Purpose

The disclosures in this document are made by AIG Asia Pacific Insurance Pte. Ltd. ("**AIG API**" or the "**Company**") pursuant to the requirements in MAS Notice 124 and the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore.

30 June 2024

American International Group, Inc. (NYSE: AIG) is a leading global insurance organisation. AIG provides insurance solutions that help businesses and individuals in approximately 190 countries and jurisdictions protect their assets and manage risks through AIG operations and network partners. For additional information, visit www.aig.com. This website with additional information about AIG has been provided as a convenience, and the information contained on such website is not incorporated by reference herein.

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AIG Asia Pacific Insurance Pte. Ltd. (CRN. 201009404M)

Company profile

The Company is incorporated and domiciled in Singapore. The address of its registered office is 78 Shenton Way, #09-16, Singapore 079120.

The Company's immediate and ultimate parents are AIG APAC Holdings Pte. Ltd. (incorporated in Singapore) and American International Group, Inc. ("AIG") (incorporated in the United States of America) respectively.

The Company is established as a general insurance company, licensed under the Singapore Insurance Act 1966. It commenced general insurance business with effect from 1 January 2011.

The Company is a member company of the AIG group of companies.

The Company holds the following insurance subsidiaries/branch:

- AIG Australia Limited (incorporated in Australia)
- AIG Insurance Hong Kong Limited (incorporated in Hong Kong)
- PT AIG Insurance Indonesia (incorporated in Indonesia)
- AIG Korea Inc. (incorporated in South Korea)
- AIG Malaysia Insurance Berhad (incorporated in Malaysia)
- AIG Re-Takaful (L) Berhad (incorporated in Malaysia)
- AIG Insurance New Zealand Limited (incorporated in New Zealand)
- AIG Philippines Insurance Inc. (incorporated in Philippines)
- AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch
- AIG Insurance (Thailand) Public Company Limited (incorporated in Thailand)
- AIG Vietnam Insurance Company Limited (incorporated in Vietnam)

(The Company and the above subsidiaries/branch are collectively referred to as the "AIG API Group")

The Company is currently assigned an "A+/Positive" and "A/Stable" credit rating from Standard & Poor and AM Best respectively. The Company aims to maintain its "Core" status, as assigned by the credit rating agencies.

Nature of business

The AIG API Group is a multiple line insurance group writing substantially all lines of property and casualty insurance in the Asia Pacific region. Major lines of insurance written include commercial, consumer, accident & health, and specialty coverage.

AIG is a leading provider of insurance products for commercial, institutional and individual customers through one of the world's most far-reaching property casualty networks. AIG offers one of the industry's most extensive ranges of products and services, through its diversified, multichannel distribution network, benefitting from its strong capital position.

We earn revenues primarily from insurance premiums, income from investments and advisory fees.

Our operating expenses consist of claims incurred, commissions and other costs of selling and servicing our products, and general business expenses.

Our profitability is dependent on our ability to price and manage risk on insurance products, to manage our portfolio of investments effectively, and to control costs through expense discipline.

General description of key products offered by the Company

Commercial Insurance Product Lines

Casualty: Includes general liability, workers' compensation, environmental, public and products liability, excess casualty and crisis management insurance. Casualty also includes risk management and other customized structured programs for large corporate customers and multinational companies.

Property: Includes industrial and commercial property insurance products including Terrorism, which cover exposures to man-made and natural disasters, including business interruption.

Specialty: Includes energy, construction, political risk, trade credit and marine insurance, and various product offerings for small and medium sized enterprises.

Financial: Includes various forms of professional liability insurance, including directors and officers (D&O), fidelity, employment practices, fiduciary liability, cyber risk, kidnap and ransom, and errors and omissions insurance (E&O).

SME Package: Includes multiple coverages under one policy including property, business interruption, electronic equipment, machinery breakdown, workers compensation, public and products liability, money, plate glass, group personal accident, fidelity guarantee and inland transit.

Consumer Insurance Product Lines

Accident & Health: Includes voluntary and sponsor-paid personal accidental and supplemental health products for individuals, employees, associations and other organizations. It also includes a broad range of travel insurance products and services for leisure and business travellers.

Personal: Includes automobile, homeowners and extended warranty insurance. It also includes insurance for affluent individuals, like jewellery, fine art, and collections, and consumer specialty products, such as identity theft, e-commerce purchase protection and credit card protection.

External environment

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitoring them closely to ensure that the AIG API Group is satisfactorily managing its affairs for policyholders' benefit. At the same time, regulators are also interested in ensuring that the AIG API Group and the Company maintain an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of each entity within the AIG API Group are subject to regulatory requirements within the jurisdictions in which they operate. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions, such as capital adequacy requirements, to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The Company is subject to regulatory supervision by the Monetary Authority of Singapore.

Competition

Operating in a highly competitive industry, AIG competes for business with the foreign insurance operations of large global insurance groups and local companies in specific market areas and product types.

Insurance companies compete through a combination of risk acceptance criteria, product pricing, service and terms and conditions. AIG distinguishes itself in the insurance industry primarily based on its well-established brand, global franchise, financial strength and large capital base, innovative products, expertise in providing specialized coverage and claims service.

We serve our business and individual customers on a global basis — from the largest multinational corporations to local businesses and individuals. Our clients benefit from our substantial underwriting expertise and long-term commitment to the markets and clients we serve.

Objectives and Strategies

Business Strategy

Sustainable Growth - We have scale, a broad suite of relevant products, diverse distribution channels and deep expertise enabling us to grow through new business, maximising retention, and cross-selling opportunities across multiple customer segments.

