

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
3Q 2012

Analyst Briefing  
26 November 2012

# 1

## Group Financial Results 3Q 2012

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

## Strong Performance for 9M 2012



### Operating revenue

- Group operating revenue of RM2.3 billion, an increase of 14.0% compared to corresponding period of RM2.0 billion due mainly to higher gross earned premiums and investment income by RM253.2 million and RM29.5 million respectively.
- General business recorded an operating revenue of RM1.2 billion, an increase of 14.5% compared to corresponding period of RM1.1 billion.
- Life business recorded an operating revenue of RM1.1 billion, an increase of 13.5% compared to corresponding period of RM0.9 billion.

### Profit before tax

- Group consolidated profit before tax of RM232.9 million increased by 17.6% compared to corresponding period last year of RM198.0 million.
- General business contributed a profit before tax of RM171.9 million.
- Life business contributed a profit before tax of RM 53.4 million.

### Investment results

- Stable investment results.

### Earnings per share

- Earnings per share (before dilution) improved from 84.73 sen for 3Q 2011 to 104.43 sen for 3Q 2012.
- Earnings per share (after dilution) at 42.85 sen.

## Financial Overview

RM 'mil	2009	2010	2011 <sup>2</sup>	9M 2011 <sup>2</sup>	9M 2012
Gross Written Premium	2,071.1	2,353.7	2,606.8	1,985.6	2,265.9
Management Expense	225.6	241.5	270.6	206.5	244.0
Expense Ratio (Non Life) <sup>1</sup>	19.1%	18.4%	17.0%	18.0%	19.7%
Expense Ratio (Life) <sup>1</sup>	9.4%	7.7%	8.2%	8.4%	8.7%
Local Consolidated PBT	177.0	191.6	248.8	198.0	232.9
Total Assets	5,765.9	6,847.1	7,932.8	7,679.1	8,893.2
Shareholders' Equity	504.7	1,259.6	1,638.0	1,600.2	1,797.9
Basic earnings per share (sen)	77.25	83.97	106.09	84.73	104.43
Diluted earnings per share (sen) <sup>3</sup>	-	50.33	43.74	34.64	42.85

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

2 : 9M 2011 and 12M 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	9M 2011	9M 2012	△12/11 %
<b>Operating revenue</b>	<b>2,015.2</b>	<b>2,297.8</b>	<b>14.0%</b>
Gross earned premiums	1,845.1	2,098.3	13.7%
Premium ceded to reinsurers	(319.3)	(407.6)	-27.7%
Net earned premiums	1,525.8	1,690.7	10.8%
Net change in benefits and claim paid	(559.3)	(639.6)	-14.4%
Net change in contract liabilities	(491.9)	(563.7)	-14.6%
Management expenses	(206.5)	(244.0)	-18.2%
Net fee and commission expenses	(267.9)	(261.2)	2.5%
Fair value gains	5.8	14.7	153.4%
Net investment results	204.8	242.7	18.5%
Net operating expenditure	(12.8)	(6.7)	47.7%
<b>Profit before tax</b>	<b>198.0</b>	<b>232.9</b>	<b>17.6%</b>
Taxation	(67.8)	(69.3)	-2.2%
<b>Profit after tax</b>	<b>130.2</b>	<b>163.6</b>	<b>25.7%</b>
<b>Earnings per share before dilution (sen)</b>	<b>84.73</b>	<b>104.43</b>	<b>23.3%</b>

## Summary of Unaudited Financial Results (continued)

### Result by operating segments (after consolidation adjustment) for 9M ended

RM 'mil	Investment holding		General business		Life business		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
Operating revenue	6.7	7.6	1,072.7	1,228.3	935.7	1,061.9	2,015.1	2,297.8
Segment (loss)/profit	(2.6)	7.6	146.0	171.9	54.6	53.4	198.0	232.9
Segment assets	286.1	328.8	3,809.8	4,215.3	3,583.2	4,349.1	7,679.1	8,893.2
Segment liabilities	16.0	9.0	2,725.1	3,012.2	3,337.7	4,074.1	6,078.8	7,095.3

## Impact of Change in Accounting Policy

### Breakdown of Profit Before Tax

RM' 000	Restated	
	9M 2011	9M 2012
Investment Holding	(2,602)	7,482
General Business	146,015	171,947
Life Business : Life funds	9,405	10,838
Life Business : Investment-Linked funds	231	2,468
<b>Profit before tax (excluding Non Participating funds)</b>	<b>153,049</b>	<b>192,735</b>
Life Business : Non Participating funds	44,996	40,118
<b>Profit before tax</b>	<b>198,045</b>	<b>232,853</b>
Diluted EPS (as previously reported) (sen)	25.97	-
Diluted EPS (restated) (sen)	34.64	42.85

- 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 : 9M 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	
	9M 2011	9M 2012
Share capital	153,869	157,872
Preference shares	192,337	188,334
Share Premium	424,823	424,823
Reserves	26,300	44,826
Retained earnings	557,417	706,938
<b>Total Equity (excluding Non Participating funds)</b>	<b>1,354,746</b>	<b>1,522,793</b>
Non Participating funds Retained earnings/Reserves	245,486	275,087
<b>Total Equity</b>	<b>1,600,232</b>	<b>1,797,880</b>
Diluted net asset per ordinary share (as previously reported) (RM)	3.91	-
Diluted net asset per ordinary share (restated) (RM)	4.62	5.19

- 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 : 9M 2011 results restated upon transition to Malaysian Financial Reporting Standards framework on 1 January 2012 .



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Group financial  
results 3Q 2012

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## General Business



### **Gross Written Premium**

- Double digit growth of 15.1%.

### **Combined ratio**

- Better combined ratio attributed to lower ratios in claims and commission.

