

Allianz Malaysia Berhad
(12428-W)

Financial Results
1Q 2012

Analyst Briefing
25 May 2012

Allianz 

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Group financial
results 1Q 2012

1 **AMB Group Results**

2 General Business

3 Life Business

4 Allianz SE

Strong Start for 2012



Operating revenue

- Group operating revenue of RM739.5 million, an increase by of 13.2% compared to corresponding period of RM653.4 million due mainly to higher gross earned premiums and investment income by RM76.0 million and RM10.1 million respectively.
- General business recorded an operating revenue of RM393.1 million, an increase of 12.8% compared to corresponding period of RM348.6 million.
- Life business recorded an operating revenue of RM344.1 million, an increase of 13.7% compared to corresponding period of RM302.7 million.

Profit before tax

- Group consolidated profit before tax of RM76.7 million increased by 15.5% compared to corresponding period last year of RM 66.4 million.
- General business contributed a profit before tax of RM60.0 million.

Investment results

- Stable investment results.

Earnings per share

- Earnings per share (before dilution) improved from 28.72 sen for 1Q 2011 to 33.90 sen for 1Q 2012.
- Earnings per share (after dilution) at 14.10 sen.

Financial Overview

RM'mil	2009	2010	2011	1Q 2011	1Q 2012
Gross Written Premium	2,071.1	2,353.7	2,606.8	669.2	761.5
Management Expense	225.6	235.5	261.7	65.2	74.8
Expense Ratio (Non Life) ¹	19.1%	18.4%	17.0%	17.7%	17.7%
Expense Ratio (Life) ¹	9.4%	7.7%	8.2%	8.7%	9.2%
Local Consolidated PBT ²	177.0	191.6	204.9	66.4	76.7
Total Assets	5,765.9	6,847.1	7,932.3	7,192.6	8,319.3
Shareholders' Equity	504.7	1,259.6	1,392.9	1,516.3	1,688.6
Basic earnings per share (sen)	77.25	83.97	85.53	28.72	33.90
Diluted earnings per share (sen) ³	-	50.33	35.26	11.74	14.10

Note 1 : Expense Ratio is based on local statutory account basis. Expense ratio for Life weighted for 10% of Single Premium.

2 : 1Q2011 PBT restated upon transition to Malaysian Financial Reporting Standards framework on 1 January 2012 .

3 : Irredeemable Convertible Preference Shares ("ICPS") were listed on the Main Market of Bursa Malaysia Securities Berhad on 6 August 2010.

Summary of Unaudited Financial Results

RM 'mil	1Q 2011	1Q 2012	△12/11 %
Operating revenue	653.4	739.5	13.2%
Gross earned premiums	600.0	676.0	12.7%
Premium ceded to reinsurers	(105.5)	(132.4)	(25.5%)
Net earned premiums	494.5	543.6	9.9%
Net change in benefits and claim paid	(185.2)	(197.2)	(6.5%)
Net change in contract liabilities	(170.5)	(185.3)	(8.7%)
Management expenses	(65.2)	(74.8)	(14.7%)
Net fee and commission expenses	(87.4)	(85.0)	2.8%
Fair value losses	(3.4)	(6.5)	(91.2%)
Net investment results	87.2	85.9	(1.5%)
Net operating expenditure	(3.6)	(4.1)	(13.9%)
Profit before tax	66.4	76.7	15.5%
Taxation	(22.2)	(23.6)	(6.6%)
Profit after tax	44.2	53.0	20.0%
Earnings per share before dilution (sen)	28.7	33.9	18.1%

Summary of Unaudited Financial Results (continued)

Result by operating segments (after consolidation adjustment)

RM 'mil	Investment holding		General business		Life business		Total	
	1Q 2011	1Q 2012	1Q 2011	1Q 2012	1Q 2011	1Q 2012	1Q 2011	1Q 2012
Operating revenue	2.1	2.3	348.6	393.1	302.7	344.1	653.4	739.5
Segment profit	0.8	2.5	46.7	60.0	18.9	14.1	66.4	76.7
Segment assets	282.8	291.4	3,595.3	4,064.7	3,314.5	3,963.2	7,192.6	8,319.3
Segment liabilities	6.7	5.2	2,578.5	2,915.2	3,091.1	3,710.3	5,676.3	6,630.7

Basis of preparation

Basis of preparation

- AMB Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board and the revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia (“BNM”) with effect from 1 January 2012.
- The Group’s unaudited quarterly results for the period ended 31 March 2012 is the Group’s first MFRS compliant condensed financial statements and hence MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied.

Change in Accounting Policy

Unallocated surplus, fair value/revaluation reserves of non participating funds

- Prior to 1 January 2012, the Group recognised the unallocated surplus, fair value/revaluation reserves of non participating funds of the life business as part of insurance contract liabilities as required under the Guidelines on Financial Reporting for Insurers issued by BNM on 22 July 2010.
- However, the revised Guidelines on Financial Reporting for Insurers issued by BNM on 21 February 2012 has removed such requirements and accordingly the Group has changed its accounting policy and recognised the unallocated surplus, fair value/revaluation reserves of non participating funds as **equity**.
- The change in accounting policy is applied retrospectively.

Impact of Change in Accounting Policy Breakdown of Profit Before Tax

RM' 000	Restated	
	1Q 2011	1Q 2012
Investment Holding	778	2,534
General Business	46,737	60,014
Life Business : Life funds	4,616	3,516
Life Business : Investment-Linked funds	738	837
Profit before tax (excluding Non Participating funds)	52,869	66,901
Life Business : Non Participating funds	13,505	9,791
Profit before tax	66,374	76,692
Diluted EPS (as previously reported) (sen)	8.95	-
Diluted EPS (restated) (sen)	11.74	14.10

- Non participating funds surplus recognised as **Earnings**
- Surplus will be retained within the insurance funds and only distributable upon the annual recommendation by the Appointed Actuary to transfer the surplus to the shareholders' fund

Impact of Change in Accounting Policy Breakdown of Equity

RM' 000	Restated	
	1Q 2011	1Q 2012
Share capital	153,869	156,476
Preference shares	192,337	189,730
Share Premium	424,823	424,823
Reserves	13,716	27,830
Retained earnings	505,468	636,801
Total Equity (excluding Non Participating funds)	1,290,213	1,435,660
Non Participating funds Retained earnings/Reserves	223,420	252,939
Total Equity	1,513,633	1,688,599
Diluted net asset per ordinary share (as previously reported) (RM)	3.73	-
Diluted net asset per ordinary share (restated) (RM)	4.37	4.88

- Unallocated surplus/reserves of non participating funds from Life Business recognised as **Equity**
- This amount is net of deferred tax
- Represents non-distributable earnings

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General Business



Gross Written Premium

- Double digit growth of 14.5%.

Combined ratio

- Better combined ratio attributed to lower commission ratio.

