



**ALLIANZ MALAYSIA  
BERHAD** (197201000819)

**Q2 2021**

**FINANCIAL RESULTS**

Analyst Briefing  
26 August 2021

**Allianz** 

# 01

## AMB GROUP FINANCIAL RESULTS



# FINANCIAL HIGHLIGHTS 6M 2021

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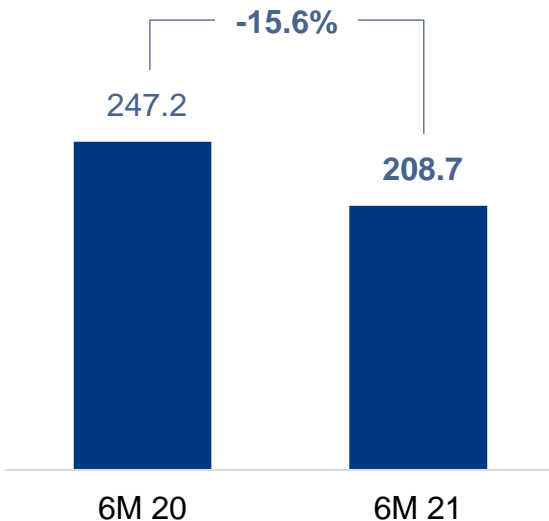
## Operating Revenue (RM'mil)

3,175.2 (+9.9%)	1,298.4 (+7.9%)	1,870.8 (+11.4%)	6.0 (-1.6%)
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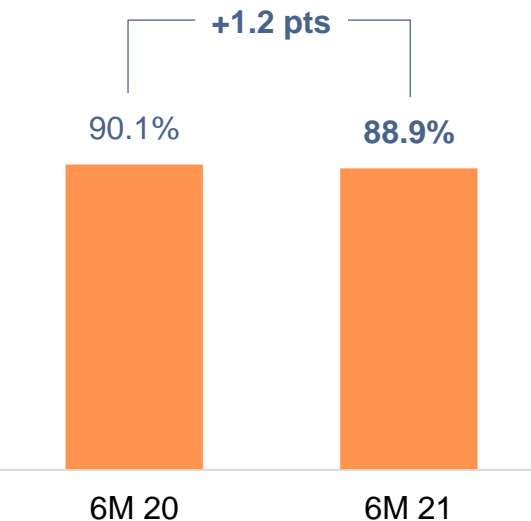
## Gross Written Premium (RM'mil)

2,779.7 (+8.6%)	1,189.6 (+4.7%)	1,590.1 (+11.6%)	
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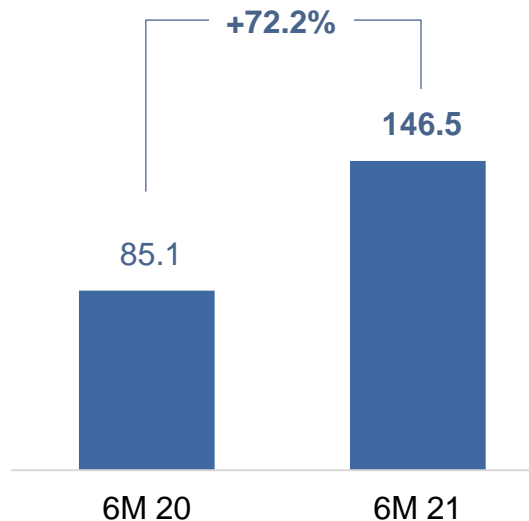
## Shareholders' net income (in RM'mil)



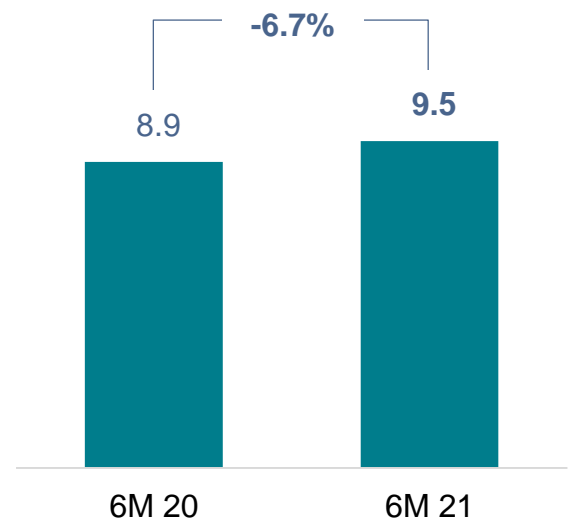
## Combined ratio (in %)



## New business value (in RM'mil)



## Management expenses (in RM'mil)



# RESILIENT EARNINGS FOR FIRST HALF OF 2021 AMID HEADWINDS

## Comments

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### Operating revenue

- Group operating revenue of RM3.18 billion, an increase of 9.9% compared to corresponding period of RM2.89 billion due to higher gross earned premiums and investment income by RM264.0 million and RM22.4 million respectively.
- General business recorded an operating revenue of RM1.30 billion, an increase of 7.9% compared to corresponding period of RM1.20 billion.
- Life business recorded an operating revenue of RM1.87 billion, an increase of 11.4% compared to corresponding period of RM1.68 billion.

### Earnings per ordinary share

- Basic earnings per ordinary share at 117.79 sen (6M 2020: 139.77 sen).
- Diluted earnings per ordinary share at 60.34 sen (6M 2020: 71.41 sen).

### Profitability

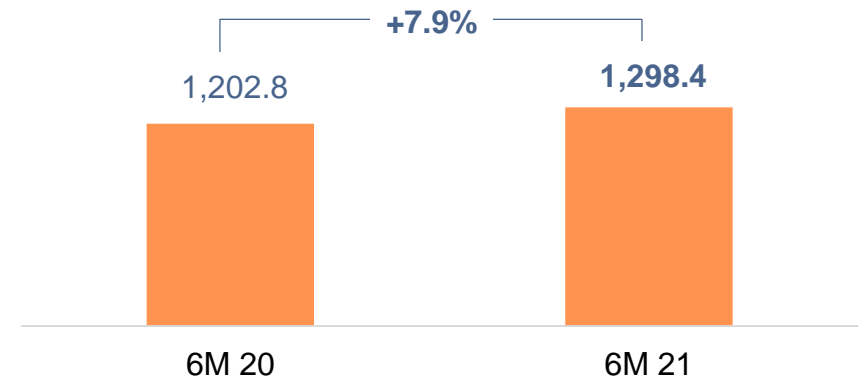
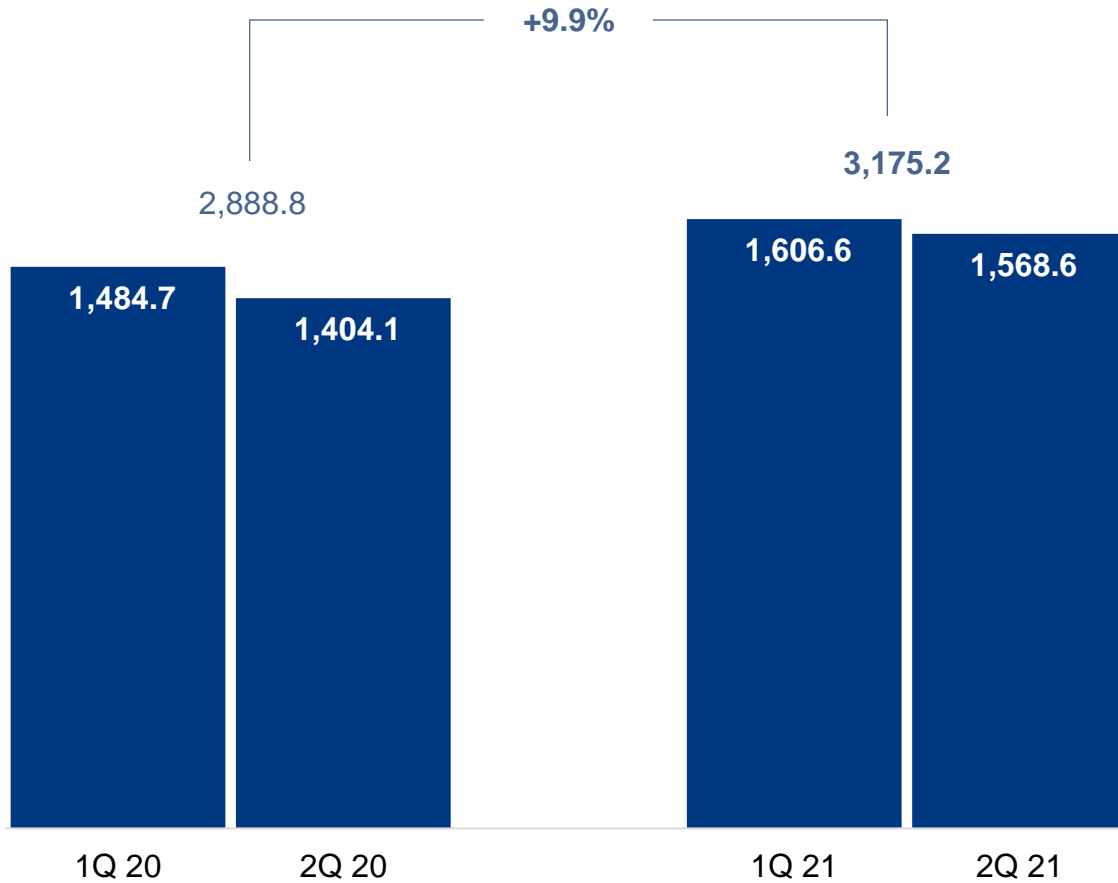
- Group profit before tax of RM273.7 million, decreased by 19.6% (6M 2020: RM340.5 million) mainly due to lower profit contribution from life segment.
- General business contributed a profit before tax of RM207.6 million, an increase of 7.1% (6M 2020: RM193.9 million). The increase was attributable to higher underwriting profit. Net combined ratio was 88.9% as at 6M 2021 (6M 2020: 90.1%).
- Life insurance business recorded a profit before tax of RM76.7 million (6M 2020: RM155.1 million). The decrease was attributable to higher claims provision and higher fair value losses on investments arising from higher interest rate.