### **Investment result**

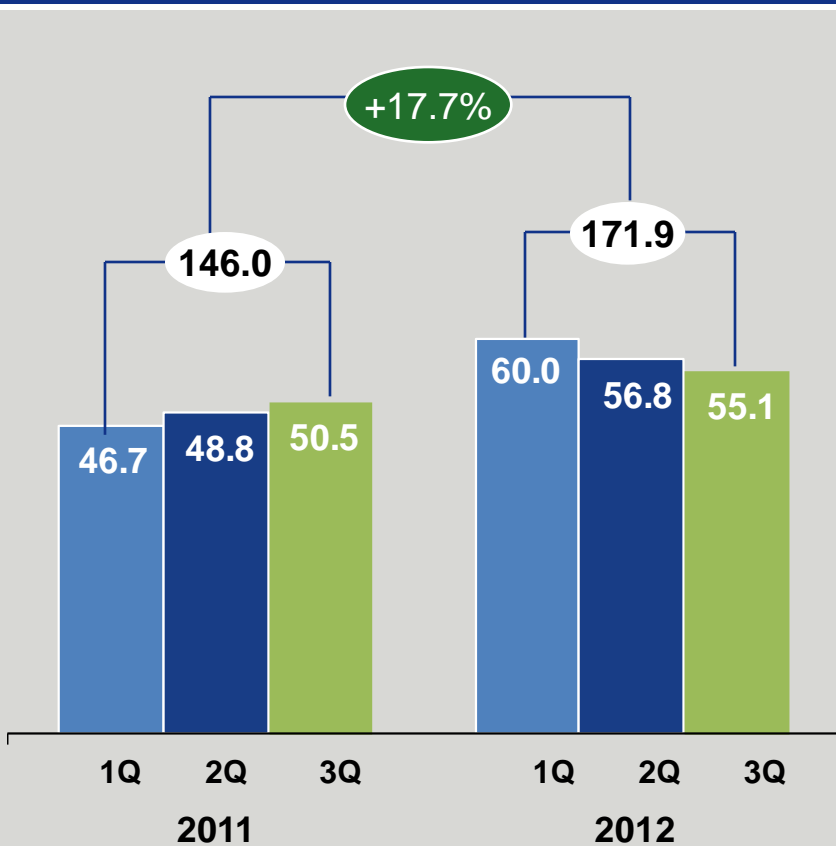
- Stable growth in investment income.

### **Profit before tax**

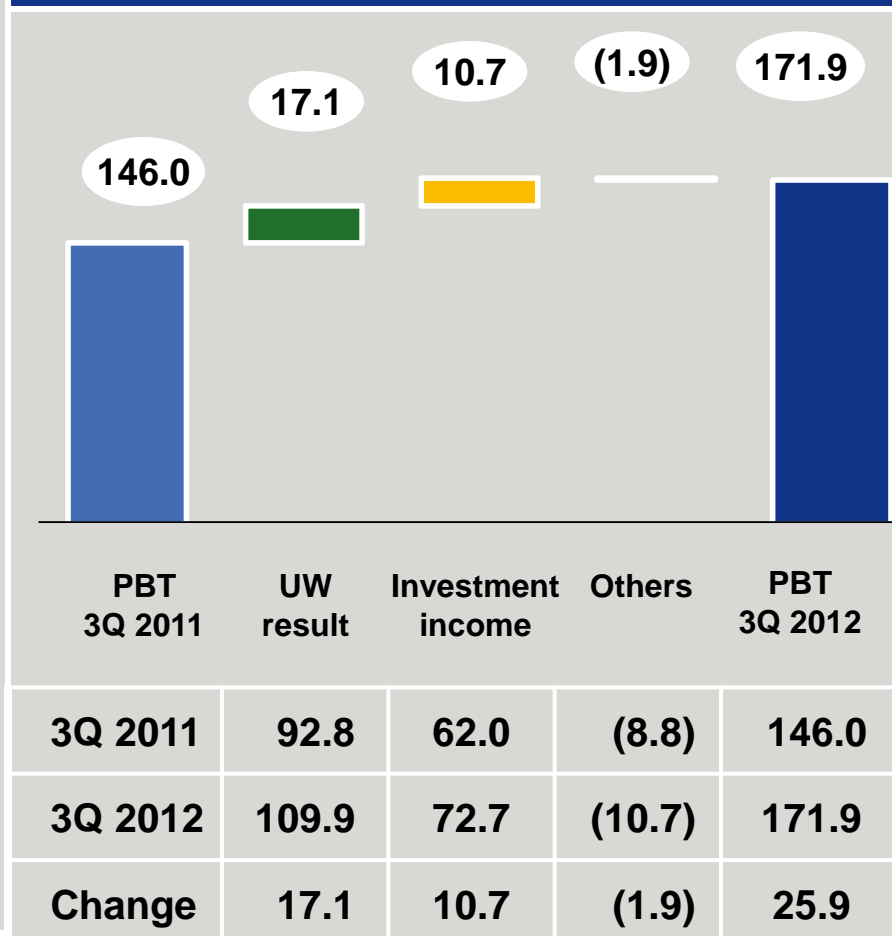
- Higher profit due to improved underwriting and investment performance.

