

Allianz Malaysia Berhad
(12428-W)

Financial Results
4Q 2012

Analyst Briefing
25 February 2013

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Group Financial Results 4Q 2012

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

Strong Performance for 12M 2012



Operating revenue

- Group operating revenue of RM3.1 billion, an increase of 14.4% compared to corresponding period of RM2.8 billion due mainly to higher gross earned premiums and investment income by RM356.1 million and RM39.8 million respectively.
- General business recorded an operating revenue of RM1.7 billion, an increase of 13.8% compared to corresponding period of RM1.5 billion.
- Life business recorded an operating revenue of RM1.5 billion, an increase of 15.0% compared to corresponding period of RM1.3 billion.

Profit before tax

- Group consolidated profit before tax of RM297.8 million increased by 19.7% compared to corresponding period last year of RM248.8 million.
- General business contributed a profit before tax of RM215.9 million.
- Surplus transfer from life fund to shareholders' fund for the year is RM8.4 million (2011: RM18.0 million). The surplus from non par fund was retained to support business expansion (invest in Bancassurance)

Investment results

- Stable investment results.

Earnings per share

- Earnings per share (before dilution) improved from 106.09 sen for 4Q 2011 to 132.21 sen for 4Q 2012.
- Earnings per share (after dilution) at 54.41 sen (2011: 43.74 sen).

Financial Overview

RM 'mil	2009	2010	2011 ²	2012
Gross Written Premium	2,071.1	2,353.7	2,606.8	2,983.5
Management Expense	225.6	241.5	270.5	338.3
Expense Ratio (Non Life) ¹	19.1%	18.4%	17.0%	19.7%
Expense Ratio (Life) ¹	10.0%	8.0%	8.4%	9.3%
Local Consolidated PBT	177.0	191.6	248.8	297.8
Total Assets	5,765.9	6,847.1	7,932.8	9,190.5
Shareholders' Equity	504.7	1,259.6	1,638.0	1,840.8
Basic earnings per share (sen)	77.25	83.97	106.09	132.21
Diluted earnings per share (sen) ³	-	50.33	43.74	54.41

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

2 : The financial results of 2011 are 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	12M 2011	12M 2012	△12/11 %
Operating revenue	2,751.7	3,147.6	14.4%
Gross earned premiums	2,519.2	2,875.3	14.1%
Premium ceded to reinsurers	(437.0)	(552.7)	-26.5%
Net earned premiums	2,082.2	2,322.6	11.5%
Net change in benefits and claim paid	(735.8)	(835.5)	-13.5%
Net change in contract liabilities	(735.8)	(798.8)	-8.6%
Management expenses	(270.5)	(338.3)	-25.1%
Net fee and commission expenses	(365.7)	(376.0)	-2.8%
Fair value gains	20.9	16.6	-20.6%
Net investment results	266.7	317.2	18.9%
Net operating expenditure	(13.2)	(10.0)	24.2%
Profit before tax	248.8	297.8	19.7%
Taxation	(85.3)	(90.2)	-5.7%
Profit after tax	163.5	207.6	27.0%
Earnings per share before dilution (sen)	106.09	132.21	24.6%

Summary of Unaudited Financial Results (continued)

Result by operating segments (after consolidation adjustment) for 12M ended

RM 'mil	Investment holding		General business		Life business		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
Operating revenue	9.3	10.4	1,456.9	1,658.6	1,285.5	1,478.6	2,751.7	3,147.6
Segment (loss)/profit	(2.2)	9.4	175.7	215.9	75.3	72.5	248.8	297.8
Segment assets	289.0	338.6	3,845.1	4,251.9	3,798.7	4,600.0	7,932.8	9,190.5
Segment liabilities	4.8	9.8	2,736.4	3,020.1	3,553.6	4,319.8	6,294.8	7,349.7

Impact of Change in Accounting Policy Breakdown of Profit Before Tax

RM' 000	Restated	
	12M 2011	12M 2012
Investment Holding	(2,236)	9,385
General Business	175,745	215,918
Life Business : Life funds	29,899	17,917
Life Business : Investment-Linked funds	1,475	3,412
Profit before tax (excluding Non Participating Surplus)	204,883	246,632
Life Business : Non Participating Surplus	43,908	51,137
Profit before tax	248,791	297,769
Diluted EPS (as previously reported) (sen)	35.26	-
Diluted EPS (restated) (sen)	43.74	54.41

Note : 12M 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	
	12M 2011	12M 2012
Share capital	156,428	158,636
Preference shares	189,778	187,570
Share Premium	424,823	424,823
Reserves	30,294	43,659
Retained earnings	591,594	745,868
Total Equity (excluding Non Participating funds)	1,392,917	1,560,556
Non Participating funds Retained earnings/Reserves	245,095	280,230
Total Equity	1,638,012	1,840,786
Diluted net asset per ordinary share (as previously reported) (RM)	4.02	-
Diluted net asset per ordinary share (restated) (RM)	4.73	5.32

- 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 : 12M 2011 results restated upon transition to Malaysian Financial Reporting Standards framework on 1 January 2012 .

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General Business



Gross Written Premium

- Double digit growth of 14.4%.

