

Allianz Malaysia Berhad
(12428-W)

Financial Results
2Q 2013

Analyst Briefing
28 August 2013

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**Group financial
results 2Q 2013**

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

Strong Performance



Operating revenue

- Group operating revenue of RM1.76 billion, an increase by of 16.1% compared to corresponding period of RM1.51 billion due mainly to higher gross earned premiums and investment income by RM222.9 million and RM21.0 million respectively.
- General business recorded an operating revenue of RM946.6 million, an increase of 17.6% compared to corresponding period of RM804.8 million.
- Life business recorded an operating revenue of RM803.2 million, an increase of 14.5% compared to corresponding period of RM701.5 million.

Profit before tax

- Group consolidated profit before tax of RM171.9 million increased by 6.8% compared to corresponding period last year of RM160.9 million.
- General business contributed a profit before tax of RM143.3 million supported by higher net earned premium and a healthy combined ratio of 85.4%.
- Lower profit contribution from Life Business due to investment to expand distribution capabilities and higher medical claims incurred. Measures have been undertaken to re-price the medical portfolio.

Earnings per share

- Earnings per share (before dilution) at 72.92 sen (2012 : 70.57 sen).
- Earnings per share (after dilution) at 30.29 sen (2012 : 29.34 sen).

Financial Overview

RM'mil	2010	2011 ²	2012	6M 2012	6M 2013
Gross Written Premium	2,353.7	2,606.8	2,983.5	1,474.1	1,721.8
Management Expense	241.5	270.5	338.3	158.2	194.1
Expense Ratio (Non Life)	18.4%	17.0%	19.7%	19.0%	18.8%
Expense Ratio (Life) ¹	8.0%	8.4%	9.3%	8.9%	10.6%
Local Consolidated PBT	191.6	248.8	297.8	160.9	171.9
Total Assets	6,847.1	7,932.8	9,190.5	8,607.0	9,932.5
Shareholders' Equity	1,259.6	1,638.0	1,840.8	1,744.9	1,926.1
Basic earnings per share (sen)	83.97	106.09	132.21	70.57	72.92
Diluted earnings per share (sen)	50.33	43.74	54.41	29.34	30.29

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	6M 2012	6M 2013	△13/12 %
Operating revenue	1,511.3	1,755.2	16.1%
Gross earned premiums	1,381.7	1,604.6	16.1%
Premium ceded to reinsurers	(258.3)	(300.3)	(16.3%)
Net earned premiums	1,123.4	1,304.3	16.1%
Net change in benefits and claim paid	(430.3)	(484.7)	(12.6%)
Net change in contract liabilities	(373.2)	(437.6)	(17.3%)
Management expenses	(158.2)	(194.1)	(22.7%)
Net fee and commission expenses	(174.9)	(200.1)	(14.4%)
Fair value gains/(losses)	19.1	(0.6)	(103.1%)
Net investment results	158.4	192.3	21.4%
Net operating expenditure	(3.4)	(7.6)	(123.5%)
Profit before tax	160.9	171.9	6.8%
Taxation	(50.5)	(56.0)	(10.9%)
Profit after tax	110.4	115.9	5.0%
Earnings per share before dilution (sen)	70.57	72.92	3.3%

Summary of Unaudited Financial Results (continued)

Result by operating segments (after consolidation adjustment)

RM 'mil	Investment holding		General business		Life business		Total	
	2012	2013	2012	2013	2012	2013	2012	2013
YTD 6M Ended								
Operating revenue	4.9	5.4	804.9	946.6	701.5	803.2	1,511.3	1,755.2
Gross Written Premium	-	-	852.5	1,012.7	621.6	709.1	1,474.1	1,721.8
Segment profit/(loss)	5.4	(0.7)	116.8	143.3	38.7	29.3	160.9	171.9
Segment assets	342.7	391.9	4,096.6	4,527.4	4,167.7	5,013.2	8,607.0	9,932.5
Segment liabilities	32.0	88.3	2,934.5	3,199.9	3,895.7	4,718.3	6,862.2	8,006.5

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General Business



Gross Written Premium

- Double digit growth of 18.8%.

Combined ratio

- Better combined ratio attributed to lower claims.

Investment result

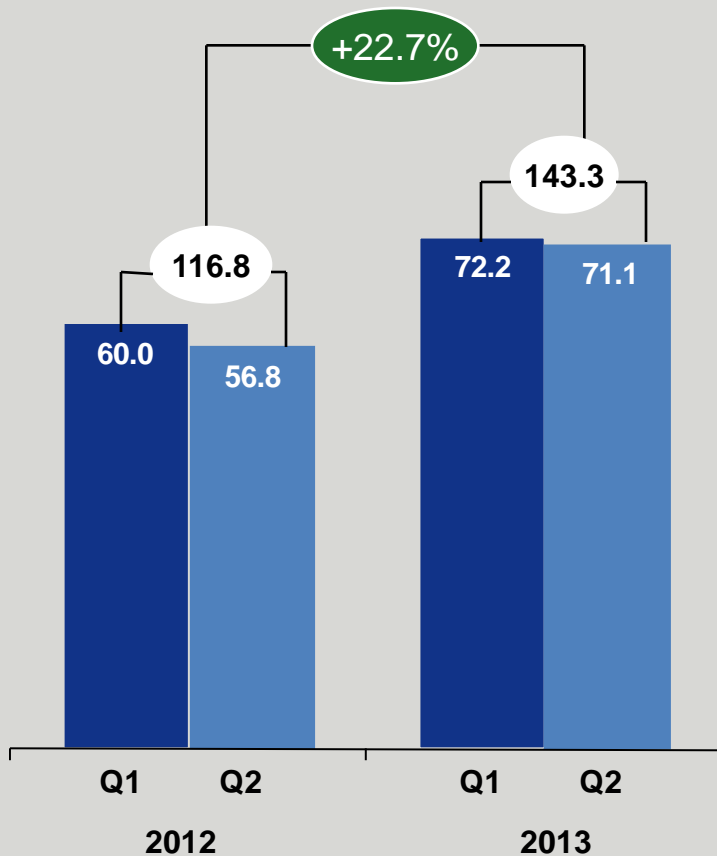
- Stable growth in investment income.