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

## Profit Before Tax (RM 'mil)

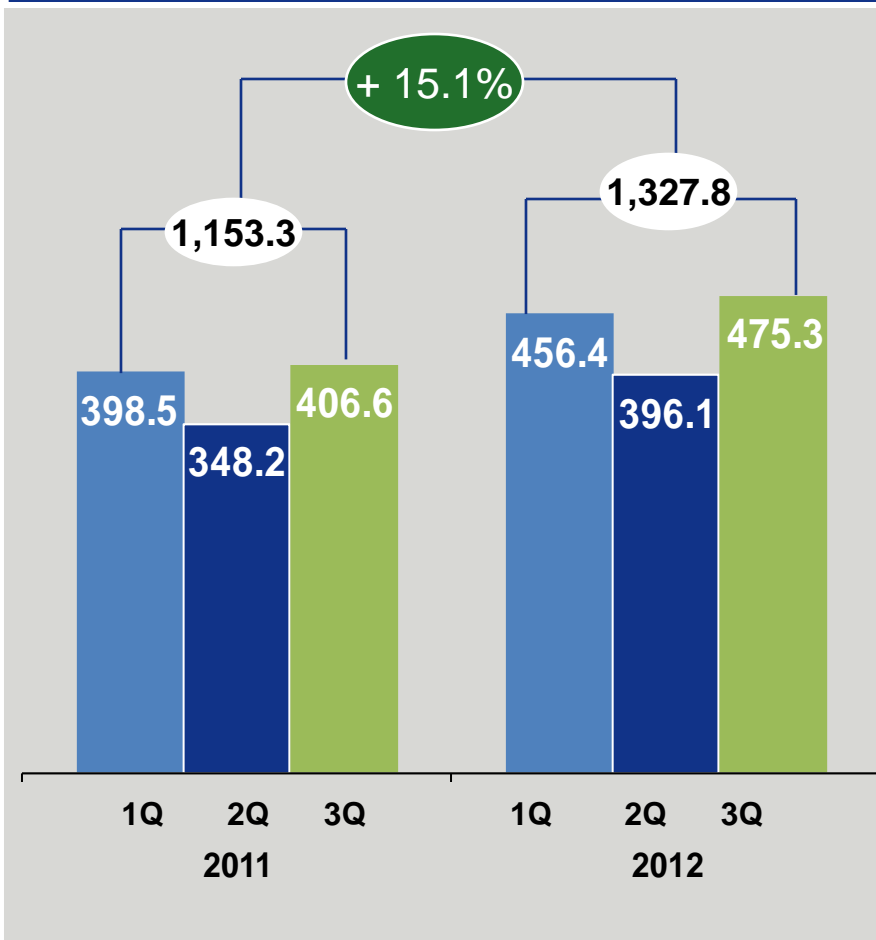


## PBT Drivers (RM 'mil)

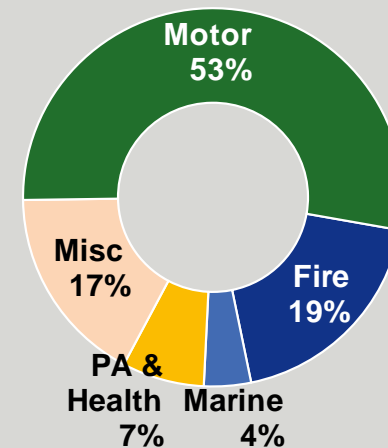
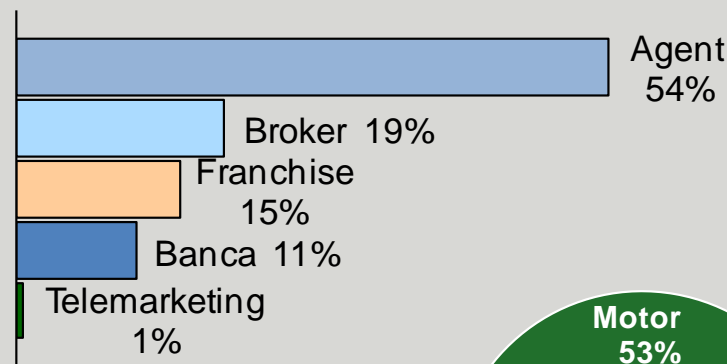


