

Allianz Malaysia Berhad
(12428-W)

Financial Results
3Q 2013

Analyst Briefing
25 November 2013

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**Group financial
results 3Q 2013**

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

Highlights of 9M 2013



Operating revenue

- Group operating revenue of RM2.72 billion, an increase of 18.3% compared to corresponding period of RM2.30 billion due mainly to higher gross earned premiums and investment income by RM385.6 million and RM34.1 million respectively.
- General business recorded an operating revenue of RM1.44 billion, an increase of 17.6% compared to corresponding period of RM1.23 billion.
- Life business recorded an operating revenue of RM1.27 billion, an increase of 19.2% compared to corresponding period of RM1.06 billion.

Profit before tax

- Group consolidated profit before tax of RM270.6 million increased by 16.2% compared to corresponding period last year of RM232.9 million.
- General business contributed a profit before tax of RM209.4 million supported by higher net earned premium and a healthy combined ratio of 86.5%.
- The life insurance operations recorded a higher profit before tax of RM62.2 million due mainly to lower reserving arising from higher interest rate.

Earnings per share

- Earnings per share (before dilution) at 119.41 sen (2012 : 104.43 sen).
- Earnings per share (after dilution) at 49.64 sen (2012 : 42.85 sen).

Financial Overview

RM'mil	2010	2011 ²	2012	9M 2012	9M 2013
Gross Written Premium	2,353.7	2,606.8	2,983.5	2,265.9	2,665.1
Management Expense	241.5	270.5	338.3	244.0	293.2
Expense Ratio (Non Life)	18.4%	17.0%	19.7%	19.7%	18.4%
Expense Ratio (Life) ¹	8.0%	8.4%	9.3%	8.9%	9.7%
Local Consolidated PBT	191.6	248.8	297.8	232.9	270.6
Total Assets	6,847.1	7,932.8	9,190.5	8,893.2	10,309.1
Shareholders' Equity	1,259.6	1,638.0	1,840.8	1,797.9	1,989.8
Basic earnings per share (sen)	83.97	106.09	132.21	104.43	119.41
Diluted earnings per share (sen)	50.33	43.74	54.41	42.85	49.64

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	9M 2012	9M 2013	△13/12 %
Operating revenue	2,297.8	2,717.5	18.3%
Gross earned premiums	2,098.3	2,483.9	18.4%
Premium ceded to reinsurers	(407.6)	(444.1)	(9.0%)
Net earned premiums	1,690.7	2,039.8	20.6%
Net change in benefits and claim paid	(639.7)	(756.5)	(18.3%)
Net change in contract liabilities	(563.7)	(643.8)	(14.2%)
Management expenses	(244.0)	(293.2)	(20.2%)
Net fee and commission expenses	(261.2)	(313.3)	(19.9%)
Fair value gains/(losses)	14.7	(45.7)	(410.9%)
Net investment results	242.7	292.3	20.4%
Net operating expenditure	(6.6)	(9.0)	(36.4%)
Profit before tax	232.9	270.6	16.2%
Taxation	(69.3)	(80.6)	(16.3%)
Profit after tax	163.6	190.0	16.1%
Earnings per share before dilution (sen)	104.43	119.41	14.3%

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 9M Ended								
Operating revenue	7.6	8.3	1,228.3	1,443.9	1,061.9	1,265.3	2,297.8	2,717.5
Gross Written Premium	-	-	1,327.8	1,546.3	938.1	1,118.8	2,265.9	2,665.1
Segment profit/(loss)	7.6	(1.1)	171.9	209.4	53.4	62.3	232.9	270.6
Segment assets	328.8	406.6	4,215.3	4,696.3	4,349.1	5,206.2	8,893.2	10,309.1
Segment liabilities	9.0	64.7	3,012.2	3,366.5	4,074.1	4,888.0	7,095.3	8,319.2

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General Business



Gross Written Premium

- Double digit growth of 16.4%.

Combined ratio

- Delivered combined ratio below 90%.

Investment result

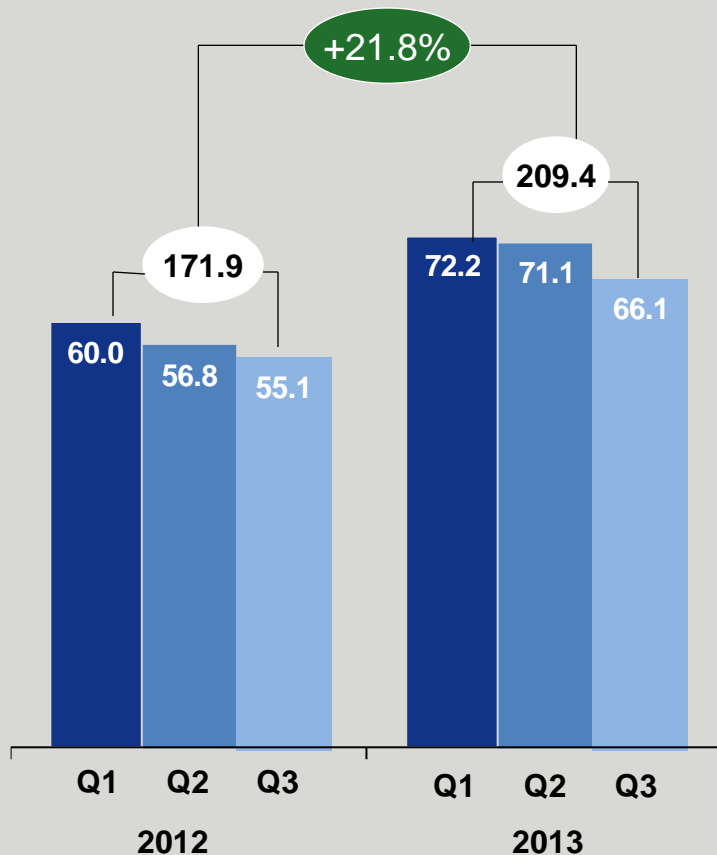
- Stable growth in investment income.

