

Company No : 200701037463 (795492-W)

AIG MALAYSIA INSURANCE BERHAD  
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

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

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**AIG MALAYSIA INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	30.06.2021 RM'000	31.12.2020 RM'000
<b>Assets</b>			
Property and equipment		763	1,178
Intangible assets		2,579	2,710
Available-for-sale financial assets	9	1,032,521	943,507
Reinsurance assets	10	382,166	383,268
Loans and receivables, excluding insurance receivables		115,960	183,853
Insurance receivables		108,090	84,834
Deferred acquisition costs		40,795	41,193
Right-of-use of assets	15	1,162	2,441
Deferred tax assets		4,446	1,640
Cash and bank balances		161,965	97,072
<b>Total assets</b>		<u>1,850,447</u>	<u>1,741,696</u>
<b>Equity and liabilities</b>			
Share capital		310,800	310,800
Retained earnings		176,275	187,108
Available-for-sale reserve		10,792	19,676
<b>Total equity</b>		<u>497,867</u>	<u>517,584</u>
Insurance contract liabilities	11	1,088,072	1,062,899
Insurance payables		115,658	92,797
Other payables		138,677	56,963
Lease Liabilities	16	1,312	2,591
Current tax liabilities		8,862	8,862
<b>Total liabilities</b>		<u>1,352,580</u>	<u>1,224,112</u>
<b>Total equity and liabilities</b>		<u>1,850,447</u>	<u>1,741,696</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 2021**

	<b>6 months period ended 30.06.2021 RM'000</b>	<b>6 months period ended 30.06.2020 RM'000</b>
Gross earned premiums	368,543	333,353
Premiums ceded to reinsurers	(103,541)	(60,388)
<b>Net earned premiums</b>	<u>265,002</u>	<u>272,965</u>
Investment income	16,939	17,070
Realised gains and losses	377	(377)
Commission income	25,851	18,816
Other operating revenue	(150)	2,227
<b>Total revenue</b>	<u>308,019</u>	<u>310,701</u>
Gross claims paid	(132,420)	(110,624)
Claims ceded to reinsurers	49,184	7,471
Gross change in contract liabilities	(28,088)	(157,142)
Change in contract liabilities ceded to reinsurers	(6,209)	122,068
<b>Net claims incurred</b>	<u>(117,533)</u>	<u>(138,227)</u>
Commission expense	(37,052)	(39,352)
Management expenses	(74,267)	(75,978)
<b>Other expenses</b>	<u>(111,319)</u>	<u>(115,330)</u>
<b>Profit before taxation</b>	79,167	57,144
Income tax expense	(9,000)	(9,000)
<b>Profit for the period</b>	<u>70,167</u>	<u>48,144</u>
<b>Earnings per share</b>		
Basic	<u>23 sen</u>	<u>15 sen</u>

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**AIG MALAYSIA INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021**

	<b>6 months period ended 30.06.2021 RM'000</b>	<b>6 months period ended 30.06.2020 RM'000</b>
<b>Profit for the period</b>	<u>70,167</u>	<u>48,144</u>
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently reclassified to profit or loss</b>		
<b>Changes in available-for-sale reserves:</b>		
- Fair value (loss)/gain arise during the period	9(b) (11,690)	3,833
- Tax effect on changes in fair value reserves	<u>2,806</u>	<u>(920)</u>
	<u>(8,884)</u>	<u>2,913</u>
<b>Total comprehensive income for the period</b>	<u>61,283</u>	<u>51,057</u>

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**AIG MALAYSIA INSURANCE BERHAD**  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021**

	-----Non Distributable-----		Distributable	
	Share capital	Available-for-sale reserve	Retained earnings	Total
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2020</b>	310,800	12,076	106,137	429,013
Profit for the period	-	-	48,144	48,144
Other comprehensive expense for the period	-	2,913	-	2,913
Total comprehensive income/(expense) for the period	-	2,913	48,144	51,057
<b>At 30 June 2020</b>	310,800	14,989	154,281	480,070
<b>At 1 January 2021</b>	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)
<b>At 30 June 2021</b>	310,800	10,792	176,275	497,867

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AIG MALAYSIA INSURANCE BERHAD  
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOW  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021

