



**ALLIANZ MALAYSIA
BERHAD** (197201000819)

Q4 2021

FINANCIAL RESULTS

Analyst Briefing
23 February 2022

Allianz 

01

AMB GROUP FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS 12M 2021

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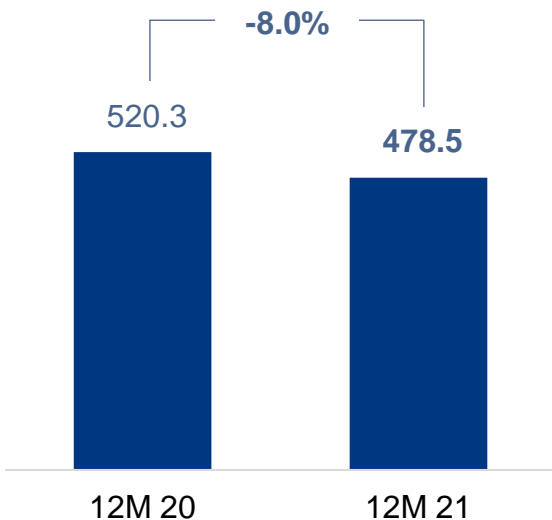
Operating Revenue (RM'mil)

6,431.0 (+8.2%)	2,595.4 (+5.0%)	3,823.3 (+10.4%)	12.3 (3.4%)
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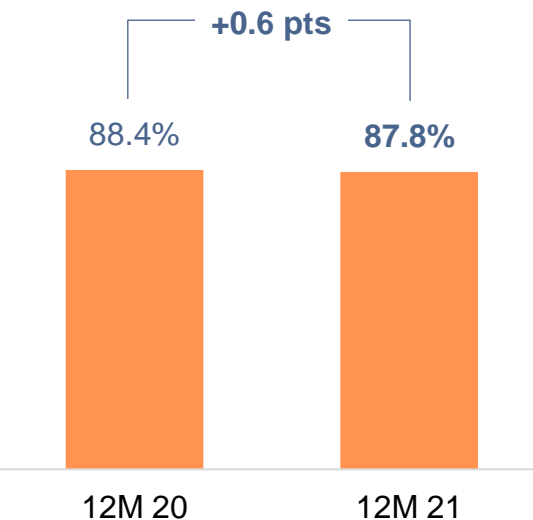
Gross Written Premium (RM'mil)

5,689.6 (+7.2%)	2,430.6 (3.2%)	3259.0 (+10.5%)	
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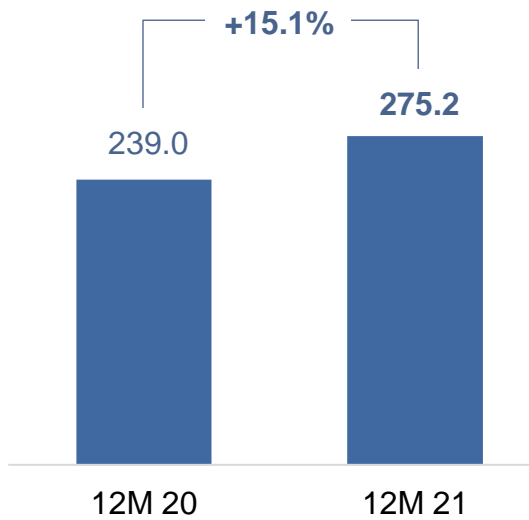
Shareholders' net income (in RM'mil)



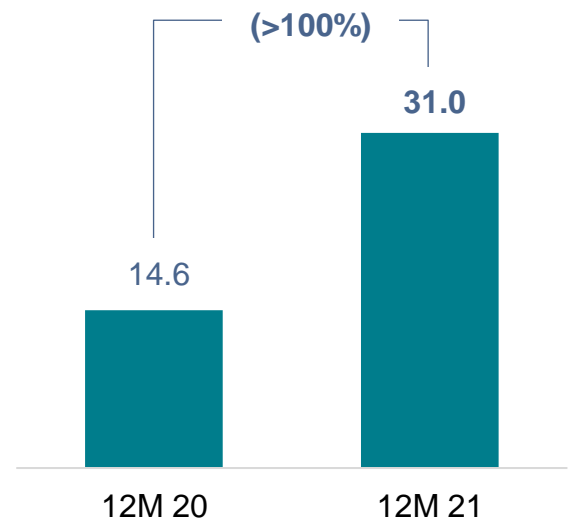
Combined ratio (in %)



New business value (in RM'mil)



Management expenses (in RM'mil)



RESILIENT EARNINGS FOR FINANCIAL YEAR 2021 AMID HEADWINDS

Comments

Operating revenue

- Group operating revenue of RM6.43 billion, an increase of 8.2% compared to corresponding period of RM5.95 billion due to higher gross earned premiums and investment income by RM437.9 million and RM47.4 million respectively.
- General business recorded an operating revenue of RM2.60 billion, an increase of 5.0% compared to corresponding period of RM2.47 billion.
- Life business recorded an operating revenue of RM3.82 billion, an increase of 10.4% compared to corresponding period of RM3.46 billion.

Earnings per ordinary share

- Basic earnings per ordinary share at 197.98 sen (12M 2020: 227.53 sen).
- Diluted earnings per ordinary share at 138.29 sen (12M 2020: 150.29 sen).

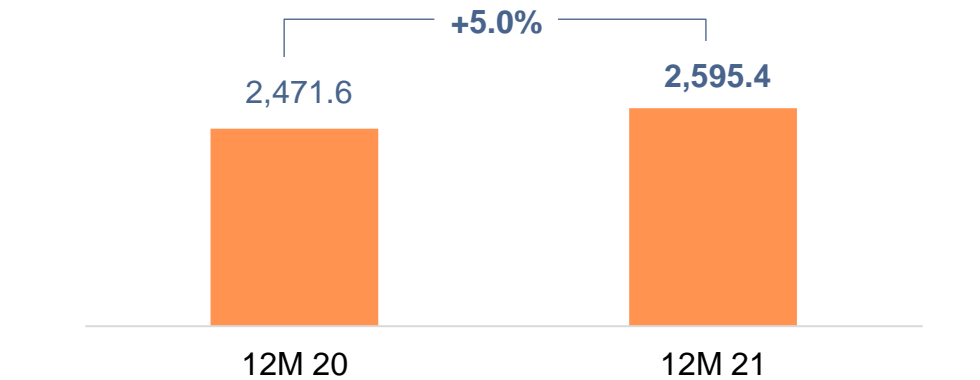
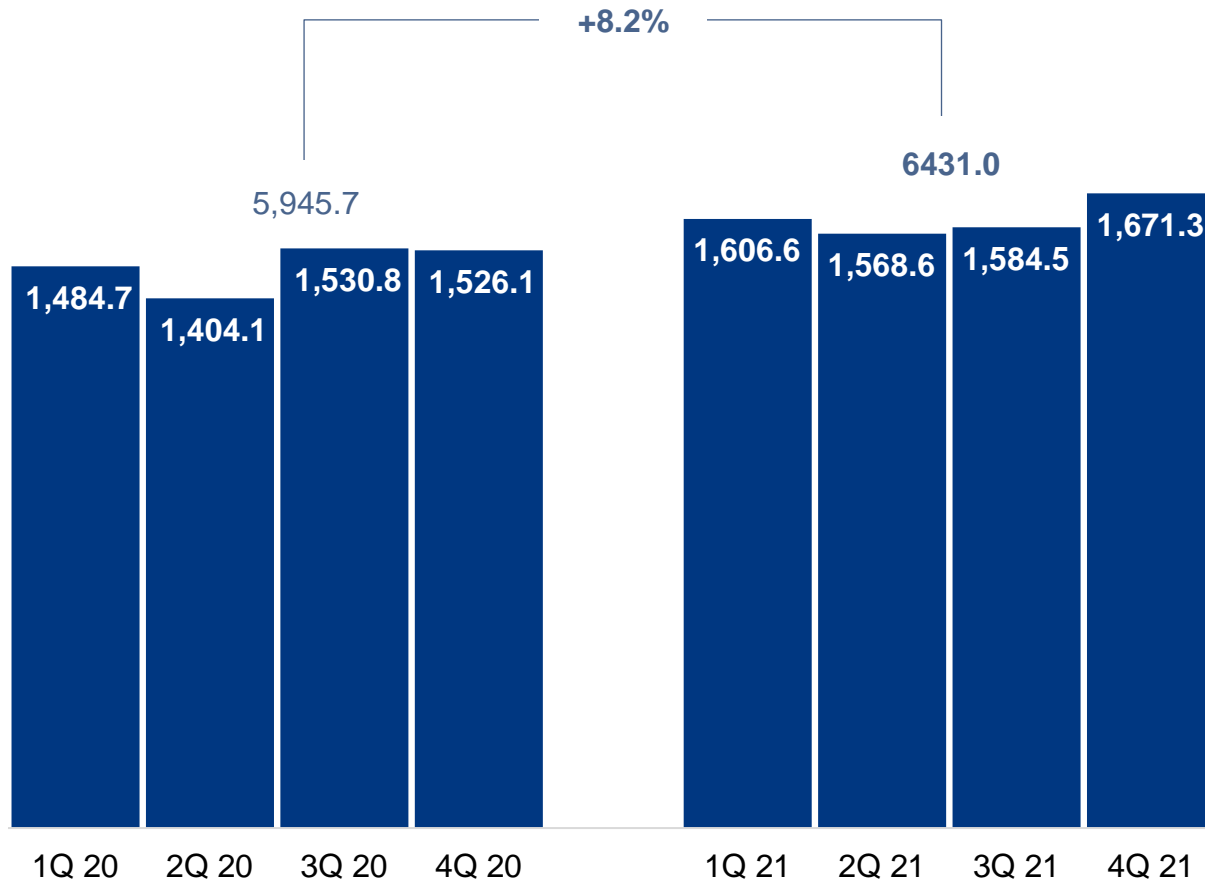
Profitability

- Group profit before tax of RM625.6 million, decreased by 14.3% (12M 2020: RM729.6 million) mainly due to lower profit contribution from life segment.
- General business contributed a profit before tax of RM437.2 million, an increase of 1.2% (12M 2020: RM432.1 million). The increase was attributable to higher underwriting profit. Net combined ratio was 87.8% as at 12M 2021 (12M 2020: 88.4%).
- Life insurance business recorded a profit before tax of RM220.5 million (12M 2020: RM308.7 million). The decrease was attributable to higher claims provision and higher fair value losses on investment arising from higher interest rate.

