



**ALLIANZ MALAYSIA  
BERHAD** (197201000819)

**Q1 2021**

**FINANCIAL RESULTS**

Analyst Briefing  
20 May 2021

**Allianz** 

# 01

## AMB GROUP FINANCIAL RESULTS



# FINANCIAL HIGHLIGHTS 3M 2021

Group	General Insurance	Life Insurance	Investment Holding
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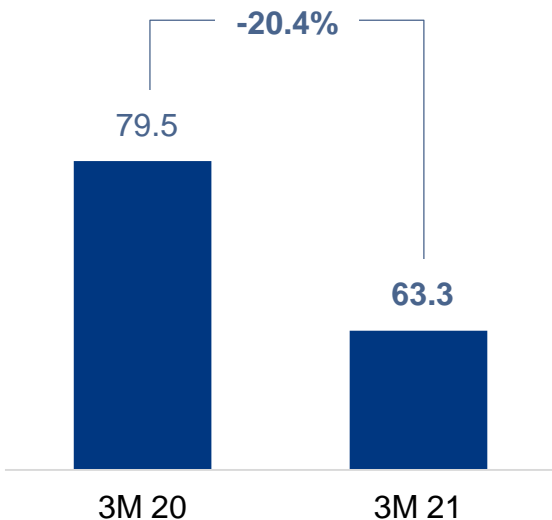
## Operating Revenue (RM'mil)

1,606.6 (+8.2%)	631.5 (+4.4%)	972.1 (+10.9%)	3.0 (-9.1%)
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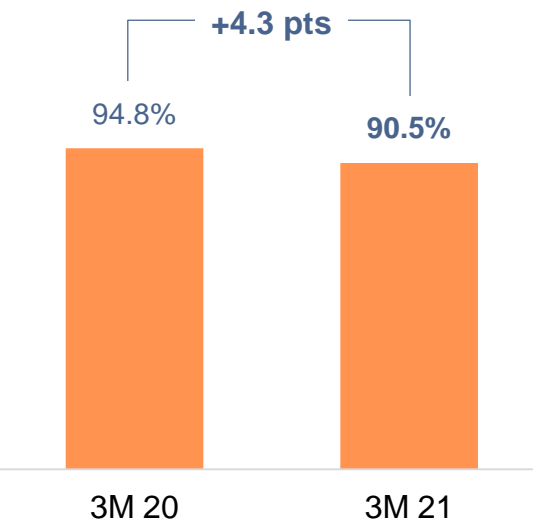
## Gross Written Premium (RM'mil)

1,482.0 (+8.8%)	656.4 (+7.0%)	825.6 (+10.3%)	
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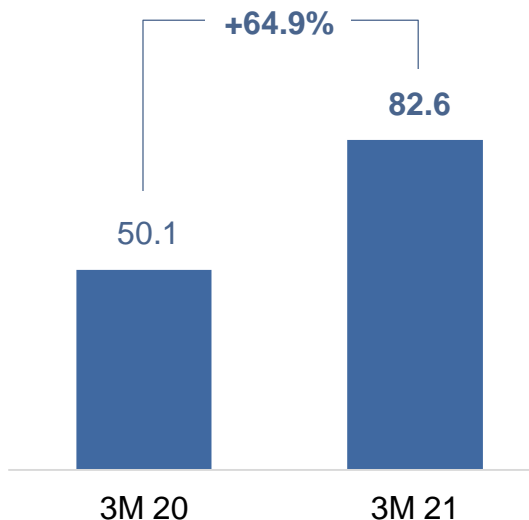
## Shareholders' net income (in RM'mil)



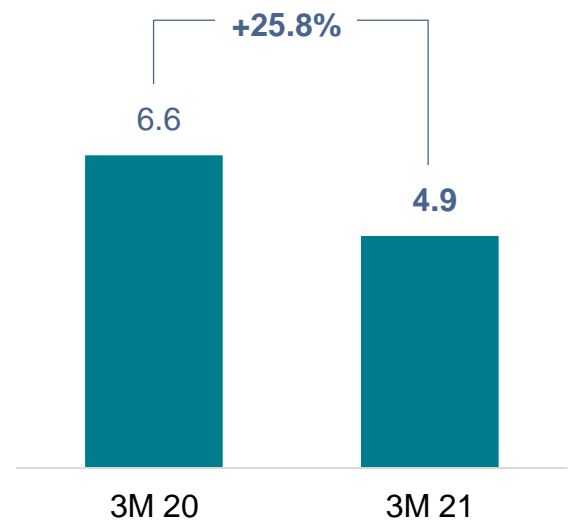
## Combined ratio (in %)



## New business value (in RM'mil)



## Management expenses (in RM'mil)



# STRONG REVENUE GROWTH FOR 1Q 2021 FROM DIVERSIFICATION IN TWO STRONG PILLARS OF BUSINESSES

## Comments

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### Operating revenue

- Group operating revenue of RM1.61 billion, an increase of 8.2% compared to corresponding period of RM1.48 billion due to higher gross earned premiums and investment income by RM105.3 million and RM16.6 million respectively.
- General business recorded an operating revenue of RM631.5 million, an increase of 4.4% compared to corresponding period of RM604.6 million.
- Life business recorded an operating revenue of RM972.1 million, an increase of 10.9% compared to corresponding period of RM876.8 million.

### Earnings per ordinary share

- Basic earnings per ordinary share at 35.74 sen (3M 2020: 44.94 sen).
- Diluted earnings per ordinary share at 18.28 sen (3M 2020: 22.96 sen).

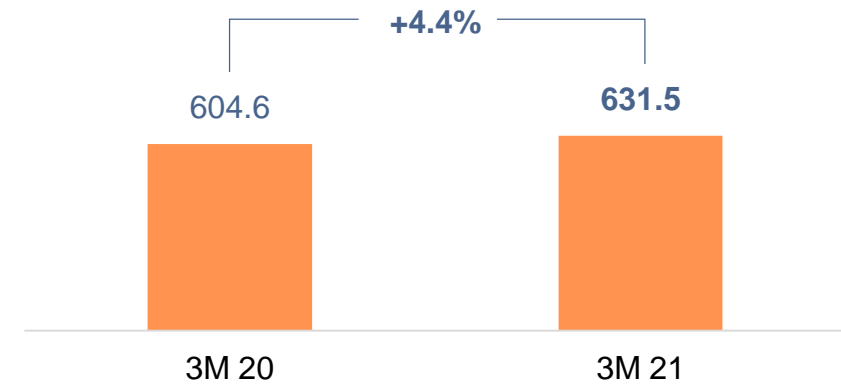
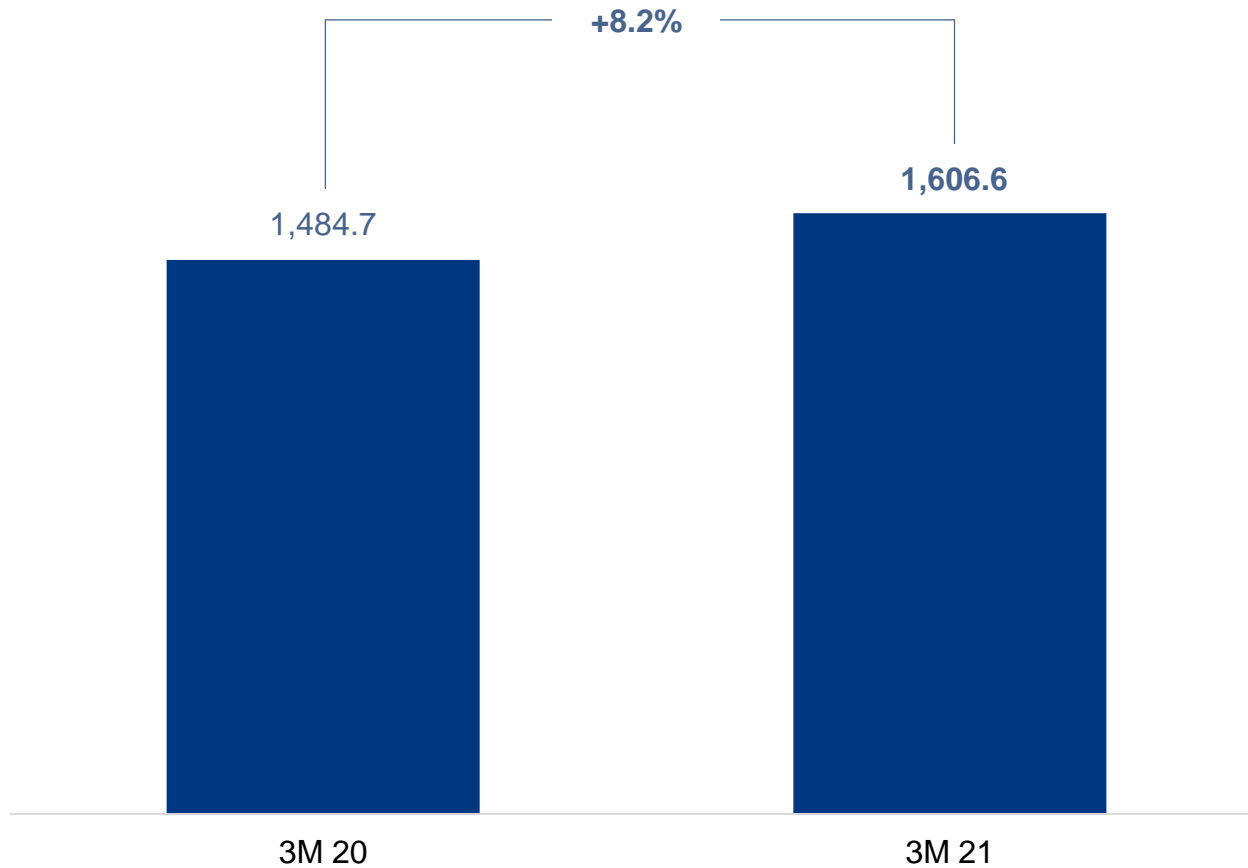
### Profitability

- Group profit before tax of RM67.4 million, decreased by 26.7% (3M 2020: RM91.9 million) mainly from changes in fair value in the life business segment.
- General business contributed a profit before tax of RM92.6 million, an increase of 24.3% (3M 2020: RM74.5 million). The increase was attributable to lower expenses and savings from motor claims from less traffic during the movement restriction imposed in the first quarter of 2021. Net combined ratio was 90.5% as at 3M 2021 (3M 2020: 94.8%).
- Life insurance business recorded a loss before tax of RM20.2 million (3M 2020: RM23.5 million profit before tax). The decrease was attributable to higher fair value losses on investments arising from higher interest rate.