Profit before tax

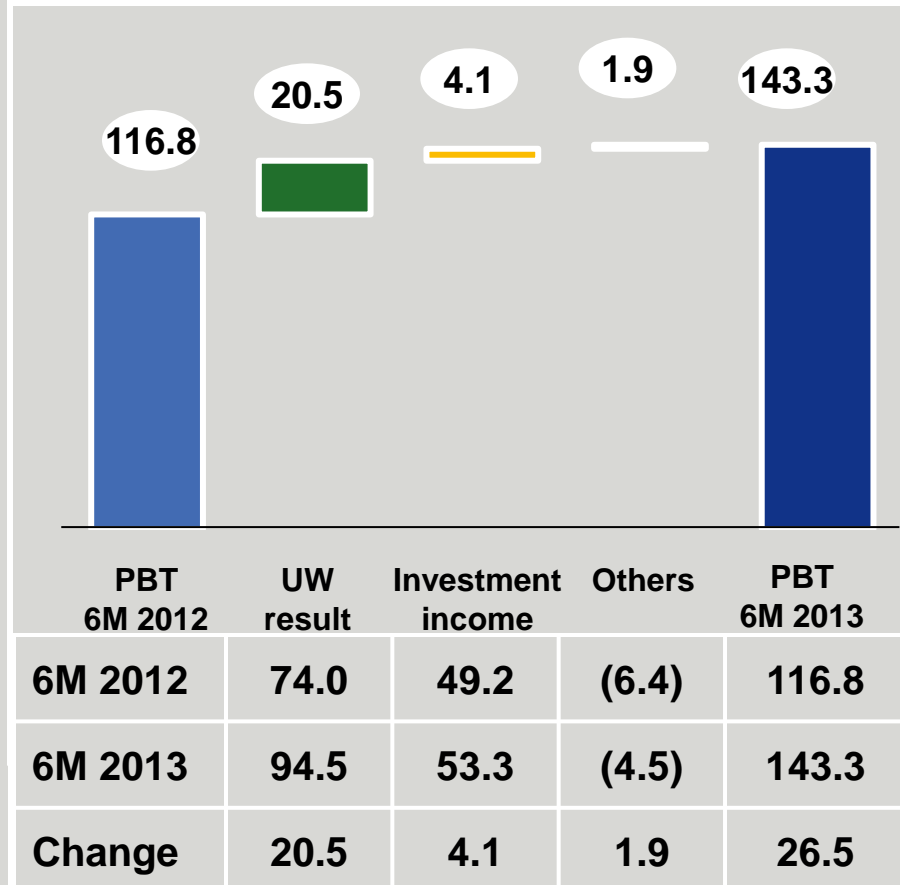
- Higher profit due to improved underwriting results and investment performance.

Non-Life: Higher profit due to improved underwriting and investment performance

Profit Before Tax (RM 'mil)

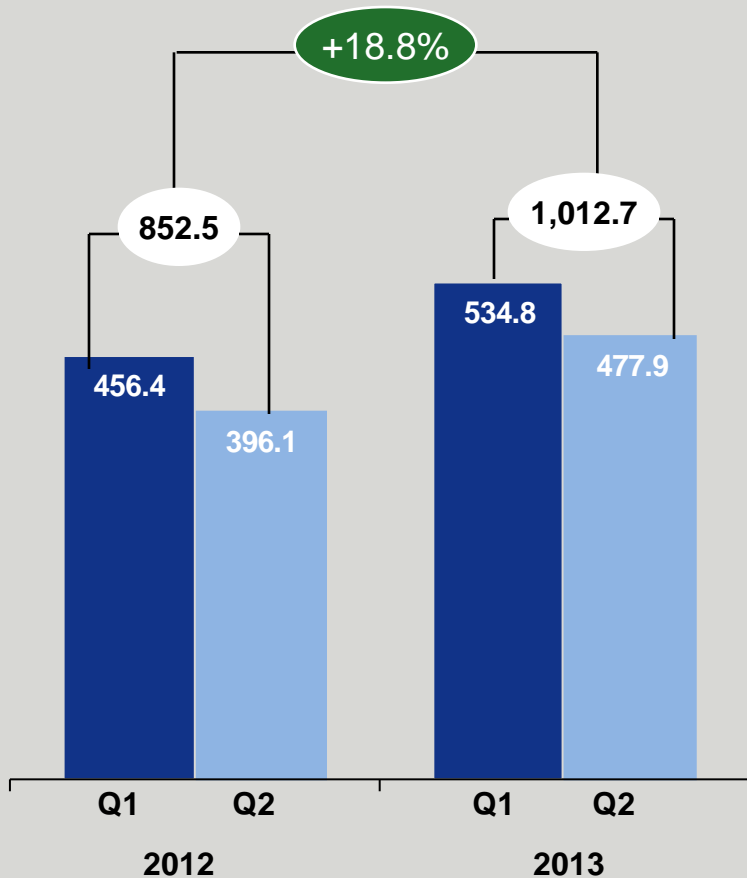


PBT Drivers (RM 'mil)