# FINANCIAL HIGHLIGHTS 6M 2021

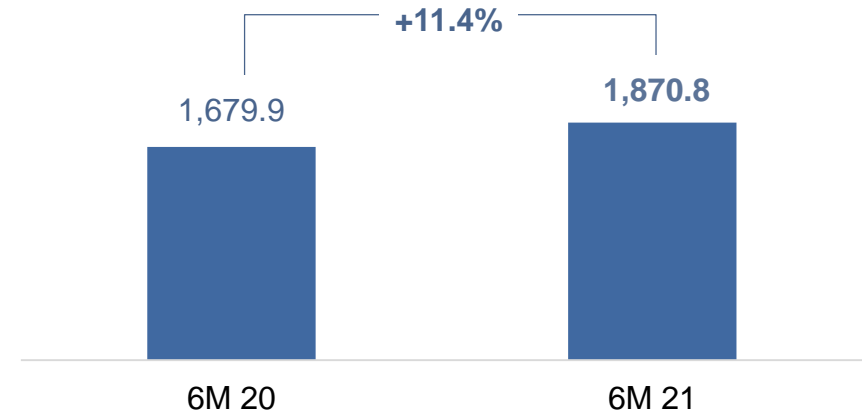
## Group

## General Insurance

Operating Revenue (RM'mil)



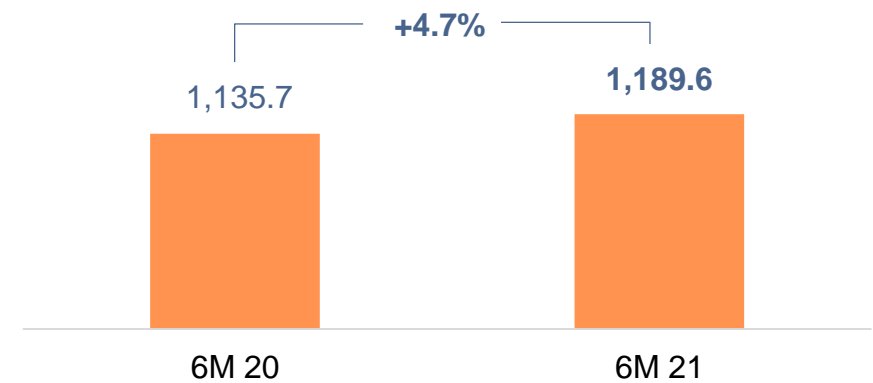
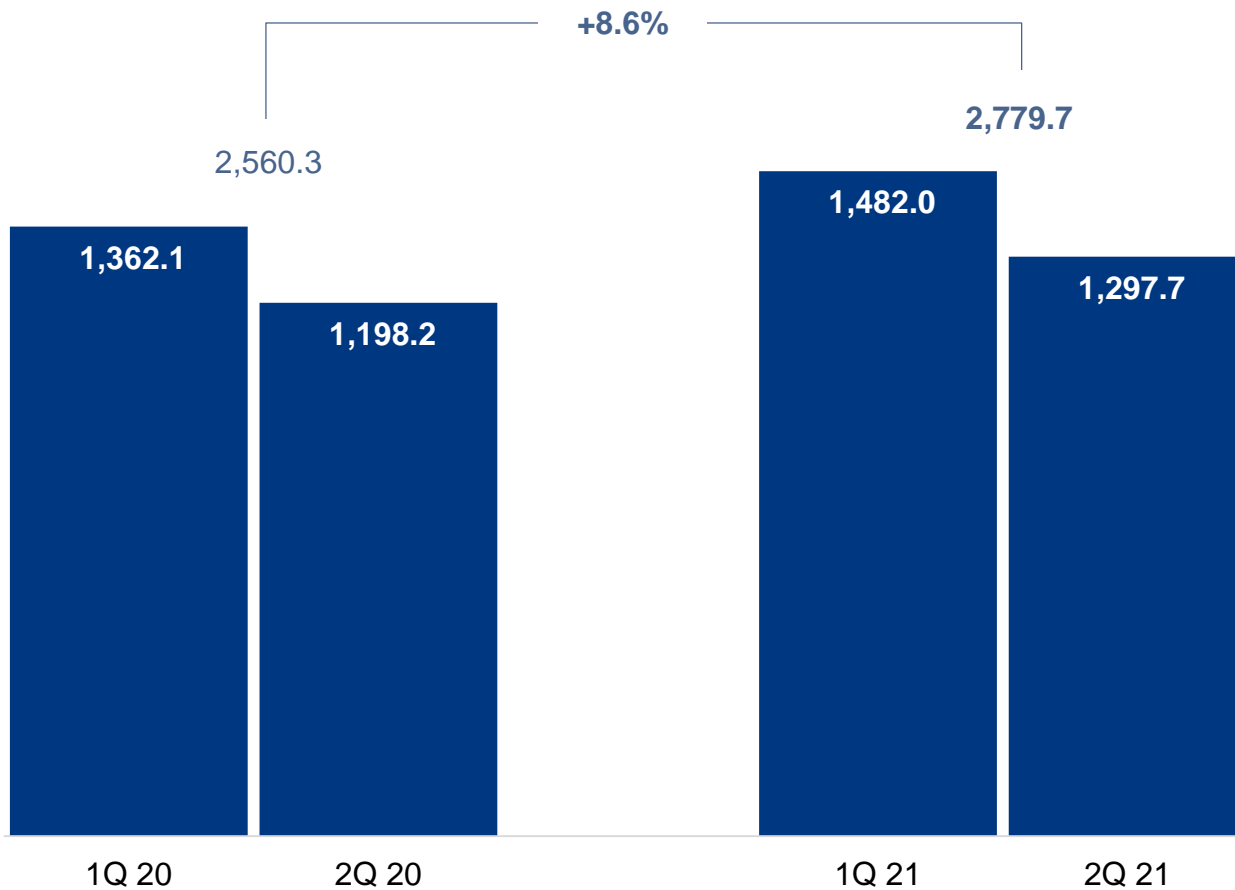
## Life Insurance