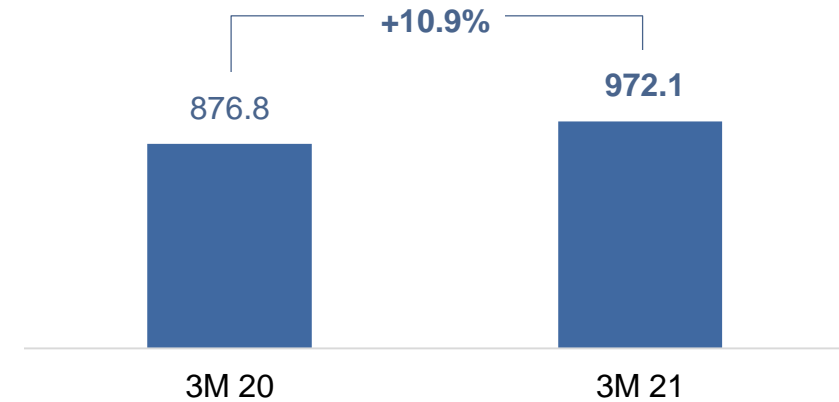
# FINANCIAL HIGHLIGHTS 3M 2021

**Group** | **General Insurance**

Operating Revenue (RM'mil)



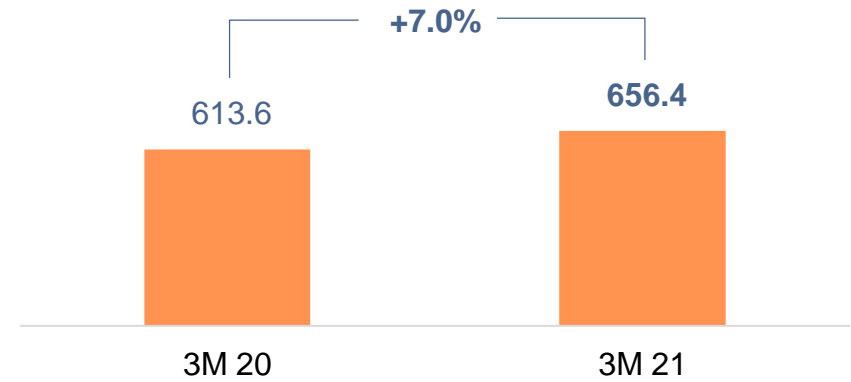
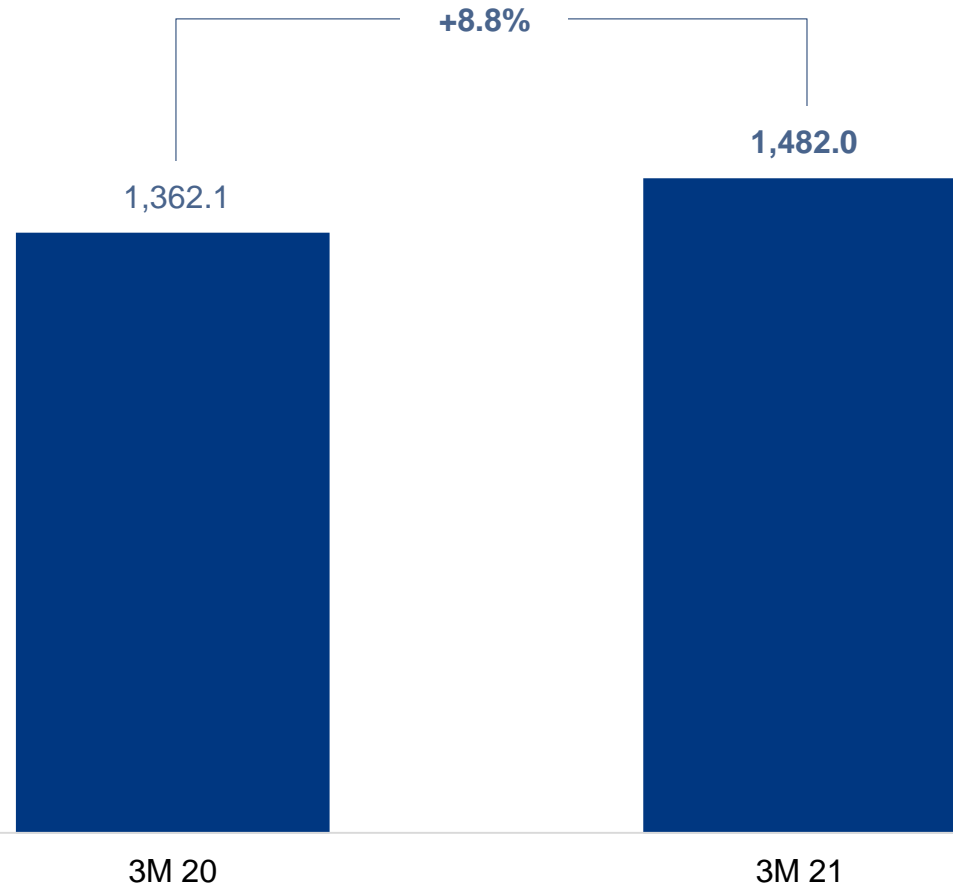
**Life Insurance**



