

Allianz Malaysia Berhad
(12428-W)

Financial Results
1Q 2016

Analyst Briefing
30 May 2016



1

AMB Group Results

Strong Start in 2016



Operating revenue

- Group operating revenue of RM1.17 billion, an increase of 6.1% as compared to corresponding period of RM1.10 billion due to higher gross earned premiums and investment income by RM49.1 million and RM18.2 million respectively.
- General business recorded an operating revenue of RM563.7 million, a decrease of 0.8% compared to corresponding period of RM568.4 million.
- Life business recorded an operating revenue of RM600.4 million, an increase of 13.5% compared to corresponding period of RM528.8 million.

Profit before tax (“PBT”)

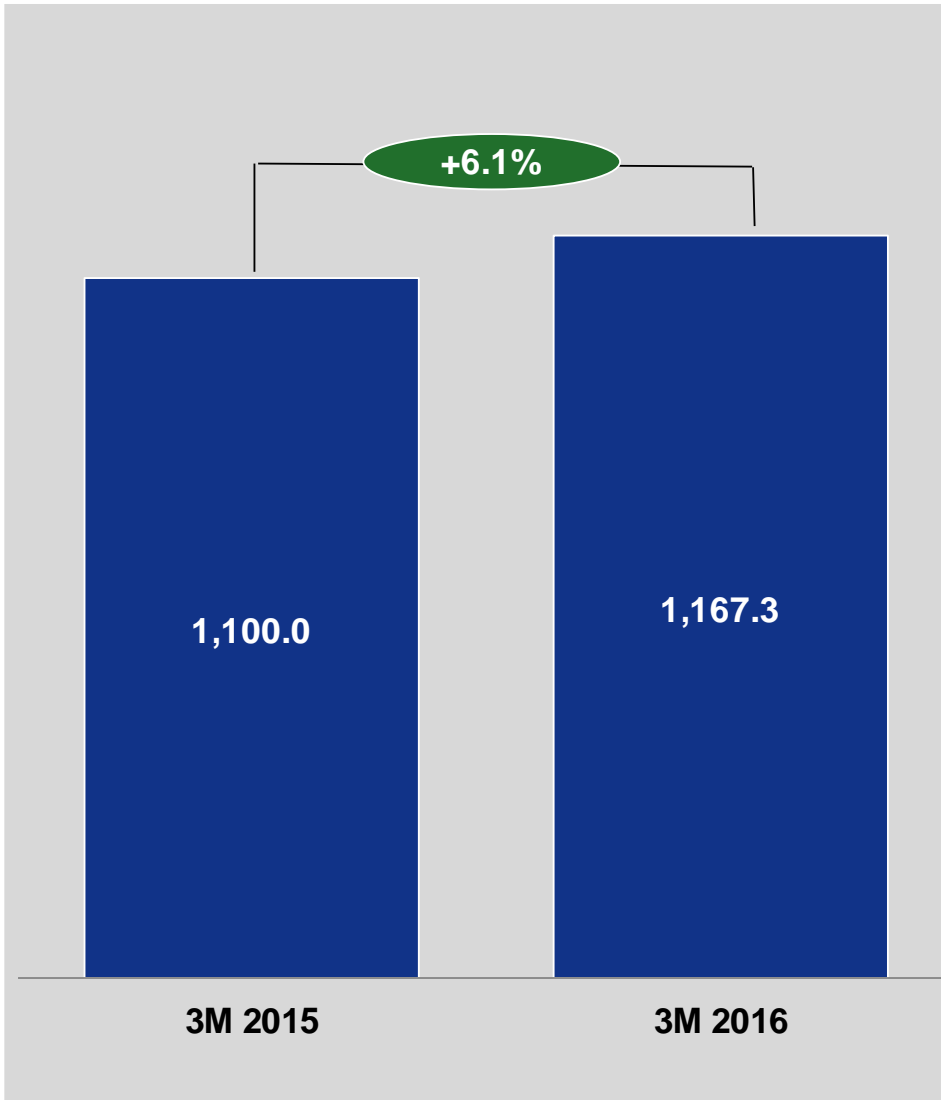
- Group profit before tax of RM115.0 million increased by 2.3% compared to corresponding period of RM112.4 million.
- General business contributed a profit before tax of RM90.0 million (3M 2015: RM84.1 million).
- Life insurance operations recorded a profit before tax of RM25.9 million (3M 2015: RM30.4 million).

Basic earnings per ordinary share

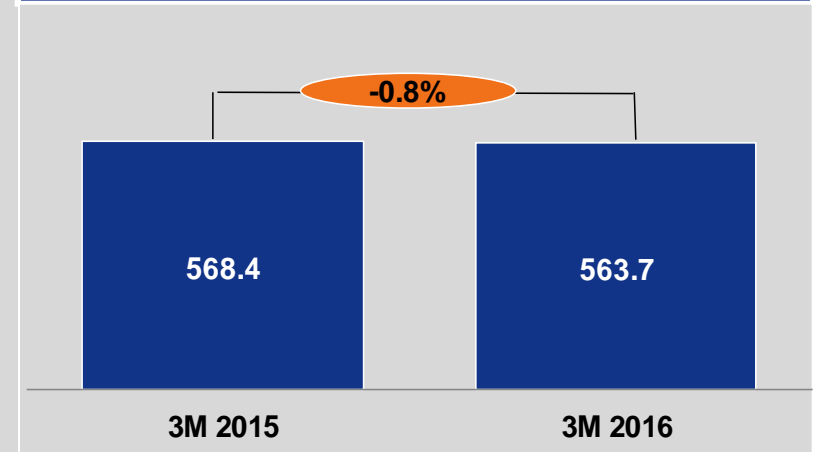
- Basic earnings per ordinary share (before dilution) at 43.22 sen (3M 2015: 43.87 sen).
- Basic earnings per ordinary share (after dilution) at 21.14 sen (3M 2015: 21.29 sen).

Financial Highlights 3M 2016

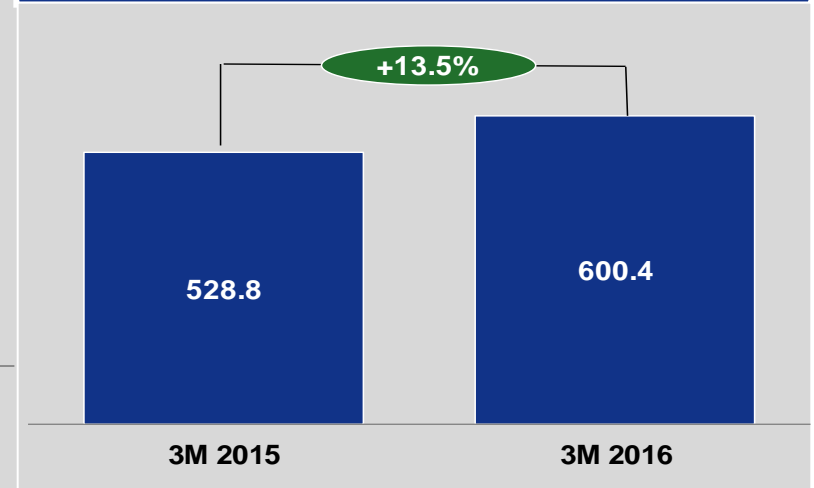
Group Operating Revenue (RM'mil)



General Business (RM'mil)

