Contracts initially recognised in the period	(578,488)	136,635	466,317	-	24,464
Changes in estimates that adjust the contractual service margin	83,576	46,600	(130,176)	-	-
Changes in estimates that do not adjust the contractual service margin	15,296	(23,832)	-	-	(8,536)
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	(120,202)	(94,744)	-	-	(214,946)
Insurance/takaful service result	**(567,473)**	**35,670**	**(27,615)**	**-**	**(559,418)**
Insurance/takaful finance expense	**119,845**	**11,696**	**29,611**	**24,774**	**185,926**
Effect of movements in exchange rates	**(57,431)**	**(18,251)**	**(10,347)**	**-**	**(86,029)**
Total changes in the income statement	**(505,059)**	**29,115**	**(8,351)**	**24,774**	**(459,521)**

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

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

Insurance/takaful contracts issued (cont'd.)

2026 (cont'd.)	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Cash flows					
Premium/contributions received	2,029,056	-	-	-	2,029,056
Claims and other expenses paid	(1,308,877)	-	-	-	(1,308,877)
Total cash flows	**720,179**	**-**	**-**	**-**	**720,179**
Other movements	**(164,661)**	**-**	**-**	**127**	**(164,534)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2026	**2,233,082**	**480,584**	**490,672**	**102,521**	**3,306,859**
Insurance/takaful contract liabilities as at 31 March 2026	2,491,088	396,363	353,197	117,984	3,358,632
Insurance/takaful contract assets as at 31 March 2026	(258,006)	84,221	137,475	(15,463)	(51,773)
Net insurance/takaful contract (assets)/liabilities as at 31 March 2026	**2,233,082**	**480,584**	**490,672**	**102,521**	**3,306,859**

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

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

Insurance/takaful contracts issued (cont'd.)

2025	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Insurance/takaful contract liabilities as at 1 April 2024	2,130,693	345,562	399,247	56,777	2,932,279
Insurance/takaful contract assets as at 1 April 2024	(15,804)	1,995	6,320	-	(7,489)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2024	**2,114,889**	**347,557**	**405,567**	**56,777**	**2,924,790**
Changes that relate to current services					
Contractual service margin recognised for services provided	-	-	(493,943)	-	(493,943)
Risk adjustment for the risk expired	-	(425)	-	-	(425)
Experience adjustments	244,802	-	-	-	244,802
Changes that relate to future services					
Contracts initially recognised in the period	(619,683)	177,297	478,466	-	36,080
Changes in estimates that adjust the contractual service margin	(128,035)	29,559	98,476	-	-
Changes in estimates that do not adjust the contractual service margin	(38,232)	(28,648)	-	-	(66,880)
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	(104,036)	(72,719)	-	-	(176,755)
Insurance/takaful service result	**(645,184)**	**105,064**	**82,999**	**-**	**(457,121)**
Insurance/takaful finance expense	**123,539**	**14,261**	**19,419**	**7,207**	**164,426**
Effect of movements in exchange rates	**(59,345)**	**(15,413)**	**(8,962)**	**-**	**(83,720)**
Total changes in the income statement	**(580,990)**	**103,912**	**93,456**	**7,207**	**(376,415)**

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

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

Insurance/takaful contracts issued (cont'd.)

2025 (cont'd.)	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Cash flows					
Premium/contributions received	1,605,324	-	-	-	1,605,324
Claims and other expenses paid	(774,081)	-	-	-	(774,081)
Insurance/takaful acquisition cash flows	(109,101)	-	-	-	(109,101)
Total cash flows	**722,142**	**-**	**-**	**-**	**722,142**
Other movements	**(73,418)**	**-**	**-**	**13,636**	**(59,782)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2025	**2,182,623**	**451,469**	**499,023**	**77,620**	**3,210,735**
Insurance/takaful contract liabilities as at 31 March 2025	2,190,367	450,670	498,217	77,620	3,216,874
Insurance/takaful contract assets as at 31 March 2025	(7,744)	799	806	-	(6,139)
Net insurance/takaful contract (assets)/liabilities as at 31 March 2025	**2,182,623**	**451,469**	**499,023**	**77,620**	**3,210,735**

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

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

Reinsurance/retakaful contracts held

	2026				2025			
	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance/retakaful contract assets as at 1 April	181,647	46,592	48,285	276,524	85,350	22,179	55,215	162,744
Reinsurance/retakaful contract liabilities as at 1 April	(4,109)	116	-	(3,993)	(13,047)	1,152	6,214	(5,681)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April	**177,538**	**46,708**	**48,285**	**272,531**	**72,303**	**23,331**	**61,429**	**157,063**
Changes that relate to current services								
Contractual service margin recognised for services received	-	-	(96,457)	(96,457)	-	-	(105,069)	(105,069)
Risk adjustment for the risk expired	-	(16,505)	-	(16,505)	-	9,204	-	9,204
Experience adjustments	(61,710)	-	-	(61,710)	(30,815)	-	-	(30,815)
Changes that relate to future services								
Contracts initially recognised in the period	(146,296)	22,164	123,239	(893)	(160,193)	20,556	174,131	34,494
Changes in estimates that adjust the contractual service margin	4,775	5,228	(10,003)	-	67,408	18,562	(85,970)	-
Changes in estimates that do not adjust the CSM	(2,609)	(3,982)	-	(6,591)	(39,168)	(13,702)	-	(52,870)
Changes that relate to past services								
Changes in amounts recoverable arising from changes in liability for incurred claims	36,982	(10,163)	-	26,819	47,543	(11,111)	-	36,432

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

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

Reinsurance/retakaful contracts held (cont'd.)

	2026				2025			
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Reinsurance/retakaful finance income	**12,279**	**(15)**	**5,473**	**17,737**	**10,334**	**1,114**	**6,659**	**18,107**
Effect of changes in non-performance risk of reinsurers/retakaful operators	**47**	**-**	**-**	**47**	**(82)**	**-**	**-**	**(82)**
Effect of movements in exchange rates	**(4,441)**	**(4,038)**	**(3,929)**	**(12,408)**	**(8,038)**	**(1,489)**	**(2,708)**	**(12,235)**
Total changes in the income statement	**(160,973)**	**(7,311)**	**18,323**	**(149,961)**	**(113,011)**	**23,134**	**(12,957)**	**(102,834)**
Cash flows								
Premium/contribution and similar expenses paid	478,156	-	-	401,832	361,132	-	-	361,132
Amounts received	(249,378)	-	-	(173,054)	(142,643)	-	-	(142,643)
Total cash flows	**228,778**	**-**	**-**	**228,778**	**218,489**	**-**	**-**	**218,489**
Other movements	**2,369**	**-**	**-**	**2,369**	**(243)**	**243**	**(187)**	**(187)**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March	**247,712**	**39,397**	**66,608**	**353,717**	**177,538**	**46,708**	**48,285**	**272,531**
Reinsurance/retakaful contract assets as at 31 March	252,780	39,397	66,608	358,785	181,647	46,592	48,285	276,524
Reinsurance/retakaful contract liabilities as at 31 March	(5,068)	-	-	(5,068)	(4,109)	116	-	(3,993)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March	**247,712**	**39,397**	**66,608**	**353,717**	**177,538**	**46,708**	**48,285**	**272,531**

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

The impacts on the current period of transition approaches adopted to establishing Contractual service margin ("CSM")

The impact on the current period of the transition approaches adopted to establishing CSMs for insurance/takaful contracts issued and reinsurance/retakaful contracts held portfolios are disclosed in the tables below:

Insurance/takaful contracts issued

	2026			2025		
	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CSM as at 1 April	**87,537**	**411,486**	**499,023**	**167,798**	**237,769**	**405,567**
Changes that relate to current services						
CSM recognised for services provided	(97,907)	(265,849)	(363,756)	(171,494)	(322,449)	(493,943)
Changes that relate to future services						
Contracts initially recognised in the period	-	466,317	466,317	-	478,466	478,466
Changes in estimates that adjust the CSM	22,568	(152,744)	(130,176)	85,687	12,789	98,476
Insurance/takaful service result	**(75,339)**	**47,724**	**(27,615)**	**(85,807)**	**168,806**	**82,999**
Insurance/takaful finance expense	**3,760**	**25,851**	**29,611**	**5,612**	**13,807**	**19,419**
Effect of movements in exchange rates	**(17)**	**(10,330)**	**(10,347)**	**(66)**	**(8,896)**	**(8,962)**
Total changes in the statement of profit or loss	**(71,596)**	**63,245**	**(8,351)**	**(80,261)**	**173,717**	**93,456**
CSM as at 31 March	**15,941**	**474,731**	**490,672**	**87,537**	**411,486**	**499,023**

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

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

Reinsurance/retakaful contracts held

	2026			2025		
	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CSM as at 1 April	**56**	**48,229**	**48,285**	**189**	**61,240**	**61,429**
Changes that relate to current services						
CSM recognised for services provided	12	(96,469)	(96,457)	46	(105,115)	(105,069)
Changes that relate to future services						
Contracts initially recognised in the period	-	123,239	123,239	-	174,131	174,131
Changes in estimates that adjust the CSM	130	(10,133)	(10,003)	(178)	(85,792)	(85,970)
Reinsurance/retakaful service result	**142**	**16,637**	**16,779**	**(132)**	**(16,776)**	**(16,908)**
Reinsurance/retakaful finance expense	**(7)**	**5,480**	**5,473**	**(1)**	**6,660**	**6,659**
Effect of movements in exchange rates	**-**	**(3,929)**	**(3,929)**	**-**	**(2,708)**	**(2,708)**
Total changes in the income statement	**135**	**18,188**	**18,323**	**(133)**	**(12,824)**	**(12,957)**
Other movements	-	-	-	-	(187)	(187)
CSM as at 31 March	**191**	**66,417**	**66,608**	**56**	**48,229**	**48,285**

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

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

The components of new business

The components of new business for insurance/takaful contracts issued and reinsurance/retakaful contracts held portfolios are disclosed in the tables below:

Insurance/takaful contracts issued

	Contracts issued		
2026	**Non-onerous RM'000**	**Onerous RM'000**	**Total RM'000**
Insurance/takaful contract liabilities			
Estimate of present value of future cash outflows, excluding insurance/takaful acquisition cash flows	1,124,088	318,096	1,442,184
Estimates of insurance/takaful acquisition cash flows	48,341	6,749	55,090
Estimate of present value of future cash outflows	1,172,429	324,845	1,497,274
Estimates of present value of future cash inflows	(1,751,932)	(323,828)	(2,075,760)
Risk adjustment	113,185	23,449	136,634
CSM	466,318	-	466,318
Losses on onerous contracts at initial recognition	**-**	**24,466**	**24,466**

	Contracts issued		
2025	**Non-onerous RM'000**	**Onerous RM'000**	**Total RM'000**
Insurance/takaful contract liabilities			
Estimate of present value of future cash outflows, excluding insurance/takaful acquisition cash flows	2,419,453	273,599	2,693,052
Estimates of insurance/takaful acquisition cash flows	81,598	7,742	89,340
Estimate of present value of future cash outflows	2,501,051	281,341	2,782,392
Estimates of present value of future cash inflows	(3,128,559)	(273,516)	(3,402,075)
Risk adjustment	149,042	28,255	177,297
CSM	478,466	-	478,466
Losses on onerous contracts at initial recognition	**-**	**36,080**	**36,080**

