

A close-up photograph of a young woman with curly hair and a man smiling together in a grassy field. The woman is wearing a yellow top, and the man is wearing a light blue plaid shirt. They are both looking towards the camera with bright, happy expressions.

Allianz Malaysia Berhad (12428-W)

Financial Results for 12M 2010

February 2011


Allianz 



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AMB Group Results

Executive Summary



Operating revenue

Double digit growth of 12.9% in operating revenue.

Profit before tax

Group consolidated profit before tax increased by 8.2% to RM 191.6 million.

General business generated a profit before tax of RM 162.5 million, supported by a net combined ratio of 89.8%.

Surplus from Life Fund to Shareholders' Fund of RM15.0 million (2009: RM12.0 million).

Other operating income

RM 17.5 million of last payment from out of court settlement from a legal suit.

Earnings per share

Earnings per share (before dilution) improved from 77.3 sen for 2009 to 84.0 sen for 2010

Earnings per share (after dilution) was 50.3 sen.

Dividend

Proposed dividend increase from 2.00 sen in 2009 to 3.50 sen per ordinary share and 4.20 sen per preference share in 2010.

Financial Overview

| RM'mil | 12M 2007A ¹ | 12M 2008A | 12M 2009A | 12M 2010A | 3 YRS CAGR |
|---------------------------------------|------------------------|-----------|-----------|-----------|------------|
| Gross Written Premium | 1,343.2 | 1,766.9 | 2,071.1 | 2,353.7 | 20.6% |
| Management Expense | 183.1 | 208.7 | 225.6 | 232.7 | 8.3% |
| Expense Ratio (Non Life) ² | 26.0% | 20.1% | 19.1% | 18.1% | - |
| Expense Ratio (Life) ² | 13.9% | 10.9% | 9.4% | 7.7% | - |
| Local consolidated PBT ³ | 12.3 | 112.3 | 177.0 | 191.6 | 149.7% |
| Total Assets | 3,574.9 | 3,984.1 | 5,765.2 | 6,847.1 | 24.2% |

Note.1 : Acquisition of CAB, consolidated 4M of CAB results .

2 : Expense Ratio is based on local statutory account basis. Expense ratio for Life weighted for 10% of Single Premium.

3 : 12M 2009 PBT restated to comply with new FRSs. Previously reported RM166.5 mil.

Summary of Unaudited Financial Results

| RM 'mil | 12M 2009 | 12M 2010 | % Inc/(Dec) A / LY |
|---|----------------|----------------|-----------------------|
| Operating revenue | 2,221.6 | 2,509.0 | 12.9% |
| Gross earned premiums | 2,070.2 | 2,324.9 | 12.3% |
| Premium ceded to reinsurers | (473.6) | (488.1) | 3.1% |
| Net earned premiums | 1,596.6 | 1,836.8 | 15.0% |
| Net change in benefits and claim paid | (563.3) | (694.4) | 23.3% |
| Net change in contract liabilities | (546.3) | (615.8) | 12.7% |
| Management expenses | (225.6) | (232.7) | 3.1% |
| Fee and commission expenses | (280.6) | (324.9) | 15.8% |
| Fair value gain and losses | 23.7 | 1.5 | (93.7%) |
| Net investment result | 176.4 | 225.8 | 28.0% |
| Net operating income/(expenditure)** | (3.9) | (4.7) | 20.5% |
| Profit before tax | 177.0 | 191.6 | 8.2% |
| Taxation | (58.1) | (62.4) | 7.4% |
| Profit after tax | 118.9 | 129.2 | 8.7% |
| Earnings per share (sen) before dilution | 77.3 | 84.0 | 8.7% |

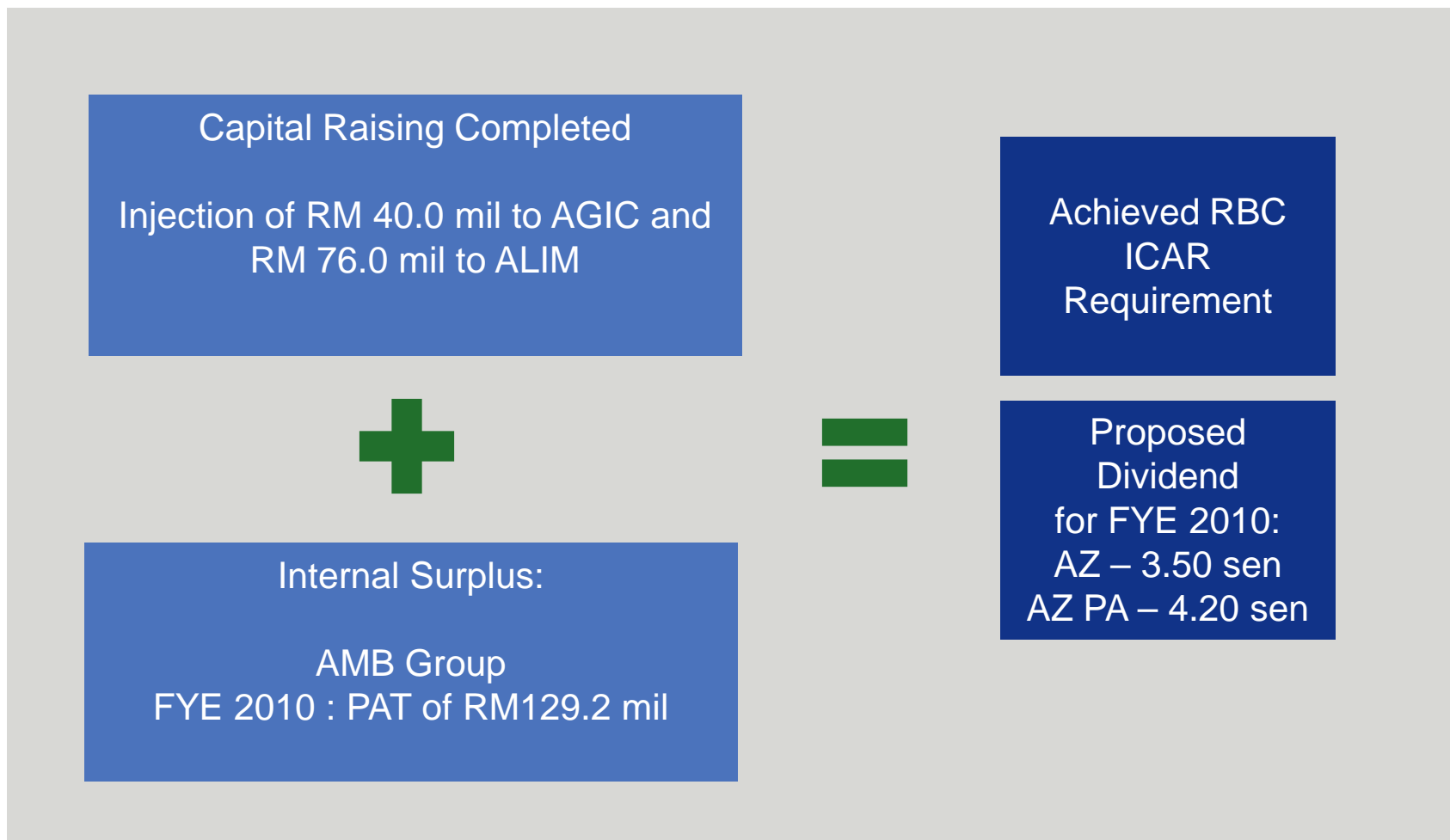
** Included in the net operating income/(expenditure) for 12M 2010 is the recognition of RM 17.5 million, being the last payment of the out of court settlement in relation to a legal suit.