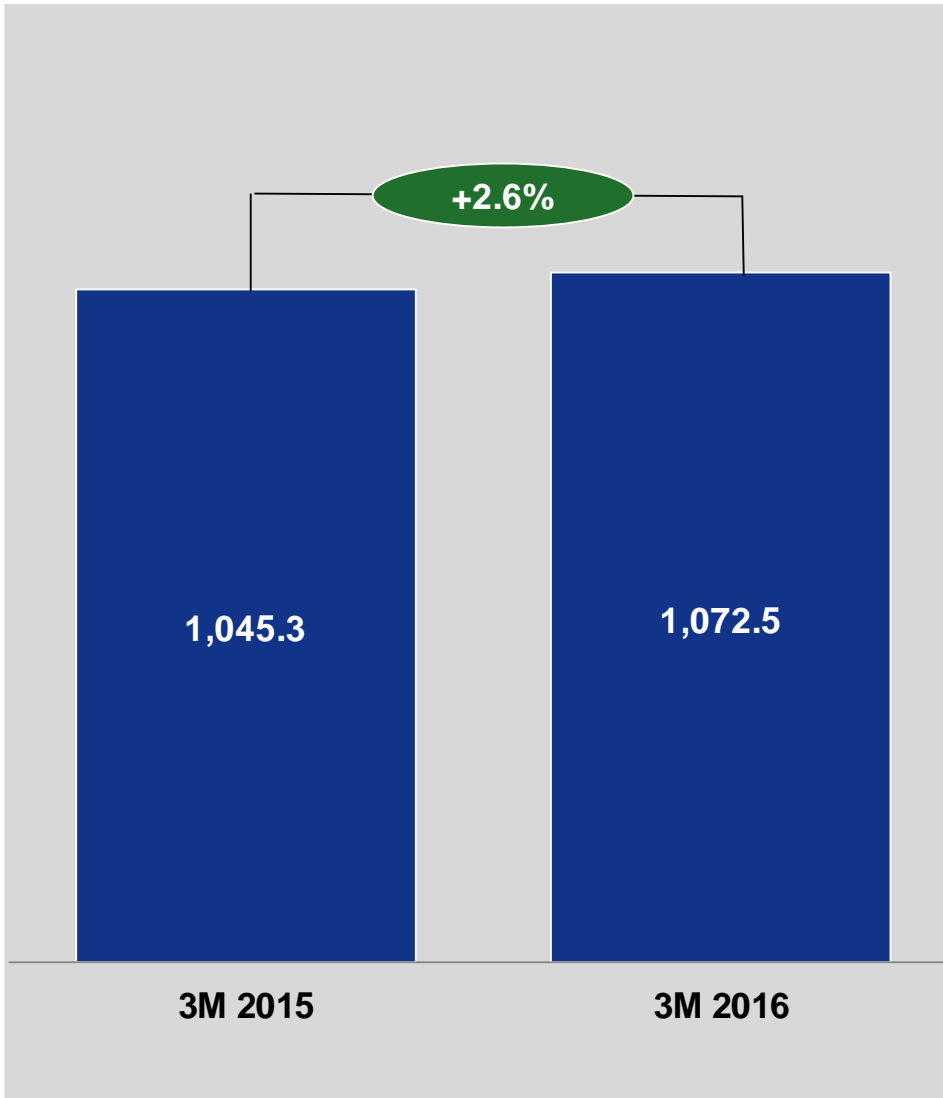


Life Business (RM'mil)

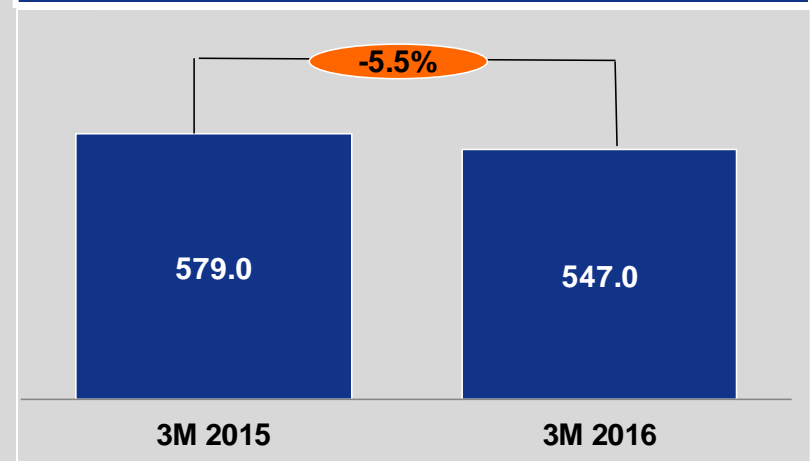


Financial Highlights 3M 2016

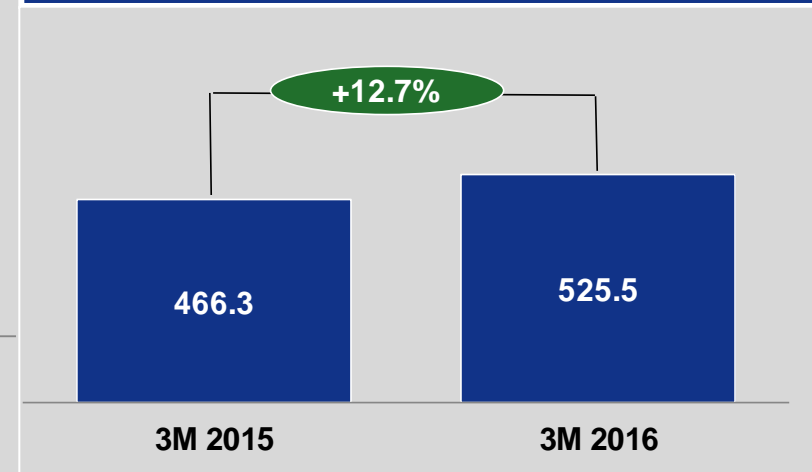
Group Gross Written Premiums ("GWP") (RM'mil)



General Business (RM'mil)

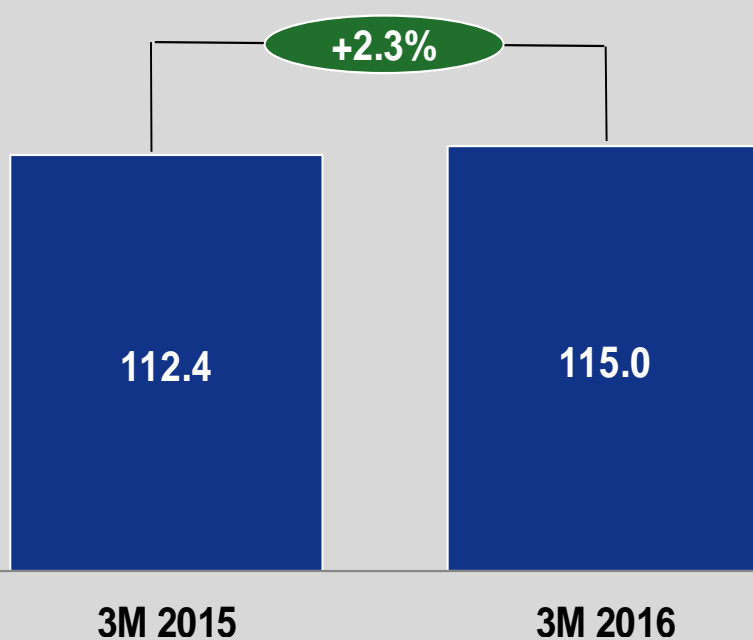


Life Business (RM'mil)

