



**ALLIANZ MALAYSIA  
BERHAD** (197201000819)

**Q2 2023**

**FINANCIAL RESULTS  
MFRS 9/17**

Analyst Briefing  
25 August 2023

**Allianz** 

# 01

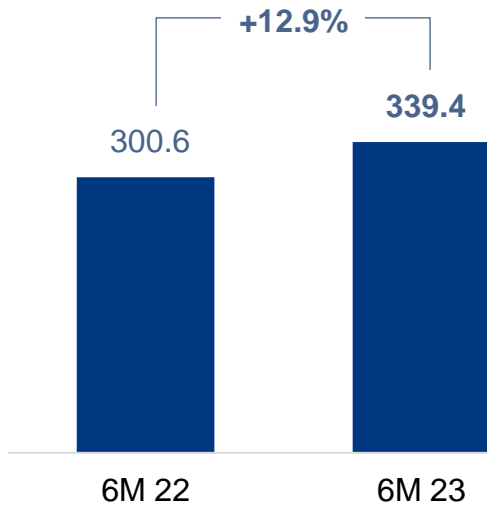
## AMB GROUP FINANCIAL RESULTS



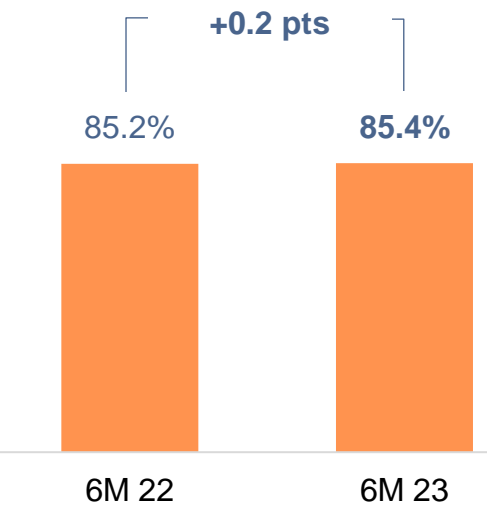
# FINANCIAL HIGHLIGHTS 6M 2023

Group	General Insurance	Life Insurance	
<b>Gross Written Premium (RM'mil)</b>			
3,217.2 (+4.5%)	1,462.1 (+7.6%)	1,755.1 (+2.0%)	
<b>Insurance Revenue (RM'mil)</b>			
2,326.1 (+8.4%)	1,327.4 (+7.4%)	998.7 (+9.8%)	
<b>Profit Before Tax (RM'mil)</b>			
455.2 (+6.4%)	263.8 (+17.9%)	195.2 (-10.4%)	

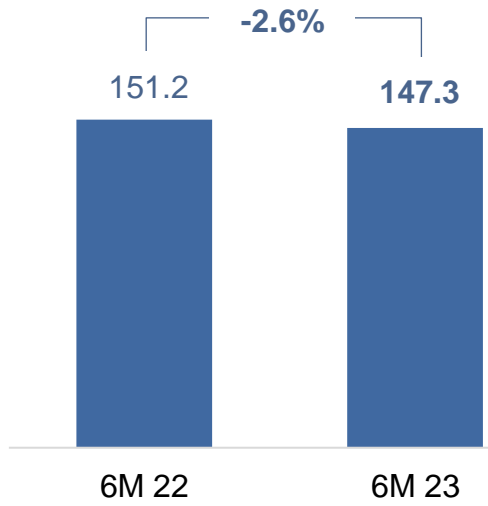
**Shareholders' net income**  
(in RM'mil)



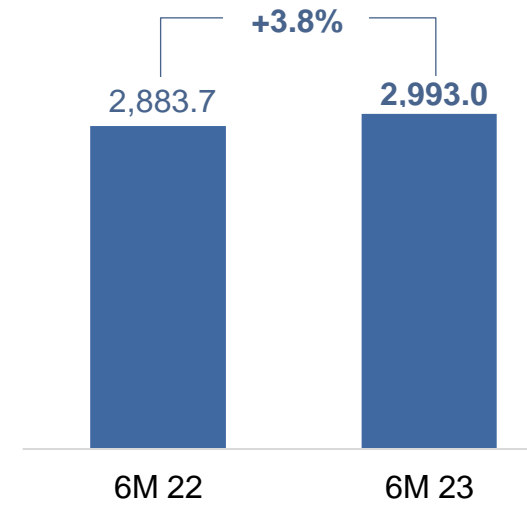
**Combined ratio**  
(in %)



**New business value**  
(in RM'mil)



**Contractual service margin**  
(in RM'mil)



# STRONG EARNINGS FOR FIRST HALF OF 2023

## Comments

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### Insurance revenue

- Group insurance revenue of RM2.33 billion, an increase of 8.4% from RM2.15 billion in 2022 due to higher insurance revenue from both insurance segments.
- General business recorded an insurance revenue of RM1.33 billion, an increase of 7.4% compared to corresponding period of RM1.24 billion mainly from increase in gross earned premium from motor business.
- Life business recorded an insurance revenue of RM998.7 million, an increase of 9.8% compared to corresponding period of RM909.6 million mainly attributed to higher insurance revenue from investment-linked protection business and employee benefit business.

### Earnings per ordinary share

- Basic earnings per ordinary share at 154.95 sen (6M 2022: 150.85 sen).
- Diluted earnings per ordinary share at 98.02 sen (6M 2022: 86.86 sen).

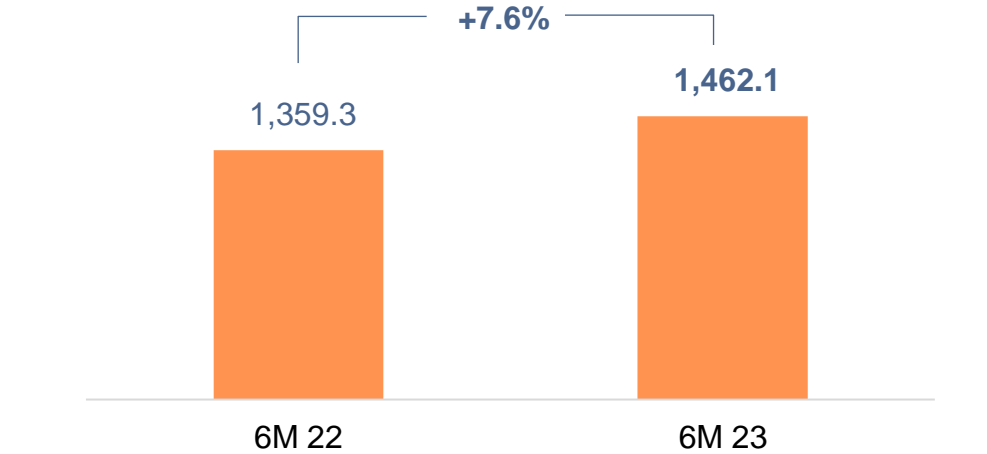
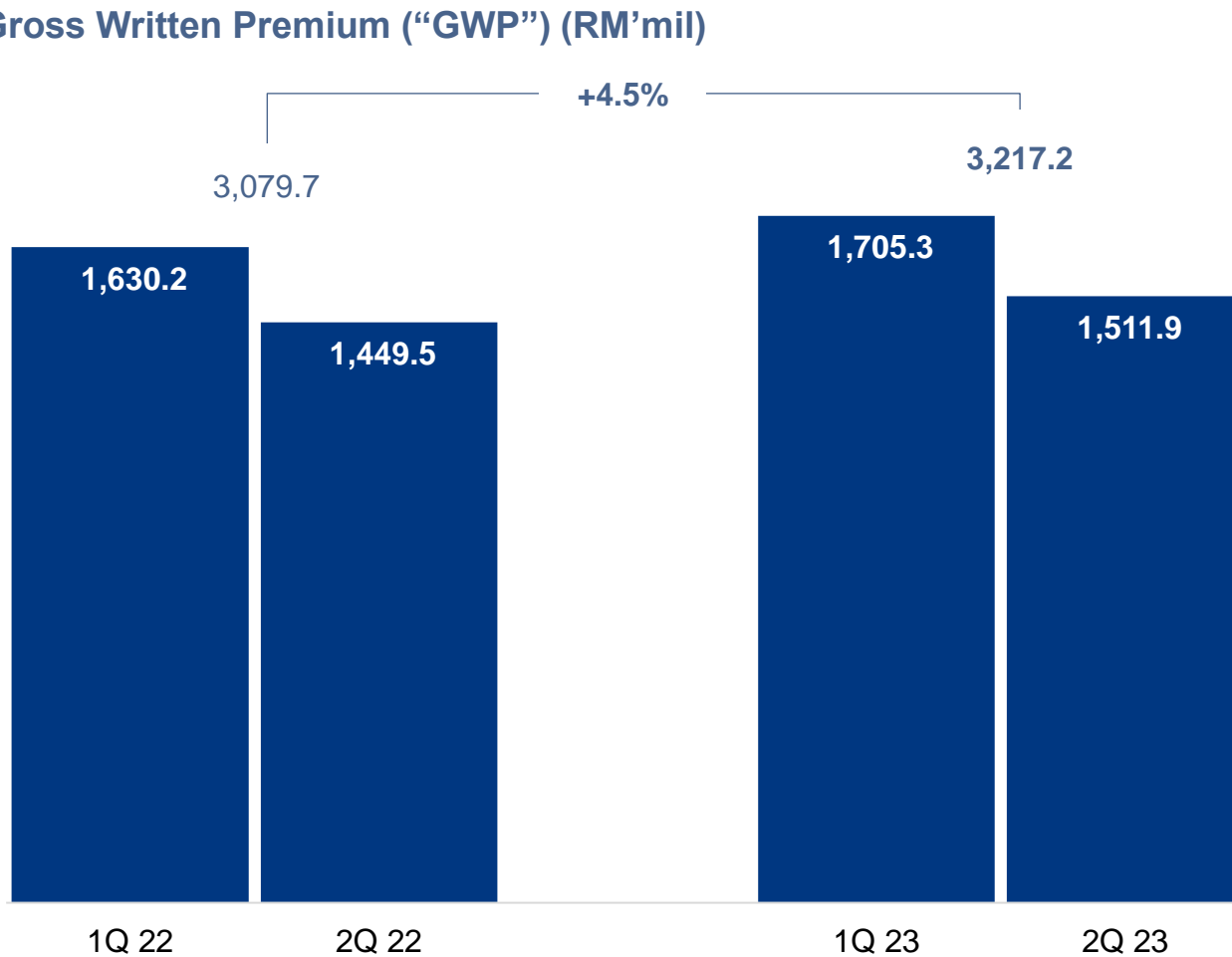
### Profitability

