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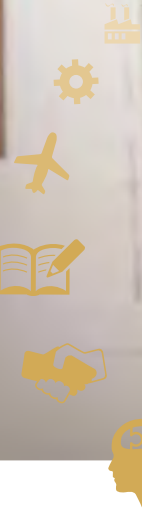


PROVIDING **EQUAL** OPPORTUNITIES FOR ALL



MNRB HOLDINGS BERHAD
(13487-A)

The MNRB Group is equally committed towards the continuous growth of our own people and those within the industry. Our emphasis on education and human capital development is best reflected in the MNRB Scholarship Programme which promotes education in the fields of Insurance, Actuarial Science and Risk Management. To further develop young talent, we collaborate with the Malaysian Insurance Institute to extend our scholarship programme to working adults who are keen to pursue professional insurance qualifications.



CORPORATE PROFILE

Malaysian National Reinsurance Berhad, the country's national reinsurer was set up in 1972 to limit the outflow of reinsurance premiums overseas. The company commenced operations on 9 February 1973.

In 2005, as a result of a restructuring exercise within the MNRB Group, the company's reinsurance license, business and assets were transferred to its subsidiary company, Malaysian Reinsurance Berhad. Pursuant to the restructuring, Malaysian National Reinsurance Berhad became an investment holding company and changed its name to MNRB Holdings Berhad (MNRB). Today, MNRB is listed on the Malaysian Bourse (Bursa Malaysia). Its market capitalisation stood at RM1.02 billion as at 23 July 2014.

The MNRB Group comprises leading wholesale providers of reinsurance and retakaful as well as a takaful operator. Its reinsurance subsidiary stands tall among the top reinsurers in the region, writing lines of general businesses locally and abroad. In Malaysia, its takaful operator vies among the leaders in the provision of Islamic financial protection services based on the takaful system.

CAPITAL STRUCTURE

The Company has an Authorised Capital of RM500 million, divided into 500 million ordinary shares of RM1.00 each and a Paid-up Capital of RM213 million, divided into 213 million ordinary shares of RM1.00 each.

CORPORATE MILESTONES



1973 - 1975

- Malaysian National Reinsurance Berhad commenced operations on 19 February 1973.
- Voluntary Cessions (VC) to Malaysian National Reinsurance Berhad commenced four (4) months later.
- Began to offer Excess of Loss Treaties to local insurance companies.
- Began to write Local Facultative business and non-reciprocal inwards overseas business.

1976 - 1978

- Retroceded part of the VC cessions to the local insurance companies for their net account.
- Sponsored the 1st Kuala Lumpur Insurance Seminar, attended by over four hundred (400) delegates.
- Commenced writing ten percent (10%) Quota Share of the Miscellaneous Accidents and Motor businesses.
- Increased level of retrocessions from twenty-five percent (25%) to thirty percent (30%) for Fire and Personal Accident businesses.

1979 - 1981

- Increased paid-up capital from RM5,200,002 to RM6,240,003.
- Commenced reciprocal exchange with overseas companies.
- Perbadanan Nasional Berhad's (PERNAS) fifty percent (50%) share in Malaysian National Reinsurance Berhad was transferred to Permodalan Nasional Berhad (PNB).

1982 - 1984

- Paid-up capital increased to RM8,216,004.
- Published the 1st edition of the Malaysian Insurance Directory.
- Introduced Common Account Excess of Loss for retrocessionaires.

1985 - 1987

Formation of the following:

- Technical Services Department
 - To conduct fire surveys including advisory services on risk management with the cost mostly borne by Malaysian National Reinsurance Berhad.
- Inspection Department
 - To ensure companies' adherence to the various Inter-Company Agreements.
- Rating Committee
 - To determine special rate under the Fire Tariff for Fire and Industrial All Risks Insurances.

1988 - 1990

- Increased level of retrocession from fifty percent (50%) to fifty-five percent (55%) to shareholding companies of Malaysian National Reinsurance Berhad.
- Implementation of Stage 1 – new levels of VC, Retrocessions and other market reinsurance arrangements.
- Began to organise Annual Golf Tournaments and Outward Bound School for the insurance industry.



CORPORATE MILESTONES (CONT'D)

1991 - 1993

- Implementation of automatic cessions on Facultative and Treaty business.
- Appointed as the Administration Manager of MMIP.
- Malaysian-Re International Insurance (L) Ltd. (MIIL) was set up as a wholly owned subsidiary.
- Implementation of Stage II – new levels of VC, Retrocessions and other market reinsurance arrangements.
- Malaysian National Reinsurance Berhad and Malaysia National Insurance Berhad (MNI) jointly hosted and organised the 13th General Meeting of the Federation of Afro – Asian Insurers and Reinsurers (F.A.I.R.) attended by over three hundred fifty (350) international and local participants.

1994 - 1996

- Bank Negara Malaysia (BNM) appointed Malaysian National Reinsurance Berhad to manage the Scheme for Insurance of Large and Specialised Risks.
- Appointed as Manager for the Malaysian Energy Risks Consortium.
- Launching of the Central Administration Bureau.
- Implementation of Stage III – new levels of VC, Retrocessions and other market reinsurance arrangements.
- MIIL, now known as Labuan Re, ceased to be a wholly owned subsidiary of Malaysian National Reinsurance Berhad with the equity interest being diluted to twenty percent (20%).
- Appointed as Manager of the Malaysian Aviation Pool.
- Malaysian National Reinsurance Berhad was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

1997 - 1999

- Commencement of Overseas Facultative business.
- Launching of Malaysian National Reinsurance Berhad Homepage (<http://www.malaysian-re.com.my>).
- Launching of MNRB Scholarship Fund of RM1 million.
- Malaysian National Reinsurance Berhad moved to its own building, Bangunan Malaysian Re.
- Implementation of new levels of VC, Retrocessions and other market reinsurance arrangements.

2000 - 2001

- Awarded the MS ISO 9002:1994 certification.
- Appointed as Account Manager for the Sihat Malaysia Scheme.
- Injected additional RM1 million to the MNRB Scholarship Fund.

2002

- Arrangement of terrorism insurance via the Malaysian Terrorism Facility.
- Received approval in principle from BNM to set up a takaful operation.





2003

- BNM approved the registration of Takaful IKHLAS on 21 April 2003 and it commenced operations on 2 July 2003.
- MNRB was granted the approval on certification to the new ISO Standard, MS ISO 9001:2000.
- Implementation of new levels of VC, Retrocession to the industry ceased with effect from 1 January 2003.

2004

- Commenced the restructuring exercise of the Group.

2005

- The Group's restructuring exercise was completed on 1 April 2005 and hereon Malaysian National Reinsurance Berhad became MNRB. The new holding company is an investment holding company that focuses on business expansion to broaden the Group's income base and further strengthen its financial position. The reinsurance business was then transferred to a newly incorporated one hundred percent (100%) subsidiary of MNRB, Malaysian Reinsurance Berhad (Malaysian Re). The takaful business continues to be undertaken by Takaful IKHLAS, a wholly owned subsidiary of MNRB. Labuan Re became an associate company of Malaysian Re.

2006

- MSSB was formed to oversee the administration of Malaysian Motor Insurance Pool (MMIP), a pool established by the insurance industry to provide insurance coverage for vehicle owners who find difficulty in obtaining coverage.
- MNRB obtained BNM's approval to establish a retakaful operation under the Takaful Act, 1984 to conduct both General and Family Retakaful businesses. The wholly owned subsidiary company of MNRB is known as MRT.
- MRDL, a wholly owned subsidiary of Malaysian Re was incorporated.
- Malaysian Re won the prestigious Reinsurance Industry Contribution Award given by the Asia Insurance Review and the Review Magazine.
- Malaysian Re was assigned a Financial Strength Rating (FSR) of 'A-' (Excellent) and an Issuer Credit Rating (ICR) of 'a-' by A.M. Best Asia-Pacific Limited.
- Malaysian Re was assigned an 'A-' Insurer Financial Strength (IFS) rating with Stable outlook by Fitch Ratings.

2007

- Malaysian Re's FSR of 'A-' (Excellent) and ICR of 'a-' was reaffirmed by A.M. Best Asia-Pacific Limited.
- Malaysian Re's IFS rating of 'A-' with Stable outlook was reaffirmed by Fitch Ratings.
- MRT commenced operations in August 2007 as the first Retakaful operator in Malaysia.

CORPORATE MILESTONES (CONT'D)

2008

- MRDL was officially launched on 18 March 2008.
- MRDL was wholly transferred from Malaysian Re to MNRB.
- MRT was officially launched on 11 August 2008.
- MRT was assigned an IFS rating of 'BBB+' with Stable outlook by Fitch Ratings.
- MRT was awarded "The Most Outstanding Retakaful Operator 2008" at the KL Islamic Finance Forum 2008 (KLIFF 2008).
- Malaysian Re's MS ISO 9001:2000 Quality Management Systems certification which was issued in 2003, was reaffirmed.
- Takaful IKHLAS was awarded "Best Takaful/Retakaful Provider 2008" by Islamic Finance News (IFN).
- Takaful IKHLAS won The BrandLaureate – SMEs Chapter Award 2008, "Best Brands in Product Branding – Consumer Healthcare Insurance".
- IKHLAS Medic Assist Takaful (IMAT) won the "Most Innovative Product Award" by KLIFF 2008.