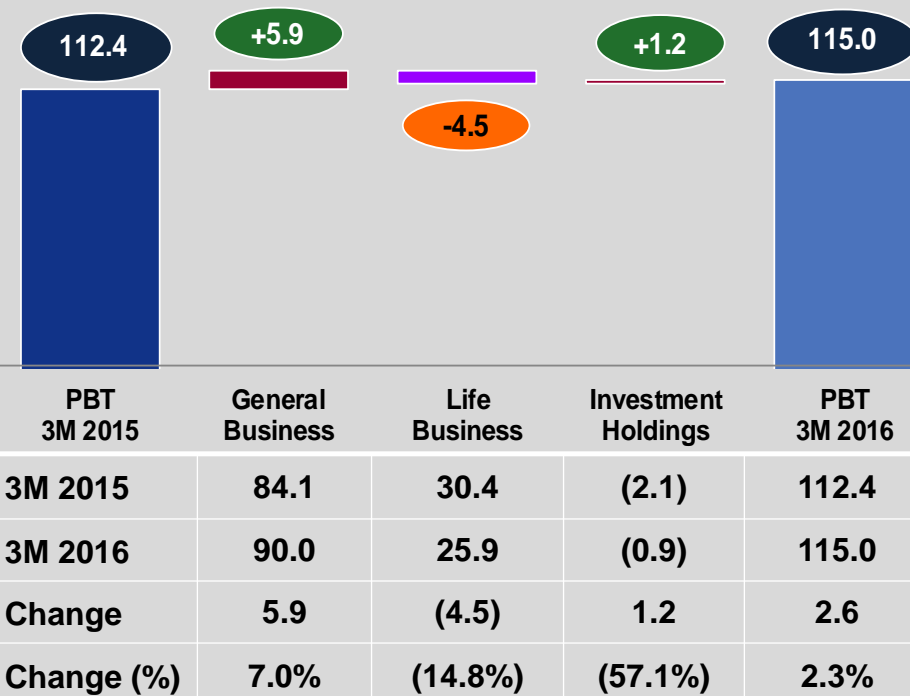


Financial Highlights 3M 2016

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



Financial Overview

RM'mil	2013	2014	2015	3M 2015	3M 2016
Gross Written Premiums	3,578.5	3,968.2	4,132.7	1,045.3	1,072.5
Management Expenses	400.0	436.0	464.8	99.1	113.3
Expense Ratio (Non Life)	17.9%	17.3%	16.9%	14.4%	15.3%
Expense Ratio (Life) ¹	10.6%	10.3%	9.9%	9.6%	10.4%
Local Consolidated PBT	339.2	423.5	438.2	112.4	115.0
Total Assets	10,758.8	12,176.1	13,617.4	12,722.4	14,121.0
Shareholders' Equity	2,024.2	2,289.8	2,621.3	2,382.9	2,710.6
Basic earnings per ordinary share (sen)	149.24	178.49	183.08	43.87	43.22
Diluted earnings per ordinary share (sen)	58.94	85.89 ²	89.37	21.29 ²	21.14

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

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

Summary of Unaudited Financial Results

RM'mil	3M 2015	3M 2016	△16/15 %
Operating revenue	1,100.0	1,167.3	6.1%
Gross earned premiums	1,001.6	1,050.7	4.9%
Premiums ceded to reinsurers	(162.4)	(121.9)	24.9%
Net earned premiums ("NEP")	839.2	928.8	10.7%
Net change in benefits and claims paid ("Claim")	(315.9)	(431.3)	(36.5%)
Net change in contract liabilities ("Reserve")	(358.3)	(349.5)	2.5%
Management expenses ("ME")	(99.1)	(113.3)	(14.3%)
Net fee and commission expense	(126.4)	(140.8)	(11.4%)
Fair value gains and losses	57.4	76.4	33.1%
Net investment results	117.6	147.1	25.1%
Net other operating expenses	(2.1)	(2.4)	(14.3%)
Profit before tax	112.4	115.0	2.3%
Tax expense	(38.8)	(41.8)	(7.7%)
Profit after tax	73.6	73.2	(0.5%)
ME / NEP ratio	11.8%	12.2%	(0.4 pts)
Claim & Reserve / NEP ratio	80.3%	84.1%	(3.8 pts)



2

General Business

General Business



Gross written premiums

- Lower gross written premium due to lower car sales in the 1st quarter

Combined ratio

- Healthy combined ratio maintained below 90%

Net investment results

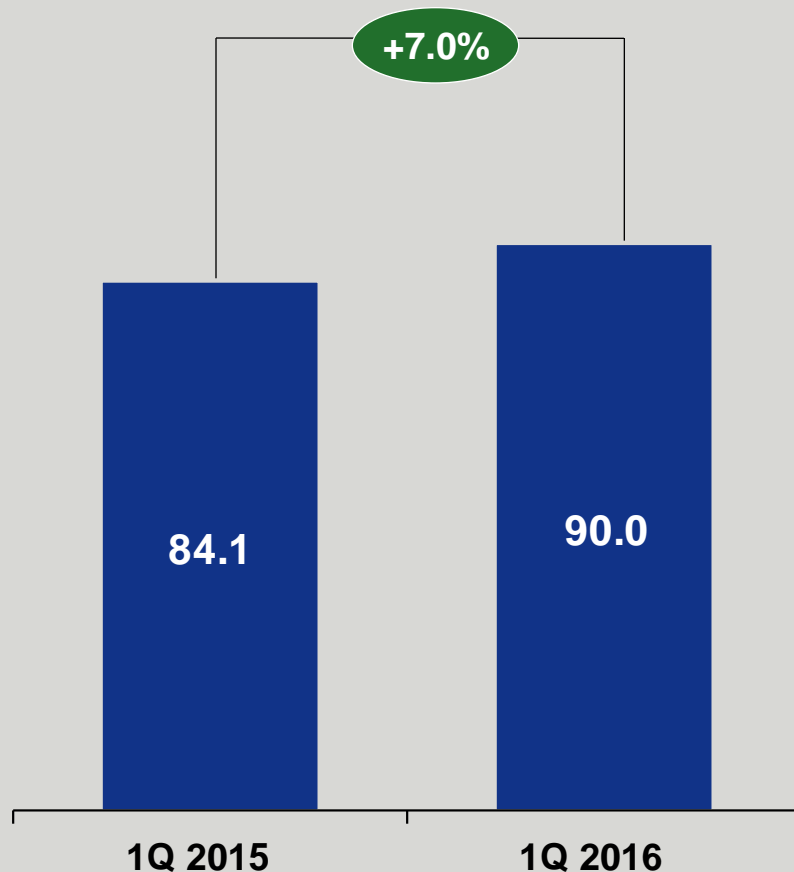
- Stable growth in investment income

Profit before tax

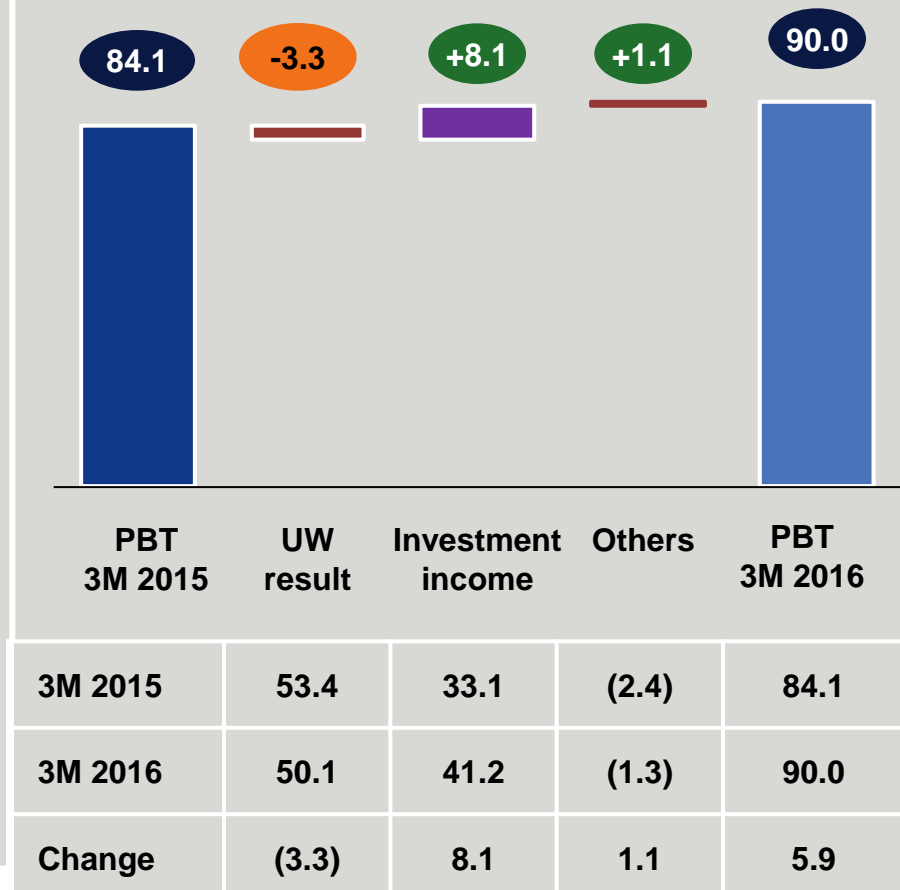
- Higher profit attributable to higher investment income.