Differentiation - We play to our strengths by focusing on chosen segments where we can deliver a differentiated value proposition, supported by diversified and robust distribution and partnership channels.

Operational Excellence - We have strong digital and overall servicing capabilities, enabling us to provide market leading customer experience to our clients/customers and partners.

People - We have a strong pool of market leading talent from diverse backgrounds united by a common culture that enables our overall success.

Stakeholder Engagement

The Company recognises that dedicated stakeholder engagement enables informative communications that, in turn, allow us to better understand and more successfully address challenges and opportunities that are of the greatest concern to these key groups – namely, our shareholder, clients and distribution partners, employees, regulators and other officials, and non-governmental organisations and communities.

The Board ensures effective engagement with each of these stakeholders with a view to meeting the long-term objectives of the Company.

Corporate Governance and Management Controls

Key Features of Corporate Governance framework

The Company's corporate governance framework is established to meet regulatory requirements and ensure there is proper governance and oversight by the Directors over the operations, business affairs, internal controls, and risk management of the Company. The Board provides strategic direction to the Company. It is responsible for the long-term success of the Company and works with management to achieve this objective.

Board Composition and Independence

As a company wholly-owned by a single shareholder, the current composition of the Board complies with Insurance (Corporate Governance) Regulations 2013 which requires at least a majority of directors who are independent from management and business relationships with the Company and at least one-third of directors who are independent directors. The Board maintains an appropriate balance of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Directors of the Company currently in office are:

- Mr Charles Edward Kitson
- Mr Michael Stephen Bishop
- Ms Ooi Huey Tyng
- Ms Kuan Li Li
- Mr Christopher John Colahan
- Mr Rene Marc Wenger
- Ms Pamela Yeo Suan Imm

Charles Edward Kitson
Non-Executive Director and Chair

Charles has over 30 years' experience in the insurance industry, starting out as a Lloyd's Broker & Multinational Manager in London with Jardine Insurance Brokers UK before moving to Asia in 1995 where he held a number of senior management positions within Jardine Lloyd Thompson Group Plc. In 2006, Charles joined AIG where he was based in Hong Kong as Head of Major Accounts, South East Asia & China. As a member of AIG South East Asia's Executive Leadership Team, he was responsible for building and leading AIG's Major Client practice. In 2009, Charles was promoted to lead AIG Europe's Major Client, Multinational and Captive Fronting teams, based in Paris. In 2011, Charles moved to London to take on broader responsibilities for AIG UK, Europe, Middle East and Africa as leader of both the UK & Europe Major Client teams. In 2020, Charles was promoted to International Head of Client & Broker Engagement and was responsible for delivering profitable growth across all regions, all product lines and all segments. Charles also sits on AIG's International Leadership Team and co-leads AIG's Global Executive Distribution Executive Committee. In addition, Charles leads AIG's Risk Management Academy, a unique training programme designed specifically for leading Risk & Insurance Managers across the world.

Board Committee Positions
- Nil

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- Nil

Michael Stephen Bishop
Lead Independent Director

Michael is a veteran in the life and non-life insurance industry. He began his career in1980 in Lloyds Bank, and over his 18-year career with Lloyds TSB and Lloyds Bank, he worked in various segments of its business including bancassurance, managing branch operations as well as sales and customer service. He spent the next decade in Prudential Corporation Asia Limited, first handling alternative distribution, and thereafter leading Prudential Corporation Asia Life Insurance Co. Limited in Korea as its President and Chief Executive Officer (CEO) from 2001 to 2005. In 2005, Michael was appointed Managing Director, overseeing Prudential's businesses in Korea, Hong Kong, Japan and Taiwan. He left Prudential in 2008 to join AXA Asia Pacific as the CEO of its life business in Asia, and in 2011, he took on the additional portfolio of AXA's non-life business in Asia. Michael first became an Associate of the Chartered Institute of Bankers in 1984, before becoming a Fellow of the Chartered Institute of Bankers in Scotland in 1995.

Board Committee Positions
- Nominating Committee (Chair)
- Audit Committee (Chair)
- Remuneration Committee

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- FWD Life Insurance Public Company Ltd. (Board Chair)
- Heng An Standard Life (Asia) Ltd. (Director)

Ooi Huey Tyng
Independent Director

Huey Tyng has 30 years of experience in senior positions at global multinationals, banks, leading payments technology providers and in FinTech. She was an Advisor at Grab Financial Group until September 2021 and prior to this, was Head of GrabPay for South-East Asia where she led the launch and adoption of GrabPay across multiple markets including overseeing the strategic direction, regulatory requirements, partnership model and go-to-market plan to bring millions of merchants and consumers into a cashless future. Prior to working at Grab, Huey Tyng was Visa's Country Manager for Singapore and Brunei and has also held senior positions at Citibank, DBS and UOB. She started her career in Procter & Gamble and has also worked at Otis Elevators and General Motors. Huey Tyng is a Certified Public Accountant.

Board Committee Positions
- Risk Management Committee (Chair)
- Nominating Committee
- Audit Committee

Current Directorships in Other Listed Companies
- Maxis Berhad (Director)

Other Principal Commitments
- Food From The Heart (Director)
- Bridgetown 3 Holdings Limited (Director)
- Singapore Institute of Management (Director)
- Singapore Institute of Directors (Member of Governing Council)
- Raffles Institution (Member of Board of Governors)

Kuan Li Li
Independent Director

Li Li most recently served as the Chief Financial Officer at ABB and has more than 30 years of experience in general management, operations, finance and tax leadership roles with various banking institutions including Barclays, DBS Bank and HSBC. Li Li was formerly the Country Head and COO of Barclays Bank Singapore, and CEO of Barclays Capital Futures Ltd. She is a qualified accountant and lawyer.