Investment result

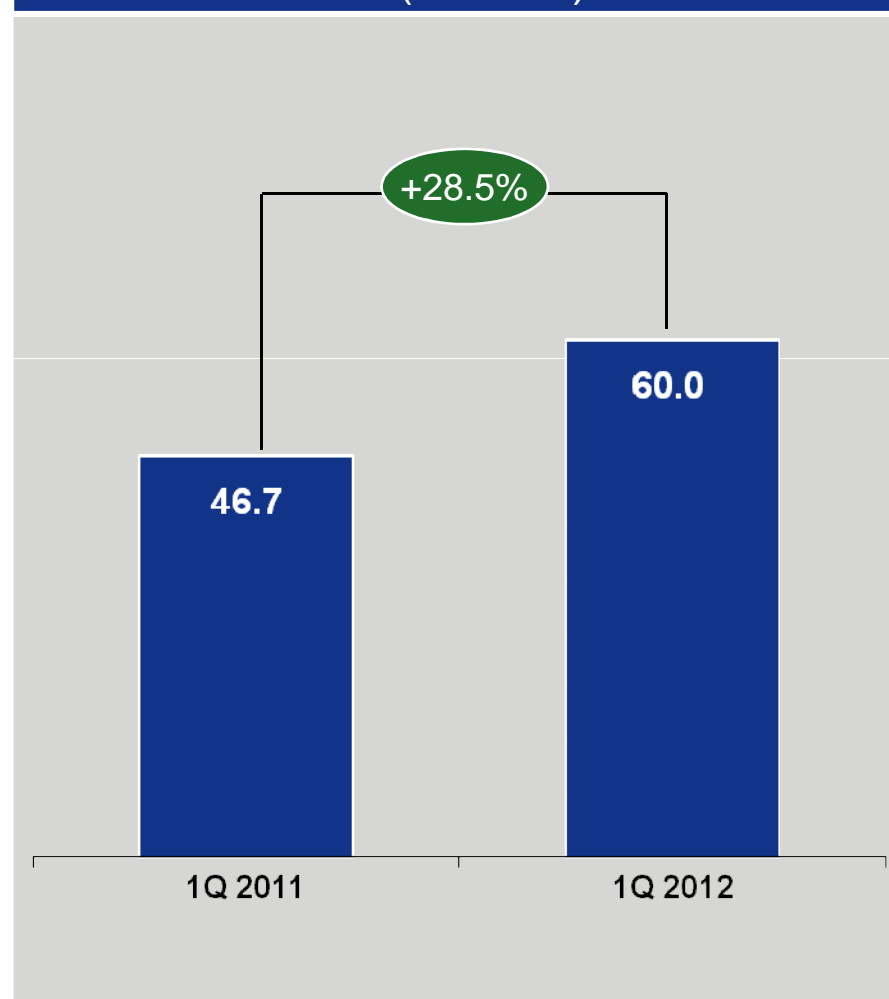
- Stable growth in investment income.

Profit before tax

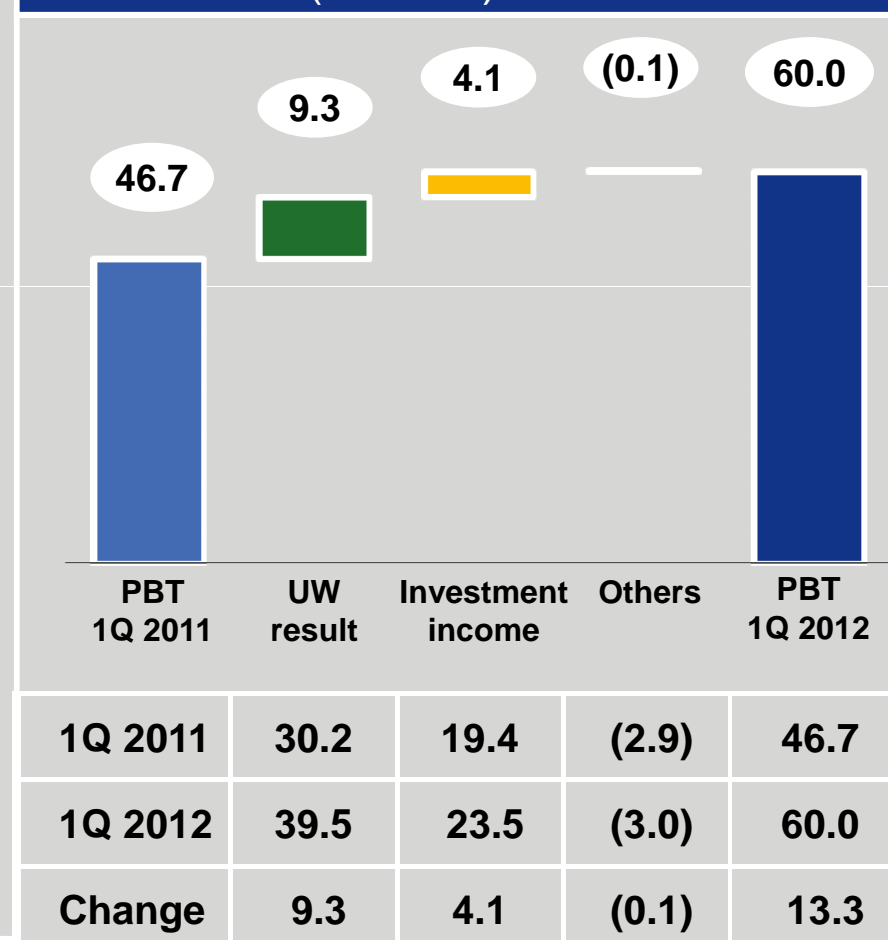
- Higher profit due to improved underwriting and investment performance.

General Business: Higher profit due to improved underwriting and investment performance

Profit Before Tax (RM 'mil)

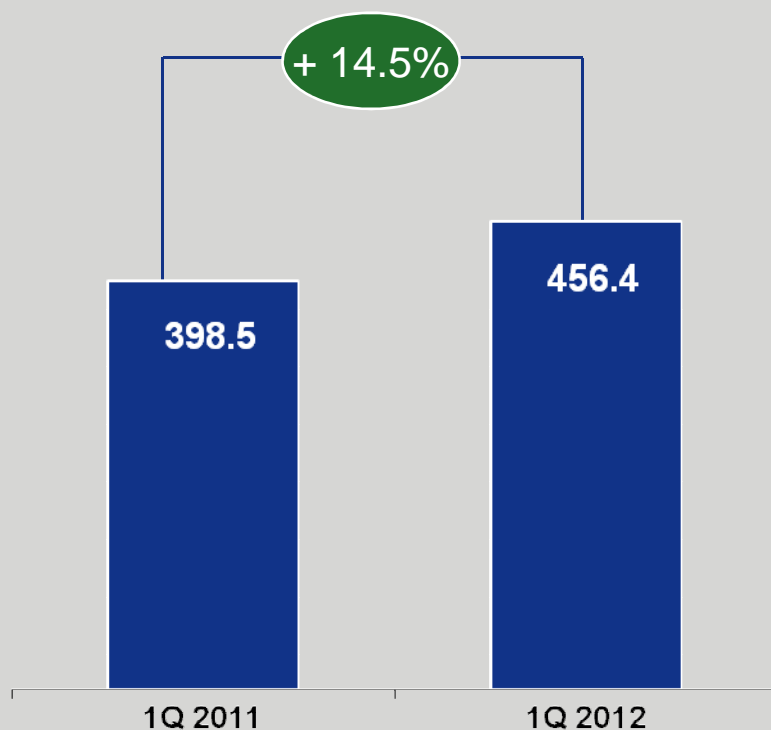


PBT Drivers (RM 'mil)

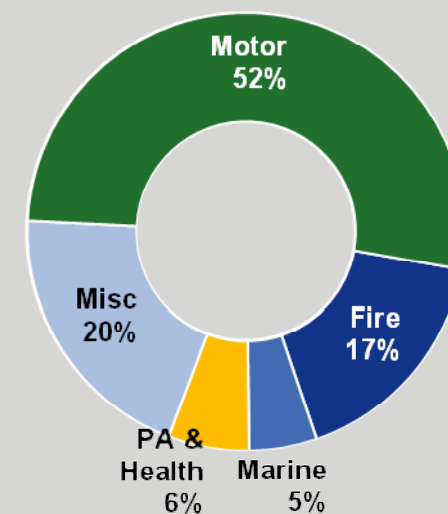
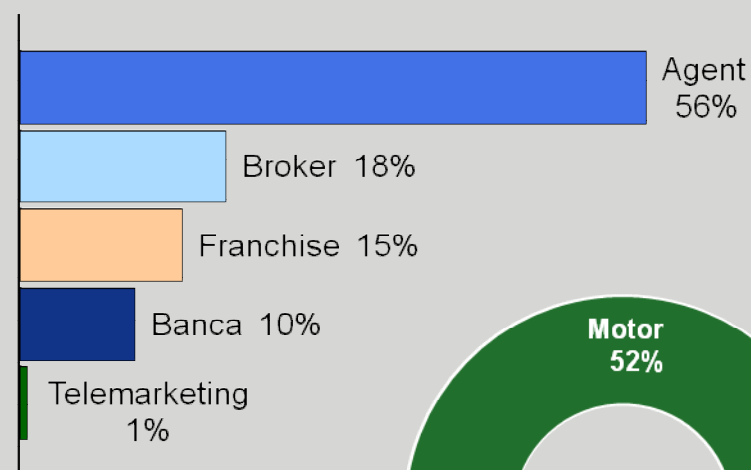