Profit before tax

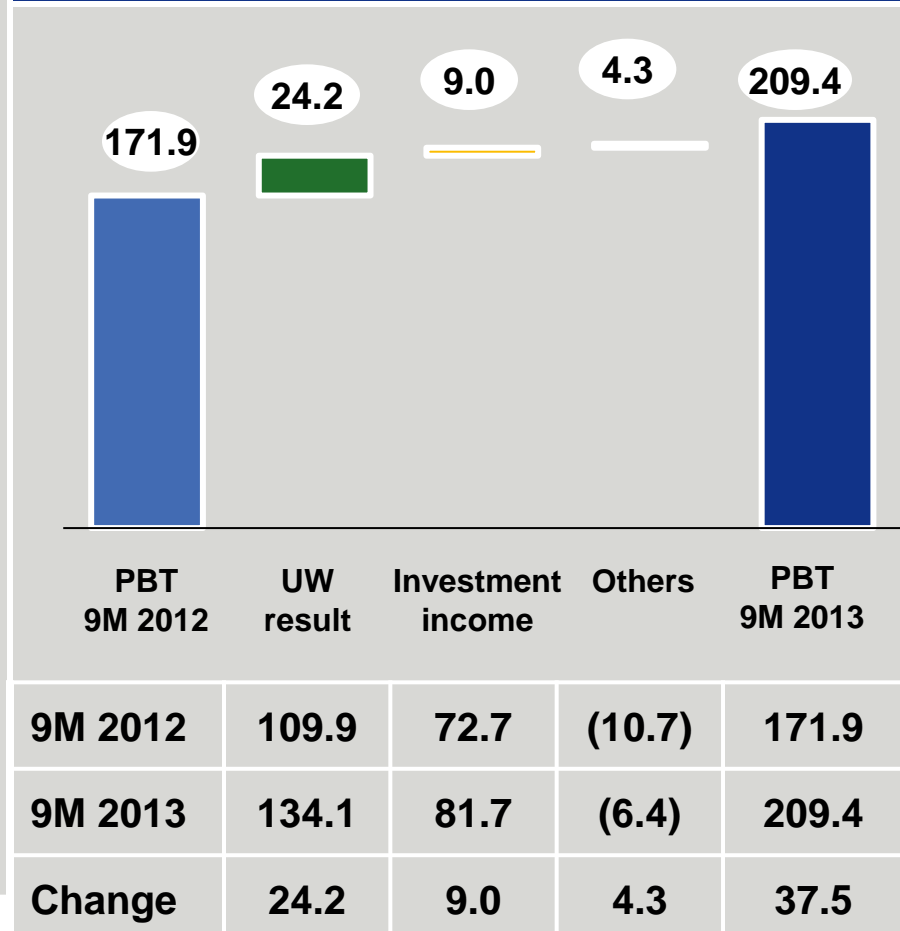
- Higher profit due to improved underwriting and investment performance.

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

Profit Before Tax (RM 'mil)

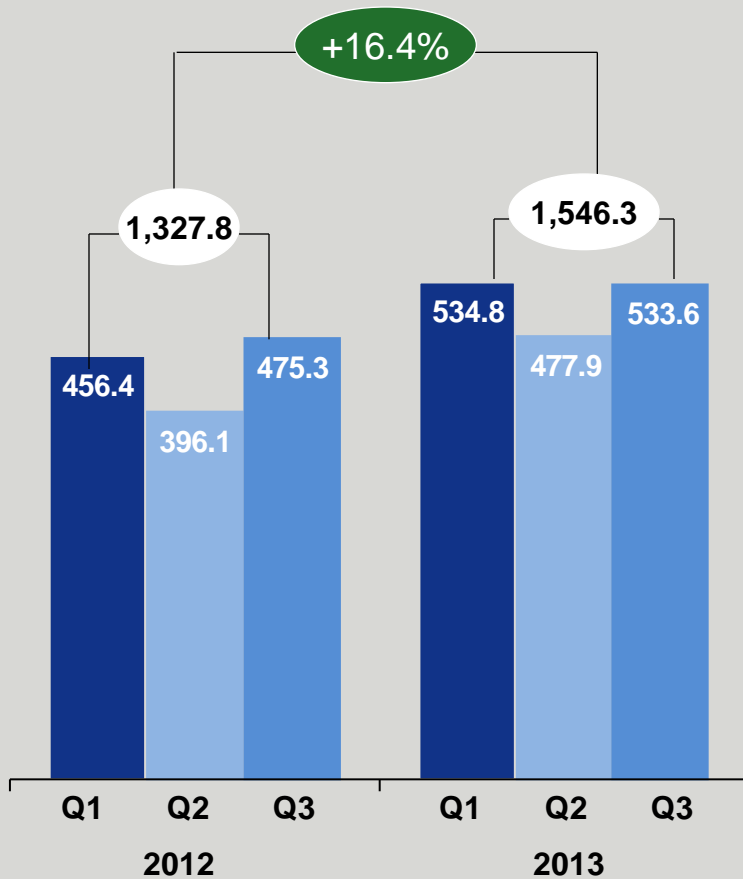


PBT Drivers (RM 'mil)

