

Allianz Malaysia Berhad
(12428-W)

Financial Results
2Q 2016

Analyst Briefing
19 August 2016



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AMB Group Results

Maintain Growth



Operating revenue

- Group operating revenue of RM2.32 billion, an increase of 4.6% as compared to corresponding period of RM2.21 billion due to higher gross earned premiums and investment income by RM68.9 million and RM33.2 million respectively.
- General business recorded an operating revenue of RM1.13 billion, a decrease of 1.2% compared to corresponding period of RM1.14 billion.
- Life business recorded an operating revenue of RM1.18 billion, an increase of 10.8% compared to corresponding period of RM1.07 billion.

Profitability

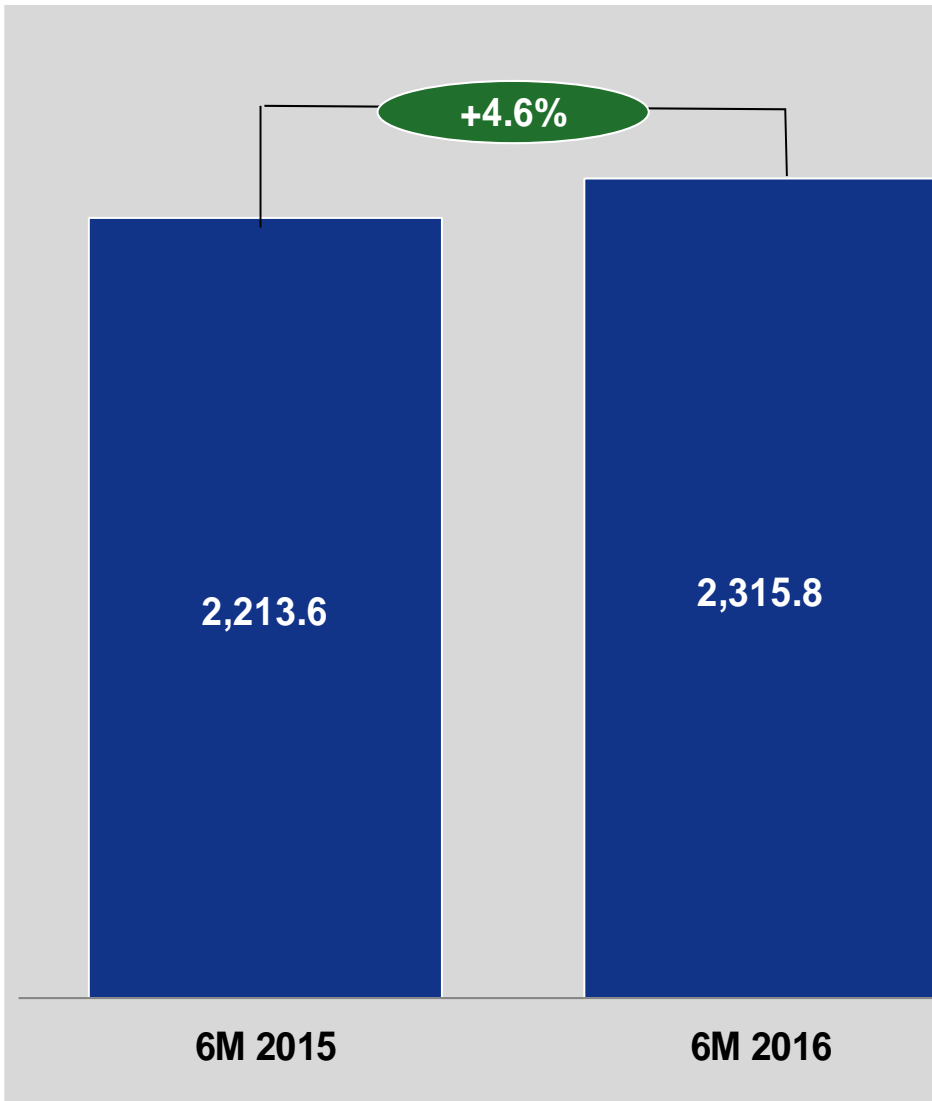
- Group profit before tax of RM224.3 million increased by 4.9% compared to corresponding period of RM213.9 million.
- General business contributed a profit before tax of RM172.7 million (6M 2015: RM161.0 million).
- Life insurance operations recorded a profit before tax of RM54.4 million (6M 2015: RM54.0 million).