General Business: Double digit growth of 14.5% in Gross Written Premium

Gross Written Premium (RM 'mil)

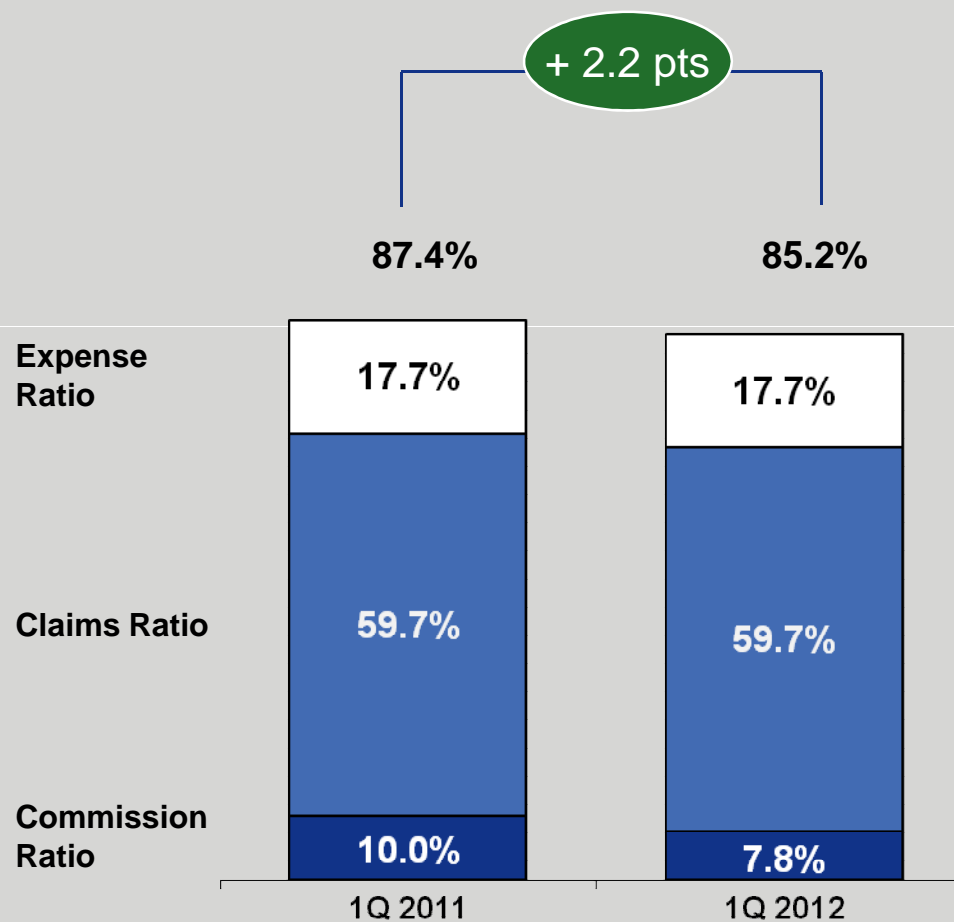


Distribution Channel & Portfolio Mix



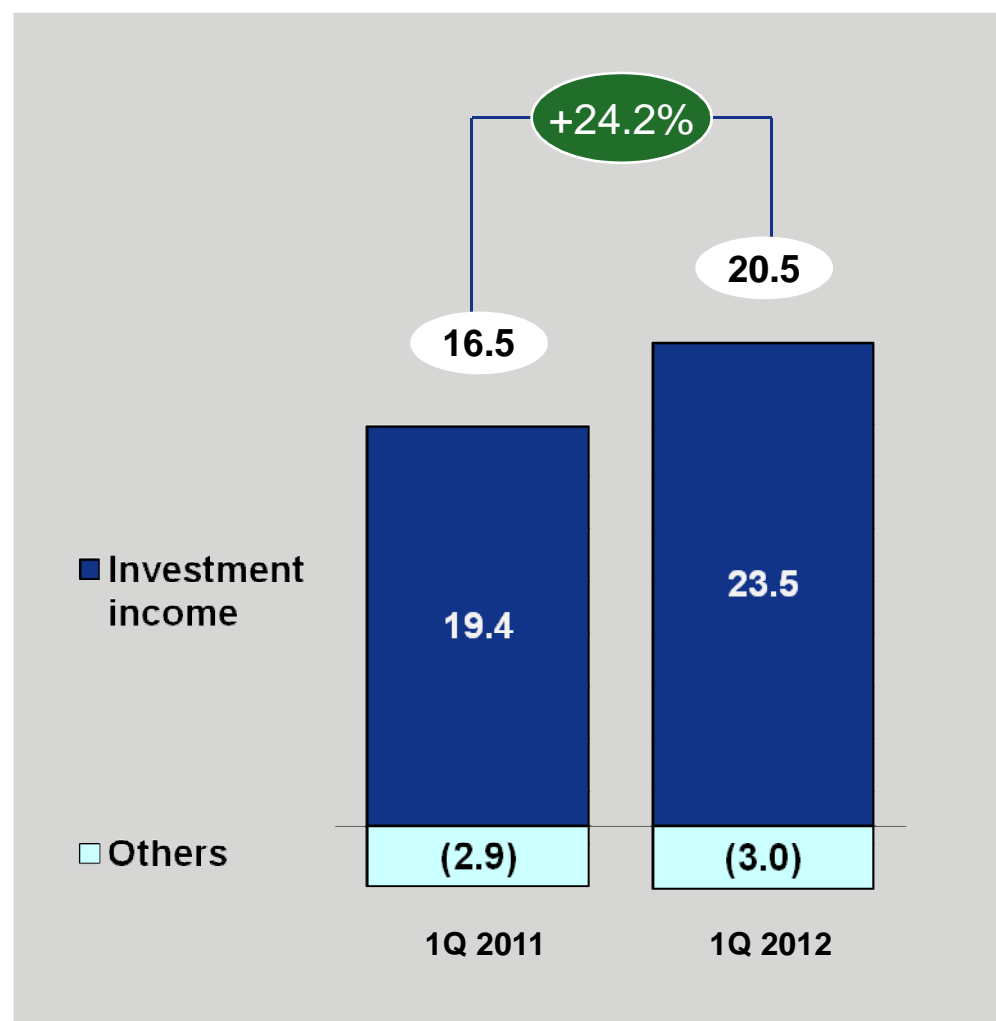
General Business: Better combined ratio attributed to lower commission ratio

Combined Ratio

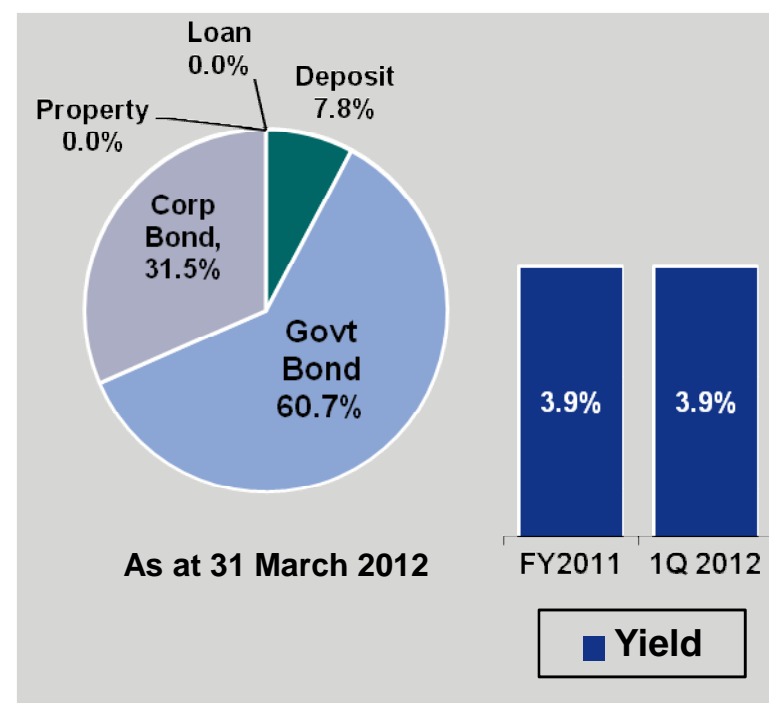


General Business: Stable growth in investment income

Net Investment/Other Result (RM 'mil)



