

Allianz Malaysia Berhad
(12428-W)

Financial Results
1Q 2013

Analyst Briefing
20 May 2013

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**Group financial
results 1Q 2013**

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

Maintain Growth Momentum



Operating revenue

- Group operating revenue of RM862.1 million, an increase by of 16.6% compared to corresponding period of RM739.5 million due mainly to higher gross earned premiums and investment income by RM114.2 million and RM8.4million respectively.
- General business recorded an operating revenue of RM468.1 million, an increase of 19.1% compared to corresponding period of RM393.1 million.
- Life business recorded an operating revenue of RM391.3 million, an increase of 13.7% compared to corresponding period of RM344.1 million.

Profit before tax

- Group consolidated profit before tax of RM78.7 million increased by 2.6% compared to corresponding period last year of RM 76.7 million.
- General business contributed a profit before tax of RM72.2 million supported by a strong combined ratio of 84.1%
- Lower profit contribution from Life Business due to investment in distribution capabilities and higher medical claims incurred.

Earnings per share

- Earnings per share (before dilution) at 33.85sen.
- Earnings per share (after dilution) at 14.02sen.

Financial Overview

RM'mil	2010	2011 ²	2012	1Q 2012	1Q 2013
Gross Written Premium	2,353.7	2,606.8	2,983.5	761.5	881.8
Management Expense	241.5	270.5	338.3	74.8	96.8
Expense Ratio (Non Life) ¹	18.4%	17.0%	19.7%	17.7%	18.6%
Expense Ratio (Life) ¹	8.0%	8.4%	9.3%	9.2%	11.8%
Local Consolidated PBT	191.6	248.8	297.8	76.7	78.7
Total Assets	6,847.1	7,932.8	9,190.5	8,319.3	9,650.2
Shareholders' Equity	1,259.6	1,638.0	1,840.8	1,688.6	1,893.7
Basic earnings per share (sen)	83.97	106.09	132.21	33.90	33.85
Diluted earnings per share (sen)	50.33	43.74	54.41	14.10	14.02

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 .

Summary of Unaudited Financial Results

RM 'mil	1Q 2012	1Q 2013	△13/12 %
Operating revenue	739.5	862.1	16.6%
Gross earned premiums	676.0	790.2	16.9%
Premium ceded to reinsurers	(132.4)	(154.8)	(16.9%)
Net earned premiums	543.6	635.4	16.9%
Net change in benefits and claim paid	(197.2)	(228.4)	(15.8%)
Net change in contract liabilities	(185.3)	(215.4)	(16.2%)
Management expenses	(74.8)	(96.8)	(29.4%)
Net fee and commission expenses	(85.0)	(99.2)	(16.7%)
Fair value losses	(6.5)	(3.1)	52.3%
Net investment results	85.9	88.2	2.7%
Net operating expenditure	(4.1)	(2.0)	51.2%
Profit before tax	76.7	78.7	2.6%
Taxation	(23.6)	(25.0)	(5.9%)
Profit after tax	53.1	53.7	1.1%
Earnings per share before dilution (sen)	33.90	33.85	(0.1%)

Summary of Unaudited Financial Results (continued)

Result by operating segments (after consolidation adjustment)

RM 'mil	Investment holding		General business		Life business		Total	
	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013
Operating revenue	2.3	2.7	393.1	468.1	344.1	391.3	739.5	862.1
Segment profit	2.5	(0.5)	60.0	72.1	14.2	7.1	76.7	78.7
Segment assets	291.4	393.2	4,064.7	4,444.6	3,963.2	4,812.4	8,319.3	9,650.2
Segment liabilities	5.2	65.2	2,915.2	3,161.2	3,710.3	4,530.1	6,630.7	7,756.5

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General Business



Gross Written Premium

- Double digit growth of 17.2%.

Combined ratio

- Better combined ratio due to lower claims ratio.