- Group profit before tax of RM455.2 million, increased by 6.4% (6M 2022: RM428.0 million) due to higher profit contribution from general insurance segment.
- General business contributed a profit before tax of RM263.8 million, an increase of 17.9% (6M 2022: RM223.7 million). The increase was attributable to higher insurance service results and positive fair value movement from investment. Net combined ratio was 85.4% as at 6M 2023 (6M 2022: 85.2%).
- Life insurance business recorded a profit before tax of RM195.2 million (6M 2022: RM217.8 million), a reduction due to normalised claims experience from investment-linked protection business in current year as compared to 6M 2022.

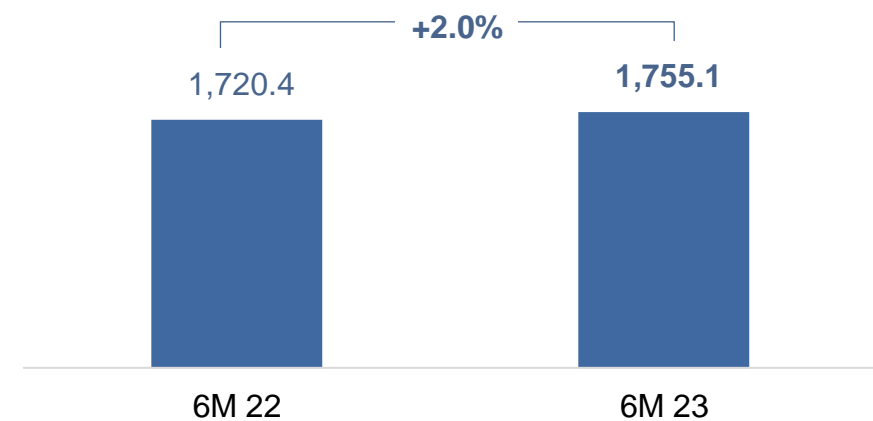
# FINANCIAL HIGHLIGHTS 6M 2023

**Group** **General Insurance**

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



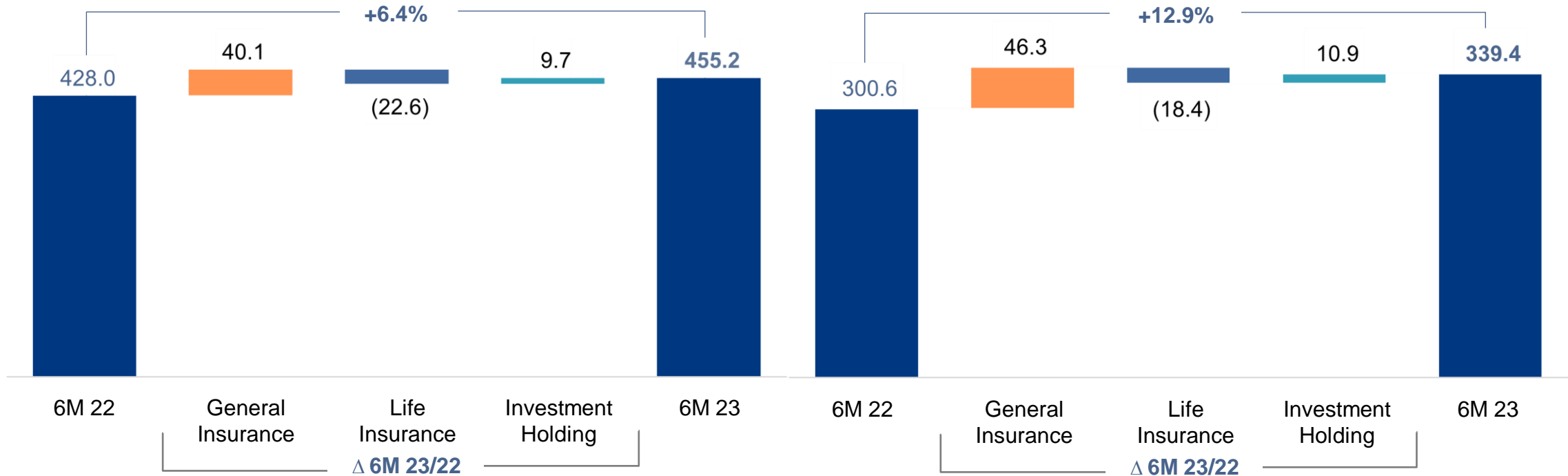
**Life Insurance**



# FINANCIAL HIGHLIGHTS 6M 2023

## Profit Before Tax drivers (RM'mil)

## Profit After Tax drivers (RM'mil)

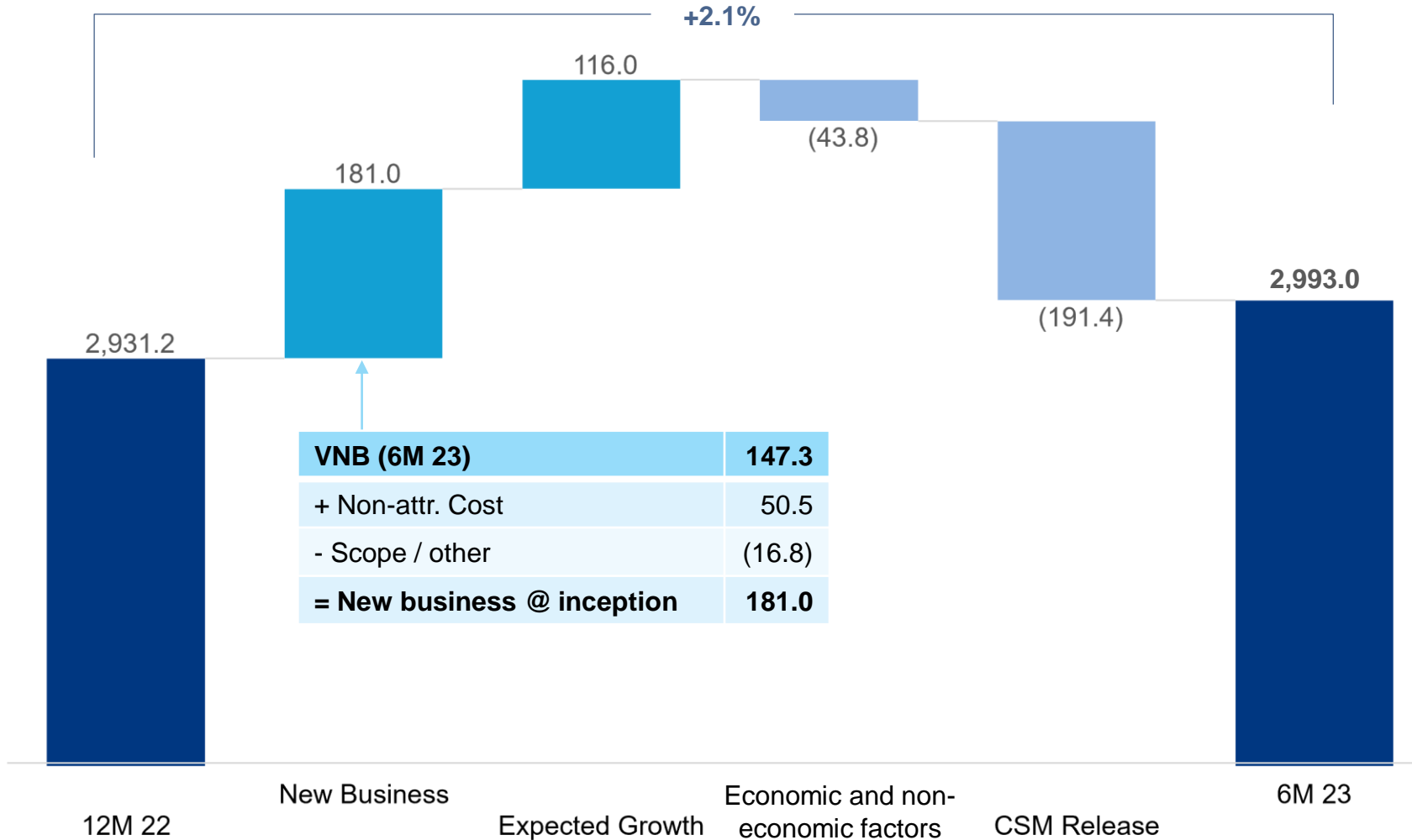


6M 2022	223.7	217.8	(13.5)	428.0
6M 2023	263.8	195.2	(3.8)	455.2
Change	40.1	(22.6)	9.7	27.2
Change (%)	17.9%	(10.4%)	71.9%	6.4%

