



**ALLIANZ MALAYSIA  
BERHAD** (197201000819)

**Q3 2021**

**FINANCIAL RESULTS**

Analyst Briefing  
25 November 2021

**Allianz** 

# 01

## AMB GROUP FINANCIAL RESULTS



# FINANCIAL HIGHLIGHTS 9M 2021

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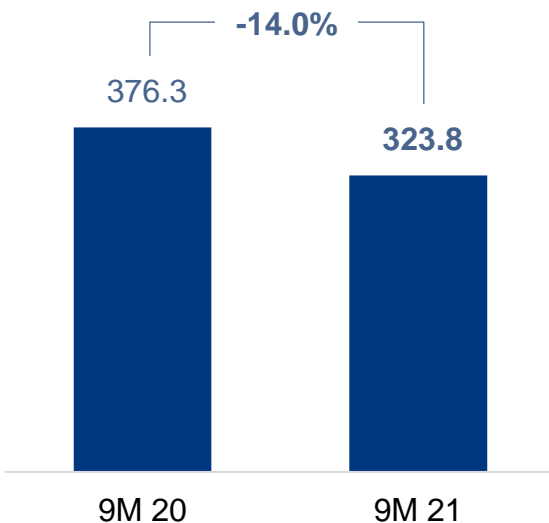
## Operating Revenue (RM'mil)

4,759.8 (+7.7%)	1,948.6 (+6.2%)	2,802.1 (+8.8%)	9.1 (1.1%)
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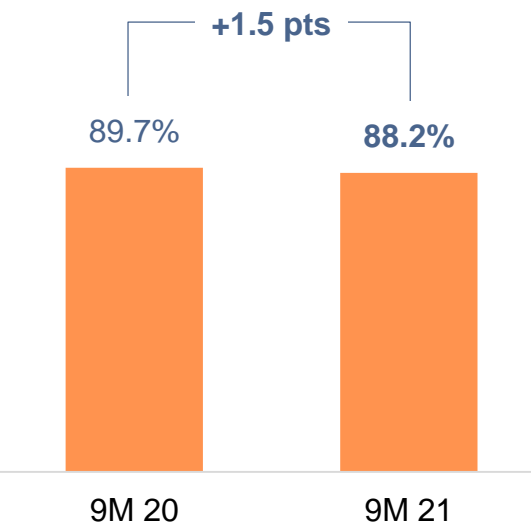
## Gross Written Premium (RM'mil)

4,164.1 (+4.3%)	1,787.1 (-0.6%)	2,377.0 (+8.2%)	
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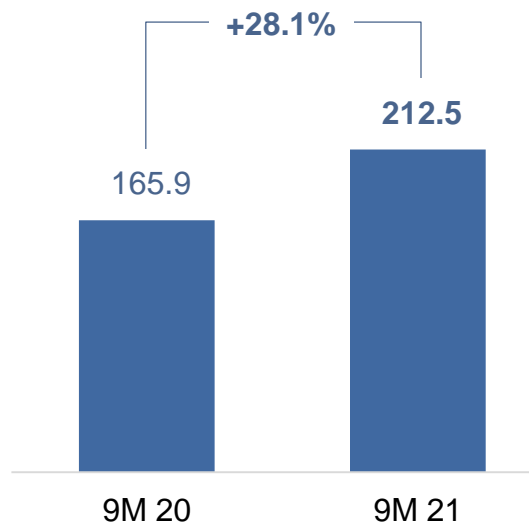
## Shareholders' net income (in RM'mil)



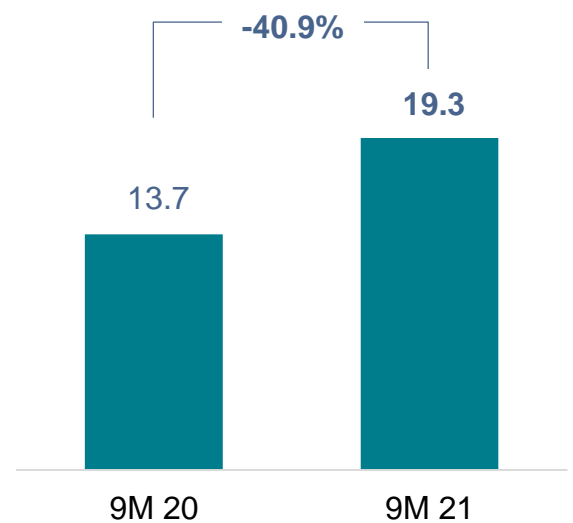
## Combined ratio (in %)



## New business value (in RM'mil)



## Management expenses (in RM'mil)





# RESILIENT EARNINGS FOR NINE MONTHS OF 2021 AMID HEADWINDS

## Comments

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### Operating revenue

- Group operating revenue of RM4.76 billion, an increase of 7.7% compared to corresponding period of RM4.42 billion due to higher gross earned premiums and investment income by RM299.0 million and RM41.2 million respectively.
- General business recorded an operating revenue of RM1.95 billion, an increase of 6.2% compared to corresponding period of RM1.83 billion.
- Life business recorded an operating revenue of RM2.80 billion, an increase of 8.8% compared to corresponding period of RM2.58 billion.

### Earnings per ordinary share

- Basic earnings per ordinary share at 182.68 sen (9M 2020: 212.73 sen).
- Diluted earnings per ordinary share at 93.60 sen (9M 2020: 108.69 sen).

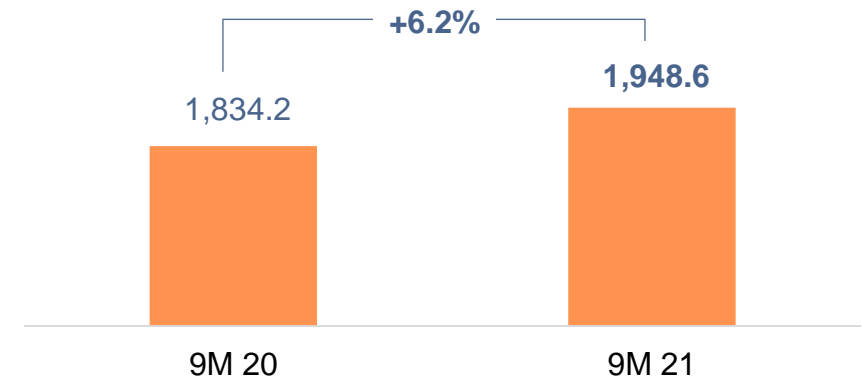
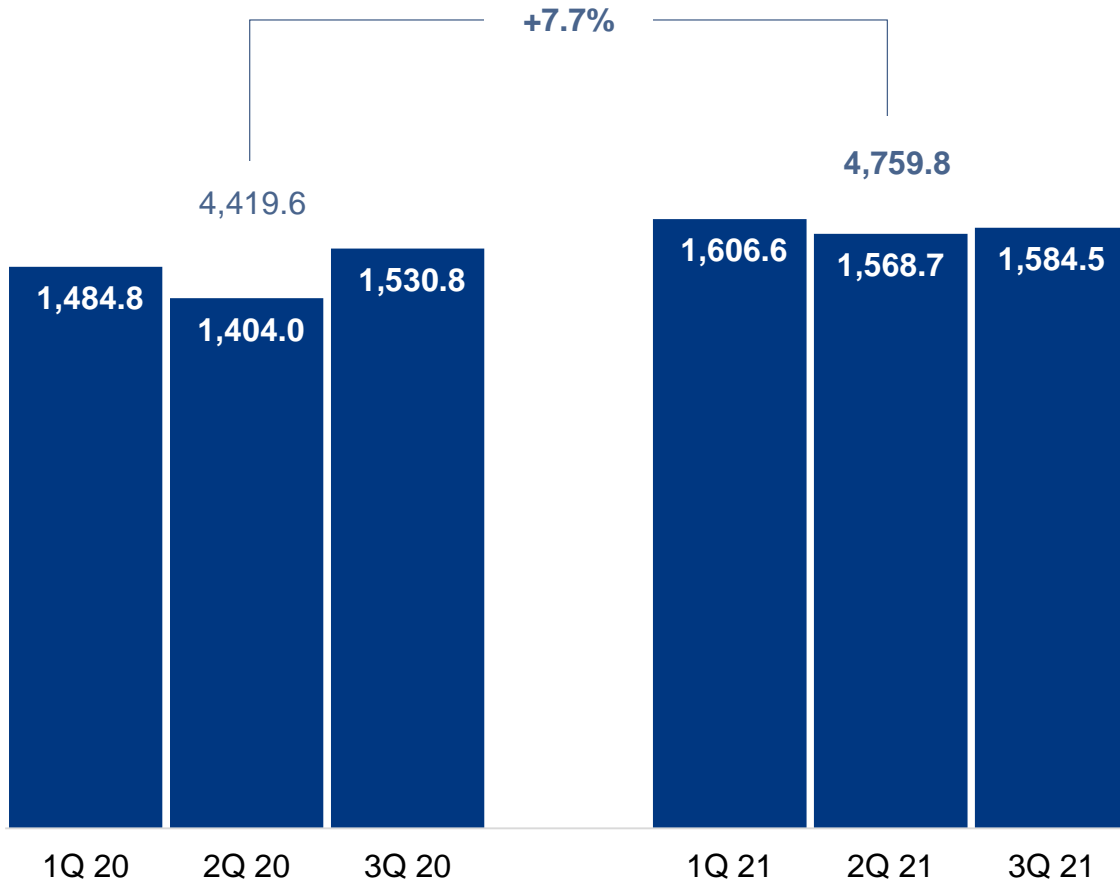
### Profitability

- Group profit before tax of RM432.6 million, decreased by 20.3% (9M 2020: RM542.8 million) mainly due to lower profit contribution from life segment.
- General business contributed a profit before tax of RM322.7 million, an increase of 7.0% (9M 2020: RM301.6 million). The increase was attributable to higher underwriting profit. Net combined ratio was 88.2% as at 9M 2021 (9M 2020: 89.7%).
- Life insurance business recorded a profit before tax of RM132.4 million (9M 2020: RM254.1 million). The decrease was attributable to higher claims provision and higher fair value losses on investments arising from higher interest rate.