# General Business: Double digit growth of 15.1% in Gross Written Premium

## Gross Written Premium (RM 'mil)

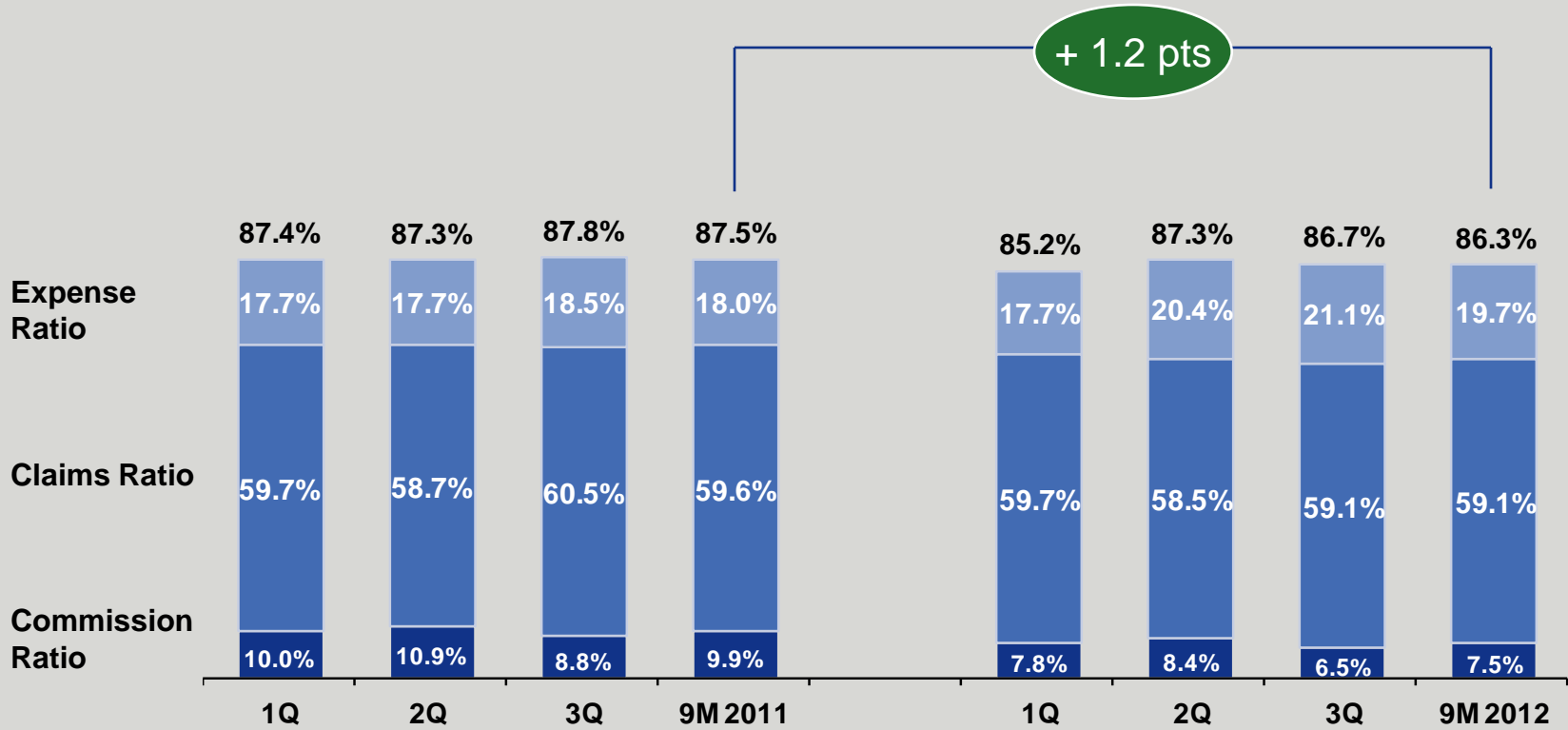


## Distribution Channel & Portfolio Mix (9M 2012)



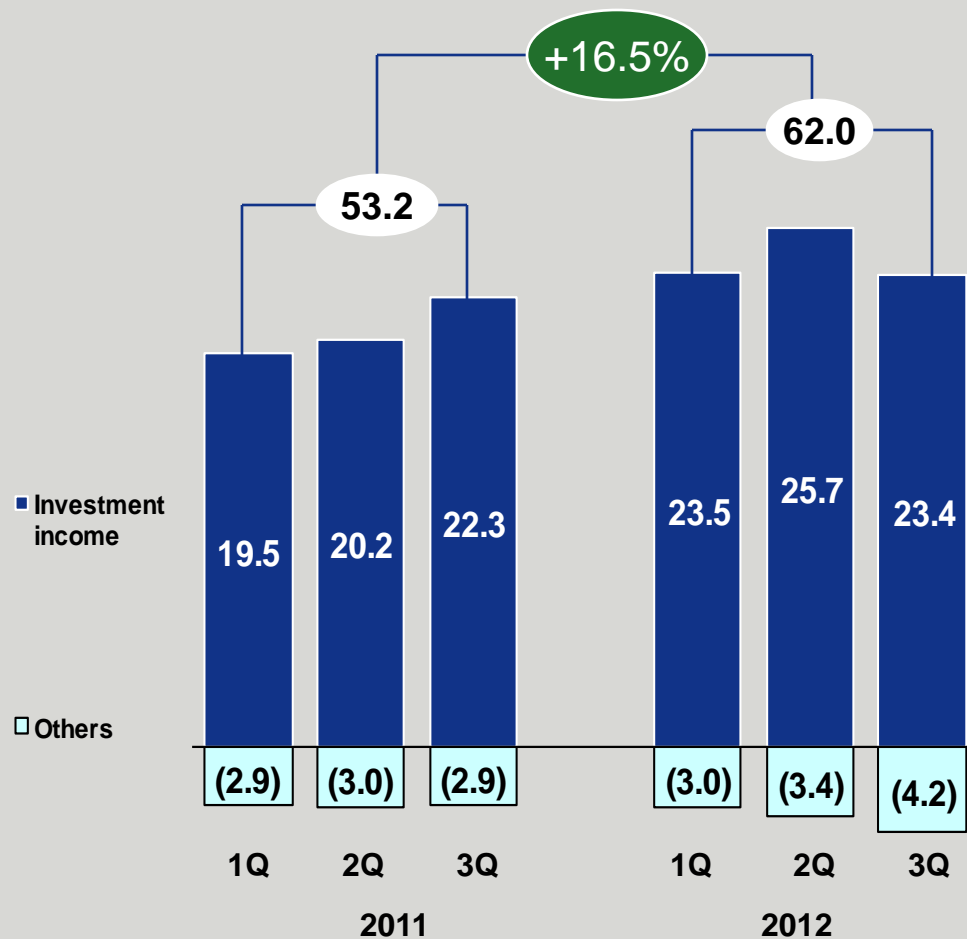
# General Business: Better combined ratio attributed to lower ratio in commission

## Combined Ratio

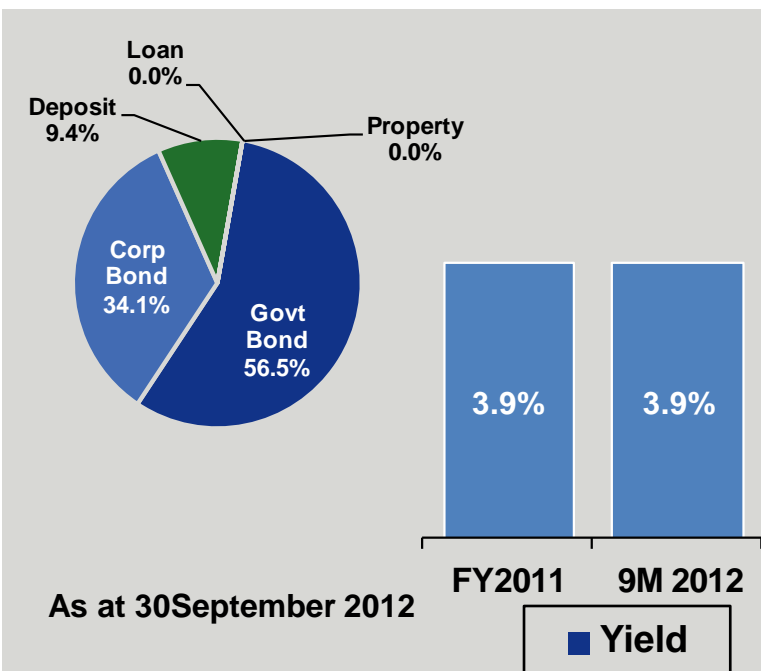


# General Business: Stable growth in investment income

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



## Portfolio Mix and Investment Yield (Annualized)



Note: Yield % does not include unrealised gains/losses

## General Business: Financial results at a glance

RM 'mil	9M 2011	9M 2012	△12/11 %
Gross written premium	1,153.3	1,327.8	15.1%
Gross earned premium	1,012.8	1,160.2	14.5%
Net earned premium	744.3	806.3	8.3%
Net change in benefits & claims paid	(380.0)	(411.2)	-8.2%
Net change in contract liabilities	(63.7)	(65.4)	-2.6%
Management expenses	(133.9)	(159.1)	-18.8%
Fee and commission expenses	(73.9)	(60.7)	17.7%
<b>Underwriting result</b>	<b>92.8</b>	<b>109.9</b>	<b>18.4%</b>
Net investment/other results	53.2	62.0	16.5%
<b>Profit before tax (after consolidation adjustment)</b>	<b>146.0</b>	<b>171.9</b>	<b>17.7%</b>
Commission Ratio	9.9%	7.5%	2.4 pts
Claims Ratio	59.6%	59.1%	0.5 pts
Expense Ratio	18.0%	19.7%	-1.7 pts
Combined Ratio	87.5%	86.3%	1.2 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

- Focus on investment-linked products with profitable riders attached.
- Investment-linked ANP and GWP grew by 34.3% and 36.8% respectively.

