

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

RHB INSURANCE BERHAD (197801000983 (38000-U))
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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RHB INSURANCE BERHAD (197801000983 (38000-U))
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	<u>Note</u>	As at 30 June 2021 RM '000	As at 31 December 2020 RM '000
ASSETS			
Property, plant and equipment		20,585	16,917
Right of use		4,507	5,647
Intangible asset - computer software		23,005	24,775
Investments	9	1,013,066	1,040,573
- Fair value through profit or loss		994,907	1,022,686
- Loans and receivables		18,159	17,887
Tax recoverable		-	4,684
Reinsurance assets	10	397,517	467,504
Insurance receivables	11	46,793	42,890
Other receivables		52,771	52,908
Cash and cash equivalents		108,502	100,698
Total assets		1,666,746	1,756,596
LIABILITIES			
Insurance contract liabilities	12	1,029,824	1,086,385
Insurance payables		5,310	9,267
Other payables		67,034	65,423
Lease liabilities		5,068	6,219
Deferred tax liabilities		1,437	11,546
Current tax liabilities		1,298	-
Total liabilities		1,109,971	1,178,840
SHAREHOLDERS' FUND			
Share capital		100,000	100,000
Retained earnings		456,775	477,756
		556,775	577,756
Total liabilities and shareholders' fund		1,666,746	1,756,596

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

RHB INSURANCE BERHAD (197801000983 (38000-U))
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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<u>Note</u>	6 months ended	
		<u>30 June 2021</u> RM '000	<u>30 June 2020</u> RM '000
Gross earned premium		350,551	349,508
Premium ceded to reinsurers		(108,332)	(103,330)
Net earned premium		<u>242,219</u>	<u>246,178</u>
Investment income		22,844	25,482
Realised (loss)/gains		-	-
Fair value (loss)/gains		(29,452)	10,343
Reinsurance commission income		21,455	17,908
Other operating income		443	1,122
Other income		<u>15,290</u>	<u>54,855</u>
Gross claims paid	12(a)	(170,498)	(191,486)
Claims ceded to reinsurers	12(a)	78,842	98,900
Gross change to claims liabilities	12(a)	47,946	27,134
Change in claims liabilities ceded to reinsurers	12(a)	(53,544)	(43,586)
Net claims		<u>(97,254)</u>	<u>(109,038)</u>
Commission expense		(43,335)	(41,426)
Management expenses		(55,966)	(56,306)
Other expenses		<u>(99,301)</u>	<u>(97,732)</u>
(Loss)/Profit before taxation		60,954	94,263
Taxation		(6,935)	(17,599)
Profit for the financial period		<u>54,019</u>	<u>76,664</u>
Basic earnings per share (sen)		<u>54.02</u>	<u>76.66</u>

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RHB INSURANCE BERHAD (197801000983 (38000-U))
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Issued and fully paid ordinary shares RM1 each	Distributable	Non - distributable	Total	
	No. of shares '000 units	Nominal value RM '000	Retained earnings RM '000	AFS reserve RM '000	RM '000
Balance as at 1 January 2021	100,000	100,000	477,756	-	577,756
Total comprehensive income for the financial period	-	-	54,019	-	54,019
Ordinary dividends	-	-	(75,000)	-	(75,000)
Balance as at 30 June 2021	100,000	100,000	456,775	-	556,775
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)
Balance as at 30 June 2020	100,000	100,000	458,256	-	558,256

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RHB INSURANCE BERHAD (197801000983 (38000-U))
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	6 months ended	
	<u>30 June 2021</u>	<u>30 June 2020</u>
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	60,954	94,263
Adjustments for investing and financing items and other non - cash items	15,240	(34,505)
	<hr/>	<hr/>
Operating profit before changes in working capital	76,194	59,758
Net changes in operating assets	87,197	165,149
Net changes in operating liabilities	(60,058)	(64,327)
	<hr/>	<hr/>
Cash generated from operations	103,333	160,580
Tax paid	(11,062)	(9,012)
	<hr/>	<hr/>
Net cash generated from operating activities	92,271	151,568
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,680)	(4,570)
Right of use	-	-
Proceeds from sale of property, plant and equipment	-	-
	<hr/>	<hr/>
Net cash used in investing activities	(4,680)	(4,570)
	<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(75,000)	(150,000)
Principle Lease Payments	(5,068)	(2,207)
	<hr/>	<hr/>
Net cash used in financing activities	(80,068)	(152,207)
	<hr/>	<hr/>
Effect on exchange rate changes on cash and cash equivalents	281	487
	<hr/>	<hr/>
Net Increase/(Decrease) In Cash And Cash Equivalents	7,804	(4,722)
Cash And Cash Equivalents At Beginning Of Financial	100,698	119,816
	<hr/>	<hr/>
Cash And Cash Equivalents At End Of Financial Period	<u>108,502</u>	<u>115,094</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

INTERIM FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2020.

