

**RHB INSURANCE BERHAD**  
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

**RHB INSURANCE BERHAD** (38000-U)  
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020

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**RHB INSURANCE BERHAD (38000-U)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	<u>Note</u>	<u>As at</u> <u>30 June 2020</u> RM '000	<u>As at</u> <u>31 December 2019</u> RM '000
<b>ASSETS</b>			
Property, plant and equipment		18,234	14,840
Right of use		1,550	2,864
Intangible asset - computer software		22,057	23,562
Investments	9	978,461	1,042,104
- Fair value through profit or loss		960,734	1,024,555
- Loans and receivables		17,727	17,549
Tax recoverable		-	6,726
Reinsurance assets	10	442,824	510,176
Insurance receivables	11	53,209	45,609
Other receivables		53,794	55,328
Cash and cash equivalents		115,094	119,816
<b>Total assets</b>		<u>1,685,223</u>	<u>1,821,025</u>
<b>LIABILITIES</b>			
Insurance contract liabilities	12	1,057,904	1,106,886
Insurance payables		2,125	14,868
Other payables		56,707	58,627
Lease liabilities		2,207	2,888
Deferred tax liabilities		7,922	6,164
Current tax liabilities		102	-
<b>Total liabilities</b>		<u>1,126,967</u>	<u>1,189,433</u>
<b>SHAREHOLDERS' FUND</b>			
Share capital		100,000	100,000
Retained earnings		458,256	531,592
		<u>558,256</u>	<u>631,592</u>
<b>Total liabilities and shareholders' fund</b>		<u>1,685,223</u>	<u>1,821,025</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**RHB INSURANCE BERHAD (38000-U)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<u>Note</u>	<b>6 months ended</b>	
		<b><u>30 June 2020</u></b> RM '000	<b><u>30 June 2019</u></b> RM '000
Gross earned premium		349,508	366,139
Premium ceded to reinsurers		(103,330)	(109,420)
<b>Net earned premium</b>		<u>246,178</u>	<u>256,719</u>
Investment income		25,482	23,068
Realised (loss)/gains		-	1,695
Fair value (loss)/gains		10,343	7,922
Reinsurance commission income		17,908	22,303
Other operating income		1,122	1,227
<b>Other income</b>		<u>54,855</u>	<u>56,215</u>
Gross claims paid	12(a)	(191,486)	(203,601)
Claims ceded to reinsurers	12(a)	98,900	88,464
Gross change to claims liabilities	12(a)	27,134	(1,646)
Change in claims liabilities ceded to reinsurers	12(a)	(43,586)	(18,305)
<b>Net claims</b>		<u>(109,038)</u>	<u>(135,088)</u>
Commission expense		(41,426)	(45,594)
Management expenses		(56,306)	(67,254)
<b>Other expenses</b>		<u>(97,732)</u>	<u>(112,848)</u>
(Loss)/Profit before taxation		94,263	64,998
Taxation		(17,599)	(12,778)
<b>Profit for the financial period</b>		<u><u>76,664</u></u>	<u><u>52,220</u></u>
Basic earnings per share (sen)		<u><u>76.66</u></u>	<u><u>52.22</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**RHB INSURANCE BERHAD (38000-U)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<b>Issued and fully paid ordinary shares</b>		<b>Retained earnings</b>	<b>Non - distributable</b>	
	<b>RM1 each</b>	<b>Distributable</b>		<b>AFS reserve</b>	<b>Total</b>
	<b>No. of shares</b>	<b>Nominal value</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
	'000 units	RM '000	RM '000	RM '000	RM '000
Balance as at 1 January 2020	100,000	100,000	531,592	-	631,592
Total comprehensive income for the financial period	-	-	76,664	-	76,664
Ordinary dividends	-	-	(150,000)	-	(150,000)
<b>Balance as at 30 June 2020</b>	<b>100,000</b>	<b>100,000</b>	<b>458,256</b>	<b>-</b>	<b>558,256</b>
Balance as at 1 January 2019	100,000	100,000	473,660	-	573,660
MFRS 16 day 1 Adjustment	-	-	(70)	-	(70)
Total comprehensive income for the financial period	-	-	52,220	-	52,220
Ordinary dividends	-	-	(50,000)	-	(50,000)
<b>Balance as at 30 June 2019</b>	<b>100,000</b>	<b>100,000</b>	<b>475,810</b>	<b>-</b>	<b>575,810</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**RHB INSURANCE BERHAD (38000-U)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<b>6 months ended</b>	
	<b><u>30 June 2020</u></b>	<b><u>30 June 2019</u></b>
	RM '000	RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	94,263	64,998
Adjustments for investing and financing items and other non - cash items	(36,712)	(26,736)
	<hr/>	<hr/>
Operating profit before changes in working capital	57,551	38,262
Net changes in operating assets	165,149	47,832
Net changes in operating liabilities	(64,327)	(19,949)
Lease liabilities	-	(4,697)
	<hr/>	<hr/>
Cash generated from operations	158,373	61,448
Tax paid	(9,012)	(5,586)
	<hr/>	<hr/>
Net cash generated from operating activities	149,361	55,862
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,570)	(2,624)
Right of use	-	(7,873)
Proceeds from sale of property, plant and equipment	-	23
	<hr/>	<hr/>
Net cash used in investing activities	(4,570)	(10,474)
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(150,000)	(50,000)
	<hr/>	<hr/>
Net cash used in financing activities	(150,000)	(50,000)
	<hr/>	<hr/>
Effect on exchange rate changes on cash and cash equivalents	487	306
	<hr/>	<hr/>
Net Increase/(Decrease) In Cash And Cash Equivalents	(4,722)	(4,306)
Cash And Cash Equivalents At Beginning Of Financial Year	119,816	97,389
	<hr/>	<hr/>
<b>Cash And Cash Equivalents At End Of Financial Period</b>	<b>115,094</b>	<b>93,083</b>
	<hr/> <hr/>	<hr/> <hr/>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**RHB INSURANCE BERHAD (38000-U)**  
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**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**1. BASIS OF PREPARATION**

