

AIG MALAYSIA INSURANCE BERHAD

Registration No. 200701037463 (795492-W)
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

Registration No:
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CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

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AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 - UNAUDITED

	Note	30.06.2024 RM'000	31.12.2023 RM'000
Assets			
Property and equipment		428	382
Right-of-use assets	7	1,702	2,745
Intangible assets		2,562	3,474
Financial investments	9	1,404,963	1,213,575
Reinsurance contract assets	10	401,065	360,933
Loans and receivables	12	42,058	40,193
Tax recoverable		238	238
Cash and bank balances		85,834	151,108
Total assets		1,938,850	1,772,648
Equity and liabilities			
Share capital		310,800	310,800
Retained earnings		427,877	374,614
Fair value reserve		(292)	(1,630)
Total equity		738,385	683,784
Insurance contract liabilities	11	1,109,648	1,000,705
Deferred tax liabilities		7,252	8,326
Lease liability	8	1,547	2,516
Other payables		82,018	77,317
Total liabilities		1,200,465	1,088,864
Total equity and liabilities		1,938,850	1,772,648

The accompanying notes form an integral part of the financial statements

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AIG MALAYSIA INSURANCE BERHAD
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CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2024 - UNAUDITED

	<u>30.06.2024</u>	<u>30.06.2023</u>
	RM'000	RM'000
Insurance revenue	415,477	400,497
Insurance service expenses	(341,893)	(239,375)
Net expenses from reinsurance contracts held	(732)	(66,519)
Insurance service result	<u>72,852</u>	<u>94,603</u>
Investment revenue from financial assets not measured at FVTPL	20,173	18,428
Investment revenue from financial assets measured at FVTPL	1,592	1,592
Net gains on financial assets measured at FVTPL	5,776	-
Realised net gains on investments in financial assets measured at FVTPL	2,159	(5,325)
Net investment income	<u>29,700</u>	<u>14,695</u>
Net finance expenses from insurance contracts issued	(16,845)	(38,280)
Net finance income from reinsurance contracts held	7,013	20,453
Net insurance finance expense	<u>(9,832)</u>	<u>(17,827)</u>
Net insurance and investment result	<u>92,720</u>	<u>91,471</u>
Other income	(2,165)	2,635
Other operating expenses	(15,840)	(12,111)
Profit before income tax	<u>74,715</u>	<u>81,995</u>
Income tax expense	(21,453)	(12,047)
Profit for the period	<u>53,262</u>	<u>69,948</u>
Earnings per share		
Basic	<u>0.17 sen</u>	<u>0.23 sen</u>

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

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AIG MALAYSIA INSURANCE BERHAD
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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2024 - UNAUDITED**

	<u>30.06.2024</u>	<u>30.06.2023</u>
	RM'000	RM'000
Net profit after taxation for the financial year	53,262	69,948
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Changes in available-for-sale reserves:		
Fair value gain/(loss) arise during the financial year	1,761	345
Tax effect on changes in fair value reserves	(423)	(83)
	<u>1,338</u>	<u>262</u>
Total comprehensive income for the financial year	54,600	70,210

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

AIG MALAYSIA INSURANCE BERHAD
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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2024 - UNAUDITED

	<-----Non Distributable----->			<--Distributable-->	
	-Available				
	Share capital	for-sale reserve	Fair value reserve	Retained earnings	Total
	RM'000	RM	RM'000	RM'000	RM'000
At 1 January 2023, as previously stated	310,800	(2,418)	-	297,405	605,787
Impact arising from adoption of MFRS 17	-	-	-	57,925	57,925
Impact arising from adoption of MFRS 9	-	2,418	(9,185)	6,767	-
At 1 January 2023 - restated	310,800	-	(9,185)	362,097	663,712
<i>Profit for the financial year</i>	-	-	-	69,948	69,948
<i>Other comprehensive expenses for the financial year</i>	-	-	262	-	262
Total comprehensive income for the financial year	-	-	262	69,948	70,210
Dividend paid during the period	-	-	-	(135,000)	(135,000)
At 30 June 2023 - restated	310,800	-	(8,923)	297,045	598,922
At 1 January 2024	310,800	-	(1,630)	374,615	683,785
<i>Profit for the financial year</i>	-	-	-	53,262	53,262
<i>Other comprehensive income for the financial year</i>	-	-	1,338	-	1,338
Total comprehensive income for the financial year	-	-	1,338	53,262	54,600
At 30 June 2024	310,800	-	(292)	427,877	738,385