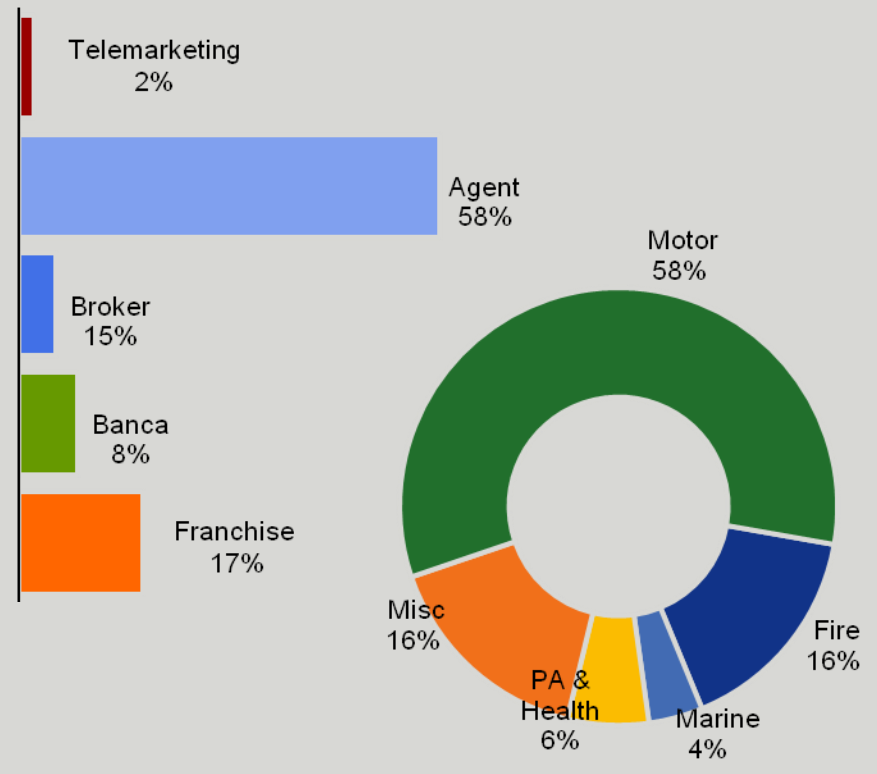


Non-Life: Double digit GWP growth

Gross Written Premium (RM 'mil)