2009

- Malaysian Re's FSR of 'A-' (Excellent) and ICR of 'a-' was reaffirmed by A.M. Best Asia-Pacific Limited.
- Malaysian Re's IFS rating of 'A-' with Stable outlook was reaffirmed by Fitch Ratings.
- Following a recertification audit conducted by SIRIM, Malaysian Re's MS ISO 9001:2000 Quality Management Systems certification was reaffirmed.
- MRT's IFS rating of 'BBB+' with Stable outlook was reaffirmed by Fitch Ratings.
- Malaysian Re and Labuan Re jointly hosted and organised the 21st F.A.I.R. Conference, attended by over six hundred (600) delegates including leaders and experts in the insurance industry.
- Takaful IKHLAS won "Best Takaful/Retakaful Provider" for the second time at the Islamic Finance News Polls Awards 2009.
- Takaful IKHLAS won The BrandLaureate – SMEs Chapter Award 2009, "Best Brands in Product Branding – Consumer Healthcare Insurance" & The BrandLaureate – SMEs Chapter Award 2009, Corporate Branding – "Best Brands in Services – Islamic Protection Services".

2010

- Takaful IKHLAS was named the "Best Takaful Provider" at the Euromoney Islamic Finance Awards 2010 organised by financial magazine, Euromoney.
- IKHLAS Medical Assistance Takaful won "Best Takaful Product" by International Takaful Awards 2010.
- Takaful IKHLAS moved to its new corporate office, IKHLAS Point, in Bangsar South, Kuala Lumpur.





2011

- Takaful IKHLAS was awarded The BrandLaureate – SMEs Chapter Award 2010 (third consecutive year).
- Takaful IKHLAS was named Best Takaful/Retakaful Provider by Islamic Finance News Polls Awards 2010 (third consecutive year).
- Takaful IKHLAS was awarded for its excellence in Branding by “The BrandLaureate – SMEs Chapter Awards 2010” in the categories of The Best Brands in Corporate Branding – Islamic Financial Protection Services (second consecutive year) and The Best Brands in Product Branding – Health Insurance Services (third consecutive year).
- Fitch Ratings upgraded Malaysian Re’s IFS rating from ‘A-’ to ‘A’ with Stable outlook.

2012

- Malaysian Re’s FSR of ‘A-’ (Excellent) and ICR of ‘a-’ was reaffirmed by A.M. Best Asia-Pacific Limited, with Stable outlook for both ratings.
- Malaysian Re’s IFS rating of ‘A’ was reaffirmed by Fitch Ratings, with Stable outlook.
- MRT’s IFS rating of ‘BBB+’ was reaffirmed by Fitch Ratings, with Stable outlook.
- Takaful IKHLAS and MRT won the Best Islamic Takaful Provider and Best Re-Takaful Provider awards, respectively, at the Islamic Finance News (IFN) Service Providers Poll 2011 Awards held in Kuala Lumpur.
- Takaful IKHLAS won the Best Islamic Takaful Provider at the Euromoney Islamic Finance Awards 2012.

2013

- Malaysian Re’s FSR of ‘A-’ (Excellent) and ICR of ‘a-’ was reaffirmed by A.M. Best Asia-Pacific Limited, with Stable outlook for both ratings.
- Malaysian Re’s IFS rating of ‘A’ was reaffirmed by Fitch Ratings, with Stable outlook.
- MRT’s IFS rating of ‘BBB+’ was reaffirmed by Fitch Ratings, with Stable outlook.
- Takaful IKHLAS won the Best Takaful Provider – Euromoney Islamic Finance Awards 2013.

2014

- A.M. Best Asia-Pacific Limited revised Malaysian Re’s outlook to Positive from Stable and reaffirmed the FSR of ‘A-’ (Excellent) and ICR of ‘a-’.
- Fitch Ratings reaffirmed Malaysian Re’s IFS rating of ‘A’ with Stable outlook.
- MRT’s IFS rating of ‘BBB+’ was reaffirmed by Fitch Ratings, with Stable outlook.
- Takaful IKHLAS was named “Best Takaful House” in the 2014 Islamic Finance Awards by Euromoney.
- Takaful IKHLAS won Malaysian Best Takaful Operator 2013 - Global Banking & Finance Review.

NOTICE OF 41ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting of the Company will be held at the Auditorium, 3rd Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur on Thursday, 18 September 2014 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note (i)**
2. To approve the payment of a First and Final Single-Tier Dividend in respect of the financial year ended 31 March 2014 of 16.5% per ordinary share. **(Ordinary Resolution 1)**
3. To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association:
 - (i) Sharkawi Alis **(Ordinary Resolution 2)**
 - (ii) Mohd Din Merican **(Ordinary Resolution 3)**
4. To approve Directors' fees amounting to RM700,000 for the financial year ended 31 March 2014 (2013: RM700,000). **(Ordinary Resolution 4)**
5. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**
6. Continuing in Office as Independent Non-Executive Director.

"THAT approval be and is hereby given to Dato' Syed Ariff Fadzillah Syed Awalluddin who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012".

(Ordinary Resolution 6)

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolutions:

7. **Re-appointment of Directors retiring in accordance with Section 129 of the Companies Act, 1965:**
 - (i) "THAT Datuk Mohd Khalil Dato' Mohd Noor, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Ordinary Resolution 7)**
 - (ii) "THAT Dato' Syed Ariff Fadzillah Syed Awalluddin, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Ordinary Resolution 8)**
8. To transact any other business which may properly be transacted at the Annual General Meeting.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Forty-First Annual General Meeting to be held on 18 September 2014, a First and Final Single-Tier Dividend in respect of the financial year ended 31 March 2014 of 16.5% per ordinary share will be paid on 29 October 2014 to the shareholders whose names appear in the Register of Depositors on 30 September 2014.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 September 2014 in respect of ordinary transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NORAZMAN HASHIM (MIA 5817)
LENA ABD LATIF (LS 8766)
Company Secretaries

Kuala Lumpur
27 August 2014

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. A member may appoint not more than two (2) proxies to attend the meeting provided the member shall specify in each proxy the proportion of the member's shareholdings to be represented by each proxy and only one (1) proxy shall be entitled to vote on a show of hands.
3. Where a member is an exempt authorized nominee, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
4. An instrument appointing a proxy(ies) shall be in writing, and in the case of an individual shall be signed by the appointer or by his attorney duly authorized in writing, and in the case of a Corporation shall be either given under its common seal or signed on its behalf by its attorney or an officer of the Corporation so authorised.
5. An instrument appointing a proxy(ies) must be deposited at the office of the Share Registrar of the Company, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, not less than forty-eight (48) hours before the time set for the Annual General Meeting or any adjournment thereof.
6. Only members registered in the Record of Depositors as at 10 September 2014 shall be eligible to attend the AGM or appoint proxy(ies) to attend and vote on his/her behalf.
7. **Payment of First and Final Single-Tier Dividend**

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad the First and Final Single-Tier Dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

NOTICE OF 41ST ANNUAL GENERAL MEETING (CONT'D)

8. Explanatory Notes

(i) Item 1 of the Agenda

This item on the Agenda is meant for discussion only. The provision of Section 169(1) of the Companies Act, 1965 requires that the Audited Financial Statements be laid before the Company at its Annual General Meeting and do not require formal approval of the shareholders. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(ii) Ordinary Resolution 6 - Continuing in Office as Independent Non-Executive Director

The proposed Ordinary Resolution 6 is to seek the shareholders' approval to retain Dato' Syed Ariff Fadzillah Syed Awalluddin who has served on the Board for a cumulative term of more than nine (9) years, as Independent Non-Executive Director of the Company. The Board has via the Nomination Committee, assessed the Independence of Dato' Syed Ariff Fadzillah Syed Awalluddin and recommended him to continue to serve as Independent Non-Executive Director based on the following justifications:

- (a) Dato' Syed Ariff Fadzillah Syed Awalluddin has been an Independent Non-Executive Director for almost ten (10) years.
- (b) Notwithstanding the long tenure, Dato' Syed Ariff Fadzillah Syed Awalluddin is considered to still fulfill the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (c) This assessment is based on the Directors' Evaluation exercise that was performed yearly amongst Board members.

(iii) Ordinary Resolutions 7 and 8 - Re-appointment of Directors pursuant to Section 129 of the Companies Act, 1965

Datuk Mohd Khalil Dato' Mohd Noor and Dato' Syed Ariff Fadzillah Syed Awalluddin, Directors over the age of seventy (70) years, shall retire pursuant to Section 129 of the Companies Act, 1965 at the conclusion of the forthcoming 41st Annual General Meeting. The proposed re-appointment of Datuk Mohd Khalil Dato' Mohd Noor and Dato' Syed Ariff Fadzillah Syed Awalluddin will require resolutions passed by a majority of not less than three-fourths (3/4) of members of the Company who are entitled to vote at the forthcoming Annual General Meeting. The proposed resolutions will enable Datuk Mohd Khalil Dato' Mohd Noor and Dato' Syed Ariff Fadzillah Syed Awalluddin to hold office until the conclusion of the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Bursa Malaysia Main Market Listing Requirements

DIRECTORS STANDING FOR RE-ELECTION AND RE-APPOINTMENT AT THE FORTY-FIRST ANNUAL GENERAL MEETING

The following are the Directors retiring pursuant to Article 86 of the Company's Articles of Association:

1. Sharkawi Alis
2. Mohd Din Merican

The following are the Directors retiring pursuant to Section 129 of the Companies Act, 1965:

1. Datuk Mohd Khalil Dato' Mohd Noor
2. Dato' Syed Ariff Fadzillah Syed Awalluddin

The respective profile of the above Directors is set out in the Profile of Directors' section of the Annual Report from pages 16 to 19.