The accompanying notes form an integral part of the financial statements

AIG MALAYSIA INSURANCE BERHAD
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**CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2024 - UNAUDITED**

	<u>30.06.2024</u>	<u>30.06.2023</u>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	53,262	69,948
Adjustments for:		
Depreciation of property and equipment	125	110
Amortisation of intangible assets	929	977
Depreciation of right-of-use assets	1,497	1,051
Finance cost on lease liabilities	36	66
Investment income	(21,765)	(20,020)
Impairment loss on FVTPL financial assets	(956)	(5,457)
Realised loss on FVTPL financial assets	(2,138)	5,325
Gain on disposal of property and equipment	(21)	-
Net fair value gains recorded in profit or loss	(6,128)	-
Income tax expense	21,805	12,047
	<u>46,646</u>	<u>64,047</u>
Changes in working capital:		
Increase/(decrease) in AC financial assets	(80,080)	35,673
Increase in reinsurance contract assets	(40,132)	(6,057)
Increase in insurance contract liabilities	108,943	128,124
Increase in other payables	4,701	17,953
(Increase)/decrease in loans and receivables	(1,861)	1,460
Cash generated from operations	<u>38,217</u>	<u>241,200</u>
Tax paid	(22,950)	(14,580)
Net cash inflows from operating activities	<u>15,267</u>	<u>226,620</u>

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

AIG MALAYSIA INSURANCE BERHAD
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**CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2024 - UNAUDITED**

	<u>30.06.2024</u>	<u>30.06.2023</u>
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property and equipment	21	-
Purchase of property and equipment	(172)	(205)
Purchase of intangible assets	(17)	(2,293)
Interest income received	21,385	22,627
Dividend income received	1,549	1,754
Purchase of FVTPL financial assets	(19,520)	(3,550)
Purchase of FVOCI financial assets	(211,944)	(228,100)
Proceeds from disposal of FVTPL financial assets	24,616	4,892
Proceeds from disposal of FVOCI financial assets	105,000	210,000
Net cash inflows from investing activities	<u>(79,082)</u>	<u>5,125</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(135,000)
Payment of lease liabilities	(1,459)	(839)
Net cash outflows from financing activities	<u>(1,459)</u>	<u>(135,839)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(65,274)</u>	<u>95,906</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	151,108	132,118
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>85,834</u>	<u>228,024</u>
Cash and cash equivalents comprise:		
Cash and bank balances	21,934	20,049
Fixed and call deposits with maturity of less than 3 months	63,900	207,975
	<u>85,834</u>	<u>228,024</u>

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

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements ("the Report") of AIG Malaysia Insurance Berhad ("the Company") have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting, and International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The Report does not include all information required for disclosure in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company as at and for the financial year ended 31 December 2023.

The preparation of the condensed interim financial statement in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities as at the date of the condensed interim financial statements, and the reported amount of income and expenses during the period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following:

MFRSs/Interpretations/Amendments	Effective date
• Amendments to MFRS 101, <i>Classification of liabilities as current or non-current</i>	1 January 2024
• Amendments to MFRS 16, <i>Sale and leaseback</i>	1 January 2024
• Amendments to MFRS 107, <i>Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures - Supplier Finance Arrangements</i>	1 January 2024

The initial application of the abovementioned accounting standards and amendments did not have any material financial impact to the current and prior periods financial statements upon their first adoption.

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 months ended 30 June 2024.

4. CHANGES IN ESTIMATES

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

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

No dividend has been declared in respect of financial year ended 31 December 2023 and current period ended 30 June 2024.

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

7. RIGHT-OF-USE ASSETS

	Properties
	RM'000
Cost	
As at 1 January 2023	16,602
Addition	355
Early Termination	(639)
As at 31 December 2023 / 1 January 2024	<u>16,318</u>
Additions	454
At 30 June 2024	<u>16,772</u>
Accumulated Depreciation	
As at 1 January 2023	11,373
Charge for the period	2,793
Early Termination	(593)
As at 31 December 2023 / 1 January 2024	<u>13,573</u>
Charge for the period	1,497
At 30 June 2024	<u>15,070</u>
Net book value	
At 31 December 31.12.2023	<u>2,745</u>
At 31 December 30.06.2024	<u>1,702</u>