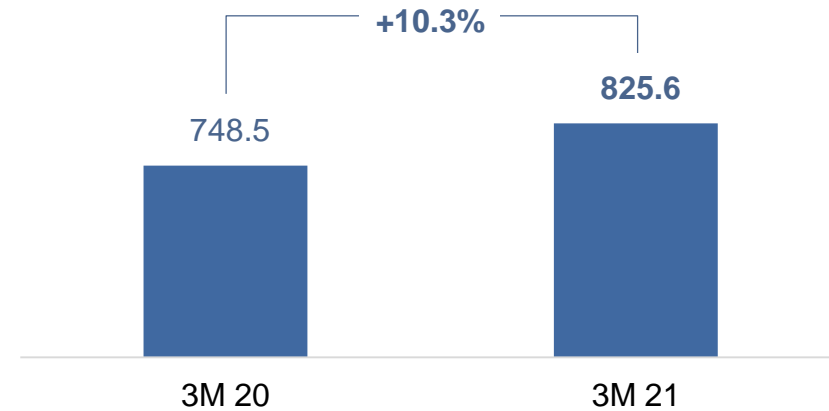
# FINANCIAL HIGHLIGHTS 3M 2021

**Group** **General Insurance**

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

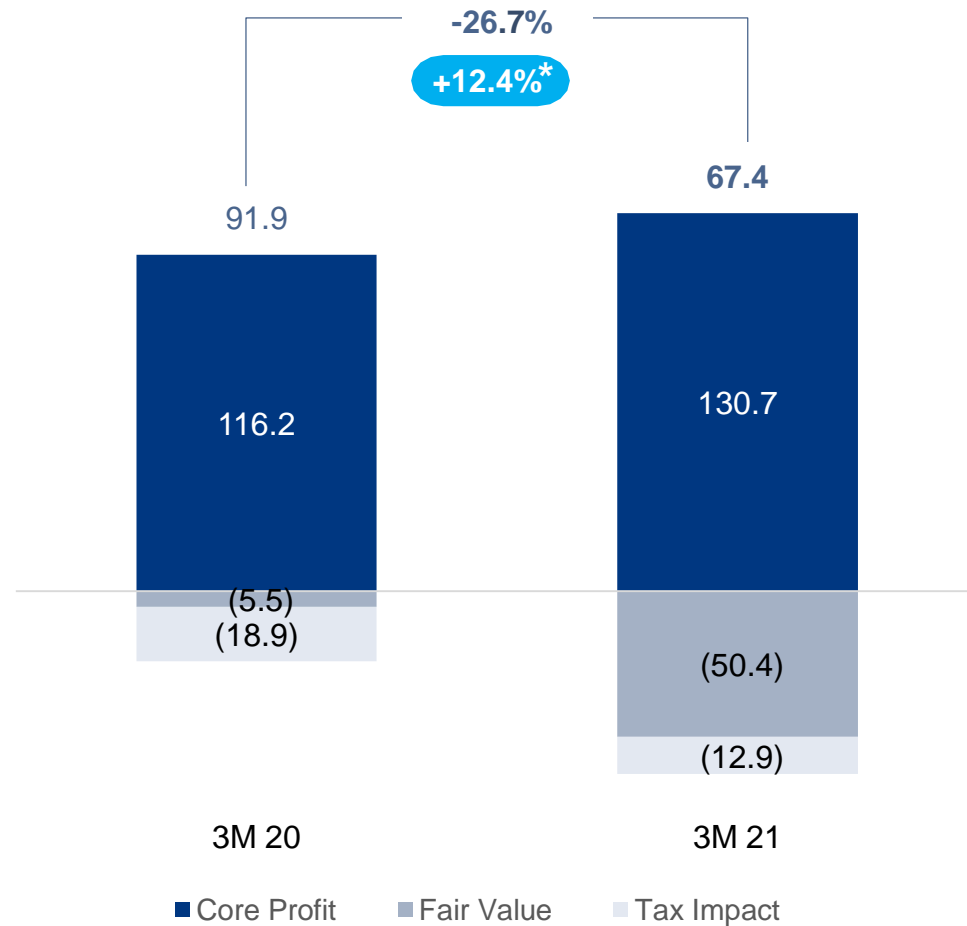


**Life Insurance**



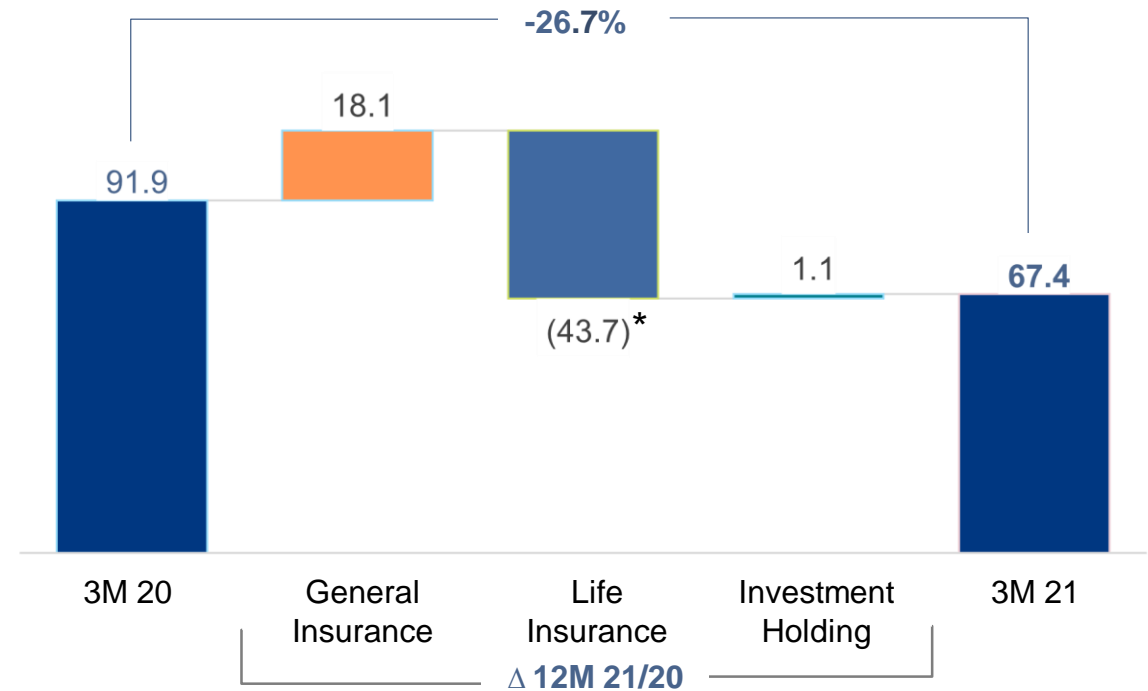
# FINANCIAL HIGHLIGHTS 3M 2021

## Profit Before Tax (RM'mil)



\* Core profit growth

## PBT drivers (RM'mil)

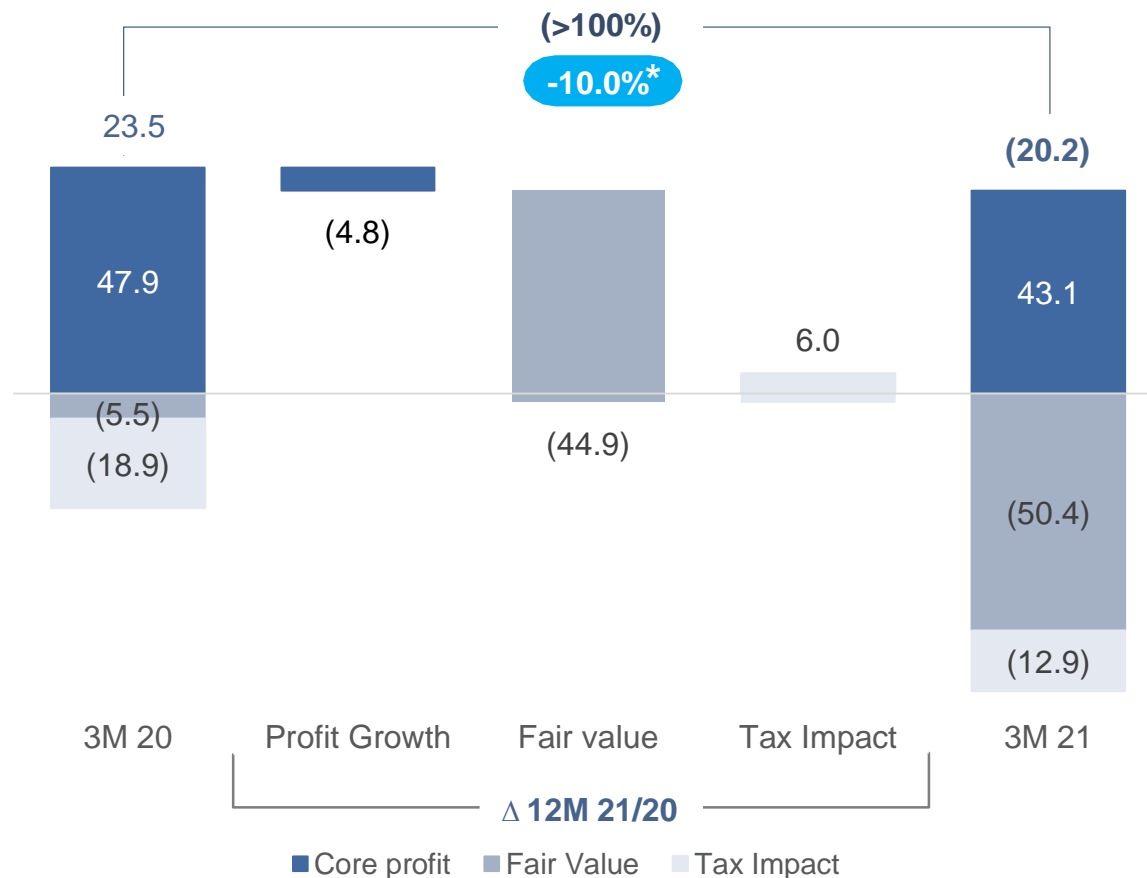


3M 2020	74.5	23.5	(6.1)	91.9
3M 2021	92.6	(20.2)	(5.0)	67.4
<b>Change</b>	<b>18.1</b>	<b>(43.7)</b>	<b>1.1</b>	<b>(24.5)</b>
<b>Change (%)</b>	<b>24.3%</b>	<b>(&gt;100%)</b>	<b>18.0%</b>	<b>(26.7%)</b>

\* See slide 8 for further details on change for Life Insurance business

# LIFE: LOWER PBT MAINLY FROM FAIR VALUE LOSSES

PBT Drivers (RM'mil)



\* Core profit growth

## Interest rate 10 years MGS

Dec 20	2.6%	Dec 19	3.3%
Mar 21	3.3%	Mar 20	3.5%
Δ 21/20	<b>0.7 pts</b>	Δ 20/19	<b>0.2 pts</b>

## Bursa Malaysia KLCI Index

Dec 20	1,627	Dec 19	1,588
Mar 21	1,574	Mar 20	1,350
Δ 21/20	<b>(3.3%)</b>	Δ 20/19	<b>(15.0%)</b>



## FINANCIAL OVERVIEW

RM'mil	2018	2019	2020	3 YEAR CAGR (2017-2020)	3M 2020	3M 2021
Gross Written Premiums	4,504.8	4,922.5	5,305.2	7.4%	1,362.1	1,482.0
Management Expenses	554.9	618.0	641.4	2.0%	167.1	164.7
Expense Ratio (Non Life)	18.4%	20.2%	19.8%	0.5 pts	19.9%	18.4%
Expense Ratio (Life) <sup>1</sup>	10.0%	10.5%	9.4%	2.7 pts	11.3%	10.0%
Local Consolidated PBT	519.0	692.1	729.6	18.6%	91.9	67.4
Total Assets	17,404.6	19,710.1	21,896.7	9.7%	19,329.1	21,706.1
Shareholders' Equity	3,361.7	3,673.6	4,031.5	8.7%	3,738.9	3,998.4
Dividends declared	152.04	247.05	220.44	69.0%	-	-
Diluted earnings per ordinary share (sen)	109.09	142.29	150.29	21.7%	22.96	18.28

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

## SUMMARY OF UNAUDITED FINANCIAL RESULTS

RM'mil	3M 2020	3M 2021	△21/20 %
<b>Operating Revenue</b>	1,484.7	1,606.6	8.2%
Gross Earned Premium	1,306.1	1,411.4	8.1%
Premiums ceded to reinsurers	(78.4)	(100.8)	(28.6%)
Net earned premiums ("NEP")	1,227.7	1,310.6	6.8%
Net change in benefits and claims paid ("Claim")	(538.6)	(458.5)	14.9%
Net change in contract liabilities ("Reserve")	134.4	(257.8)	(>100%)
Management expenses ("ME")	(167.1)	(164.7)	1.4%
Net fee and commission expense	(181.6)	(195.5)	(7.7)%
Fair value gains and losses	(486.1)	(414.0)	14.8%
Net investment results	107.7	244.4	>100%
Net other operating expenses	(4.5)	2.9	>100%
<b>Profit before tax</b>	91.9	67.4	(26.7%)
Tax expense	(12.4)	(4.1)	66.9%
<b>Profit after tax</b>	79.5	63.3	(20.4%)
ME / NEP ratio	13.6%	12.6%	1.0 pts
Claim & Reserve / NEP ratio	32.9%	54.7%	(21.8 pts)

# 02

## GENERAL BUSINESS



# GENERAL BUSINESS

## Comments

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### **Gross written premiums**

- Gross written premium increased by 7.0% as compared to prior year mainly driven by motor and fire business.

### **Profitability**

- Higher profit before tax from higher underwriting profit.

### **Distribution and Portfolio**

- 57.6% (3M 2020: 59.6%) of GWP from Agency and 31.7% (3M 2020: 33.5%) from Franchise.
- Partnership with Pos Malaysia contributes 9.1% (3M 2020: 8.8%) of GWP.

### **Combined ratio**

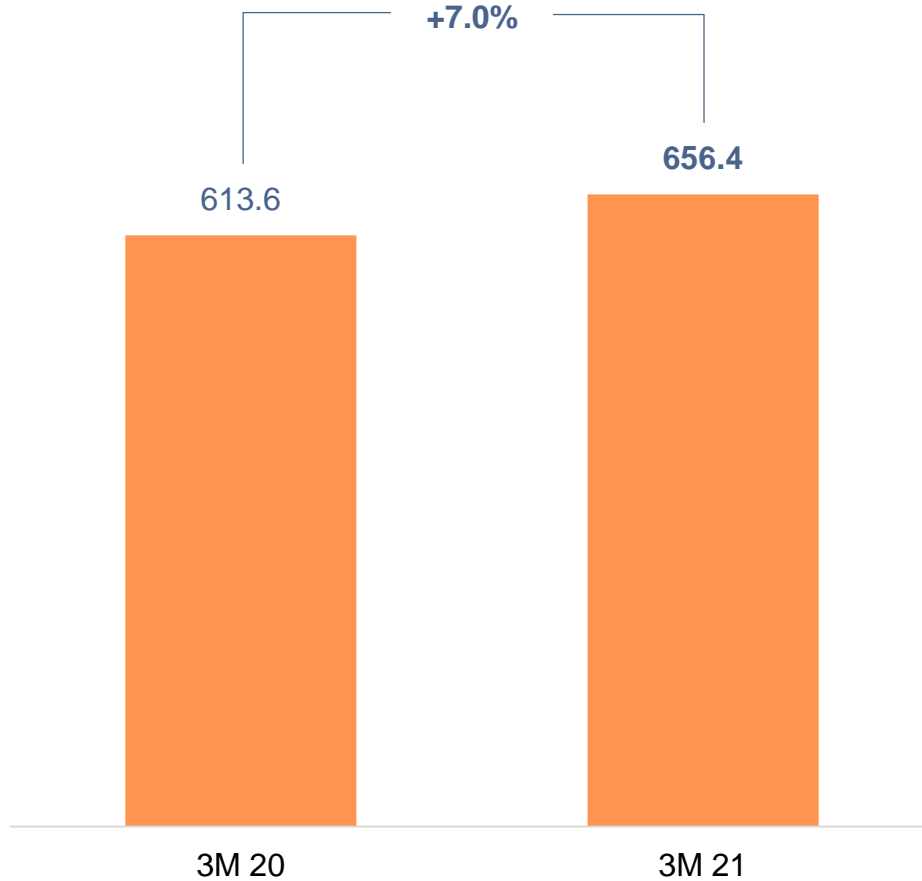
- Lower combined ratio by 4.3 pts mainly from lower motor claims ratio as traffic was lower during lockdown period.

