

A. Outlook, Strategies and Investment related

NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
1.	<p>(i) What are the impacts of global inflation on Allianz Malaysia business as a whole? Can you please comment?</p> <p>(ii) What are the impacts of high interest rate on Allianz investment portfolio?</p> <p>(iii) As the bond price drops (higher yield), what is the impact on Allianz Malaysia’s bond investment? What is the strategy of Allianz Malaysia in mitigating the volatility of bond market nowadays?</p>	<p>High inflation also affects economy as a whole and households often suffer from it. Lower purchasing power tends to reduce households' insurance demand in the form of a declining share of insurance in total consumption. The Management is cautiously optimistic that the domestic insurance market will continue to grow in the longer run.</p> <p>From an economic perspective, higher or rising interest is actually good for life insurance business. Changes in interest rates will have an impact on both the asset and liability of the Company and its insurance subsidiaries (collectively referred to as “Group”)’s balance sheet. A rise in interest rate decreases the value of both the Group’s assets and liabilities, but will also normally lead to higher investment income as the Group can invest new and maturing investments at higher yields, thus generate better investment return to the policyholders. Nevertheless, it is important to refer to core profit, which remained intact.</p> <p>The Group’s investment approach incorporates Assets Liabilities Matching Management (“ALM”) considerations to manage interest rate risk and liquidity risk. As the Group adopt an active investment strategy, the Group may engage in short-term tactical deviation from its Strategic Asset Allocation (“SAA”), within the permitted Tactical Assets Allocation range, to capitalise on market fluctuations and mispriced investment opportunities.</p>
2.	<p>Does Allianz see opportunities in growing its premium collection & investment income in high inflation environment? What is the strategy going forward?</p>	<p>High inflation also affects economy as a whole and households often suffer from it. Lower purchasing power tends to reduce households' insurance demand in the form of a declining share of insurance in total consumption. The Group is cautiously optimistic that the domestic insurance market will continue to grow in the longer run.</p>

RESPONSES TO QUESTIONS SUBMITTED BY SHAREHOLDERS DURING 48TH ANNUAL GENERAL MEETING (“AGM”) HELD ON 22 JUNE 2022

		<p>A rise in interest rate will normally lead to higher investment income as the Group can invest new and maturing investments at higher yields. The Group’s investment approach incorporates ALM considerations to manage interest rate risk and liquidity risk. As the Group adopt an active investment strategy, the Group may engage in short-term tactical deviation from its SAA, within the permitted Tactical Asset Allocation range, to capitalise on market fluctuations and mispriced investment opportunities.</p>
3.	<p>May I know, what is the company's future Outlook?</p>	<p>The outlook of General Insurance industry is expected to recover in 2022 given that Malaysia has entered the "Transition to Endemic" phase on 1 April 2022 and also further eased the Covid-19 restrictions on 1 May 2022, where more flexibility is given to various sectors and international borders are reopen, which may lead to an improvement in the overall economic outlook and consumer sentiment especially in travel insurance segment. However, there are still some uncertainties arising from political instability, the possible emergence of severe and vaccine-resistant Covid-19 variants, as well as the increase in frequency and severity of natural disasters such as floods which will impact profitability. Allianz General Insurance Company (Malaysia) Berhad (“Allianz General”) is prepared for expected increase in frequency of floods moving forward.</p> <p>On the macroeconomic front, ongoing global uncertainties will further pose a challenge in Malaysia’s economic outlook, such as supply chain disruptions, higher inflation, lower disposable income amongst the general population as well as the depreciation of Malaysia’s ringgit.</p> <p>Allianz General will continue to focus on initiatives aimed at expanding the distribution capabilities in order to grow profitable Motor and Non-Motor segments, driving technical excellence efforts to protect profitability, as well as enhancing customer experience and loyalty via service excellence in all areas, a key example being the Allianz Road Rangers service.</p>