Board Committee Positions
- Remuneration Committee (Chair)
- Risk Management Committee
- Audit Committee

Current Directorships in Other Listed Companies
- TIME dotcom Berhad
- RH Petrogas Limited
- Bund Center Investment, Ltd.

Other Principal Commitments
- Related Companies
    - Salvia Investment Pte Ltd (Director)
    - Freemont Capital Pte Ltd (Director)
    - Namak Investment Pte Ltd (Director)
    - Otisco Investment Pte Ltd (Director)
    - Tringle Investment Pte Ltd (Director)
    - Winder Investment Pte Ltd (Director)
- Ben & Nic Pte. Ltd. (Director)
- Valuation Review Board (Member)
- Legal Inquiry Panel of Singapore (Member)

Christopher John Colahan
Executive Director and Chief Executive

Christopher has more than 20 years' insurance industry experience working across the UK, Europe, Middle East and Asia Pacific. He joined AIG in May 2023 from Berkshire Hathaway Specialty Insurance (BHSI), where he most recently served as President of UK & Europe following his role as President of Australasia. Prior to BHSI, Christopher was Regional CEO for RSA Insurance in Asia, responsible for RSA's operations in China, Hong Kong, Singapore, and RSA's Regional Specialty Business and joint ventures in India and Thailand. During his time with RSA, Christopher also held executive management positions as CEO of RSA Asia's Hong Kong and Singapore operations, and as Regional Manager of Strategy and Change for Asia Middle East.

Board Committee Positions
- Nil

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- American International Group, Inc. (Vice President)
- AIG APAC Holdings Pte. Ltd. (Chief Executive Officer & Director)
- AIG Australia Limited (Director)
- Tata AIG General Insurance Company Limited (Director)
- US-ASEAN Business Council, Inc. (Director)
- Global-Asia Insurance Partnership Ltd. (Member, Advisory Council)

Rene Marc Wenger
Executive Director and Deputy Chief Executive

Rene joined AIG in December 2009 as Head of APAC Financial Planning & Analysis. In the course of his career with AIG, he held a number of senior management positions including with AIG China CFO and AIG Korea CFO. As APAC CFO, Rene leads finance teams across the region and partners the business to ensure that the strategic business goals are met whilst ensuring the integrity and regulatory compliance of the financials. He is also serving as Global Program Executive for the implementation of International Financial Reporting Standard (IFRS) 17. Before joining AIG in 2009, Rene worked at Eurohypo AG, Singapore Branch as Head of Finance and Credit Suisse Group, last serving as Director of External Reporting. He has over 29 years of experience in the finance industry. Rene is a Certified Public Accountant.

Board Committee Positions
- Risk Management Committee

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- AIG APAC Holdings Pte. Ltd. (Director)
- AIG Australia Limited (Director)
- AIG Advisors Inc. (Director)

Pamela Yeo Suan Imm
Non-Executive Director

Pamela is General Counsel, APAC, China & Japan and is based in Singapore. She is responsible for corporate governance, legal and regulatory affairs of the general insurance business operations and services entities across seventeen geographies and jurisdictions. Pamela has been with AIG since October 2004 when she joined the Legal & Compliance department of AIG APAC Holdings Pte. Ltd. Throughout her career with AIG, Pamela has served as a chairperson and as a member of various boards and board committees of AIG Insurance entities across the region. In recent years, Pamela has served as a leader and manager in Diversity, Equity and Inclusion efforts and in Sustainability Initiatives and also Talent development programmes. Prior to joining AIG, Pamela was in private practice for 12 years mainly in the areas of corporate finance, general corporate law, general litigation, insurance litigation and mergers and acquisitions. In 2002, she moved on to assume an in-house regional legal position in Unilever Asia Pte. Ltd.

Board Committee Positions
- Audit Committee
- Nominating Committee
- Remuneration Committee

Current Directorships in Other Listed Companies
- Global-Asia Insurance Partnership Ltd. (Director)

Other Principal Commitments
- Nil

Board Committees

The Board has established the following four Board Committees to assist it in executing its duties:

- Audit Committee
- Risk Management Committee
- Nominating Committee
- Remuneration Committee

The Board and each of the Board Committees have been constituted with clear Board-approved written terms of reference. The Board and Board Committees also monitor the operations, business affairs, internal controls and risk management of the subsidiaries and branch within the AIG API Group.

Matters reserved for the Board's approval include those relating to commercial strategy, annual budgets, capital and corporate structure, dividends, financial statements and reporting, major acquisitions and disposals and other significant activities.

The activities of each Board Committee are as follows:

Audit Committee ("AC")

AC Membership
- Michael Stephen Bishop (Chair)
- Ooi Huey Tyng
- Kuan Li Li
- Pamela Yeo Suan Imm

The majority of the members, including the AC Chair, are independent directors pursuant to the MAS Guidelines.

The AC assists the Board in discharging its responsibilities to ensure the integrity of the Company's financial statements. It reviews the adequacy and effectiveness of the Company's external and internal audit functions. The AC also reviews the adequacy and robustness of the internal financial controls, operational and compliance controls, risk management policies and systems established by the management (collectively "internal controls") of the Company. The AC also receives regular reporting by the Company regarding its whistle-blowing policy and procedures. The policy and procedures are also clearly communicated to the employees by the Company and set out in the Company's Employee Handbook.

Risk Management Committee ("RMC")

RMC Membership
- Ooi Huey Tyng (Chair)
- Kuan Li Li
- Rene Marc Wenger

The majority of the members, including the RMC Chair, are independent directors pursuant to the MAS Guidelines.