General Business: Higher profit attributable to higher investment income

Profit Before Tax (RM'mil)

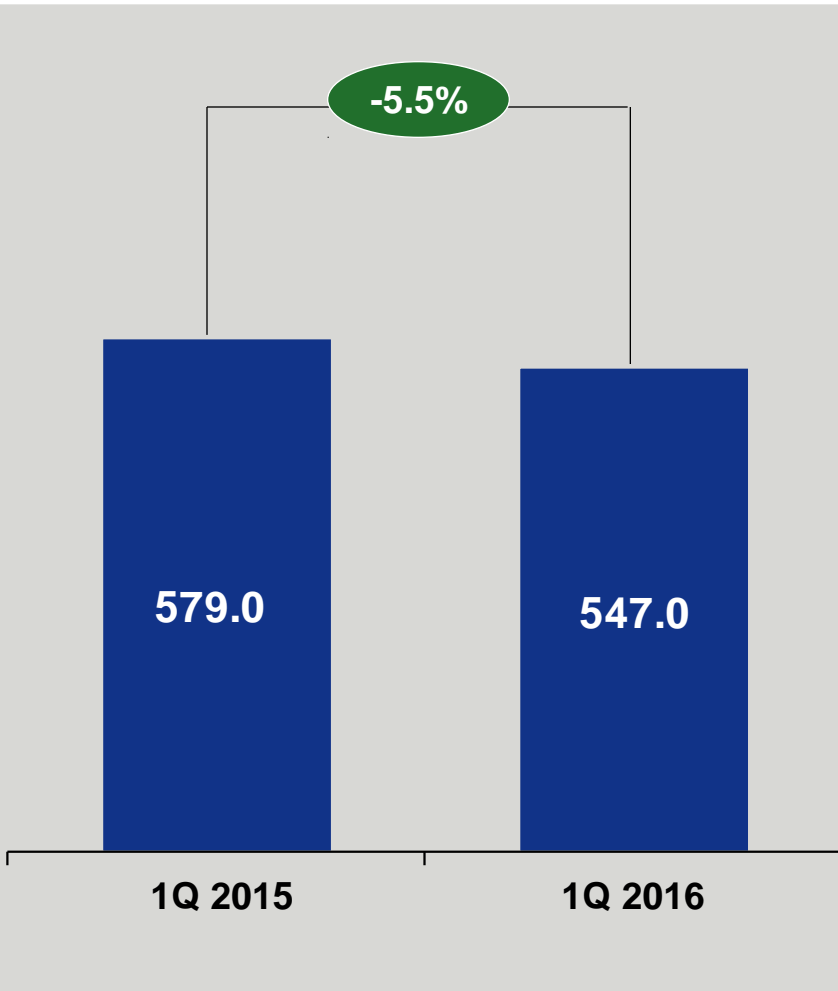


PBT Drivers (RM'mil)

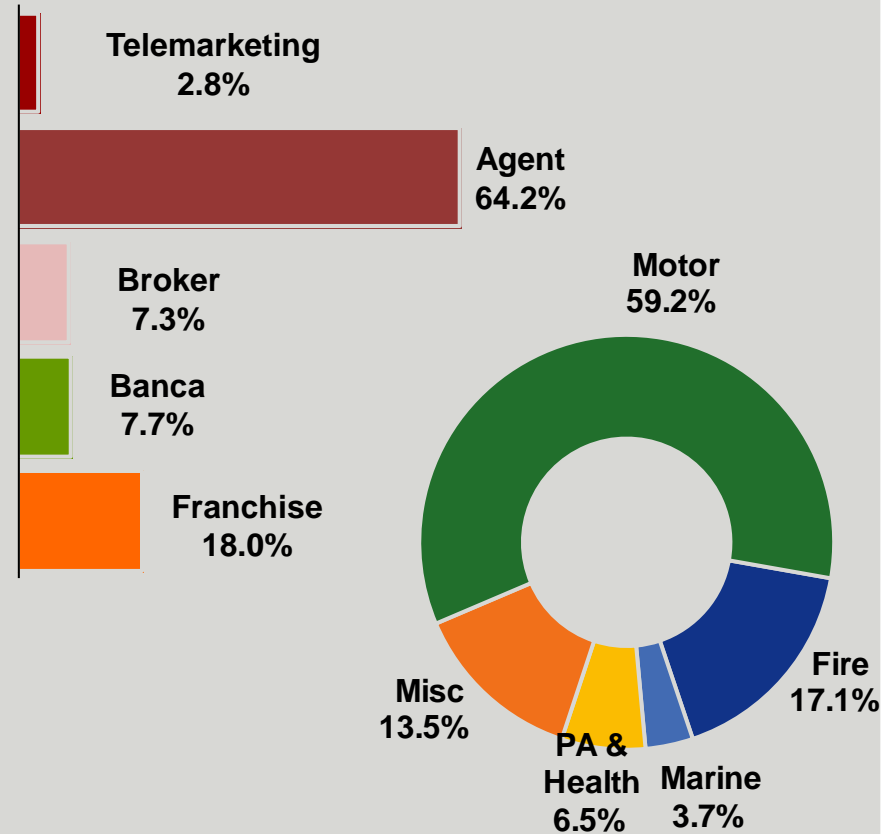


General Business: GWP lower by 5.5%

Gross Written Premiums (RM'mil)