### **Market growth**

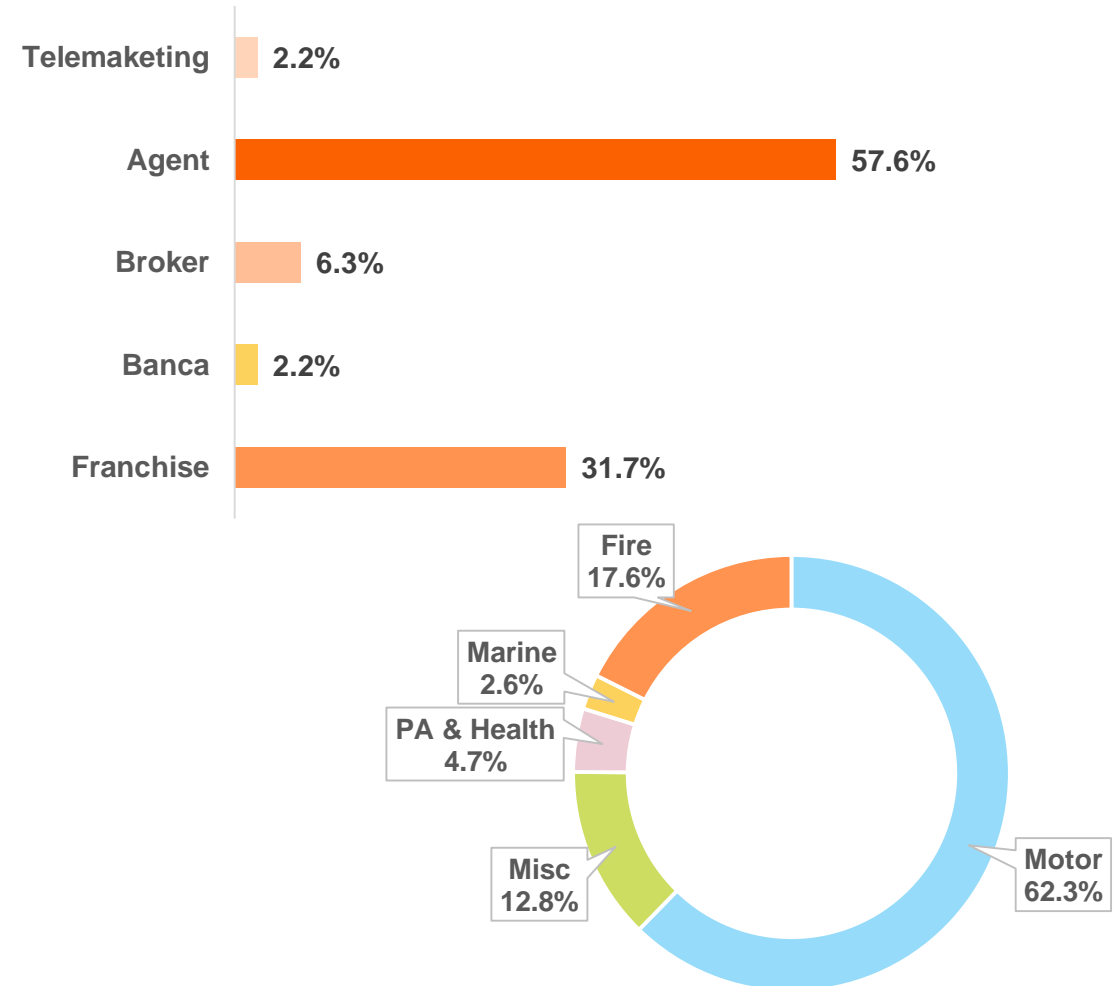
- Increased market share during the period. Market share stood at 13.3% in 3M 2021.