Basic earnings per ordinary share

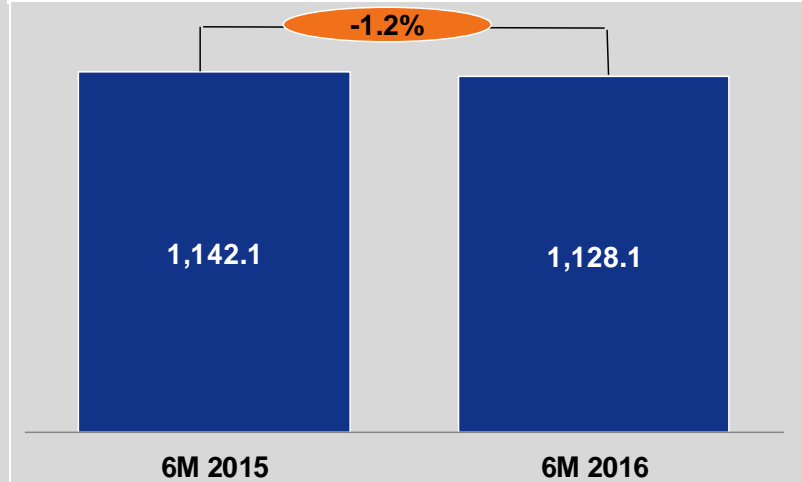
- Basic earnings per ordinary share (before dilution) at 88.16 sen (6M 2015: 85.69 sen).
- Basic earnings per ordinary share (after dilution) at 43.56 sen (6M 2015: 41.75 sen).

Financial Highlights 6M 2016

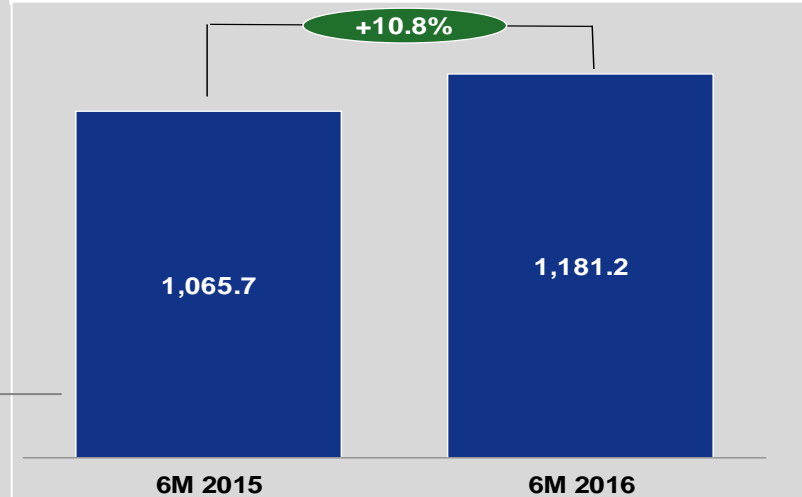
Group Operating Revenue (RM'mil)



General Business (RM'mil)