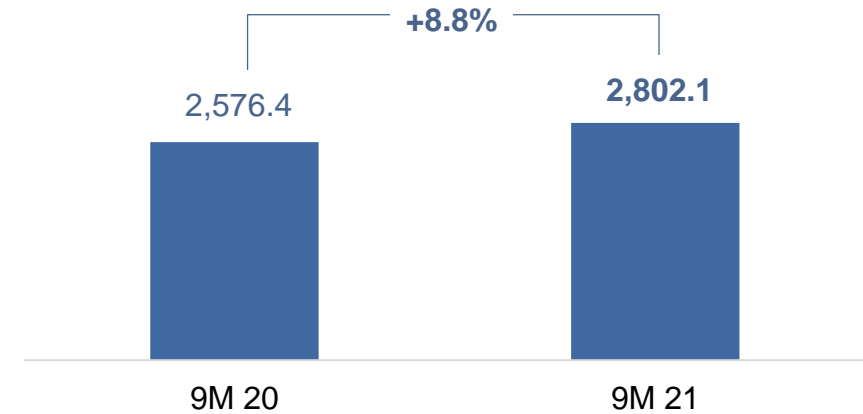
# FINANCIAL HIGHLIGHTS 9M 2021

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

Operating Revenue (RM'mil)



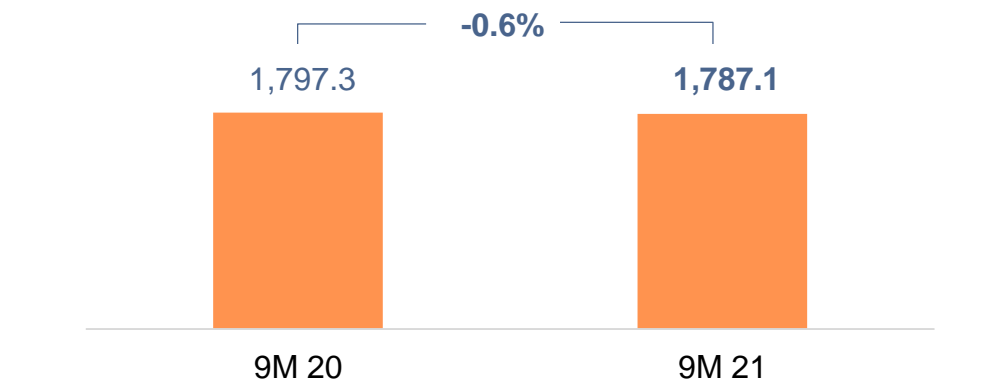
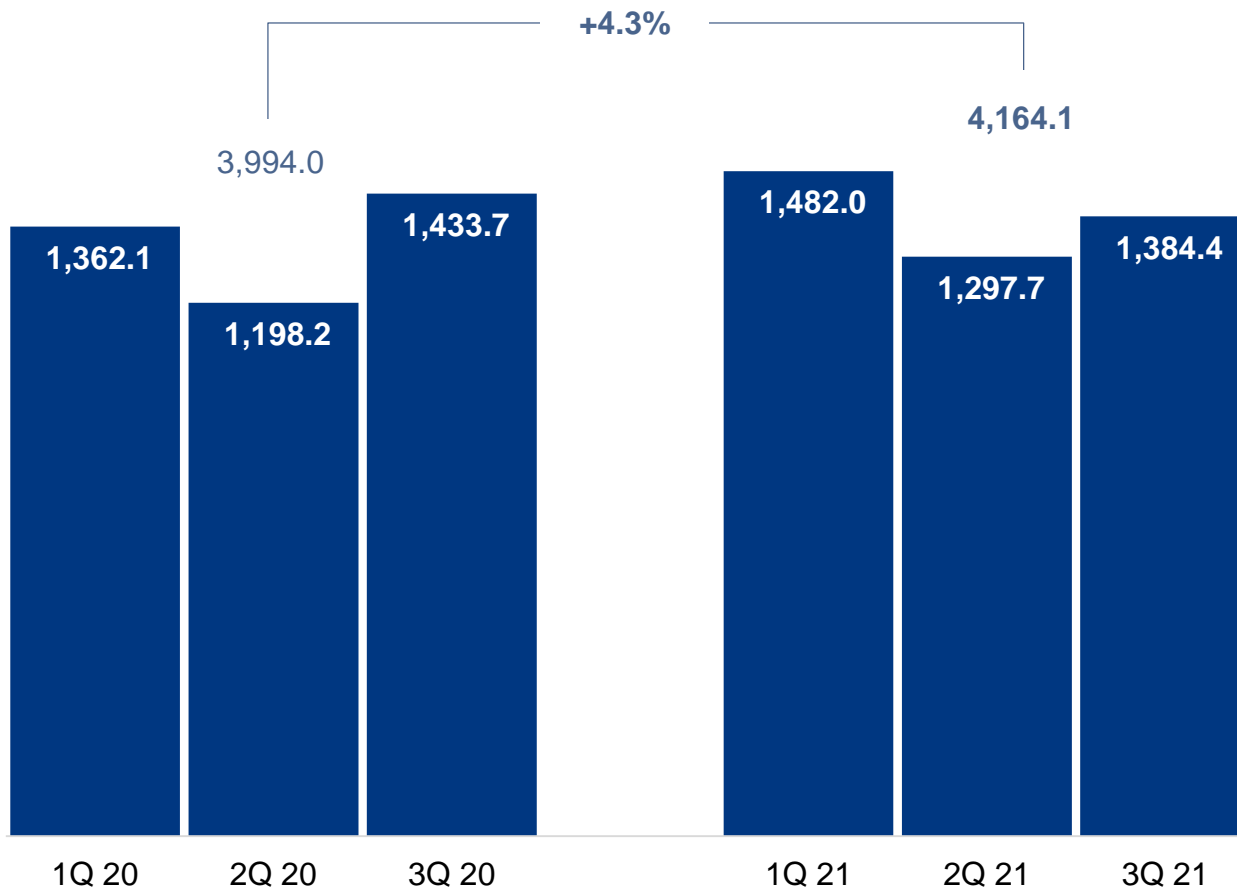
**Life Insurance**



