

Registration No : 200701037463 (795492-W)

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD 1 JANUARY 2022 TO 30 JUNE 2022

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia) - Registration No: 200701037463 (795492-W)

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AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	30.06.2022 RM'000	31.12.2021 RM'000
Assets			
Property and equipment		504	810
Intangible assets		2,984	2,148
Available-for-sale financial assets	9	1,149,643	1,180,415
Reinsurance assets	10	450,726	436,873
Loans and receivables, excluding insurance receivables		66,909	67,359
Insurance receivables		106,993	92,948
Deferred acquisition costs		40,894	39,692
Right-of-use of assets	14	6,247	7,220
Deferred tax assets		12,085	7,384
Cash and bank balances		93,888	70,813
Total assets		<u>1,930,873</u>	<u>1,905,662</u>
Equity and liabilities			
Share capital		310,800	310,800
Retained earnings		231,399	217,154
Available-for-sale reserve		(6,950)	7,936
Total equity		<u>535,249</u>	<u>535,890</u>
Insurance contract liabilities	11	1,195,474	1,162,686
Insurance payables		130,873	138,980
Other payables		58,867	56,728
Lease Liabilities	15	5,670	6,638
Current tax liabilities		4,740	4,740
Total liabilities		<u>1,395,624</u>	<u>1,369,772</u>
Total equity and liabilities		<u>1,930,873</u>	<u>1,905,662</u>

The accompanying notes form an integral part of the financial statements

AIG MALAYSIA INSURANCE BERHAD
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UNAUDITED STATEMENT OF INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.06.2022 RM'000	6 months period ended 30.06.2021 RM'000
Gross earned premiums	349,515	368,543
Premiums ceded to reinsurers	<u>(78,894)</u>	<u>(103,541)</u>
Net earned premiums	270,621	265,002
Investment income	17,478	16,939
Realised gains and losses	1,015	377
Commission income	16,162	25,851
Other operating revenue	<u>484</u>	<u>(150)</u>
Total revenue	<u>305,760</u>	<u>308,019</u>
Gross claims paid	(112,524)	(132,420)
Claims ceded to reinsurers	19,581	49,184
Gross change in contract liabilities	(27,369)	(28,088)
Change in contract liabilities ceded to reinsurers	<u>11,870</u>	<u>(6,209)</u>
Net claims incurred	<u>(108,442)</u>	<u>(117,533)</u>
Commission expense	(39,664)	(37,052)
Management expenses	<u>(73,529)</u>	<u>(74,267)</u>
Other expenses	<u>(113,193)</u>	<u>(111,319)</u>
Profit before taxation	84,125	79,167
Income tax expense	<u>(14,880)</u>	<u>(9,000)</u>
Profit for the period	<u>69,245</u>	<u>70,167</u>
Earnings per share		
Basic	<u>22 sen</u>	<u>23 sen</u>

The accompanying notes form an integral part of the financial statements.

AIG MALAYSIA INSURANCE BERHAD
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022**

	6 months period ended 30.06.2022 RM'000	6 months period ended 30.06.2021 RM'000
Profit for the period	<u>69,245</u>	<u>70,167</u>
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Changes in available-for-sale reserves:		
- Fair value loss arise during the period	9(b) (19,587)	(11,690)
- Tax effect on changes in fair value reserves	<u>4,701</u>	<u>2,806</u>
	<u>(14,886)</u>	<u>(8,884)</u>
Total comprehensive income for the period	<u>54,359</u>	<u>61,283</u>

The accompanying notes form an integral part of the financial statements.

AIG MALAYSIA INSURANCE BERHAD
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022**

	<----Non Distributable---->	Distributable	Total	
	Share capital	Available-for-	Retained	
	RM'000	RM'000	RM'000	
At 1 January 2021	310,800	19,676	187,108	517,584
Profit for the period	-	-	70,167	70,167
Other comprehensive expense for the period	-	(8,884)	-	(8,884)
Total comprehensive income for the period	-	(8,884)	70,167	61,283
Dividend paid during the period	-	-	(81,000)	(81,000)
At 30 June 2021	310,800	10,792	176,275	497,867
At 1 January 2022	310,800	7,936	217,154	535,890
Profit for the period	-	-	69,245	69,245
Other comprehensive expense for the period	-	(14,886)	-	(14,886)
Total comprehensive income for the period	-	(14,886)	69,245	54,359
Dividend paid during the period	-	-	(55,000)	(55,000)
At 30 June 2022	310,800	(6,950)	231,399	535,249

The accompanying notes form an integral part of the financial statements.