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

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

The components of new business

Reinsurance/retakaful contracts held

	2026 Contracts purchased RM'000	2025 Contracts purchased RM'000
Reinsurance/retakaful contract assets		
Estimates of present value of future cash outflows	(367,072)	(369,509)
Estimates of present value of future cash inflows	220,776	209,316
Risk adjustment	22,164	20,556
CSM	123,239	174,131
Recovery of losses on onerous contracts at initial recognition	**(893)**	**34,494**

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

CSM recognition in income statement

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

	Less than 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
31 March 2026							
Insurance/takaful contracts issued	238,661	113,680	36,684	11,044	8,723	81,880	490,672
Reinsurance/retakaful contracts held	(53,810)	(7,761)	(2,025)	(1,891)	(945)	(176)	(66,608)
	184,851	105,919	34,659	9,153	7,778	81,704	424,064
31 March 2025							
Insurance/takaful contracts issued	302,236	92,443	72,721	21,842	1,376	8,405	499,023
Reinsurance/retakaful contracts held	(41,381)	(6,443)	(196)	(119)	(101)	(45)	(48,285)
	260,855	86,000	72,525	21,723	1,275	8,360	450,738

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

23. Other payables and provisions

	2026 RM'000	2025 RM'000
Due to related companies*:		
Due to holding company	1,826	3,188
Due to associate and related companies	448	126
Provisions	12,922	11,121
Accruals	7,489	15,596
Sundry payables**	14,364	13,508
	37,049	43,539

* The amounts due to holding company, associate and related companies are unsecured, interest-free and repayable upon demand.

** The sundry payables and accruals include amounts owing by the Retakaful Division which were eliminated to arrive at the Company level balances as disclosed under Note 37(b). The amounts eliminated were the following:

	2026 RM'000	2025 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Amount owing by Retakaful Division#	51,530	45,067
	138,914	132,451

\# The amount owing by the Retakaful Division is unsecured, profit-free and repayable on demand.

The carrying amounts disclosed above approximate fair value due to their relatively short term nature.

24. Share capital

	Number of ordinary shares		Amount	
	2026 '000	2025 '000	2026 RM'000	2025 RM'000
Issued and fully paid; at no par value:				
At beginning/ end of the financial year	663,106	663,106	663,106	663,106

25. Merger deficit

	2026 RM'000	2025 RM'000
Merger deficit	(9,618)	(9,618)

Merger deficit represents the difference between the consideration given and the carrying value of the net asset value of the general and family retakaful businesses transferred from a fellow subsidiary, Sinar Seroja Berhad on 1 December 2017.

26. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the number of ordinary shares in issue during the year as follows:

	2026	2025
Net profit for the year (RM'000)	408,109	325,190
Number of ordinary shares in issue ('000)	663,106	663,106
Basic and diluted earnings per share (sen)	61.5	49.0

There were no dilutive effects in the current and prior year.

27. Dividend

	2026 RM'000	2025 RM'000
The dividends paid by the Company were as follows:		
In respect of the financial year ended 31 March 2025:		
Final single-tier dividend of 9.0% on 663,106,423 ordinary shares, declared and paid on 3 October 2025	60,000	-
In respect of the financial year ended 31 March 2024:		
Final single-tier dividend of 15.1% on 663,106,423 ordinary shares, declared on 10 October 2024 and paid on 15 October 2024	-	100,000

28. The Company as a lessor

The Company has entered into non-cancellable operating lease agreements on its portfolio of self-occupied property. These leases have remaining non-cancellable lease terms of 1 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the financial year end but not recognised as receivables, are as follows:

	2026 RM'000	2025 RM'000
Within 1 year	4,979	4,169
After 1 year and not more than 5 years	5,907	3,148
	10,886	7,317

29. Capital commitments

	2026 RM'000	2025 RM'000
Capital expenditure		
Approved and contracted for:		
Property and equipment	1,788	4,284
Intangible assets	1,938	522
	3,726	4,806
Approved but not contracted for:		
Property and equipment	8,561	322
Intangible assets	36,041	1,068
	44,602	1,390

30. Significant related party disclosures

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has 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 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 Directors of the Company, GSC members, and certain members of senior management of the Company.

30. Significant related party disclosures (cont'd.)

(a) Related party transactions

The significant related party transactions during the year are as follows:

	2026 RM'000	2025 RM'000
Income/(expenses):		
Transactions with Labuan Reinsurance (L) Ltd., an associate:		
Reinsurance inward (net of claims)	128	(83)
Dividend received	7,686	6,887
Directors' fee	103	103
Transactions with Takaful IKHLAS Family, a fellow subsidiary:		
Management fees expenses	(565)	(460)
Management expenses chargeback	(191)	406
Gross contribution paid for takaful cover	(548)	(512)
Retakaful inward (net of claims)	4,027	17,719
Transactions with Takaful IKHLAS General, a fellow subsidiary:		
Management fees (expenses)/income	(25)	39
Management expenses chargeback	100	148
Rental income	1,145	1,145
Gross contribution paid for takaful cover	(113)	(102)
Retakaful inward (net of claims)	20,439	11,683
Transactions with MNRB, the holding company:		
Management fees expenses	(29,141)	(25,067)
Management expenses chargeback	(3,016)	(3,887)
Interest paid	(2,180)	(2,240)
Dividend paid	(60,000)	(100,000)
Rental and other income from property	1,250	1,250
Purchase of computer software	-	(343)
Transactions with MMIP Services Sdn. Bhd., a fellow subsidiary:		
Rental and other income from property	225	210
Management expenses chargeback	6	14
Transactions with Malaysian Re (Dubai) Ltd., a fellow subsidiary:		
Management fees for marketing activities	-	(482)

30. Significant related party disclosures (cont'd.)

(b) Related party balances

Included in the statement of financial position are amounts due from/(to) related parties represented by the following:

	2026 RM'000	2025 RM'000
Insurance/takaful (payables)/receivables:		
Takaful IKHLAS General	(6,829)	(5,666)
Takaful IKHLAS Family	19,287	28,579
Labuan Reinsurance (L) Ltd	(4,847)	(921)
Other (payables)/receivable:		
MNRB	-	(54,078)
Takaful IKHLAS General	(84)	126
Takaful IKHLAS Family	(577)	(250)
Malaysian Re (Dubai)	-	1
MMIP Services Sdn. Bhd	-	(15)
Labuan Reinsurance (L) Ltd	-	12

Details of the compensation granted to key management personnel are as follows:

	2026 RM'000	2025 RM'000
Non-executive directors' remuneration (Note 11):		
Fees	565	656
Meeting allowances	132	239
Benefits-in-kind	32	-
GSC members' remuneration (Note 11):		
Fees	100	86
Meeting allowances	27	24
President & CEO's remuneration (Note 11):		
Salaries and bonus	1,435	1,183
Pension costs - EPF	244	201
Benefits-in-kind	25	31
Others	160	118
Other key management personnel:		
Salaries and bonus	6,257	6,118
Pension costs - EPF	1,006	982
Allowances	745	759

31. Risk management framework

The Company adopts MNRB's Group Risk Management Framework and Policy ("RM Framework") which was established to provide a set of guidelines for implementing risk management throughout the Group. It encompasses the Company's risk management:

(i) **strategy**, by having appropriate risk management objectives, policies and appetites;

(ii) **architecture**, by setting up risk management roles and responsibilities, communication and reporting structure; and

(iii) **protocol**, by describing the procedures, methodologies, tools and techniques for risk management.

Risk management is the process of identifying, assessing, measuring, controlling, mitigating, and continuously monitoring the risks in respect of the Company as a whole. It involves regular self-assessments of all reasonably foreseeable and material risks that the Company faces, including their inter-relationships and the maintenance of a link between ongoing risk management and mid- to long-term business goals, strategies and capital needs.

The RM Framework aims to serve as a guide for the effective management of risks throughout the Company. The RM Framework is intended to provide guidance to the Company in performing its risk management roles and responsibilities and ultimately aims to support the achievement of the Company's strategic and financial objectives.

The primary objectives of the RM Framework are as follows:

(i) Embeds the risk management process and ensures it is an integral part of the Company's planning process at a strategic and operational level;

(ii) Facilitates effective risk oversight through a clear internal risk governance structure and responsibilities;

(iii) Creates a risk awareness culture from a strategic, operational, and individual perspective;

(iv) Gives credibility to the process and engages management's attention to the treatment, monitoring, reporting and review of identified risks as well as considering new and emerging risks on a continuous basis;

(v) Ensures appropriate strategies are in place to mitigate risks and maximise opportunities;

(vi) Allows the Company to proactively manage their risks in a systematic and structured way and to continually refine their processes to reduce their risk profile, thereby maintaining a safer environment for their stakeholders;

31. Risk management framework (cont'd.)

(vii) Aligns the Company's risk management practices with its sustainability principles;

(viii) Provides a single point of reference for managing risks in a systematic and structured way; and

(ix) Standardises risk terminologies across the Company to facilitate a consistent and uniform approach in managing risks.

In pursuit of the above objectives, it is the Company's policy to adhere to, and comply with, all relevant governance and regulatory requirements and implement best practice with regard to risk management principles. The Company also aims to uphold high standards of business practices in all its activities.

(a) Risk management governance

The Board and Senior Management collectively have responsibility and accountability for setting the objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives.

The Company has adopted the Group's Three Lines of Defence governance model which provides a formal, transparent, and effective risk governance structure to promote active involvement from the Board, Senior Management, and all employees in the risk management process across the Company.

In addition, the Group and the main operating subsidiaries have set up an in-house risk management function, compliance function and committee on a group and entity-wide basis to ensure an efficient risk management function.

The roles and responsibilities of the functions structure are as follows:

(i) The Board has established a dedicated Board Committee known as the RMCB to support the Board in meeting the expectations and responsibilities on the risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a strong risk management culture;

(ii) The Audit Committee is established to complement the role of the Board by providing an independent assessment of the adequacy and effectiveness of governance, risk management and internal control. The Audit Committee is assisted by an independent Internal Audit Department in performing its role;

31. Risk management framework (cont'd.)

(a) Risk management governance (cont'd.)

(iii) The GSC is established to provide objective and expert advice to the Group to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah;

(iv) The Senior Management Committee (“SMC”) oversees the implementation of risk and compliance management processes, establishes and implements appropriate organisational structures and systems for managing financial and non-financial risks;

(v) The GMRCC, which comprises the President & Group Chief Executive Officer ("President & GCEO"), the President & Chief Executive Officers ("President & CEOs") of the main operating subsidiaries and selected members of Senior Management from MNRB Group is established to support the SMC to implement the risk and compliance management processes, establish clear guidance in managing the Company’s risk to ensure its alignment to the Company’s risk appetite for all business strategies and activities;

(vi) The Information Technology Steering Committee (“ITSC”), chaired by the President & Chief Executive Officer, is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities;

(vii) The Group Business Continuity Management Committee (“GBCMC”) is established and is responsible to review and recommend changes to the Group BCM Framework, evaluates the Business Continuity, Crisis Management, and Disaster Recovery Plans, approves the BCM programme workplan, and deliberates on issues related to crisis management and recovery centers;

31. Risk management framework (cont'd.)

(a) Risk management governance (cont'd.)