Investment result

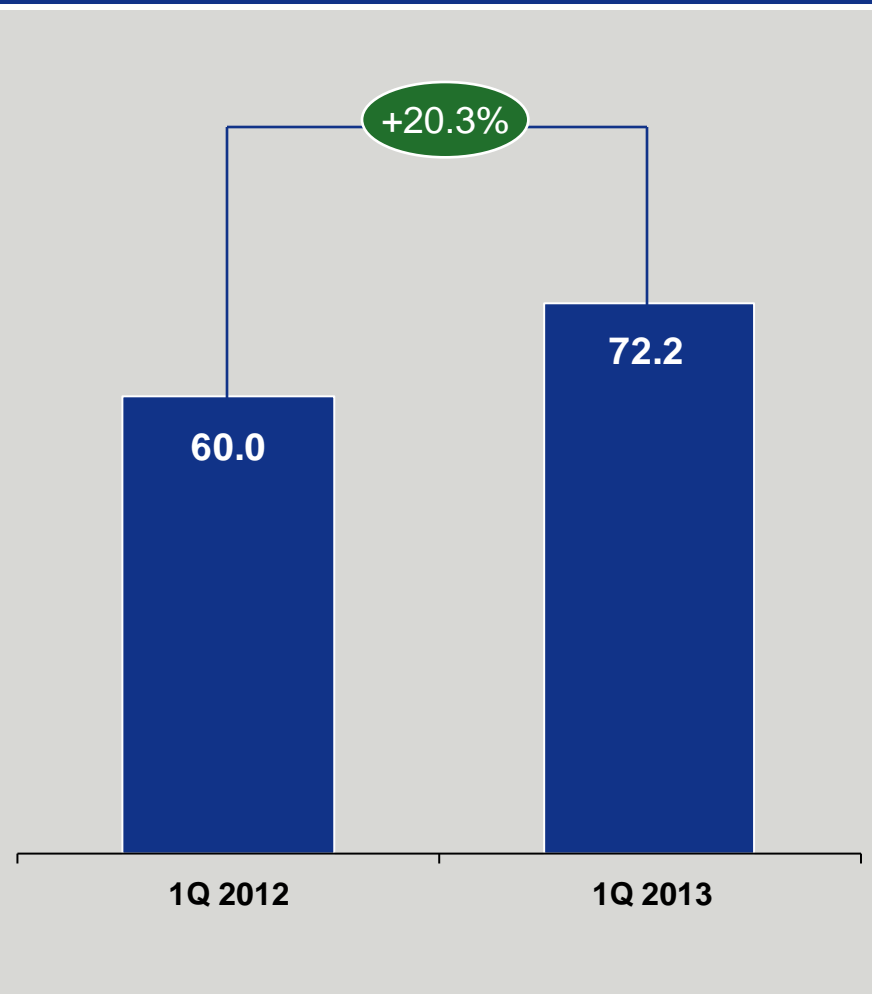
- Stable growth in investment income.

Profit before tax

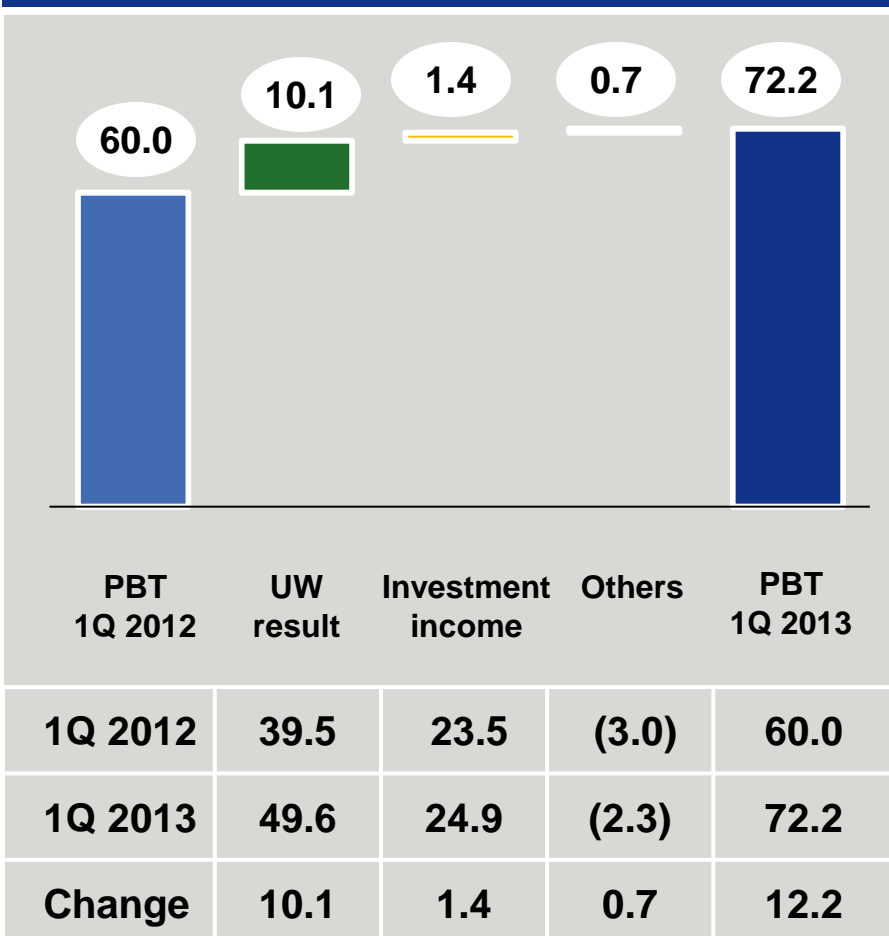
- Higher profit due to improved underwriting results.

General Business: Higher profit due to improved underwriting results.

