



**ALLIANZ MALAYSIA
BERHAD** (197201000819)

Q2 2022

FINANCIAL RESULTS

Analyst Briefing
25 August 2022

Allianz 

01

AMB GROUP FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS 6M 2022

| Group | General Insurance | Life Insurance | Investment Holding |
|-------|-------------------|----------------|--------------------|
|-------|-------------------|----------------|--------------------|

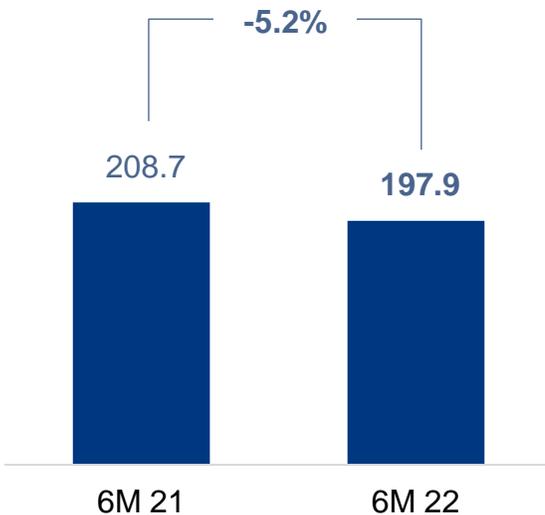
Operating Revenue (RM'mil)

| | | | |
|-----------------|-----------------|-----------------|-------------|
| 3,362.2 (+5.9%) | 1,332.3 (+2.6%) | 2,023.4 (+8.2%) | 6.5 (+8.3%) |
|-----------------|-----------------|-----------------|-------------|

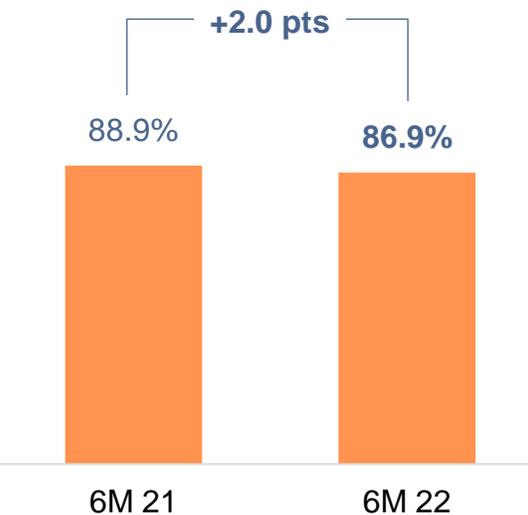
Gross Written Premium (RM'mil)

| | | | |
|------------------|------------------|-----------------|--|
| 3,067.5 (+10.4%) | 1,347.1 (+13.2%) | 1,720.4 (+8.2%) | |
|------------------|------------------|-----------------|--|

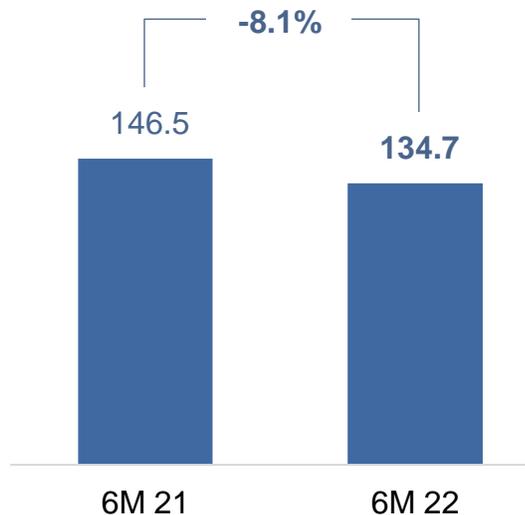
Shareholders' net income (in RM'mil)



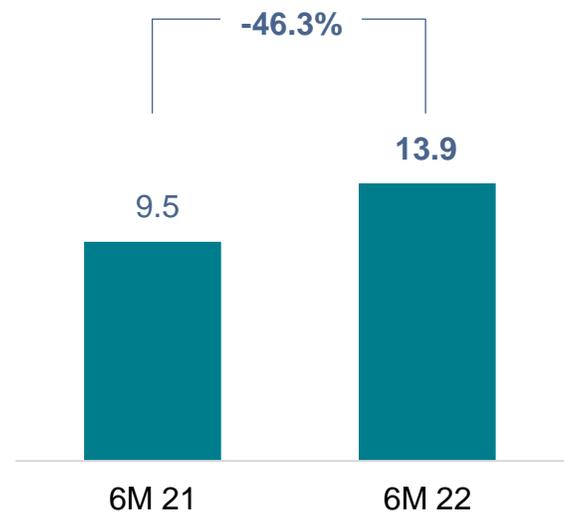
Combined ratio (in %)



New business value (in RM'mil)



Management expenses (in RM'mil)



RESILIENT EARNINGS FOR FIRST HALF OF 2022

Comments

Operating revenue

- Group operating revenue of RM3.36 billion, an increase of 5.9% compared to corresponding period of RM3.18 billion due to higher gross earned premiums and investment income by RM161.1 million and RM25.9 million respectively.
- General business recorded an operating revenue of RM1.33 billion, an increase of 2.6% compared to corresponding period of RM1.30 billion.
- Life business recorded an operating revenue of RM2.02 billion, an increase of 8.2% compared to corresponding period of RM1.87 billion.

Earnings per ordinary share

- Basic earnings per ordinary share at 93.12 sen (6M 2021: 117.79 sen).
- Diluted earnings per ordinary share at 57.19 sen (6M 2021: 60.34 sen).

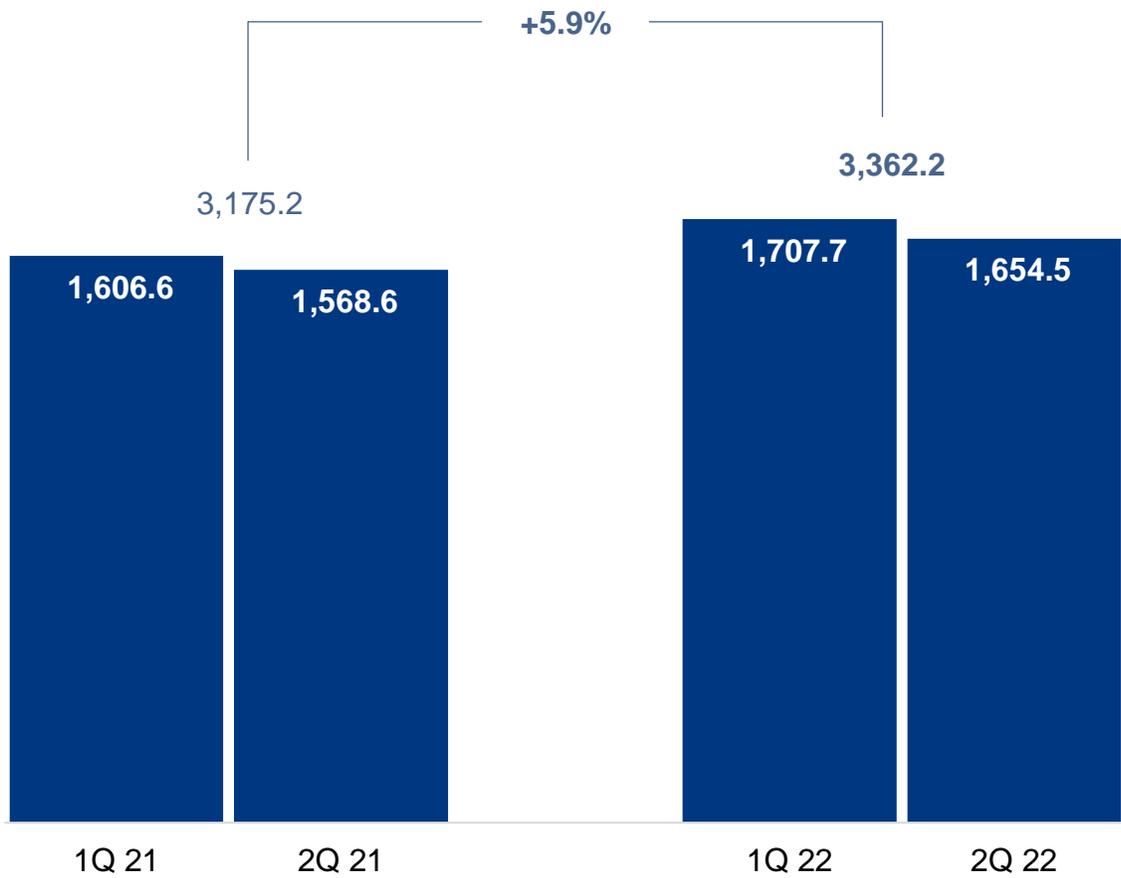
Profitability

- Group profit before tax of RM270.4 million, decreased by 1.2% (6M 2021: RM273.7 million) mainly due to lower profit contribution from life insurance segment and higher expense from investment holding segment.
- General business contributed a profit before tax of RM218.9 million, an increase of 5.4% (6M 2021: RM207.6 million). The increase was attributable to higher underwriting profit and lower management expenses. Net combined ratio was 86.9% as at 6M 2022 (6M 2021: 88.9%).
- Life insurance business recorded a profit before tax of RM76.0 million (6M 2021: RM76.7 million). The decrease was attributable to higher fair value losses on investment arising from higher interest rate.

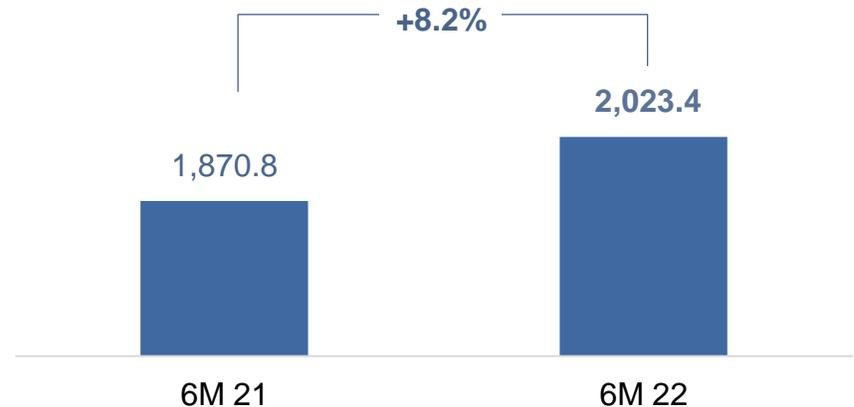
FINANCIAL HIGHLIGHTS 6M 2022

Group | **General Insurance**

Operating Revenue (RM'mil)