Combined ratio

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

Investment result

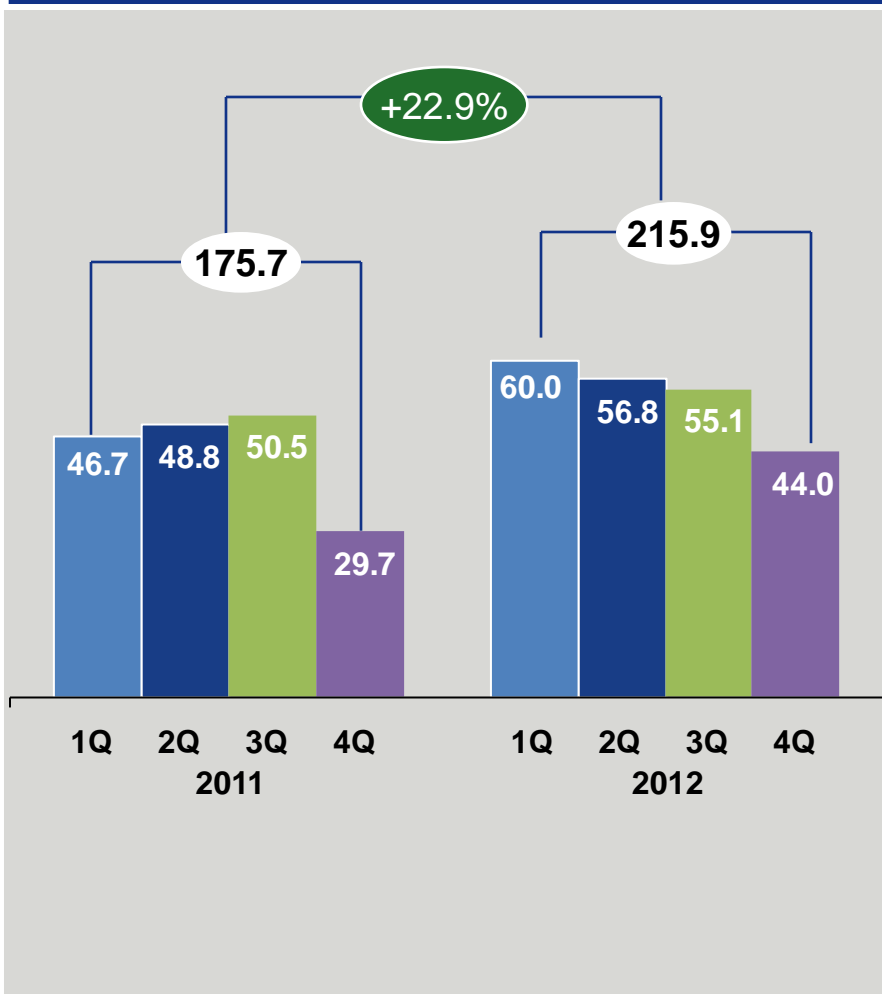
- Stable growth in investment income.

Profit before tax

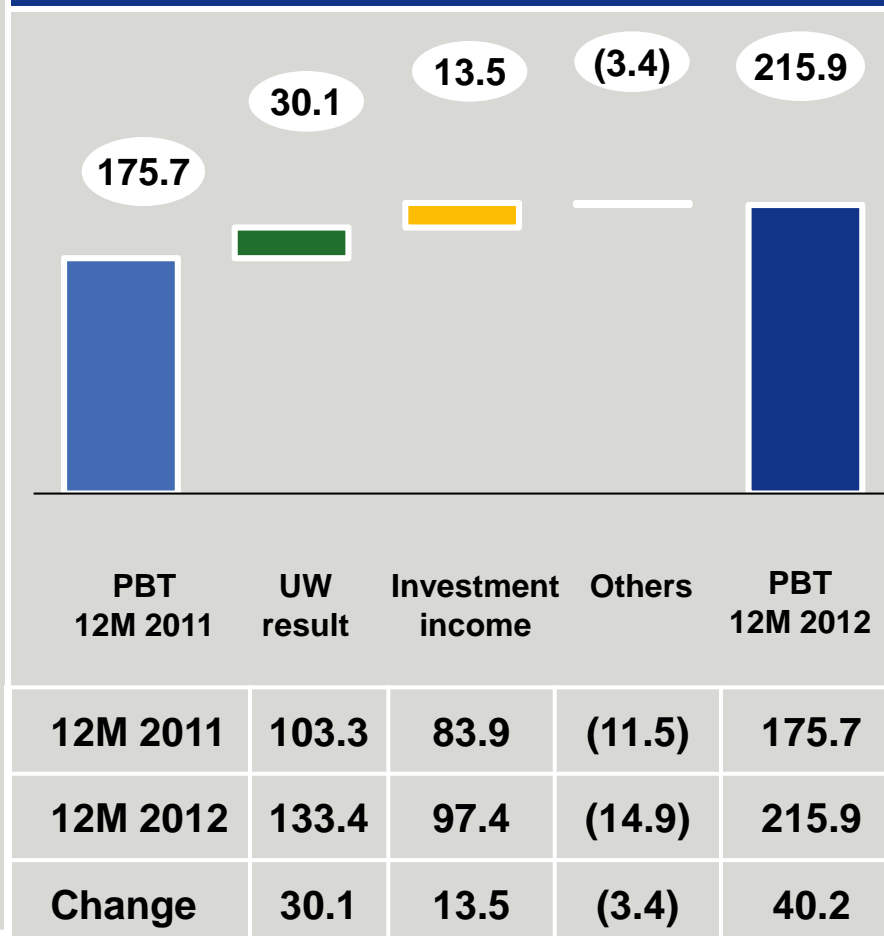
- Higher profit due to improved underwriting and investment performance.

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

Profit Before Tax (RM 'mil)