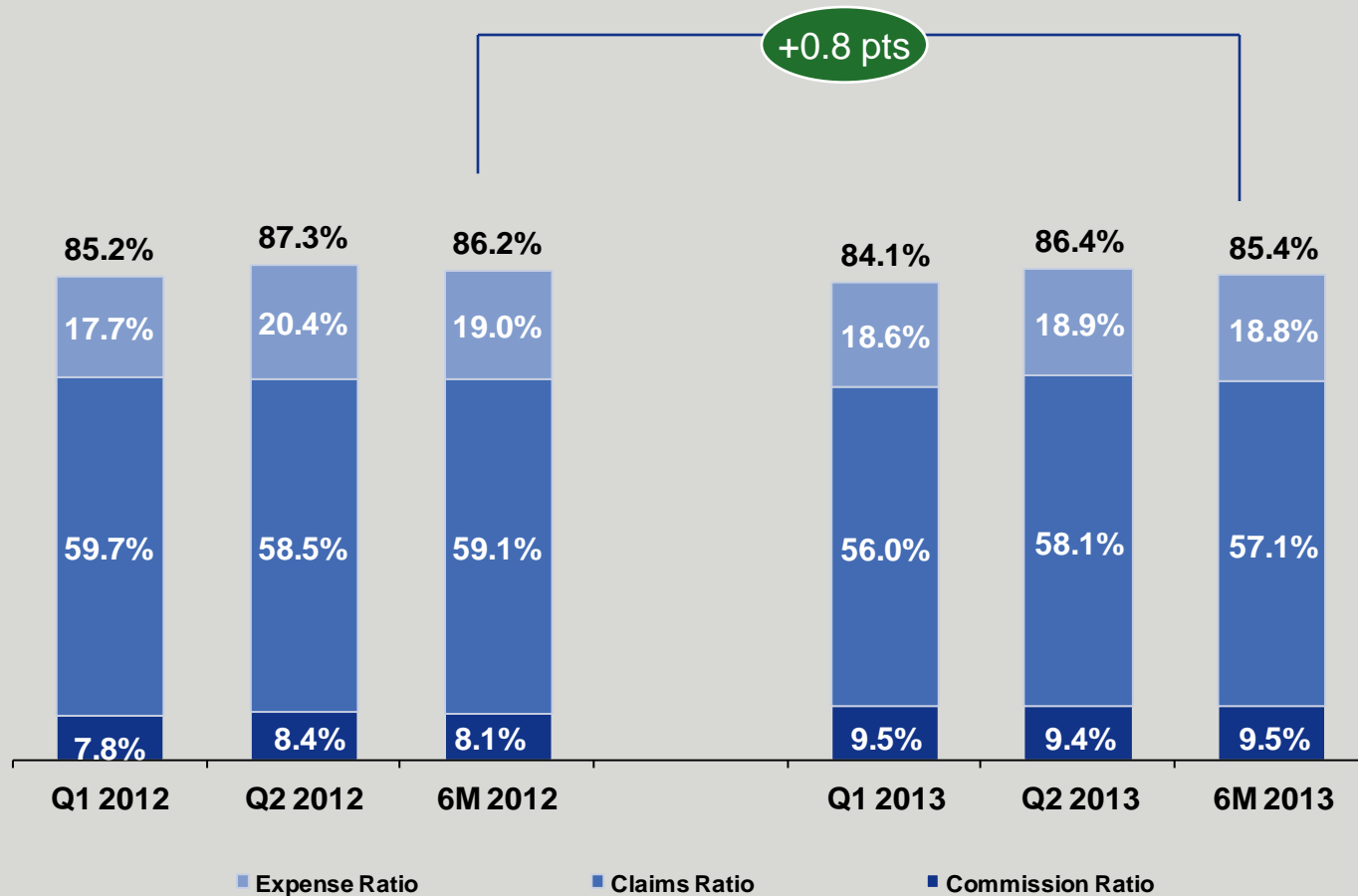


Distribution Channel & Portfolio Mix: Analysis - Breakdown by premium



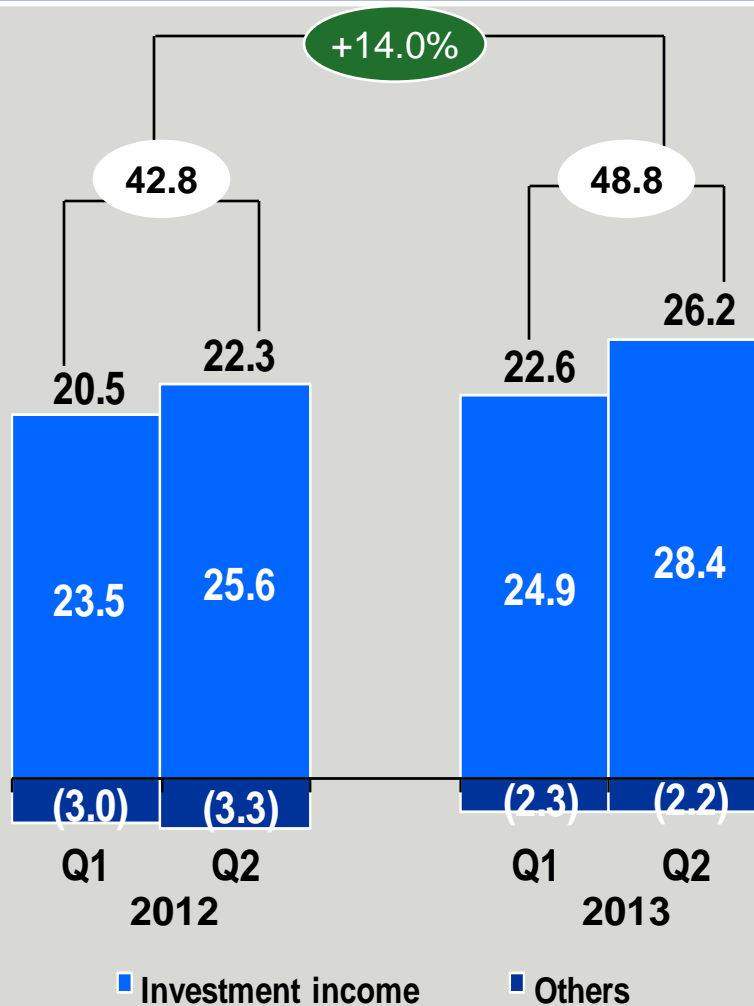
Non-Life: Better combined ratio attributed to lower claims ratio

Combined Ratio

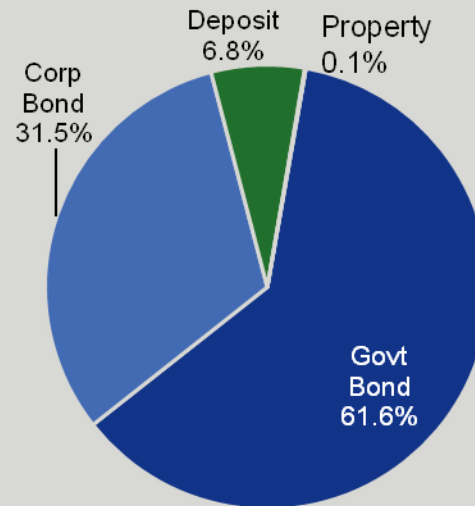


Non-Life: Stable growth in investment income

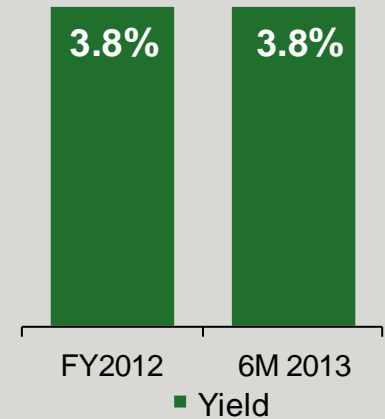
Net Investment/Other Result (RM 'mil)



Portfolio Mix and Investment Yield (Annualized)



As at 30 June 2013



General Business: Financial results at a glance

RM 'mil	6M 2012	6M 2013	△13/12 %
Gross written premium	852.5	1,012.7	18.8%
Gross earned premium	760.1	895.5	17.8%
Net earned premium	537.2	643.5	19.8%
Net change in claims paid	(279.6)	(317.0)	-13.4%
Net change in contract liabilities	(37.9)	(50.5)	-33.3%
Management expenses	(102.4)	(120.6)	-17.9%
Fee and commission expenses	(43.3)	(60.9)	-40.7%
Underwriting result	74.0	94.5	27.7%
Net investment/other result	42.8	48.8	14.0%
Profit before tax (after consolidation adjustment)	116.8	143.3	22.7%
Commission Ratio	8.1%	9.5%	-1.4 pts
Claims Ratio	59.1%	57.1%	2.0 pts
Expense Ratio	19.0%	18.8%	0.2 pts
Combined Ratio	86.2%	85.4%	0.8 pts

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Life Business



Gross written Premium

- Gross written premium grew by 14.1%.

Distribution

- Focus on expanding bancassurance business and building multi distribution capabilities.

Product Mix

- Continue to focus and shift to profitable investment-linked protection business.

