

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
2Q 2012

Analyst Briefing  
27 August 2012

# 1

## Group Financial Results 2Q 2012

- 1 AMB Group Results**
- 2 General Business
- 3 Life Business

## Strong Performance for 6M 2012



### Operating revenue

- Group operating revenue of RM1.51 billion, an increase by of 13.8% compared to corresponding period of RM1.33 billion due mainly to higher gross earned premiums and investment income by RM164.3 million and RM19.2 million respectively.
- General business recorded an operating revenue of RM804.8 million, an increase of 14.3% compared to corresponding period of RM704.1 million.
- Life business recorded an operating revenue of RM701.5 million, an increase of 13.3% compared to corresponding period of RM619.3 million.

### Profit before tax

- Group consolidated profit before tax of RM160.9 million increased by 25.9% compared to corresponding period last year of RM127.8 million.
- General business contributed a profit before tax of RM116.8 million.
- Life business contributed a profit before tax of RM 38.7 million.

### Investment results

- Stable investment results.

### Earnings per share

- Earnings per share (before dilution) improved from 55.58 sen for 2Q 2011 to 70.57 sen for 2Q 2012.
- Earnings per share (after dilution) at 29.34 sen.

## Financial Overview

RM 'mil	2009	2010	2011	6M 2011 <sup>2</sup>	6M 2012
Gross Written Premium	2,071.1	2,353.7	2,606.8	1,299.3	1,474.1
Management Expense	225.6	235.5	261.7	135.5	158.2
Expense Ratio (Non Life) <sup>1</sup>	19.1%	18.4%	17.0%	17.7%	19.0%
Expense Ratio (Life) <sup>1</sup>	9.4%	7.7%	8.2%	8.4%	8.7%
Local Consolidated PBT	177.0	191.6	204.9	127.8	160.9
Total Assets	5,765.9	6,847.1	7,932.3	7,485.4	8,607.0
Shareholders' Equity	504.7	1,259.6	1,392.9	1,551.1	1,744.9
Basic earnings per share (sen)	77.25	83.97	85.53	55.58	70.57
Diluted earnings per share (sen) <sup>3</sup>	-	50.33	35.26	22.72	29.34

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

2 : 6M 2011 results 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	6M 2011	6M 2012	△12/11 %
<b>Operating revenue</b>	<b>1,327.8</b>	<b>1,511.3</b>	<b>13.8%</b>
Gross earned premiums	1,217.5	1,381.7	13.5%
Premium ceded to reinsurers	(211.0)	(258.3)	-22.4%
Net earned premiums	1,006.5	1,123.4	11.6%
Net change in benefits and claim paid	(364.9)	(430.3)	-17.9%
Net change in contract liabilities	(359.4)	(373.2)	-3.8%
Management expenses	(135.5)	(158.2)	-16.8%
Net fee and commission expenses	(177.5)	(174.9)	1.5%
Fair value gains	13.8	19.1	38.4%
Net investment results	148.4	158.4	6.7%
Net operating expenditure	(3.6)	(3.4)	5.6%
<b>Profit before tax</b>	<b>127.8</b>	<b>160.9</b>	<b>25.9%</b>
Taxation	(42.3)	(50.5)	19.4%
<b>Profit after tax</b>	<b>85.5</b>	<b>110.4</b>	<b>29.1%</b>
<b>Earnings per share before dilution (sen)</b>	<b>55.58</b>	<b>70.57</b>	<b>27.0%</b>

## Summary of Unaudited Financial Results (continued)

### Result by operating segments (after consolidation adjustment) for 6M ended

RM 'mil	Investment holding		General business		Life business		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
Operating revenue	4.4	4.9	704.1	804.8	619.3	701.5	1,327.8	1,511.2
Segment profit	2.6	5.4	95.6	116.8	29.6	38.7	127.8	160.9
Segment assets	285.8	342.7	3,726.4	4,096.6	3,473.2	4,167.7	7,485.4	8,607.0
Segment liabilities	21.6	32.0	2,667.6	2,934.5	3,245.0	3,895.7	5,934.2	6,862.2

## Impact of Change in Accounting Policy

### Breakdown of Profit Before Tax

RM' 000	Restated	
	6M 2011	6M 2012
Investment Holding	2,609	5,384
General Business	95,513	116,838
Life Business : Life funds	7,212	7,643
Life Business : Investment-Linked funds	1,342	1,409
<b>Profit before tax (excluding Non Participating funds)</b>	<b>106,676</b>	<b>131,274</b>
Life Business : Non Participating funds	21,082	29,652
<b>Profit before tax</b>	<b>127,758</b>	<b>160,926</b>
Diluted EPS (as previously reported) (sen)	18.65	-
Diluted EPS (restated) (sen)	22.72	29.34

- 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

Note : 6M 2011 results restated upon transition to Malaysian Financial Reporting Standards framework on 1 January 2012 .

## Impact of Change in Accounting Policy Breakdown of Equity

RM' 000	Restated	
	6M 2011	6M 2012
Share capital	153,869	156,476
Preference shares	192,337	189,730
Share Premium	424,823	424,823
Reserves	22,011	44,927
Retained earnings	529,868	661,666
<b>Total Equity (excluding Non Participating funds)</b>	<b>1,322,908</b>	<b>1,477,622</b>
Non Participating funds Retained earnings/Reserves	228,226	267,238
<b>Total Equity</b>	<b>1,551,134</b>	<b>1,744,860</b>
Diluted net asset per ordinary share (as previously reported) (RM)	3.82	-
Diluted net asset per ordinary share (restated) (RM)	4.48	5.04

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

Note : 6M 2011 results restated upon transition to Malaysian Financial Reporting Standards framework on 1 January 2012 .