CORPORATE INFORMATION

Board of Directors

Sharkawi Alis
NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

Mohd Din Merican
PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER
NON-INDEPENDENT EXECUTIVE DIRECTOR

Megat Dziauddin Megat Mahmud
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

P. Raveenderen
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Syed Ariff Fadzillah Syed Awalluddin
INDEPENDENT NON-EXECUTIVE DIRECTOR

Yusoff Yaacob
INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Mohd Khalil Dato' Mohd Noor
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Paisol Ahmad
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Company Secretaries

Norazman Hashim (MIA 5817)
Lena Abd Latif (LS 8766)

Audit Committee

Megat Dziauddin Megat Mahmud (Chairman)
Dato' Syed Ariff Fadzillah Syed Awalluddin
P. Raveenderen
Paisol Ahmad
Yusoff Yaacob

Nomination Committee

Dato' Syed Ariff Fadzillah Syed Awalluddin (Chairman)
Sharkawi Alis
Yusoff Yaacob

Remuneration Committee

Megat Dziauddin Megat Mahmud (Chairman)
Dato' Syed Ariff Fadzillah Syed Awalluddin
Yusoff Yaacob

Risk Management Committee

Yusoff Yaacob (Chairman)
P. Raveenderen
Datuk Mohd Khalil Dato' Mohd Noor

Investment Committee

Datuk Mohd Khalil Dato' Mohd Noor (Chairman)
Megat Dziauddin Megat Mahmud
Paisol Ahmad
Mohd Din Merican

Auditors

Ernst & Young
Level 23A, Menara Millenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: +603-7495 8000
Fax: +603-2095 5332

Share Registrar

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603- 7841 8000
Fax: +603-7841 8008

Principal Banker

CIMB Bank Berhad

Registered Office

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

Stock Exchange Listing

Bursa Securities
– Main Market

BOARD OF DIRECTORS

From Left To Right:

- **Datuk Mohd Khalil Dato' Mohd Noor**
(Non-Independent Non-Executive Director)
- **Dato' Syed Ariff Fadzillah Syed Awalluddin**
(Independent Non-Executive Director)
- **Megat Dziauddin Megat Mahmud**
(Senior Independent Non-Executive Director)
- **Sharkawi Alis**
(Non-Independent Non-Executive Chairman)



DIRECTORS' PROFILE



Sharkawi Alis

NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

SHARKAWI ALIS, aged sixty-seven (67), Malaysian. Non-Independent Non-Executive Director since 7 January 2005 and was subsequently appointed as Non-Independent Non-Executive Chairman on 3 September 2007. Member of the Nomination Committee. He is a Barrister-at-Law from Middle Temple, London where he was called in 1971. He served in the Malaysian Judicial and Legal Service in various capacities for eleven (11) years before he was appointed as Group Legal Adviser of Malaysian Mining Corporation Berhad in August 1982. In January 1997, he joined the Securities Commission, Malaysia as Director of Market Supervision and subsequently as Director of Corporate Resources Division till March 2003. Also Chairman of Malaysian Re, Takaful IKHLAS, MRT, Labuan Re and MRDL, a Director of MIDF Amanah Asset Management Berhad, Malaysian Industrial Development Finance Berhad, MIDF Amanah Investment Bank Berhad, MIDF Property Berhad and Motordata Research Consortium Sdn. Bhd. Not related to any Directors and/or major shareholders of MNRB except by virtue of being a nominee Director of PNB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.



Mohd Din Merican

**PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER
NON-INDEPENDENT EXECUTIVE DIRECTOR**

MOHD DIN MERICAN, aged fifty-two (52), Non-Independent Executive Director with effect from 9 January 2012 and President & Group Chief Executive Officer of the Company. Member of the Investment Committee. Obtained Bachelor of Commerce (Honours) degree from Carleton University, Ottawa, Canada. He is an Associate Member of The Malaysian Insurance Institute since 1991. His more than twenty-nine (29) years' experience in the insurance industry began in 1985 when he joined one of Malaysia's general insurance companies. Since then he has held key management positions in various insurance, insurance broking and reinsurance firms including being the Principal Officer & General Manager of SCOR Switzerland Ltd, Labuan Branch. Prior to joining MNRB, he was the Chief Executive Officer of Etiqa Insurance Berhad. Formerly member of Management Committee of Persatuan Insurans Am Malaysia, National Insurance Association of Malaysia and President of Life Insurance Association of Malaysia. Also a Director of Malaysian Re, MRT, Takaful IKHLAS, Labuan Re, MRDL and Motordata Research Consortium Sdn. Bhd. Not related to any Directors and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.



Megat Dziauddin Megat Mahmud

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

MEGAT DZIAUDDIN MEGAT MAHMUD, aged sixty-eight (68), Malaysian. Independent Non-Executive Director since 24 August 2006 and re-designated as Senior Independent Non-Executive Director on 19 July 2011. Chairman of the Remuneration Committee as well as the Audit Committee and member of the Investment Committee. He obtained a Bachelor of Science (Econs.) (Hons.) degree from the Queen's University of Belfast, Northern Ireland and is a Fellow of the Institute of Chartered Accountants in Ireland as well as a Chartered Accountant with the Malaysian Institute of Accountants. He had served Golden Hope Plantations Berhad as Group Director, Finance, Arab-Malaysian Merchant Bank, first as General Manager - Operations and later as General Manager - Investment, Bank Simpanan Nasional as Finance Manager and the Accountant-General's Department as Treasury Accountant. Also the Chairman of Alliance Islamic Bank Berhad and a Director of Malaysian Re, MRT, Pernec Corporation Berhad, Alliance Financial Group Berhad, Alliance Bank Malaysia Berhad, Alliance Investment Bank Berhad, Takaful IKHLAS and several other private limited companies. Not related to any Directors and/or shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.

P. Raveenderen

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

P. RAVEENDEREN, aged sixty-nine (69), Malaysian. Appointed as a Director on 11 November 1993 and designated as an Independent Non-Executive Director on 1 September 2003. He was re-designated as a Non-Independent Non-Executive Director on 19 July 2011. Member of the Audit Committee and the Risk Management Committee. An Associate of The Chartered Insurance Institute as well as a Chartered Insurer. He was the Chief Executive Officer of Royal Insurance (M) Sdn. Bhd. since 1985 until the Company merged with Sun Alliance Insurance (M) Sdn. Bhd. on 1 September 1999 when he assumed the position of Executive Director of the merged Royal & Sun Alliance Insurance (M) Bhd. until his retirement on 31 August 2001. Also a Director of Malaysian Re. Not related to any Directors and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.

DIRECTORS' PROFILE (CONT'D)



Dato' Syed Ariff Fadzillah Syed Awalluddin

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATO' SYED ARIFF FADZILLAH SYED AWALLUDDIN, aged seventy (70), Malaysian. Appointed as a Director on 31 January 2003 and re-designated as an Independent Non-Executive Director on 28 October 2004. Chairman of the Nomination Committee, member of the Audit Committee and the Remuneration Committee. Graduated from the University of Malaya with a Bachelor of Arts degree, then obtained a Diploma in International Relations from the University of Oslo, a Diploma in Development Administration from the London School of Economics and a Master's in International Relations from the University of New York. Joined the Government service in 1967 and was later posted abroad to serve in Canada, Libya and the United Nations in New York and Indonesia. Was appointed as the Ambassador to Fiji, Republic of Korea and Thailand until his retirement from Government Service in 2001. Also the Chairman of Berjaya Auto Berhad, a Director of Malaysian Re, MRT, EcoFirst Consolidated Bhd. and one (1) other private limited company. Not related to any Directors and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.



Yusoff Yaacob

INDEPENDENT NON-EXECUTIVE DIRECTOR

YUSOFF YAACOB, aged sixty-six (66), Malaysian. Appointed as a Director on 10 November 2004 and re-designated as an Independent Non-Executive Director on 23 March 2006. Chairman of the Risk Management Committee, member of the Audit Committee, Remuneration Committee and the Nomination Committee. Obtained a Diploma in Insurance Studies & Insurance Management from the University of Nottingham, United Kingdom. A Chartered Insurance Practitioner and a Fellow of the Chartered Insurance Institute, United Kingdom. Started his career as an Insurance Trainee with Malaysia National Insurance Sdn. Bhd. in 1970 and held the position of Marine Manager until 1979. Joined Petroliaam Nasional Berhad (PETRONAS) in 1979 and was the General Manager (Insurance Division) until his retirement in 2003. Also a Director of Malaysian Re. Not related to any Directors and/or major shareholders of MNRB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.



Datuk Mohd Khalil Dato' Mohd Noor

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATUK MOHD KHALIL DATO' MOHD NOOR, aged seventy-three (73), Malaysian. Non-Independent Non-Executive Director since 14 December 2004. Chairman of the Investment Committee and member of the Risk Management Committee. Graduated from the University of Malaya with a Bachelor of Arts degree and then obtained a Diploma in Commercial Policy from GATT Training Institute in Geneva, Switzerland. He was the former Auditor-General of Malaysia from 1994 to 2000. Also the former Secretary of the Foreign Investment Committee, Deputy Secretary General of the Ministry of Trade and Industry and Secretary General of the Ministry of Works. Currently, a Director of IOI Corporation Berhad, Malaysian Re and MRT. Not related to any Directors and/or major shareholders of MNRB except by virtue of being a Nominee Director of PNB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.