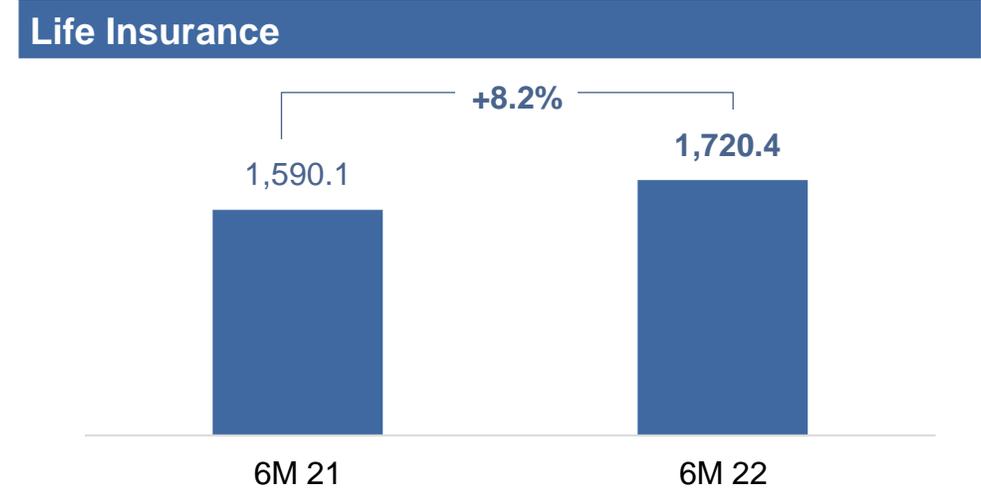
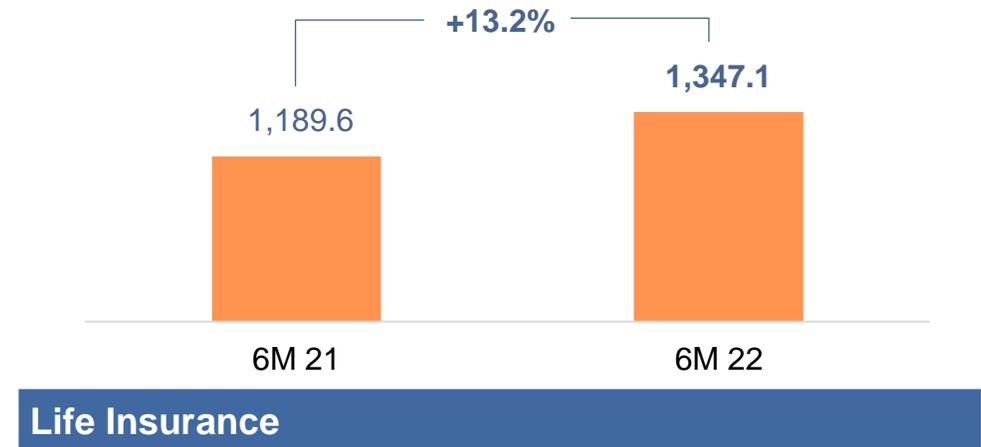
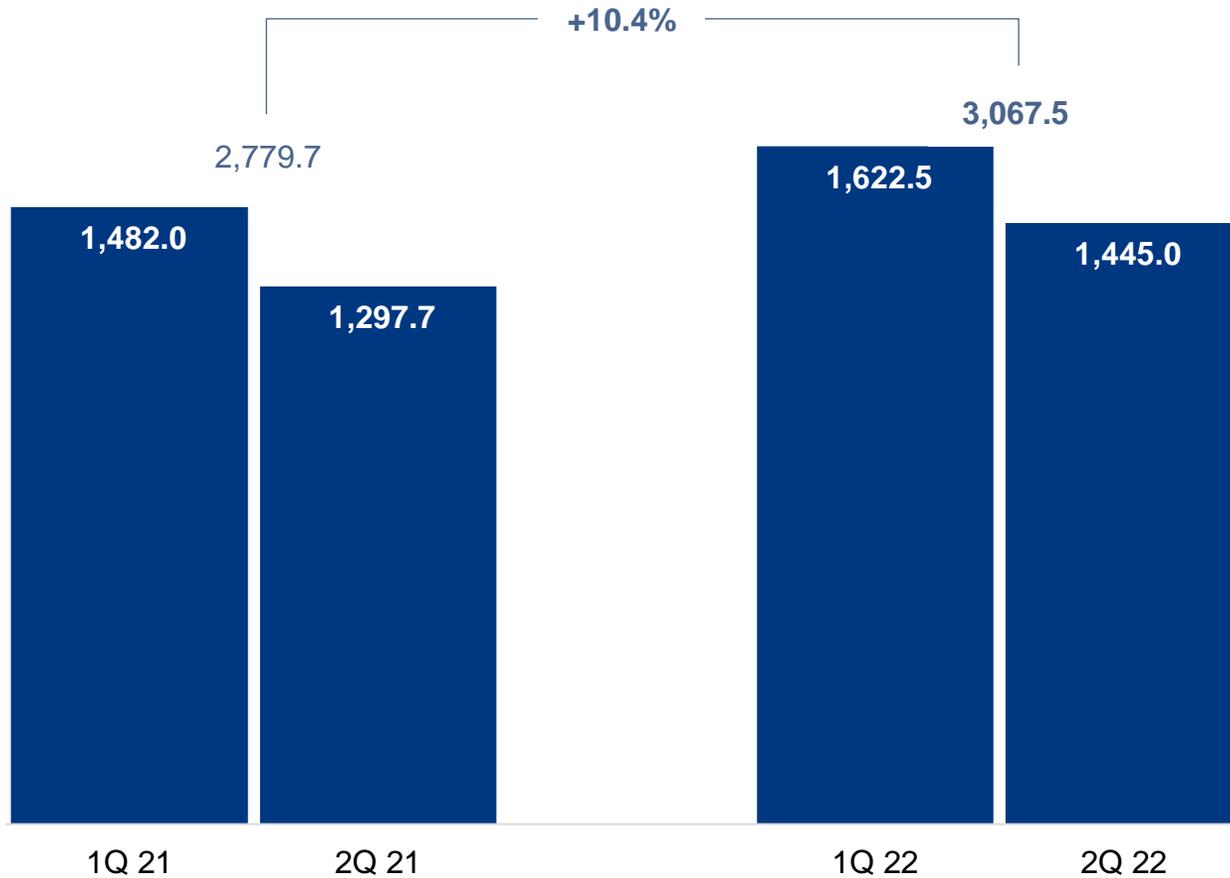
Life Insurance



FINANCIAL HIGHLIGHTS 6M 2022

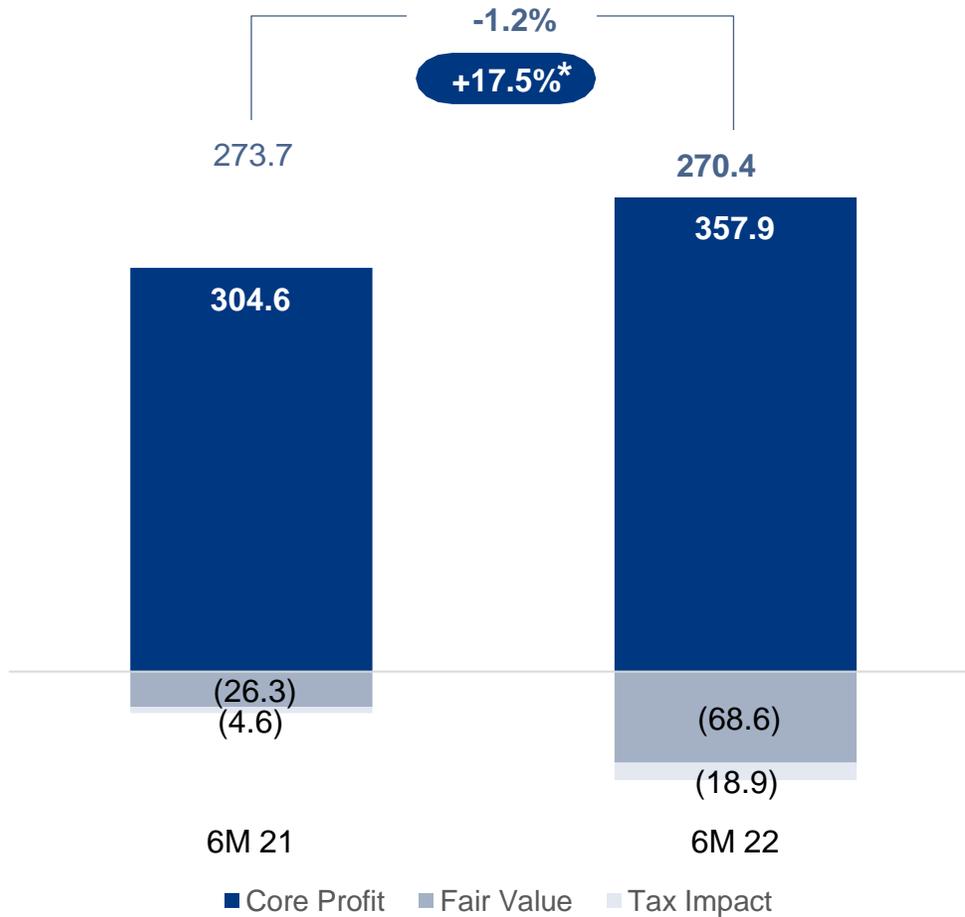
Group **General Insurance**

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



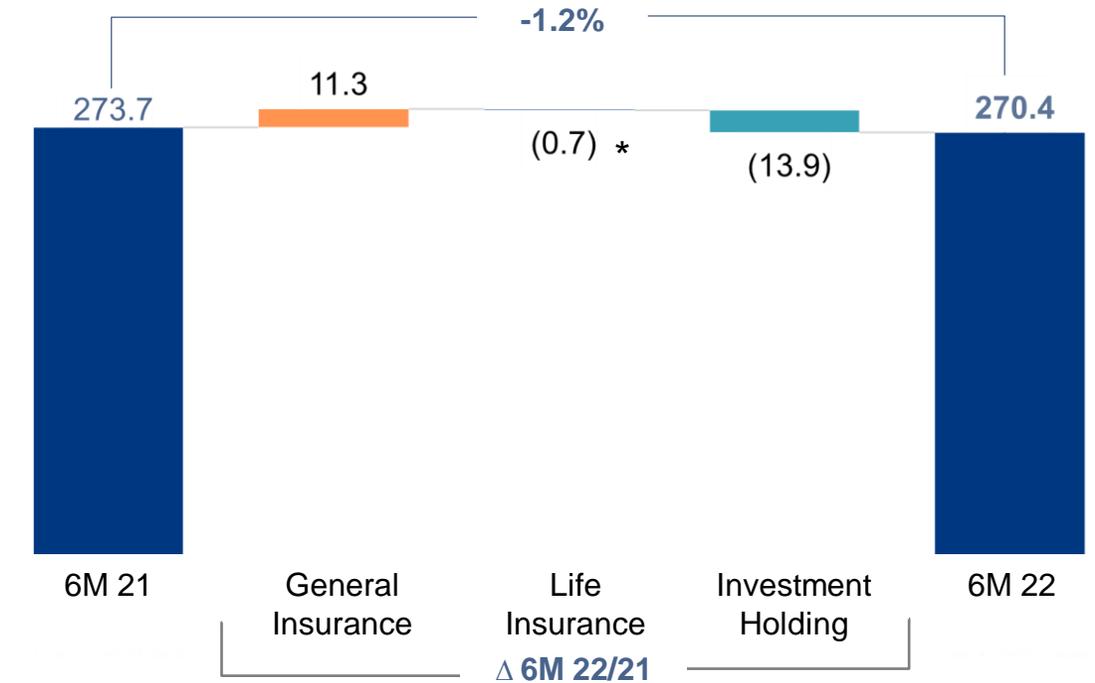
FINANCIAL HIGHLIGHTS 6M 2022

Profit Before Tax (RM'mil)