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOW
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.06.2022 RM'000	6 months period ended 30.06.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	69,245	70,167
Adjustments for:		
Depreciation of property and equipment	306	549
Amortisation of intangible assets	952	582
Depreciation of right-of-use assets	1,340	1,478
Finance cost on lease liabilities	100	47
Investment income	(17,478)	(16,939)
Impairment loss on AFS financial assets	(5)	-
Fair value gains on AFS recorded in Statement of Income	(1,015)	(377)
Income tax expense	14,880	9,000
Bad debts written off	54	97
Bad debts recovered	(221)	(189)
Allowance for impairment on insurance receivables	(4,056)	1,239
	<u>64,102</u>	<u>65,654</u>
Changes in working capital:		
(Increase)/decrease in reinsurance assets	(13,853)	1,102
Increase in insurance receivables	(9,822)	(24,403)
(Increase)/decrease in deferred acquisition costs	(1,202)	398
Increase in insurance contract liabilities	32,788	25,173
(Decrease)/increase in insurance payables	(8,107)	22,861
Increase in other payables	2,139	81,714
Decrease in loans and receivables, excluding insurance receivable	794	67,893
Cash generated from operations	<u>66,839</u>	<u>240,391</u>
Tax Paid	(14,880)	(9,000)
Net cash (outflow)/inflow from operating activities	<u>51,959</u>	<u>231,391</u>

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AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOW
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.06.2022 RM'000	6 months period ended 30.06.2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(135)
Increase in intangible assets	(1,788)	(453)
Interest income received	19,695	17,756
Dividend income received	1,705	1,837
Purchase of AFS financial assets	(111,517)	(180,497)
Proceeds from disposal of AFS financial assets	119,507	77,520
Net cash inflow from investing activities	27,602	(83,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(55,000)	(81,000)
Payment of lease liabilities	(1,486)	(1,526)
Net cash outflow from investing activities	(56,486)	(82,526)
NET DECREASE IN CASH AND CASH EQUIVALENTS	23,075	64,893
CASH AND CASH EQUIVALENTS AT 1 JANUARY	70,813	97,072
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>93,888</u>	<u>161,965</u>
Cash and cash equivalents comprise:		
Cash and bank balances	12,411	63,130
Fixed and call deposits with maturity of less than 3 months	81,477	98,835
	<u>93,888</u>	<u>161,965</u>

The accompanying notes form an integral part of the financial statements.

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022

1. BASIS OF PREPARATION

The unaudited interim financial statements of AIG Malaysia Insurance berhad ("the Company") have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2021.

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2021.

2. SEASONAL OR CYCLICAL FACTORS

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the period under review.

3. EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the six month ended 30 June 2022.

4. CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the current financial period ended 30 June 2022.

5. ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There was no issuance or repayment of debt and equities for the current financial period under review.

6. DIVIDENDS

A final single-tier dividend of 17.70% (RM0.18 per share) on ordinary shares declared and paid in respect of financial year ended 31 December 2021 amounting to RM55 million was paid on 22 June 2022.

No dividend has been declared in respect of the current period ended 30 June 2022.

7. EVENTS AFTER THE INTERIM PERIOD

There were no material events after the interim period that have not been reflected in the financial statements for the interim period.

8. EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the period under review.

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30.06.2022	31.12.2021
	RM'000	RM'000
(a) At fair value		
Quoted:		
Equity securities of corporations	73,494	78,880
Real estate investment trust	2,541	2,833
	<u>76,035</u>	<u>81,713</u>
Unquoted:		
Malaysian government securities	763,802	763,088
Cagamas papers	69,868	70,776
Corporate debt securities	239,938	264,838
	<u>1,073,608</u>	<u>1,098,702</u>
	<u>1,149,643</u>	<u>1,180,415</u>
(b) Available-for-sale financial assets		RM'000
At 1 January 2021		943,505
Purchases		510,859
Maturities		(235,000)
Disposals		(13,130)
Fair value gains transferred to statement of income		512
Fair value loss recorded in other comprehensive income		(14,936)
Amortisation of premium, net of accretion of discounts		(6,902)
Movement in impairment allowance		(6,018)
Movement in interest income due and accrued		1,525
At 31 December 2021 / 1 January 2022		<u>1,180,415</u>
Purchases		111,517
Maturities		(115,000)
Disposals		(4,507)
Fair value gains transferred to statement of income		1,015
Fair value loss recorded in other comprehensive income		(19,587)
Amortisation of premium, net of accretion of discounts		(4,402)
Movement in impairment allowance		5
Movement in interest income due and accrued		187
At 30 June 2022		<u>1,149,643</u>

10. REINSURANCE ASSETS

	30.06.2022	31.12.2021
	RM'000	RM'000
Reinsurance of insurance contracts		
Claims liabilities	368,570	356,700
Premium liabilities	82,156	80,173
	<u>450,726</u>	<u>436,873</u>

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

11. INSURANCE CONTRACT LIABILITIES

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2022			
Provision for claims reported by policyholders	541,248	(245,963)	295,285
Provision for incurred but not reported claims ("IBNR")	271,557	(122,607)	148,950
Claims liabilities (i)	<u>812,805</u>	<u>(368,570)</u>	<u>444,235</u>
Premiums liabilities (ii)	<u>382,669</u>	<u>(82,156)</u>	<u>300,513</u>
At 30 June 2022	<u>1,195,474</u>	<u>(450,726)</u>	<u>744,748</u>
At 1 January 2021			
Provision for claims reported by policyholders	522,369	(234,769)	287,600
Provision for incurred but not reported claims ("IBNR")	263,067	(121,931)	141,136
Claims liabilities (i)	<u>785,436</u>	<u>(356,700)</u>	<u>428,736</u>
Premiums liabilities (ii)	<u>377,250</u>	<u>(80,173)</u>	<u>297,077</u>
At 31 December 2021	<u>1,162,686</u>	<u>(436,873)</u>	<u>725,813</u>