Paisol Ahmad

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

PAISOL AHMAD, aged sixty (60), Malaysian. Non-Independent Non-Executive Director since 11 April 2008. Member of the Audit Committee and the Investment Committee. Obtained a Diploma in Accountancy from Universiti Teknologi MARA and thereafter became a Fellow of the Association of Chartered Certified Accountants, United Kingdom. Also a Chartered Accountant with the Malaysian Institute of Accountants, a Fellow of the Financial Services Institute of Australasia and a Certified Financial Planner with the Financial Planning Association of Malaysia. He was the Senior Accountant of Pernas Charter Management Sdn. Bhd. He then held various positions in Amanah Saham Nasional Berhad before being appointed as its Executive Director/Senior Vice President II. He was subsequently transferred to PNB and is currently the Senior Vice President, Financial Management Audit Division. Also a Director of Takaful IKHLAS, KAF Investment Bank Berhad and two (2) other private limited companies. Not related to any Directors and/or shareholders of MNRB except by virtue of being a Nominee Director and employee of PNB. Does not have any conflict of interest with MNRB and has never been convicted for any offences within the past ten (10) years. Attended all the eight (8) Board Meetings held in the financial year.

SENIOR MANAGEMENT TEAM



• Mohd Din Merican

From left to right:

- Norazman Hashim
- Ahkter Abdul Manan
- Azlan A. Azizee



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A N N U A L R E P O R T

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From left to right:

- **Ahmad Ruhaizad Hashim**
- **Mohd Radzuan Mohamed**
- **Romie Khalid**



From left to right:

- **Dr. Ali Azizan Mohamad**
- **Sharmini Perampalam**
- **Lena Abd Latif**



SENIOR MANAGEMENT TEAM'S PROFILE

The President & Group Chief Executive Officer, **MOHD DIN MERICAN** leads the day-to-day operations of MNRB together with the key management staff which includes:

Norazman Hashim

**EXECUTIVE VICE PRESIDENT & GROUP CHIEF FINANCIAL OFFICER/
COMPANY SECRETARY**

NORAZMAN HASHIM is the Executive Vice President & Group Chief Financial Officer/Company Secretary of MNRB. He obtained his Masters degree in Business Administration from the Cranfield School of Management, United Kingdom in 1990. He is also a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of the Malaysian Institute of Accountants. He joined the then Malaysian National Reinsurance Berhad in 1985 and was appointed as its Financial Controller and Company Secretary in 1994.

He was subsequently transferred to Malaysian Re on 1 April 2005 and promoted to General Manager to head the Corporate Services Division, comprising Administration, Legal & Secretarial, Corporate Communications, Human Capital Management and Finance Departments in June 2005. He was transferred to MNRB on 1 April 2008 and assumed his current position. He is also a Director of MSSB and the Company Secretary of Malaysian Re, MRT, MRDL and Takaful IKHLAS.

Ahkter Abdul Manan

SENIOR VICE PRESIDENT & GROUP CHIEF INVESTMENT OFFICER

AHKTER ABDUL MANAN is the Senior Vice President & Group Chief Investment Officer of MNRB. He graduated from the University of Science, Malaysia with a Bachelor of Social Science (Honours) degree majoring in Management and an Economics minor. He is responsible for the overall investment, property and administration division of MNRB Group. He started his career in the Investment and Securities Department (IVS) of Malaysian International Merchant Bankers Berhad (MIMB) in 1987 as an Investment Analyst.

In 1991, he was promoted to Manager, Head of IVS and in 1995 to Assistant General Manager. He was subsequently promoted to General Manager of IVS in 1997. He was then seconded to MIDF Aberdeen Asset Management Sdn. Bhd. (MIDF Aberdeen), which he set up in 1998. On 1 January 2001, he was appointed as the Chief Executive Officer and Executive Director of MIDF Aberdeen. He joined Asia Unit Trust Berhad (AUTB) on 1 September 2004 as Chief Executive Officer following the transfer of business of MIDF Aberdeen to Amanah SSCM Asset Management Berhad. He left AUTB on 16 July 2007 to join MNRB on 17 July 2007. In total, he brings along to the Company more than twenty-seven (27) years of experience in the Asset Management industry.

Azlan A. Azizee

SENIOR VICE PRESIDENT & GROUP CHIEF INFORMATION OFFICER

AZLAN A. AZIZEE graduated with a Bachelor of Science in Computer Science from the University of Wisconsin, Green Bay, USA in 1984 and Masters of Science in Information Systems Technology from The George Washington University, Washington D.C., USA in 1986.

He joined the then Malaysian National Reinsurance Berhad in 1987 as an IT Executive. He held positions of increasing responsibility in the ensuing years at the Company and was also involved in the implementation of IT initiatives for the insurance industry.

He is currently the Senior Vice President & Group Chief Information Officer responsible for leadership of the Company's information technology strategy, management and operations.

He assumed the current position at MNRB on 1 April 2005.

Ahmad Ruhaizad Hashim

SENIOR VICE PRESIDENT & GROUP CHIEF STRATEGY OFFICER

AHMAD RUHAIZAD HASHIM is the Senior Vice President & Group Chief Strategy Officer of MNRB. He graduated in 1990 with a Bachelor of Economics and Accounting Degree from the University of Leeds, England. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) since 1995 as well as a member of the Malaysian Institute of Accountants. He brings almost twenty-one (21) years of experience in corporate management and advisory services. His career started in 1991 when he joined Arthur Andersen as an auditor. He served Arthur Andersen for more than five (5) years until 1996 when he left to join KUB Malaysia Berhad. He then rejoined Arthur Andersen in 1999 to head the Kuala Terengganu branch operation. In 2002, he joined Putrajaya Holdings Sdn. Bhd. as the Head of the Corporate Planning Department. He joined MNRB on 2 January 2008.

Mohd Radzuan Mohamed

SENIOR VICE PRESIDENT & GROUP CHIEF RISK MANAGEMENT AND COMPLIANCE OFFICER

MOHD RADZUAN MOHAMED is the Senior Vice President & Group Chief Risk Management and Compliance Officer of MNRB. He graduated in 1995 with a Bachelor (Honours), Risk Management from the Glasgow Caledonian University, Scotland and BBA (Honours) Risk Management and Insurance from UiTM in 1994. He is a member of the Institute of Risk Management, UK since 1996. His career started in 1997 when he joined the then Malaysian National Reinsurance Berhad as a graduate trainee and was promoted to Assistant Manager of the Technical Services department. He served the then Malaysian National Reinsurance Berhad for more than six (6) years until 2003 when he decided to join Takaful Nasional Sdn. Bhd. as Manager, Risk Management Department.

In 2005 he then joined Mayban Fortis Holdings Berhad as an Assistant Vice President, Risk Mitigation and Analytics, Operational Risk Management. He later joined Syarikat Takaful Malaysia Berhad as an Assistant General Manager, Risk Management Division from 2007 until 2010. He joined MNRB on 3 January 2011.

Romie Khalid

SENIOR VICE PRESIDENT & GROUP CHIEF INTERNAL AUDITOR

ROMIE KHALID is the Senior Vice President & Group Chief Internal Auditor of MNRB. He graduated in 1996 with a Bachelor of Science (Economics), majoring in Accounting & Finance from the London School of Economics & Political Science. He started his career as an auditor with Arthur Andersen in 1997, where he served in the financial services group of the audit division. In 2003, he joined the then Malaysian National Reinsurance Berhad as an Executive in the Finance Department. He was then transferred to the Risk Management Department in 2004 to take up the role as the Risk Management Officer (RMO). On 1 April 2005, he was transferred to Malaysian Re, serving Malaysian Re's RMO. Subsequently on 1 August 2007, he was transferred back to MNRB and assumed his current position on 7 August 2007.

Dr. Ali Azizan Mohamad

SENIOR VICE PRESIDENT & HEAD OF HUMAN CAPITAL MANAGEMENT

DR. ALI AZIZAN MOHAMAD is the Senior Vice President & Head of Human Capital Management of MNRB since 1 December 2011. He is an experienced professional with more than twenty-one (21) years of experience in Organisational Development, Human Capital Management and Leadership Development. He has been extensively involved in the Design and Development of Competency-Based HR Applications, Leadership Development and Talent Management. He has served as feedback coach to Senior Executives in both private and public sectors across the Asia Region. His expertise lies in designing and facilitating HR and Leadership Development Programs. Dr Ali Azizan spent more than ten (10) years in Senior Management positions in Human Resources in Telekom Malaysia Berhad and Maybank. In this role, he provided Management Direction and Change Leadership on Organisational issues, structure and strategy to meet the Business Unit Objectives and in implementing Human Resources policies, processes, initiatives and programs. Prior to joining MNRB, he was the Director of Programs, International Centre for Leadership in Finance (ICLIF). A HR Professional and Leadership Development Specialist by profession, he graduated with degrees in Sciences from Northern Illinois University, University of Illinois and University of Southern California and a PhD from Universiti Kebangsaan Malaysia.

Sharmini Perampalam

SENIOR VICE PRESIDENT & HEAD OF FINANCE

SHARMINI PERAMPALAM is the Senior Vice President & Head of Finance of MNRB. She holds an Honours degree in Accountancy from Universiti Putra Malaysia and is a member of the Malaysian Institute of Accountants.

She joined the then Malaysian National Reinsurance Berhad in 1995 as an Internal Audit Executive and moved up the ranks to Manager before being transferred to the Finance Department. She was promoted to her current position as Senior Vice President & Head of Finance in 2011.

With the MNRB Group for more than eighteen (18) years, she brings with her a wealth of experience from financial and audit procedures to corporate and operations management.