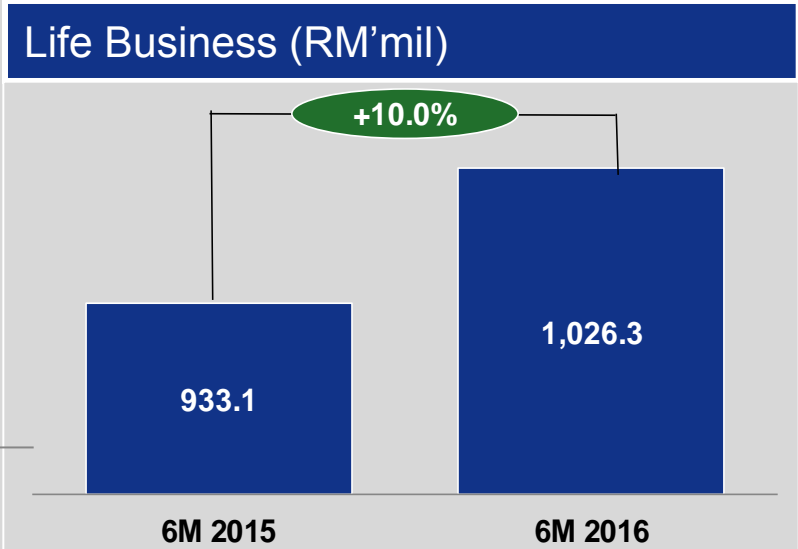
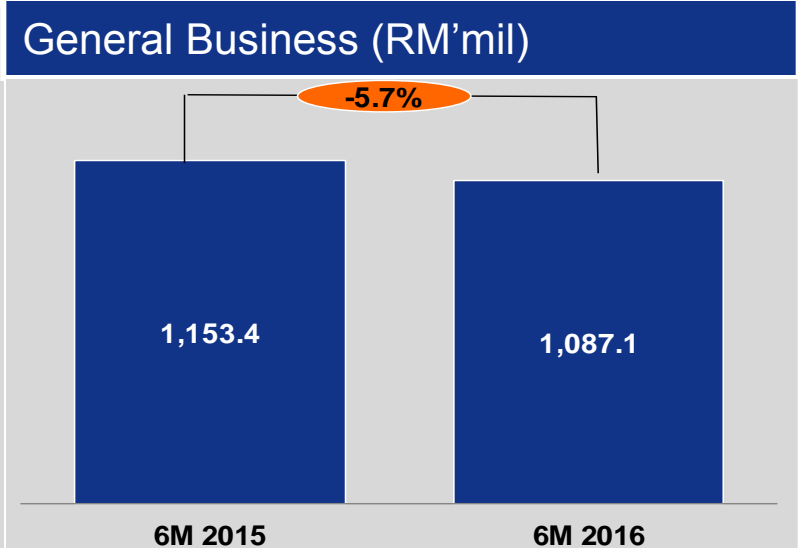
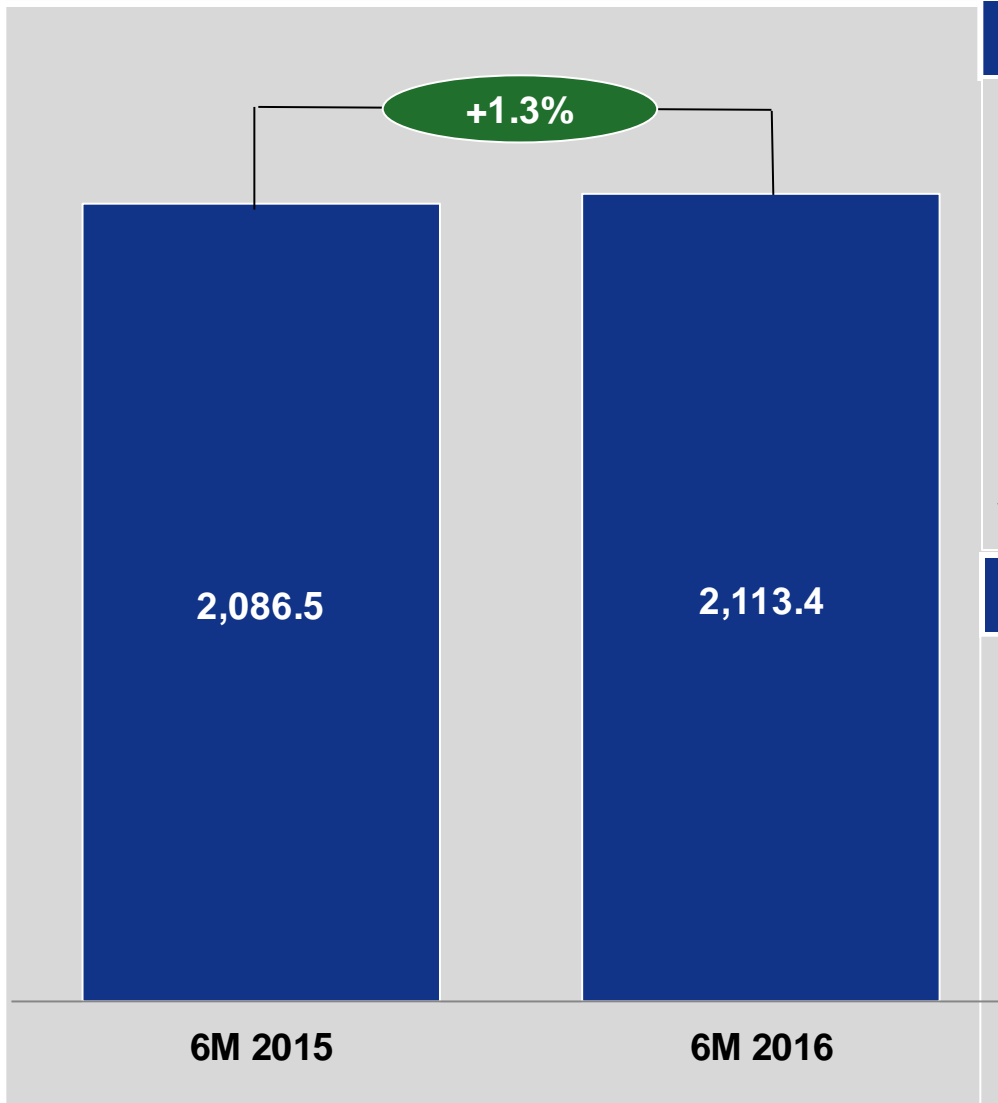


Life Business (RM'mil)



