

Allianz Malaysia Berhad
(12428-W)

Financial Results
1Q 2017

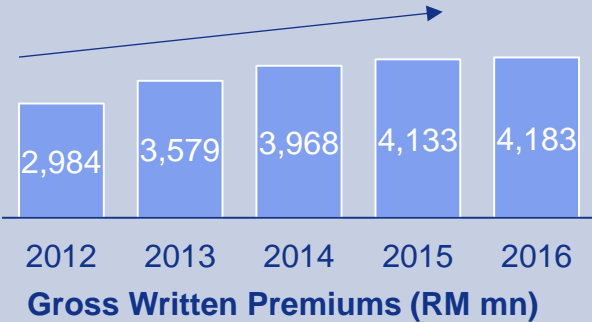
Analyst Briefing
1 June 2017

Allianz - Committed To Growth In Malaysia

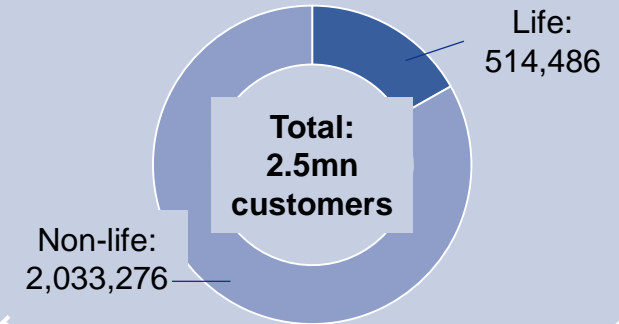


Strong GWP growth despite difficult market sentiments

8.8% CAGR



Protecting Malaysians with a range of insurance solutions

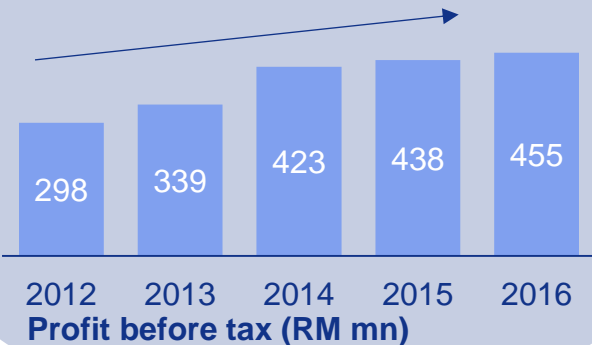


Allianz



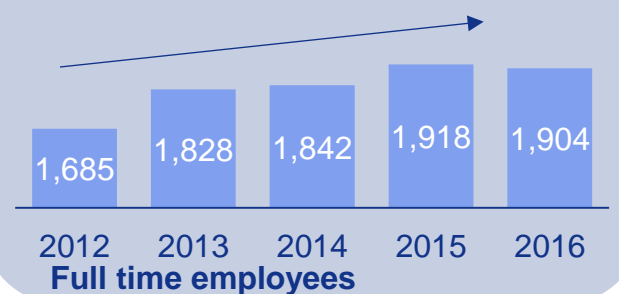
Resilient profit growth

11.2% CAGR

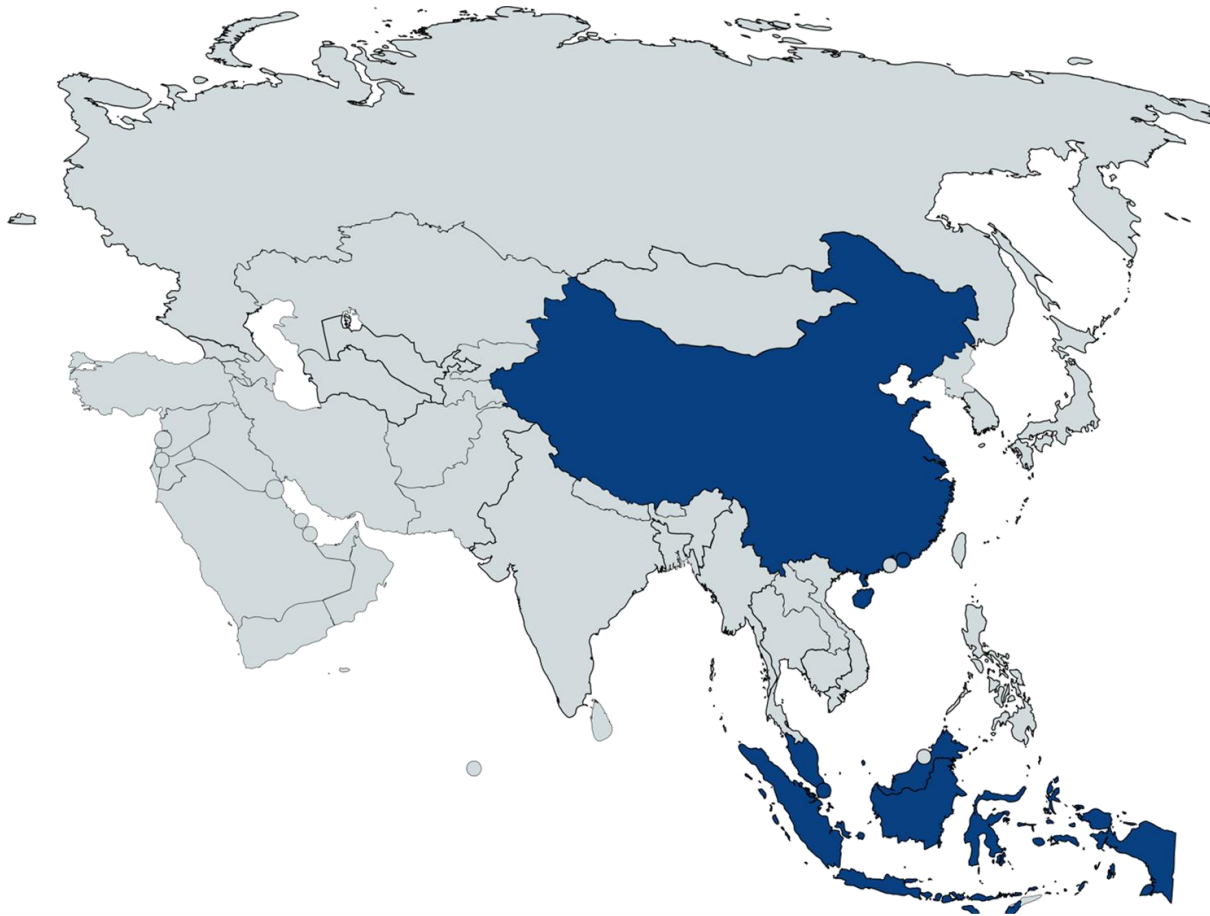


Investing in people, building a skilled workforce

3.1% CAGR



Distribution Partnership with Standard Chartered Bank from 2017 onwards



- **15-Year bancassurance** agreement to distribute general insurance products
- In 5 Key markets - **Malaysia, Hong Kong, Singapore, Indonesia and China**
- Product offerings include **Travel, PA, Fire and Motor Insurance products** to SCB's retail banking clients
- Allianz Malaysia **to also drive implementation efforts** in Singapore and Hong Kong as the leading P&C entity in Allianz Asia Pacific

Establish strong presence in the digital ecosystem

Collaboration with government agencies and fintech communities to drive new acquisition of digital partners and adoption of innovation

1 Allianz x , SUPERCHARGER &

- Malaysian Digital Economy Corporation
- Agency under Ministry of Communications & Multimedia
- Mandated to develop digital economy, ICT industry, and adoption of digital technology
- Fintech focus: Funding, Talent, Market, Regulation, Adoption

Proposed collaboration with MDEC

- Participate as key insurance partner to support MDEC's 3 year plan to develop a leading FinTech hub in South East Asia
- Joint participation with **StanChart Malaysia** as key FinTech partners of MDEC
- Joint meeting with StanChart & MDEC on 17 Mar 2017
- StanChart to revert with decision by end of May

Finnovasia KL 2017 FinTech Conference

- 20-21 Mar 2017
- Leading FinTech event in Asia, in partnership with MDEC

Supercharger Accelerator & FinTech Academy

- July-Dec 2017
- Endorsed and partially funded by MDEC

FinTech Space

- Sept 2017 onwards
- Dedicated space in KL for FinTech startups, activities
- MDEC's platform for investors, regulators

Digital Free Trade Zone

- Details in Apr 2017
- Jointly by MDEC & Alibaba
- Incentives for e-Commerce companies

2 Allianz x

- Malaysian Global Innovation & Creativity Centre
- Agency under Ministry of Finance
- Mandated to build a strong entrepreneurship ecosystem
- >200 startups graduated: Grab, KFIT, Katsana

Proposed collaboration with MaGIC

- Participate as key insurance partner to support various programmes, events and activities
- Access to database of startups
- First meeting with MaGIC on 22 Mar 2017. Draft MoU being reviewed, target to sign by end of May

3 Allianz x

- Next Money KL, a local chapter of global fintech community
- Network of >1,300 members: startups, investors, FIs
- Organized 33 fintech events since Nov 2015

Proposed collaboration with Next Money KL

- Participate in Next Money KL events (talk, workshop, networking activities) as speaker / sponsor
- Promote Allianz and insurance for startups
- First meeting with founders on 23 Jan 2017

Malaysia as the Allianz Regional Centre of Competence

- Established / establishing
- Planned

General Centre of Competence

- Leading General Operating Entity within the Asia Pacific Region
- Point of reference for General technical and operational related matters

Actuarial Centre of Competence

- Set-up Life actuarial liability and asset modelling centre to strengthen regional modelling capabilities
- Planned expansion to include General Actuarial

Regional Digital Hub

- Set-up as an extension of Allianz Asia Pacific Digital Lab in Singapore
- Establish presence in the digital ecosystem with various partners around Fintech topics