SENIOR MANAGEMENT TEAM'S PROFILE (CONT'D)

Lena Abd Latif

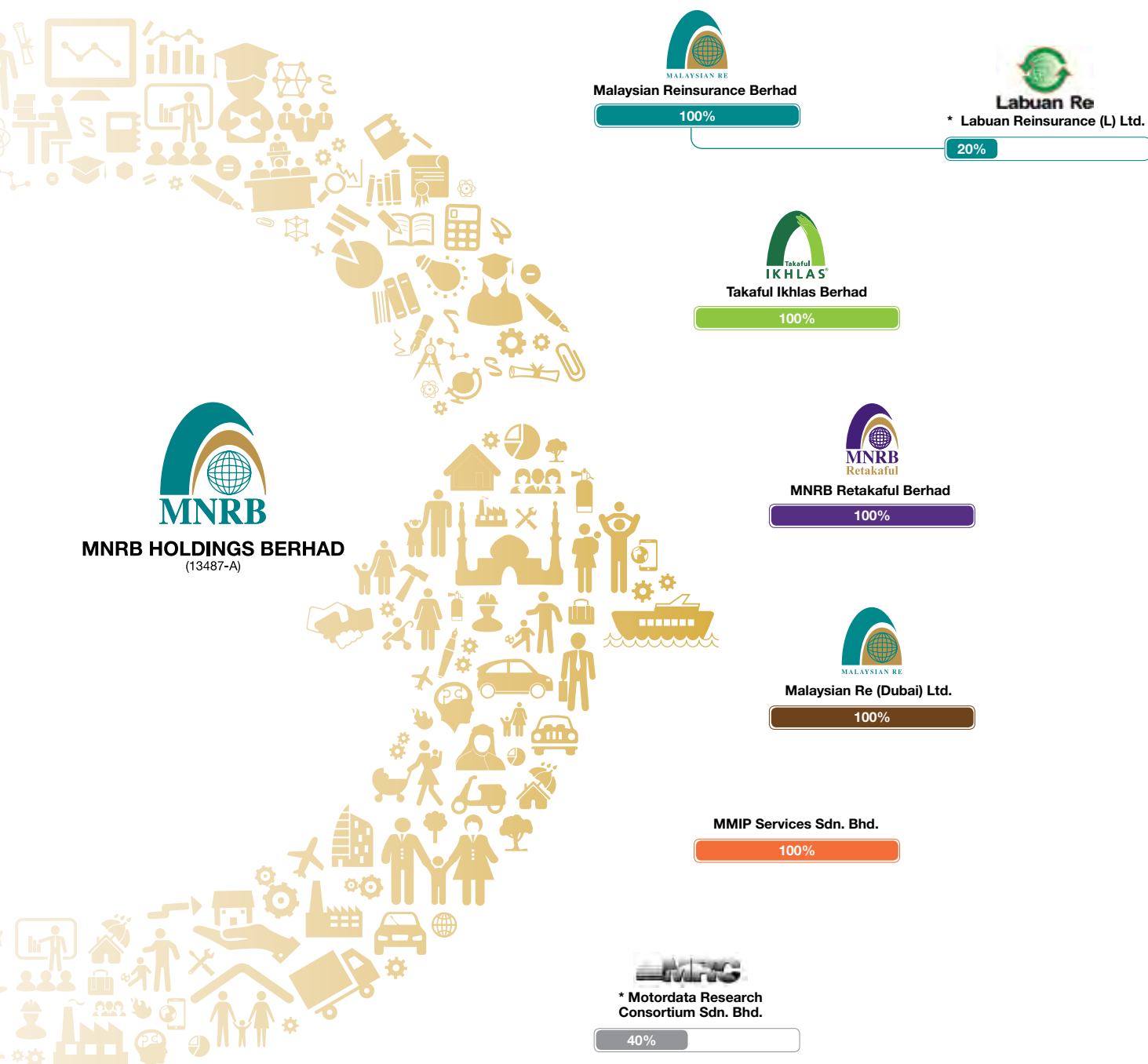
**SENIOR VICE PRESIDENT & HEAD OF LEGAL & SECRETARIAL/
COMPANY SECRETARY**

LENA ABD LATIF is the Senior Vice President, Head of Legal & Secretarial and Company Secretary of MNRB. She holds a Bachelor of Laws (Honours) degree from the International Islamic University, Malaysia and has been called to the Malaysian Bar. She joined the then Malaysian National Reinsurance Berhad in 2003 as Manager, Legal & Secretarial and was appointed as its Company Secretary in February, 2004. She was promoted to her current position as Senior Vice President & Head of Legal & Secretarial in 2011.

She has over twenty-one (21) years of working experience in both legal practice and corporate firms. She was employed by Utusan Melayu (Malaysia) Bhd as its legal advisor in 1991 and thereafter, as the General Manager, Corporate Affairs/Group Company Secretary at Land & General Berhad between 1993 and 2000. She is the Company Secretary of Malaysian Re, MRT, Takaful IKHLAS and MSSB.



GROUP STRUCTURE



* Associate Company

CHAIRMAN'S

STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors, it is my privilege and pleasure to present the Annual Report of the MNRB Group for the financial year ended 31 March 2014 (FY2014).

The MNRB Group turned in a sound performance in the year under review. Amidst the ongoing challenging environment, the Group's key subsidiaries made firm strides forward which led to our delivering higher revenue and profits. To ensure a sustainable future for the Group and our stakeholders we continue to balance our strong financial performance with responsible corporate activities. At the same time, we continue to leverage on our healthy financial position, proven business strategies and steadfast stakeholder relationships to reinforce our market standing.

SHARKAWI ALIS
Chairman

A DIVERSE ECONOMIC ENVIRONMENT

In the year 2013, the global economy grew 3.2% compared to the 3.5% growth recorded in the previous year. The year witnessed clearer signs of growth divergence between the advanced and emerging economies.

The economies of the US and the UK grew relatively well while the Eurozone and Japan depicted modest recovery due to their respective monetary policies which remained accommodative throughout the year. On the other hand, the emerging economies steered a different path in comparison to the advanced economies as rising inflationary pressures in some countries forced the respective central banks to tighten their monetary policies while some countries also saw the tightening of fiscal policies. Apart from that, the emerging economies, particularly in the Asian region, had to contend with household debt issues which in turn triggered a series of downward Gross Domestic Product (GDP) revisions by the International Monetary Fund (IMF). The IMF in its various outlook revisions had reduced the growth forecast in emerging and developing economies from an estimated 5.5% in early 2013 to as low as 4.5% in its final revision released in October 2013.

On the domestic front, the Malaysian economy grew 4.7% in 2013, lower than 5.6% growth registered in the previous fiscal year. The recovery in exports in the second half of the year was seen as the silver lining in the economy. Moderate economic recovery in the US coupled with some improvements in the Eurozone was supportive of Malaysia's exports particularly towards the end of the year. However, the pace of growth did not pick up much as compared to 2012 largely due to high uncertainty in the earlier part of the year. This was further reflected in the mild industrial production which averaged 3.4% in 2013 vis-à-vis 2012's average of 4.5%. The ringgit experienced a selling wave resulting from tapering speculation which also helped to push Malaysia's export competitiveness higher. This was reflected in the pick-up in exports towards the latter part of the year.

The year saw 18 new listings on Bursa Malaysia in comparison to 17 listings in 2012. These initial public offerings (IPOs) collectively raised funds amounting to RM8.2 billion and had a combined market capitalisation of RM36.8 billion upon listing. Meanwhile, the FBM KLCI Index which started the year at 1,674.72 points rose 11.5% to close the year at 1,866.96 points. The buoyant sentiment was largely driven by abundant liquidity in the market coupled with optimism brought on by the on-going economic recovery in the United States.



STEADY INDUSTRY GROWTH

On the global insurance front, the non-life reinsurance sector was stable in 2013 with overall premium growth unchanged at 2.5% in real terms. In the advanced markets, premium growth stood at 1.4%, also steady in comparison to 2012; while in the emerging markets, premiums grew by 7.8% in 2013, down slightly from 8.0% in 2012. For the takaful industry, global gross contributions are estimated to have totalled nearly USD19.9 billion in 2013 as compared to nearly USD11.0 billion in 2012.

In 2013, natural disasters across the globe caused economic losses of USD192 billion, some 4% below the ten-year average of USD200 billion. These losses were generated by 296 separate events compared to an average of 259 previously. The year's disasters caused insurance losses amounting to USD45 billion, 22% below the 10-year average of USD58 billion and the lowest figure since 2009. In a reversal from 2012 when the year's largest events occurred in the US, the largest global events of 2013 were heavily concentrated in the Eurozone and Asia. Notable events during the year in these regions included major flooding in Central Europe, Indonesia, the Philippines, China and Australia. In addition, the region also saw Super Typhoon Haiyan's landfall in the Philippines and Typhoon Fitow in China. Flood damage represented 35% of all global economic losses during the year, which marked the highest percentage of aggregate losses since 2010. Severe drought conditions also contributed to billion dollar (USD) losses in Brazil, China, New Zealand and the US. Despite 84% of the economic losses occurring outside of the US, the US still accounted for 45% of all insured losses globally, because of the greater insurance penetration.

Closer to home, the robust development of insurance in Asia coupled with good economic growth drew global investors to the region. Many Asian markets have low insurance penetration and offer good growth opportunities, including the relatively untapped Chinese and Indonesian markets. The contribution of Asian reinsurance premiums globally is low and not in line with population size and economic growth. In recent years, Asia has been affected by an increase in the frequency and severity of natural catastrophes, although there have been fewer events since 2011.