8. LEASE LIABILITY

	30.06.2024	31.12.2023
	RM'000	RM'000
Due in 1 year or less	1,306	2,293
Due in 2 to 5 years	241	223
Total present value of minimum lease payments	<u>1,547</u>	<u>2,516</u>
Future minimum lease payments	1,572	2,561
Less: finance cost	(25)	(45)
Total present value of minimum lease payments	<u>1,547</u>	<u>2,516</u>
<i>Payable within one year</i>		
Future minimum lease payments	1,328	2,334
Finance cost	(22)	(41)
Present value of minimum lease payments	<u>1,306</u>	<u>2,293</u>
<i>Payable more than 1 year but not more than 5 years</i>		
Future minimum lease payments	250	226
Finance cost	(3)	(3)

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

9. INVESTMENTS

	<u>30.06.2024</u> RM'000	<u>31.12.2023</u> RM'000
Malaysian government securities	905,827	814,130
Cagamas papers	101,555	101,495
Corporate debt securities	216,348	200,614
Equity securities of corporations	72,434	68,210
Real estate investment trust	1,902	2,309
Fixed and call deposits	106,897	26,817
Total financial investments	<u>1,404,963</u>	<u>1,213,575</u>

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

	<u>30.06.2024</u> RM'000	<u>31.12.2023</u> RM'000
Financial assets at FVTPL	74,336	70,519
Financial assets at FVOCI	1,223,730	1,116,239
Financial assets at amortised cost	106,897	26,817
	<u>1,404,963</u>	<u>1,213,575</u>

(a) Fair value through profit or loss ("FVTPL")

	<u>30.06.2024</u> RM'000	<u>31.12.2023</u> RM'000
Equity securities of corporations - quoted in Malaysia	72,434	68,210
Real estate investment trust - quoted in Malaysia	1,902	2,309
	<u>74,336</u>	<u>70,519</u>

(b) Fair value through other comprehensive income ("FVOCI")

	<u>30.06.2024</u> RM'000	<u>31.12.2023</u> RM'000
At fair value		
Malaysian government securities - unquoted in Malaysia	905,827	814,130
Cagamas papers - unquoted in Malaysia	101,555	101,495
Corporate debt securities - unquoted in Malaysia	216,348	200,614
	<u>1,223,730</u>	<u>1,116,239</u>

(c) Amortised cost ("AC")

	<u>30.06.2024</u> RM'000	<u>31.12.2023</u> RM'000
Fixed and call deposits with licensed financial institutions with maturity more than three months	<u>106,897</u>	<u>26,817</u>

The carrying amount of the deposits with financial institutions approximates fair value due to the relatively short term maturities.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

9. INVESTMENTS (CONTINUED)

(d) Carrying values of financial assets

	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>AC</u> RM'000	<u>Total</u> RM'000
As at 1 January 2023	1,065,500	86,568	62,002	1,214,070
Purchases	443,588	8,859	25,768	478,215
Maturities	(395,000)	-	(61,524)	(456,524)
Disposals	-	(21,653)	-	(21,653)
Fair value gains/(losses) recognised in:	9,941	(3,255)	-	6,686
- profit or loss	-	(3,255)	-	(3,255)
- comprehensive income	9,941	-	-	9,941
(Amortisation)/accretion of premium or discount	(7,774)	-	-	(7,774)
Movement accrued interests	(16)	-	571	555
As at 31 December 2023	1,116,239	70,519	26,817	1,213,575
As at 1 January 2024	1,116,239	70,519	26,817	1,213,575
Purchases	211,942	19,521	106,016	337,479
Maturities	(105,000)	-	(25,768)	(130,768)
Disposals	-	(22,478)	-	(22,478)
Fair value gains/(losses) recognised in:	1,761	5,776	-	7,537
- profit or loss	-	5,776	-	5,776
- comprehensive income	1,761	-	-	1,761
(Amortisation)/accretion of premium or discount	(3,242)	-	-	(3,242)
Movement of impairment allowance	-	1,050	-	1,050
Movement accrued interests	2,030	(52)	(168)	1,810
As at 30 June 2024	1,223,730	74,336	106,897	1,404,963

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

10. REINSURANCE CONTRACT ASSETS

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims ceded to reinsurers for the financial year ended 30 June 2024 is disclosed in the table below:

	30.06.2024				Total RM'000
	Asset for remaining coverage	Asset for incurred claims			
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
As at 1 January 2024	97,432	-	230,760	32,741	360,933
Allocation of reinsurance premiums paid	(90,251)	-	-	-	(90,251)
Recoveries of incurred claims	-	-	78,580	-	78,580
Adjustments to assets for incurred claims	-	-	-	10,939	10,939
Net (expense) / income from reinsurance	(90,251)	-	78,580	10,939	(732)
Finance income from reinsurance contracts held	60	-	7,767	(814)	7,013
Total amounts recognized in comprehensive income	(90,191)	-	86,347	10,125	6,281
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	61,777	-	-	-	61,777
Reinsurance recoveries	-	-	(27,926)	-	(27,926)
Total cash flows	61,777	-	(27,926)	-	33,851
Other movements	-	-	-	-	-
As at 30 June 2024	69,018	-	289,181	42,866	401,065

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

10. REINSURANCE CONTRACT ASSETS (CONTINUE)

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims ceded to reinsurers for the financial year ended 31 December 2023 is disclosed in the table below:

	31.12.2023				
	<u>Asset for remaining coverage</u>	<u>Asset for incurred claims</u>			Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
As at 1 January 2023	109,187	-	239,614	35,090	383,891
Allocation of reinsurance premiums paid	(168,811)	-	-	-	(168,811)
Recoveries of incurred claims	-	-	30,244	-	30,244
Adjustments to assets for incurred claims	-	-	-	(1,744)	(1,744)
Net (expense) / income from reinsurance contracts held	(168,811)	-	30,244	(1,744)	(140,311)
Net finance income from reinsurance contracts held	259	-	7,850	(605)	7,504
Total amounts recognized in comprehensive income	(168,552)	-	38,094	(2,349)	(132,807)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	156,797	-	-	-	156,797
Reinsurance recoveries	-	-	(46,948)	-	(46,948)
Total cash flows	156,797	-	(46,948)	-	109,849
Other movements	-	-	-	-	-
As at 31 December 2023	97,432	-	230,760	32,741	360,933

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

11. INSURANCE CONTRACT LIABILITIES

The roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for the financial year ended 30 June 2024 is disclosed in the table below:

	30.06.2024				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	loss component	Present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	358,413	-	570,547	71,745	1,000,705
Insurance revenue	(415,477)	-	-	-	(415,477)
Insurance service expenses	100,877	-	224,307	16,709	341,893
Incurred claims and other directly attributable expenses	-	-	88,084	(8,412)	79,672
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	136,223	25,121	161,344
Insurance acquisition cash flows amortisation	100,877	-	-	-	100,877
Insurance service result	(314,600)	-	224,307	16,709	(73,584)
Net finance expenses from insurance contracts issued	875	-	17,253	(1,283)	16,845
Total amounts recognized in comprehensive income	(313,725)	-	241,560	15,426	(56,739)
Cash flows					
Premium received	400,936	-	-	-	400,936
Claims and other directly attributable expenses paid	-	-	(136,487)	-	(136,487)
Insurance acquisition costs	(98,767)	-	-	-	(98,767)
Total cash flows	302,169	-	(136,487)	-	165,682
Other movements	-	-	-	-	-
As at 30 June 2024	346,857	-	675,620	87,171	1,109,648

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

11. INSURANCE CONTRACT LIABILITIES (CONTINUED)

The roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for the financial year ended 31 December 2023 is disclosed in the table below:

	31.12.2023				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risk	Total RM'000
				RM'000	
As at 1 January 2023	352,903	-	570,394	73,932	997,229
Insurance revenue	(786,564)	-	-	-	(786,564)
Insurance service expenses	190,487	-	254,225	(997)	443,715
Incurred claims and other directly attributable expenses	-	-	285,815	2,154	287,969
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	(28,590)	(3,151)	(31,741)
Insurance acquisition cash flows amortization	190,487	-	-	-	190,487
Insurance service result	(596,077)	-	254,225	(997)	(342,849)
Net finance expenses from insurance contracts issued	426	-	16,888	(1,190)	16,124
Total amounts recognized in comprehensive income	(595,651)	-	271,113	(2,187)	(326,725)
Cash flows					
Premium received	800,888	-	-	-	800,888
Claims and other directly attributable expenses paid	-	-	(270,960)	-	(270,960)
Insurance acquisition costs	(199,727)	-	-	-	(199,727)
Total cash flows	601,161	-	(270,960)	-	330,201
Other movements	-	-	-	-	-
As at 31 December 2023	358,413	-	570,547	71,745	1,000,705