P&C Regional Banca Roll-out

- Leading the regional bancassurance deal with Standard Chartered

Life Underwriting Centre of Competence

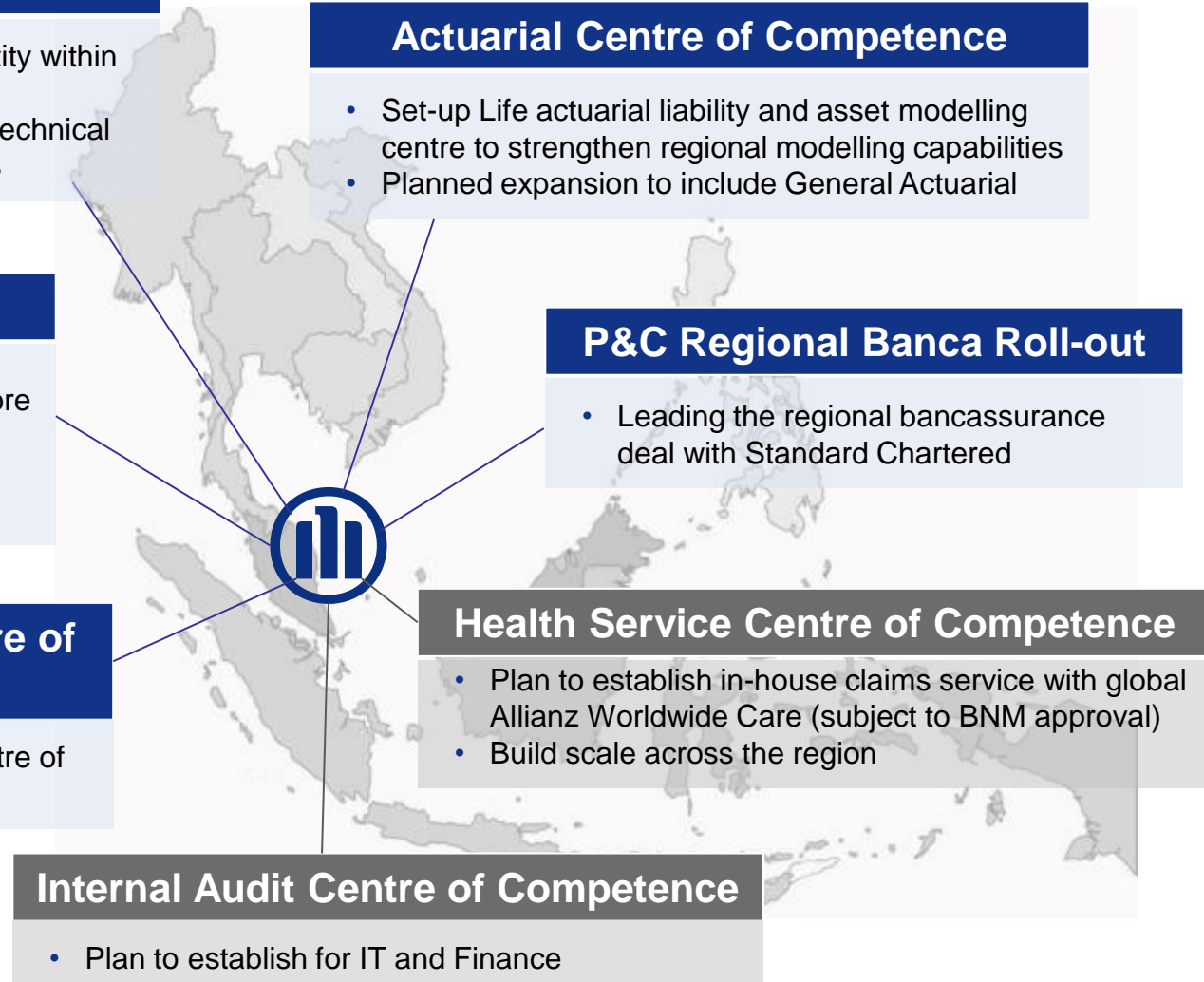
- Regional Life underwriting centre of expertise

Health Service Centre of Competence

- Plan to establish in-house claims service with global Allianz Worldwide Care (subject to BNM approval)
- Build scale across the region

Internal Audit Centre of Competence

- Plan to establish for IT and Finance





1

AMB Group Results

Good start in 2017 despite the challenging operating environment



Operating revenue

- Group operating revenue of RM1.21 billion, an increase of 3.6% as compared to corresponding period of RM1.17 billion due to higher gross earned premiums and investment income by RM28.5 million and RM13.1 million respectively.
- General business recorded an operating revenue of RM565.3 million, an increase of 0.3% compared to corresponding period of RM563.7 million.
- Life business recorded an operating revenue of RM640.2 million, an increase of 6.6% compared to corresponding period of RM600.3 million.

Profitability

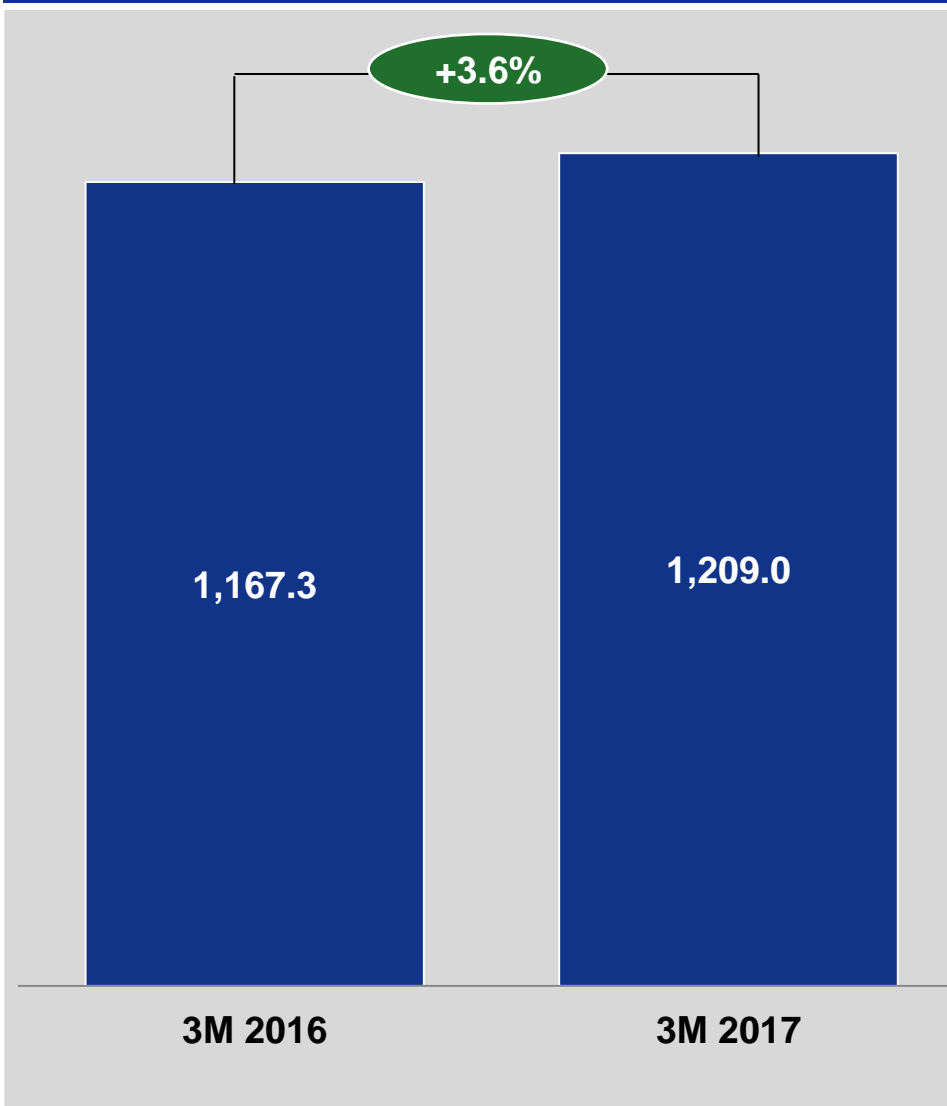
- Group profit before tax of RM108.7 million decreased by 5.5% compared to corresponding period of RM115.0 million.
- General business contributed a profit before tax of RM73.5 million (3M 2016: RM90.0 million).
- Life insurance operations recorded a profit before tax of RM36.3 million (3M 2016: RM25.9 million).

Basic earnings per ordinary share

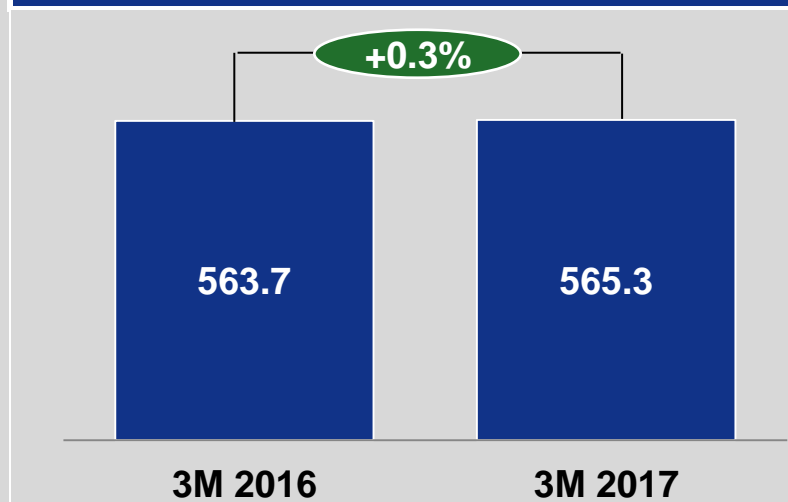
- Basic earnings per ordinary share (before dilution) at 38.67 sen (3M 2016: 43.22 sen).
- Basic earnings per ordinary share (after dilution) at 19.40 sen (3M 2016: 21.14 sen).