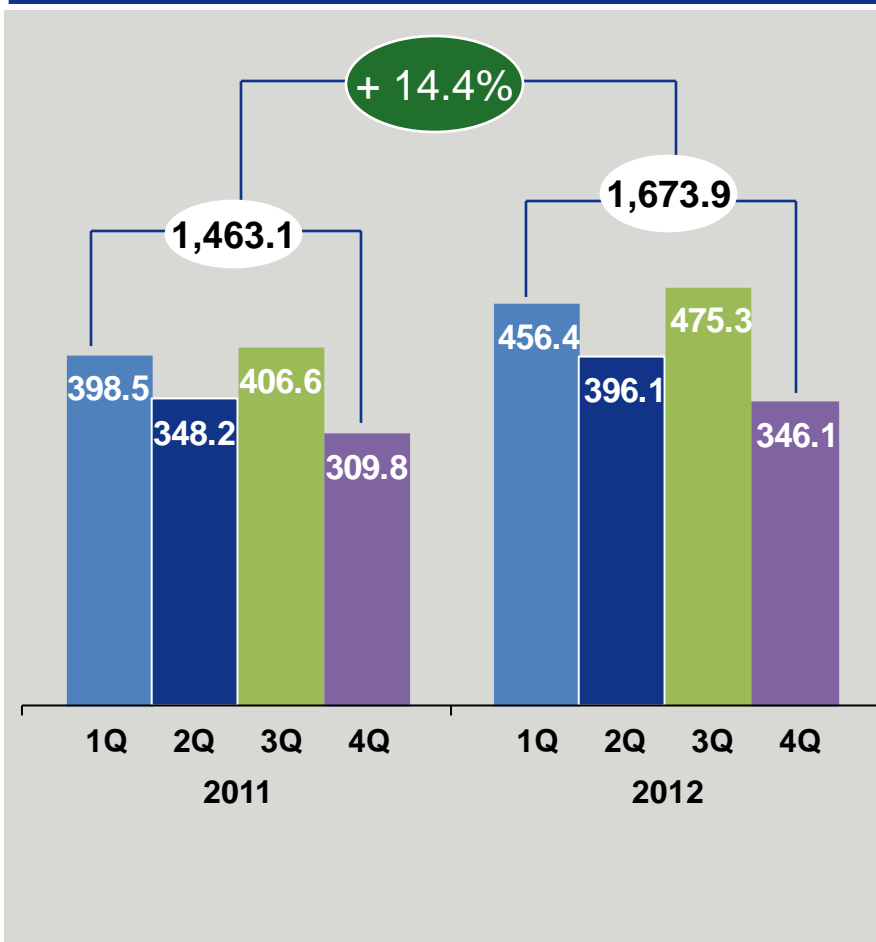


PBT Drivers (RM 'mil)

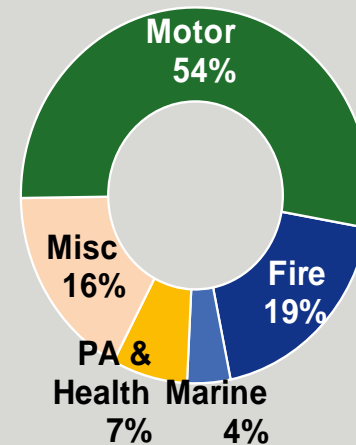
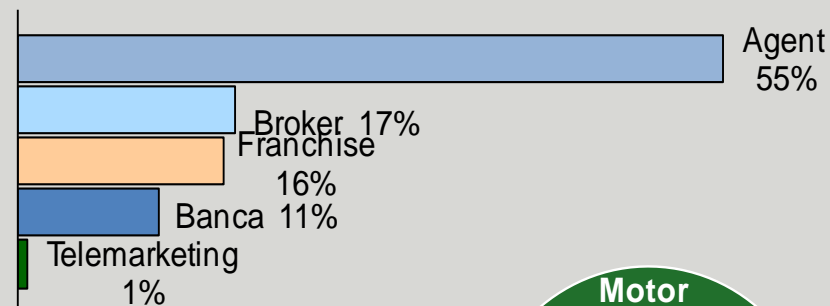


General Business: Double digit growth of 14.4% in Gross Written Premium

Gross Written Premium (RM 'mil)