6M 2022	152.4	163.1	(14.9)	300.6
6M 2023	198.7	144.7	(4.0)	339.4
Change	46.3	(18.4)	10.9	38.8
Change (%)	30.4%	(11.3%)	73.2%	12.9%

# LIFE BUSINESS: CSM GROWTH GOOD AT 2.1%

Contractual Service Margin (RM'mil)



<b>CSM (net)</b>	<b>1,986.2</b>
Reinsurance	110.5
Non-attributable cost	269.1
Tax	627.2
<b>CSM (gross)</b>	<b>2,993.0</b>

## FINANCIAL OVERVIEW

### MFRS 4 BASIS

RM'mil	2020	2021	2022	3 YEAR CAGR (2019-2022)
Gross Written Premiums	5,305.2	5,689.6	6,021.7	6.9%
CSM Release	N/A	N/A	N/A	N/A
Expense Ratio (Non Life) <sup>1</sup>	32.9%	31.2%	29.6%	2.3 pts
Expense Ratio (Life) <sup>2</sup>	9.4%	9.9%	9.9%	0.6 pts
Local Consolidated PBT	729.6	625.6	704.4	0.6%
Total Assets	21,896.7	23,643.5	24,683.1	7.8%
Shareholders' Equity	4,031.5	4,144.2	4,230.0	4.8%
Dividends declared	220.44	239.35	322.88	9.3%
Diluted earnings per ordinary share (sen)	150.29	138.29	136.60	(1.4%)

### MFRS 9/17 BASIS

6M 2022	6M 2023	12M 2022
3,079.7	3,217.2	6,023.0
183.6	191.4	368.6
26.8%	25.6%	26.7%
9.6%	10.9%	9.8%
428.0	455.2	873.6
22,926.3	24,746.1	23,892.0
4,580.8	4,986.4	4,677.2
60.78	119.65	322.88
86.86	98.02	177.29

Note 1 : Expense ratio for Non Life insurance segment consists of commission and management expense (MFRS 4); both attributable and non attributable acquisition and administration expenses (MFRS 17).

Note 2 : Expense ratio for Life insurance segment weighted for 10% of Single Premium.



## SUMMARY OF UNAUDITED FINANCIAL RESULTS

RM'mil	6M 2022	6M 2023	△23/22 %
<b>Insurance revenue</b>	2,145.9	2,326.1	8.4%
Claims and benefits	(1,040.8)	(1,190.4)	14.4%
Acquisition and administrative expenses (net)	(526.7)	(558.4)	6.0%
Reversal of losses/(Losses) on onerous contracts	12.4	(9.8)	(>100%)
<b>Insurance service expenses</b>	(1,555.1)	(1,758.6)	13.1%
Reinsurance result	(123.8)	(137.9)	11.4%
<b>Insurance service results</b>	467.0	429.6	(8.0%)
Investment return	-	467.4	>100%
Net (re-)insurance finance income/(expenses)	34.6	(367.5)	(>100%)
<b>Net financial and investment results</b>	501.6	529.5	5.6%
Other operating income	0.3	0.4	33.3%
Other operating expenses	(73.9)	(74.7)	1.1%
<b>Profit before tax</b>	428.0	455.2	6.4%
Tax expense	(127.4)	(115.8)	(9.1%)
<b>Profit after tax</b>	300.6	339.4	12.9%

# 02

## GENERAL BUSINESS



# GENERAL BUSINESS

## Comments

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### Gross written premiums

- Gross written premium increased by 7.6% as compared to prior year.

### Profitability

- Higher profit before tax from higher insurance service results and positive fair value movement from investment.

### Distribution and Portfolio

- 56.1% (6M 2022: 58.4%) of GWP from Agency and 30.9% (6M 2022: 29.0%) from Franchise.
- Franchise and Agency were the main growth contributors (14.5% growth for Franchise and 3.4% growth for Agency), with growth mainly coming from Motor class.

### Combined ratio

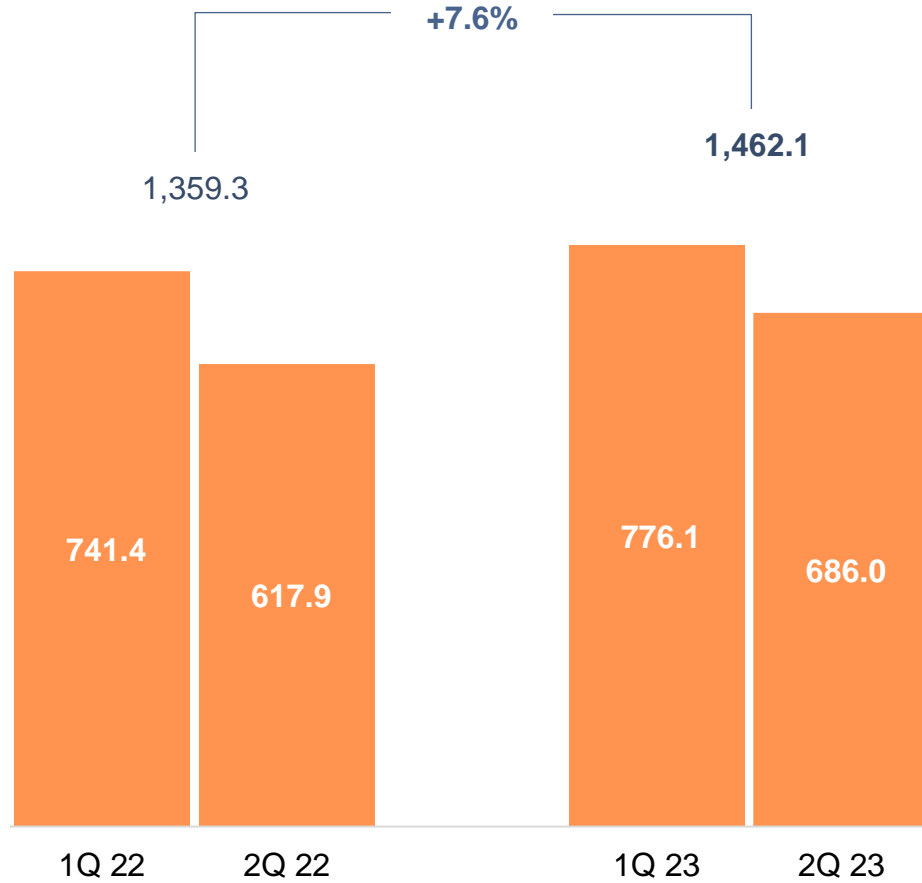
- Higher combined ratio by 0.2 pts contributed by higher claims ratio.

### Market growth

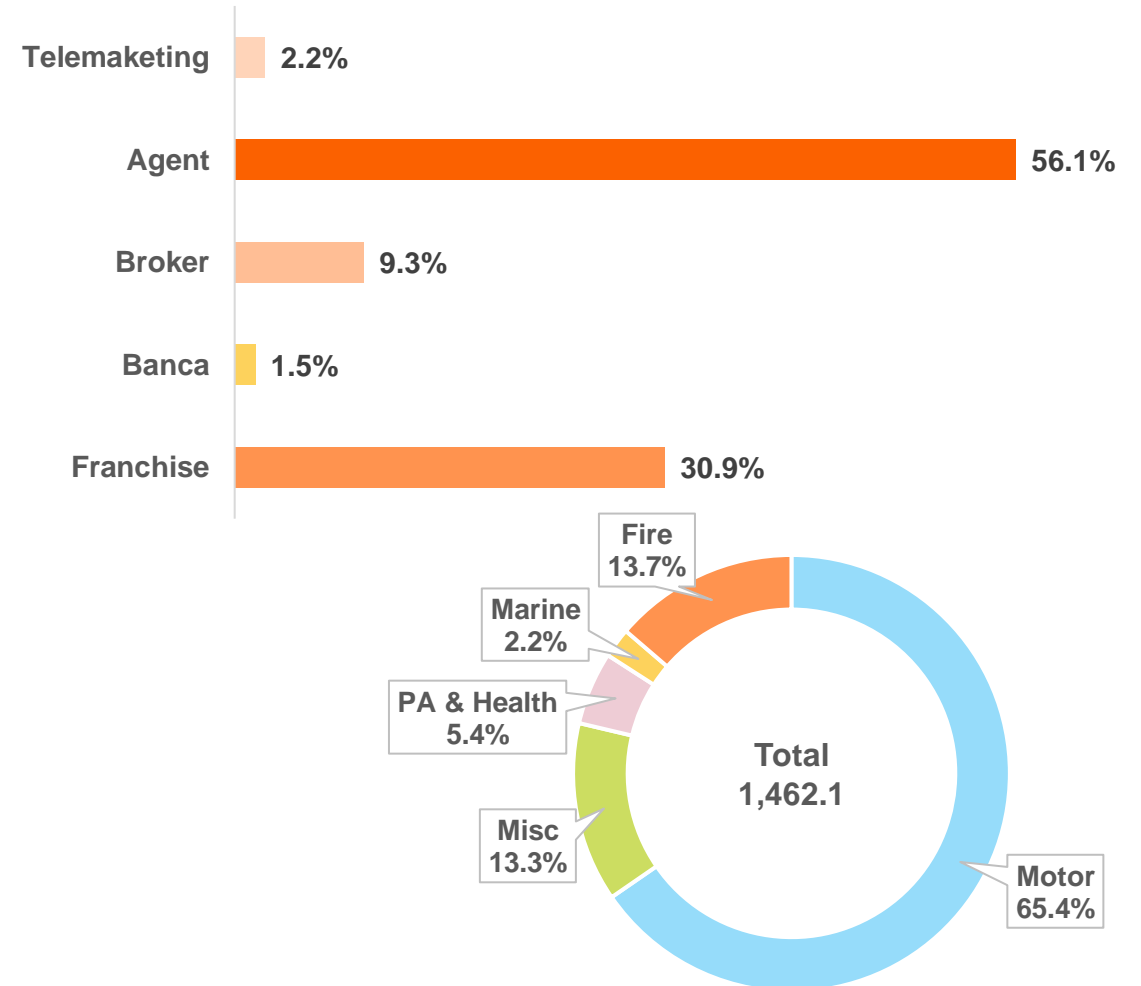
- Market share stood at 13.4% in 6M 2023 (3M 2023: 13.3%).