(viii) The Group Chief Risk Officer ("GCRO") oversees risk governance across the Group and is supported by the Head of Risk Management of the main operating subsidiaries. Together, they assist the GMRCC and the respective Risk Committees of the Board in ensuring effective implementation and maintenance of RM Framework and its sub-framework. Primarily, the main operating subsidiaries provide the necessary infrastructure to carry out the risk management function and the Risk Management Department acts as the central contact and guide for risk management issues within the respective entities; and

(ix) At the operational level, the implementation of the risk management processes in the day-to-day operations of the Company are facilitated by Heads of Department as well as embedded risk managers of each department, guided by various components of the RM Framework.

A dedicated GIC is been established to oversee the strategic direction and management of the Group's investment assets (inclusive but not limited to investment risks, governance and asset allocation), reporting directly to the Board. The GIC is supported by the Group Investment Management Committee ("GIMC"), which comprises key senior executives, including the President & GCEO, the President & CEOs of major operating subsidiaries, the Group Chief Financial Officer, and the Group Chief Investment Officer.

To strengthen risk management, the Group has adopted a comprehensive Group Investment Policy ("GIP"), that provides a high-level framework for investment decisions. The policy governs investments across fixed income securities, equities, deposits with licensed financial institutions, and other marketable securities.

For enhanced clarity and governance, the GIP is supplemented by a separate Group Investment Guidelines ("GIG") document. This distinction ensures that the GIP sets out strategic objectives, while the GIG details operational investment management rules. Together, they align with the regulatory frameworks of RBC and RBCT.

The Group Investment Department ("GID"), together with dedicated Asset-Liability Management Committees ("ALCOs") have been established to monitor and manage asset-liability mismatches, duration gaps, credit risk exposures, cash flow projections, hedging strategies, and overall asset management. The GID and ALCOs ensure that investment and risk management practices are aligned across the Group. The Company's committee reports directly to the Board through the GIC, thereby reinforcing consistent oversight, accountability, and governance at both Group and Company level.

31. Risk management framework (cont'd.)

(b) Capital management

The Internal Capital Adequacy Assessment Process ("ICAAP") encompasses the overall process where the Company ensures adequate capital is available to meet its capital requirements on an ongoing basis, under normal and stressed conditions, in line with BNM's Policy document on Internal Capital Adequacy Assessment for Insurers, Internal Capital Adequacy Assessment for Insurers, RBC and RBCT Frameworks, and BNM's Policy Document on Stress Testing.

Based on the material risks identified, the Company assesses the overall capital adequacy and develops the Capital Management Plan (“CMP”), where the main objective is to monitor and maintain, at all times, an appropriate level of capital which commensurate with the Company's business operations and the resultant risk profile.

The ICAAP Policy also requires the Company to set an Individual Target Capital Level ("ITCL") based on its business strategies, risk profile, and risk management practices. The Company’s prevailing ITCL is above the minimum regulatory capital requirements outlined under the RBC/RBCT Framework.

The CMP outlines the criteria, mechanism, and process flow to manage the level of Capital Adequacy Ratio (“CAR”) of the Company. This includes the thresholds, triggers, and action plans in place which could be undertaken to reduce the level of risks or strengthen the capital available. The action plans shall be triggered upon the CAR reaching the respective thresholds. These actions are chosen with consideration to the possible adverse scenarios relative to normal operating conditions.

(c) Regulatory framework

The Company is required to comply with the FSA 2013, the IFSA 2013, the Companies Act, 2016, any other relevant Acts, and as applicable, Policy Documents issued by BNM from time to time.

In line with the RBC and RBCT Frameworks' requirements on capital adequacy, the Company actively manages its capital by taking into account the potential impact of business exposure on its business strategies, risk profile, and overall resilience.

The total capital available of the Company as at 31 March 2026, as prescribed and reported under the RBC and RBCT Frameworks, is provided below:

31. Risk management framework (cont'd.)

(c) Regulatory framework (cont'd.)

	2026 RM'000	2025 RM'000
Eligible Tier 1 Capital		
Share capital	663,106	663,106
Retained profits	2,126,316	1,805,471
Valuation surplus/(deficit) maintained in the retakaful funds	20,614	(1,372)
	2,810,036	2,467,205
Eligible Tier 2 Capital		
Revaluation reserve	59,638	55,899
Fair value reserve	56,656	55,599
Subordinated term debt	240,000	250,000
General reserves (merger deficit)	(9,618)	(9,618)
	346,676	351,880
Deductions	(138,027)	(151,128)
Total Capital Available	3,018,685	2,667,957

32. Insurance/takaful risk of general reinsurance/retakaful

(a) Nature of risk

The Company principally underwrites general reinsurance and retakaful contracts in relation to the following main breakdown: Voluntary Cession and Auto Facultative ("VC and Auto Fac"), Facultative, Treaty - Proportional, and Treaty - Non-Proportional. Risks under these contracts usually cover a 12-month duration other than some long-term contracts, such as construction contracts which may cover the duration of the project. The most significant risk arises from adverse development of claims and the occurrence of new catastrophe losses. These risks vary significantly in relation to the economic conditions and territories from which the risks are underwritten. The Company is exposed to concentration risk through its reinsurance and retakaful contracts, which may be concentrated in certain geographic regions, lines of business and types of coverage.

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.

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(a) Nature of risk (cont'd.)

The table below discloses the business by types of coverage, by local and overseas risks, by insurance/takaful contracts issued and reinsurance/retakaful contracts held:

	Gross RM'000	Re-insurance/ retakaful RM'000	Net RM'000
2026			
VC and Auto Fac	541,794	-	541,794
Facultative	304,028	3,673	307,701
Treaty - Proportional	1,970,331	(358,274)	1,612,057
Treaty - Non proportional	388,185	884	389,069
Qard and UW Surplus	102,521	-	102,521
	3,306,859	(353,717)	2,953,142
Local	1,701,836	(111,812)	1,590,024
Overseas	1,605,023	(241,905)	1,363,118
	3,306,859	(353,717)	2,953,142
Insurance/reinsurance	3,076,451	(285,708)	2,790,743
Takaful/retakaful	230,408	(68,009)	162,399
	3,306,859	(353,717)	2,953,142

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(a) Nature of risk (cont'd.)

The table below discloses the business by types of coverage, by local and overseas risks, by insurance/takaful contracts issued and reinsurance/retakaful contracts held (cont'd):

	Gross RM'000	Re-insurance/ retakaful RM'000	Net RM'000
2025			
VC and Auto Fac	(708,729)	(10,412)	(719,141)
Facultative	(243,229)	(2,307)	(245,536)
Treaty - Proportional	(1,725,735)	204,136	(1,521,599)
Treaty - Non proportional	(455,422)	81,114	(374,308)
Qard and UW Surplus	(77,620)	-	(77,620)
	(3,210,735)	272,531	(2,938,204)
Local	(1,596,552)	74,920	(1,521,632)
Overseas	(1,614,183)	197,611	(1,416,572)
	(3,210,735)	272,531	(2,938,204)
Insurance/reinsurance	(3,061,739)	261,501	(2,800,238)
Takaful/retakaful	(148,996)	11,030	(137,966)
	(3,210,735)	272,531	(2,938,204)

The losses are further mitigated by ensuring that the Company’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/retrotakaful programmes. Pricing tool ensures the risk exposures are adequately priced.

The Company's retrocession/retrotakaful programmes are reviewed annually by the Retrocession Committee ("RC"), GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. The RC is responsible to ensure all aspects of the business operations, risk management including risk appetite, risk tolerance, and business strategies of the Company were taken into consideration in the overall procurement of Malaysian Re’s retrocession/retrotakaful programmes and being carried out in the best interest of the Company. Selection of reinsurers participating in the retrocession/retrotakaful programmes of Malaysian Re is in accordance with the criteria stipulated by BNM and the Board.

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(a) Nature of risk (cont'd.)

Insurance/takaful contract liabilities (cont'd.)

Stress testing is performed at least once a year, or more frequently if required. The purpose of the stress testing is to test the solvency and financial viability of the general reinsurance/retakaful business under the various scenarios as guided by regulatory guidelines. Stress tests and scenario analysis are used to assess the Company’s ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

(b) Reserving risk

Reserving risk relates to the risk arising from inadequate reserves to meet the net claims amount payable. The determination of the Company's insurance/takaful contract liabilities relies on the information derived from various sources such as historical claims experience, existing knowledge of events that have occurred, the terms and conditions of relevant contracts, and interpretation of prevailing circumstances. Upon notification of a claim, the Company sets aside both case and technical reserves to meet the expected ultimate loss arising from this claim. Case reserves are amounts set aside for individual reported claims, estimated based on the expected cost to settle each claim. Technical reserves, on the other hand, include provisions for claims that have occurred but have not yet been reported (Incurred But Not Reported - IBNR), as well as reserves for any adverse developments in existing claims. These claim reserves are updated periodically taking into account the development of the claims.

At each reporting date end, the Company performs a valuation of liabilities for the purpose of ensuring that liabilities for remaining coverage and liabilities for incurred claims are objectively assessed and adequately provided for.

(c) Catastrophe Risk

Catastrophe risk is the risk that a single or a series of catastrophe events, usually over a short period, which leads to a high number of claims or single large loss or combination of both. The consequences of this risk are minimised by having retrocession/retrotakaful coverage in place and by maintaining retention levels in line with the Company’s risk appetite.

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(d) Premium/Contribution Risk

Premium/Contribution risk arises when premiums/contributions charged are insufficient to meet expected claims and expenses. This risk is mitigated by adhering to the underwriting guidelines and ceding risks above our risk appetite to retrocessionaires/retrotakaful providers with strong financial standing. Any deficiencies in premiums/contributions will be recognised in the income statement as a loss component at the inception of the business.

(e) 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 relevant contracts, and interpretation of circumstances. Particularly relevant are past experiences with similar cases, historical claims development trends, legislative changes, judicial decisions, and economic conditions.

The inherent uncertainties in estimating liabilities can arise from a variety of factors, such as the range and quality of data available, underlying assumptions made, and random volatility in future experience.

The insurance/takaful contract liabilities of the Company are sensitive to various key factors which are both internal and external. External factors to which the Company 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.

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 of retrocession/retrotakaful for liabilities, profit before tax, and shareholder's equity. The correlations of assumptions will have a significant effect on the sensitivity analysis, but to demonstrate the impact due to changes in specific assumptions, the sensitivity analysis is performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current business profile and economic assumptions.

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(e) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis (cont'd.)