* Core profit growth

PBT drivers (RM'mil)

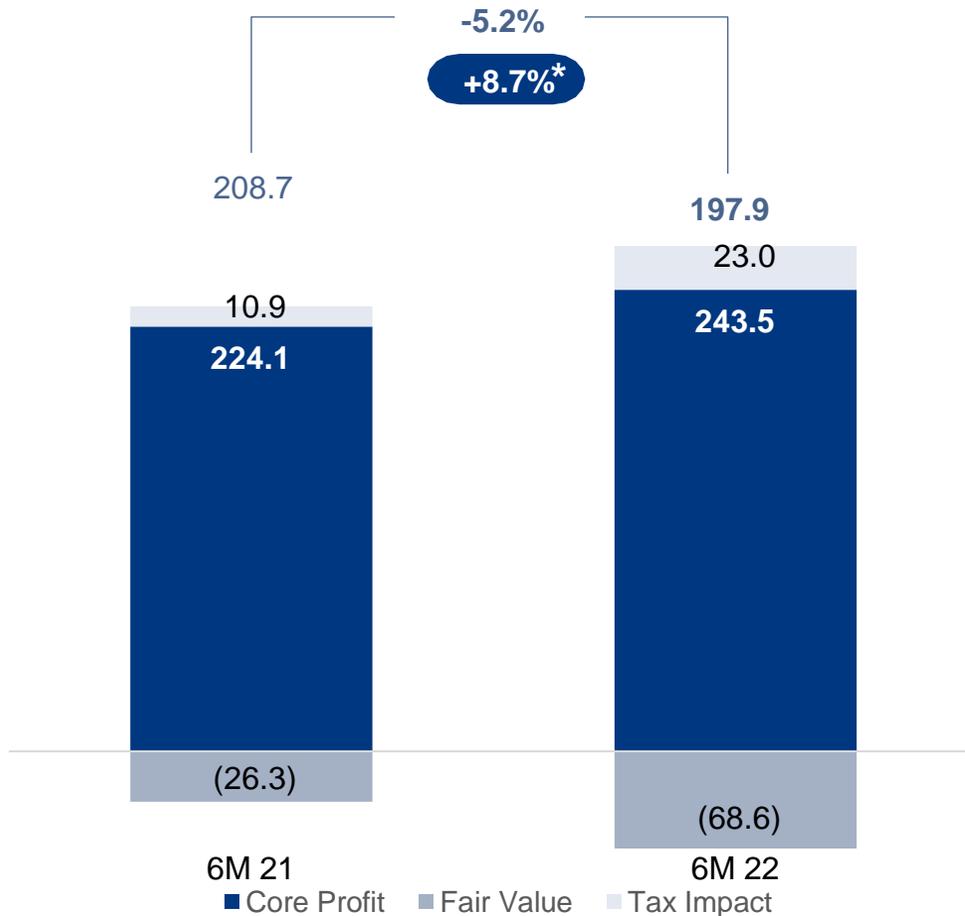


| | 6M 2021 | 6M 2022 | Change | Change (%) |
|--------------------|--------------|--------------|--------------|---------------|
| General Insurance | 207.6 | 218.9 | 11.3 | 5.4% |
| Life Insurance | 76.7 | 76.0 | (0.7) | (0.9%) |
| Investment Holding | (10.6) | (24.5) | (13.9) | (>100%) |
| Total PBT | 273.7 | 270.4 | (3.3) | (1.2%) |

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

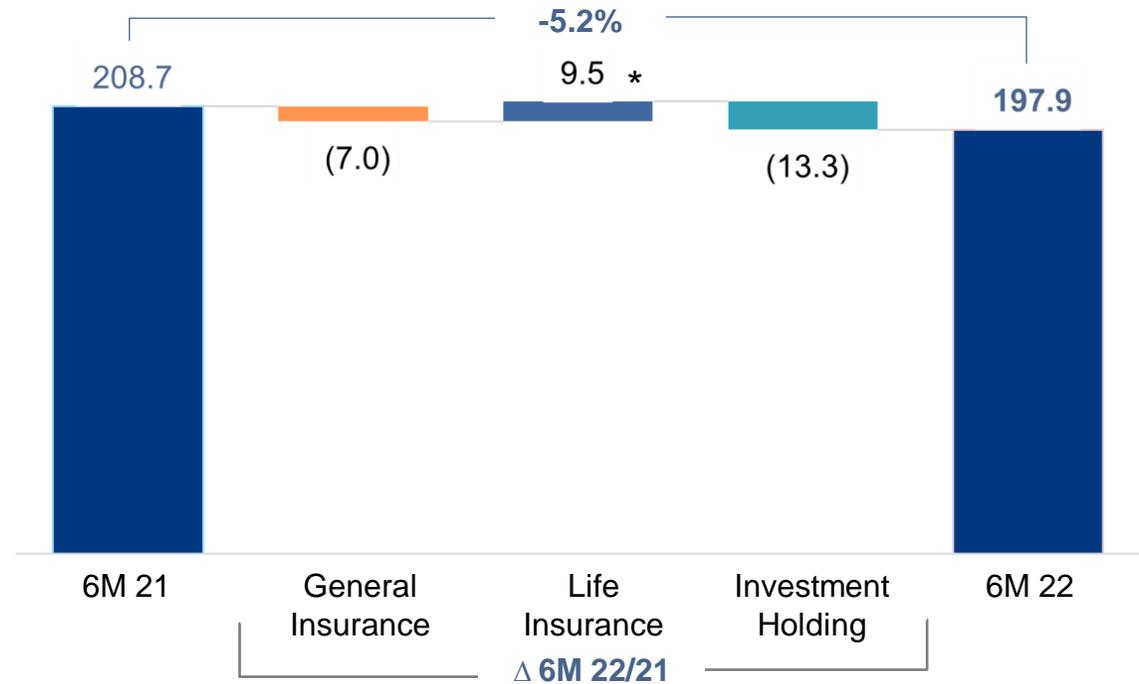
FINANCIAL HIGHLIGHTS 6M 2022

Profit After Tax (RM'mil)



* Core profit growth

PAT drivers (RM'mil)

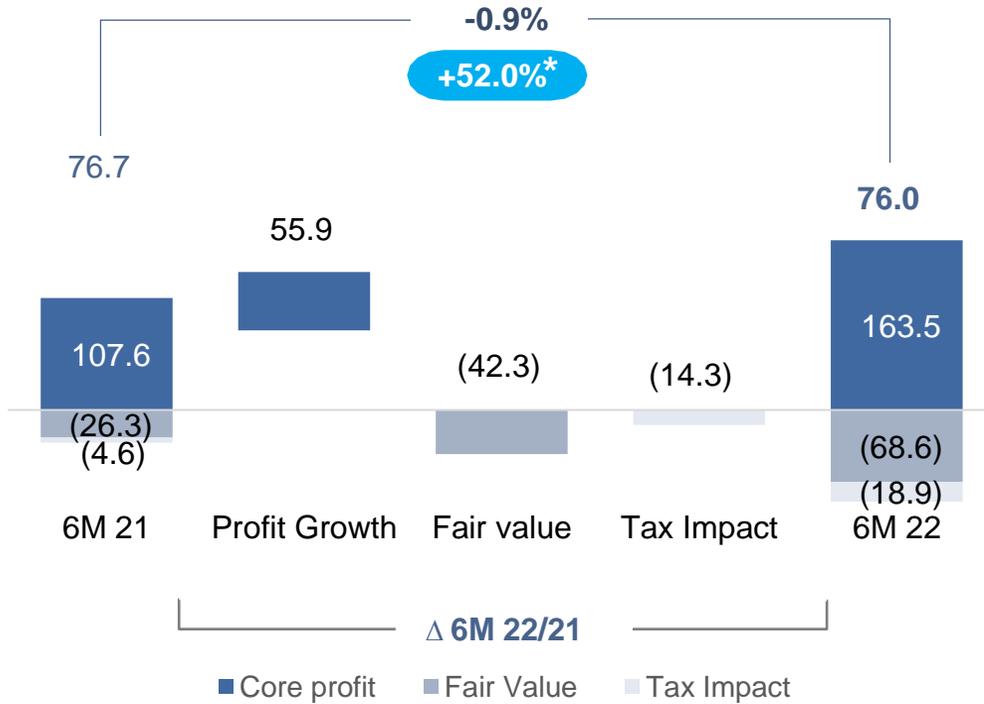


| | | | | |
|-------------------|---------------|--------------|-------------------|---------------|
| 6M 2021 | 155.7 | 65.5 | (12.5) | 208.7 |
| 6M 2022 | 148.7 | 75.0 | (25.8) | 197.9 |
| Change | (7.0) | 9.5 | (13.3) | (10.8) |
| Change (%) | (4.5%) | 14.5% | (>100%) | (5.2%) |

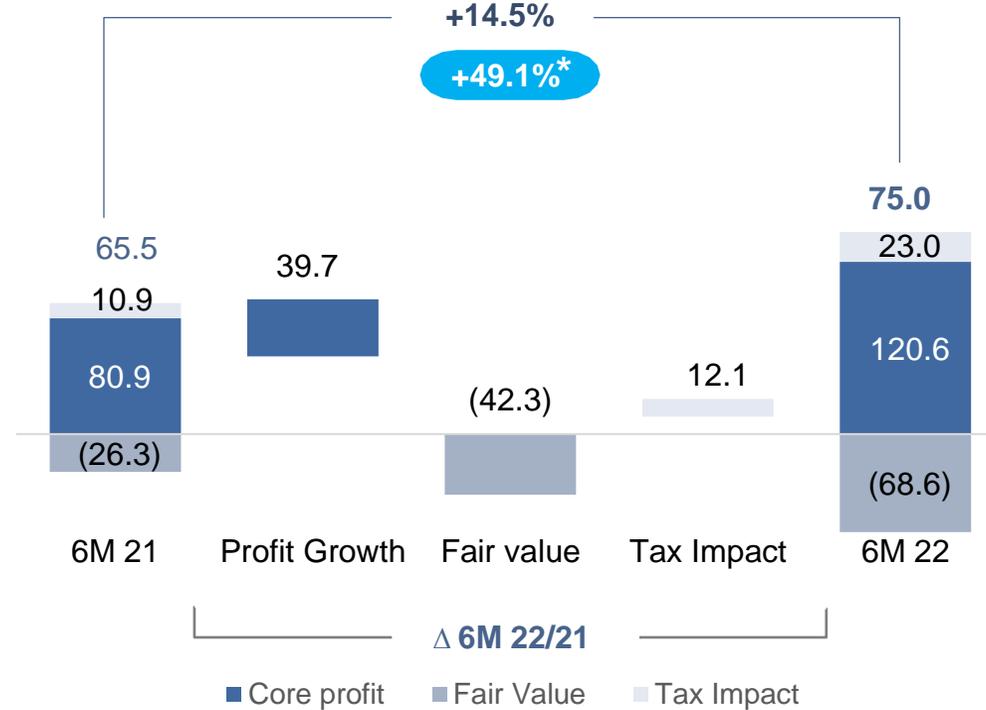
* See slide 9 for further details on change for Life Insurance business

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% |
| Jun 22 | 4.3% | Jun 21 | 3.4% |
| Δ 22/21 | 0.6 pts | Δ 21/20 | 0.8 pts |