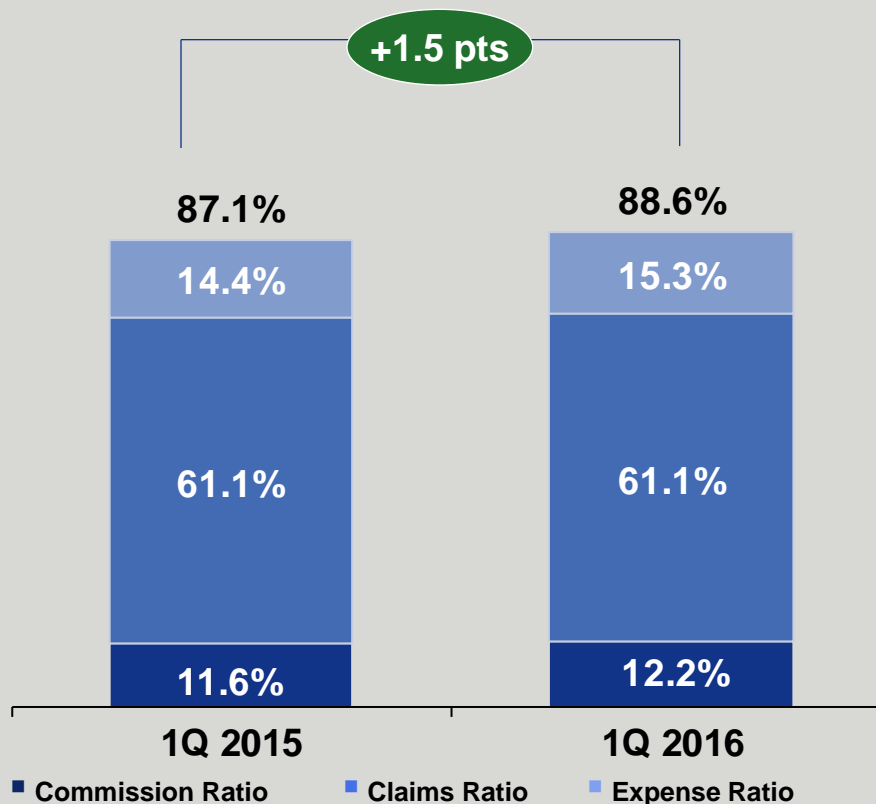


Distribution Channel & Portfolio Mix



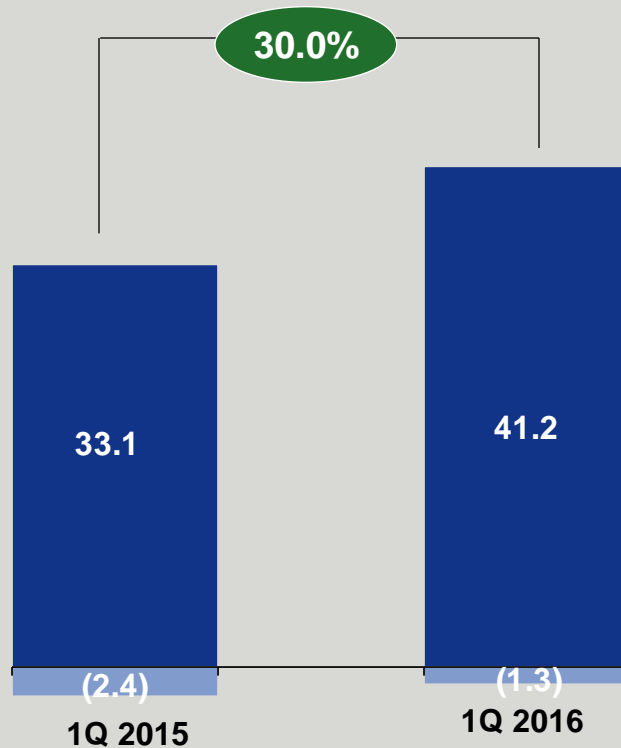
General Business: Healthy combined ratio maintained below 90%

Combined Ratio

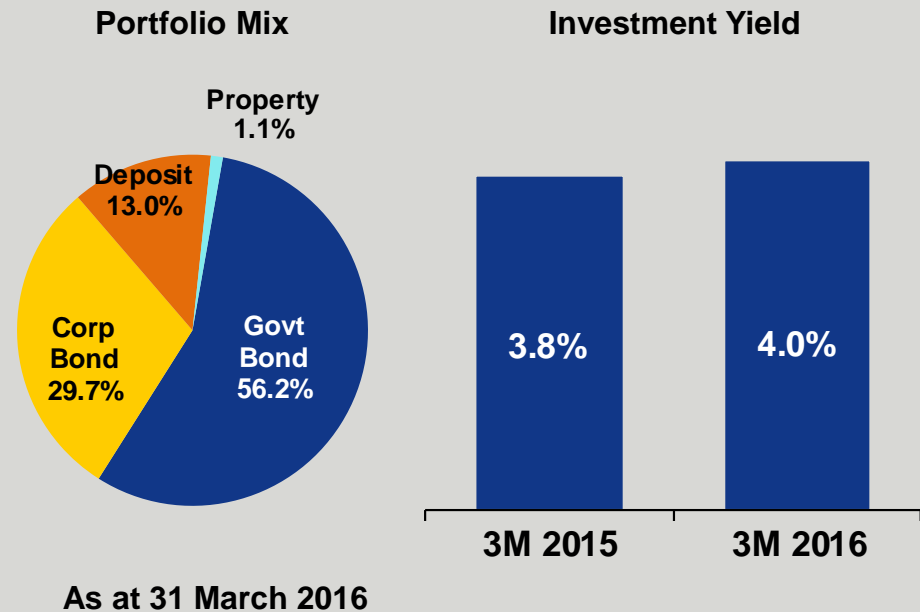


General Business: Stable growth in investment income

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



Portfolio Mix and Investment Yield (Annualized)



■ Net Investment Income ■ Net Other Operating Expenses

General Business: Financial results at a glance

RM'mil	3M 2015	3M 2016	△16/15 %
Gross written premium	579.0	547.0	(5.5%)
Gross earned premium	535.3	525.2	(1.9%)
Net earned premium	413.7	438.8	6.1%
Net change in claims incurred	(252.6)	(267.9)	(6.1%)
Management expenses	(59.7)	(67.1)	(12.4%)
Fee and commission expenses	(48.0)	(53.7)	(11.9%)
Underwriting result	53.4	50.1	(6.2%)
Net investment	33.1	41.2	24.5%
Other result	(2.4)	(1.3)	45.8%
Profit before tax (after consolidation adjustment)	84.1	90.0	7.0%
Commission Ratio	11.6%	12.2%	(0.6 pts)
Claims Ratio	61.1%	61.1%	0 pts
Expense Ratio	14.4%	15.3%	(0.9 pts)
Combined Ratio	87.1%	88.6%	(1.5 pts)



3

Life Business

Life Business



Gross written premiums

- Gross written premiums grew by 12.7%.

Distribution

- Bancassurance recorded a strong growth of 46.4%.
- Focus on higher margins regular premium protection business.
- Focus on Agency productivity. Agency force (9,153 agents in 3M 2016 vs 10,110 in 12M 2015).

Product mix

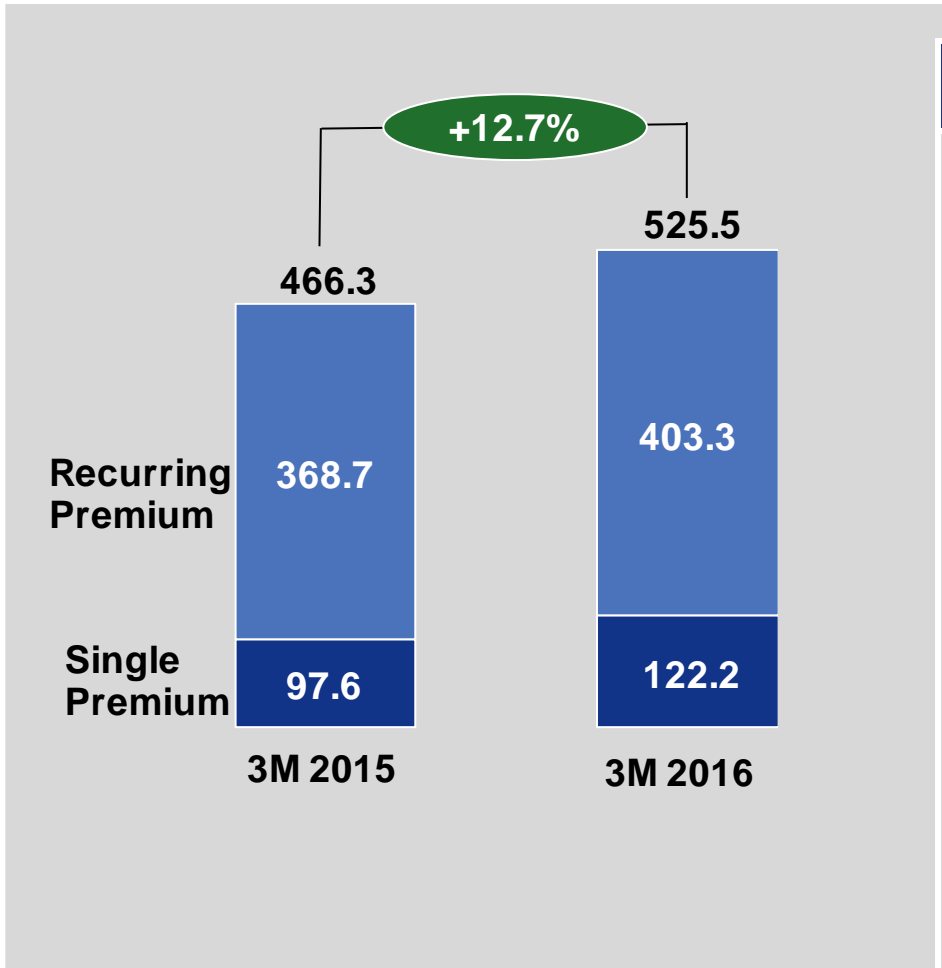
- Successful launch Agency saving product.
- Investment-Linked ANP marginally decreased by 1.4% but remain focus on Investment-Linked.
- 72.7% of Agency new business derived from Investment-Linked business.

