



**ALLIANZ MALAYSIA
BERHAD** (197201000819)

Q1 2024

**FINANCIAL RESULTS
MFRS 9/17**

Analyst Briefing
24 May 2024

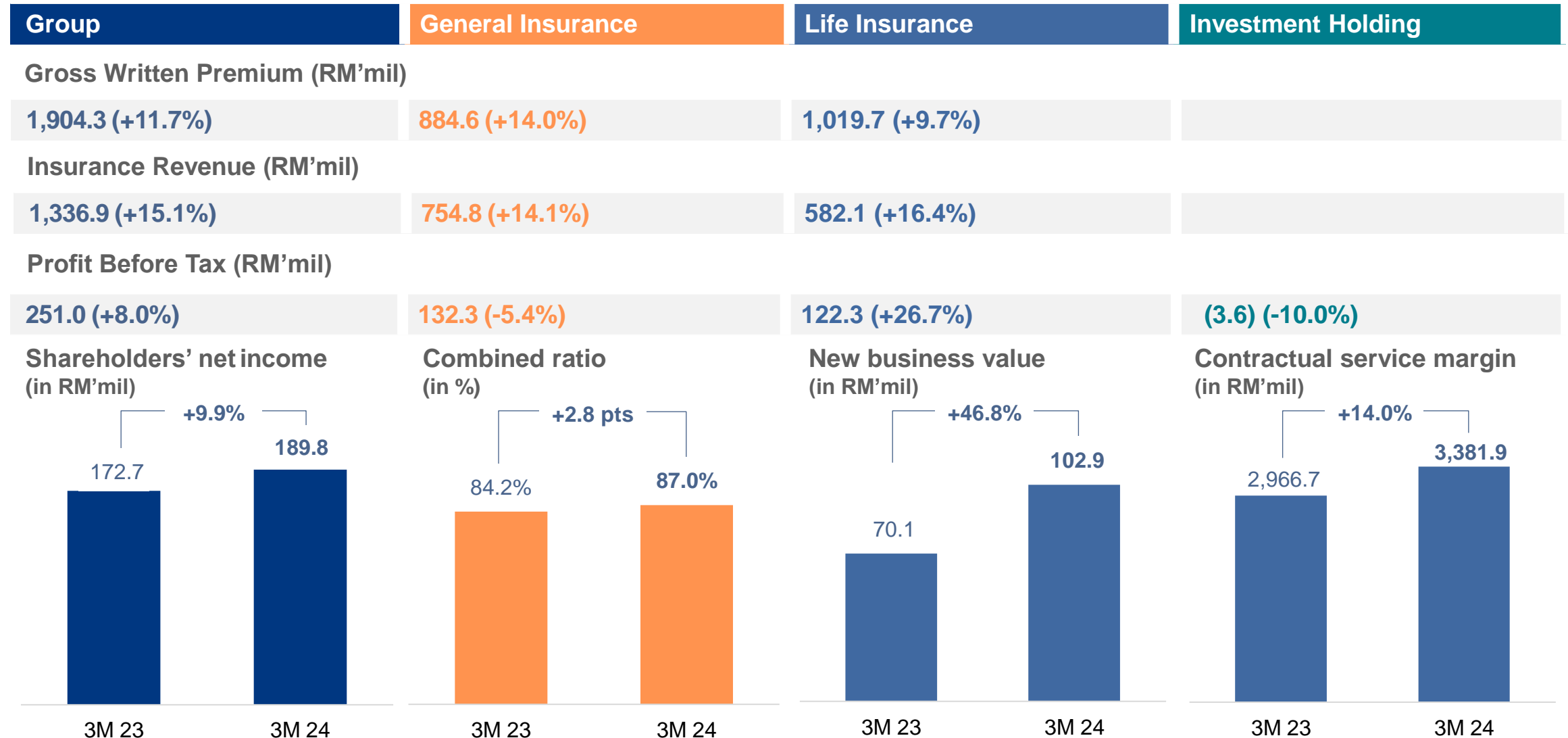
Allianz 

01

AMB GROUP FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS 3M 2024



STRONG PERFORMANCE WITH ROBUST TOP LINE GROWTH AND RESILIENT EARNINGS

Comments

Insurance revenue

- Group insurance revenue of RM1.34 billion, an increase of 15.1% from RM1.16 billion in 2023 due to strong insurance revenue from both insurance segments.
- General business recorded an insurance revenue of RM754.8 million, an increase of 14.1% compared to corresponding period of RM661.5 million mainly from increase in gross earned premium from motor business.
- Life business recorded an insurance revenue of RM582.1 million, an increase of 16.4% compared to corresponding period of RM499.9 million mainly attributed to higher opening CSM balance, higher in-force portfolio and growth in investment-linked protection business portfolio.

Earnings per ordinary share

- Basic earnings per ordinary share at 106.66 sen (3M 2023: 97.03 sen).
- Diluted earnings per ordinary share at 54.83 sen (3M 2023: 49.88 sen).

Profitability

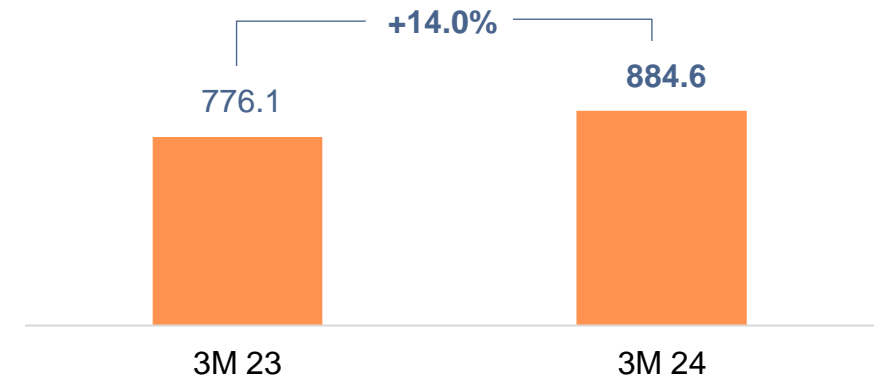
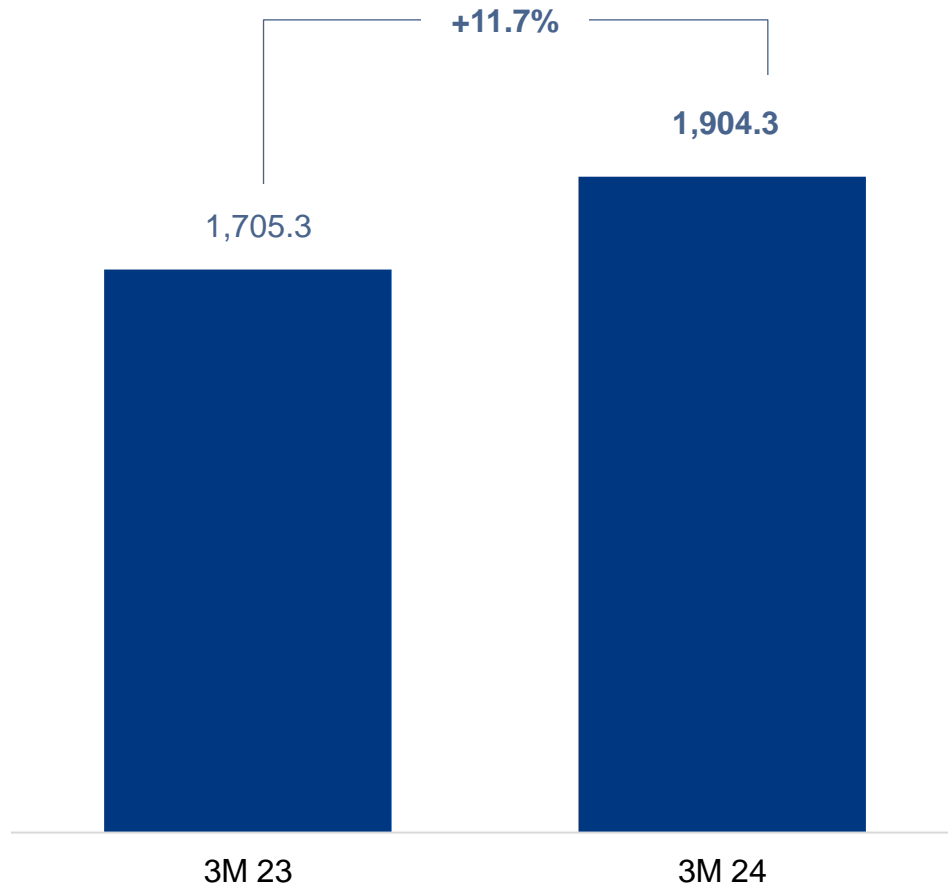
- Group profit before tax of RM251.0 million, increased by 8.0% (3M 2023: RM232.3 million) due to higher profit contribution from life insurance segments.
- General business contributed a profit before tax of RM132.3 million, a decrease of 5.4% (3M 2023: RM139.8 million). The decrease was mainly contributed by extraordinary low claims in preceding financial period and lower fair value gain of investment assets. Net combined ratio was 87.0% as at 3M 2024 (3M 2023: 84.2%).
- Life insurance business recorded a profit before tax of RM122.3 million, an increase of 26.7% (3M 2023: RM96.5 million) due to higher insurance service results from investment-linked protection business and higher investment income from larger assets base.