Financial Highlights 3M 2017

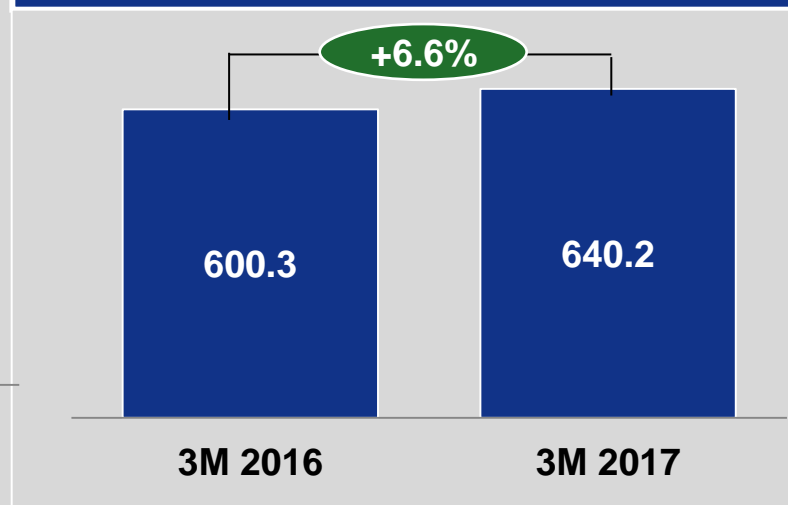
Group Operating Revenue (RM'mil)



General Business (RM'mil)

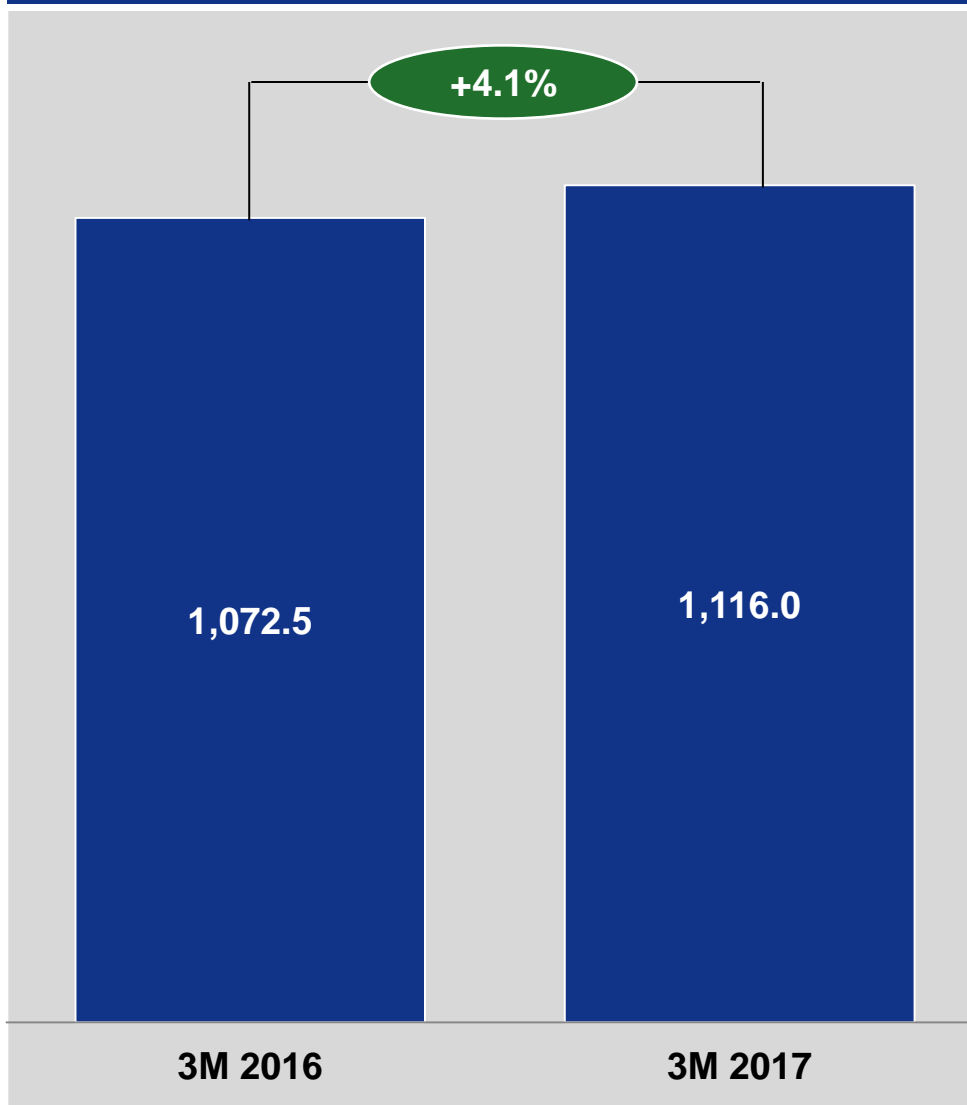


Life Business (RM'mil)

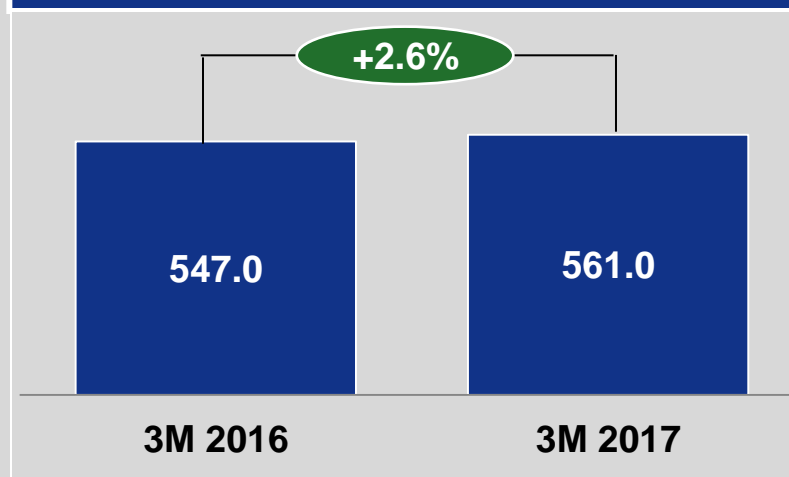


Financial Highlights 3M 2017

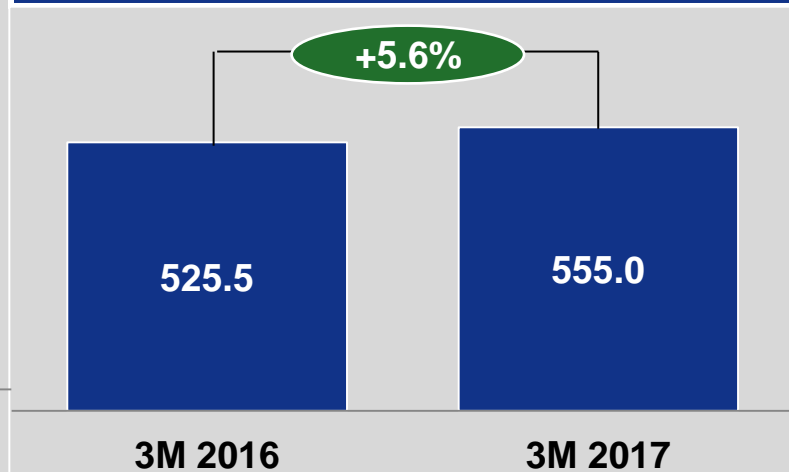
Group Gross Written Premiums (“GWP”) (RM’mil)



General Business (RM'mil)

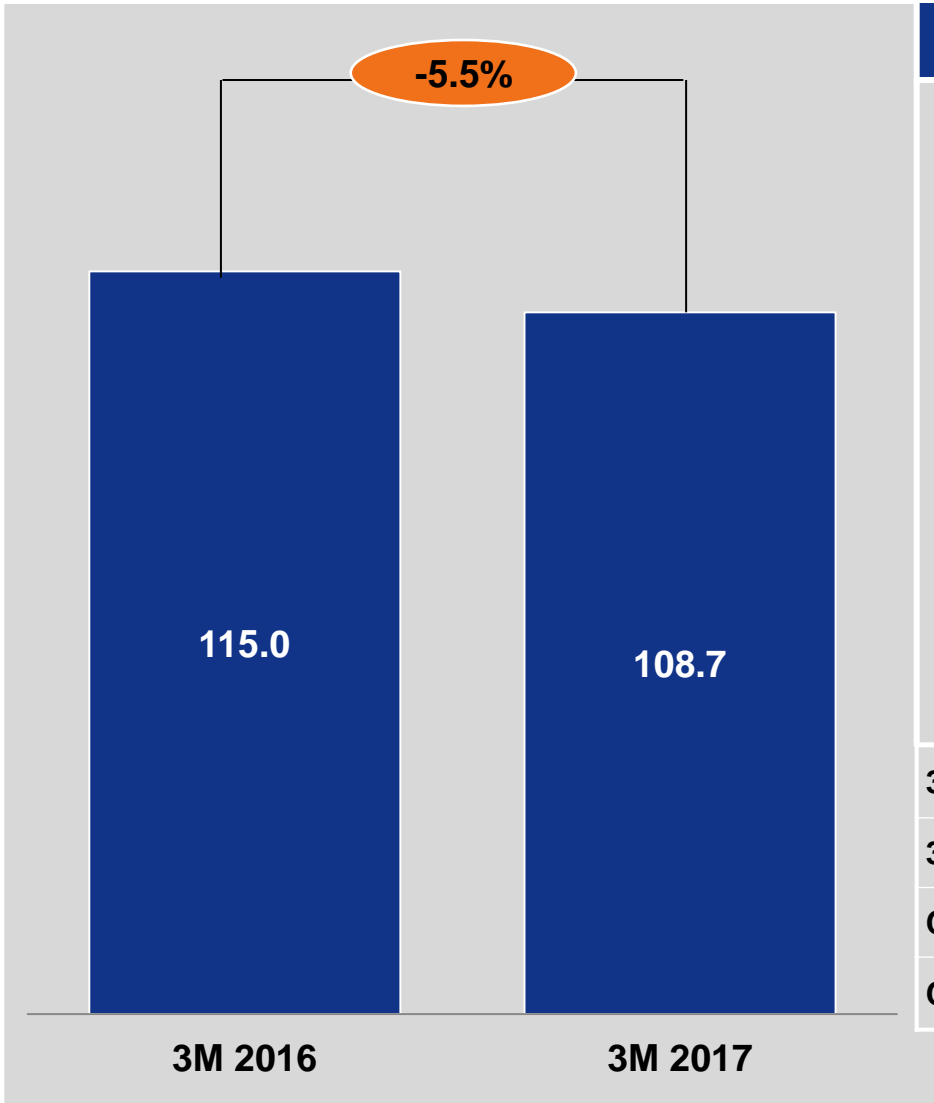


Life Business (RM'mil)