# 2

Group financial  
results 2Q 2012

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## General Business



### **Gross Written Premium**

- Double digit growth of 14.2%.

### **Combined ratio**

- Better combined ratio attributed to lower ratios in commission.

### **Investment result**

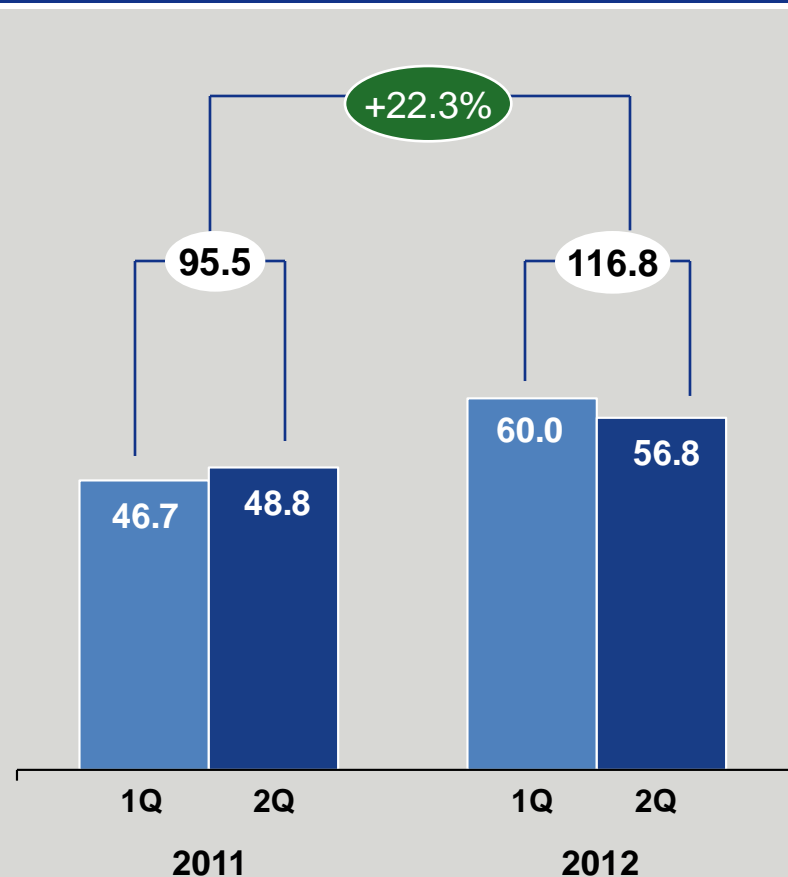
- Stable growth in investment income.

### **Profit before tax**

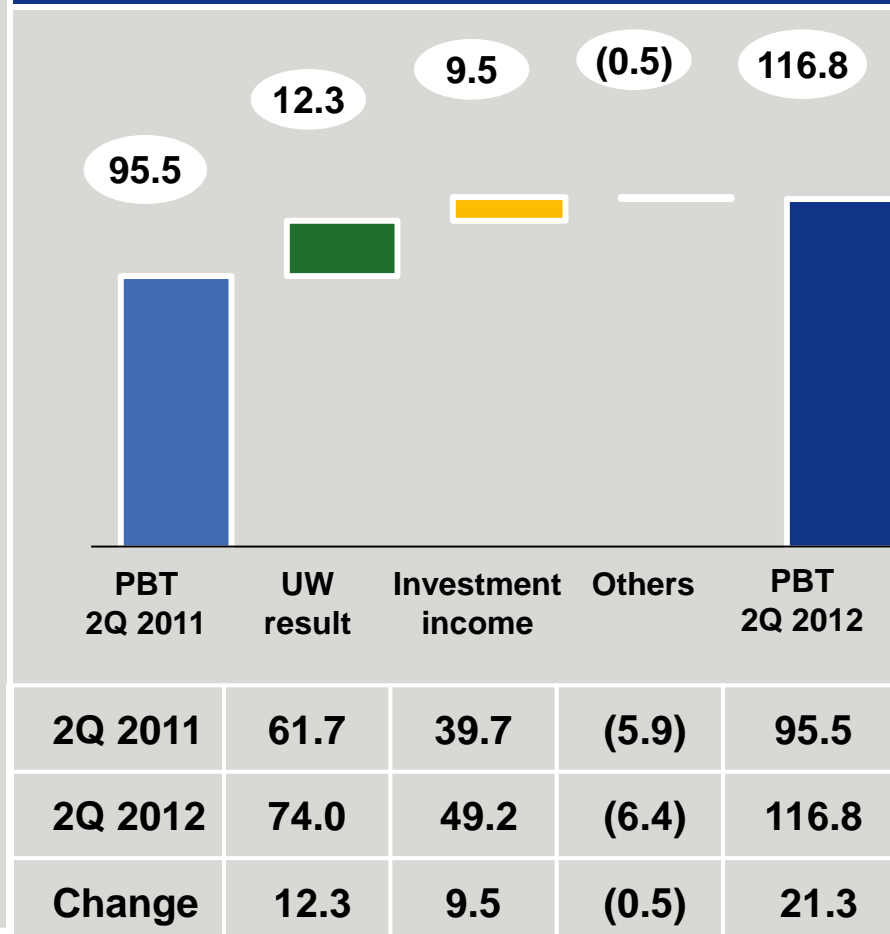
- Higher profit due to better underwriting and investment performance.

