



**ALLIANZ MALAYSIA
BERHAD** (197201000819)

Q3 2023

**FINANCIAL RESULTS
MFRS 9/17**

Analyst Briefing
24 November 2023

Allianz 

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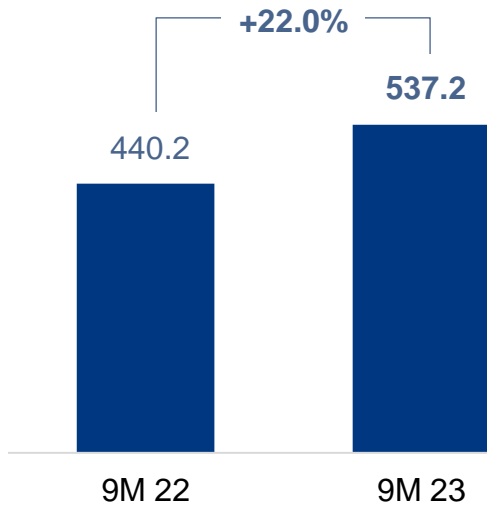
AMB GROUP FINANCIAL RESULTS



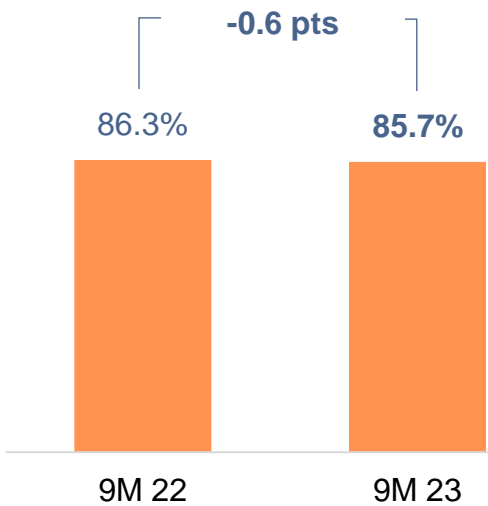
FINANCIAL HIGHLIGHTS 9M 2023

Group	General Insurance	Life Insurance	
Gross Written Premium (RM'mil)			
4,947.9 (+8.3%)	2,251.1 (+11.4%)	2,696.8 (+5.8%)	
Insurance Revenue (RM'mil)			
3,632.1 (+11.3%)	2,034.3 (+7.7%)	1,597.8 (+16.2%)	
Profit Before Tax (RM'mil)			
717.5 (+13.7%)	405.0 (+18.8%)	320.0 (+4.0%)	

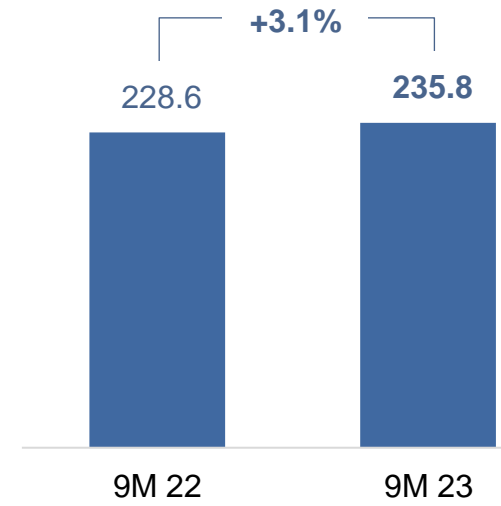
Shareholders' net income
(in RM'mil)



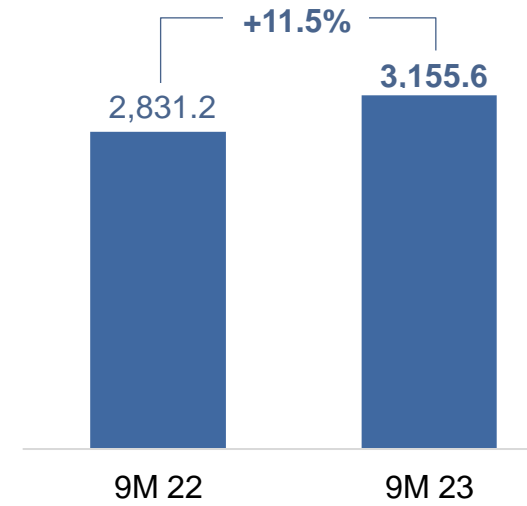
Combined ratio
(in %)



New business value
(in RM'mil)



Contractual service margin
(in RM'mil)



STRONG PERFORMANCE WITH ROBUST TOP LINE GROWTH AND RESILIENT EARNINGS

Comments

Insurance revenue

- Group insurance revenue of RM3.63 billion, an increase of 11.3% from RM3.26 billion in 2022 due to strong insurance revenue from both insurance segments.
- General business recorded an insurance revenue of RM2.03 billion, an increase of 7.7% compared to corresponding period of RM1.89 billion mainly from increase in gross earned premium from motor business.
- Life business recorded an insurance revenue of RM1.60 billion, an increase of 16.2% compared to corresponding period of RM1.38 billion 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 266.13 sen (9M 2022: 229.30 sen).
- Diluted earnings per ordinary share at 155.17 sen (9M 2022: 127.18 sen).

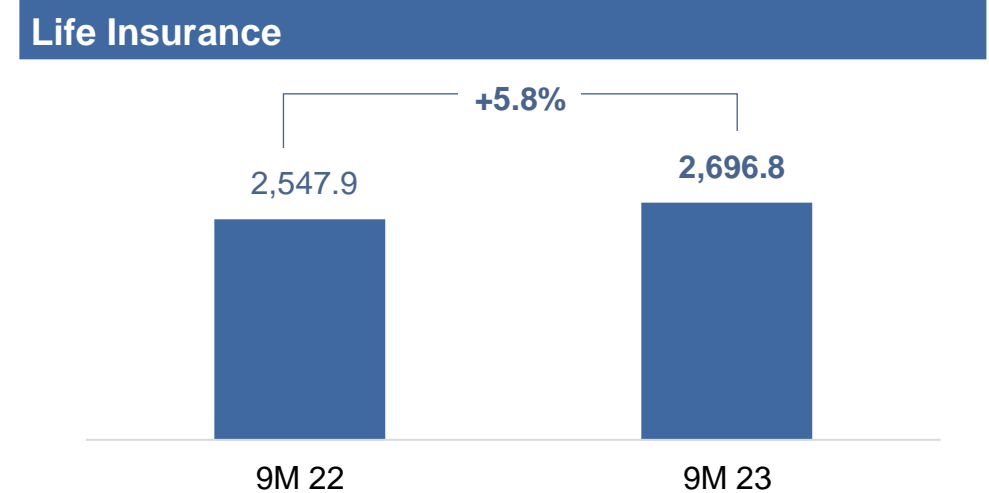
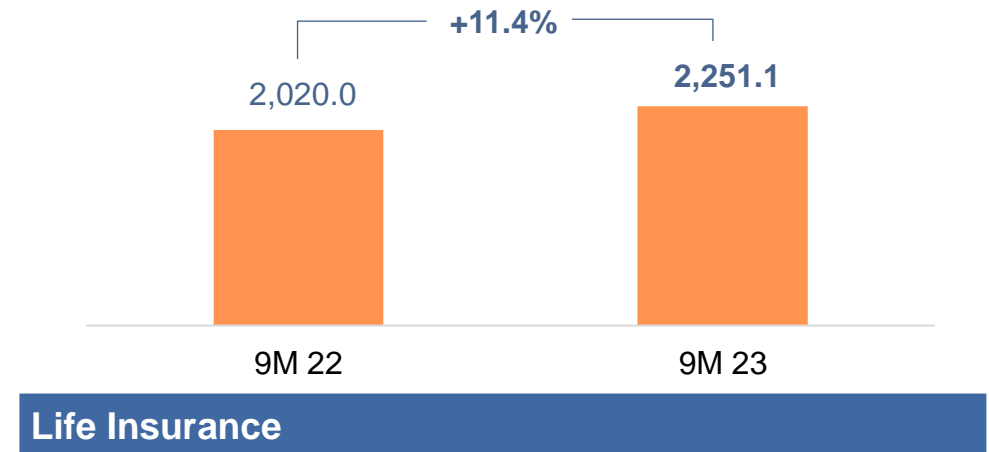
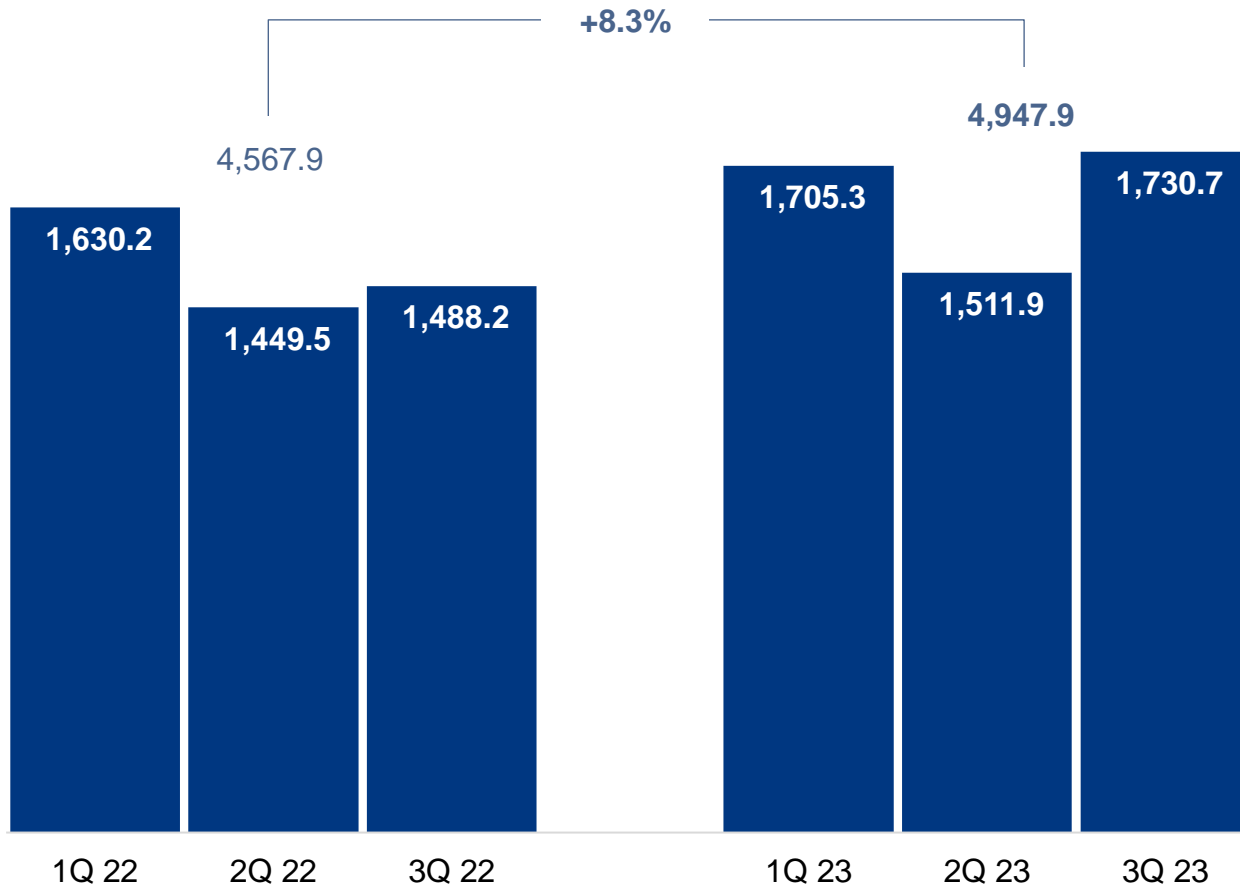
Profitability