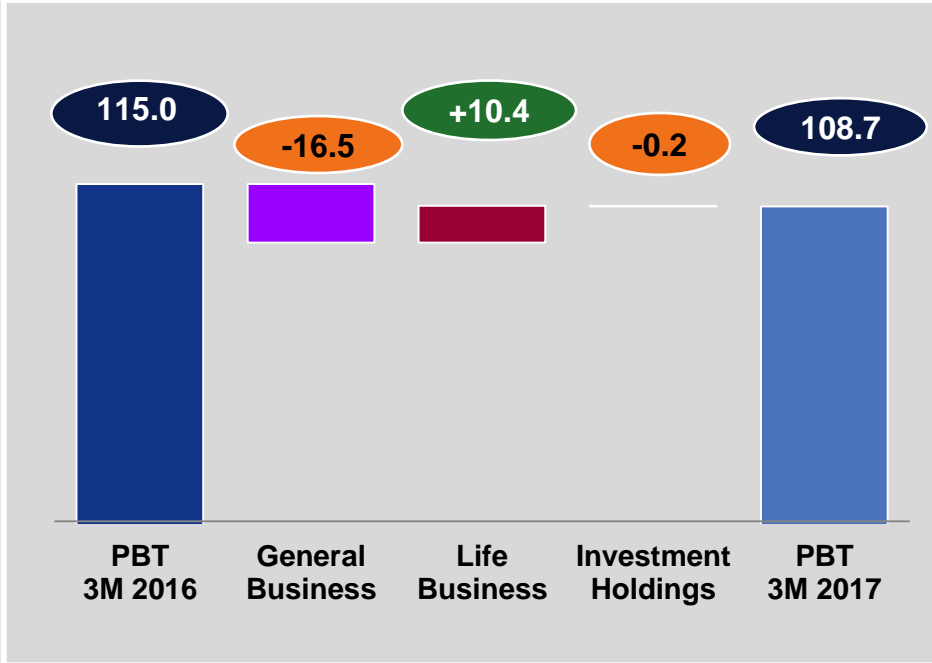


Financial Highlights 3M 2017

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



	General Business	Life Business	Investment Holdings	PBT
3M 2016	90.0	25.9	(0.9)	115.0
3M 2017	73.5	36.3	(1.1)	108.7
Change	(16.5)	10.4	(0.2)	(6.3)
Change (%)	(18.3%)	40.2%	(22.2%)	(5.5%)

Financial Overview

RM'mil	2014	2015	2016	3 YEAR CAGR	3M 2016	3M 2017
Gross Written Premiums	3,968.2	4,132.7	4,182.6	5.3%	1,072.5	1,116.0
Management Expenses	436.0	464.8	513.2	8.7%	113.3	148.1
Expense Ratio (Non Life)	17.3%	16.9%	17.4%	0.5 pts	15.3%	20.3%
Expense Ratio (Life) ¹	10.3%	9.9%	11.3%	(0.7) pts	10.4%	12.3%
Local Consolidated PBT	423.5	438.2	454.6	10.3%	115.0	108.7
Total Assets	12,176.1	13,617.4	14,912.4	11.5%	14,121.0	15,380.4
Shareholders' Equity	2,289.8	2,621.3	2,879.5	12.5%	2,710.6	2,951.0
Basic earnings per ordinary share (sen)	178.49	183.08	182.27	6.9%	43.22	38.67
Diluted earnings per ordinary share (sen)	85.89	89.37	90.80	15.5%	21.14	19.40

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

Summary of unaudited Financial Results

RM'mil	3M 2016	3M 2017	△17/16 %
Operating revenue	1,167.3	1,209.0	3.6%
Gross earned premiums	1,050.7	1,079.2	2.7%
Premiums ceded to reinsurers	(121.9)	(122.4)	(0.4%)
Net earned premiums ("NEP")	928.8	956.8	3.0%
Net change in benefits and claims paid ("Claim")	(431.3)	(471.3)	(9.3%)
Net change in contract liabilities ("Reserve")	(349.5)	(352.5)	(0.9%)
Management expenses ("ME")	(113.3)	(148.1)	(30.7%)
Net fee and commission expense	(140.8)	(151.8)	(7.8%)
Fair value gains and losses	76.4	113.3	48.3%
Net investment results	147.1	163.2	10.9%
Net other operating expenses	(2.4)	(0.9)	62.5%
Profit before tax	115.0	108.7	(5.5%)
Tax expense	(41.8)	(41.5)	0.7%
Profit after tax	73.2	67.2	(8.2%)
ME / NEP ratio	12.2%	15.5%	(3.3 pts)
Claim & Reserve / NEP ratio	84.1%	86.1%	(2.0 pts)



2

General Business

General Business



Gross written premiums

- Gross written premium growth by 2.6% as compared to prior year.

Combined ratio

- Higher combined ratio due to higher expense ratio.

Net investment results

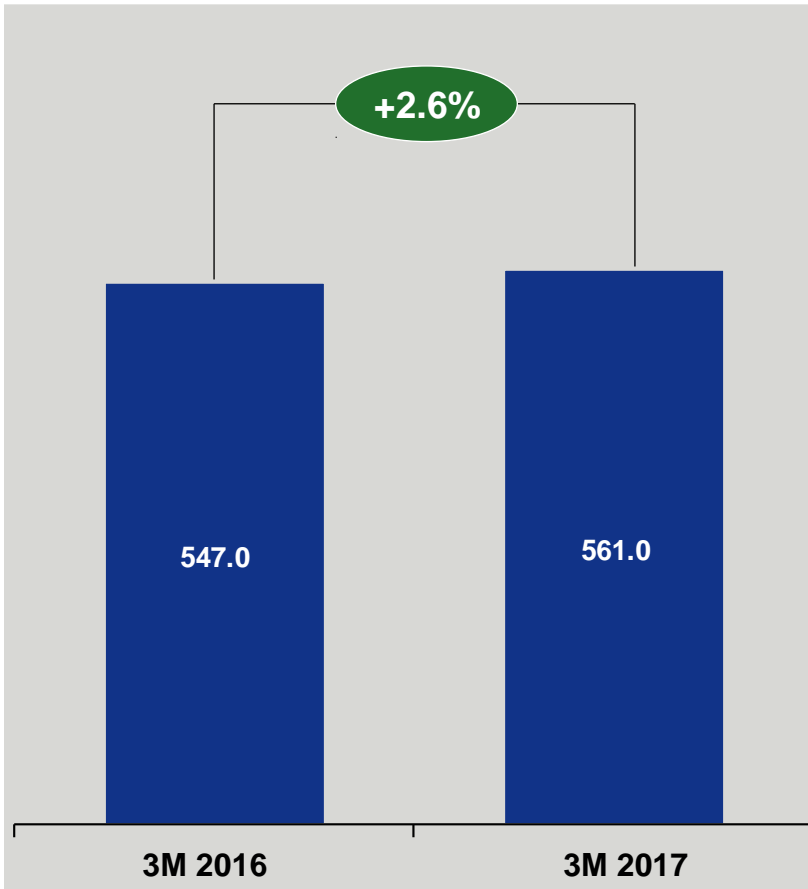
- Stable growth in investment income.

Profitability

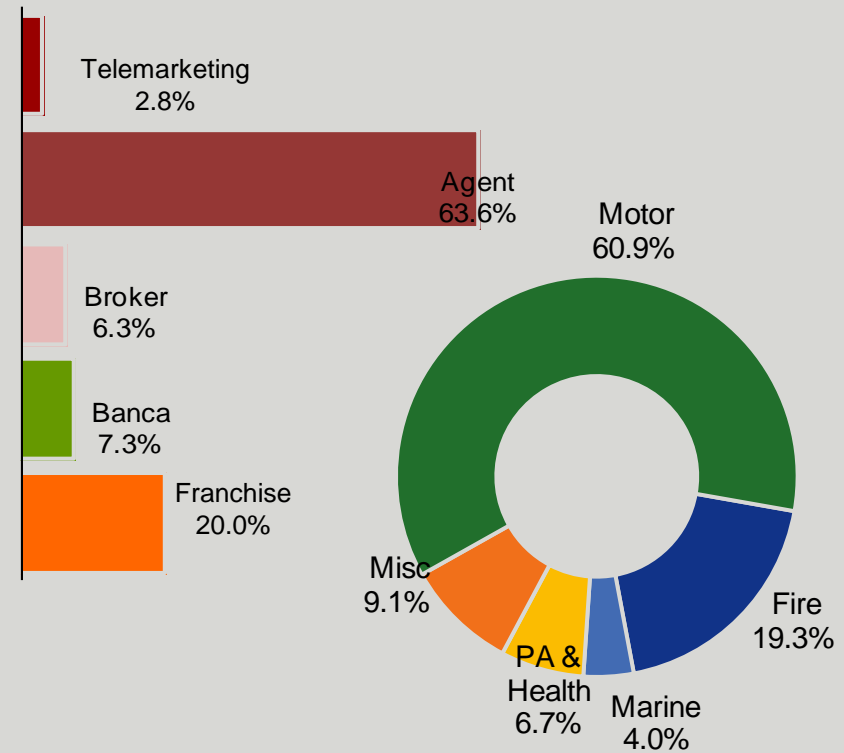
- Lower profit due to lower underwriting profit.