Summary of Unaudited Financial Results (continued)

Information about operating segments (after consolidation adjustment)

| RM 'mil | Investment holding | | General business | | Life business | | Total | |
|---------------------|--------------------|-------|------------------|---------|---------------|---------|---------|---------|
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Operating revenue | 4.7 | 6.7 | 1,259.8 | 1,362.9 | 957.1 | 1,139.4 | 2,221.6 | 2,509.0 |
| Segment profit | 2.0 | 2.7 | 152.5 | 162.5 | 22.5 | 26.4 | 177.0 | 191.6 |
| Segment assets | 210.3 | 281.8 | 3,079.2 | 3,430.9 | 2,475.7 | 3,134.4 | 5,765.2 | 6,847.1 |
| Segment liabilities | 519.1 | 8.6 | 2,265.6 | 2,444.5 | 2,475.7 | 3,134.4 | 5,260.4 | 5,587.5 |

RBC Development



Note: RBC computation for Life business is sensitive to volatility of interest rate.

Dividend Payment

| FYE | Dividend (sen) | | Dividend Yield % ^{N2} | | Remarks |
|-------------|--------------------|--------------------|--------------------------------|------------|--|
| | Allianz | Allianz- PA | Allianz | Allianz PA | |
| 2007 | 2.00 | - | 0.39 | | <ul style="list-style-type: none"> Acquisition of Commerce Assurance Bhd. Incurred one off integration cost. |
| 2008 | 2.00 | - | 0.70 | | <ul style="list-style-type: none"> BNM introduced parallel run for RBC Framework. |
| 2009 | 2.00 | - | 0.49 | | <ul style="list-style-type: none"> RBC Framework effective 1 Jan 2009. |
| 2010 | 3.50 ^{N1} | 4.20 ^{N1} | 0.78 | 0.96 | <ul style="list-style-type: none"> Completion of capital raising exercise Repaid subordinated loan of RM490 mil and injected RM 116 mil to insurance subsidiaries for RBC capital requirement. Insurance subsidiaries met the ICAR BNM. |

N1: Proposed dividend for FYE 31 Dec 2010.

N2: Yield based on market price as at 31 Dec.



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Non-life Insurance

Non-Life

Gross Written Premium

- GWP grew strongly by 10.1%

Combined ratio

- Increase in combined ratio due to higher claims ratio, mitigated partly by lower commission and expense ratios