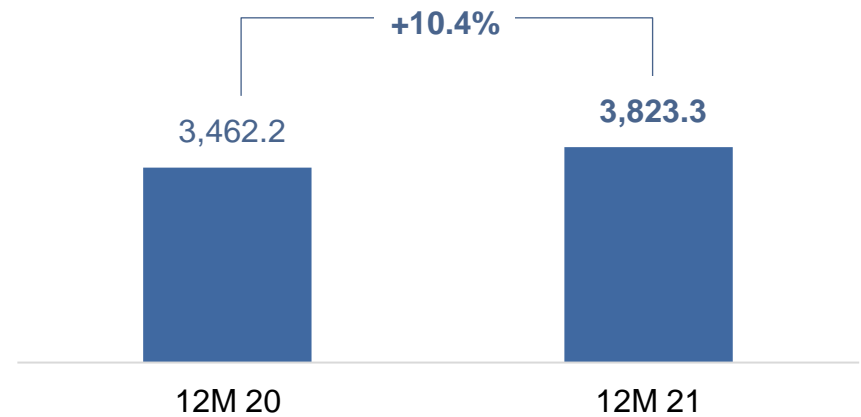
FINANCIAL HIGHLIGHTS 12M 2021

Group | **General Insurance**

Operating Revenue (RM'mil)



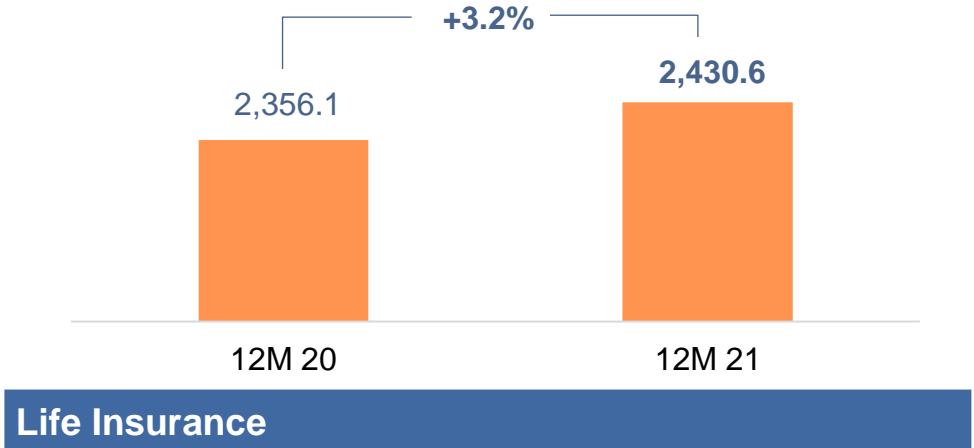
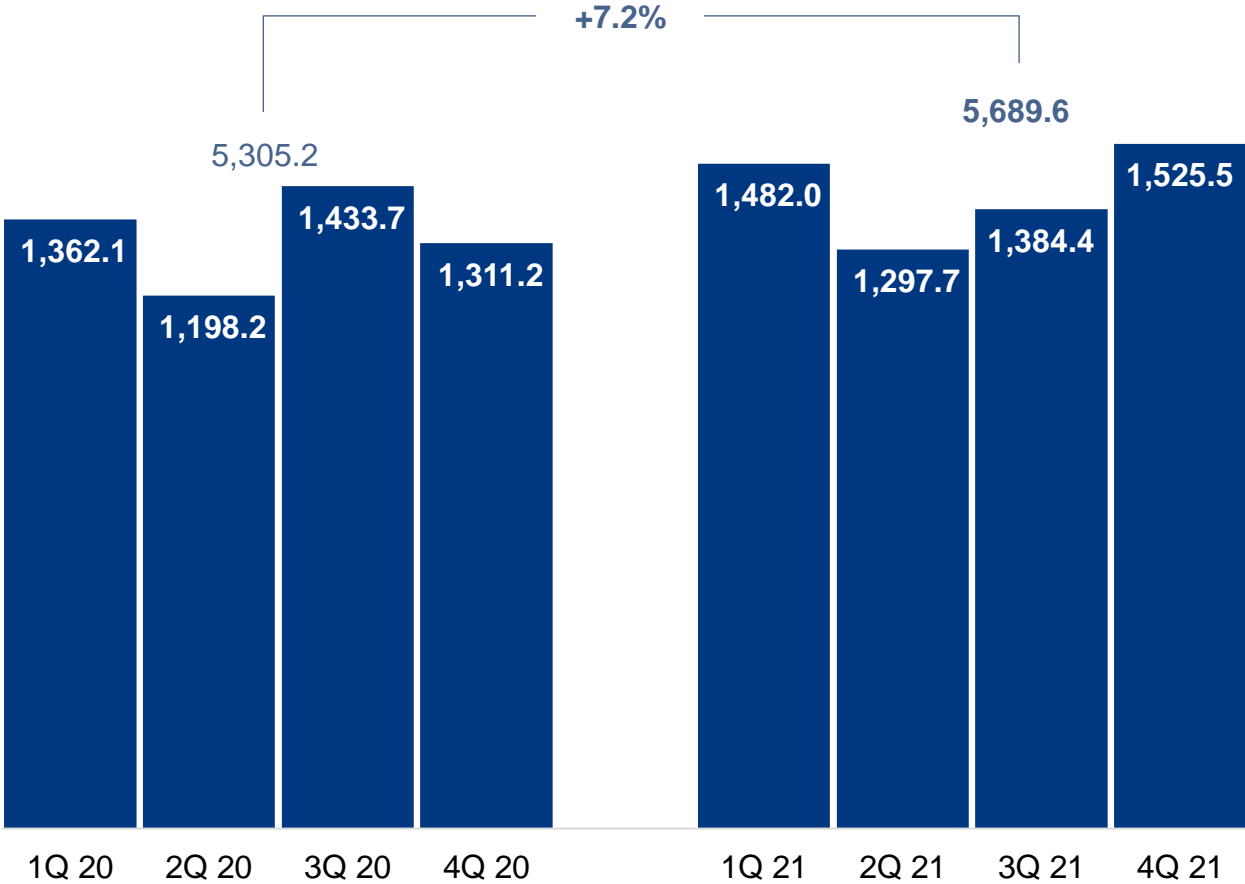
Life Insurance



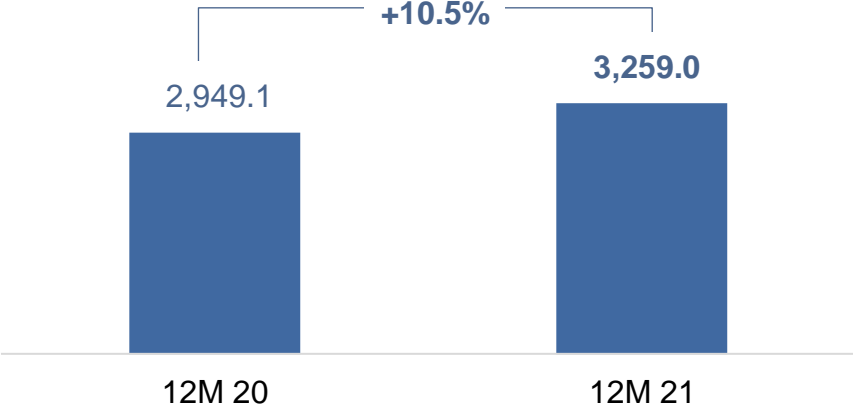
FINANCIAL HIGHLIGHTS 12M 2021

Group | **General Insurance**

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

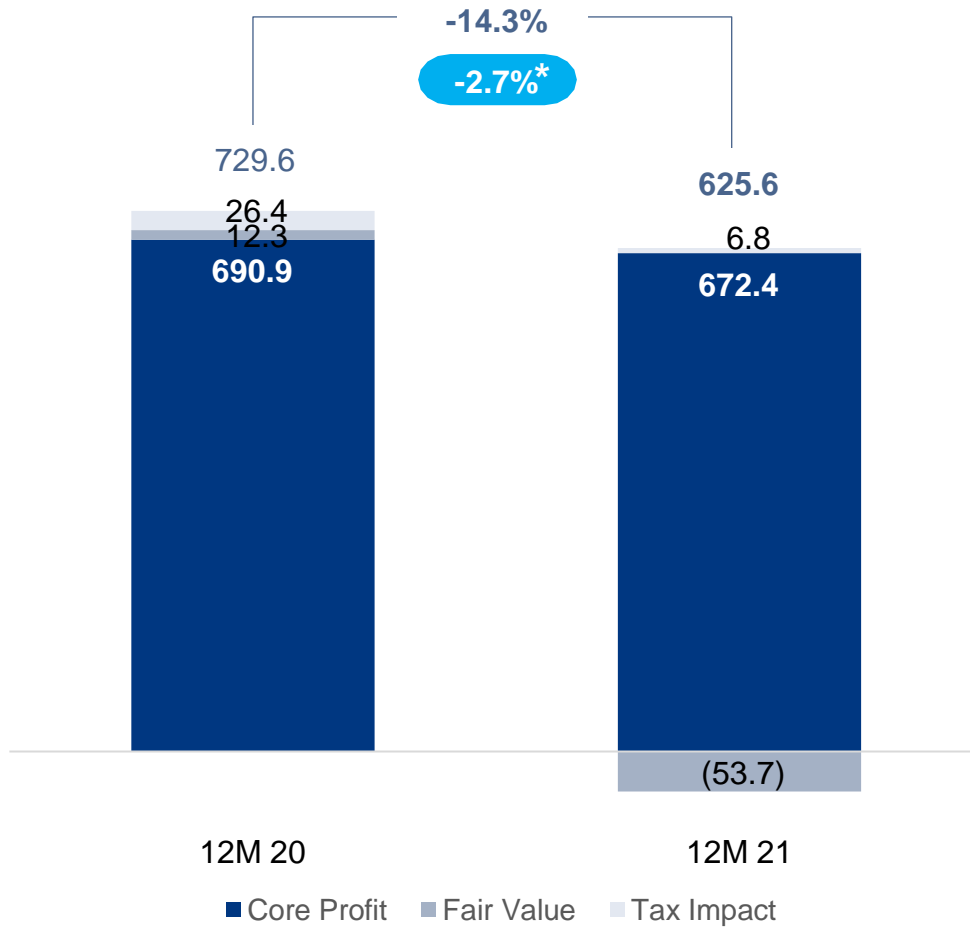


Life Insurance

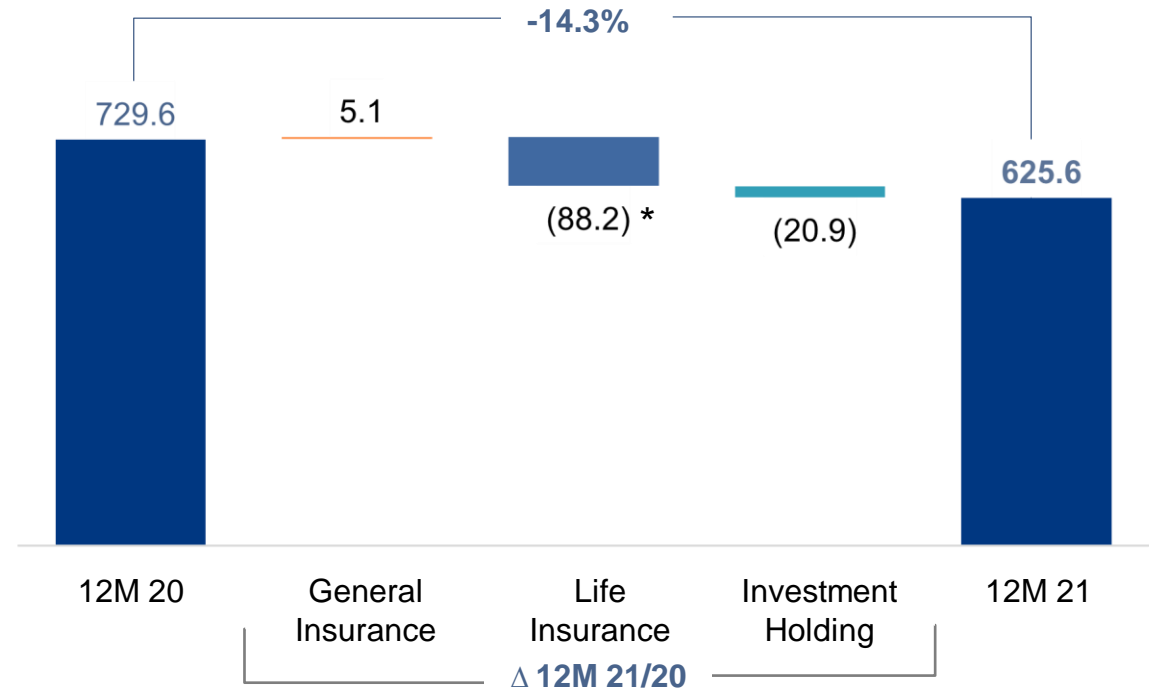


FINANCIAL HIGHLIGHTS 12M 2021

Profit Before Tax (RM'mil)



