



**ALLIANZ MALAYSIA
BERHAD** (197201000819)

Q3 2022

FINANCIAL RESULTS

Analyst Briefing
24 November 2022

Allianz 

01

AMB GROUP FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS 9M 2022

Group	General Insurance	Life Insurance	Investment Holding
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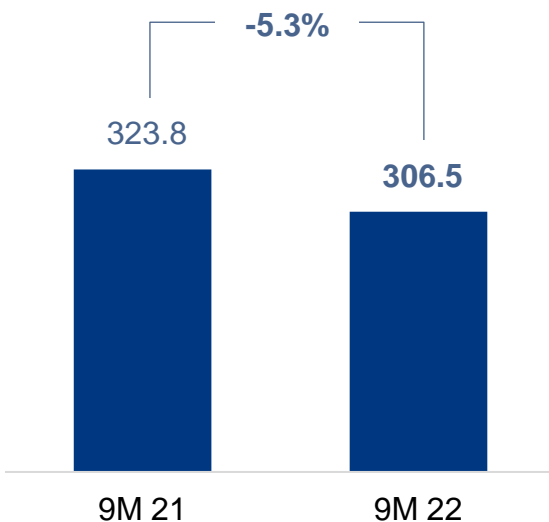
Operating Revenue (RM'mil)

5,069.1 (+6.5%)	2,041.4 (+4.8%)	3,018.2 (+7.7%)	9.5 (+4.4%)
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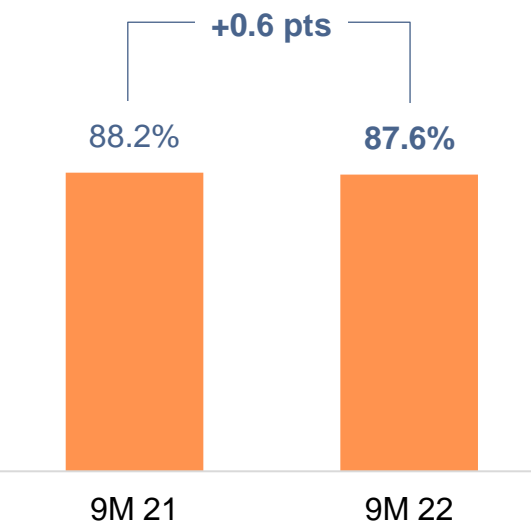
Gross Written Premium (RM'mil)

4,555.4 (+9.4%)	2,007.5 (+12.3%)	2,547.9 (+7.2%)	
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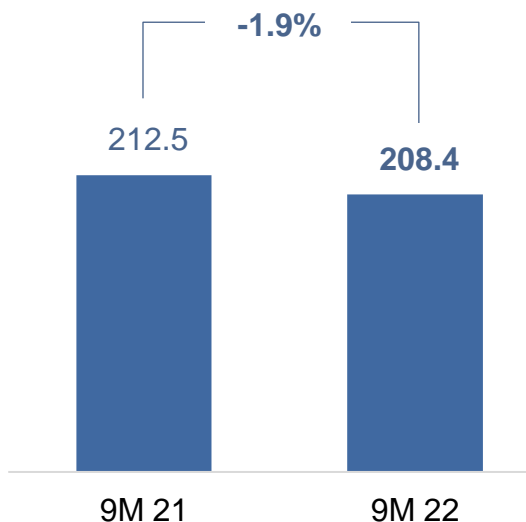
Shareholders' net income (in RM'mil)



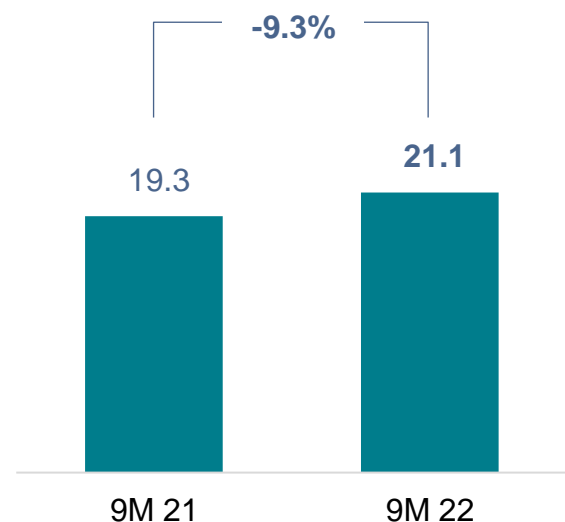
Combined ratio (in %)



New business value (in RM'mil)



Management expenses (in RM'mil)



RESILIENT EARNINGS AMID VOLATILE MARKET

Comments

Operating revenue

- Group operating revenue of RM5.07 billion, an increase of 6.5% compared to corresponding period of RM4.76 billion due to higher gross earned premiums and investment income by RM256.6 million and RM52.7 million respectively.
- General business recorded an operating revenue of RM2.04 billion, an increase of 4.8% compared to corresponding period of RM1.95 billion.
- Life business recorded an operating revenue of RM3.02 billion, an increase of 7.7% compared to corresponding period of RM2.80 billion.

Earnings per ordinary share

- Basic earnings per ordinary share at 154.13 sen (9M 2021: 182.68 sen).
- Diluted earnings per ordinary share at 88.55 sen (9M 2021: 93.60 sen).

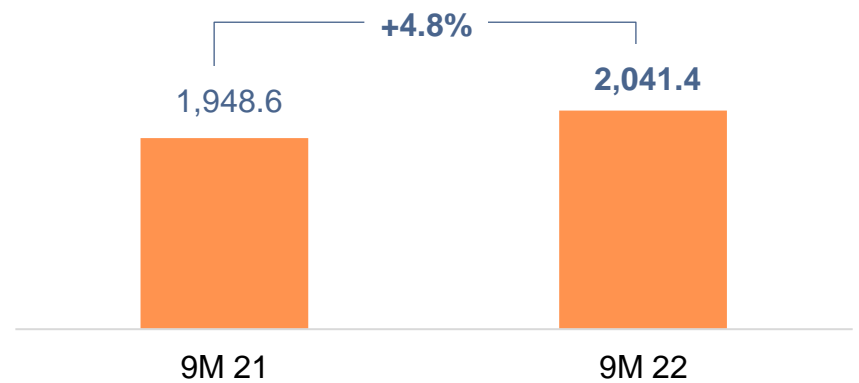
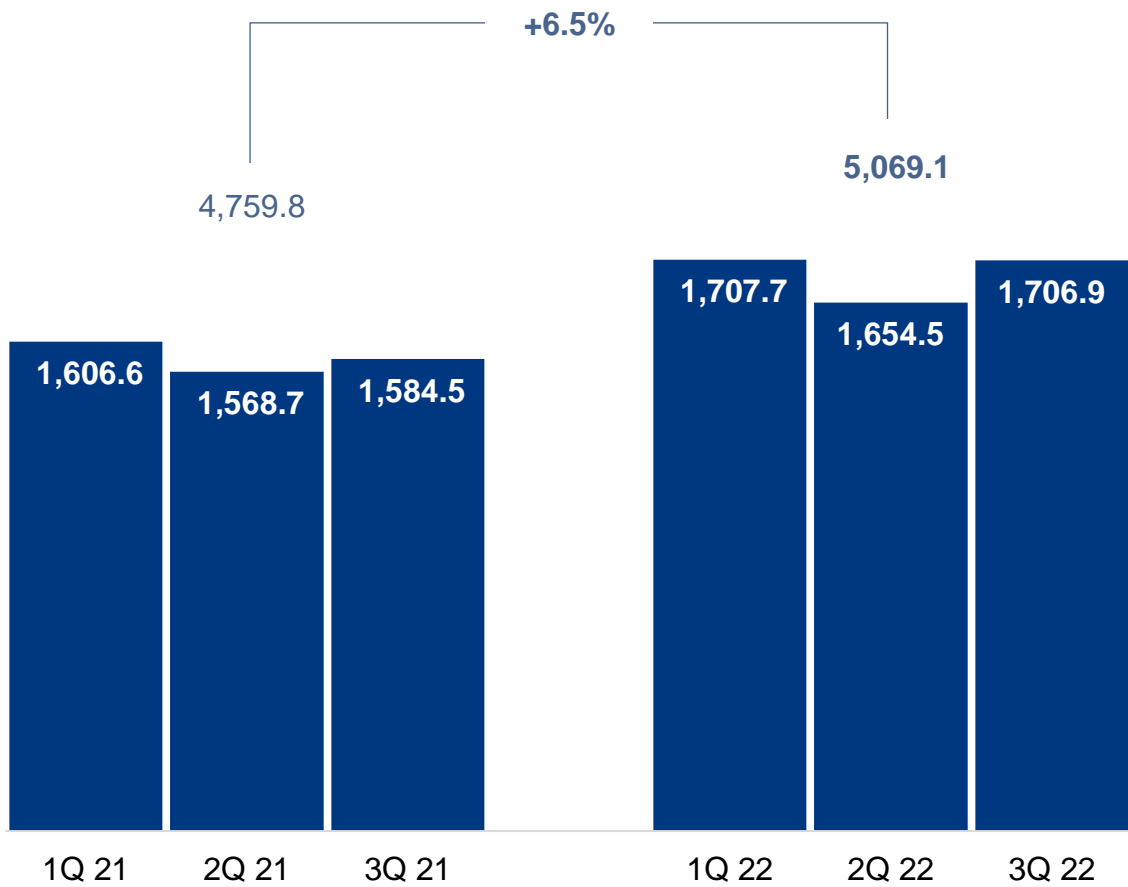
Profitability

- Group profit before tax of RM436.9 million, increased by 1.0% (9M 2021: RM432.6 million) mainly due to higher profit contribution from both insurance segments.
- General business contributed a profit before tax of RM331.6 million, an increase of 2.8% (9M 2021: RM322.7 million). The increase was attributable to higher underwriting profit and lower management expenses. Net combined ratio was 87.6% as at 9M 2022 (9M 2021: 88.2%).
- Life insurance business recorded a profit before tax of RM142.4 million (9M 2021: RM132.4 million). The increase was attributable to higher contribution from protection business.