The RMC assists the Board in carrying out its enterprise risk management oversight responsibilities including overseeing the establishment and operation of the risk management system and the adequacy of the risk management function of the Company.

Nominating Committee ("NC")

NC Membership
- Michael Stephen Bishop (Chair)
- Ooi Huey Tyng
- Pamela Yeo Suan Imm

The majority of the members, including the NC Chair, are independent directors pursuant to the MAS Guidelines.

The NC reviews and makes recommendations to the Board and the board of its subsidiaries on the appointments, re-appointments and retirement of Directors and Board Committee members of the Company, and directors of its subsidiaries respectively. It also makes recommendations to the Board and the boards of its subsidiaries on the appointments of senior executives. The NC assists the Board in setting up and performing a yearly formal assessment of the effectiveness of the Board and its Board Committees.

Remuneration Committee ("RC")

RC Membership
- Kuan Li Li (Chair)
- Michael Stephen Bishop
- Pamela Yeo Suan Imm

The majority of the members, including the RC Chair, are independent directors pursuant to the MAS Guidelines.

The RC reviews and ensures that the Company implements formal and transparent procedures for developing policies on executive remuneration and for fixing the remuneration packages for its senior executives. It makes recommendations to the Board and the board of its subsidiaries on the remuneration packages for its senior executives and independent directors.

Management Committees

In addition, the following management committees, which report to the Board/Board Committees, support in the implementation of policies, review of risk profile and management of investment activities of the Company:

- Executive Committee
- Risk and Capital Committee
- Investment and Asset Liability Management Committee
- Product Development Committee

Board and Board Committee Meetings

In 2023, the Company held the following meetings:

Name of Director	Board	AC	RMC	NC	RC
Edward Levin[1]	3	NA	NA	NA	1
Steven Barnett[2]	4	NA	NA	2	NA
Christian Sandric[3]	4	NA	2	NA	NA
Christopher John Colahan[4]	-	NA	NA	NA	NA
Rene Marc Wenger[5]	3	NA	2	NA	NA
Pamela Yeo[6]	6	5	NA	1	NA
Michael Bishop	7	5	NA	4	1
Ooi Huey Tyng	6	4	4	3	NA
Kuan Li Li	7	5	4	NA	1
Total number of meetings held	**7**	**5**	**4**	**4**	**1**

[1] Mr Levin stepped down as Director effective 31 December 2023.
[2] Mr Barnett stepped down as Director effective 1 July 2023.
[3] Mr Sandric stepped down as Director effective 24 July 2023.
[4] Mr Colahan was appointed as Director on 18 December 2023.
[5] Mr Wenger was appointed as Director on 14 July 2023 and as a member of the RMC on 12 September 2023.
[6] Ms Yeo was appointed as a member of the NC on 29 September 2023.

Board Membership – Selection, Appointment and Re-Election

AIG is committed to fostering a culture of diversity, equity and inclusion. We comply with AIG's group policy which require boards (subject to applicable local laws or regulations) to be composed of directors with a broad range of skills, expertise and diversity of opinion relevant to the company's current and future strategy. Boards are to embody and encourage diversity, including diversity of thought and background. Boards are required to consider having a mix of directors with local, regional and global perspectives as appropriate considering the size of the company and its risk profile and function.

Potential director candidates are identified within the organization, through nomination by other Directors and/or externally through executive search firms. The candidates are assessed having regard to the following criteria:

a) high personal and professional ethics, values and integrity;
b) ability to work together as part of an effective, collegial group;
c) commitment to representing the long-term interests of the Company;
d) skill, expertise, diversity, background, and experience with businesses and other organizations that the Board deems relevant;
e) the interplay of the individual's experience with the experience of other Board members; the contribution represented by the individual's skills and experience to ensuring that the Board has the necessary tools to perform its oversight function effectively; and the extent to which the individual would otherwise be a desirable addition to the Board and any committees of the Board; and
f) ability and willingness to commit adequate time to the Company over an extended period of time.

At least one-third of the Directors retire from office by rotation at the Company's Annual General Meeting ("AGM") every year and all Directors are subject to retirement and re-election at least once every three years. New Directors have to stand for re-election at the first AGM following their appointments. In recommending a Director for re-election, the Board and NC consider if each of the nominees is a fit and proper person for the office and is qualified, taking into account the nominee's track record, age, experience, capabilities, skills, and any other relevant factors.

Annually, the NC assesses the composition of the Board and determines if the Board and respective Board Committees are equipped with the necessary skills to perform their roles effectively. For the purposes of this exercise, Directors complete a skills matrix setting out their expertise across a set of skills deemed relevant to the Company.

Having conducted the assessment in 2023, the NC is of the view that collectively, the current Directors possess the appropriate mix of skills, expertise and diversity of opinion relevant to the Company's current and future strategy, in areas including insurance, finance, accounting, strategy, general management, risk management, distribution, marketing, technology, corporate governance, insurance law and regulation.

Board Induction and Continuous Development

New directors are provided with an induction or onboarding program providing insights into the company and its businesses. All directors also have access to an information pack that is regularly updated with key information including the Constitution of the Company, the terms of reference of the Board and Board Committees, and Directors' code of conduct.

The NC oversees the Directors' continuous training. Throughout their period in office, Directors are regularly updated on the Company's businesses and its regulatory and industry specific environment, as well as on their duties and obligations. These updates can be in the form of written reports to the Board, or presentations by internal or external professionals.

In addition to the regular meetings, the Board holds at least one annual training session covering relevant topics determined based on the prevailing and expected business operating environment.