Investment results

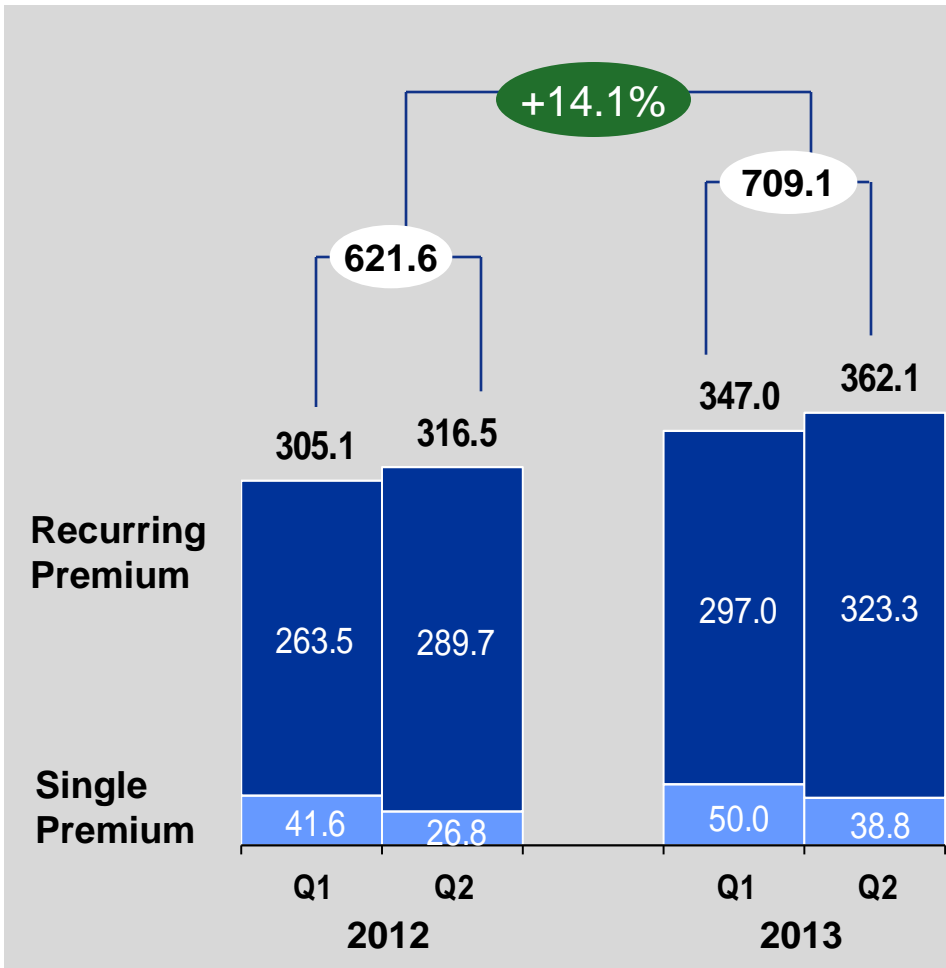
- Lower net investment results due to fair value losses.

Solvency

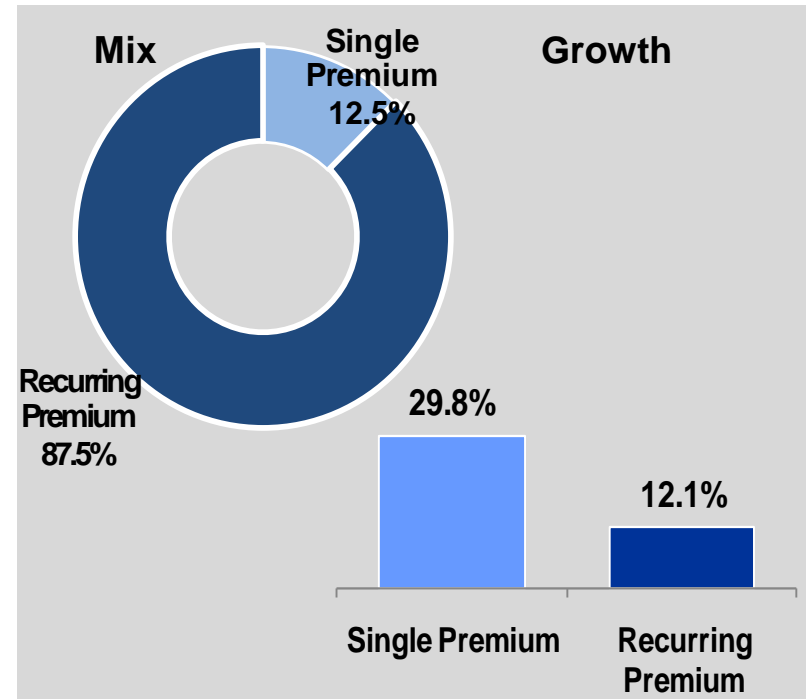
- Capital position remained resilient.

Life Business: GWP growth supported by strong persistency.