Portfolio Mix and Investment Yield (Annualized)



General Business: Financial results at a glance

RM 'mil	1Q 2011	1Q 2012	△12/11 %
Gross written premium	398.5	456.4	14.5%
Gross earned premium	329.2	370.9	12.7%
Net earned premium	240.0	266.1	10.9%
Net change in benefits & claims paid	(136.7)	(136.7)	0.0%
Net change in contract liabilities	(6.5)	(22.2)	(240.5%)
Management expenses	(42.5)	(47.1)	(10.8%)
Fee and commission expenses	(24.1)	(20.6)	14.6%
Underwriting result	30.2	39.5	30.8%
Net investment/other results	16.5	20.5	24.2%
Profit before tax (after consolidation adjustment)	46.7	60.0	28.5%
Commission Ratio	10.0%	7.8%	(2.2 pts)
Claims Ratio	59.7%	59.7%	0.0 pts
Expense Ratio	17.7%	17.7%	0.0 pts
Combined Ratio	87.4%	85.2%	2.2 pts

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Life Business



Gross written Premium

- Gross written premium grew by 12.7%.

Agency

- Focus on enlarging agency force and increasing productivity.

Product Mix

- Sell more investment-linked products with profitable riders attached.
- Investment-linked ANP and GWP grew by 37.7% and 39.5% respectively.

Investment results

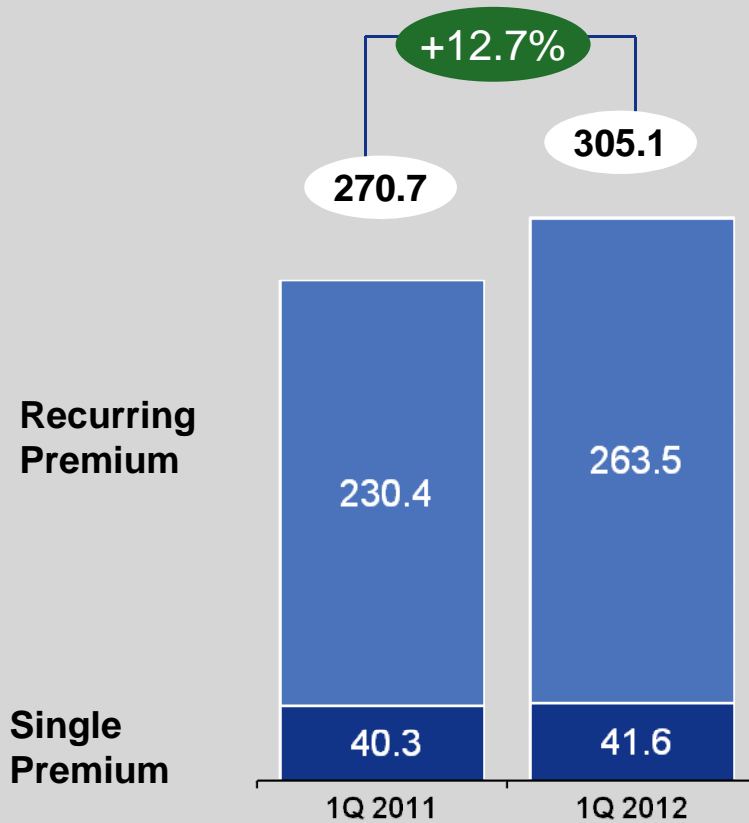
- Net investment results for Life fund lower due to lower marked-to-market gains from fixed income instruments.

Solvency

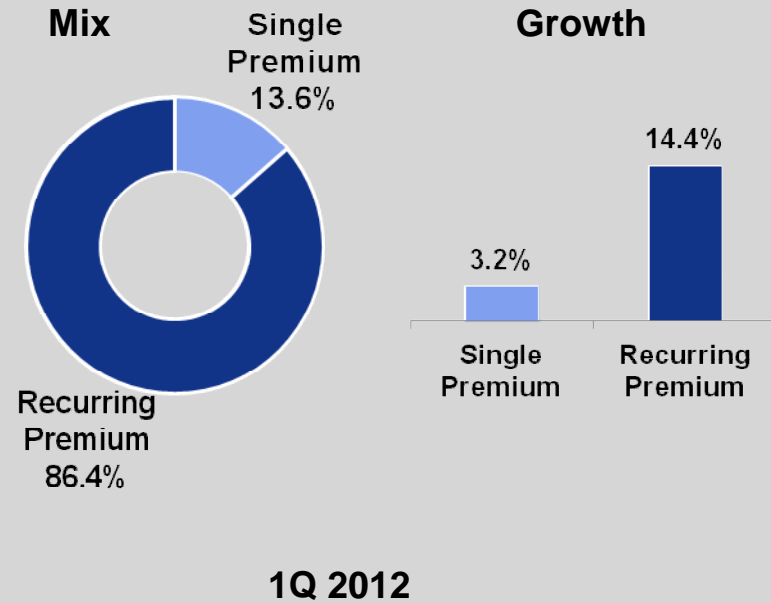
- Capital position continues to be strong.

Life Business: Stable revenue growth

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

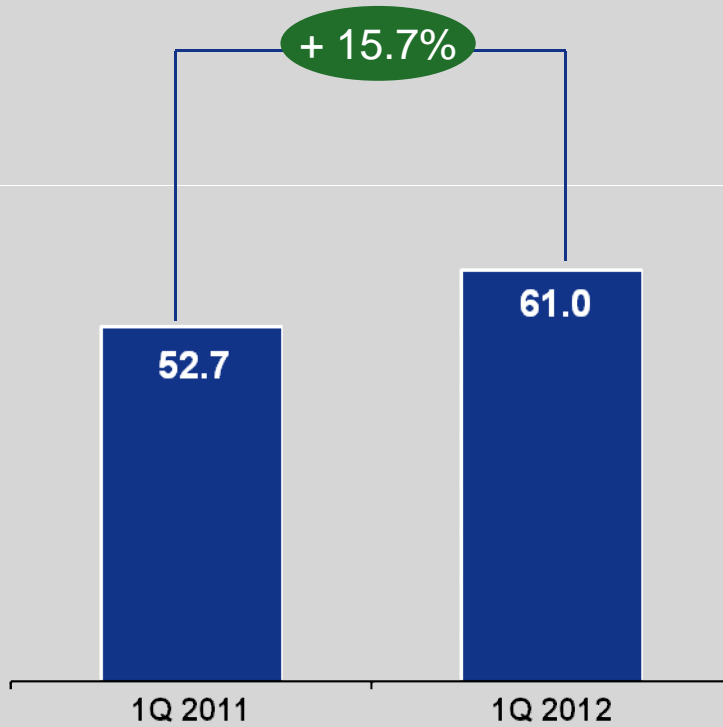


GWP Mix & Growth (%)