- Group profit before tax of RM717.5 million, increased by 13.7% (9M 2022: RM630.9 million) due to higher profit contribution from both insurance segments.
- General business contributed a profit before tax of RM405.0 million, an increase of 18.8% (9M 2022: RM340.8 million). The increase was attributable to higher insurance service results and positive fair value movement from investment. Net combined ratio was 85.7% as at 9M 2023 (9M 2022: 86.3%).
- Life insurance business recorded a profit before tax of RM320.0 million (9M 2022: RM307.8 million) due to higher net insurance and investment results.

FINANCIAL HIGHLIGHTS 9M 2023

Group | **General Insurance**

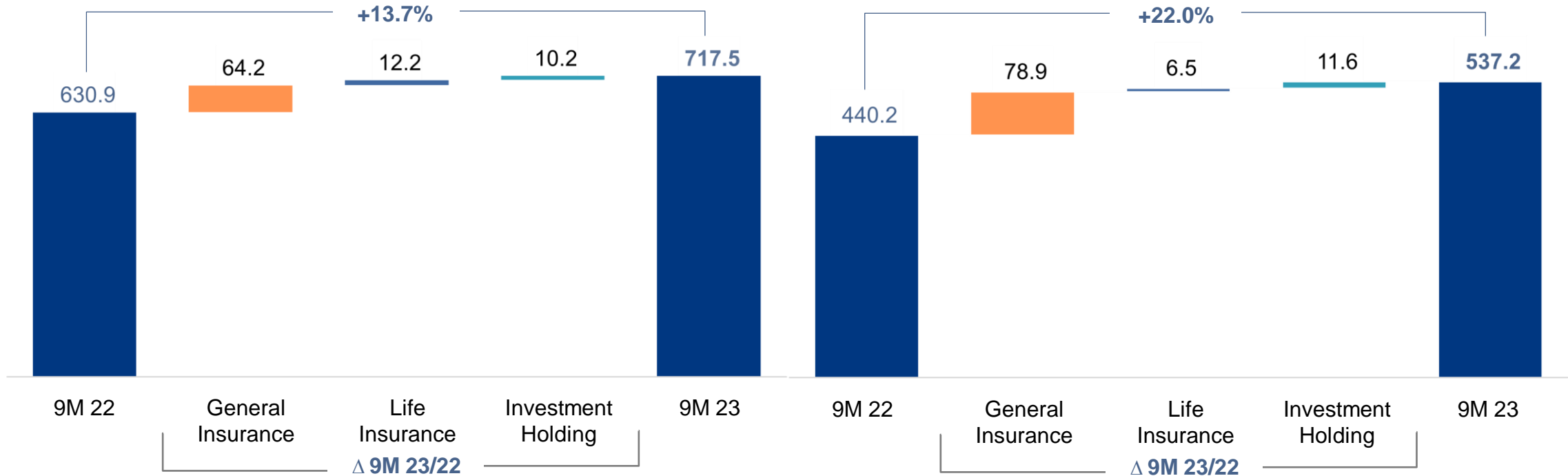
Gross Written Premium (“GWP”) (RM’mil)



FINANCIAL HIGHLIGHTS 9M 2023

Profit Before Tax drivers (RM'mil)

Profit After Tax drivers (RM'mil)

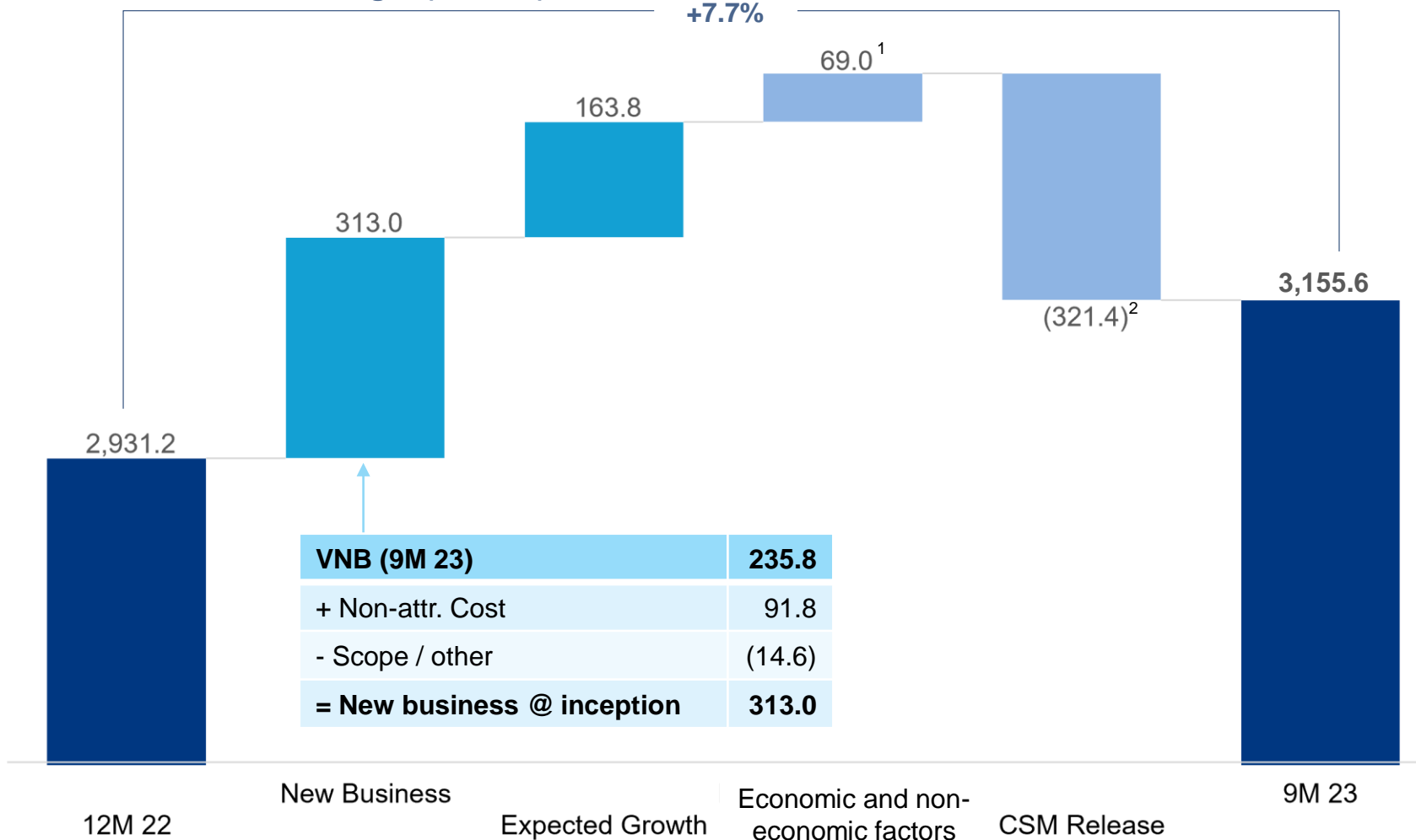


9M 2022	340.8	307.8	(17.7)	630.9
9M 2023	405.0	320.0	(7.5)	717.5
Change	64.2	12.2	10.2	86.6
Change (%)	18.8%	4.0%	57.6%	13.7%

9M 2022	227.9	230.8	(18.5)	440.2
9M 2023	306.8	237.3	(6.9)	537.2
Change	78.9	6.5	11.6	97.0
Change (%)	34.6%	2.8%	62.7%	22.0%

LIFE BUSINESS: CSM GROWTH GOOD AT 7.7%

Contractual Service Margin (RM'mil)



CSM (net)	2,055.8
Reinsurance	139.0
Non-attributable cost	311.6
Tax	649.2
CSM (gross)	3,155.6

Note 1 : Increase in CSM is driven by the change in non-financial assumptions mainly due to revision for persistency and mortality assumption.