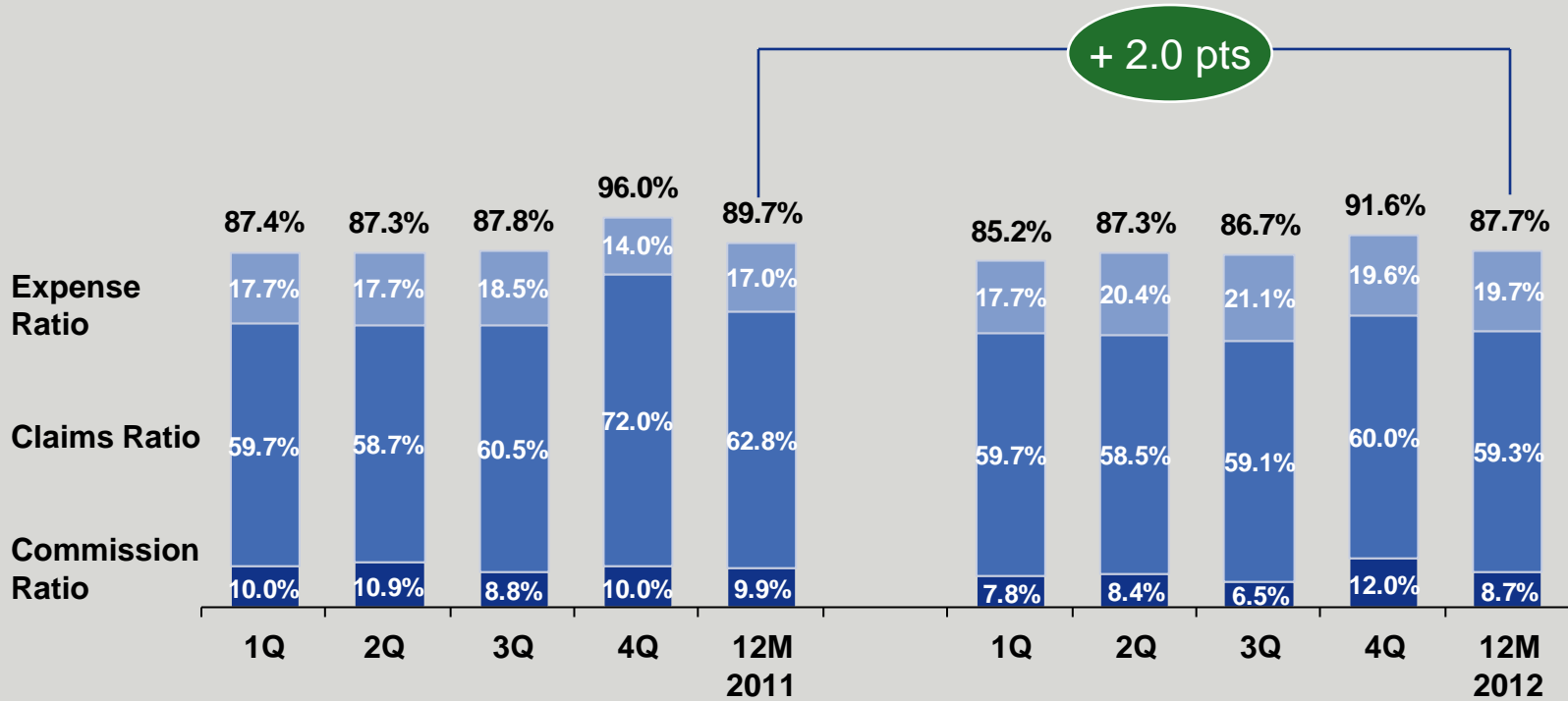


Distribution Channel & Portfolio Mix (12M 2012)



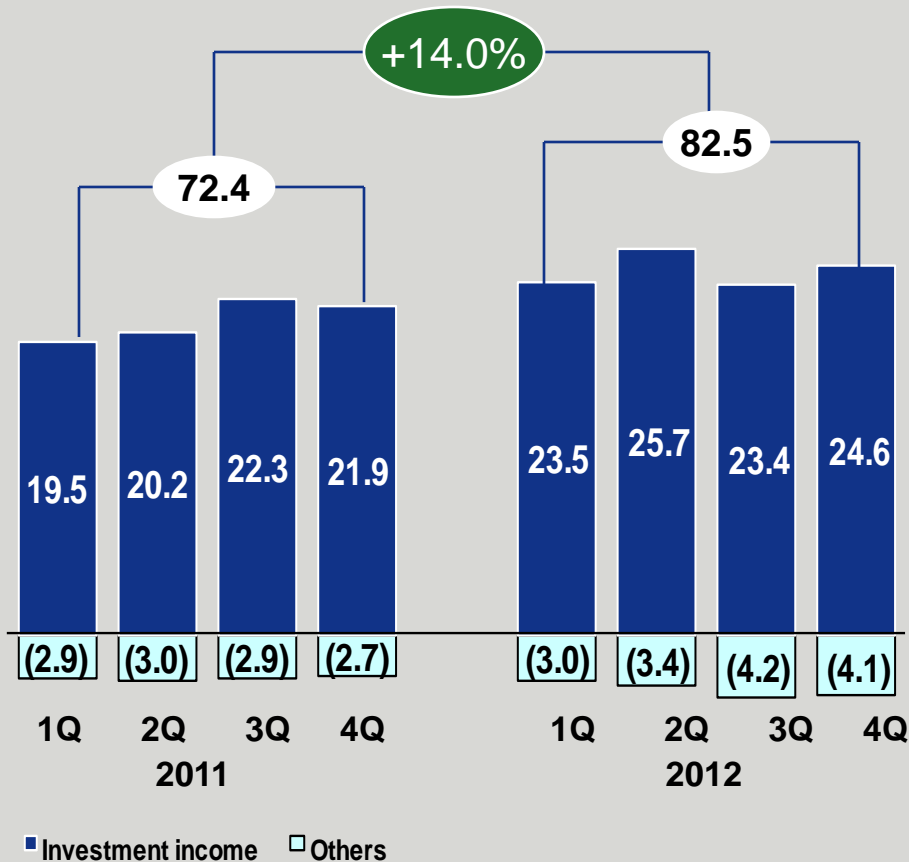
General Business: Better combined ratio attributed to lower ratio in commission and claims

Combined Ratio

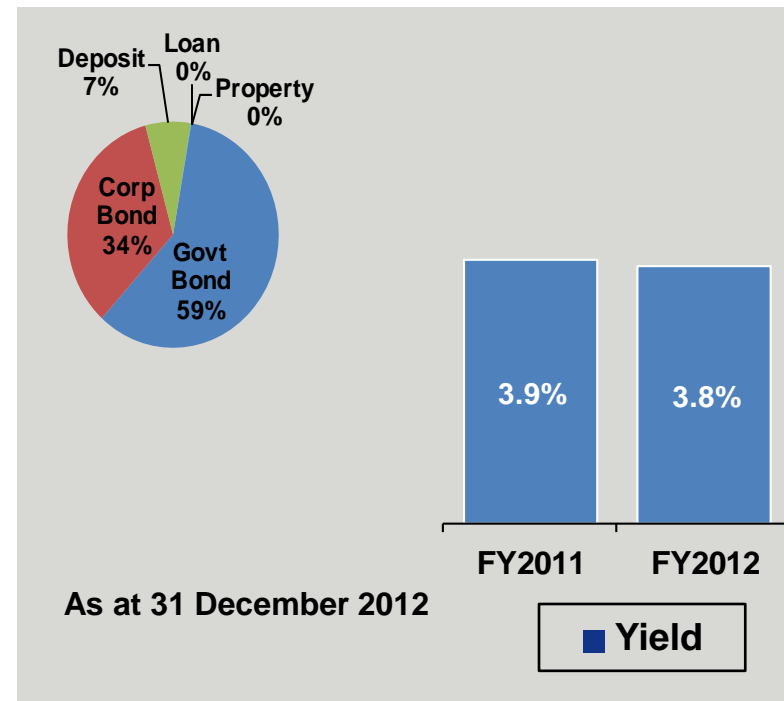


General Business: Stable growth in investment income

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	12M 2011	12M 2012	△12/11 %
Gross written premium	1,463.1	1,673.9	14.4%
Gross earned premium	1,375.5	1,565.8	13.8%
Net earned premium	1,006.2	1,087.9	8.1%
Net change in benefits & claims paid	(490.4)	(521.1)	-6.3%
Net change in contract liabilities	(141.8)	(124.5)	12.2%
Management expenses	(170.8)	(214.5)	-25.6%
Fee and commission expenses	(99.9)	(94.4)	5.5%
Underwriting result	103.3	133.4	29.2%
Net investment/other results	72.4	82.5	14.0%
Profit before tax (after consolidation adjustment)	175.7	215.9	22.9%
Commission Ratio	9.9%	8.7%	1.2 pts
Claims Ratio	62.8%	59.3%	3.5 pts
Expense Ratio	17.0%	19.7%	-2.7 pts
Combined Ratio	89.7%	87.7%	2.0 pts

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Life Business



Gross written Premium

- Gross written premium grew by 14.5%.