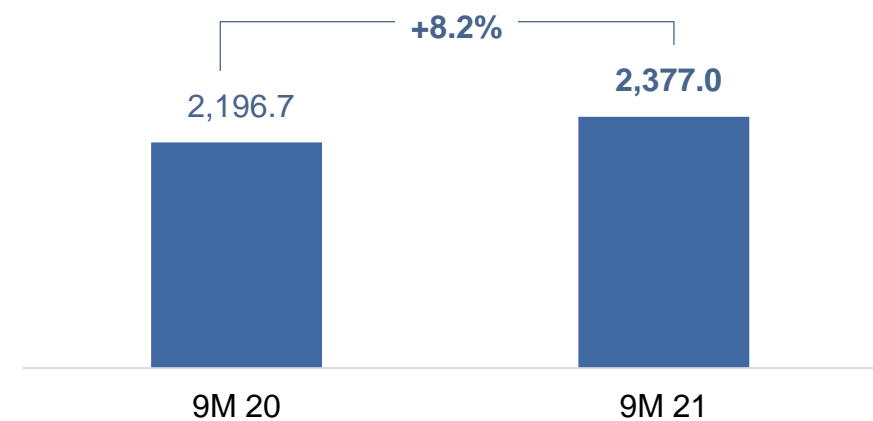
# FINANCIAL HIGHLIGHTS 9M 2021

**Group** **General Insurance**

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

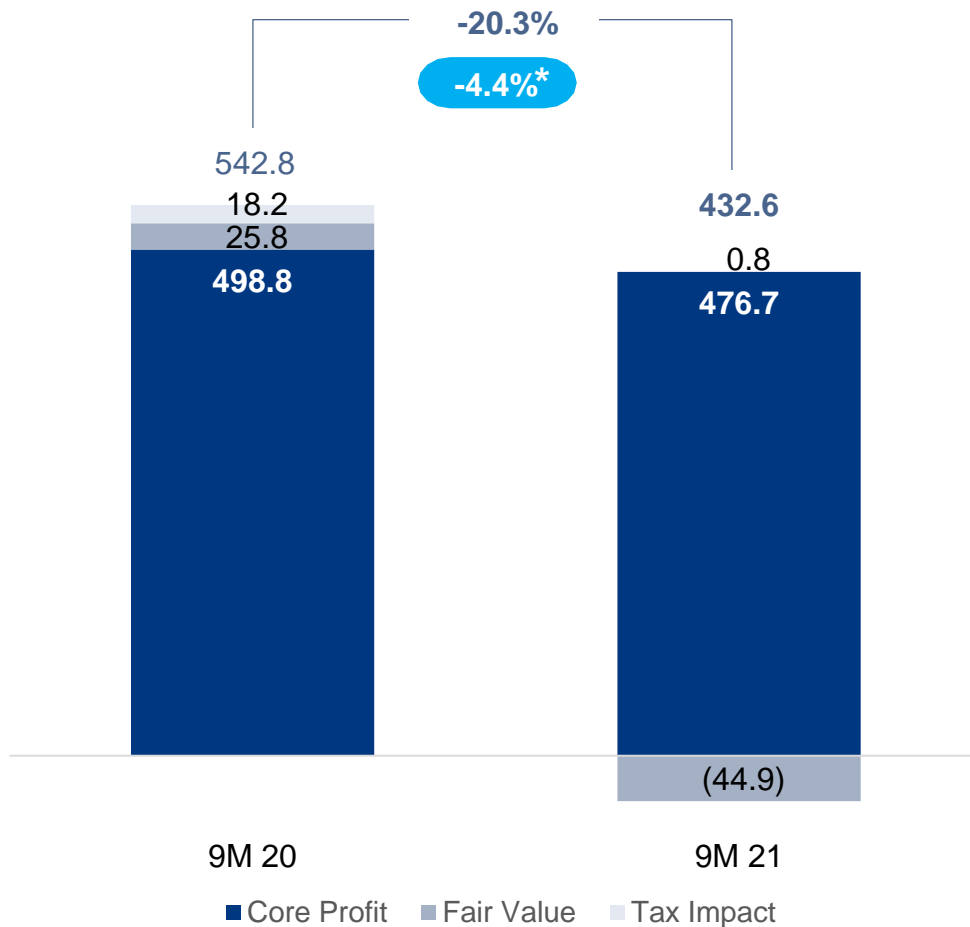


**Life Insurance**



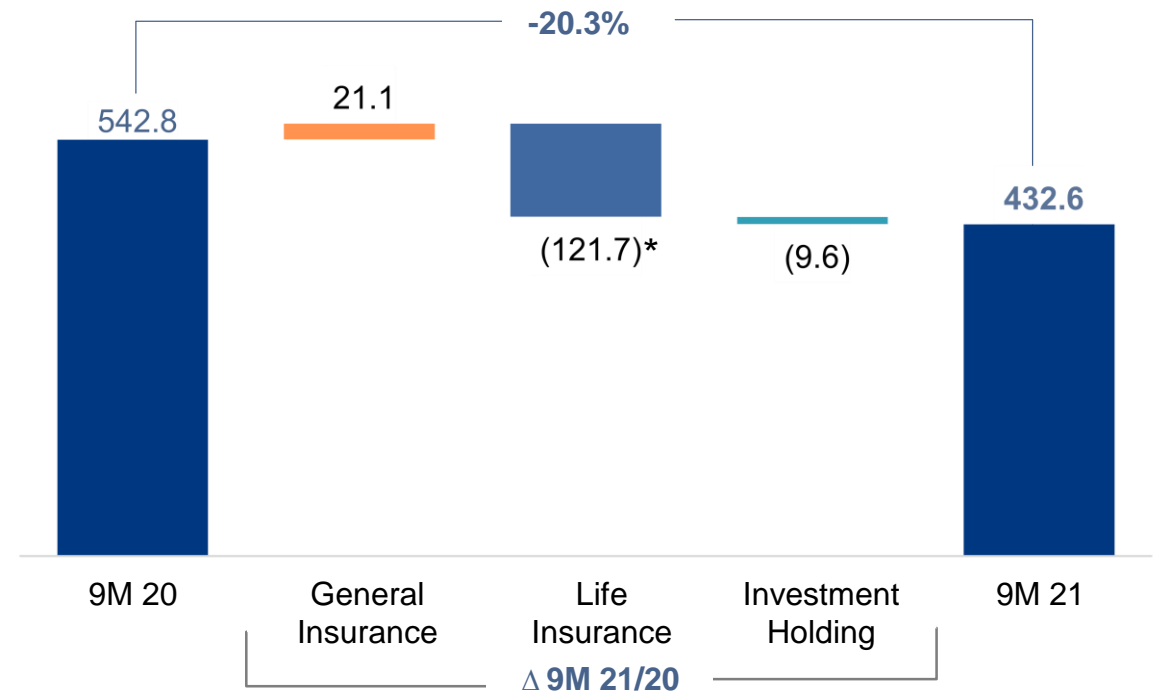
# FINANCIAL HIGHLIGHTS 9M 2021

## Profit Before Tax (RM'mil)



\* Core profit growth

## PBT drivers (RM'mil)

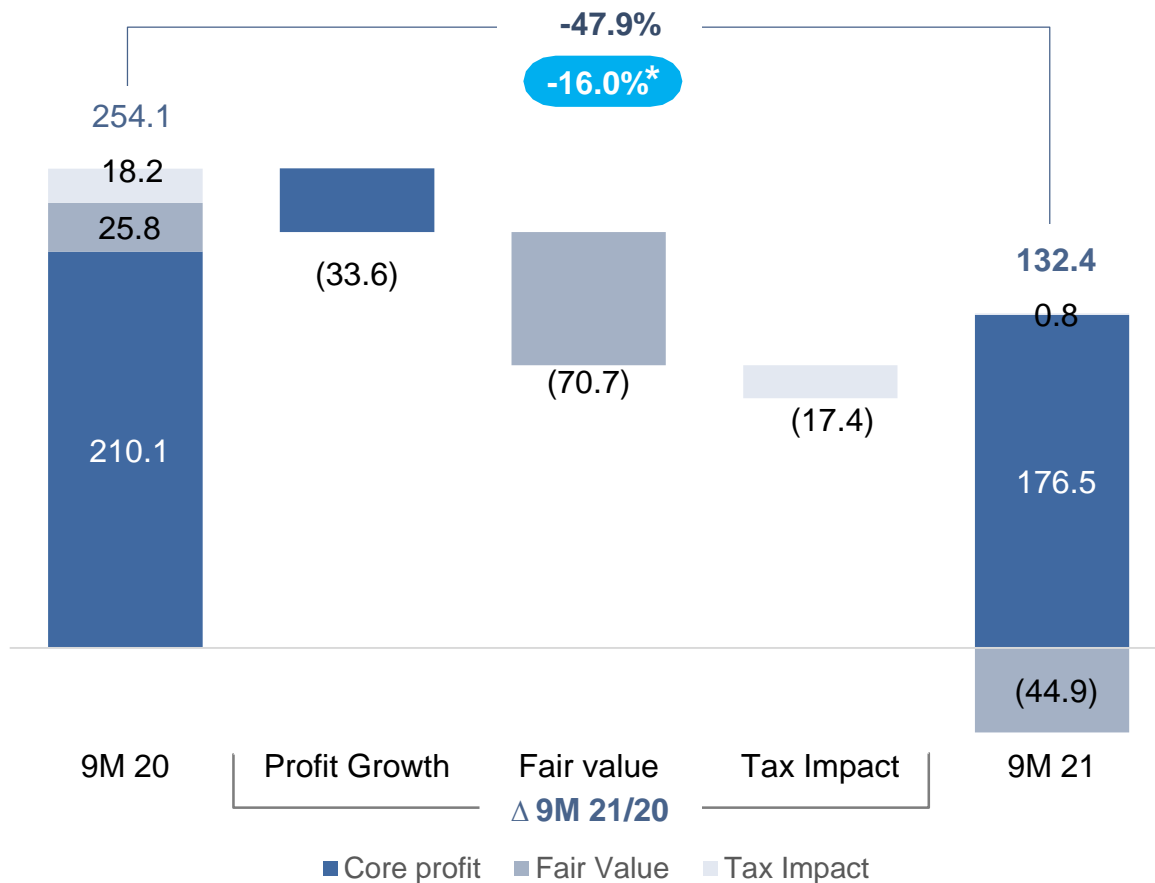


9M 2020	301.6	254.1	(12.9)	542.8
9M 2021	322.7	132.4	(22.5)	432.6
<b>Change</b>	<b>21.1</b>	<b>(121.7)</b>	<b>(9.6)</b>	<b>(110.2)</b>
<b>Change (%)</b>	<b>7.0%</b>	<b>(47.9%)</b>	<b>(74.4%)</b>	<b>(20.3%)</b>

\* 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%
Sep 21	3.5%	Sep 20	2.6%
<b>Δ 21/20</b>	<b>0.9 pts</b>	<b>Δ 20/19</b>	<b>-0.7 pts</b>

Bursa Malaysia KLCI Index			
Dec 20	1,627	Dec 19	1,588
Sep 21	1,538	Sep 20	1,497
<b>Δ 21/20</b>	<b>-5.5%</b>	<b>Δ 20/19</b>	<b>-5.7%</b>



## FINANCIAL OVERVIEW

RM'mil	2018	2019	2020	3 YEAR CAGR (2017-2020)	9M 2020	9M 2021
Gross Written Premiums	4,504.8	4,922.5	5,305.2	7.4%	3,994.0	4,164.1
Management Expenses	554.9	618.0	641.4	2.0%	469.3	492.9
Expense Ratio (Non Life)	18.4%	20.2%	19.8%	0.5 pts	19.1%	18.3%
Expense Ratio (Life) <sup>1</sup>	10.0%	10.5%	9.4%	2.7 pts	9.8%	9.3%
Local Consolidated PBT	519.0	692.1	729.6	18.6%	542.8	432.6
Total Assets	17,404.6	19,710.1	21,896.7	9.7%	21,334.4	22,912.7
Shareholders' Equity	3,361.7	3,673.6	4,031.5	8.7%	4,120.8	4,255.2
Dividends declared	152.04	247.05	220.44	69.0%	-	-
Diluted earnings per ordinary share (sen)	109.09	142.29	150.29	21.7%	108.69	93.60

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

## SUMMARY OF UNAUDITED FINANCIAL RESULTS

RM'mil	9M 2020	9M 2021	△21/20 %
<b>Operating Revenue</b>	4,419.6	4,759.8	7.7%
Gross Earned Premium	3,890.3	4,189.3	7.7%
Premiums ceded to reinsurers	(257.4)	(300.6)	(16.8%)
Net earned premiums ("NEP")	3,632.9	3,888.7	7.0%
Net change in benefits and claims paid ("Claim")	(1,560.1)	(1,552.9)	0.5%
Net change in contract liabilities ("Reserve")	(991.3)	(1,067.1)	(7.6%)
Management expenses ("ME")	(469.3)	(492.9)	(5.0%)
Net fee and commission expense	(554.4)	(580.8)	(4.8%)
Fair value gains and losses	(38.8)	(336.8)	(>100%)
Net investment results	530.9	576.7	8.6%
Net other operating expenses	(7.1)	(2.3)	67.6%
<b>Profit before tax</b>	542.8	432.6	(20.3%)
Tax expense	(166.5)	(108.8)	34.7%
<b>Profit after tax</b>	376.3	323.8	(14.0%)
ME / NEP ratio	12.9%	12.7%	0.2 pts
Claim & Reserve / NEP ratio	70.2%	67.4%	2.8 pts

# 02

## GENERAL BUSINESS



# GENERAL BUSINESS

## Comments

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### Gross written premiums

- Gross written premium decreased by -0.6% as compared to prior year due to drop in motor business.

### Profitability

- Higher profit before tax from higher underwriting profit in motor business.

### Distribution and Portfolio

- 57.9% (9M 2020: 57.7%) of GWP from Agency and 28.0% (9M 2020: 29.1%) from Franchise.
- Partnership with Pos Malaysia contributes 6.5% (9M 2020: 7.4%) of GWP.

