

Allianz Malaysia Berhad
(12428-W)

Financial Results
3Q 2015

Analyst Briefing
23 November 2015



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AMB Group Results

Steady Growth



Operating revenue

- Group operating revenue of RM3.35 billion, an increase of 6.3% as compared to corresponding period of RM3.15 billion due mainly to higher gross earned premiums and investment income by RM157.9 million and RM40.0 million respectively.
- General business recorded an operating revenue of RM1.72 billion, an increase of 5.5% compared to corresponding period of RM1.63 billion.
- Life business recorded an operating revenue of RM1.62 billion, an increase of 7.2% compared to corresponding period of RM1.52 billion.

Profit before tax (“PBT”)

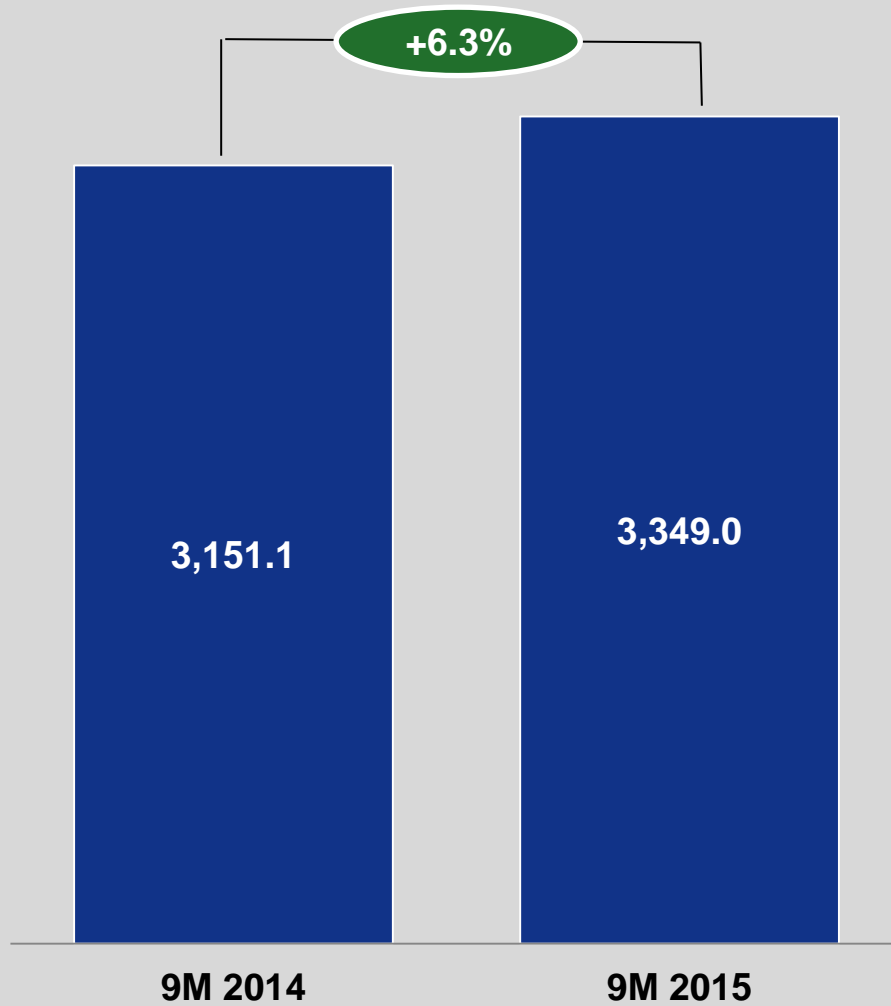
- Group profit before tax of RM311.2 million decreased by 3.8% compared to corresponding period of RM323.5 million.
- General business contributed a profit before tax of RM235.7 million (9M 2014: RM247.8 million). The underwriting profit impacted by blocked Input Tax Credit of passenger cars.
- Life insurance operations recorded a profit before tax of RM76.3 million (9M 2014: RM74.1 million).

Basic earnings per ordinary share

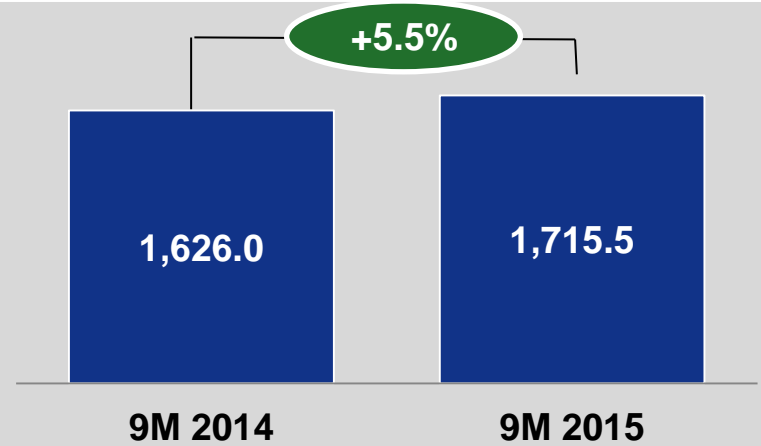
- Basic earnings per ordinary share (before dilution) at 132.10 sen (9M 2014: 136.10 sen).
- Basic earnings per ordinary share (after dilution) at 64.45 sen (9M 2014: 65.36 sen).

Financial highlights 9M 2015

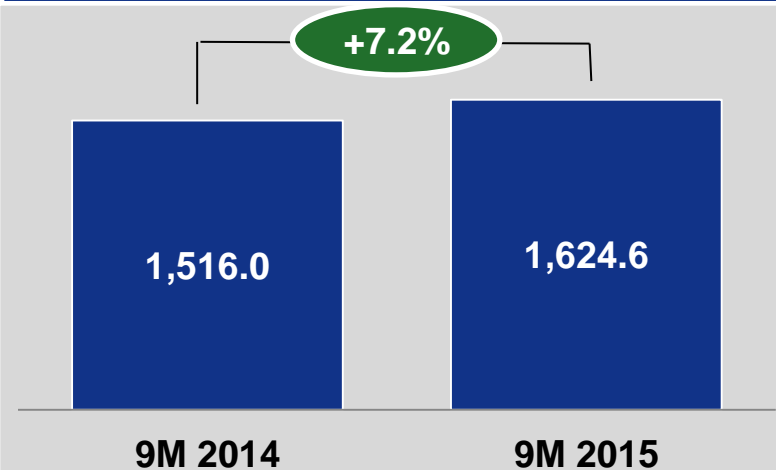
Group Operating Revenue (RM'mil)



General Business (RM'mil)