Note 2 : Higher CSM release due to non-financial assumption update.

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) ¹	32.9%	31.2%	29.6%	2.3 pts
Expense Ratio (Life) ²	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

9M 2022	9M 2023	12M 2022
4,567.9	4,947.9	6,023.0
274.5	321.4	368.6
27.1%	26.3%	26.7%
9.6%	11.2%	9.8%
630.9	717.5	873.7
23,070.3	25,149.0	23,892.0
4,678.4	5,163.0	4,677.2
60.78	119.65	322.88
127.18	155.17	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	9M 2022	9M 2023	△23/22 %
Insurance revenue	3,264.4	3,632.1	11.3%
Claims and benefits	(1,689.6)	(1,899.2)	12.4%
Acquisition and administrative expenses (net)	(806.0)	(920.0)	14.1%
Reversal of losses on onerous contracts	8.6	26.0	>100%
Insurance service expenses	(2,487.0)	(2,793.2)	12.3%
Reinsurance result	(156.7)	(200.0)	27.6%
Insurance service results	620.7	638.9	2.9%
Investment return	167.4	789.8	>100%
Net (re-)insurance finance expenses	(38.5)	(595.6)	>100%
Net financial and investment results	749.6	833.1	11.1%
Other operating income	0.9	0.9	0.0%
Other operating expenses	(119.6)	(116.5)	(2.6%)
Profit before tax	630.9	717.5	13.7%
Tax expense	(190.7)	(180.3)	(5.5%)
Profit after tax	440.2	537.2	22.0%

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GENERAL BUSINESS



GENERAL BUSINESS

Comments

Gross written premiums

- Continued growth momentum in the third quarter with gross written premium increased by 11.4% 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

- 55.3% (9M 2022: 57.4%) of GWP from Agency and 30.7% (9M 2022: 29.3%) from Franchise.
- Franchise and Agency were the main growth contributors (16.7% growth for Franchise and 7.4% growth for Agency), with growth mainly coming from Motor class.

Combined ratio

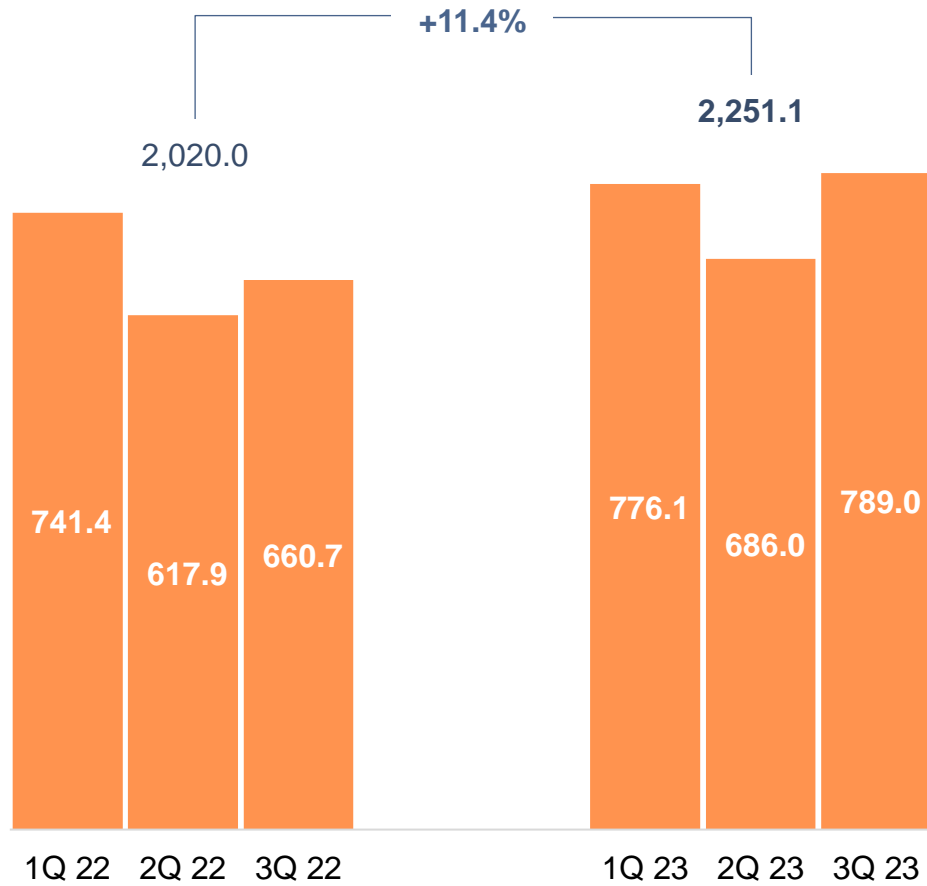
- Lower combined ratio by 0.6 pts contributed by lower expense ratio driven by lower administrative expenses.

Market growth

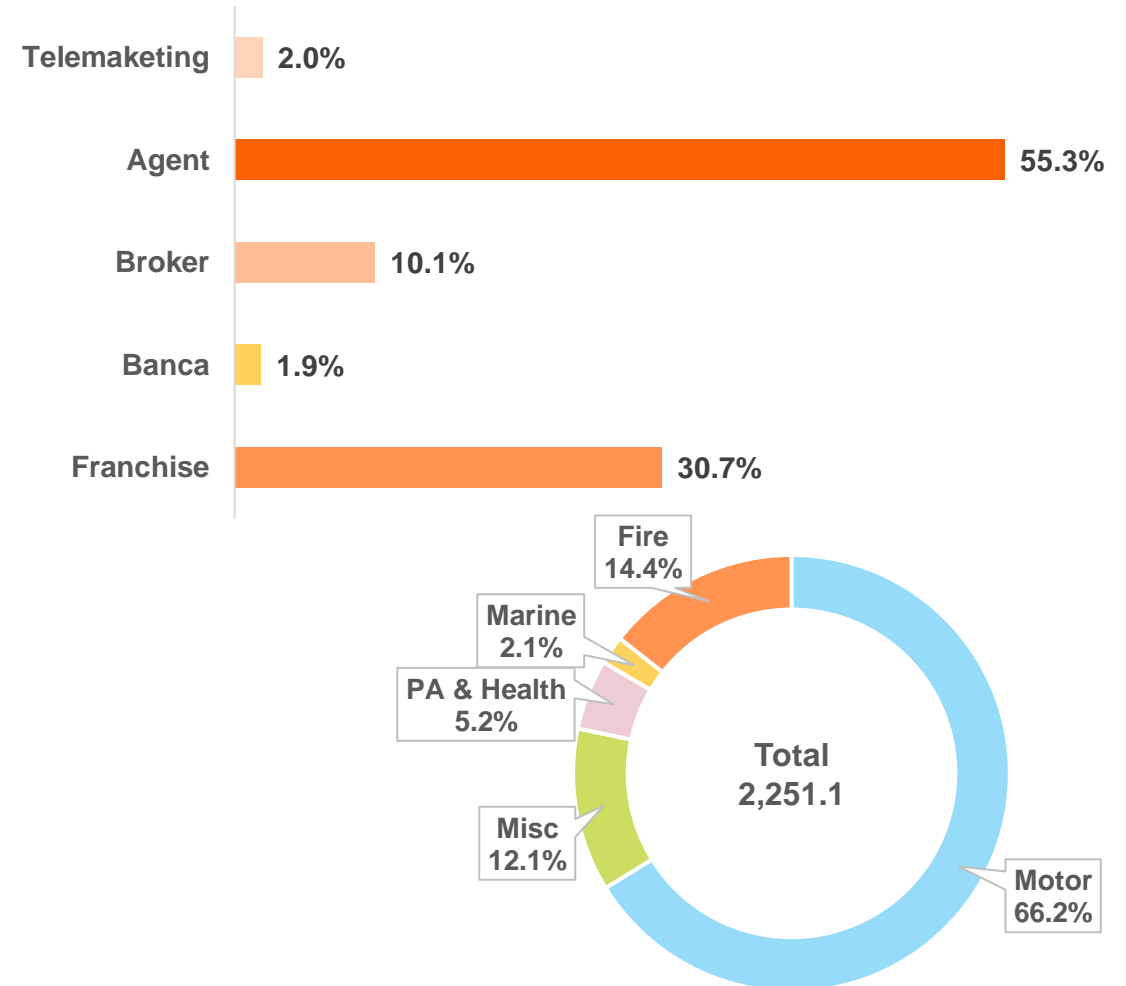
- Market share improved to 13.7% in 9M 2023 as compared to 6M 2023 of 13.4%.