Agency

- Focus on enlarging agency force by increasing manpower to 6,500 agents and increasing productivity.

Product Mix

- Focus on investment-linked products with profitable riders attached.
- Investment-linked ANP and GWP grew by 28.5% and 38.4% respectively.

Investment results

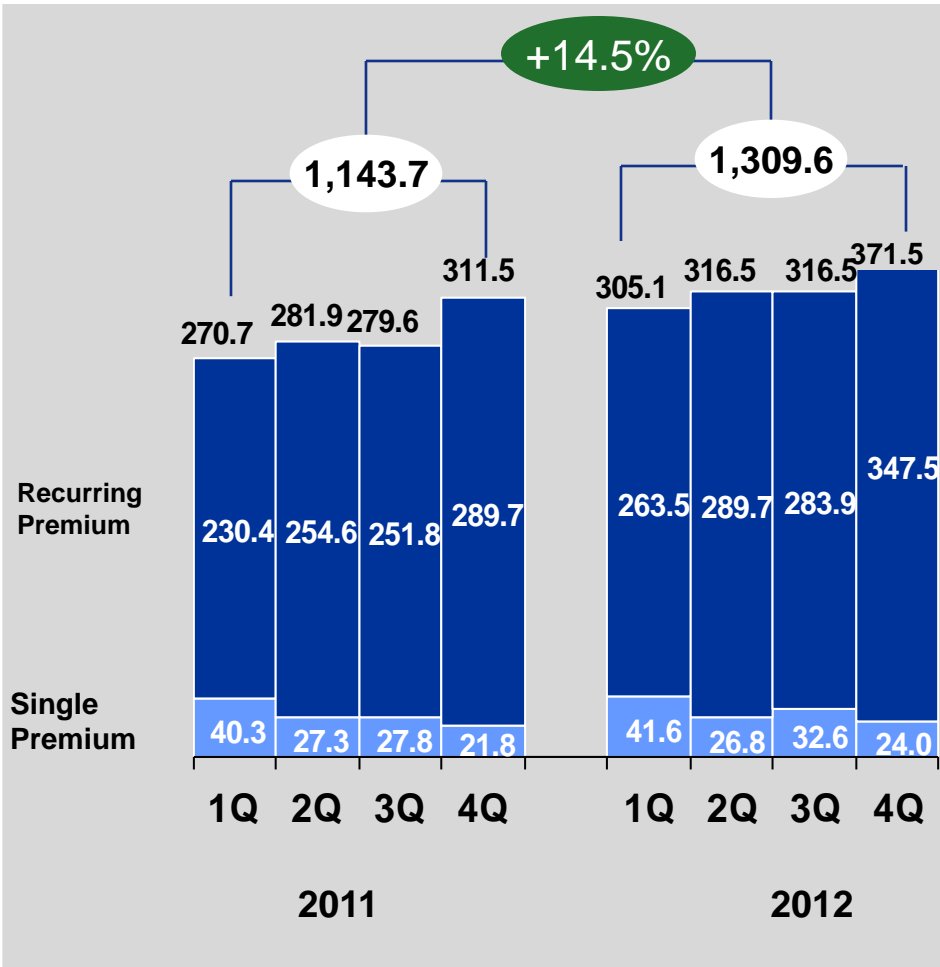
- Net investment results in line with last year.

Profit before tax

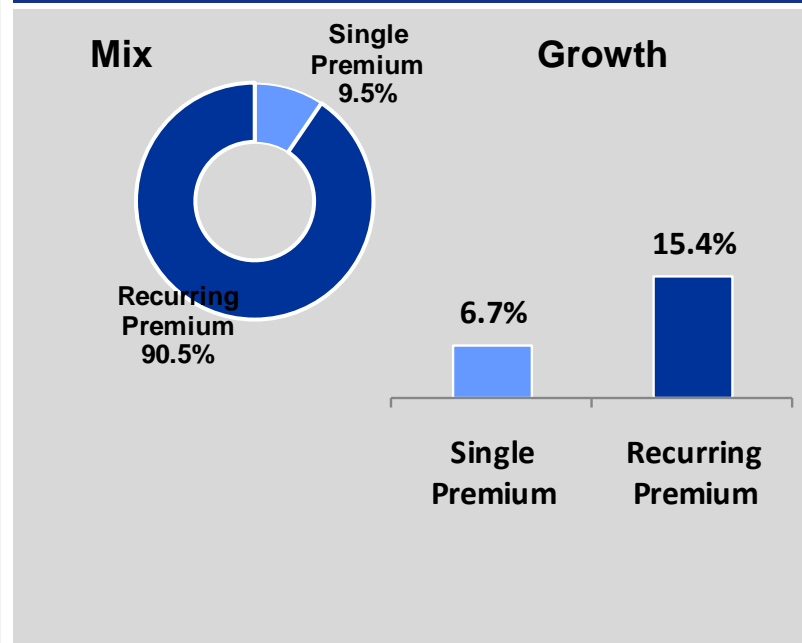
- Lower profit before tax due to higher claims incurred for medical products (active repricing undertaken) and new business strain.