## Investment results

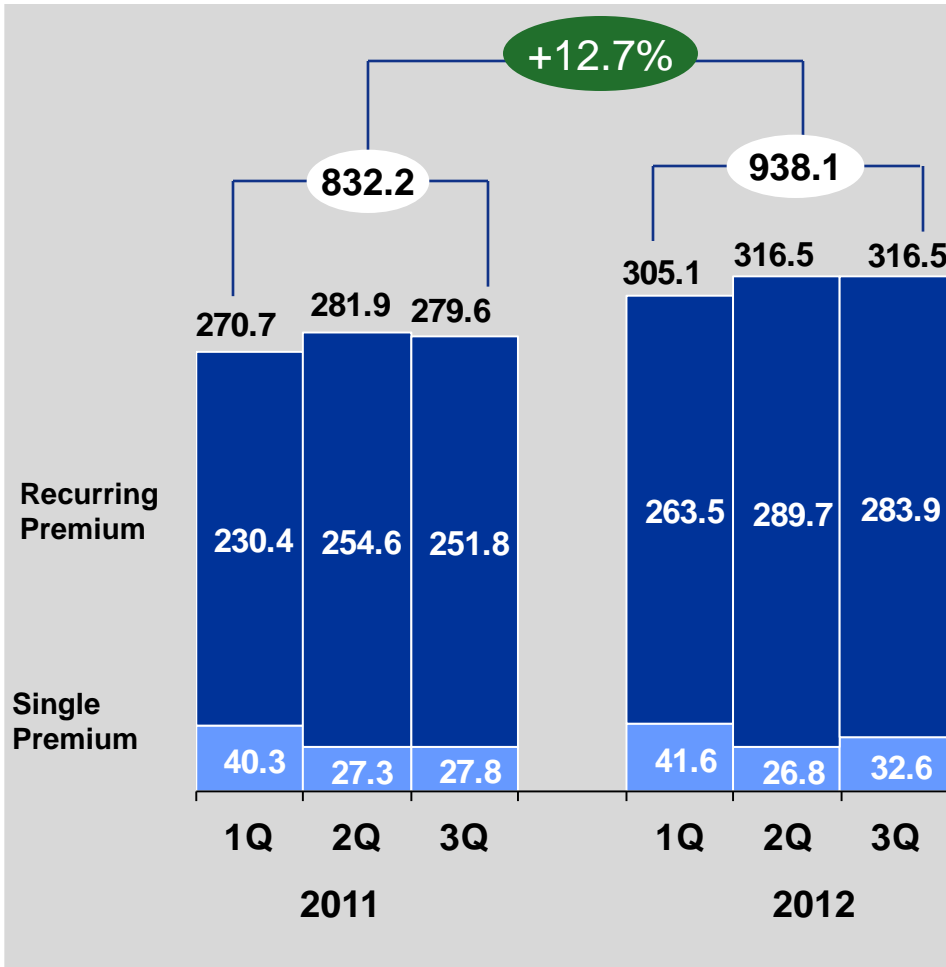
- Better net investment results due to higher investment income from bigger investment asset base.

## Profit before tax

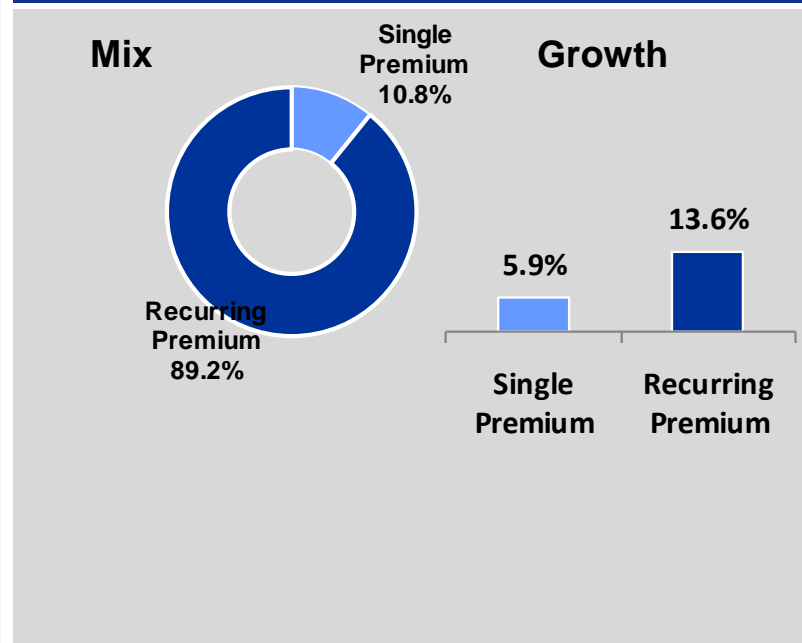
- Lower profit before tax due to higher claims and reserving.