PBT drivers (RM'mil)



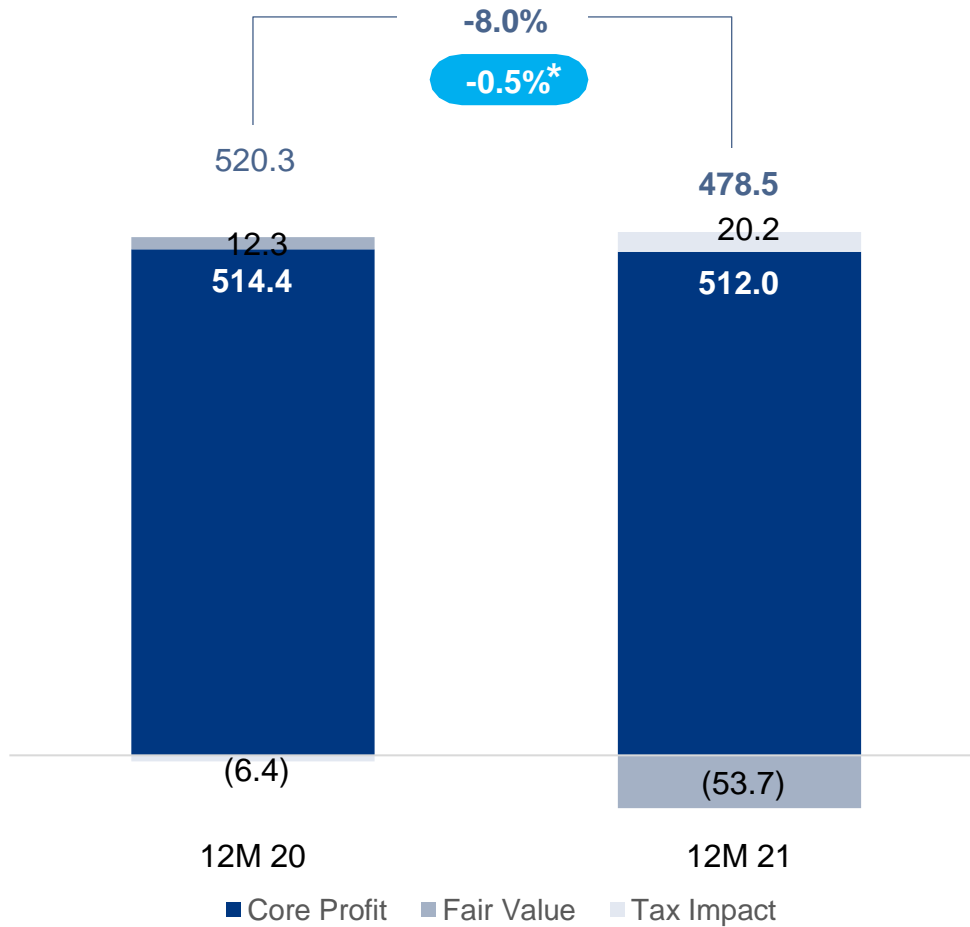
	General Insurance	Life Insurance	Investment Holding	Total
12M 2020	432.1	308.7	(11.2)	729.6
12M 2021	437.2	220.5	(32.1)	625.6
Change	5.1	(88.2)	(20.9)	(104.0)
Change (%)	1.2%	(28.6%)	(>100%)	(14.3%)

* Core profit growth

* See slide 9 for further details on change for Life Insurance business

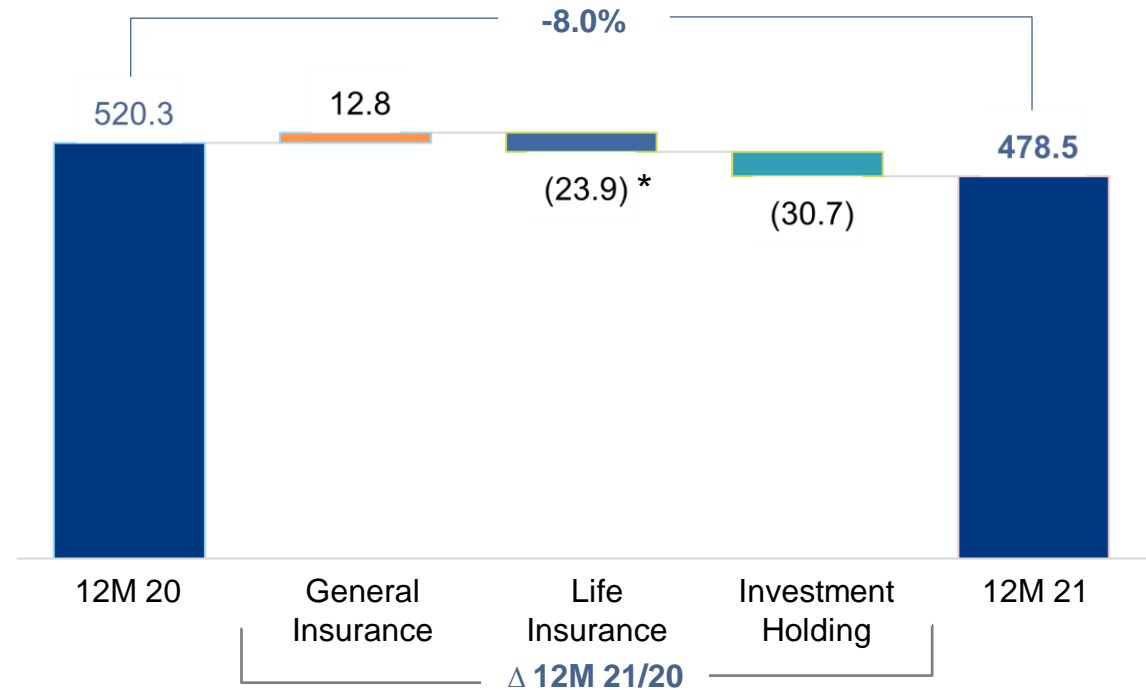
FINANCIAL HIGHLIGHTS 12M 2021

Profit After Tax (RM'mil)



* Core profit growth

PAT drivers (RM'mil)

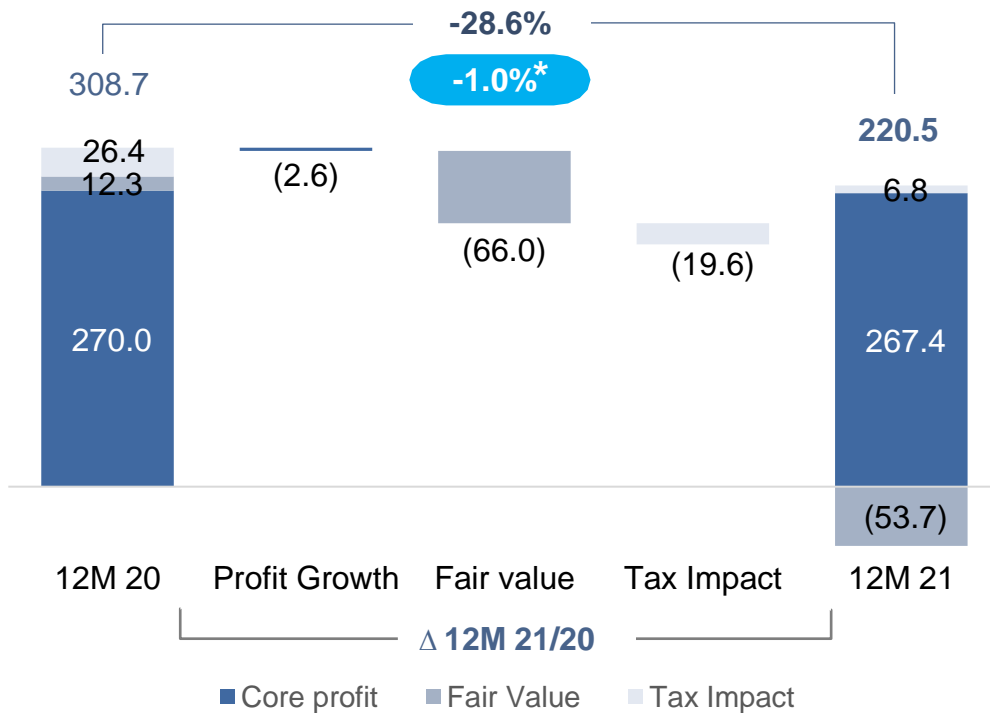


	General Insurance	Life Insurance	Investment Holding	Total
12M 2020	325.6	215.3	(20.6)	520.3
12M 2021	338.4	191.4	(51.3)	478.5
Change	12.8	(23.9)	(30.7)	(41.8)
Change (%)	3.9%	(11.1%)	(>100%)	(8.0%)

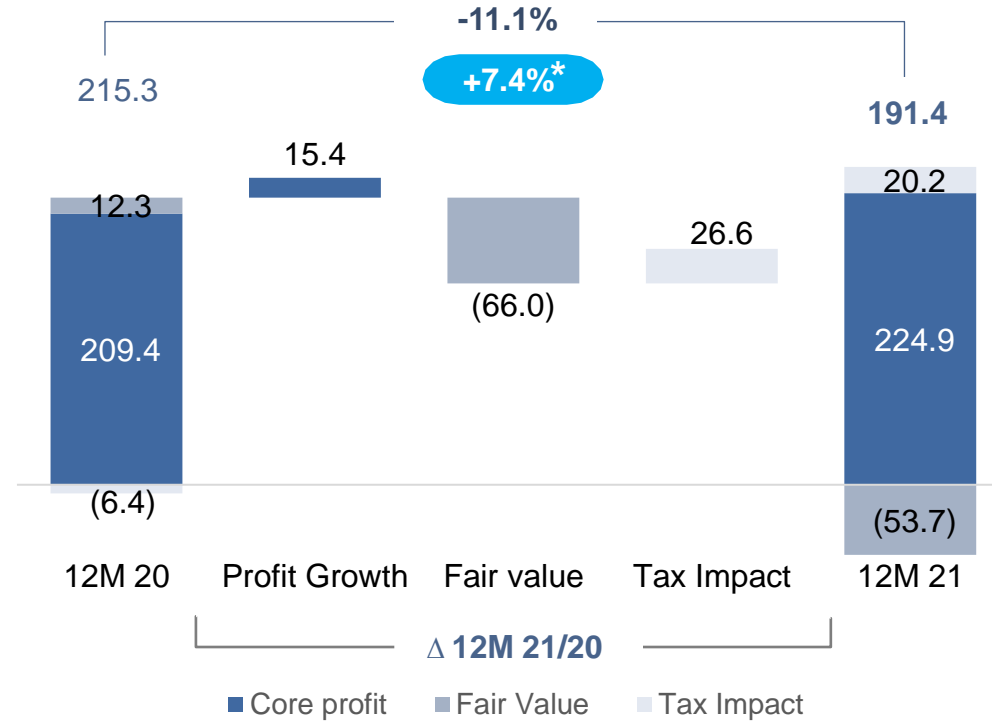
* See slide 9 for further details on change for Life Insurance business