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

## Profit Before Tax (RM 'mil)

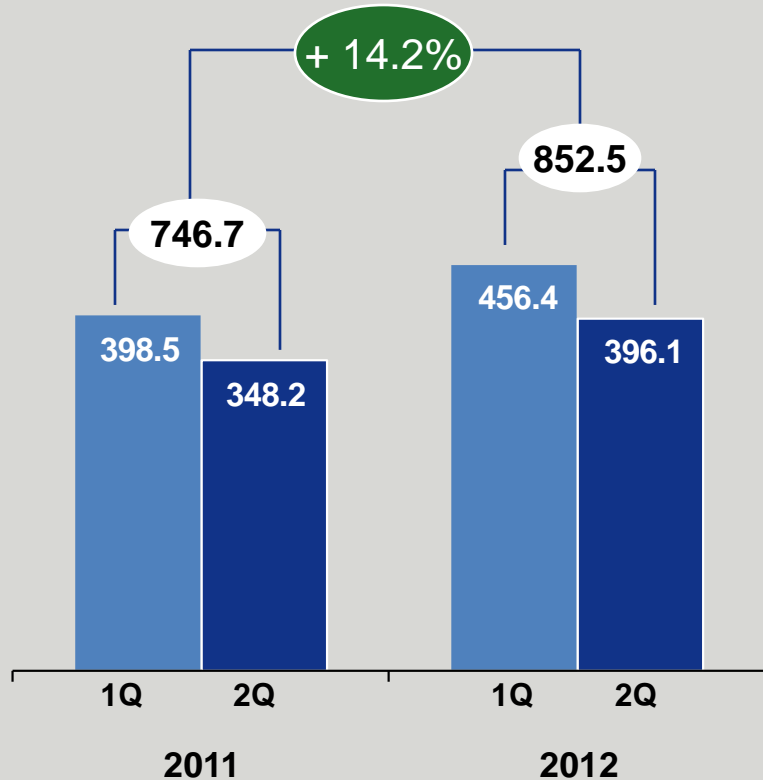


## PBT Drivers (RM 'mil)

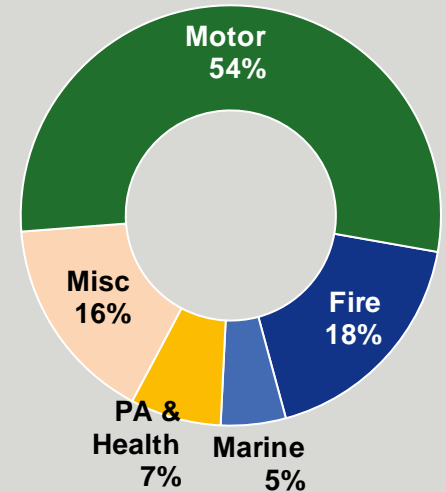
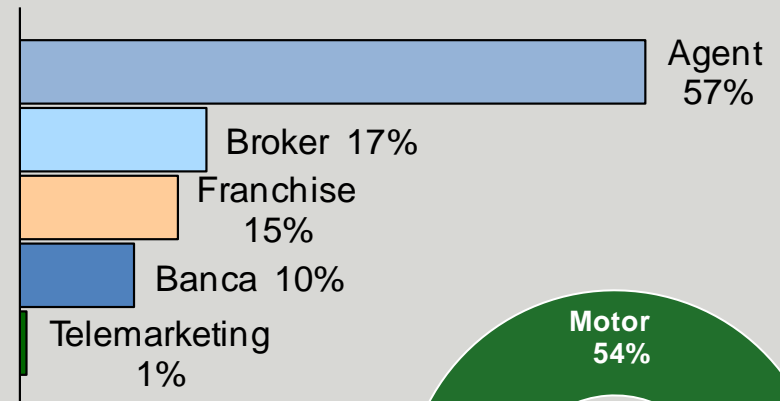