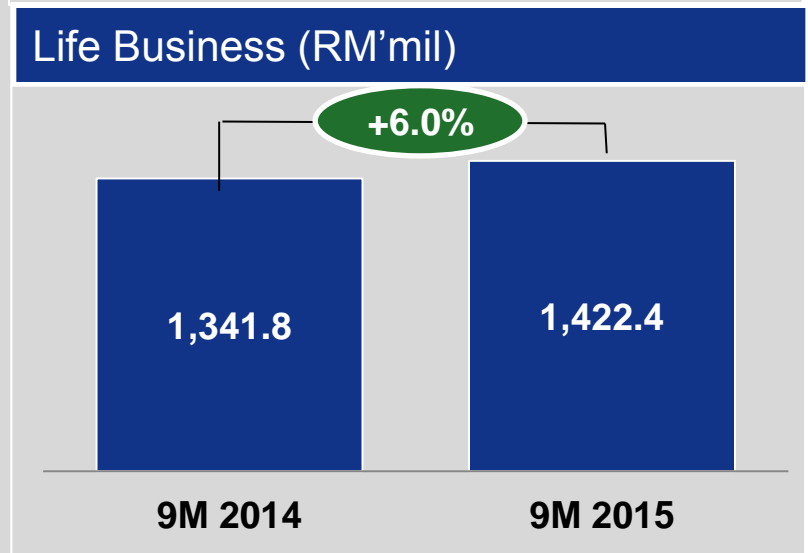
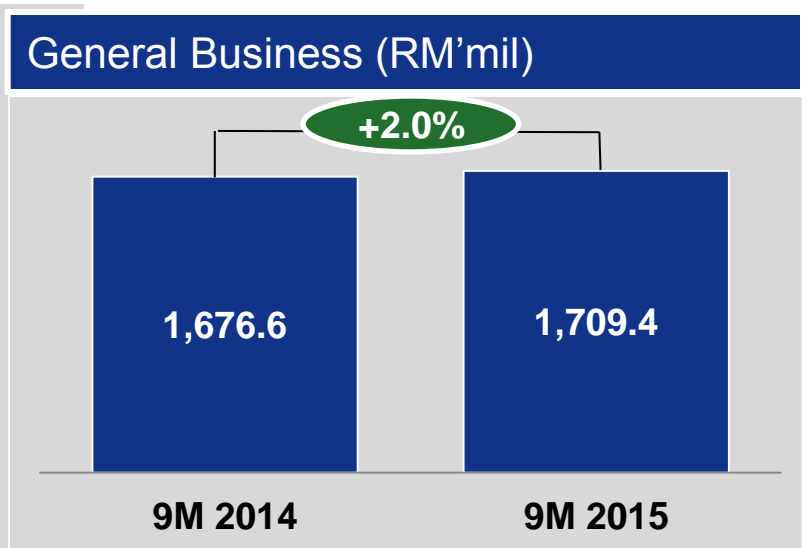
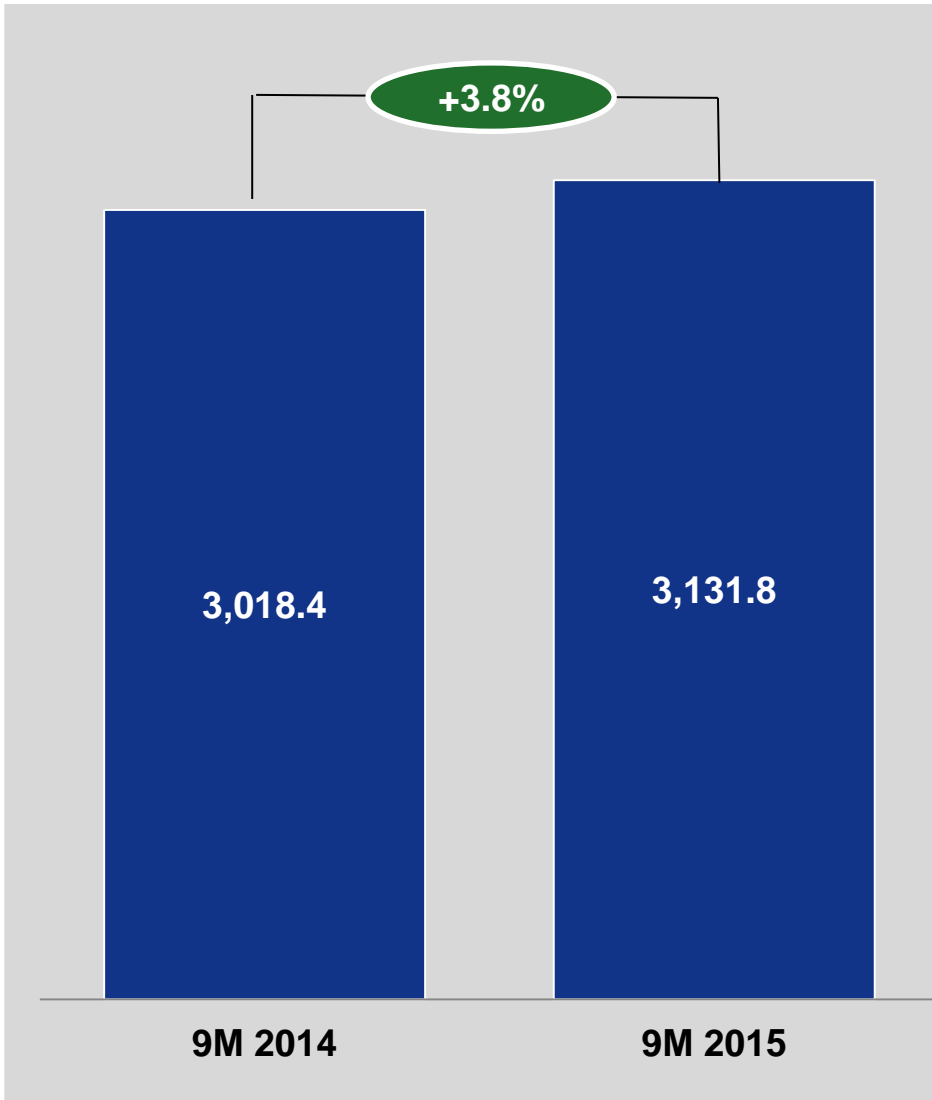


Life Business (RM'mil)



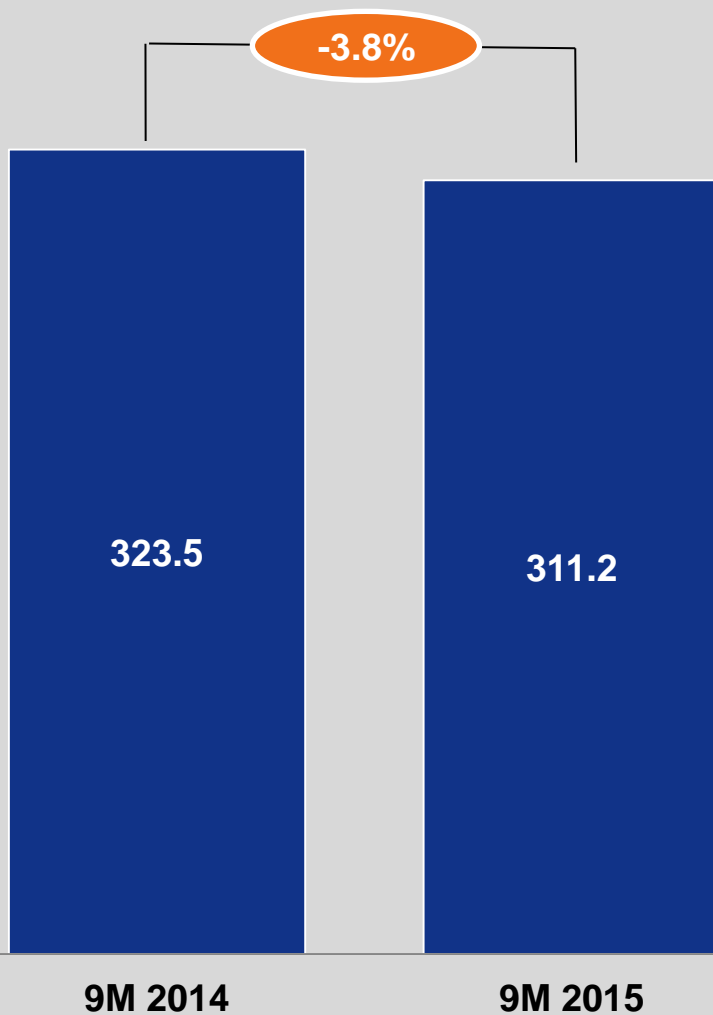
Financial highlights 9M 2015

Group Gross Written Premiums ("GWP") (RM'mil)