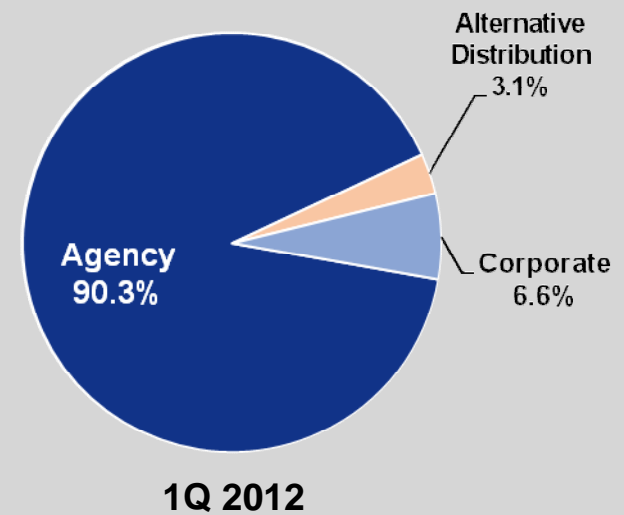


Life Business: New business grew by 15.7%, predominantly driven by Agency sales

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

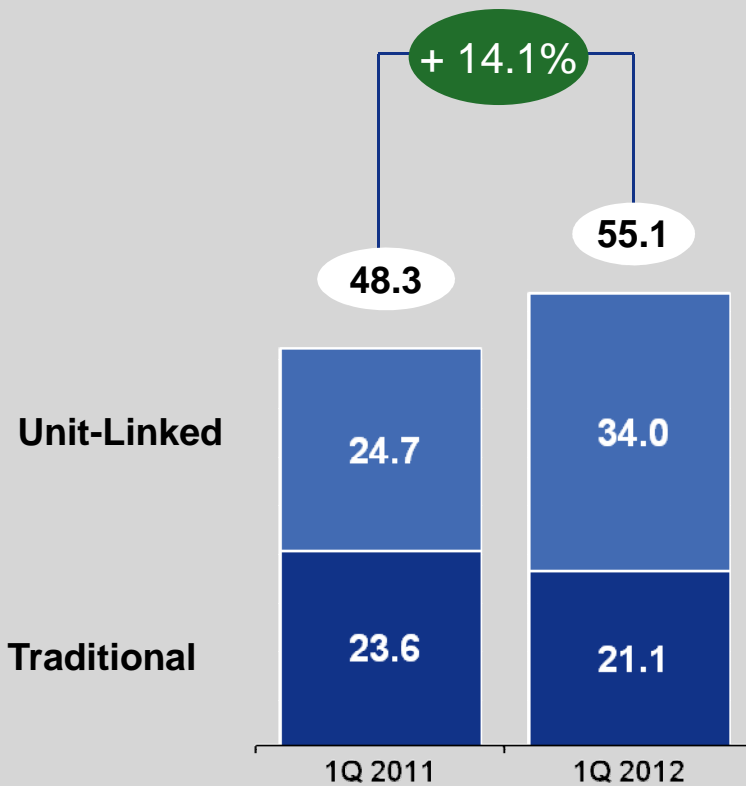


ANP Channel Mix



Life Business: Agency sales higher. Continue to grow investment-linked business

Agency Annualised New Premium (RM 'mil)

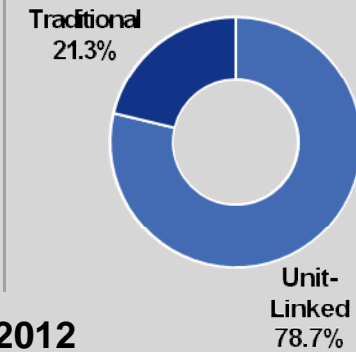


Agency Product Mix

By ANP



By Policy Count



1Q 2012

Agency ANP Growth

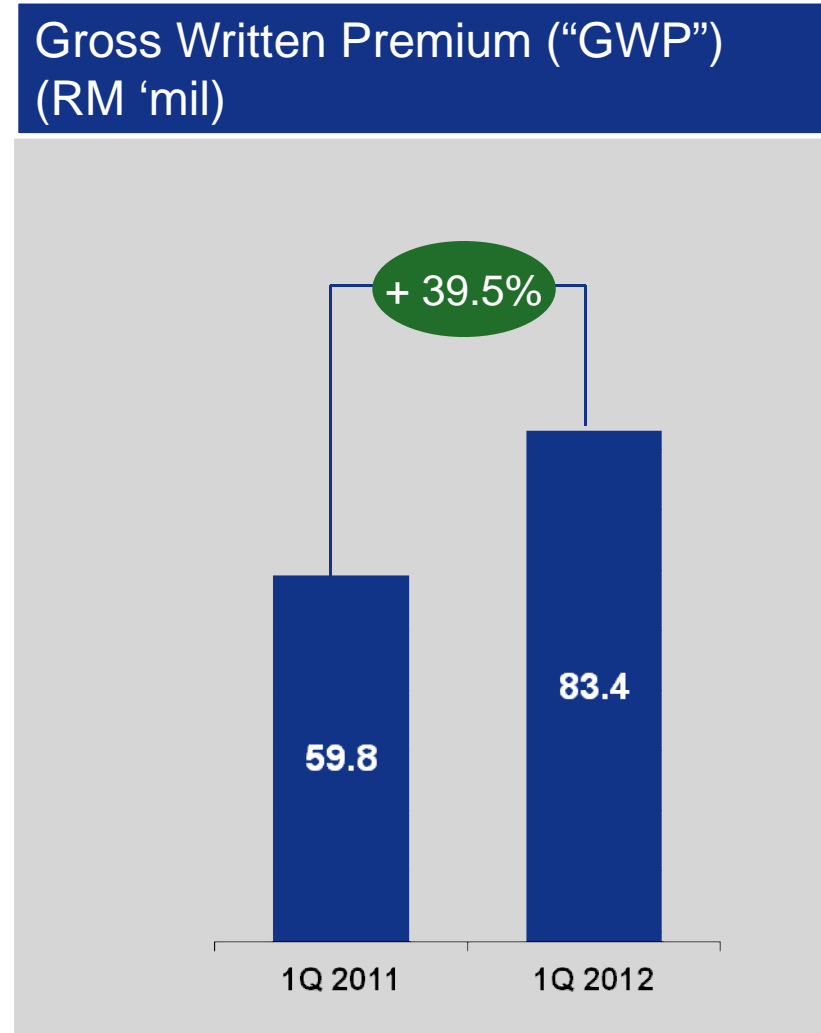
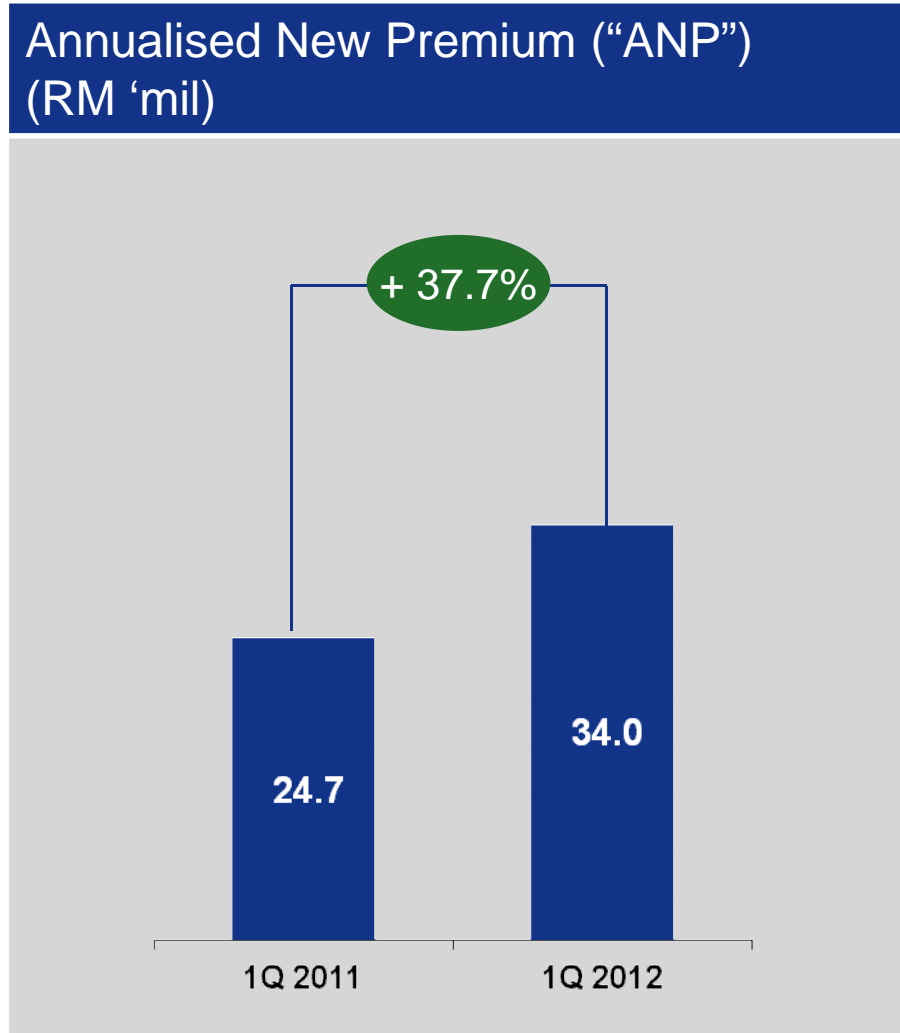
Unit Linked