# GENERAL BUSINESS: GWP IS 7.0% HIGHER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

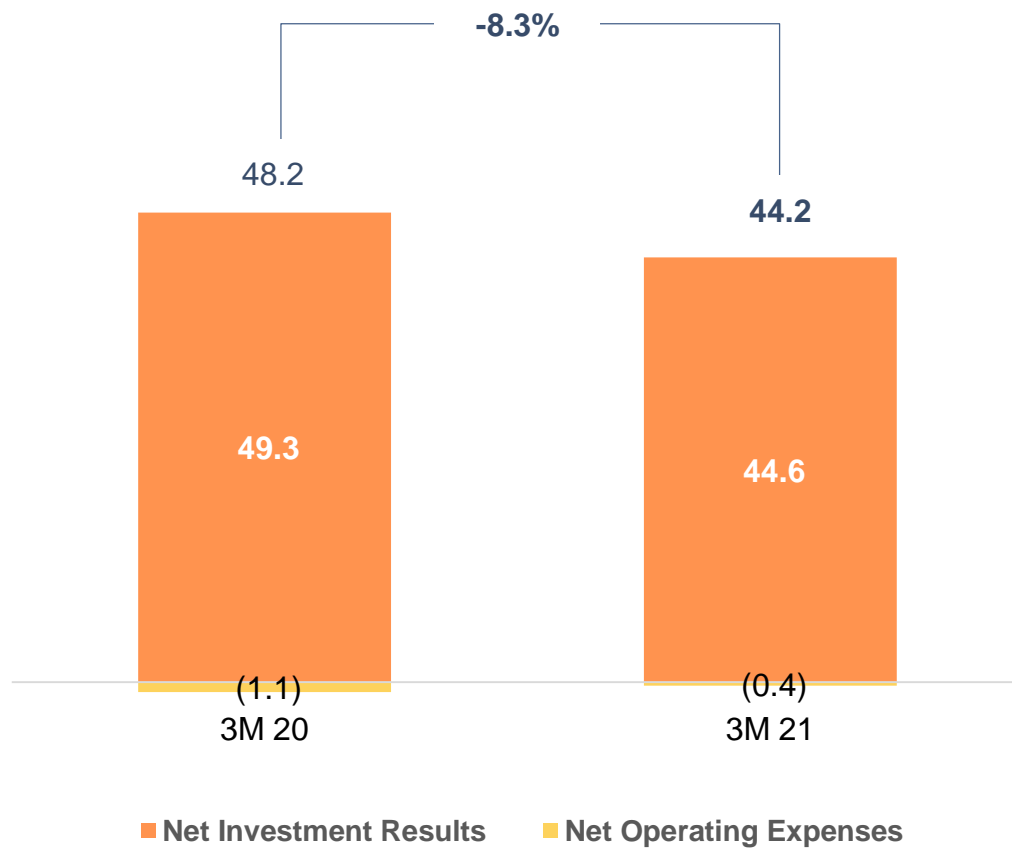


Distribution Channel & Portfolio Mix

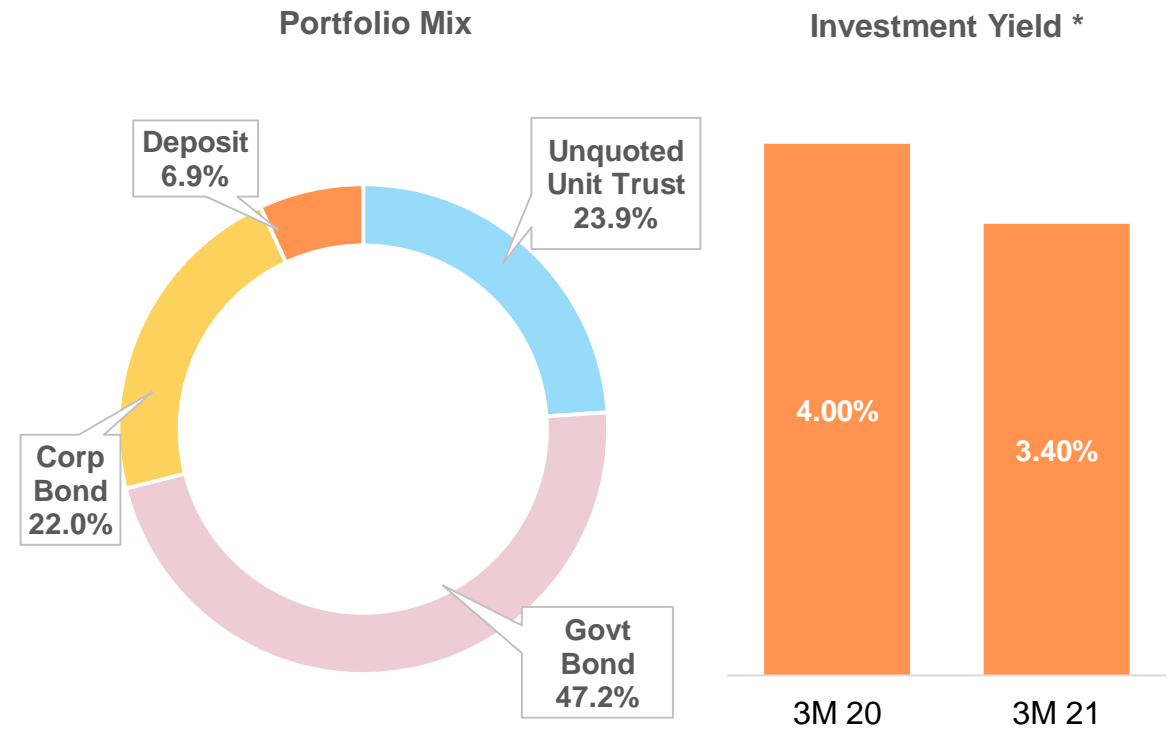


# GENERAL BUSINESS: LOWER GROWTH IN INVESTMENT INCOME

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



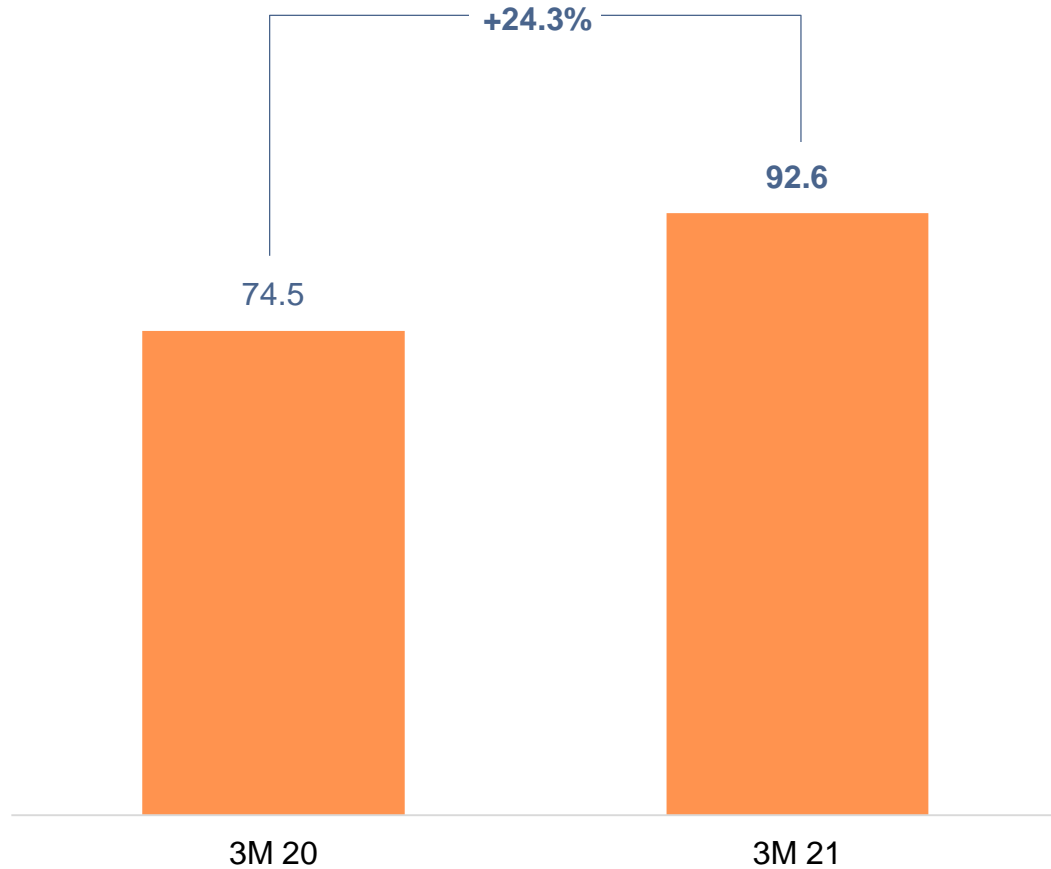
Portfolio Mix and Investment Yield (Annualized)



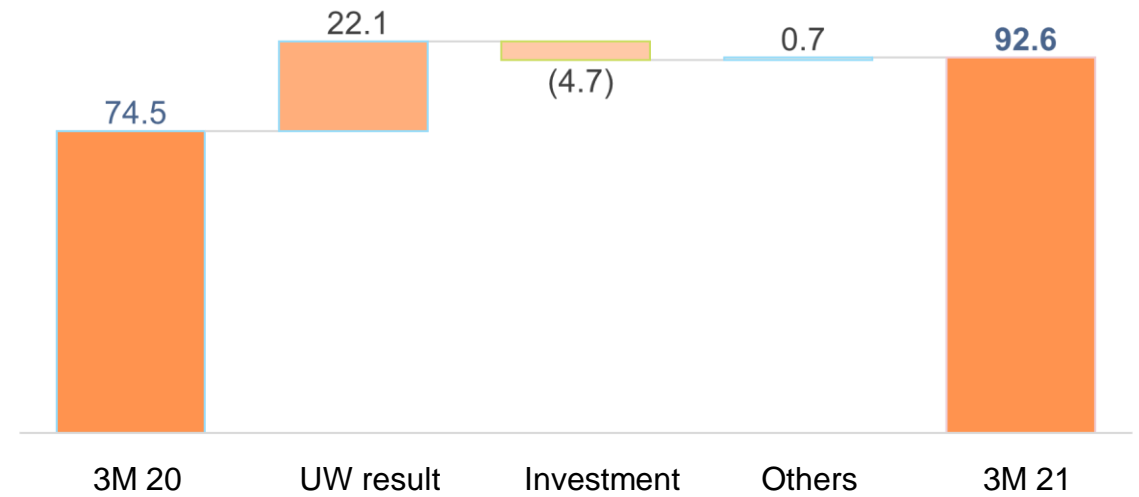
\* Investment yield is excluding fair value gains/losses

# GENERAL BUSINESS: HIGHER PROFIT BEFORE TAX FROM HIGHER UNDERWRITING PROFIT

Profit Before Tax (RM'mil)



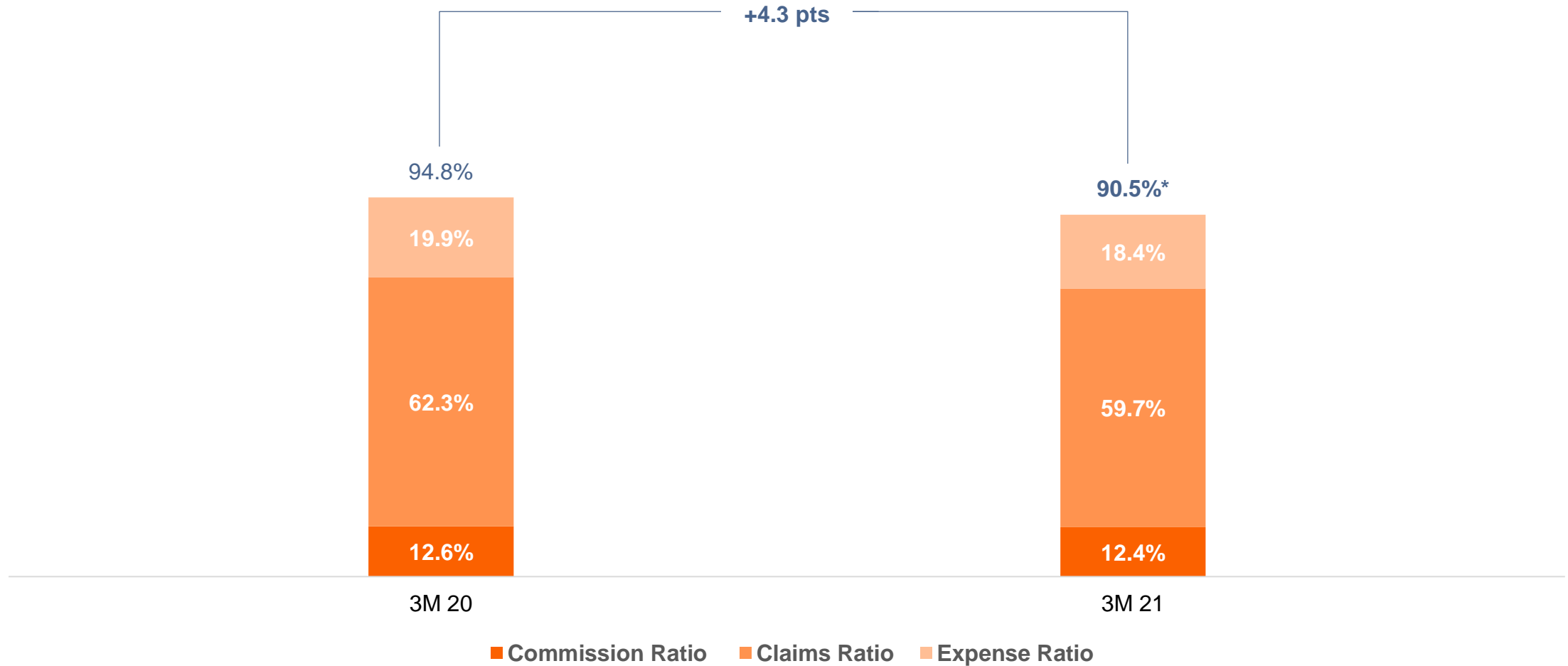
PBT Drivers (RM'mil)



3M 2020	26.3	49.3	(1.1)	74.5
3M 2021	48.4	44.6	(0.4)	92.6
<b>Change</b>	<b>22.1</b>	<b>(4.7)</b>	<b>0.7</b>	<b>18.1</b>

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

## Combined Ratio



\* Combined ratio is calculated at company level



## GENERAL BUSINESS: UNAUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	3M 2020	3M 2021	△21/20 %
Gross written premiums	613.6	656.4	7.0%
Gross earned premiums	557.6	585.8	5.1%
Net earned premiums	500.5	522.5	4.4%
Net change in claims incurred	(311.8)	(312.2)	(0.1%)
Management expenses	(99.4)	(97.2)	2.2%
Net fee and commission expenses	(63.0)	(64.7)	(2.7%)
Underwriting result	26.3	48.4	84.0%
Net investment results	49.3	44.6	(9.5%)
Net other operating expenses	(1.1)	(0.4)	>100%
<b>Profit before tax (after consolidation adjustment)</b>	<b>74.5</b>	<b>92.6</b>	<b>24.3%</b>
Commission ratio	12.6%	12.4%	0.2 pts
Claims ratio	62.3%	59.7%	2.6 pts
Expense ratio	19.9%	18.4%	1.5 pts
Combined ratio	94.8%	90.5%*	4.3 pts

\* Combined ratio is calculated at company level

## GENERAL BUSINESS: PERFORMANCE COMPARED TO INDUSTRY (JAN-MAR 2021)

KPIs	AGIC 3M 2021	Industry <sup>1</sup> 3M 2021	Takaful <sup>2</sup> 3M 2021
<b>GWP growth</b>	<b>7.0%</b>	<b>3.9%</b>	<b>16.5%</b>
<b>Commission ratio</b>	<b>12.4%</b>	<b>10.3%</b>	<b>9.9%</b>
<b>Claims ratio</b>			
• Overall	<b>59.7%</b>	<b>53.9%</b>	<b>57.2%</b>
• Motor	<b>58.8%</b>	<b>58.8%</b>	<b>65.6%</b>
<b>Expense ratio</b>	<b>18.4%</b>	<b>23.9%</b>	<b>35.4%</b>
<b>Combined ratio</b>	<b>90.5%</b>	<b>88.1%</b>	<b>102.5%</b>
<b>Market Share (3M 2021) <sup>3</sup></b>	<b>13.3%</b>		
<b>Market Ranking (12M 2020) <sup>4</sup></b>	<b>No. 1</b>		

Notes:

- 1) Source: ISM Market Performance Report Jan-Mar 2021
- 2) Source: ISM Takaful Market Performance Report Jan-Mar 2021
- 3) AGIC and ISM Market Performance Report Jan-Mar 2021
- 4) AGIC and ISM Market Performance Report Jan-Dec 2020

# 03

## LIFE

## BUSINESS



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

- Gross written premiums grew by 10.3%.