GENERAL BUSINESS: GOOD SALES MOMENTUM WITH DOUBLE DIGIT GWP GROWTH

Gross Written Premium (RM'mil)

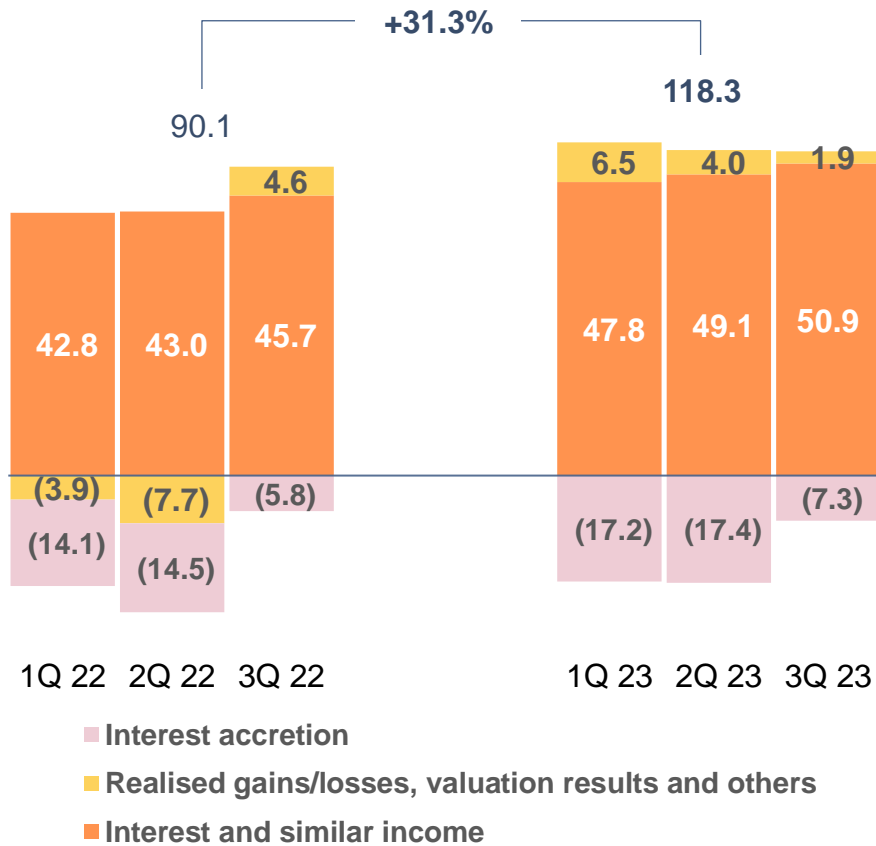


Distribution Channel & Portfolio Mix

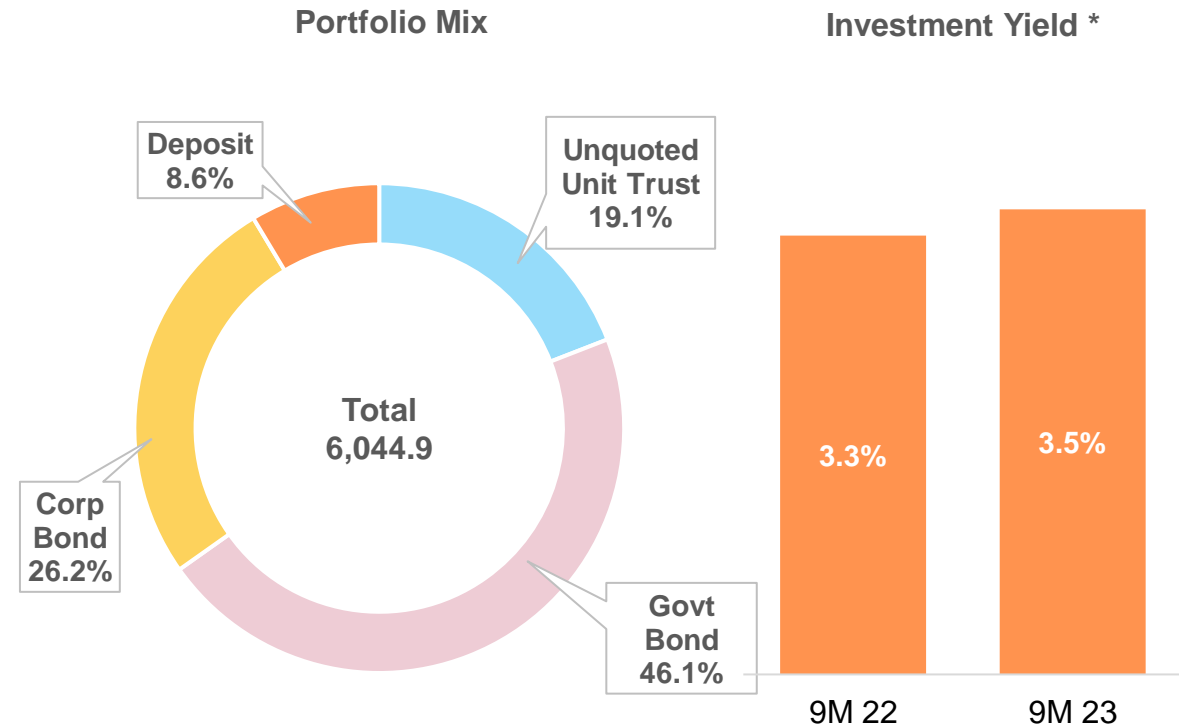


GENERAL BUSINESS: INVESTMENT INCOME CONTINUED TO GROW IN LINE WITH HIGHER YIELD AND INVESTMENT ASSETS

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



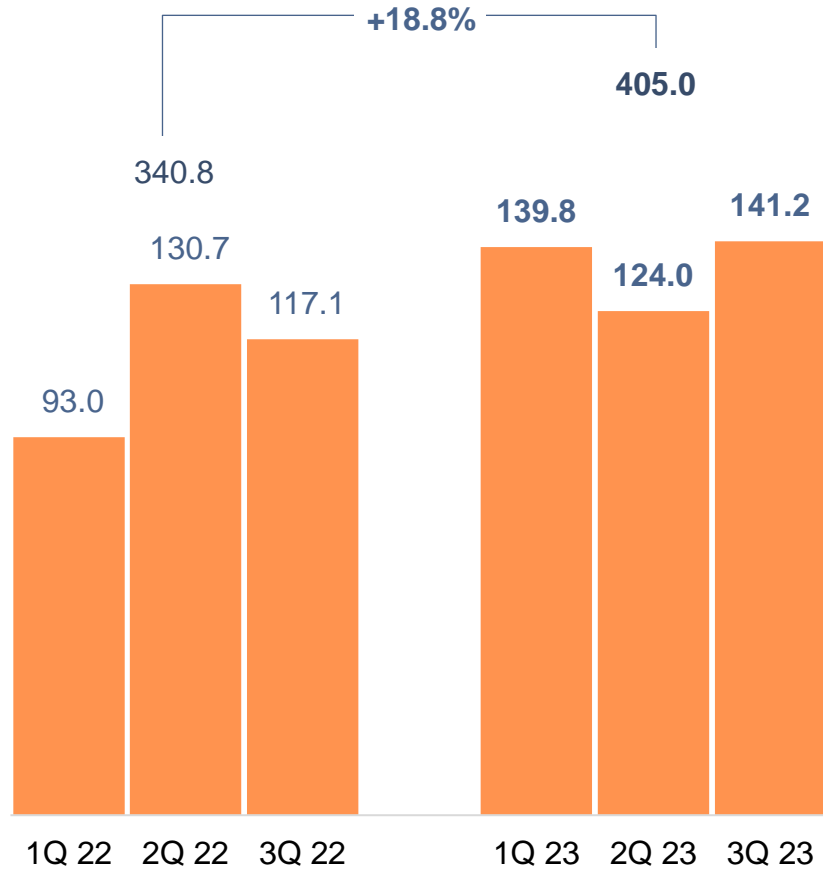
Portfolio Mix and Investment Yield (Annualised)