Investment income

- Higher investment income with better yield

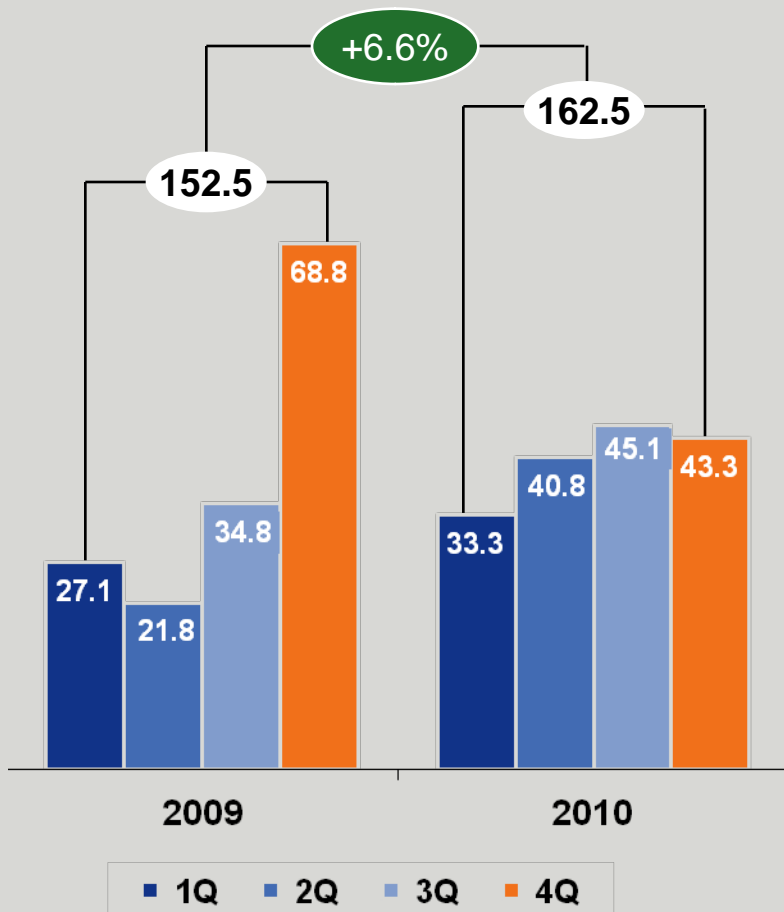
Profit before tax

- Increase in profit attributed to better investment and other operating income

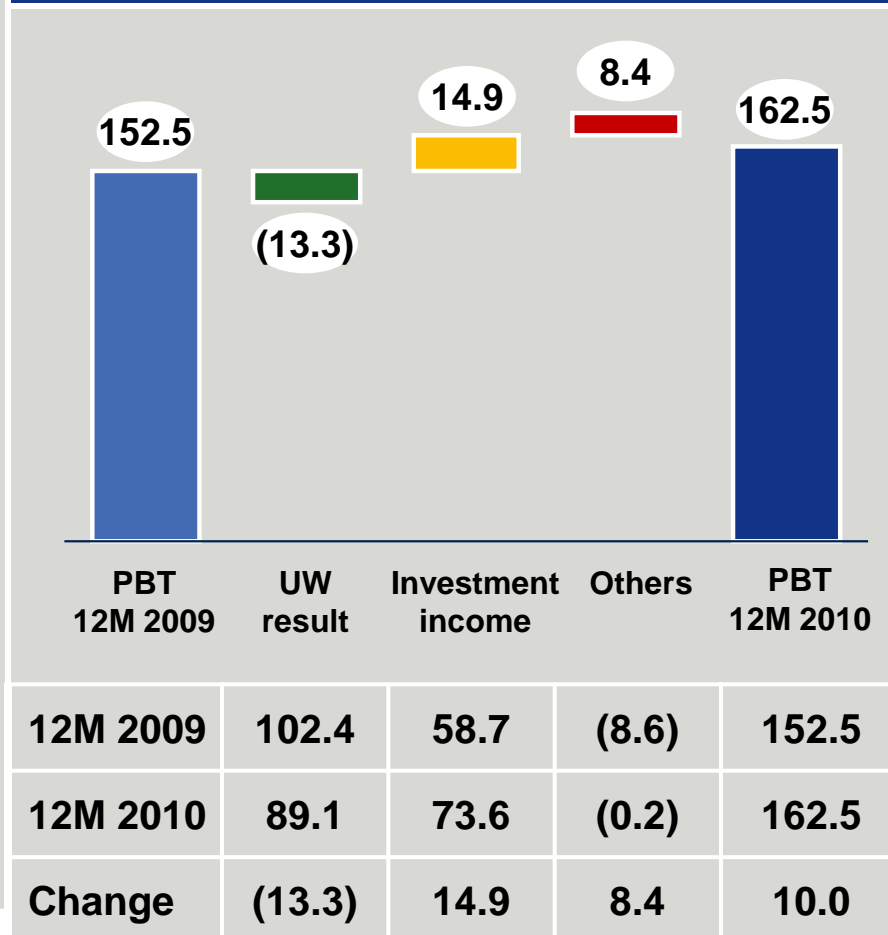


Non-Life: Increase in profit attributed to better investment and other operating income

Profit Before Tax (RM 'mil)

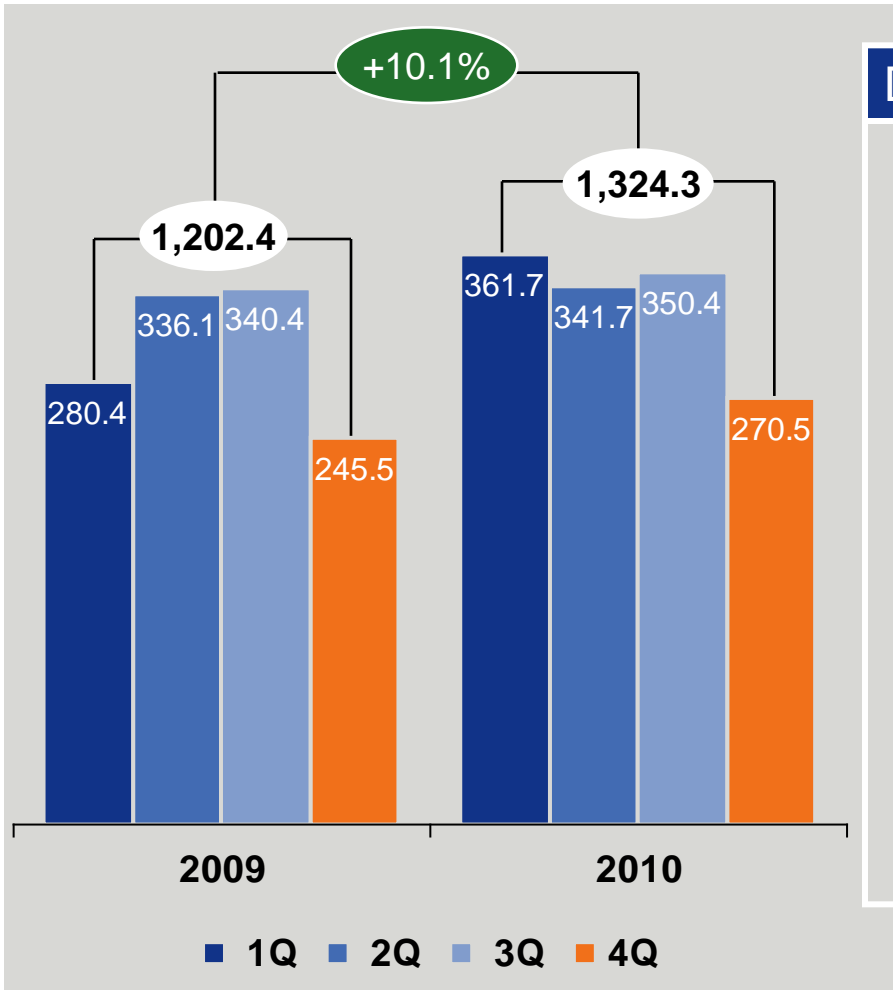


PBT Drivers (RM 'mil)

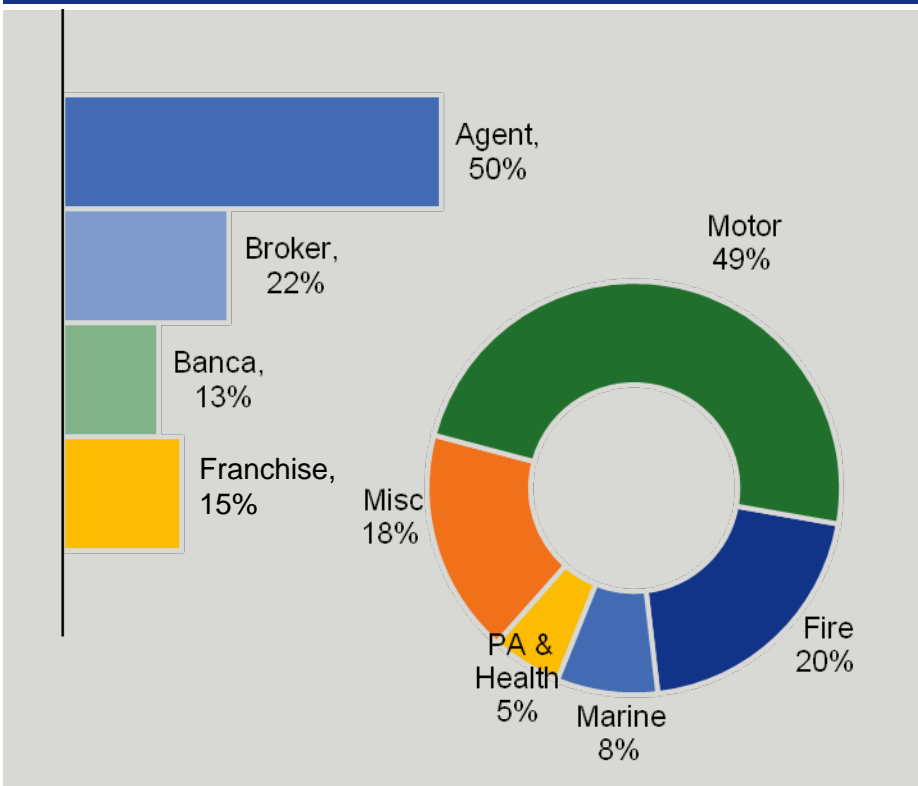


Non-Life: GWP grew strongly by 10.1%

Gross Written Premium (RM 'mil)