# General Business: Double digit growth of 14.2% in Gross Written Premium

## Gross Written Premium (RM 'mil)

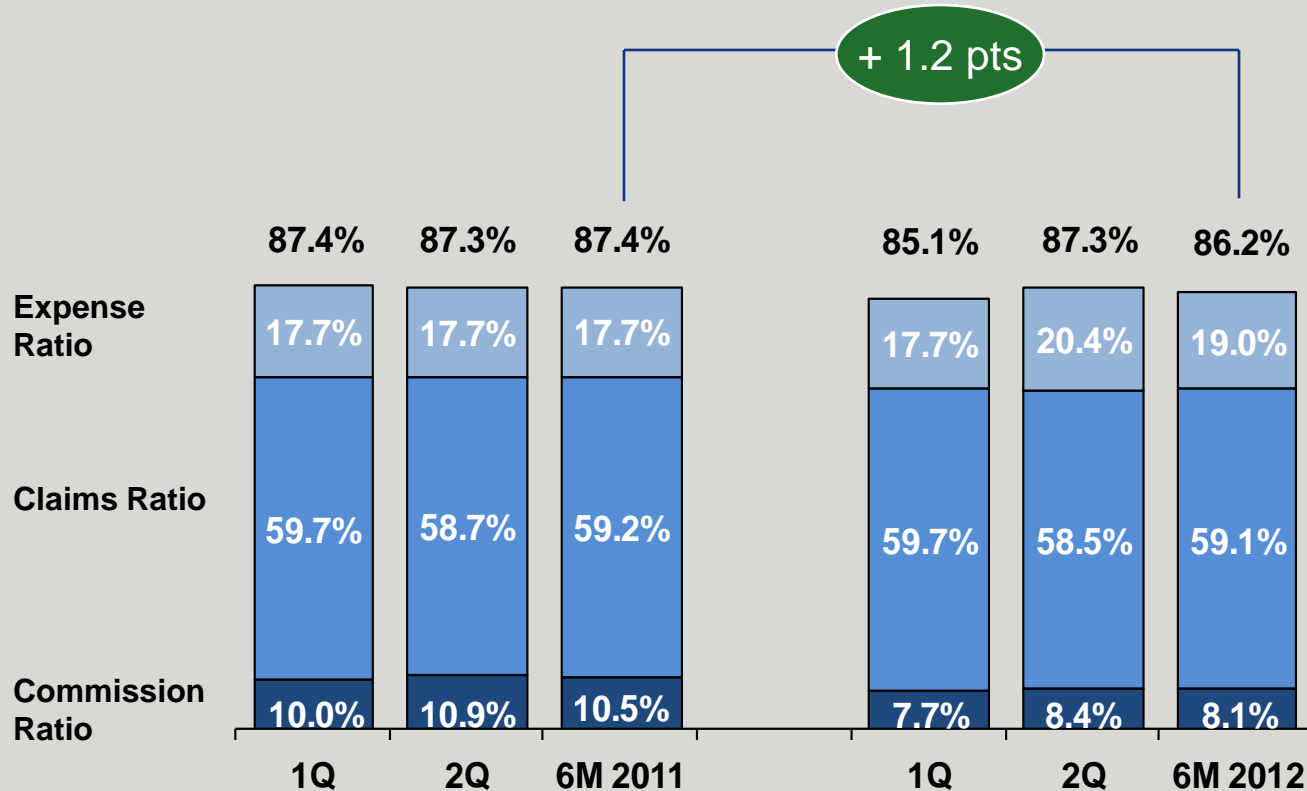


## Distribution Channel & Portfolio Mix (6M 2012)



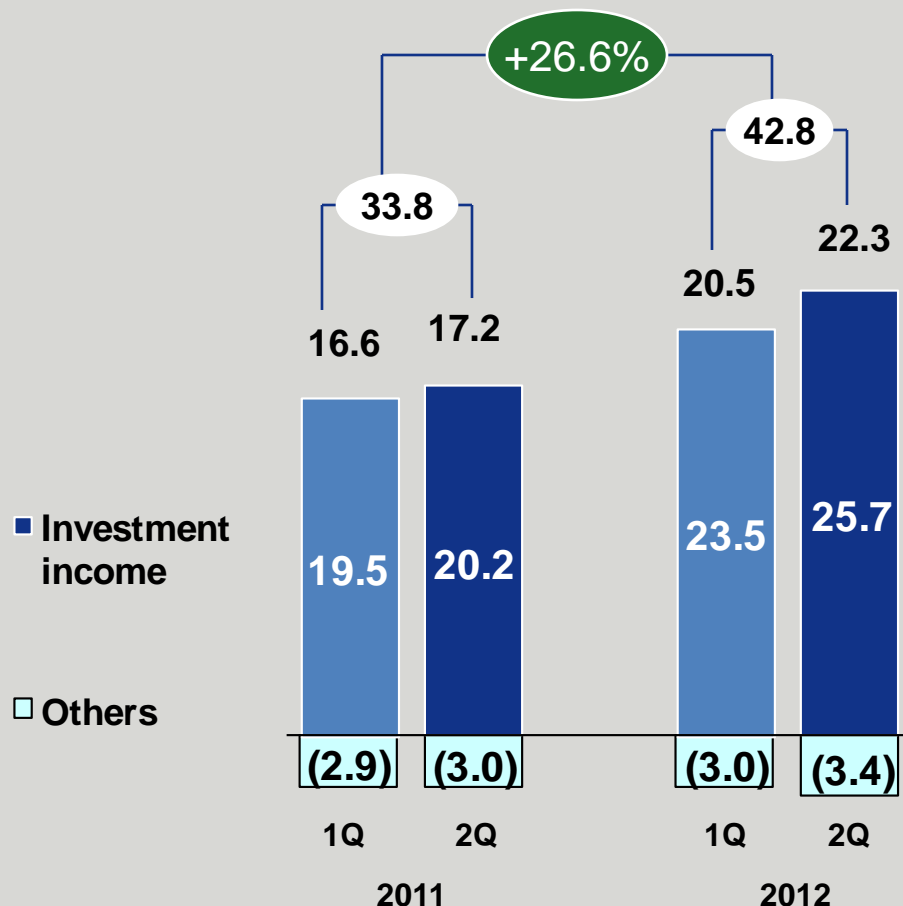
# General Business: Better combined ratio attributed to lower ratio in commission