# Life Business: Stable top line growth

## Gross Written Premium ("GWP") (RM 'mil)

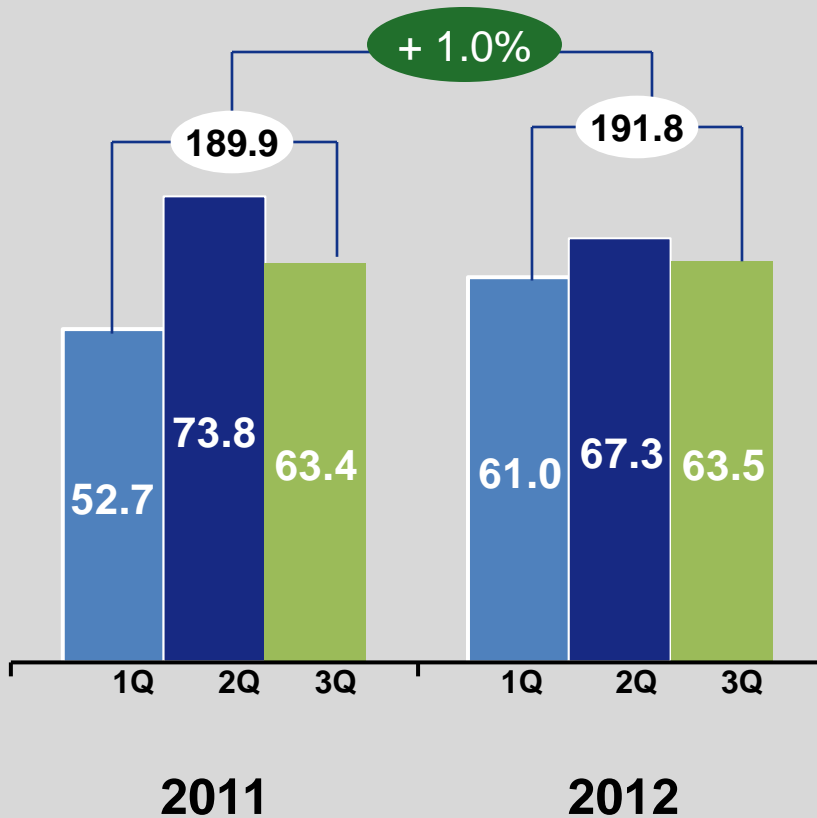


## GWP Mix & Growth (%) (9M 2012)

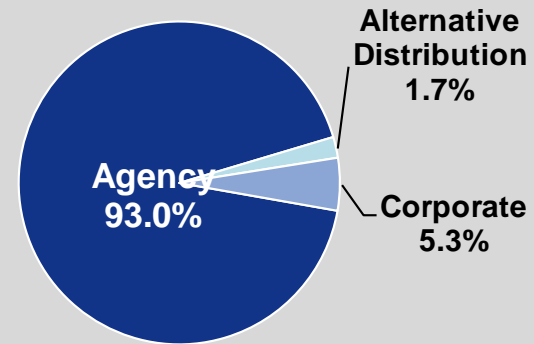


Life Business: New business in line with last year. Managing impact of shift to profitable investment-linked protection business.

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



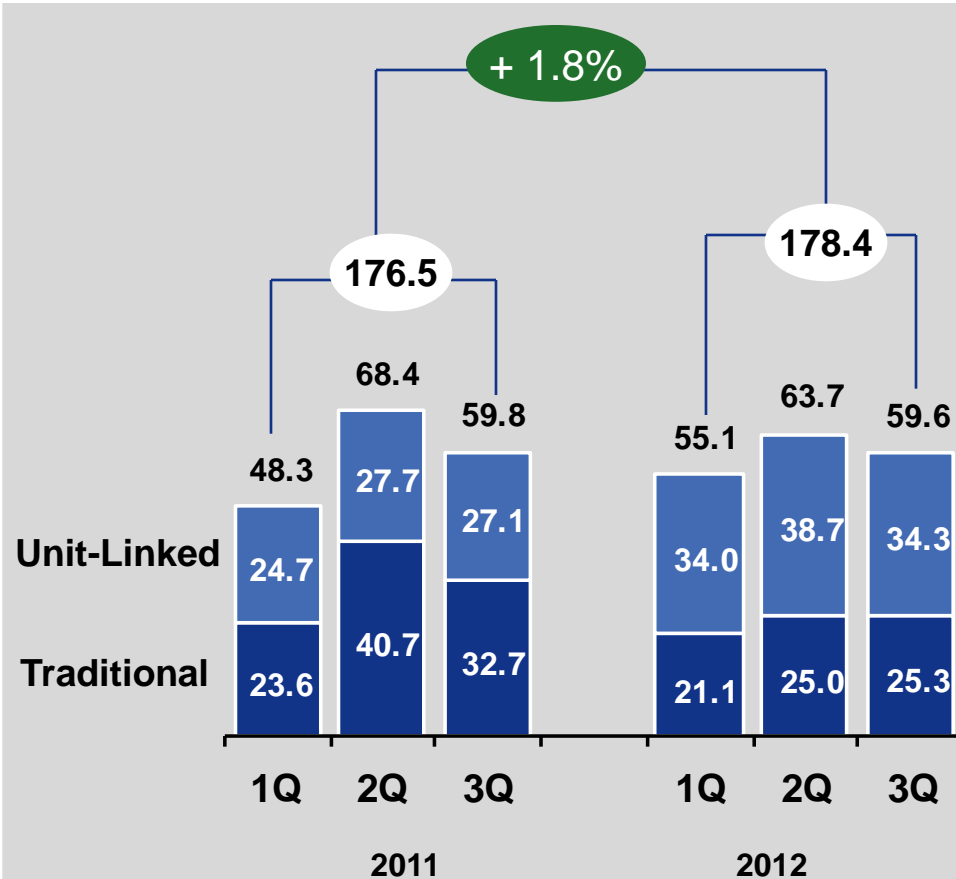
### ANP Channel Mix



9M 2012

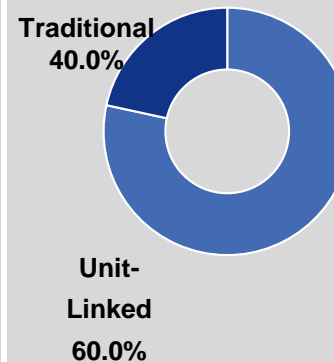
# Life Business: Agency continue to sell profitable regular investment-linked products