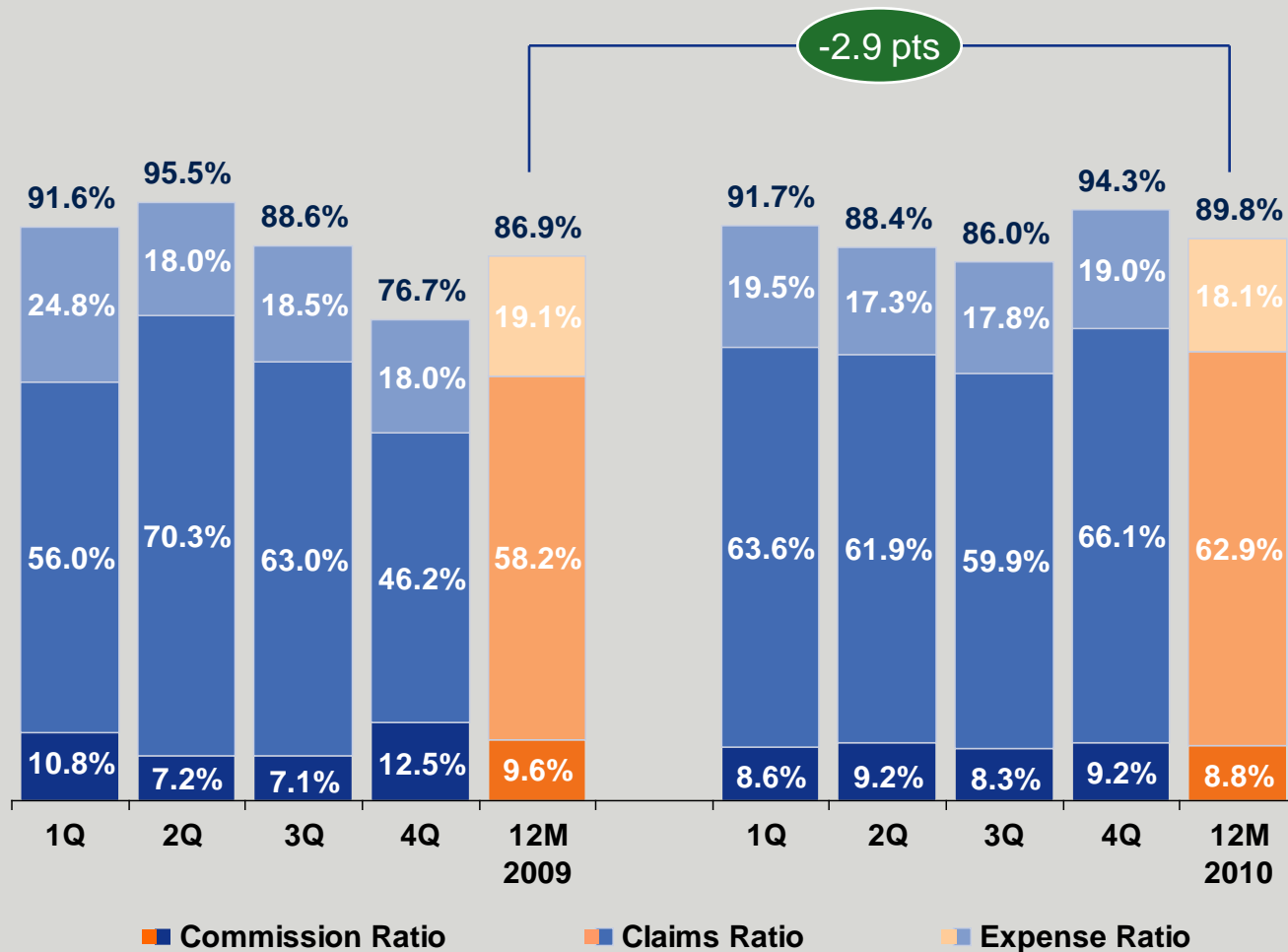


Distribution Channel & Portfolio Mix



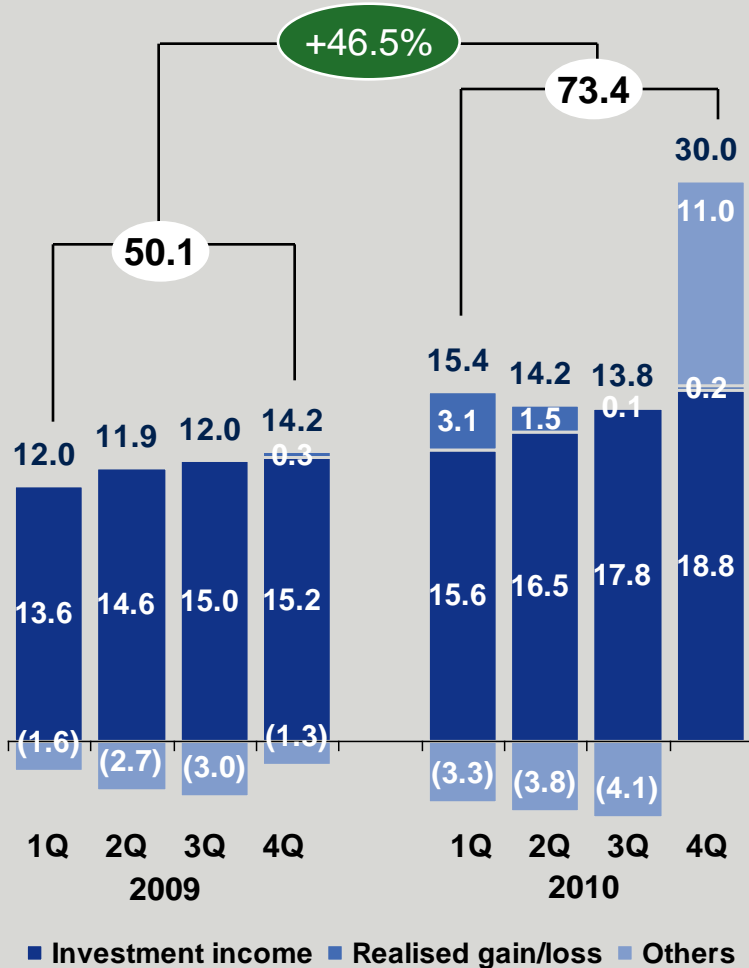
Non-Life: Increase in combined ratio due to higher claims ratio, mitigated partly by lower commission and expense ratios

Combined Ratio

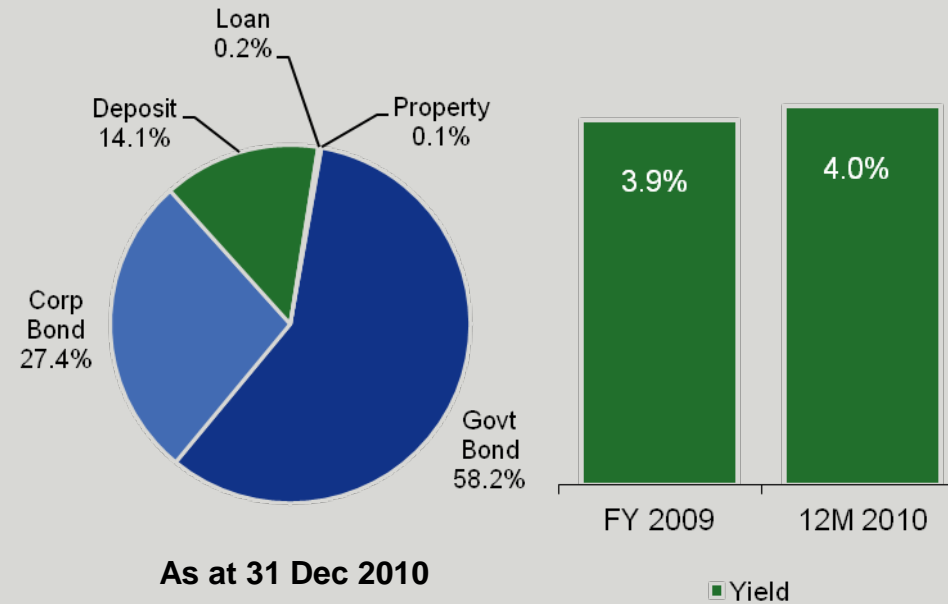


Non-Life: Higher investment income with better yield

Net Investment Result (RM 'mil)