For takaful, the regional structural differences remain. Key markets continue to offer growth prospects with low market penetration rates, but wider opportunities beckon in emerging markets. The takaful industry in most markets is still in its infancy and its potential to replace conventional insurance in leading Islamic finance markets is untapped. Despite significant regional differences, key markets that are largely underinsured continue to offer growth prospects. These include near-developed and emerging rapid growth markets. Meanwhile, regulatory enhancements in rapid growth markets are presenting new opportunities in tapping latent underlying demand and propelling the takaful industry forward so the industry can realise its optimum growth potential.

CHAIRMAN'S STATEMENT (CONT'D)

In Malaysia, the general insurance industry has sustained a robust growth trend, recording gross written premiums of RM16.2 billion in 2013, an increase of 6.4% over the same period in 2012. The motor insurance segment continues to be a key one for the general insurance industry followed by Fire and Marine, Aviation & Transit (MAT). Meanwhile, the life insurance industry remained stable with a small negative growth of 0.2% in 2013, as measured by new business total premium (single premium plus annualised premium). The new business total premium in 2013 was RM8.19 billion, as compared to RM8.20 billion in 2012.

SOUND GROUP PERFORMANCE

For FY2014, the MNRB Group recorded revenue of RM2.4 billion, some 3.8% or RM88.0 million higher than RM2.3 billion recorded in the corresponding period last year. The higher revenue was a result of the increase in gross premiums and contributions by our subsidiaries, Malaysian Reinsurance Berhad (Malaysian Re) and Takaful Ikhlas Berhad (Takaful IKHLAS) respectively. The Group registered gross premiums and contributions amounting to RM2.2 billion in FY2014, representing an increase of 3.1% or RM66.4 million as compared to the RM2.1 billion recorded in the preceding financial year. The Group garnered total investment income amounting to RM174.2 million in FY2014. This was a 14.7% or RM22.3 million increase over the RM151.9 million recorded in FY2013.

The Group's net profit was higher by 38.5%, growing from RM112.7 million in FY2013 to RM156.0 million in FY2014 due to the higher underwriting surplus of Malaysian Re. At the same time, Group earnings per share increased by 20.3 sen to 73.2 sen in FY2014 from 52.9 sen previously. This stronger performance was attributable to improvements in the underwriting results of Malaysian Re and our associate company, Labuan Reinsurance (L) Ltd

PERFORMANCE OF KEY OPERATING SUBSIDIARIES

Malaysian Reinsurance Berhad (Malaysian Re)

For FY2014, Malaysian Re registered total Gross Premiums totalling RM1.34 billion, representing a 5.1% or RM65.8 million increase in comparison to the RM1.28 billion registered in the preceding year. Approximately 62.1% of Malaysian Re's total business volume during the financial year was from the domestic market, while the remaining 37.9% was generated from overseas business.

Malaysian Re registered a profit before tax of RM213.1 million, representing an increase of 28.7% or RM47.5 million as compared to profit before tax of RM165.6 million registered in the preceding year. This came on the back of a steady net claims incurred ratio of 58.6% in the year under review as well as higher investment income which grew by RM6.6 million or 8.4% to RM85.7 million in FY2014 from RM79.1 million previously. As a result of this, overall profit after tax came in higher at RM160.7 million in comparison to the RM124.0 million recorded previously.

Takaful Ikhlas Berhad (Takaful IKHLAS)

Over the last eleven years, Takaful IKHLAS has established a strong presence in the takaful industry and today has 12 branches, 2.0 million certificate holders and approximately 5,000 agents nationwide offering both Family and General Takaful products.

The Gross Contribution for the takaful business for FY2014 increased by 3.2% from RM745.6 million to RM769.6 million. The net profit attributable to equity holders for the year in review improved by 59.4% from RM10.1 million to RM16.1 million mainly as a result of higher wakalah fees and surplus administration charges from the takaful funds.

MNRB Retakaful Berhad (MRT)

MRT saw its Gross Contribution for FY2014 reduce by 11.3% from RM132.0 million to RM117.2 million, consistent with the efforts to consolidate its business portfolio. The General Retakaful business accounted for 54.7% of the total volume while the remaining 45.3% was generated from the Family Retakaful business.

The Retakaful business incurred a lower loss of RM1.2 million as compared to RM12.9 million loss last year mainly due to the reduction in claims and contribution reserves of the General Retakaful fund. The General business saw improvement in its claims incurred ratio to 39.3% in FY2014 as compared to a claims incurred ratio of 80.0% in FY2013. Meanwhile, for the Family business, the benefits incurred ratio increased from 115.9% to 134.0% in FY2014 due to the increase in Group Credit Takaful benefits incurred during the year.

CONTINUOUS STRONG SHOWING

Over the course of the financial year, Malaysian Re and MRT had their ratings reaffirmed by the rating agencies, which is an apt testament to the quality of our business and the strength of our capital.





Fitch Ratings reaffirmed Malaysian Re's Insurer Financial Strength Rating (IFS) of 'A' with a Stable outlook. The rating takes into consideration Malaysian Re's healthy financial fundamentals, as evident in its sustained premium growth, consistently healthy financial performance and solid market franchise in Malaysia. At the same time, A.M Best also reaffirmed Malaysian Re's IFS rating of 'A-' and revised its outlook upwards from stable to positive. The improvement reflects Malaysian Re's strengthened risk-adjusted capitalisation, consistently favourable operating performance and well-established presence in the Malaysian reinsurance market.

Fitch Ratings also reaffirmed MRT's IFS of 'BBB+' with a Stable outlook. The rating takes into consideration the operational support given by the MNRB Group.

The year in review also saw Takaful IKHLAS being named as "Best Takaful House" at the 2014 Islamic Finance Awards in London by pre-eminent international finance magazine *Euromoney* and "Best Malaysian Takaful Operator 2013" from *Global Banking & Finance Review*.

CHALLENGING LANDSCAPE

On 30 June 2013, new regulations under the Financial Services Act 2013 (FSA) and Islamic Financial Services Act (IFSA) came into effect. These Acts aim to provide the regulator with greater powers to counter future risks to financial stability in the financial sector, increase consumer protection and promote competition in the broader financial services sector. Overall, it is a positive step towards alignment with the global trends pertaining to financial regulations. The regulations will lead to a separation between composite insurers (i.e. life/family takaful and general insurance/takaful companies), ensure more stringent business conduct and better consumer protection, as well as ensure that significant shareholders of insurance or takaful companies such as Financial Holding Companies (FHC) are in full compliance with new requirements.



CHAIRMAN'S STATEMENT (CONT'D)

2014 is the year that the Guidelines on the Risk-Based Capital Framework for Takaful Operators (RBCT) come into full effect. These guidelines aim to provide capital adequacy requirements specific to takaful, with approaches and principles similar to the RBC framework for conventional insurers.

In its tabling of the 2014 Budget, the Malaysian Government has instituted another major change which is the implementation of the Goods and Services Tax (GST) which is to come into effect on 1 April 2015. As the nation moves towards implementing GST, a transition period to better understand the tax credit system is necessary. Companies will have to adjust to new accounting principles (focused on the input tax return) and invoices as well prepare for new systems. The impending implementation of GST will also likely affect future product pricing as it will generally raise the cost of insurance products and squeeze the margins on tariff-controlled segments such as Motor and Fire insurance.

While the aforementioned key developments will pose further challenges to the MNRB Group, we have taken the necessary actions to ensure that we are not only ready to fully comply with the requirements, but are also ready to take advantage of these developments for further business improvement.

GOOD GOVERNANCE AND RISK MANAGEMENT

The Board of Directors remains committed to proactively upholding and implementing the highest standards of internal control, risk management and corporate governance across the Group. To safeguard the Group's sustainable growth, preserve our corporate reputation and ensure continued shareholder value creation, your Board also subscribes to and effectively applies the principles and best practices laid down in the Malaysian Code on Corporate Governance, the Corporate Governance Guide as well as the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad.

In a recent development, Bank Negara Malaysia (BNM) circulated the Guidelines on Internal Capital Adequacy Assessment Process (ICAAP) for Insurers. The Guidelines set forth the principles and standards for insurers to establish a process that ensures they have adequate capital to meet their capital requirements on an ongoing basis. In line with the issuance of the Guidelines, Malaysian Re has put in place the ICAAP policy and procedures. The main objective of Malaysian Re's ICAAP policy and procedures is to ensure active management of the company's capital adequacy by taking into account the potential impact of its business strategies and risk profile, as well as to ensure that Malaysian Re has adequate capital to meet its capital requirements on an ongoing basis in line with BNM's expectations. Moving forward we expect a similar requirement will be set for the takaful industry.

The Board recognises that an effective risk management framework is essential for the Group in our quest to achieve our corporate objectives, especially with regard to our continued profitability and enhancement of shareholder value in today's rapidly changing market. Further details on our Governance and Risk Management policies can be found in the relevant sections of this Annual Report.

RESPONSIBLE CORPORATE PRACTICES

The Group continues to make good inroads on corporate responsibility on several fronts. As a conscientious corporate citizen, we embed responsible and sustainable practices into our total business operations within the areas of the Workplace, Marketplace, Community and Environment.

To this end, the Group undertakes sustainable activities that focus on education, knowledge and human capital development to ensure a continuous pool of talent in the Group, the industry as well as the cultivation of dynamic insurance / takaful professionals. In this manner, we are not only helping develop the local insurance and takaful industry but also contributing towards our nation's growth.