FINANCIAL HIGHLIGHTS 3M 2024

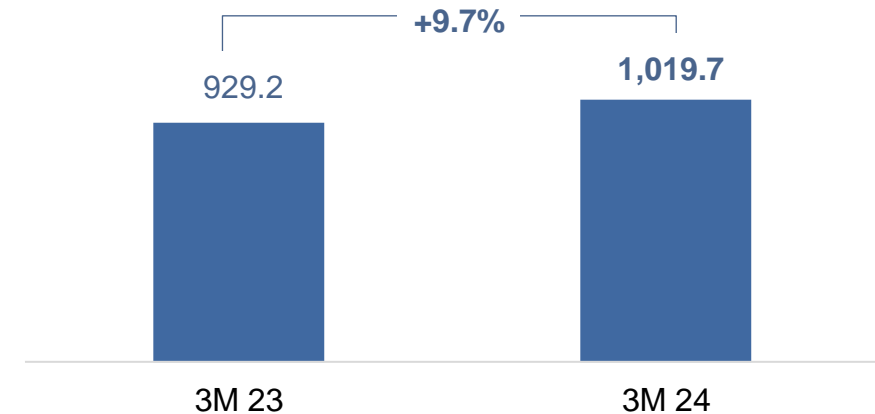
Group

General Insurance

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



Life Insurance

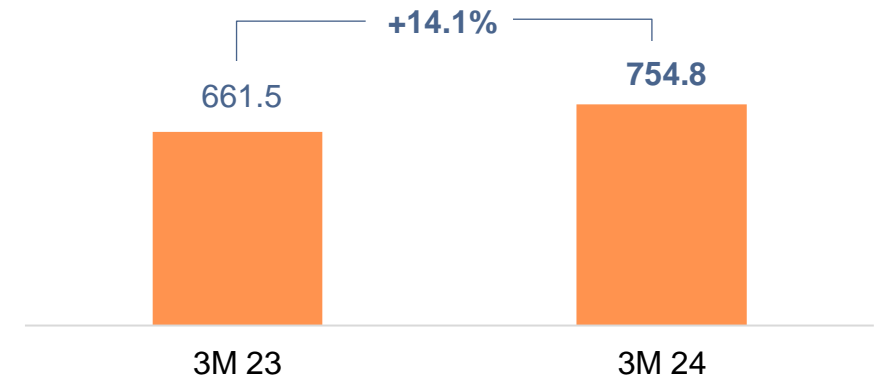
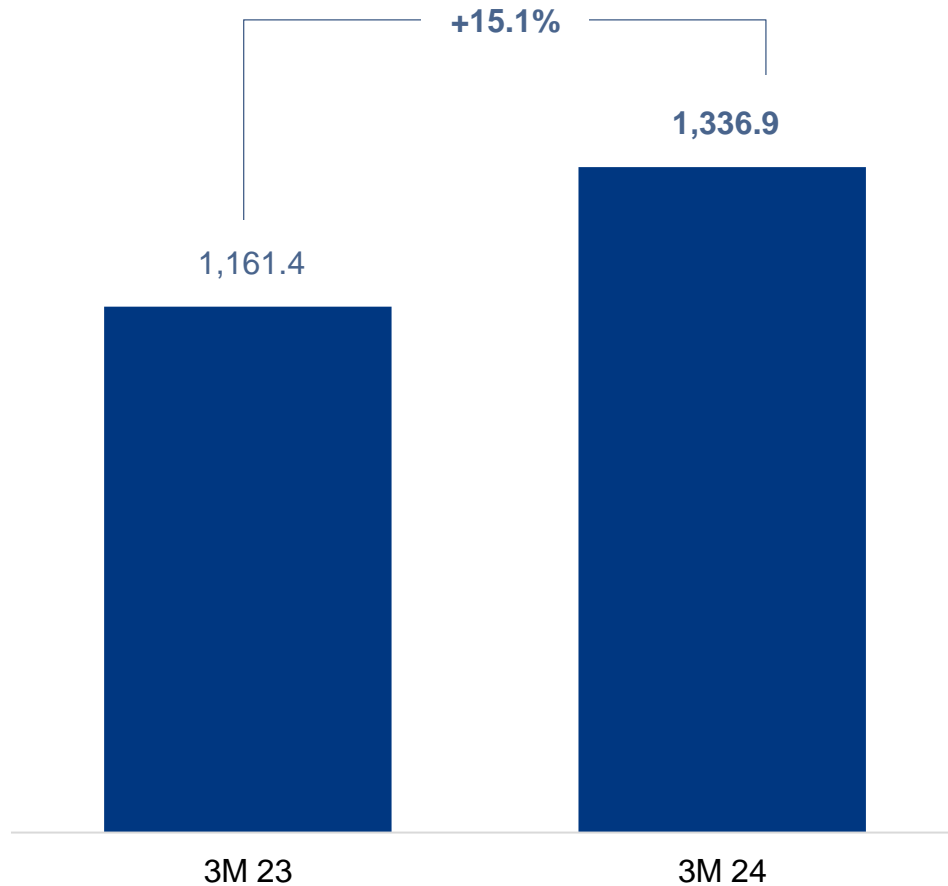


FINANCIAL HIGHLIGHTS 3M 2024

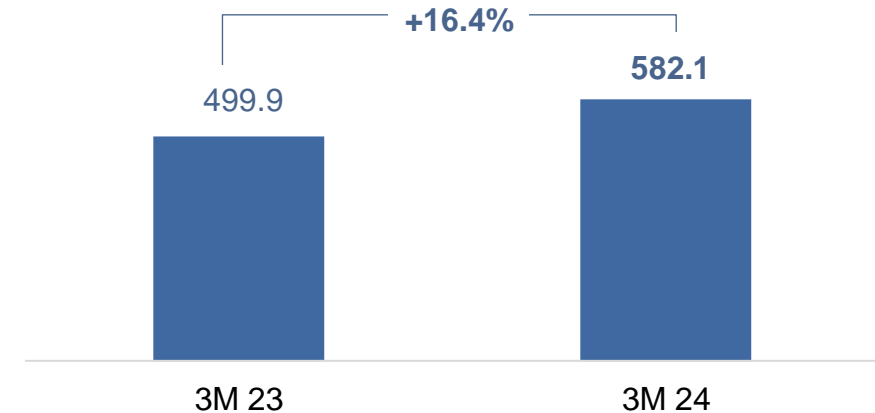
Group

General Insurance

Insurance Revenue (RM'mil)



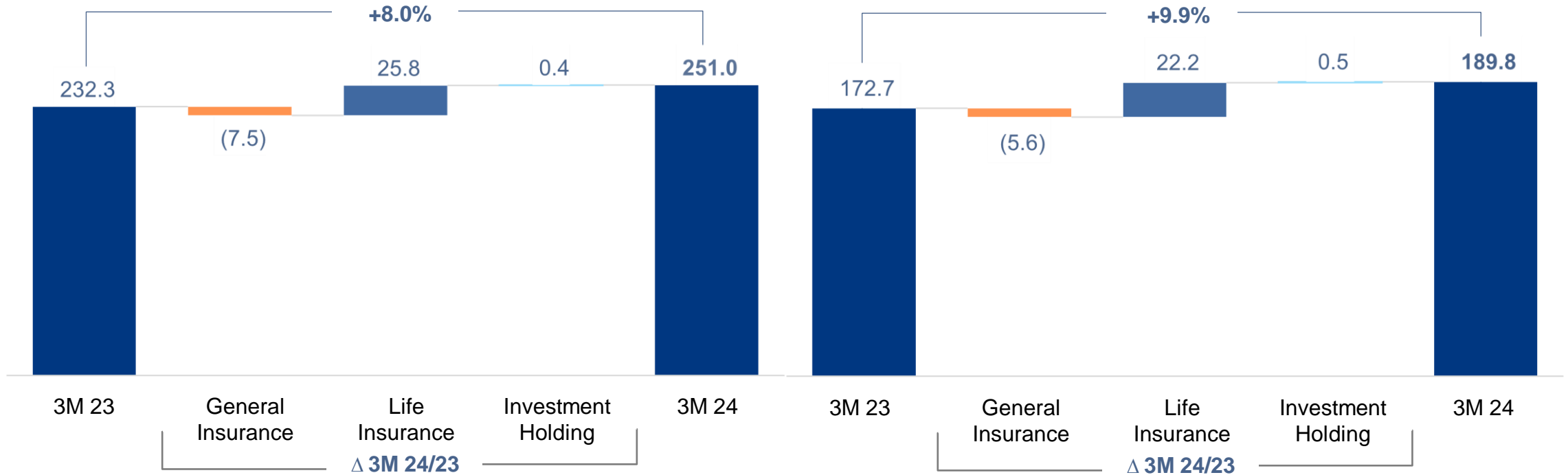
Life Insurance



FINANCIAL HIGHLIGHTS 3M 2024

Profit Before Tax drivers (RM'mil)

Profit After Tax drivers (RM'mil)

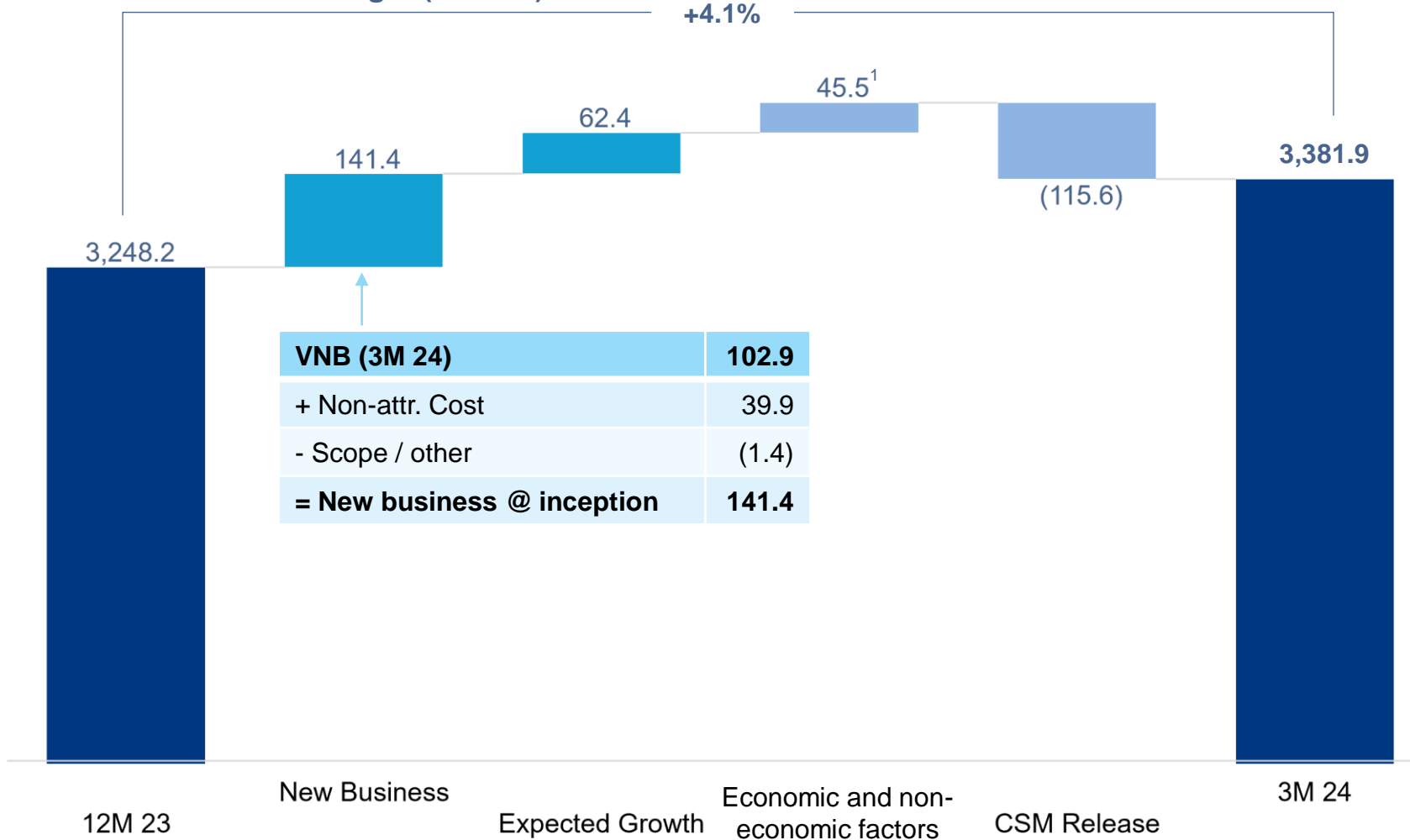


3M 2023	139.8	96.5	(4.0)	232.3
3M 2024	132.3	122.3	(3.6)	251.0
Change	(7.5)	25.8	0.4	18.7
Change (%)	(5.4%)	26.7%	(10.0%)	8.0%