Profit before tax

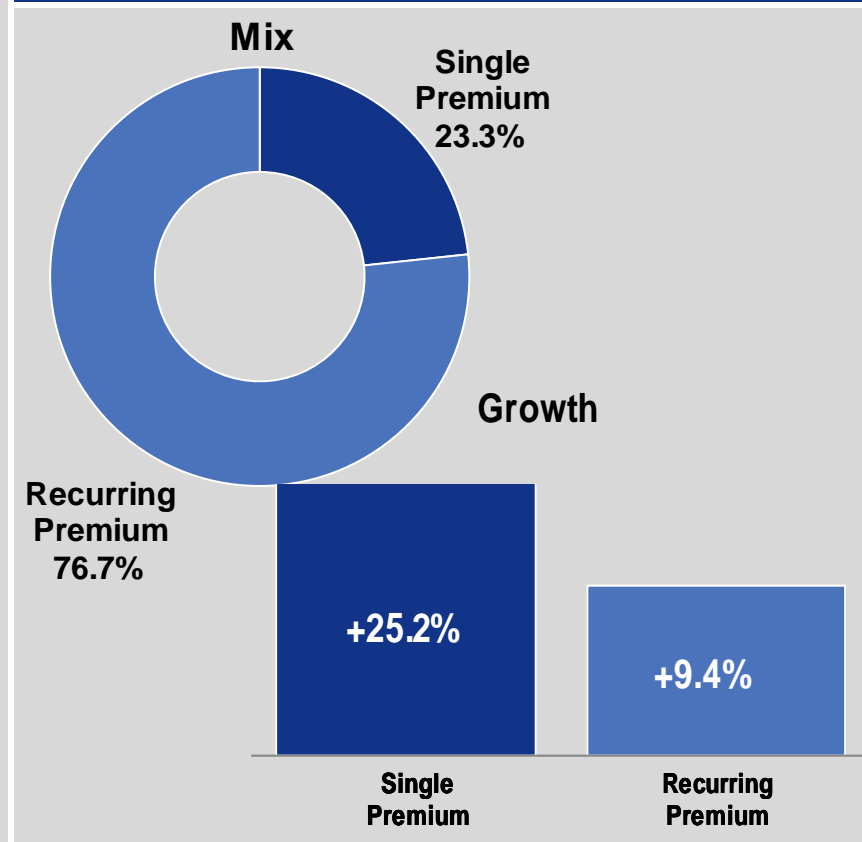
- Profit before tax was lower mainly due to lower interest-rates resulting in higher actuarial liabilities.
- New Business Value after overrun grew by 69.1%.
- Stronger profit contributed from Investment-Linked business.

Life Business: Growth in GWP from all distribution channels

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

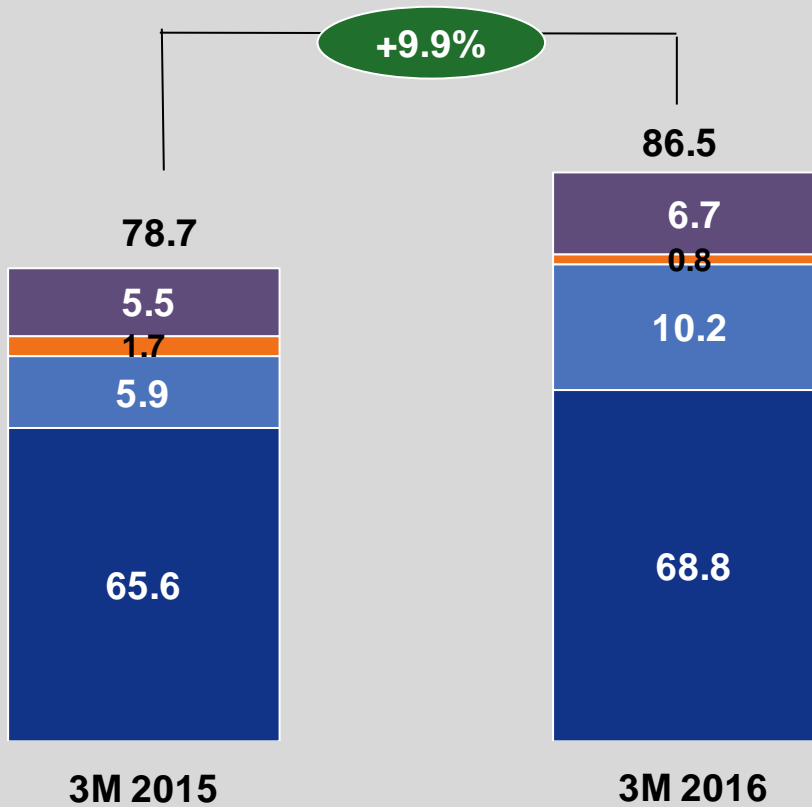


GWP Mix & Growth (%) (3M 2016)

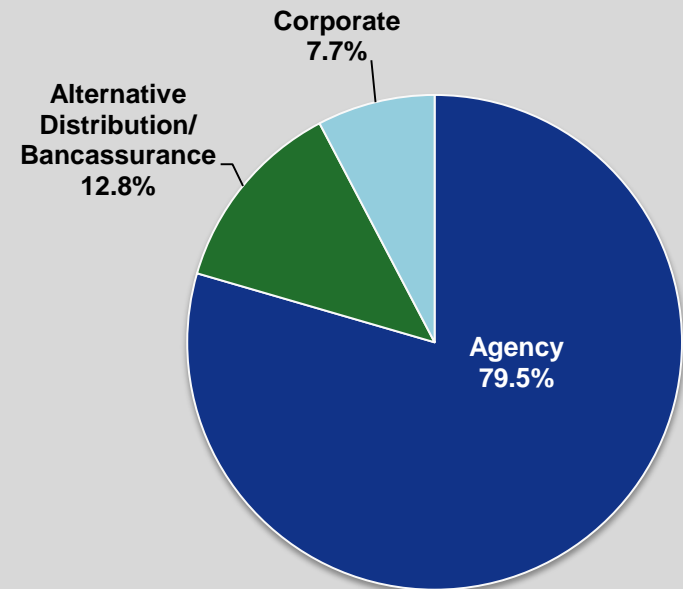


Life Business: Close to double digit growth in new premium

Annualised New Premiums (“ANP”) (RM’mil)