### Combined ratio

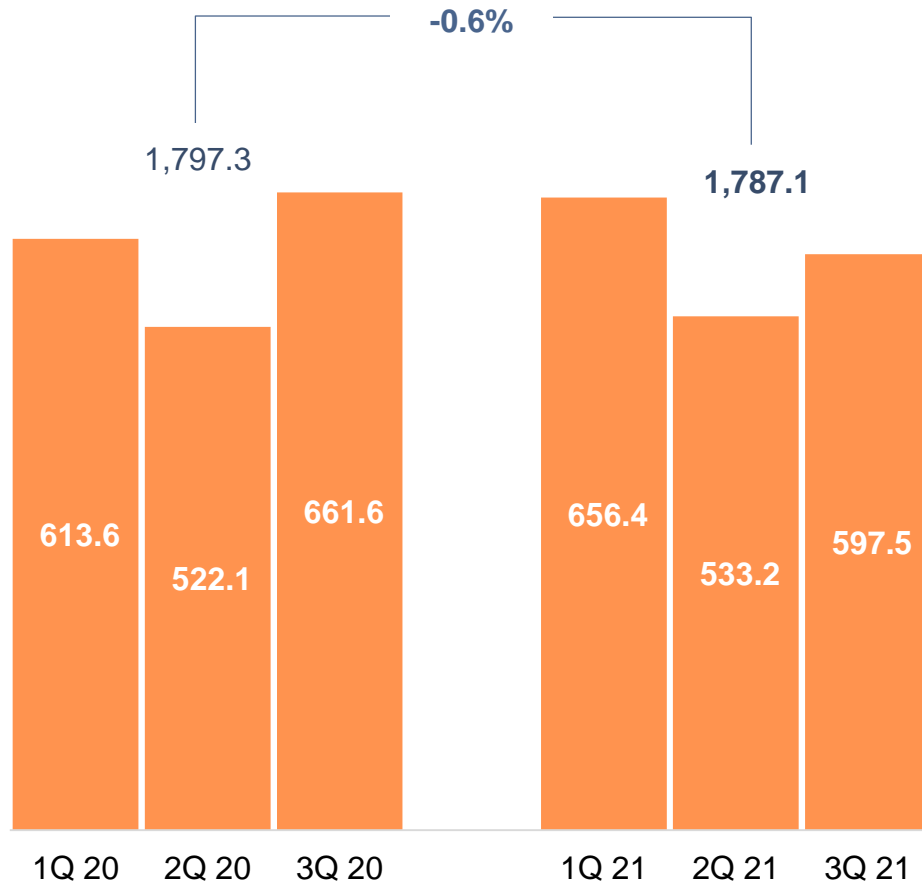
- Lower combined ratio by 1.5 pts mainly from lower commission and expense ratio.

### Market growth

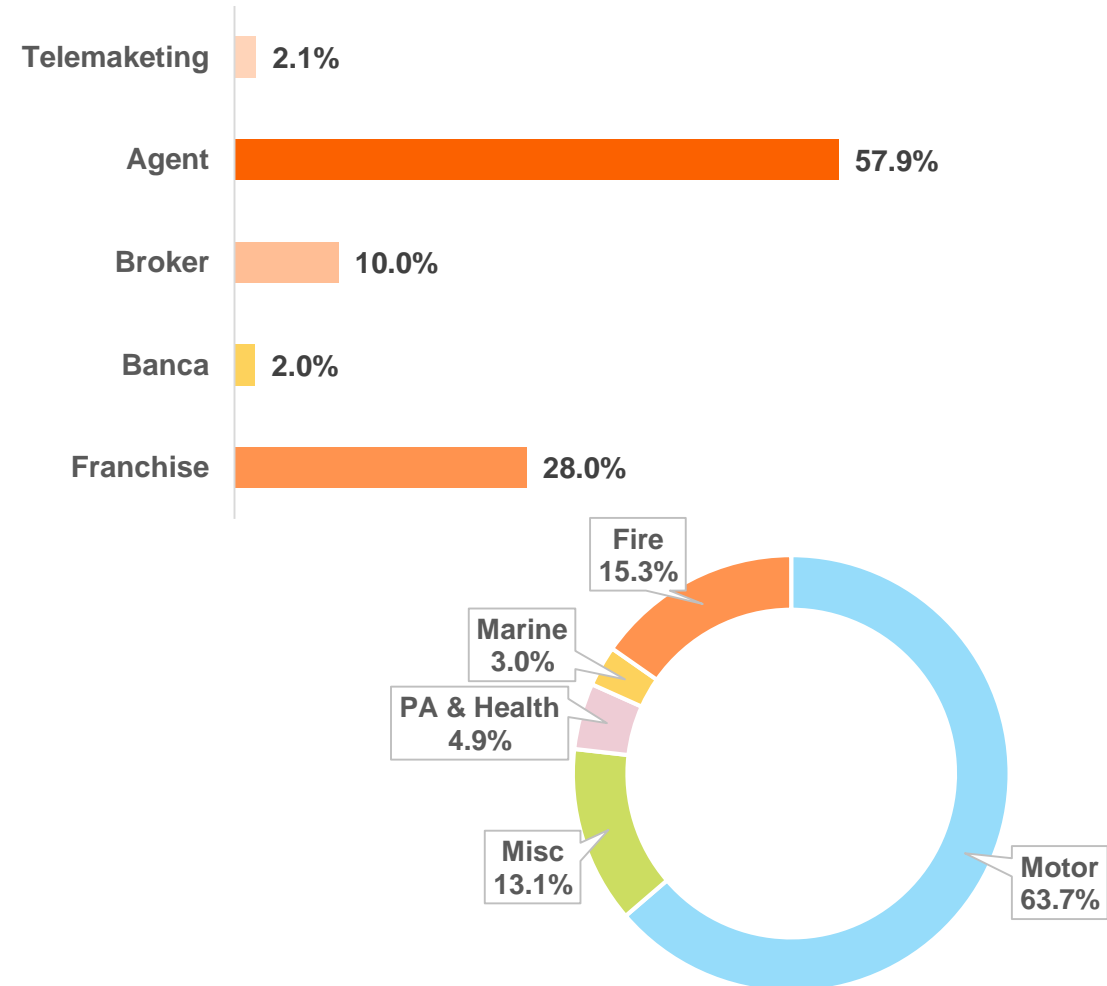
- Market share stood at 13.1% in 9M 2021 (slight decrease from 13.3% in 9M 2020).

# GENERAL BUSINESS: GWP IS 0.6% LOWER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

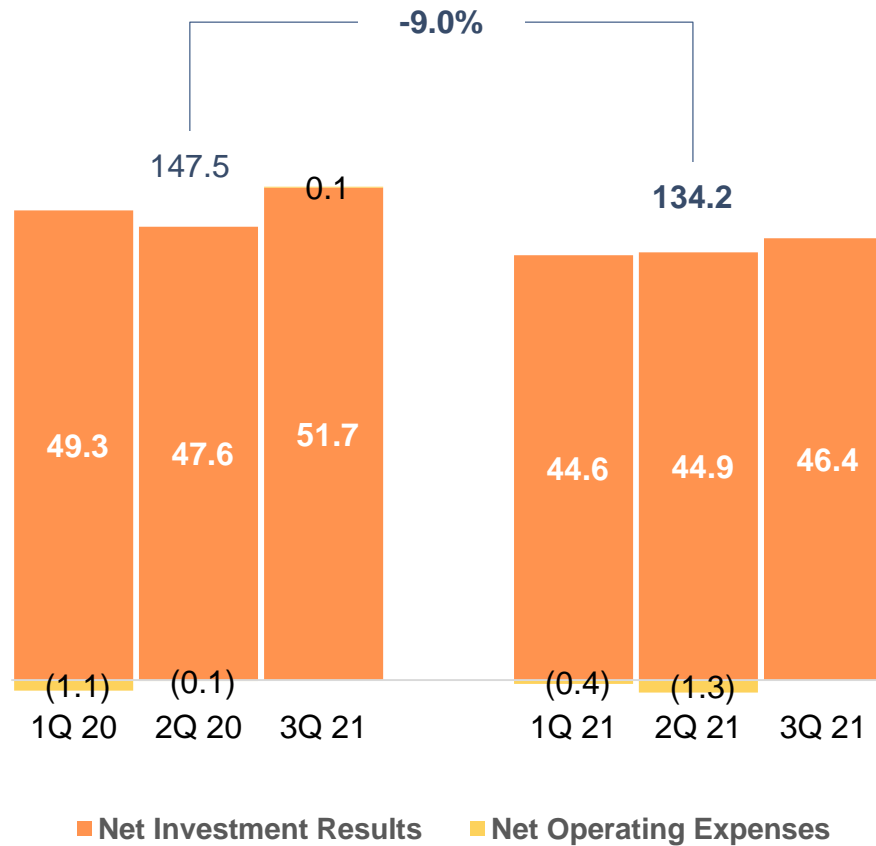


Distribution Channel & Portfolio Mix

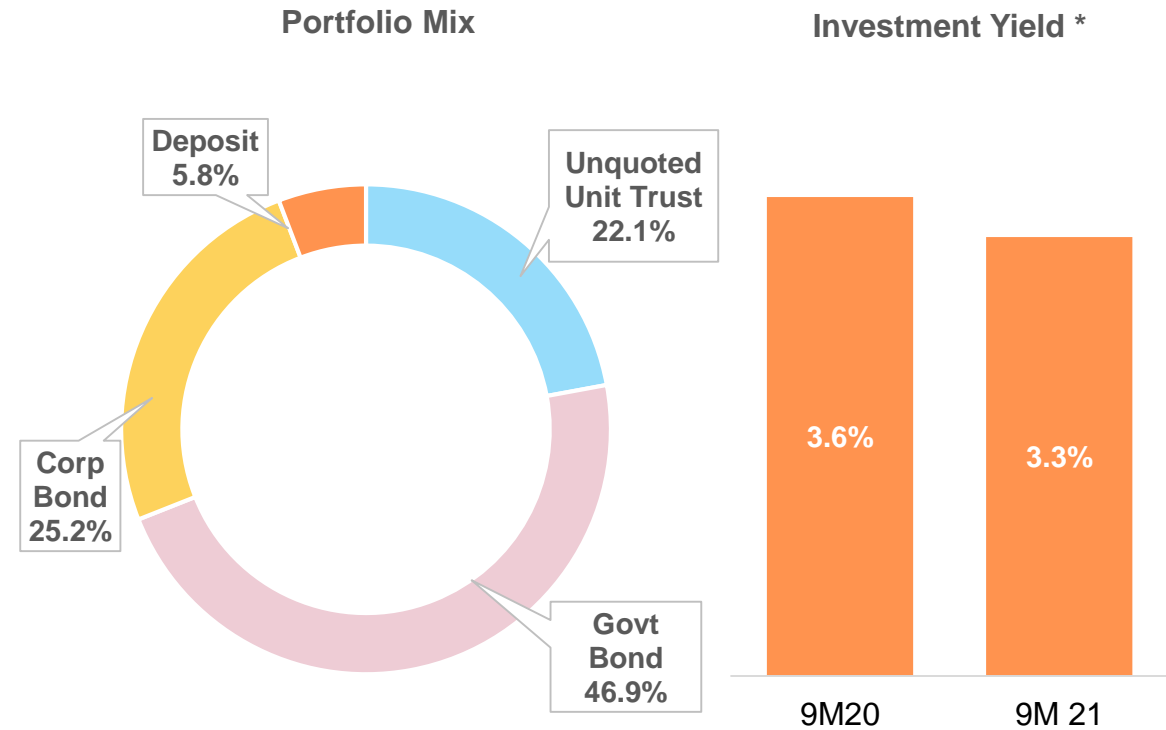


# GENERAL BUSINESS: LOWER GROWTH IN INVESTMENT INCOME

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



Portfolio Mix and Investment Yield (Annualized)