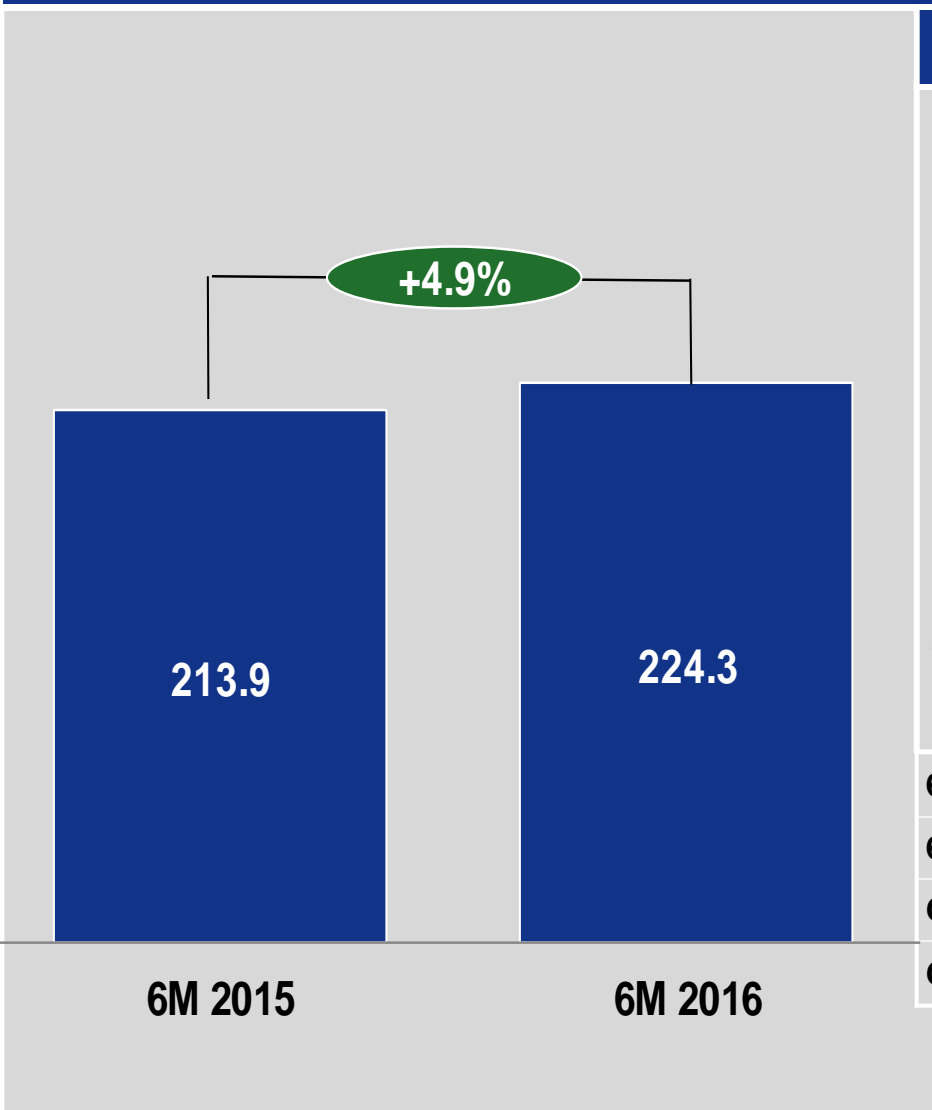
Financial Highlights 6M 2016

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

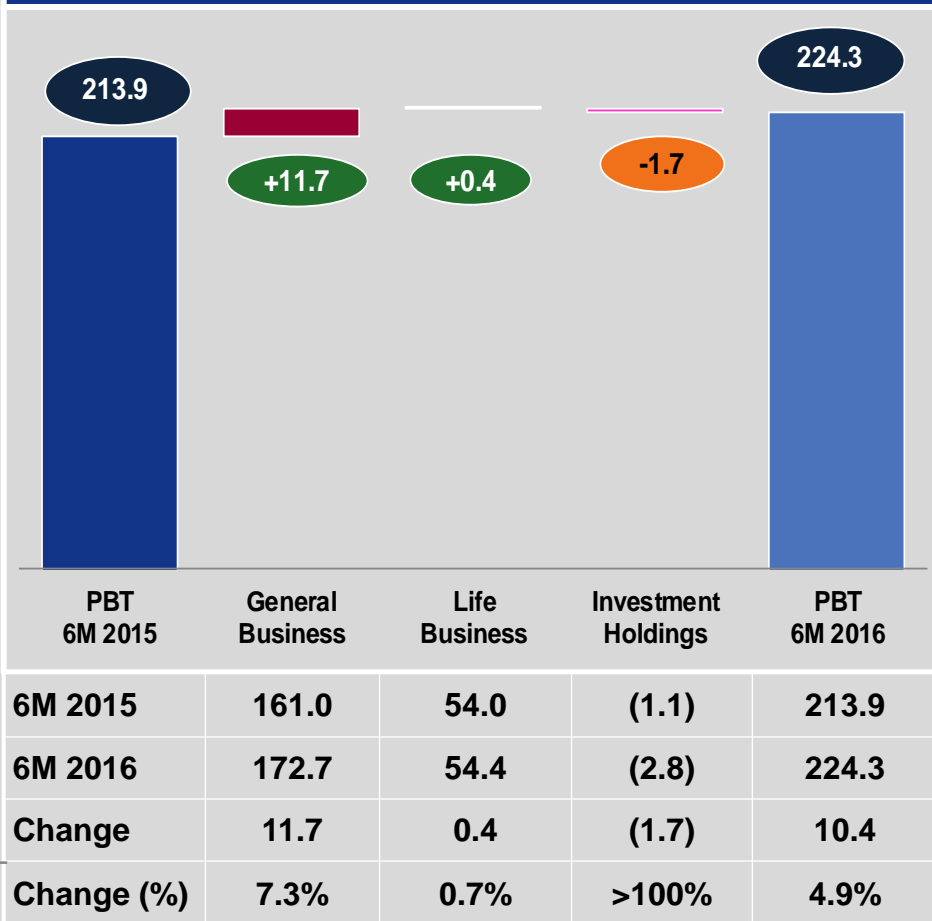


Financial Highlights 6M 2016

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



Financial Overview

RM'mil	2013	2014	2015	6M 2015	6M 2016
Gross Written Premiums	3,578.5	3,968.2	4,132.7	2,086.5	2,113.4
Management Expenses	400.0	436.0	464.8	219.3	236.4
Expense Ratio (Non Life)	17.9%	17.3%	16.9%	16.7%	16.0%
Expense Ratio (Life) ¹	10.6%	10.3%	9.9%	9.5%	10.8%
Local Consolidated PBT	339.2	423.5	438.2	213.9	224.3
Total Assets	10,758.8	12,176.1	13,617.4	12,867.7	14,355.3
Shareholders' Equity	2,024.2	2,289.8	2,621.3	2,454.1	2,769.5
Basic earnings per ordinary share (sen)	149.24	178.49	183.08	85.69	88.16
Diluted earnings per ordinary share (sen)	58.94	85.89 ²	89.37	41.75	43.56

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	6M 2015	6M 2016	△16/15 %
Operating revenue	2,213.6	2,315.8	4.6%
Gross earned premiums	2,007.6	2,076.5	3.4%
Premiums ceded to reinsurers	(315.9)	(249.3)	21.1%
Net earned premiums ("NEP")	1,691.7	1,827.2	8.0%
Net change in benefits and claims paid ("Claim")	(622.0)	(830.5)	(33.5%)
Net change in contract liabilities ("Reserve")	(605.8)	(583.8)	3.6%
Management expenses ("ME")	(219.3)	(236.4)	(7.8%)
Net fee and commission expense	(258.5)	(275.7)	(6.7%)
Fair value gains and losses	0.3	49.3	>100%
Net investment results	232.8	281.9	21.1%
Net other operating expenses	(5.3)	(7.7)	(45.3%)
Profit before tax	213.9	224.3	4.9%
Tax expense	(69.8)	(74.8)	(7.2%)
Profit after tax	144.1	149.5	3.7%
ME / NEP ratio	13.0%	12.9%	0.1 pts
Claim & Reserve / NEP ratio	72.6%	77.4%	(4.8 pts)



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General Business

General Business



Gross written premiums

- Lower gross written premium due to lower car sales.