LIFE: LOWER PBT & PAT MAINLY FROM FAIR VALUE LOSSES

PBT Drivers (RM'mil)



PAT Drivers (RM'mil)



Interest rate 10 years MGS

Dec 20	2.6%	Dec 19	3.3%
Dec 21	3.7%	Dec 20	2.6%
Δ 21/20	+1.1 pts	Δ 20/19	-0.7 pts

Bursa Malaysia KLCI Index

Dec 20	1,627	Dec 19	1,588
Dec 21	1,568	Dec 20	1,627
Δ 21/20	-3.6%	Δ 20/19	+2.4%

* Core profit growth

FINANCIAL OVERVIEW

RM'mil	2018	2019	2020	2021	3 YEAR CAGR (2018-2021)
Gross Written Premiums	4,504.8	4,922.5	5,305.2	5,689.6	8.1%
Management Expenses	554.9	618.0	641.4	683.8	7.2%
Expense Ratio (Non Life)	18.4%	20.2%	19.8%	18.7%	0.5 pts
Expense Ratio (Life) ¹	10.0%	10.5%	9.4%	9.9%	(0.3 pts)
Local Consolidated PBT	519.0	692.1	729.6	625.6	6.4%
Total Assets	17,404.6	19,710.1	21,896.7	23,643.5	10.8%
Shareholders' Equity	3,361.7	3,673.6	4,031.5	4,144.2	7.2%
Dividends declared	152.04	247.05	220.44	239.35	16.3%
Diluted earnings per ordinary share (sen)	109.09	142.29	150.29	138.29	8.5%

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

SUMMARY OF AUDITED FINANCIAL RESULTS

RM'mil	12M 2020	12M 2021	△21/20 %
Operating Revenue	5,945.7	6,431.0	8.2%
Gross Earned Premium	5,233.2	5,671.1	8.4%
Premiums ceded to reinsurers	(362.6)	(430.3)	(18.7%)
Net earned premiums ("NEP")	4,870.6	5,240.8	7.6%
Net change in benefits and claims paid ("Claim")	(2,167.2)	(2,183.6)	(0.8%)
Net change in contract liabilities ("Reserve")	(1,361.8)	(1,365.5)	(0.3%)
Management expenses ("ME")	(641.4)	(683.8)	(6.6%)
Net fee and commission expense	(743.5)	(758.9)	(2.1%)
Fair value gains and losses	40.0	(430.7)	(>100%)
Net investment results	742.7	813.4	9.5%
Net other operating expenses	(9.8)	(6.1)	37.8%
Profit before tax	729.6	625.6	(14.3%)
Tax expense	(209.3)	(147.1)	29.7%
Profit after tax	520.3	478.5	(8.0%)
ME / NEP ratio	13.2%	13.0%	0.2 pts
Claim & Reserve / NEP ratio	72.5%	67.7%	4.8 pts

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GENERAL BUSINESS



GENERAL BUSINESS

Comments

Gross written premiums

- Gross written premium increased by 3.2% as compared to prior year mainly driven by motor and engineering business.

Profitability

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

Distribution and Portfolio

- 55.4% (12M 2020: 55.6%) of GWP from Agency and 27.9% (12M 2020: 28.7%) from Franchise.
- Partnership with Pos Malaysia contributes 6.5% (12M 2020: 7.0%) of GWP.

Combined ratio

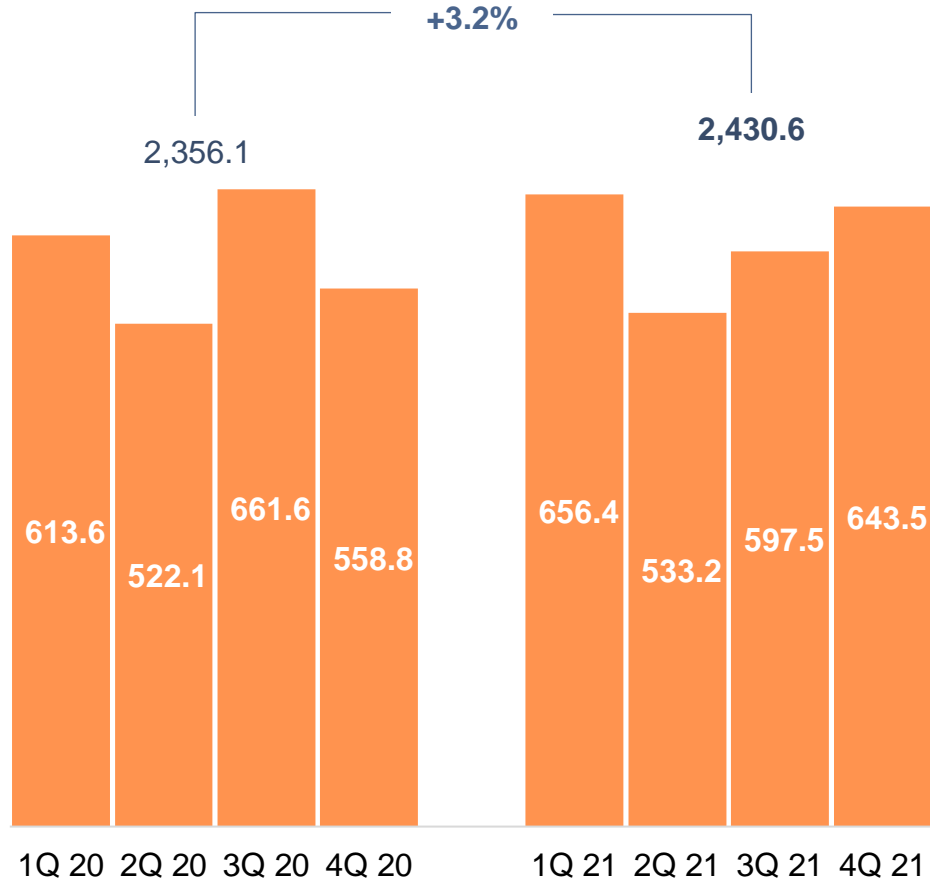
- Lower combined ratio by 0.6 pts mainly from lower commission and expense ratio.

Market growth

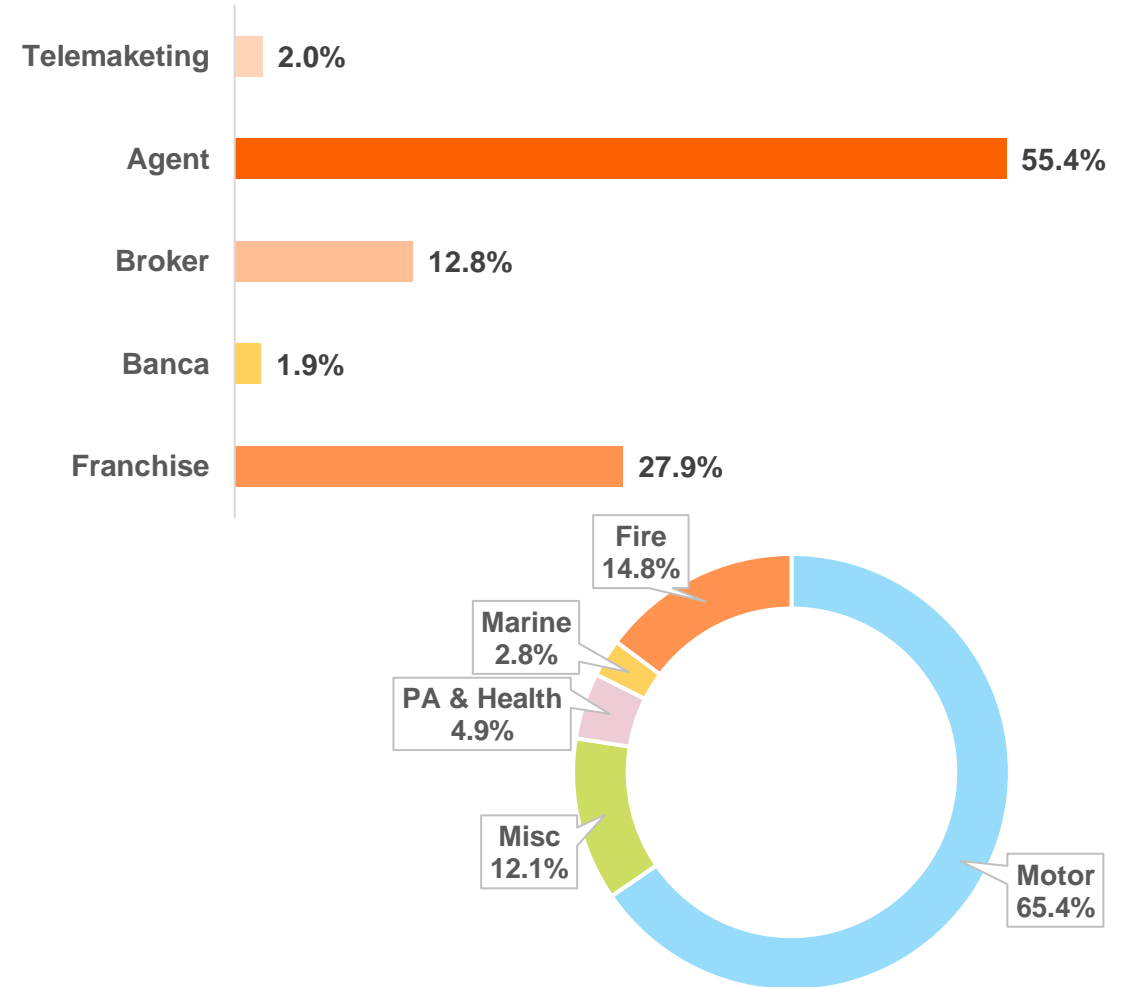
- Market share stood at 13.3% in 12M 2021 (12M 2020: 13.3%).