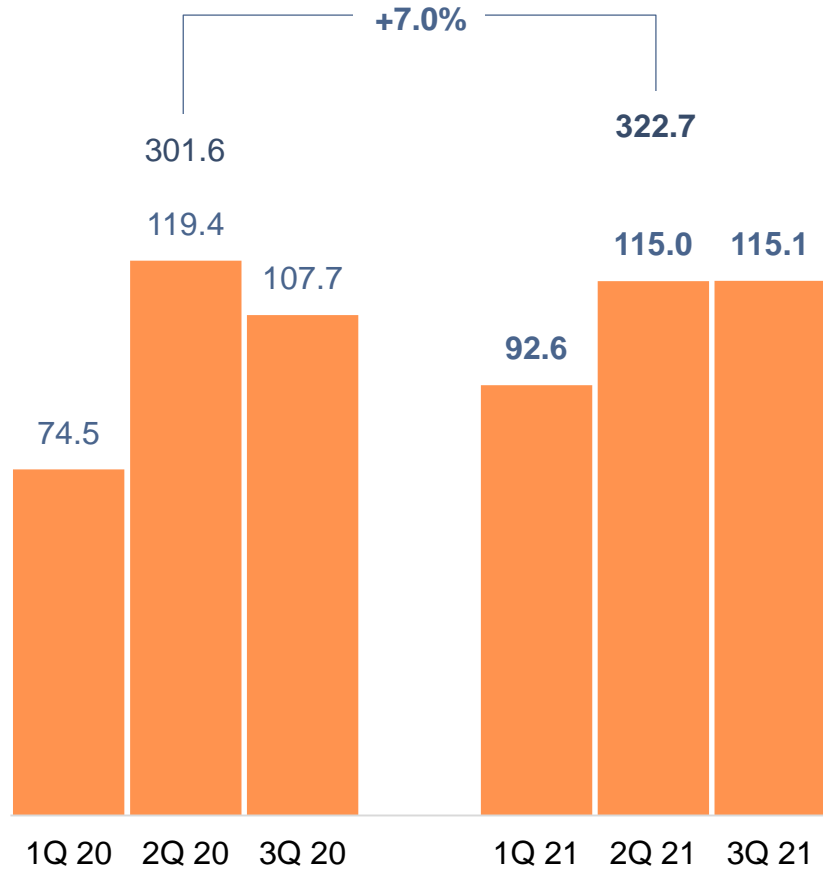


\* Investment yield is excluding fair value gains/losses

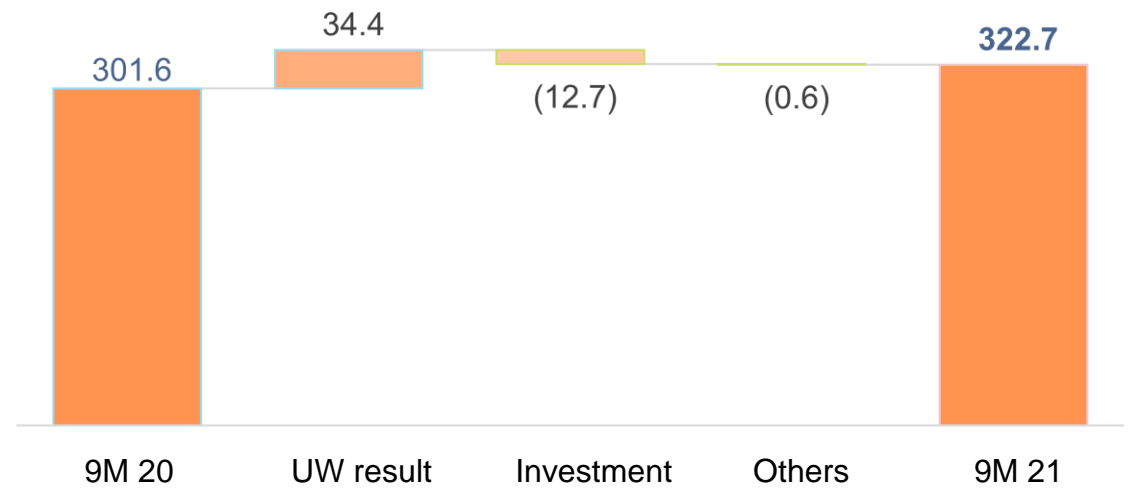


# GENERAL BUSINESS: HIGHER PROFIT BEFORE TAX FROM HIGHER UNDERWRITING PROFIT

Profit Before Tax (RM'mil)



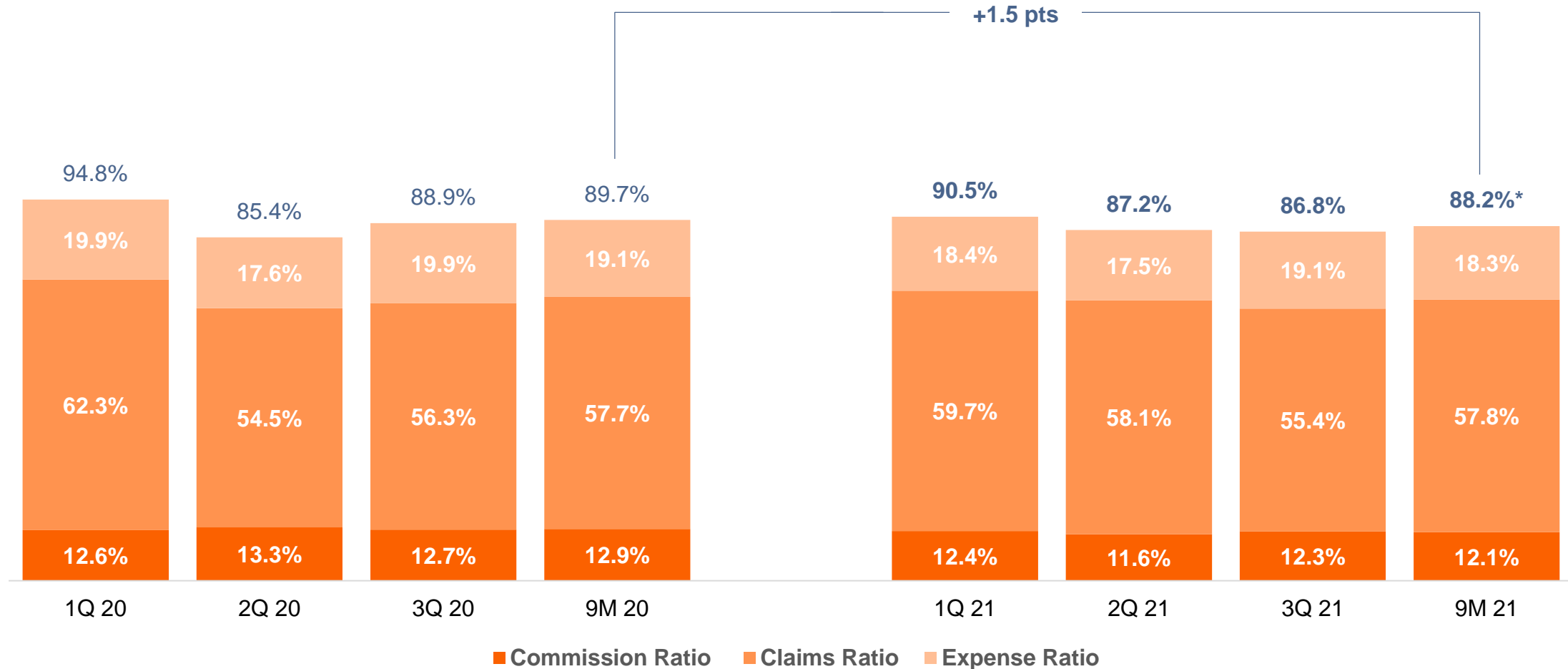
PBT Drivers (RM'mil)



9M 2020	154.1	148.6	(1.1)	301.6
9M 2021	188.5	135.9	(1.7)	322.7
<b>Change</b>	<b>34.4</b>	<b>(12.7)</b>	<b>(0.6)</b>	<b>21.1</b>

# GENERAL BUSINESS: LOWER COMBINED RATIO DUE TO LOWER COMMISSION AND EXPENSE RATIO

## Combined Ratio



\* Combined ratio is calculated at company level

## GENERAL BUSINESS: UNAUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	9M 2020	9M 2021	△21/20 %
Gross written premiums	1,797.3	1,787.1	(0.6%)
Gross earned premiums	1,693.6	1,812.3	7.0%
Net earned premiums	1507.7	1,613.1	7.0%
Net change in claims incurred	(870.3)	(931.9)	(7.1%)
Management expenses	(289.0)	(297.9)	(3.1%)
Net fee and commission expenses	(194.3)	(194.8)	(0.3%)
Underwriting result	154.1	188.5	22.3%
Net investment results	148.6	135.9	(8.5%)
Net other operating expenses	(1.1)	(1.7)	(54.5%)
<b>Profit before tax (after consolidation adjustment)</b>	<b>301.6</b>	<b>322.7</b>	<b>7.0%</b>
Commission ratio	12.9%	12.1%	0.8 pts
Claims ratio	57.7%	57.8%	(0.1 pts)
Expense ratio	19.1%	18.3%	0.8 pts
<b>Combined ratio*</b>	<b>89.7%</b>	<b>88.2%</b>	<b>1.5 pts</b>

\* Combined ratio is calculated at company level

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

KPIs	AGIC 9M 2021	Industry <sup>1</sup> 9M 2021	Takaful <sup>1</sup> 9M 2021
<b>GWP growth</b>	<b>-0.6%</b>	<b>1.1%</b>	<b>6.7%</b>
<b>Commission ratio</b>	<b>12.1%</b>	<b>9.4%</b>	<b>8.4%</b>
<b>Claims ratio</b>			
• Overall	<b>57.8%</b>	<b>49.6%</b>	<b>52.3%</b>
• Motor	<b>51.5%</b>	<b>54.2%</b>	<b>61.4%</b>
<b>Expense ratio</b>	<b>18.3%</b>	<b>24.1%</b>	<b>30.9%</b>
<b>Combined ratio</b>	<b>88.2%</b>	<b>83.2%</b>	<b>91.6%</b>

**Market Share (9M 2021)<sup>2</sup>**

**13.1%**

**Market Ranking (6M 2021)<sup>3</sup>**

**No. 1**

Notes:

- 1) Source: ISM Market Performance Report Jan-Sep 2021 (General Insurance & General Takaful)
- 2) Source: AGIC and ISM Market Performance Report Jan-Sep 2021
- 3) Source: ISM Market Performance Report Jan-Jun 2021

# 03

## LIFE

## BUSINESS



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

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

**Market Growth**

- ANP increased by 32.0% in part due to lower volume in 2020 and out pacing industry growth of 14.5%.<sup>1</sup>
- Market share 9M 2021 increased to 9.2% (9M 2020: 7.9%).