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

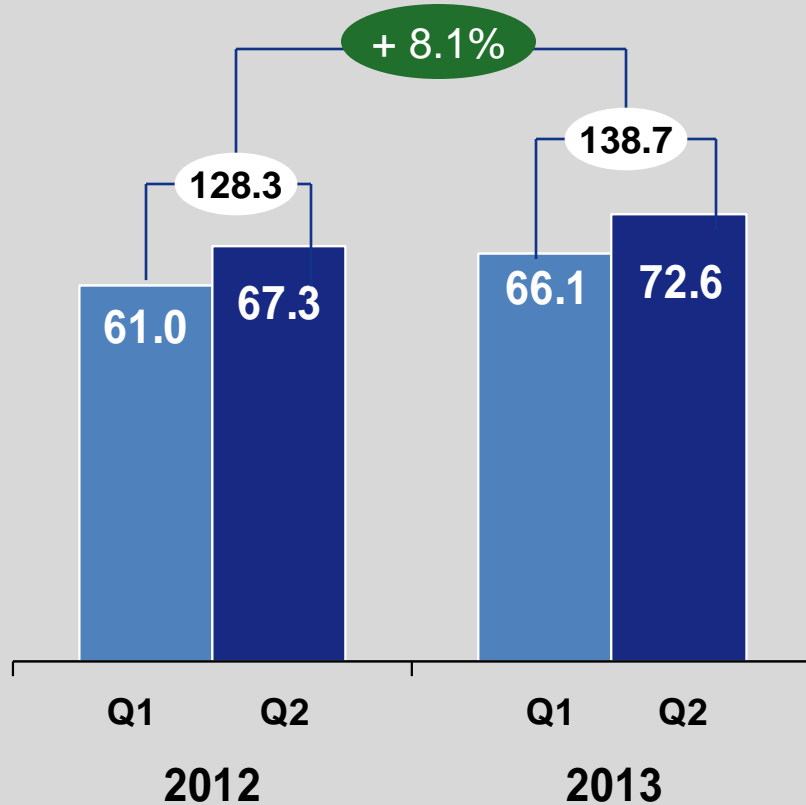


GWP Mix & Growth (%) (6M 2013)

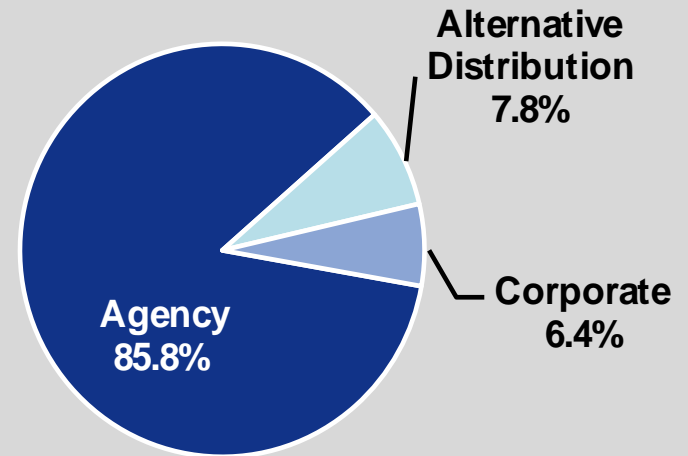


Life Business: Core contributor remains Agency sales, growing Bancassurance sales.

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



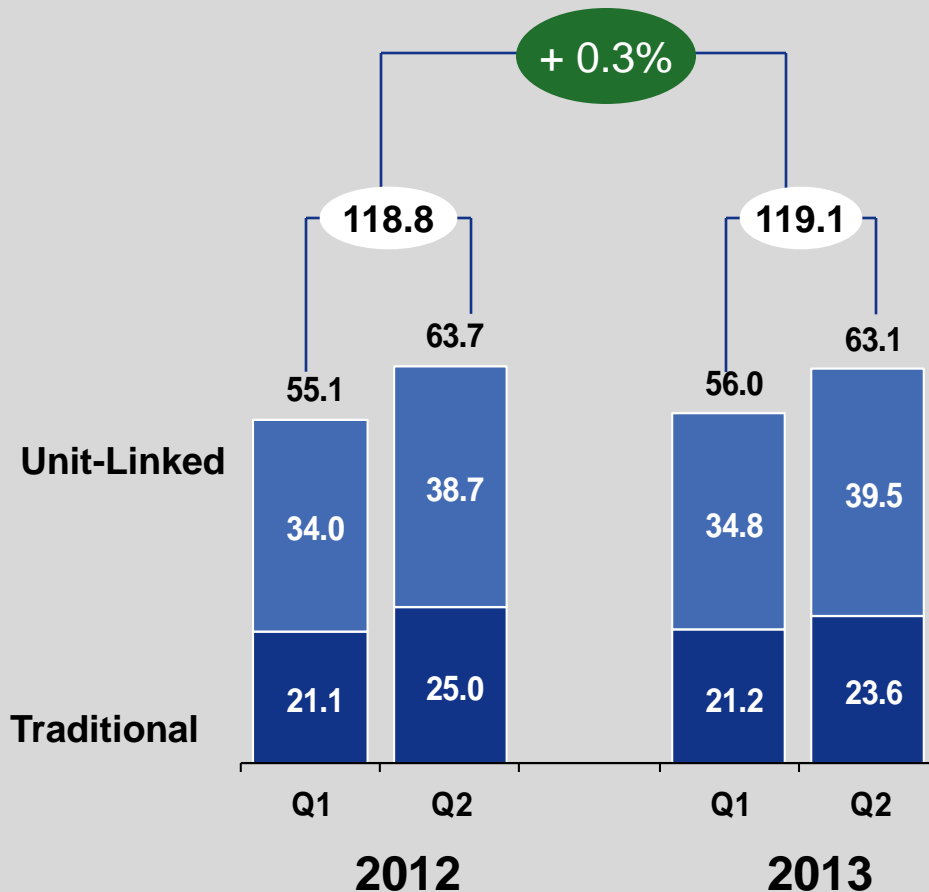
ANP Channel Mix



6M 2013

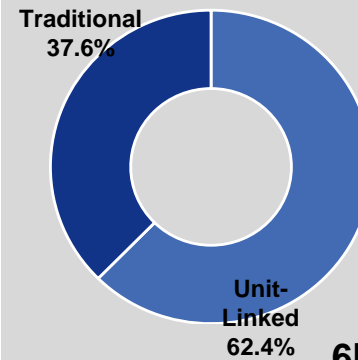
Life Business: Maintain ANP despite lower market sentiments.