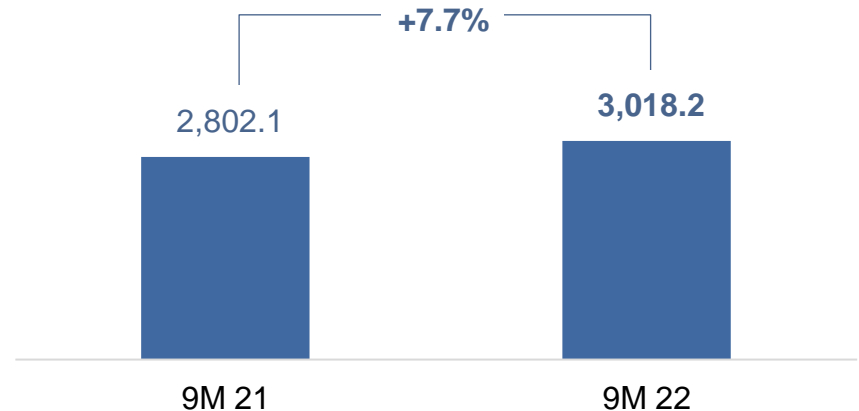
FINANCIAL HIGHLIGHTS 9M 2022

Group | **General Insurance**

Operating Revenue (RM'mil)



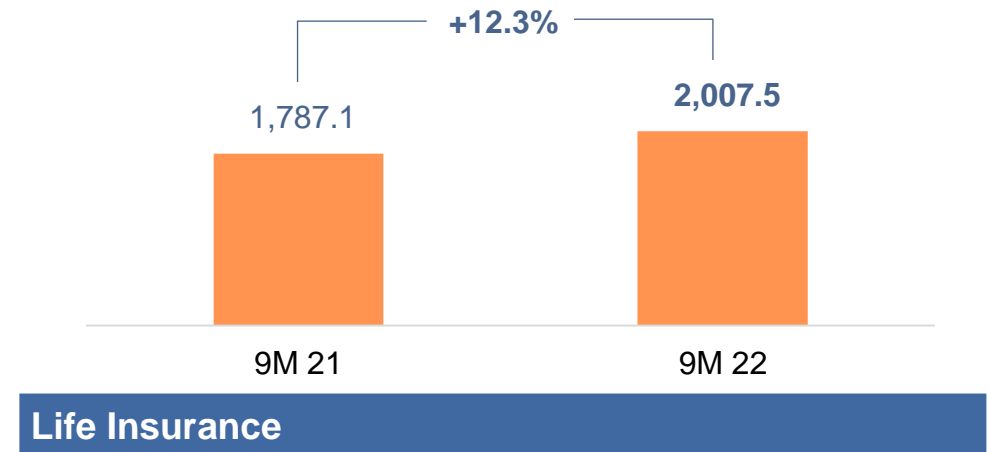
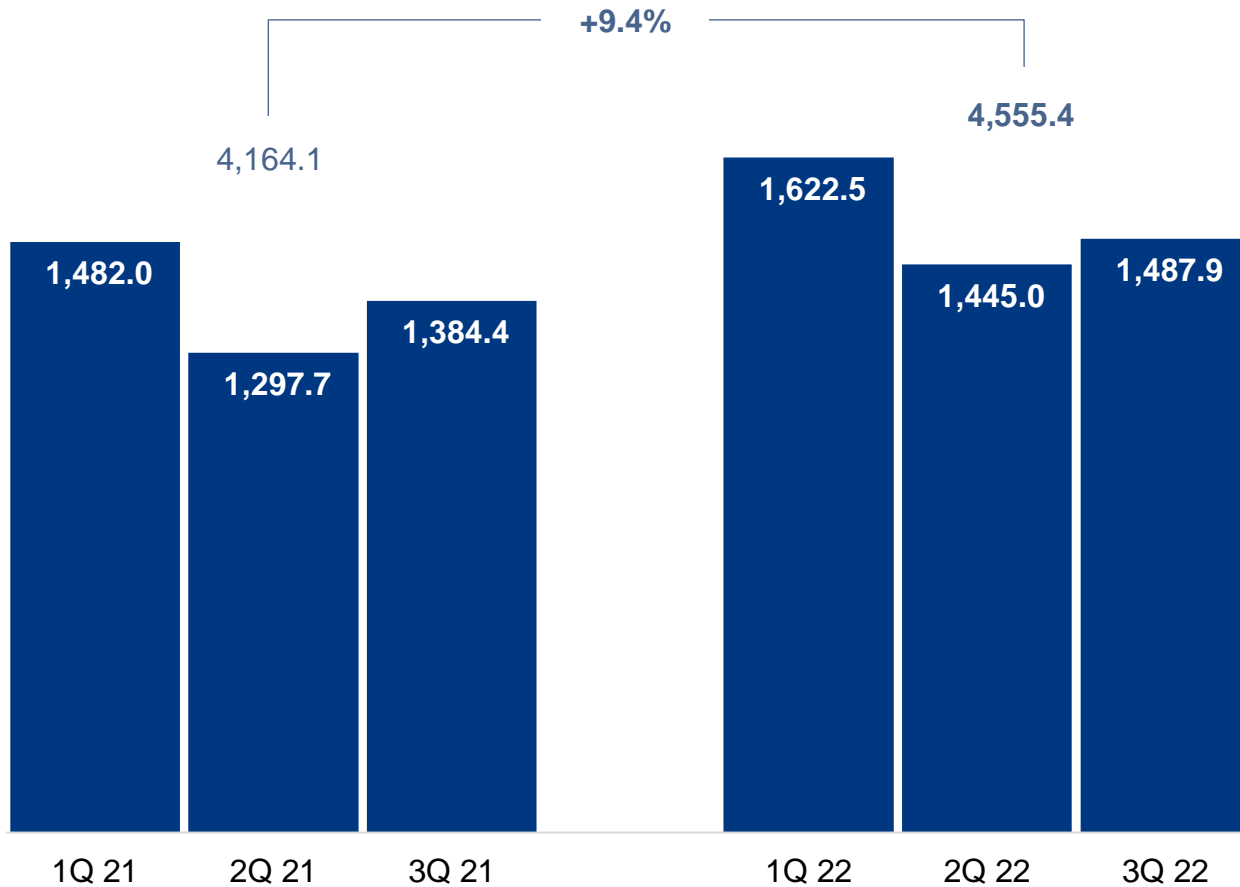
Life Insurance



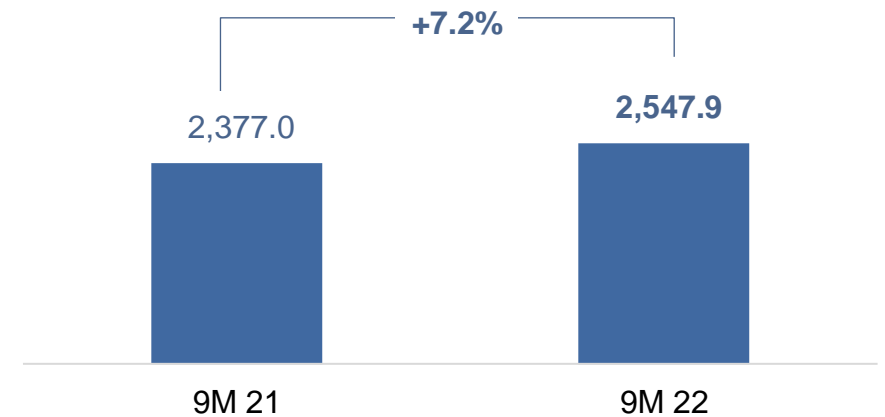
FINANCIAL HIGHLIGHTS 9M 2022

Group | **General Insurance**

Gross Written Premium (“GWP”) (RM’mil)

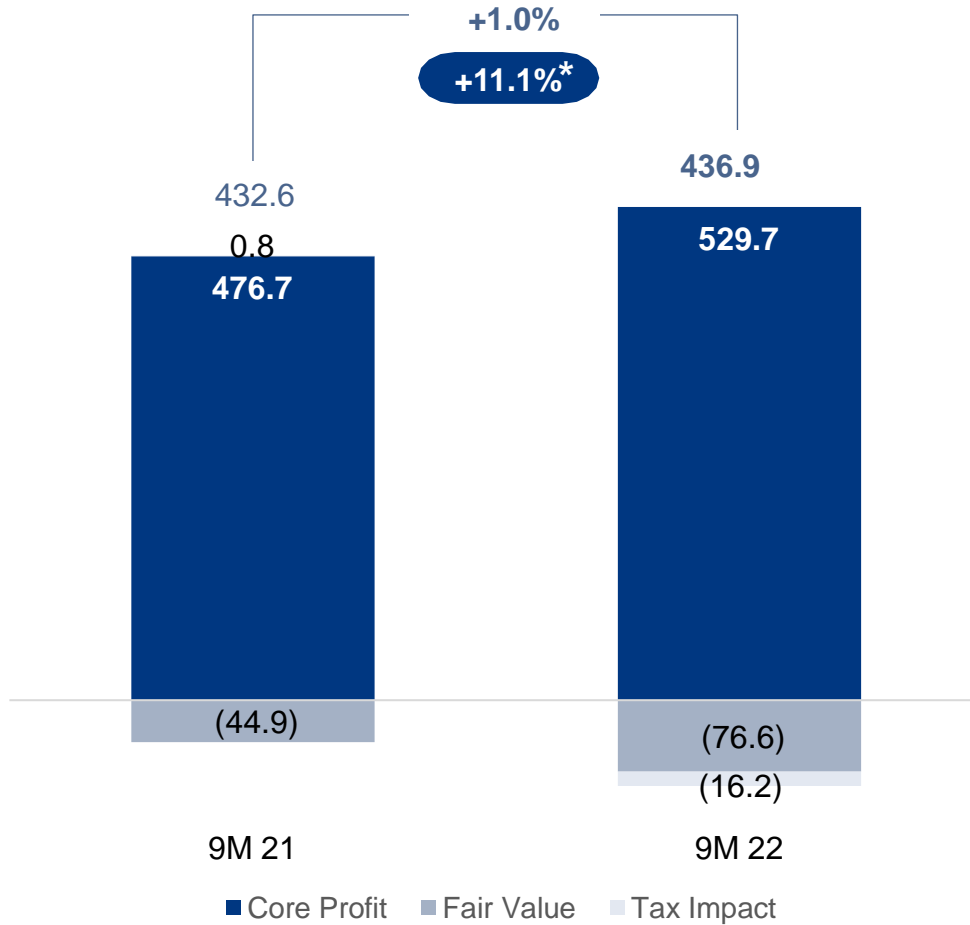


Life Insurance



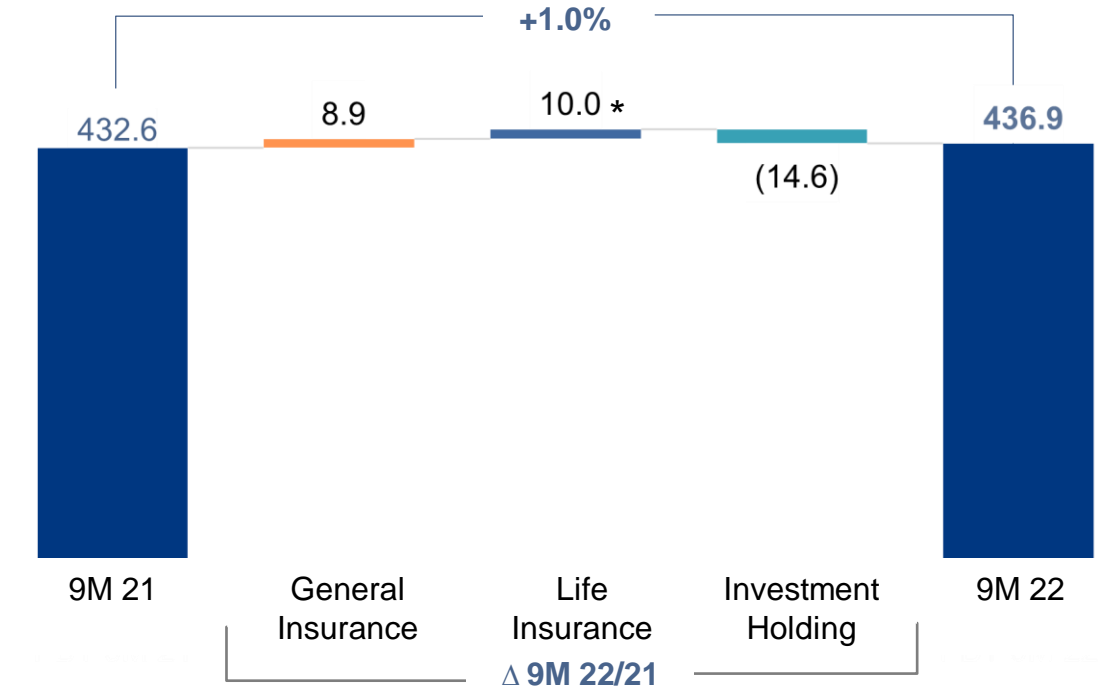
FINANCIAL HIGHLIGHTS 9M 2022

Profit Before Tax (RM'mil)