Profit Before Tax (RM 'mil)

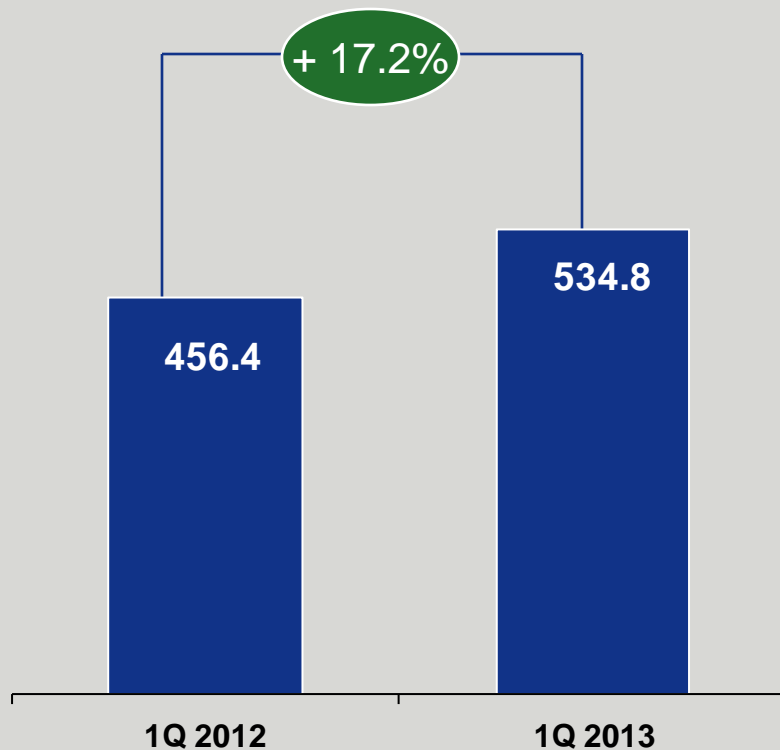


PBT Drivers (RM 'mil)

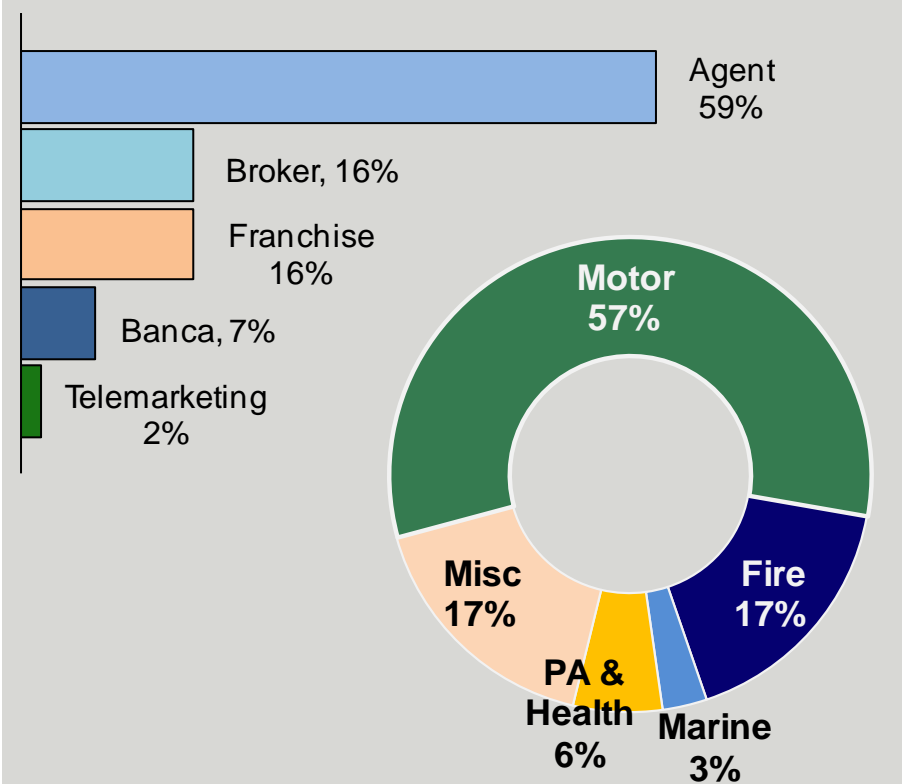


General Business: Double digit growth of 17.2% in Gross Written Premium

Gross Written Premium (RM 'mil)