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		<p>In first half of 2022, the Management has observed that Life industry has declined with slow business in first quarter of 2022 (“1Q2022”) and started to pick up in June 2022. Based on feedback from distribution partners and industry reports, the key reason being short term shift of expenses towards lifestyle categories since Malaysia moves to endemic phase. However, the Management believes that by end of 2022, industry will move back towards pre-pandemic phase with expected growth to be in late single digits for conventional market which is mature and stable. The Management does expect a significant growth coming back to Family takaful market owing to increased insurance penetration in Bumiputera segment.</p> <p>Allianz Life Insurance Company Berhad (“Allianz Life”) however aware of challenges and opportunities, and will continue to focus on agreed and budgeted initiatives focused on recruitment, catering to mass segment and cost savings from operational processes thereby protecting profitability and creating value in coming years.</p>
4.	<p>Global interest rates are expected to be further increase in 2022 especially in the US. This has resulted in a substantial amount provided for fair value losses on investment in FY2021. Please provide details on how the Company is managing this risk in FY2022 to mitigate the risk of continue fair value loss on investment.</p>	<p>The lower investment results are mainly from fair value losses arising from fixed income instruments of life insurance business and not arising from any impairment in the instruments. Interest rate has increased in 2021 as compared to 2020 resulting in unrealised losses for the fixed income portfolio. The Group adopts prudent investment strategies with mostly all corporate bonds being invested in instruments with rating AA and above. The Group’s investment strategy has always been based on a long-term investment horizon and centred around risk parameters outlined by the fund mandates as well as the SAA. Further, the Group’s investment approach incorporates ALM considerations to manage interest rate risk. Investment assets are intended to be held for longer term to back the insurance contract liabilities of the life insurance business. As the Group adopts an active investment strategy, the Group may engage in short-term tactical deviation from its SAA, to respond to changing market conditions.</p>
5.	<p>No Doubt revenue and profit after tax from life insurance segment has increased compare to year 2020 but the investment income has been deteriorated. What's Allianz new strategies in order to regain investor and customer confidence on Allianz?</p>	<p>The lower investment results are mainly from fair value losses arising from fixed income instruments of life insurance business and not arising from any impairment in the instruments. Interest rate has increased in 2021 as compared to 2020 resulting in unrealised losses for the fixed income portfolio. The Group adopts prudent investment strategies with mostly all corporate bonds being invested in instruments with rating AA and above. The Group’s investment strategy has always been based on a long-term investment horizon and centred around risk parameters outlined by the fund mandates as well as the SAA. Further, the Group’s investment approach incorporates ALM considerations to manage interest rate risk. Investment assets are intended to be held for longer term to back the insurance contract liabilities of the life insurance business. As the Group adopts an active investment strategy, the Group may engage in short-term tactical deviation from its SAA, to respond to changing market conditions.</p>

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6.	Can fair value gain/loss be better managed, e.g. thru better A/L management?	The Group adopts ALM strategies which strive a balance between various financial metrics. As the Group adopts an active investment strategy, the Group may engage in short term tactical deviation from the SAA to capitalise on market fluctuations and investment opportunities.
7.	<p>Held for Trading Financial Assets (HFT) and Designated upon initial recognition financial assets (DUIR) Fair Value Losses were recognised in FY2021.</p> <p>(i) Please explain in layman terms are constitute HFT and DUIR.</p> <p>(ii) Is there a possibility for the unrealised losses be written back?</p> <p>(iii) Any impact on the Balance Sheets?</p>	The classification is for life insurance business's investment where fixed income instruments are classification as Held for Trading Financial Assets (“HFT”) for investment-linked funds and Designated upon initial recognition financial assets (“DUIR”) for non-participating funds. Under both HFT and DUIR, any changes in unrealised gains/losses will impact profit and loss account book during the year. Decline in fair value of investment would decrease the carrying value of the investment in balance sheet. The unrealised losses in the investment is due to movement in interest rate and not due to impairment of the fixed income instruments. If interest rate decreases, the unrealised losses will reversed.
8.	<p>I was informed that Allianz tends to hold the bond till maturity.</p> <p>What if the bond price during that time is lower than the original purchased price? Would it be a loss in terms of bond investment?</p>	Bond prices have an inverse relationship with interest rates. When the interest rate goes up, the price of bonds falls; conversely, when the interest rate falls, the price of bonds goes up. Bond price can fluctuate over the life of a bond but will eventually converge to its face value. Bondholders who plan on holding their bond until maturity will be repaid the full-face value of the bond at maturity, barring a default.
9.	How would a rising interest rate environment affect Allianz? Is the net effect favorable or unfavorable, over the short term as well as long term?	<p>Interest rate movement does not impact Profit before Tax of the General Insurance business. Any changes arising price movement will only impact Other Comprehensive Income.</p> <p>For Life Insurance business, in general, any upward movement in interest rate will be favorable to insurance contract liabilities (lower reserves), but unfavorable to asset (lower market value)</p>