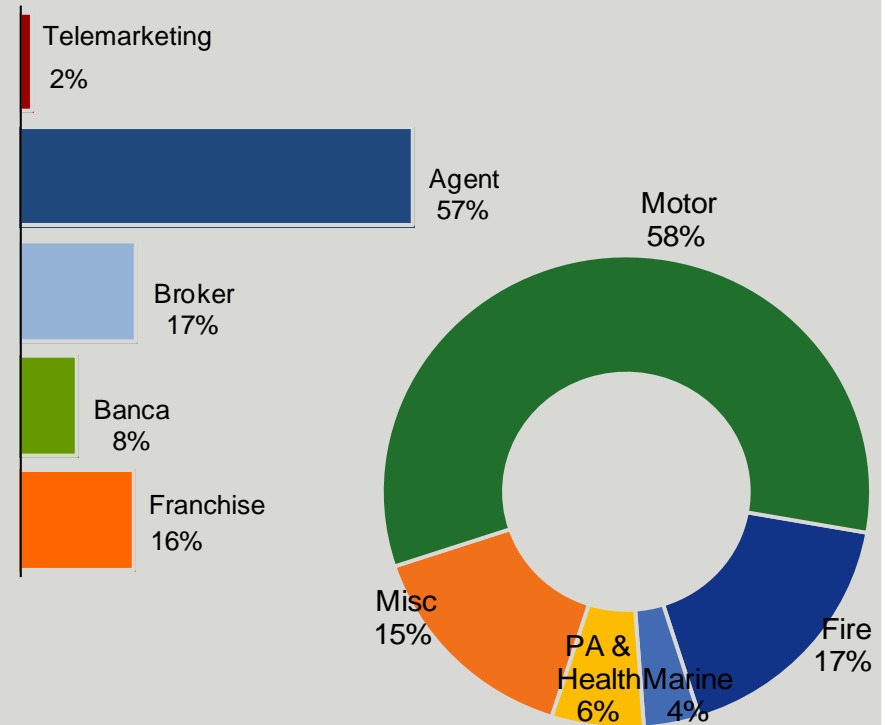


Non-Life: Double digit growth of 16.4% in GWP

Gross Written Premium (RM 'mil)