37.7%

Traditional

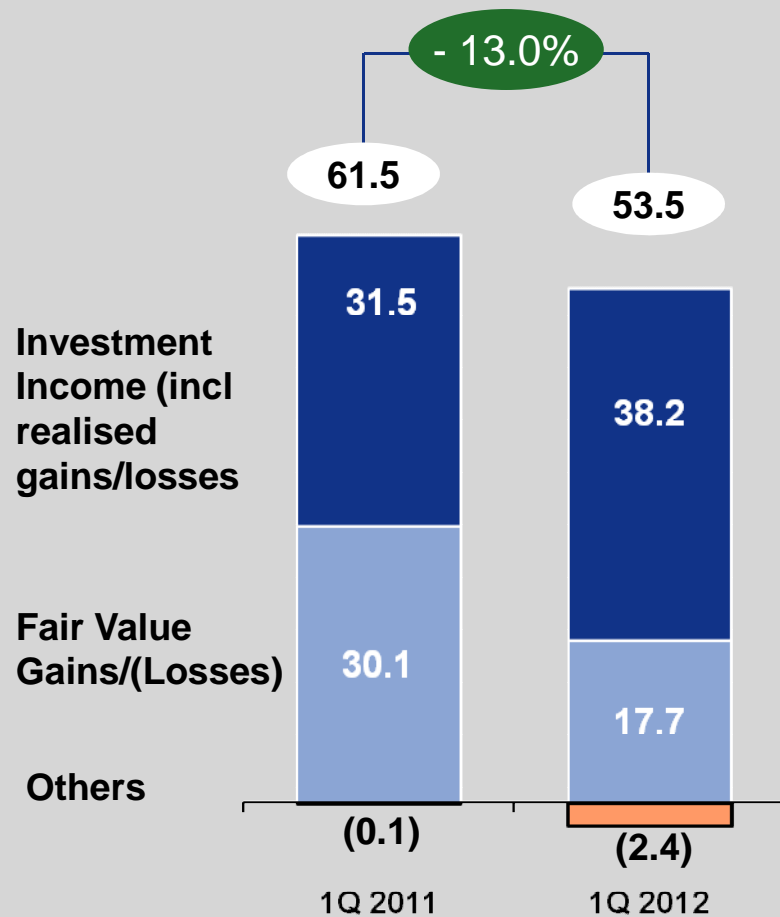
-10.6%

Life Business: Continue to focus on sales of higher margin investment-linked products

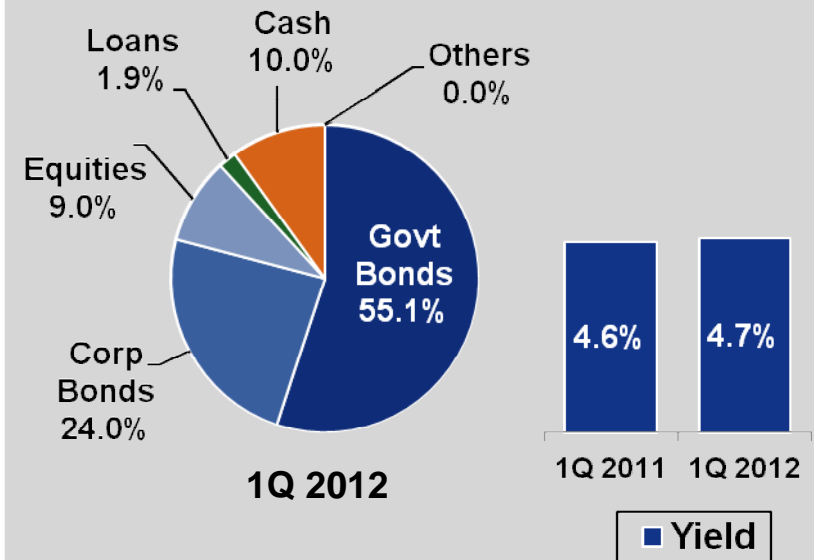


Life Business: Net investment income lower due to lower marked-to-market gains for fixed income instruments

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



Portfolio Mix and Investment Yield
(LF+SHF)



Life Business: Financial results at a glance

RM 'mil	1Q 2011	1Q 2012	△12/11 %
Gross written premiums	270.8	305.1	12.7%
Premium ceded to reinsurers	(16.3)	(27.5)	(68.7%)
Net earned premiums	254.5	277.6	9.1%
Net change in benefits and claim paid	(48.5)	(60.5)	(24.7%)
Net change in contract liabilities	(163.9)	(163.1)	0.5%
Management expenses	(21.5)	(24.8)	(15.3%)
Fee and commission expenses	(63.3)	(64.4)	(1.7%)
Fair value losses	(3.5)	(6.7)	(91.4%)
Net investment results	66.1	59.7	(9.7%)
Net operating expenditure	(1.0)	(3.6)	(260.0%)
Surplus before tax (after consolidation adjustment)	18.9	14.2	(24.9%)
Annualised New Business Premium	52.7	61.0	15.7%
Expenses Ratio	8.7%	9.2%	(0.5 pts)
Local Investment Yield (LF+ SHF)	4.6%	4.7%	0.1 pts
Lapse Ratio (total company)	6.9%	7.3%	(0.4 pts)
Persistency (13th month by premium)	86.1%	87.0%	0.9 pts

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A very good start in 2012



- The revenues stable at EUR 30.1bn
- Operating profit increases 40 percent to EUR 2.3bn supported by lower NatCat losses
- Net income at EUR 1.4bn, up 58%
- Capital position continues to be strong and balance sheet further de-risked