**Market Growth**

- ALIM ANP increased by 39.1%, outpacing industry growth of 29.0%.
- Market share 3M 2021 increased to 8.8% (3M 2020: 8.2%).

**Distribution**

- Agency ANP increased by 65.9% while Bancassurance declined by 9.4% mainly arising from bank's branches closure during lockdown period.
- Focus on agency recruitment, agent productivity and building remote selling capabilities.
- Employee Benefits grew by 17.5%.

**Product mix**

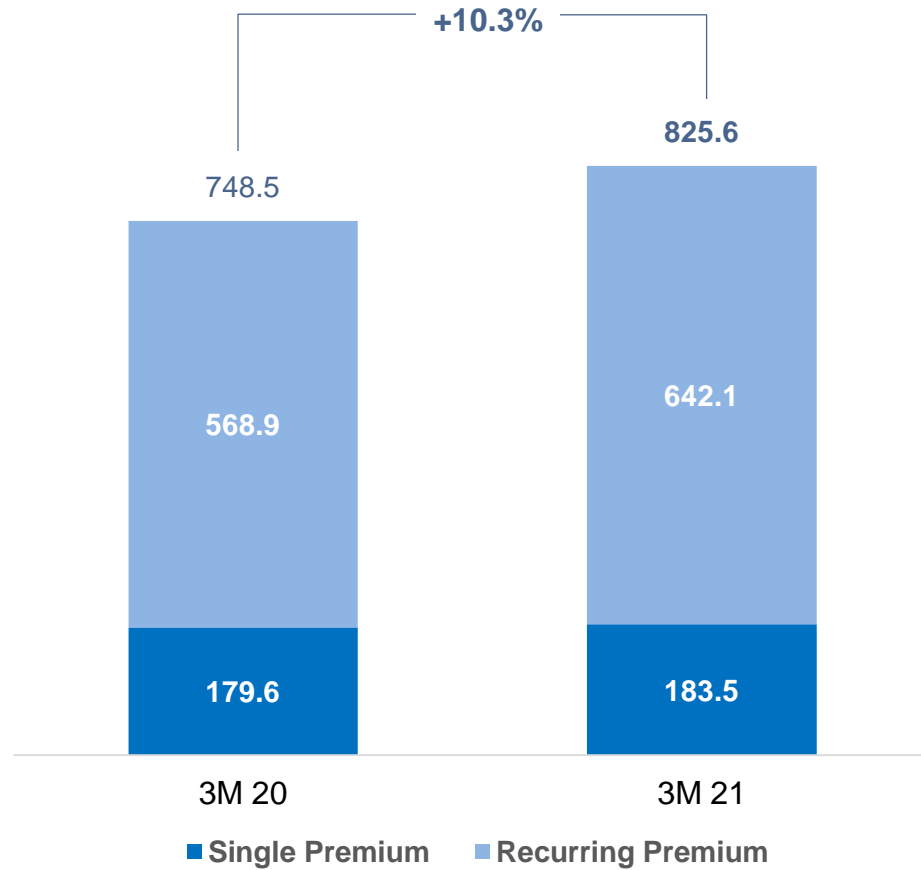
- Remain focus on sales of investment-linked products with protection rider which provide higher margins but to also cater for demand for saving products.
- Investment-linked ANP and GWP grew by 40.2% and 12.5% respectively.

**Profitability**

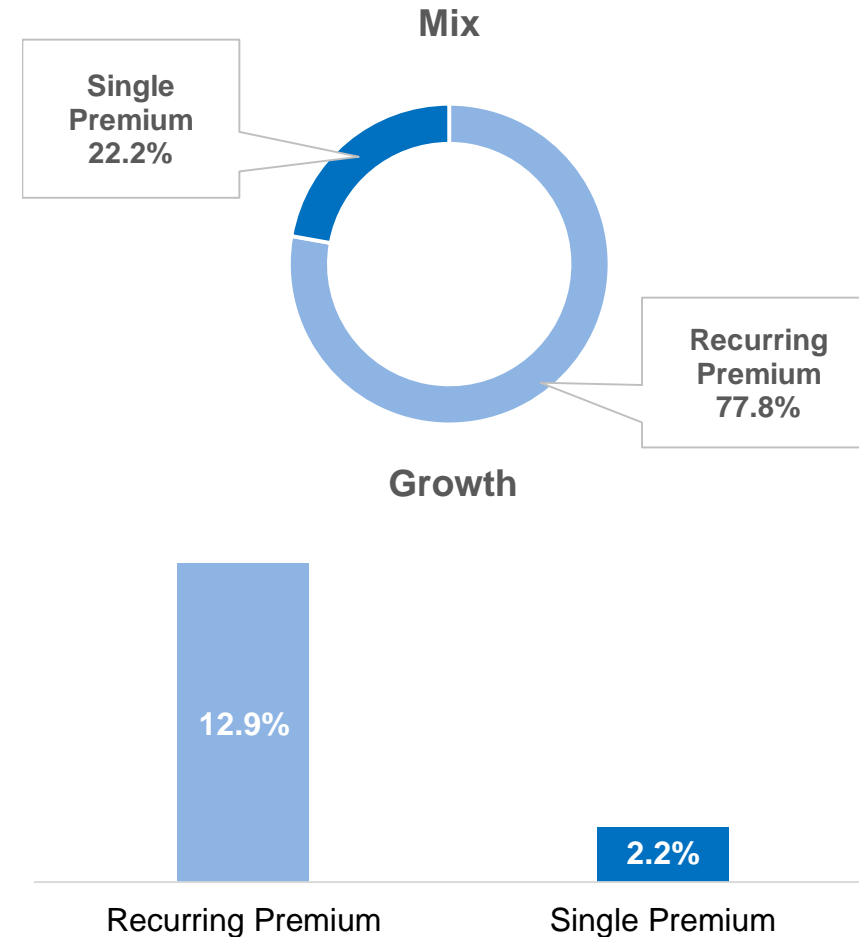
- Loss before tax of RM20.2 million (3M 2020: Profit before tax of RM23.5 million) due to higher fair value losses on investments arising from higher interest rate.
- The core profit was RM43.1 million, a decline of 10.0% from preceding period on a comparable basis.
- New business value was RM 82.6 million, increased by 64.9%.

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

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

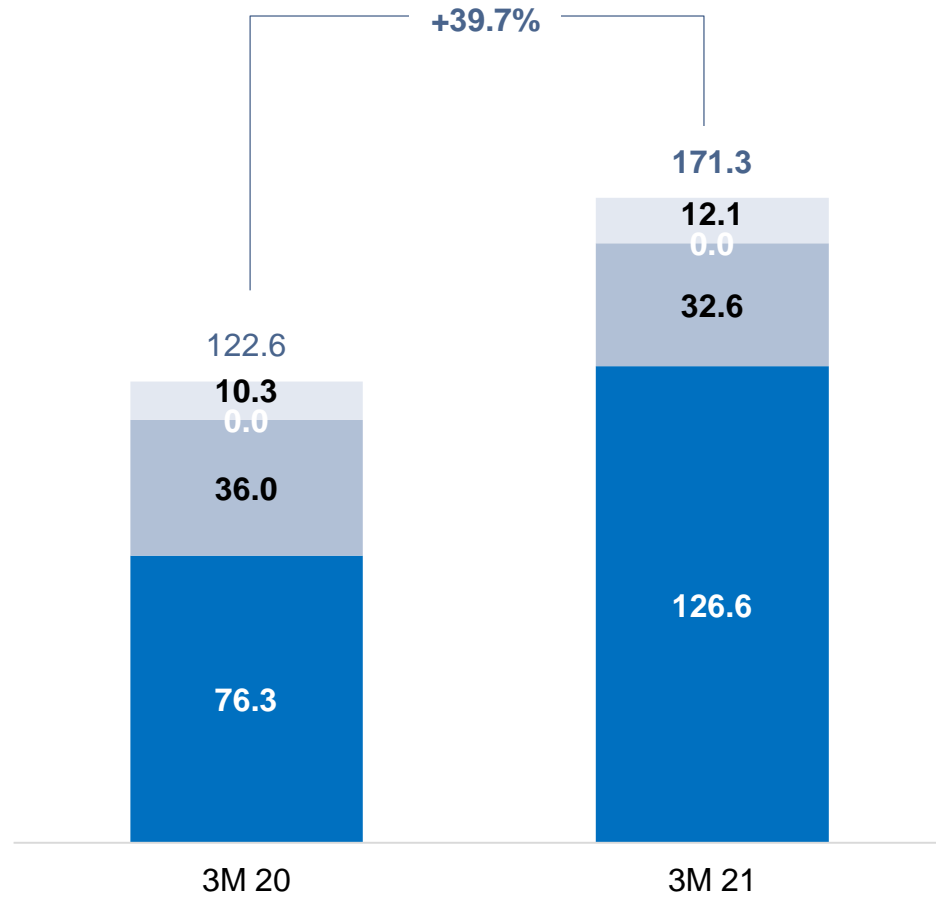


GWP Mix & Growth (%) (3M 2021)