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		Nonetheless from an economic perspective, the Group as a whole will benefit in a higher interest rate environment as:- (a) Policyholder/customer value will generally be better; (b) New monies can be reinvested at higher rate; and (c) Shareholder's profit will likely increase in line with better return to policyholders.
10.	The presentation shows that insurance penetration rate in Malaysia is low. Based on experience in other countries, at which stage of a country GDP or development will general and life insurance penetrations start to take off?	While there are some correlation between Gross Domestic Product (“GDP”)/development and insurance penetration, there are also other factors such as insurance awareness, public healthcare benefits, regulations on compulsory insurance that will affect the insurance demand in a country. As a benchmark, the average insurance penetration rate (premium per GDP) in more advanced markets is around 8% to 9%.
11.	Can you elaborate on DITO as shown in slide 37? What is the size of the business and acquisition cost? Allianz currently does not have a Takaful license. Does it change with the acquisition of DITO?	Digital Insurers and Takaful Operators (“DITO”) refers to Bank Negara Malaysia's proposed licensing framework for DITO. This is just a discussion paper and still at preliminary stage. The Management will continue to closely monitor any progress in this area for potential opportunities to penetrate new market segments.

B. General Business

NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
1.	I noticed that many other insurance companies has motor insurance online renewal features, which give 10% discount to client. Given the rampant inflation now, the 10% provide a much needed savings to client.	Allianz General currently does not offer online renewal on the Company's website but Allianz General does partner with digital intermediaries for online purchase. The Management has decided on this approach as digital intermediaries are able to provide value-added advice such as coverage options and claims process.

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	<p>My question:</p> <p>(i) Does management plan to introduce online renewal for motor insurance? If not, why?</p> <p>(ii) Will Allianz lose out its motor insurance market share because of this?</p> <p>Appreciate management can share some insight on this.</p>	<p>So far, Allianz General’s motor insurance market share remains strong and the Management does not perceive significant threat as current direct purchase from website is still relatively small. However, the Management will continue to monitor the demand and may consider offering it through the Company’s website in the future if there is significant demand.</p>
2.	<p>The Combined ratio of Allianz General at 87.8% is higher than the Industry average of 84.4%.</p> <p>(i) What is the expected or targeted Combined ratio for FY2022.</p> <p>(ii) What are steps taken by AGIC to further improve its Combined ratio for the next few years?</p>	<p>The Management expects the combined ratio for financial year ending 2022 for the General Insurance industry to trend higher as motor claims ratio normalise to pre-Covid levels in line with more traffic during transition to endemic phase. Each insurer has a different mix of business hence will lead to different combined ratio targets. Allianz General’s key focus remains on delivering sustainable profit growth.</p> <p>The Management will continue to focus on technical excellence as one of its strategic pillars and further strengthen its capabilities in pricing, underwriting, and claims cost control. The Management will also focus on operational efficiency in order to optimise the return on expense spending.</p>
3.	<p>Refer presentation slide 16. What are the reasons that Allianz General has a higher commission ratio (12.5% in 2021) than industry (10.0%) or the takaful segment (8.4%)</p>	<p>The commission ratio will differ between companies due to different product and distribution channel mix, as well as different reinsurance structures.</p>

C. Life Business

NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
1.	The NBV (Life) for 1Q2022 is RM 59 mil, which drops q-o-q and y-o-y.	New Business Value of Allianz Life drops for 1Q2022 due to lower new business sales from Agency distribution channel. The decline in the new business sales is in tandem with industry sales.
2.	Annualized New Premiums for Life Business declined by 14.2% YoY in 3M22, mainly due to slower sales from agency. What were the reasons for the slower sales by agency? Has the slower sales trend persisted?	Allianz Life has performed better when compared to industry’s performance. Overall, Allianz Life’s new business contracted by 11% versus industry of 15.7%. Allianz Life was able to gain market share across all channels in 1Q2022. The decline in annualised new business premium (“ANP”) for 1Q2022 can be attributed to various reasons including inflation/price increase which has lower purchasing power and reduce householders' demand for insurance products and current customer sentiments which are inclined towards more lifestyle spending as compared to savings/investments with the opening up of the economy after a prolonged pandemic. Nonetheless, the Management is cautiously optimistic that the domestic insurance market will continue to grow in the longer run and ANP will improve.
3.	What is the estimated Embedded Value of ALIM as mentioned in Note 5.1(ii)? What are the key assumptions employed?	Embedded Value for Allianz Life as at 31 December 2021 was at the range of RM3.5 billion. Embedded value is calculated based on the best estimate assumptions (i.e mortality, persistency, morbidity etc) discounted at risk free rate.
4.	What are the major single premium products for ALIM? What are their main distribution channels? What are their margin as compared to regular premium products?	Allianz Life’s single premium products are mainly savings related and they are distributed via the Bancassurance channel. Considering the nature of

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		savings products, the margins are relatively lower as compared to regular premium products which are protection focused.
5.	Do you foresee that the growth in investment link policies to continue outpace traditional policies? What is the target mix within the next few years?	Yes, Allianz Life expects growth in investment-linked business will continue to outpace traditional policies steadily. Target mix should be around 60% to 70%.