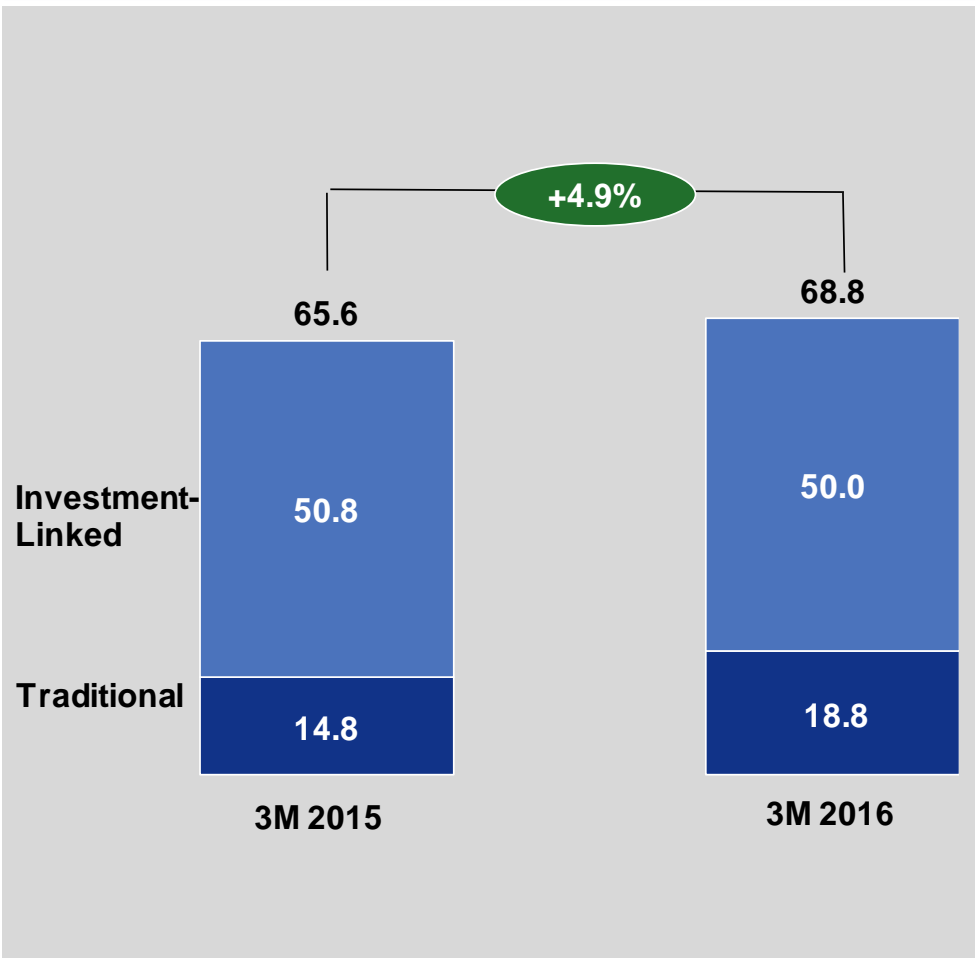
ANP Channel Mix (%) (3M 2016)



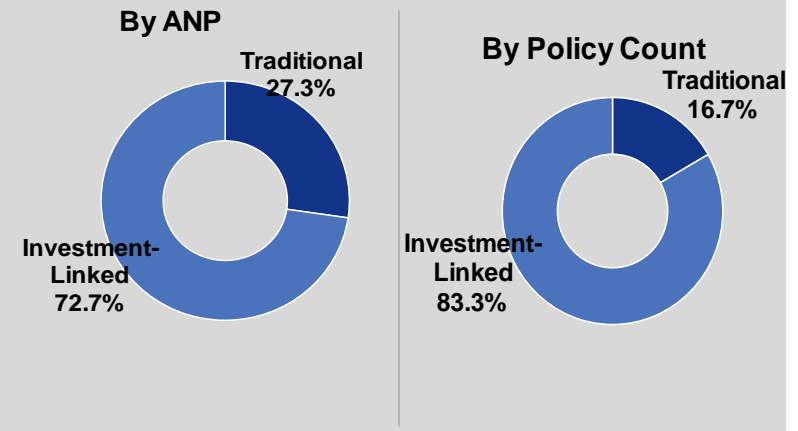
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

Life Business: Higher Agency ANP supported by growth in traditional sales

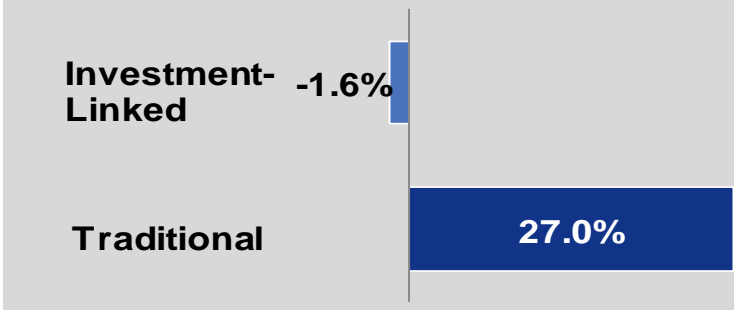
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (3M 2016)

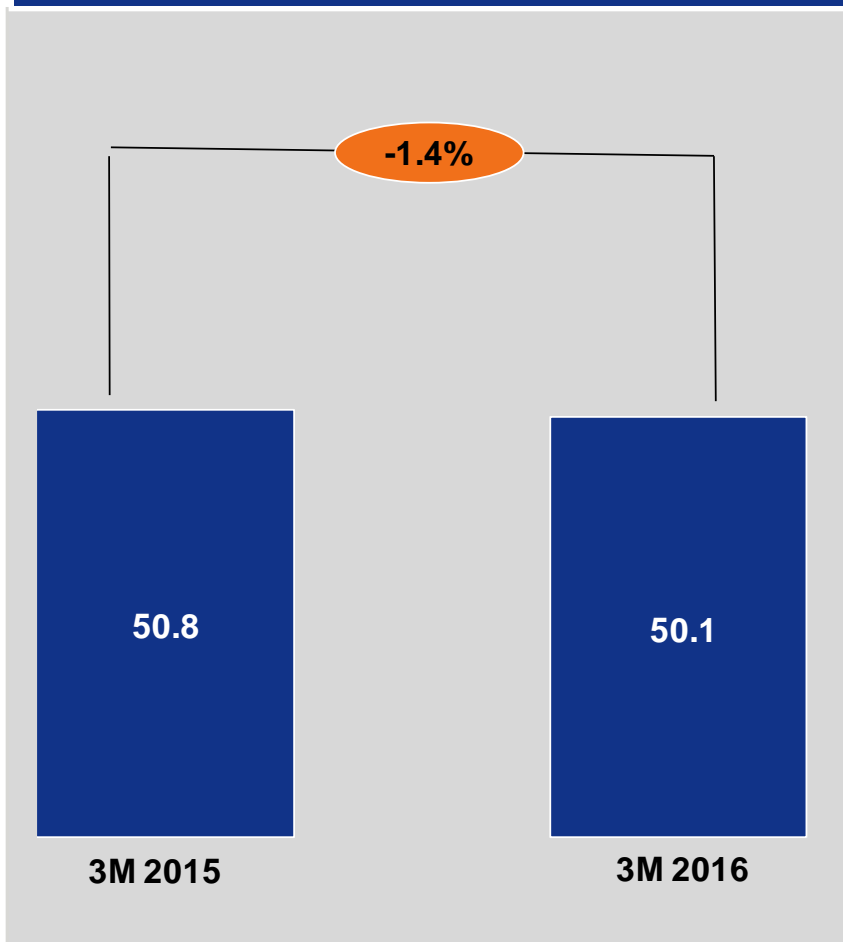


Agency ANP Growth (%) (3M 2016)