GENERAL BUSINESS: GWP IS 3.2% HIGHER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

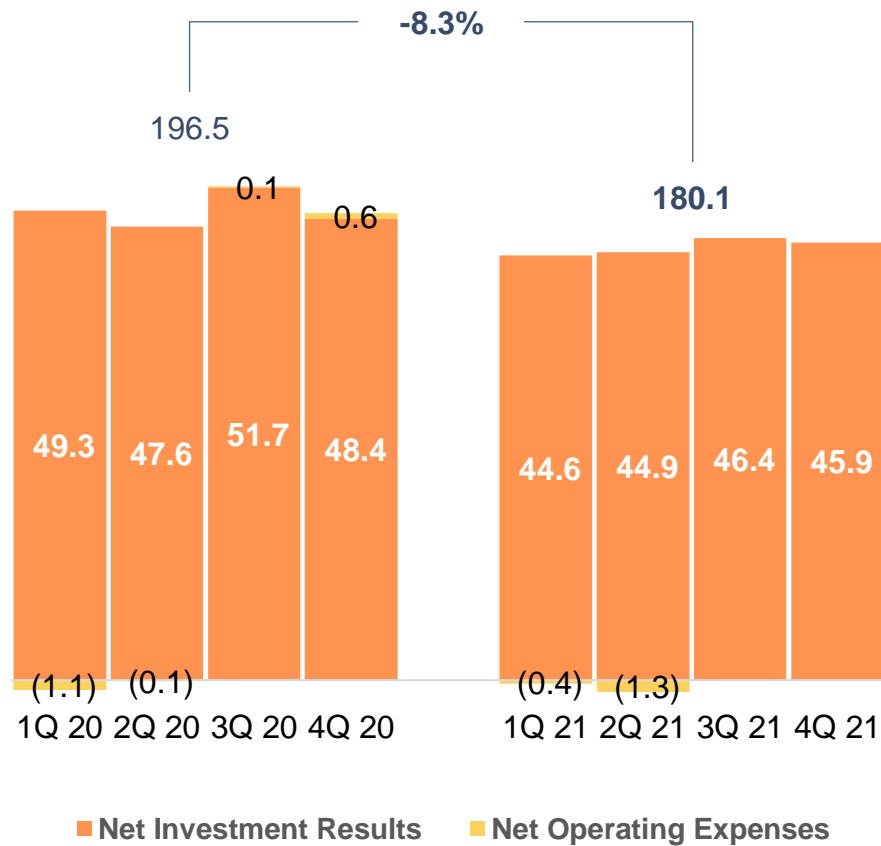


Distribution Channel & Portfolio Mix

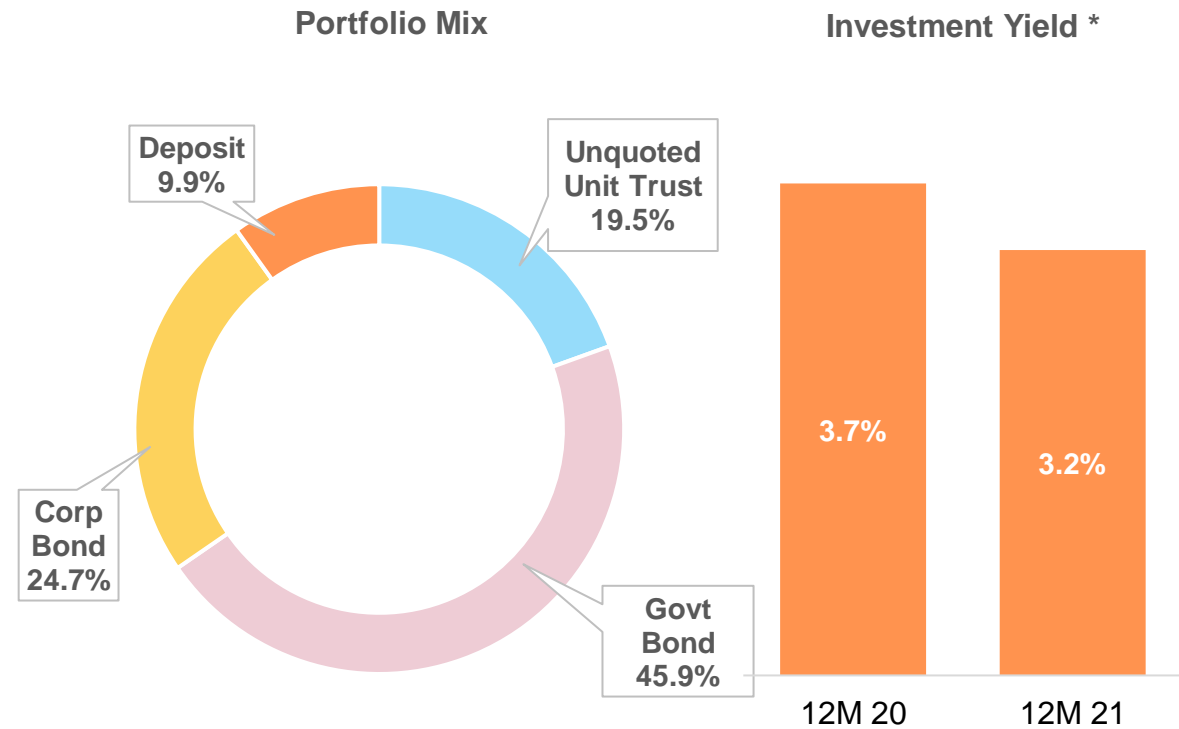


GENERAL BUSINESS: LOWER GROWTH IN INVESTMENT INCOME

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



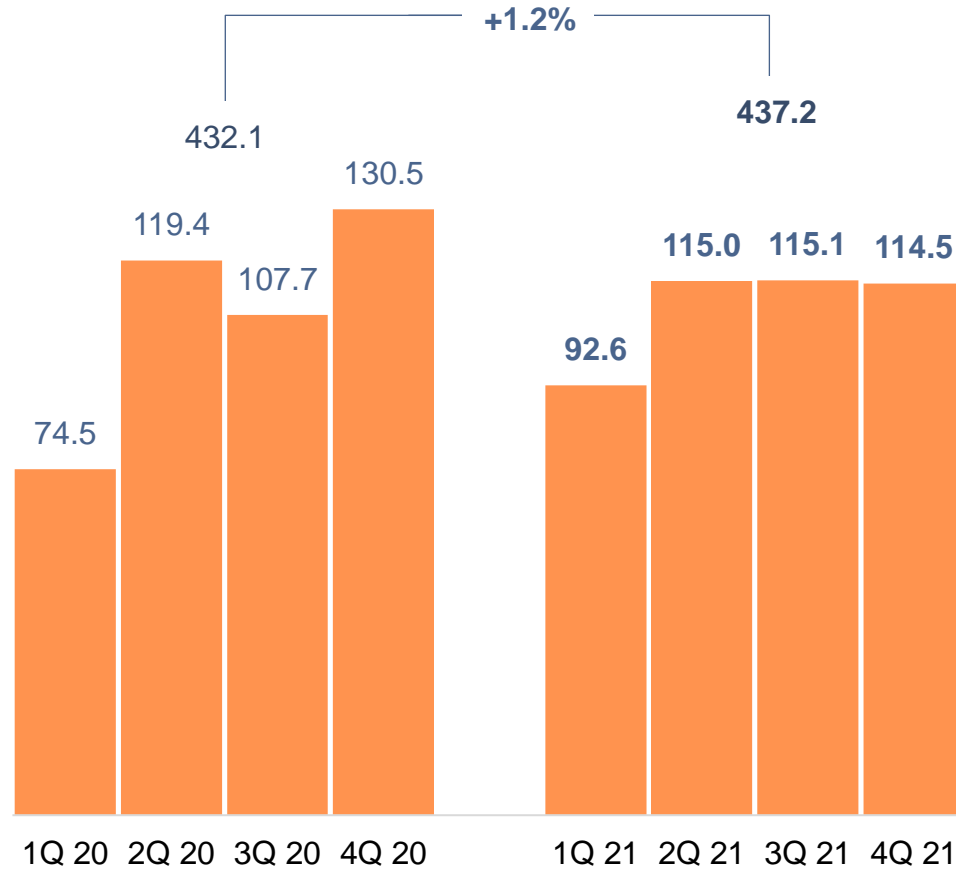
Portfolio Mix and Investment Yield (Annualized)



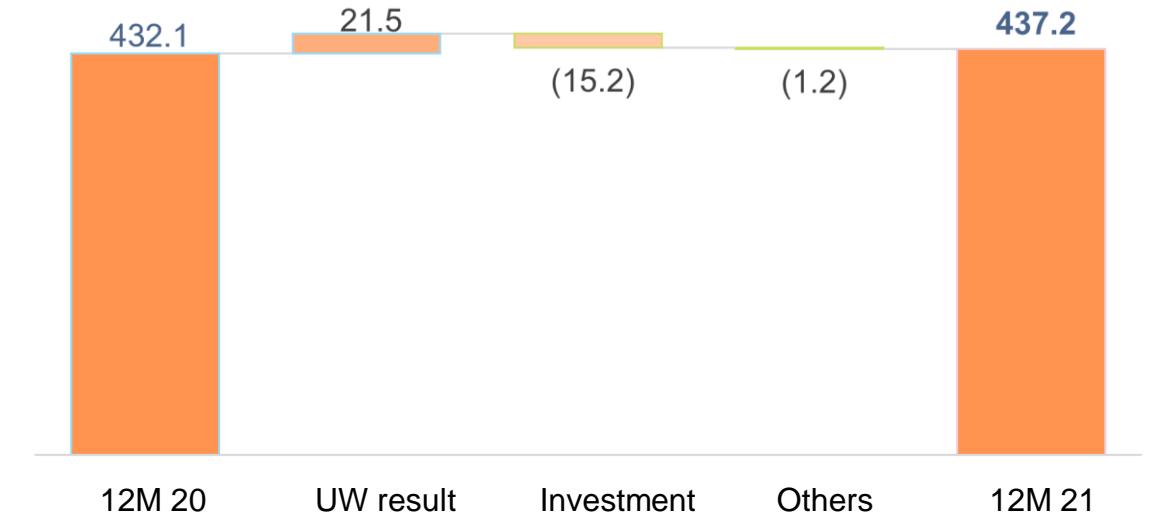
* Investment yield is excluding fair value gains/losses

GENERAL BUSINESS: HIGHER PROFIT BEFORE TAX FROM HIGHER UNDERWRITING PROFIT

Profit Before Tax (RM'mil)



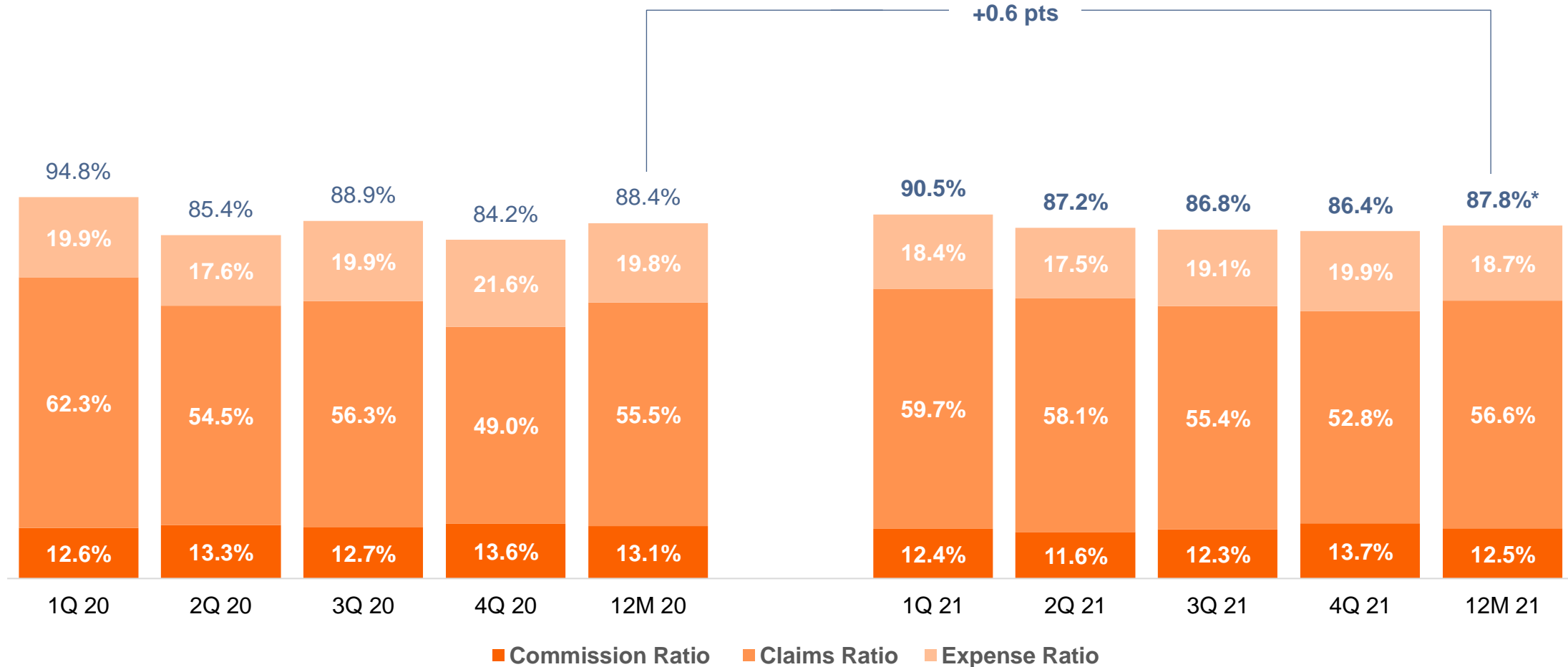
PBT Drivers (RM'mil)