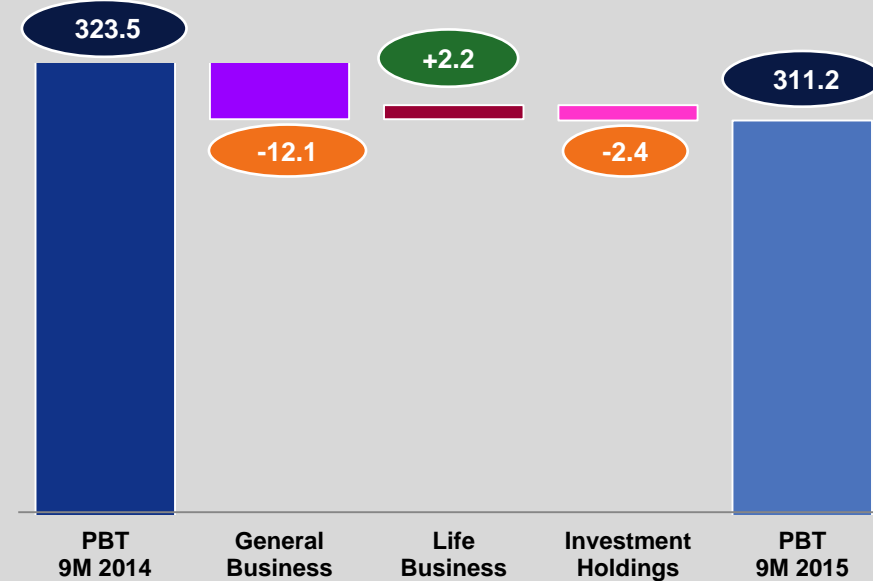


Financial highlights 9M 2015

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



| | General Business | Life Business | Investment Holdings | PBT 9M 2015 |
|------------|------------------|---------------|---------------------|-------------|
| 9M 2014 | 247.8 | 74.1 | 1.6 | 323.5 |
| 9M 2015 | 235.7 | 76.3 | (0.8) | 311.2 |
| Change | (12.1) | 2.2 | (2.4) | (12.3) |
| Change (%) | (4.9%) | 3.0% | <100% | (3.8%) |

Financial Overview

| RM'mil | 2012 | 2013 | 2014 | 9M 2014 | 9M 2015 |
|---|---------|----------|-----------------------|--------------------|----------|
| Gross Written Premiums | 2,983.5 | 3,578.5 | 3,968.1 | 3,018.4 | 3,131.8 |
| Management Expenses | 338.4 | 400.0 | 436.0 | 331.3 | 333.8 |
| Expense Ratio (Non Life) | 19.7% | 17.9% | 17.3% | 17.6% | 16.4% |
| Expense Ratio (Life) ¹ | 9.3% | 10.6% | 10.3% | 10.9% | 9.8% |
| Local Consolidated PBT | 297.8 | 339.2 | 423.5 | 323.5 | 311.2 |
| Total Assets | 9,190.5 | 10,758.8 | 12,176.1 ² | 12,098.1 | 13,148.6 |
| Shareholders' Equity | 1,840.8 | 2,024.2 | 2,289.8 | 2,246.9 | 2,516.3 |
| Basic earnings per ordinary share (sen) | 132.21 | 149.24 | 178.49 | 136.10 | 132.10 |
| Diluted earnings per ordinary share (sen) | 54.41 | 58.94 | 85.89 ³ | 65.36 ³ | 64.45 |

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

2 : Restated due to re-class reinsurance balance.

3 : Comparatives figure have been restated to exclude bonus element.

Summary of Unaudited Financial Results

| RM'mil | 9M 2014 | 9M 2015 | △15/14 % |
|--|----------------|----------------|----------------|
| Operating revenue | 3,151.1 | 3,349.0 | 6.3% |
| Gross earned premiums | 2,875.8 | 3,033.7 | 5.5% |
| Premiums ceded to reinsurers | (463.9) | (450.0) | 3.0% |
| Net earned premiums ("NEP") | 2,411.9 | 2,583.7 | 7.1% |
| Net change in benefits and claims paid ("Claim") | (934.1) | (939.9) | (0.6%) |
| Net change in contract liabilities ("Reserve") | (836.5) | (820.0) | 2.0% |
| Management expenses ("ME") | (331.3) | (333.8) | (0.8%) |
| Net fee and commission expense | (349.5) | (398.0) | (13.9%) |
| Fair value gains and losses | 41.1 | (131.7) | <100% |
| Net investment results | 326.9 | 358.0 | 9.5% |
| Net other operating expenses | (5.0) | (7.1) | (42.0%) |
| Profit before tax | 323.5 | 311.2 | (3.8%) |
| Tax expense | (98.7) | (88.6) | 10.2% |
| Profit after tax | 224.8 | 222.6 | (1.0%) |
| ME / NEP ratio | 13.7% | 12.9% | 0.8 pts |
| Claim & Reserve / NEP ratio | 73.4% | 68.1% | 5.3 pts |



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General Business

General Business



Gross written premiums

- Growth at 2% despite difficult market environment.

Combined ratio

- Combined ratio maintained below 90%.

Net investment results

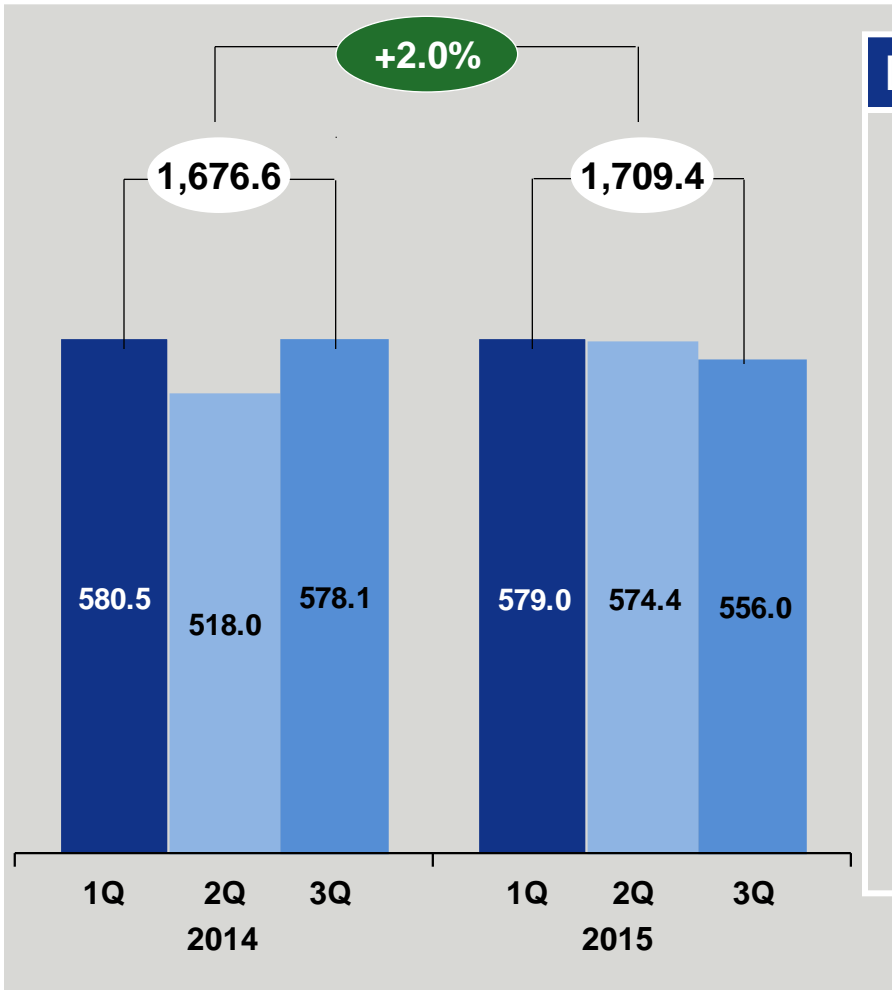
- Stable growth in investment income.