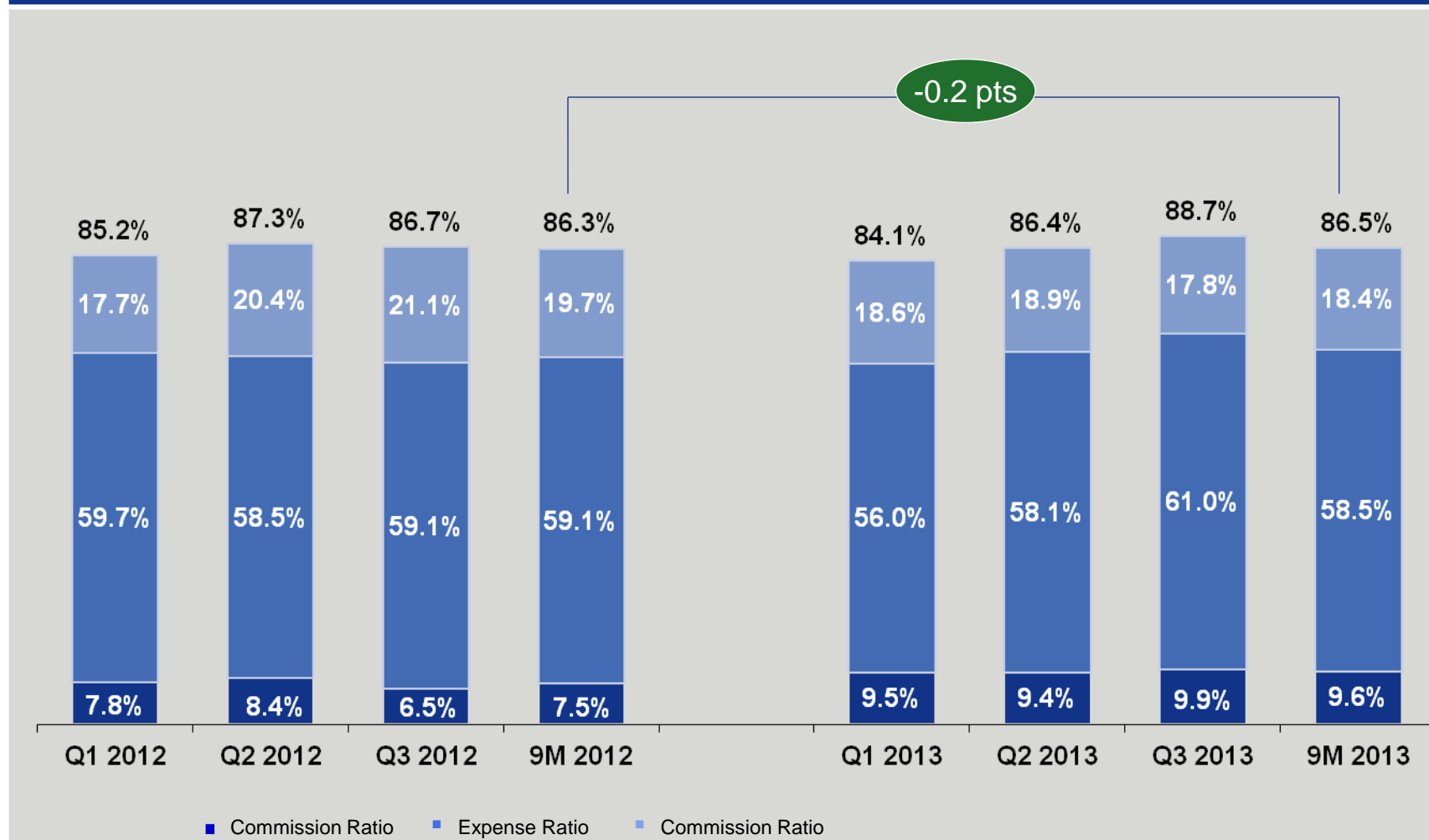


Distribution Channel & Portfolio Mix



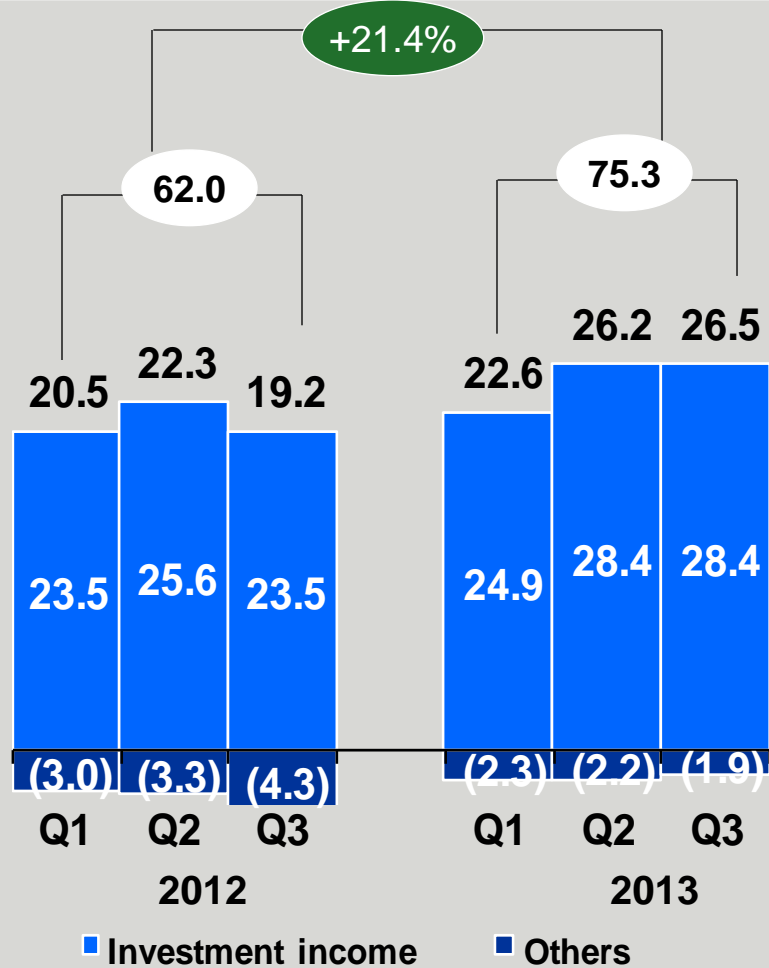
Non-Life: Continue to deliver healthy combined ratio

Combined Ratio

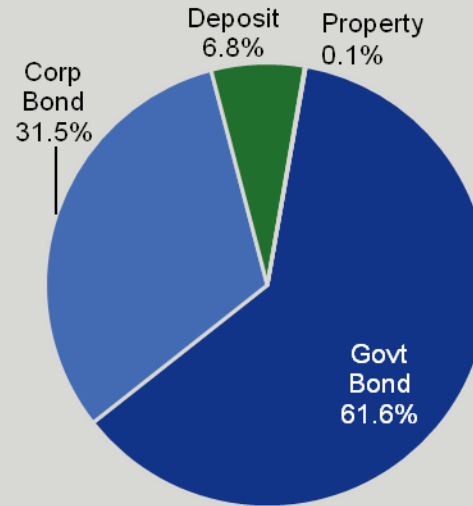


Non-Life: Stable growth in investment income

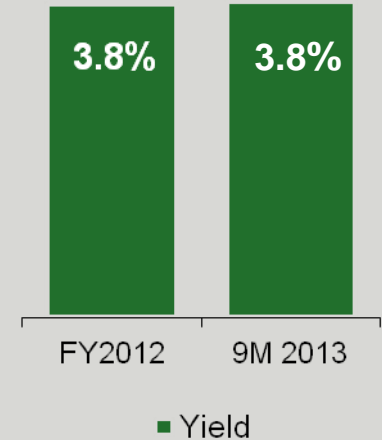
Net Investment/Other Result (RM 'mil)



Portfolio Mix and Investment Yield (Annualized)



As at 30 September 2013



General Business: Financial results at a glance

RM 'mil	9M 2012	9M 2013	△13/12 %
Gross written premium	1,327.8	1,546.3	16.4%
Gross earned premium	1,160.2	1,365.0	17.7%
Net earned premium	806.3	994.4	23.3%
Net change in claims paid	(411.2)	(470.8)	(14.5%)
Net change in contract liabilities	(65.4)	(110.5)	(68.9%)
Management expenses	(159.1)	(183.1)	(15.1%)
Fee and commission expenses	(60.7)	(95.9)	(57.9%)
Underwriting result	109.9	134.1	22.1%
Net investment/other result	62.0	75.3	21.4%
Profit before tax (after consolidation adjustment)	171.9	209.4	21.8%
Commission Ratio	7.5%	9.6%	(2.1 pts)
Claims Ratio	59.1%	58.5%	0.6 pts
Expense Ratio	19.7%	18.4%	1.3 pts
Combined Ratio	86.3%	86.5%	(0.2 pts)

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Life Business



Gross written Premium

- Gross written premium grew by 19.3%.

Distribution

- All distribution channels delivered growth.