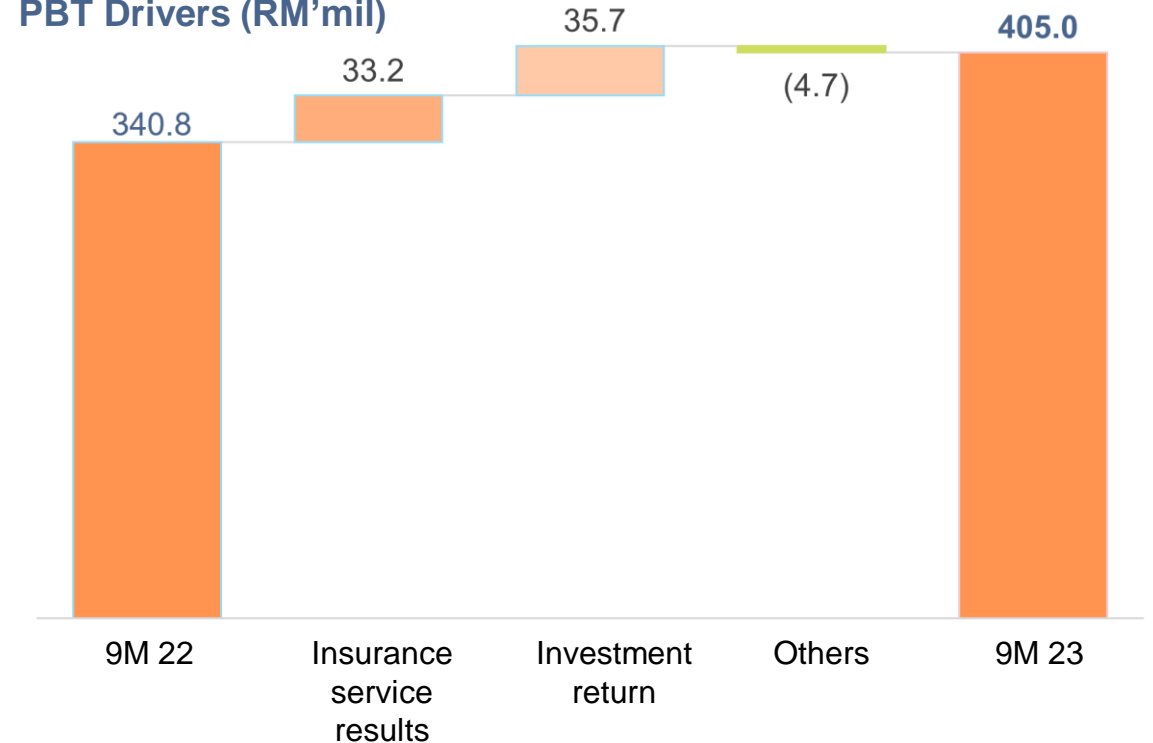
* Investment yield is excluding fair value gains/losses

GENERAL BUSINESS: STRONGER PBT WITH HIGHER CONTRIBUTION FROM BOTH INSURANCE SERVICE RESULTS AND INVESTMENT INCOME

Profit Before Tax (RM'mil)



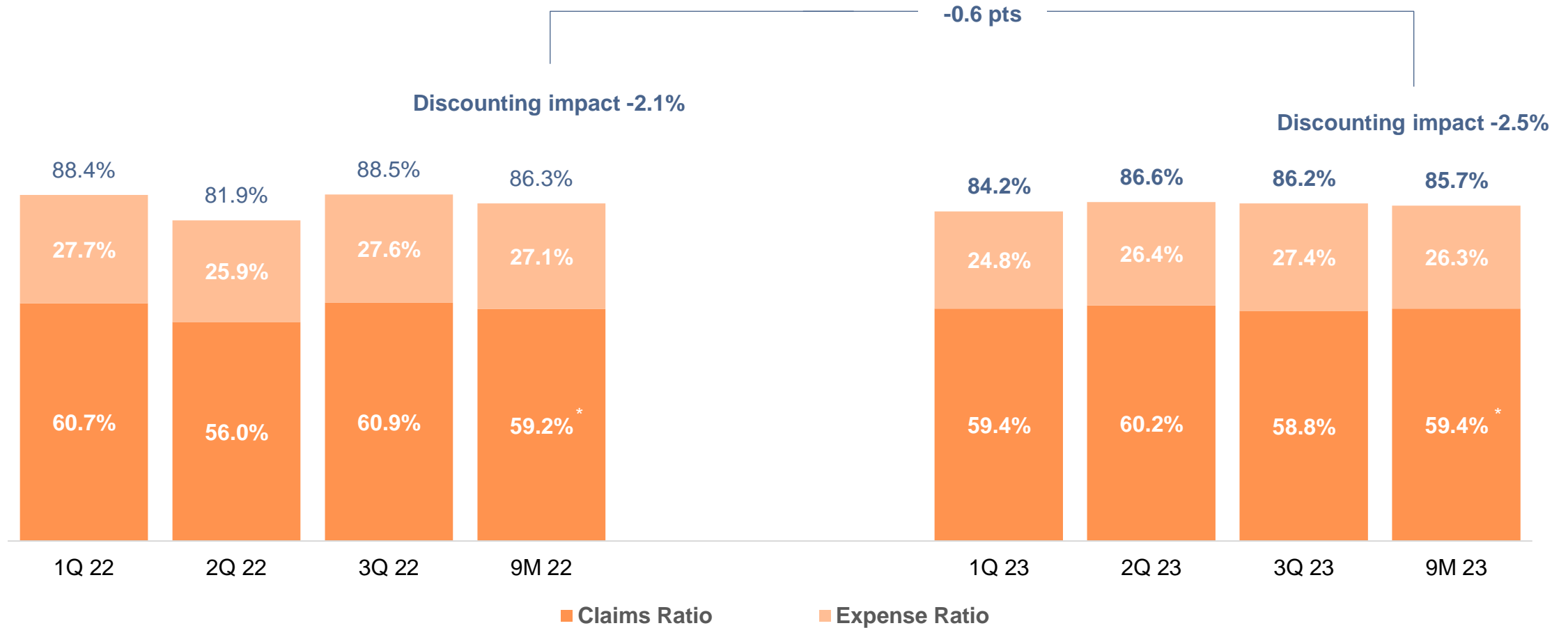
PBT Drivers (RM'mil)



9M 2022	299.2	124.5	(82.9)	340.8
9M 2023	332.4	160.2	(87.6)	405.0
Change	33.2	35.7	(4.7)	64.2

GENERAL BUSINESS: LOWER COMBINED RATIO DUE TO LOWER EXPENSE RATIO

Combined Ratio



* Include reinsurance results - reinsurance ratio 7.1% in 9M 22, 11.3% in 9M 23.

GENERAL BUSINESS: FINANCIAL RESULTS AT A GLANCE

RM'mil	9M 2022	9M 2023	△23/22 %
Insurance revenue	1,888.8	2,034.3	7.7%
Claims	(989.5)	(1,010.0)	2.1%
Acquisition and administrative expenses (net)	(471.0)	(492.7)	4.6%
Reversal of losses on onerous contracts	4.9	31.1	>100%
Reinsurance result	(134.0)	(230.3)	71.9%
Insurance service result	299.2	332.4	11.1%
Investment return	124.5	160.2	28.7%
Net (re-)insurance finance expenses	(34.4)	(41.9)	21.8%
Other operating income	0.8	0.8	0.0%
Other operating expenses	(49.3)	(46.5)	(5.7%)
Profit before tax (after consolidation adjustment)	340.8	405.0	18.8%
Claims ratio	59.2%	59.4%	0.2 pts
Expense ratio*	27.1%	26.3%	(0.8 pts)
Combined ratio	86.3%	85.7%	(0.6 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-SEP 2023)

KPIs	AGIC ¹ 9M 2023	Industry ¹ 9M 2023	Takaful ¹ 9M 2023
GWP growth	11.2% *	7.7%	18.9%
Market Share (9M 2023) ²	13.7%		
Market Ranking (6M 2023) ³	No. 1		

Notes:

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

* GWP growth is 14.6% excluding premium contribution from the Perlindungan Tenang Voucher incentive in prior year, which has since been discontinued by the Government in December 2022.

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LIFE

BUSINESS



LIFE BUSINESS

Comments

Gross written premiums

- Gross written premiums grew by 5.8% with growth from Agency and Employee Benefit.

Market growth

- ANP increased by 18.5% and surpassed industry growth of 10.8%.¹
- Market share for 9M 2023 exceeded 10.0% at 10.3% (9M 2022: 9.6%).

Distribution

- Growth is driven by all key distribution channels. Agency ANP increased by 21.3%, Bancassurance increased by 11.3% and Employee Benefits increased by 22.1%.
- 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.
- Agency protection business grew by 12.4%.
- Investment-linked ANP and GWP grew by 8.5% and 5.1%.

Profitability

- Profit before tax of RM320.0 million (9M 2022: RM307.8 million) due to higher net insurance and investment results.

Value of new business

- New business value was RM235.8 million, increased by 3.1% due mainly to higher sales.