* Core profit growth

PBT drivers (RM'mil)

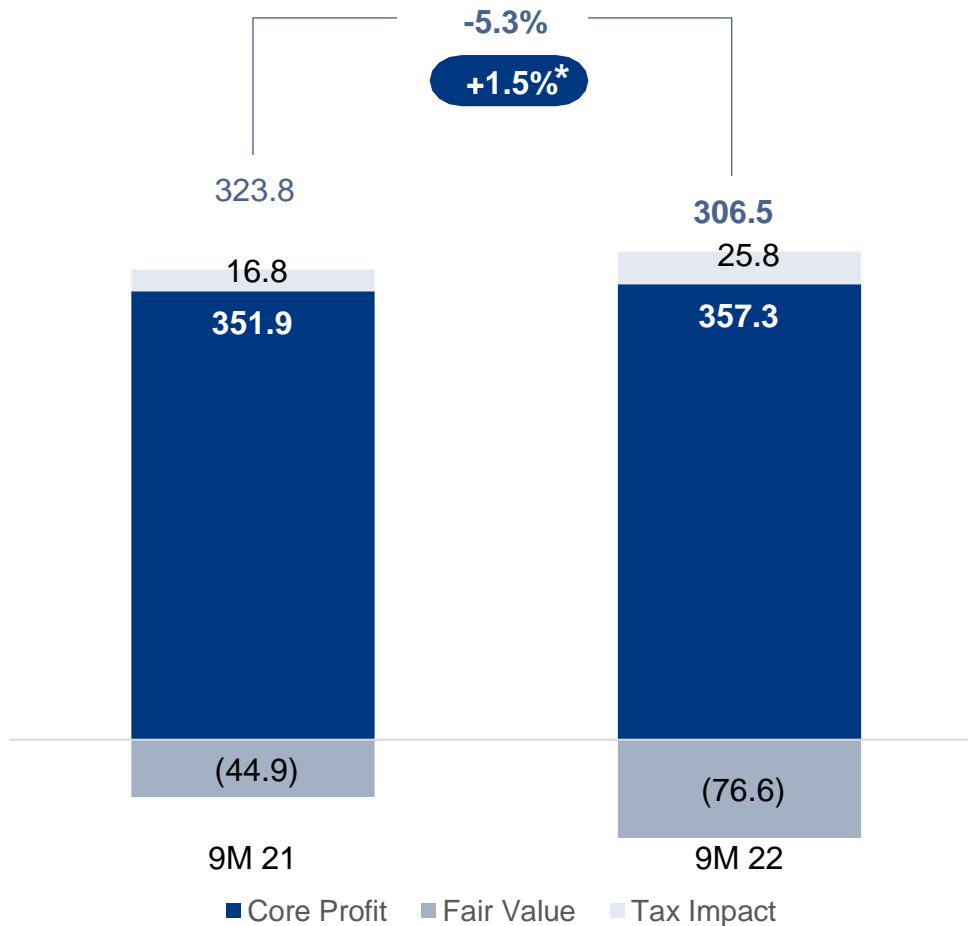


	9M 2021	9M 2022	Change	Change (%)
General Insurance	322.7	331.6	8.9	2.8%
Life Insurance	132.4	142.4	10.0	7.6%
Investment Holding	(22.5)	(37.1)	(14.6)	(64.9%)
Total PBT	432.6	436.9	4.3	1.0%

* See slide 9 for further details on change for Life Insurance business

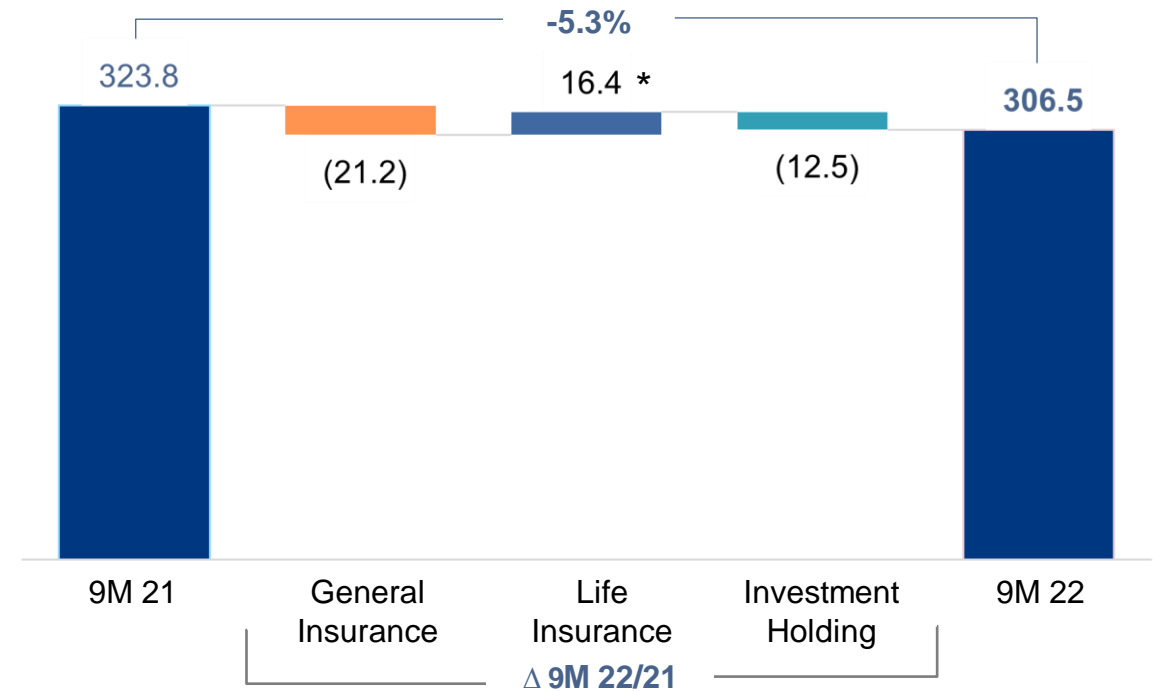
FINANCIAL HIGHLIGHTS 9M 2022

Profit After Tax (RM'mil)



* Core profit growth

PAT drivers (RM'mil)

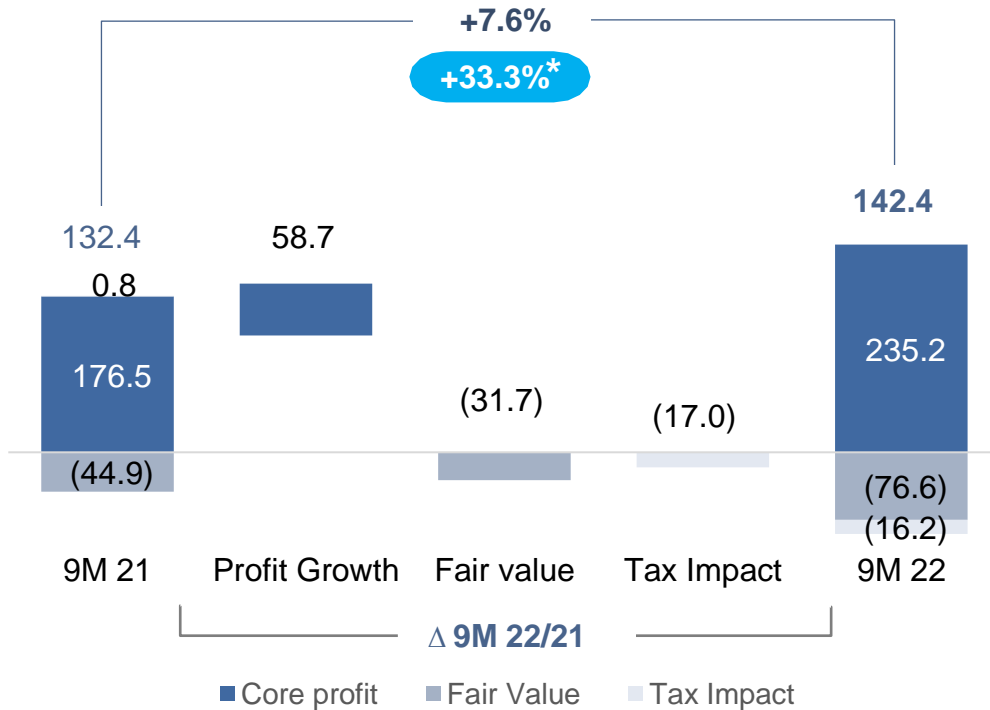


9M 2021	242.1	106.9	(25.2)	323.8
9M 2022	220.9	123.3	(37.7)	306.5
Change	(21.2)	16.4	(12.5)	(17.3)
Change (%)	(8.8%)	15.3%	(49.6%)	(5.3%)

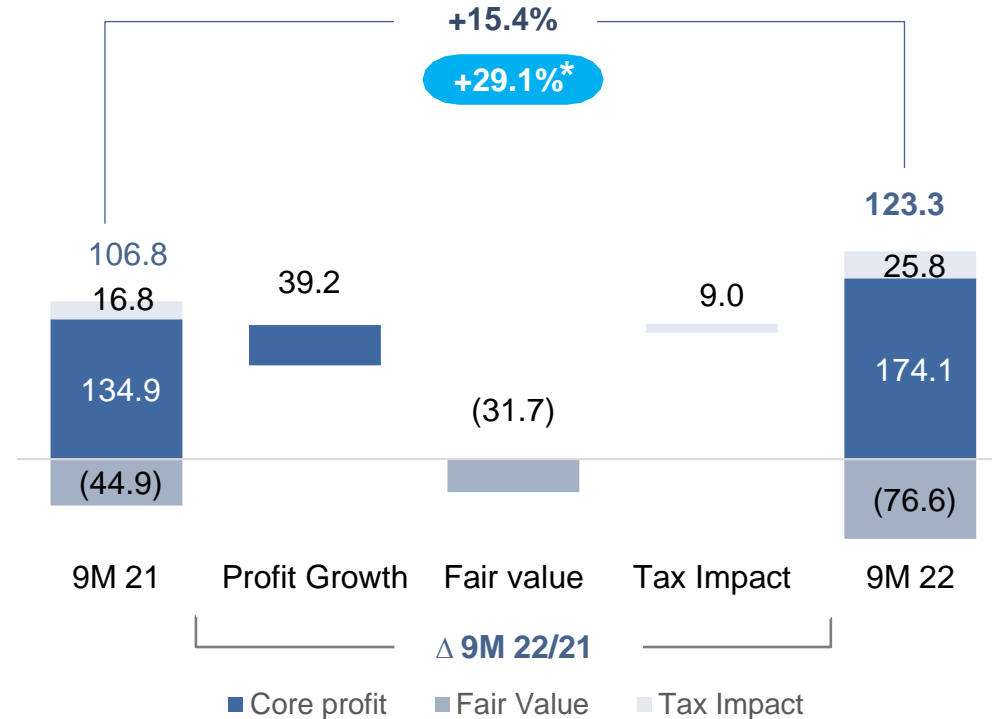
* See slide 9 for further details on change for Life Insurance business

LIFE: HIGHER CORE PBT AND PAT

PBT Drivers (RM'mil)



PAT Drivers (RM'mil)



Interest rate 10 years MGS

Dec 21	3.7%	Dec 20	2.6%
Sep 22	4.5%	Sep 21	3.5%
Δ 22/21	0.8 pts	Δ 21/20	0.9 pts

Bursa Malaysia KLCI Index

Dec 21	1,568	Dec 20	1,627
Sep 22	1,395	Sep 21	1,538
Δ 22/21	(11.0%)	Δ 21/20	(5.5%)

* Core profit growth

FINANCIAL OVERVIEW

RM'mil	2019	2020	2021	3 YEAR CAGR (2018-2021)	9M 2021	9M 2022
Gross Written Premiums	4,922.5	5,305.2	5,689.6	8.1%	4,164.1	4,555.4
Management Expenses	618.0	641.4	683.8	7.2%	492.9	497.0
Expense Ratio (Non Life)	20.2%	19.8%	18.7%	0.5 pts	18.3%	16.3%
Expense Ratio (Life) ¹	10.5%	9.4%	9.9%	(0.3 pts)	9.3%	9.8%
Local Consolidated PBT	692.1	729.6	625.6	6.4%	432.6	436.9
Total Assets	19,710.1	21,896.7	23,643.5	10.8%	22,912.7	23,837.4
Shareholders' Equity	3,673.6	4,031.5	4,144.2	7.2%	4,255.2	4,281.1
Dividends declared	247.05	220.44	239.35	16.3%	-	60.78
Diluted earnings per ordinary share (sen)	142.29	150.29	138.29	8.5%	93.60	88.55

Note 1 : Expense ratio for Life insurance segment weighted for 10% of Single Premium.