(i) Claims liabilities

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2022	785,436	(356,700)	428,736
Claims incurred in current accident year	97,338	(18,591)	78,747
Adjustment to claims incurred in prior accident year	34,064	(12,184)	21,880
Effect of changes in key assumptions	8,490	(675)	7,815
Claims paid during the period	(112,523)	19,580	(92,943)
At 30 June 2022	<u>812,805</u>	<u>(368,570)</u>	<u>444,235</u>
At 1 January 2021	678,239	(314,176)	364,063
Claims incurred in current accident year	204,869	(58,201)	146,668
Adjustment to claims incurred in prior accident year	74,061	(24,076)	49,985
Effect of changes in key assumptions	48,451	(24,514)	23,937
Claims paid during the period	(220,184)	64,267	(155,917)
At 31 December 2021	<u>785,436</u>	<u>(356,700)</u>	<u>428,736</u>

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

11. INSURANCE CONTRACT LIABILITIES (CONTINUE)

(ii) Premiums liabilities

	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000
At 1 January 2022	377,250	(80,173)	297,077
Premiums written during the period	354,934	(80,877)	274,057
Premiums earned during the period	(349,515)	78,894	(270,621)
At 30 June 2022	382,669	(82,156)	300,513
At 1 January 2021	384,660	(69,092)	315,568
Premiums written during the period	703,911	(214,098)	489,813
Premiums earned during the period	(711,321)	203,017	(508,304)
At 31 December 2021	377,250	(80,173)	297,077

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

12. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2022, as prescribed under the Framework is provided below:

	30.06.2022	31.12.2021
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	310,800	310,800
Retained earnings	231,400	176,273
	<u>542,200</u>	<u>487,073</u>
Tier 2 Capital		
Eligible reserves	(6,950)	10,792
	<u>(6,950)</u>	<u>10,792</u>
*Amount deducted from Capital	(15,068)	(7,025)
Total Capital Available	<u>520,182</u>	<u>490,840</u>

At the end of 30 June 2022, 99% of the Company's total capital consists of Tier 1 capital, comprising of fully paid-up ordinary shares and retained earnings.

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

13. RELATED PARTY DISCLOSURE

In the normal course of business, the Company undertakes at agreed terms and prices, various transactions with the ultimate holding company and other related corporations deemed related parties by virtue of them being members of American International Group, Inc group of companies ("AIG Group")

Detail of significant related party transaction during the financial year between the Company and AIG Group are as follows:

	30.06.2022	31.12.2021
	RM'000	RM'000
Inwards reinsurance premium received	-	1
Reinsurance premium ceded	(43,969)	(101,709)
Claims paid	(9,827)	(31,476)
Commission earned	16,920	39,932
System related costs paid to related corporations	(7,483)	(17,168)
Reimbursement of expenses paid on behalf of immediate holding company	1,557	1,815
Asset management fees	(83)	(192)
Policy processing and related administration costs	(209)	(539)
Global service fees	(5,587)	(6,447)
Professional fees	(276)	(317)

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2022 (CONTINUED)

14. RIGHT-OF-USE ASSETS

	Properties RM'000
Cost	
As at 01 January 2021	7,868
Addition	8,111
Early Termination	(60)
As at 31 December 2021 / 1 January 2022	<u>15,919</u>
Addition	392
Early Termination	(26)
As at 30 June 2022	<u><u>16,285</u></u>
 Accumulated Depreciation	
As at 01 January 2021	5,427
Charge for the period	3,274
Early Termination	(2)
As at 31 December 2021 / 1 January 2022	<u>8,699</u>
Charge for the period	1,340
Early Termination	(1)
As at 30 June 2022	<u><u>10,038</u></u>
 Net book value	
At 31 December 2021	7,220
At 31 June 2022	<u><u>6,247</u></u>

15. LEASE LIABILITY

	30.06.2022 RM'000	31.12.2021 RM'000
Due in 1 year or less	2,527	2,420
Due in 2 to 5 years	3,143	4,218
Total present value of minimum lease payments	<u>5,670</u>	<u>6,638</u>
 Future minimum lease payments	5,869	6,923
Less: finance cost	(199)	(285)
Total present value of minimum lease payments	<u>5,670</u>	<u>6,638</u>
 <i>Payable within one year</i>		
Future minimum lease payments	2,661	2,583
Finance cost	(134)	(163)
Present value of minimum lease payments	<u>2,527</u>	<u>2,420</u>
 <i>Payable more than 1 year but not more than 5 years</i>		
Future minimum lease payments	3,208	4,340
Finance cost	(65)	(122)
Present value of minimum lease payments	<u>3,143</u>	<u>4,218</u>