Life Business: Strong top line growth

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

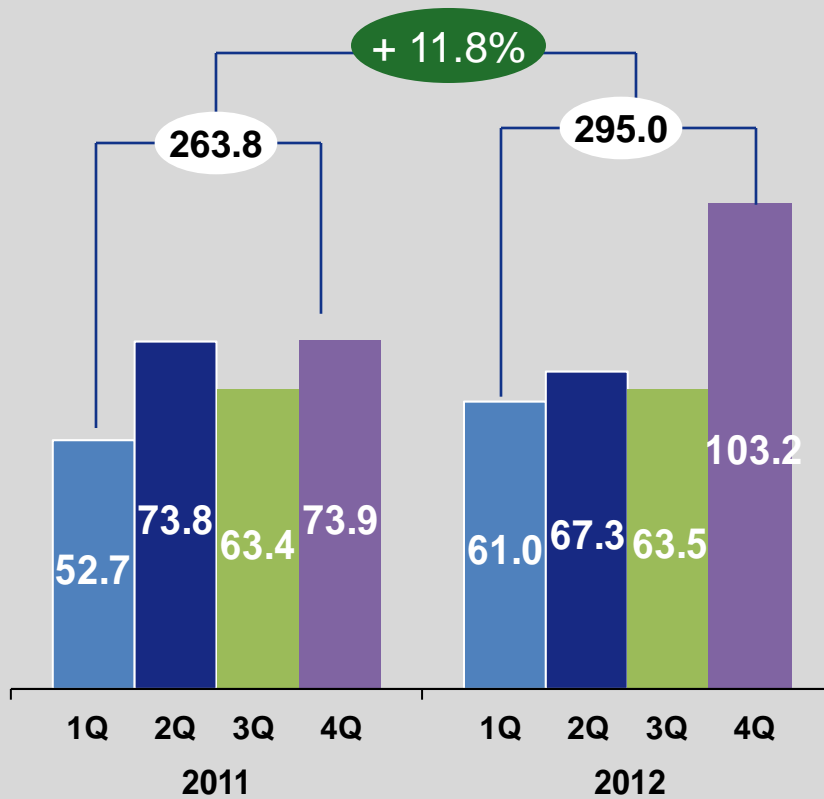


GWP Mix & Growth (%) (12M 2012)

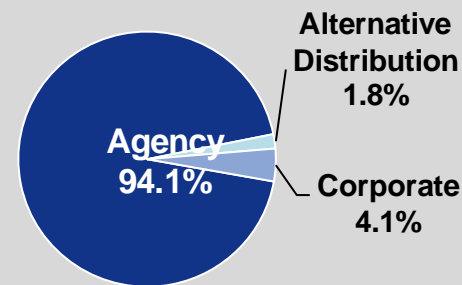


Life Business: Higher new business growth from agency business.

Annualised New Premium ("ANP") (RM 'mil)



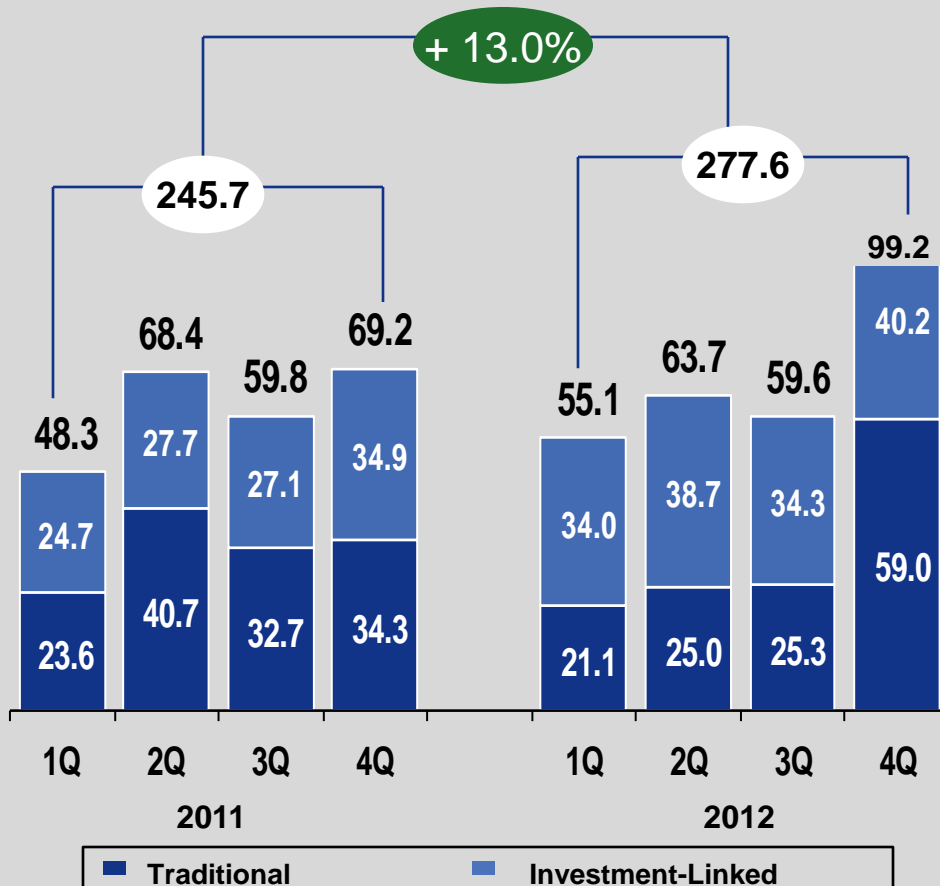
ANP Channel Mix



12M 2012

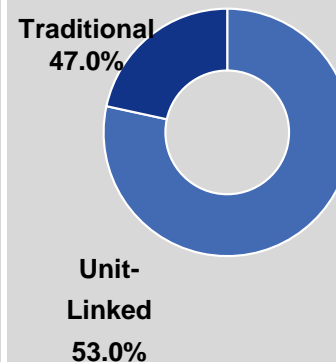
Life Business: Strong final quarter ANP closing of agency business. Focus on profitable regular investment-linked products.