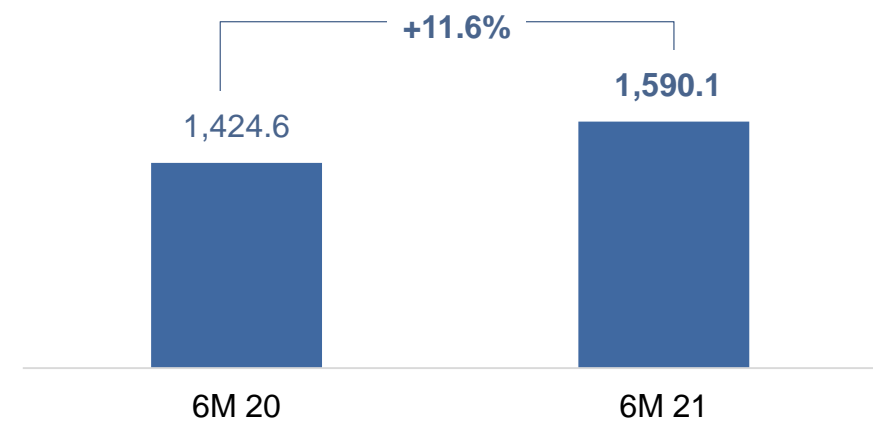
# FINANCIAL HIGHLIGHTS 6M 2021

**Group** **General Insurance**

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

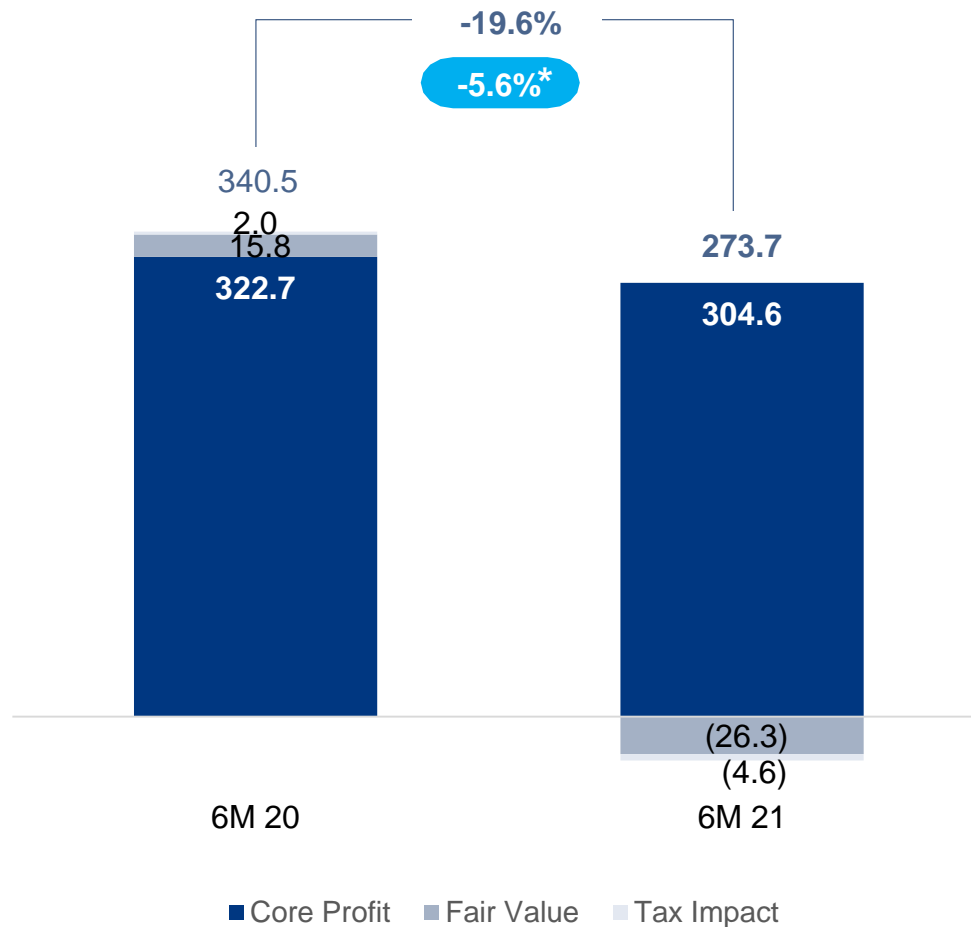


**Life Insurance**



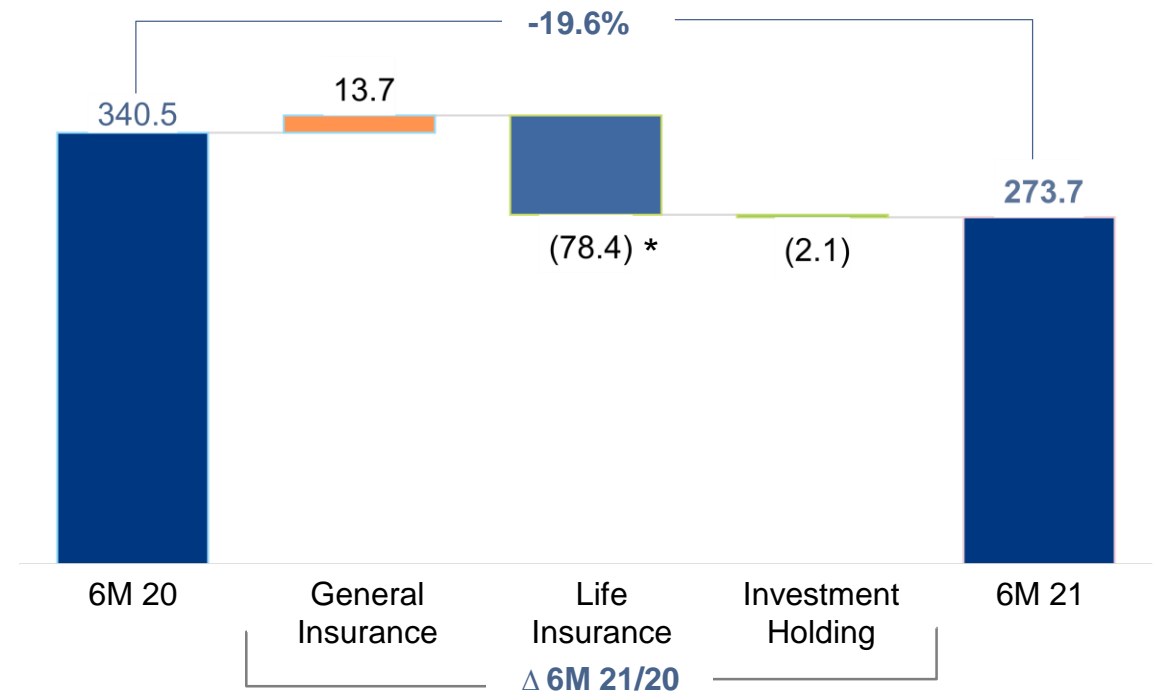
# FINANCIAL HIGHLIGHTS 6M 2021

## Profit Before Tax (RM'mil)



\* Core profit growth

## PBT drivers (RM'mil)

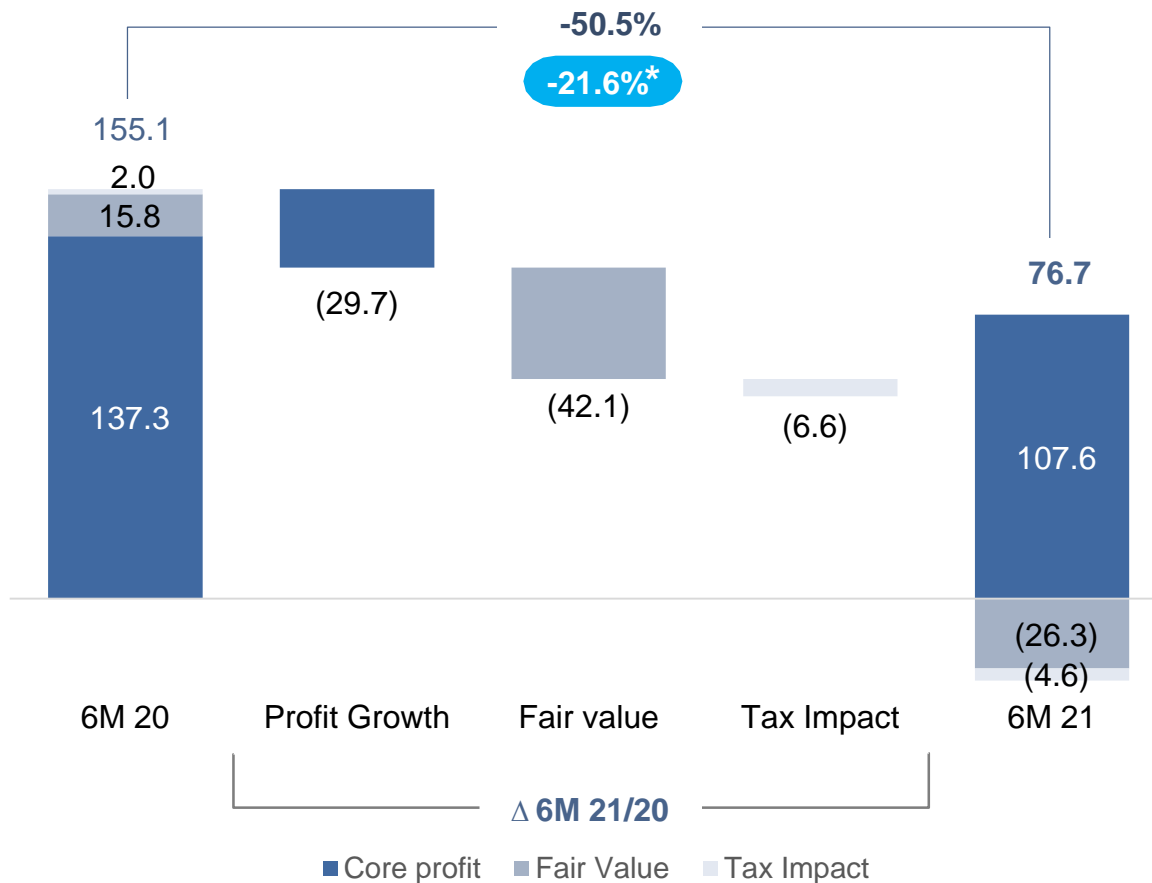


	General Insurance	Life Insurance	Investment Holding	Total
6M 2020	193.9	155.1	(8.5)	340.5
6M 2021	207.6	76.7	(10.6)	273.7
<b>Change</b>	<b>13.7</b>	<b>(78.4)</b>	<b>(2.1)</b>	<b>(66.8)</b>
<b>Change (%)</b>	<b>7.1%</b>	<b>(50.5%)</b>	<b>(24.7%)</b>	<b>(19.6%)</b>

\* 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%
Jun 21	3.4%	Jun 20	3.0%
<b>Δ 21/20</b>	<b>0.8 pts</b>	<b>Δ 20/19</b>	<b>(0.3 pts)</b>

## Bursa Malaysia KLCI Index

Dec 20	1,627	Dec 19	1,588
Jun 21	1,533	Jun 20	1,501
<b>Δ 21/20</b>	<b>(5.8%)</b>	<b>Δ 20/19</b>	<b>(5.5%)</b>



## FINANCIAL OVERVIEW

RM'mil	2018	2019	2020	3 YEAR CAGR (2017-2020)	6M 2020	6M 2021
Gross Written Premiums	4,504.8	4,922.5	5,305.2	7.4%	2,560.3	2,779.7
Management Expenses	554.9	618.0	641.4	2.0%	312.1	327.3
Expense Ratio (Non Life)	18.4%	20.2%	19.8%	0.5 pts	18.7%	18.0%
Expense Ratio (Life) <sup>1</sup>	10.0%	10.5%	9.4%	2.7 pts	10.7%	9.6%
Local Consolidated PBT	519.0	692.1	729.6	18.6%	340.5	273.7
Total Assets	17,404.6	19,710.1	21,896.7	9.7%	20,509.2	22,291.5
Shareholders' Equity	3,361.7	3,673.6	4,031.5	8.7%	3,965.8	4,164.5
Dividends declared	152.04	247.05	220.44	69.0%	-	-
Diluted earnings per ordinary share (sen)	109.09	142.29	150.29	21.7%	71.41	60.34

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

## SUMMARY OF UNAUDITED FINANCIAL RESULTS

RM'mil	6M 2020	6M 2021	△21/20 %
<b>Operating Revenue</b>	2,888.8	3,175.2	9.9%
Gross Earned Premium	2,534.1	2,798.1	10.4%
Premiums ceded to reinsurers	(166.4)	(194.1)	(16.6%)
Net earned premiums ("NEP")	2,367.7	2,604.0	10.0%
Net change in benefits and claims paid ("Claim")	(941.3)	(1,012.7)	(7.6%)
Net change in contract liabilities ("Reserve")	(569.1)	(645.9)	(13.5%)
Management expenses ("ME")	(312.1)	(327.3)	(4.9%)
Net fee and commission expense	(362.7)	(384.4)	(6.0%)
Fair value gains and losses	(118.0)	(365.5)	(>100%)
Net investment results	279.5	405.3	45.0%
Net other operating expenses	(3.5)	0.2	>100%
<b>Profit before tax</b>	340.5	273.7	(19.6%)
Tax expense	(93.3)	(65.0)	30.3%
<b>Profit after tax</b>	247.2	208.7	(15.6%)
ME / NEP ratio	13.2%	12.6%	0.6 pts
Claim & Reserve / NEP ratio	63.8%	63.7%	0.1 pts

# 02

## GENERAL BUSINESS



# GENERAL BUSINESS

## Comments

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### **Gross written premiums**

- Gross written premium increased by 4.7% as compared to prior year mainly driven by motor business.

### **Profitability**

- Higher profit before tax from higher underwriting profit.

### **Distribution and Portfolio**

- 57.3% (6M 2020: 62.9%) of GWP from Agency and 30.0% (6M 2020: 21.2%) from Franchise.
- Partnership with Pos Malaysia contributes 6.9% (6M 2020: 7.9%) of GWP.