Product Mix

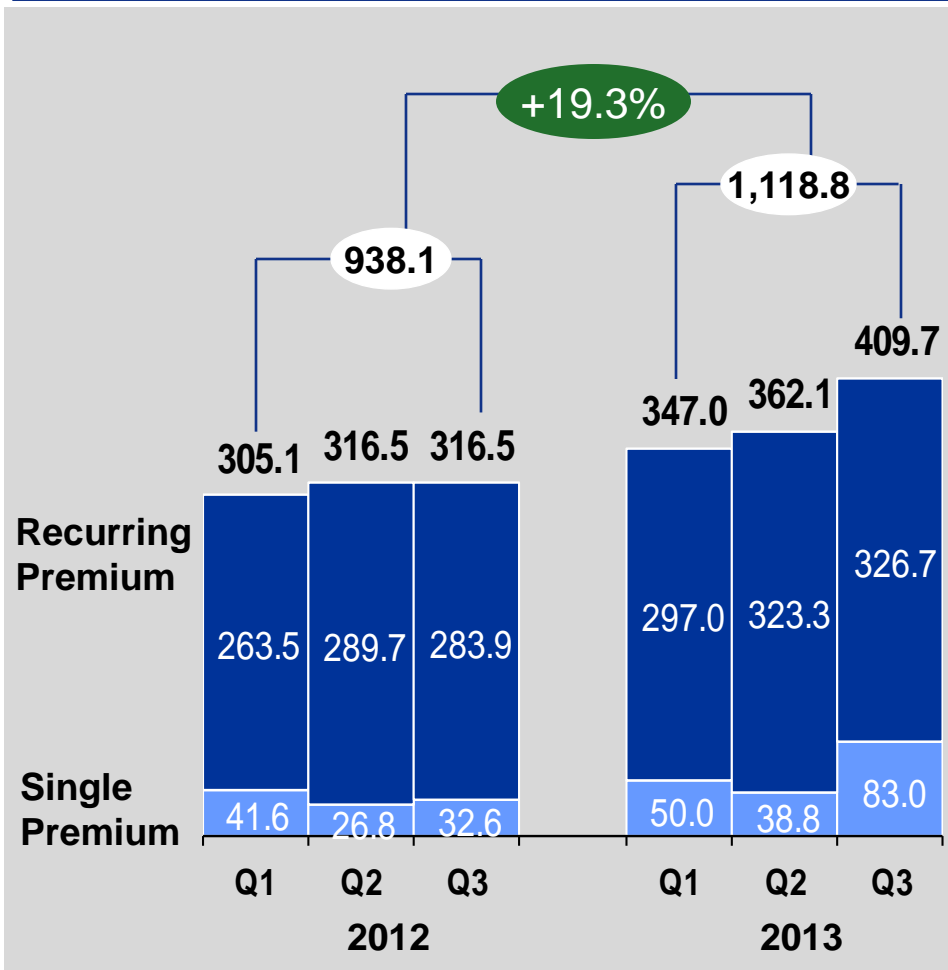
- Continue to manage balanced product portfolio.

Investment results

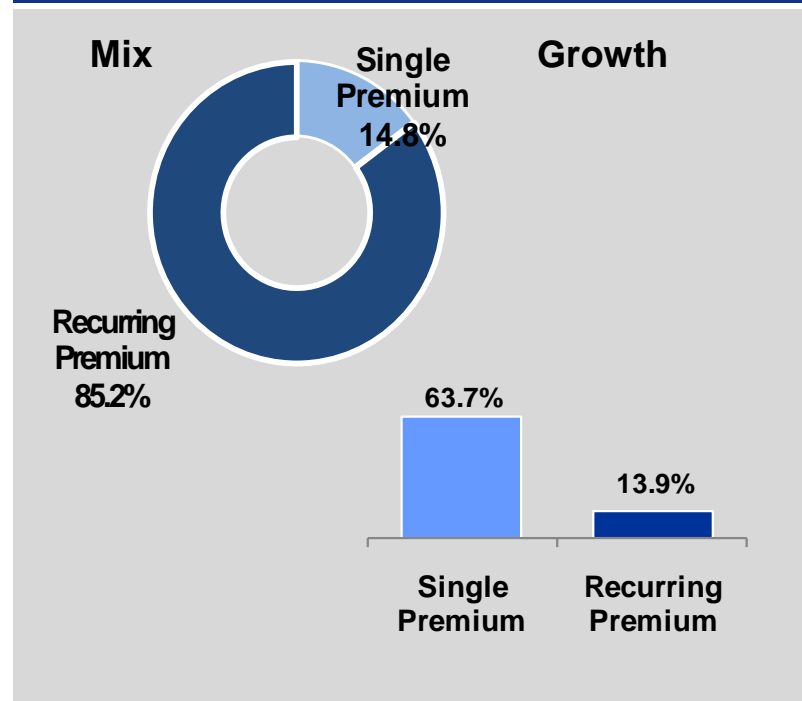
- Lower net investment results due to fair value losses.