General Business: GWP is 2.6% above prior year

Gross Written Premiums (RM'mil)



Distribution Channel & Portfolio Mix



General Business: Stable growth in investment income

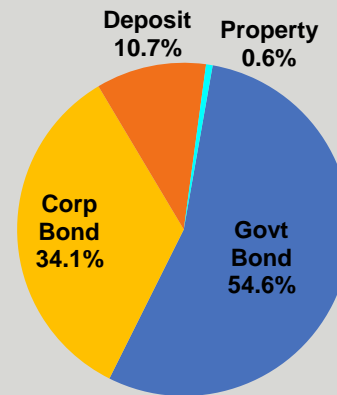
Net Investment Results/Net Operating Expenses (RM'mil)



■ Net Investment Income ■ Net Other Operating Expenses

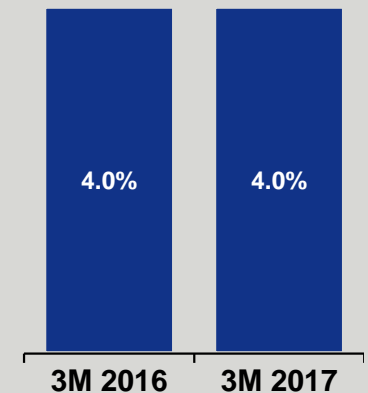
Portfolio Mix and Investment Yield (Annualized)

Portfolio Mix



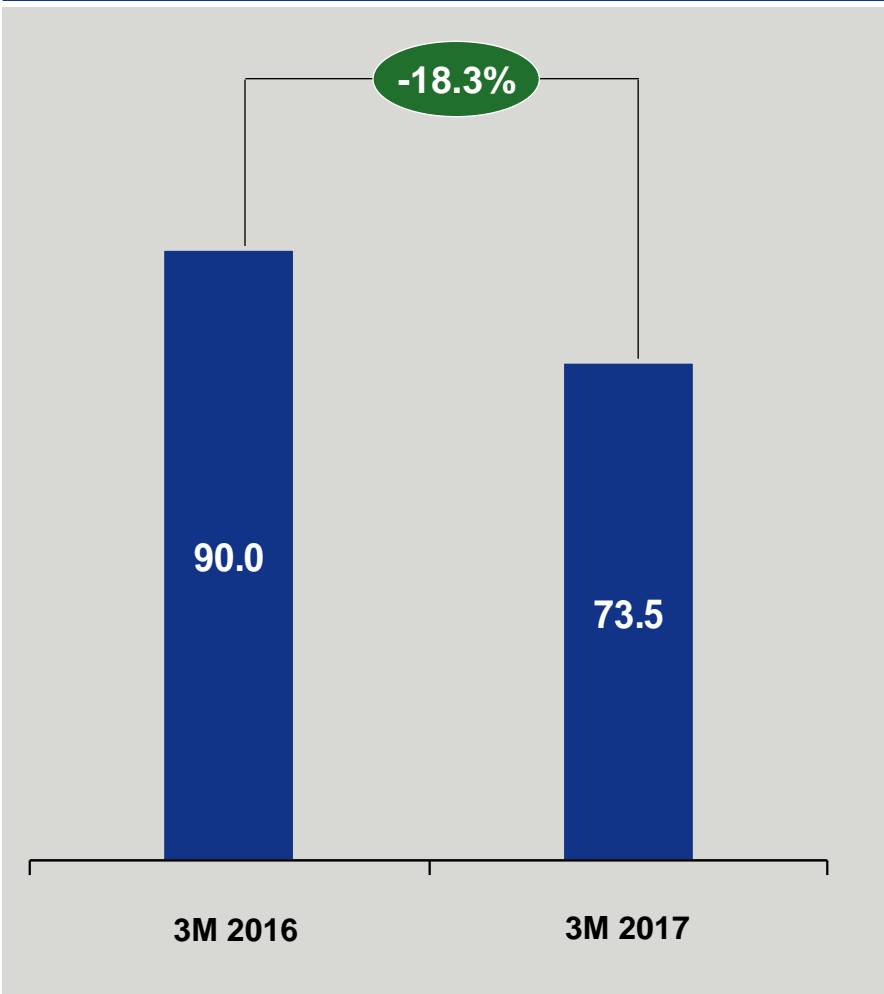
As at 31 March 2017

Investment Yield

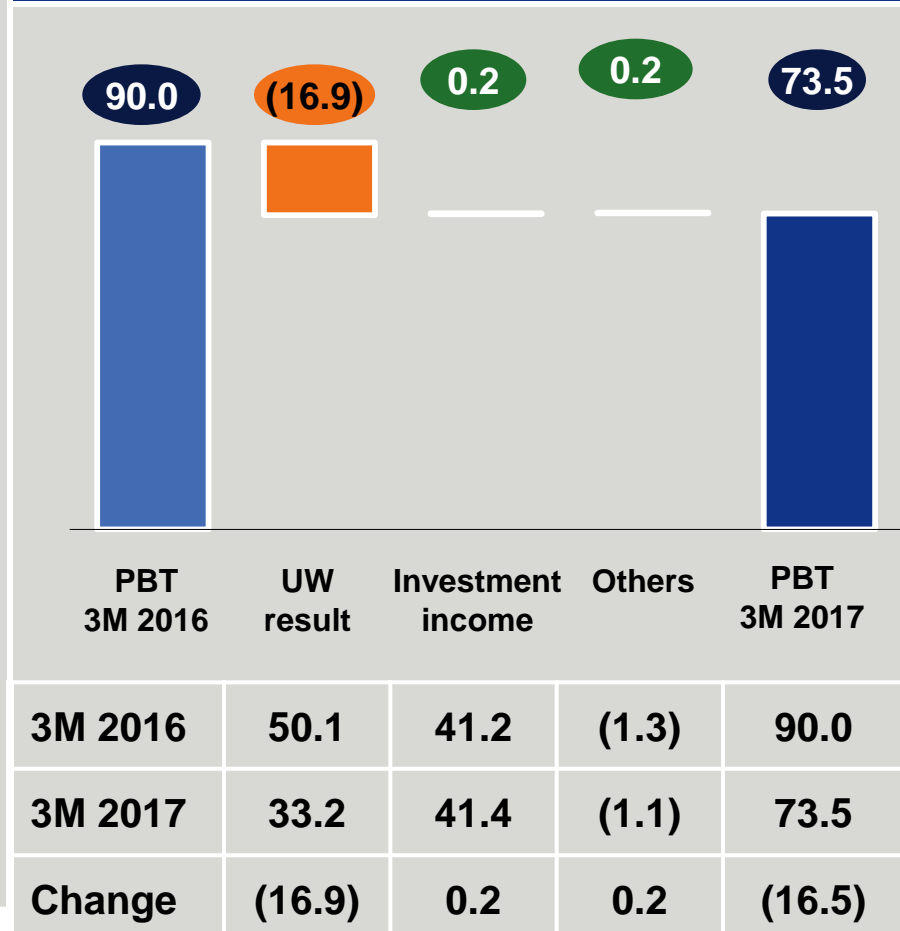


General Business: Lower PBT due to lower underwriting profit

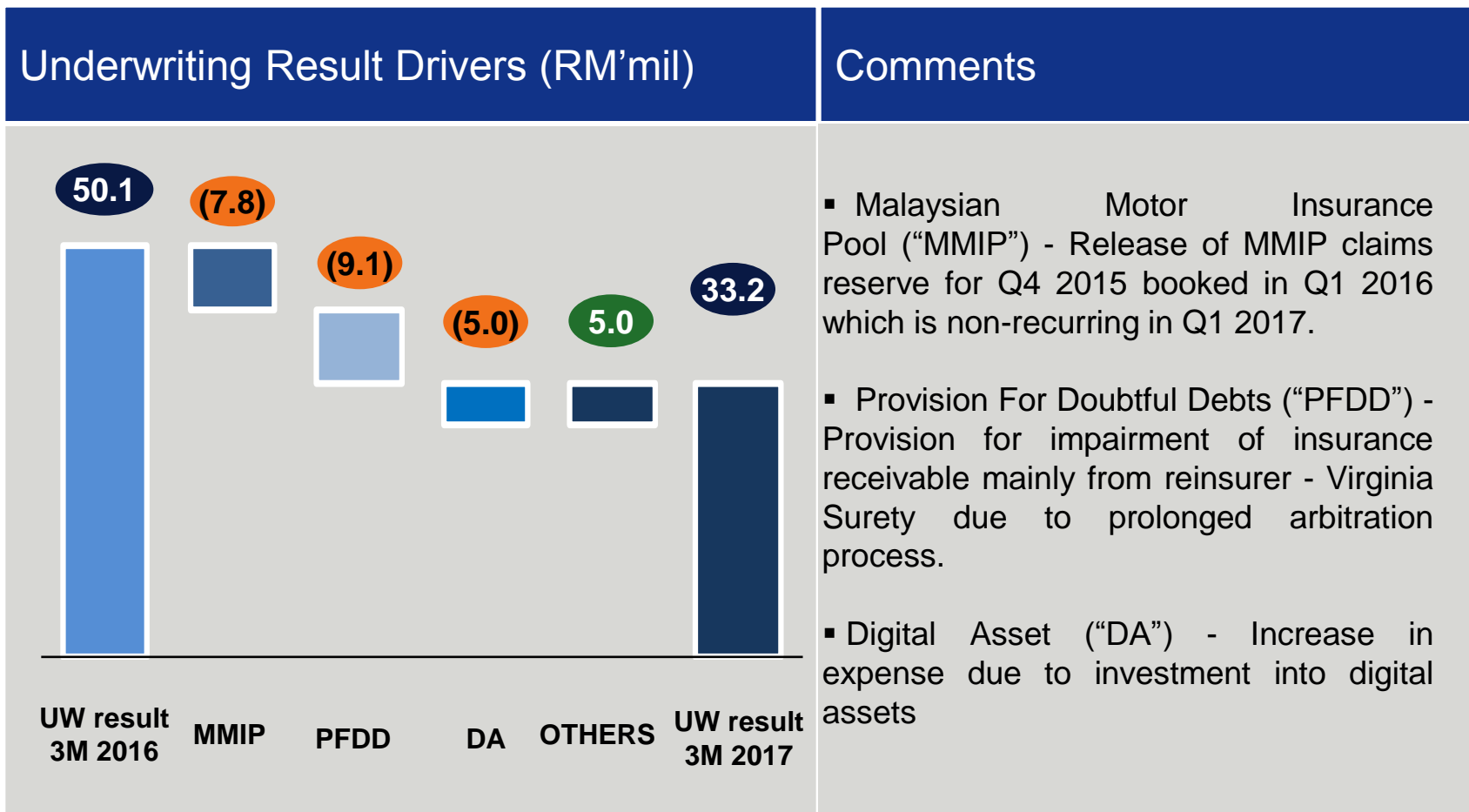
Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)