# GENERAL BUSINESS: GWP IS 7.6% HIGHER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

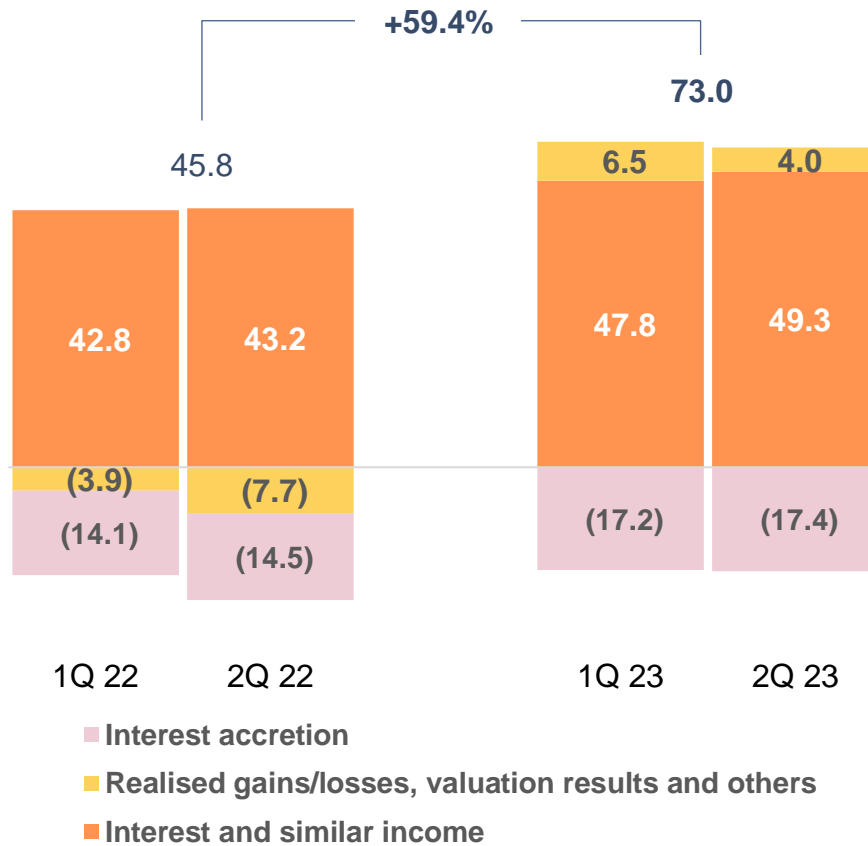


Distribution Channel & Portfolio Mix

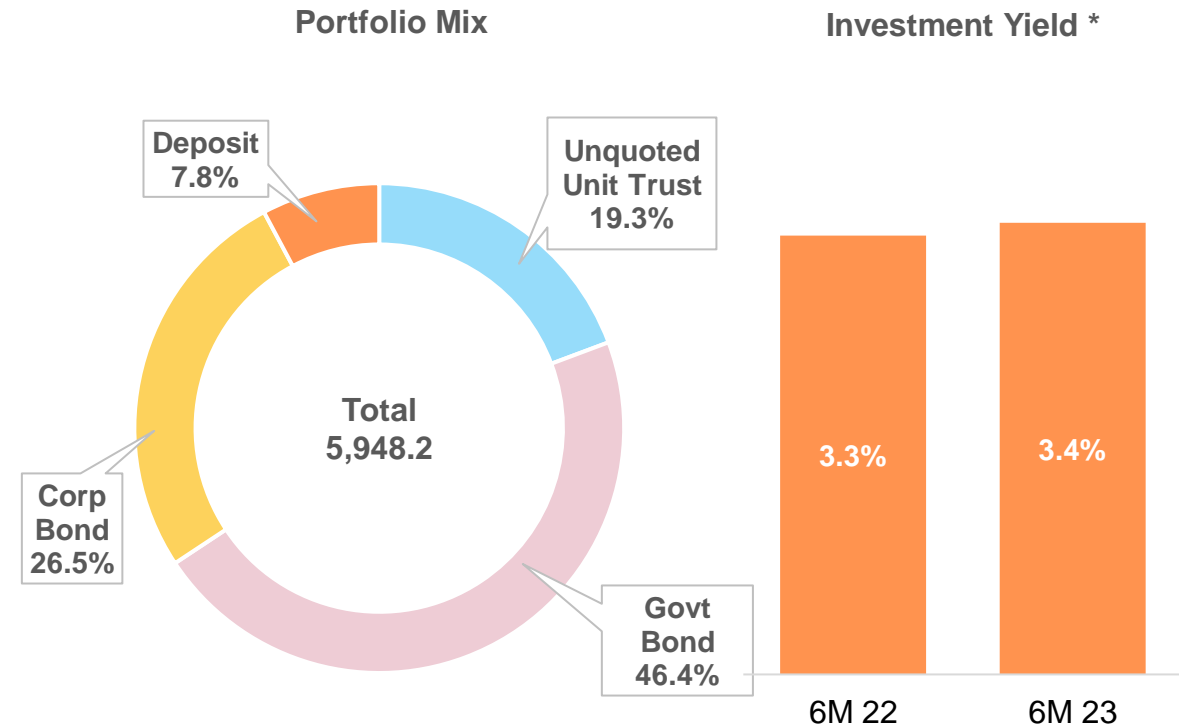


# GENERAL BUSINESS: GROWTH IN INVESTMENT INCOME

Investment Return/  
Net (re-)insurance finance expenses  
(RM'mil)



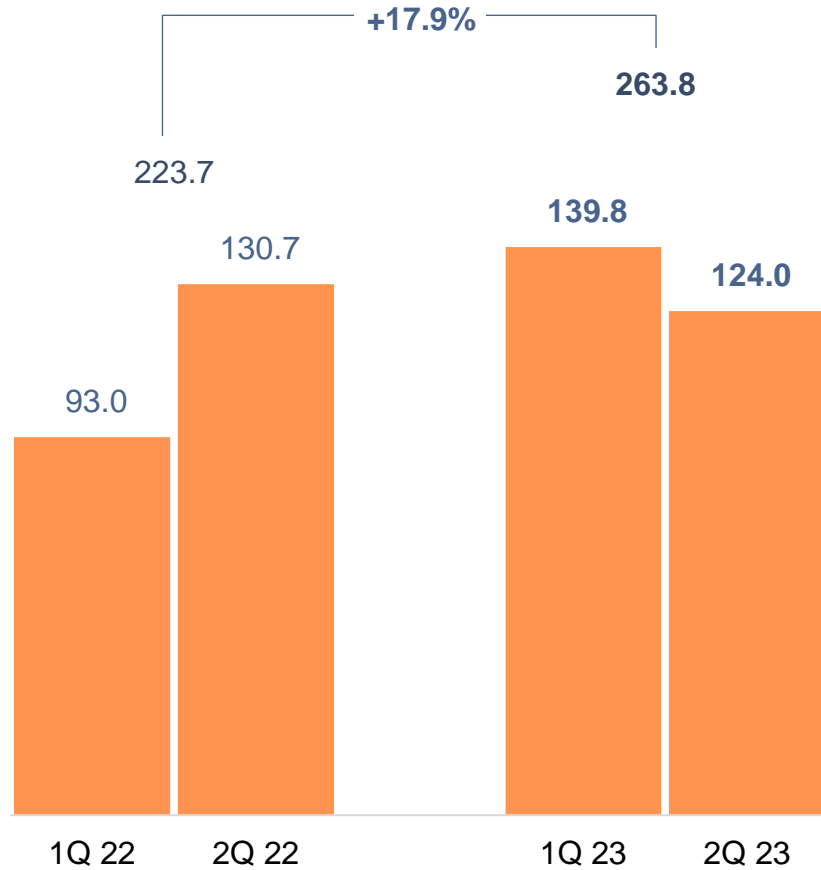
Portfolio Mix and Investment Yield (Annualised)