Combined ratio

- Maintained combined ratio below 90%

Net investment results

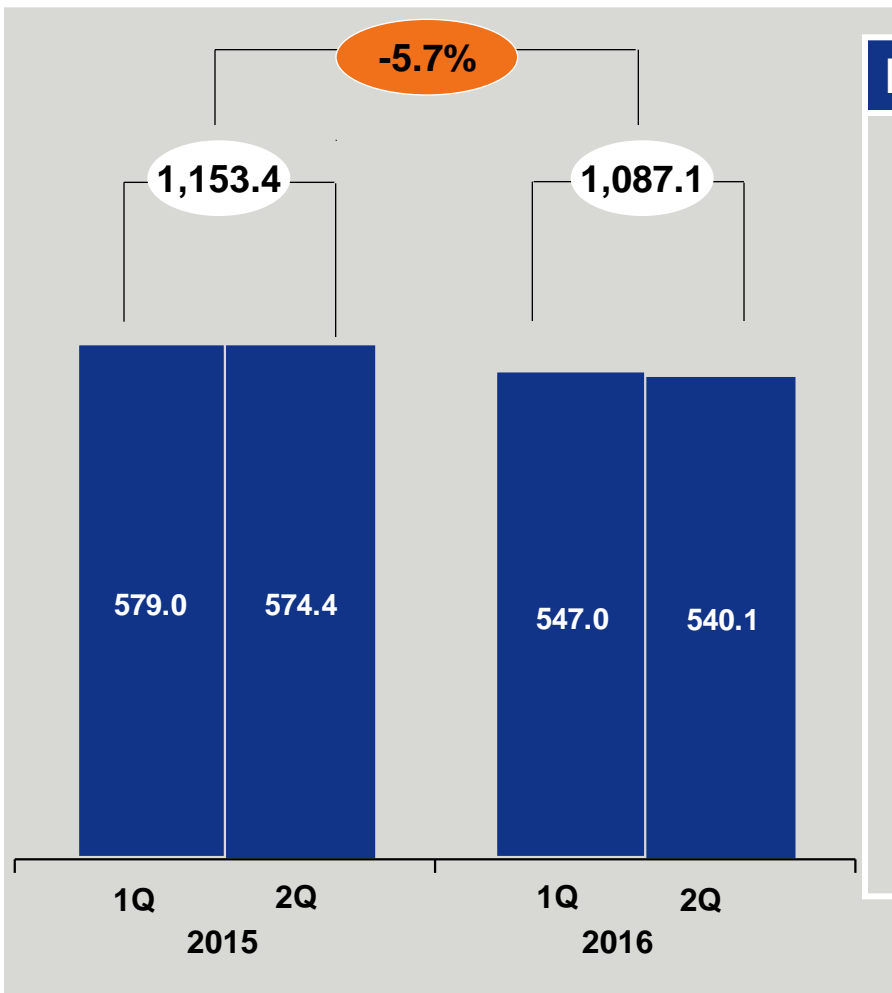
- Stable growth in investment income

Profitability

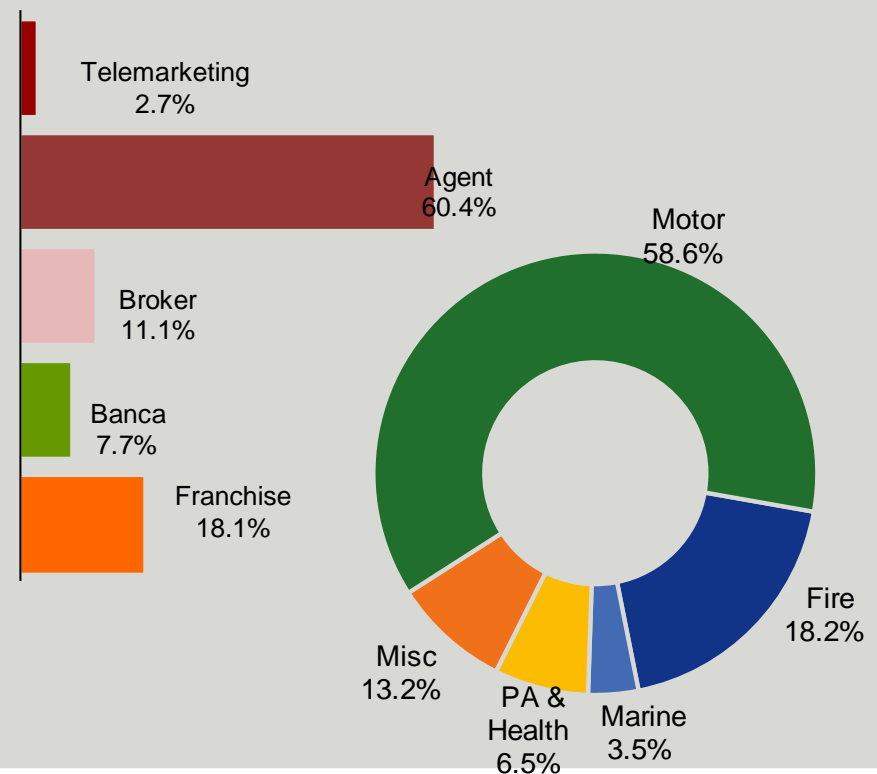
- Higher profit attributable to higher investment income.

General Business: Decline in GWP from lower motor insurance

Gross Written Premiums (RM'mil)