In 2013, we continued to roll out the MNRB Scholarship Fund, which aims to encourage and promote education in the fields of Insurance and Takaful, Actuarial Science and Risk Management. This initiative also serves to increase the pool of qualified and well-trained professionals in the local insurance and takaful industry.

Our Program Lestari Cemerlang MNRB, the Group's adopt-a-school programme, forms part of our efforts to elevate the quality of education in rural areas. Started in 2011, the two-year programme covered various aspects of learning as well as education facilities to help students of our first adopted school, SMK Slim in Slim River, Perak. In 2013, a second school, SMK Undang Jelebu in Jelebu, Negeri Sembilan, was chosen under this programme.

On the professional front, and forming part of our contribution to the industry, Malaysian Re is developing an insurance flood model for Malaysia which will simulate a range of potential insurance losses from local flooding to extreme flood events. This is a modelling tool that eventually will allow the local insurance and takaful players to reasonably estimate flood exposure to their own portfolios.

The details of these initiatives and the Group's other corporate responsibility efforts can be found in the relevant section of this Annual Report.

GOOD SHAREHOLDER VALUE CREATION

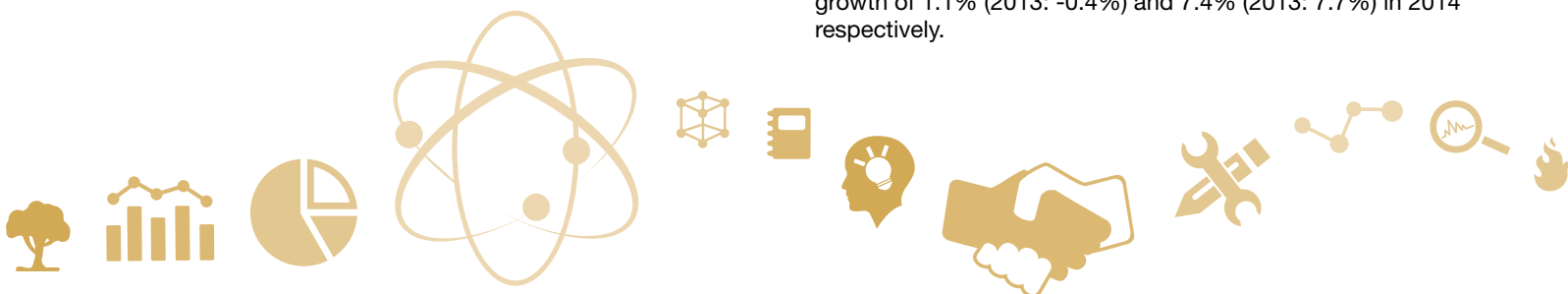
In the previous year, we had reported that capital preservation is a priority for the MNRB Group. We believe that such a prudent approach should be the enduring principle to be adopted. Despite the Group's improved financial performance, the burgeoning requirement for the subsidiaries to remain well capitalised necessitates the MNRB Group to hold a higher level of capital and therefore to be more pragmatic in providing returns to the shareholders.

Nonetheless, in appreciation of our shareholders' continued support, your Board of Directors is recommending a First and Final Single-Tier Dividend of 16.5% per ordinary share. The total net dividend pay-out for the year, which will amount to RM35.16 million (FY2013: RM51.14 million), is subject to the shareholders' approval at the forthcoming Annual General Meeting.



MOVING FORWARD

The IMF in its latest world economic update in July 2014 expects the global economy to grow by 3.4%. The US is expected to assume a greater role while economic growth in the Eurozone is forecast to make a comeback following the region's struggle with the sovereign debt crisis in the previous years. The IMF is forecasting the US economy to grow 1.7% in 2014, lower than the 1.9% growth recorded in the previous year. The situation is likely to improve in the Eurozone as we do not foresee any setback in its exports. The risk however lies within the Eurozone's domestic context as the unemployment rate in the area remains high at 11.5% which would make it difficult for the European Central Bank (ECB) to achieve its inflation target. As such, the prospect of further easing in its monetary policy is still high, a reversal to the situation observed in the US. Meanwhile, China is expected to continue with its economic transformation plan; however, growth in the world's second largest economy is likely to be lower. The IMF estimates that the Eurozone and China will record GDP growth of 1.1% (2013: -0.4%) and 7.4% (2013: 7.7%) in 2014 respectively.



CHAIRMAN'S STATEMENT (CONT'D)



On the domestic front, MNRB expects Malaysia's GDP to grow in the range of 5.1% - 5.7% in 2014. Exports are expected to improve on the back of steady economic recovery in the US, while growth in China is not expected to be lower than 7.0% based on the current information flow. Domestic demand is likely to be affected by a series of subsidy rationalisations which has already pushed petrol prices, the price of sugar and electricity costs higher as the Government works on improving the budget deficit situation. On that note, inflation, which averaged 2.1% in 2013, is anticipated to increase (having already risen to 3.3% in June 2014). Meanwhile, the Malaysian Government's efforts to address the issue of high household debt in the country should also weigh on the level of domestic demand.

In 2014, insurers in the Asia-Pacific region will continue to face slower economic growth, a lingering low-interest-rate environment and regulation that is wider in scope and severity at the national and regional levels. However, the liberalisation of trade barriers (as evidenced by the Shanghai Free-Trade Zone in the fall of 2013 and the 2015 target date for ASEAN integration) as well as the continuing increase in middle-class and high-net-worth consumers will remain highly favourable for the insurance industry. The Asia-Pacific region's share of the global middle class is expected to nearly double from 28% in 2009 to 54% in 2020. The increase in individual wealth and an aging population will create opportunities for insurers to introduce new products to consumers to protect their hard-earned financial and physical assets.

Meanwhile, the total contributions of the global takaful industry are expected to surpass the USD 20 billion mark. The growth in the gross takaful contributions is expected to remain in the double digits which is forecasted to be more than 15% year-on-year in 2014. Moving forward, the growth opportunities for the global takaful industry in 2014 and beyond are optimistic on the back of several economic, financial and socio-demographic trends in Middle East and North Africa (MENA) as well as Asia regions.



The growth prospects for Malaysia's insurance and takaful sector are expected to remain favourable given the consistent expansion of domestic demand and improvement in the nation's trade activities. The general insurance sector is likely to record steady growth. Higher private consumption will accelerate demand for personal line products such as motor, property, and health insurance. Meanwhile, new business premiums for the life segment will continue to grow on the back of private consumption and disposable income. Insurers will also continue to invest heavily in distribution channels to reach the untapped market. In addition, the takaful sector is likely to post faster growth than the conventional sector as both general and family takaful operators continue to broaden their distribution coverage and product offerings.

Moving forward, the Board of Directors remains cautiously optimistic of the Group's prospects for the new financial year. As we are focusing our efforts and resources on exploring all opportunities and addressing all challenges, we will continue to assume a prudent and conservative approach in all that we undertake to ensure shareholder value creation remains a top priority.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to Permodalan Nasional Berhad and all our shareholders for their steadfast support and confidence in the MNRB Group. My deep appreciation goes also to all our loyal customers, business partners, ceding companies and intermediaries, as well as Bank Negara Malaysia and the insurance and takaful associations, for their unwavering support and cooperation.

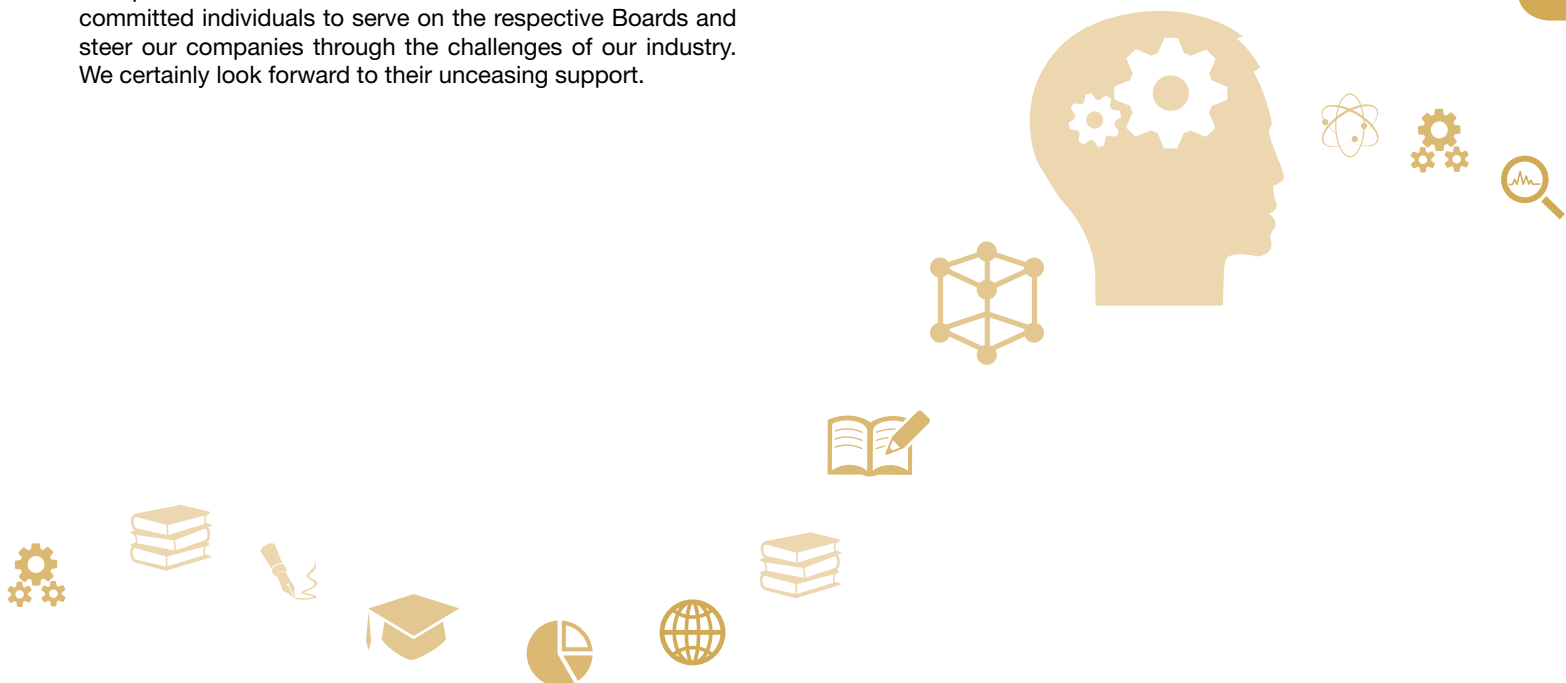
My sincere thanks also go to my colleagues on the Board for their dedication, contributions and wise insights. The Group and its subsidiaries are indeed fortunate to have such committed individuals to serve on the respective Boards and steer our companies through the challenges of our industry. We certainly look forward to their unceasing support.