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE CONSENDED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

12. LOANS AND RECEIVABLES

	<u>30.06.2024</u>	<u>31.12.2023</u>
	RM'000	RM'000
Staff loans	13	40
Other receivables:		
Amount due from Malaysian Motor Insurance pool ("MMIP")	38,483	38,483
- Assets held under MMIP	29,624	29,624
- Cash contribution to MMIP	8,859	8,859
Other receivables, deposits and prepayments	3,562	1,670
	42,045	40,153
Total loans and receivables	<u>42,058</u>	<u>40,193</u>

MMIP balance as at 30 June 2024 is a net receivable of RM24,739,517 (31 December 2023: RM25,210,497) after setting off the amounts due from MMIP against the Company's share of MMIP's claims and premium liabilities amounting to RM13,272,811 (31 December 2023: RM13,272,811) included in Note 11 to the financial statements.

The amount due from related corporations is non-trade in nature, interest-free, unsecured and repayable on demand.

13. RELATED PARTY DISCLOSURES

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").

Details of significant related party transactions during the financial year:

	<u>30.06.2024</u>	<u>30.06.2023</u>
	RM'000	RM'000
Reinsurance premium ceded	(41,830)	(58,546)
Claims paid	(2,163)	(5,410)
Commission earned	16,694	22,451
System related costs paid to related corporations	(11,768)	(7,257)
Reimbursement of expenses paid on behalf of immediate holding company	1,405	1,092
Asset management fees	(754)	(40)
Policy processing and related administration costs	(145)	(436)
Global service fees	(6,259)	(6,852)
Professional fees	<u>(1,007)</u>	<u>(655)</u>

AIG MALAYSIA INSURANCE BERHAD
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

14. FAIR VALUE INFORMATION

Fair value measurement

The Company carries certain of its financial instruments at fair value. The fair value of a financial instrument is the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between willing, able and knowledgeable market participants at the measurement date.

The degree of judgment used in measuring the fair value of financial instruments generally correlates with the level of observable valuation inputs. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

Fair value hierarchy

Financial assets recorded at fair value in the Statement of Financial Position are measured and classified in a hierarchy for disclosure purposes consisting of three levels based on the characteristics of inputs available in the marketplace that are used to measure the fair values as noted below:

Level 1

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Level 2

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Company then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans.

Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

Specific valuation techniques used to value financial instruments include:

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

There is no transfer between Level 1 and Level 2 of the fair value hierarchy during the period under review.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

14. FAIR VALUE INFORMATION (CONTINUED)

Fair value hierarchy (continued)

The following table present information about assets carried at fair value by their valuation method.

<u>30.06.2024</u>	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial assets			
FVTPL			
- Equity securities of corporations	72,434	-	72,434
- Real estate investment trust	1,902	-	1,902
FVOCI			
- Malaysian government securities	-	905,827	905,827
- Cagamas papers	-	101,555	101,555
- Corporate debt securities	-	216,348	216,348
AC			
- Fixed and call deposits	106,897	-	106,897
	181,233	1,223,730	1,404,963
<u>31.12.2023</u>	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial assets			
FVTPL			
- Equity securities of corporations	68,210	-	68,210
- Real estate investment trust	2,309	-	2,309
FVOCI			
- Malaysian government securities	-	814,130	814,130
- Cagamas papers	-	101,495	101,495
- Corporate debt securities	-	200,614	200,614
AC			
- Fixed and call deposits	26,817	-	26,817
	97,336	1,116,239	1,213,575

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

15. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2024, as prescribed under the Framework is provided below:

<u>2023</u>	<u>30.06.2024</u>	<u>31.12.2023</u>
	<u>RM'000</u>	<u>RM'000</u>
Eligible Tier 1 Capital		
Share capital (paid-up)	310,800	310,800
Retained earnings	372,693	311,693
	<u>683,493</u>	<u>622,493</u>
Tier 2 Capital		
Eligible reserves	(292)	(1,630)
	<u>(292)</u>	<u>(1,630)</u>
*Amount deducted from Capital	(12,720)	(14,072)
Total Capital Available	<u>670,481</u>	<u>606,791</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED (CONTINUED)

16. CONTINGENT LIABILITY (CONTINUED)

As background, on 10 August 2016, the Malaysia Competition Commission ("MyCC") commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia ("PIAM") and all 22 general insurers including the Company of Section 4(2)(a) of the Competition Act 2010 ("CA"). The alleged infringement was in relation to the agreement reached between PIAM and the Federation Of Automobile Workshop Owners' Association Of Malaysia ("FAWOAM") in relation to trade discount rates for parts for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme ("PARS").