## Combined Ratio

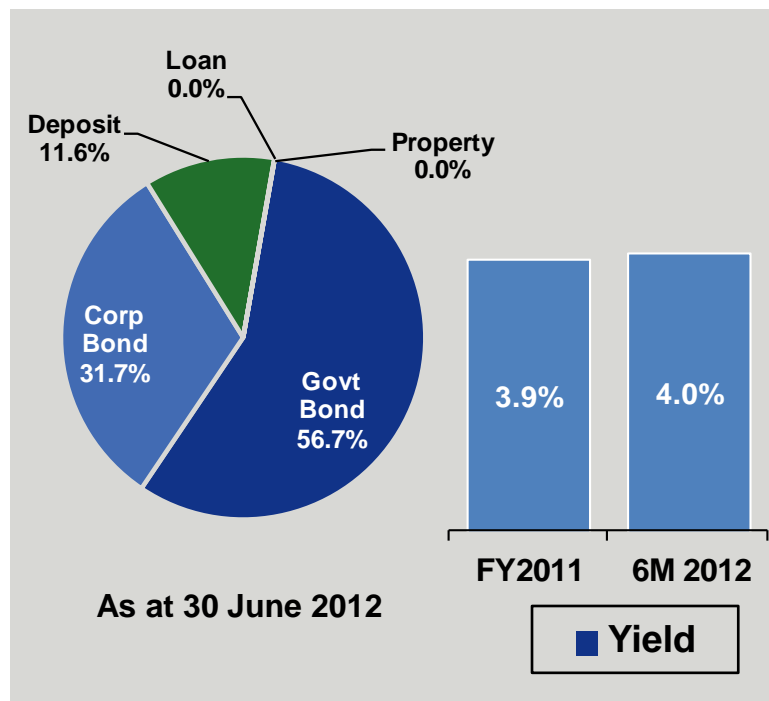


# General Business: Stable growth in investment income

## Net Investment/Other Result (RM 'mil)



## Portfolio Mix and Investment Yield (Annualized)



## General Business: Financial results at a glance

RM 'mil	2Q 2011	2Q 2012	△12/11 %
Gross written premium	746.7	852.5	14.2%
Gross earned premium	664.9	760.1	14.3%
Net earned premium	488.9	537.2	9.9%
Net change in benefits & claims paid	(259.2)	(279.6)	-7.9%
Net change in contract liabilities	(30.1)	(37.9)	-26.0%
Management expenses	(86.6)	(102.4)	-18.3%
Fee and commission expenses	(51.3)	(43.3)	15.6%
<b>Underwriting result</b>	<b>61.7</b>	<b>74.0</b>	<b>19.8%</b>
Net investment/other results	33.8	42.8	26.6%
<b>Profit before tax (after consolidation adjustment)</b>	<b>95.5</b>	<b>116.8</b>	<b>22.3%</b>
Commission Ratio	10.5%	8.1%	2.4 pts
Claims Ratio	59.2%	59.1%	0.1 pts
Expense Ratio	17.7%	19.0%	-1.3 pts
Combined Ratio	87.4%	86.2%	1.2 pts

# 3

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# Life Business



## Gross written Premium

- Gross written premium grew by 12.5%.

## Agency

- Focus on enlarging agency force and increasing productivity.

## Product Mix

- Focus on investment-linked products with profitable riders attached.
- Investment-linked ANP and GWP grew by 38.7% and 38.1% respectively.

## Investment results

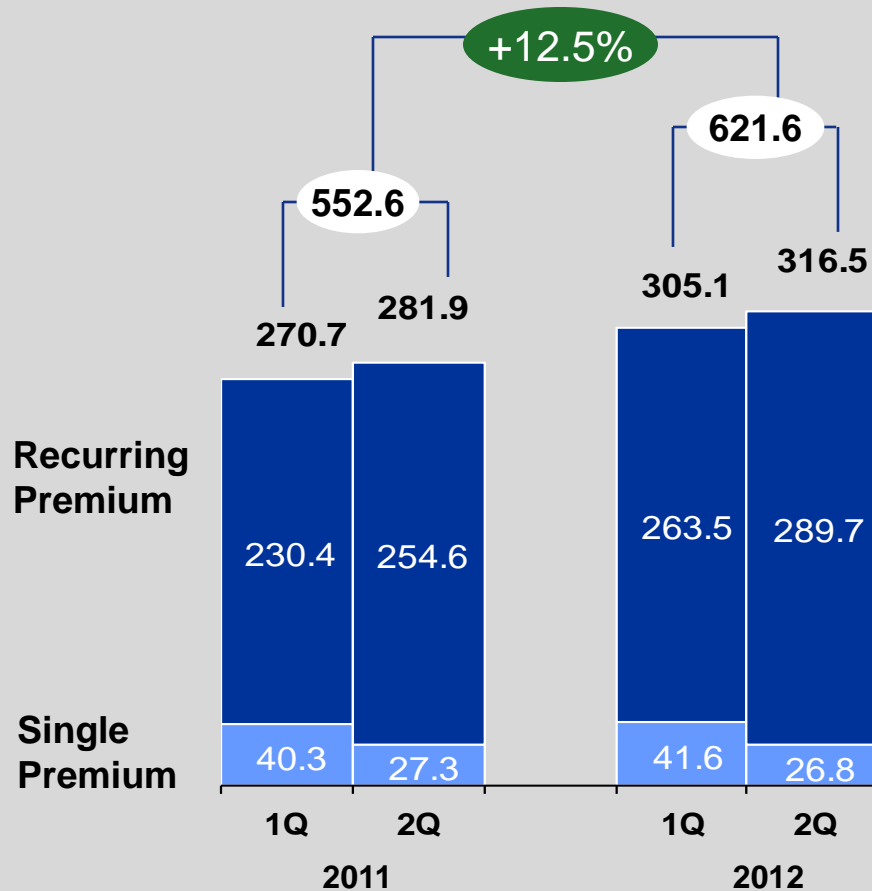
- Better net investment results due to higher marked-to-market gains from fixed income instruments and higher investment income.

## Profit before tax

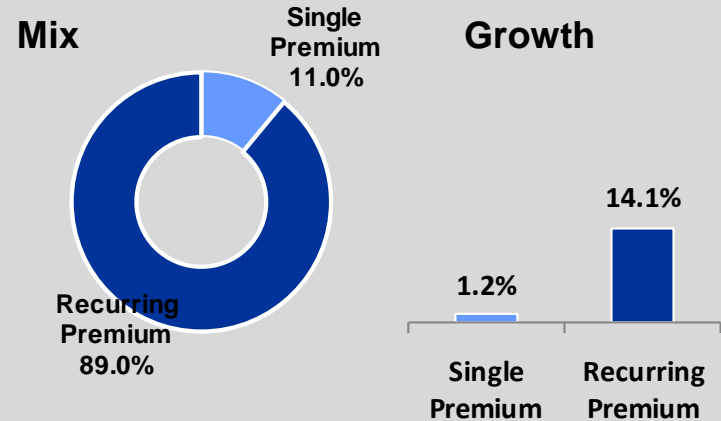
- Higher profit before tax due to higher surplus from non participating fund.