3M 2023	105.3	71.9	(4.5)	172.7
3M 2024	99.7	94.1	(4.0)	189.8
Change	(5.6)	22.2	0.5	17.1
Change (%)	(5.3%)	30.9%	(11.1%)	9.9%

LIFE BUSINESS: CSM GROWTH GOOD AT 4.1%

Contractual Service Margin (RM'mil)



CSM (net)	2,209.3
Reinsurance	144.3
Non-attributable cost	330.6
Tax	697.7
CSM (gross)	3,381.9

Note 1: Higher economic and non-economic factors due to better unit fund performance for Investment-Linked and Universal Life portfolios; ongoing effort in medical repricing; and repricing top up premium collection due to medical repricing

FINANCIAL OVERVIEW

RM'mil	2022	2023	△24/23 %	3M 2023	3M 2024
Gross Written Premiums	6,023.0	6,546.5	8.7%	1,705.3	1,904.3
CSM Release	368.6	433.1	17.5%	95.0	115.6
Expense Ratio (Non Life) ¹	26.6%	26.3%	(0.3 pts)	24.8%	24.1%
Expense Ratio (Life) ²	9.8%	12.1%	2.3 pts	10.6%	11.1%
Local Consolidated PBT	873.7	956.9	9.5%	232.3	251.0
Total Assets	23,989.7	25,921.9	8.1%	24,253.2	26,794.2
Shareholders' Equity	4,677.2	5,140.6	9.9%	4,917.7	5,336.3
Dividends declared (for financial year) ³	322.88	381.75	18.2%	-	-
Diluted earnings per ordinary share (sen)	177.29	211.12	19.1%	49.88	54.83
Return on equity	13.3%	14.8%	1.5 pts	-	-
Return on equity (Non Life)	14.9%	18.1%	3.2 pts	-	-
Return on equity (Life)	14.2%	14.8%	0.6 pts	-	-

Note 1 : Expense ratio for Non Life insurance segment consists of both attributable and non attributable acquisition and administration expenses.

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

Note 3 : First interim dividend declared on 29 May 2024 with estimated dividend payable of RM100.7 million.

SUMMARY OF UNAUDITED FINANCIAL RESULTS

RM'mil	3M 2023	3M 2024	△24/23 %
Insurance revenue	1,161.4	1,336.9	15.1%
Claims and benefits	(543.1)	(684.4)	26.0%
Acquisition and administrative expenses (net)	(268.6)	(319.5)	19.0%
Losses on onerous contracts	(14.6)	(3.7)	(74.7%)
Insurance service expenses	(826.3)	(1,007.6)	21.9%
Net expenses from reinsurance contracts held	(75.7)	(75.0)	(0.9%)
Insurance service results	259.4	254.3	(2.0%)
Net investment income	273.0	524.3	92.1%
Net (re-)insurance finance expenses	(258.3)	(498.6)	93.0%
Net financial and investment results	274.1	280.0	2.2%
Other operating income	0.3	11.3	>100%
Other operating expenses	(42.1)	(40.3)	(4.3%)
Profit before tax	232.3	251.0	8.0%
Tax expense	(59.6)	(61.2)	2.7%
Profit after tax	172.7	189.8	9.9%

02

GENERAL BUSINESS



GENERAL BUSINESS

Comments

Gross written premiums

- Continued growth momentum in the first quarter with gross written premium increased by 14.0% as compared to prior year. Higher premium stemming from motor business (+ 20.9%).

Profitability

- Lower profit before tax mainly contributed by extraordinary low claims in preceding financial period and lower fair value gain of investment assets.

Distribution and Portfolio

- 57.1% (3M 2023: 56.9%) of GWP from Agency and 29.0% (3M 2023: 30.6%) from Franchise.
- Both distribution channels remained as the main growth contributors, with growth mainly coming from Motor class.

Combined ratio

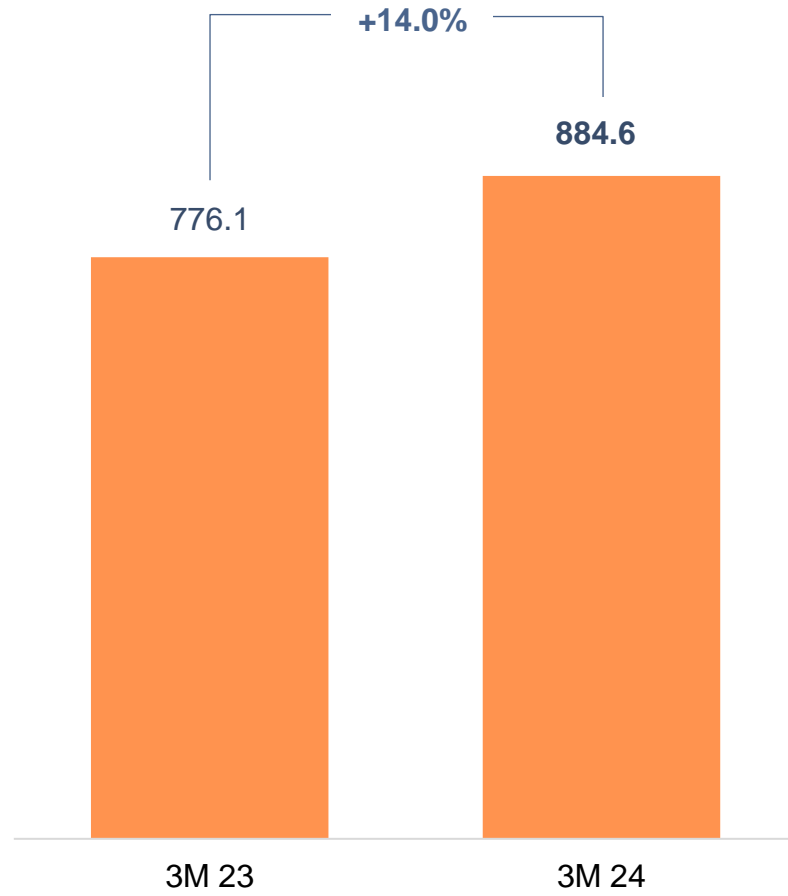
- Higher combined ratio of 2.8 pts mainly from extraordinary low combined ratio in preceding financial period due to lower claims ratio.

Market growth

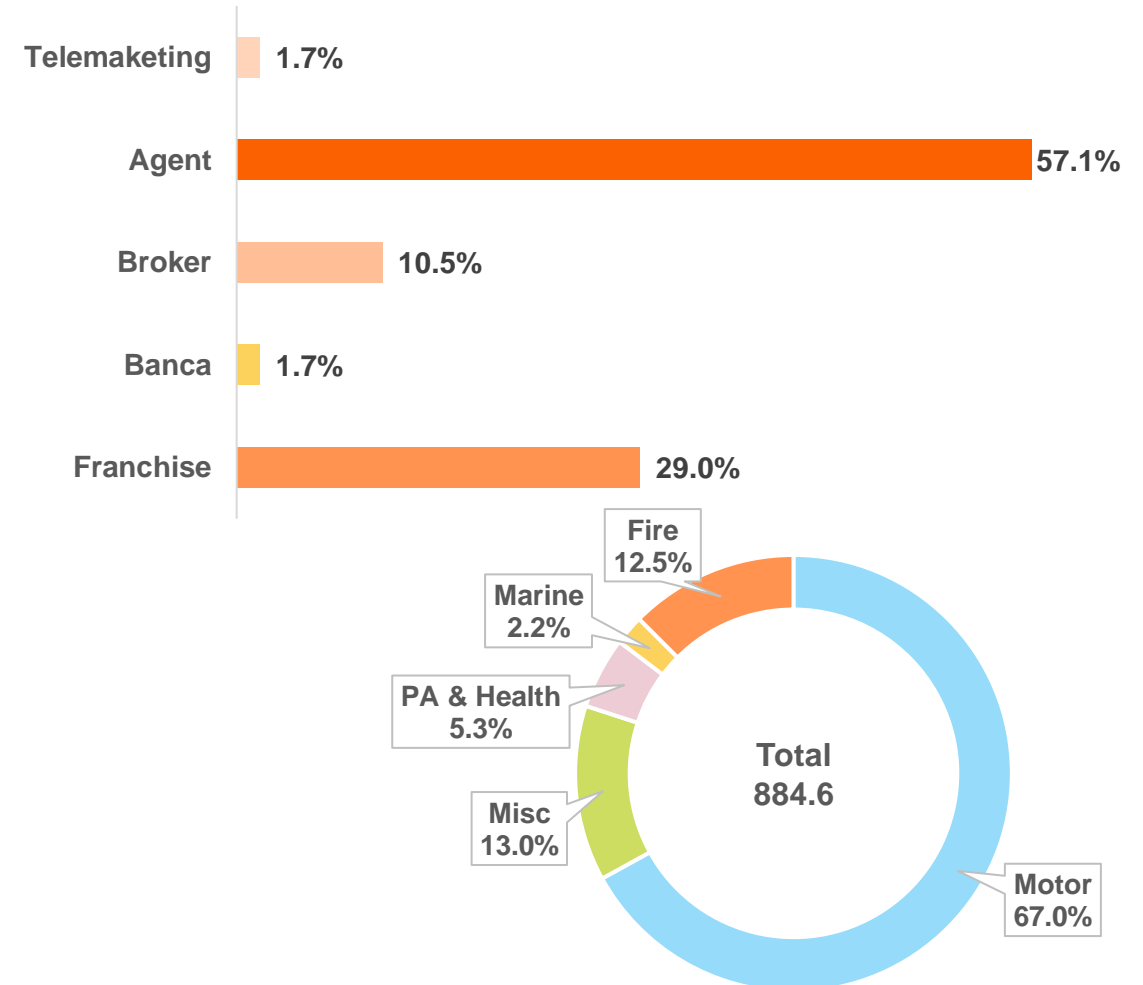
- Market share stood at 13.7% in 3M 2024 as compared to 12M 2023 of 14.0%.