	<b>6 months period ended 30.06.2021 RM'000</b>	<b>6 months period ended 30.06.2020 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>70,167</b>	<b>48,144</b>
<b>Adjustments for:</b>		
Depreciation of property and equipment	549	439
Amortisation of intangible assets	582	766
Depreciation of right-of-use assets	1,478	1,486
Finance cost on lease liabilities	47	87
Investment income	(16,939)	(17,070)
Impairment loss on AFS financial assets	-	(383)
Fair value gains on AFS recorded in Statement of Income	(377)	377
Income tax expense	9,000	9,000
Bad debts written off	97	207
Bad debts recovered	(189)	(89)
Allowance for impairment on insurance receivables	1,239	(940)
	<u>65,654</u>	<u>42,024</u>
<b>Changes in working capital:</b>		
Decrease/(increase) in reinsurance assets	1,102	(134,117)
Increase in insurance receivables	(24,403)	(8,121)
Decrease in deferred acquisition costs	398	3,812
Increase in insurance contract liabilities	25,173	128,421
Increase in insurance payables	22,861	11,713
Increase in other payables	81,714	12,781
Increase in loans and receivables, excluding insurance receivable	67,893	60,314
Cash generated from operations	<u>240,391</u>	<u>116,827</u>
Tax Paid	(9,000)	(9,000)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>231,391</u>	<u>107,827</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 2021

	<b>6 months period ended 30.06.2021 RM'000</b>	<b>6 months period ended 30.06.2020 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(135)	(24)
Increase in intangible assets	(453)	(538)
Interest income received	17,756	16,350
Dividend income received	1,837	1,001
Purchase of AFS financial assets	(180,497)	(144,109)
Proceeds from disposal of AFS financial assets	77,520	50,690
<b>Net cash inflow from investing activities</b>	<b>(83,972)</b>	<b>(76,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(81,000)	-
Payment of lease liabilities	(1,526)	(1,518)
<b>Net cash outflow from investing activities</b>	<b>(82,526)</b>	<b>(1,518)</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	64,893	29,679
CASH AND CASH EQUIVALENTS AT 1 JANUARY	97,072	48,872
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>161,965</u>	<u>78,551</u>
Cash and cash equivalents comprise:		
Cash and bank balances	63,130	15,195
Fixed and call deposits with maturity of less than 3 months	98,835	63,356
	<u>161,965</u>	<u>78,551</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 2021**

**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 2020.

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 2020.

**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 2021.

**4. CHANGES IN ESTIMATES**

There were no material changes in the basis used for accounting estimates for the current financial period ended 30 June 2021.

**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 26.06% (RM0.26 per share) on ordinary shares declared and paid in respect of financial year ended 31 December 2020 amounting to RM81 million was paid on 26 July 2021.

No dividend has been declared in respect of the current period ended 30 June 2021.

**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 2021 (CONTINUED)**

**9. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) At fair value</b>		
Quoted:		
Equity securities of corporations	71,919	58,969
Real estate investment trust	2,892	2,663
	<u>74,811</u>	<u>61,632</u>
Unquoted:		
Malaysian government securities	644,259	626,494
Cagamas papers	70,971	71,626
Corporate debt securities	242,480	183,755
	<u>957,710</u>	<u>881,875</u>
	<u>1,032,521</u>	<u>943,507</u>
<b>(b) Available-for-sale financial assets</b>		<b>RM'000</b>
<b>At 1 January 2020</b>		728,470
Purchases		350,462
Maturities		(120,000)
Disposals		(23,251)
Fair value gains recorded in other comprehensive income		254
Movement in impairment allowance		10,253
Amortisation of premium, net of accretion of discounts		(2,668)
Fair value gains transferred to statement of income		(1,898)
Movement in interest income due and accrued		1,883
<b>At 31 December 2020 / 1 January 2021</b>		<b>943,505</b>
Purchases		180,497
Maturities		(65,000)
Disposals		(12,520)
Fair value loss recorded in other comprehensive income		(11,690)
Amortisation of premium, net of accretion of discounts		(3,078)
Fair value gains transferred to statement of income		378
Movement in interest income due and accrued		429
<b>At 30 June 2021</b>		<b>1,032,521</b>

**10. REINSURANCE ASSETS**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurance of insurance contracts		
Claims liabilities	307,967	319,317
Premium liabilities	74,199	58,540
	<u>382,166</u>	<u>377,857</u>

**AIG MALAYSIA INSURANCE BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

**11. INSURANCE CONTRACT LIABILITIES**

	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>At 30 June 2021</b>			
Provision for claims reported by policyholders	450,299	(184,373)	265,926
Provision for incurred but not reported claims ("IBNR")	256,028	(123,594)	132,434
Claims liabilities (i)	<u>706,327</u>	<u>(307,967)</u>	<u>398,360</u>
Premiums liabilities (ii)	381,745	(74,199)	307,546
	<u>1,088,072</u>	<u>(382,166)</u>	<u>705,906</u>
<b>At 31 December 2020</b>			
Provision for claims reported by policyholders	463,623	(216,759)	246,864
Provision for incurred but not reported claims ("IBNR")	214,616	(97,417)	117,199
Claims liabilities (i)	<u>678,239</u>	<u>(314,176)</u>	<u>364,063</u>
Premiums liabilities (ii)	384,660	(69,092)	315,568
	<u>1,062,899</u>	<u>(383,268)</u>	<u>679,631</u>