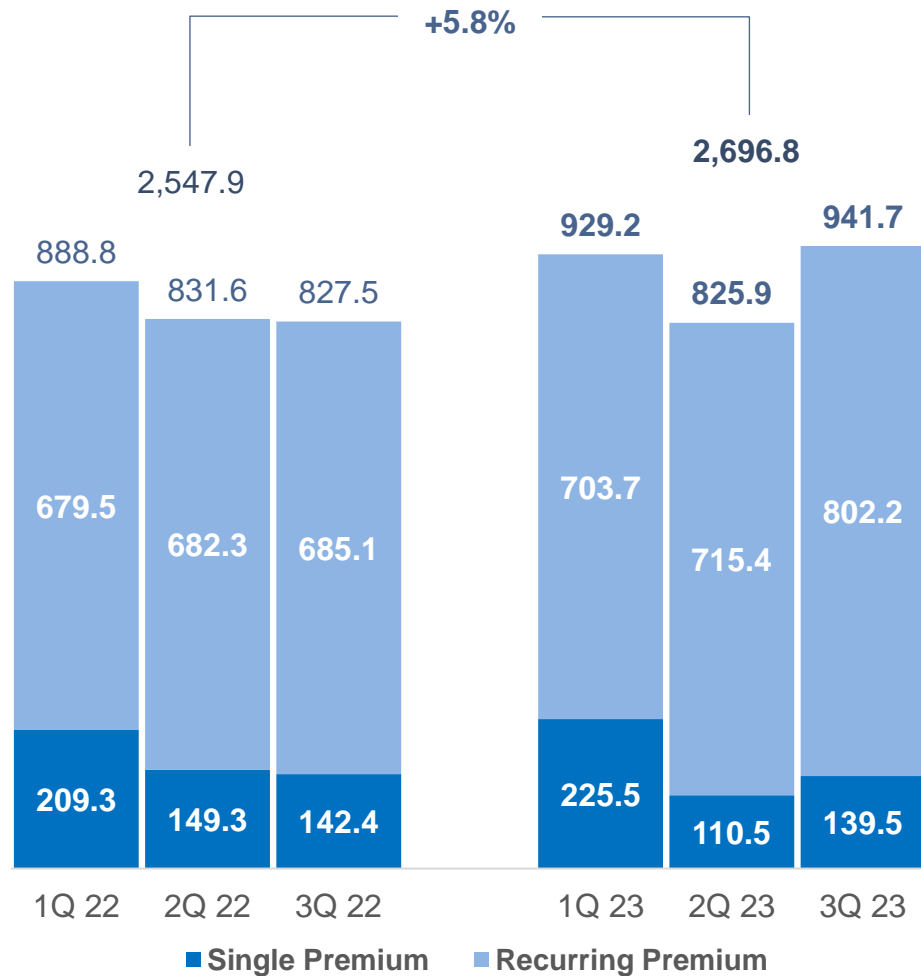
CSM

- As at 30 September 2023, CSM was at RM3.16 billion, an increase of RM224.4 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. Higher CSM balance is also contributed by update in non-financial assumption arising from revision in persistency and mortality assumption.

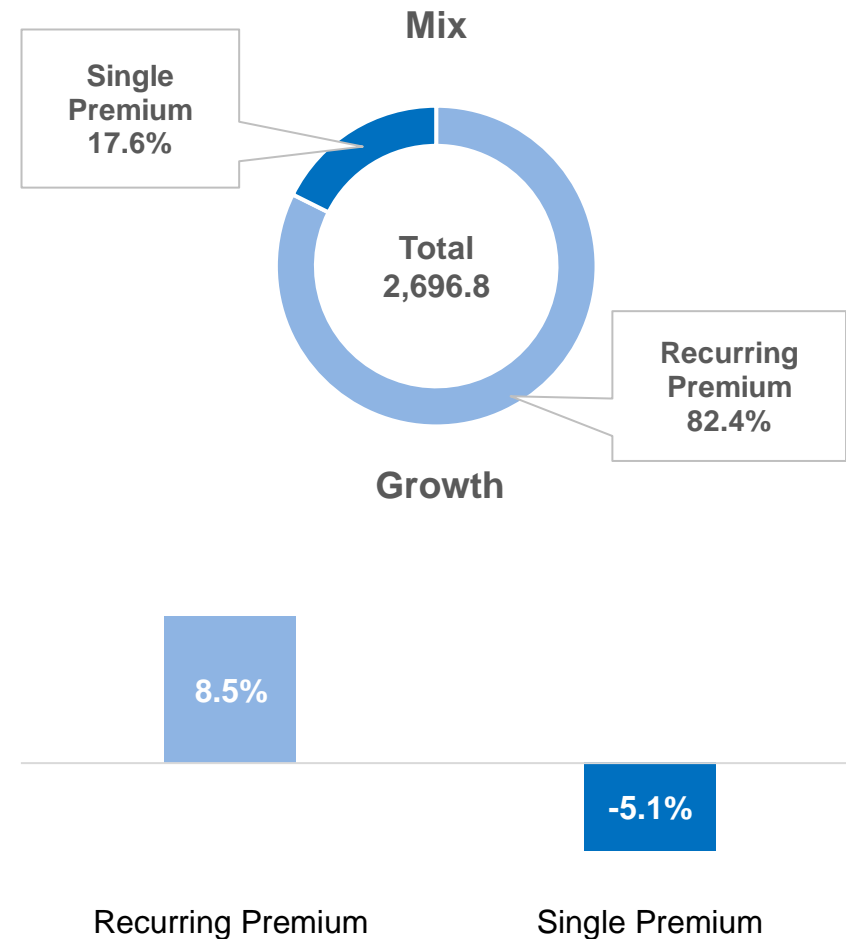
Note 1: Market share based on statistics from LIAM.

LIFE BUSINESS: STRONG FIRST YEAR PREMIUM AND INFORCE PREMIUM

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

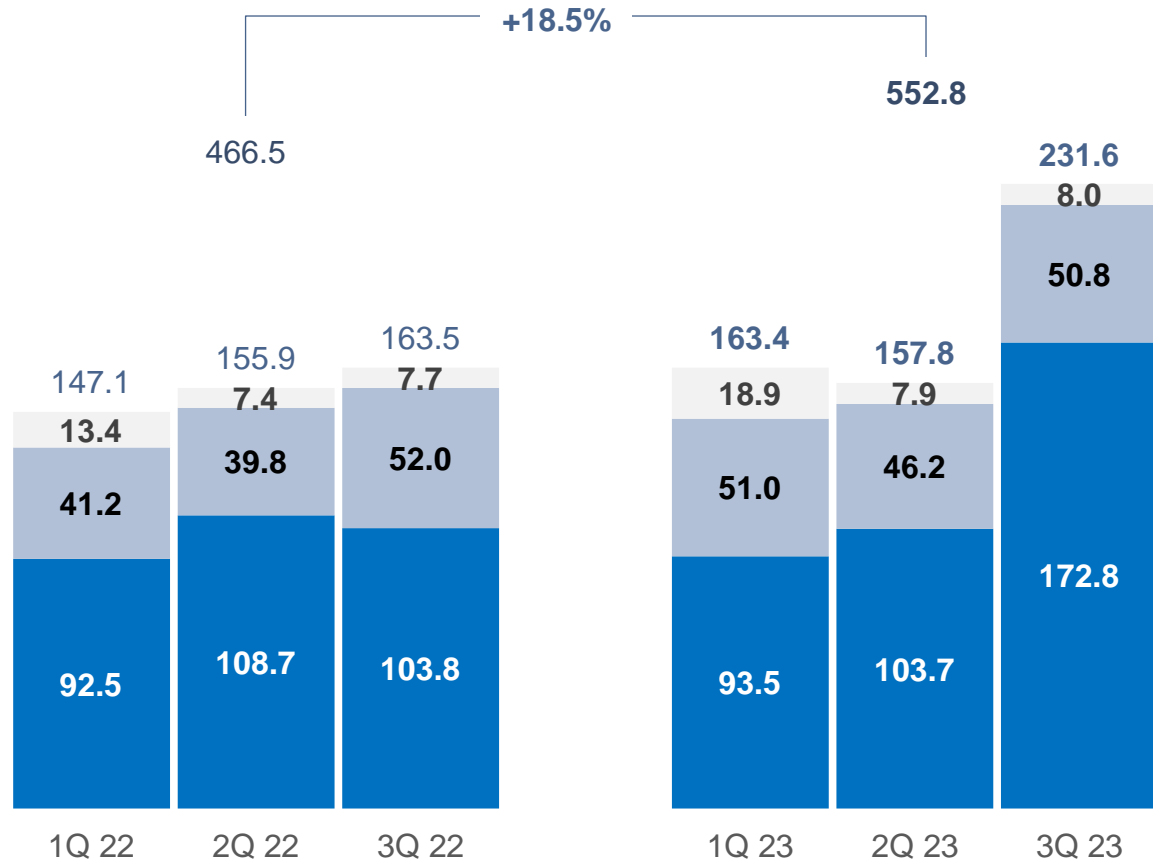


GWP Mix & Growth (%) (9M 2023)