# Life Business: Stable revenue growth

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

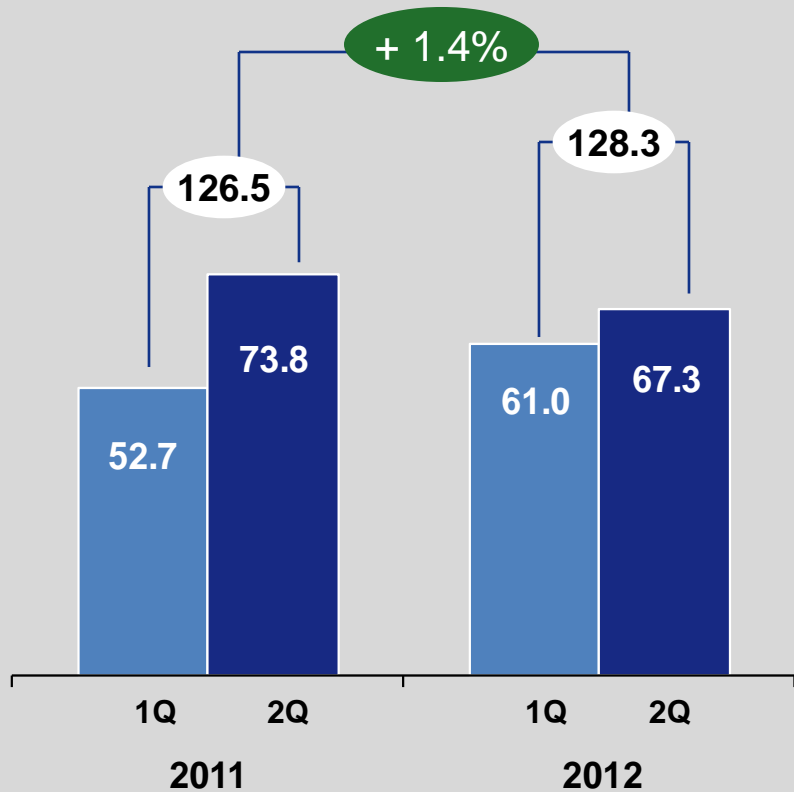


## GWP Mix & Growth (%) (6M 2012)

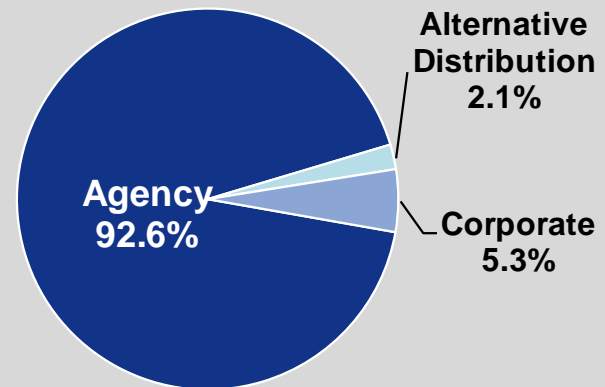


## Life Business: New business in line with last year, with main contribution from Agency sales

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



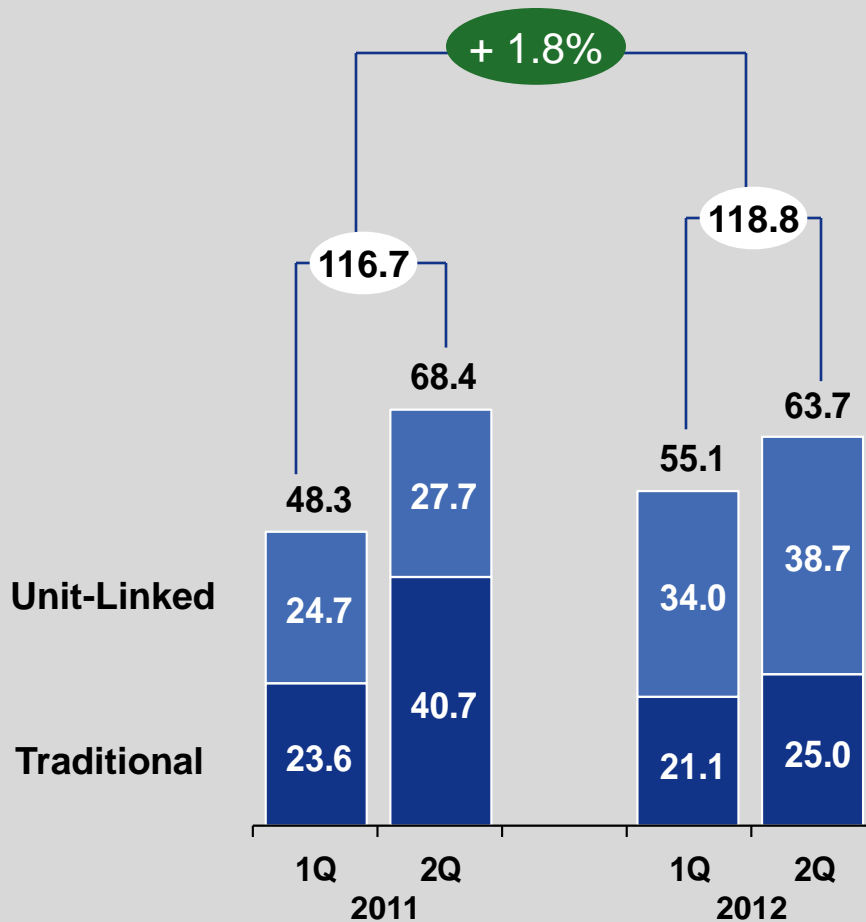
### ANP Channel Mix



6M 2012

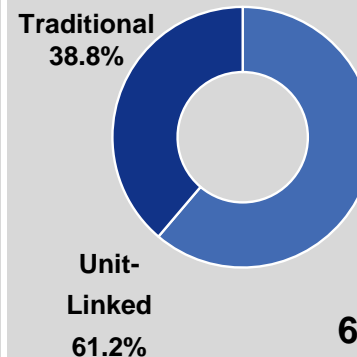
# Life Business: Agency continue to sell profitable regular investment-linked products