GENERAL BUSINESS: GOOD SALES MOMENTUM WITH DOUBLE DIGIT GWP GROWTH

Gross Written Premium (RM'mil)

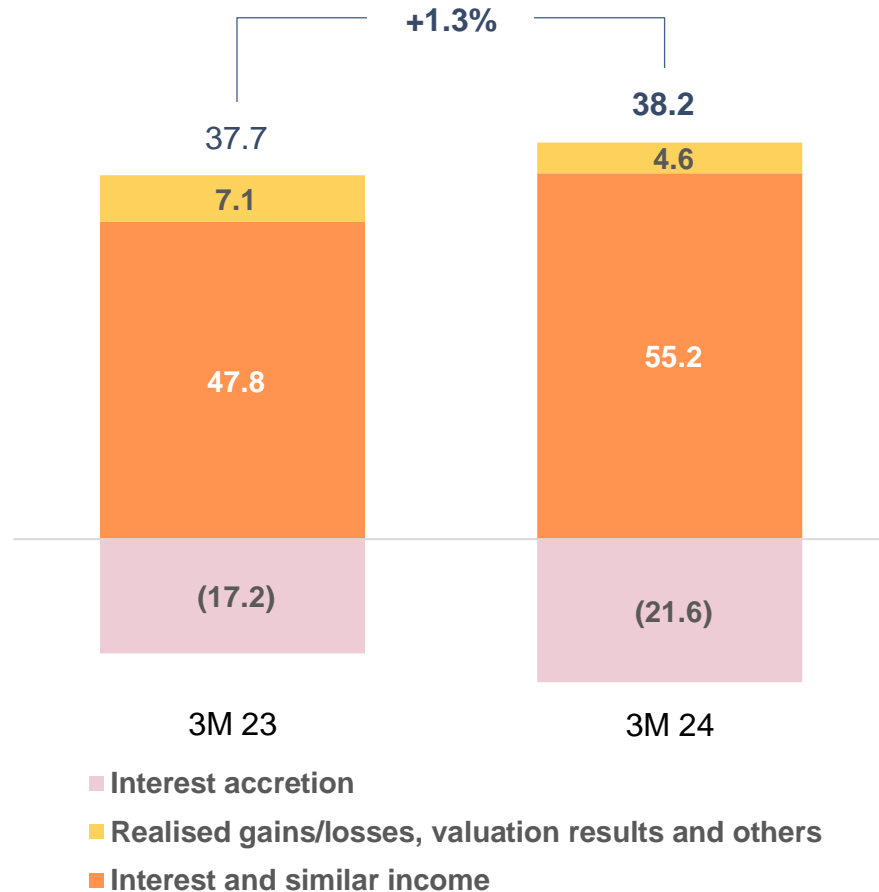


Distribution Channel & Portfolio Mix

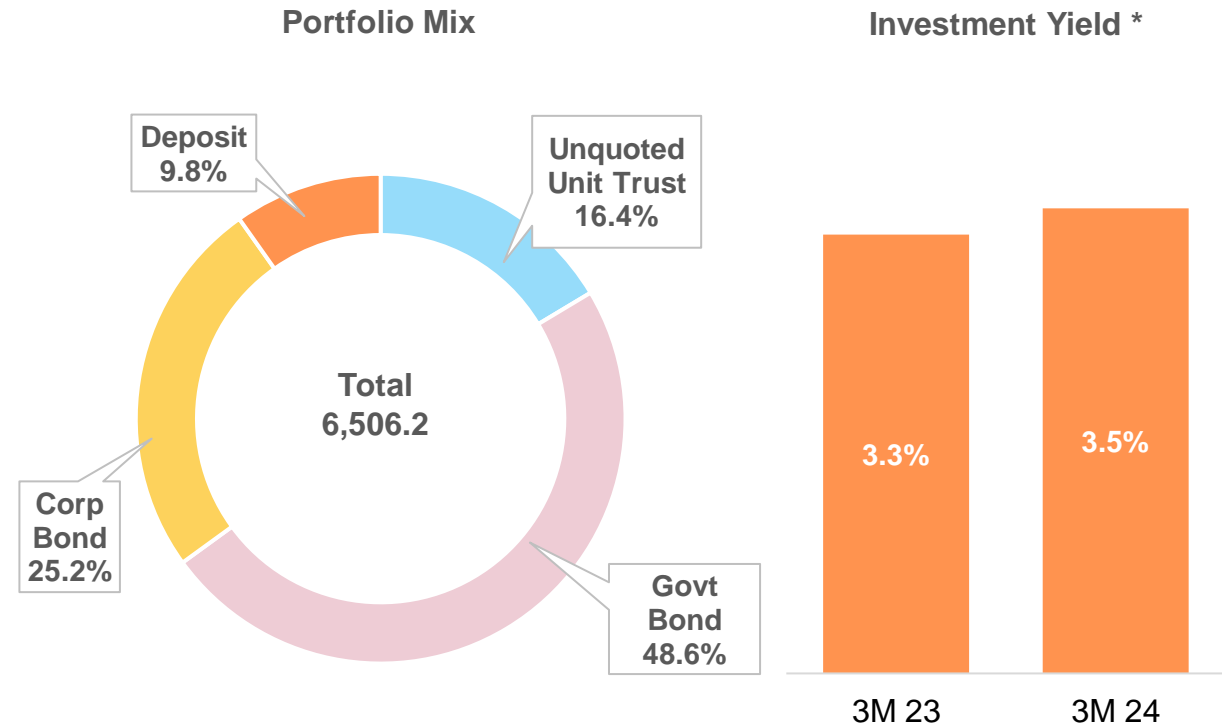


GENERAL BUSINESS: INVESTMENT INCOME CONTINUED TO GROW IN LINE WITH HIGHER YIELD AND INVESTMENT ASSETS

Net investment income/
Net (re-)insurance finance expenses
(RM'mil)



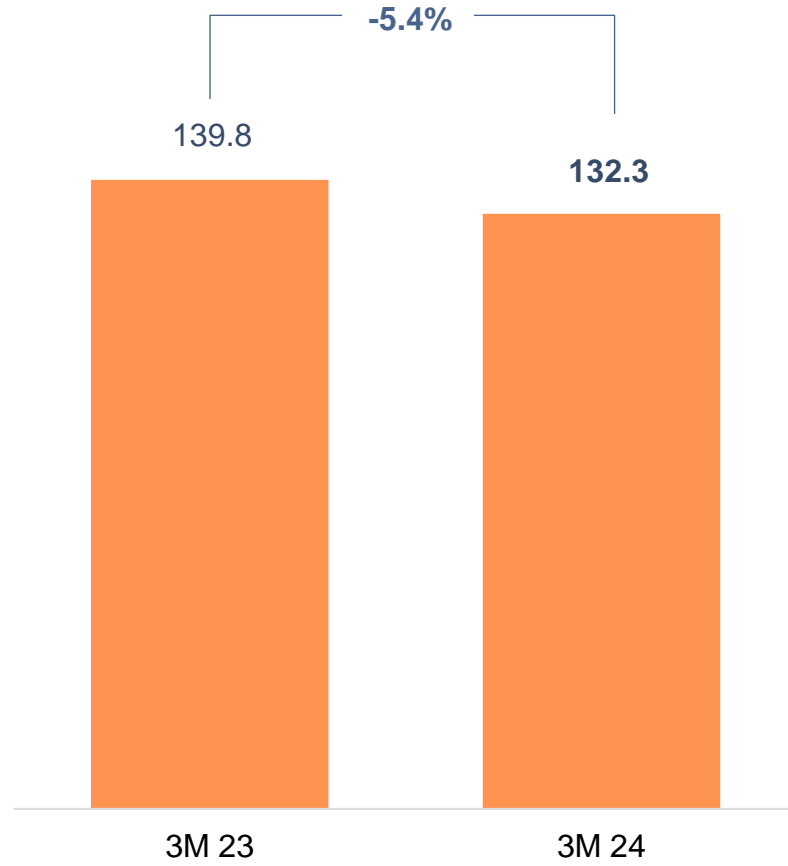
Portfolio Mix and Investment Yield (Annualised)



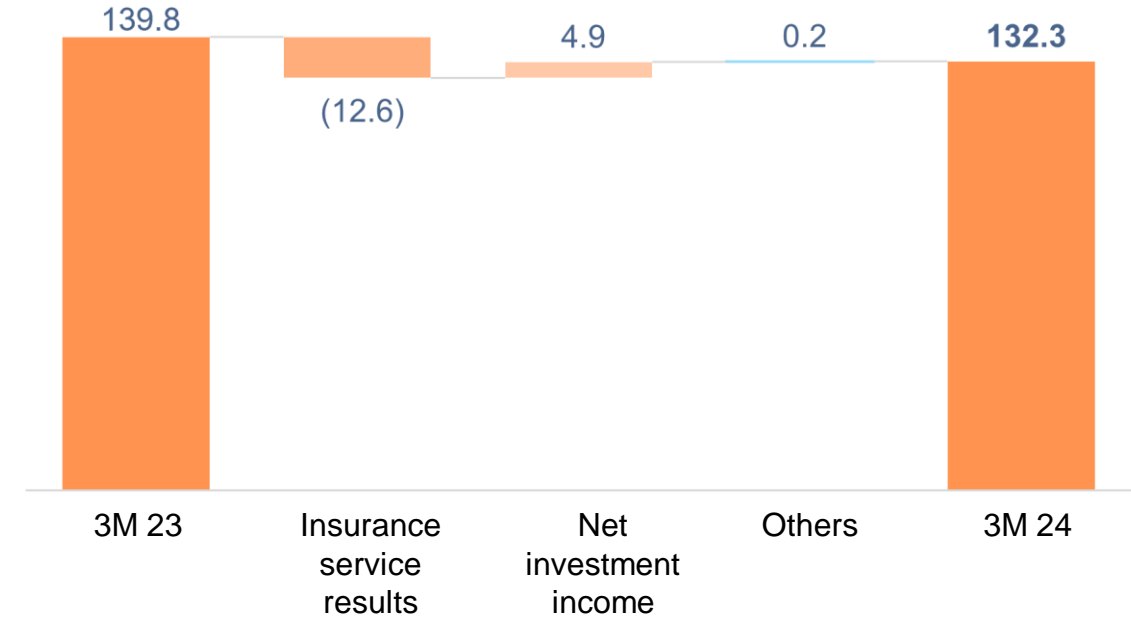
* Investment yield is excluding fair value gains/losses