Profit before tax

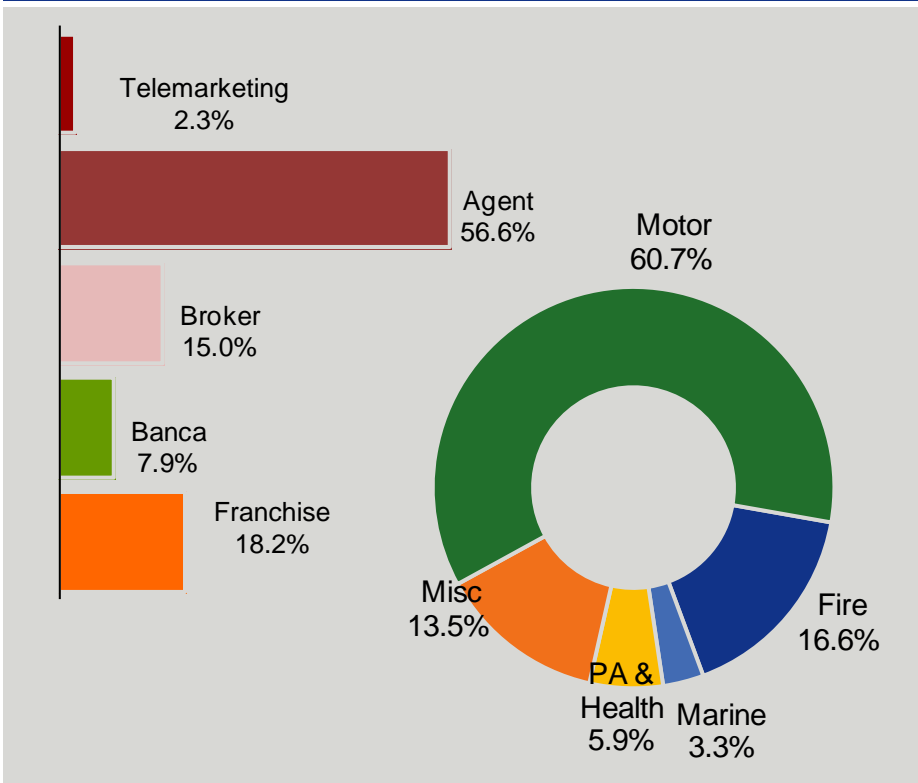
- Underwriting results was impacted by blocked Input Tax Credit of passenger cars.

General Business: Growth by 2% in GWP

Gross Written Premiums (RM'mil)

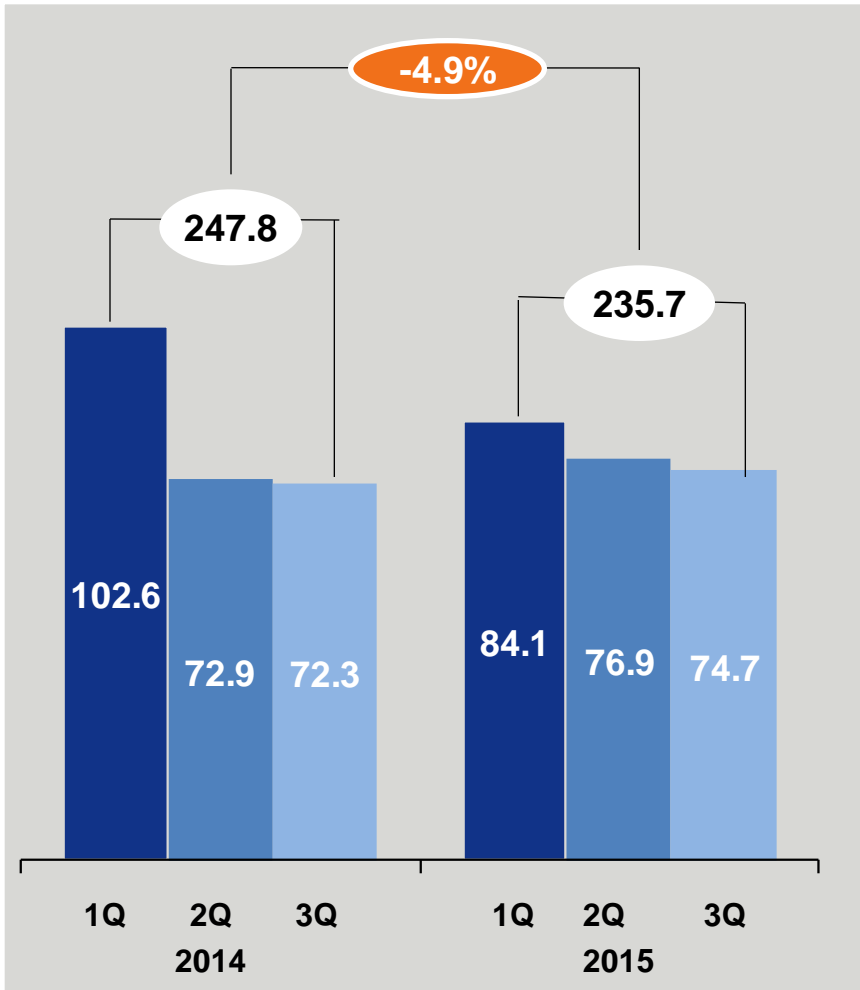


Distribution Channel & Portfolio Mix

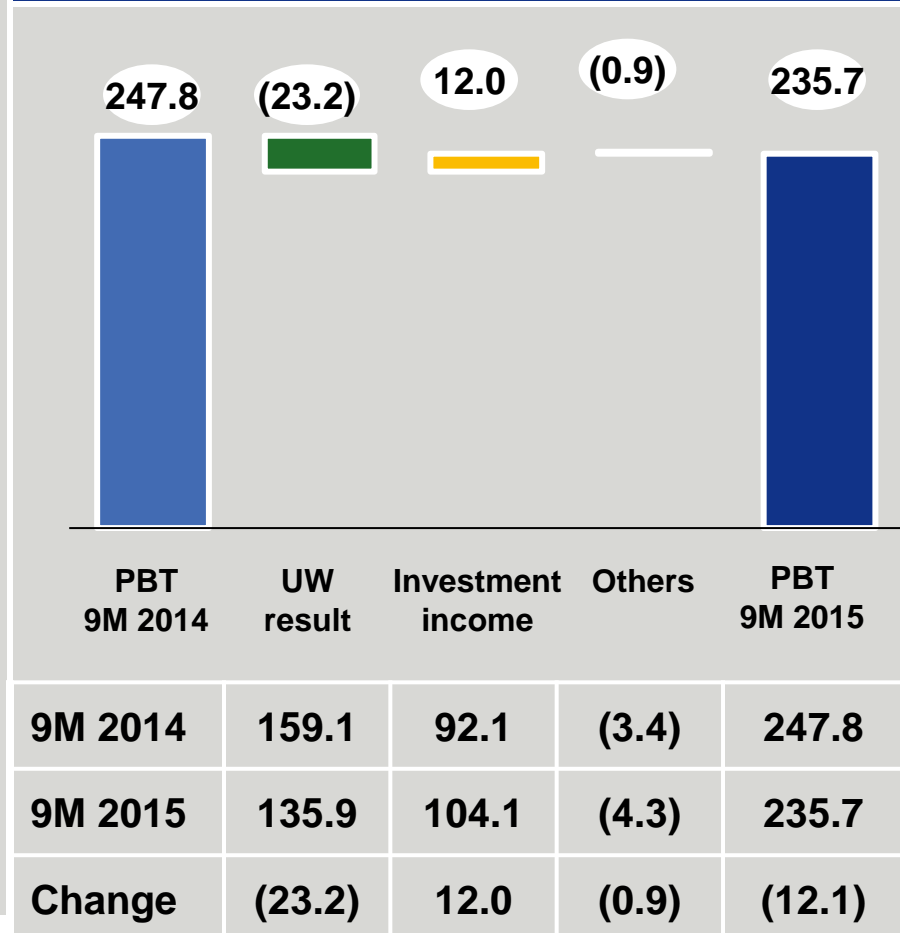


General Business: Underwriting profit impacted by blocked Input Tax Credit

Profit Before Tax (RM'mil)