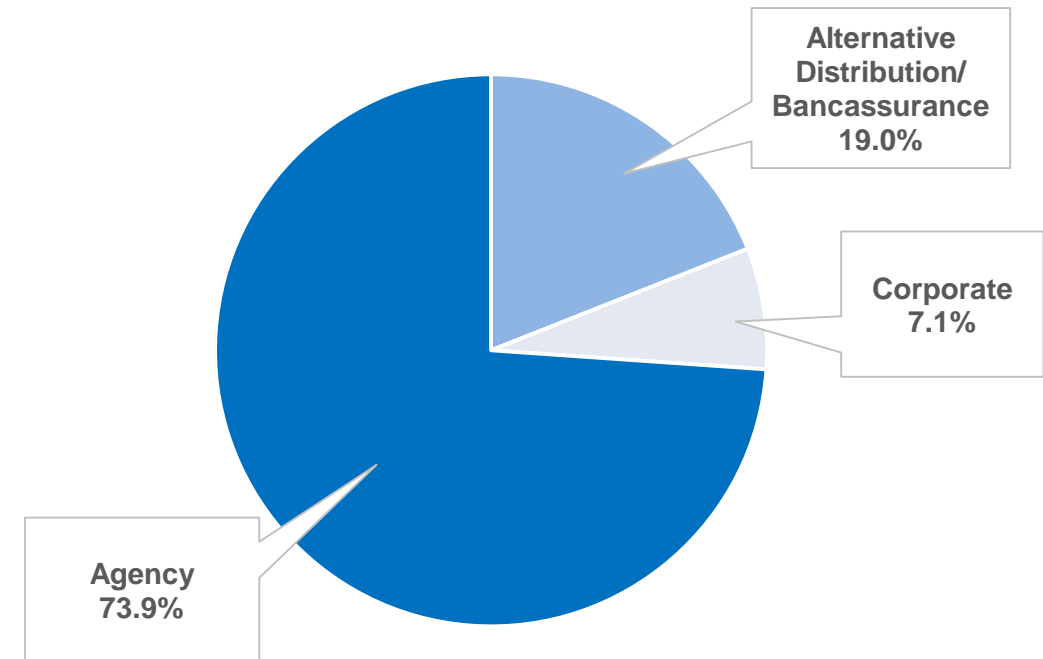


# LIFE BUSINESS: GROWTH IN ANP DRIVEN BY AGENCY AND EMPLOYEE BENEFITS CHANNELS

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



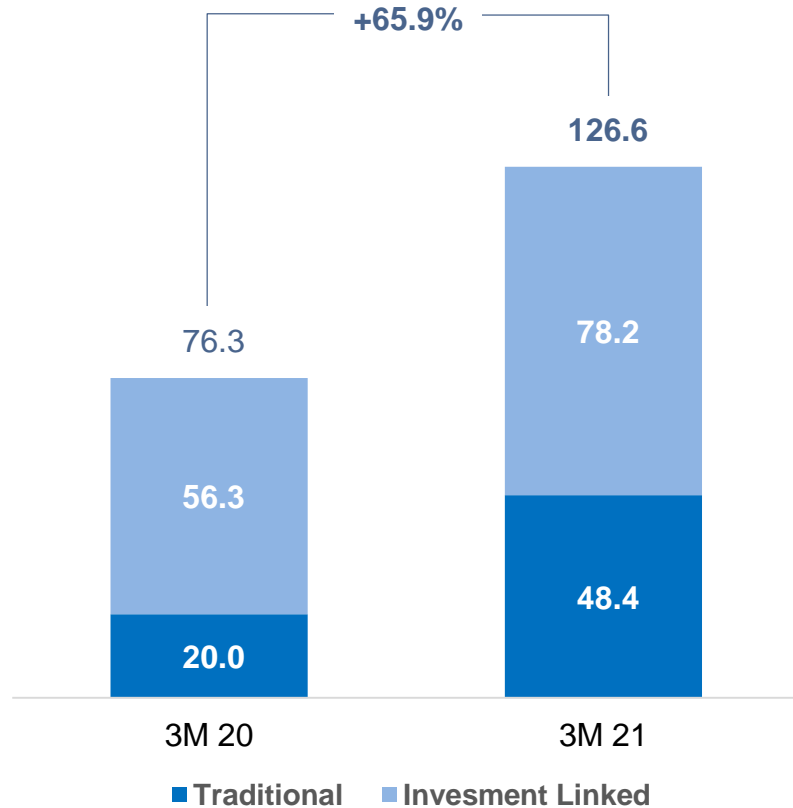
ANP Channel Mix (%) (3M 2021)



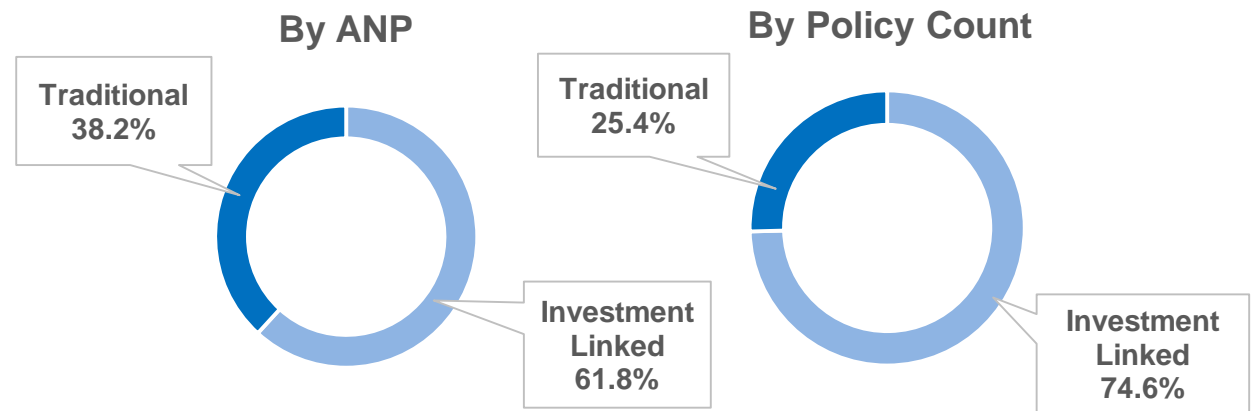
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

# LIFE BUSINESS (AGENCY): STRONG MOMENTUM IN FIRST QUARTER 2021

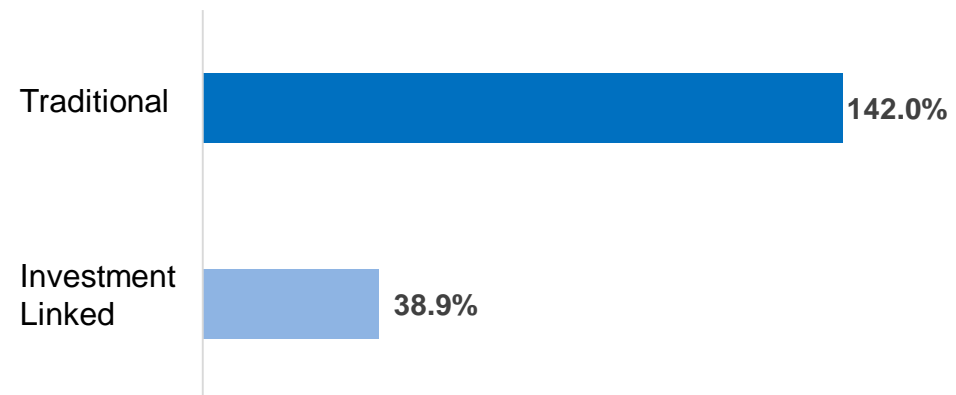
Agency Annualized New Premiums (RM'mil)



Agency Product Mix (%) (3M 2021)

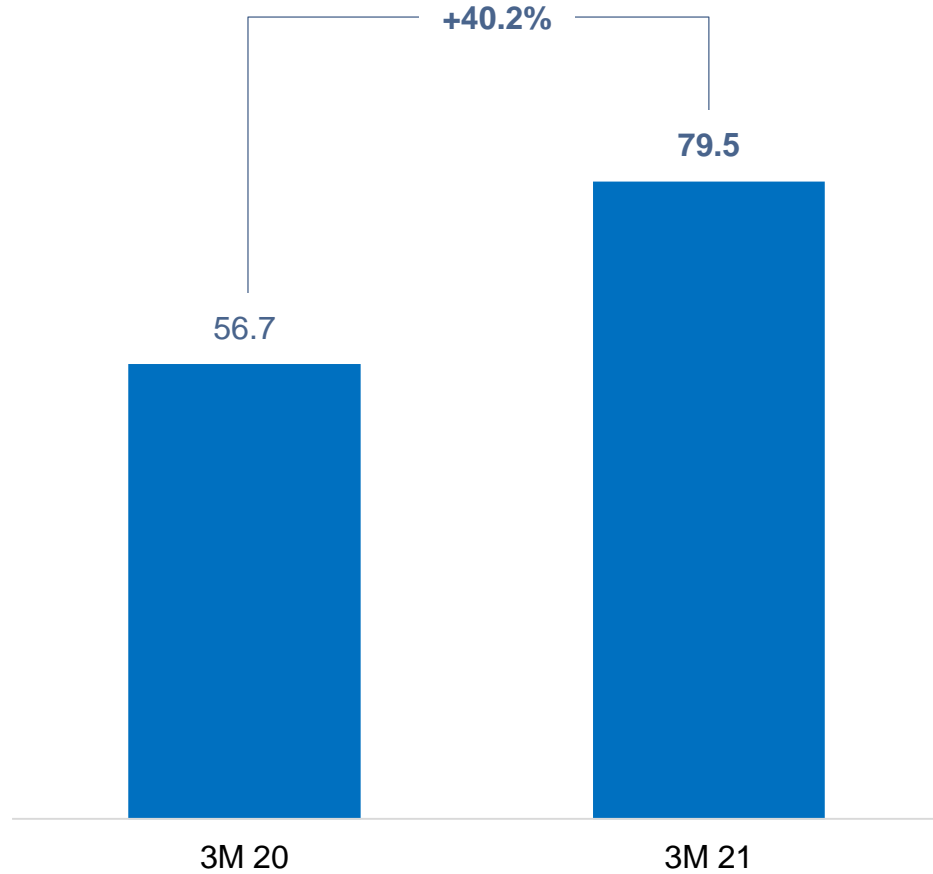


Agency ANP Growth (%) (3M 2021)