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019.

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following:

- (a) Accounting standards, annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2020:
- The Conceptual Framework for Financial Reporting (Revised 2018)
  - Amendments to MFRS 101 and MFRS 108 'Definition of Material'
  - Amendments to MFRS 3 'Definition of a Business'
  - Amendments to MFRS 7, MFRS 9 and MFRS 139 'Interest Rate Benchmark Reform'
  - MFRS 17 'Insurance Contracts'

The adoption of the above annual improvements and amendments do not give rise to any material financial impact to the Company. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 17

**2. AUDITORS' REPORT**

The auditors' report for the financial year ended 31 December 2019 was not subject to any qualification.

**3. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Company have not been affected by any material seasonal or cyclical factors.

**4. EXCEPTIONAL OR UNUSUAL ITEMS**

There were no exceptional or unusual items for the six months ended 31 June 2020.

**5. CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 31 June 2020.

**6. CHANGES IN DEBT AND EQUITY SECURITIES**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

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**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

**7. DIVIDENDS PAID**

During the six months ended 30 June 2020, the Company has paid a final single-tier dividend of 150% in respect of the financial year ended 31 December 2019, amounting to RM150,000,000 on 27 April 2020.

**8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

The Company does not have any contingent assets or contingent liabilities that may significantly render the financial results reported misleading or inappropriate.



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**INTERIM FINANCIAL STATEMENTS**  
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**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

**9. INVESTMENT**

	<b>As at</b> <b><u>30 June 2020</u></b> RM '000	<b>As at</b> <b><u>31 December 2019</u></b> RM '000
Wholesale unit trust funds and property trust funds	960,734	1,024,555
Staff loans	58	16
Fixed and call deposits	17,669	17,533
	<hr/>	<hr/>
	978,461	1,042,104
	<hr/> <hr/>	<hr/> <hr/>

The Company's investments are summarised by categories as follows:

Fair value through profit or loss	960,734	1,024,555
Loans and receivables	17,727	17,549
	<hr/>	<hr/>
	978,461	1,042,104
	<hr/> <hr/>	<hr/> <hr/>

**RHB INSURANCE BERHAD (38000-U)**  
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**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

9. **INVESTMENT (Continued)**

	<b>As at</b> <b>30 June 2020</b>	<b>As at</b> <b>31 December 2019</b>
	RM '000	RM '000
<b>a) Fair value through profit or loss</b>		
<u>At fair value</u>		
Quoted in Malaysia:		
Fair value through profit or loss		
- Wholesale unit trust funds	960,734	1,024,555
	960,734	1,024,555
<b>b) Loans and receivables</b>		
<u>At amortised cost</u>		
- Loans	58	16
- Fixed and call deposits	17,669	17,533
	17,727	17,549
	17,727	17,549