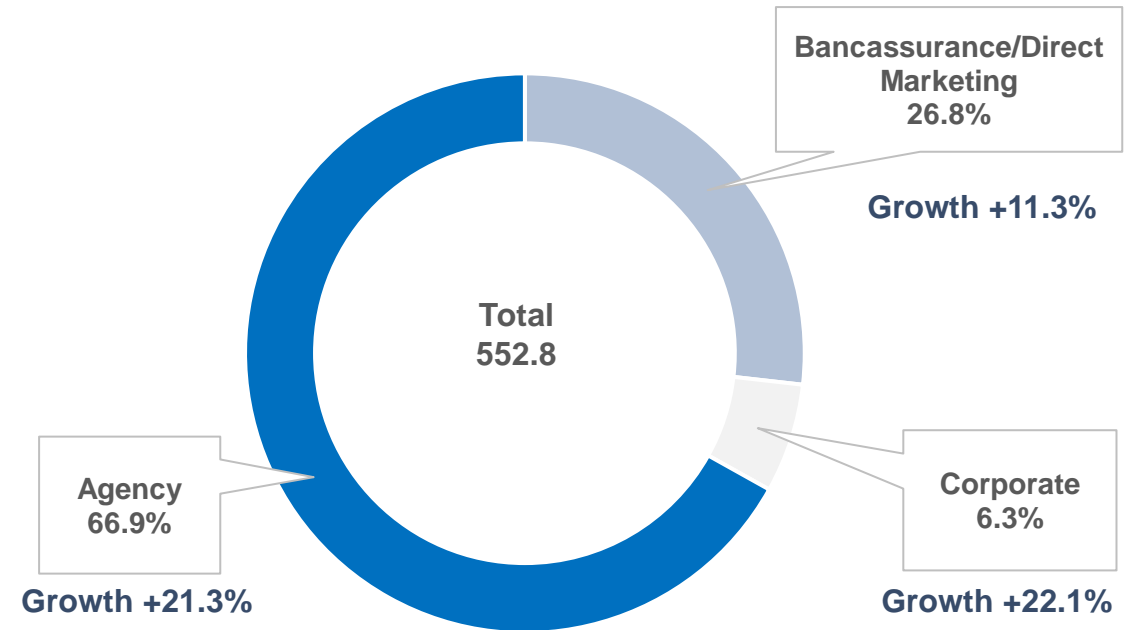


LIFE BUSINESS: GROWTH IN ANP DRIVEN BY ALL KEY DISTRIBUTION CHANNELS

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



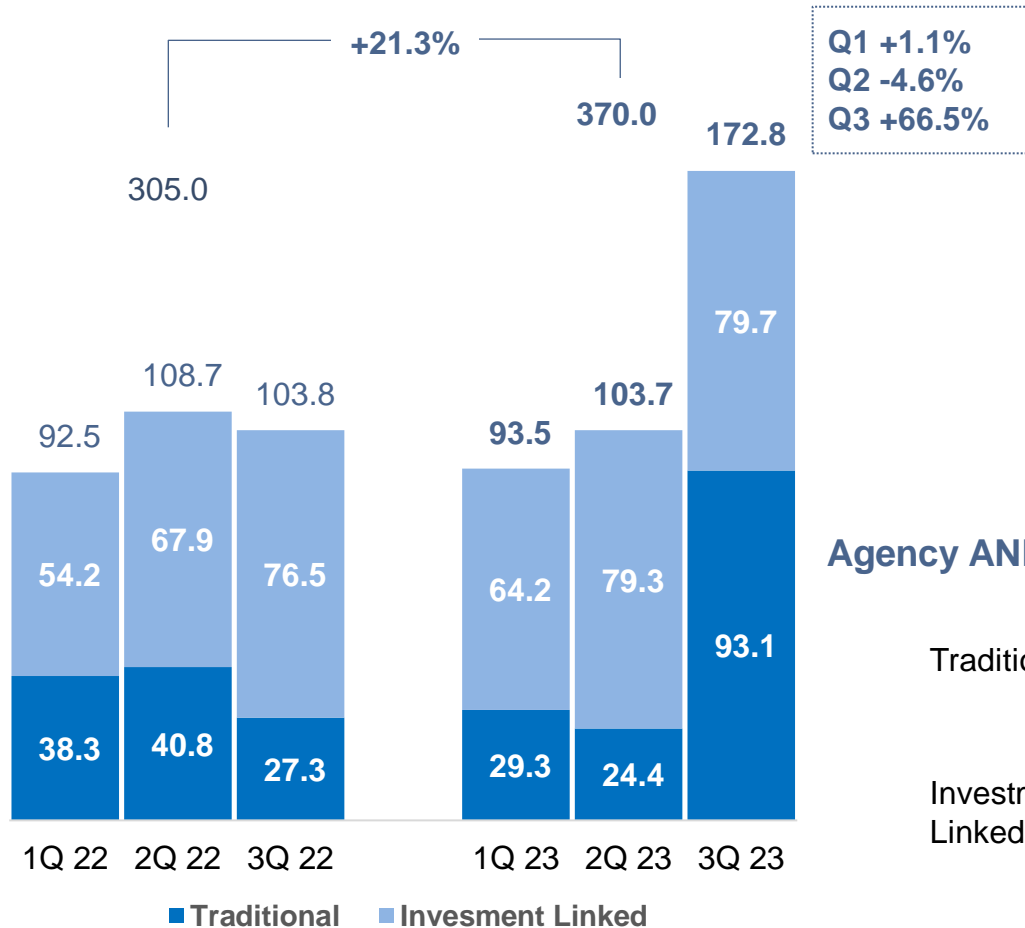
ANP Channel Mix (%) (9M 2023)



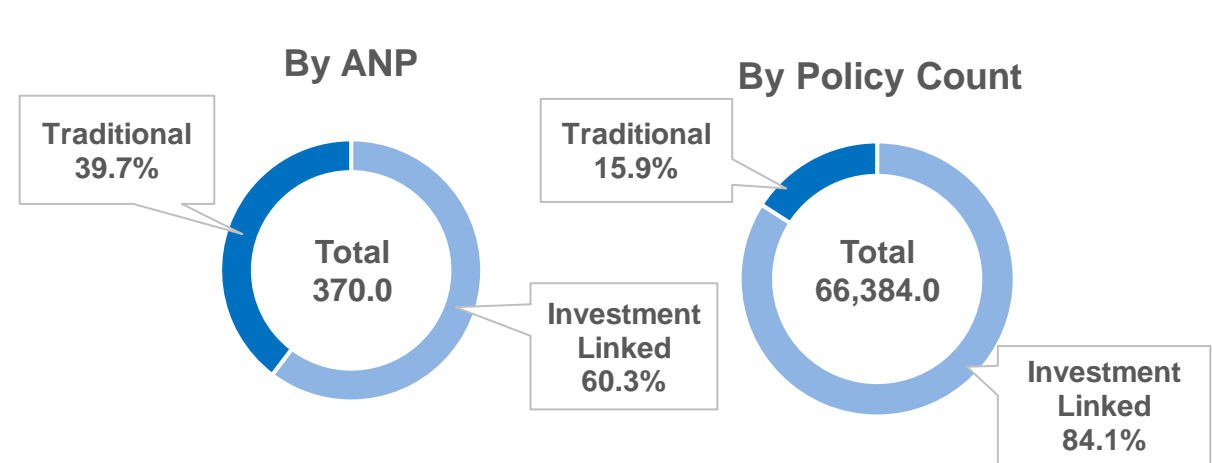
■ Agency ■ Bancassurance/Direct Marketing ■ Employee Benefits

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

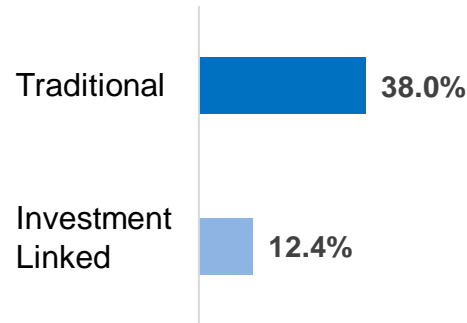
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (9M 2023)



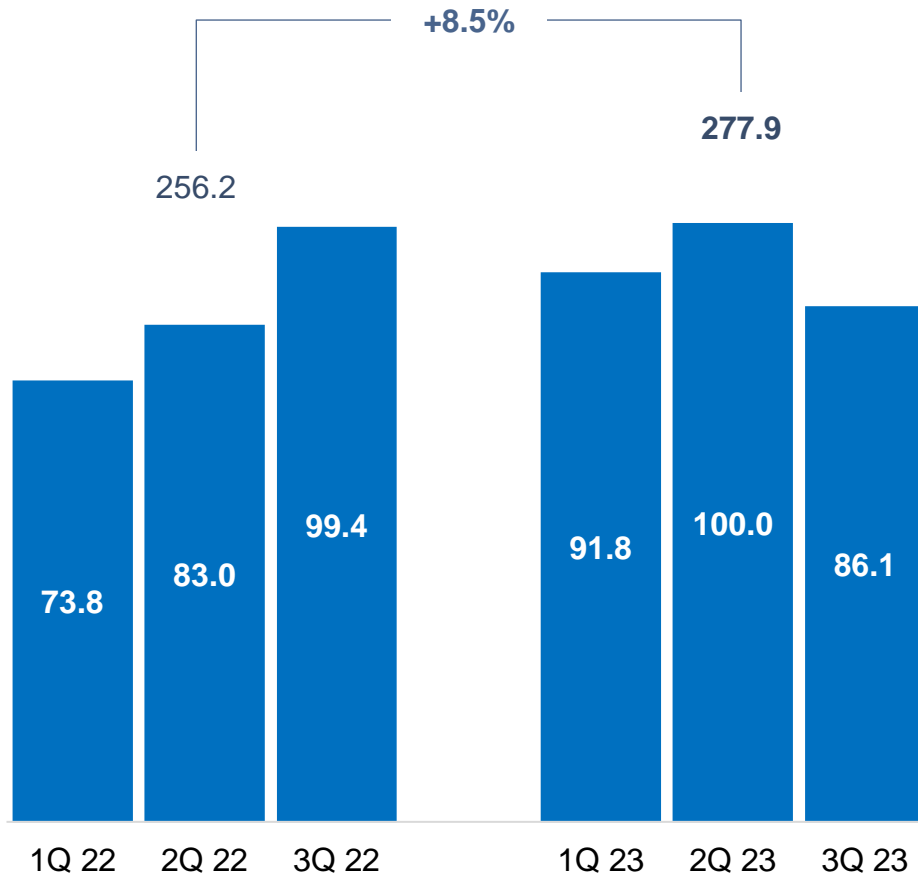
Agency ANP Growth (%) (9M 2023)