SUMMARY OF UNAUDITED FINANCIAL RESULTS

RM'mil	9M 2021	9M 2022	△22/21 %
Operating Revenue	4,759.8	5,069.1	6.5%
Gross Earned Premium	4,189.3	4,445.9	6.1%
Premiums ceded to reinsurers	(300.6)	(266.3)	11.4%
Net earned premiums ("NEP")	3,888.7	4,179.6	7.5%
Net change in benefits and claims paid ("Claim")	(1,552.9)	(2,121.2)	(36.6%)
Net change in contract liabilities ("Reserve")	(1,067.1)	(519.6)	51.3%
Management expenses ("ME")	(492.9)	(497.0)	(0.8%)
Net fee and commission expense	(580.8)	(589.4)	(1.5%)
Fair value gains and losses	(336.8)	(708.6)	(>100.0%)
Net investment results	576.7	674.2	16.9%
Net other operating (expenses)/income	(2.3)	18.9	>100.0%
Profit before tax	432.6	436.9	1.0%
Tax expense	(108.8)	(130.4)	(19.9%)
Profit after tax	323.8	306.5	(5.3%)
ME / NEP ratio	12.7%	11.9%	0.8 pts
Claim & Reserve / NEP ratio	67.4%	63.2%	4.2 pts

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GENERAL BUSINESS



GENERAL BUSINESS

Comments

Gross written premiums

- Gross written premium increased by 12.3% as compared to prior year.

Profitability

- Higher profit before tax from higher underwriting profit, due to better non-motor claims experience compared to the same period last year.

Distribution and Portfolio

- 57.8% (9M 2021: 57.9%) of GWP from Agency and 29.4% (9M 2021: 28.0%) from Franchise.
- Agency and Franchise were the main growth contributors (12.2% growth for Agency and 18.2% growth for Franchise), with growth mainly coming from Motor and Personal Accident classes.

Combined ratio

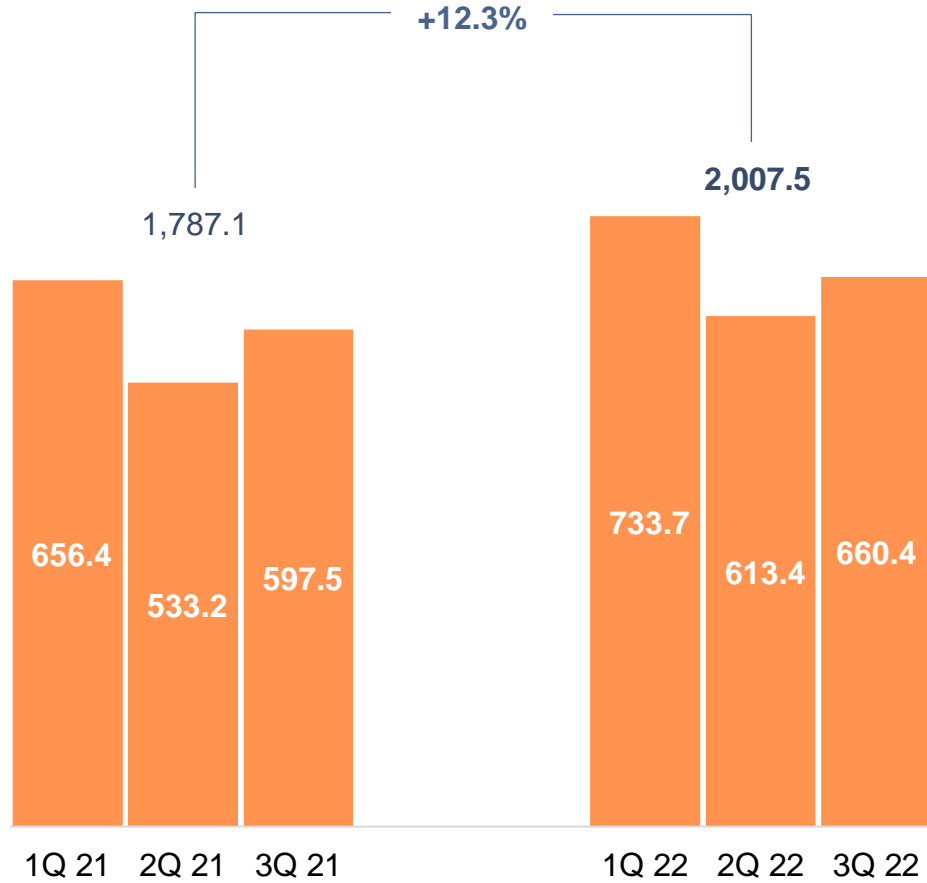
- Lower combined ratio by 0.6 pts driven by lower claims ratio excluding impact of VSC adjustment (*see Note 11 page 28 of Q2 2022 Quarter Announcement for details*).

Market growth

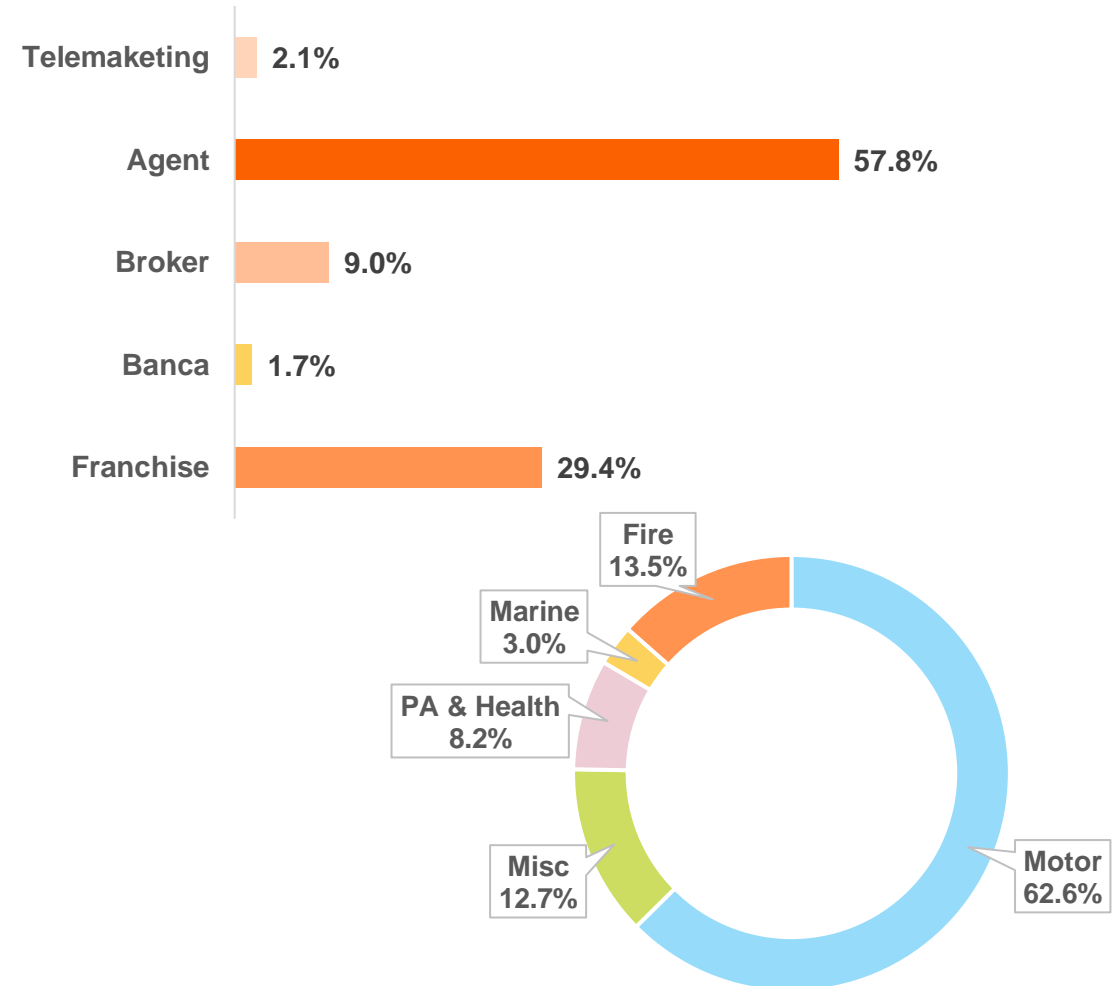
- Market share stood at 13.3% in 9M 2022 (9M 2021: 13.1%).