### **Combined ratio**

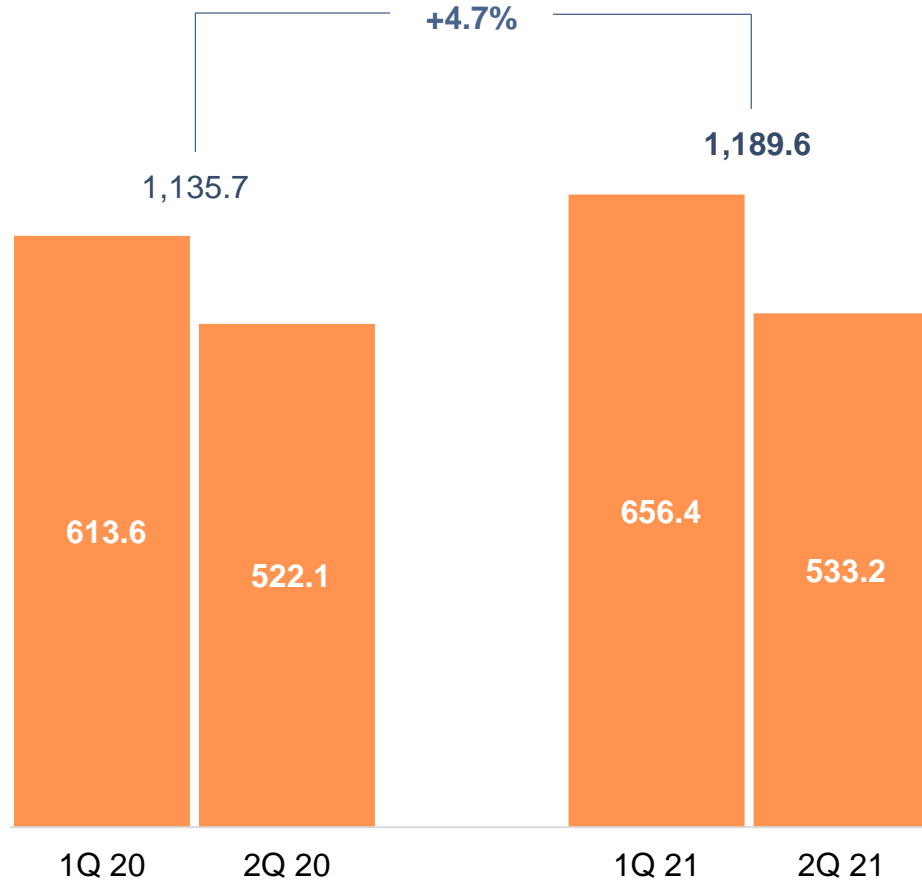
- Lower combined ratio by 1.2 pts mainly from lower commission and expense ratio.

### **Market growth**

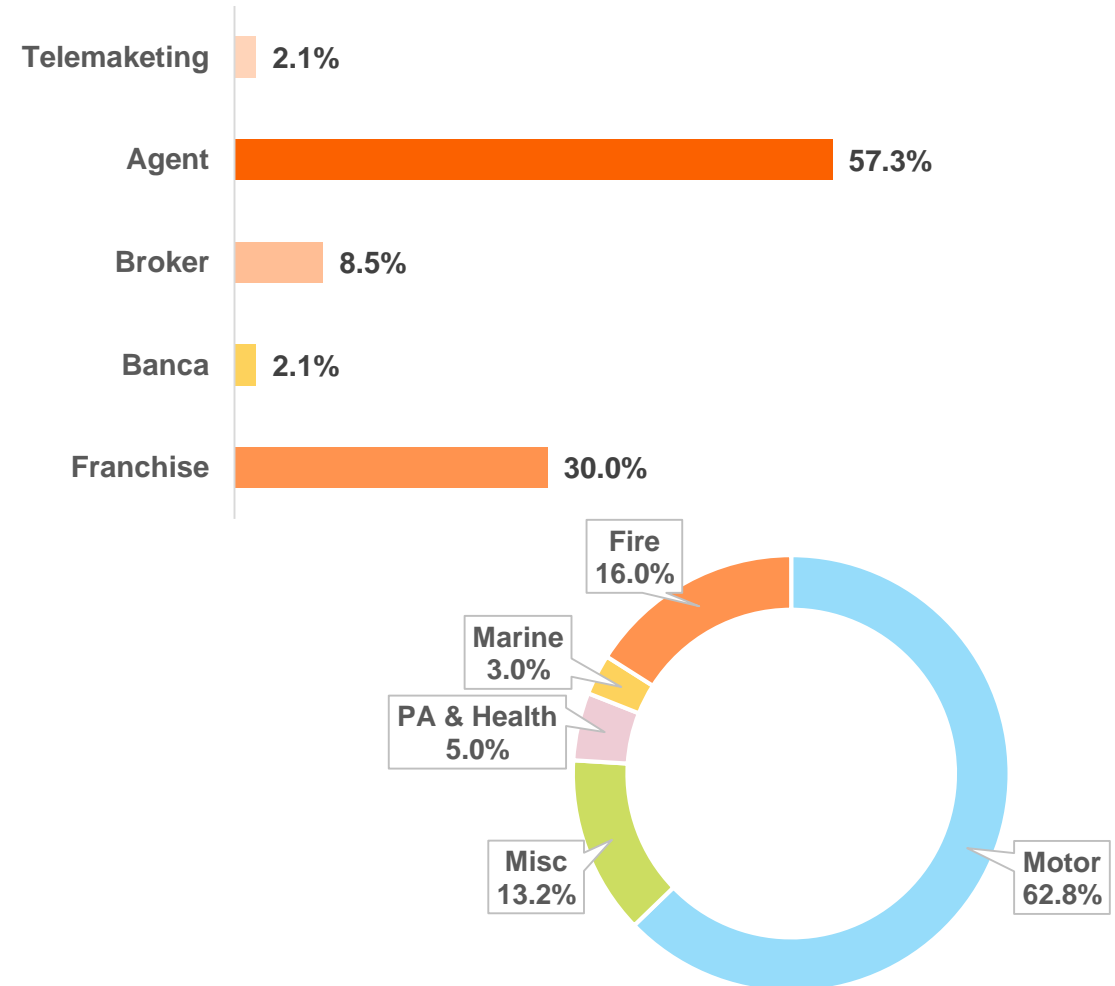
- Increased market share during the period. Market share stood at 13.0% in 6M 2021.