GENERAL BUSINESS: LOWER PBT DUE TO LOWER INSURANCE SERVICE RESULTS

Profit Before Tax (RM'mil)



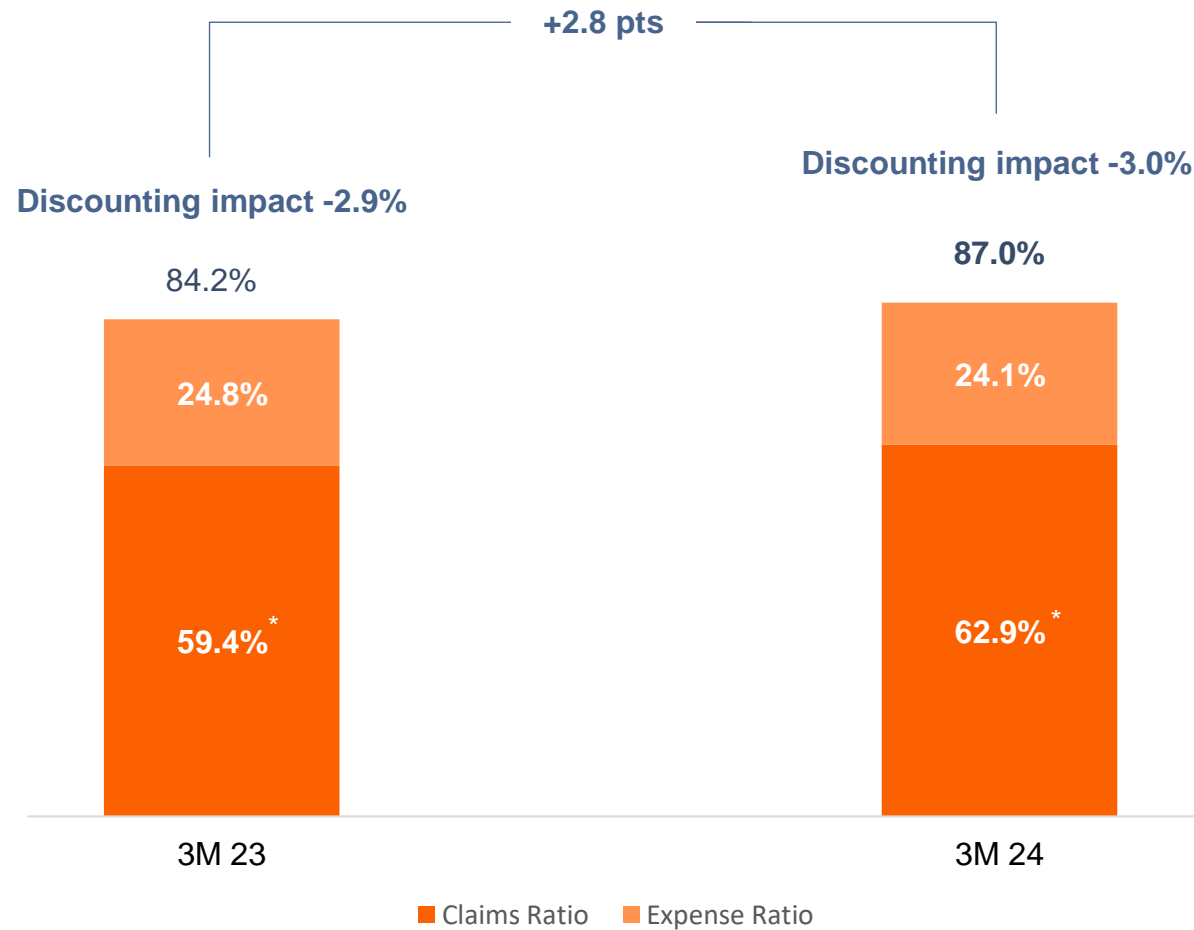
PBT Drivers (RM'mil)



3M 2023	116.8	54.9	(31.9)	139.8
3M 2024	104.2	59.8	(31.7)	132.3
Change	(12.6)	4.9	0.2	(7.5)

GENERAL BUSINESS: HIGHER COMBINED RATIO DUE TO HIGHER CLAIMS RATIO

Combined Ratio



* Include reinsurance results - reinsurance ratio 13.8% in 3M 23, 7.9% in 3M 24.

GENERAL BUSINESS: FINANCIAL RESULTS AT A GLANCE

RM'mil	3M 2023	3M 2024	△24/23 %
Insurance revenue	661.5	754.8	14.1%
Claims	(294.3)	(413.0)	40.3%
Acquisition and administrative expenses (net)	(151.8)	(175.9)	15.9%
Losses on onerous contracts	(7.4)	(2.1)	(71.6%)
Net expenses from reinsurance contracts held	(91.2)	(59.6)	(34.6%)
Insurance service result	116.8	104.2	(10.8%)
Net investment income	54.9	59.8	8.9%
Net (re-)insurance finance expenses	(17.2)	(21.6)	25.6%
Other operating income	0.3	0.3	0.0%
Other operating expenses	(15.0)	(10.4)	(30.7%)
Profit before tax (after consolidation adjustment)	139.8	132.3	(5.4%)
Claims ratio	59.4%	62.9%	3.5 pts
Expense ratio*	24.8%	24.1%	(0.7 pts)
Combined ratio	84.2%	87.0%	2.8 pts

* Expense ratio consists of both attributable and non attributable acquisition and administration expenses.

GENERAL BUSINESS: PERFORMANCE COMPARED TO INDUSTRY (JAN-MAR 2024)

KPIs	AGIC ¹ 3M 2024	Industry ¹ 3M 2024	Takaful ¹ 3M 2024
GWP growth	13.6%	10.0%	10.8%

Market Share (3M 2024) ²	13.7%
Market Ranking (12M 2023) ³	No. 1

Notes:

- 1) Source: ISM Market Performance Report Jan-Mar 2024 (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-Mar 2024
- 3) Source: ISM Market Performance Report Jan-Dec 2023

03

LIFE BUSINESS



LIFE BUSINESS



Comments

Gross written premiums

- Gross written premiums grew by 9.7% with growth from Bancassurance (+ 50.3%) and Employee Benefit (+ 9.5%).

Market growth

- ANP increased by 43.8% and surpassed industry growth of 22.4%.¹
- Market share for 3M 2024 increased to 11.8% (12M 2023: 9.8%).

Distribution

- Growth is driven by all key distribution channels. Agency ANP increased by 31.2%, Bancassurance increased by 79.5% and Employee Benefits increased by 9.6%.
- 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 64.3%.
- Investment-linked ANP and GWP grew by 90.4% and 20.8%.

Profitability

- Profit before tax of RM122.3 million (3M 2023: RM96.5 million) due to higher net insurance and investment results from investment-linked protection business.

Value of new business

- New business value was RM102.9 million, increased by 46.8% due mainly to higher sales, partially offset by higher agency recruitment/development expenses and marketing spend.

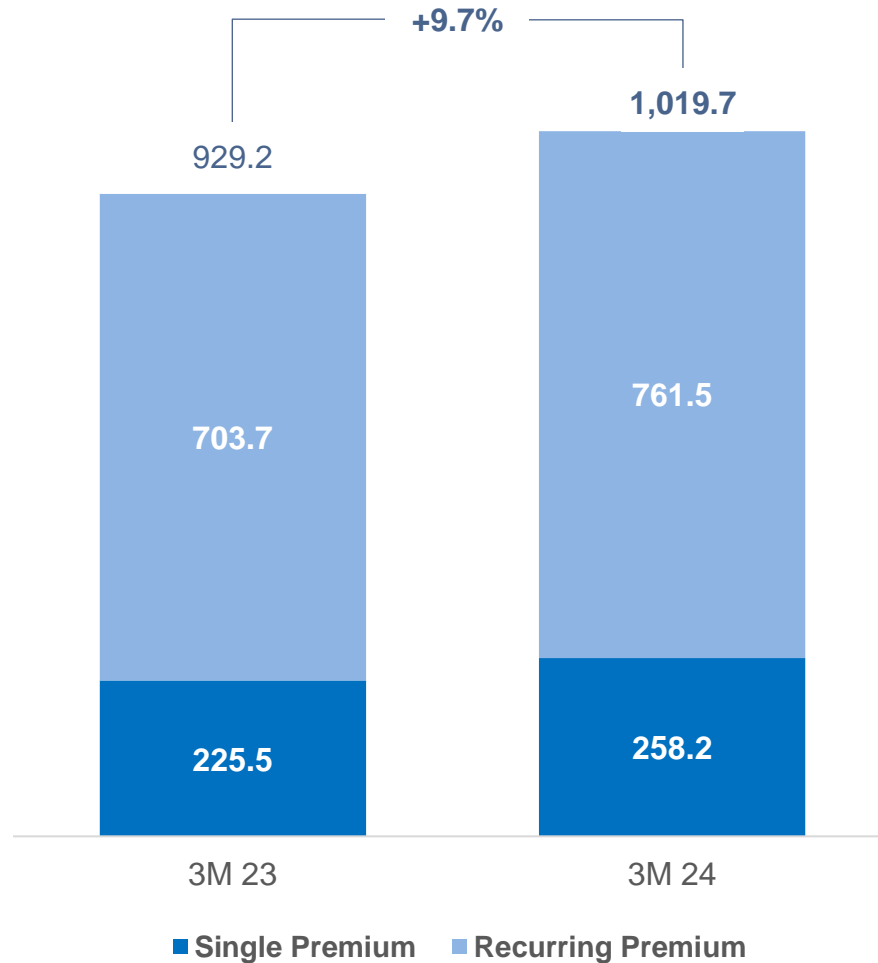
CSM

- As at 31 March 2024, CSM was at RM3.38 billion, an increase of RM133.7 million from the end of 2023. The growth in CSM is contributed by new business generated, in-force movements offset by releases for the period.