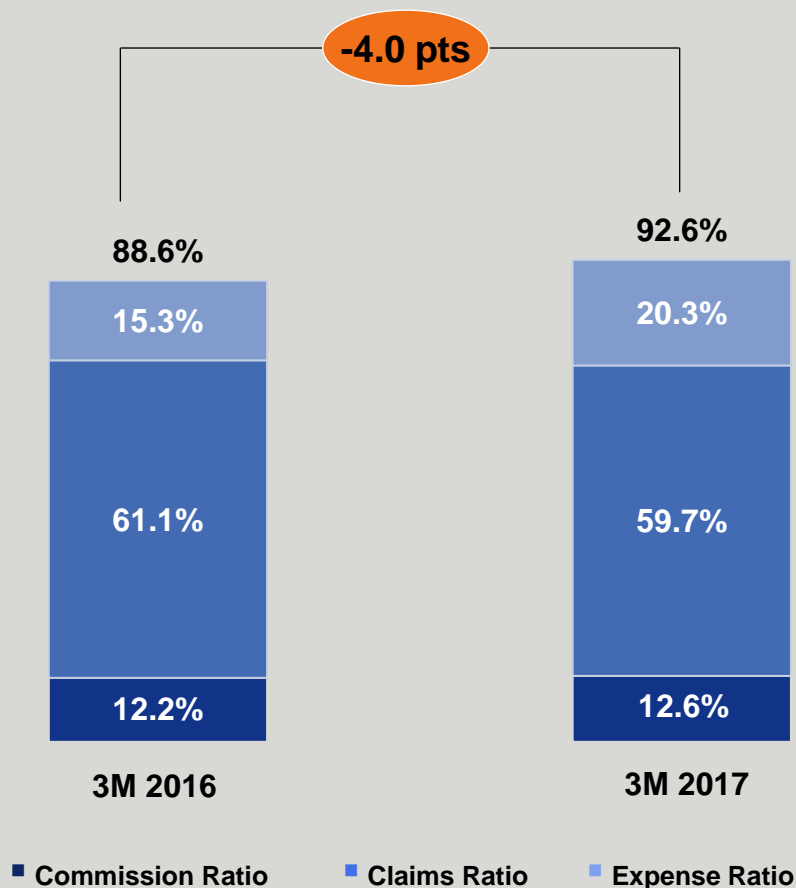


General Business: Lower underwriting profit as compared to prior year



General Business: Higher combined ratio due to higher expense ratio

Combined Ratio



General Business: Unaudited financial results at a glance

RM'mil	3M 2016	3M 2017	△17/16 %
Gross written premiums	547.0	561.0	2.6%
Gross earned premiums	525.2	524.2	(0.2%)
Net earned premiums	438.8	446.5	1.8%
Net change in claims incurred	(267.9)	(266.4)	0.6%
Management expenses	(67.1)	(90.5)	(34.9%)
Net fee and commission expenses	(53.7)	(56.4)	(5.0%)
Underwriting result	50.1	33.2	(33.7%)
Net investment results	41.2	41.4	0.5%
Net other operating expenses	(1.3)	(1.1)	15.4%
Profit before tax (after consolidation adjustment)	90.0	73.5	(18.3%)
Commission ratio	12.2%	12.6%	(0.4 pts)
Claims ratio	61.1%	59.7%	1.4 pts
Expense ratio	15.3%	20.3%	(5.0 pts)
Combined ratio	88.6%	92.6%	(4.0 pts)



3

Life Business

Life Business



Gross written premiums

- Gross written premiums grew by 5.6%.

Distribution

- Remain focus on building professional and productive agency force.
- Bancassurance recorded a growth of 13.3%.

Product mix

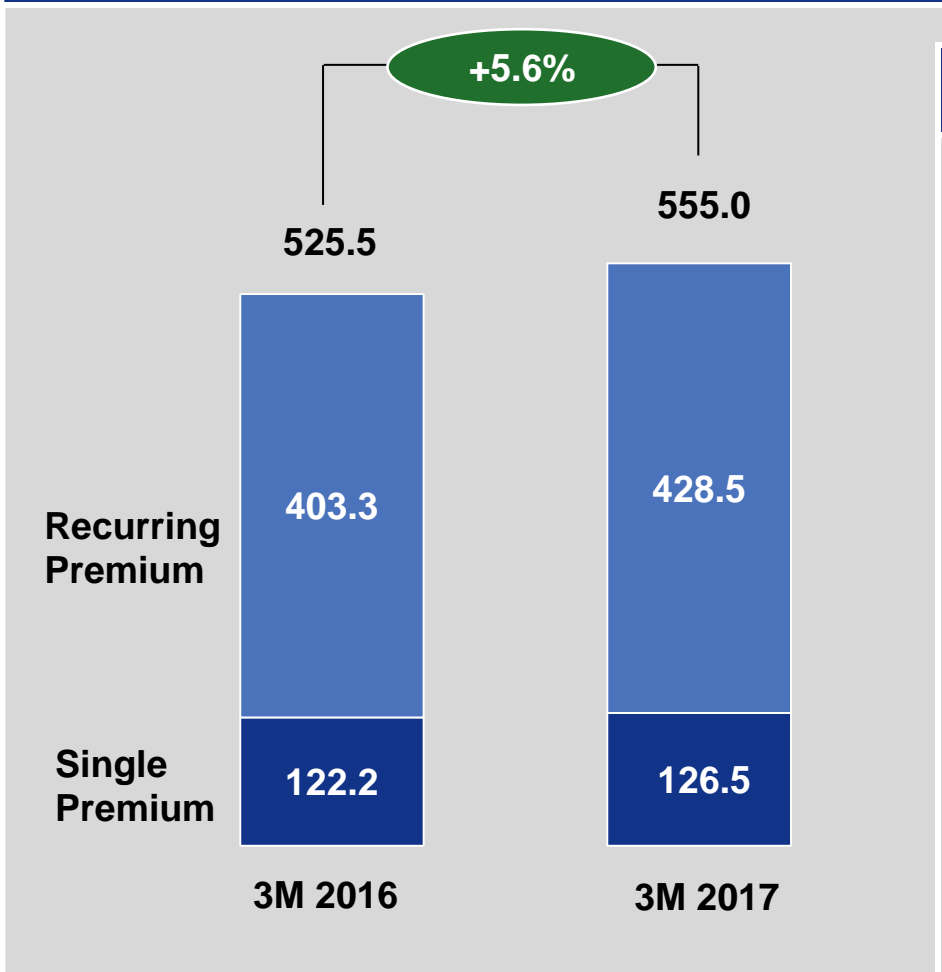
- Focus on sales of investment-linked products with protection rider which provide higher margins.
- Investment-Linked ANP and GWP grew by 24.8% and 17.6% respectively.
- 76.8% of Agency new business derived from Investment-Linked business.