Agency Annualised New Premium (RM 'mil)

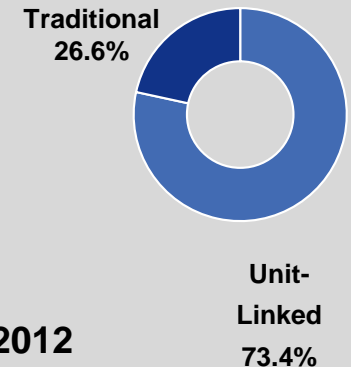


Agency Product Mix

By ANP

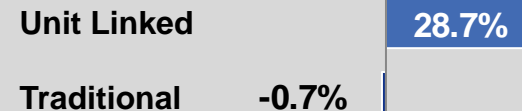


By Policy Count



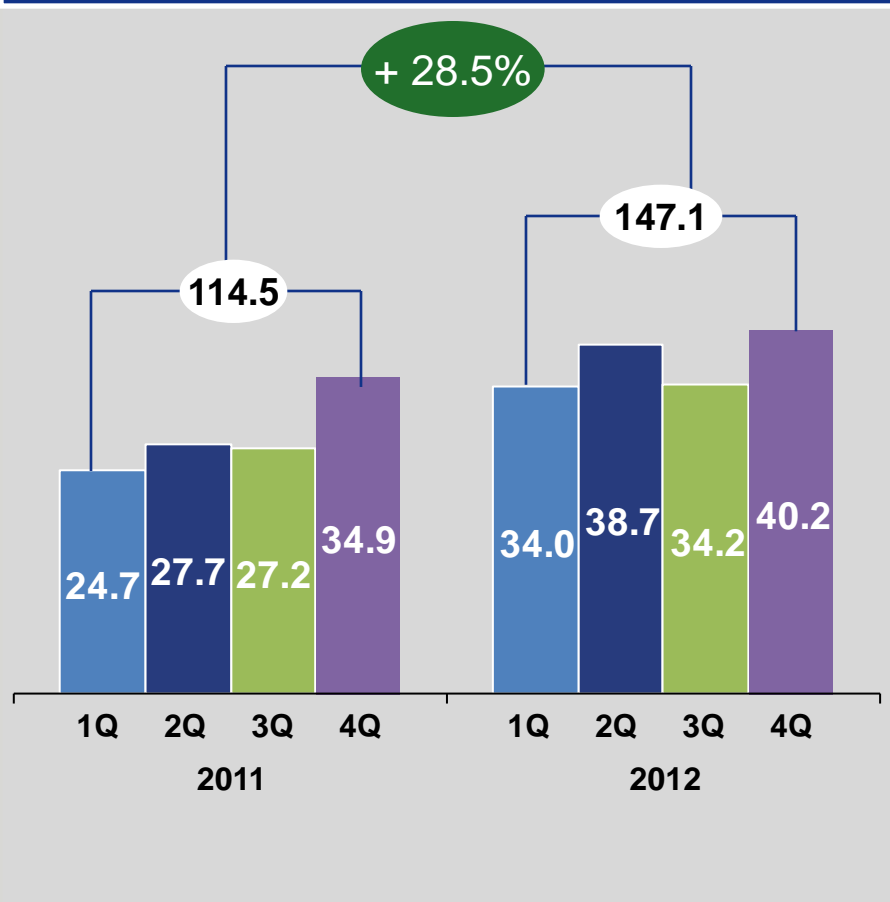
12M 2012

Agency ANP Growth

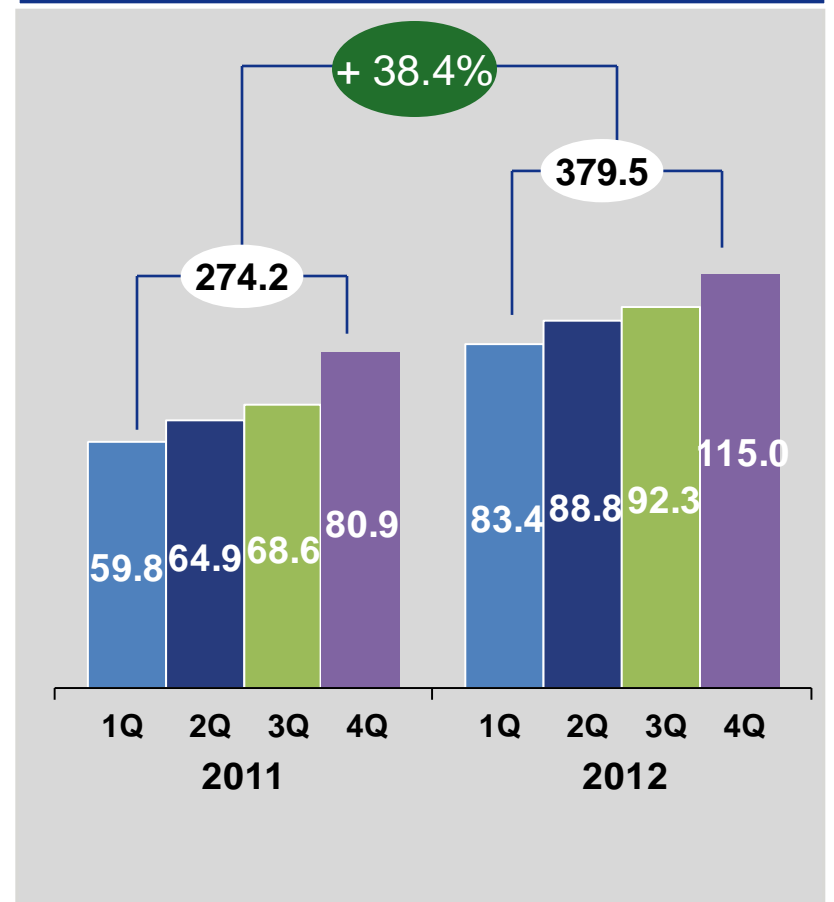


Life Business: Investment-linked business ANP and GWP grew by 28.5% and 38.4% respectively