Bursa Malaysia KLCI Index

| | | | |
|----------------|---------------|----------------|---------------|
| Dec 21 | 1,568 | Dec 20 | 1,627 |
| Jun 22 | 1,444 | Jun 21 | 1,533 |
| Δ 22/21 | (7.9%) | Δ 21/20 | (5.8%) |

* Core profit growth

FINANCIAL OVERVIEW

| RM'mil | 2019 | 2020 | 2021 | 3 YEAR CAGR (2018-2021) | 6M 2021 | 6M 2022 |
|---|----------|----------|----------|-------------------------|----------|----------|
| Gross Written Premiums | 4,922.5 | 5,305.2 | 5,689.6 | 8.1% | 2,779.7 | 3,067.5 |
| Management Expenses | 618.0 | 641.4 | 683.8 | 7.2% | 327.3 | 308.2 |
| Expense Ratio (Non Life) | 20.2% | 19.8% | 18.7% | 0.5 pts | 18.0% | 14.7% |
| Expense Ratio (Life) ¹ | 10.5% | 9.4% | 9.9% | (0.3 pts) | 9.6% | 9.8% |
| Local Consolidated PBT | 692.1 | 729.6 | 625.6 | 6.4% | 273.7 | 270.4 |
| Total Assets | 19,710.1 | 21,896.7 | 23,643.5 | 10.8% | 22,291.5 | 23,727.1 |
| Shareholders' Equity | 3,673.6 | 4,031.5 | 4,144.2 | 7.2% | 4,164.5 | 4,185.2 |
| 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% | 60.34 | 57.19 |

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

SUMMARY OF UNAUDITED FINANCIAL RESULTS

| RM'mil | 6M 2021 | 6M 2022 | △22/21 % |
|--|-----------|-----------|----------|
| Operating Revenue | 3,175.2 | 3,362.2 | 5.9% |
| Gross Earned Premium | 2,798.1 | 2,959.2 | 5.8% |
| Premiums ceded to reinsurers | (194.1) | (186.1) | 4.1% |
| Net earned premiums ("NEP") | 2,604.0 | 2,773.1 | 6.5% |
| Net change in benefits and claims paid ("Claim") | (1,012.7) | (1,365.7) | (34.9%) |
| Net change in contract liabilities ("Reserve") | (645.9) | (290.2) | 55.1% |
| Management expenses ("ME") | (327.3) | (308.2) | 5.8% |
| Net fee and commission expense | (384.4) | (389.5) | (1.3%) |
| Fair value gains and losses | (365.5) | (594.2) | (62.6%) |
| Net investment results | 405.3 | 441.1 | 8.8% |
| Net other operating expenses | 0.2 | 4.0 | >100% |
| Profit before tax | 273.7 | 270.4 | (1.2%) |
| Tax expense | (65.0) | (72.5) | (11.5%) |
| Profit after tax | 208.7 | 197.9 | (5.2%) |
| ME / NEP ratio | 12.6% | 11.1% | 1.5 pts |
| Claim & Reserve / NEP ratio | 63.7% | 59.7% | 4.0 pts |

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GENERAL BUSINESS



GENERAL BUSINESS

Comments

Gross written premiums

- Gross written premium increased by 13.2% as compared to prior year.

Profitability

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

Distribution and Portfolio

- 58.9% (6M 2021: 57.3%) of GWP from Agency and 29.3% (6M 2021: 30.0%) from Franchise.
- Agency was the main growth contributor with a GWP growth of 16.4% mostly from personal accident and motor business.

Combined ratio

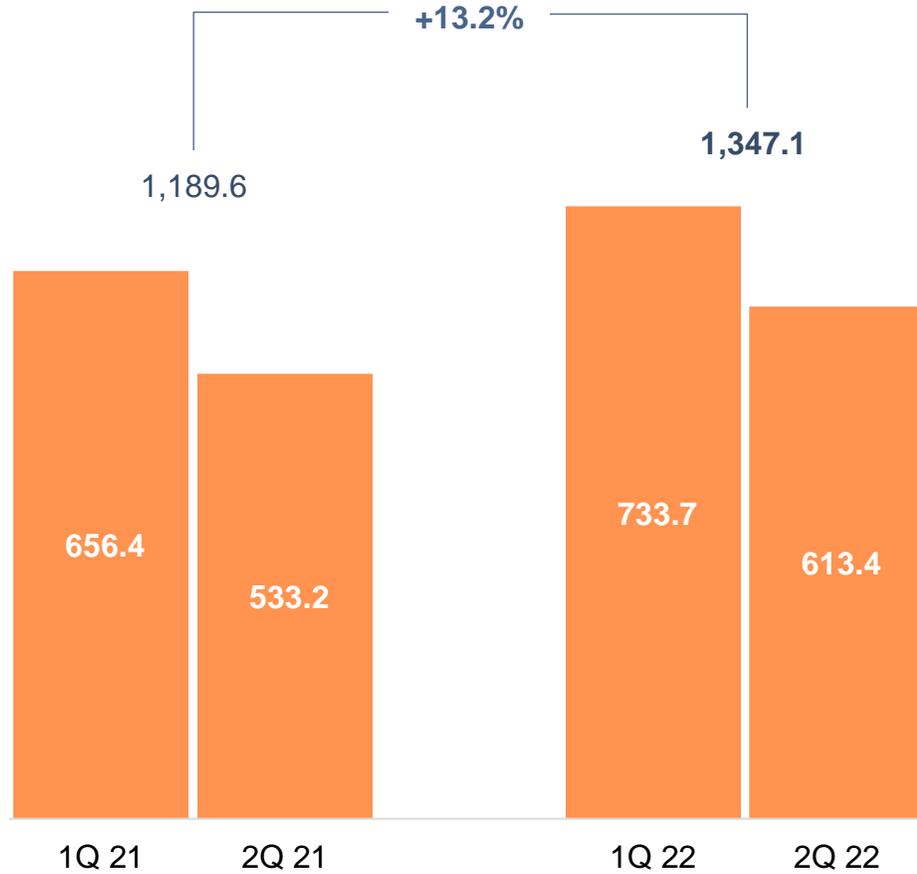
- Lower combined ratio by 2.0 pts from lower claims ratio and expense ratio excluding impact of VSC adjustment (See Note 11 page 28 of Q2 2022 Quarter Announcement for details).

Market growth

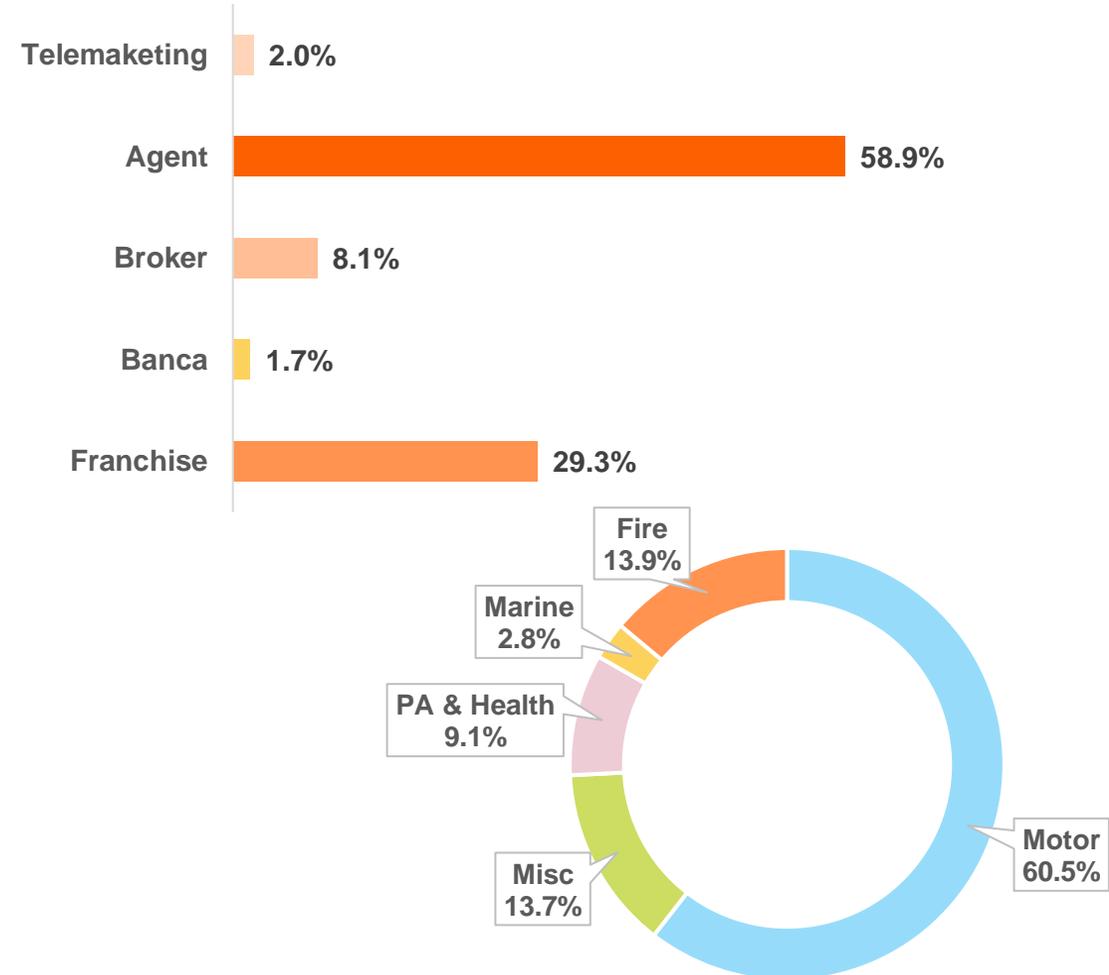
- Market share stood at 13.4% in 6M 2022 (6M 2021: 13.0%).