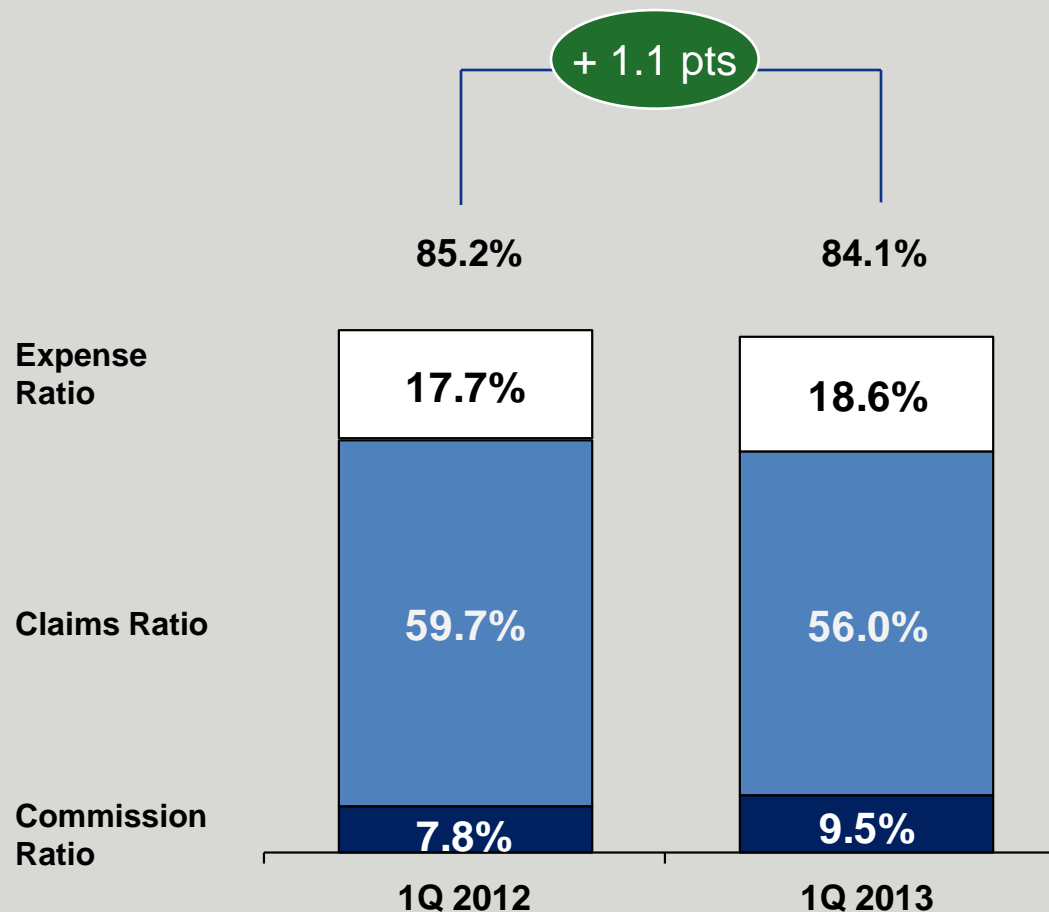


Distribution Channel & Portfolio Mix



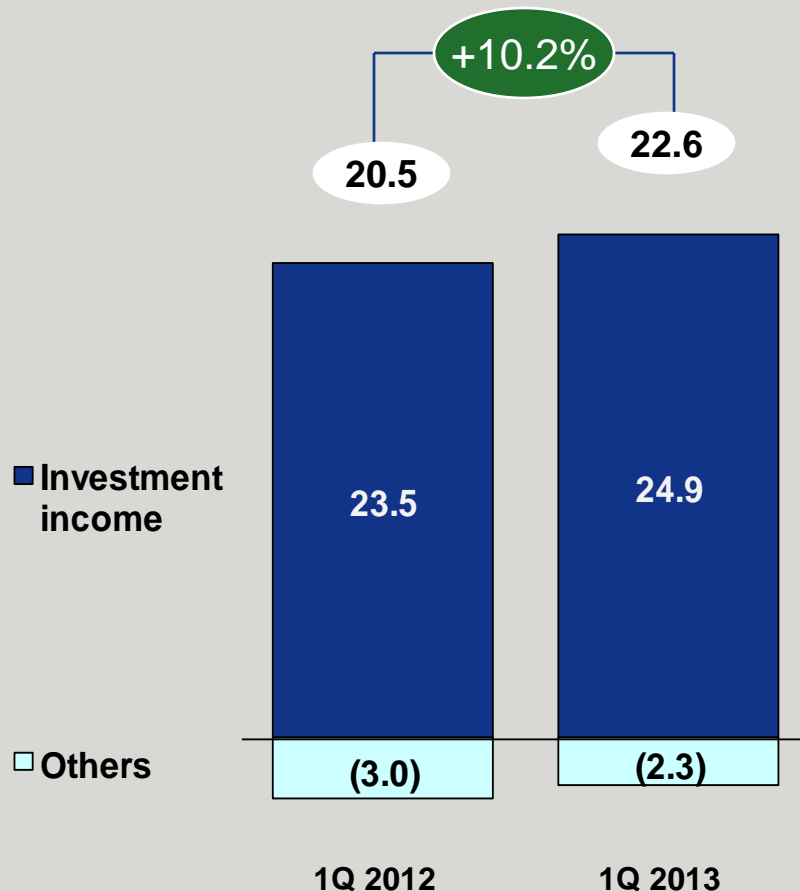
General Business: Better combined ratio due to lower claims ratio