Portfolio Mix and Investment Yield (Annualized)



Non-Life: Financial results at a glance

| RM 'mil | 12M 2009 | 12M 2010 | % Inc/(Dec) |
|--|----------|----------|-------------|
| Gross written premium | 1,202.4 | 1,324.3 | 10.1% |
| Gross earned premium | 1,201.5 | 1,295.4 | 7.8% |
| Net earned premium | 783.6 | 871.4 | 11.2% |
| Net change in benefits and claim paid | (412.6) | (457.4) | 10.9% |
| Net change in contract liabilities | (43.6) | (90.7) | 108.0% |
| Management expenses | (150.0) | (157.3) | 4.9% |
| Fee and commission expenses | (75.0) | (76.9) | 2.5% |
| Underwriting result | 102.4 | 89.1 | (13.0%) |
| Net investment result | 50.1 | 73.4 | 46.5% |
| Profit before tax (after consolidation adjustment) | 152.5 | 162.5 | 6.6% |
| Commission Ratio | 9.6% | 8.8% | 0.8 pts |
| Claims Ratio | 58.2% | 62.9% | (4.7) pts |
| Expense Ratio | 19.1% | 18.1% | 1.0 pts |
| Combined Ratio | 86.9% | 89.8% | (2.9) pts |



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Life Insurance

Life



Gross written Premium

- Gross written premium exceeded the RM 1.0 billion threshold for first time, grew by 18.5%

Agency

- Agency business ANP grew by 8.3%
- Productive agency force contributed to the strong top-line growth

Alternative Distribution

- Rebuild alternative distribution capabilities in 2011

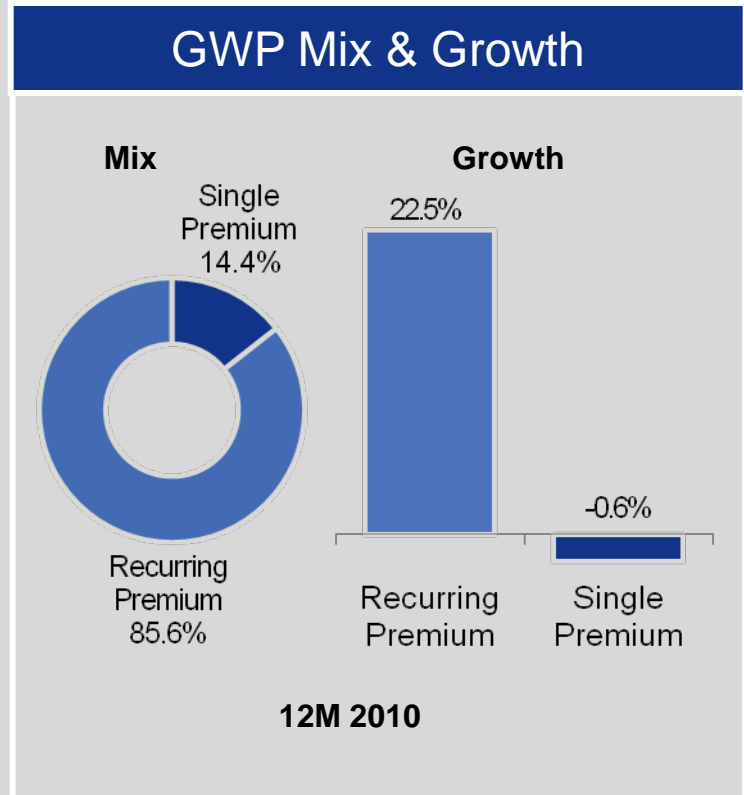
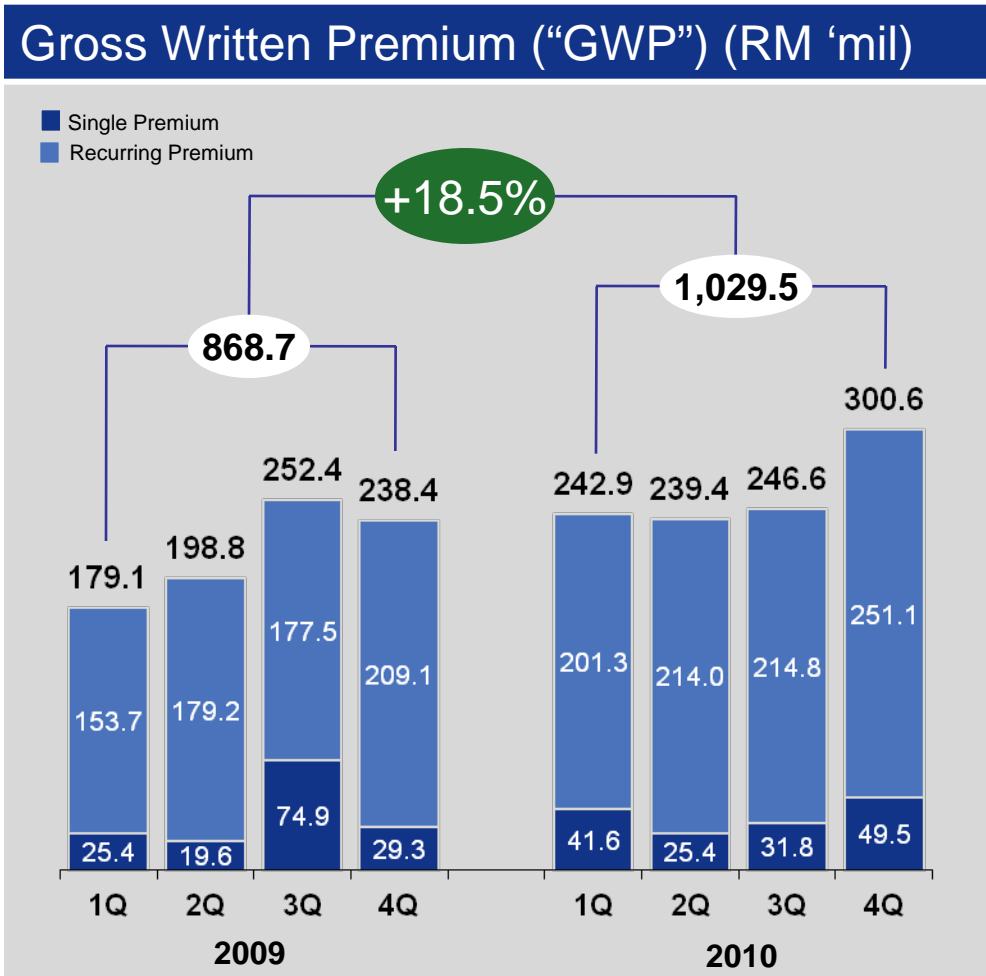
Unit linked