D. MFRS 17 and General/Life Business

NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
1.	<p>What is the impact of IFRS 17 implementation on the liability and equity sides of the balance sheet of Allianz Malaysia?</p> <p>In IFRS 17, which products of Allianz would enjoy faster realization of profit? Can you please elaborate on this?</p>	<p>The Group is in the midst of transitioning to Malaysian Financial Reporting Standard (“MFRS”) 17. The MFRS17 has larger financial implication to the Life business as compared to General business. MFRS 17 would not change the total profit of a product but change the timing of recognition of profit for insurance services. Under MFRS 17, profit recognition will be consistent with the provision of insurance contract service, this will then help to create smoother profit trend for the insurance contracts.</p> <p>It is observed that retained earnings would be higher under MFRS 17 as compared to current IFRS 4 mainly contributed by faster profit emergence for investment-linked products, and deferral of acquisition cost.</p>
2.	Expense ratio of non-life is around 20% whereas for life is about 10%. What are the differences in life versus non-life businesses that give rise to the discrepancy?	The nature of non-life and life business are different, therefore it required different level of investment and spending. Both the non-life and life business expense ratios are competitive when compared to peers in the industry.

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E. Dividend

NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
1.	The latest dividend declaration was unexpected, given Allianz only declared dividend once a year previously. Does this mark a change in dividend payment frequency (to more than once a year) or it is just a one off event.	The Company adopts a sustainable dividend policy that balance the needs to fund future growth and investments whilst maintaining adequate solvency for financial flexibility and ability to meets claims obligation. The Company has steadily paid out higher dividend over the years as the financial positions of its insurance subsidiaries continued to strengthen. Dividend payout for the financial year ended 31 December 2021 was at 50%, exceeding the internal target payout ratio of 30%.
2.	Allianz has just announced interim dividend for the first time. (i) What was the reason that the Board decided to distribute interim dividend rather than once a year dividend as per previous practice? (ii) What is the frequency of dividend distribution in the future? (iii) Currently the Group endeavors to deliver the minimum dividend payout ratio of 30%, subject to regulators' approvals. Moving forward, will the minimum payout ratio be increased?	The Company will review the frequency of dividend payout and the minimum payout ratio in future.

F. Requests for hardcopy of Annual Report

NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
1.	Pls hand over by courier for me one copy annual report, I ask so many time, uptodate never received from your! TQVM!	The Management took note of your request. The Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, has arranged to dispatch a copy of the Annual Report via ordinary post.
2.	Pls send me a printed report to my address. Tq	
3.	Please send me a copy of the annual report	
4.	i am cheong seng tin please send me a print annual report T Q	

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G. Door Gift, Cost of AGM and Conduct of AGM

NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
1.	How much does the company spend on this virtual agm? Would the board kindly consider giving shareholder with e-wallet as a token of appreciation for attending today’s meeting	The cost of convening the 48th AGM is approximately RM90,000. The Company is not giving any e-voucher for attending this AGM. Nevertheless, the Board took note of the suggestions.
2.	Can the BOD kindly give shareholders with e- voucher as a token of appreciation for attending today’s meeting	
3.	Dear BOD - Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ	
4.	Mr Chairman. Kindly provide e vouchers to shareholders who attend RPV. I wish to request for e wallet 100.00. Tqvm.	
5.	Q2, Will the Board consider giving door gifts such e-voucher or e-wallets for those participating in this Agm as a token of appreciation?	
6.	giv us voucher, we need to live	
7.	Please give us vouchers, thanks	

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NO.	QUESTIONS/SUGGESTIONS AS POSTED BY SHAREHOLDERS THROUGH THE QUERY BOX	RESPONSES
8.	Please consider giving e-voucher to participating shareholders as token of appreciation for effort and cost of attending and supporting the company. Thank you.	
9.	Hi Good morning. Kindly distribute a Door Gift/ E-voucher for the shareholders attending this yearly Annual Virtual AGM. Be grateful for their support and time. Thank you	
10.	Can you retain option of virtual participation even with physical AGMs? It allows greater shareholder participation.	The Board took note of the suggestion.