GENERAL BUSINESS: GWP IS 12.3% HIGHER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

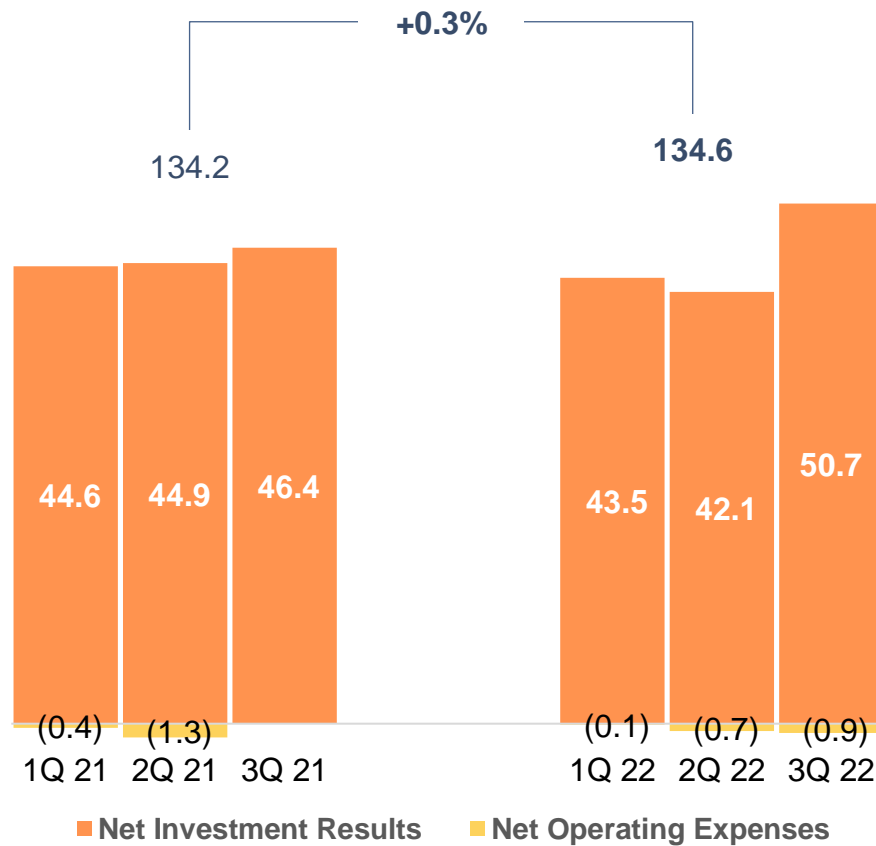


Distribution Channel & Portfolio Mix



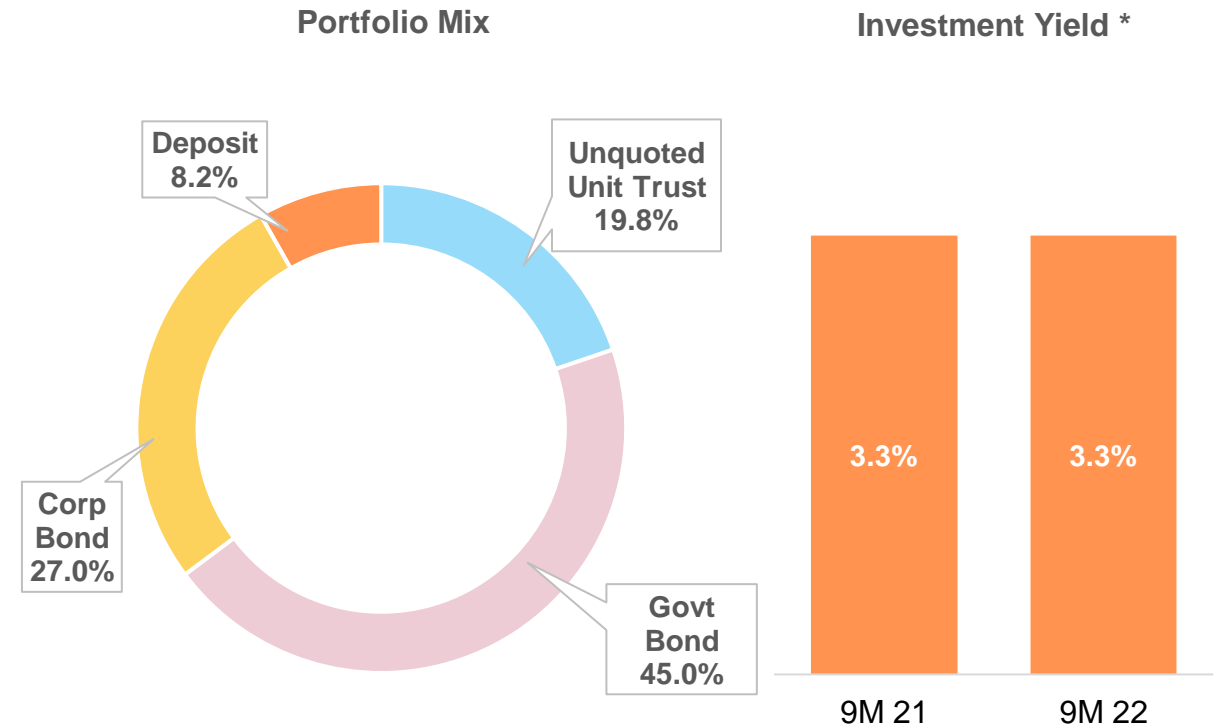
GENERAL BUSINESS: STABLE INVESTMENT INCOME

Net Investment Results/
Net Operating Expenses (RM'mil)



Note: Net investment results include Investment Income and Realised Gains/(Losses).

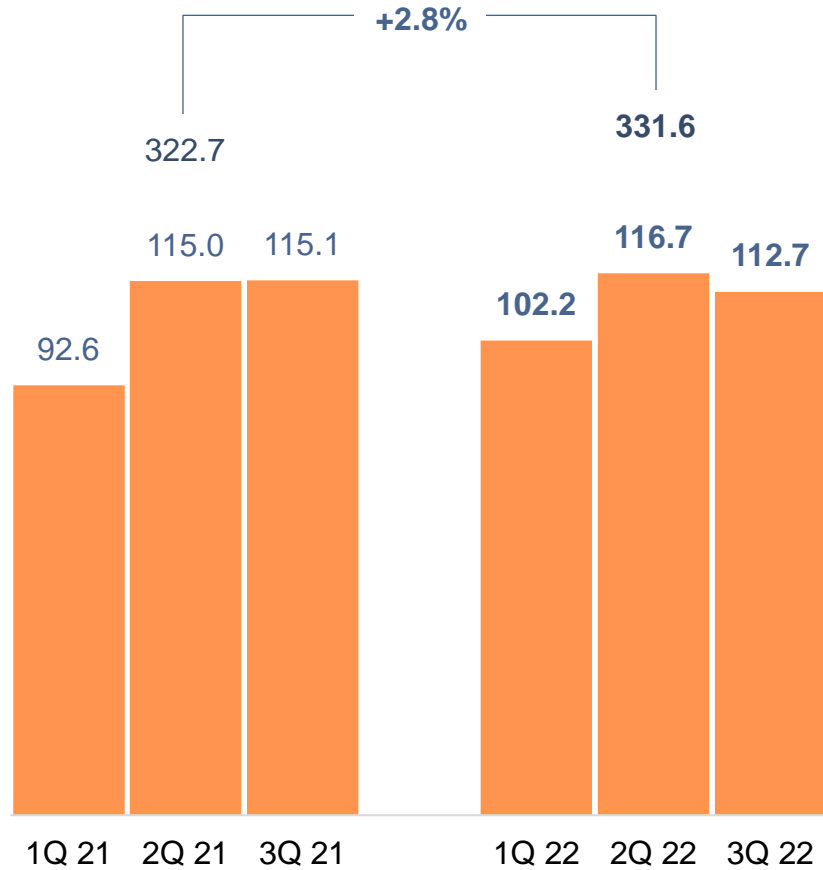
Portfolio Mix and Investment Yield (Annualised)



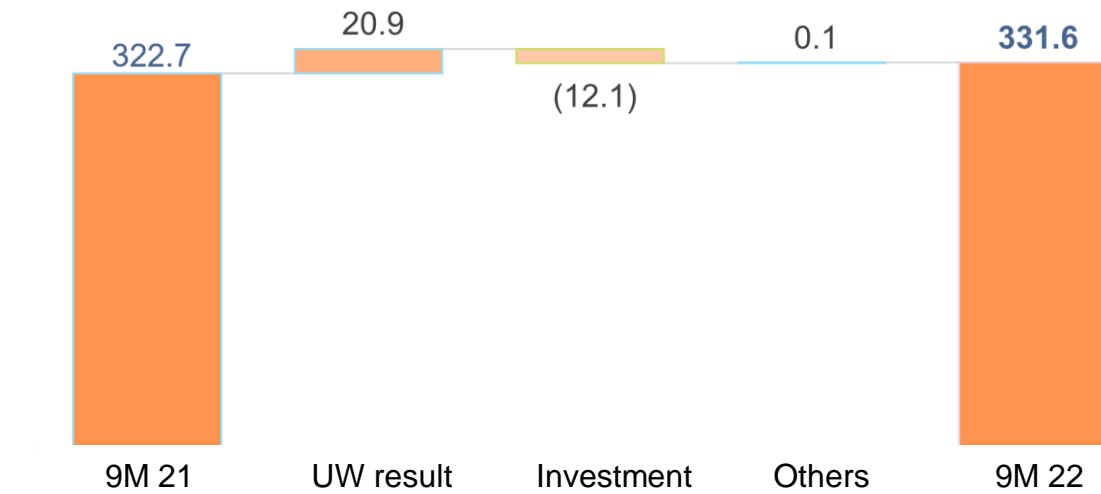
* Investment yield is excluding fair value gains/losses

GENERAL BUSINESS: HIGHER PROFIT BEFORE TAX FROM HIGHER UNDERWRITING RESULTS

Profit Before Tax (RM'mil)



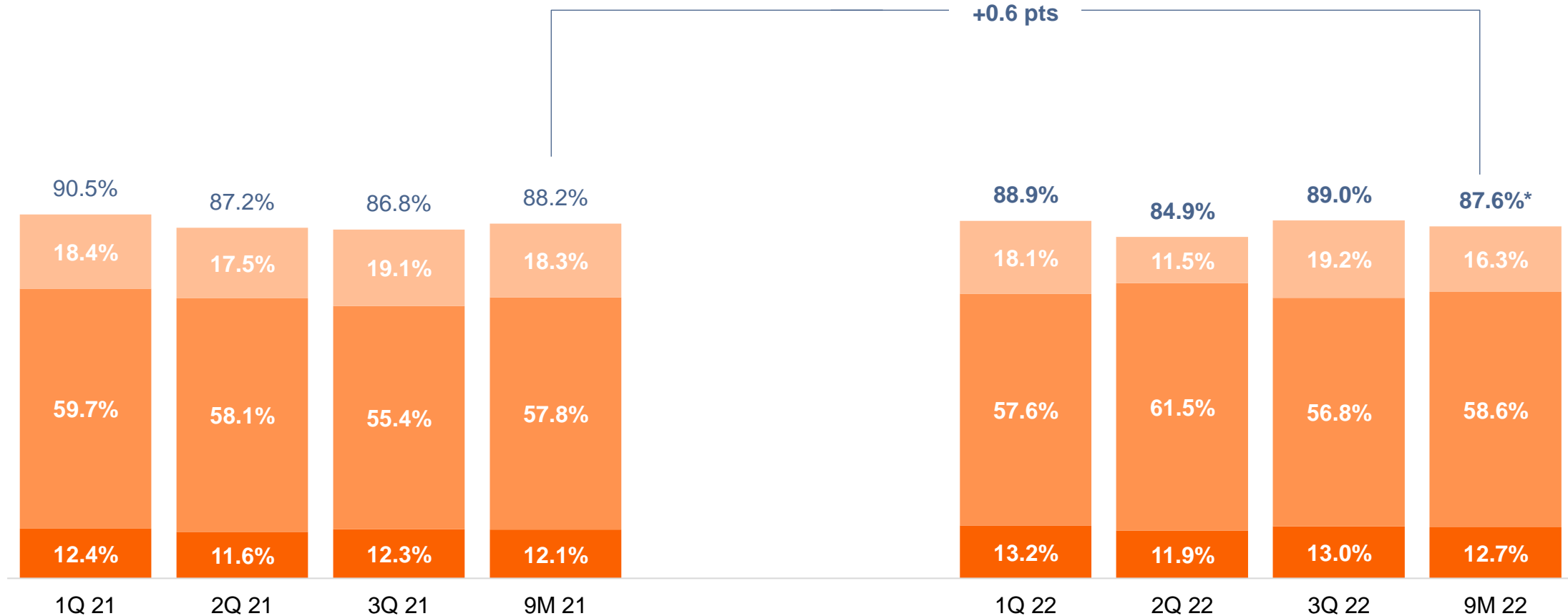
PBT Drivers (RM'mil)



9M 2021	188.5	135.9	(1.7)	322.7
9M 2022	209.4	123.8	(1.6)	331.6
Change	20.9	(12.1)	0.1	8.9

GENERAL BUSINESS: BETTER COMBINED RATIO DUE TO LOWER EXPENSE RATIO

Combined Ratio



■ Commission Ratio ■ Claims Ratio ■ Expense Ratio

* 9M 22 expense and claims ratio would be 18.2% and 56.6% respectively without the impact of VSC adjustment (see Q2 quarterly announcement page 28 Note 11 for details). There is no impact to the overall underwriting profit.