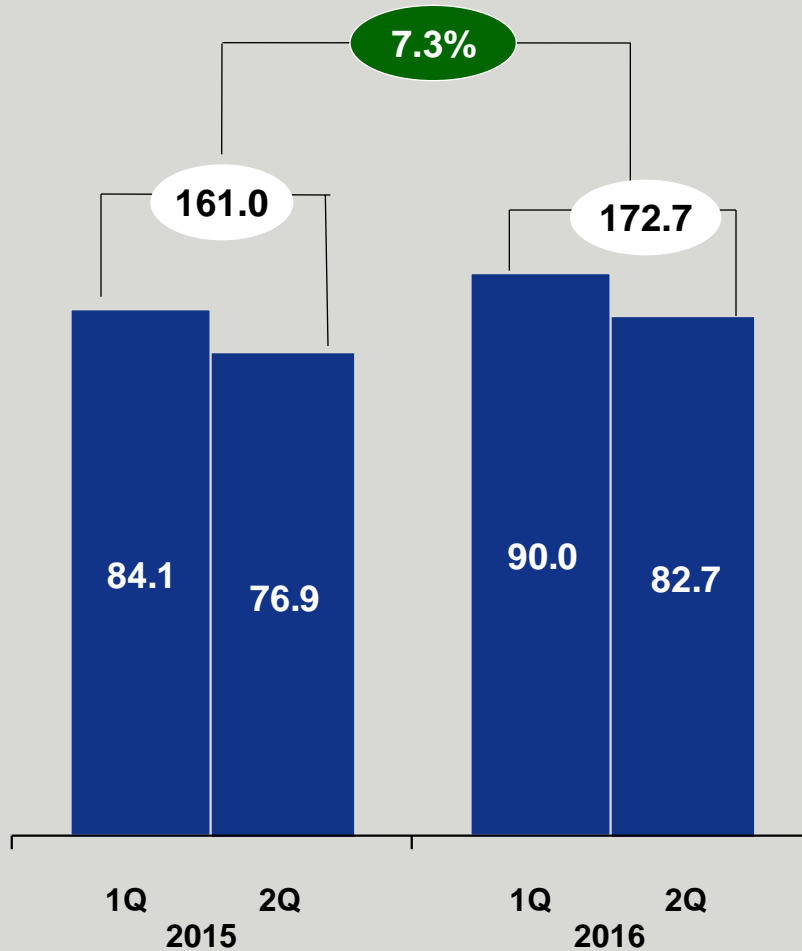


Distribution Channel & Portfolio Mix

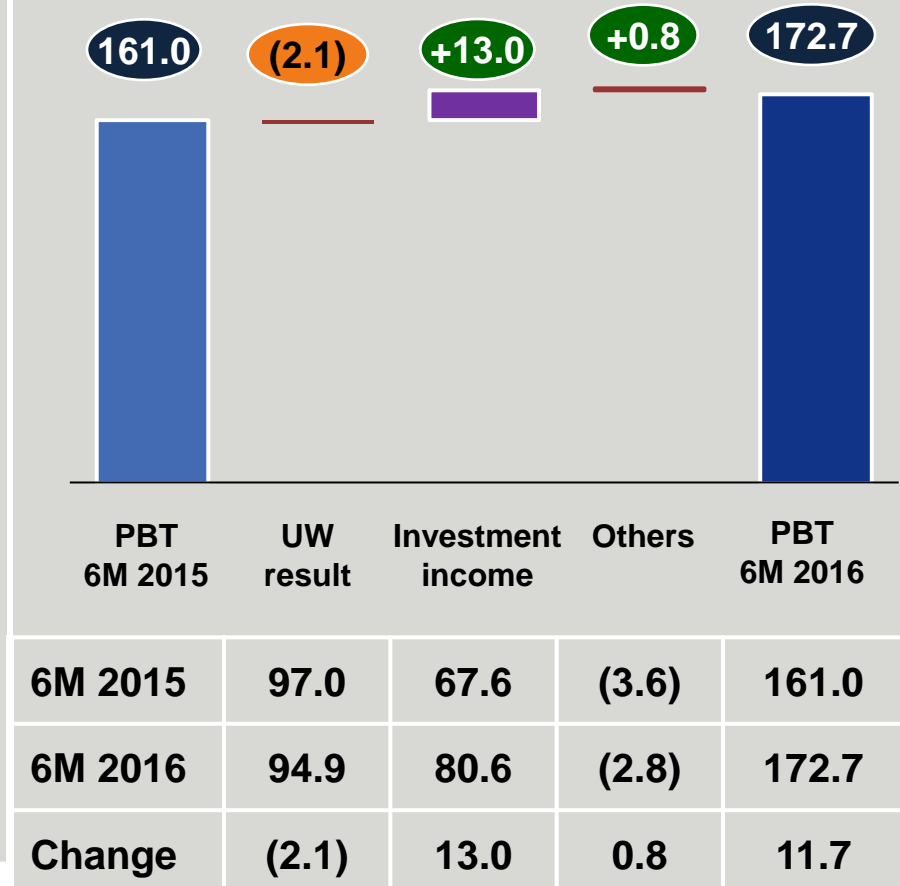


General Business: Investment results contributed to higher PBT

Profit Before Tax (RM'mil)