Combined Ratio

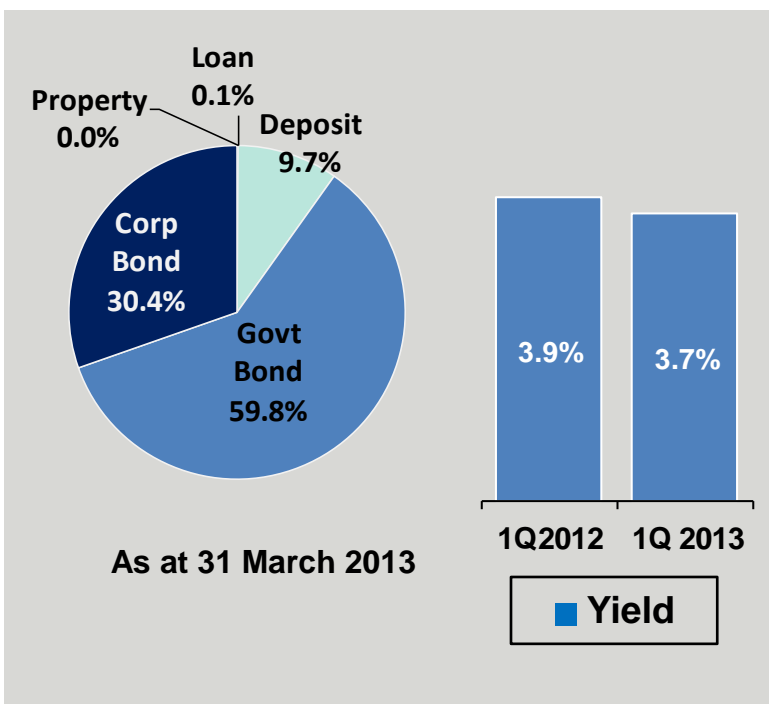


General Business: Stable growth in investment income

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	1Q 2012	1Q 2013	△13/12 %
Gross written premium	456.4	534.8	17.2%
Gross earned premium	370.9	443.2	19.5%
Net earned premium	266.1	312.0	17.3%
Net change in benefits & claims paid	(136.7)	(153.2)	(12.1%)
Net change in contract liabilities	(22.2)	(21.6)	2.7%
Management expenses	(47.1)	(58.0)	(23.1%)
Fee and commission expenses	(20.6)	(29.6)	(43.7%)
Underwriting result	39.5	49.6	25.6%
Net investment/other results	20.5	22.6	10.2%
Profit before tax (after consolidation adjustment)	60.0	72.2	20.3%
Commission Ratio	7.8%	9.5%	(1.7 pts)
Claims Ratio	59.7%	56.0%	3.7 pts
Expense Ratio	17.7%	18.6%	(0.9 pts)
Combined Ratio	85.2%	84.1%	1.1 pts

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Life Business



Gross written Premium

- Gross written premium grew by 13.7%.

Distribution

- Focus on expanding bancassurance business.

Product Mix

- Sell more investment-linked products with profitable riders attached.
- Investment-linked ANP and GWP grew by 2.4% and 26.9% respectively.