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

A strong quarter

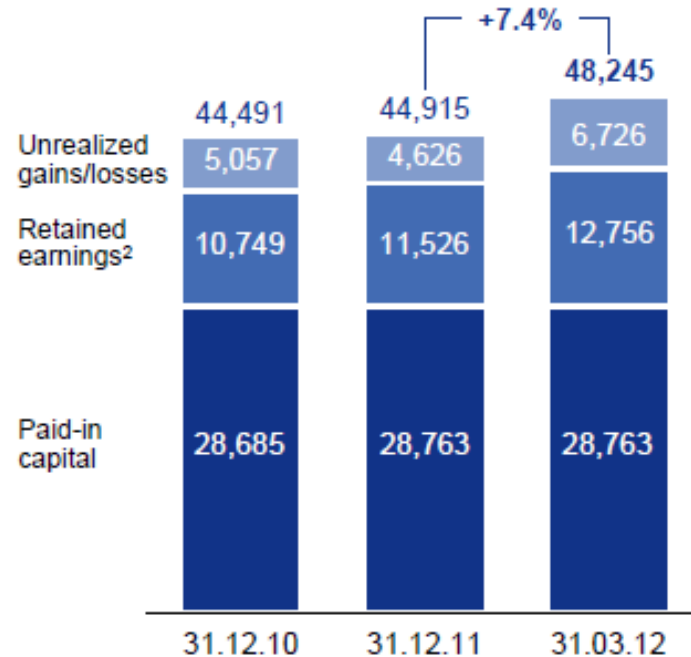


1) Internal growth -0.8%, adjusted for F/X and consolidation effects

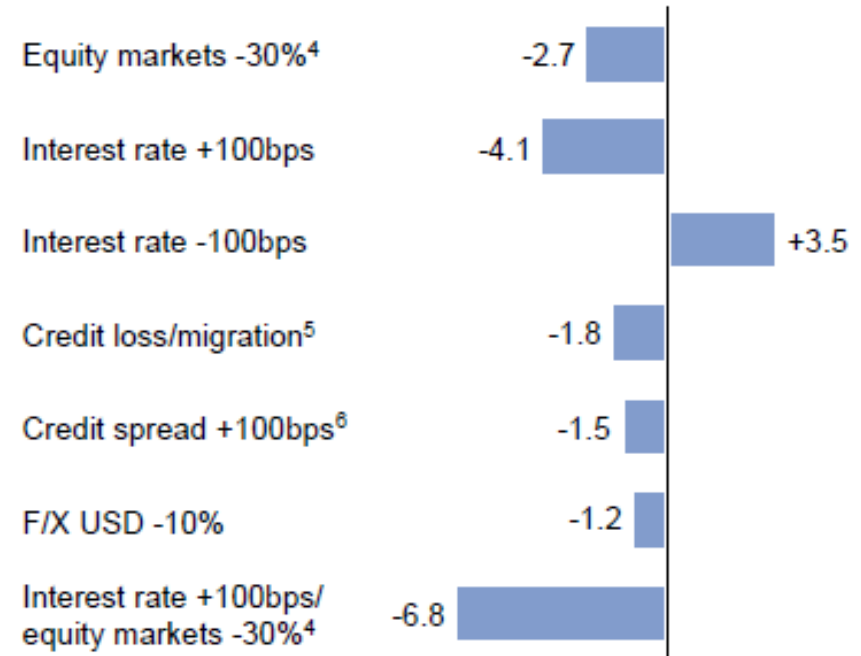
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Shareholders' equity grows further

Shareholders' equity¹
(EUR mn)



Estimation of stress impact³
(EUR bn)



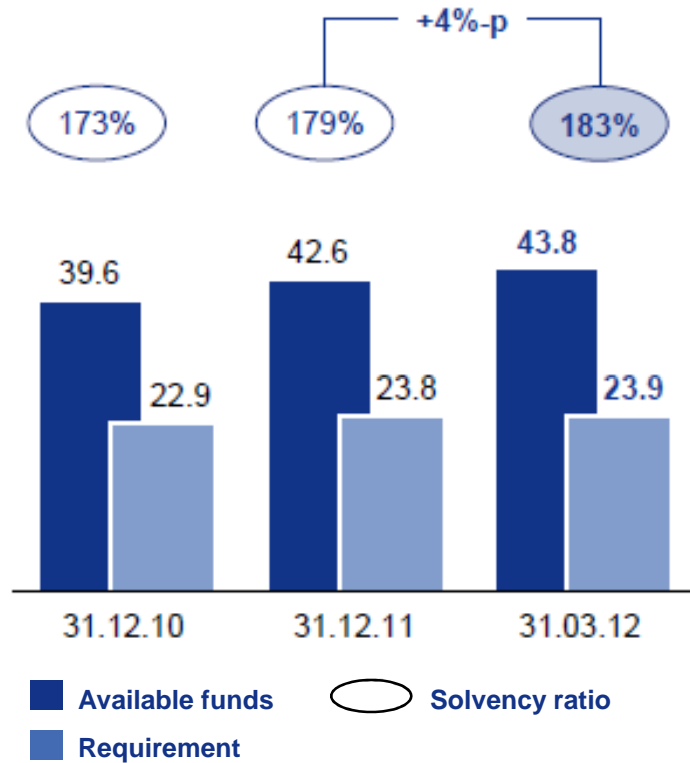
- 1) Excluding non-controlling interests
(31.12.10: EUR 2,071mn, 31.12.11: EUR 2,338mn, 31.03.12: EUR 2,444mn)
- 2) Including F/X
- 3) After non-controlling interests, policyholder participation, tax and shadow DAC
- 4) Including derivatives

- 5) Credit loss/migration (corporate and ABS portfolio): scenario based on probabilities of default as in 1932, migrations adjusted to mimic recession and assumed recovery rate of 30%
- 6) Credit spread stress on corporate and ABS portfolio

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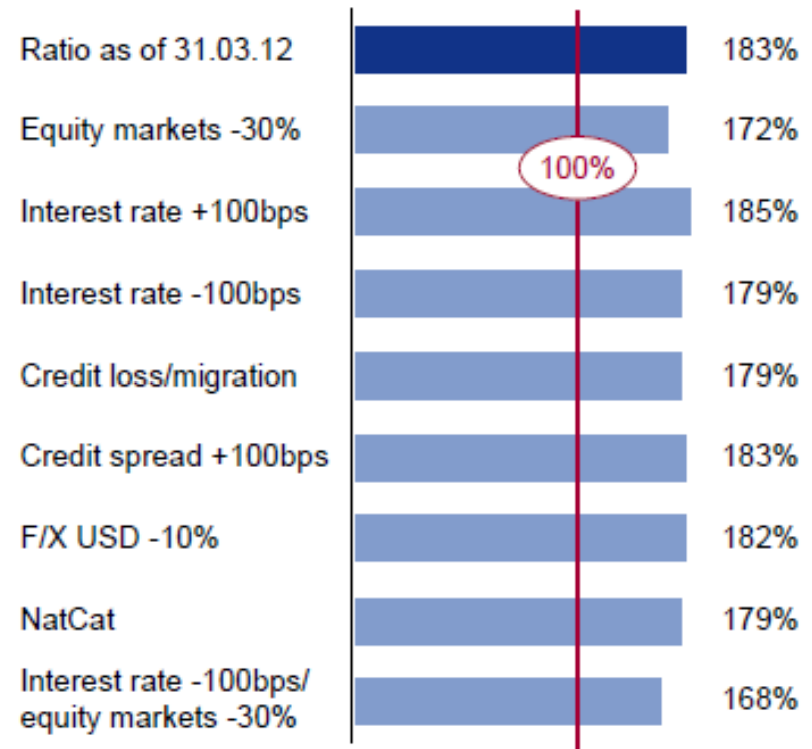
Conglomerate solvency strengthened

Conglomerate solvency¹
(EUR bn)



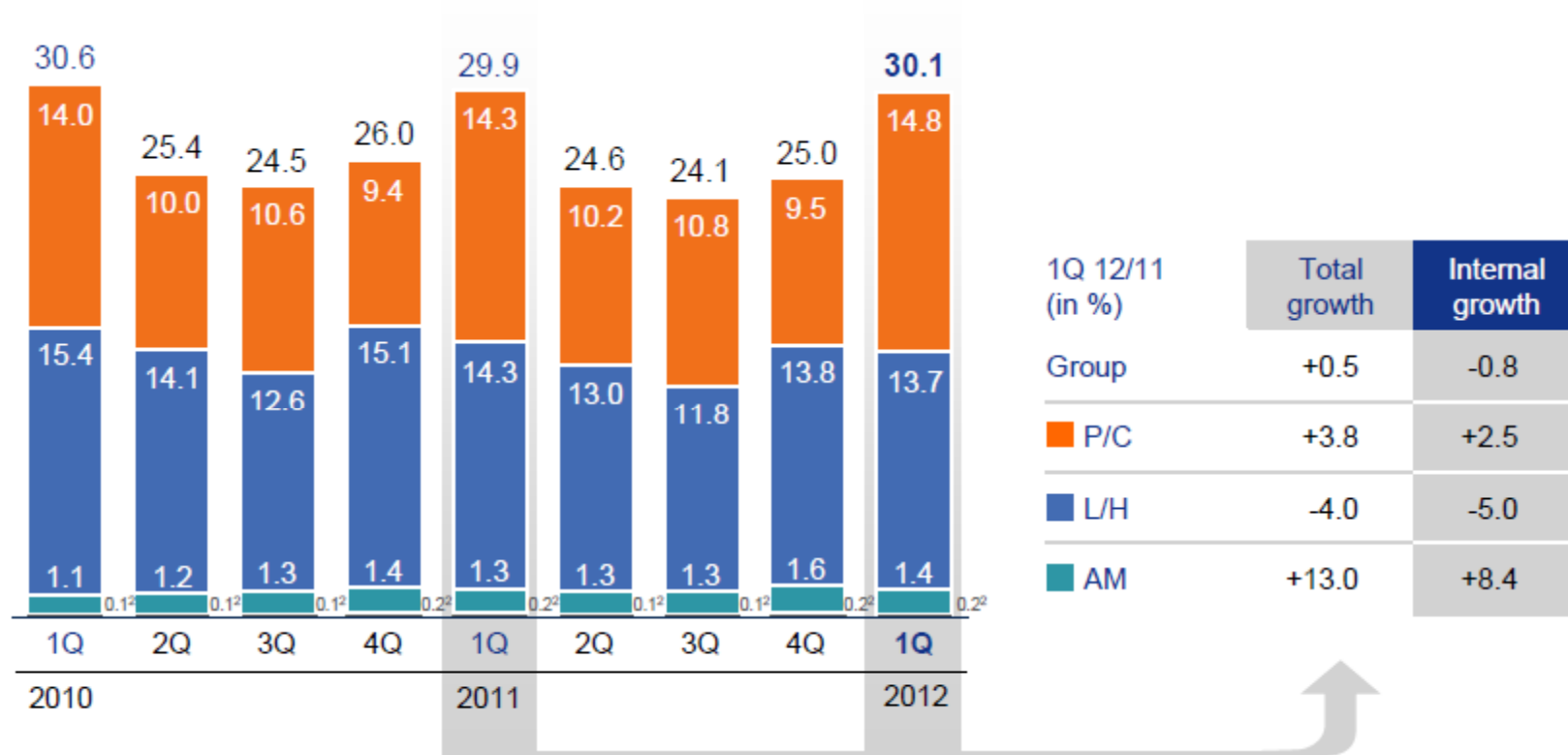
1) Including off-balance sheet reserves (31.12.10: EUR 2.1bn, 31.12.11: EUR 2.2bn, 31.03.12: EUR 2.2bn) pro forma. The solvency ratio excluding off-balance sheet reserves would be 164% as of 31.12.10, 170% as of 31.12.11 and 174% as of 31.03.12.