	Change in assumptions %*	Impact on profit before tax gross of reinsurance/ retakaful** RM'000	Impact on profit before tax net of reinsurance/ retakaful** RM'000	Impact on equity gross of reinsurance/ retakaful*** RM'000	Impact on equity net of reinsurance/ retakaful*** RM'000	Impact on liabilities gross of reinsurance/ retakaful RM'000	Impact on liabilities net of reinsurance/ retakaful RM'000
		<----------	----------	Increase / (Decrease)	----------	----------	---------->
2026							
Ultimate loss ratio	+5%	(183,175)	(168,164)	(168,520)	(154,710)	187,179	172,132
Discount rates	+25 bp	(8,087)	(10,573)	(7,440)	(9,727)	(31,580)	(29,064)
Foreign currency	+5%	2,112	1,873	1,942	1,724	99,458	88,244
Ultimate loss ratio	-5%	182,289	167,273	167,705	153,890	(186,302)	(171,250)
Discount rates	-25 bp	8,323	7,687	10,814	9,976	32,047	29,497
Foreign currency	-5%	(2,112)	(1,873)	(1,942)	(1,724)	(99,458)	(88,244)
2025							
Ultimate loss ratio	+5%	(173,242)	(157,267)	(159,382)	(144,685)	178,281	162,068
Discount rates	+25 bp	(1,225)	(3,228)	(1,127)	(2,970)	(28,674)	(26,150)
Foreign currency	+5%	2,111	1,904	1,942	1,752	104,415	94,160
Ultimate loss ratio	-5%	170,615	155,173	156,965	142,759	(175,660)	(159,944)
Discount rates	-25 bp	1,385	3,885	805	3,142	29,056	26,499
Foreign currency	-5%	(2,111)	(1,904)	(1,942)	(1,752)	(104,415)	(94,160)

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(e) Impact on liabilities, profit and equity (cont'd)

Sensitivity analysis (cont'd.)

*	The stress factor for ultimate loss ratio and forex is a multiplicative function.
**	The impact on profit before tax includes impact of financial instruments (assets), changes in fulfilment cash flows relating to loss components and/or changes in fulfilment cash flows that are recognised as insurance/takaful finance income or expenses in profit or loss.
***	Impact on equity reflects the effect on profit before tax above and adjustments for tax, when applicable.

The method used in performing the sensitivity analysis is consistent with the prior year.

(f) 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 as at respective financial year end position, along with cumulative claim payments to-date.

In setting provisions for claims, the Company considers the probability and magnitude of future claims 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 2026 will only be available once the Company has completed the underwriting of its business for the period from 1 January 2026 to 31 December 2026.

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

Gross Liability for Incurred Claims ("LIC") for 2026:

Underwriting year	Before 2019 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Subtotal RM'000
At the end of accident year		-	-	1,015,635	801,407	646,564	778,748	801,108	
One year later		-	926,423	1,443,904	1,486,803	1,329,484	1,230,439	-	
Two years later		803,946	916,687	1,560,518	1,242,535	1,214,622	-	-	
Three years later		796,453	890,144	1,542,289	1,113,098	-	-	-	
Four years later		787,445	853,381	1,501,584	-	-	-	-	
Five years later		753,715	810,844	-	-	-	-	-	
Six years later		698,097	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**698,097**	**810,844**	**1,501,584**	**1,113,098**	**1,214,622**	**1,230,439**	**801,108**	
At the end of accident year		-	-	98,272	59,557	120,159	97,769	115,018	
One year later		-	332,955	634,343	441,457	469,308	438,203	-	
Two years later		504,333	519,684	1,010,685	670,054	653,595	-	-	
Three years later		598,163	633,530	1,162,708	757,676	-	-	-	
Four years later		649,437	679,363	1,202,748	-	-	-	-	
Five years later		661,684	687,525	-	-	-	-	-	
Six years later		638,736	-	-	-	-	-	-	
Cumulative payments to-date (b)		**638,736**	**687,525**	**1,202,748**	**757,676**	**653,595**	**438,203**	**115,018**	
Gross undiscounted LIC (a)	196,163	59,361	123,319	298,836	355,422	561,027	792,236	686,090	3,072,454

Latest UWY BE LIC	44,892
Claim handling expenses	27,363
Total Best Estimate of LIC	**3,144,709**
Risk Adjustment at 75% Confidence Interval	277,062
Discounting impact	(208,466)
Trade balances	196,140
Incurred claims from Family Retakaful and Shareholder funds	178,070
Total Gross LIC	**3,587,515**

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

Net LIC for 2026:

Underwriting year	Before 2019 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Subtotal RM'000
At the end of accident year		-	-	701,161	792,897	580,971	714,963	749,231	
One year later		-	904,785	1,073,931	1,428,386	1,196,351	1,076,692	-	
Two years later		791,937	895,116	1,207,310	1,116,875	1,109,501	-	-	
Three years later		787,432	873,784	1,185,279	1,001,697	-	-	-	
Four years later		778,864	836,421	1,152,646	-	-	-	-	
Five years later		741,521	795,098	-	-	-	-	-	
Six years later		688,347	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**688,347**	**795,098**	**1,152,646**	**1,001,697**	**1,109,501**	**1,076,692**	**749,231**	
At the end of accident year		-	-	98,202	55,133	98,521	68,200	87,109	
One year later		-	332,823	407,913	413,189	430,077	370,292	-	
Two years later		504,281	519,622	694,992	586,789	594,740	-	-	
Three years later		596,451	633,436	829,047	678,870	-	-	-	
Four years later		646,642	663,207	870,983	-	-	-	-	
Five years later		654,567	672,111	-	-	-	-	-	
Six years later		633,712	-	-	-	-	-	-	
Cumulative payments to-date (b)		**633,712**	**672,111**	**870,983**	**678,870**	**594,740**	**370,292**	**87,109**	
Net undiscounted LIC (a)	186,842	54,635	122,987	281,663	322,827	514,761	706,400	662,122	2,852,237

	RM'000
Latest UWY BE AIC	43,137
Claim handling expenses	27,363
Total Best Estimate of AIC	**2,922,737**
Risk Adjustment at 75% Confidence Interval	256,136
Discounting impact	(192,889)
Trade balances	191,002
Incurred claims from Family Retakaful and Shareholder funds	61,300
Total Net LIC	**3,238,286**

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

Gross LIC for 2025:

Underwriting year	**Before 2018 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**2024 RM'000**	**Subtotal RM'000**
At the end of accident year		-	-	-	1,015,635	801,407	646,564	778,748	
One year later		-	-	926,423	1,443,904	1,486,803	1,329,485	-	
Two years later		-	803,946	916,687	1,560,518	1,242,535	-	-	
Three years later		839,794	796,453	890,144	1,542,289	-	-	-	
Four years later		823,012	787,445	853,381	-	-	-	-	
Five years later		813,669	753,715	-	-	-	-	-	
Six years later		792,856	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**792,856**	**753,715**	**853,381**	**1,542,289**	**1,242,535**	**1,329,485**	**778,748**	
At the end of accident year		-	-	-	98,272	59,557	120,159	97,769	
One year later		-	-	332,955	634,343	441,457	469,308	-	
Two years later		-	504,333	519,684	1,010,685	670,054	-	-	
Three years later		689,320	598,163	633,530	1,162,708	-	-	-	
Four years later		705,750	649,437	679,363	-	-	-	-	
Five years later		731,274	661,684	-	-	-	-	-	
Seven years later		726,707	-	-	-	-	-	-	
Cumulative payments to-date (b)		**726,707**	**661,684**	**679,363**	**1,162,708**	**670,054**	**469,308**	**97,769**	
Gross undiscounted LIC (a)	208,896	66,149	92,031	174,018	379,581	572,481	860,177	680,979	3,034,312

	RM'000
Latest UWY BE LIC	60,648
Claim handling expenses	21,400
Total Best Estimate of LIC	**3,116,360**
Risk Adjustment at 75% Confidence Interval	279,565
Discounting impact	(202,743)
Trade balances	415,178
Incurred claims from Family Retakaful and Shareholder funds	135,352
Total Gross LIC	**3,743,712**

32. Insurance/takaful risk of general reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

Net LIC for 2025:

Underwriting year	Before 2018 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Subtotal RM'000
At the end of accident year		-	-	-	701,161	792,897	580,971	714,963	
One year later		-	-	904,785	1,073,931	1,428,386	1,196,351	-	
Two years later		-	791,936	895,116	1,207,310	1,116,875	-	-	
Three years later		736,048	787,432	873,784	1,185,279	-	-	-	
Four years later		728,215	778,864	836,421	-	-	-	-	
Five years later		716,569	741,521	-	-	-	-	-	
Six years later		689,858	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**689,858**	**741,521**	**836,421**	**1,185,279**	**1,116,875**	**1,196,351**	**714,963**	
At the end of accident year		-	-	-	98,202	55,134	98,521	68,200	
One year later		-	-	332,823	407,912	413,189	430,077	-	
Two years later		-	504,281	519,622	694,992	586,789	-	-	
Three years later		600,631	596,451	633,436	829,047	-	-	-	
Four years later		616,488	646,642	663,207	-	-	-	-	
Five years later		641,452	654,567	-	-	-	-	-	
Six years later		627,377	-	-	-	-	-	-	
Cumulative payments to-date (b)		**627,377**	**654,567**	**663,207**	**829,047**	**586,789**	**430,077**	**68,200**	
Net undiscounted LIC (a)	203,112	62,481	86,954	173,214	356,232	530,086	766,274	646,763	2,825,116

Latest UWY BE LIC	57,847
Claim handling expenses	21,400
Total Best Estimate of LIC	**2,904,363**
Risk Adjustment at 75% Confidence Interval	256,287
Discounting impact	(187,434)
Trade balances	364,057
Incurred claims from Family Retakaful and Shareholder funds	54,018
Total Net LIC	**3,391,291**

33. Takaful risk of family retakaful

(a) Nature of risk

The Company principally underwrites family retakaful contracts in relation to the following main breakdown: Facultative, Treaty - Proportional, and Treaty - Non-Proportional, covering risks such as mortality and morbidity risks.

The actual experience of the underwritten risks is reviewed periodically to ensure that appropriate policies, guidelines, and limits are put in place to manage these risks.

Family retakaful underwriting risk arise when actual claims experience deviate from the assumptions used in setting the yearly renewable rates for retakaful products. The family retakaful business is exposed to concentration risk through its retakaful contracts, which may be concentrated in certain geographic regions and types of coverage.

Stress testing is performed at least once a year, or more frequently if required. The purpose of the stress testing is to test the solvency and financial viability of the family retakaful fund under various scenarios as guided by regulatory guidelines. Stress tests and scenario analysis are used to assess the Company's ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

(b) Catastrophe Risk

The risk that a single or a series of catastrophe events, usually over a short period, which leads to a high number of claims or single large loss or combination of both.

(c) Contribution Risk

Contribution risk arises when contributions charged are insufficient to meet expected claims and expenses.