Agency Annualised New Premium (RM 'mil)

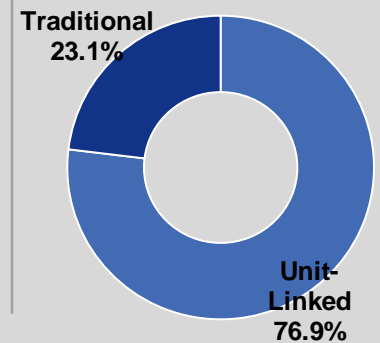


Agency Product Mix

By ANP

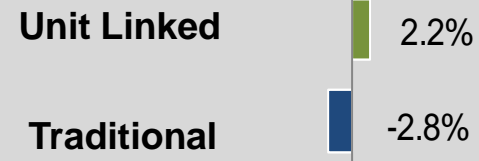


By Policy Count



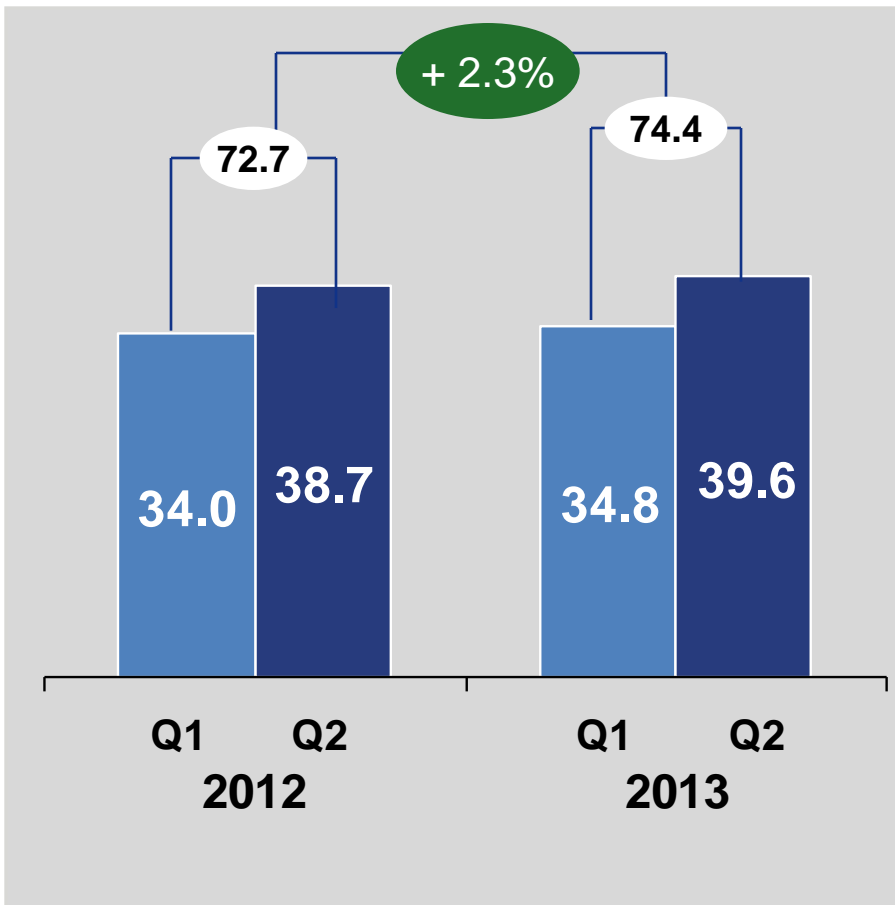
6M 2013

Agency ANP Growth

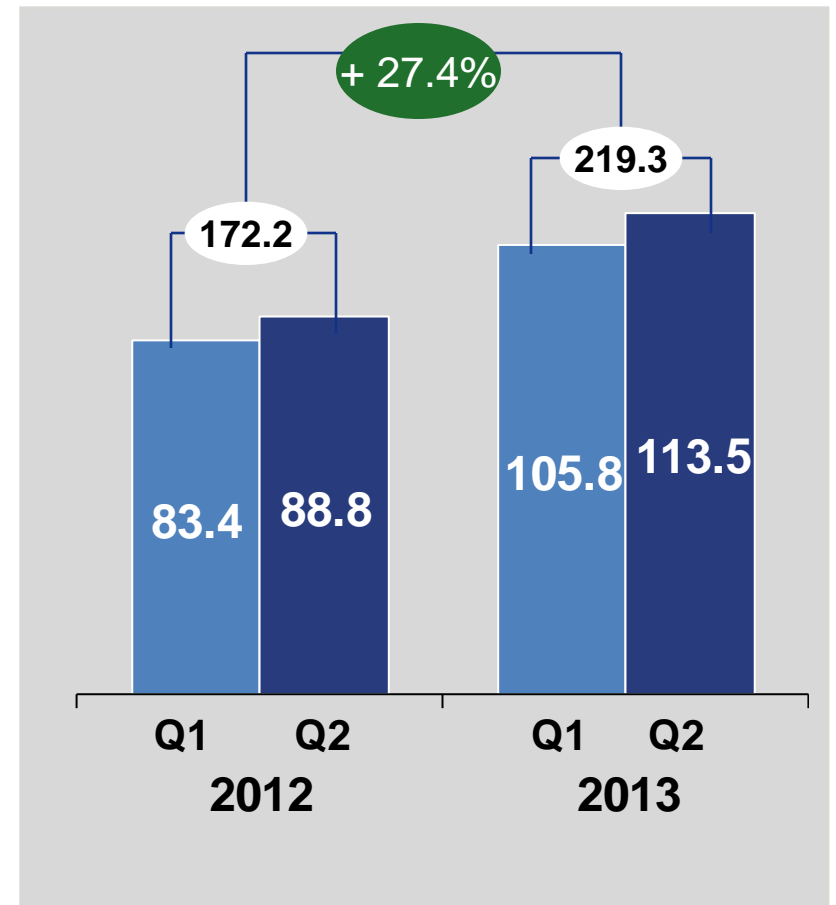


Life Business: Investment-linked protection business continue to grow.

