



September 27, 2023

Minority Shareholders Watch Group
Level 23-2, Menara AIA Sentral
No.30 Jalan Sultan Ismail
50250 Kuala Lumpur

By Email & Hand

**Attention: Encik Devanesan Evanson
Chief Executive Officer**

Dear Sirs,

THE 50TH ANNUAL GENERAL MEETING ("AGM") OF MNRB HOLDINGS BERHAD ("MNRB" or "the Company") ON WEDNESDAY, SEPTEMBER 20, 2023

Thank you for your letter dated September 13, 2023 on the above.

We are pleased to inform you that your queries were read out and addressed at our AGM held on September 20, 2023. Below are our responses to the queries:-

Operational & Financial Matters

- 1. Despite posting better financial performances in FY2023 with a 14% and 4.4% increase in revenue and net profit to RM3.71 billion and RM119.47 million, respectively, MNRB did not distribute dividends to shareholders.**

As a comparison, the Company declared a cash dividend of 2.5 sen per share, totaling approximately RM19.6 million in FY2022.

Why did the Company not declare dividends in FY2023 despite the better financial performance?

Response:

We have received numerous queries about dividends. We understand and appreciate that it could have resulted from our strong performance in both the previous financial year and the first quarter of this financial year.

We have taken note of the shareholders' request and are continuing to evaluate our options based on our robust capital position.

2. The reinsurance/retakaful segment recorded a weak first half but performed better in the second half of FY2023 with an overall 11.6% increase in gross written premiums/contribution (“GWP/GWC”) to RM1.95 billion in FY2023 from RM1.7 billion in the previous year. The segment had a higher net profit of RM56.2 million as compared to RM50.3 million in FY2022.
- a) Does the Group expect similar growth momentum in FY2024 for the overall reinsurance/retakaful segment, considering the growth in FY2023 was mainly driven by the reopening of economy in the endemic phase?
 - b) For FY2023, the international businesses contributed RM1.01 billion, or 52% of the total RM1.95 billion reinsurance/retakaful GWP/GWC in FY2023. Notably, this was the first time the premium contribution from the overseas market overtook the domestic market.

Does the Group expect premium contribution from the overseas market to remain ahead of the domestic market as the focus has shifted to growing international presence as the domestic market has reached a saturation point?

What is the breakdown between treaty and non-treaty businesses for overseas operations? What was the growth rate of the Managing General Agents and Specialty business by premiums in FY2023 compared to FY2022?

Response:

- a) We anticipate that growth will be moderated, although the Company's total GWP/GWC is expected to reach the RM 2 billion milestone. Our priority for FY2024 is to deliver on the bottom-line whilst ensuring a quality top-line growth.

The global reinsurance market is hardening as terms improved and pricing increases. This augurs well for reinsurers, who are seeing positive outcomes.

It is an opportunity that we can be more selective in underwriting the business. In a hardening market, we may write less business, yet earn the same or higher premiums.



-3-

- b) Yes, we expect overseas market contribution to remain ahead of domestic market contribution in FY2024, targeting specific markets and business lines as we continue to diversify risks and manage any systemic vulnerabilities stemming from concentrated exposure in the domestic market.

For FY2023, the breakdown between treaty and non-treaty business were 70.5% and 29.5%, respectively.

In FY2023, the growth rates for Managing General Agents (MGA) and Specialty business by premium were +45.2% and +7.1%, respectively.

3. **MNRB previously stated the family takaful business will be negatively impacted upon the implementation of the Malaysian Financial Reporting Standards 17 (“MFRS 17”) - Insurance Contracts with effect from 1 April 2023.**

What are the salient impacts of this implementation to the financial statements? How will the reporting of family takaful’s financial performance be affected and what is the extent of the impact?

Response:

The MFRS 17 standard does not impact on the Company's fundamental economics, financial soundness, claims paying ability, or dividend capacity. If there is an impact, it will be on the timing of expected future profit recognition.

Under the previous MFRS 4 standard, new business gains were recognized in income and investment-related activities were capitalized and reflected immediately in the current period.

Under the MFRS 17 standard, new business gains will be recorded in the Contractual Service Margin (CSM) and recognized over the duration of the contract, and investment-related activities will be recognized throughout the life of the asset.



- 4 -

4. **MNRB did not disclose essential ratios for insurance industry such as combined ratio, expense ratio, and claims ratio in the annual report.**

Will the Company consider disclosing such information in annual reports for the benefit of shareholders to enable better assessment of MNRB's performance?

Response:

The MNRB Group always strives for transparency and clarity in all its reporting to the shareholders. However, we believe it is more prudent not to publish business-sensitive disclosures in the Annual Report.

Sustainability Matters

Insurance and reinsurance players globally have committed to transitioning their insurance and reinsurance underwriting portfolio to net zero greenhouse emissions, as well as gradually phasing out from ESG-negative and sensitive industries.

- a) **From MNRB's perspective, is it realistic for the Company to set such targets for now considering the current state of economy among emerging ASEAN countries?**
- b) **Has MNRB formally established sector exclusive policy to exclude certain sectors or industries from its underwriting practices?**
- c) **What are the strategies and approaches in integrating sustainability and ESG considerations into different segments of businesses namely reinsurance/retakaful, family takaful, and general takaful?**

Response:

- a) In working towards the Net Zero commitment, we carefully considered the challenges and aim to:-
 - Progressively integrate our investments and operations with our sustainability agenda, while increasing our capability over a longer time horizon.
 - Assess the climate change and sustainability risks, particularly how they may impact our operations and financial stability.
 - Consider the regulatory landscape and our customers' and investors' sustainability expectations.



-5-

- Collaborate with our stakeholders, including government agencies, peers, NGOs and communities to advance the agenda.
 - Evaluate how our sustainability efforts may improve brand recognition and provide access to new markets and investors.
- b) The establishment of sector-based underwriting policy is currently in progress.
- c) The sustainability strategy is developed at the Group, with full support from the Board and Senior Management. The sustainability integration into our business and operations would leverage on multiple approaches including:
- Training and Awareness sessions
 - Integration in the Business Planning
 - Integration into Product Development
 - Enhancement of key processes such as procurement, underwriting due diligence and investment portfolio assessment.
 - Collaborations and partnerships with stakeholders
 - Embedding it in the Corporate KPI.

Should you need any further clarification, please do not hesitate to contact the undersigned at 03-2096 7190 or lana@mnr.com.my.

Thank you.

Yours faithfully,
for **MNRB HOLDINGS BERHAD**

Lena Abd Latif
Company Secretary
c.c :

- YBhg. Datuk Johar Che Mat (Chairman)
- Encik Zaharudin Daud (President & Group Chief Executive Officer)