33. Takaful risk of family retakaful (cont'd.)

(d) Impact on liabilities, profit and equity

Key assumptions

The Company is being guided by the regulators and relevant guidelines in determining the liabilities and the choice of assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks, and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Sensitivity analysis

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net of retrocession/retrotakaful for liabilities, profit before tax, and shareholder's equity. The correlations of assumptions will have a significant effect on the sensitivity analysis, but to demonstrate the impact due to changes in specific assumptions, the sensitivity analysis is performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current business profile and economic assumptions.

33. Takaful risk of family retakaful (cont'd.)

(d) Impact on liabilities, profit and equity (cont'd)

	Change in assumptions %*	Impact on profit before tax gross of retakaful** RM'000	Impact on profit before tax net of retakaful** RM'000	Impact on equity gross of retakaful*** RM'000	Impact on equity net of retakaful*** RM'000	Impact on liabilities gross of retakaful RM'000	Impact on liabilities net of retakaful RM'000
		<----------	----------	Increase / (Decrease)	----------	---------->	
2026							
Ultimate loss ratio	+5%	(42,442)	(42,442)	(39,047)	(39,047)	(42,442)	(42,442)
Discount rates	+25 bp	(25,799)	(25,799)	(23,735)	(23,735)	(25,799)	(25,799)
Ultimate loss ratio	-5%	35,136	35,136	32,325	32,325	35,136	35,136
Discount rates	-25 bp	42,665	42,665	39,252	39,252	42,665	42,665
2025							
Ultimate loss ratio	+5%	(17,030)	(17,030)	(15,667)	(15,667)	(17,030)	(17,030)
Discount rates	+25 bp	(1,344)	(1,344)	(1,236)	(1,236)	(1,344)	(1,344)
Ultimate loss ratio	-5%	11,713	11,713	10,776	10,776	11,713	11,713
Discount rates	-25 bp	3,250	3,250	2,990	2,990	3,250	3,250

* The stress factor for ultimate loss ratio and forex is a multiplicative function.

** The impact on profit before tax includes impact of financial instruments (assets), changes in fulfilment cash flows relating to loss components and/or changes in fulfilment cash flows that are recognised as takaful finance income or expenses in profit or loss.

*** Impact on equity reflects the effect on profit before tax above and adjustments for tax, when applicable.

The method used in performing the sensitivity analysis is consistent with the prior year.

34. Financial risk

Transactions in financial instruments may expose the Company to various financial risks. These include credit risk, liquidity risk, and market risk. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing such risks.

(a) Credit risk

Credit risk is the risk that counterparty fails to meet its financial obligations/does not honour its contract/default.

Credit risk includes the following major elements:

(i) Investment credit risk refers to the potential financial loss arising from changes in the value of an investment due to the creditworthiness of the issuer or financial institution ("counterparty"). This risk is linked to the counterparty's ability to meet its obligations, including timely payment of interest/profit and/or principal. Adverse circumstances affecting the counterparty such as rating downgrades, deterioration in financial condition, or default may negatively impact both the value and liquidity of the investments. Concentration of exposures to a single counterparty or sector may further amplify this risk. The Company manages investment credit risk through rigorous counterparty assessment, diversification, ongoing monitoring of credit ratings, and adherence to regulatory capital requirements.

(ii) Derivative counterparty risk refers to the potential financial loss arising from a derivative counterparty's default, or deterioration in financial condition. This risk materialises when the counterparty fails to fulfill its contractual obligations under a derivative agreement. In addition to default risk, derivative exposures may also be subject to settlement risk and collateral management considerations. The Company mitigates this risk by transacting only with approved counterparties, monitoring credit exposures, and applying collateral and netting arrangements where appropriate. All such practices are undertaken in strict alignment with the Group Derivatives Policy ("GDP"), ensuring consistency, regulatory compliance, and sound governance across the Company.

(iii) Reinsurance/retakaful counterparty risk which is the risk of financial loss arising from the default or deterioration of the solvency position of the counterparties.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

The Company is primarily exposed to investment credit risk through its bond and sukuk holdings, arising from potential deterioration in issuers' or counterparties' creditworthiness. To manage this, the Company conducts rigorous credit assessments in line with the GIP and GIG approved by the Board, while continuously monitoring credit ratings. Any downgrade triggers an immediate review to assess its impact and determine mitigation measures, ensuring resilience and alignment with the Company's risk appetite. As at the reporting date, the portfolio has no material exposure below investment grade, and credit risk across other asset classes is similarly evaluated based on issuer financial health, market conditions, and credit ratings to ensure compliance with risk limits and regulatory requirements.

The Company is exposed to reinsurance/retakaful 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 Company in the event of default.

Management of credit risk

In order to manage and mitigate credit risk, the following policies and procedures were set in place:

(i) Group Credit Risk Management Policy sets out key processes for credit risk management with primary focus on pro-actively identifying, assessing and monitoring credit related exposure within the business;

(ii) The GIG prescribes minimum credit rating requirements for corporate bond and sukuk investments, ensuring that exposures are limited to issuers with acceptable credit quality. This policy is designed to mitigate the risk of potential defaults by individual counterparties and to safeguard the Group's investment portfolio against undue credit deterioration;

(iii) Internal single-counterparty limits for Financial Institutions ("FI") in money market placements and other investment instruments are determined based on the credit ratings and financial strength of each FI. These limits are designed to prevent excessive risk concentration with any single FI, thereby safeguarding the Company's portfolio against undue exposure;

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Management of credit risk (cont'd.)

(iv) The Company's investment portfolio is managed with a focus on diversification and high-quality, investment grade fixed income securities and equities with strong fundamentals. As of the financial year ended 31 March 2026, the fixed income portfolio was primarily composed of Government Investment Issues ("GII"), Malaysian Government Securities ("MGS"), and AAA-rated securities, as rated by Rating Agency Malaysia ("RAM") and/or Malaysian Rating Corporation Berhad ("MARC"); and

(v) To mitigate reinsurance/retakaful counterparty risk, the Company will give due consideration to the credit quality of the counterparties. To facilitate this process, a list of counterparties based on their rating is maintained. The Company regularly reviews the financial security of its counterparties.

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Company by classifying financial and insurance/takaful contract assets according to the credit ratings of counterparties.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2026	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated* RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	144,209	1,606,321	-	-	-	1,750,530
Government investment issues	1,335,555	-	-	-	-	1,335,555
Malaysian government securities	571,048	-	-	-	-	571,048
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	276,162	-	276,162
Other equities	-	-	-	135,737	-	135,737
Shariah approved real estate investment trusts	-	-	-	1,511	-	1,511
Non-Shariah approved real estate investment trusts	-	-	-	14,896	-	14,896
Shariah approved unit trust funds	-	-	-	4,945	-	4,945
Structured deposit	-	37,817	-	-	-	37,817
Financial assets at FVOCI						
Unquoted shares in Malaysia	-	-	-	93,517	-	93,517
Golf club membership	-	-	-	65	-	65

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2026 (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated* RM'000	Total RM'000
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	-	545,164	-	-	-	545,164
Foreign banks	-	456,470	-	-	-	456,470
Islamic banks	-	451,982	-	-	-	451,982
Development bank	-	19,495	-	-	-	19,495
Commercial paper	-	134,144	-	-	-	134,144
Secured staff loans:						
Receivable within 12 months	-	-	-	-	31	31
Receivable after 12 months	-	-	-	-	900	900
Amount due from Insurance Pool accounts	-	18,157	-	-	-	18,157
Income due and accrued	19,423	18,475	-	1,043	558	39,499
Due from Lloyds' Syndicate	-	12,109	-	-	-	12,109
Sundry receivables	-	-	-	-	1,232	1,232
Insurance/takaful contract assets	-	-	-	(21,122)	72,895	51,773
Reinsurance/retakaful contract assets	-	-	-	389,562	(30,777)	358,785
Cash and bank balances	-	20,791	-	-	-	20,791
Financial and insurance/takaful assets	2,070,235	3,320,925	-	896,316	44,839	6,332,315

* Not-rated balances primarily relate to balances due/recoverable from insurers/reinsurers and/or takaful operators/retakaful operators licensed under the FSA 2013, IFSA 2013 and Labuan Financial Services and Securities Act 2010 ("LFSSA") respectively.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

	Government guaranteed RM'000	AAA to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated* RM'000	Total RM'000
2025						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	114,412	1,111,880	-	-	-	1,226,292
Government investment issues	904,036	-	-	-	-	904,036
Malaysian government securities	355,091	-	-	-	-	355,091
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	178,047	-	178,047
Other equities	-	-	-	79,312	-	79,312
Perpetual bond in Malaysia	-	4,992	-	-	-	4,992
Shariah approved real estate investment trusts	-	-	-	195	-	195
Non-Shariah approved real estate investment trusts	-	-	-	2,782	-	2,782
Shariah approved unit trust funds	-	-	-	4,577	-	4,577
Structured deposit	-	85,905	-	-	-	85,905
Financial assets at FVOCI						
Unquoted shares in Malaysia	-	-	-	92,706	-	92,706
Golf club membership	-	-	-	65	-	65

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

	Government guaranteed RM'000	AAA to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated* RM'000	Total RM'000
2025 (cont'd.)						
At amortised cost (cont'd.)						
Deposit placements with licensed:						
Commercial banks	-	639,145	-	-	-	639,145
Foreign banks	-	248,663	-	-	-	248,663
Islamic banks	-	1,409,479	-	-	-	1,409,479
Development banks	-	11,797	-	-	-	11,797
Commercial paper	-	172,468	-	-	-	172,468
Secured staff loans:						
Receivable within 12 months	-	-	-	-	84	84
Receivable after 12 months	-	-	-	-	945	945
Amount due from Insurance Pool accounts	-	16,696	-	-	-	16,696
Income due and accrued	14,223	20,792	-	1,284	88	36,387
Due from Lloyds' Syndicate	-	26,698	-	-	-	26,698
Sundry receivables	-	-	-	-	9,598	9,598
Insurance/takaful contract assets	-	-	-	-	6,139	6,139
Reinsurance/retakaful contract assets	-	-	-	-	276,524	276,524
Cash and bank balances	-	32,835	-	-	-	32,835
Financial and insurance/takaful assets	1,387,762	3,781,350	-	358,968	293,378	5,821,458

* Not-rated balances primarily relate to balances due/recoverable from insurers/reinsurers and/or takaful operators/retakaful operators licensed under the FSA 2013, IFSA 2013 and Labuan Financial Services and Securities Act 2010 ("LFSSA") respectively.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

<u>Investment assets - Reconciliation of allowance account</u>

Significant increase in credit risk ("SICR")

The Company applies the General Approach or the ‘three-bucket’ approach which is based on the change in the credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of Expected Credit Loss (“ECL”) is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective interest rate (“EIR”) method with a forward-looking element to compute the ECL.

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and as at the financial year end.

Expected credit loss ("ECL")

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. Given the impairment policy, the probability of defaulting new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial assets which is applicable to the Company.

A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Company is required to estimate the probability of default occurring in the 12 months after the financial year end and in each subsequent year throughout the expected life of the financial instruments.

The financial assets are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets have occurred.