GENERAL BUSINESS: GWP IS 13.2% HIGHER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

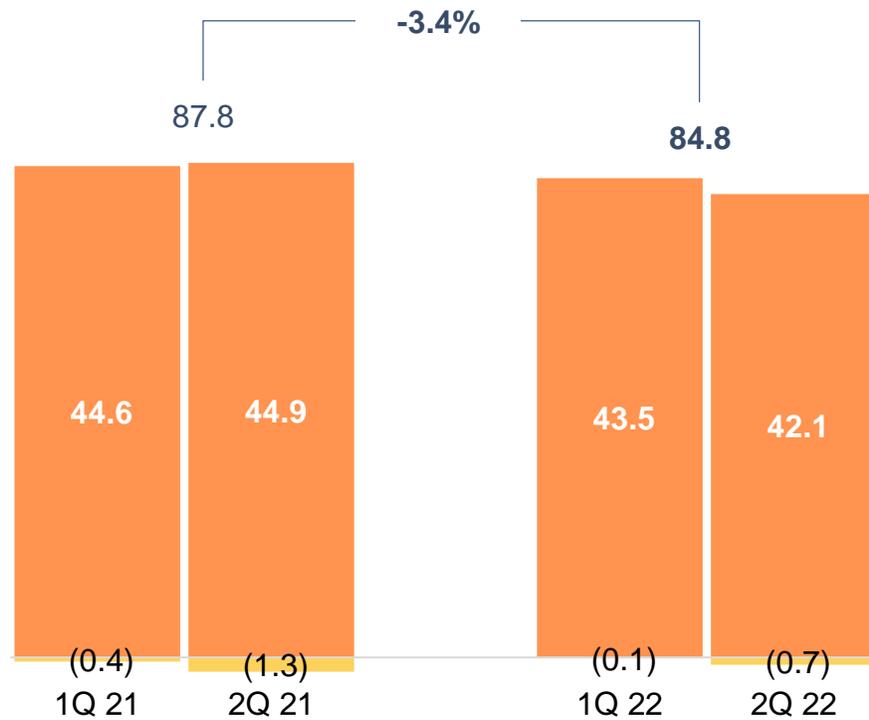


Distribution Channel & Portfolio Mix



GENERAL BUSINESS: STABLE GROWTH IN INVESTMENT INCOME

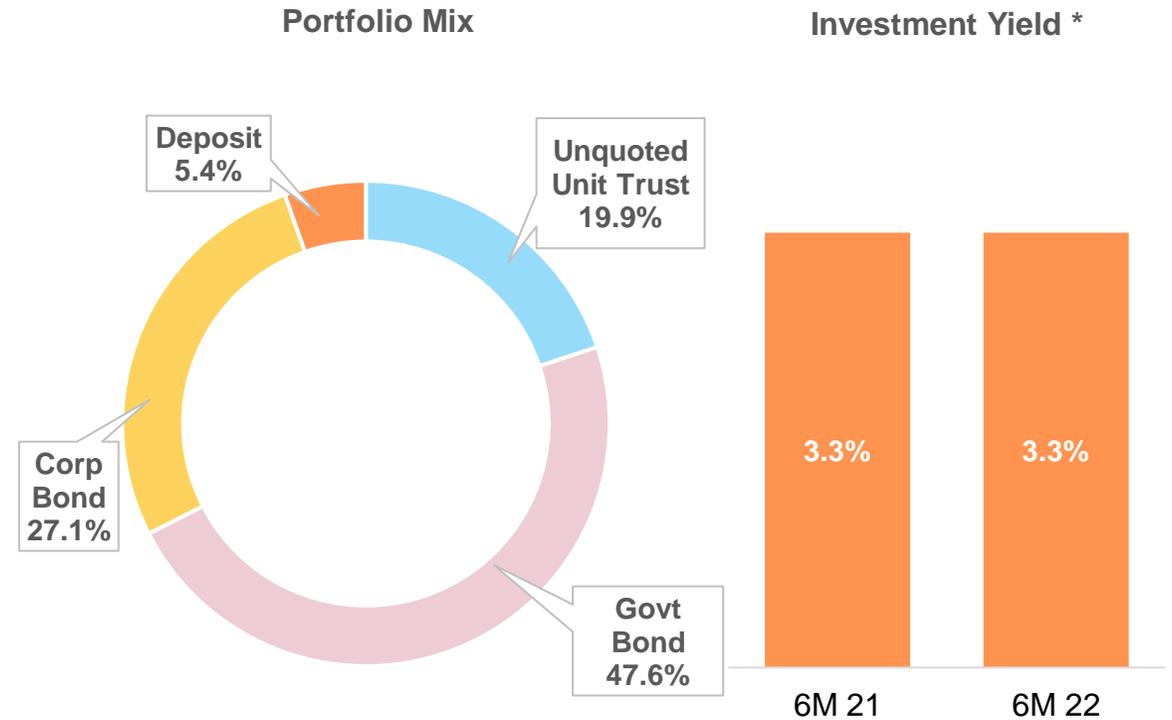
Net Investment Results/
Net Operating Expenses (RM'mil)



■ Net Investment Results ■ Net Operating Expenses

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

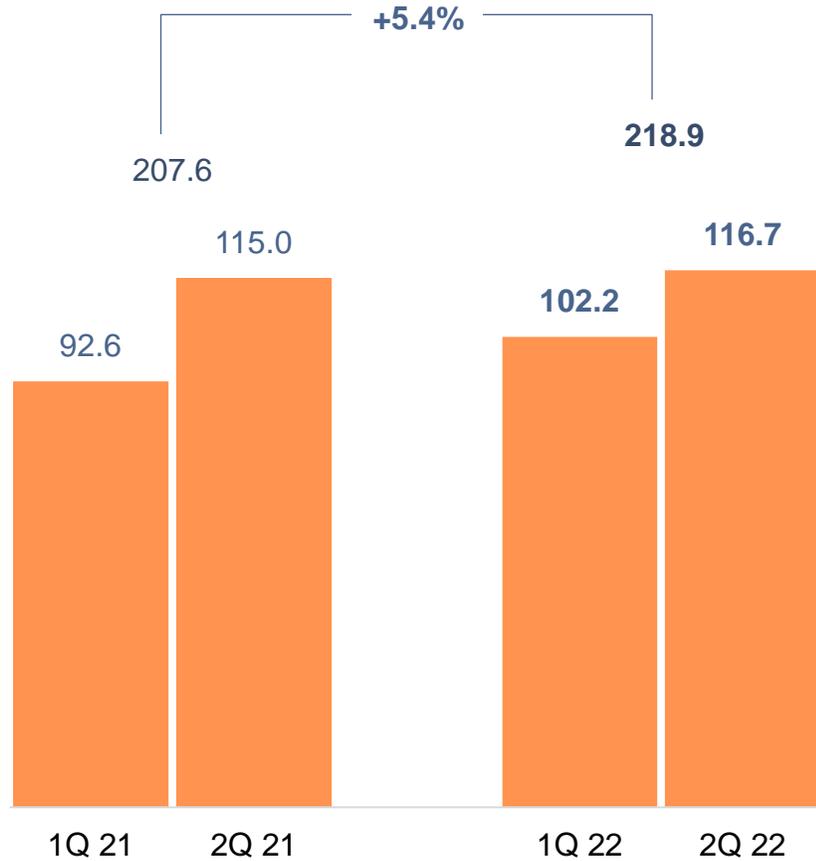
Portfolio Mix and Investment Yield (Annualised)



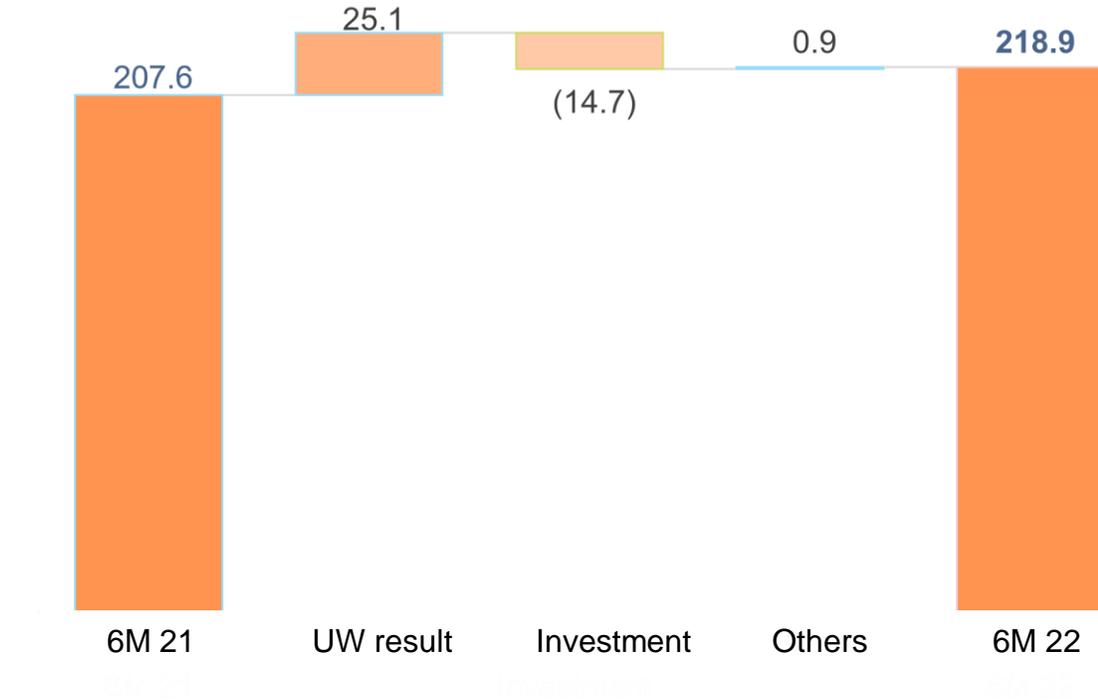
* Investment yield is excluding fair value gains/losses

GENERAL BUSINESS: HIGHER PROFIT BEFORE TAX FROM HIGHER UNDERWRITING RESULTS

Profit Before Tax (RM'mil)



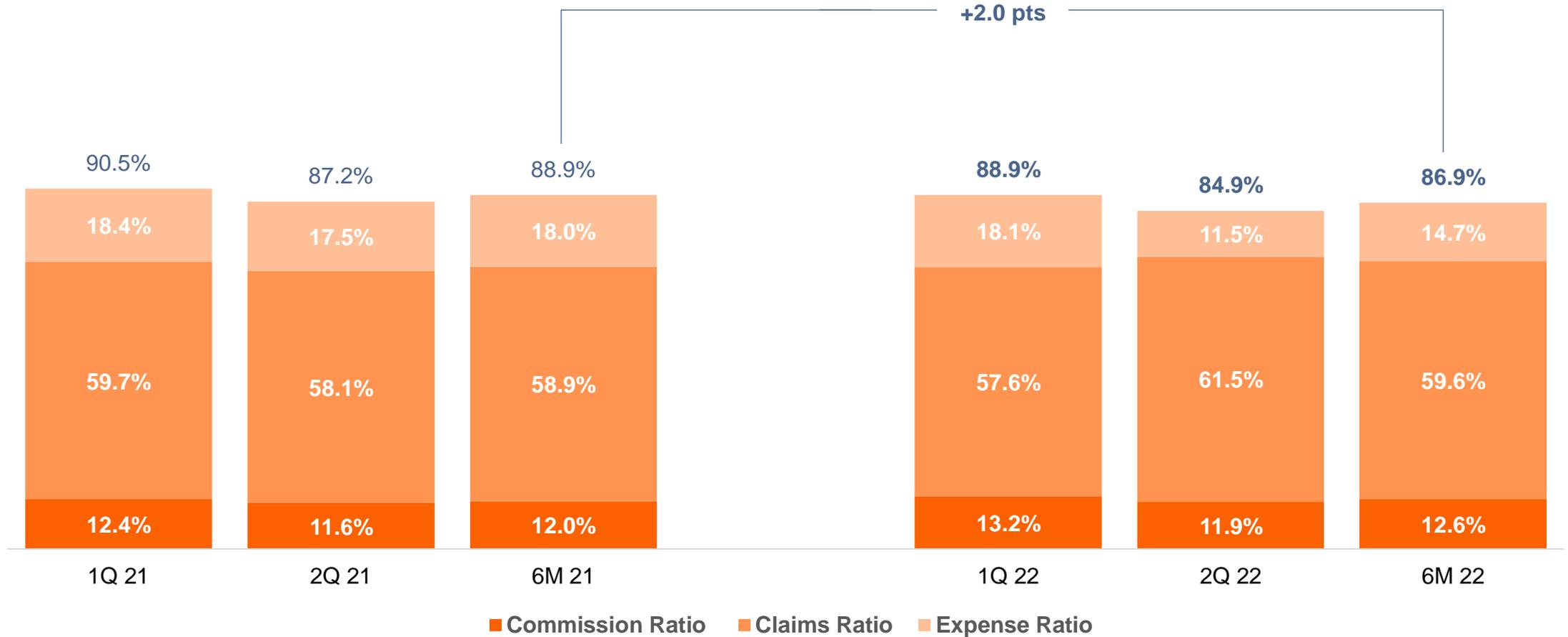
PBT Drivers (RM'mil)



| | | | | |
|---------------|-------------|---------------|------------|-------------|
| 6M 2021 | 119.8 | 89.5 | (1.7) | 207.6 |
| 6M 2022 | 144.9 | 74.8 | (0.8) | 218.9 |
| Change | 25.1 | (14.7) | 0.9 | 11.3 |

GENERAL BUSINESS: LOWER COMBINED RATIO DUE TO LOWER EXPENSE RATIO

Combined Ratio



6M 22 expense and claims ratio would be 17.7% and 56.5% respectively without the impact of VSC adjustment (see Q2 quarterly announcement page 28 Note 11 for details). There will be no impact to the company profit.