- Grew profitable unit linked business
- Unit linked ANP and GWP growth by 27.6% and 75.2% respectively

Surplus Transfer

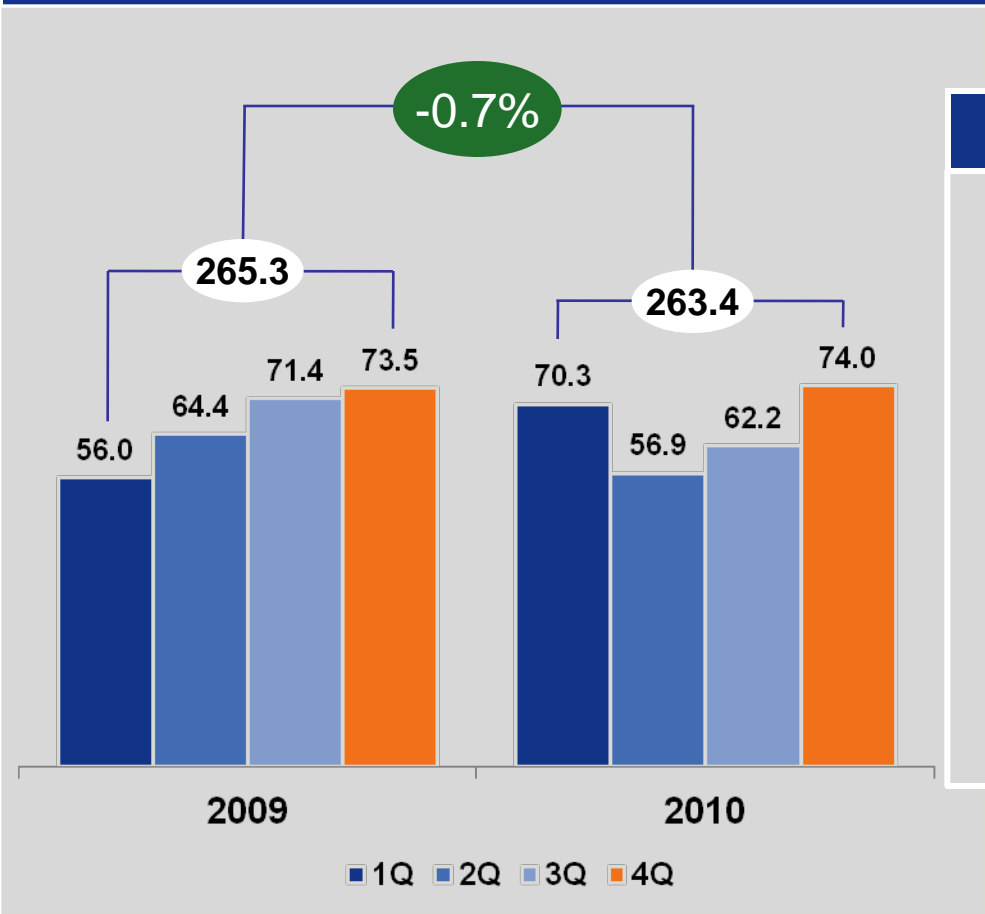
- Surplus from Life Fund to Shareholders' Fund of RM15.0 million (2009: RM12.0 million).