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 2020, 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 2021:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16).

- Amendments to MFRS 16 - COVID-19 Related Rent Concessions.

The adoption of the above annual improvements and amendments do not give rise to any material financial impact to the Company.

2. AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2020 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 30 June 2021.

5. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for six months ended 30 June 2021.

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 six months ended 30 June 2021.

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INTERIM FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

7. DIVIDENDS PAID

During the six months ended 30 June 2021, the Company has paid a final single-tier dividend of 75% in respect of the financial year ended 31 December 2020, amounting to RM75,000,000 on 28 May 2021.

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
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

9. INVESTMENT

	As at <u>30 June 2021</u> RM '000	As at <u>31 December 2020</u> RM '000
Wholesale unit trust funds and property trust fund:	994,907	1,022,686
Staff loans	82	13
Fixed and call deposits	18,077	17,874
	<u>1,013,066</u>	<u>1,040,573</u>

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

Fair value through profit or loss	994,907	1,022,686
Loans and receivables	18,159	17,887
	<u>1,013,066</u>	<u>1,040,573</u>

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INTERIM FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

9. **INVESTMENT (Continued)**

	As at <u>30 June 2021</u> RM '000	As at <u>31 December 2020</u> RM '000
a) Fair value through profit or loss		
<u>At fair value</u>		
Quoted in Malaysia:		
Fair value through profit or loss		
- Wholesale unit trust funds	994,907	1,022,686
	994,907	1,022,686
	994,907	1,022,686
b) Loans and receivables		
<u>At amortised cost</u>		
- Loans	82	13
- Fixed and call deposits	18,077	17,874
	18,159	17,887
	18,159	17,887

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

Malaysian Government Securities	231,225	179,862
Debt securities	639,453	703,263
Call deposits	115,439	123,325
Cash equivalents	94	68
Receivables/payables	8,696	16,168
	994,907	1,022,686
	994,907	1,022,686

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

9. **INVESTMENT (Continued)**

c) **Carrying value of financial instruments**

	Fair value through profit or loss	Held-to- maturity	Loans and receivables	Available- for-sale	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2020	1,024,555	-	17,440	-	1,041,995
Purchases	86,200	-	447	-	86,647
Maturities	-	-	-	-	-
Disposals	(98,000)	-	-	-	(98,000)
Fair value gains recorded in Income Statement	9,931	-	-	-	9,931
Amortisation change	-	-	-	-	-
At 31 December 2020	1,022,686	-	17,887	-	1,040,573
Effect from adoption of MFRS 9	-	-	-	-	-
Purchases	21,673	-	272	-	21,945
Maturities	-	-	-	-	-
Disposals	(20,000)	-	-	-	(20,000)
Fair value gains recorded in Income Statement	(29,452)	-	-	-	(29,452)
At 30 June 2021	994,907	-	18,159	-	1,013,066

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FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

9. **INVESTMENT (Continued)**

d) **Fair value investments**

	<u>Fair value through profit or loss</u> RM '000	<u>Available- for-sale</u> RM '000	<u>Total</u> RM '000
Unaudited			
<u>At 30 June 2021</u>			
Valuation techniques – market observable inputs	994,907	-	994,907
	<u>994,907</u>	<u>-</u>	<u>994,907</u>
Audited			
<u>At 31 December 2020</u>			
Valuation techniques – market observable inputs	1,022,686	-	1,022,686
	<u>1,022,686</u>	<u>-</u>	<u>1,022,686</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).