Investment results

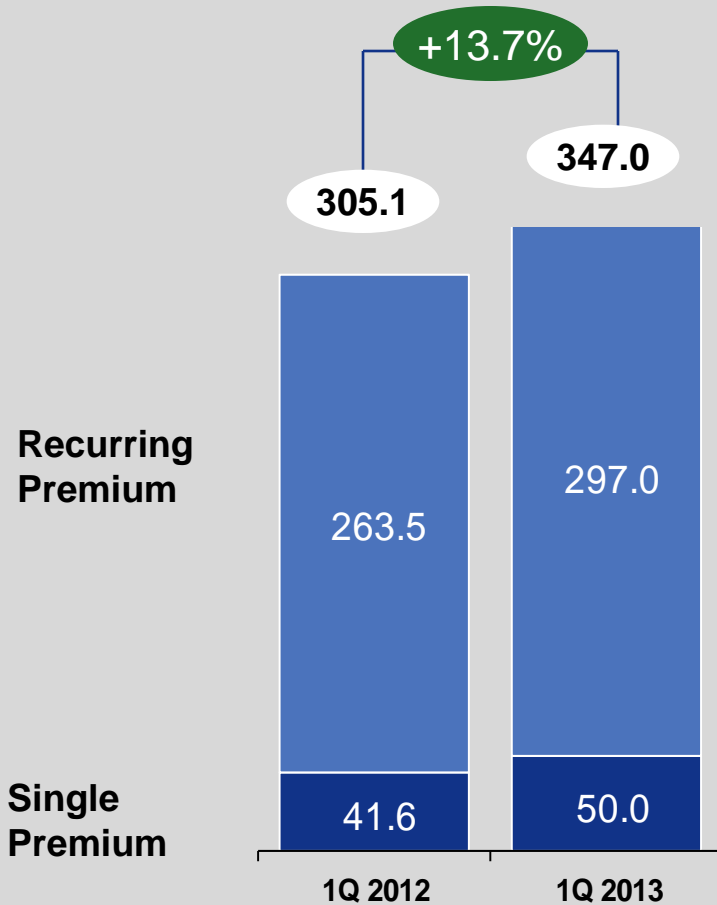
- Net investment results grew by 11.1%

Solvency

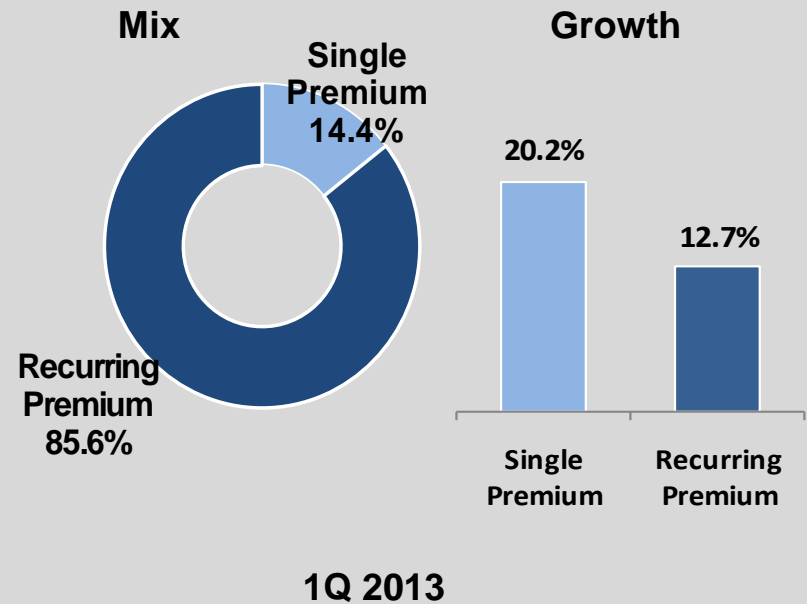
- Capital position remained strong.

Life Business: Top line growth driven by strong persistency

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

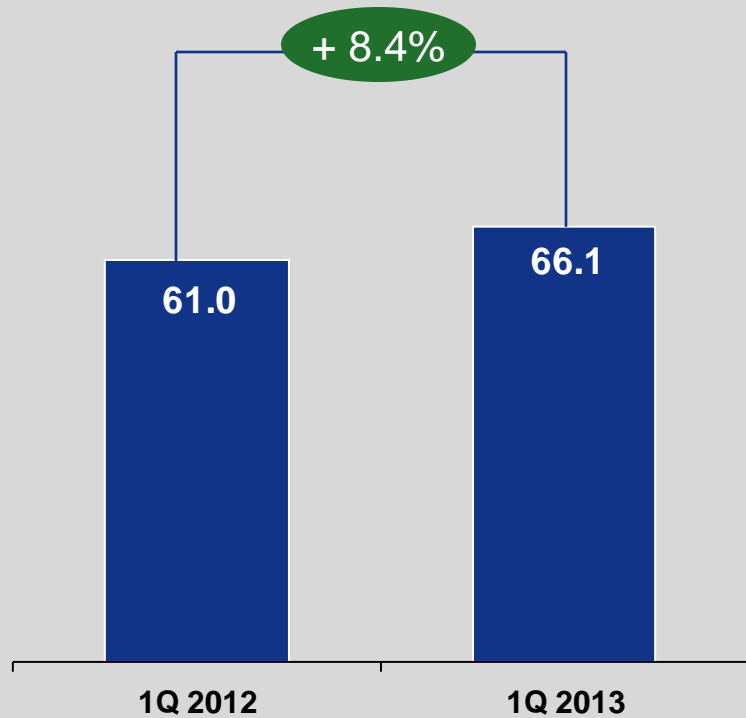


GWP Mix & Growth (%)