# GENERAL BUSINESS: GWP IS 4.7% HIGHER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

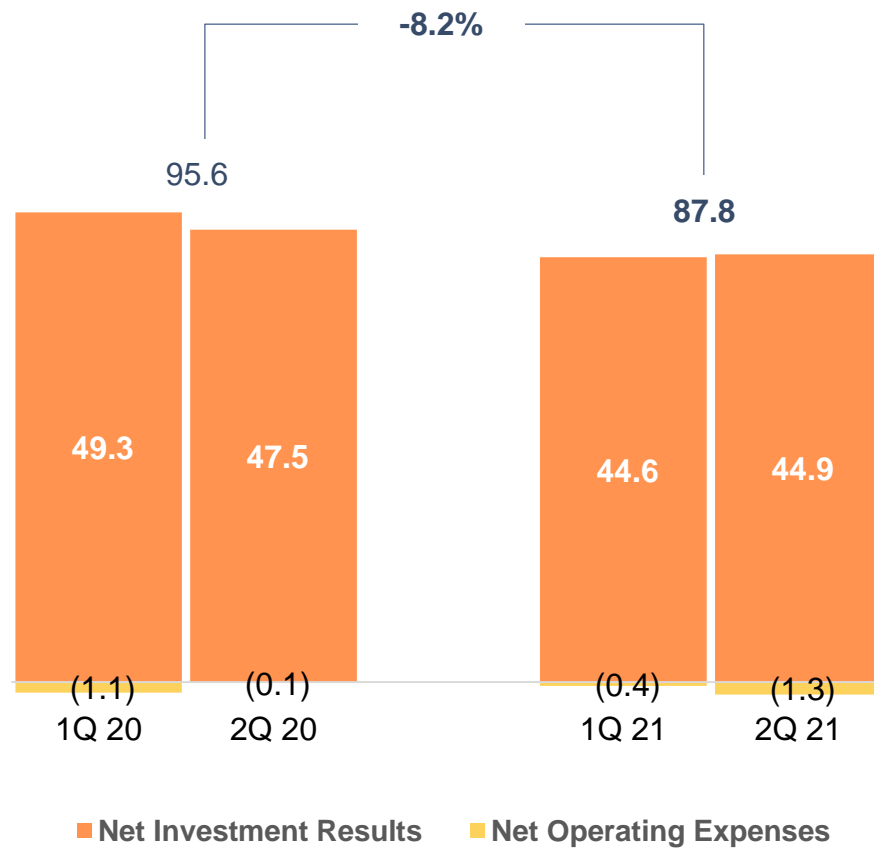


Distribution Channel & Portfolio Mix

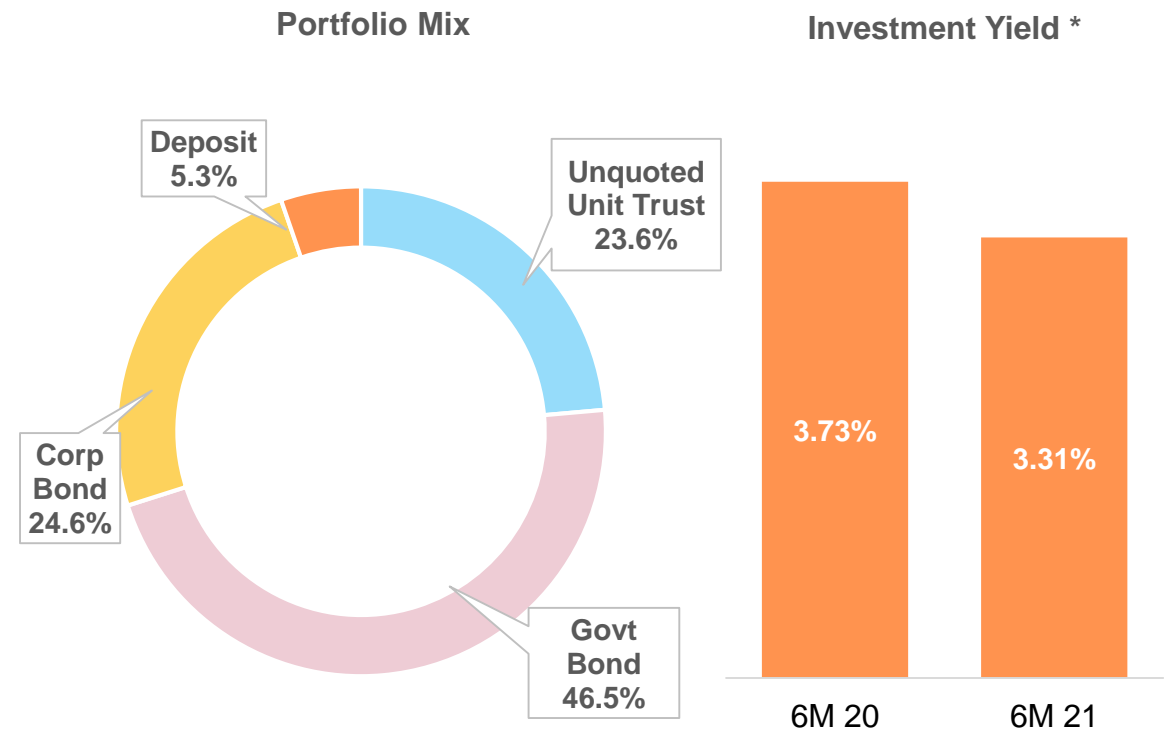


# GENERAL BUSINESS: LOWER GROWTH IN INVESTMENT INCOME

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



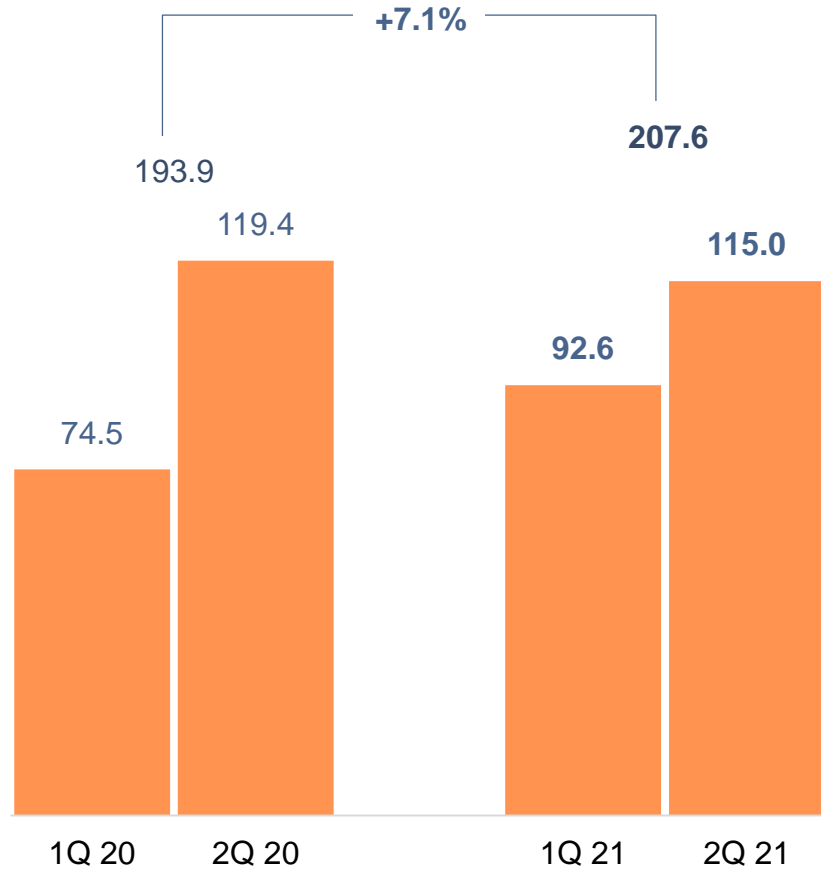
Portfolio Mix and Investment Yield (Annualized)



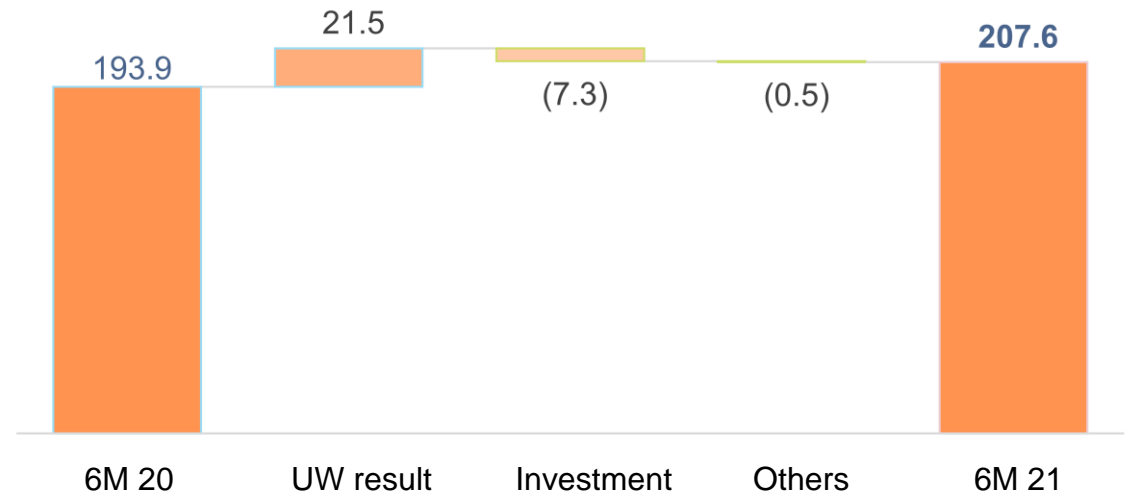
\* Investment yield is excluding fair value gains/losses

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

Profit Before Tax (RM'mil)



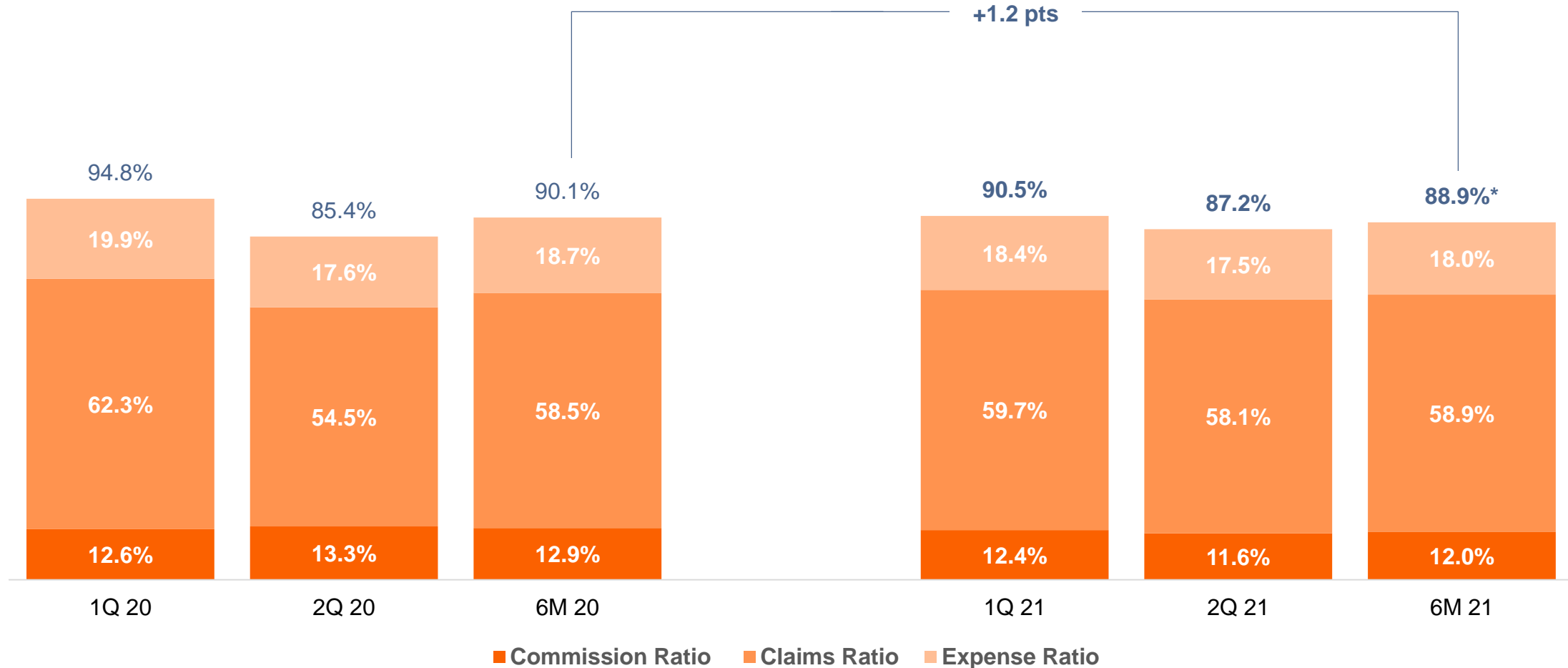
PBT Drivers (RM'mil)



6M 2020	98.3	96.8	(1.2)	193.9
6M 2021	119.8	89.5	(1.7)	207.6
<b>Change</b>	<b>21.5</b>	<b>(7.3)</b>	<b>(0.5)</b>	<b>13.7</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	6M 2020	6M 2021	△21/20 %
Gross written premiums	1,135.7	1,189.6	4.7%
Gross earned premiums	1,109.5	1,208.0	8.9%
Net earned premiums	992.8	1,084.9	9.3%
Net change in claims incurred	(580.3)	(638.9)	(10.1%)
Management expenses	(185.9)	(196.5)	(5.7%)
Net fee and commission expenses	(128.3)	(129.7)	(1.1%)
Underwriting result	98.3	119.8	21.9%
Net investment results	96.8	89.5	(7.5%)
Net other operating expenses	(1.2)	(1.7)	(41.7%)
<b>Profit before tax (after consolidation adjustment)</b>	<b>193.9</b>	<b>207.6</b>	<b>7.1%</b>
Commission ratio	12.9%	12.0%	0.9 pts
Claims ratio	58.5%	58.9%	(0.4 pts)
Expense ratio	18.7%	18.0%	0.7 pts
<b>Combined ratio*</b>	<b>90.1%</b>	<b>88.9%</b>	<b>1.2 pts</b>

\* Combined ratio is calculated at company level

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

KPIs	AGIC 6M 2021	Industry <sup>1</sup> 6M 2021	Takaful <sup>2</sup> 6M 2021
<b>GWP growth</b>	<b>4.7%</b>	<b>4.0%</b>	<b>13.5%</b>
<b>Commission ratio</b>	<b>12.0%</b>	<b>9.3%</b>	<b>9.1%</b>
<b>Claims ratio</b>			
• Overall	<b>58.9%</b>	<b>51.1%</b>	<b>51.8%</b>
• Motor	<b>51.6%</b>	<b>55.1%</b>	<b>61.0%</b>
<b>Expense ratio</b>	<b>18.0%</b>	<b>24.0%</b>	<b>31.3%</b>
<b>Combined ratio</b>	<b>88.9%</b>	<b>84.4%</b>	<b>92.2%</b>
<b>Market Share (6M 2021)<sup>3</sup></b>	<b>13.0%</b>		
<b>Market Ranking (3M 2021)<sup>4</sup></b>	<b>No. 1</b>		

Notes:

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

# 03

## LIFE

## BUSINESS



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

- Gross written premiums grew by 11.6%.