Life Business: Top line growth contributed by sales of single premium

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

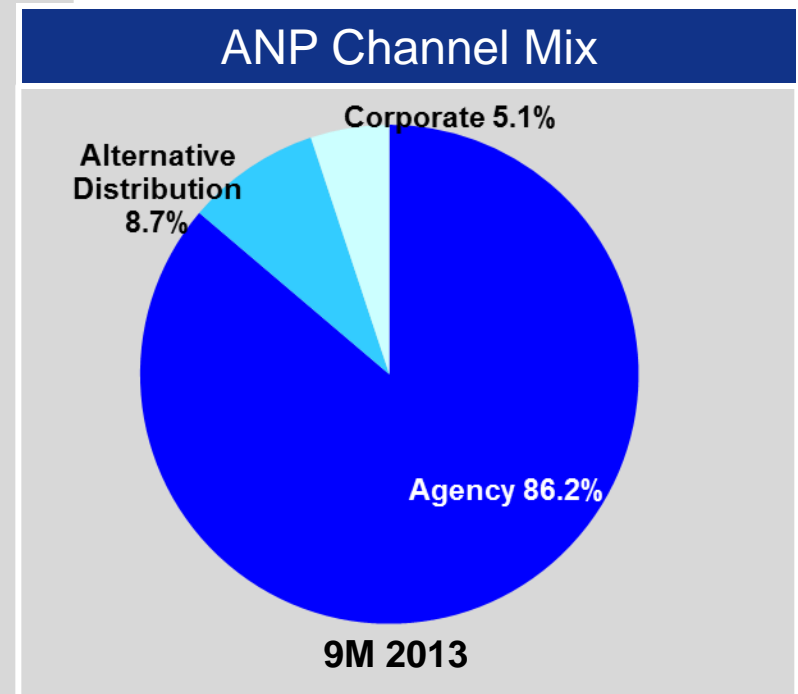
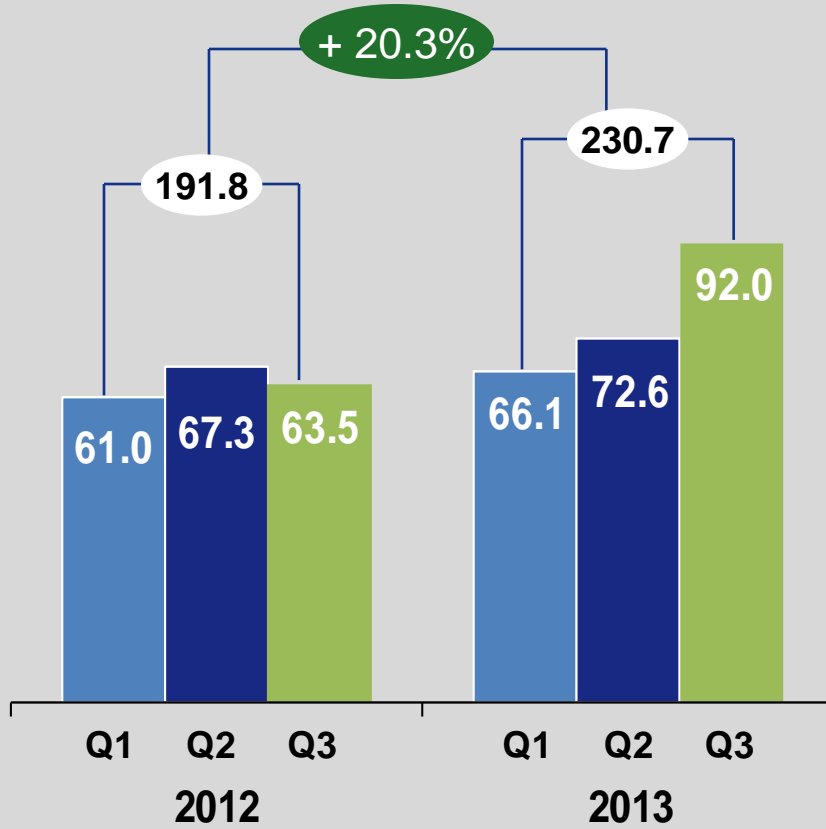


GWP Mix & Growth (%) (9M 2013)



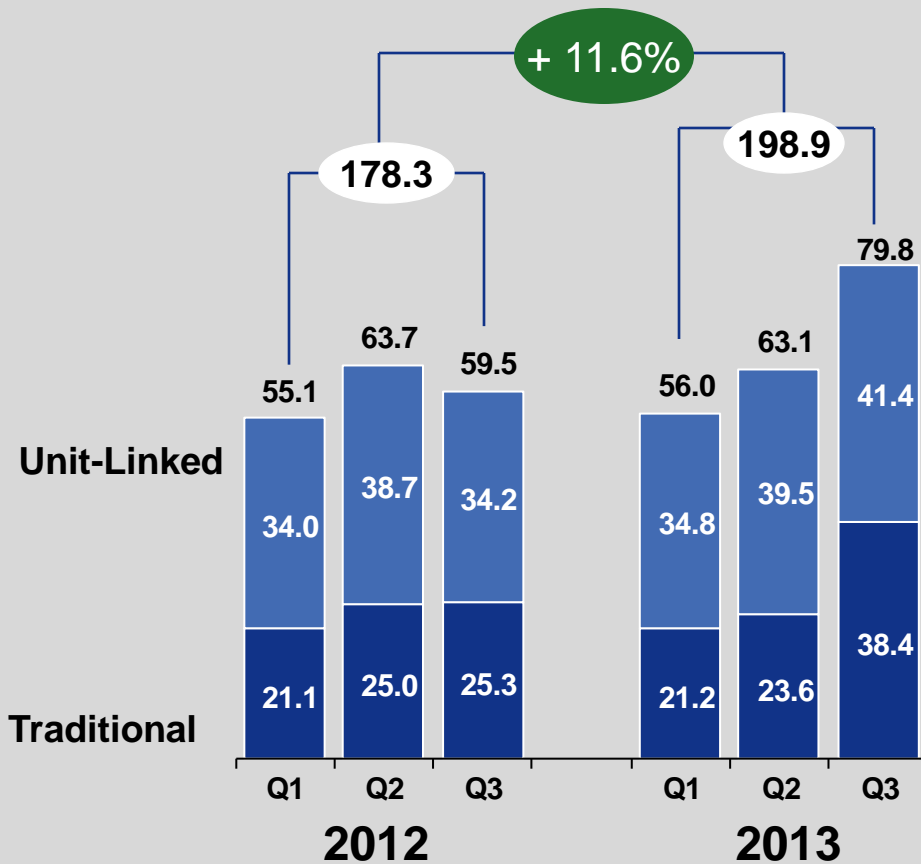
Life Business: All channels delivered new business growth

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



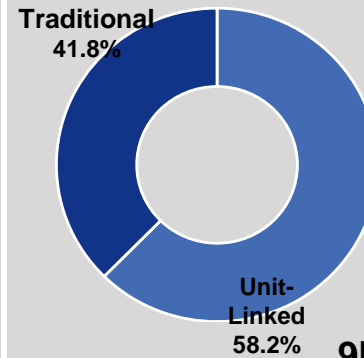
Life Business: Continue sales momentum

Agency Annualised New Premium (RM 'mil)