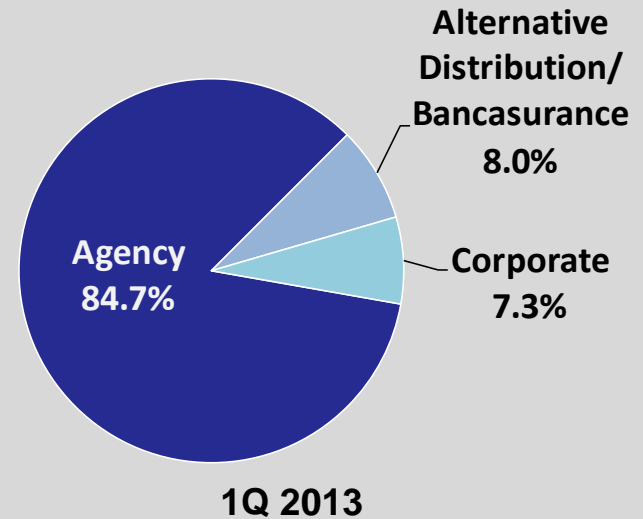


Life Business: Higher new business from Bancassurance

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

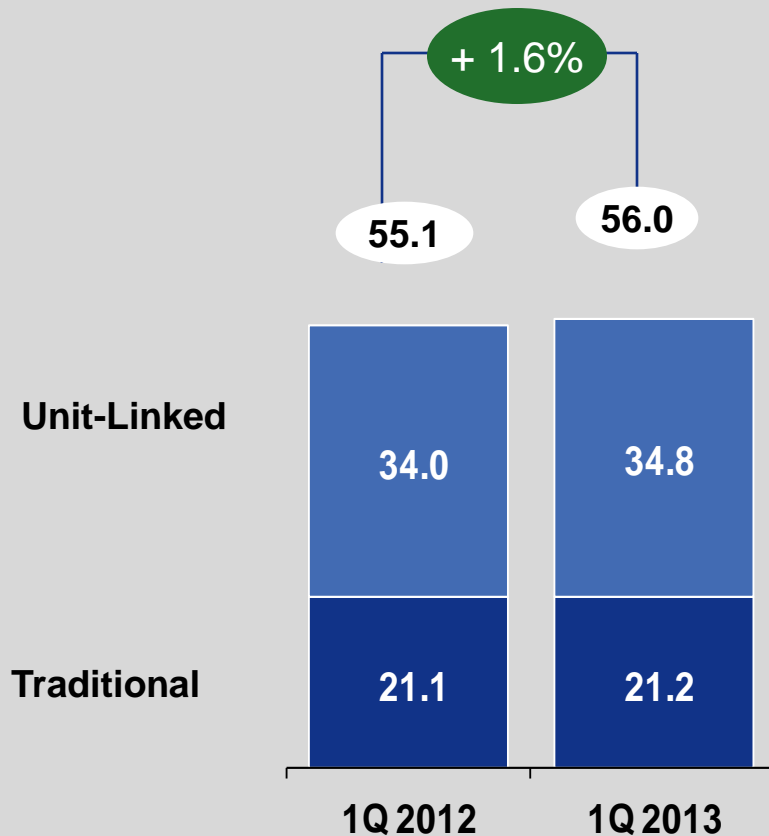


ANP Channel Mix



Life Business: Agency continue to focus on profitable regular investment-linked products

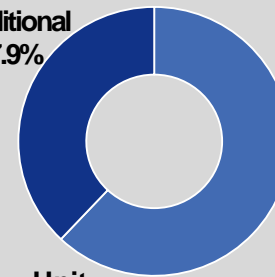
Agency Annualised New Premium (RM 'mil)



Agency Product Mix

By ANP

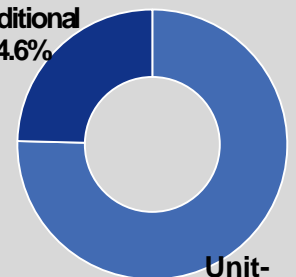
Traditional
37.9%



Unit-Linked
62.1%

By Policy Count

Traditional
24.6%



Unit-Linked
75.4%

1Q 2013

Agency ANP Growth

Unit Linked

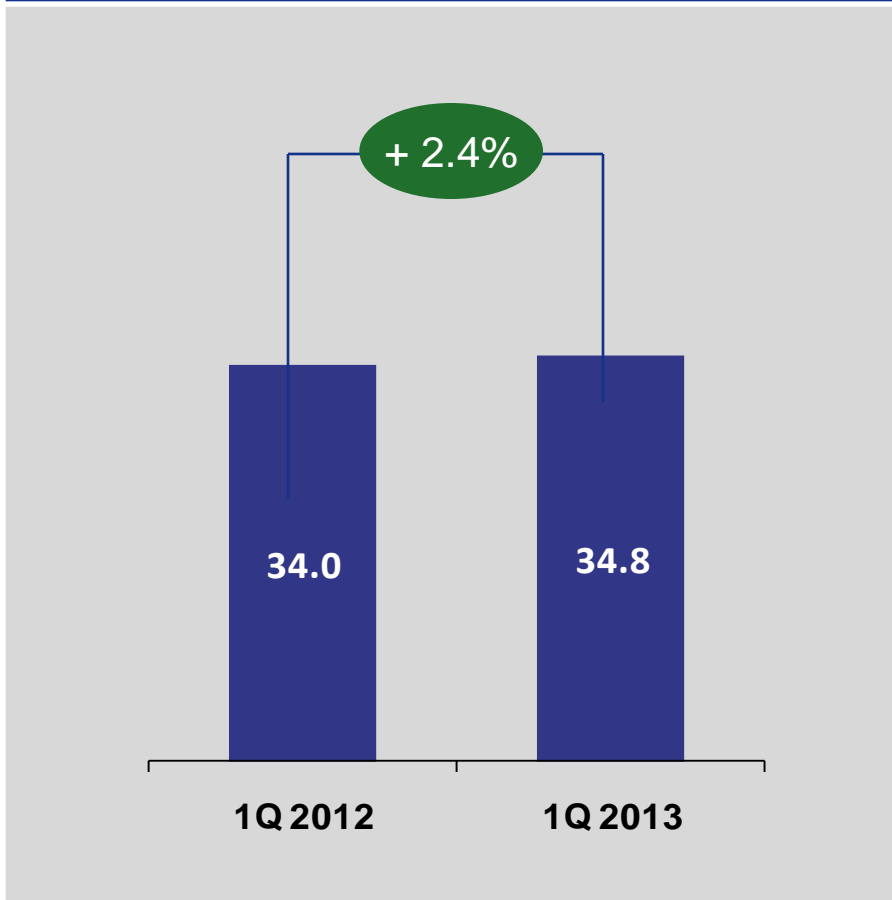
2.4%

Traditional

0.5%

Life Business: Investment-linked business ANP and GWP grew by 2.4% and 26.9% respectively

