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## MNRB proposes to buy remaining 80% stake in Labuan Re for RM400.5 mil in related-party deal

The Edge CEO Morning Brief, Malaysia



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KUALA LUMPUR (May 19): MNRB Holdings Bhd (KL:MNRB) is acquiring the remaining 80% stake in offshore reinsurer Labuan Reinsurance (L) Ltd (Labuan Re) for US\$100.69 million (RM400.49 million) cash in a related-party deal, as it seeks to fully consolidate the business and strengthen the group's regional reinsurance and retakaful platform.

The proposed acquisition will see MNRB purchase 120 million ordinary shares in Labuan Re from a group of 10 Malaysian financial institutions and government-linked entities, including Petroliam Nasional Bhd (PETRONAS), Lembaga Tabung Angkatan Tentera and Malayan Banking Bhd (KL:-MAYBANK).

The transaction is considered a related-party deal because MNRB and five of its vendors — MISC Bhd (KL:MISC), Tenaga Nasional Bhd (KL:TENAGA), Maybank, RHB Bank Bhd (KL:RHBBANK) and Telekom Malaysia Bhd (KL:TM) — share a common shareholder, Permodalan Nasional Bhd (PNB).

PNB's unit trust fund Amanah Saham Bumiputera, a major shareholder of MNRB, also holds stakes in those companies as well as Public Bank Bhd (KL:PBBANK).

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MNRB said the transaction would allow the group to fully consolidate Labuan Re's financial results, expand its international reinsurance footprint, and strengthen its position as a regionally competitive reinsurance and retakaful group.

Labuan Re is currently an associate company of MNRB's wholly-owned subsidiary Malaysian Reinsurance Bhd, which owns a 20% stake in the reinsurer. Upon completion of the transaction, MNRB will directly hold 80% of Labuan Re, while Malaysian Re will retain its

existing 20% interest, making Labuan Re a wholly-owned subsidiary of the group.

According to MNRB's bourse filing on Tuesday, the purchase consideration represents about 0.88 times Labuan Re's adjusted tangible net asset value as at Dec 31, 2024.

Labuan Re, which underwrites general reinsurance and general retakaful business, posted a net profit after tax and zakat of US\$26.66 million (RM121.59 million) for the financial year ended Dec 31, 2024 (FY2024), on net assets of US\$197.54 million (RM884.09 million). Its wholly-owned subsidiary, Labuan Re Underwriting Limited underwrites insurance business through participation in Lloyd's syndication.

Based on its management accounts for the financial year ended Dec 31, 2025 (FY2025), Labuan Re recorded unaudited insurance and takaful contract revenue of US\$165.17 million (RM704.75 million), net investment income of US\$39.11 million (RM166.87 million) and net profit after tax of US\$19.4 million (RM82.78 million).

MNRB chairman Datuk Sulaiman Mohd Tahir said the acquisition reflects the group's confidence in Labuan Re's long-term potential.

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“Labuan Re has built a credible presence in the international reinsurance market, and we believe that bringing it fully within MNRB will create a stronger platform for future growth,” he said in a statement.

“As a group, we remain focused on building scale responsibly, strengthening our regional relevance and ensuring that our capital is deployed in a manner that supports sustainable value creation,” Sulaiman added.

MNRB said the proposed acquisition will be funded through a combination of internally generated funds and borrowings, including the issuance of RM250 million in commercial papers. As at Dec 31, 2025, MNRB had cash and bank balances of RM209.7 million.

The transaction — subject to approvals from regulators Bank Negara Malaysia and Labuan Financial Services Authority, and MNRB’s non-interested shareholders — is expected to be completed by the fourth quarter of 2026.

For the nine-month cumulative period ended Dec 31, 2025 (9MFY2026), MN-

RB’s net profit rose 43.5% to RM431.7 million from RM300.1 million in the previous year’s corresponding period, while revenue increased more than 12% to RM2.88 billion from RM2.56 billion.

In a separate filing with Bursa Malaysia, CIMB Group Holdings Bhd (KL:CIMB) said its unit CIMB Bank Bhd is selling its 10% stake in Labuan Re as part of its five-year strategy to use capital more efficiently, focus on core businesses and improve efficiency.

CIMB has held the stake since 1996 as part of efforts to support Labuan’s development as an offshore financial centre.

The bank said the sale will allow it to shift funds into growth areas and improve long-term returns for shareholders.

MNRB’s shares closed up one sen or 0.37% to RM2.74 on Tuesday, valuing the group at RM2.15 billion.