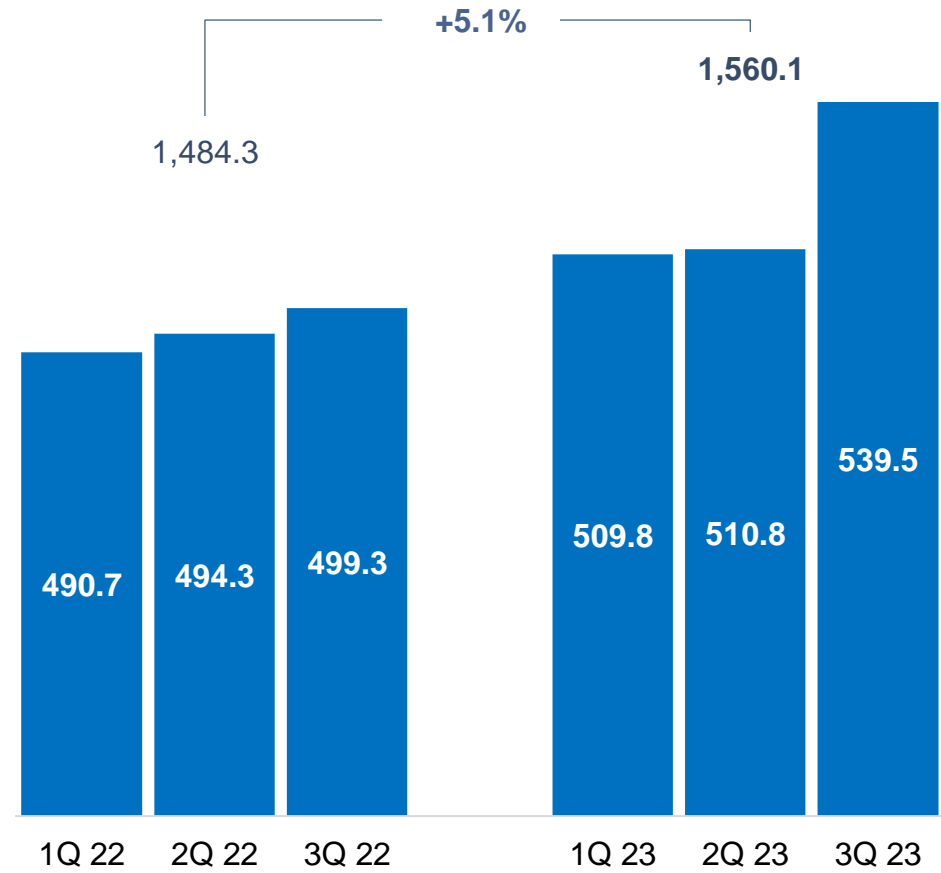
	CEO Program Recruits Headcount		Total New Recruits Headcount	
	2023	Growth	2023	Growth
Q1	133	+34.3%	301	-6.8%
Q2	207	+95.3%	461	+25.6%
Q3	174	+81.3%	517	+81.4%
Total	514	+70.8%	1,279	+31.2%

LIFE BUSINESS: INVESTMENT-LINKED WITH PROTECTION FEATURES CONTINUES TO GROW

Annualised New Premiums (RM'mil)

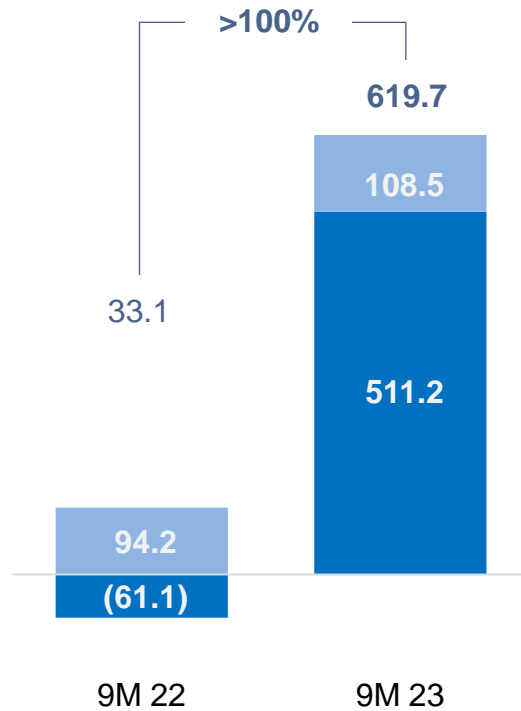


Gross Written Premiums (RM'mil)



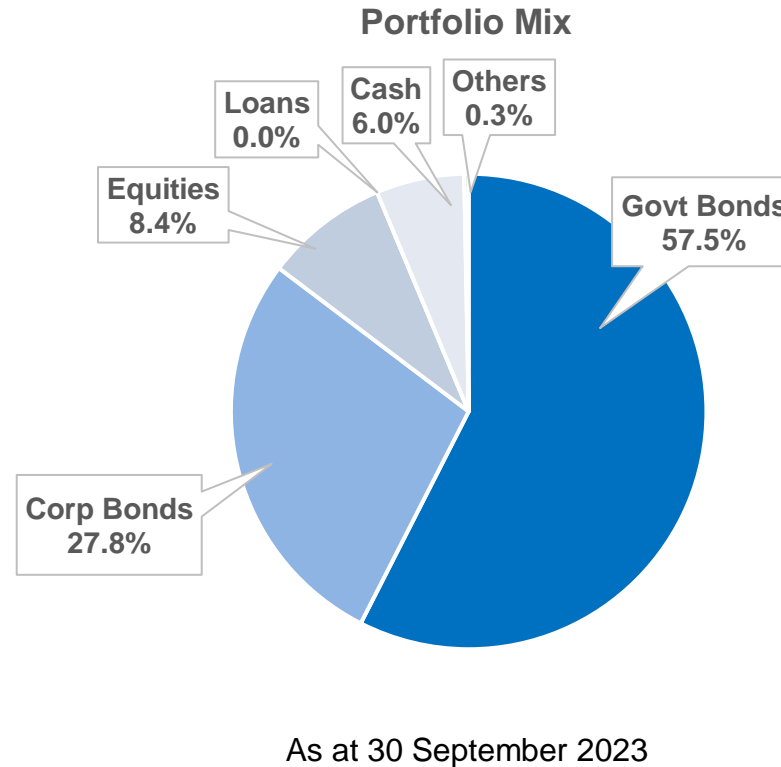
LIFE BUSINESS: HIGHER INVESTMENT INCOME DRIVEN BY HIGHER YIELD AND INVESTMENT ASSETS BASE

Investment Income by funds (RM'mil)

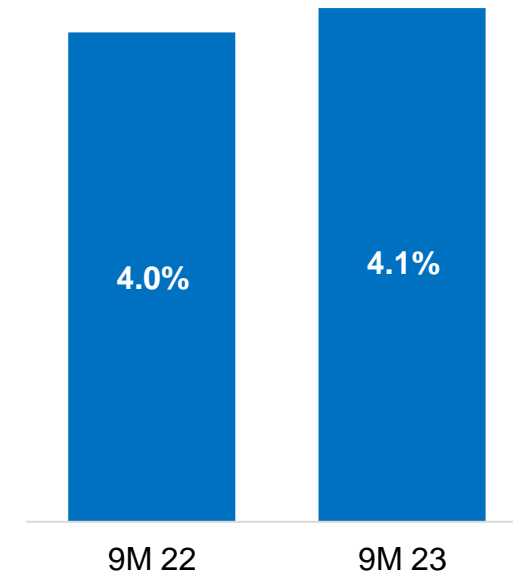


■ Par + ILF + ULF ■ Non Par + ILOF

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	9M 2022	9M 2023	△23/22 %
Insurance revenue	1,375.6	1,597.8	16.2%
- Release contractual service margin	274.5	321.4	17.1%
- Release of expected cash flows, risk adjustments and others	1,101.1	1,276.4	15.9%
Claims and benefits	(695.5)	(888.8)	27.8%
Acquisition and administrative expenses (net)	(335.0)	(427.3)	27.6%
Reversal of losses/(Losses) on onerous contracts	3.7	(5.1)	(>100%)
Reinsurance result	(22.7)	30.3	(>100%)
Insurance service result	326.1	306.9	(5.9%)
Investment return	33.1	619.7	>100%
Net insurance finance expenses	(0.5)	(553.8)	>100%
Net reinsurance finance (expenses)/income	(3.6)	0.1	(>100%)
Other operating income	0.1	0.1	0.0%
Other operating expenses	(47.4)	(53.0)	11.8%
Profit before tax (after consolidation adjustment)	307.8	320.0	4.0%
Annualised new premiums	466.5	552.8	18.5%
Expense ratio (LF+SHF)	9.6%	11.2%	1.6 pts
Local investment yield (LF+SHF)	4.0%	4.1%	0.1 pts
Block persistency ratio	86.8%	85.2%	(1.6 pts)

**THANK YOU
FOR YOUR ATTENTION**

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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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