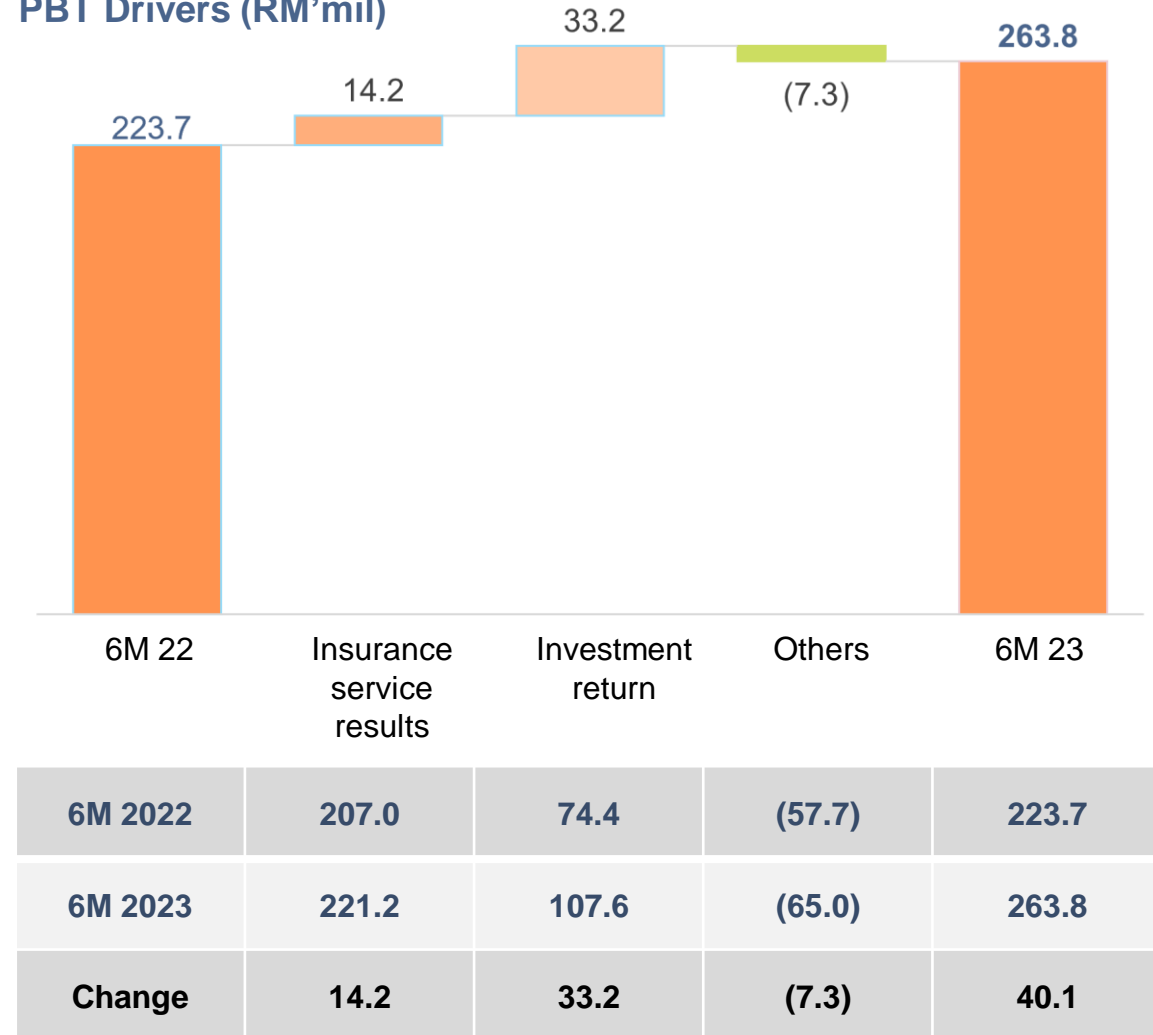
\* Investment yield is excluding fair value gains/losses

# GENERAL BUSINESS: HIGHER PBT FROM HIGHER INVESTMENT RETURN

Profit Before Tax (RM'mil)



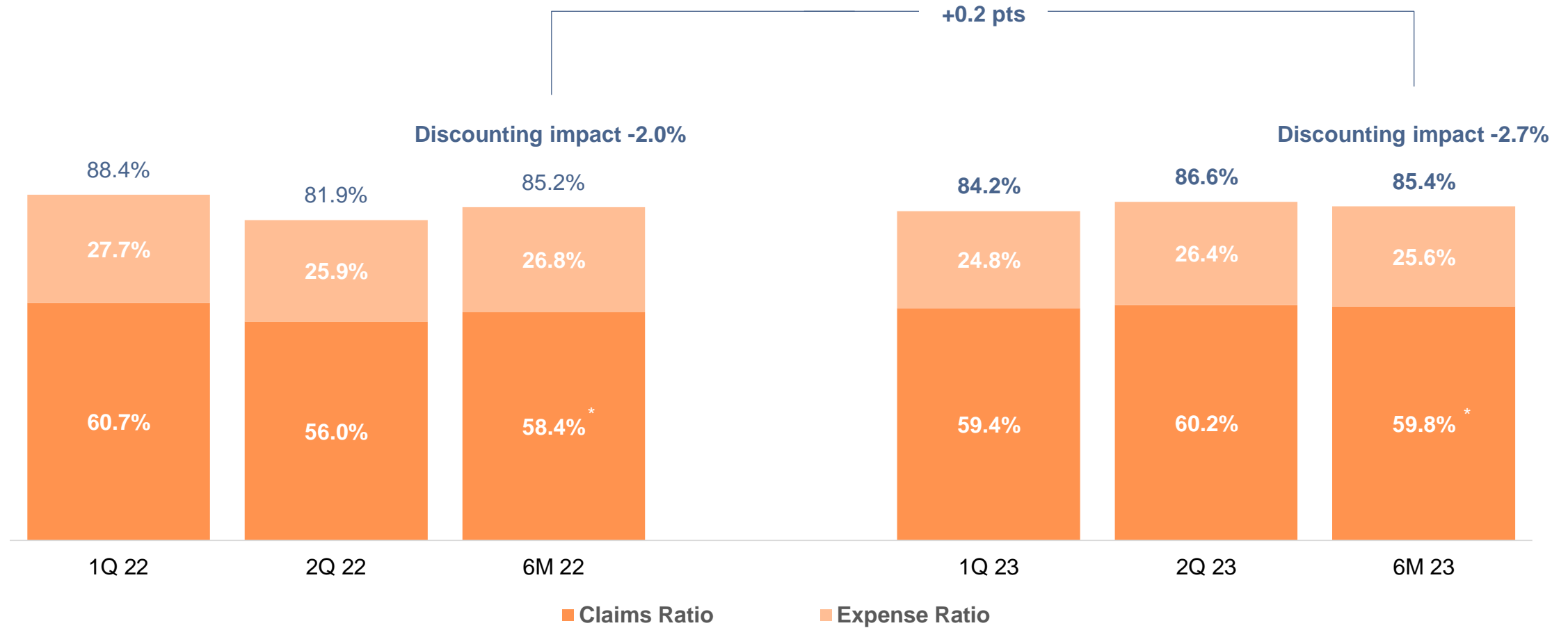
PBT Drivers (RM'mil)



6M 2022	207.0	74.4	(57.7)	223.7
6M 2023	221.2	107.6	(65.0)	263.8
<b>Change</b>	<b>14.2</b>	<b>33.2</b>	<b>(7.3)</b>	<b>40.1</b>

# GENERAL BUSINESS: HIGHER COMBINED RATIO DUE TO HIGHER CLAIMS RATIO

## Combined Ratio



\* Include reinsurance results - reinsurance ratio 7.6% in 6M 22, 12.2% in 6M 23.

## GENERAL BUSINESS: FINANCIAL RESULTS AT A GLANCE

RM'mil	6M 2022	6M 2023	△23/22 %
Insurance revenue	1,236.3	1,327.4	7.4%
Claims	(636.0)	(626.6)	(1.5%)
Acquisition and administrative expenses (net)	(308.1)	(312.5)	1.4%
Reversal of losses/(Losses) on onerous contracts	8.2	(5.5)	(>100%)
Reinsurance result	(93.4)	(161.6)	73.0%
<b>Insurance service result</b>	<b>207.0</b>	<b>221.2</b>	<b>6.9%</b>
Investment return	74.4	107.6	44.6%
Net (re-)insurance finance expenses	(28.6)	(34.6)	21.0%
Other operating income	0.3	0.4	33.3%
Other operating expenses	(29.4)	(30.8)	4.8%
<b>Profit before tax (after consolidation adjustment)</b>	<b>223.7</b>	<b>263.8</b>	<b>17.9%</b>
Claims ratio	58.4%	59.8%	1.4 pts
Expense ratio*	26.8%	25.6%	(1.2 pts)
Combined ratio	85.2%	85.4%	0.2 pts

\* Expense ratio consists of commission and management expense (MFRS 4); both attributable and non attributable acquisition and administration expenses (MFRS 17).



## GENERAL BUSINESS: PERFORMANCE COMPARED TO INDUSTRY (JAN-JUN 2023)

KPIs	AGIC 6M 2023	Industry <sup>1</sup> 6M 2023	Takaful <sup>1</sup> 6M 2023
<b>GWP growth</b>	<b>7.7% *</b>	<b>8.0%</b>	<b>20.1%</b>
<b>Market Share (6M 2023) <sup>2</sup></b>	<b>13.4%</b>		
<b>Market Ranking (3M 2023) <sup>3</sup></b>	<b>No. 1</b>		

### Notes:

- 1) Source: ISM Market Performance Report Jan-Jun 2023 (General Insurance & General Takaful) – ISM statistic exclude business outside of Malaysia.
- 2) Source: AGIC Revenue Account and ISM Market Performance Report Jan-Jun 2023
- 3) Source: ISM Market Performance Report Jan-Mar 2023

\* GWP growth is 12.0% excluding premium contribution from the Perlindungan Tenang Voucher incentive in prior year, which has since been discontinued by the Government in December 2022.

# 03

## LIFE

## BUSINESS



 **Comments****Gross written premiums**

- Gross written premiums grew by 2.0% with growth from Agency and Employee Benefit.

**Market growth**

- ANP increased by 6.0%, while industry increased by 6.9%.<sup>1</sup>
- Market share 6M 2023 stood at 9.3% (6M 2022: 9.4%).
- Agency investment linked market share grew to 9.5% (6M 2022: 8.7%)

**Distribution**

- Agency ANP for investment linked increased by 17.5% while Bancassurance increased by 20.1%.
- Focus on strategy to intensify agency recruitment and uplift agency 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 grew by 22.3% and 3.6%.