GENERAL BUSINESS: UNAUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	9M 2021	9M 2022	△22/21 %
Gross written premiums	1,787.1	2,007.5	12.3%
Gross earned premiums	1,812.3	1,898.0	4.7%
Net earned premiums	1,613.1	1,710.9	6.1%
Net change in claims incurred	(931.9)	(1,003.4)	(7.7%)
Management expenses	(297.9)	(280.9)	5.7%
Net fee and commission expenses	(194.8)	(217.2)	(11.5%)
Underwriting result	188.5	209.4	11.1%
Fair value gains and losses	-	(12.4)	(>100.0%)
Net investment results	135.9	136.3	0.3%
Net other operating expenses	(1.7)	(1.7)	100.0%
Profit before tax (after consolidation adjustment)	322.7	331.6	2.8%
Commission ratio	12.1%	12.7%	(0.6 pts)
Claims ratio	57.8%	58.6%	(0.8 pts)
Expense ratio	18.3%	16.3%	2.0 pts
Combined ratio*	88.2%	87.6%	0.6 pts

* Combined ratio is calculated at company level

GENERAL BUSINESS: PERFORMANCE COMPARED TO INDUSTRY (JAN-SEP 2022)

KPIs	AGIC 9M 2022	Industry ¹ 9M 2022	Takaful ¹ 9M 2022
GWP growth	12.3%	10.8%	20.6%
Commission ratio	12.7%	10.9%	9.6%
Claims ratio			
• Overall	58.6%	54.0%	62.4%
• Motor	58.1%	64.2%	76.6%
Expense ratio	16.3%	24.0%	32.3%
Combined ratio	87.6%	88.9%	104.3%

Market Share (9M 2022) ²	13.3%
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Market Ranking (6M 2022) ³	No. 1
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Notes:

- 1) Source: ISM Market Performance Report Jan-Sep 2022 (General Insurance & General Takaful)
- 2) Source: AGIC Revenue Account and ISM Market Performance Report Jan-Sep 2022
- 3) Source: ISM Market Performance Report Jan-Jun 2022

03

LIFE BUSINESS



LIFE BUSINESS

Comments

Gross written premiums

- Gross written premiums grew by 7.2% from all key distribution channels.

Market Growth

- ANP decline by 0.6% while industry decline by 5.6%.¹
- Market share 9M 2022 increased to 9.6% (9M 2021: 9.1%).

Distribution

- Agency ANP decreased by 10.9% while Bancassurance increased by 15.8%.
- Focus on strategy to intensify agency recruitment and uplift agent productivity.

Product mix

- Remain focused on sales of investment-linked products with protection rider which provides higher margins but to also cater for demand for saving products.
- Investment-linked ANP and GWP increased by 3.6% and 9.9% respectively.

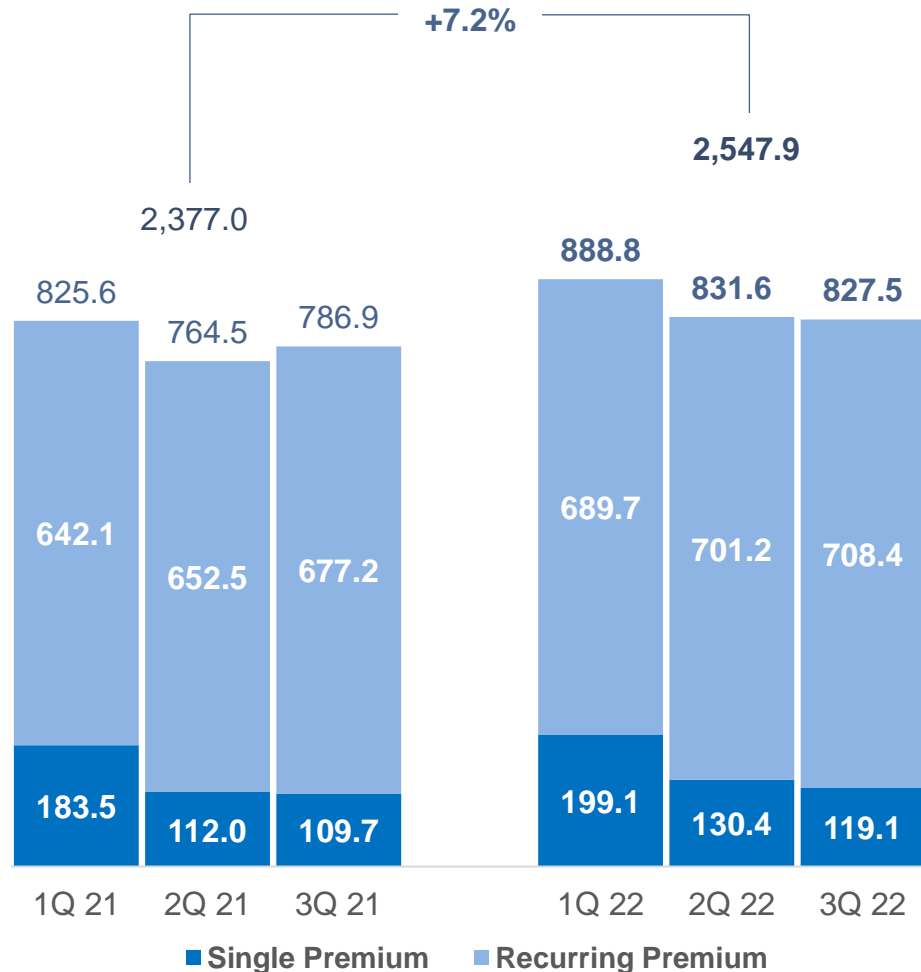
Profitability

- Profit before tax of RM142.4 million (9M 2021: RM132.4 million) due to higher contribution from protection business.
- The core profit was RM235.2 million, an increase of 33.3% from preceding period on a comparable basis.
- New business value was RM208.4 million, decreased by 1.9% due mainly to lower sales volume from agency business.

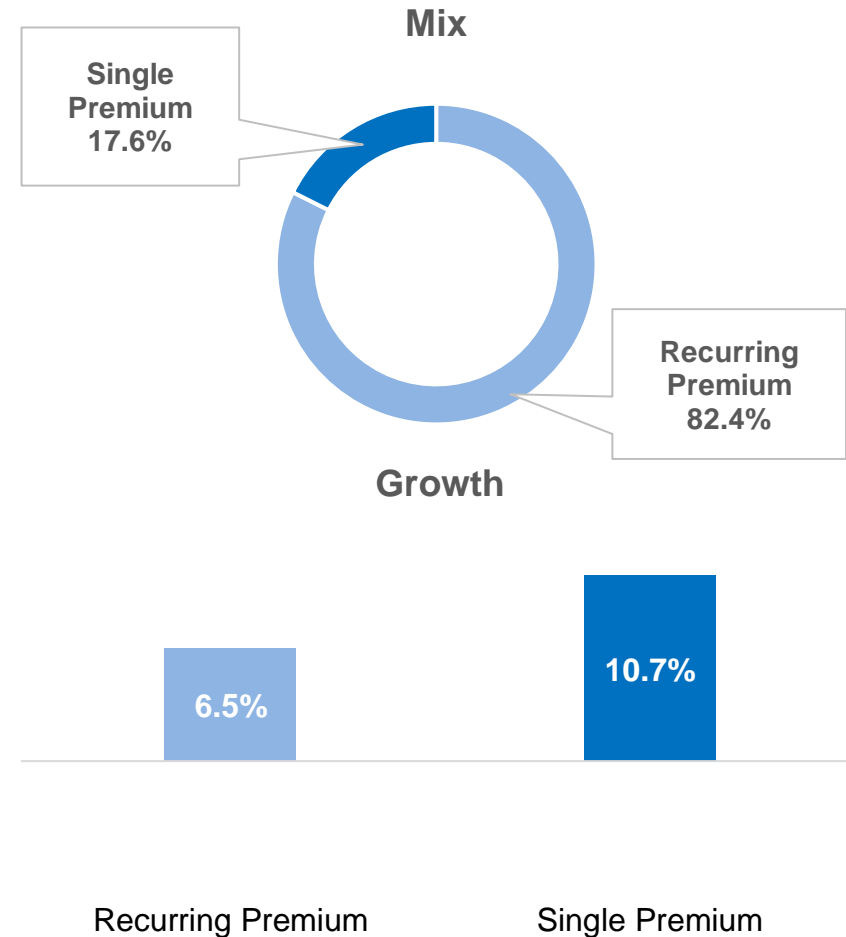
Note1: Market share based on statistics from LIAM.

LIFE BUSINESS: Y-O-Y GROWTH DRIVEN BY SINGLE PREMIUM AND RECURRING PREMIUM

Gross Written Premiums ("GWP") (RM'mil)

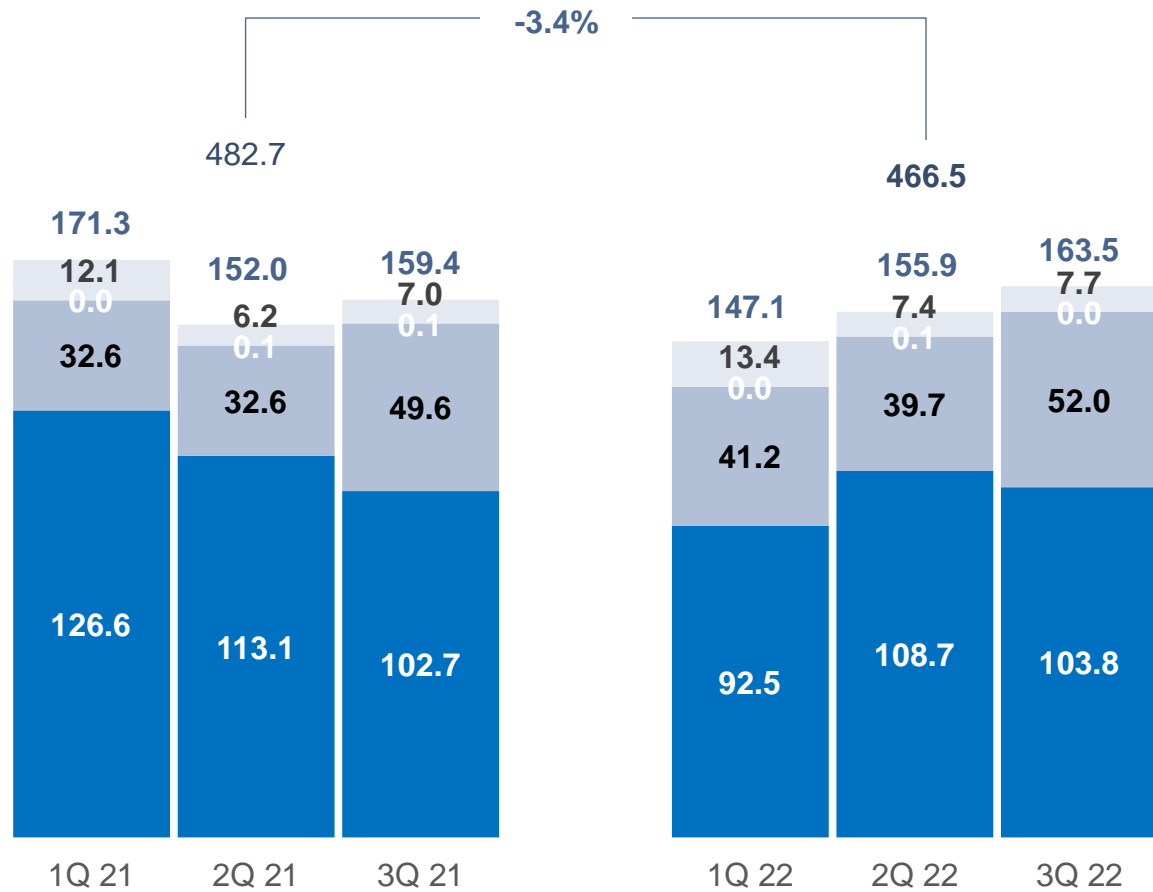


GWP Mix & Growth (%) (9M 2022)