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Unaudited			
<u>At 30 June 2021</u>			
Fair value through profit and loss			
- Wholesale unit trust fund	-	994,907	994,907
	<u>-</u>	<u>994,907</u>	<u>994,907</u>
Audited			
<u>At 31 December 2020</u>			
Fair value through profit and loss			
-Wholesale unit trust fund	-	1,022,686	1,022,686
	<u>-</u>	<u>1,022,686</u>	<u>1,022,686</u>

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

INTERIM FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

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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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

10. REINSURANCE ASSETS

	As at 30 June 2021	As at 31 December 2020
	RM '000	RM '000
Claims liabilities	316,416	369,960
Premium liabilities	81,101	97,544
	<u>397,517</u>	<u>467,504</u>

11. INSURANCE RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	RM '000	RM '000
Due premiums including agents, brokers and co-insurers balances	43,074	46,238
Due from reinsurers and cedants	8,523	4,315
	<u>51,597</u>	<u>50,553</u>
Allowance for doubtful debts	(4,804)	(7,663)
	<u>46,793</u>	<u>42,890</u>

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FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

12. INSURANCE CONTRACT LIABILITIES

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<u>As at</u>			
<u>30 June 2021</u>			
Claims reported	465,658	(239,666)	225,992
Incurred but not reported claims ("IBNR")	273,066	(76,751)	196,315
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	738,724	(316,416)	422,308
Premium liabilities (note(b))	291,100	(81,101)	209,999
	<hr/>	<hr/>	<hr/>
	<u>1,029,824</u>	<u>(397,517)</u>	<u>632,307</u>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>As at</u>			
<u>31 December 2020</u>			
Claims reported	507,337	(289,228)	218,109
Incurred but not reported claims ("IBNR")	279,333	(80,732)	198,601
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	786,670	(369,960)	416,710
Premium liabilities (note(b))	299,715	(97,544)	202,171
	<hr/>	<hr/>	<hr/>
	<u>1,086,385</u>	<u>(467,504)</u>	<u>618,881</u>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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INTERIM FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

12. INSURANCE CONTRACT LIABILITIES (Continued)

(a) Claims liabilities

	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	RM '000	RM '000	RM '000
As at			
<u>30 June 2021</u>			
Balance as at 1 January 2021	786,670	(369,960)	416,710
Claims incurred in current accident year			
- Paid	40,988	(10,912)	30,076
- Case reserves	123,746	(38,525)	85,221
- IBNR	147,340	(37,655)	109,685
Claims incurred in prior accident year			
- Paid	129,510	(67,930)	61,580
- Case reserves	(337,978)	166,930	(171,048)
- IBNR	(151,552)	41,636	(109,916)
Balance as at 30 June 2021	738,724	(316,416)	422,308
As at			
<u>31 December 2020</u>			
Balance as at 1 January 2020	790,872	(410,763)	380,109
Claims incurred in current accident year			
- Paid	120,210	(29,068)	91,142
- Case reserves	253,511	(100,093)	153,418
- IBNR	238,761	(62,027)	176,734
Claims incurred in prior accident year			
- Paid	229,603	(122,318)	107,285
- Case reserves	(627,675)	280,528	(347,147)
- IBNR	(218,612)	73,781	(144,831)
Balance as at 31 December 2020	786,670	(369,960)	416,710

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INTERIM FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

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

(b) **Premium liabilities**

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
As at			
<u>30 June 2021</u>			
Balance as at 1 January 2021	299,715	(97,544)	202,171
Premium written for the financial period	341,936	(91,888)	250,048
Premium earned during the financial period	(350,551)	108,332	(242,219)
Balance as at 30 June 2021	291,100	(81,100)	210,000
As at			
<u>31 December 2020</u>			
Balance as at 1 January 2020	316,014	(99,413)	216,601
Premium written for the financial period	678,706	(209,763)	468,943
Premium earned during the financial period	(695,005)	211,632	(483,373)
Balance as at 31 December 2020	299,715	(97,544)	202,171

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INTERIM FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Continued)

13. CAPITAL COMMITMENTS

	As at <u>30 June 2021</u> RM '000	As at <u>31 December 2020</u> RM '000
Capital expenditure on property, plant and equipment:		
Authorised and contracted for	25	1,921
	<u>25</u>	<u>1,921</u>

14. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2021, as prescribed under the RBC Framework is provided below:

	As at <u>30 June 2021</u> RM '000	As at <u>31 December 2020</u> RM '000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000	100,000
Retained earnings	456,775	477,756
	<u>556,775</u>	<u>577,756</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserve	-	-
<u>Deductions</u>		
Amount deducted from Capital	-	-
	<u>-</u>	<u>-</u>

15. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (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 2021.