**Profitability**

- Profit before tax of RM195.2 million (6M 2022: RM217.8 million), a reduction due to normalised claims experience from investment-linked protection business in current year as compared to 6M 2022.

**Value of new business**

- New business value was RM147.3 million, decreased by 2.6% due mainly to increase in acquisition expenses.

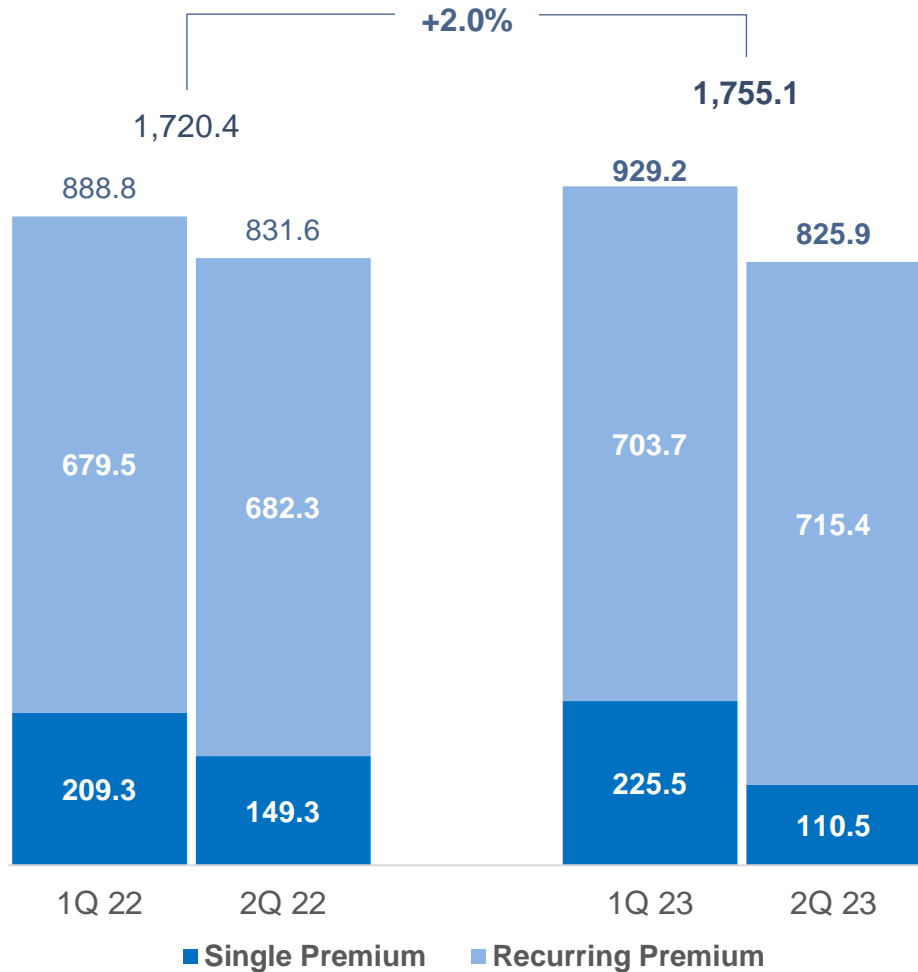
**CSM**

- As at 30 June 2023, CSM was at RM2.99 billion, an increase of RM61.8 million from the end of 2022. The growth in CSM is contributed by new business generated, in-force movements offset by releases for the period.

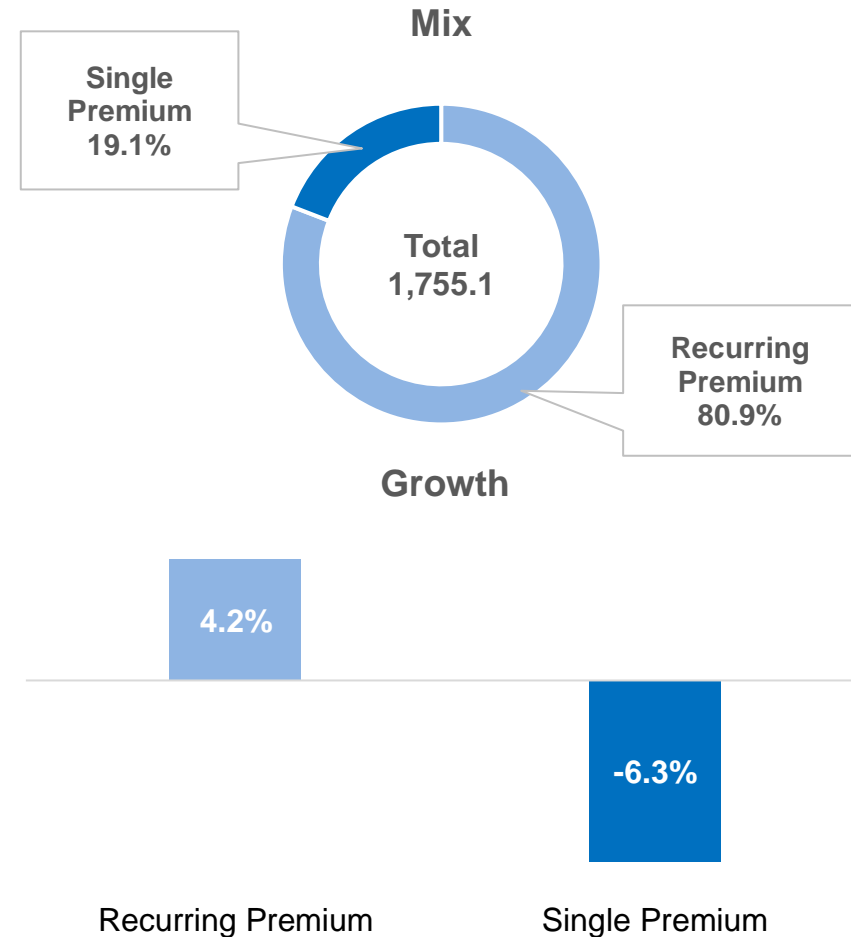
Note1: Market share based on statistics from LIAM.

# LIFE BUSINESS: Y-O-Y GROWTH DRIVEN BY RECURRING PREMIUM

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

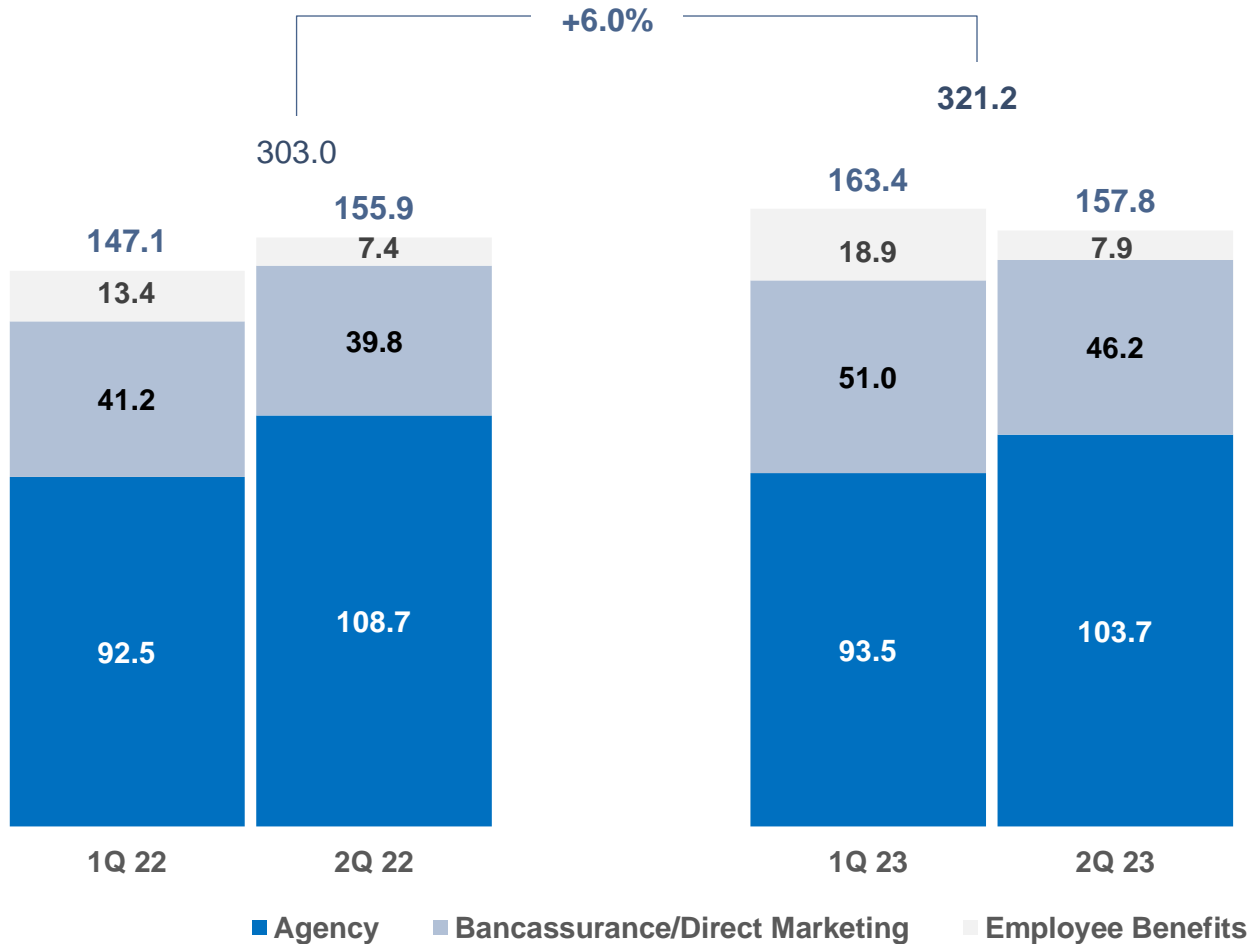


GWP Mix & Growth (%) (6M 2023)