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

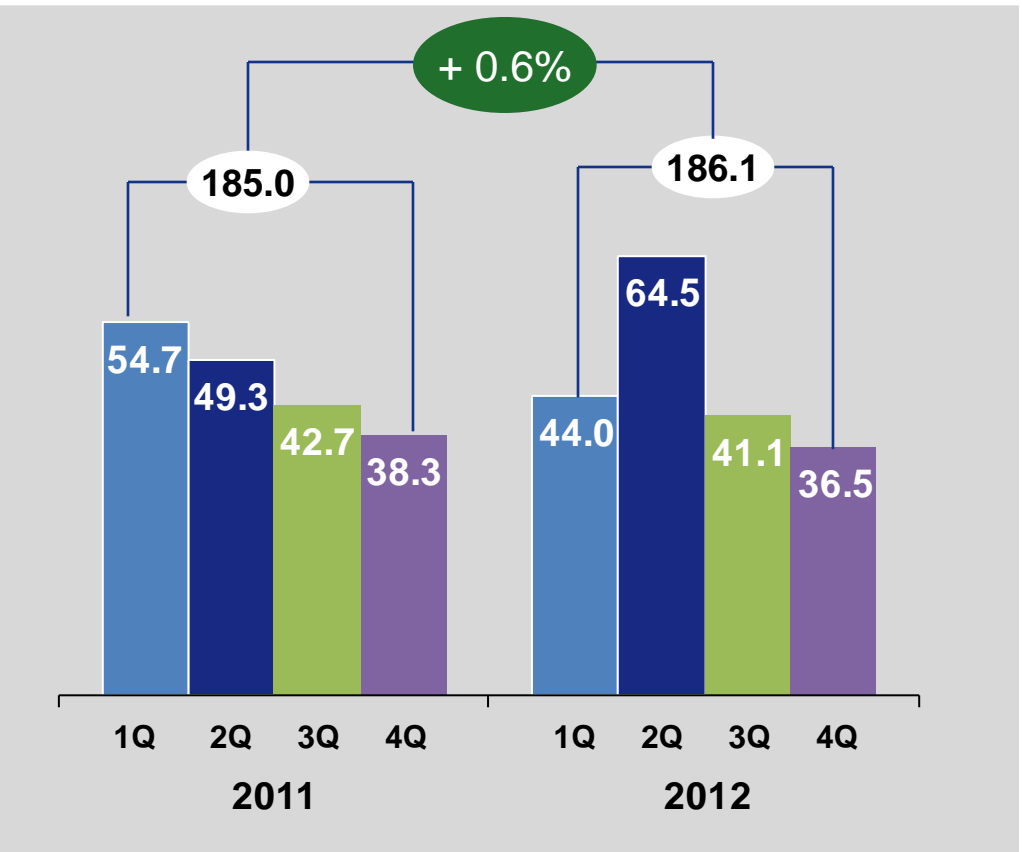


Gross Written Premium (“GWP”) (RM ‘mil)



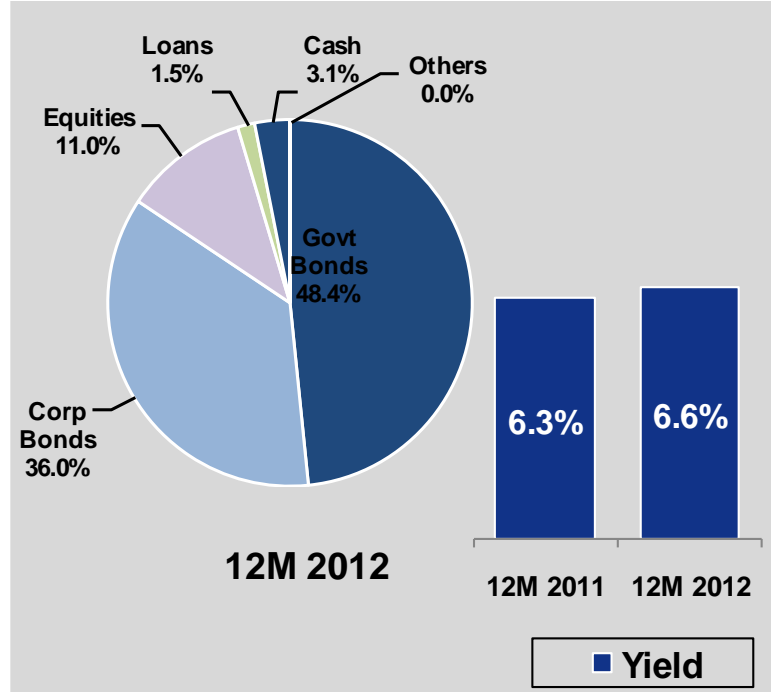
Life Business: Net investment results in line with last year

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



Note: Net investment results include Fair Value Gains/(Losses), Investment Income and Realised Gains/(Losses).

Portfolio Mix and Investment Yield (LF+SHF)



Note: Yield % includes unrealised gains/losses from equities and fixed income.

Life Business: Financial results at a glance

RM 'mil	12M 2011	12M 2012	△12/11 %
Gross written premiums	1,143.7	1,309.6	14.5%
Premium ceded to reinsurers	(67.6)	(74.9)	-10.8%
Net earned premiums	1,076.1	1,234.7	14.7%
Net change in benefits and claim paid	(245.4)	(314.4)	-28.1%
Net change in contract liabilities	(593.9)	(674.3)	-13.5%
Management expenses	(86.1)	(111.1)	-29.0%
Fee and commission expenses	(265.9)	(281.5)	-5.9%
Fair value gains	20.9	15.3	-26.8%
Net investment results	174.3	208.6	19.7%
Net operating expenditure	(4.7)	(4.8)	-2.1%
Profit before tax (after consolidation adjustment)	75.3	72.5	-3.7%
Annualised New Business Premium	263.8	295.0	11.8%
Expenses Ratio	9.3%	8.4%	0.9 pts
Local Investment Yield (LF+ SHF)	5.1%	5.9%	0.8 pts
Lapse Ratio (total company)	8.0%	7.4%	0.6 pts
Persistency (13th month by premium)	85.9%	86.3%	0.4 pts

Thank You
for Your Attention

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