As at the financial year end, all financial assets at amortised cost held by the Company are classified as Stage 1. The credit rating of these financial assets at amortised cost are as disclosed above in Note 34(a).

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account (cont'd.)

Expected credit loss ("ECL") (cont'd.)

The following table shows the carrying value of the Company's financial assets measured at AC and the expected credit loss amount recognised.

	2026 RM'000	2025 RM'000
Total carrying amount of financial assets at AC	1,648,917	2,528,566

Movements in allowances for impairment losses for financial investments measured at AC are as follows:

	AC RM'000
Balance as at 1 April 2024	(22)
Net adjustment of loss allowances	(59)
Balance as at 31 March 2025	(81)
Net adjustment of loss allowances	75
Balance as at 31 March 2026	(6)

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

<u>Other financial assets - Reconciliation of allowance account</u>

Other financial assets consist of reinsurance/retakaful contract assets and insurance/takaful receivables within the balance of the insurance/takaful contract liabilities.

Definition of default

The Company considers a financial asset to be in default by assessing the following criteria:

(i) Quantitative criteria

Insurance/takaful receivables are considered to be in default when the counterparty fails to make contractual payments within 24 months when they fall due, reflecting the nature of the reinsurance/retakaful business, which involves longer processing times.

Similarly, reinsurance/retakaful deposits placed, with balances aging more than 18 months are deemed to be credit-impaired. These extended default periods account for the fact that most businesses are conducted through brokers, which requires additional steps and time, requiring longer default periods.

(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 Company and are consistent with the default definition used for credit risk management purposes. The default definition has been applied consistently to model the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") throughout the Company's expected loss calculations.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company has 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 Company.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account (cont'd.)

Expected credit loss

Set out below is the information about the credit risk exposure on the Company's insurance/takaful receivables 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 2026							
ECL rate	0.23%	0.41%	2.11%	11.65%	44.23%	56.13%	
Gross carrying amount	371,740	242,129	36,830	38,416	1,784	7,957	698,856
Allowance for ECL	842	984	777	4,475	789	4,466	12,333
31 March 2025							
ECL rate	0.16%	0.78%	1.94%	7.58%	22.71%	49.50%	
Gross carrying amount	329,804	242,422	67,996	14,321	850	4,287	659,680
Allowance for ECL	519	1,883	1,319	1,086	193	2,122	7,122

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account (cont'd.)

Expected credit loss (cont'd.)

The following table shows the movement in gross insurance/takaful receivables and the loss allowances recognised for credit impaired receivables.

	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
2026			
As at 1 April 2025	655,364	4,316	659,680
Increase during the year	35,535	3,641	39,176
As at 31 March 2026	690,899	7,957	698,856
2025			
As at 1 April 2024	710,851	6,324	717,175
Decrease during the year	(55,487)	(2,008)	(57,495)
As at 31 March 2025	655,364	4,316	659,680
Allowance for ECL			
2026			
As at 1 April 2025	4,977	2,145	7,122
Net increase during the year	2,890	2,321	5,211
As at 31 March 2026	7,867	4,466	12,333
2025			
As at 1 April 2024	3,029	2,353	5,382
Net increase/(decrease) during the year	1,948	(208)	1,740
As at 31 March 2025	4,977	2,145	7,122

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account (cont'd.)

Expected credit loss (cont'd.)

Movements in allowances for impairment losses for insurance/takaful receivables by individual and collective allowances are as follows:

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2026			
As at 1 April 2025	410	6,712	7,122
Increase of impairment losses during the year	3	5,208	5,211
As at 31 March 2026	413	11,920	12,333
2025			
As at 1 April 2024	394	4,988	5,382
Increase of impairment losses during the year	16	1,724	1,740
As at 31 March 2025	410	6,712	7,122

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources available to meet its payment obligations without incurring additional material costs.

The Company assesses its liquidity risk by ensuring the following:

(i) the Company is able to meet its payment obligations under normal and stressed operating environments without suffering any loss;

(ii) additions/withdrawals from the Company’s investment funds are managed efficiently; and

(iii) appropriate measures are in place to respond to liquidity risk.

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

As part of its liquidity management strategy, the Company has in place the Group Liquidity Management Policy which outlines the processes capable of measuring and reporting on:

(i) daily cash flows;

(ii) minimum liquidity holdings;

(iii) the composition and market values of the Company's investment portfolios, including liquid holdings;

(iv) The holding of liquid assets in the Company's funds; and

(v) Liquidity risk position.

To manage the liquidity of the reinsurance/retakaful funds, the investment mandate requires that a certain proportion of the reinsurance/retakaful funds be held as liquid assets in accordance with the liquidity requirements set forth by BNM's RBC Framework and RBCT Framework.

For general fund, the minimum limit for liquid assets is 10% of the gross average total claims incurred for the three preceding financial years.

Maturity profiles

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including insurance/reinsurance contracts, takaful/retakaful certificates, interest/profit payable and receivable.

For insurance/takaful contract liabilities and reinsurance/retakaful contract assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance/takaful contract liabilities.

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows:

	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
2026						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	1,750,530	150,300	1,162,666	612,165	-	1,925,131
Government investment issues	1,335,555	51,045	1,011,496	513,066	-	1,575,607
Malaysian government securities	571,048	20,657	319,348	366,687	-	706,692
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	276,162	-	-	-	276,162	276,162
Other equities	135,737	-	-	-	135,737	135,737
Shariah approved real estate investment trusts	1,511	-	-	-	1,511	1,511
Non-Shariah approved real estate investment trusts	14,896	-	-	-	14,896	14,896
Shariah approved unit trust funds	4,945	-	-	-	4,945	4,945
Structured deposit	37,817	38,363	-	-	-	38,363

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

<u>Maturity profiles (cont'd.)</u>

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows (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
2026 (cont'd.)						
Financial assets at FVOCI						
Unquoted shares in Malaysia	93,517	-	-	-	93,517	93,517
Golf club membership	65	-	-	-	65	65
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	545,164	583,682	-	-	-	583,682
Foreign banks	456,470	456,934	-	-	-	456,934
Islamic banks	451,982	452,705	-	-	-	452,705
Development bank	19,495	19,718	-	-	-	19,718
Commercial paper	134,144	135,000	-	-	-	135,000
Secured staff loans:						
Receivable within 12 months	31	31	-	-	-	31
Receivable after 12 months	900	-	900	-	-	900
Amount due from Insurance Pool accounts	18,157	-	-	-	18,157	18,157
Income due and accrued	39,499	39,499	-	-	-	39,499
Due from Lloyds' syndicate	12,109	12,109	-	-	-	12,109
Sundry receivables	1,232	1,232	-	-	-	1,232
Cash and bank balances	20,791	20,791	-	-	-	20,791
Total financial assets	5,921,757	1,982,066	2,494,410	1,491,918	544,990	6,513,384

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (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
2026 (cont'd.)						
Financial liabilities						
Borrowing	(250,000)	(12,610)	(108,637)	(205,938)	-	(327,185)
Other payables (excluding provisions)	(24,127)	(24,127)	-	-	-	(24,127)
Total financial liabilities	(274,127)	(36,737)	(108,637)	(205,938)	-	(351,312)

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of portfolios of insurance/takaful contracts issued and portfolios of reinsurance/retakaful contracts held based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	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	Unallocated surplus RM'000	Total RM'000
2026 (cont'd.)							
Insurance/takaful contract assets	(39,543)	(17,430)	(19,356)	(1,995)	(16,225)	15,463	(39,543)
Insurance/takaful contract liabilities	(3,650,493)	(1,190,125)	(1,690,044)	(303,915)	(348,426)	(117,984)	(3,650,493)
Total insurance/takaful contract issued#	(3,690,036)	(1,207,554)	(1,709,400)	(305,910)	(364,651)	(102,521)	(3,690,036)
Reinsurance/retakaful contract assets	349,120	105,608	143,158	5,112	95,242	-	349,120
Reinsurance/retakaful contract liabilities	109	7,317	4,278	1,015	(12,501)	-	109
Total reinsurance/retakaful contract held#	349,229	112,925	147,436	6,127	82,741	-	349,229

Balances consist of liability/asset for incurred claims only

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows:

	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
2025						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	1,226,292	147,178	785,820	366,397	-	1,299,395
Government investment issues	904,036	34,985	748,206	277,069	-	1,060,260
Malaysian government securities	355,091	13,815	91,327	377,936	-	483,078
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	178,047	-	-	-	178,047	178,047
Other equities	79,312	-	-	-	79,312	79,312
Perpetual bond in Malaysia	4,992	5,122	-	-	-	5,122
Shariah approved real estate investment trusts	195	-	-	-	195	195
Non-Shariah approved real estate investment trusts	2,782	-	-	-	2,782	2,782
Shariah approved unit trust funds	4,577	-	-	-	4,577	4,577
Structured deposit	85,905	88,982	-	-	-	88,982

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows (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
2025 (cont'd.)						
Financial assets at FVOCI						
Unquoted shares in Malaysia	92,706	-	-	-	92,706	92,706
Golf club membership	65	-	-	-	65	65
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	639,145	642,247	-	-	-	642,247
Foreign banks	248,663	252,352	-	-	-	252,352
Islamic banks	1,409,479	1,416,938	-	-	-	1,416,938
Development bank	11,797	11,967	-	-	-	11,967
Islamic commercial paper	172,468	173,750	-	-	-	173,750
Secured staff loans:						
Receivable within 12 months	84	84	-	-	-	84
Receivable after 12 months	945	-	945	-	-	945
Income due and accrued	36,387	36,387	-	-	-	36,387
Due from Lloyds' syndicate	26,698	26,698	-	-	-	26,698
Amount due from Insurance Pool accounts	16,696	-	-	-	16,696	16,696

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows (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
2025 (cont'd.)						
Financial assets at amortised cost (cont'd.)						
Sundry receivables	9,598	9,598	-	-	-	9,598
Cash and bank balances	32,835	32,835	-	-	-	32,835
Total financial assets	5,538,795	2,892,938	1,626,298	1,021,402	374,380	5,915,018
Financial liabilities						
Borrowing	(251,000)	(13,630)	(100,373)	(226,807)	-	(340,810)
Other payables (excluding provisions)	(32,418)	(32,418)	-	-	-	(32,418)
Total financial liabilities	(283,418)	(46,048)	(100,373)	(226,807)	-	(373,228)

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of portfolios of insurance/takaful contracts issued and portfolios of reinsurance/retakaful contracts held based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	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	Unallocated surplus RM'000	Total RM'000
2025 (cont'd.)							
Insurance/takaful contract assets	7,744	-	-	-	7,744	-	7,744
Insurance/takaful contract liabilities	(2,267,987)	(471,217)	(2,333,701)	(688,679)	1,303,229	(77,620)	(2,267,987)
Total insurance/takaful contract issued#	(2,260,243)	(471,217)	(2,333,701)	(688,679)	1,310,973	(77,620)	(2,260,243)
Reinsurance/retakaful contract assets	181,647	(38,970)	241,563	56,234	(77,180)	-	181,647
Reinsurance/retakaful contract liabilities	(4,109)	-	-	-	(4,109)	-	(4,109)
Total reinsurance/retakaful contract held#	177,538	(38,970)	241,563	56,234	(81,289)	-	177,538

Balances excluding premium/contribution liabilities

34. Financial risk (cont'd.)

(c) Market risk

Market risk is the risk of loss arising from a change in the values of, or the income from, financial assets. A risk of loss also arises from volatility in asset prices, interest/profit rates, or foreign currency exchange rates. Market risk includes the following elements:

(i) Price risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument impacting on the equity and collective investment schemes (property trusts and unit trust funds) prices;

(ii) Foreign exchange risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from a movement of or volatility in exchange rates;

(iii) Interest/profit rate risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from variability in interest/profit rates; and

(iv) Property investment risk which is the risk of fluctuations in the fair value or future cash flows of a property arising from decline in real estate values or income, where the Company has invested in property or real estate for own occupancy, investment or rental purpose.