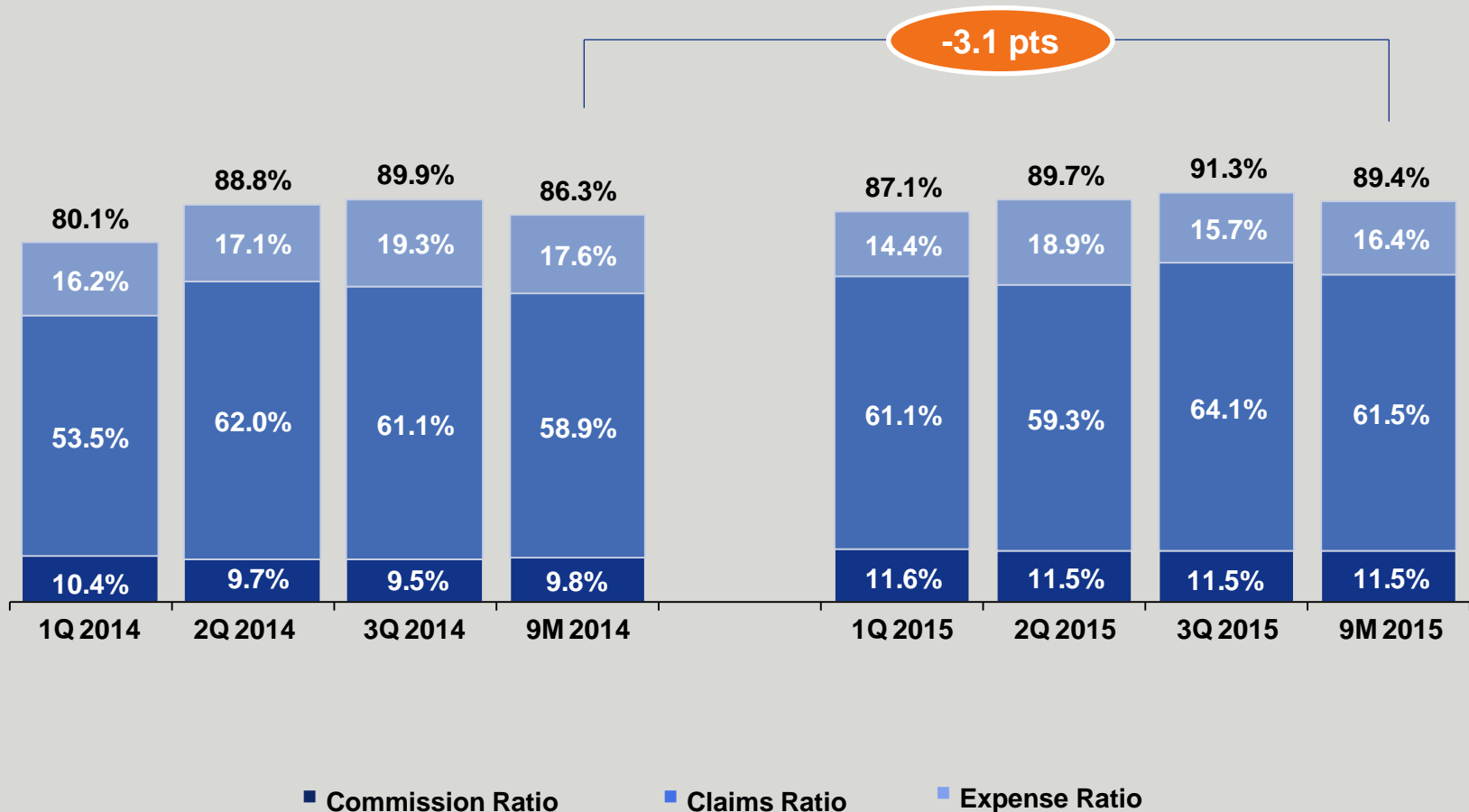


PBT Drivers (RM'mil)



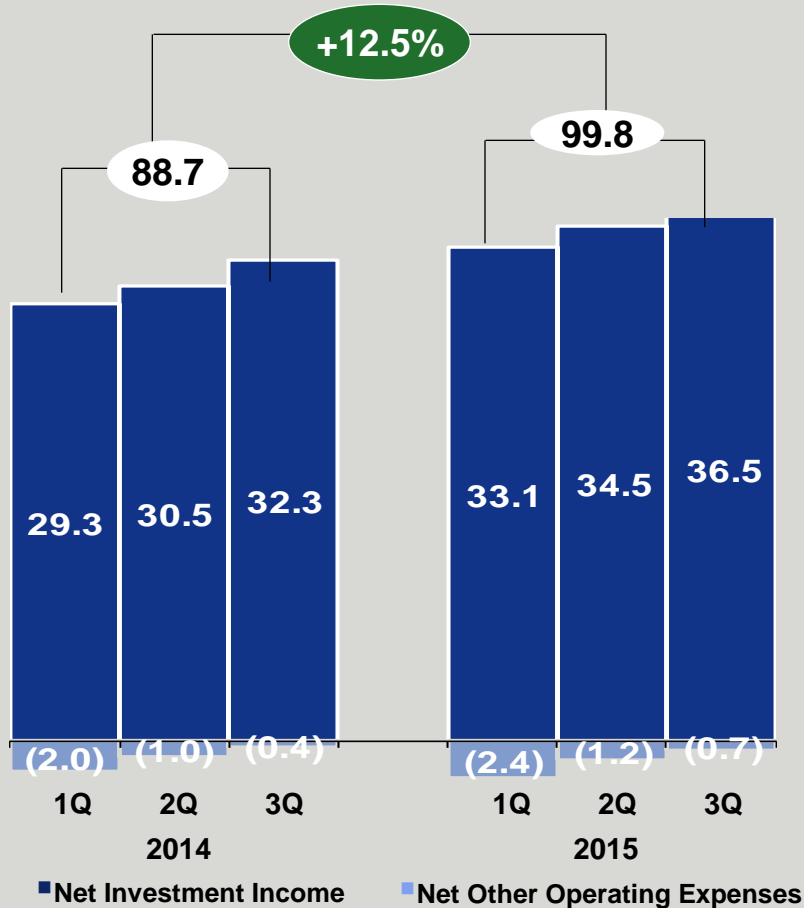
General Business: Combined ratio maintained below 90%

Combined Ratio



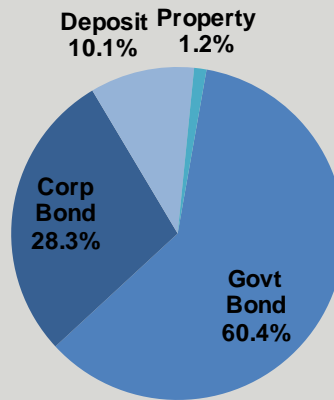
General Business: Stable growth in investment income

Net Investment Results/Net Operating Expenses (RM'mil)



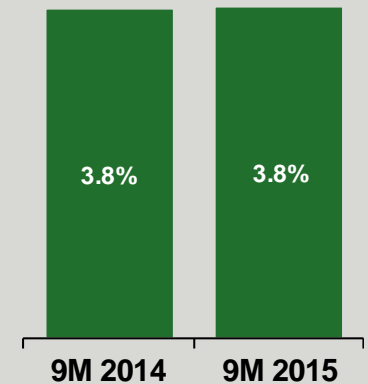
Portfolio Mix and Investment Yield (Annualized)

Portfolio Mix



As at 30 September 2015

Investment Yield



General Business: Financial results at a glance

| RM'mil | 9M 2014 | 9M 2015 | △15/14 % |
|---|--------------|--------------|--------------|
| Gross written premiums | 1,676.6 | 1,709.4 | 2.0% |
| Gross earned premiums | 1,534.0 | 1,611.3 | 5.0% |
| Net earned premiums | 1,160.9 | 1,279.9 | 10.3% |
| Net change in claims incurred | (683.7) | (787.2) | -15.1% |
| Management expenses | (204.1) | (209.3) | -2.5% |
| Net fee and commission expenses | (114.0) | (147.5) | -29.4% |
| Underwriting result | 159.1 | 135.9 | -14.6% |
| Net investment results | 92.1 | 104.1 | 13.0% |
| Net other operating expenses | (3.4) | (4.3) | -26.5% |
| Profit before tax (after consolidation adjustment) | 247.8 | 235.7 | -4.9% |
| Commission ratio | 9.8% | 11.5% | -1.7 pts |
| Claims ratio | 58.9% | 61.5% | -2.6 pts |
| Expense ratio | 17.6% | 16.4% | 1.2 pts |
| Combined ratio | 86.3% | 89.4% | -3.1 pts |



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Life Business

Life Business



Gross written premiums

- Gross written premiums grew by 6.0%.