**Distribution**

- Agency ANP increased by 33.3% while Bancassurance increased by 39.0%.
- Focus on agency recruitment, agent productivity and building remote selling capabilities.

**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 42.2% and 15.8% respectively.

**Profitability**

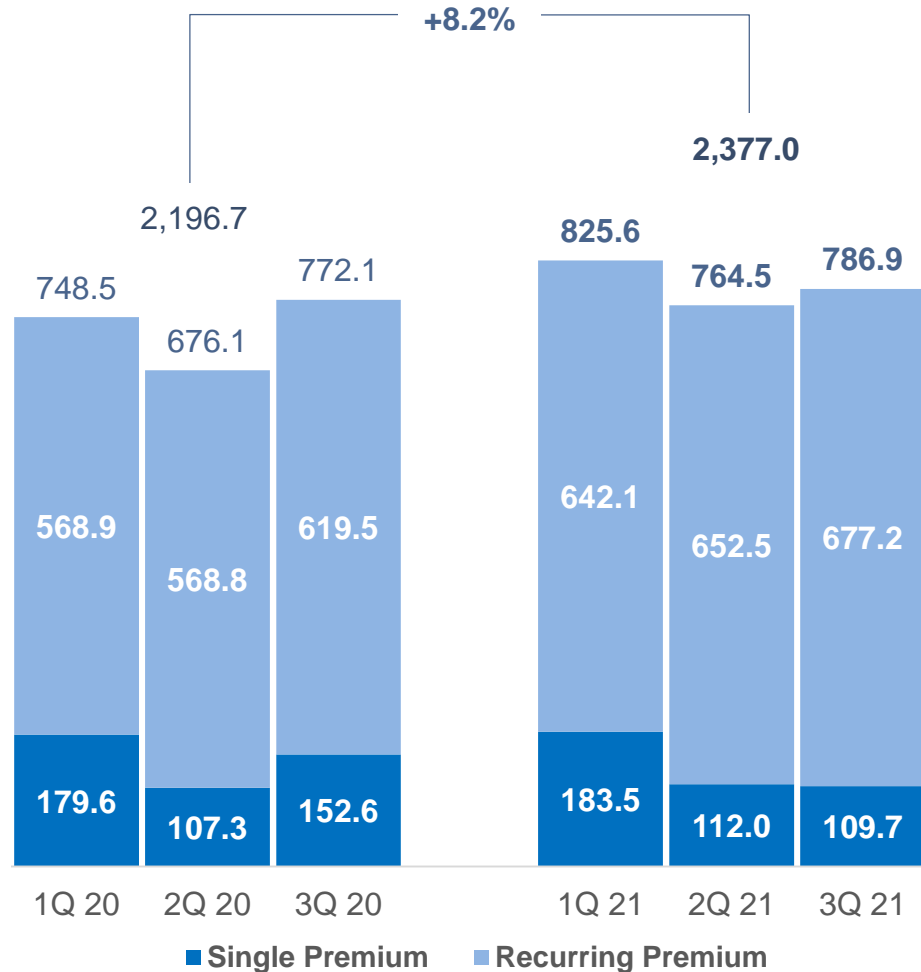
- Profit before tax of RM132.4 million (9M 2020: 254.1 million) due to higher claims provision and higher fair value losses on investments arising from higher interest rate.
- The core profit was RM176.5 million, a decline of 16.0% from preceding period on a comparable basis.
- New business value was RM212.5 million, increased by 28.1% driven by higher sales volume and higher margins.

Note1: Market share based on statistics from LIAM.

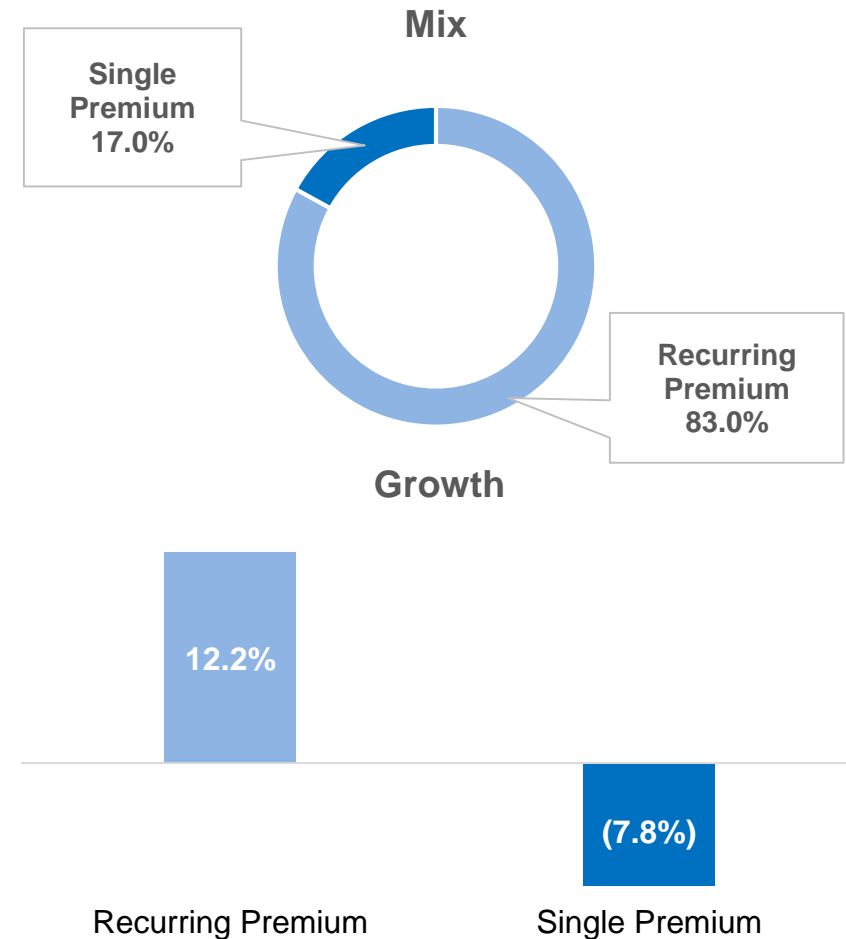


# LIFE BUSINESS: Y-O-Y GROWTH DRIVEN BY RECURRING PREMIUM

Gross Written Premiums ("GWP") (RM'mil)

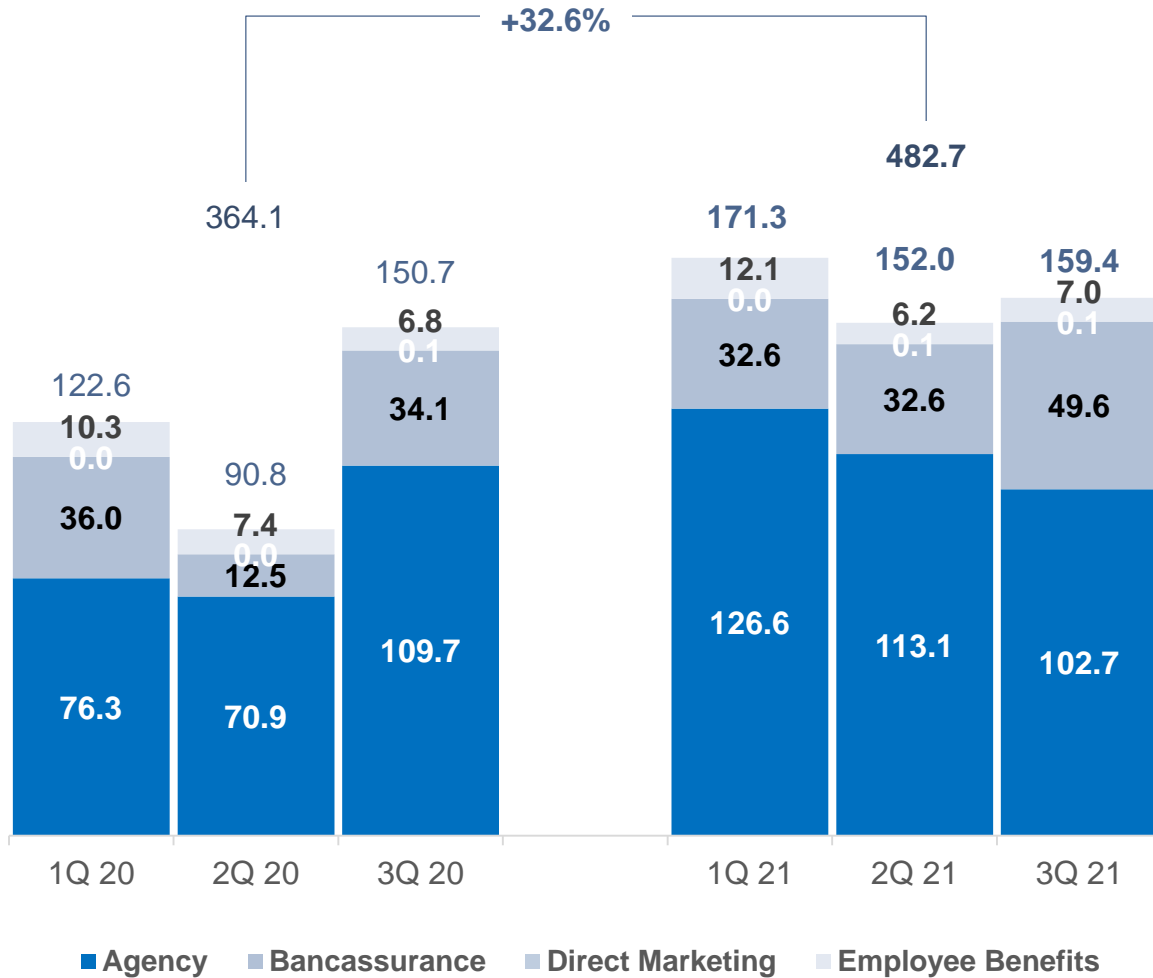


GWP Mix & Growth (%) (9M 2021)