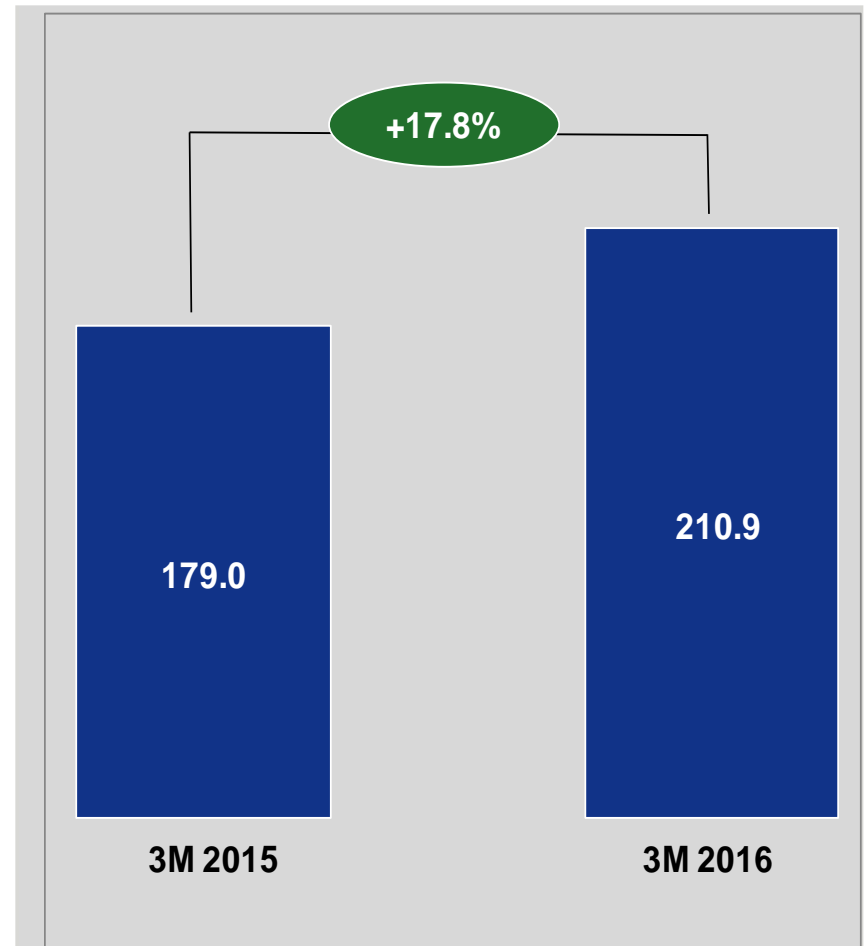


Life Business: Remain focus on Investment-Linked despite marginally lower sales in first quarter

Annualised New Premiums (RM'mil)

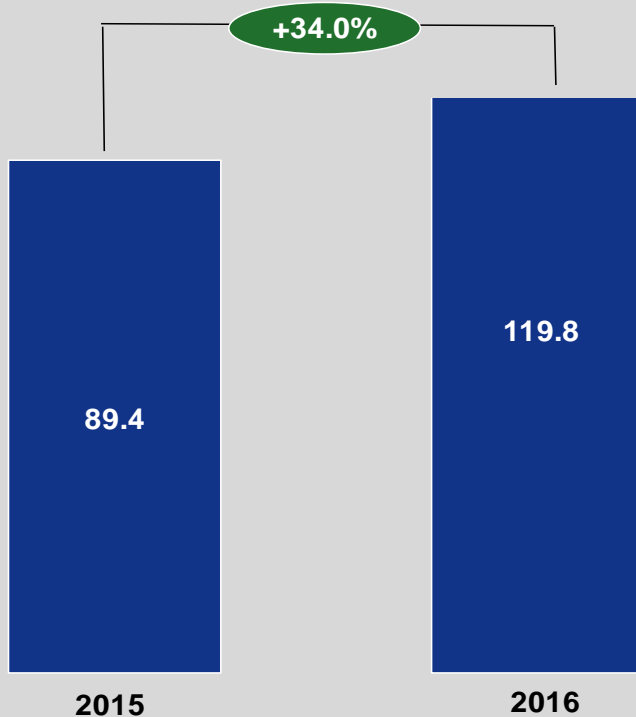


Gross Written Premiums (RM'mil)

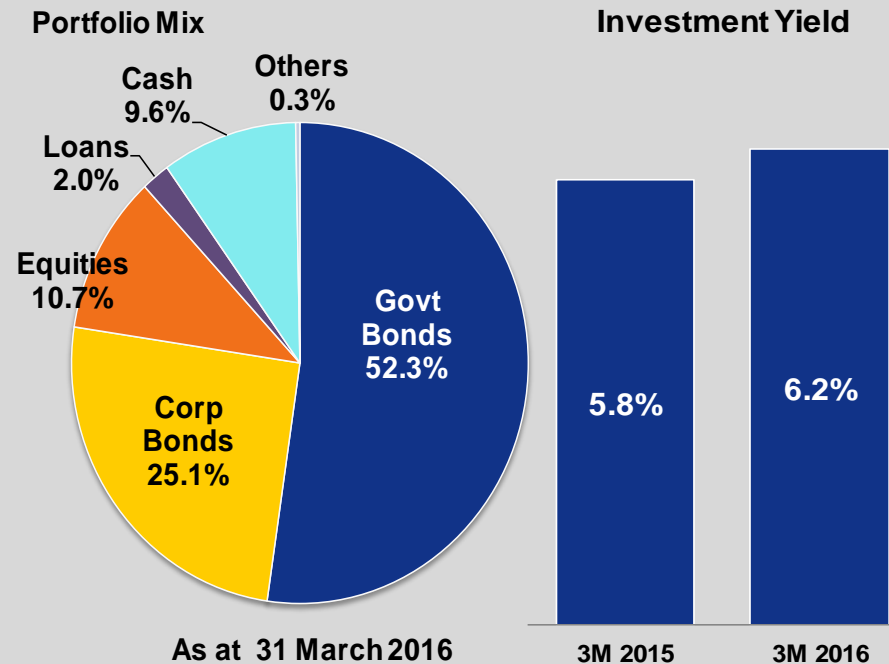


Life Business: Higher net investment results due to higher investment income and net realised gains

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



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



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: Financial results at a glance

RM'mil	3M 2015	3M 2016	△16/15 %
Gross written premiums	466.3	525.5	12.7%
Premiums ceded to reinsurers	(40.7)	(35.5)	12.8%
Net earned premiums	425.6	490.0	15.1%
Net change in benefits and claims paid	(109.2)	(146.3)	(34.0%)
Net change in contract liabilities	(312.5)	(366.6)	(17.3%)
Management expenses	(33.1)	(41.1)	(24.2%)
Net fee and commission expenses	(78.4)	(87.1)	(11.1%)
Fair value gains and losses	57.4	76.4	33.1%
Net investment results	81.7	102.7	25.7%
Net other operating expenses	(1.1)	(2.1)	(90.9%)
Profit before tax (after consolidation adjustment)	30.4	25.9	(14.8%)
Annualised new premiums	78.7	86.5	9.9%
Expense ratio (LF+SHF)	9.6%	10.4%	(0.8 pts)
Local investment yield (LF+SHF)	5.8%	6.2%	0.4 pts
Lapse ratio (total company)	8.8%	9.4%	(0.6 pts)
Persistency (13th month by premium)	81.9%	83.1%	1.2 pts

Thank You
for Your Attention

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency

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.

No duty to update.

The company assumes no obligation to update any information contained herein.