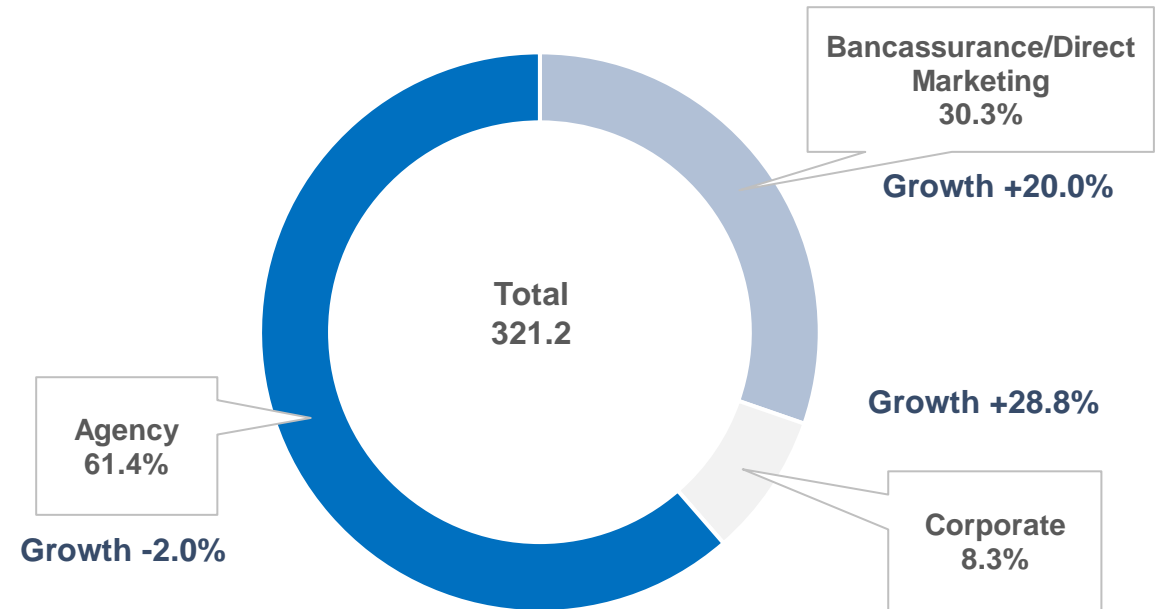


# LIFE BUSINESS: GROWTH IN ANP DRIVEN BY BANCASSURANCE AND EMPLOYEE BENEFIT

Annualised New Premiums (“ANP”) (RM’mil)

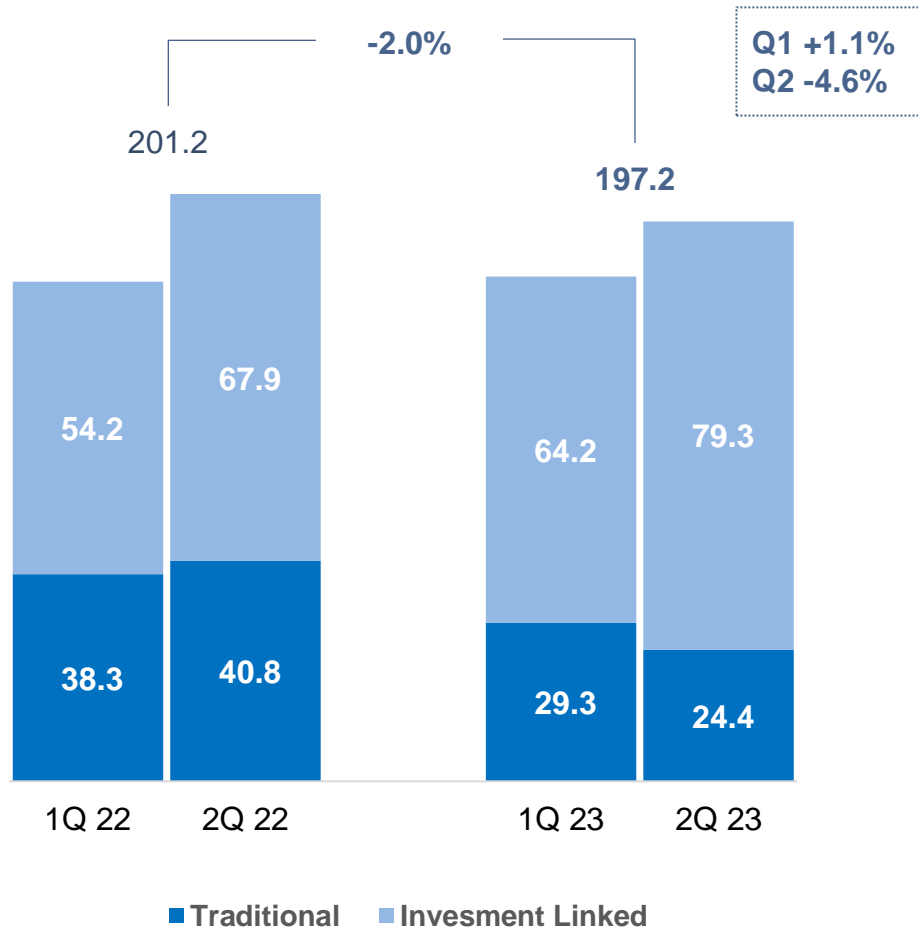


ANP Channel Mix (%) (6M 2023)

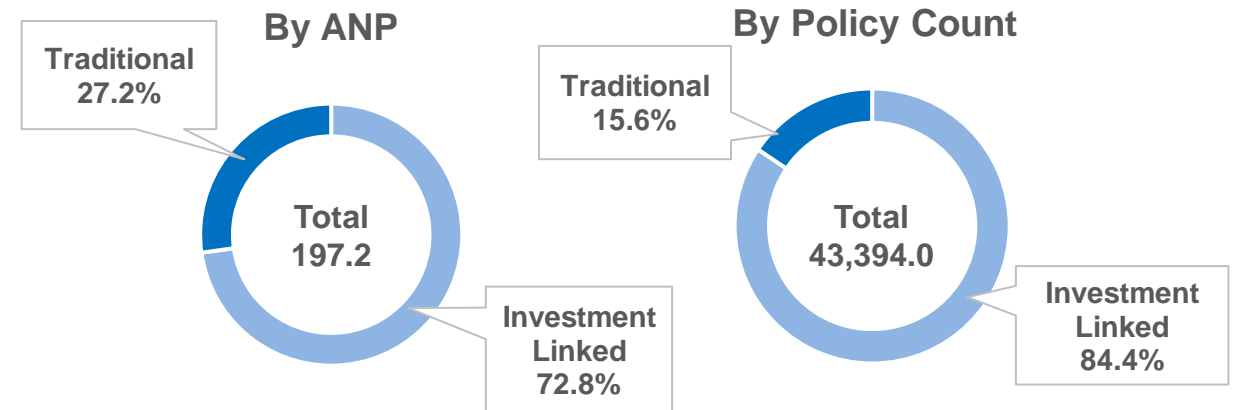


# LIFE BUSINESS (AGENCY): CONTINUE FOCUS ON PREFERRED SEGMENT OF REGULAR INVESTMENT-LINKED PRODUCTS WITH BETTER MARGINS

Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (6M 2023)

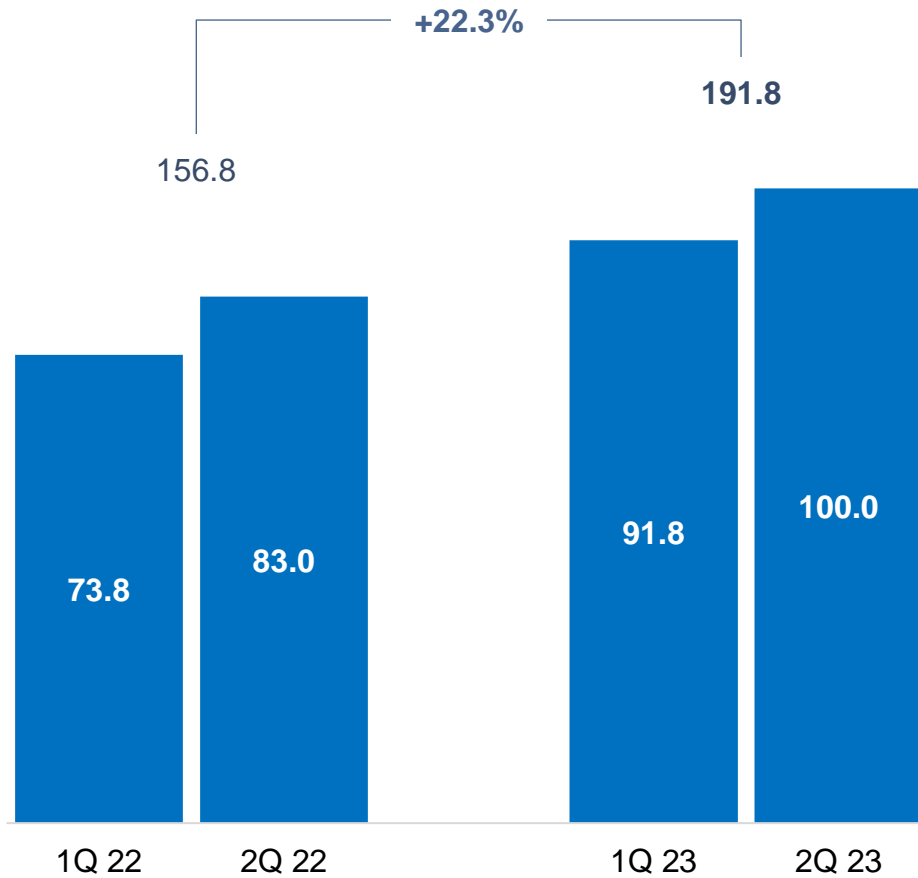


Agency ANP Growth (%) (6M 2023)