The NC is of the view that the induction, training and development programmes and measures set out above equip the Board and the respective Board Committees with relevant knowledge and skills in order to perform their roles effectively.

Board Performance

Board evaluations are conducted on an annual basis. Each Director evaluates the Board's performance as a whole and its Board Committees, the contribution by the Chair as well as his / her individual performance. Directors submit their evaluations to the Company Secretary who collates the results for the NC to evaluate and make its recommendations to the Board. Relevant factors that the NC considers in making its assessment include the quality of risk management and adequacy of internal controls, etc. When the NC is deliberating upon the performance of a particular member of the NC, that member will recuse himself / herself from the discussion.

Management Controls

The Chief Executive of the Company, together with the General Manager – Singapore and the senior leadership team, form the Executive Committee ("EXCO") of the Company. The EXCO is responsible for the operations, strategies and business affairs of the Company as well as for establishing and maintaining adequate controls over its operations.

AIG has established group-wide policies to ensure a consistent control framework is adopted across the AIG group of companies. The Company leverages on these policies and adapts them for local implementation to ensure consistency and compliance with local regulatory requirements. Compliance with these established policies and procedures are measured and monitored through reporting from the business to the management committees both in the Company and at the regional level and ultimately, to the Board and Board committees. Independent oversight and assurance is provided through the Internal Audit Group ("IAG").

The IAG reports into the Company's parent, AIG Inc.'s Audit Committee, and is a group-wide function that is managed by the AIG Chief Auditor. As such, the AIG Chief Auditor establishes the IAG budget to provide independent review for all AIG entities, including the Company. These budgets are reviewed and approved by the AIG Inc.'s Audit Committee. The Company's AC will separately review the performance of its IAG function that provides the assurance service to the Company on an annual basis and any requirements as to resource or concerns about its effectiveness which would be fed back to the AIG Chief Auditor (who engages with the Company's senior management on a regular basis), as necessary.

The IAG function reports to the Company's AC on its annual or periodic plan and the proposed areas of audit focus, factors that may adversely affect its independence, objectivity or effectiveness and material findings from audits conducted.

The Board also regularly requires and receives assurance from:

a) the General Manager and the CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
b) the General Manager and other such key management personnel who are responsible, that the Company's risk management and internal control systems are adequate and effective.

The Board notes that no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud, and that the Company's system of risk management and internal controls provides reasonable but not absolute assurance that the Company will not be affected by any adverse event which may be reasonably foreseen.

Enterprise Risk Management Framework

Overview

Risk management is an integral part of our business strategy and a key element of our approach to corporate governance. Our Enterprise Risk Management (ERM) framework is integrated into our key day-to-day business processes for managing risks throughout the organization. The framework provides the basis for the management of all risks in a manner that will support balanced risk-taking to drive profitable growth, healthy risk culture, and long-term viability. It establishes sound governance that supports the identification, measurement, management, monitoring, and reporting of major risk categories to senior management and the Board, in accordance with the approved risk appetite.

Governance Structure of the Company

The Company's governance structure has two distinct levels of committees:

- Board Committees; and
- Company's management committees.

The role of the RMC is to assist the Board in carrying out its enterprise risk management oversight responsibilities. This includes overseeing the establishment and operation of the Company's risk management framework and the adequacy of the risk management function. The RMC ensures, amongst other things, that its risk management function has independent reporting lines and is equipped to monitor all sources of risks.

The RMC approves the Company's risk management policies and meets on a quarterly basis to review the Company's risk profile, in relation to the risk appetite framework.

Aside from the RMC, the Board Committees described under "Corporate Governance and Management Controls" also exercise oversight over the operations of the Company and consider risks and risk mitigating measures in their respective areas of oversight.

The management committees of the Company include the following:

- The **Executive Committee** ("**EXCO**"), which is responsible to provide strategic direction and serve as a decision-making forum across various business matters.

- The **Risk and Capital Committee** ("**RCC**") is responsible for determining, approving and managing the risk profile of the Company in accordance with its risk management framework. The RCC reports to the RMC.

- The **Product Development Committee** ("**PDC**") acts as a decision-making forum for review and endorsement of new products. It also ensures that new products are aligned with the Company's strategy and compliant with local regulatory requirements, as well as with internal processes. The PDC also assesses the adequacy of existing products for supporting the Company's business plans.

- The **Investment and Asset-Liability Management Committee** ("**IC**") is responsible for establishing and reviewing policies governing investment activities. The Committee provides oversight of investments and investment activities, and introduces / monitors investment strategies and performance.

Risk Appetite, Identification, and Measurement

Risk Appetite Framework

We have a documented Risk Appetite Statement which forms an important element of our Risk Management Framework. This is reviewed on an annual basis and tabled to the Board of Directors for approval. The risk appetite measures are developed through stress testing and are consistent with the AIG API Group Risk Appetite framework.

Identification of risks is done through a number of processes focused on capturing the Company's material risks and key areas of focus. Risk workshops, process reviews, risk event reporting and Risk Committee Meetings are some of the methods used to identify risks. We also leverage on AIG internal best practices to foster collaboration between the various countries in identifying risk.

Our risk governance framework is based on the “Three Lines of Defence” model. This facilitates and encourages risk identification at all levels within the Company:

- **First Line**: Composed of those Profit Centres and Corporate Functions that originate risks and have primary responsibility for owning and managing the risks, including identifying, assessing, controlling, monitoring, and reporting quantified risk;
- **Second Line**: Composed of Assurance Functions, e.g. Risk Management Function, which performs independent risk assessments and undertakes a Review and Challenge role to support business to effectively manage risk; and
- **Third Line**: Composed of Internal Audit Group (“IAG”) Function and External Audit which undertakes a program of risk-based audits covering aspects of the First and Second Lines of Defense to provide independent assurance to the Audit Committee of the AIG API’s Board.