Estimation of stress impact¹



Total revenues at EUR 30.1bn

Revenue development¹ (EUR bn)

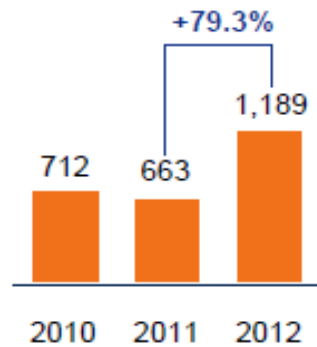


- 1) For a description of total revenues and internal growth please refer to the glossary. All segment figures are based on segment consolidated numbers; figures for the Group as a whole are based on fully consolidated numbers)
- 2) Represents total revenues from Banking within Corporate and Other

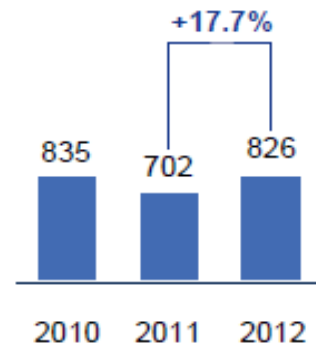
Solid operating profit

Operating profit in 1Q (EUR mn)

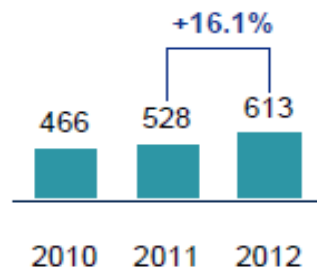
Property/Casualty



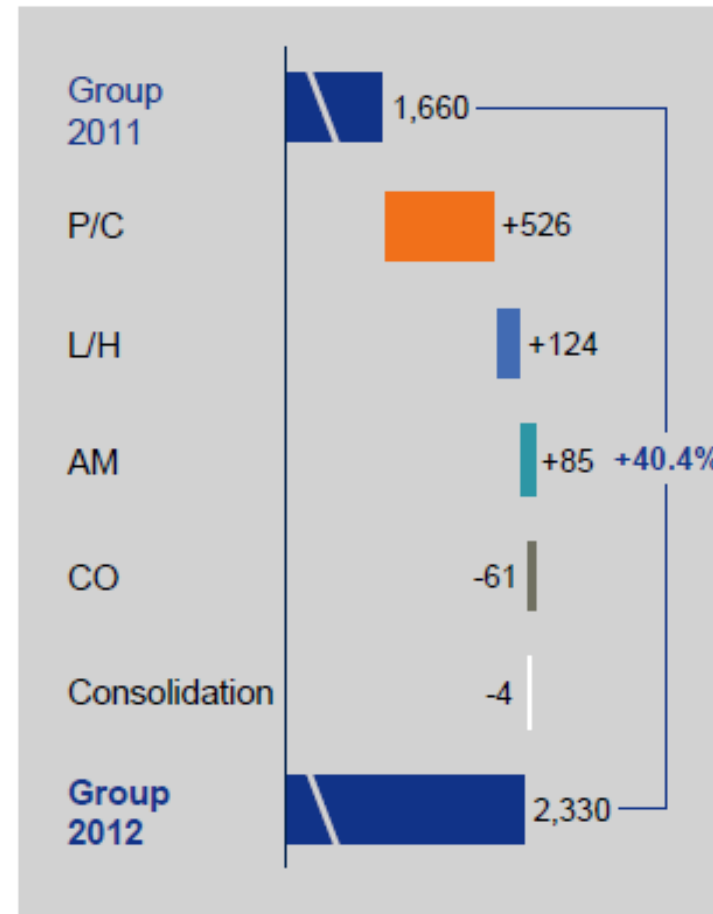
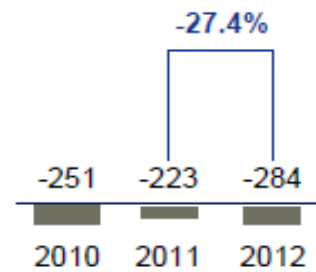
Life/Health



Asset Management



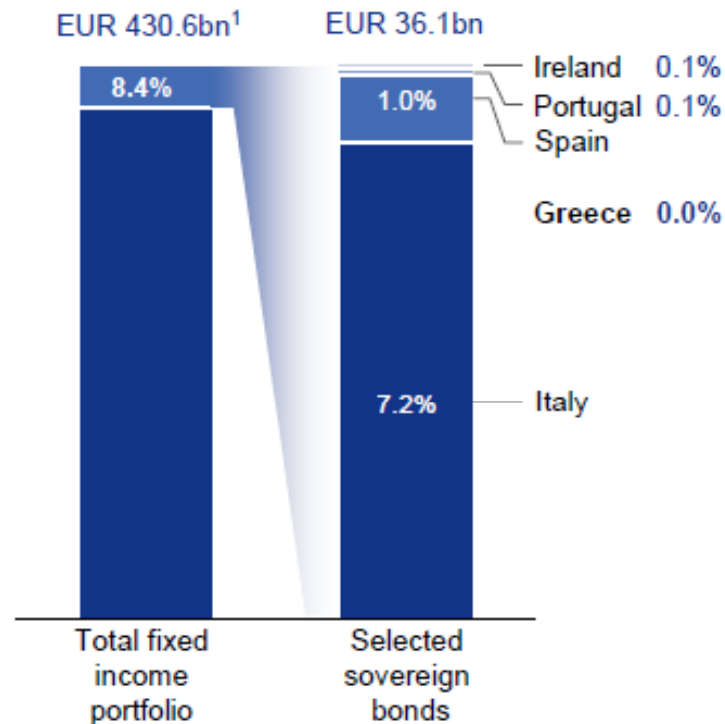
Corporate and Other



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Exposure to selected sovereigns

Percent of total fixed income portfolio



Unrealized gains/losses (EUR mn)

	31.03.2012	
	gross	net ²
Greece ³	-18	-8
Ireland	-11	-7
Portugal	-94	-58
Spain	-238	-52
Sub-total	-361	-125
Italy	-800	-116
Total	-1,161	-241

- 1) As of 31.03.2012; portfolio discussion is based on consolidated insurance portfolios (P/C, L/H, Corporate and Other, does not include Banking operations)
- 2) After policyholder participation and taxes; based on 31.03.2012 balance sheet figures reflected in accumulated other comprehensive income
- 3) After exchange

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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.

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for Your Attention