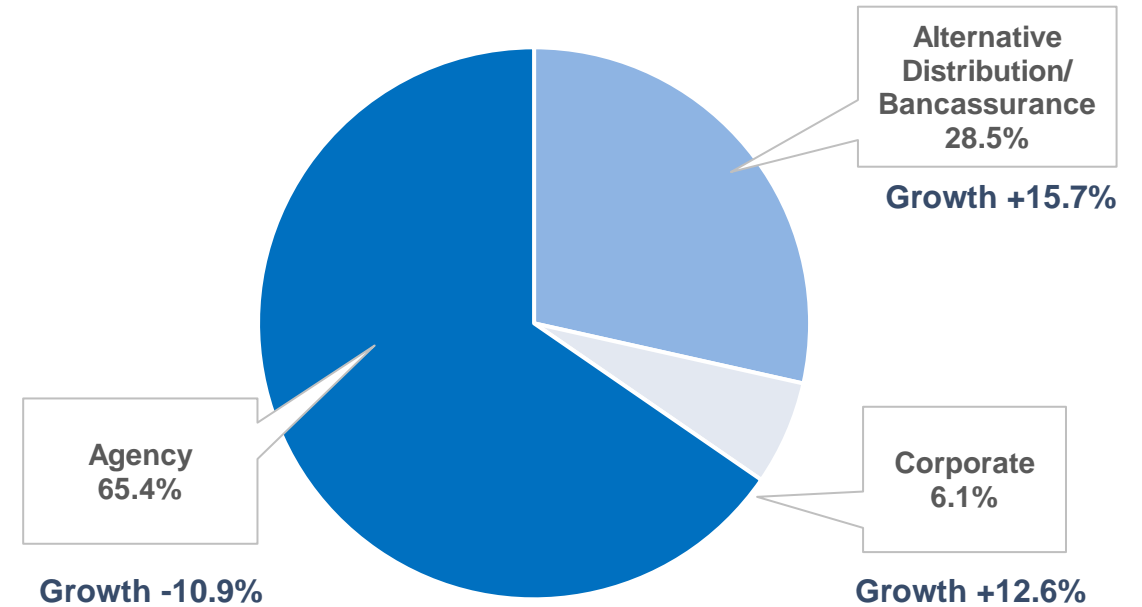


LIFE BUSINESS: LOWER CONTRIBUTION FROM AGENCY CHANNEL

Annualised New Premiums ("ANP") (RM'mil)



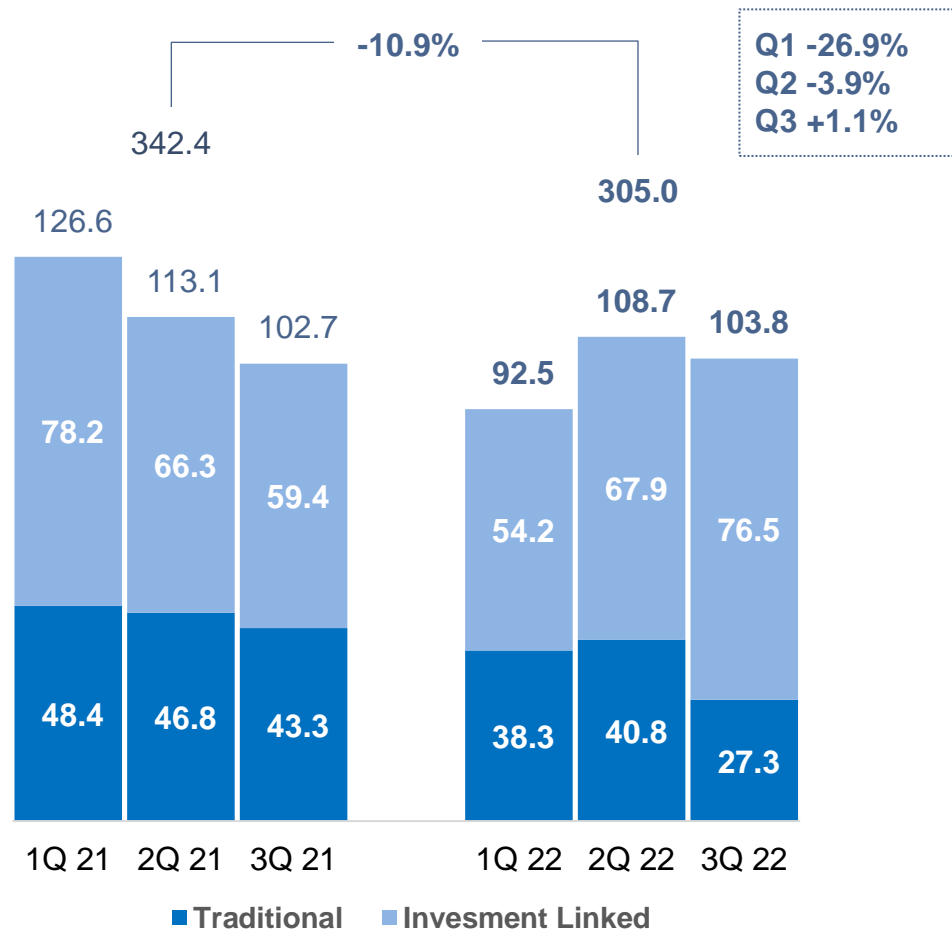
ANP Channel Mix (%) (9M 2022)



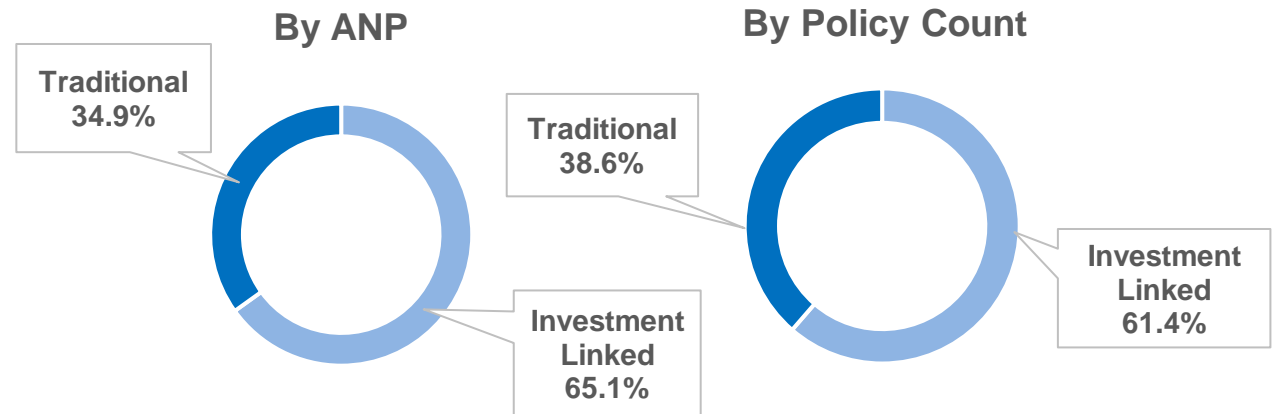
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

LIFE BUSINESS (AGENCY): AGENCY SALES LOWER BUT GAIN MARKET SHARE

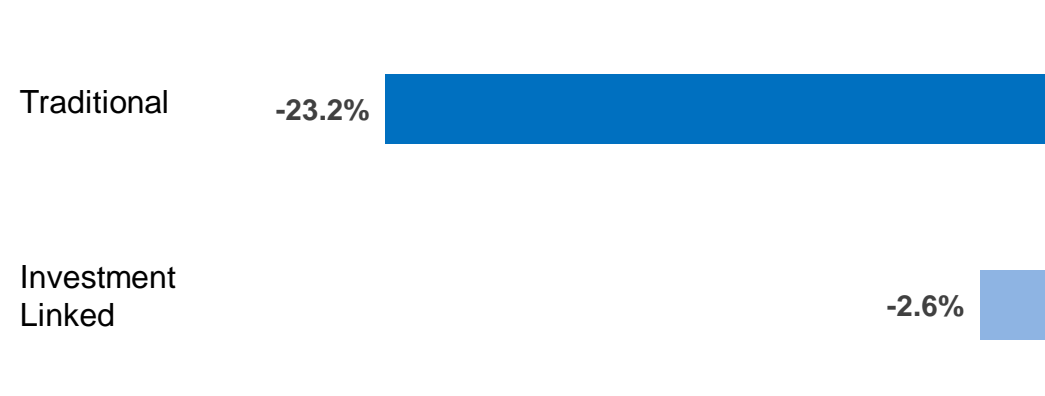
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (9M 2022)

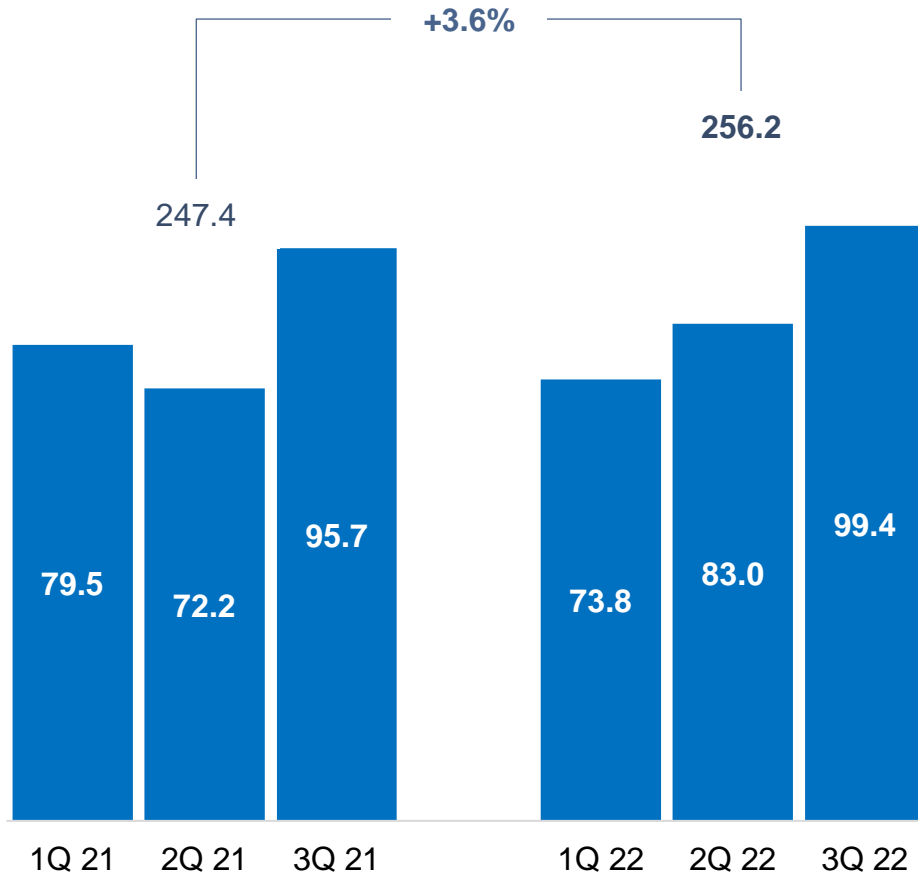


Agency ANP Growth (%) (9M 2022)