We maintain a risk profile for the key risks within the Company. The key risks are measured and monitored on an ongoing basis. On a quarterly basis, these risks are reported to the RMC and RCC.

Asset-liability management

Our objective is to maintain an investment portfolio with assets having weighted average durations that are matched to the duration and cash flow profile of our liabilities, to the extent practicable. The Company’s asset-liability mismatch position is reviewed using a scenario test. This is intended to provide a consistent and objective framework for quantifying risks to the Company’s assets and liabilities.

Various scenarios are modelled including the scenario below which is broadly consistent with the most recent MAS macroeconomic prescribed stress testing scenario:

- parallel shift in the yield curve;
- drop in equity market;
- depreciation on US denominated asset; and
- appreciation on US denominated asset.

There are no asset-liability management disclosures at a segmented level as we are not required to provide segment information under the accounting standards.

Reinsurance management

In the ordinary course of business, we place reinsurance with affiliated and unaffiliated reinsurance and insurance companies to manage exposures by limiting the maximum net loss arising from large risks and/or catastrophic events.

A variety of traditional reinsurance products, namely, quota share, excess of loss and stop loss are used in the Company’s reinsurance management strategy. Facultative reinsurance is used to access additional capacity for large policy(ies) or manage policy(ies) with specific exposure outside the Company’s risk appetite.

The Company’s treaty protection with affiliated companies is used to manage its net retention from severity risk losses or aggregate losses, manmade or natural catastrophes events which may result in significant losses.

Risk Exposures

An understanding of the interaction between capital adequacy and risk

The Company has defined its risk appetite to include qualitative and quantitative measures for key risk categories, including the following measures of risk:

- Capital Adequacy Measure
- Liquidity Measure
- Variance from Plan Metrics
- Credit Rating Measure

The Company has a conservative risk appetite, in that it maintains prudent levels of capital and liquidity, and engages in a limited range of business activities that generally exclude high risk activities.

Capital Adequacy Measure

The Company aims to ensure that its Capital Adequacy Ratio ("CAR") remains above the regulatory supervisory minimum CAR at all times and has no appetite for the CAR to fall below this level. The Company's capital management process focuses on planning for its capital requirements to support the strategic business direction of the Board, whilst providing sufficient buffer above the regulatory supervisory minimum. In this regard, the Company has implemented the thresholds below for managing its capital.

- **Baseline Capital Range**: The range that the Company will maintain during the ordinary course of business. Generally, the Company will distribute any excess capital above the baseline target level, subject to Board approval.

- **Stress Threshold Capital Level**: Reflects the minimum level of resources needed under stress, to continue to do business and meet obligations to the regulator and stakeholders, as well as to ensure that the Company has sufficient time to respond before reaching the regulatory minimum level. If CAR falls below the stress threshold, contingent capital plan actions would be implemented. Contingent capital actions could include, but not limited to, the reduction or cancellation of any planned dividend and capital injection from parent.

The Baseline Capital Range and Stress Threshold Capital Level are determined and reviewed at least annually based on the Company's risk appetite, risk profile and stress tests, whilst ensuring that applicable regulatory and rating agency capital requirements are met.

Liquidity Measure

The Company maintains sufficient liquidity during both the normal course of business and under defined liquidity stress scenarios to ensure that sufficient cash can be generated to meet the Company's obligations as they become due.

The Company continuously monitors its liquidity positions as well as liquidity coverage ratios under stress to affirm it has sufficient liquidity to meet its obligations.

Variance from Plan Metrics

The Company's business plan is intended to achieve its business strategy and is consistent with its risk appetite. This is measured by key profitability metrics driving achievement of the Company's business plan, such as Net Premium Written, Loss Ratio, Expense Ratio, Combined

Ratios and Prior Year Developments. Additional metrics may be defined over time that are useful to measure the achievement of strategic objectives.

Credit Rating Measure

The Company is currently assigned a "A+/Positive " and "A/Stable" credit rating from Standard & Poor and AM Best respectively. It aims to maintain its "Core" status within the AIG Group, as assigned by the credit rating agencies.

Concentration risk (including catastrophe risk[1])

Concentration of insurance risk can be a cause of elevated claims volatility risk and refers to the possibility of significant financial losses arising from a lack of diversification, either geographical or by product type, of the Company's portfolio. Certain events may give rise to higher levels of adverse development and exhibit geographical concentrations.

Concentrations of risk are managed with each market through the monitoring of product sales and size of the in-force book by product. The Company mitigates this risk by adhering to the underwriting and claims management policies and procedures that have been developed based on extensive historical experience. Lastly, reinsurance solutions are also used to help reduce concentration risk.

Technical Provisions

Technical provisions include provision for Claims Liabilities and Premium Liabilities. The valuation of technical provisions is carried out in accordance with "MAS Notice 133 – Notice on Valuation and Capital Framework for Insurers" issued by the Monetary Authority of Singapore ("MAS").

In the determination of the valuation of technical provisions, data has been grouped by valuation class at a level intended to ensure that risks are reasonably homogeneous, while ensuring there is sufficient data in each valuation class to allow for meaningful analysis.

The adopted Claims Liability Provision is on discounted basis and inclusive with diversified provision for adverse deviation ("PAD") to increase probability of sufficiency to 75%.