## Agency Annualised New Premium (RM 'mil)

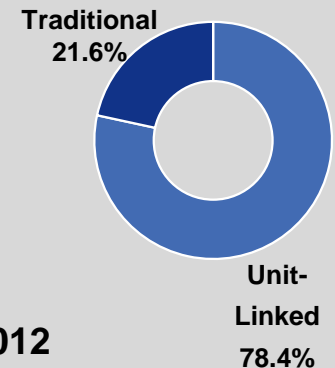


## Agency Product Mix

### By ANP



### By Policy Count



6M 2012

## Agency ANP Growth

Unit Linked

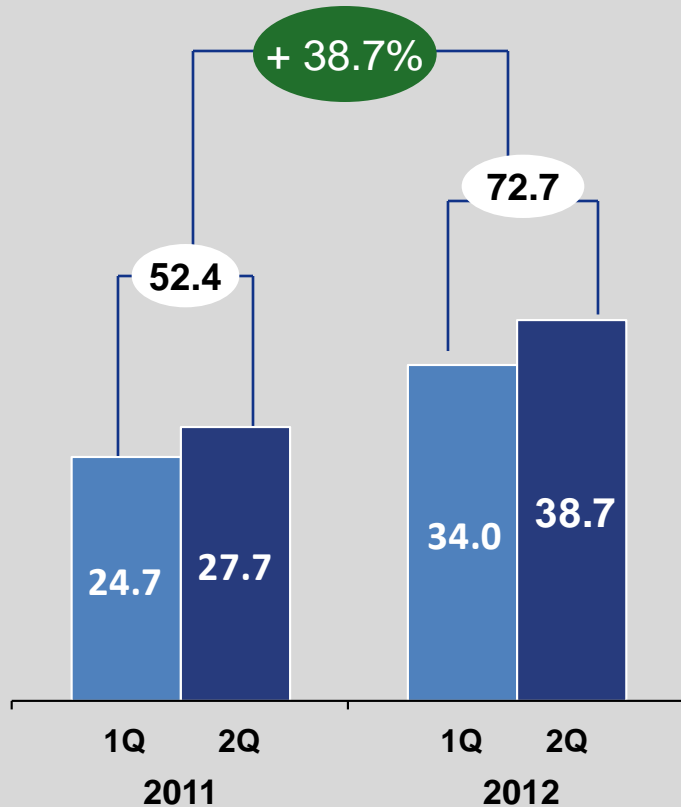
38.7%

Traditional

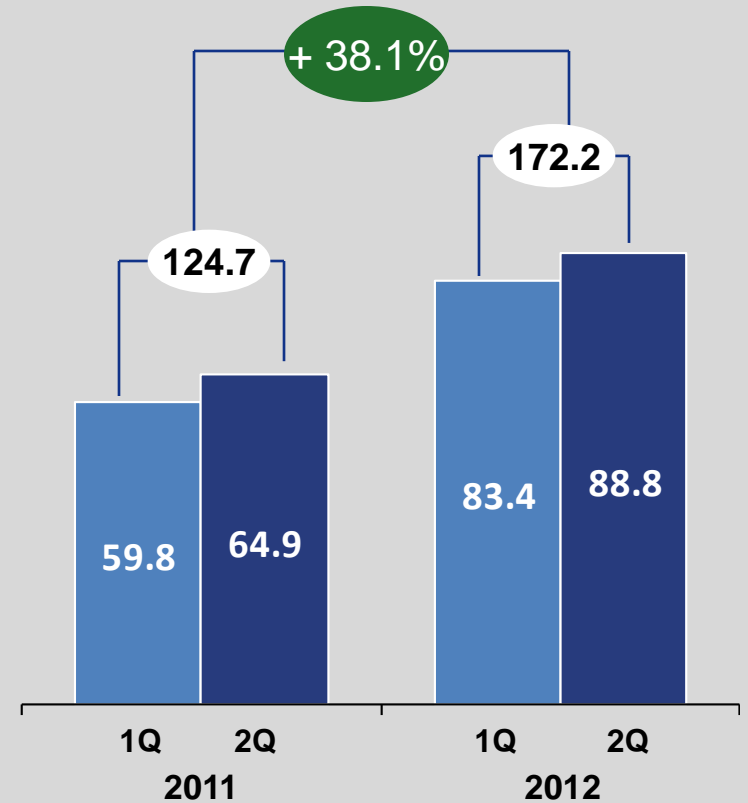
-28.3%

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

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

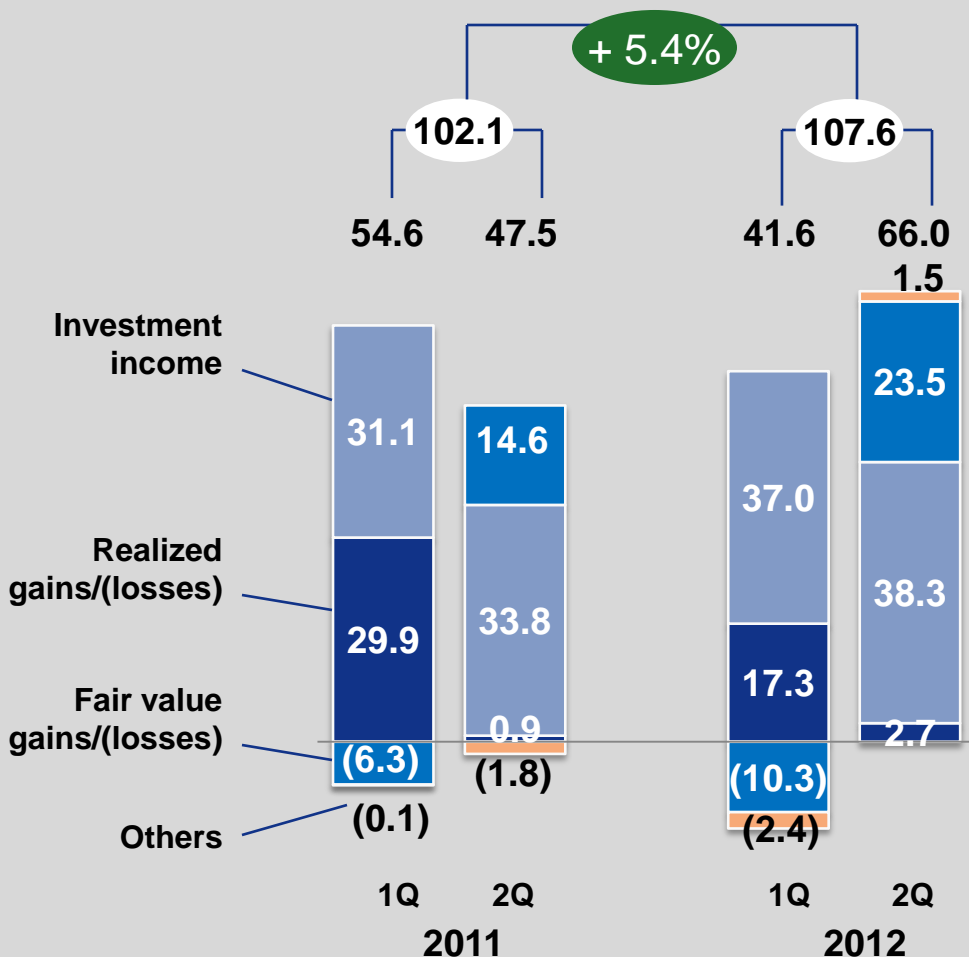


**Gross Written Premium (“GWP”)  
(RM ‘mil)**

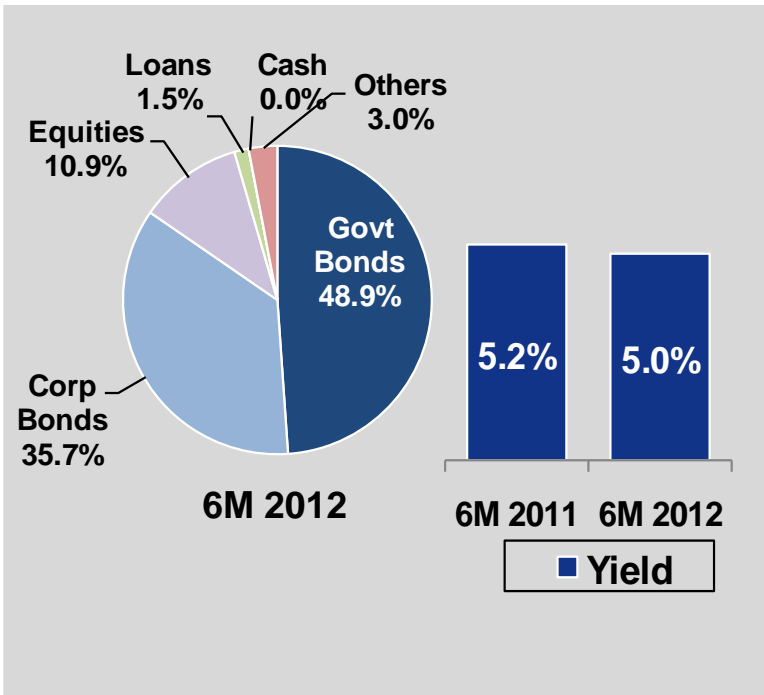


# Life Business: Better net investment results from marked-to-market gains from fixed income instruments and higher investment income from enlarged assets base

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



## Portfolio Mix and Investment Yield (LF+SHF)



## Life Business: Financial results at a glance

RM 'mil	6M 2011	6M 2012	△12/11 %
Gross written premiums	552.6	621.6	12.5%
Premium ceded to reinsurers	(34.9)	(35.3)	-1.1%
Net earned premiums	517.7	586.3	13.3%
Net change in benefits and claim paid	(105.8)	(150.7)	-42.4%
Net change in contract liabilities	(329.4)	(335.3)	-1.8%
Management expenses	(42.6)	(49.6)	-16.4%
Fee and commission expenses	(126.3)	(131.6)	-4.2%
Fair value gains	13.8	19.1	38.4%
Net investment results	104.8	103.3	-1.4%
Net operating expenditure	(2.6)	(2.8)	-7.7%
<b>Profit before tax</b> (after consolidation adjustment)	<b>29.6</b>	<b>38.7</b>	<b>30.8%</b>
Annualised New Business Premium	126.5	128.3	1.4%
Expenses Ratio	8.4%	8.8%	0.4 pts
Local Investment Yield (LF+ SHF)	5.2%	5.0%	(0.2 pts)
Lapse Ratio (total company)	7.8%	7.1%	(0.7 pts)
Persistency (13th month by premium)	85.3%	86.3%	1.0 pts

Thank You  
for Your Attention



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