**(i) Claims liabilities**

	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2021</b>			
Claims incurred in current accident year	71,360	(6,768)	64,592
Adjustment to claims incurred in prior accident year	47,737	(10,031)	37,706
Effect of changes in key assumptions	41,412	(26,177)	15,235
Claims paid during the period	<u>(132,420)</u>	<u>49,184</u>	<u>(83,236)</u>
<b>At 30 June 2021</b>	<u>706,327</u>	<u>(307,967)</u>	<u>398,360</u>
<b>At 1 January 2020</b>			
Claims incurred in current accident year	256,924	(62,516)	194,408
Adjustment to claims incurred in prior accident year	70,198	(50,225)	19,973
Effect of changes in key assumptions	72,352	(43,571)	28,781
Claims paid during the period	<u>(252,768)</u>	<u>39,385</u>	<u>(213,383)</u>
<b>At 31 December 2020</b>	<u>678,238</u>	<u>(314,175)</u>	<u>364,063</u>

**AIG MALAYSIA INSURANCE BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

**11. INSURANCE CONTRACT LIABILITIES (CONTINUE)**

**(ii) Premiums liabilities**

	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2021</b>	384,660	(69,092)	315,568
Premiums written during the period	365,628	(108,648)	256,980
Premiums earned during the period	(368,543)	103,541	(265,002)
<b>At 30 June 2021</b>	<u>381,745</u>	<u>(74,199)</u>	<u>307,546</u>
<b>At 1 January 2020</b>	380,143	(46,492)	333,651
Premiums written during the period	660,108	(179,709)	480,399
Premiums earned during the period	(655,591)	157,109	(498,482)
<b>At 31 December 2020</b>	<u>384,660</u>	<u>(69,092)</u>	<u>315,568</u>

**AIG MALAYSIA INSURANCE BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)**

**12. COMMITMENTS**

Non-cancelable operating lease commitment

As at the date of statement of financial position, the Company has rental commitments under non-cancellable operating leases:

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	675	291
Later than 1 year and not later than 5 years	496	237
	<u>1,171</u>	<u>528</u>

**13. REGULATORY CAPITAL REQUIREMENTS**

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

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	310,800	310,800
Retained earnings	176,273	154,279
	<u>487,073</u>	<u>465,079</u>
<b>Tier 2 Capital</b>		
Eligible reserves	10,792	14,990
	<u>10,792</u>	<u>14,990</u>
*Amount deducted from Capital	(7,025)	(6,645)
Total Capital Available	<u>490,840</u>	<u>473,424</u>

At the end of 30 June 2021, 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 2021 (CONTINUED)**

**14. 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:

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Inwards reinsurance premium received	1	-
Reinsurance premium ceded	(59,393)	(43,163)
Claims paid	(21,862)	(4,482)
Commission earned	22,740	18,073
System related costs paid to related corporations	(8,551)	(10,713)
Personnel and related costs received from related corporations	1,143	640
Loss adjustment expenses and Access fees	62	68
Asset management fees	(112)	(67)
Policy processing and related administration costs	(270)	(3,552)
Global service fees	(828)	(6,292)
Professional fees	(108)	(537)
Management fees	-	338

AIG MALAYSIA INSURANCE BERHAD  
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## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2021 (CONTINUED)

## 15. RIGHT-OF-USE ASSETS

	Properties RM'000	Total RM'000
<b>Cost</b>		
<b>As at 01 January 2020</b>	7,712	7,712
Addition	156	156
<b>As at 31 December 2020</b>	7,868	7,868
Addition	199	199
<b>As at 30 June 2021</b>	8,067	8,067
<b>Accumulated Depreciation</b>		
<b>As at 01 January 2020</b>	2,616	2,616
Charge for the period	2,811	2,811
<b>As at 31 December 2020</b>	5,427	5,427
Charge for the period	1,478	1,478
<b>As at 30 June 2021</b>	6,905	6,905
<b>Net book value</b>		
<b>At 31 December 2020</b>	2,441	2,441
<b>At 31 June 2021</b>	1,162	1,162

## 16. LEASE LIABILITY

	30.06.2021 RM'000	31.12.2020 RM'000
Due in 1 year or less	1,224	2,477
Due in 2 to 5 years	88	114
Total present value of minimum lease payments	1,312	2,591
Future minimum lease payments	1,327	2,640
Less: finance cost	(15)	(49)
Total present value of minimum lease payments	1,312	2,591
<i>Payable within one year</i>		
Future minimum lease payments	1,238	2,525
Finance cost	(14)	(48)
Present value of minimum lease payments	1,224	2,477
<i>Payable more than 1 year but not more than 5 years</i>		
Future minimum lease payments	89	115
Finance cost	(1)	(1)
Present value of minimum lease payments	88	114