Last but not least, I wish to convey my heartfelt thanks to our loyal and hardworking employees who continue to deliver on their mandate and exhibit a spirit of excellence in all that they undertake. We have come thus far because of the unwavering commitment and efforts of our team and I am confident they will continue to take us to new heights of success.

As the MNRB Group makes strong advances forward, we look to all our stakeholders to lend us their continuing support. As we step forward to capitalise on all opportunities and overcome the many challenges, rest assured that we will continue to balance out our good economic performance with responsible corporate practices to secure a sustainable future for all.

On behalf of the Board

Sharkawi Alis
Chairman
23 July 2014



SUSTAINABILITY REPORT

OUR COMMITMENT TO SUSTAINABLE PRACTICES

Being a conscientious corporate citizen and a key player in the reinsurance, takaful and retakaful sectors, MNRB recognises the need to go beyond mere profit. As such, we continue to embed responsible and sustainable practices into our total business operations within the areas of the **Workplace, Marketplace, Community and Environment**. To this end, the Group undertakes sustainable activities that focus on **education, knowledge building and human capital development**. This is to ensure a sustainable pool of talent in the Group, the industry as well as the cultivation of dynamic insurance and takaful professionals. In this manner, we are not only helping develop the local insurance and takaful industries but also contributing towards our nation's growth.



SUSTAINABILITY REPORT (CONT'D)

STRENGTHENING OUR WORKPLACE

As a key player in an industry that is continuously evolving, MNRB has set its sights on developing a solid pipeline of talent and building a highly motivated workforce to ensure we keep our competitive edge. To this end, we continue to implement various sustainable workplace initiatives to further strengthen the knowledge and the development of our employees.



Training and Development Opportunities

To enhance the capabilities of our employees, ensure they keep abreast of industry trends and perform to the best of their abilities, we provide them with a variety of training opportunities.

Through various **training** initiatives, we introduce our employees to the fundamentals of the Company's business, the insurance and takaful industries, the legal and regulatory environment, as well as technical and soft skills training. Our employees participate in workshops, seminars and conferences, both locally and overseas. All these initiatives are certainly helping our employees to be the best they can be, as well as bolstering their career pathways and lending to their personal growth.

Among the training programmes for our Senior Management is the **MNRB Leadership Enhancement Programme (MNRB LEaP)**, which serves to strengthen the capabilities of the Group's leadership team. In addition to MNRB LEaP, we have also launched the High Impact Group Leadership (HIGH) and Future Leader in You (FLY) programmes for Middle Management, with the objectives to enhance personal and team effectiveness as well as to create self-awareness and confidence around one's personal capabilities and preferences. The above programmes are part of the Group's Top Talent Development and Succession Planning Framework.





For Takaful IKHLAS' agents, a variety of training programmes continue to be rolled out to ensure that our agents are of high calibre, continue to conduct themselves in a professional manner, and have the necessary knowledge to serve our customers effectively.

During the year, Takaful IKHLAS conducted various modules of the **Shariah Development and Awareness Programme (SDAP)** for its employees and agents. These encompassed programmes like the Tafaquh, Tazkirah Jumaat, Daily Mutiara Iman and Risalah Kesejahteraan, as well as a variety of Islamic motivational talks in conjunction with Islamic events. In addition, Takaful IKHLAS also implemented a series of **Shariah Compliance Activities (SCA)** comprising Shariah training, awareness, review, research, risk management and audits.

Employee Safety and Health Initiatives

We continue to implement a host of initiatives throughout the length and breadth of the organisation to keep our employees safe and healthy and ensure they live a balanced lifestyle.

The **Healthy Heart Awareness Campaign**, which is a preventive educational programme on heart disease, aims to educate our employees on the importance of maintaining their general well-being and work-life balance. This annual programme, which is a tie-up with the Heart Foundation of Malaysia, comprises health talks and free health screening packages.

SUSTAINABILITY REPORT (CONT'D)

ELEVATING THE MARKETPLACE

We are conscious of the responsibility we have as a leading player in the reinsurance/takaful/retakaful industries via our subsidiaries and are committed to instilling a higher degree of professionalism in the marketplace by helping develop more industry professionals. At the same time, we are focused on enriching the knowledge of underwriters to mitigate exposure of their portfolios by according them a flood risk analysis tool.



The Malaysian Flood Model (Re.Banjir)

Flooding is one of the most significant natural perils in Malaysia in terms of frequency and severity. Malaysian Re is committed to developing a Malaysian flood risk analysis tool, named **Re.Banjir**, for use by members of Persatuan Insurans Am Malaysia (PIAM) and the Malaysian Takaful Association (MTA).

Re.Banjir is based on a software developed using the most detailed data and methodology available. It includes rainfall data of the past several years. This data had been processed and developed using state-of-the-art hydrological solutions and programming tools. Re.Banjir is able to simulate a range of potential insurance losses from local flood events in excess of 1-in-250-years return period.

Re.Banjir would also allow Malaysian insurance and takaful companies to estimate flood exposure of their own portfolios. In addition, it would also allow them to better understand the effects of flooding on their portfolios, derive the Probable Maximum Loss (PML) to their portfolios for different return periods, quantify the financial implications and enable them to make informed decisions in relation to their reinsurance programming.

Stage 1 of the Flood Model, which covers the Klang Valley, was launched on 23 September 2013. Stage 2, which covers the whole of Peninsular Malaysia, is currently being developed and will be completed in 2014. Stage 3 will cover Sabah & Sarawak and the necessary work under this phase is expected to commence soon.





Market Training Programmes

Over the years, Malaysian Re and MRT have implemented various training programmes on insurance/reinsurance and takaful/retakaful for staff of insurance/takaful companies to enhance their professionalism within the industry. These programmes serve as platforms for participants to exchange ideas and update themselves on the latest industry developments.

Malaysian Re conducts **Technical Courses in Fire Risk Assessment and Special/Self Rating** for underwriting and marketing staff of insurance companies. At the end of the training, these staff would be expected to conduct risk surveys and determine fire premium rates for certain types of risks.

In September 2013, the **2013 Programme for Insurance Executive Development (PIED)**, being the 20th programme, was organised for Malaysian Re's domestic and international clients in Kuala Lumpur. The 2013 PIED covered four classes of insurance, namely Fire, Marine Hull & Cargo, Engineering and Liability. The programme was designed for executives with at least two years' working experience in the insurance industry and who were well versed with theoretical knowledge of insurance in these four classes of insurance. The programme adopted a highly interactive approach, including illustrated case studies to enable the participants to appreciate the practical application of what they have learnt.

In November 2013, a **Takaful Claims Management** training programme was organised by MRT while a **Takaful Training Programme and Workshop on Pricing and Valuation Principles** was also held in February 2014.

SUSTAINABILITY REPORT (CONT'D)

ENRICHING COMMUNITIES

We believe in enriching the communities around us to elevate lives and ensure a better future for all. As such, our community efforts focused on equipping the younger generation to become leaders of tomorrow through scholarship programmes, seminars, workshops, camps and sponsorships. These efforts are helping lay solid foundations for the younger generation in order for them to attain greater heights in the future.



MNRB Scholarship Programme

The **MNRB Scholarship Programme** is an initiative to encourage and promote education in the fields of Insurance/Takaful, Actuarial Science and Risk Management. It also serves to increase the pool of qualified and well-trained professionals in the Malaysian insurance and takaful industries.

The MNRB Scholarship Fund (the Fund) was established in 1998 with an initial startup fund of RM1 million. Since its commencement, the Fund has awarded a total of three hundred eighty nine (389) scholarships to deserving Malaysians to further their undergraduate studies in both public and private institutions of higher learning.

Since 2007, as part of our efforts and commitment to develop young talent within the insurance/takaful industry, MNRB via the Fund had been collaborating with The Malaysian Insurance Institute or MII to extend its scholarship programme to working adults within the insurance and takaful industries. These scholarships are offered to staff of insurance and takaful companies who are keen to pursue professional insurance qualifications, such as the Associateship of the MII (AMII) and Diploma of the MII (DMII), on a part-time basis.