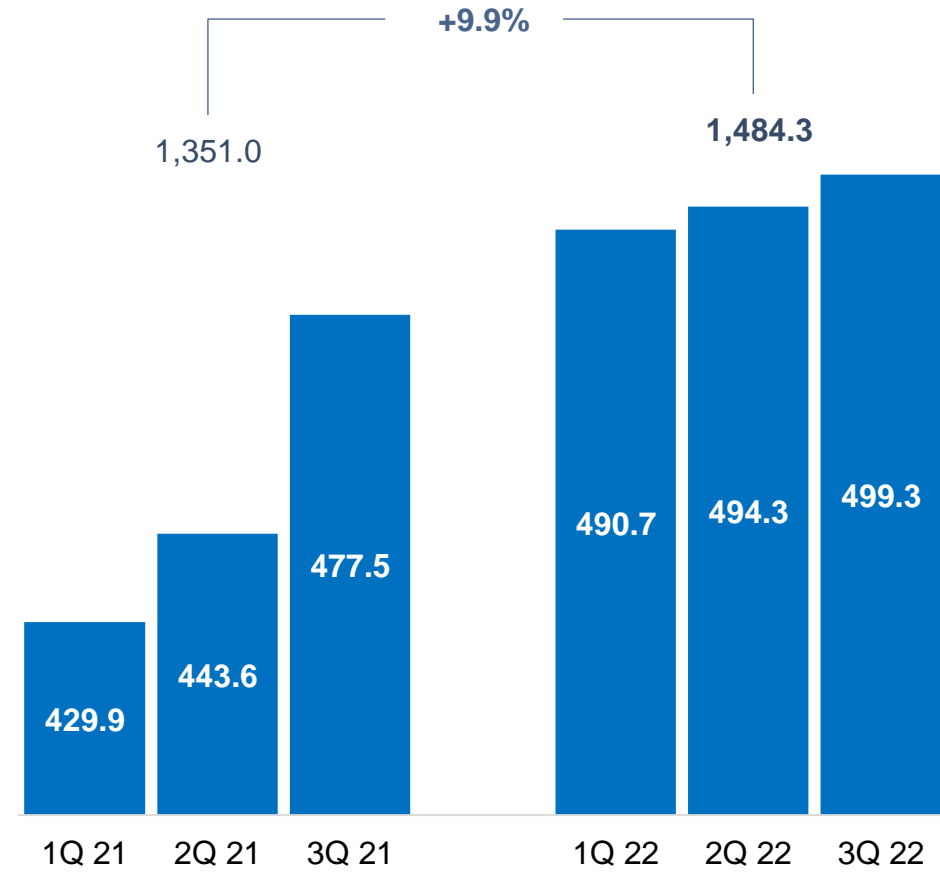


LIFE BUSINESS: PROTECTION BUSINESS (INVESTMENT-LINKED) CONTINUES TO GROW

Annualised New Premiums (RM'mil)

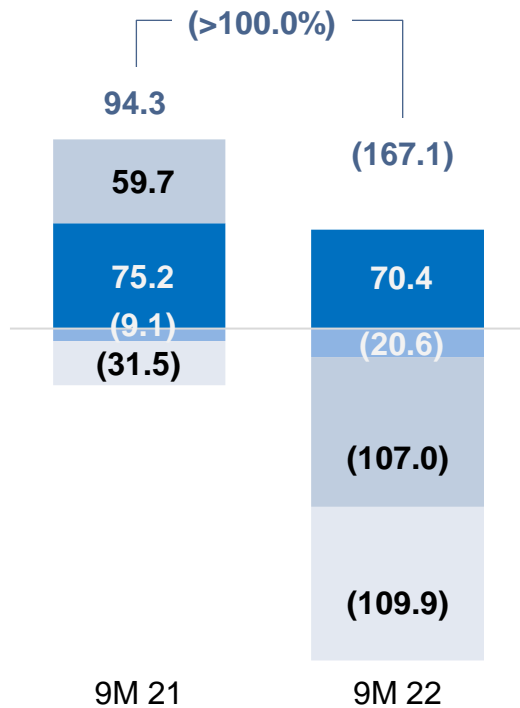


Gross Written Premiums (RM'mil)

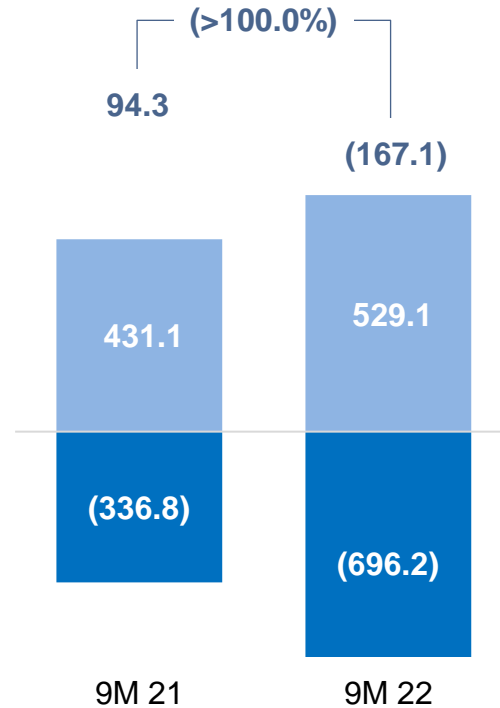


LIFE BUSINESS: INVESTMENT RESULTS IMPACTED BY FAIR VALUE LOSSES AS INTEREST RATE GOES UP

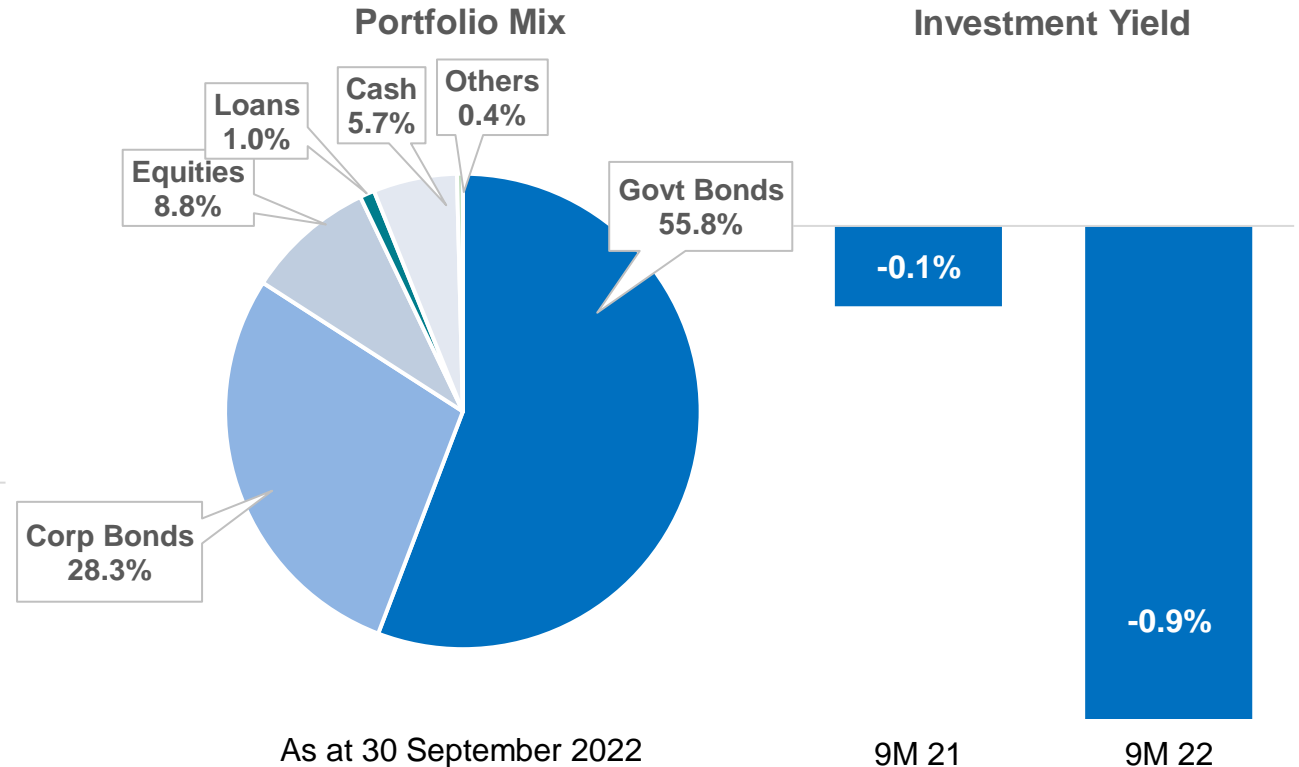
Investment Results by funds (RM'mil)



Investment Results (RM'mil)



Portfolio Mix and Investment Yield (LF+SHF) (%) (Annualised)



■ Par ■ Non Par + ILOF ■ ILF ■ ULF

■ Net investment results
■ Fair value gains and losses

Note: Net investment results include Investment Income and Realised Gains/(Losses).

Note: Yield % includes unrealised gains/losses from equities and fixed income.

LIFE BUSINESS: UNAUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	9M 2021	9M 2022	△22/21 %
Gross written premiums	2,377.0	2,547.9	7.2%
Premiums ceded to reinsurers	(101.4)	(79.2)	21.9%
Net earned premiums	2,275.6	2,468.7	8.5%
Net change in benefits and claims paid	(885.4)	(1,195.1)	(35.0%)
Net change in contract liabilities	(802.6)	(437.5)	45.5%
Management expenses	(175.7)	(194.9)	(10.9%)
Net fee and commission expenses	(374.1)	(368.4)	1.5%
Fair value gains and losses	(336.8)	(696.2)	(>100.0%)
Net investment results	431.1	529.1	22.7%
Net other operating income	0.3	36.7	>100.0%
Profit before tax (after consolidation adjustment)	132.4	142.4	7.6%
Annualised new premiums	482.7	466.5	(3.4%)
Expense ratio (LF+SHF)	9.3%	9.8%	(0.5 pts)
Local investment yield (LF+SHF)	(0.1%)	(0.9%)	(0.8 pts)
Block persistency ratio	88.7%	86.8%	(1.9 pts)

**THANK YOU
FOR YOUR ATTENTION**

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Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary

Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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