- Standard actuarial projection techniques have been used to determine the best estimate value of the claims liabilities. Methods used are Paid and Incurred Loss Development, Expected Loss Ratio and Bornhuetter-Ferguson methods. The projections have been carried out at valuation class level and the results from these projections have been subsequently allocated down to individual Insurance Fund level.
- Discounting impact has been allowed for in the determination of the best estimate value of the claims liabilities. The discount rates applied for each Insurance Fund are based on the risk-free rates as at the valuation date, corresponding to the majority currency of that fund.
- Indirect claims handling expense has been included in the best estimate value of the claims liabilities for each Insurance Fund.
- Best Estimate is defined as the expected value of the estimate with equal likelihood of actual outcome being above or below the estimate.

[1] Catastrophe risk is defined by the Company as the risk that multiple insurance policies are adversely impacted by the single occurrence of a natural or man-made catastrophic event including, but not limited to, hurricane, earthquake, flood, tornado, hail, tsunami, volcano, pandemic, terrorism, toxic tort and other large, highly-correlated legal liability events, which occurrence gives rise to losses in the form of insurance policy claims and/or portfolio investment losses.

- A PAD at 75% level of sufficiency has been added to the best estimate of claims liabilities for each Insurance Fund to form the Claims Liability Provision, in accordance with Insurance (Valuation and Capital) Regulations 2004.
- Diversification benefit has been applied to the PAD to account for the offsetting effects of loss experience between different lines of business.

The adopted Premium Liability Provision is on discounted basis and inclusive with diversified PAD to increase probability of sufficiency to 75%.

- Expected Loss Ratio method have been used to estimate the best estimate value of Unexpired Risk Reserves ("URRs") from Unearned Premium Reserves ("UEPR"). The URRs have also explicitly allowed for indirect claims handling expenses, policy maintenance expenses, reinsurance costs and discounting.
- PAD at a 75% level of sufficiency, with diversification allowance, has been added over and above the best estimate value of URR.
- Premium Liabilities Provision is the larger of the best estimate value of URR with PAD and net of deferred acquisition cost UEPR. The Premium Liability Provision has been set at Insurance Fund level.

Financial Reporting Standard ("FRS") 117

On 1 January 2023, the Company has adopted FRS 117, replacing FRS 104, 'Insurance Contracts' ("FRS 104"), that are mandatory for application for the financial year. FRS 117 is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and International FRS.

In applying the measurement requirements of FRS 117, the following methods and inputs have been used to estimate the future cash flows to fulfil insurance contracts.

The cash flows related to the liability for incurred claims ("LIC") can generally be categorized into short-tail and long-tail classes of business. Short-tail classes tend not to have a significant reporting and settlement delay. These classes are more reliant on Loss Development method in the projection of the future cash flows estimates. For long-tail classes, there may be reporting and settlement delays due to the time taken to establish liability. These classes use methods include Loss Development, Expected Loss Ratio and Bornhuetter-Ferguson. Exceptional large claims or events, which distort the historical development, are removed and considered separately.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups of contracts.

For Loss Component determination, the estimation of future cash flows within the boundary of each group of contract in the scope of FRS 117 are based on probability weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The future cash flow estimate is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. This includes an allocation of acquisition cash flows among existing, as well as future, groups of insurance contracts issued. Claims settlement related expenses are allocated based on claims costs incurred by the Claims department.

A bottom-up approach is applied to derive the discount rate for each group of insurance contracts. The discount rates are determined based on liquid risk-free yield curves, for the currency of each insurance contract within the group, which are adjusted to take into account the differences between the liquidity characteristics of the group of insurance contracts and the liquidity characteristics of risk-free financial instruments (known as illiquidity premium). The risk-free yield curves are derived based on government bond yield curve. For unobservable periods, the yield curves are interpolated using the cubic spline interpolation method.

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company’s degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

Sets of insurance contracts are divided into a smaller number of “risk adjustment classes. The assumptions are derived for each risk adjustment class based on the confidence level method. Subsequently, the Company applies the assumptions on discounted reserves for each set of insurance contracts to derive the risk adjustment. A statistical modelling tool is used to generate an independent risk coefficient of variation (“CoV”). The CoV is used as inputs and actuarial judgement is exercised to derive the risk adjustment for non-financial risk. The resulting amount of the calculated risk adjustment corresponds to the confidence level of 75%. The risk adjustment is calibrated at a 75% level of sufficiency after taking into account of diversification benefits.

Capital Adequacy

Capital refers to the long-term financial resources available to support the operation of our businesses, fund business growth, and cover financial and operational needs that arise from adverse circumstances. The primary source of ongoing capital generation is the profitability of the Company and its insurance subsidiaries and branch. The Company and its insurance subsidiaries and branch must comply with numerous constraints on our minimum capital positions. These constraints drive the requirements for capital adequacy for both the Company and the individual businesses and are based on internally-defined risk tolerances, regulatory requirements, rating agency and creditor expectations, and business needs. Actual capital levels are monitored on a regular basis. Using ERM's stress testing methodology, the Company evaluates the capital impact of potential macroeconomic, financial and insurance stresses in relation to the relevant capital constraints of the Company and its insurance subsidiaries and branch.

The Company believes that it has sufficient liquidity and capital resources to satisfy future requirements and meet our obligations to policyholders, customers and creditors, including reasonably foreseeable contingencies or events.

Nevertheless, some circumstances may cause the Company's cash or capital needs to exceed projected liquidity or readily deployable capital resources. Additional collateral calls, deterioration in investment portfolios or reserve strengthening affecting statutory surplus, higher surrenders of policies, downgrades in credit ratings, or catastrophic losses may result in significant additional cash or capital needs and loss of sources of liquidity and capital. In addition, regulatory and other legal restrictions could limit the Company's ability to transfer funds freely, either to or from our insurance subsidiaries and branch.