**Market Growth**

- ANP increased by 50% in part due to lower volume in 2020 and out pacing industry growth of 33.7%.<sup>1</sup>
- Market share 6M 2021 increased to 9.0% (6M 2020: 8.0%).

**Distribution**

- Agency ANP increased by 62.8% while Bancassurance increased by 34.4%.
- Focus on agency recruitment, agent productivity and building remote selling capabilities.
- Employee Benefits grew by 3.4%.

**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 51.1% and 14.6% respectively.

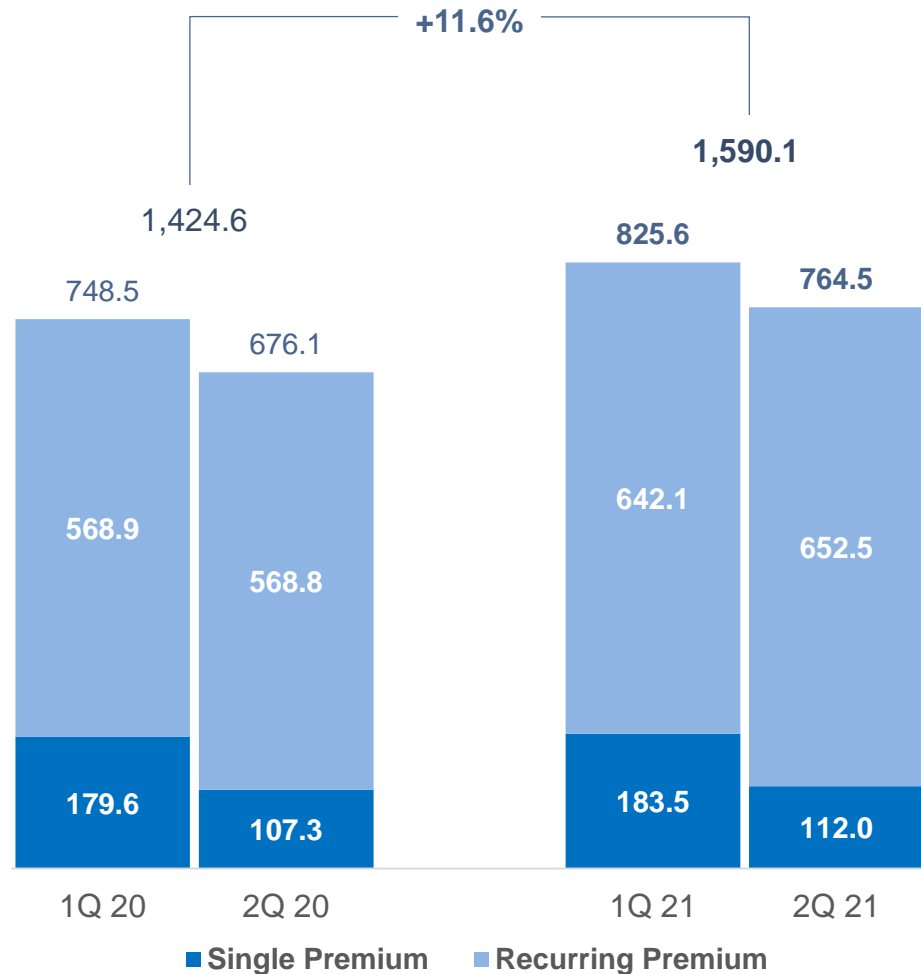
**Profitability**

- Profit before tax of RM76.7 million (6M 2020: 155.1 million) due to higher claims provision and higher fair value losses on investments arising from higher interest rate.
- The core profit was RM107.6 million, a decline of 21.6% from preceding period on a comparable basis.
- New business value was RM 146.5 million, increased by 72.2%.

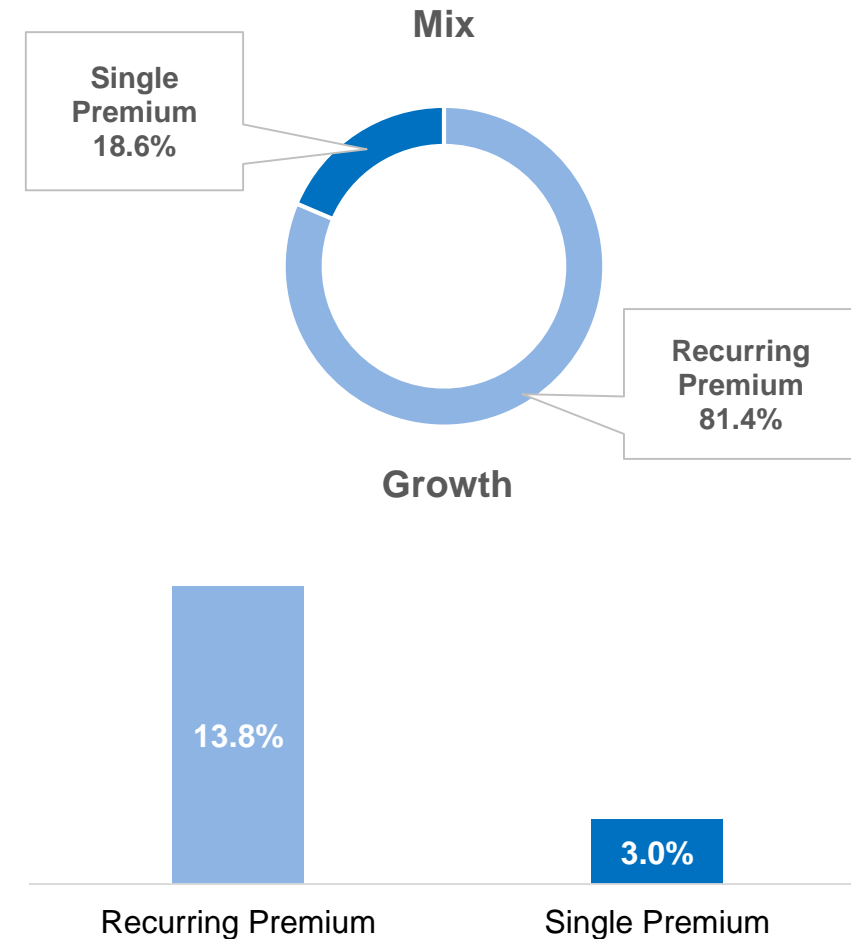
Note1: Market share based on statistics from LIAM.

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

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

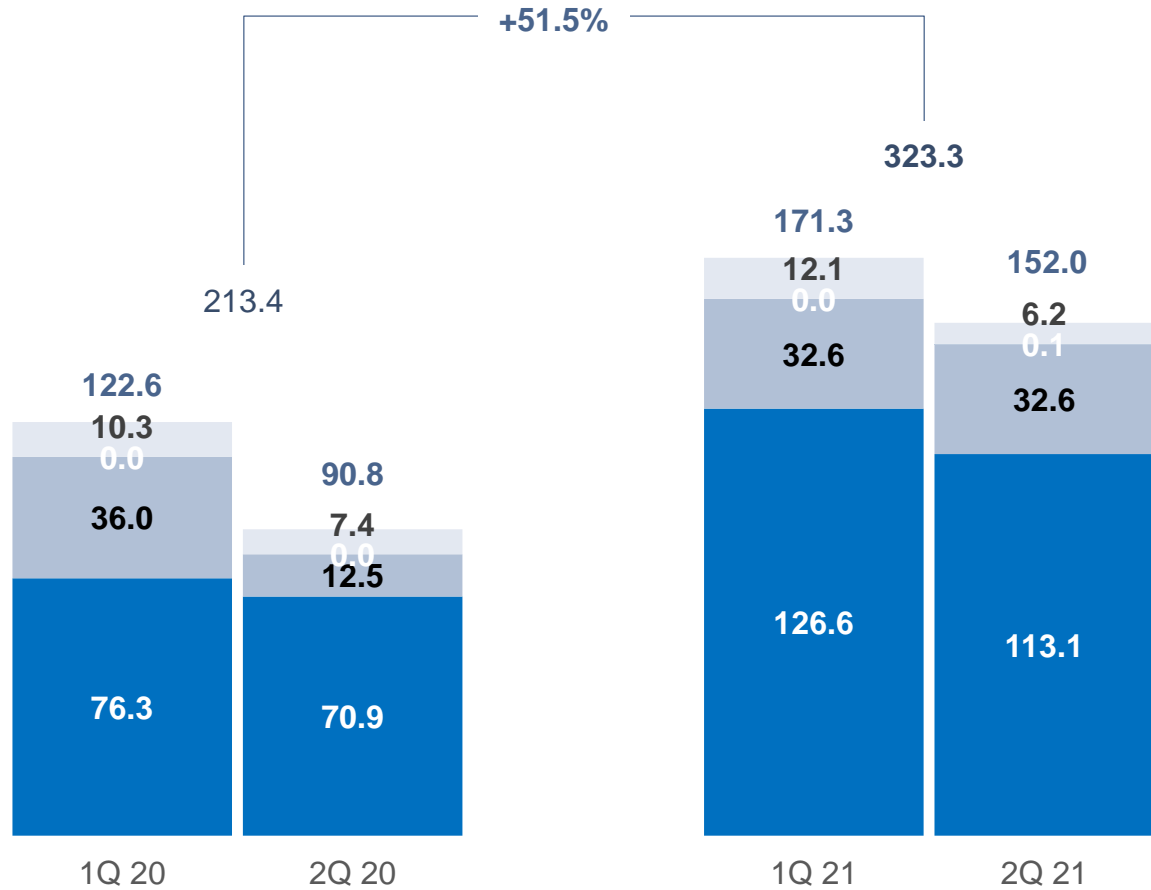


GWP Mix & Growth (%) (6M 2021)