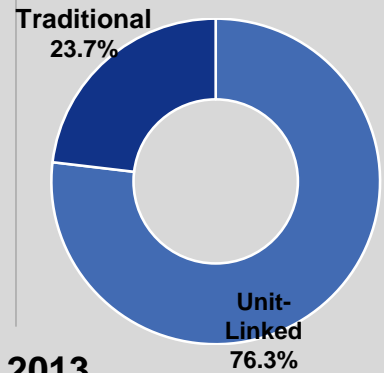


Agency Product Mix

By ANP



By Policy Count



9M 2013

Agency ANP Growth

Unit Linked

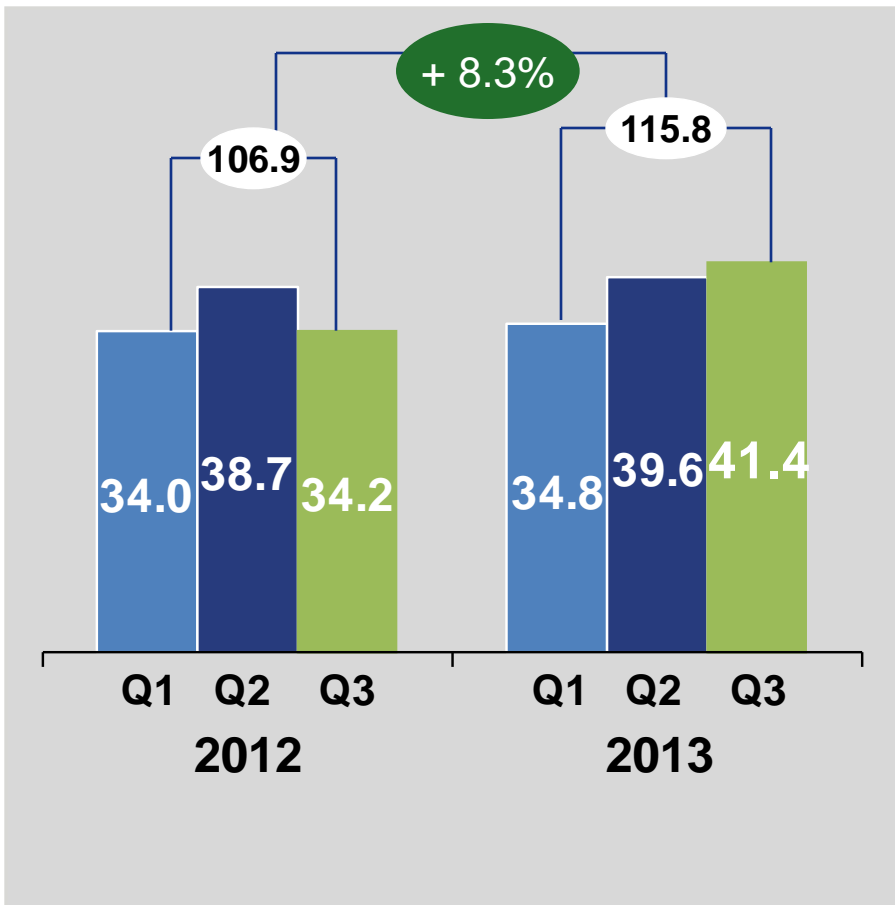


Traditional

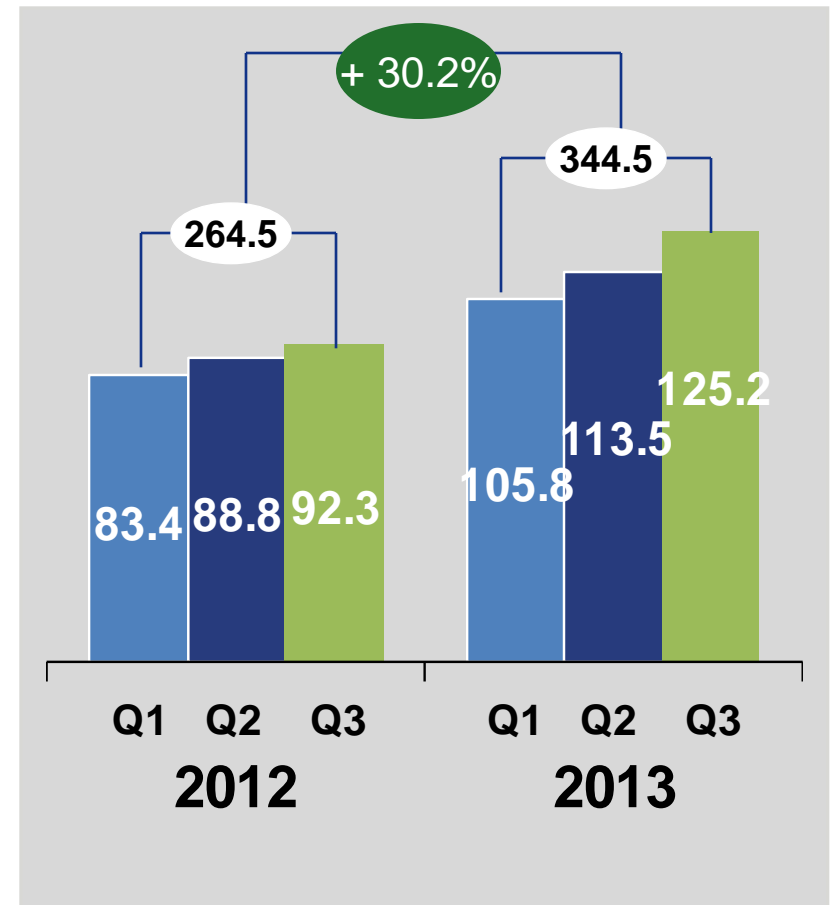


Life Business: Resilient growth of Investment-linked protection business

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

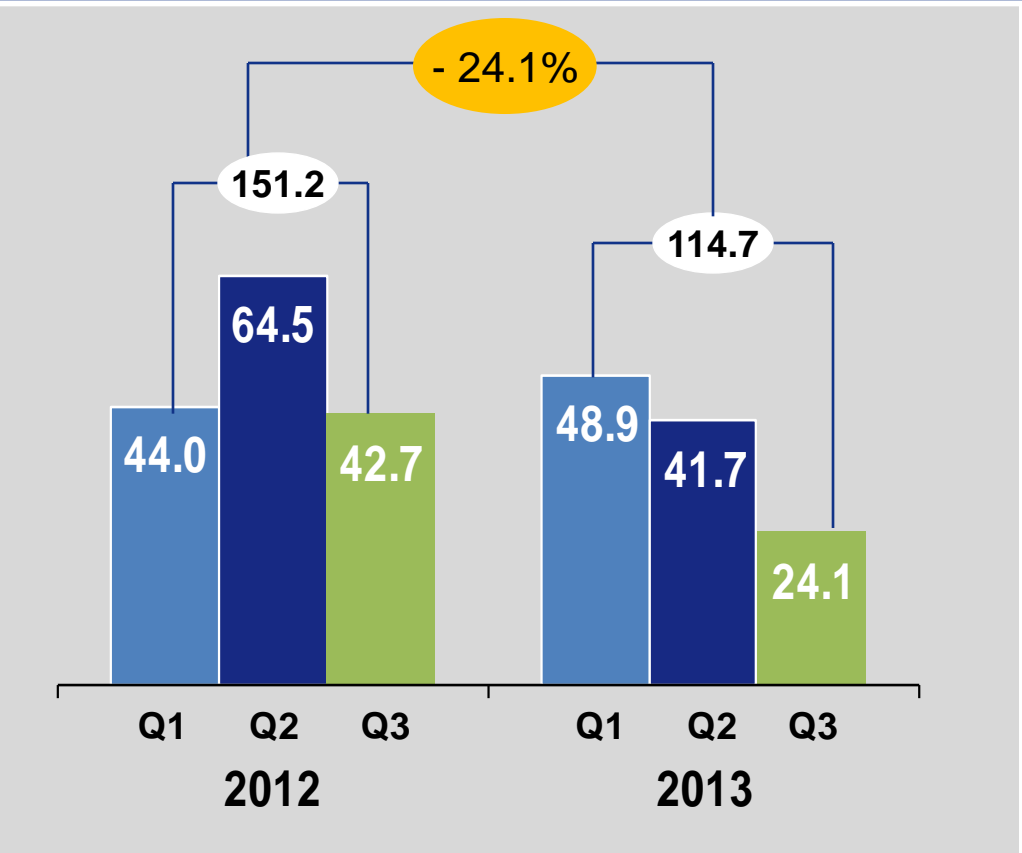


Gross Written Premium (“GWP”) (RM ‘mil)



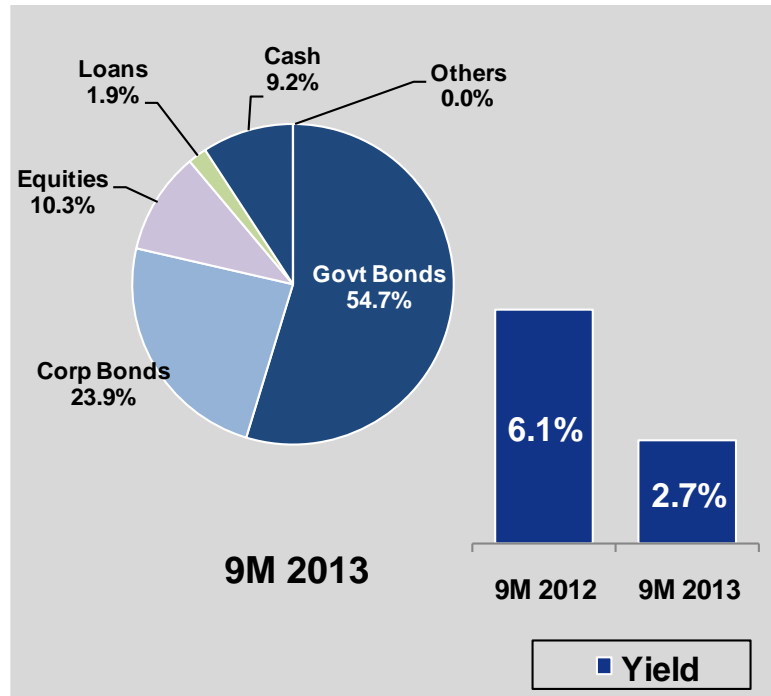
Life Business: Lower net investment results due to fair value losses

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	9M 2012	9M 2013	△13/12 %
Gross written premiums	938.1	1,118.8	19.3%
Premium ceded to reinsurers	(53.8)	(73.6)	(36.8%)
Net earned premiums	884.3	1,045.2	18.2%
Net change in benefits and claim paid	(228.4)	(285.6)	(25.0%)
Net change in contract liabilities	(498.3)	(533.3)	(7.0%)
Management expenses	(75.8)	(96.4)	(27.2%)
Fee and commission expenses	(200.5)	(217.6)	(8.5%)
Fair value gains/(losses)	14.7	(45.7)	(410.9%)
Net investment results	161.4	202.4	25.4%
Net operating expenditure	(4.0)	(6.7)	(67.5%)
Surplus before tax (after consolidation adjustment)	53.4	62.3	16.7%
Annualised New Business Premium	191.8	230.7	20.3%
Expenses Ratio	8.9%	9.7%	(0.8 pts)
Local Investment Yield (LF+ SHF)	6.1%	2.7%	(3.4 pts)
Lapse Ratio (total company)	7.4%	6.6%	0.8 pts
Persistency (13th month by premium)	85.6%	82.9%	(2.7 pts)

Thank You
for Your Attention

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levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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