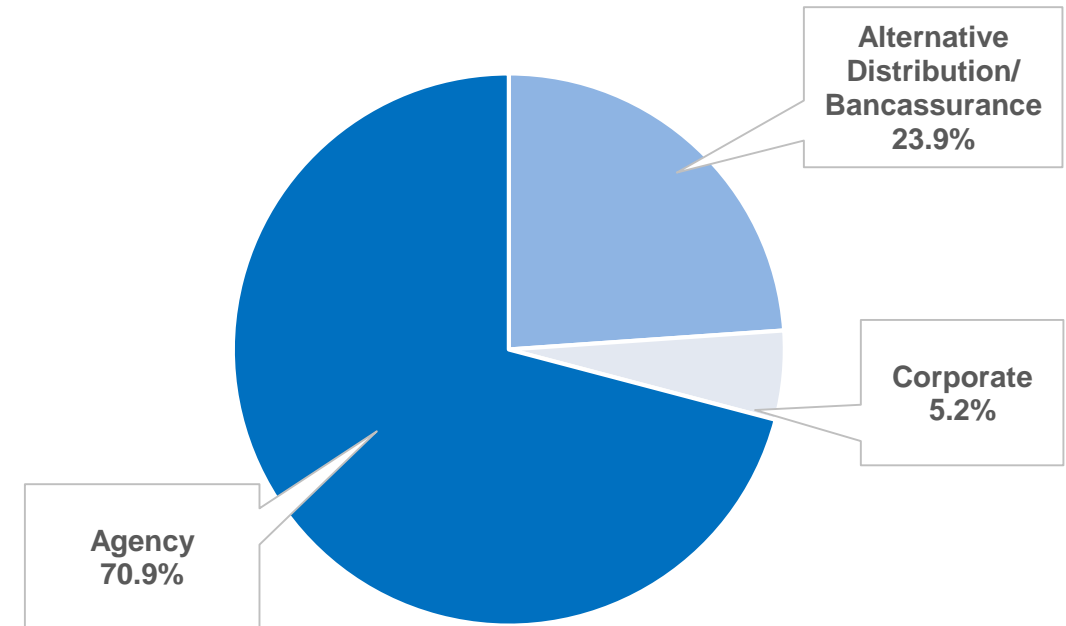


# LIFE BUSINESS: GROWTH IN ANP DRIVEN BY ALL KEY DISTRIBUTION CHANNELS

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

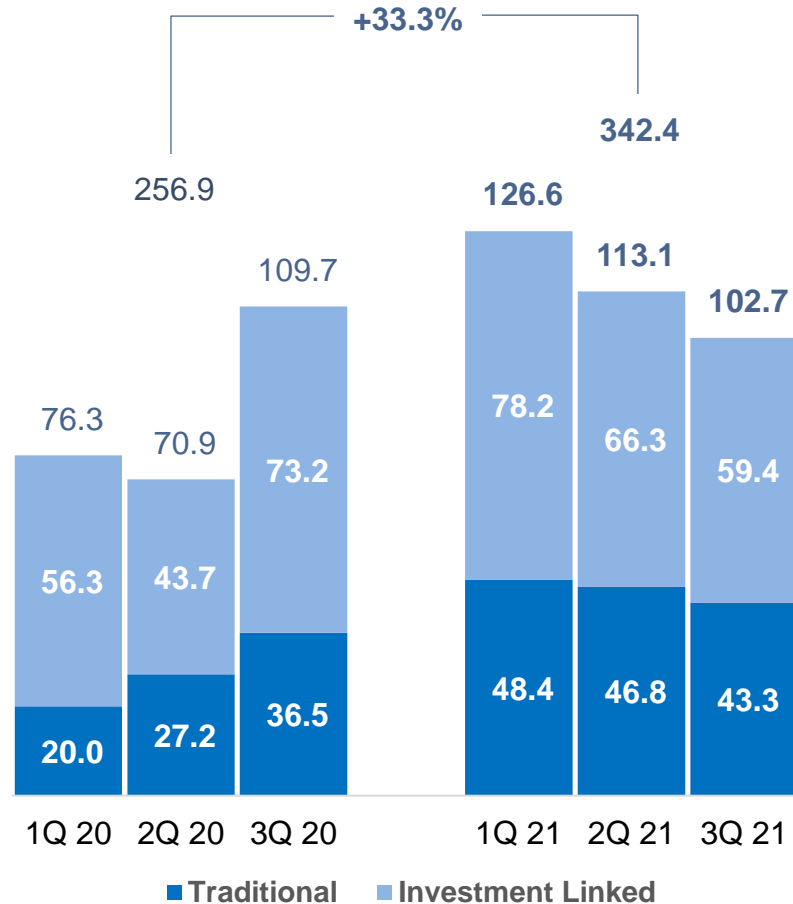


ANP Channel Mix (%) (9M 2021)

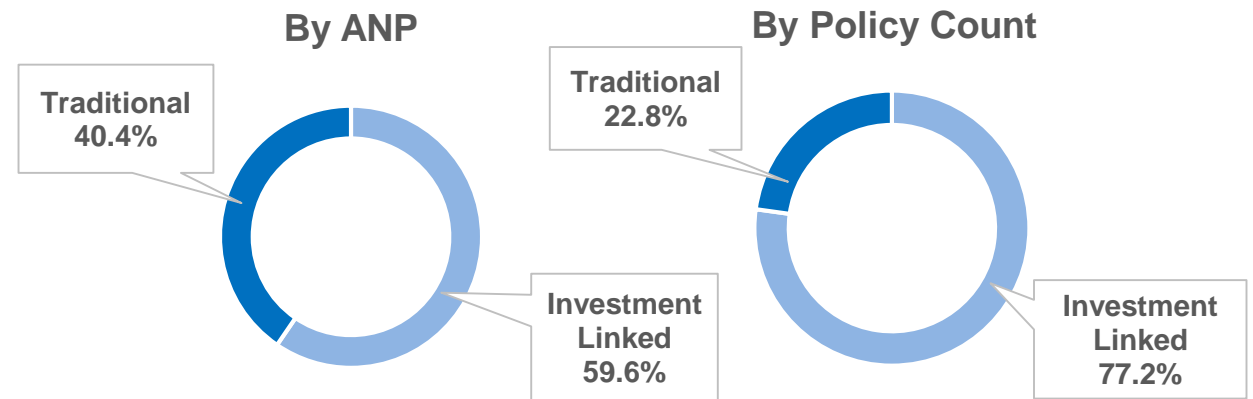


# LIFE BUSINESS (AGENCY): STRONG MOMENTUM IN NINE MONTHS OF 2021

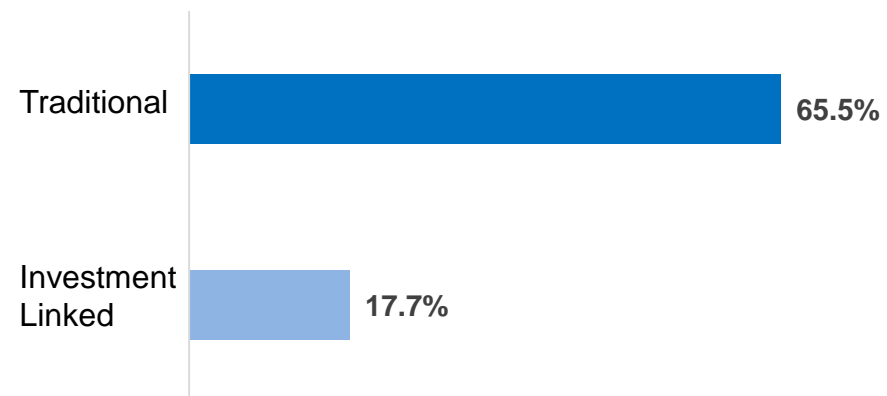
### Agency Annualized New Premiums (RM'mil)