Life: Strong top line growth of 18.5% in GWP

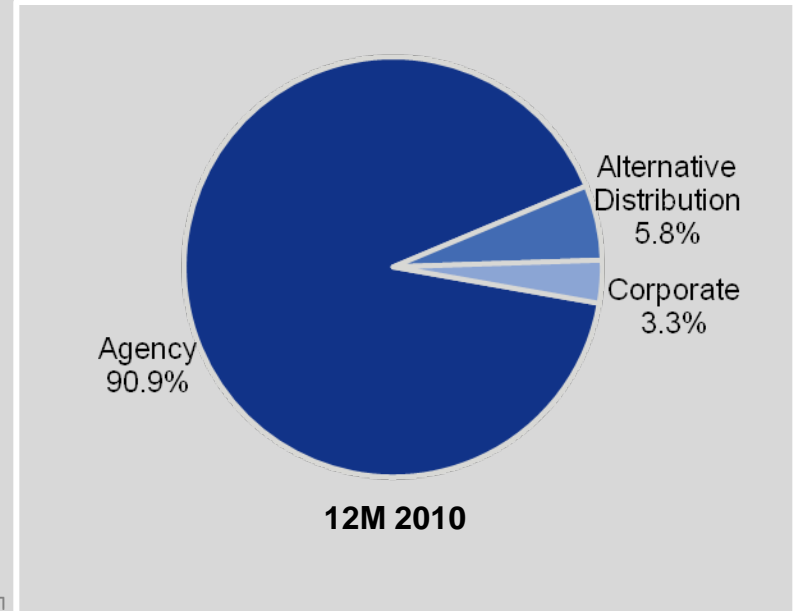


Life: New business reduced by 0.7%, agency remains core channel

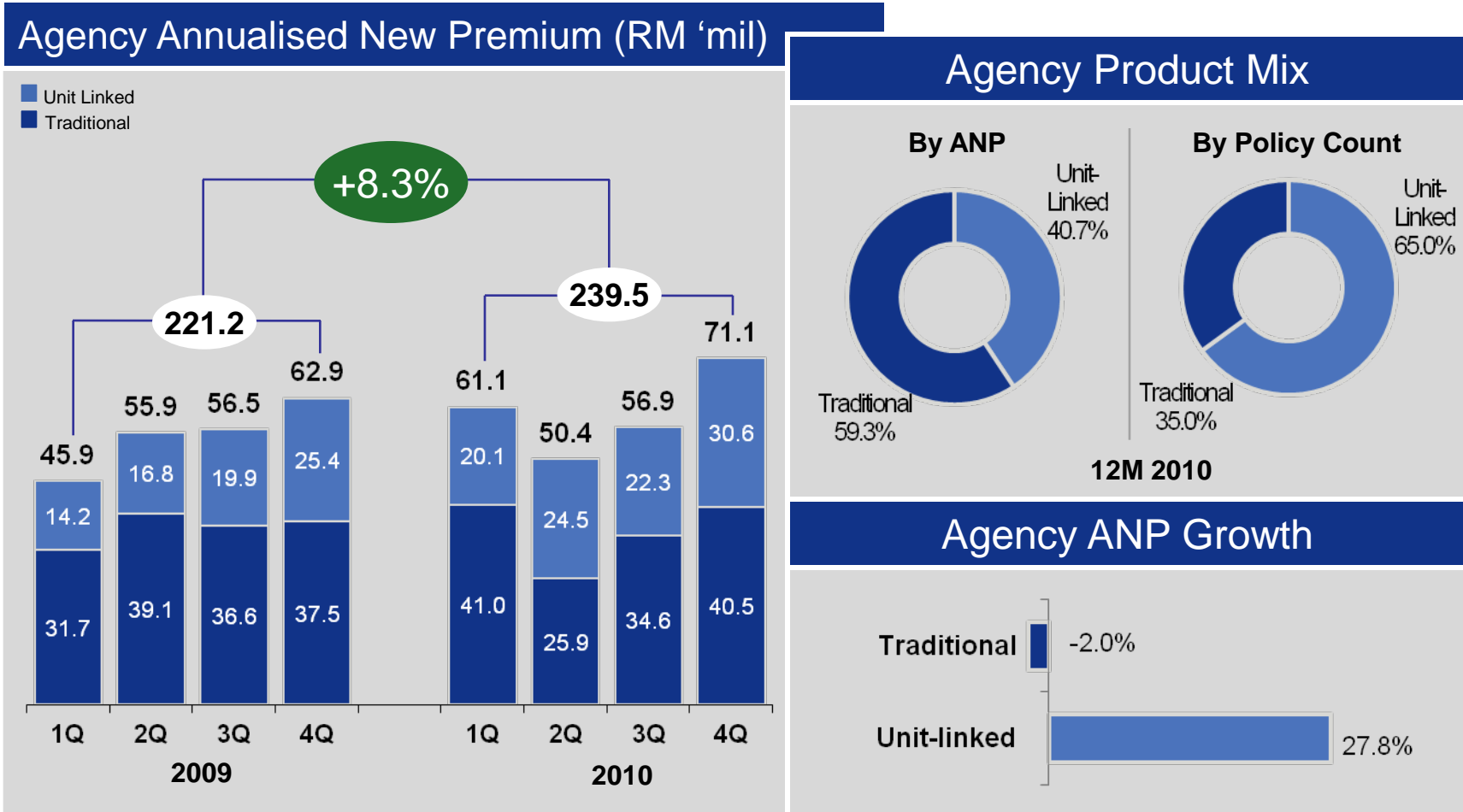
Annualised New Premium (“ANP”) (RM ‘mil)



ANP Channel Mix

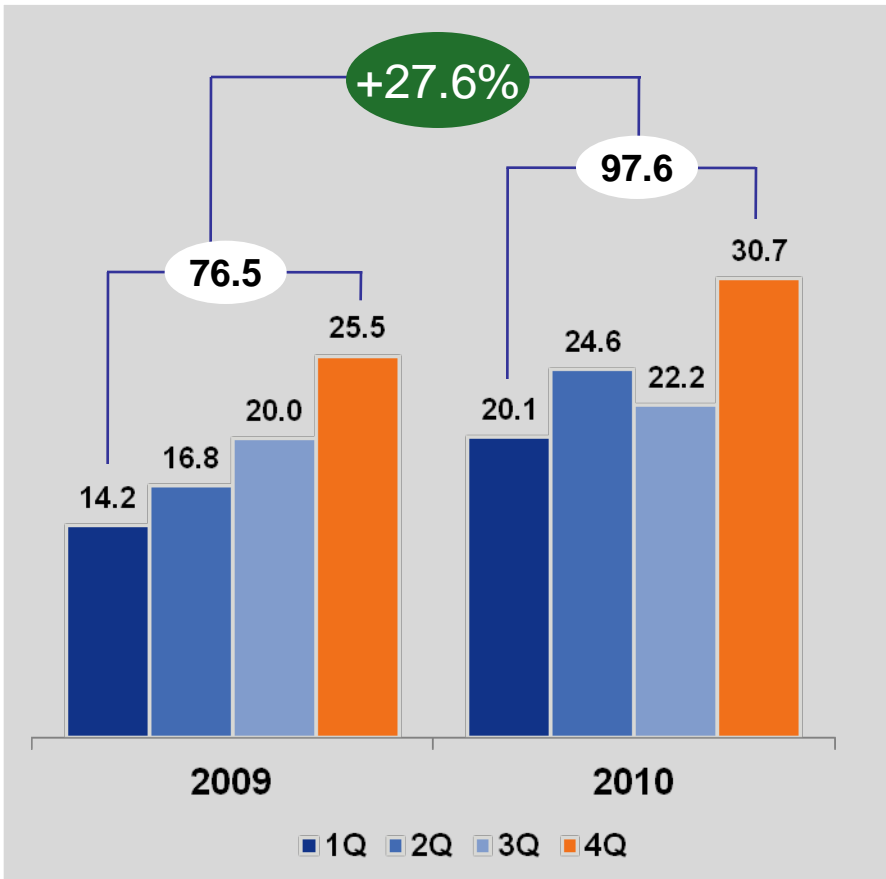


Life: Agency channel maintained healthy mix of product portfolio. Continue to grow investment linked business.