On 22 February 2017, the Company received MyCC's notice of proposed decision ("Proposed Decision") that the Company and all the other 21 general insurers who are members of PIAM have infringed Section 4 of the Act - prohibition by participating in an agreement which has, as its object, the prevention, restriction or distortion in relation to the market of parts trade and labour charges for PARS workshops from 1 January 2012 to 17 February 2017 ("Infringement").

The Proposed Decision included a proposed financial penalty of RM213,454,814.00 on all the 22 general insurers. The Company as one of the members of PIAM, had a share of RM5,869,631.00 of the proposed penalty.

Between April 2017 to February 2018, the Company (and the other general insurers) submitted written submissions followed by oral representations before the MyCC. Due to the changes of the Members of MyCC (including the Chairman) de novo (new) proceedings took place between February 2019 and June 2019 for the Company (and the other general insurers) to resubmit the oral representations. BNM's Oral Representation took place on 13 May 2019.

On 25 September 2020, the Company's solicitors received the decision dated 14 September 2020 from the MyCC ("Decision") that parties have infringed the prohibition under Section 4 of the Act and which imposes on each of the 22 general insurers financial penalties and a cease and desist from implementing the agreed parts trade discount and hourly labour rates for PARS workshop ("Cease & Desist Order") for the said Infringement. The MyCC imposed a financial penalty of RM5,576,149.86 ("Fine") on the Company based on its submission on mitigation factors. Notwithstanding this, in view of the impact of COVID-19 pandemic, the MyCC granted a reduction of 25% of the financial penalty imposed and a moratorium period for the payment of the financial penalty up to 6-months and payment of the financial penalty by equal monthly instalment for up to 6 months. Accordingly, the Company's financial penalty was reduced from RM5,576,149.86 to RM4,182,112.40.

The Company filed a Notice of Appeal with the Competition Appeal Tribunal ("CAT") and an Application for Stay on the payment of the Fine and Cease & Desist Order on 14 October 2020. This was granted by the CAT on 23 March 2021. As such the Company's potential financial liability was RM4,182,112.40.

BNM's session with the CAT together with counsel of the MYCC were completed on 29 October 2021. The first tranche of the appeal hearing before the CAT was completed by 26 November 2021. Counsel for MyCC commenced their reply before the CAT on 17, 21, 24 March 2022 and 6 April 2022 followed by the Company's (and other general insurers, including PIAM's) final right of reply on 7 and 21 April 2022.

On 2 September 2022, the CAT unanimously decided to allow AIG's appeal against the MyCC Decision which had been set aside ("CAT Decision"). MyCC then applied to the High Court for leave to judicially review against the CAT Decision and the hearing for the leave application was scheduled for 8 May 2023. AIG (together with PIAM and a majority of the insurers) then filed an objection to MyCC's leave application for Judicial Review.

The leave hearing scheduled for 8 May 2023 was postponed to 30 November 2023 instead. AIG had also filed an affidavit on 19 May 2023 ("AIG's Affidavit") opposing the Judicial Review Application. On 12 June 2023, MyCC had filed a reply to AIG's Affidavit. MyCC then filed its Written Submissions on 20 August 2023 and AIG filed its Written Submissions on 21 August 2023.

On 16 January 2024, the High Court dismissed the Judicial Review Application with costs of RM10,000.00 payable to each insurer ("High Court Decision"). MyCC filed an appeal to the Court of Appeal against the High Court Decision. During the case management on 15 May 2024, the court fixed the hearing of the appeal for 22 May 2025.

Saved as disclosed above, the management of the Company believes the criteria to disclose the above as contingent liability are met. Save as disclosed above, the Company does not have any other contingent assets and liabilities since the last annual balance sheet date.

Registration No:
200701037463 (795492-W)

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**CONFIRMATION BY OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL
MANAGEMENT OF THE COMPANY**

I, Zawinah Ismail, being the officer primarily responsible for the financial management of AIG Malaysia Insurance Berhad, confirm that the financial statements set out on pages 1 to 19 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

Zawinah Ismail

Kuala Lumpur

Date: 23 August 2024