The underlying assets for the wholesale unit trust fund are as follows:

Malaysian Government Securities	162,600	170,572
Debt securities	709,143	684,050
Call deposits	85,697	170,636
Cash equivalents	170	462
Receivables/payables	3,124	(1,165)
	960,734	1,024,555
	960,734	1,024,555

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**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

9. **INVESTMENT (Continued)**

c) **Carrying value of financial instruments**

	<b>Fair value through profit or loss</b>	<b>Held-to- maturity</b>	<b>Loans and receivables</b>	<b>Available- for-sale</b>	<b>Total</b>
	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2019	892,244	-	27,933	-	920,177
Purchases	232,428	-	-	-	232,428
Maturities	-	-	-	-	-
Disposals	(111,463)	-	(10,384)	-	(121,847)
Fair value gains recorded in Income Statement	11,528	-	-	-	11,528
Amortisation change	(182)	-	-	-	(182)
<b>At 31 December 2019</b>	<b>1,024,555</b>	<b>-</b>	<b>17,549</b>	<b>-</b>	<b>1,042,104</b>
Effect from adoption of MFRS 9	-	-	-	-	-
Purchases	(74,163)	-	-	-	(74,163)
Maturities	-	-	-	-	-
Disposals	-	-	178	-	178
Fair value gains recorded in Income Statement	10,342	-	-	-	10,342
<b>At 30 June 2020</b>	<b>960,734</b>	<b>-</b>	<b>17,727</b>	<b>-</b>	<b>978,461</b>

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9. **INVESTMENT (Continued)**

d) **Fair value investments**

	<b>Fair value through profit or loss</b>	<b>Available- for-sale</b>	<b>Total</b>
	RM '000	RM '000	RM '000
<b>Unaudited</b>			
<b><u>At 30 June 2020</u></b>			
Valuation techniques – market observable inputs	960,734	-	960,734
	<u>960,734</u>	<u>-</u>	<u>960,734</u>
<b>Audited</b>			
<b><u>At 31 December 2019</u></b>			
Valuation techniques – market observable inputs	1,024,555	-	1,024,555
	<u>1,024,555</u>	<u>-</u>	<u>1,024,555</u>

e) **Fair value measurements**

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- (iii) Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Unaudited</b>			
<b><u>At 30 June 2020</u></b>			
Fair value through profit and loss			
- Wholesale unit trust fund	-	960,734	960,734
	<u>-</u>	<u>960,734</u>	<u>960,734</u>
<b>Audited</b>			
<b><u>At 31 December 2019</u></b>			
Fair value through profit and loss			
-Wholesale unit trust fund	-	1,024,555	1,024,555
	<u>-</u>	<u>1,024,555</u>	<u>1,024,555</u>

There were no transfers between levels 1 and 2 during the year.

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**9. INVESTMENT (Continued)**

**e) Fair value measurements (Continued)**

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last quoted bid prices at the end of the reporting period. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Bursa Malaysia equity investments classified as trading securities.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

**10. REINSURANCE ASSETS**

	<b>As at</b> <b><u>30 June 2020</u></b> RM '000	<b>As at</b> <b><u>31 December 2019</u></b> RM '000
Claims liabilities	367,178	410,763
Premium liabilities	75,646	99,413
	<u>442,824</u>	<u>510,176</u>

**11. INSURANCE RECEIVABLES**

	<b>As at</b> <b><u>30 June 2020</u></b> RM '000	<b>As at</b> <b><u>31 December 2019</u></b> RM '000
Due premiums including agents, brokers and co-insurers balances	56,472	50,195
Due from reinsurers and cedants	5,954	8,653
	<u>62,426</u>	<u>58,848</u>
Allowance for doubtful debts	(9,217)	(13,239)
	<u>53,209</u>	<u>45,609</u>

**RHB INSURANCE BERHAD (38000-U)**  
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**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