12M 2020	235.6	197.0	(0.5)	432.1
12M 2021	257.1	181.1	(1.7)	437.2
Change	21.5	(15.2)	(1.2)	5.1

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

Combined Ratio



* Combined ratio is calculated at company level

GENERAL BUSINESS: AUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	12M 2020	12M 2021	△21/20 %
Gross written premiums	2,356.1	2,430.6	3.2%
Gross earned premiums	2,284.1	2,412.1	5.6%
Net earned premiums	2,027.2	2,124.1	4.8%
Net change in claims incurred	(1,124.6)	(1,201.9)	(6.9%)
Management expenses	(402.0)	(400.6)	0.3%
Net fee and commission expenses	(265.0)	(264.5)	0.2%
Underwriting result	235.6	257.1	9.1%
Net investment results	197.0	181.8	(7.7%)
Net other operating expenses	(0.5)	(1.7)	(>100%)
Profit before tax (after consolidation adjustment)	432.1	437.2	1.2%
Commission ratio	13.1%	12.5%	0.6 pts
Claims ratio	55.5%	56.6%	(1.1 pts)
Expense ratio	19.8%	18.7%	1.1 pts
Combined ratio*	88.4%	87.8%	0.6 pts

* Combined ratio is calculated at company level

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

KPIs	AGIC 12M 2021	Industry ¹ 12M 2021	Takaful ¹ 12M 2021
GWP growth	3.2%	2.7%	10.6%
Commission ratio	12.5%	10.0%	8.4%
Claims ratio			
• Overall	56.6%	49.9%	51.3%
• Motor	53.0%	55.6%	60.1%
Expense ratio	18.7%	24.6%	31.2%
Combined ratio	87.8%	84.4%	90.9%

Market Share (12M 2021) ²

13.3%

Market Ranking (9M 2021) ³

No. 1

Notes:

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

03

LIFE

BUSINESS



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

- Gross written premiums grew by 10.5% from all key distribution channels.

Market Growth

- ANP increased by 32.9% in part due to lower volume in 2020 and out pacing industry growth of 13.1%.¹
- Market share 12M 2021 increased to 9.0% (12M 2020: 7.7%).

Distribution

- Agency ANP increased by 27.8% while Bancassurance increased by 41.4%.
- 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 65.5% and 21.0% respectively.

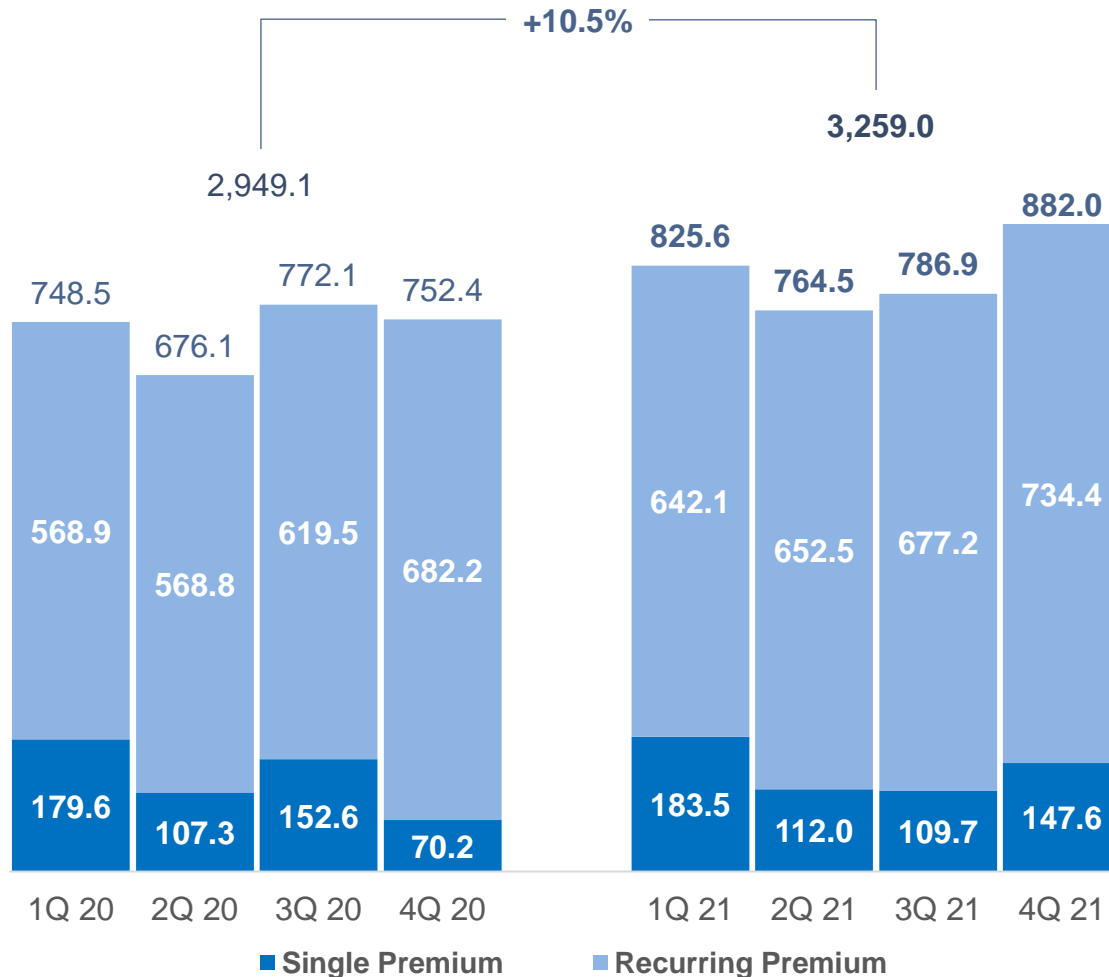
Profitability

- Profit before tax of RM220.5 million (12M 2020: RM308.7 million) due to higher claims provision and higher fair value losses on investments arising from higher interest rate.
- The core profit was RM267.4 million, a marginal decline of 1.0% from preceding period on a comparable basis.
- New business value was RM275.2 million, increased by 15.1% driven by higher sales volume and higher margins.

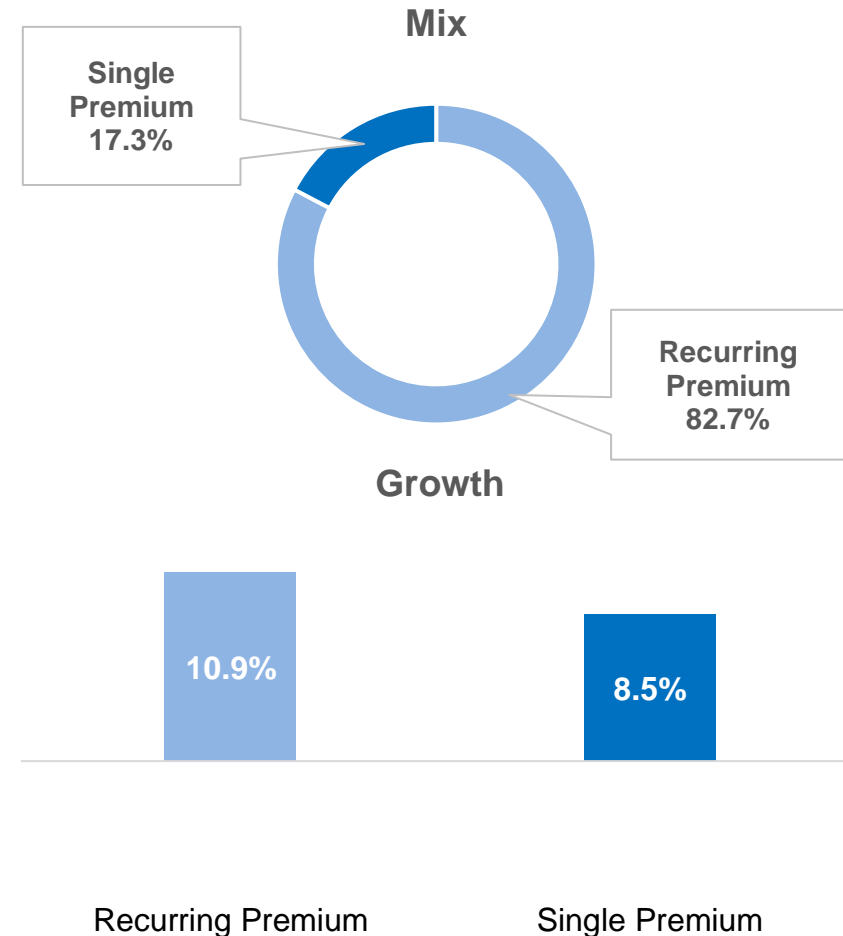
Note1: Market share based on statistics from LIAM.