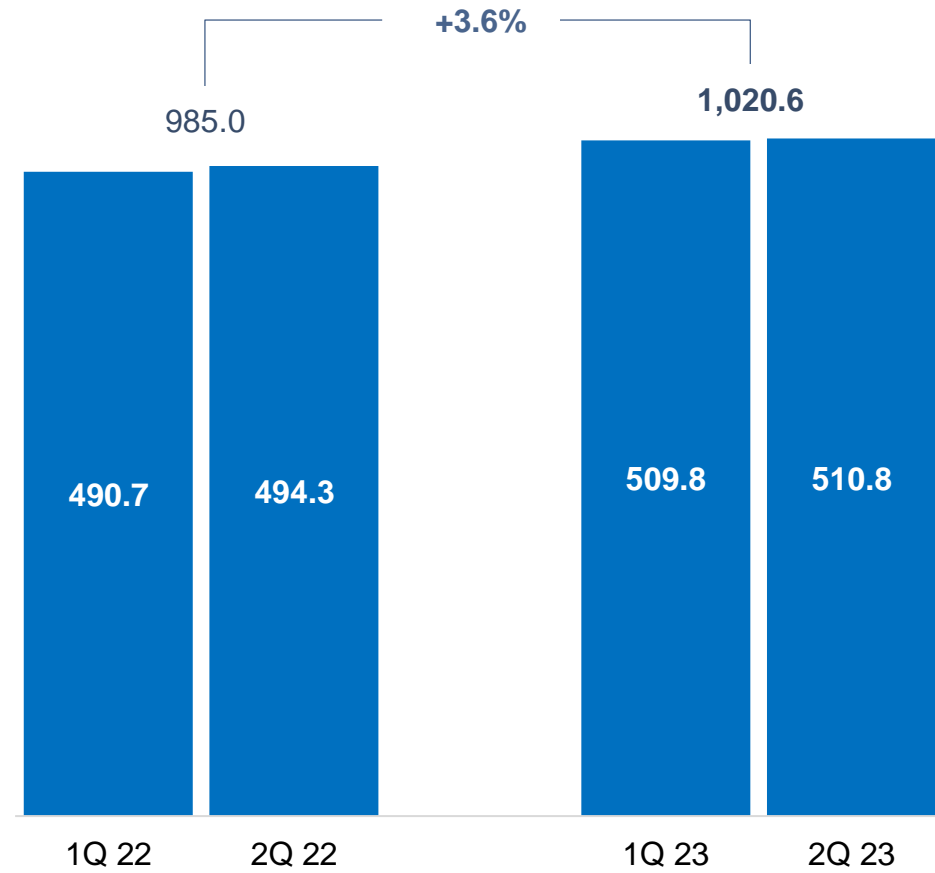


# LIFE BUSINESS: DOUBLE DIGITS GROWTH OF INVESTMENT-LINKED WITH PROTECTION FEATURES

Annualised New Premiums (RM'mil)

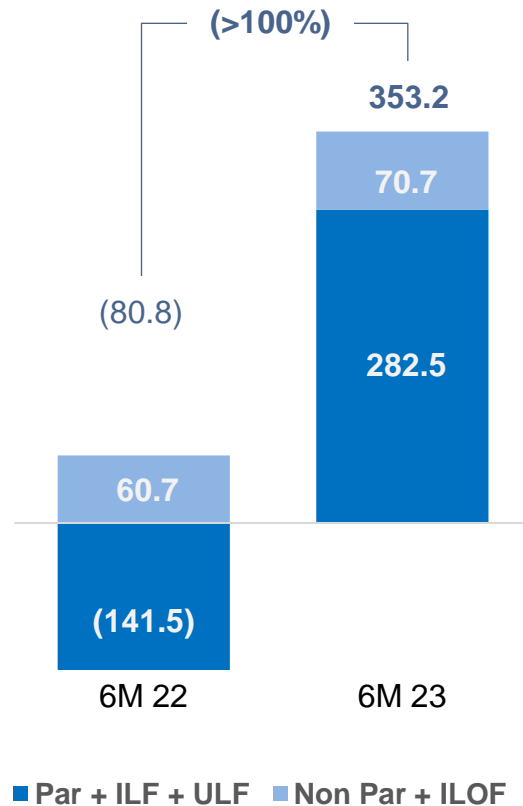


Gross Written Premiums (RM'mil)

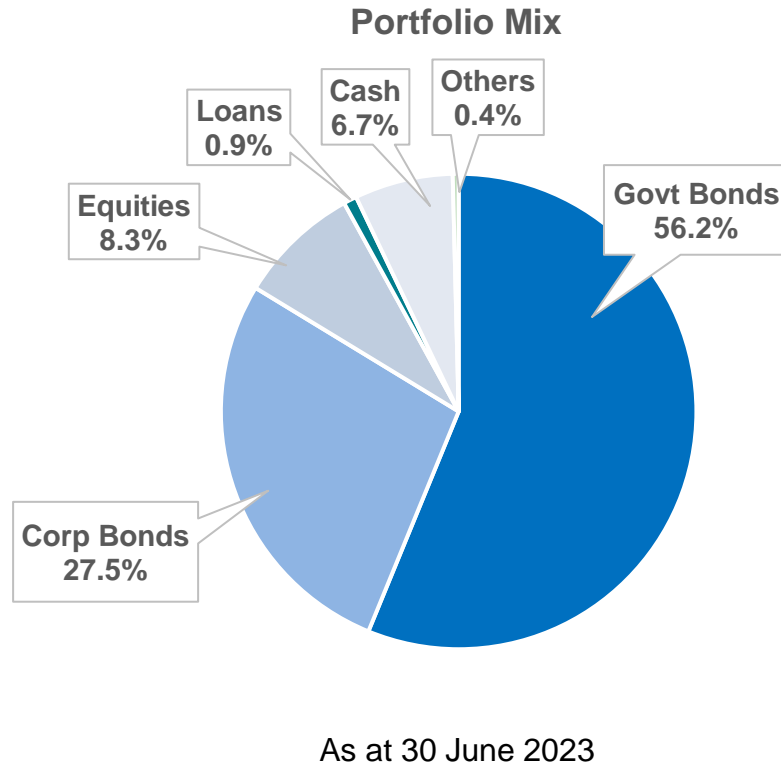


# LIFE BUSINESS: GROWTH IN INVESTMENT INCOME

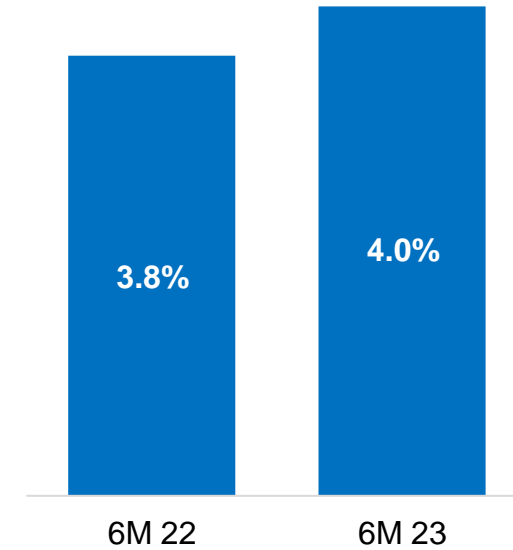
Investment Income by funds (RM'mil)



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



Investment Yield (Annualised)



Note: Investment return exclude fair value gains/ (losses).



## LIFE BUSINESS: FINANCIAL RESULTS AT A GLANCE

RM'mil	6M 2022	6M 2023	△23/22 %
<b>Insurance revenue</b>	909.6	998.7	9.8%
- Release contractual service margin	183.6	191.4	4.2%
- Release of expected cash flows, risk adjustments and others	726.0	807.3	11.2%
<b>Claims and benefits</b>	(400.1)	(563.8)	40.9%
<b>Acquisition and administrative expenses (net)</b>	(218.6)	(245.9)	12.5%
<b>Reversal of losses/(Losses) on onerous contracts</b>	4.2	(4.3)	(>100%)
<b>Reinsurance result</b>	(30.4)	23.7	(>100%)
<b>Insurance service result</b>	264.7	208.4	(21.3%)
<b>Investment return</b>	(80.8)	353.2	(>100%)
<b>Net insurance finance income/(expenses)</b>	67.4	(333.0)	(>100%)
<b>Net reinsurance finance (expenses)/income</b>	(4.2)	0.1	(>100%)
<b>Other operating expenses</b>	(29.3)	(33.5)	14.3%
<b>Profit before tax (after consolidation adjustment)</b>	217.8	195.2	(10.4%)
<b>Annualised new premiums</b>	303.0	321.2	6.0%
<b>Expense ratio (LF+SHF)</b>	9.6%	10.9%	1.3 pts
<b>Local investment yield (LF+SHF)</b>	(0.4%)	5.2%	5.6 pts
<b>Block persistency ratio</b>	87.4%	85.4%	(2.0 pts)

**THANK YOU  
FOR YOUR ATTENTION**

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