## Agency Annualised New Premium (RM 'mil)

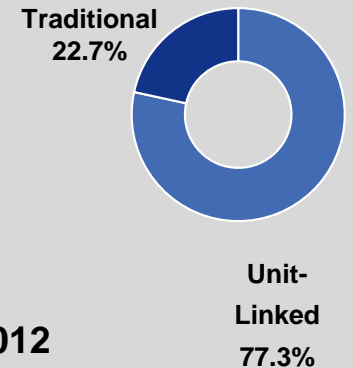


## Agency Product Mix

### By ANP



### By Policy Count



9M 2012

## Agency ANP Growth

Unit Linked

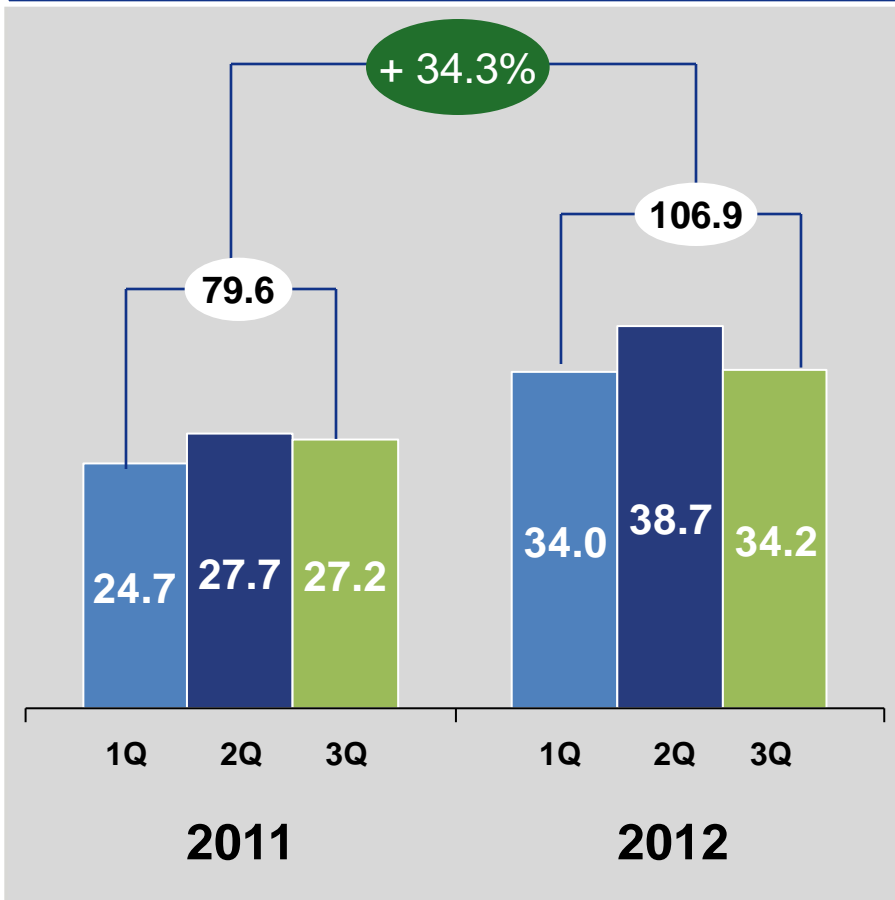
34.6%

Traditional

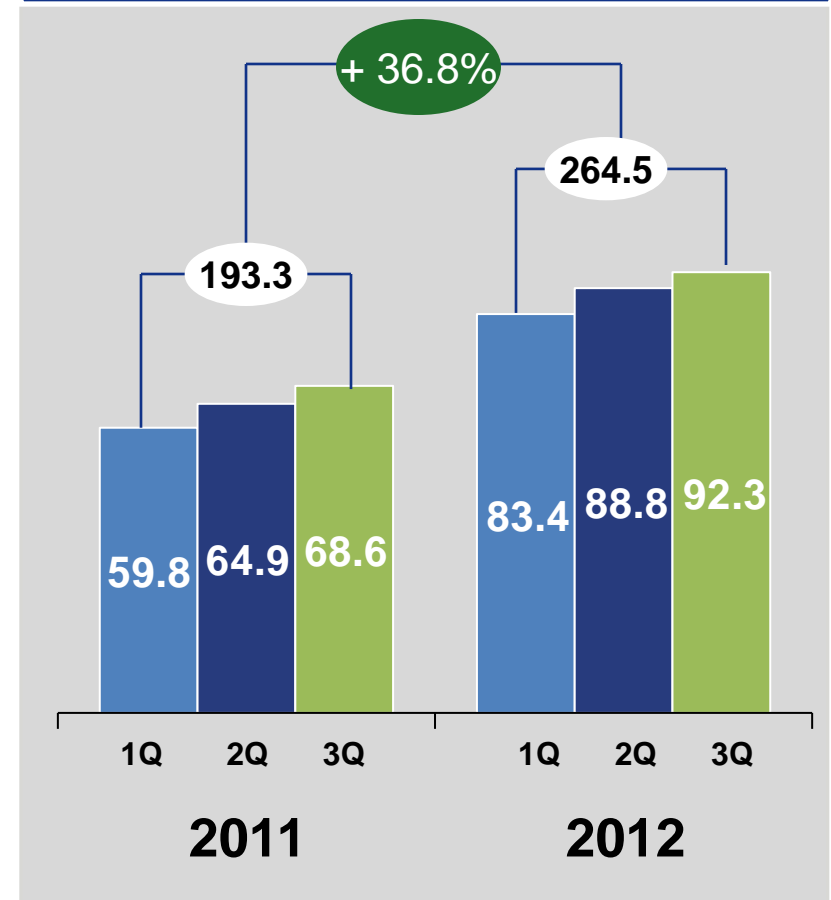
-26.4%

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

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

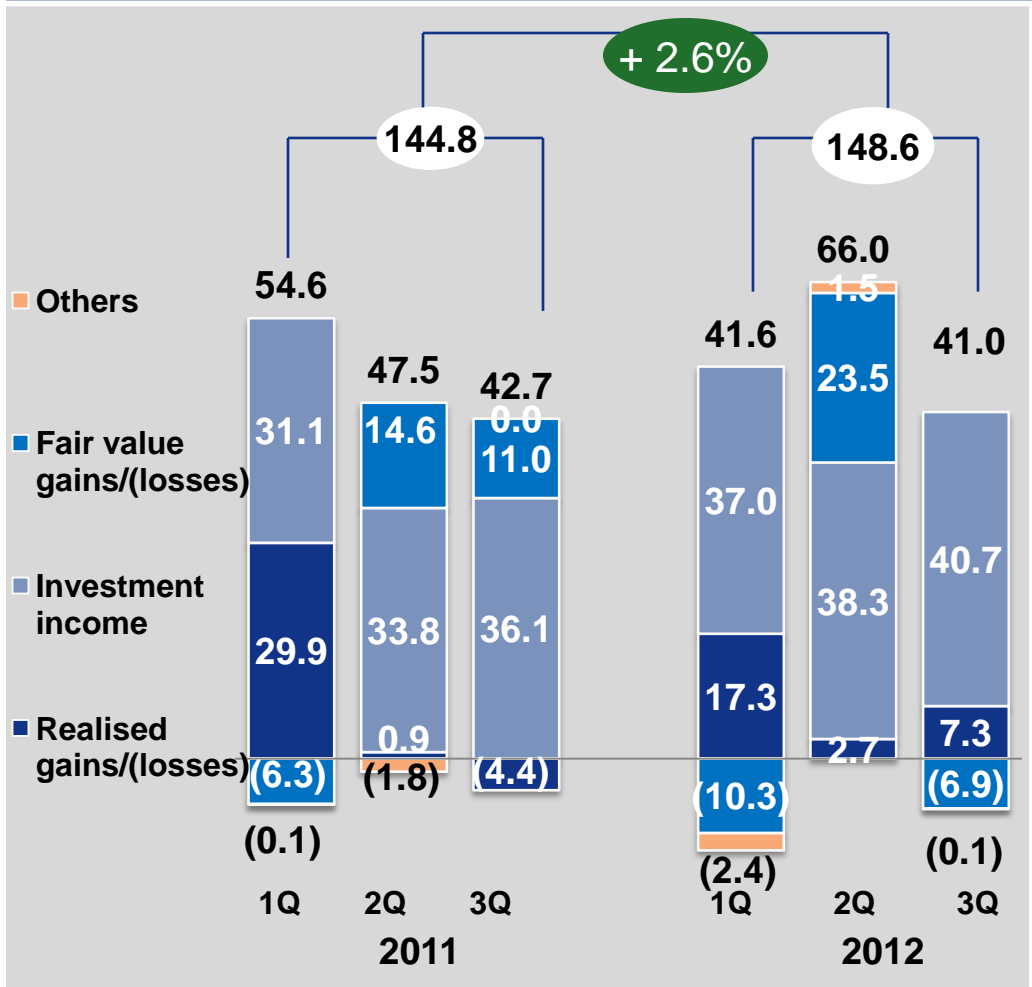


**Gross Written Premium (“GWP”)  
(RM ‘mil)**

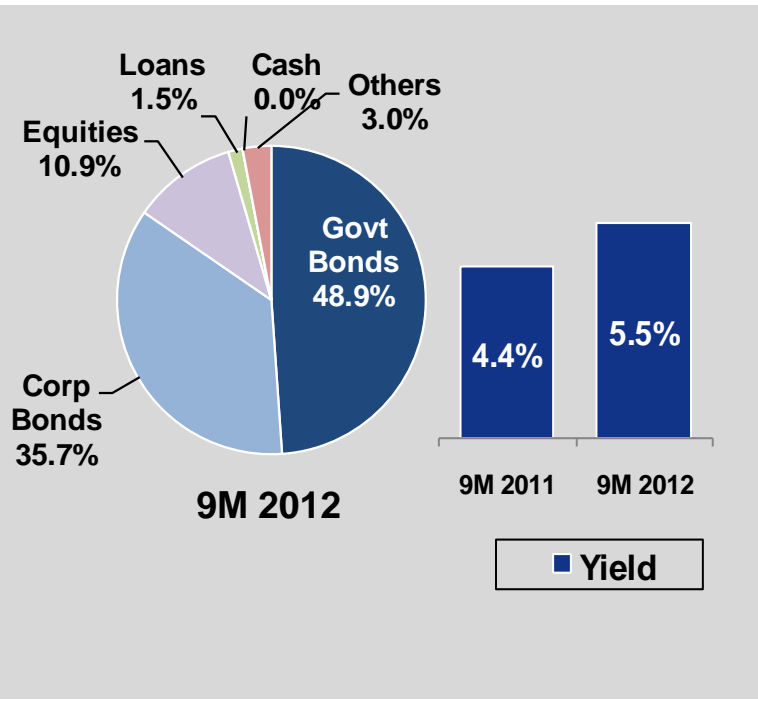


# Life Business: Better net investment results due to higher investment income from bigger investment asset base

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



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



Note: Yield % includes unrealised gains/losses from equities only.

## Life Business: Financial results at a glance

RM 'mil	9M 2011	9M 2012	△12/11 %
Gross written premiums	832.3	938.1	12.7%
Premium ceded to reinsurers	(50.8)	(53.8)	-5.9%
Net earned premiums	781.5	884.3	13.2%
Net change in benefits and claim paid	(179.1)	(228.4)	-27.5%
Net change in contract liabilities	(428.1)	(498.3)	-16.4%
Management expenses	(63.0)	(75.8)	-20.3%
Fee and commission expenses	(194.1)	(200.5)	-3.3%
Fair value gains	5.8	14.7	153.4%
Net investment results	136.0	161.4	18.7%
Net operating expenditure	(4.4)	(4.0)	9.1%
<b>Profit before tax</b> (after consolidation adjustment)	<b>54.6</b>	<b>53.4</b>	<b>-2.2%</b>
Annualised New Business Premium	189.9	191.8	1.0%
Expenses Ratio	8.4%	8.7%	-0.3 pts
Local Investment Yield (LF+ SHF)	4.4%	5.5%	1.1 pts
Lapse Ratio (total company)	7.8%	7.4%	0.4 pts
Persistency (13th month by premium)	84.9%	85.6%	0.7 pts

Thank You  
for Your Attention



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