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

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

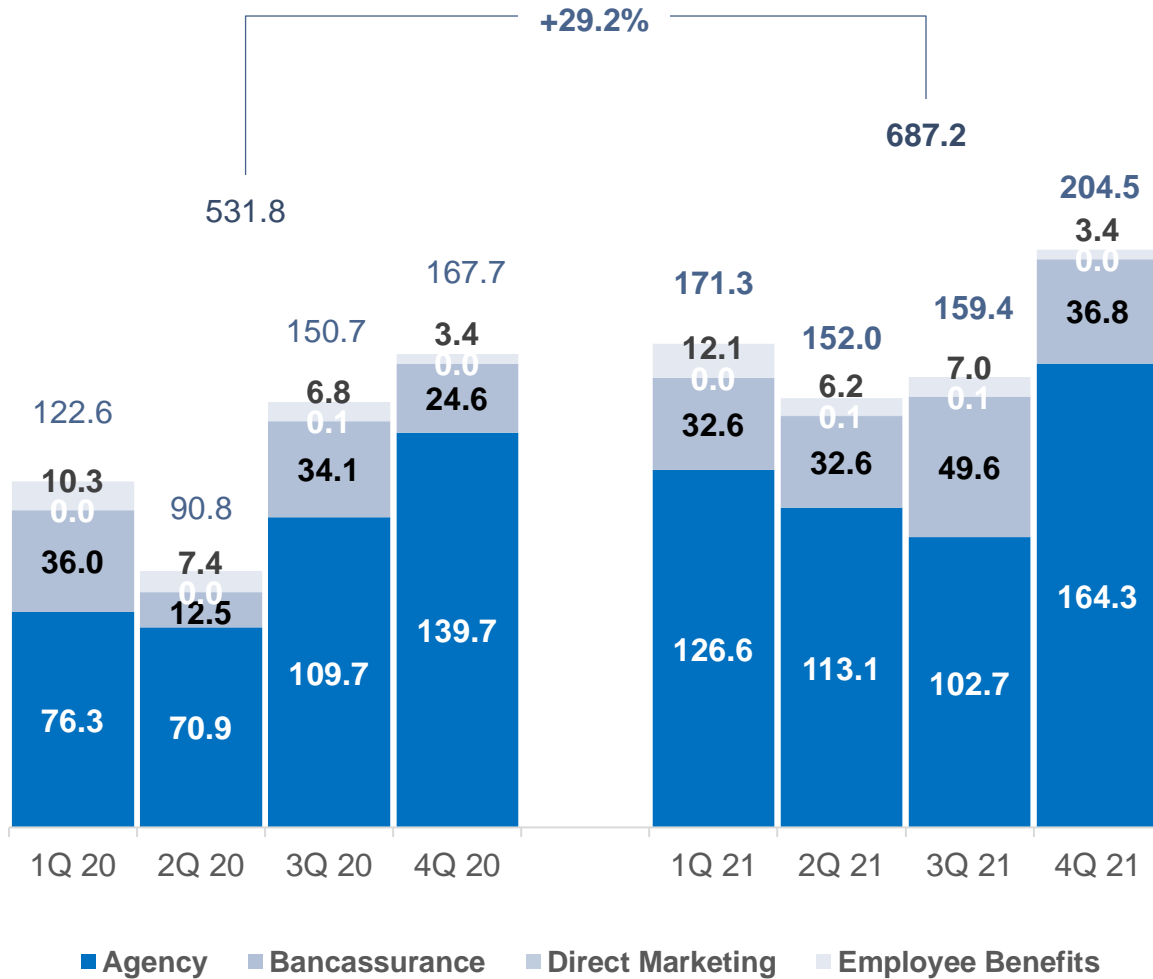


GWP Mix & Growth (%) (12M 2021)

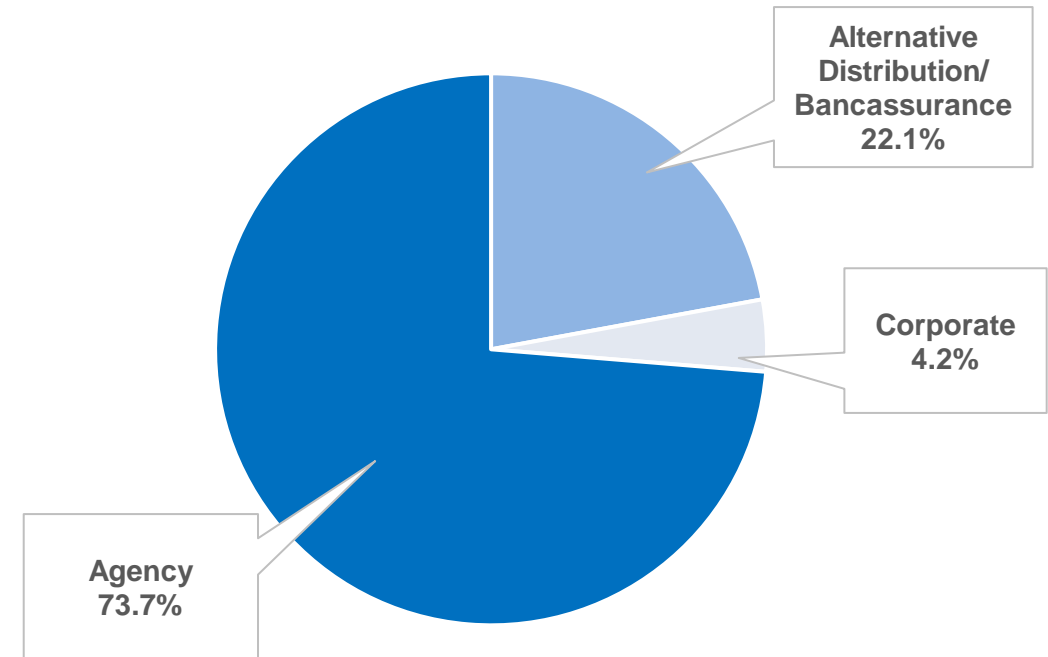


LIFE BUSINESS: GROWTH IN ANP DRIVEN BY ALL KEY DISTRIBUTION CHANNELS

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

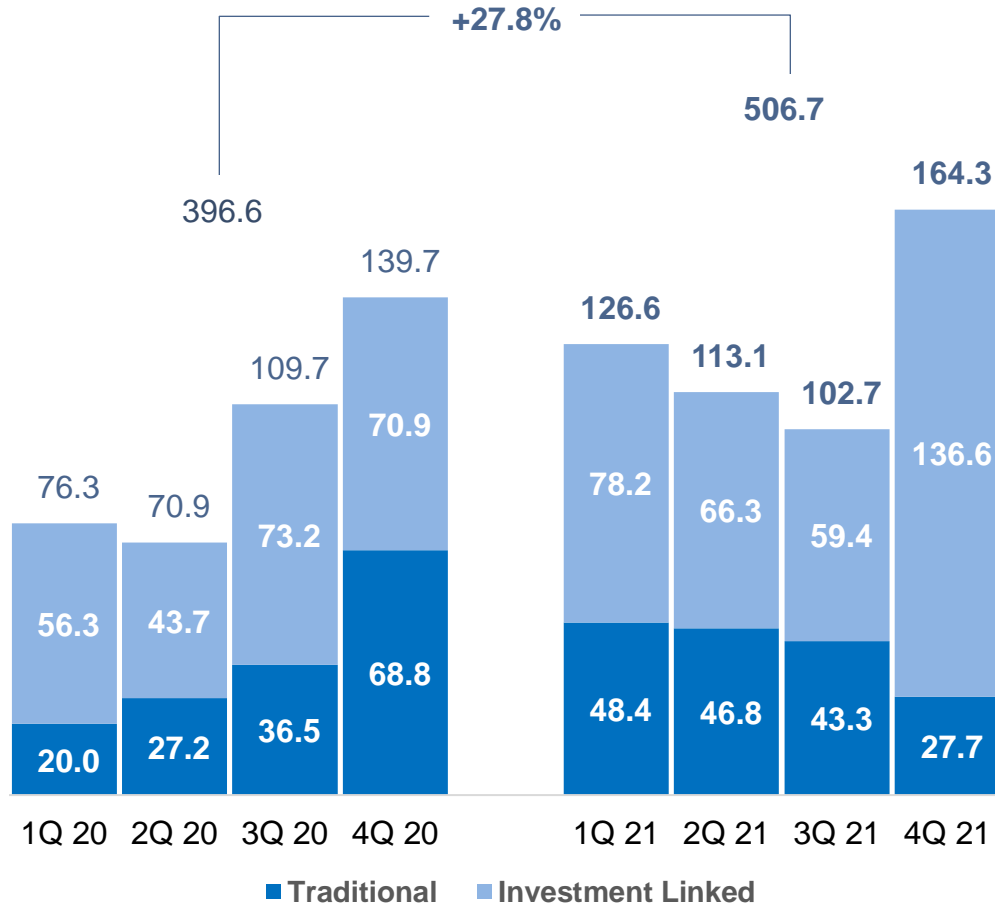


ANP Channel Mix (%) (12M 2021)

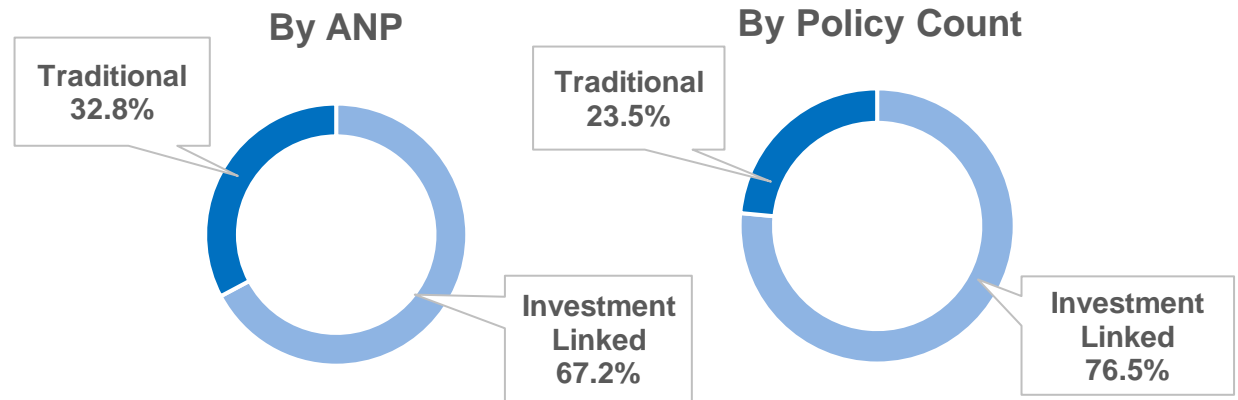


LIFE BUSINESS (AGENCY): STRONG MOMENTUM IN 2021

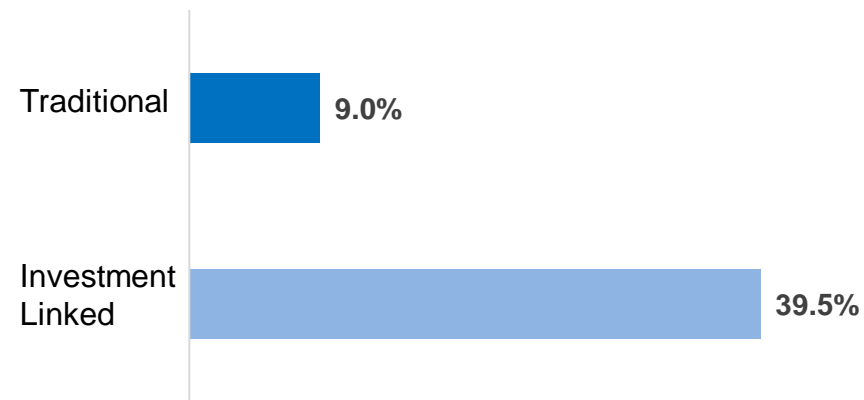
Agency Annualized New Premiums (RM'mil)



Agency Product Mix (%) (12M 2021)