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

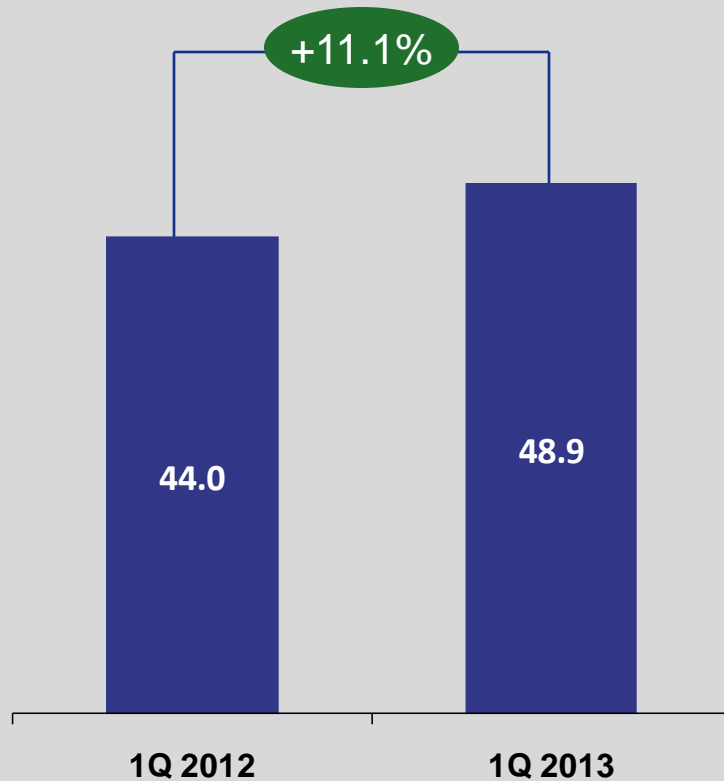


Gross Written Premium (“GWP”) (RM ‘mil)



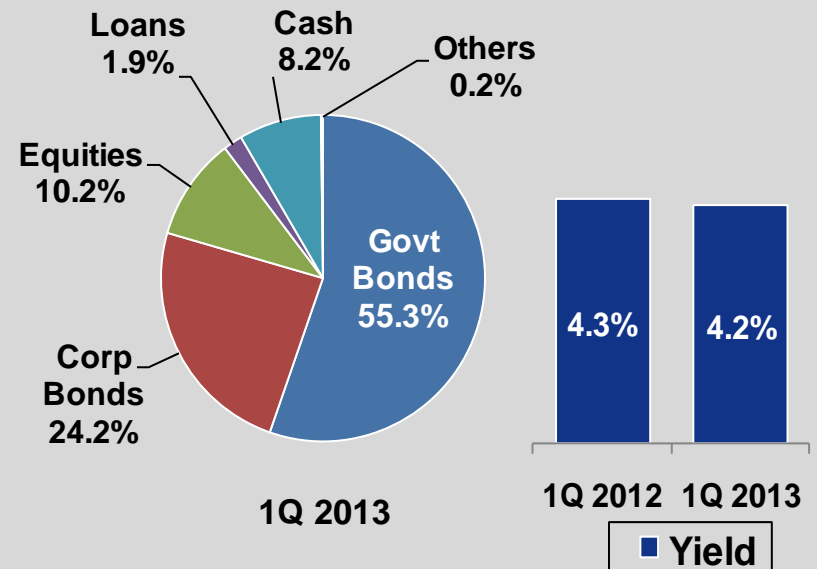
Life Business: Higher investment results driven by higher interest income from bigger asset base

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	1Q 2012	1Q 2013	△13/12 %
Gross written premiums	305.1	347.0	13.7%
Premium ceded to reinsurers	(27.5)	(23.6)	14.2%
Net earned premiums	277.6	323.4	16.5%
Net change in benefits and claim paid	(60.5)	(75.2)	(24.3%)
Net change in contract liabilities	(163.1)	(193.8)	(18.8%)
Management expenses	(24.8)	(34.2)	(37.9%)
Fee and commission expenses	(64.4)	(69.6)	(8.1%)
Fair value losses	(6.7)	(3.0)	55.2%
Net investment results	59.7	60.6	1.5%
Net operating expenditure	(3.6)	(1.1)	69.4%
Surplus before tax (after consolidation adjustment)	14.2	7.1	(45.1%)
Annualised New Business Premium	61.0	66.1	8.4%
Expenses Ratio	9.2%	11.8%	(2.6 pts)
Local Investment Yield (LF+ SHF)	4.3%	4.2%	(0.1 pts)
Lapse Ratio (total company)	7.3%	6.7%	0.6 pts
Persistency (13th month by premium)	87.0%	85.6%	(1.4 pts)

Thank You
for Your Attention

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