Distribution

- Agency business registered strong ANP growth of 17.4% above industry.
- Continue to focus on higher margins regular premium protection business.
- Expand agency force (8,479 agents in 9M 2015 vs 7,088 agents in 9M 2014).

Product mix

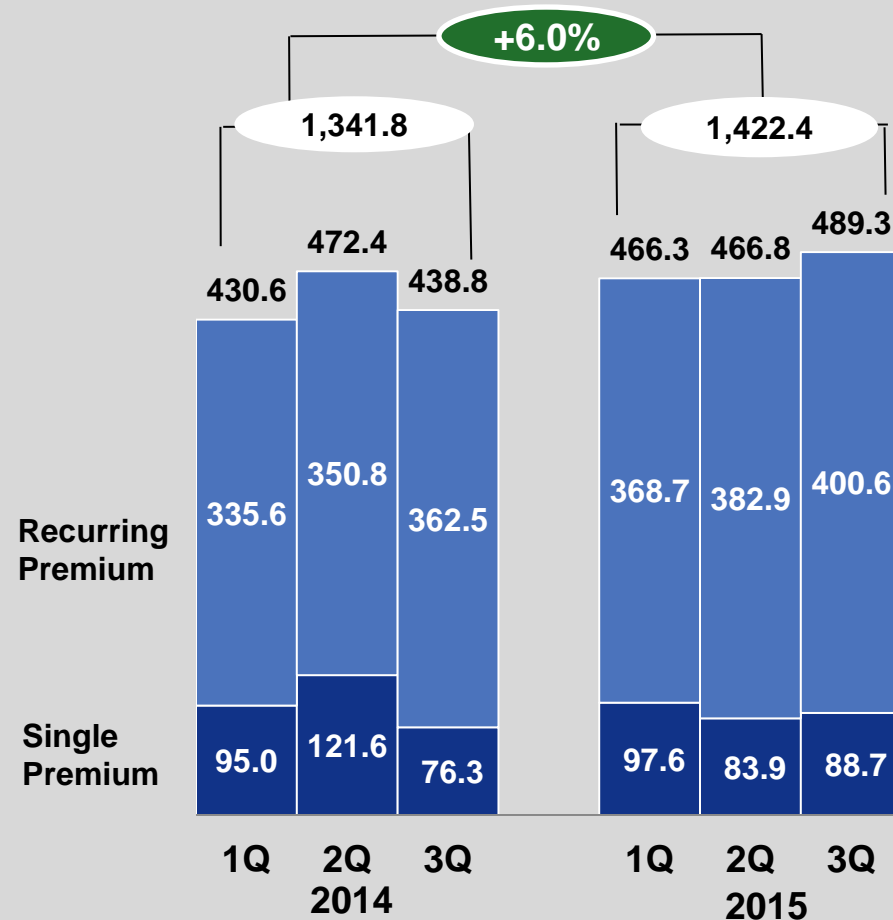
- Investment-Linked ANP and GWP grew by 14.9% and 23.8% respectively.
- 63.6% of new business derived from Investment-Linked business.

Net investment results

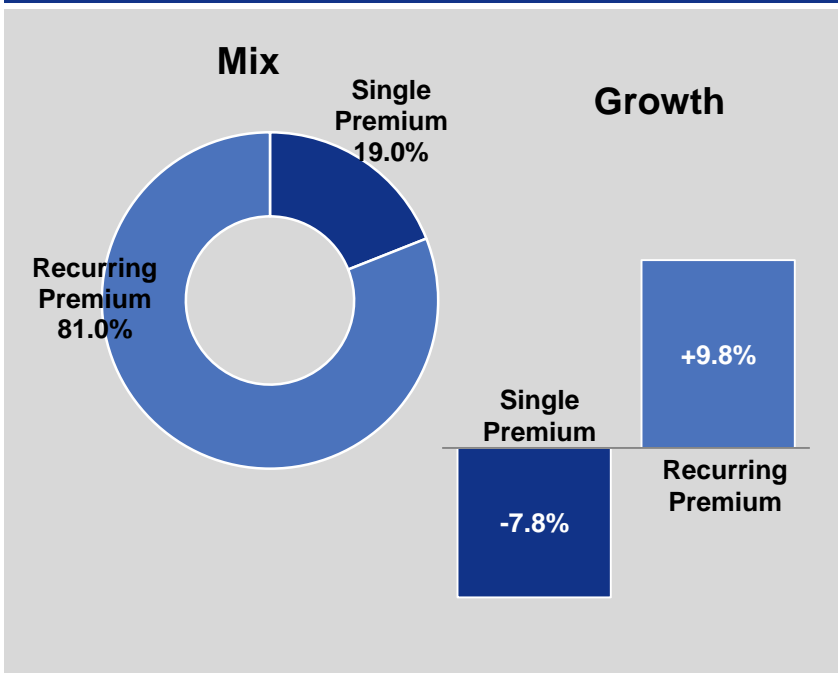
- Investment results lower due to fair value losses.

Life Business: Top line growth continue to be driven by agency sales

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

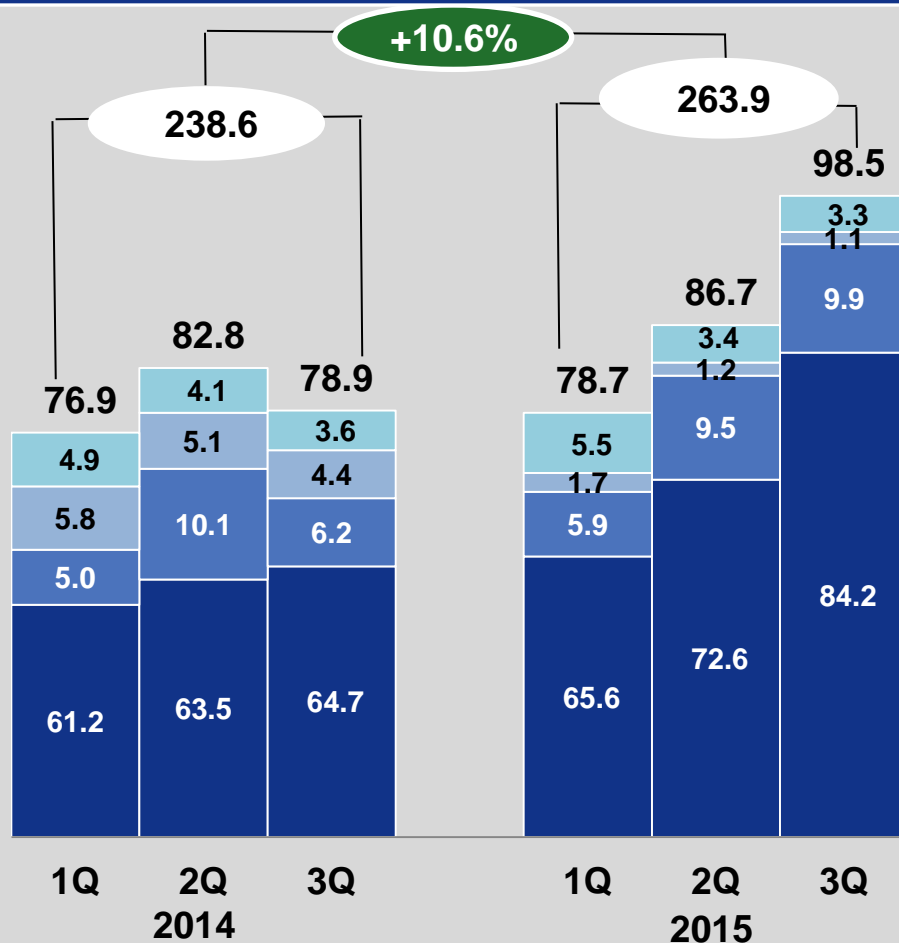


GWP Mix & Growth (%) (9M 2015)