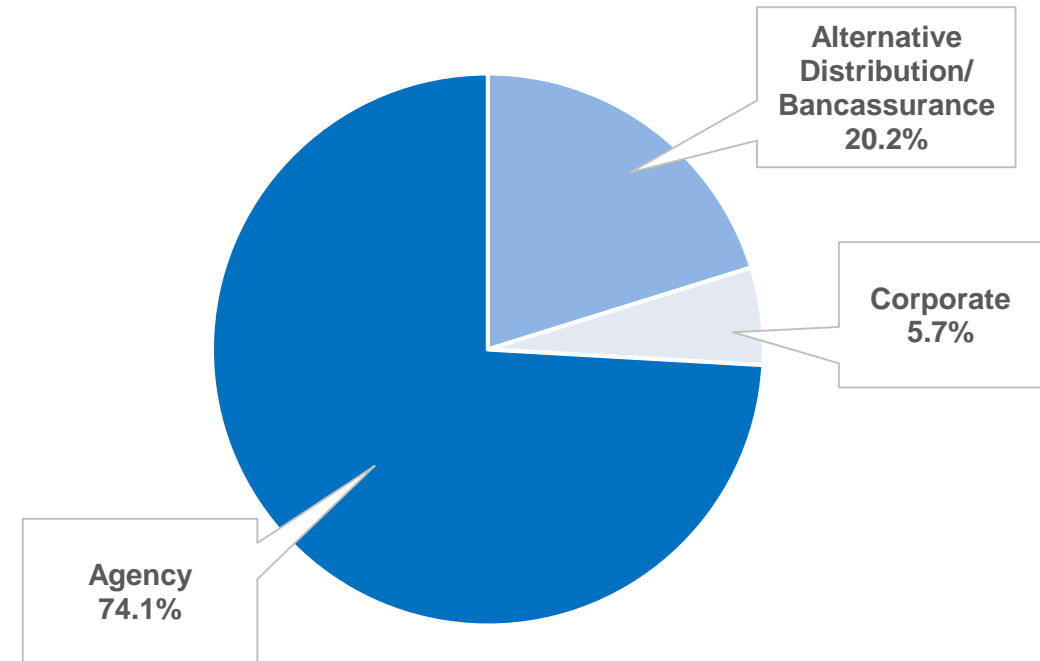


# LIFE BUSINESS: GROWTH IN ANP DRIVEN BY AGENCY AND BANCASSURANCE CHANNELS

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



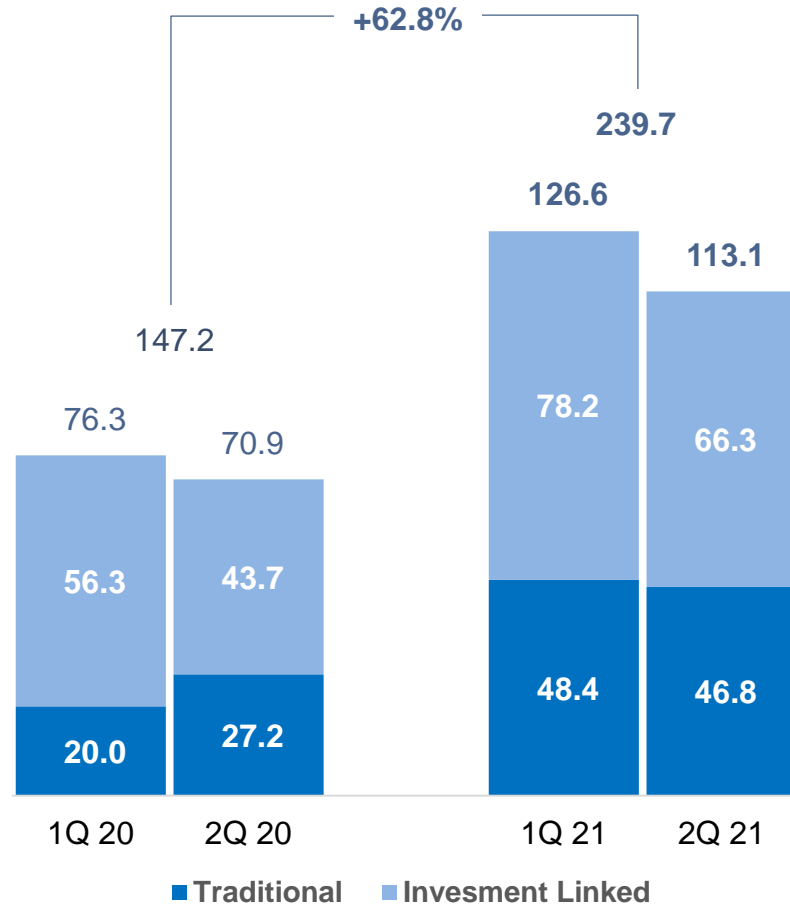
ANP Channel Mix (%) (6M 2021)



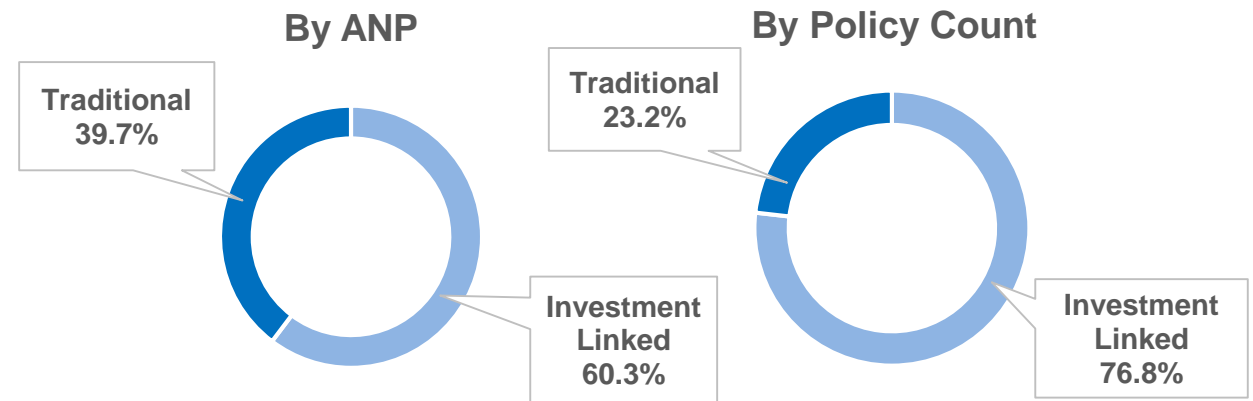
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

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

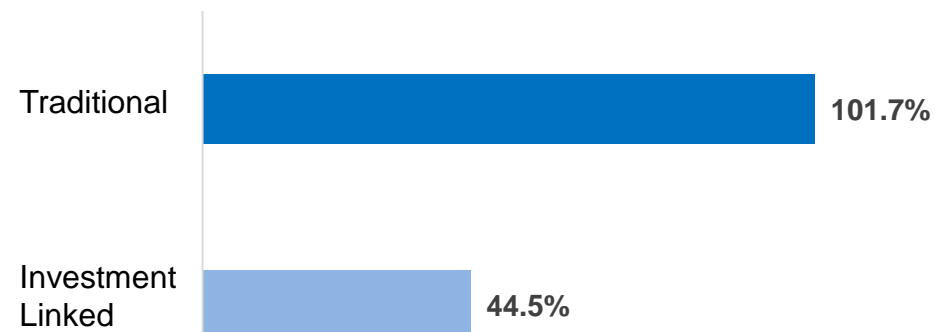
### Agency Annualized New Premiums (RM'mil)