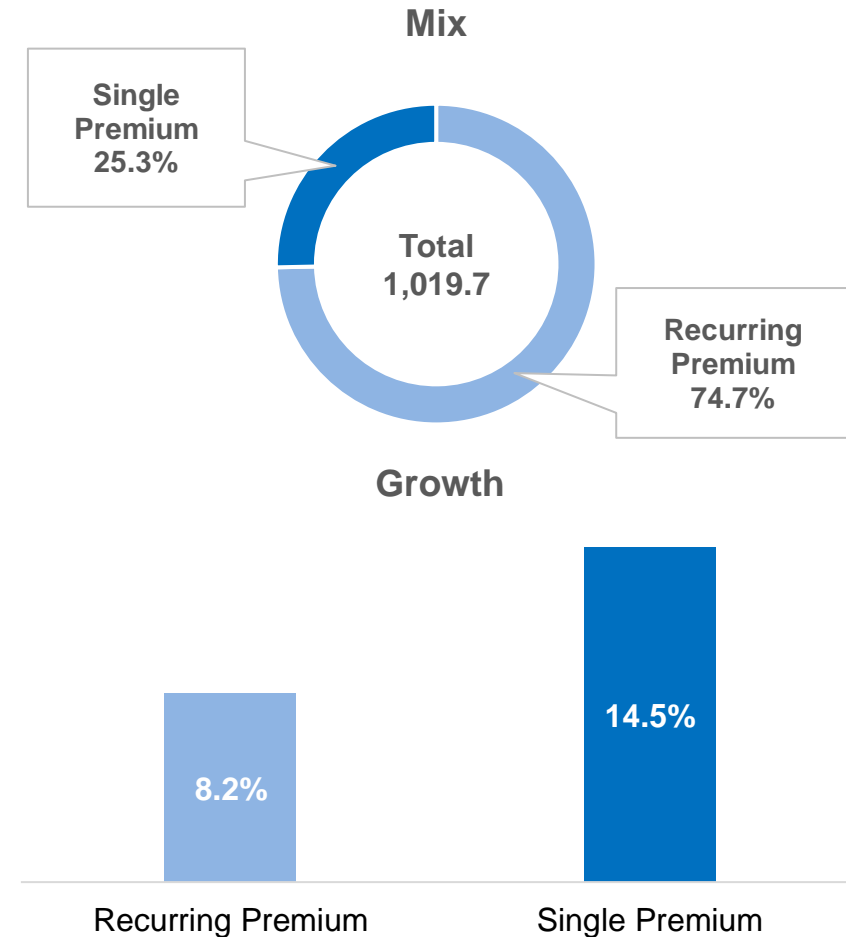
Note 1: Market share based on statistics from LIAM.

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

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

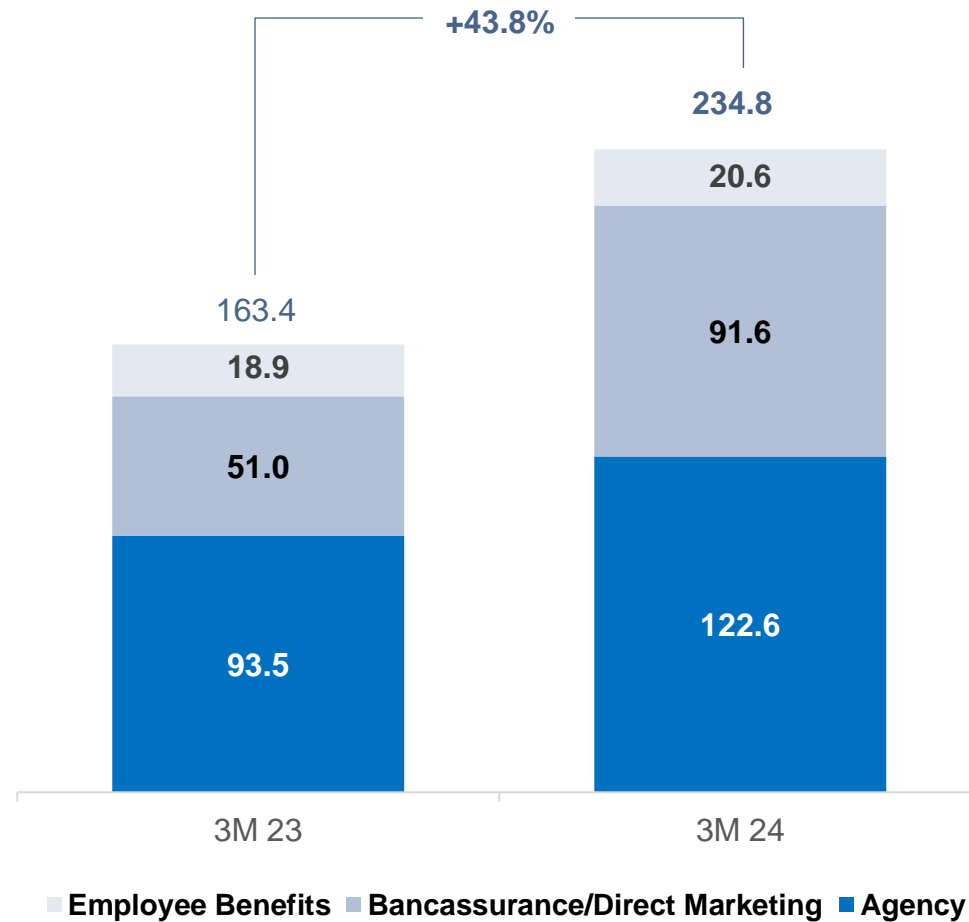


GWP Mix & Growth (%) (3M 2024)

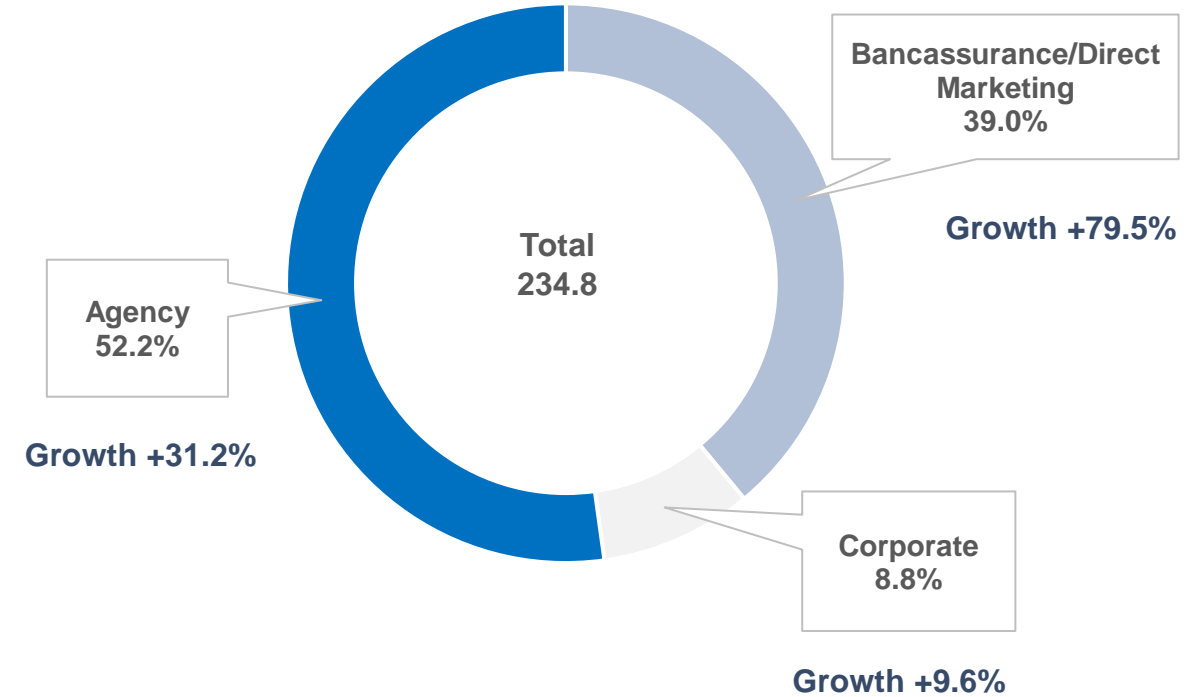


LIFE BUSINESS: GROWTH IN ANP DRIVEN BY ALL KEY DISTRIBUTION CHANNELS

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

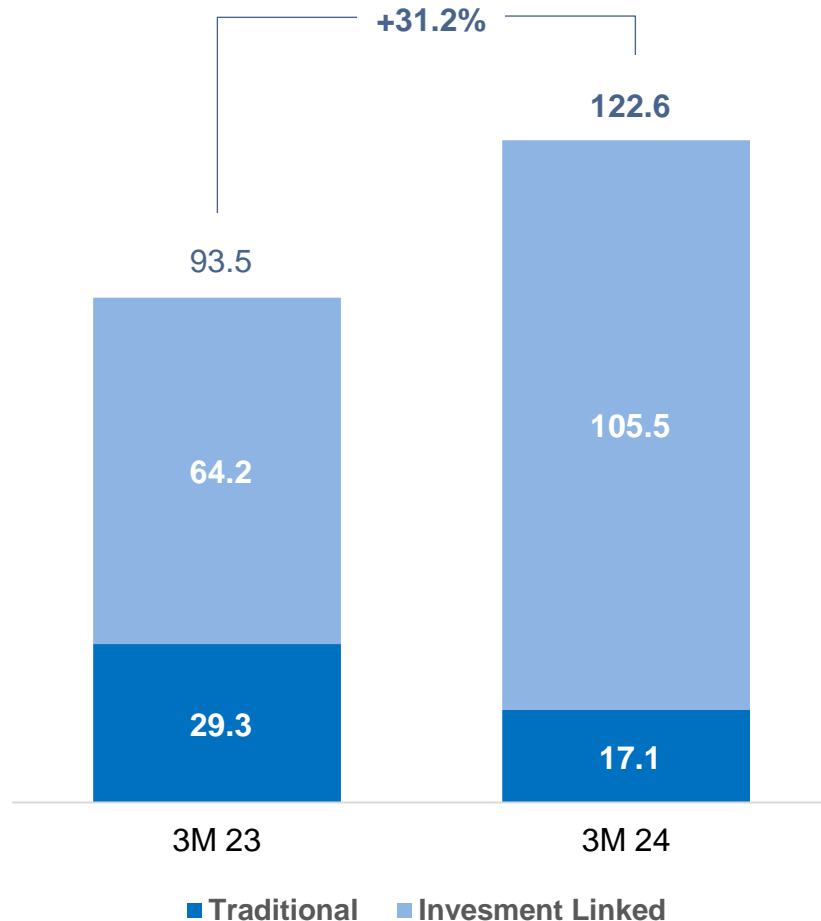


ANP Channel Mix (%) (3M 2024)