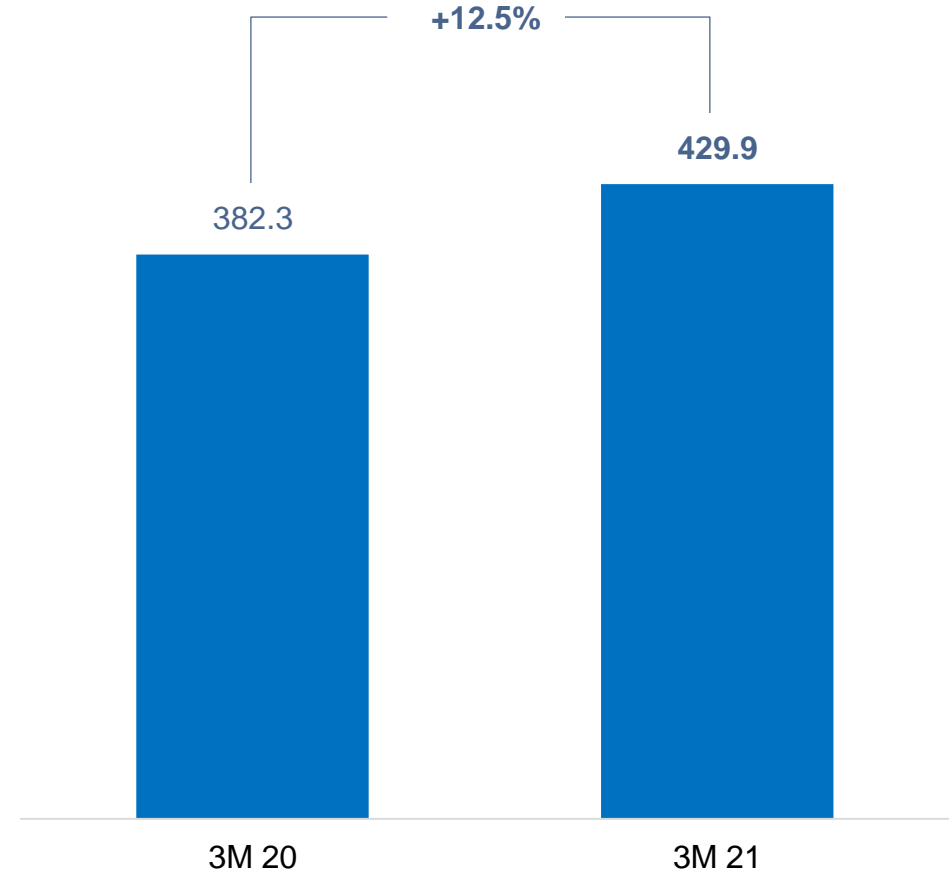


# LIFE BUSINESS: PROTECTION BUSINESS (INVESTMENT-LINKED) CONTINUES TO GROW

Annualised New Premiums (RM'mil)



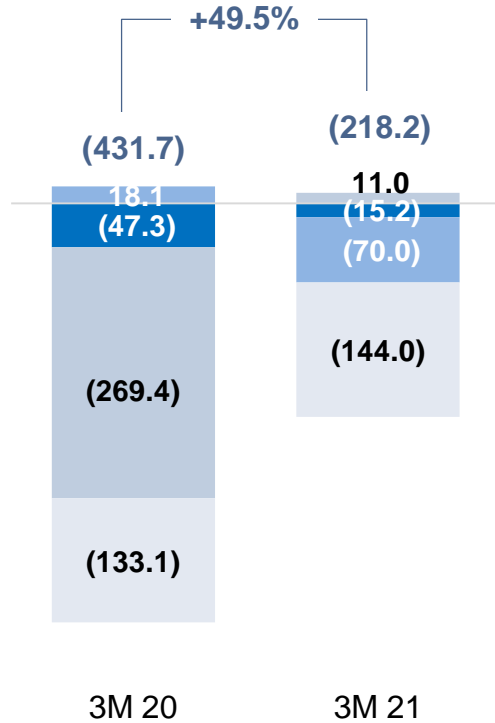
Gross Written Premiums (RM'mil)



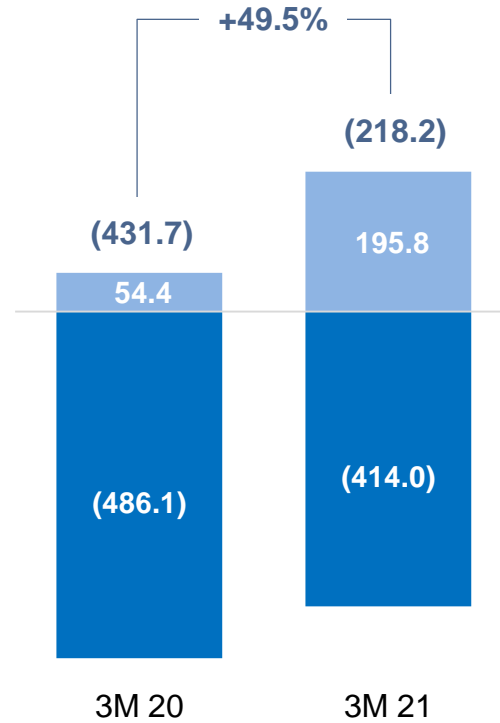


# LIFE BUSINESS: INVESTMENT RESULTS IMPACTED BY FAIR VALUE LOSSES AS INTEREST RATE GOES UP

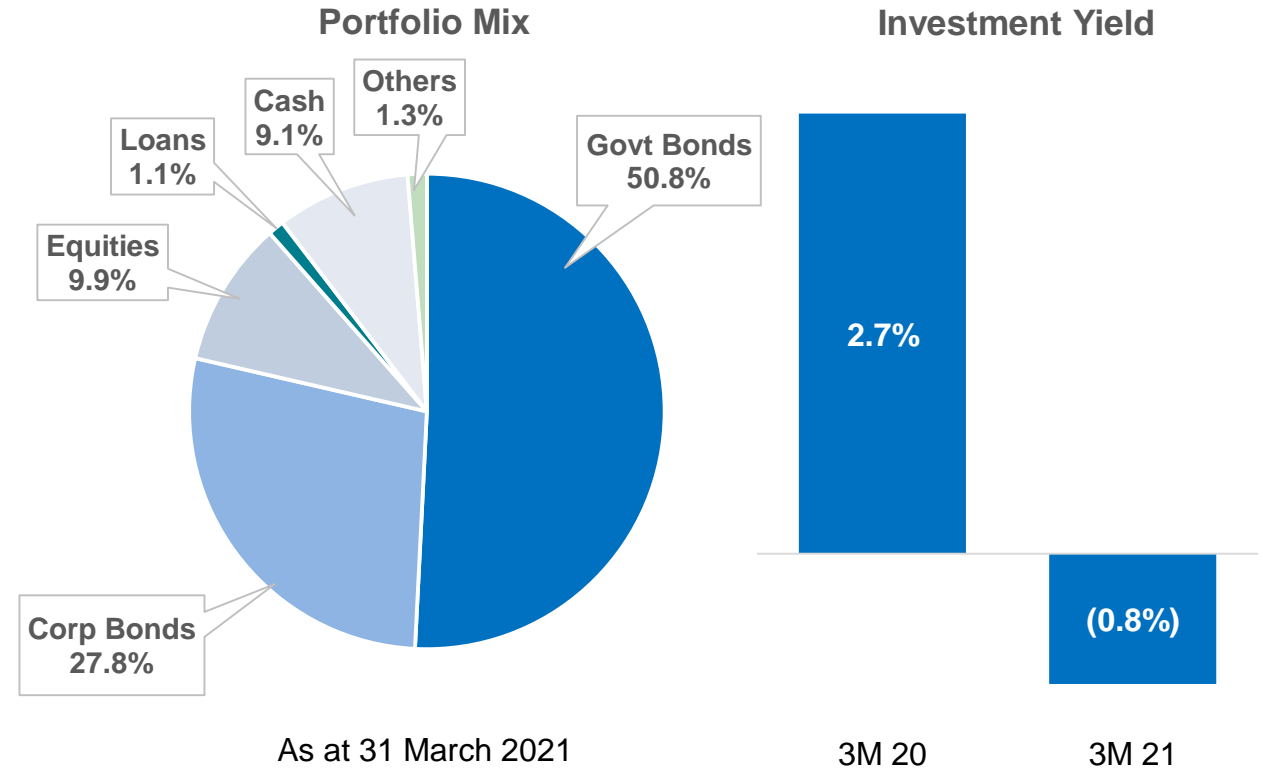
Investment Results by funds (RM'mil)



Investment Results (RM'mil)



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



■ 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	3M 2020	3M 2021	△21/20 %
Gross written premiums	748.5	825.6	10.3%
Premiums ceded to reinsurers	(21.3)	(37.5)	(76.1%)
Net earned premiums	727.2	788.1	8.4%
Net change in benefits and claims paid	(305.4)	(260.3)	14.8%
Net change in contract liabilities	213.0	(143.8)	(>100%)
Management expenses	(61.1)	(62.5)	(2.3%)
Net fee and commission expenses	(115.7)	(126.9)	(9.7%)
Fair value gains and losses	(486.1)	(414.0)	14.8%
Net investment results	54.4	195.8	>100%
Net other operating expenses	(2.8)	3.4	>100%
<b>Profit before tax (after consolidation adjustment)</b>	<b>23.5</b>	<b>(20.2)</b>	<b>(&gt;100%)</b>
Annualised new premiums	122.6	171.3	39.7%
Expense ratio (LF+SHF)	11.3%	10.0%	1.3 pts
Local investment yield (LF+SHF)	2.7%	(0.8%)	(3.5 pts)
Block persistency ratio	91.4%	90.8%	(0.6 pts)

# ALLIANZ LIFE: ANP GROWTH IN ANP DRIVEN BY AGENCY AND EMPLOYEE BENEFITS CHANNELS

Market growth analysis (3M 2021)

Annualised New Business

Distribution Channel	← 3M 2021 Growth →				12M 2020 Growth		5-year CAGR (2015 – 2020)	
	ALIM (% Growth)	Industry (% Growth)	Market Share	Market Rank	ALIM (% Growth)	Industry (% Growth)	ALIM	Industry
Agency (Traditional)	141.5%	31.5%	19.5%	2	25.4%	35.9%	12.8%	-0.1%
Agency (IL)	37.8%	50.6%	8.4%	5	-26.6%	-9.3%	0.3%	5.1%
Agency (Total)	66.4%	45.9%	10.8%	4	-12.0%	-0.2%	4.3%	3.5%
Bancassurance	-9.8%	15.4%	5.2%	7	-7.6%	-1.1%	23.1%	13.9%
Employee Benefits	17.6%	-9.2%	9.2%	3	14.8%	3.1%	14.7%	4.0%
<b>Total</b>	<b>39.1%</b>	<b>29.0%</b>	<b>8.8%</b>	<b>6</b>	<b>-10.0%</b>	<b>-0.4%</b>	<b>7.4%</b>	<b>6.5%</b>

Source: LIAM statistic as of 31 Mar 2021

**THANK YOU  
FOR YOUR ATTENTION**

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## Cautionary Note Regarding Forward-Looking Statements

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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.

### **No duty to update.**

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