Price risk

Price risk is the risk that the fair value or future cash flows 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 Company's price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Company manages such risks by setting and monitoring objectives and constraints on investments, implementing diversification strategies, establishing limits across sectors, markets and issuers, while also adhering to the requirements stipulated by Bank Negara Malaysia (BNM). Throughout the financial year, the Company remained fully compliant with BNM’s prescribed limits and maintained a well-diversified portfolio with no significant concentration of price risk.

<u>Sensitivity analysis</u>

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 has 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.

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

	Changes in variable	Impact on profit before tax RM'000	Impact on equity fund* RM'000
		<- Increase/(decrease) ->	
2026			
Price/NAV	+5%	21,663	24,231
Price/NAV	-5%	(21,663)	(24,231)
2025			
Price/NAV	+5%	13,246	16,450
Price/NAV	-5%	(13,246)	(16,450)

* The impact on equity reflects adjustments for tax at 8% (2025: 8%), where applicable.

The method used in performing the sensitivity analysis was consistent with the prior year.

Foreign exchange risk/currency risk

Currency risk is the risk that the fair value or future cash flows of financial assets and/or liabilities will fluctuate because of movements in foreign currency exchange rates.

The Company’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 Company has a foreign exchange risk management plan in place and is continuously enhancing its risk mitigation measures. The management’s Asset & Liability Committee convenes regular meetings to discuss and deliberate on foreign exchange related issues including hedging strategy to reduce unhedged foreign exchange, as well as other measures to mitigate foreign exchange risk.

<u>Sensitivity analysis</u>

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before zakat and taxation (gross and net of retrocession/retrotakaful) and shareholder’s equity. The sensitivity analysis was applied to the Company’s gross and net claim liabilities in foreign currencies, while the impact on profit before zakat and taxation and equity includes the hedging effect from the backing assets held in the respective foreign currencies.

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Foreign exchange risk/currency risk (cont'd.)

	Changes in variable *	Impact on profit before tax gross of reinsurance/ retakaful ** RM'000	Impact on profit before tax net of reinsurance/ retakaful ** RM'000	Impact on equity gross of reinsurance/ retakaful ** RM'000	Impact on equity net of reinsurance/ retakaful ** RM'000
		<- Increase/(decrease) ->		<- (Decrease)/increase->	
2026					
Foreign currency	+5%	2,112	1,873	1,942	1,724
Foreign currency	-5%	(2,112)	(1,873)	(1,942)	(1,724)
2025					
Foreign currency	+5%	2,111	1,904	1,942	1,752
Foreign currency	-5%	(2,111)	(1,904)	(1,942)	(1,752)

* Stress is a multiplicative function.
** The impact on profit before tax includes impact of financial instruments (assets), changes in fulfilment cash flows relating to loss components and/or changes in fulfilment cash flows that is recognised as insurance finance income or expenses in profit or loss.
*** The impact on equity reflects adjustments for tax at 8% (2025: 8%), where applicable.

Changes in these key assumptions mainly affect the profit before tax and equity as follows:

i) Profit before tax
- Changes in fulfilment cash flows relating to loss components.
- Changes in fulfilment cash flows that are recognised as insurance/takaful finance income or expenses in profit or loss.

ii) Equity
- Changes in fulfilment cash flows that are recognised as insurance/takaful finance income or expenses in other comprehensive income.
- The effect on profit before tax above.

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Interest/profit rate risk

The Company is exposed to interest/profit rate risk as follows:

i) fair values of fixed interest/profit-bearing assets and discounted insurance/takaful contract liabilities that 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 Company’s earnings are impacted by fluctuations in market interest/profit rates, as such changes affect interest/profit income from cash and cash equivalents, including investments in fixed/Islamic deposits. The value of the Company’s fixed income portfolio moves inversely with interest/profit rates.

Similarly, the value of the Company’s insurance/takaful contract liabilities would move inversely to the interest/profit rates. However, any increase in insurance/takaful contract liabilities will negatively impact the earnings of the Company.

The Company manages interest/profit rate risk by aligning, where possible, the duration and profile of assets and liabilities to minimise the impact of rate movements on asset-liability mismatches. In addition, the Company continuously monitors financial, market, and economic developments to anticipate rate trends and formulate appropriate investment and asset-liability strategies.

The nature of the Company's exposure to interest/profit rate risk as well as its objectives, policies and processes for managing interest/profit rate risk have not changed significantly from the previous financial year.

Sensitivity analysis

A change of 25 basis points ("bps") in interest/profit rates at the financial year end would have (decreased)/increased the fair values of the Company’s profit before tax and equity.

	Changes in variable	Impact on profit before tax RM'000	Impact on equity* RM'000
		<- Increase/(decrease) ->	
2026			
Interest/profit rates	+25 bps	(36,376)	(33,466)
Interest/profit rates	-25 bps	53,512	33,466

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

	Changes in variable	Impact on profit before tax RM'000	Impact on equity* RM'000
		<- Increase/(decrease) ->	
2025			
Interest/profit rates	+25 bps	(3,228)	(2,970)
Interest/profit rates	-25 bps	3,228	2,970

* The impact on equity reflects adjustments for tax at 8% (2025: 8%), where applicable.

The method used in performing the sensitivity analysis is consistent with the prior year.

Asset-Liability Mismatch Risk

One of the risks the Company faces due to the nature of its investments and liabilities is the mismatch of assets to liabilities (investment risks). The Company currently manages these positions through the assessment of interest/profit rate risk, foreign exchange risk and liquidity risk and monitoring of the investment portfolio duration as well as the liability duration on a quarterly basis.

Property Investment risk

Property investment risk is the risk associated with the Company’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 management of the properties.

The financial risk arising from 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.

The Company has no significant exposure to property risk.

35. Other risks

(a) Operational risk

Operational risk can broadly be defined as the risk of direct or indirect losses or reputational damage due to failure attributable to people, internal processes, system (Information Technology) or from external events. Operational risk is inherent in all activities of the Company and can transverse multiple activities including outsourcing. It includes a wide spectrum of heterogeneous risks such as fraud, bribery and corruption, physical damage, business disruption, transaction failures, legal and regulatory breaches, pandemic outbreak, as well as employees’ health and safety hazards.

35. Other risks

(a) Operational risk (cont'd.)

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company 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, appropriate assessment processes, and engagement of internal audit for assurance.

(b) Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage, which the Company may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

The Company monitors all compliance aspects in observing regulatory requirements. In this respect, it adopts the 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.

(c) 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 the Company 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;

(iii) The rulings and standards of the Shariah Advisory Council of Securities Commission Malaysia (“SAC-SC”); or

(iv) Decisions or advice of the GSC.

The Company 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.

(d) Sustainability Risk

Sustainability risks are potential adverse impacts on environmental, social, and governance factors that could affect the long-term viability, financial performance, or reputation of the Company. These risks arise from various sources, including climate change, resource depletion, environmental pollution, social inequality, labour practices, human rights violations, regulatory changes, and ethical considerations.

35. Other risks (cont'd.)

(d) Sustainability Risk (cont'd.)

The RMCB, with support from the GMRCC, is responsible for supporting the Board in meeting expectations and responsibilities on sustainability risk management by providing effective oversight. Reporting to GMRCC, the Sustainability Working Group (SWG), which includes Management Representative and Sustainability Champions from each entity, facilitates the adoption and integration of sustainability into the Company's business and operations.

The Group has established Group Sustainability Commitment towards Net Zero Carbon Organisation by 2050, which will form part of the Group Sustainability Framework. The implementation and finalization of the Framework shall be harmonized with the Group's Sustainability Governance, Commitments and Policy.

The MNRB Group Sustainability Risk Management Framework enhances and complements the Company's sustainability commitments and initiatives by integrating risk considerations into the Company's broader sustainability objectives.

The Company's sustainability governance and sustainability efforts in contributing positively towards global sustainability objectives are disclosed in MNRB Group's Sustainability Statement in the Annual Report and is available on the corporate website.

36. Fair values of assets and liabilities

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 Company's assets and liability:

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 Company's assets and liabilities are determined as follows:

(i) The carrying amounts of financial assets and financial liabilities, such as assets at amortised cost, insurance/takaful receivables, cash and bank balances, insurance/takaful payables and other payables, are reasonable approximations 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 financial year end;

(iii) The fair values of Malaysian government securities, government investment issues, unquoted corporate debt securities and borrowing are based on indicative market prices;

36. Fair values of assets and liabilities (cont'd.)

(iv) The fair values of investments in mutual funds, unit trust funds and real estate investment trusts which are not controlled by the Company are valued based on the net asset values of the underlying funds as at the financial year end;

(v) Freehold land and buildings have been revalued based on valuations performed by an accredited independent valuer having an appropriate recognised professional qualification. The valuations are based on the income approach. In arriving at the fair value of the assets, the valuer had also taken into consideration the future developments in terms of infrastructure in the vicinity of the properties;

(vi) Investment in associate is valued using the dividend stream based on a 5 years cash flow projection followed by a terminal value projection for periods beyond the 5 years projection. The assumptions used in the cash flows projections are based on the latest unaudited management accounts, three years projections of profit or loss and latest actuarial valuation report from the associate company; and

(vii) The fair value of the Company's investments in associate and unquoted equity instruments in Malaysia is determined using the adjusted net assets method, a valuation technique that estimates fair value based on the fair value of the underlying assets and liabilities of the investee entities. In applying this method, each identifiable asset and liability of the investee is remeasured individually to its fair value in accordance with principles of MFRS 13 *Fair Value Measurement*. The resulting net asset value is then attributed to the investor based on its proportionate equity interest in the investee.

Description of significant unobservable inputs:

	Valuations techniques	**Significant unobservable inputs**	**Range**
2026			
Property and equipment			
Freehold land and building	Income approach	Yield/Rental per square foot	6.00%/RM4.80
Investment in associate and Unquoted shares (Malaysia)	Adjusted net assets	Net assets of the investee	Not applicable
2025			
Property and equipment			
Freehold land and building	Income approach	Yield/Rental per square foot	6.00%/RM4.70
Investment in associate and Unquoted shares (Malaysia)	Adjusted net assets	Net assets of the investee	Not applicable

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value. There have been no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The reconciliation from beginning to ending balances for freehold land and building, investment in associate and unquoted equity which are classified under Level 3 of the fair value hierarchy are disclosed in Notes 16, 18 and 19 respectively.

36. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy:

2026

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:				
(a) Property and equipment				
Freehold land (Note 16)	-	-	48,000	48,000
Building (Note 16)	-	-	79,000	79,000
	-	-	127,000	127,000
(b) Investment in associate (Note 18)	-	-	136,920	136,920
(c) Financial assets at FVTPL (Note 19)				
Designated upon initial recognition:				
Unquoted corporate debt securities	-	1,750,530	-	1,750,530
Government investment issues	-	1,335,555	-	1,335,555
Malaysian government securities	-	571,048	-	571,048
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	276,162	-	-	276,162
Other equities	135,737	-	-	135,737
Shariah approved real estate investment trusts	1,511	-	-	1,511
Non-Shariah approved real estate investment trusts	14,896	-	-	14,896
Shariah approved unit trust funds	4,945	-	-	4,945
Structured deposit	-	37,817	-	37,817
	433,251	3,694,950	-	4,128,201
(d) Financial assets at FVOCI (Note 19)				
Unquoted shares in Malaysia	-	-	93,517	93,517
Golf club membership	-	-	65	65
	-	-	93,582	93,582
	433,251	3,694,950	357,502	4,485,703

36. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy: (cont'd.)

2026 (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Liabilities for which fair values are disclosed				
Borrowing (Note 21)	-	252,795	-	252,795

2025

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:				
(a) Property and equipment				
Freehold land (Note 16)	-	-	47,000	47,000
Building (Note 16)	-	-	79,000	79,000
	-	-	126,000	126,000
(b) Investment in associate (Note 18)	-	-	152,000	152,000
(c) Financial assets at FVTPL (Note 19)				
Designated upon initial recognition:				
Unquoted corporate debt securities	-	1,226,292	-	1,226,292
Government investment issues	-	355,091	-	355,091
Malaysian government securities	-	904,036	-	904,036
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	178,047	-	-	178,047
Other equities	79,312	-	-	79,312
Perpetual bond in Malaysia	-	4,992	-	4,992
Corporate debt securities	-	-	-	-
Shariah approved real estate investment trusts	195	-	-	195
Non-Shariah approved real estate investment trusts	2,782	-	-	2,782
Shariah approved unit trust funds	4,577	-	-	4,577
Structured deposit	-	85,905	-	85,905
	264,913	2,576,316	-	2,841,229

36. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy: (cont'd.)

2025 (cont'd.)

Assets measured at fair value on a recurring basis: (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
(d) Financial assets at FVOCI (Note 19)				
Unquoted shares in Malaysia	-	-	92,706	92,706
Golf club membership	-	-	65	65
	-	-	92,771	92,771
	264,913	2,576,316	370,771	3,212,000

Liabilities for which fair values are disclosed

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Borrowing (Note 21)	-	258,590	-	258,590

37. Shareholder's, reinsurance and retakaful funds

(a) Income statements by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Insurance/takaful revenue	1,689,650	1,810,158	35,085	47,116	99,083	52,050	-	-	1,823,818	1,909,324
Insurance/takaful service expenses	(1,152,284)	(1,383,018)	(22,845)	(20,606)	(89,271)	(48,579)	-	-	(1,264,400)	(1,452,203)
Insurance/takaful service result before reinsurance contracts/retakaful certificates held	**537,366**	**427,140**	**12,240**	**26,510**	**9,812**	**3,471**	**-**	**-**	**559,418**	**457,121**
Allocation of reinsurance premiums	(268,737)	(270,427)	(9,394)	(9,553)	(49,121)	(39,493)	-	-	(327,252)	(319,473)
Amounts recoverable from reinsurers for for incurred claims	111,271	177,484	1,857	(1,758)	58,787	35,123	-	-	171,915	210,849
Net expense from reinsurance contracts/retakaful certificates held	**(157,466)**	**(92,943)**	**(7,537)**	**(11,311)**	**9,666**	**(4,370)**	**-**	**-**	**(155,337)**	**(108,624)**
Insurance/takaful service result	**379,900**	**334,197**	**4,703**	**15,199**	**19,478**	**(899)**	**-**	**-**	**404,081**	**348,497**
Interest/profit income calculated using the effective interest/profit method	57,876	102,820	3,966	2,940	814	259	-	-	62,656	106,019
Other investment income	148,593	105,262	148	144	27	27	-	-	148,768	105,433
Net realised gains/(losses)	9,248	(12,023)	-	-	-	-	-	-	9,248	(12,023)
Net fair value gains/(losses)	13,878	9,290	(10)	-	(2)	(3)	-	-	13,866	9,287
Allowance for impairment loss on financial assets	75	(59)	-	-	-	-	-	-	75	(59)
Net foreign exchange losses on investments	(72,724)	(82,437)	-	-	-	-	-	-	(72,724)	(82,437)
Total investment income	**156,946**	**122,853**	**4,104**	**3,084**	**839**	**283**	**-**	**-**	**161,889**	**126,220**
Insurance/takaful finance expenses for insurance contracts/takaful certificates issued	(79,515)	(75,504)	4,214	2,183	178	(178)	-	-	(75,123)	(73,499)
Reinsurance/retakaful finance income for reinsurance contracts/retakaful certificates held	7,542	5,822	(2,396)	50	230	(82)	-	-	5,376	5,790
Unallocated surplus attributable to participants	2,000	10,761	(8,935)	(18,786)	(17,839)	818		-	(24,774)	(7,207)
Net insurance/takaful financial results	**(69,973)**	**(58,921)**	**(7,117)**	**(16,553)**	**(17,431)**	**558**	**-**	**-**	**(94,521)**	**(74,916)**
Other income	7,997	9,817	110	122	11	16		-	8,118	9,955
Other expense	(17,424)	(26,700)	(35)	(131)	-	-	-	-	(17,459)	(26,831)
Finance cost	(12,590)	(12,677)	-	-	-	-	-	-	(12,590)	(12,677)
Other (expenses)/income	**(22,017)**	**(29,560)**	**75**	**(9)**	**11**	**16**	**-**	**-**	**(21,931)**	**(29,553)**
Profit before zakat and taxation	**444,856**	**368,569**	**1,765**	**1,721**	**2,897**	**(42)**	**-**	**-**	**449,518**	**370,248**
Tax expense attributable to the participants	-	-	(1,765)	(1,721)	(2,897)	42	-	-	(4,662)	(1,679)
Profit before zakat and taxation	**444,856**	**368,569**	**-**	**-**	**-**	**-**	**-**	**-**	**444,856**	**368,569**
Zakat	(267)	(148)	-	-	-	-	-	-	(267)	(148)
Taxation	(36,480)	(43,231)	-	-	-	-	-	-	(36,480)	(43,231)
Net profit for the year	**408,109**	**325,190**	**-**	**-**	**-**	**-**	**-**	**-**	**408,109**	**325,190**

37. Shareholder's, reinsurance and retakaful funds (cont'd.)

(b) Statements of financial position by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Assets										
Property and equipment	136,946	143,081	-	-	-	-	-	-	136,946	143,081
Intangible assets	7,572	3,732	-	-	-	-	-	-	7,572	3,732
Investment in associate	136,920	152,000	-	-	-	-	-	-	136,920	152,000
Financial and other assets	5,848,942	5,481,411	158,679	136,573	33,956	21,296	(138,914)	(132,451)	5,902,663	5,506,829
Insurance/takaful contract assets	51,629	1,710	144	294	-	4,135	-	-	51,773	6,139
Reinsurance/retakaful contract assets	290,776	265,095	(3,559)	665	71,568	10,764	-	-	358,785	276,524
Cash and bank balances	20,326	31,964	270	574	195	297	-	-	20,791	32,835
Total assets	6,493,111	6,078,993	155,534	138,106	105,719	36,492	(138,914)	(132,451)	6,615,450	6,121,140
Liabilities										
Borrowing	250,000	251,000	-	-	-	-	-	-	250,000	251,000
Insurance/takaful contract liabilities	3,144,375	3,075,787	124,724	111,276	79,915	20,193	9,618	9,618	3,358,632	3,216,874
Reinsurance/retakaful contract liabilities	5,068	3,594	-	399	-	-	-	-	5,068	3,993
Other payables and provisions	125,570	134,830	27,109	24,486	23,284	16,674	(138,914)	(132,451)	37,049	43,539
Tax payable	1,267	2,086	4,023	1,945	683	(375)	-	-	5,973	3,656
Deferred tax liabilities	27,222	24,671	(322)	-	1,837	-	-	-	28,737	24,671
Zakat	233	3	-	-	-	-	-	-	233	3
Total liabilities	3,553,735	3,491,971	155,534	138,106	105,719	36,492	(129,296)	(122,833)	3,685,692	3,543,736
Equity										
Share capital	663,106	663,106	-	-	-	-	-	-	663,106	663,106
Merger deficit	-	-	-	-	-	-	(9,618)	(9,618)	(9,618)	(9,618)
Fair value reserve	40,715	39,969	-	-	-	-	-	-	40,715	39,969
Revaluation reserve	59,398	55,899	-	-	-	-	-	-	59,398	55,899
Retained profits	2,176,157	1,828,048	-	-	-	-	-	-	2,176,157	1,828,048
Total equity	2,939,376	2,587,022	-	-	-	-	(9,618)	(9,618)	2,929,758	2,577,404
Total liabilities and equity	6,493,111	6,078,993	155,534	138,106	105,719	36,492	(138,914)	(132,451)	6,615,450	6,121,140

37. Shareholder's, reinsurance and retakaful funds (cont'd.)

(c) Statements of cash flows by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Cash flows from:										
Operating activities	55,797	59,775	(304)	310	(102)	(1,002)	-	-	55,391	59,083
Investing activities	(6,435)	(10,720)	-	-	-	-	-	-	(6,435)	(10,720)
Financing activities	(61,000)	(100,000)	-	-	-	-	-	-	(61,000)	(100,000)
Net (decrease)/increase in cash and cash equivalents	(11,638)	(50,945)	(304)	310	(102)	(1,002)	-	-	(12,044)	(51,637)
Cash and cash equivalent at the beginning of financial year	31,964	82,909	574	264	297	1,299	-	-	32,835	84,472
Cash and cash equivalents at the end of financial year	20,326	31,964	270	574	195	297	-	-	20,791	32,835

38. Significant and subsequent event

Middle East Geopolitical Developments

The Company continues to monitor developments arising from the geopolitical tensions in the Middle East, including the conflict involving Iran and the United States.

Management has considered the potential impact of these developments in the preparation of the financial statements for the financial year ended 31 March 2026. Based on the information available as at the reporting date and up to the date of approval of these financial statements, management has not identified any matters arising from these developments that would have a material effect on the Company's financial position, financial performance or cash flows, nor any adjustments that are required to the financial statements.

The Company will continue to monitor developments and assess any potential implications for future reporting periods.