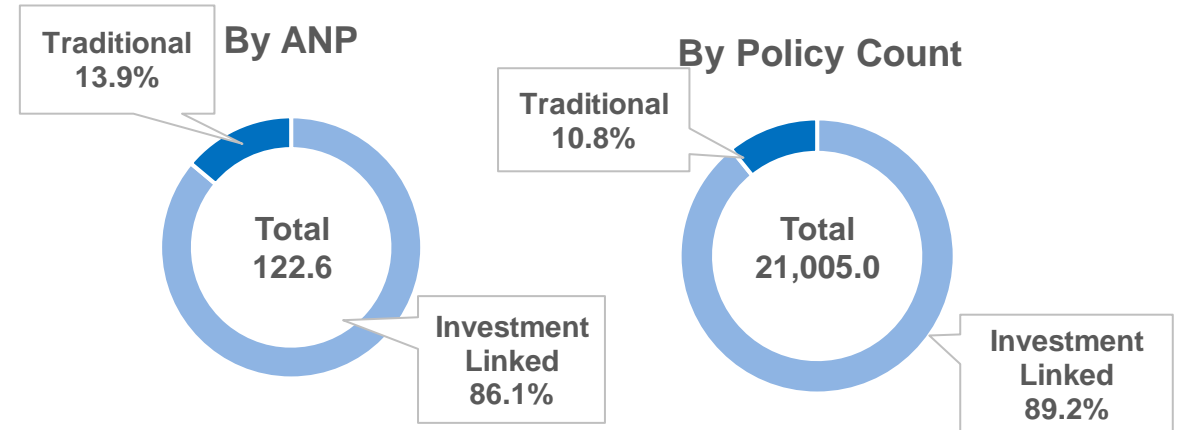


LIFE BUSINESS (AGENCY): CONTINUE FOCUS ON PREFERRED SEGMENT OF REGULAR INVESTMENT-LINKED PRODUCTS WITH BETTER MARGINS

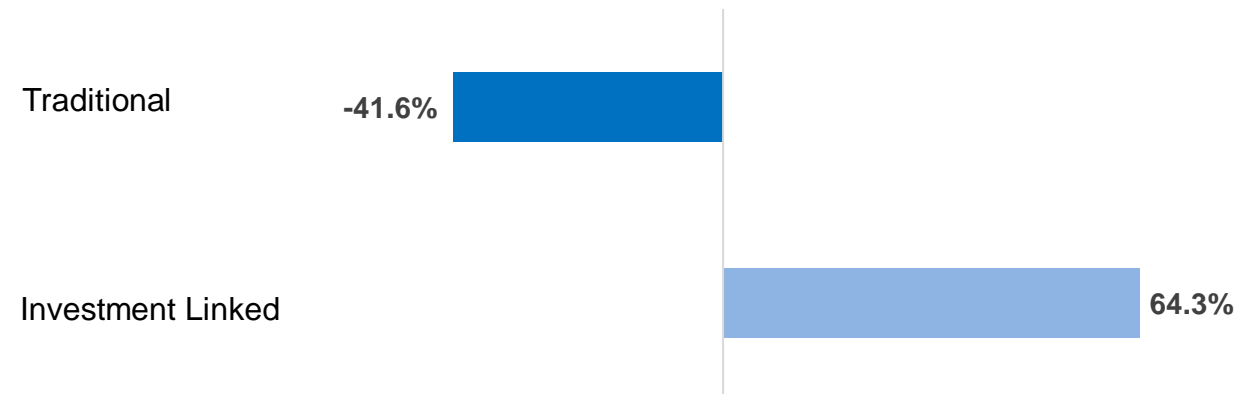
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (3M 2024)

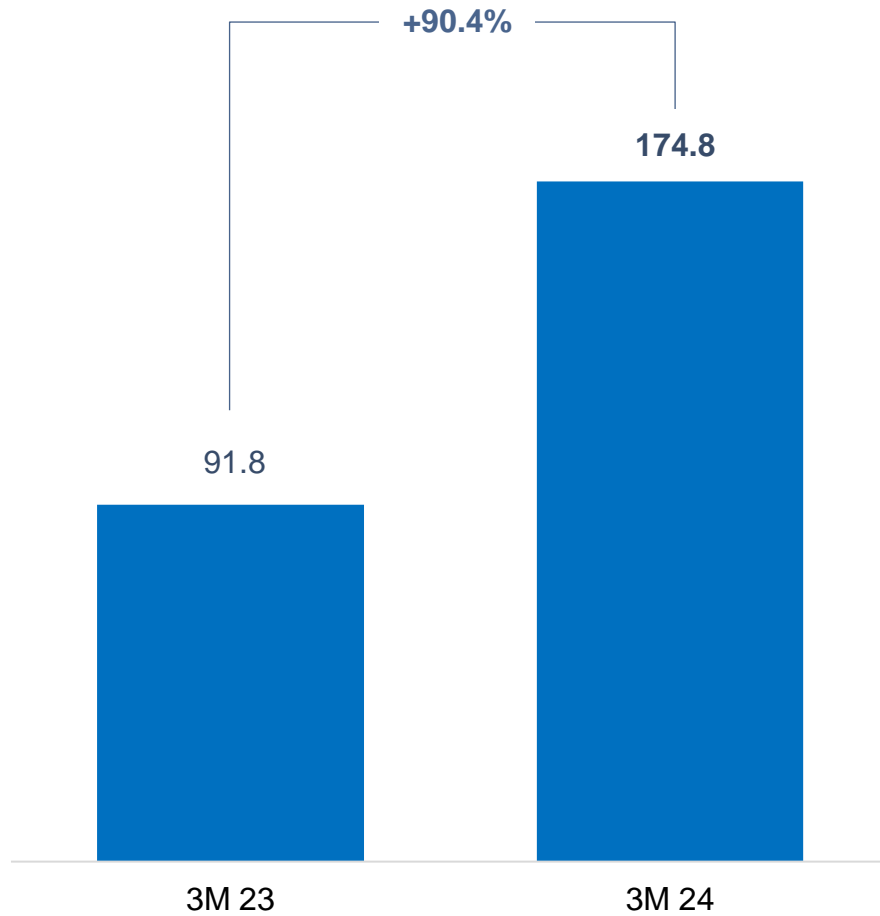


Agency ANP Growth (%) (3M 2024)

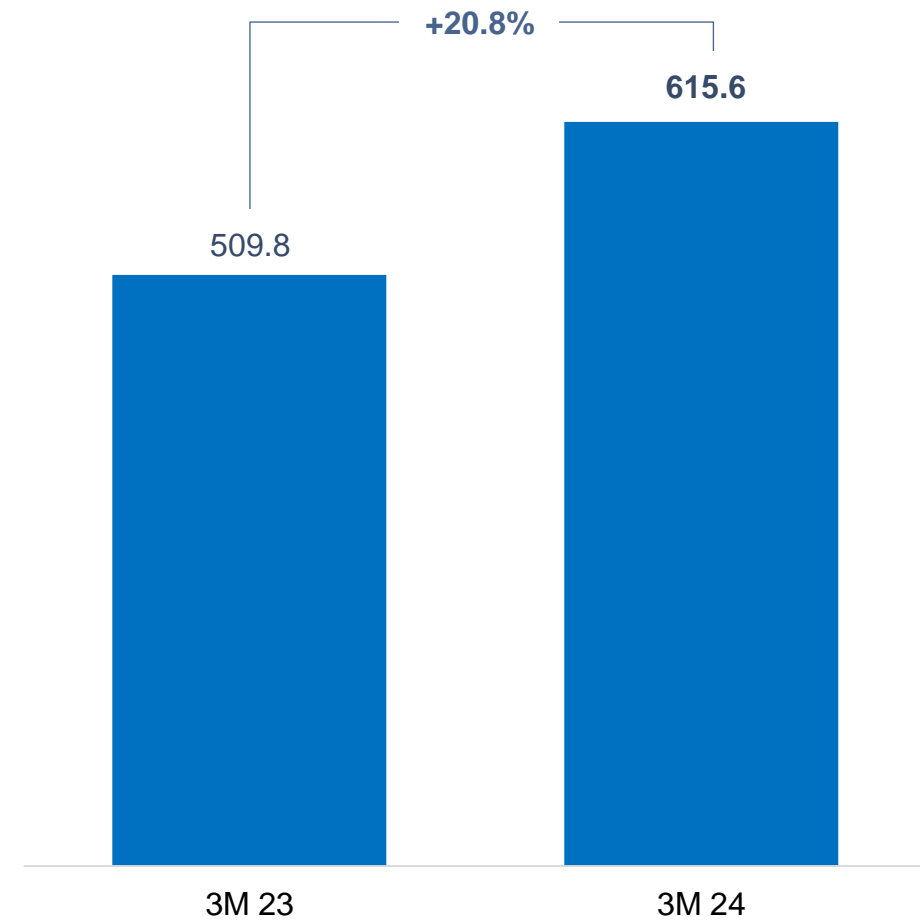


LIFE BUSINESS: INVESTMENT-LINKED WITH PROTECTION FEATURES CONTINUES TO GROW

Annualised New Premiums (RM'mil)

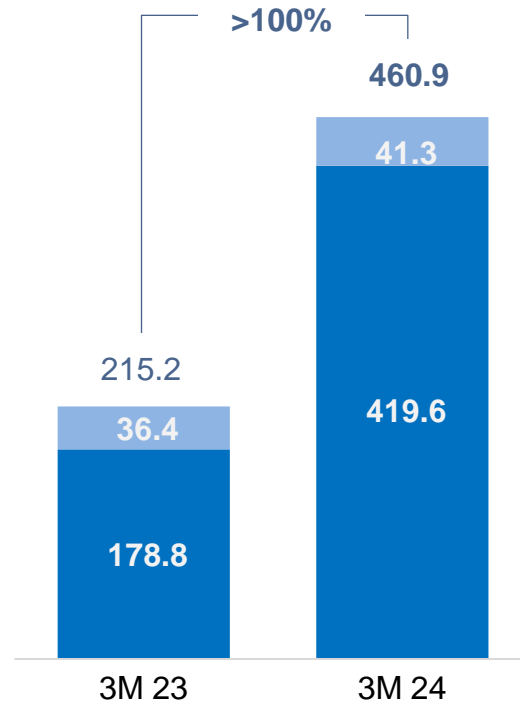


Gross Written Premiums (RM'mil)