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

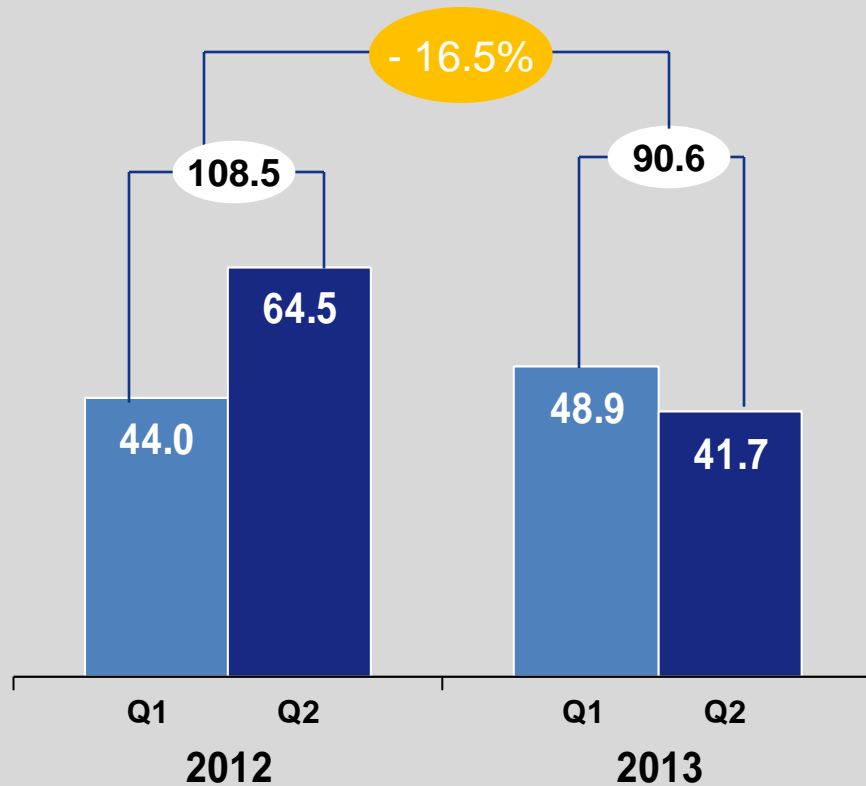


**Gross Written Premium (“GWP”)
(RM ‘mil)**



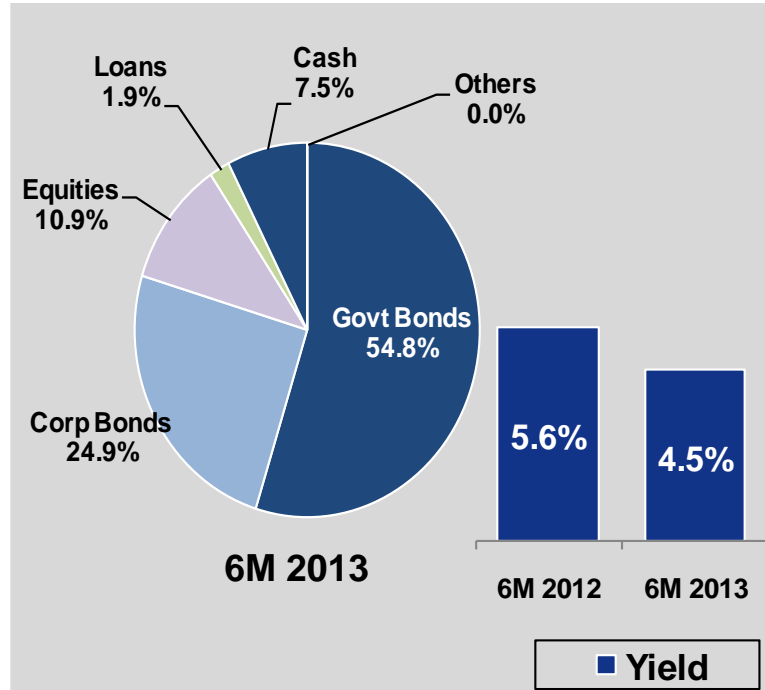
Life Business: Lower net investment results due to fair value losses

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	6M 2012	6M 2013	△13/12 %
Gross written premiums	621.6	709.1	14.1%
Premium ceded to reinsurers	(35.3)	(48.3)	(36.8%)
Net earned premiums	586.3	660.8	12.7%
Net change in benefits and claim paid	(150.7)	(167.7)	(11.3%)
Net change in contract liabilities	(335.3)	(387.2)	(15.5%)
Management expenses	(49.6)	(64.3)	(29.6%)
Fee and commission expenses	(131.6)	(139.2)	(5.8%)
Fair value gains/(losses)	19.1	(0.7)	(103.7%)
Net investment results	103.3	133.7	29.4%
Net operating expenditure	(2.8)	(6.1)	(117.9%)
Surplus before tax (after consolidation adjustment)	38.7	29.3	(24.3%)
Annualised New Business Premium	128.3	138.7	8.1%
Expenses Ratio	8.9%	10.6%	(1.7 pts)
Local Investment Yield (LF+ SHF)	5.6%	4.5%	(1.1 pts)
Lapse Ratio (total company)	7.1%	7.1%	- pts
Persistency (13th month by premium)	86.3%	84.5%	(1.8 pts)

Thank You
for Your Attention

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Cautionary Note Regarding Forward-Looking Statements

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