### Agency Product Mix (%) (6M 2021)

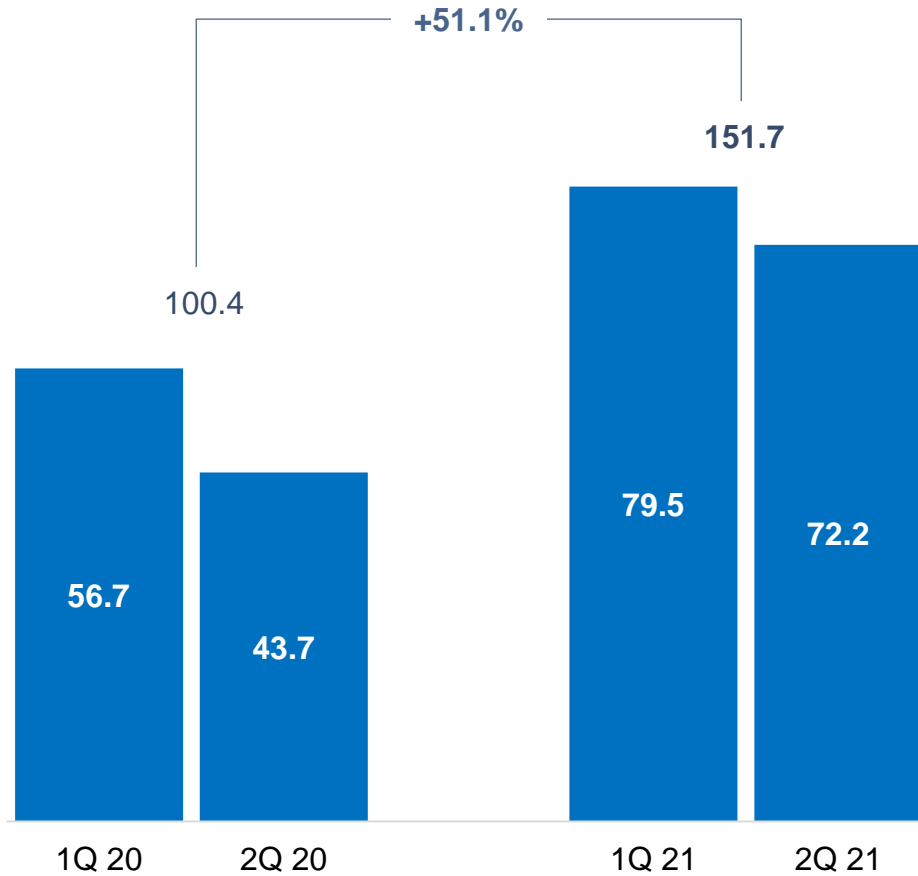


### Agency ANP Growth (%) (6M 2021)

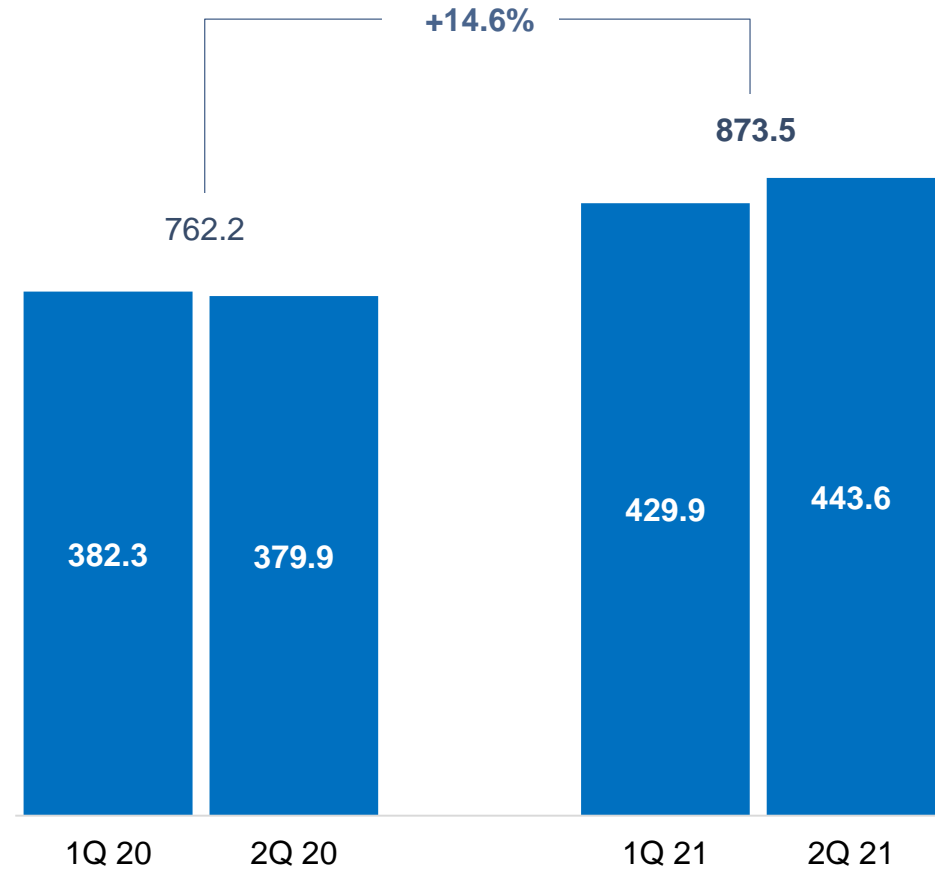


# LIFE BUSINESS: PROTECTION BUSINESS (INVESTMENT-LINKED) CONTINUES TO GROW

Annualised New Premiums (RM'mil)



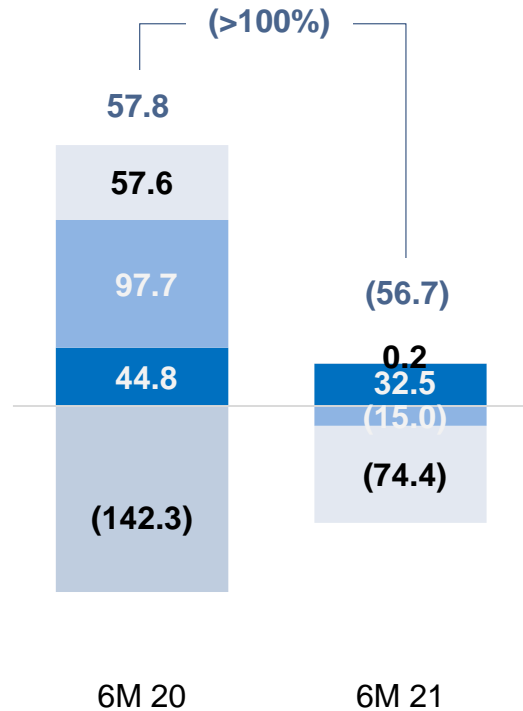
Gross Written Premiums (RM'mil)



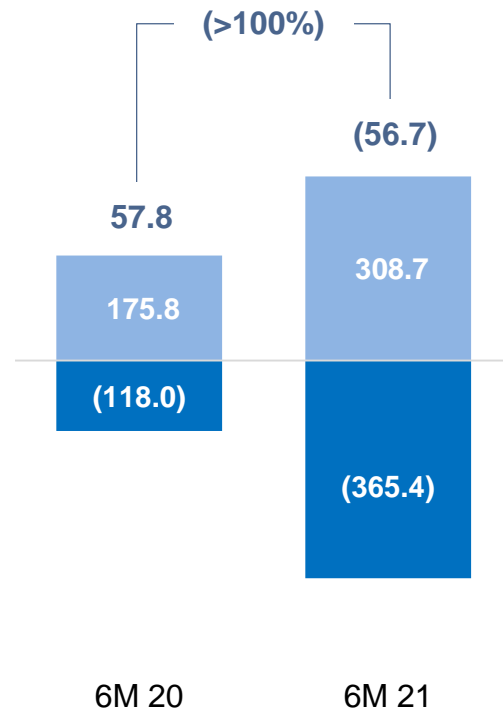


# LIFE BUSINESS: INVESTMENT RESULTS IMPACTED BY FAIR VALUE LOSSES AS INTEREST RATE GOES UP

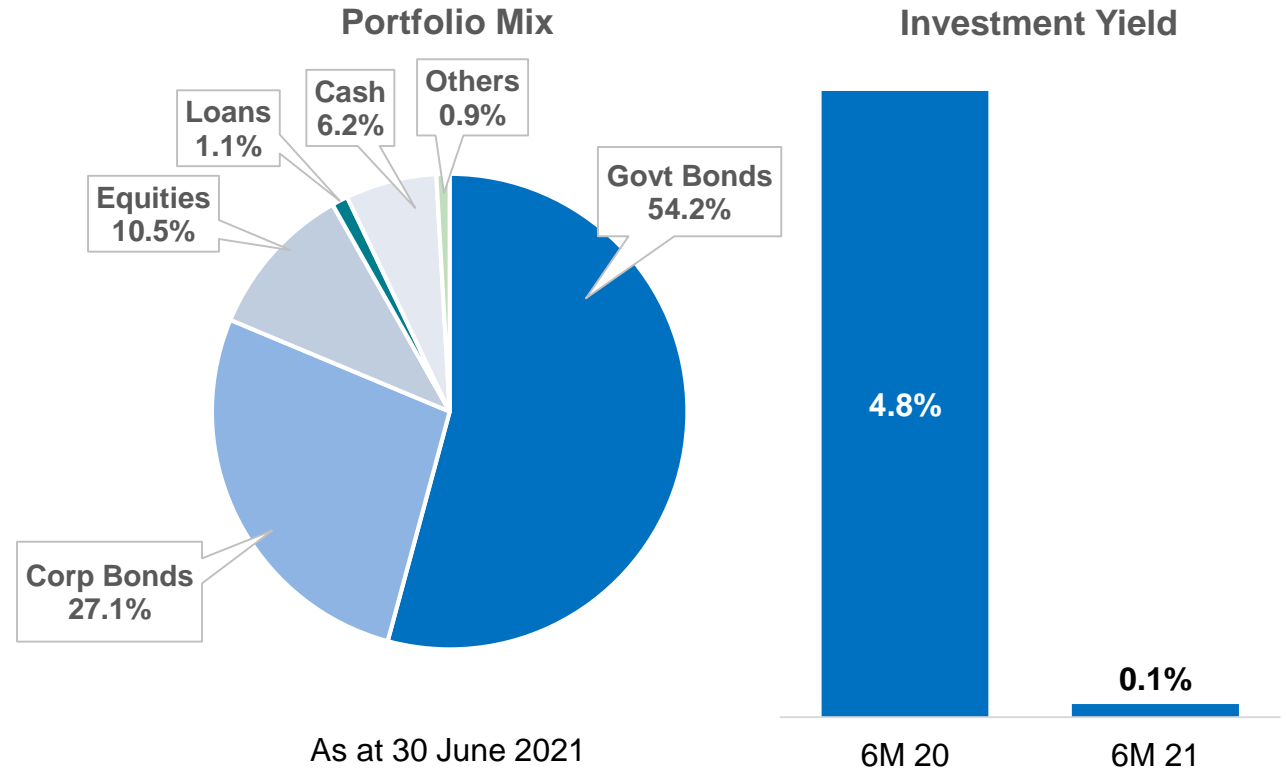
Investment Results by funds (RM'mil)



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	6M 2020	6M 2021	△21/20 %
Gross written premiums	1,424.6	1,590.1	11.6%
Premiums ceded to reinsurers	(49.7)	(71.0)	(42.9%)
Net earned premiums	1,374.9	1,519.1	10.5%
Net change in benefits and claims paid	(545.4)	(571.2)	(4.7%)
Net change in contract liabilities	(384.6)	(448.3)	(16.6%)
Management expenses	(117.2)	(121.6)	(3.8%)
Net fee and commission expenses	(228.5)	(246.7)	(8.0%)
Fair value gains and losses	(118.0)	(365.4)	(>100%)
Net investment results	175.8	308.7	75.6%
Net other operating expenses	(1.9)	2.1	>100%
<b>Profit before tax (after consolidation adjustment)</b>	<b>155.1</b>	<b>76.7</b>	<b>(50.5%)</b>
Annualised new premiums	213.4	323.3	51.5%
Expense ratio (LF+SHF)	10.7%	9.6%	1.1 pts
Local investment yield (LF+SHF)	4.8%	0.1%	(4.7 pts)
Block persistency ratio	89.5%	90.6%	1.1 pts

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

Market growth analysis (6M 2021)

Annualised New Business

Distribution Channel	← 6M 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)	101.0%	20.0%	20.7%	2	25.4%	35.9%	12.8%	-0.1%
Agency (IL)	41.0%	55.8%	8.0%	5	-26.6%	-9.3%	0.3%	5.1%
Agency (Total)	61.0%	46.4%	10.8%	4	-12.0%	-0.2%	4.3%	3.5%
Bancassurance	34.3%	22.2%	5.6%	7	-7.6%	-1.1%	23.1%	13.9%
Employee Benefits	4.4%	-6.0%	10.1%	3	14.8%	3.1%	14.7%	4.0%
<b>Total</b>	<b>50.0%</b>	<b>33.7%</b>	<b>9.0%</b>	<b>5</b>	<b>-10.0%</b>	<b>-0.4%</b>	<b>7.4%</b>	<b>6.5%</b>

Source: LIAM statistic as of 30 Jun 2021

**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.