Profitability

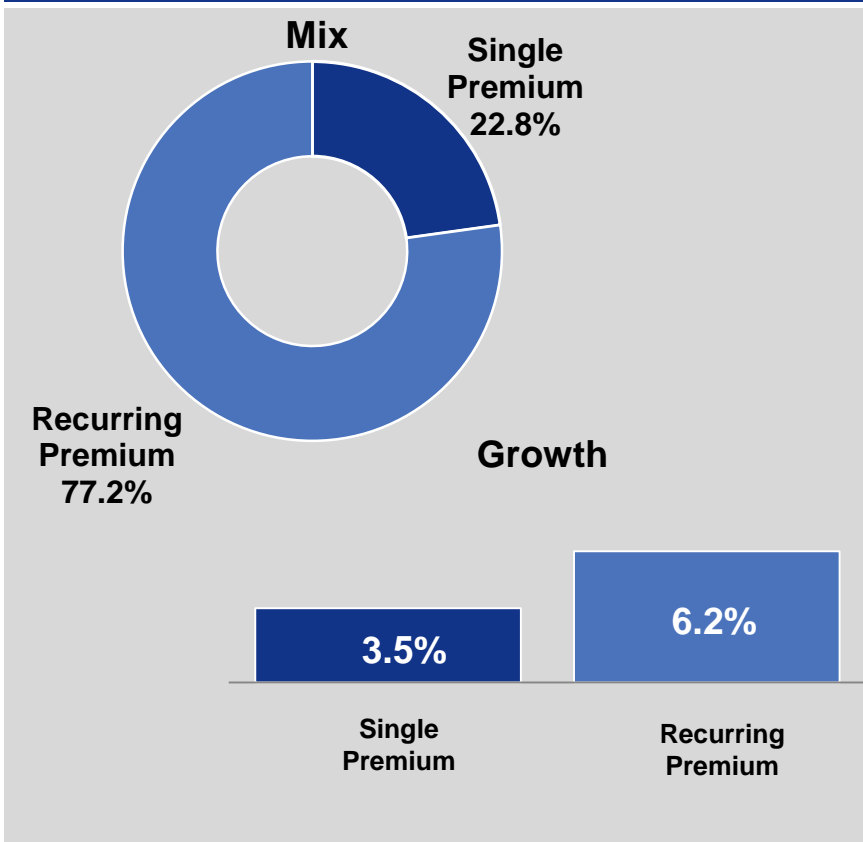
- Profit before tax increased by 40.2% mainly due to higher contribution from protection business.
- New business value after overrun increase by 21.7%.

Life Business: Growth in GWP from all key distribution channels

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

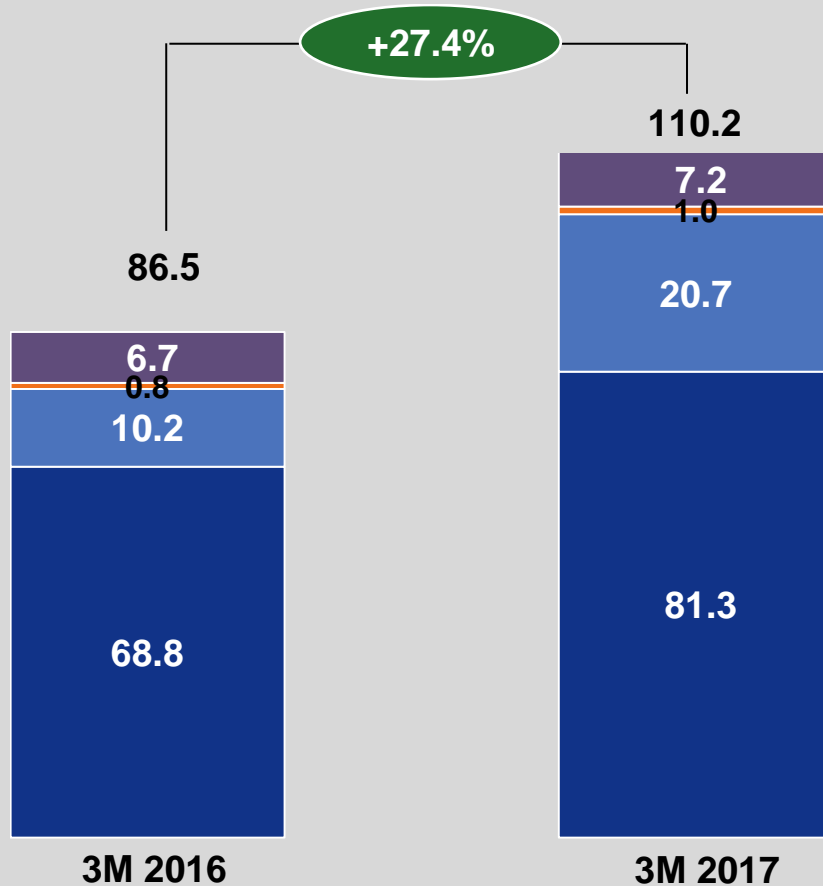


GWP Mix & Growth (%) (3M 2017)

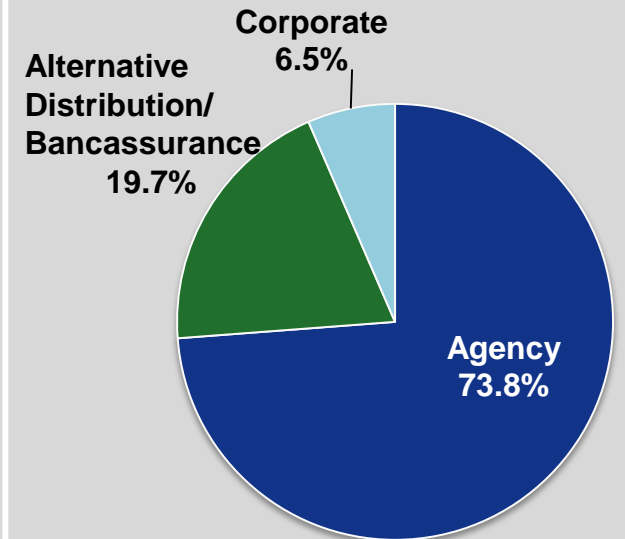


Life Business: New business sales outperform market

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



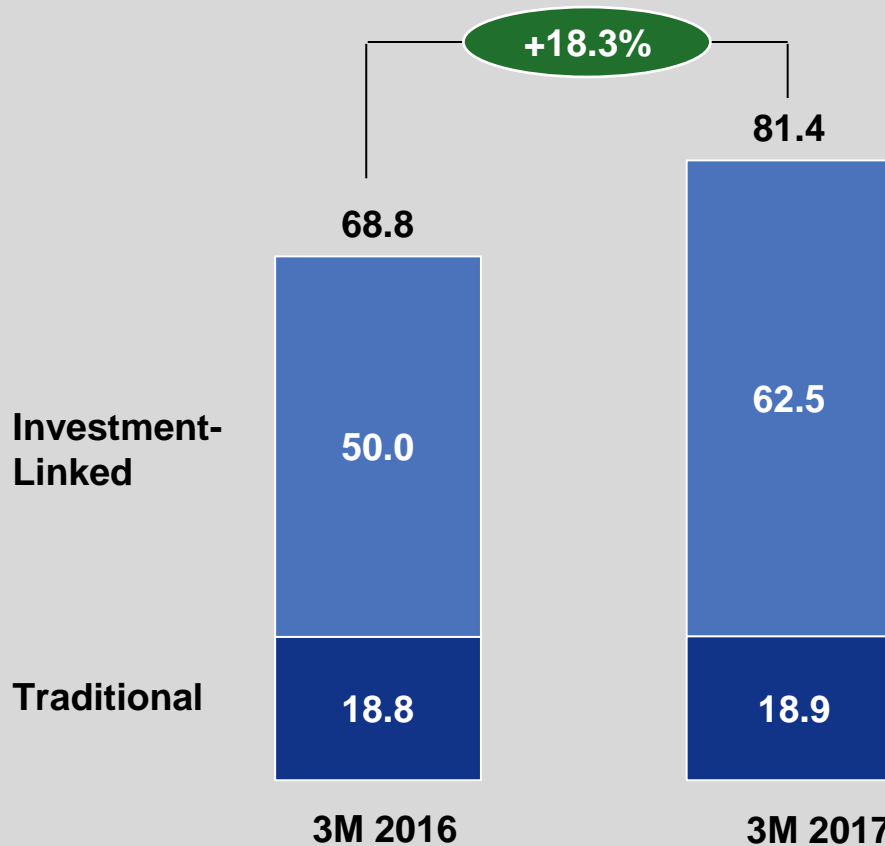
ANP Channel Mix (%) (3M 2017)



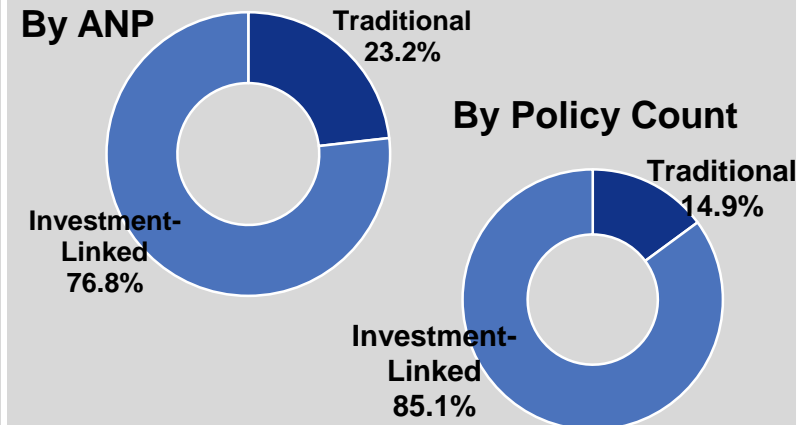
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

Life Business: Continue focus on profitable regular Investment-Linked products

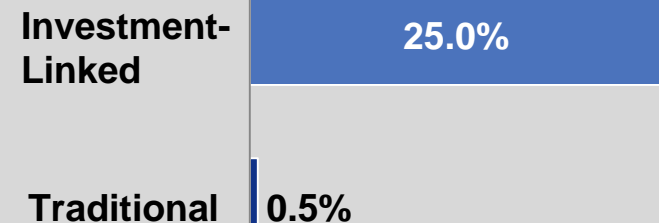
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (3M 2017)