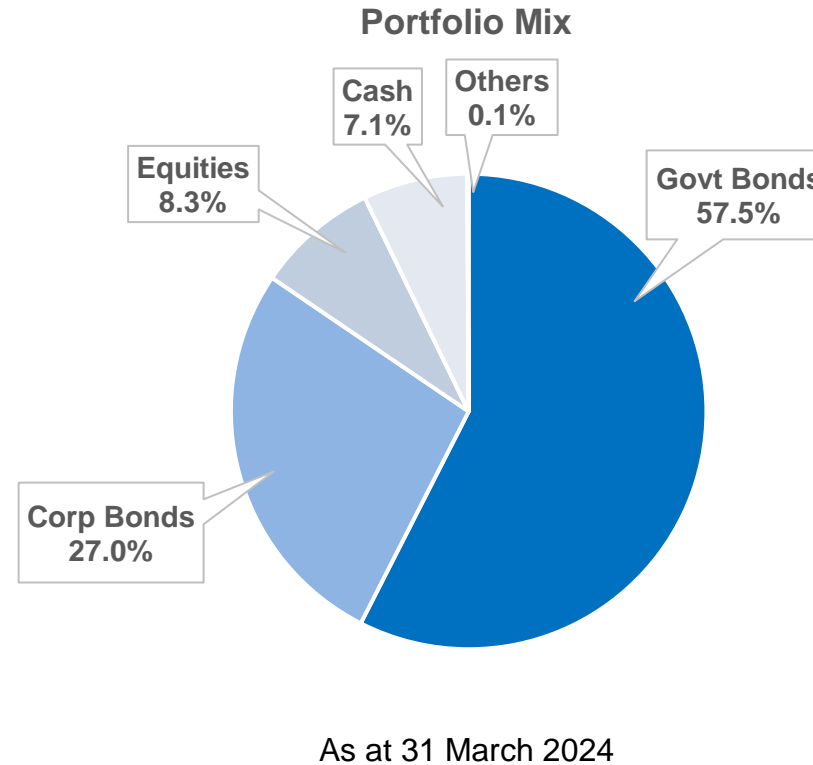
LIFE BUSINESS: HIGHER INVESTMENT INCOME DRIVEN BY LARGER INVESTMENT ASSETS BASE

Investment Income by funds (RM'mil)

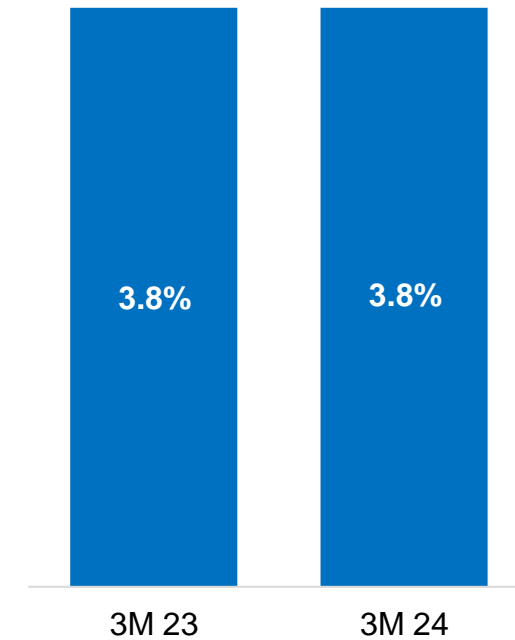


■ Par + ILF + ULF ■ Non Par + ILOF

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



Investment Yield (Annualised)



Note: Net investment income exclude fair value gains/ (losses).

LIFE BUSINESS: FINANCIAL RESULTS AT A GLANCE

RM'mil	3M 2023	3M 2024	△24/23 %
Insurance revenue	499.9	582.1	16.4%
- Release contractual service margin	95.0	115.6	21.8%
- Release of expected cash flows, risk adjustments and others	404.9	466.5	15.2%
Claims and benefits	(248.8)	(271.4)	9.1%
Acquisition and administrative expenses (net)	(116.8)	(143.6)	22.9%
Losses on onerous contracts	(7.2)	(1.6)	(77.8%)
Net income/(expenses) from reinsurance contracts held	15.5	(15.4)	(>100%)
Insurance service result	142.6	150.1	5.3%
Net investment income	215.2	460.9	>100%
Finance expenses from insurance contracts issued	(240.9)	(476.4)	97.8%
Finance expenses from reinsurance contracts held	(0.2)	(0.6)	>100%
Other operating income	-	11.0	>100%
Other operating expenses	(20.2)	(22.7)	12.4%
Profit before tax (after consolidation adjustment)	96.5	122.3	26.7%
Annualised new premiums	163.4	234.8	43.8%
Expense ratio (LF+SHF)	10.6%	11.1%	0.5 pts
Local investment yield (LF+SHF)	3.8%	3.8%	0.0 pts
Block persistency ratio	85.4%	82.9%	(2.5 pts)

04

GEARSHIFT



GEARSHIFT: BRINGING IT TO THE NEXT LEVEL – BENEFITS OF THE REGIONAL DELIVERY CENTER (“RDC”) FOR ALLIANZ MALAYSIA

With Project Gearshift, Allianz aims to consolidate IT Supply Services into one global service provider: Allianz Technology. This move enables opportunities for improvement for AZ Malaysia IT at stable cost.



Access to larger IT talent pool

- Gain access to global Allianz internal pool of IT talent
- Become more attractive to external IT talent due to global Technology company branding



Accelerating new Technologies

- To stay ahead of the curve, new technologies such as Generative AI, Conversational AI or cloudified Applications must be adopted
- With central support from Allianz Technology for Asia this can be accelerated

Our share for Malaysian economy

- Collaboration with MDEC & Invest KL
- Create approx. 500 high profile jobs in Malaysia



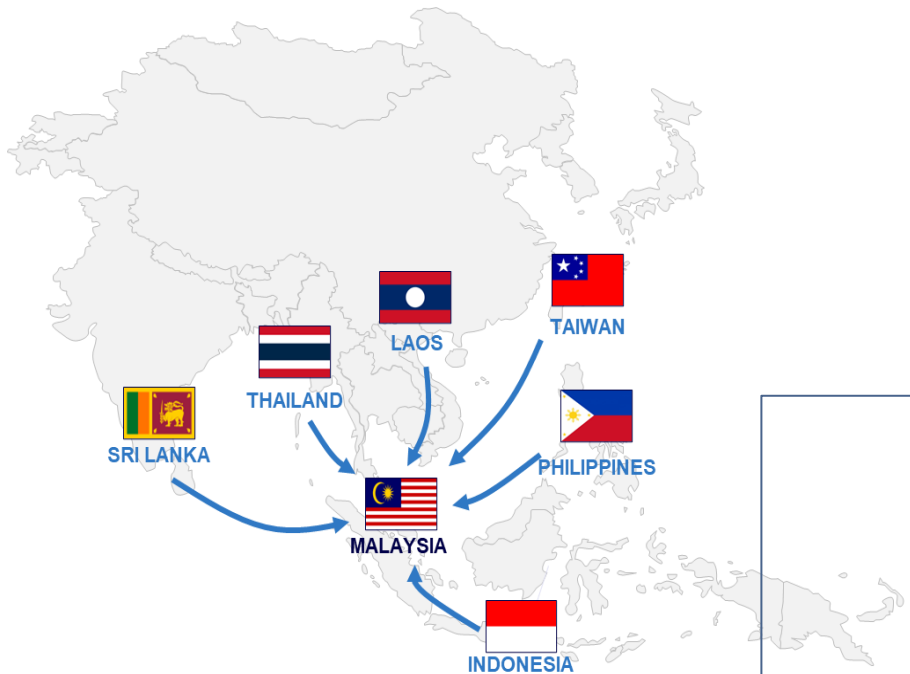
Leveraging on economies of scale

- To grow Allianz Malaysia business, investments into IT are inevitable
- RDC can be leveraged to collaborate with other Asian entities to consolidate vendors and jointly develop applications



GEARSHIFT: BRINGING IT TO THE NEXT LEVEL – REGIONAL DELIVERY CENTER AS LONG-TERM STRATEGY

In the next 2 years, Allianz Technology Malaysia will continue to build and operationalize the RDC, providing end-to-end IT shared services in Asia and creating over 500+ roles as part of Allianz Group IT Strategy.



Timeline for countries to join
RDC: **Q3 2024 – Q2 2025¹**

Scope of IT Services:

- IT Application Development
- IT Operations and Production Support
 - IT Infrastructure Support
 - IT Security Operations

Allianz RDC: The long-term strategy for IT in Asia

- **Faster** IT service delivery (shift of services from Europe to Asia) for Allianz Malaysia due to dedicated resources located in Malaysia
- **Better** quality due to concentration of Asian IT experts in Kuala Lumpur (learning from other entities)
- **Cheaper** regional solutions due to further leverage of economies of scale (joint app development)

Note 1: Singapore will also join RDC, but already gearshifted, therefore no move in plan

GEARSHIFT: SCOPE & PROGRESS FOR ALLIANZ MALAYSIA



Original Entity:
Allianz Malaysia

- Out of total 128 IT staff, **111 IT supply staff** in scope for transfer
- In addition, External Contract Staff (FTC) mainly in Application Development
- **Remaining 17 IT staff** to represent AZ MY OE to control strategy, governance, budget as well as regulatory and governance requirements and represent the business

Transfer of Total Contract Value **RM98.6 mil**

Total contract value transferred to AZ Tech MY with committed cost neutrality in 2024



Receiving Entity:
Allianz Technology Sdn. Bhd.

- 111 IT supply staff have successfully transferred **without any loss of key personnel and all jobs kept in Malaysia**
- **Transfer based on “lift & shift approach”**: All transferred staff continue same role with same line manager
- **FTC successfully transferred**
- IT services remain on very high operational quality with **improvements in IT stability**



Transfer date:

- October 1, 2023



Headcount in transfer scope:

- 111 FTE; 124 FTC



Transfer scope:

- Workforce
- Applications
- Infrastructure (End Point Devices)
- Vendor Contracts

Key milestones achieved

1. BNM approval obtained
2. BOD approval obtained
3. Official opening of RDC by Deputy Finance Minister Steven Sim: **October 3, 2023**

**THANK YOU
FOR YOUR ATTENTION**

DISCLAIMER

These assessments are, as always, subject to the disclaimer provided below.

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.

No duty to update.

The company assumes no obligation to update any information contained herein.