GENERAL BUSINESS: UNAUDITED FINANCIAL RESULTS AT A GLANCE

| RM'mil | 6M 2021 | 6M 2022 | △22/21 % |
|---|--------------|--------------|----------------|
| Gross written premiums | 1,189.6 | 1,347.1 | 13.2% |
| Gross earned premiums | 1,208.0 | 1,238.8 | 2.5% |
| Net earned premiums | 1,084.9 | 1,117.1 | 3.0% |
| Net change in claims incurred | (638.9) | (666.0) | (4.2%) |
| Management expenses | (196.5) | (166.0) | 15.5% |
| Net fee and commission expenses | (129.7) | (140.2) | (8.1%) |
| Underwriting result | 119.8 | 144.9 | 21.0% |
| Fair value gains and losses | - | (10.8) | (>100%) |
| Net investment results | 89.5 | 85.6 | (4.4%) |
| Net other operating expenses | (1.7) | (0.8) | 52.9% |
| Profit before tax (after consolidation adjustment) | 207.6 | 218.9 | 5.4% |
| Commission ratio | 12.0% | 12.6% | (0.6 pts) |
| Claims ratio | 58.9% | 59.6% | (0.7 pts) |
| Expense ratio | 18.0% | 14.7% | 3.3 pts |
| Combined ratio* | 88.9% | 86.9% | 2.0 pts |

* Combined ratio is calculated at company level

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

| KPIs | AGIC 6M 2022 | Industry ¹ 6M 2022 | Takaful ¹ 6M 2022 |
|-------------------------|-----------------|----------------------------------|---------------------------------|
| GWP growth | 13.2% | 9.6% | 19.7% |
| Commission ratio | 12.6% | 10.9% | 10.3% |
| Claims ratio | | | |
| • Overall | 59.6% | 53.2% | 60.0% |
| • Motor | 54.8% | 61.4% | 74.2% |
| Expense ratio | 14.7% | 23.9% | 33.5% |
| Combined ratio | 86.9% | 88.0% | 103.8% |

Market Share (6M 2022) ²

13.4%

Market Ranking (3M 2022) ³

No. 1

Notes:

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

03

LIFE BUSINESS



LIFE BUSINESS

Comments

Gross written premiums

- Gross written premiums grew by 8.2% from all key distribution channels.

Market Growth

- ANP decline by 3.2% while industry decline by 7.0%.¹
- Market share 6M 2022 increased to 9.4% (6M 2021: 9.0%).

Distribution

- Agency ANP decreased by 16.1% while Bancassurance increased by 24.1%.
- Focus on strategy to intensify agency recruitment and uplift agent productivity.

Product mix

- Remain focus on sales of investment-linked products with protection rider which provide higher margins but to also cater for demand for saving products.
- Investment-linked ANP and GWP increased by 3.4% and 12.8% respectively.

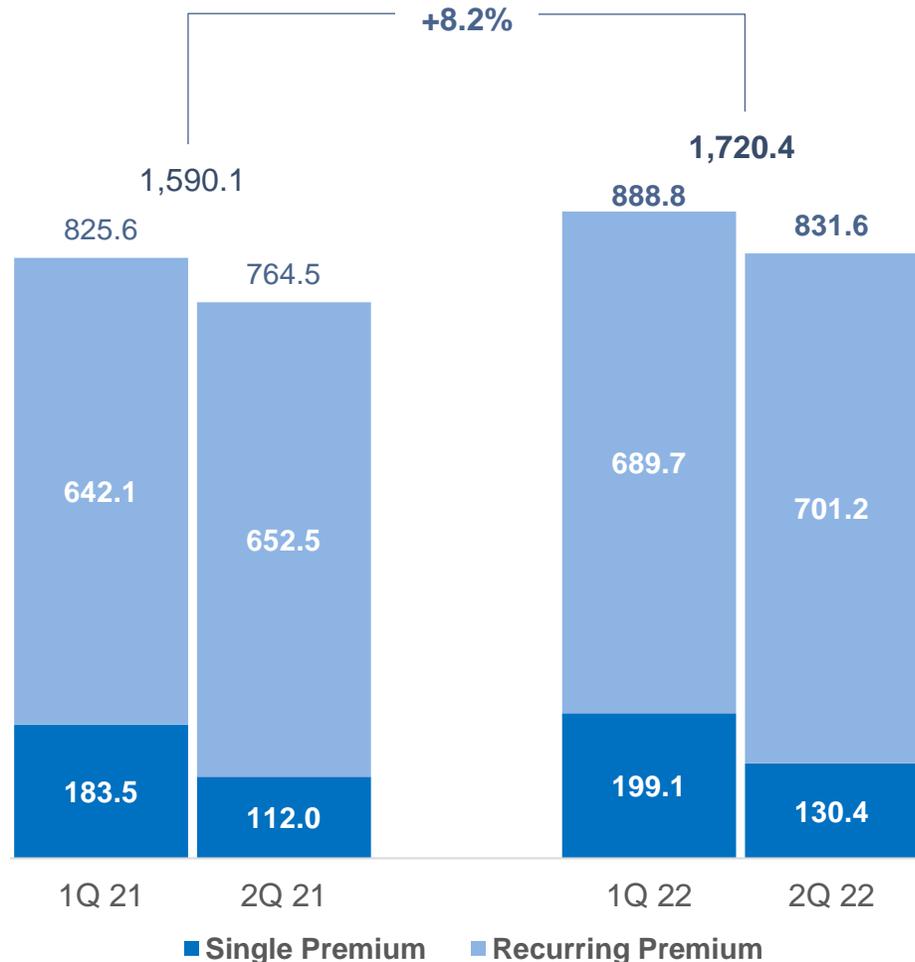
Profitability

- Profit before tax of RM76.0 million (6M 2021: RM76.7 million) due to higher fair value losses on investments arising from higher interest rate.
- The core profit was RM163.5 million, an increase of 52.0% from preceding period on a comparable basis.
- New business value was RM 134.7 million, decreased by 8.1% due mainly to lower sales volume from agency business.

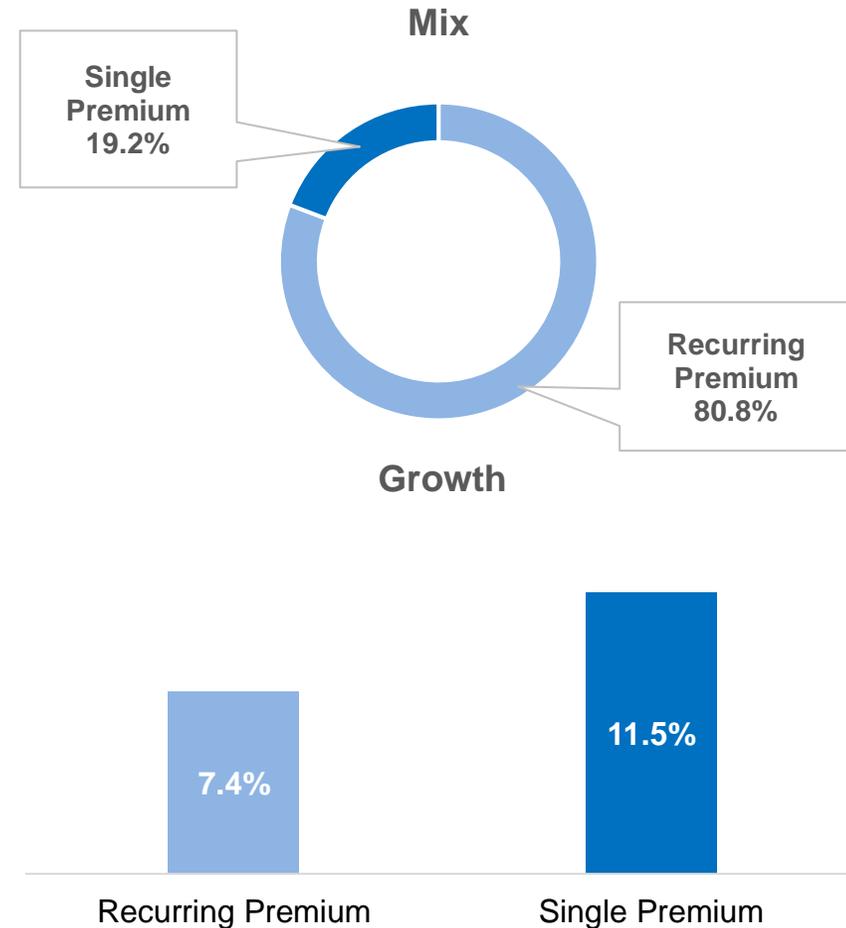
Note1: Market share based on statistics from LIAM.