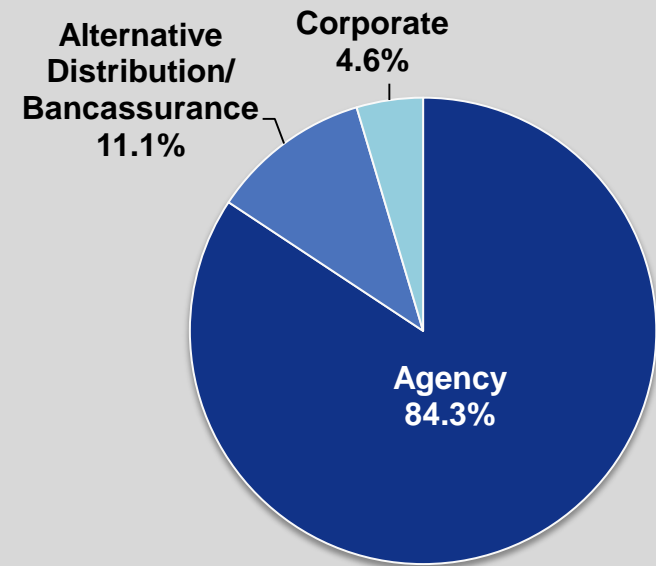
Life Business: New business continue to outperform market

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



+10.6%

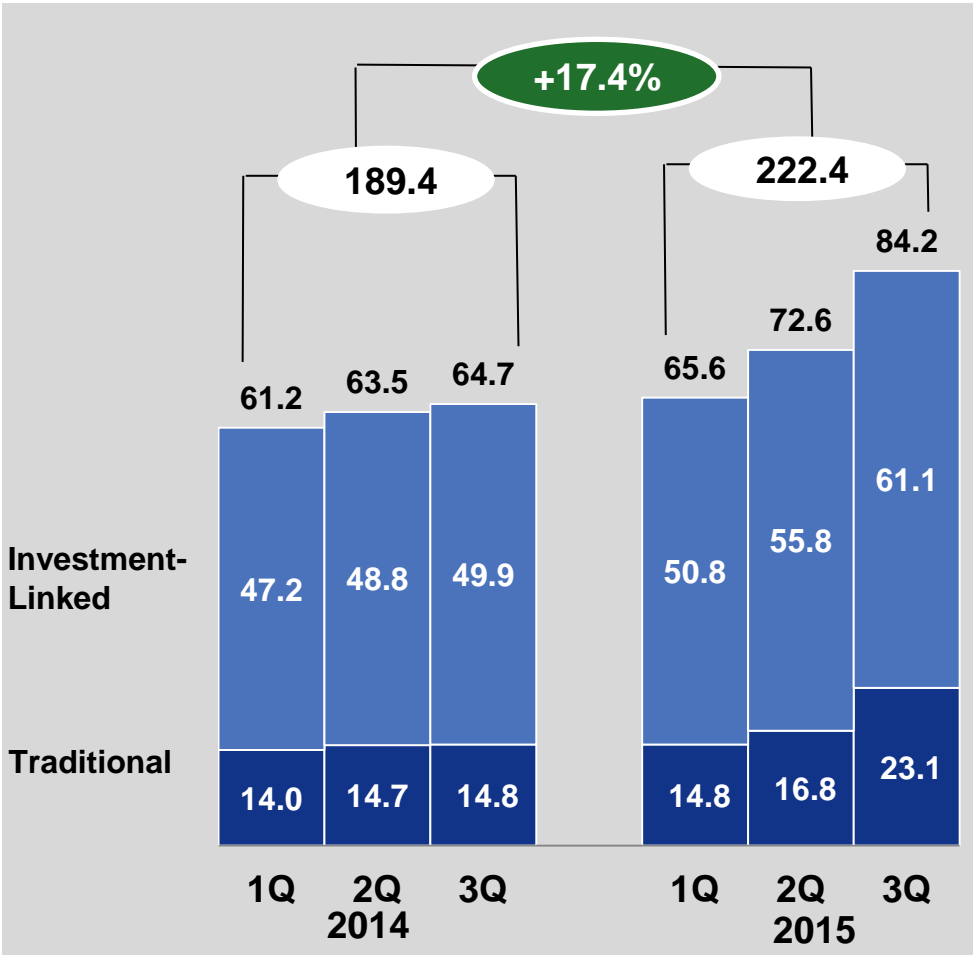
ANP Channel Mix (%) (9M 2015)



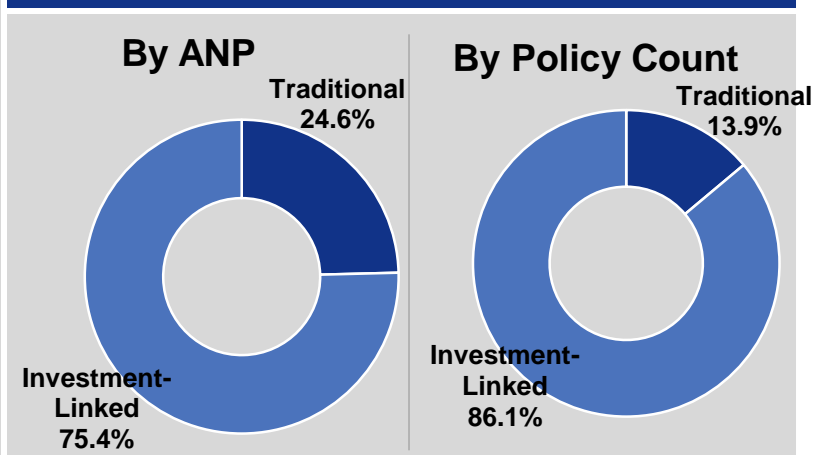
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

Life Business: Growth in both Investment-Linked and Traditional sales

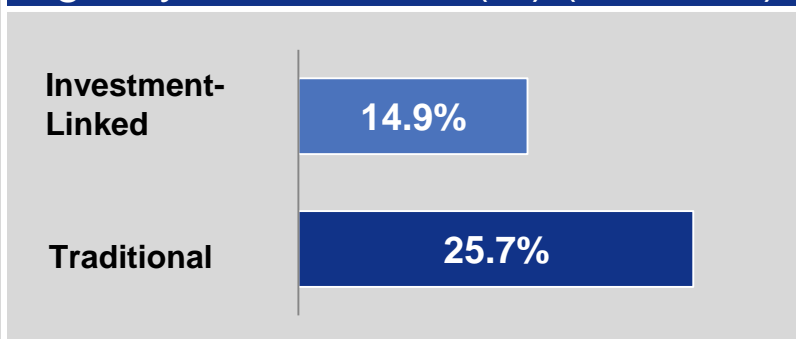
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (9M 2015)



Agency ANP Growth (%) (9M 2015)