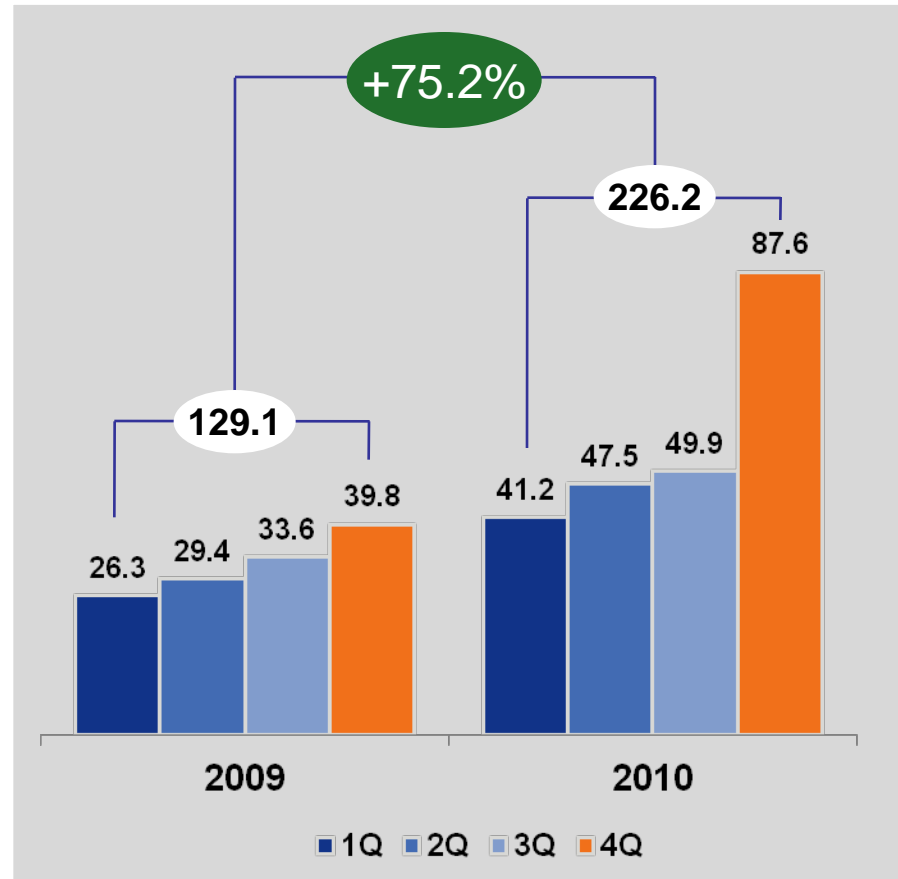


Life unit linked business : ANP and GWP growth by 27.6% and 75.2% respectively

**Annualised New Premium (“ANP”)
(RM ‘mil)**

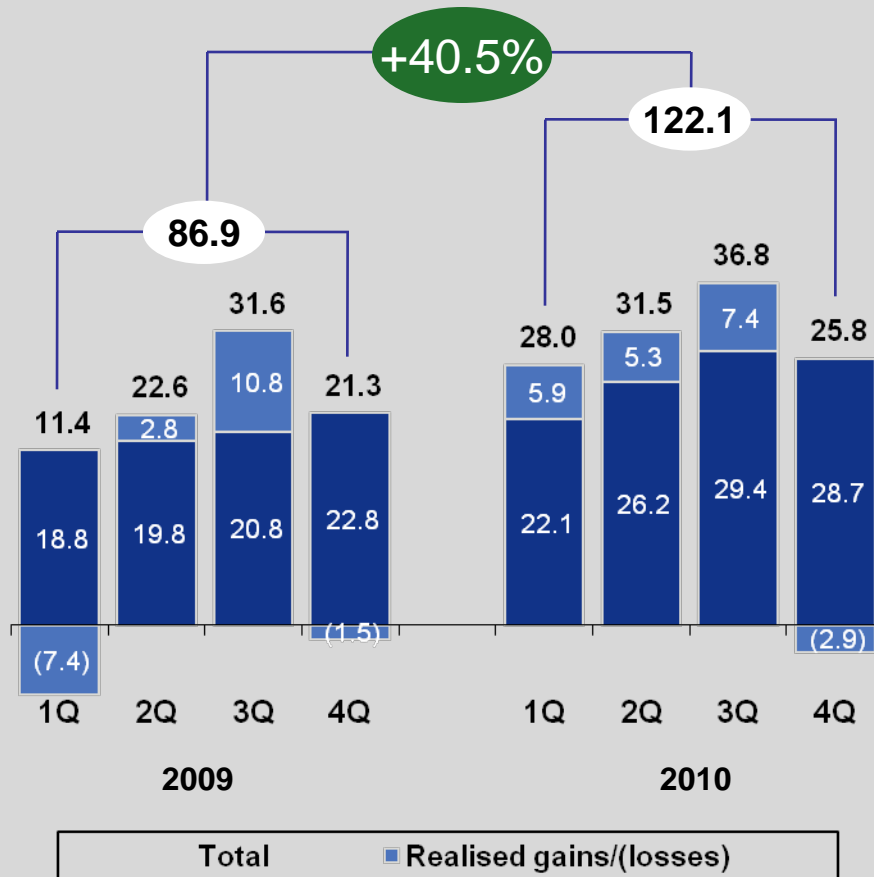


**Gross Written Premium (“GWP”)
(RM ‘mil)**



Life: Net investment result has improved by 40.5%

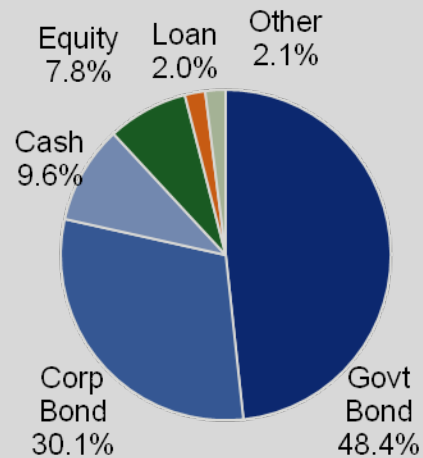
Net Investment Result (RM 'mil)



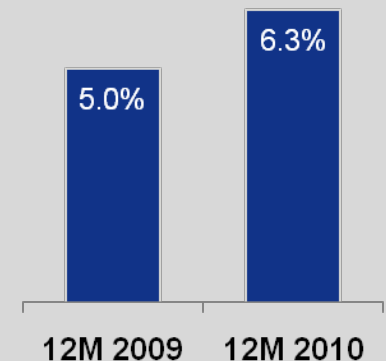
Net investment result for Life Fund and Shareholder's Fund

Portfolio Mix and Investment Yield

Portfolio Mix 4Q 2010



Investment Yield



Life: Financial results at a glance

| RM 'mil | 12M 2009 | 12M 2010 | % Inc/(Dec) A / LY |
|--|-------------|-------------|-----------------------|
| Gross written premiums | 868.7 | 1,029.5 | 18.5% |
| Premium ceded to reinsurers | (55.8) | (64.1) | 14.9% |
| Net earned premiums | 812.9 | 965.4 | 18.8% |
| Net change in benefits and claim paid | (150.7) | (237.1) | 57.3% |
| Net change in contract liabilities | (454.2) | (459.9) | (1.3%) |
| Management expenses | (73.2) | (72.0) | (1.6%) |
| Fee and commission expenses | (205.6) | (248.0) | 20.6% |
| Fair value gain and losses | 23.7 | 1.5 | (93.7%) |
| Net investment result | 111.9 | 147.9 | 32.2% |
| Net operating income / (expenditure) | 6.6 | (6.1) | (192.4%) |
| Transfer of Surplus | (12.0) | (15.0) | (25.0%) |
| Surplus before tax (after consolidation adjustment) | 59.4 | 76.7 | 29.1% |
| Annualised new business premium | 265.3 | 263.4 | (0.7%) |
| Expenses Ratio | 9.4% | 7.7% | 1.7 pts |
| Local Investment Yield (Life fund + SHF) | 5.0% | 6.3% | 1.3 pts |
| Lapse Ratio (total company) | 10.0% | 7.3% | 2.7 pts |
| Persistency (13th month by premium) | 84.1% | 85.7% | 1.6 pts |



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Allianz SE

Allianz 2010: An excellent year



- **Revenue at EUR 106.5bn, up 9.3%**
- **Operating profit up 17.0% to EUR 8.2bn and net income up 12.0% to EUR 5.2bn**
- **Shareholders' equity up 10.9% to EUR 44.5bn and solvency up 9% points to 173%**
- **Proposed dividend at EUR 4.50 per share**

Note: Details of Allianz SE Group results can be obtained from the following website:
https://www.allianz.com/en/investor_relations/index.html

Disclaimer

This update on Allianz Malaysia Berhad's Financial Results has been prepared for general information purposes. Professional advice should always be sought prior to making any investment related decisions.

The Company shall endeavour to provide quarterly updates on the Company's Financial Results.

Thank You
for Your Attention