### Agency Product Mix (%) (9M 2021)

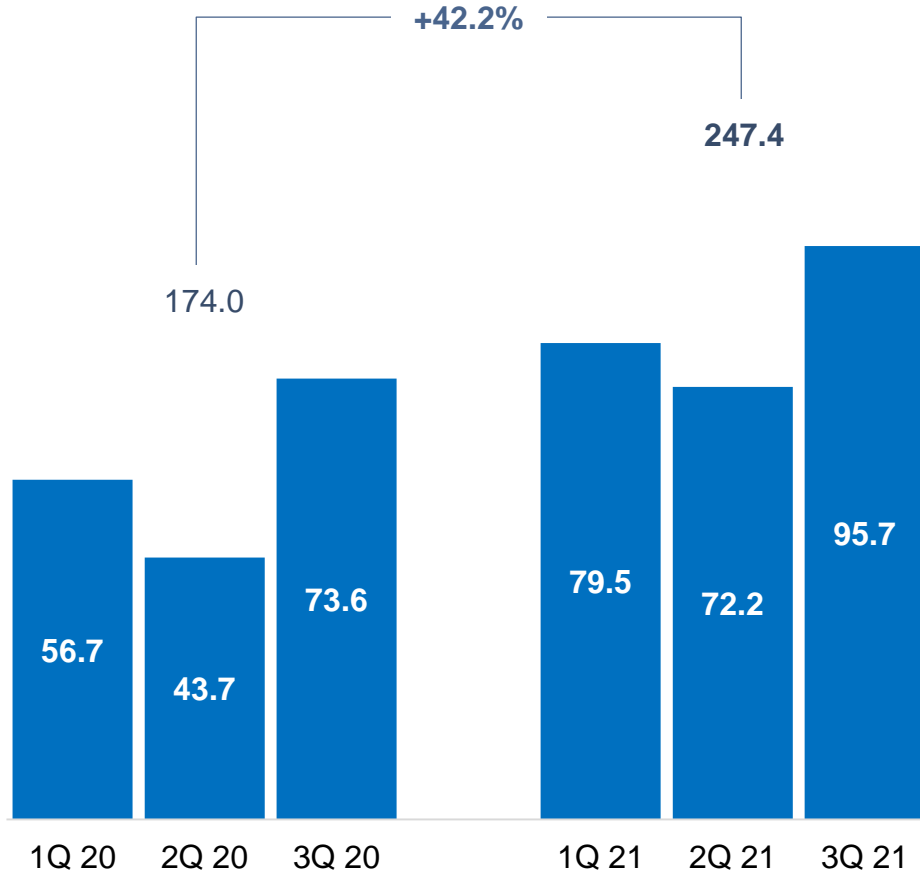


### Agency ANP Growth (%) (9M 2021)

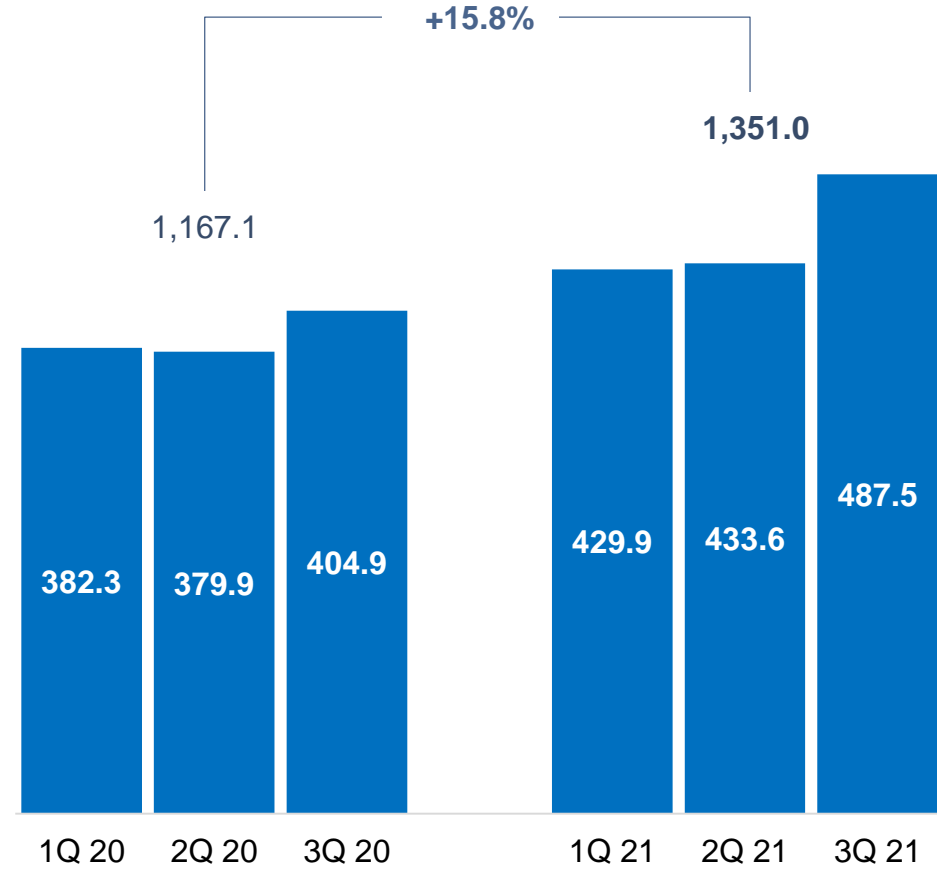


# LIFE BUSINESS: PROTECTION BUSINESS (INVESTMENT-LINKED) CONTINUES TO GROW

Annualised New Premiums (RM'mil)

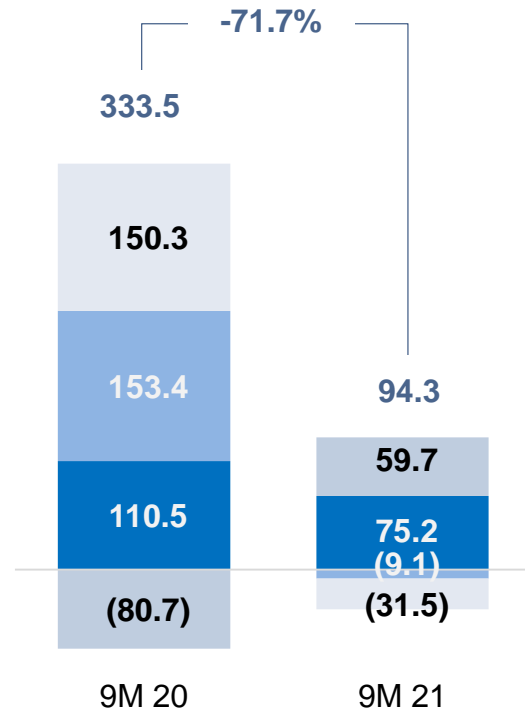


Gross Written Premiums (RM'mil)

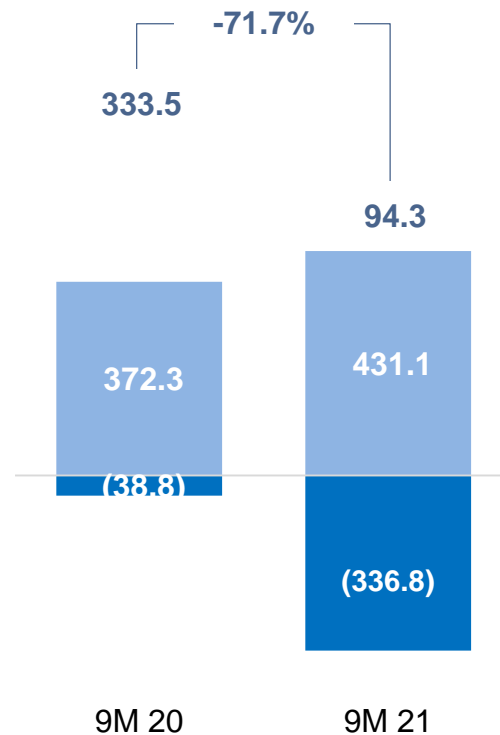


# LIFE BUSINESS: INVESTMENT RESULTS IMPACTED BY FAIR VALUE LOSSES AS INTEREST RATE GOES UP

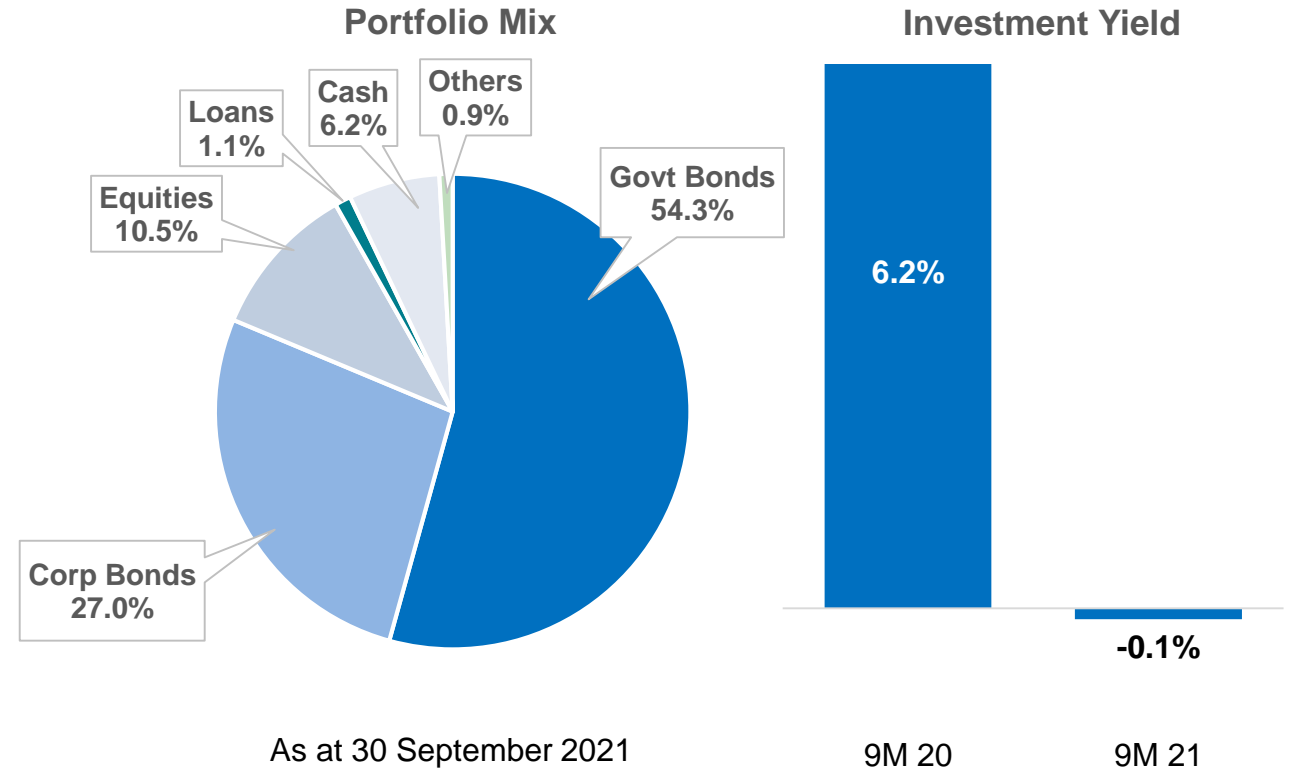
Investment Results by funds (RM'mil)



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	9M 2020	9M 2021	△21/20 %
Gross written premiums	2,196.7	2,377.0	8.2%
Premiums ceded to reinsurers	(71.5)	(101.4)	(41.8%)
Net earned premiums	2,125.2	2,275.6	7.1%
Net change in benefits and claims paid	(903.0)	(885.4)	1.9%
Net change in contract liabilities	(778.1)	(802.6)	(3.1%)
Management expenses	(166.6)	(175.7)	(5.5%)
Net fee and commission expenses	(350.8)	(374.1)	(6.6%)
Fair value gains and losses	(38.8)	(336.8)	(>100%)
Net investment results	372.3	431.1	15.8%
Net other operating expenses	(6.1)	0.3	>100%
<b>Profit before tax (after consolidation adjustment)</b>	<b>254.1</b>	<b>132.4</b>	<b>(47.9%)</b>
Annualised new premiums	364.1	482.7	32.6%
Expense ratio (LF+SHF)	9.8%	9.3%	0.5 pts
Local investment yield (LF+SHF)	6.2%	-0.1%	(6.3 pts)
Block persistency ratio	88.3%	88.7%	0.4 pts



**THANK YOU  
FOR YOUR ATTENTION**

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