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

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

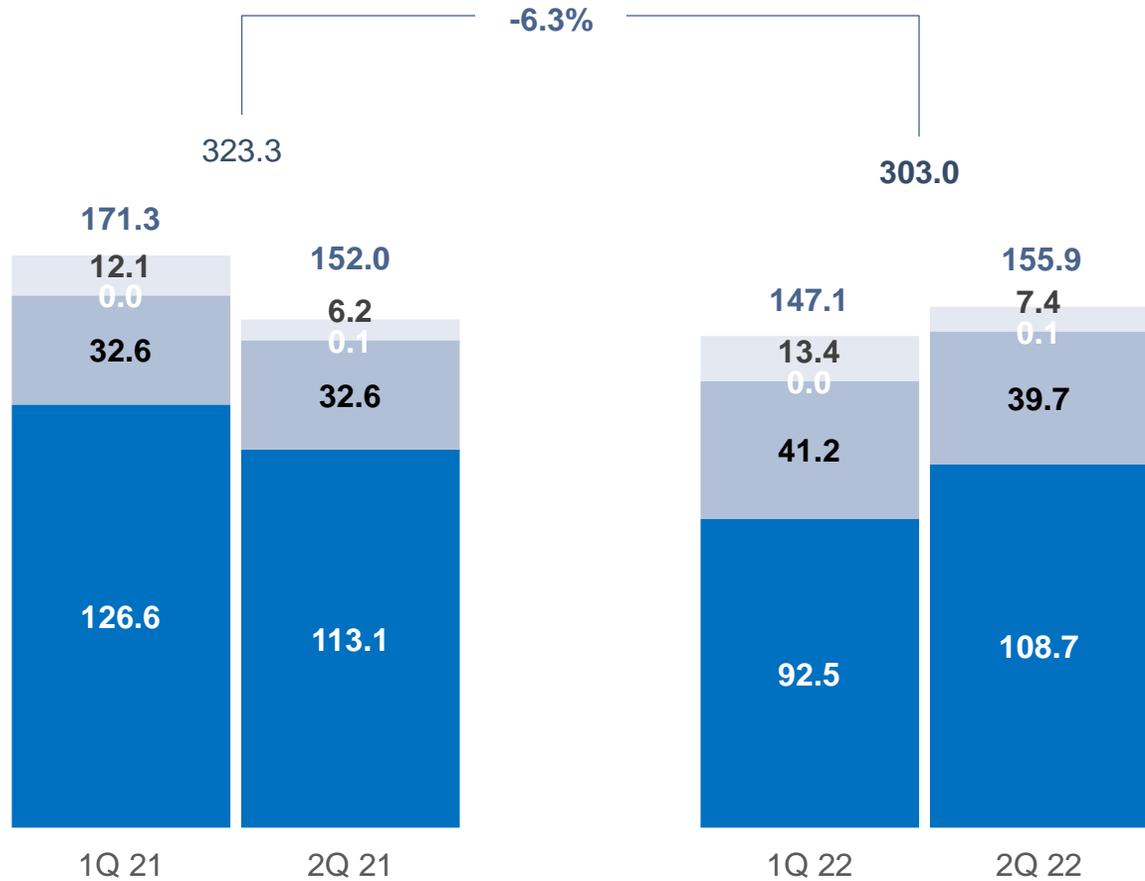


GWP Mix & Growth (%) (6M 2022)

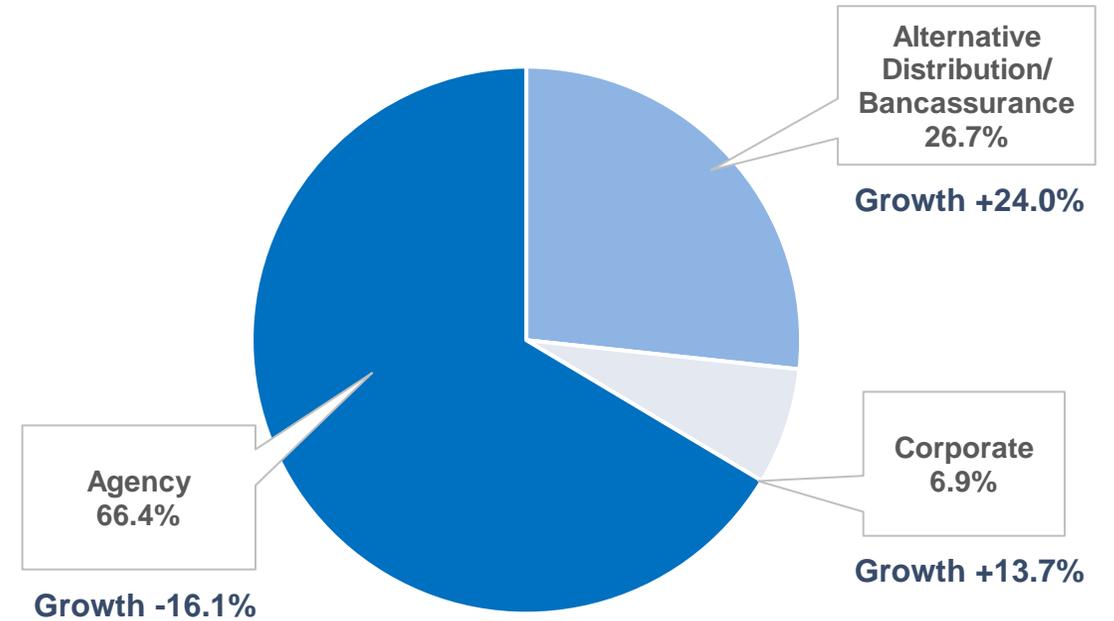


LIFE BUSINESS: LOWER CONTRIBUTION FROM AGENCY CHANNEL

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



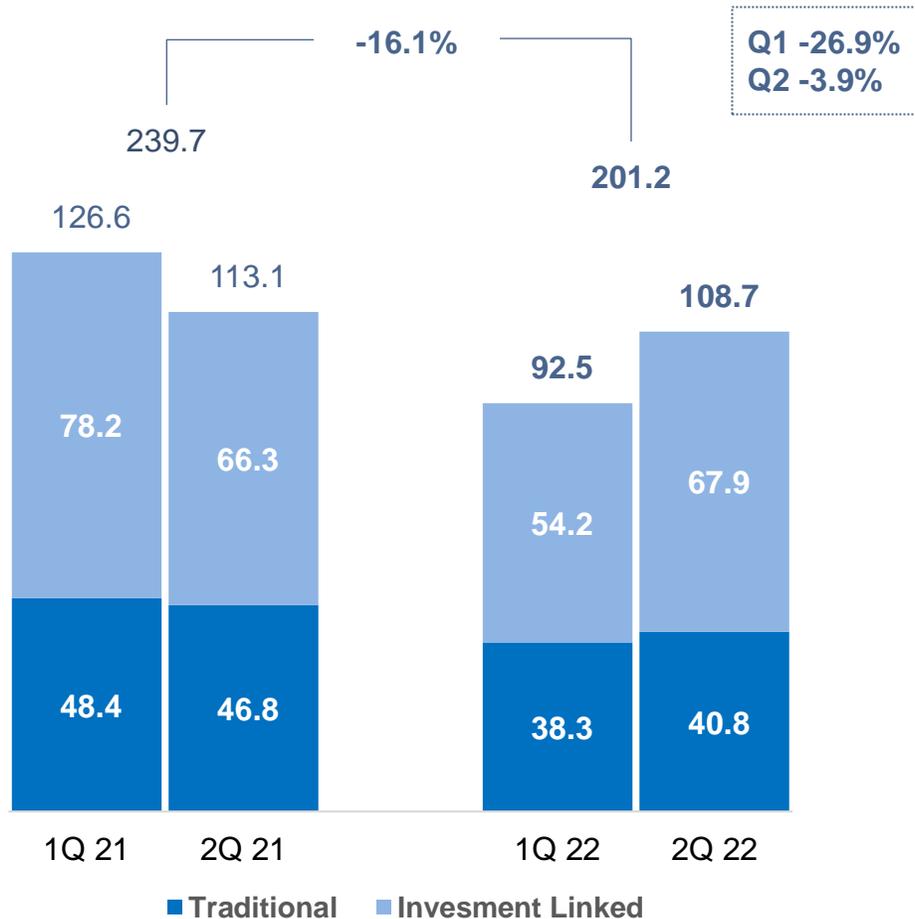
ANP Channel Mix (%) (6M 2022)



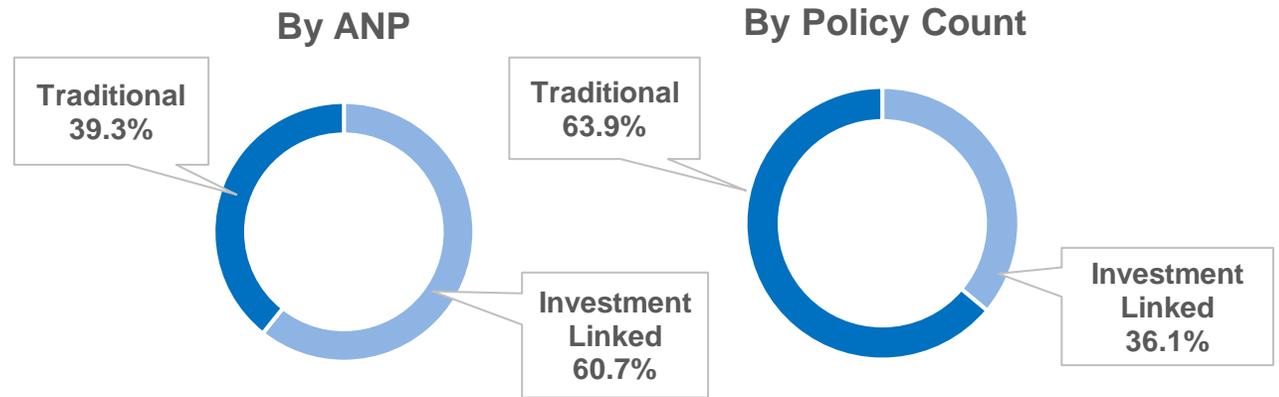
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

LIFE BUSINESS (AGENCY): LOWER SALES MOMENTUM FROM AGENCY IN LINE WITH INDUSTRY

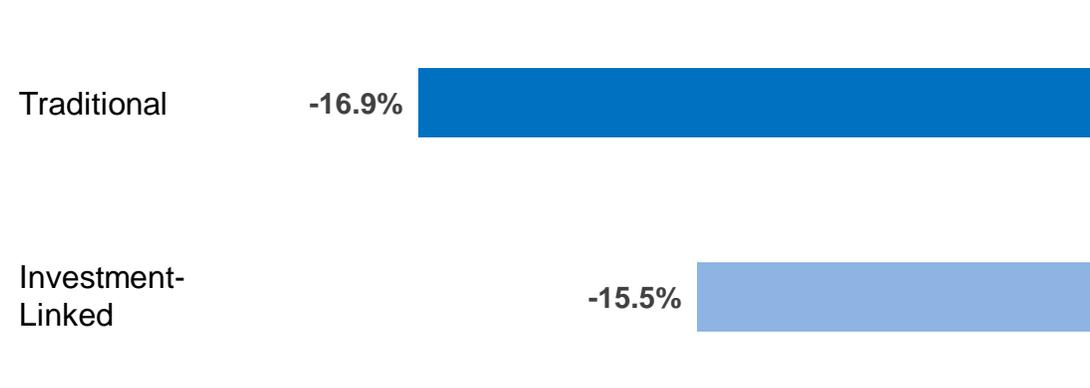
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (6M 2022)