Depending on market conditions, regulatory and rating agency considerations, and other factors, the Company may take various liability and capital management actions. Liability management actions may include, but are not limited, to repurchasing or redeeming outstanding debt, if any, issuing new debt or engaging in debt exchange offers. Capital management actions may include, but are not limited to, paying dividends to our shareholders, share repurchases and capital reduction.

Capital management

The Company's capital management objectives focus on maintaining a strong capital base to support the development of its business and satisfying regulatory capital requirements at all times.

The Company's capital management function oversees all capital related activities of the Company and assists senior management in making capital decisions. The capital management function participates in decisions concerning asset-liability management exposure, asset-liability proposals and strategic asset allocation. The capital management function also engages in ongoing active capital and solvency management, including maintaining active dialogue and relationships with the regulator and rating agencies. This helps to safeguard the Company's ability to continue as a going concern and maintain an optimal capital structure.

Generic solvency requirements, capital available to cover regulatory capital requirements

The operations of the AIG API Group are subject to regulatory requirements within the jurisdictions in which it operates. As each entity under the AIG API Group has its own unique regulatory capital regimes, the capital management function seeks to manage capital efficiently whilst meeting regulatory requirements in all countries.

In Singapore, the Monetary Authority of Singapore directs that the minimum capital adequacy requirement of the Company shall be such that the financial resources of the Company are not less than a percentage of the total risk requirements or $5 million. The Company has met this requirement at all times during the year.

Regulatory capital of the Company is as follows:

At 31 December	Company	
$ '000	2023	2022
Risk requirement	76,194	72,112
Financial resources	274,094	227,803
Capital adequacy ratio	**360%**	**316%**

Financial Instruments

The information on the Company's financial instruments and the investments by class including measurement is disclosed in Note 23 Fair Value Measurement of the Company's annual report. Similarly the information on credit risk, liquidity risk and market risk which includes currency risk and sensitivity analysis is also disclosed in Note 27 Financial Risk of the Company's annual report.

Investment objectives

The primary investment objective of the Company is preservation of capital and provision of liquidity to meet policyholders' liabilities. A secondary objective is the generation of income to the benefit of shareholders.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in fixed income debts securities, although the AIG API Group also invests in cash and cash equivalents, and equities.

Policies and Processes

Investments of the Company will at all times be in compliance with legal, regulatory and prudent investment standards.

The Company has established an Investment Policy that meets regulatory requirements and is approved by the Board. All investments undertaken by the Company are in accordance with the guidelines set out in the Investment Policy.

The Board has delegated to the IC the authority to oversee the Company's investment activities. The principal role of the IC is to ensure that such investment activities are carried out in accordance with the Investment Policy as approved by the Board. It is also responsible for introducing and monitoring strategic initiatives relating to investments of the Company. The IC is authorised to acquire and dispose of investments directly or delegate this or any of its other authorities either in whole or in part.

The primary focus of the investment process is risk management. The dimensions of risk include asset allocation, asset/liability matching, currency exposure, credit quality, interest rate duration, spread duration, credit risk, liquidity, and diversification.

The Certifying Actuary is a member of the IC, and is consulted on all aspects of the Investment Policy and investment activities of the Company.

The IC reviews, at least annually, the adequacy and relevance of the Company's portfolio and Investment Policy then in force, and approves them or makes recommendation for their amendment.

The IC reports, four times a year, to the Board. All decisions of material consequence made by the IC are reported to the Board no later than three months since the making of such decision. A decision of material consequence includes a decision affecting >5% of the invested assets of the Company. The IC will also prepare reports for the Board as soon as, but no later than two weeks after, any investment-related activity of material consequence arises.

The IC establishes procedural standards for any investment manager managing the Company's investments on its behalf. Such controls include process controls, oversight, and segregation of duties. The IC, through regular audits, ensures that any prescribed standards are adhered to by investment managers appointed by the Company.

Information on returns on investment assets and components of such returns

AIG generally receives premiums and deposits well in advance of paying covered claims or benefits. In the intervening periods, we invest these premiums and deposits to generate net investment income that is available to pay claims or benefits. As a result, we generate significant revenues from insurance investment activities.

AIG's worldwide insurance investment policy places primary emphasis on investments in fixed income debt securities of corporations, municipal bonds and government issuances in all of its portfolios, and, to a lesser extent, investments in high-yield bonds, common stock, real estate, hedge funds and other alternative investments.

The majority of assets backing our insurance liabilities consist of short and intermediate duration fixed income debt securities.

Investment strategies are based on considerations that include the local market, general market conditions, liability duration and cash flow characteristics, rating agency and regulatory capital considerations, legal investment limitations, tax optimization and diversification.

Our fixed income debt securities must meet our liquidity, duration and quality objectives as well as current capital, risk return and business objectives. Fixed income debt securities held by AIG international operations consist primarily of intermediate duration high-grade securities, primarily in the markets being served. In addition, AIG has redeployed cash in excess of operating needs and short-term investments into longer-term, higher-yielding securities.

Additional Information

Additional information on the Company and the AIG API Group can be found in the following:-

- Company's Annual Report for the financial year ended 31 December 2023, available publicly from ACRA at this hyperlink:
  www.bizfile.gov.sg

Alternatively, contact us at Sharon-LS.Ong@aig.com (Finance Department) for a copy.

- Company's MAS Returns, available publicly from MAS and found at this hyperlink: http://www.mas.gov.sg/Statistics/Insurance-Statistics/Insurance-Company-Returns/I870G.aspx