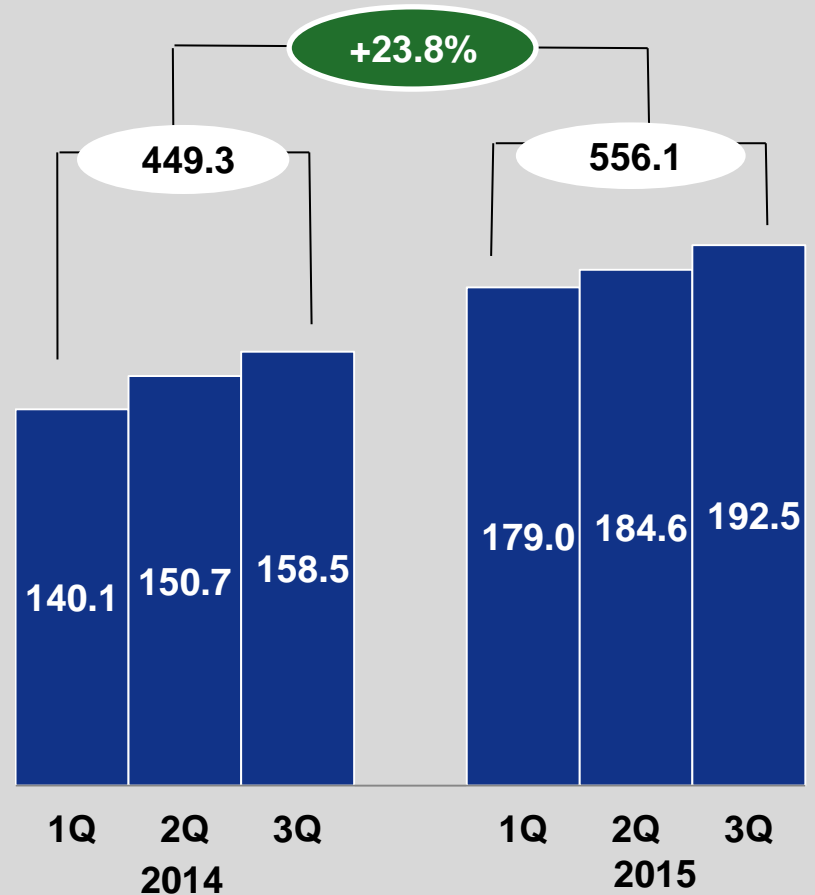


Life Business: Investment-Linked sales continue to gain traction

Annualised New Premiums (RM'mil)

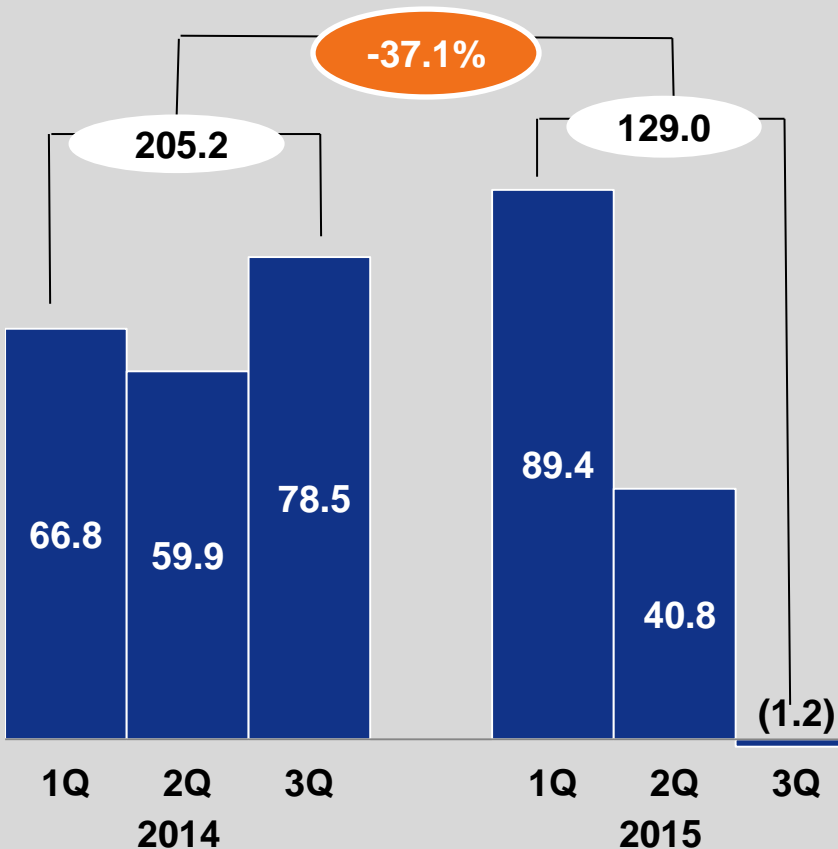


Gross Written Premiums (RM'mil)



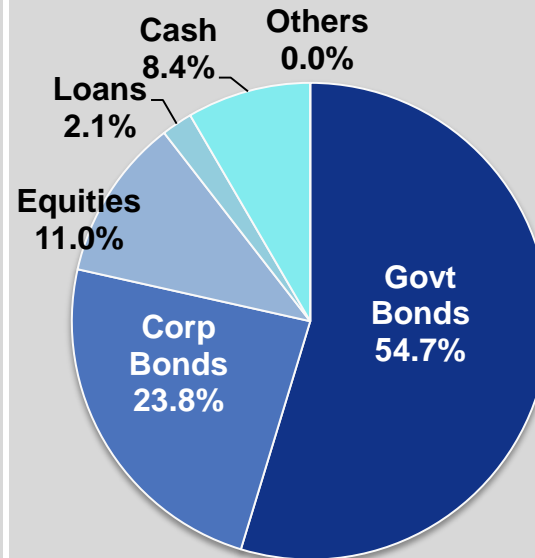
Life Business: Lower net investment results from fair value losses

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

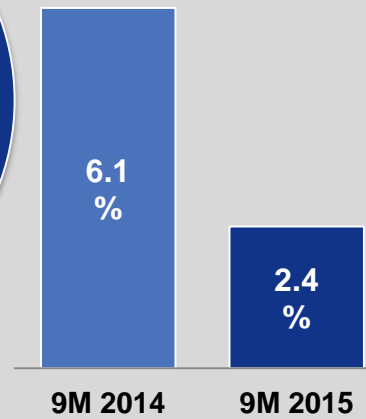


Portfolio Mix and Investment Yield (LF+SHF) (%) (Annualized)

Portfolio Mix



Investment Yield



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

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

Life Business: Unaudited financial results at a glance

| RM'mil | 9M 2014 | 9M 2015 | △15/14 % |
|---|-------------|-------------|-------------|
| Gross written premiums | 1,341.8 | 1,422.4 | 6.0% |
| Premiums ceded to reinsurers | (90.9) | (118.6) | (30.6%) |
| Net earned premiums | 1,251.0 | 1,303.8 | 4.2% |
| Net change in benefits and claims paid | (358.8) | (349.7) | 2.5% |
| Net change in contract liabilities | (728.1) | (623.0) | 14.4% |
| Management expenses | (113.9) | (110.1) | 3.3% |
| Net fee and commission expenses | (235.5) | (250.5) | (6.4%) |
| Fair value gains and losses | 41.1 | (131.7) | <100% |
| Net investment results | 225.5 | 245.0 | 8.6% |
| Net other operating expenses | (7.2) | (7.5) | (4.2%) |
| Profit before tax (after consolidation adjustment) | 74.1 | 76.3 | 3.0% |
| Annualised new premiums | 238.6 | 263.9 | 10.6% |
| Expense ratio (LF+SHF) | 10.9% | 9.8% | 1.1 pts |
| Local investment yield (LF+SHF) | 6.1% | 2.4% | (3.7 pts) |
| Lapse ratio (total company) | 8.7% | 9.1% | (0.4 pts) |
| Persistency (13th month by premium) | 82.0% | 81.1% | (0.9 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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