**12. INSURANCE CONTRACT LIABILITIES**

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<b><u>As at</u></b>			
<b><u>30 June 2020</u></b>			
Claims reported	497,263	(270,811)	226,452
Incurred but not reported claims ("IBNR")	266,476	(96,367)	170,109
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	763,739	(367,178)	396,561
Premium liabilities (note(b))	294,165	(75,646)	218,519
	<hr/>	<hr/>	<hr/>
	1,057,904	(442,824)	615,080
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>As at</u></b>			
<b><u>31 December 2019</u></b>			
Claims reported	530,956	(318,277)	212,679
Incurred but not reported claims ("IBNR")	259,916	(92,486)	167,430
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	790,872	(410,763)	380,109
Premium liabilities (note(b))	316,014	(99,413)	216,601
	<hr/>	<hr/>	<hr/>
	1,106,886	(510,176)	596,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**RHB INSURANCE BERHAD (38000-U)**  
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**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

**12. INSURANCE CONTRACT LIABILITIES (Continued)**

**(a) Claims liabilities**

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<b>As at</b>			
<b><u>30 June 2020</u></b>			
Balance as at 1 January 2020	790,872	(410,763)	380,109
Claims incurred in current accident year			
- Paid	29,316	(6,969)	22,347
- Case reserves	144,116	(45,148)	98,968
- IBNR	154,422	(53,595)	100,827
Claims incurred in prior accident year			
- Paid	162,170	(91,931)	70,239
- Case reserves	(369,022)	191,514	(177,508)
- IBNR	(148,135)	49,714	(98,421)
<b>Balance as at 30 June 2020</b>	<b>763,739</b>	<b>(367,178)</b>	<b>396,561</b>
<b>As at</b>			
<b><u>31 December 2019</u></b>			
Balance as at 1 January 2019	751,931	(411,881)	340,050
Claims incurred in current accident year			
- Paid	147,500	(39,980)	107,520
- Case reserves	325,695	(149,023)	176,672
- IBNR	267,202	(86,627)	180,575
Claims incurred in prior accident year			
- Paid	227,313	(102,296)	125,017
- Case reserves	(668,580)	278,855	(389,725)
- IBNR	(260,189)	100,189	(160,000)
<b>Balance as at 31 December 2019</b>	<b>790,872</b>	<b>(410,763)</b>	<b>380,109</b>



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**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

**12. INSURANCE CONTRACT LIABILITIES (Continued)**

**(b) Premium liabilities**

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<b>As at</b>			
<b><u>30 June 2020</u></b>			
Balance as at 1 January 2020	316,014	(99,413)	216,601
Premium written for the financial period	327,659	(79,563)	248,096
Premium earned during the financial period	(349,508)	103,330	(246,178)
<b>Balance as at 30 June 2020</b>	<b>294,165</b>	<b>(75,646)</b>	<b>218,519</b>
<b>As at</b>			
<b><u>31 December 2019</u></b>			
Balance as at 1 January 2019	342,183	(99,355)	242,828
Premium written for the financial period	696,491	(215,788)	480,703
Premium earned during the financial period	(722,660)	215,730	(506,930)
<b>Balance as at 31 December 2019</b>	<b>316,014</b>	<b>(99,413)</b>	<b>216,601</b>

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**13. CAPITAL COMMITMENTS**

	<b>As at</b> <b><u>30 June 2020</u></b>	<b>As at</b> <b><u>31 December 2019</u></b>
	RM '000	RM '000
Capital expenditure on property, plant and equipment:		
Authorised and contracted for	3,023	1,214
	3,023	1,214
	3,023	1,214

**14. REGULATORY CAPITAL REQUIREMENTS**

The capital structure of the Company as at 30 June 2020, as prescribed under the RBC Framework is provided below:

	<b>As at</b> <b><u>30 June 2020</u></b>	<b>As at</b> <b><u>31 December 2019</u></b>
	RM '000	RM '000
<b><u>Eligible Tier 1 Capital</u></b>		
Share capital (paid-up)	100,000	100,000
Retained earnings	458,256	531,592
	558,256	631,592
	558,256	631,592
<b><u>Tier 2 Capital</u></b>		
Available-for-sale reserve	-	-
<b><u>Deductions</u></b>		
Amount deducted from Capital	(7,922)	(6,164)
	(7,922)	(6,164)
	(7,922)	(6,164)

**15. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**RHB INSURANCE BERHAD (38000-U)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (Continued)**

**16. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

There are no material events subsequent to the balance sheet date that have not been reflected in financial statements.

**17. CHANGES IN THE COMPOSITION OF THE COMPANY**

There are no significant changes in the composition of the Company for the six months ended 30 June 2020.