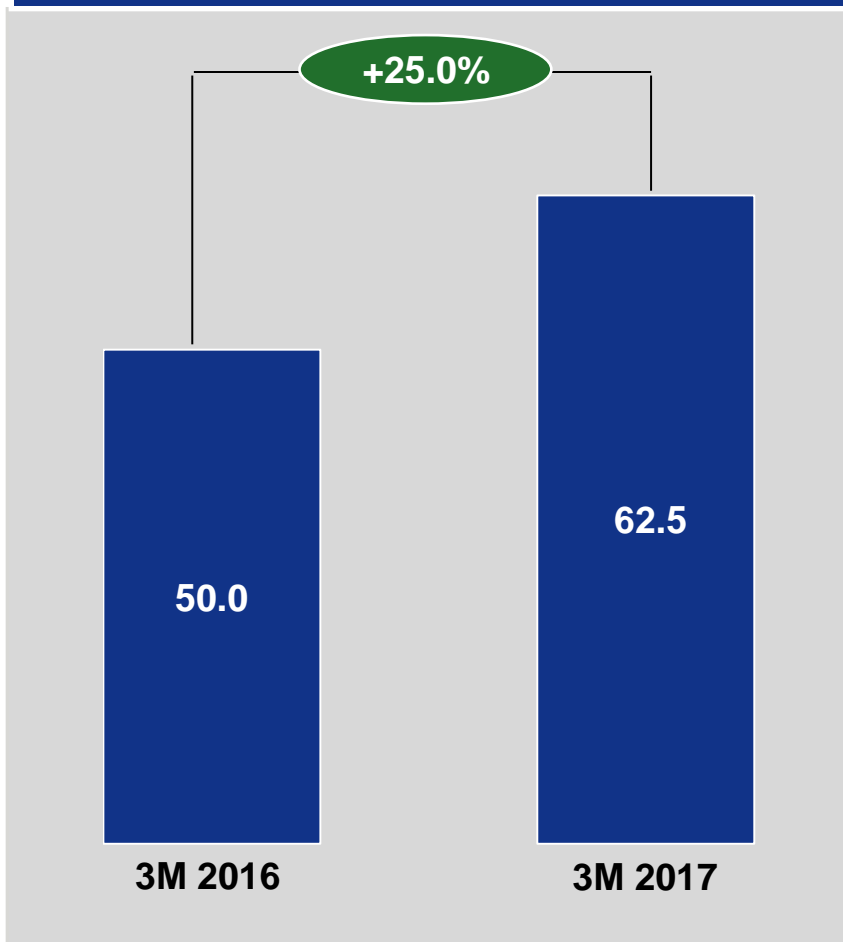


Agency ANP Growth (%) (3M 2017)

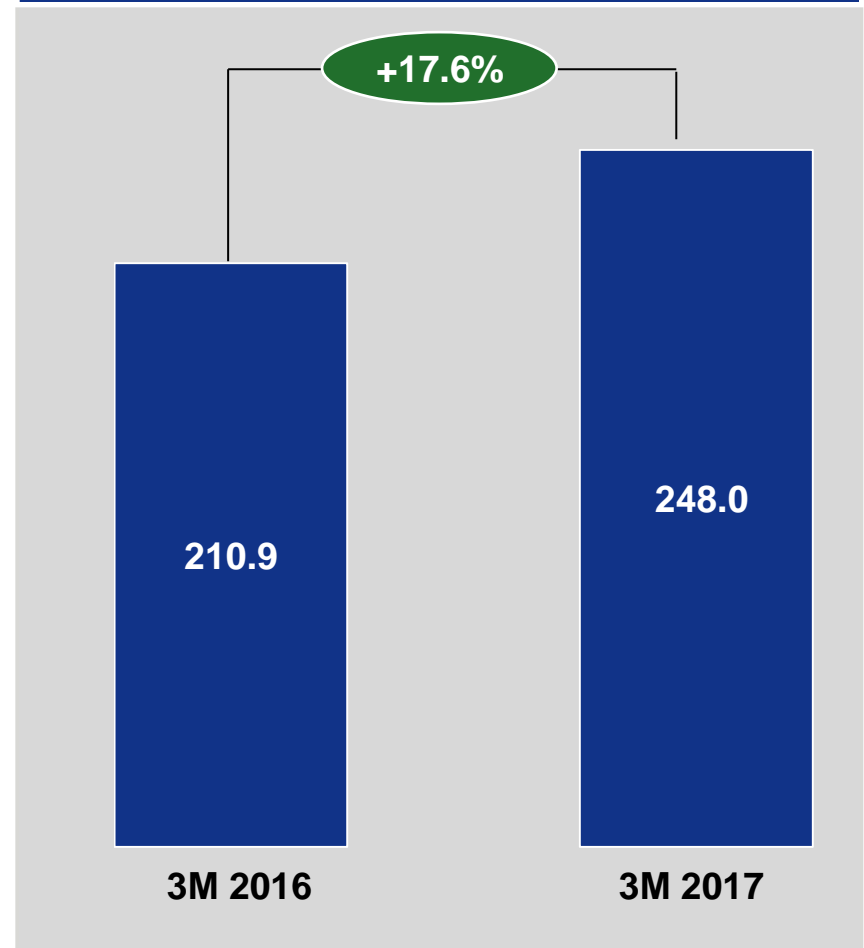


Life Business: Investment-Linked sales continue to perform well

Annualised New Premiums (RM'mil)

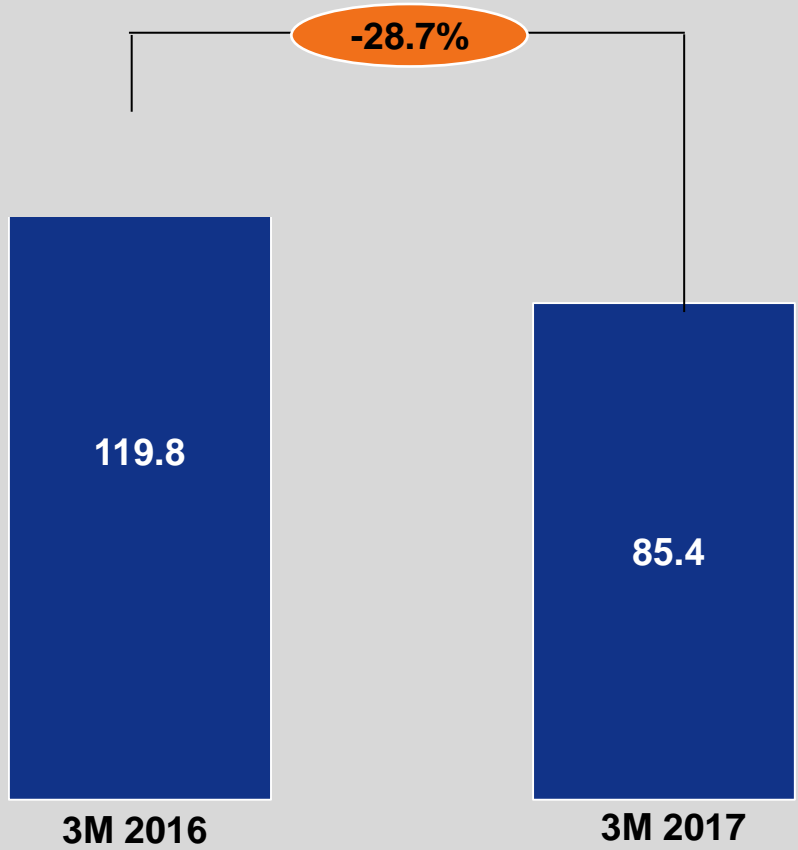


Gross Written Premiums (RM'mil)



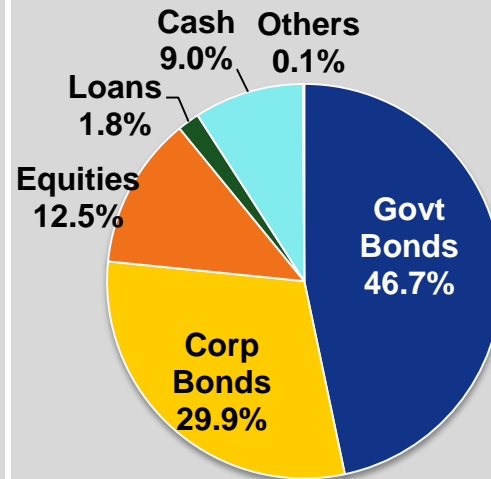
Life Business: Lower net investment results due to lower fair value gains and lower realised gains on investment

Net Investment Results (RM'mil) (LF+SHF)

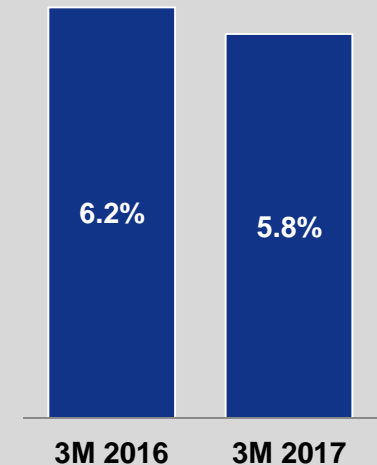


Portfolio Mix and Investment Yield (LF+SHF) (%) (Annualized)

Portfolio Mix



Investment Yield



Note: Net investment results include Fair Value Gains/(Losses), 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 2016	3M 2017	△17/16 %
Gross written premiums	525.5	555.0	5.6%
Premiums ceded to reinsurers	(35.5)	(44.7)	(25.9%)
Net earned premiums	490.0	510.3	4.1%
Net change in benefits and claims paid	(146.3)	(177.9)	(21.6%)
Net change in contract liabilities	(366.6)	(379.5)	(3.5%)
Management expenses	(41.1)	(51.6)	(25.5%)
Net fee and commission expenses	(87.1)	(95.4)	(9.5%)
Fair value gains and losses	76.4	113.3	48.3%
Net investment results	102.7	118.2	15.1%
Net other operating expenses	(2.1)	(1.1)	47.6%
Profit before tax (after consolidation adjustment)	25.9	36.3	40.2%
Annualised new premiums	86.5	110.2	27.4%
Expense ratio (LF+SHF)	10.4%	12.3%	(1.9 pts)
Local investment yield (LF+SHF)	6.2%	5.8%	(0.4 pts)
Lapse ratio (total company)	9.4%	13.7%	(4.3 pts)
Persistency (13th month by premium)	83.1%	85.5%	2.4 pts

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.

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