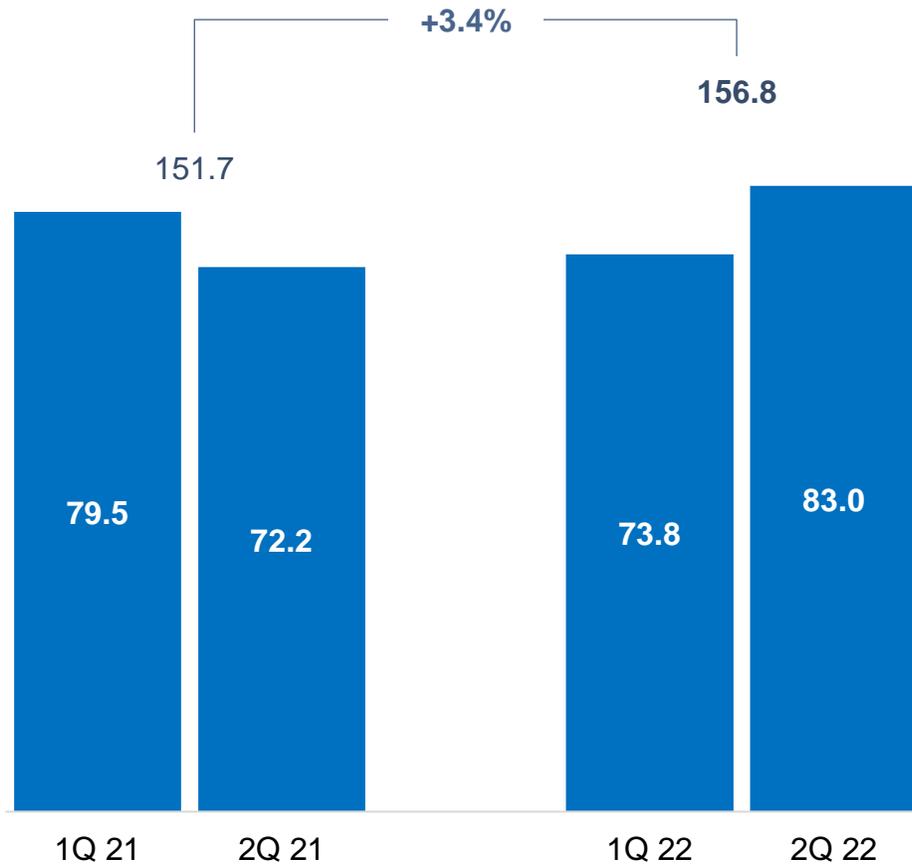


Agency ANP Growth (%) (6M 2022)

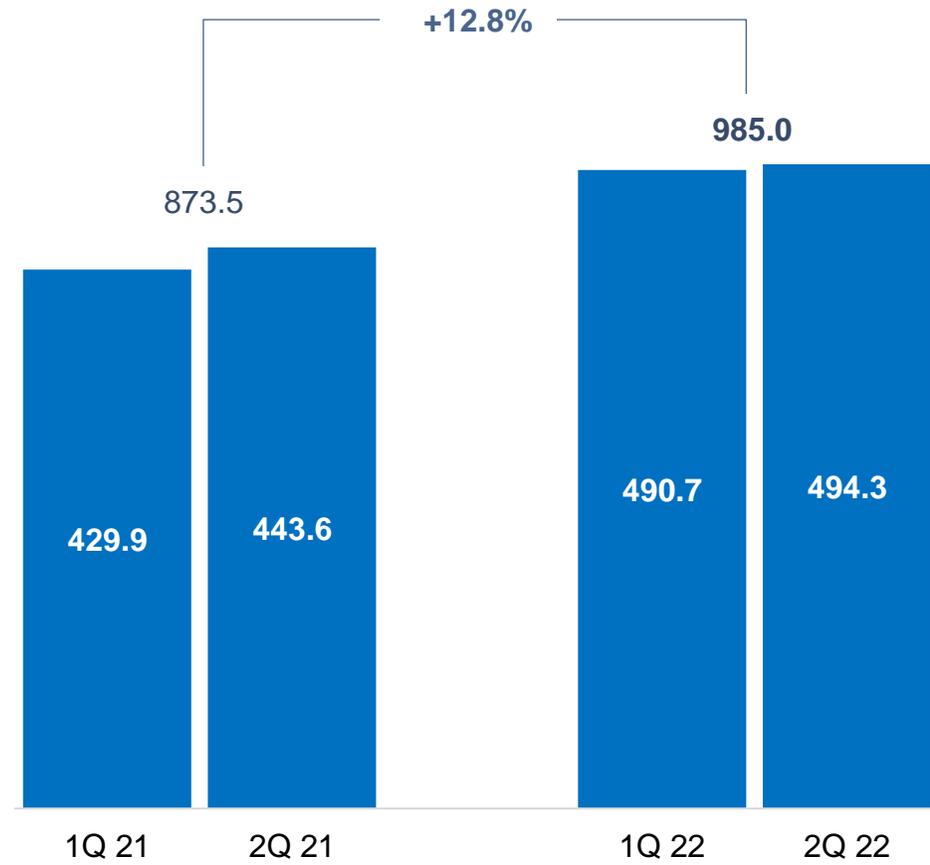


LIFE BUSINESS: PROTECTION BUSINESS (INVESTMENT-LINKED) CONTINUES TO GROW

Annualised New Premiums (RM'mil)

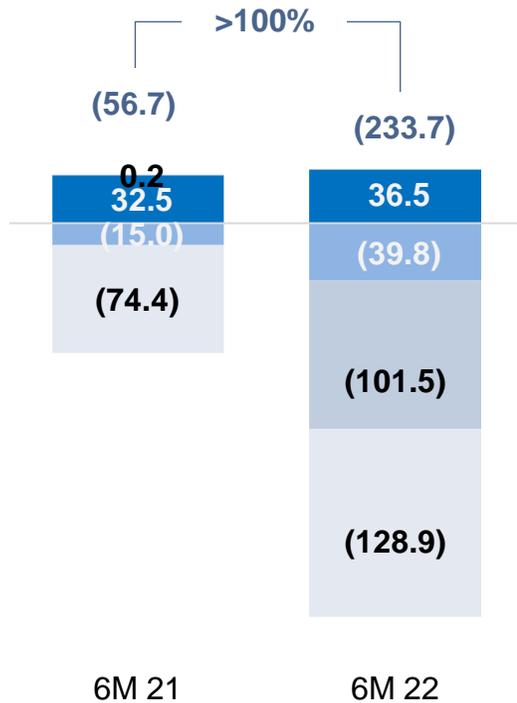


Gross Written Premiums (RM'mil)

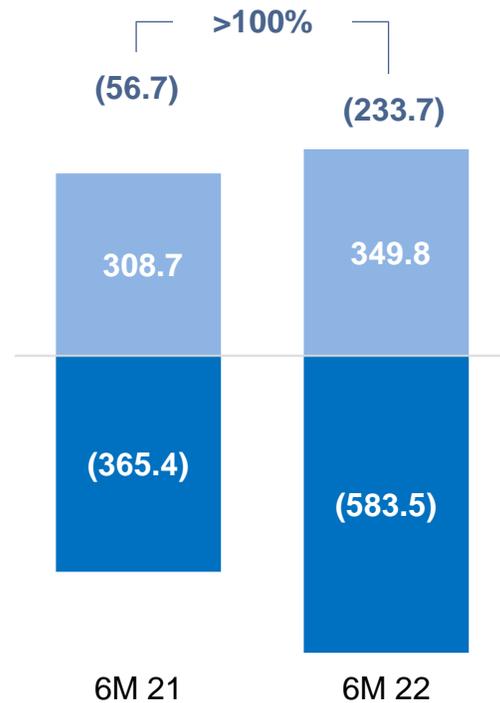


LIFE BUSINESS: INVESTMENT RESULTS IMPACTED BY FAIR VALUE LOSSES AS INTEREST RATE GOES UP

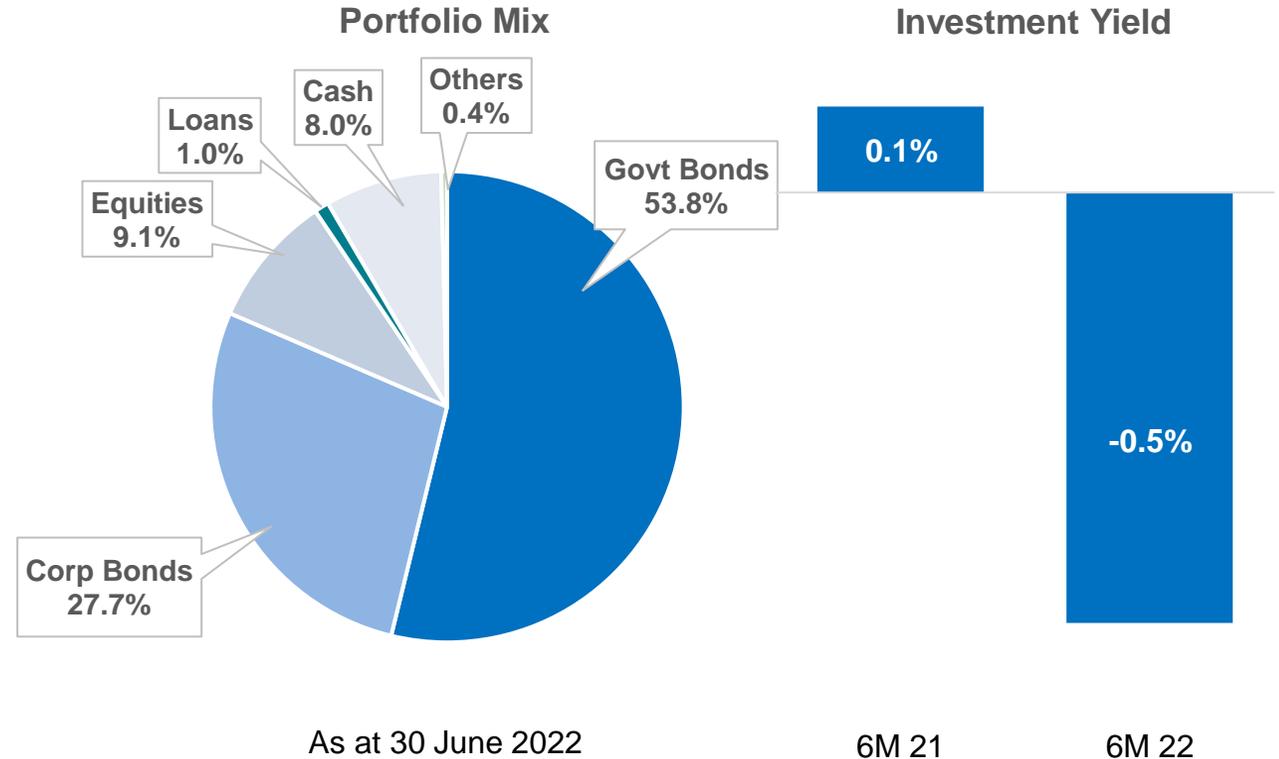
Investment Results by funds (RM'mil)



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 | 6M 2021 | 6M 2022 | △22/21 % |
|---|-------------|-------------|---------------|
| Gross written premiums | 1,590.1 | 1,720.4 | 8.2% |
| Premiums ceded to reinsurers | (71.0) | (64.4) | 9.3% |
| Net earned premiums | 1,519.1 | 1,656.0 | 9.0% |
| Net change in benefits and claims paid | (571.2) | (764.5) | (33.8%) |
| Net change in contract liabilities | (448.3) | (220.8) | 50.7% |
| Management expenses | (121.6) | (128.3) | (5.5%) |
| Net fee and commission expenses | (246.7) | (249.6) | (1.2%) |
| Fair value gains and losses | (365.4) | (583.5) | (59.7%) |
| Net investment results | 308.7 | 349.8 | 13.3% |
| Net other operating income | 2.1 | 16.9 | >100% |
| Profit before tax (after consolidation adjustment) | 76.7 | 76.0 | (0.9%) |
| Annualised new premiums | 323.3 | 303.0 | (6.3%) |
| Expense ratio (LF+SHF) | 9.6% | 9.8% | (0.2 pts) |
| Local investment yield (LF+SHF) | 0.1% | (0.5%) | (0.6 pts) |
| Block persistency ratio | 90.6% | 87.4% | (3.2 pts) |

**THANK YOU
FOR YOUR ATTENTION**

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