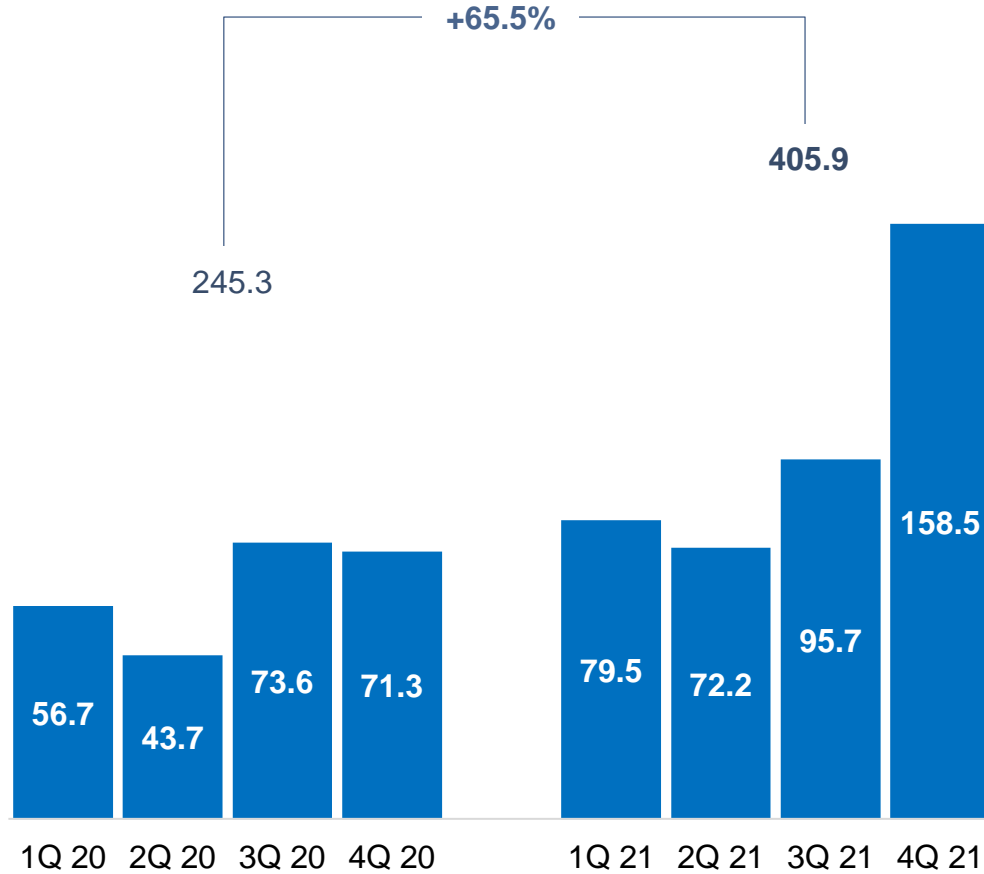


Agency ANP Growth (%) (12M 2021)

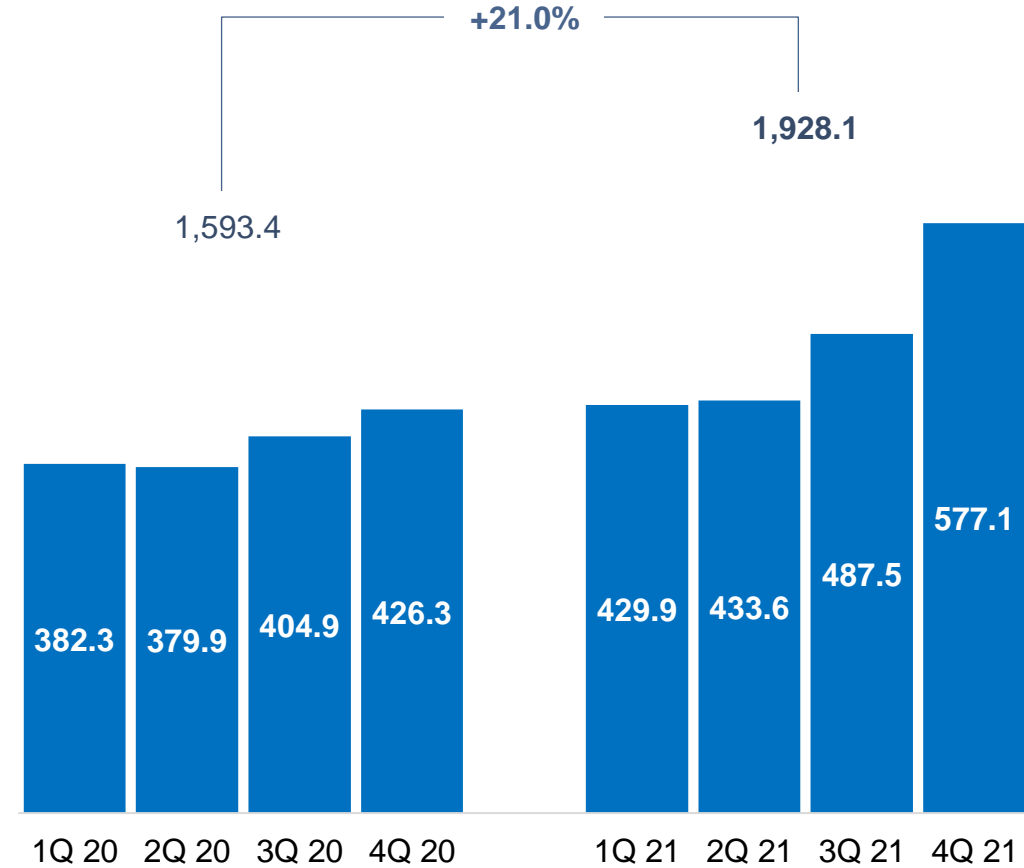


LIFE BUSINESS: PROTECTION BUSINESS (INVESTMENT-LINKED) CONTINUES TO GROW

Annualised New Premiums (RM'mil)

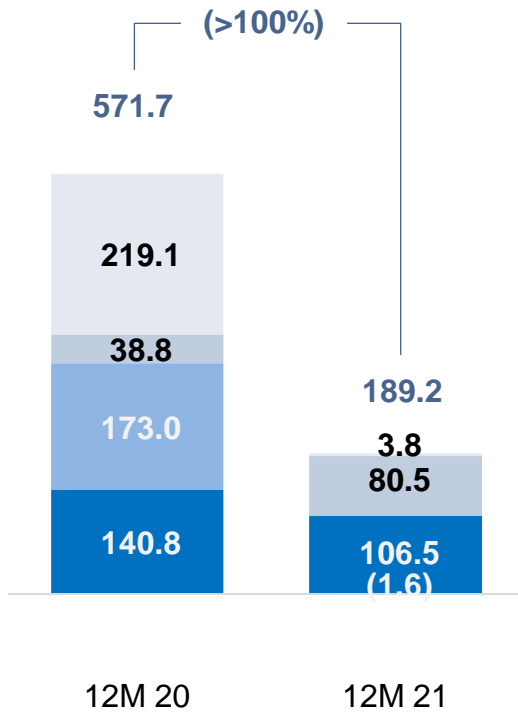


Gross Written Premiums (RM'mil)

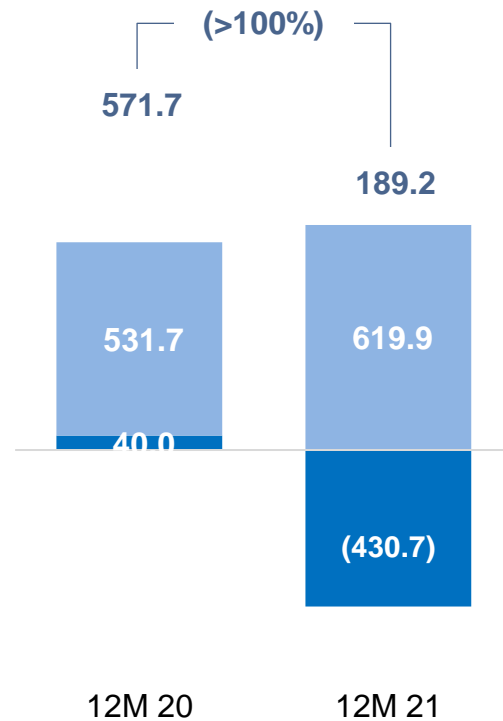


LIFE BUSINESS: INVESTMENT RESULTS IMPACTED BY FAIR VALUE LOSSES AS INTEREST RATE GOES UP

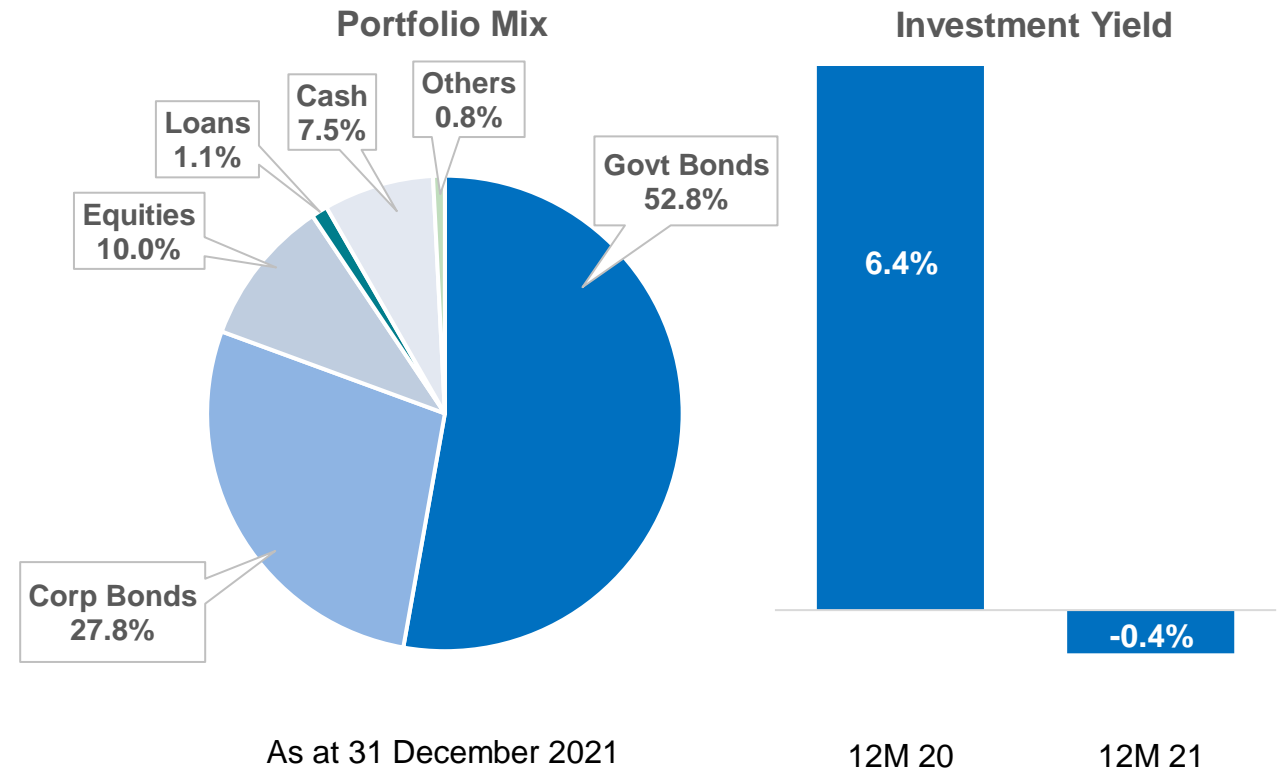
Investment Results by funds (RM'mil)



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: AUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	12M 2020	12M 2021	△21/20 %
Gross written premiums	2,949.1	3,259.0	10.5%
Premiums ceded to reinsurers	(105.6)	(142.3)	(34.8%)
Net earned premiums	2,843.5	3,116.7	9.6%
Net change in benefits and claims paid	(1,235.9)	(1,272.3)	(2.9%)
Net change in contract liabilities	(1,168.5)	(1,074.7)	8.0%
Management expenses	(224.7)	(252.1)	(12.2%)
Net fee and commission expenses	(467.5)	(482.7)	(3.3%)
Fair value gains and losses	40.0	(430.7)	(>100%)
Net investment results	531.7	619.9	16.6%
Net other operating expenses	(9.9)	(3.6)	63.6%
Profit before tax (after consolidation adjustment)	308.7	220.5	(28.6%)
Annualised new premiums	531.8	687.2	29.2%
Expense ratio (LF+SHF)	9.4%	9.9%	(0.5 pts)
Local investment yield (LF+SHF)	6.4%	(0.4%)	(6.8 pts)
Block persistency ratio	88.3%	88.7%	0.4 pts

**THANK YOU
FOR YOUR ATTENTION**

DISCLAIMER

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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.

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