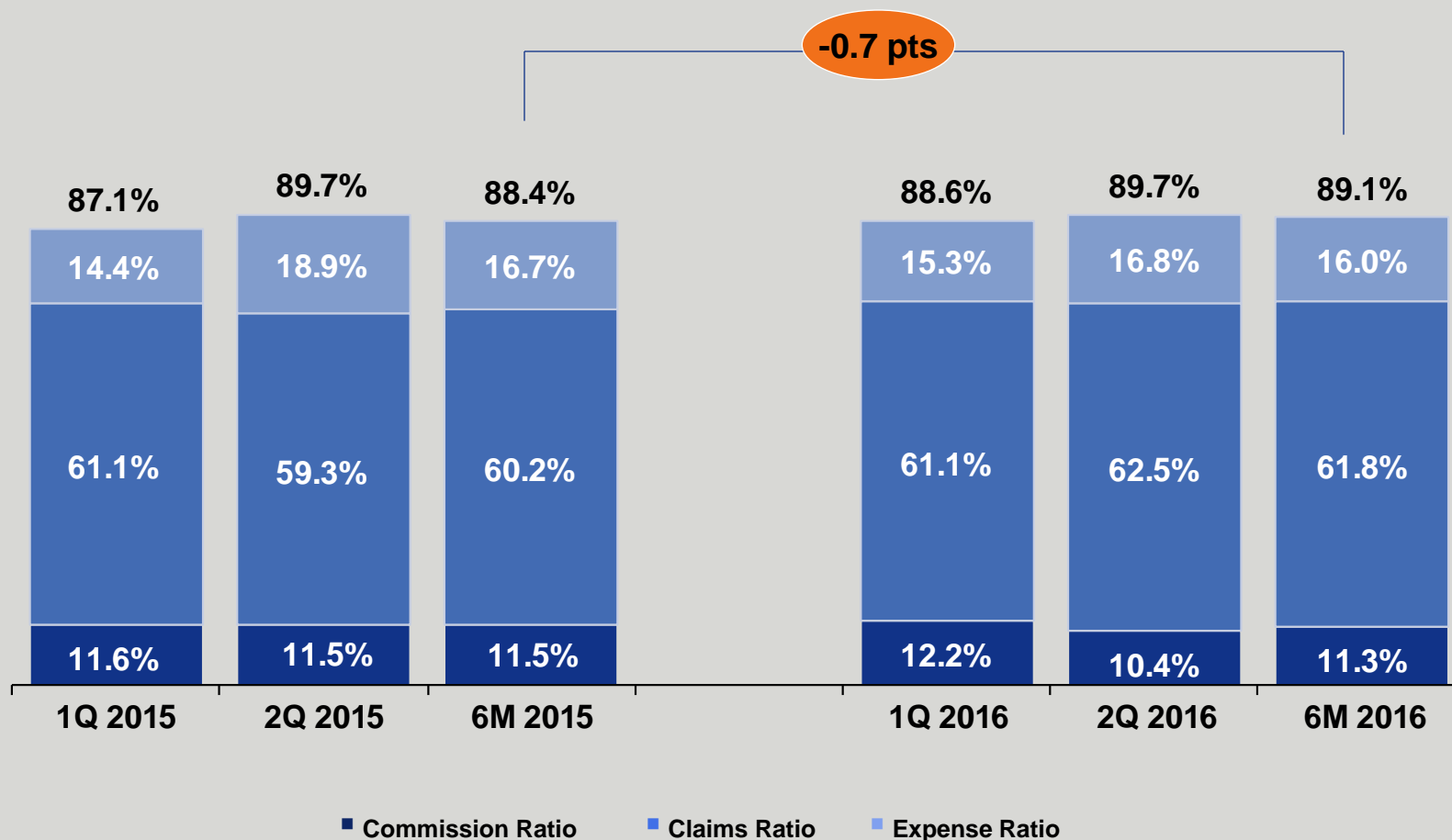


PBT Drivers (RM'mil)



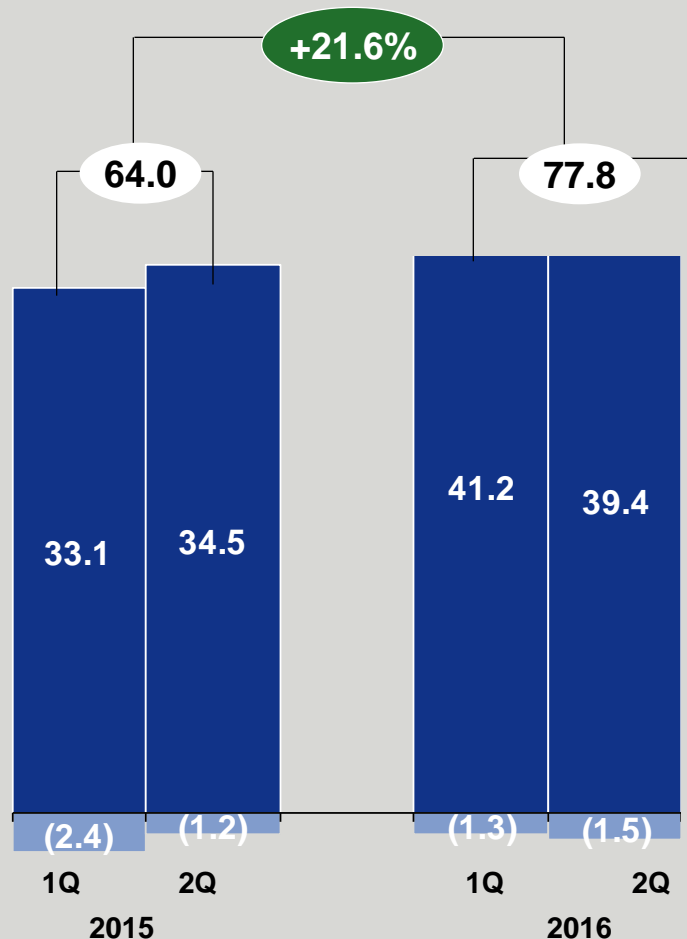
General Business: Combined ratio maintained below 90%

Combined Ratio



General Business: Stable growth in investment income

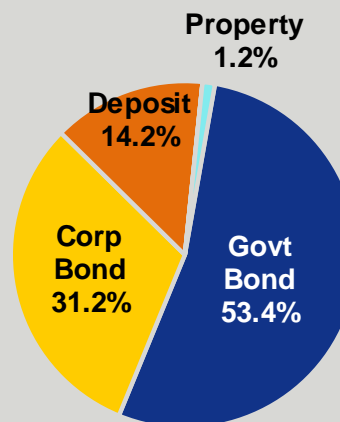
Net Investment Results/Net Operating Expenses (RM'mil)



■ Net Investment Income ■ Net Other Operating Expenses

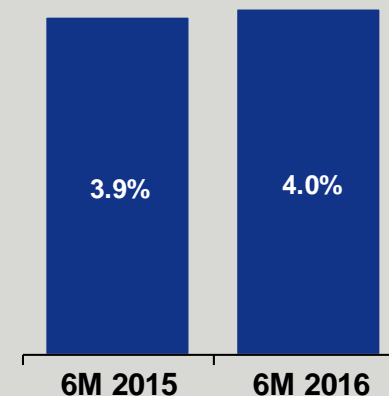
Portfolio Mix and Investment Yield (Annualized)

Portfolio Mix



As at 30 June 2016

Investment Yield



General Business: Financial results at a glance

RM'mil	6M 2015	6M 2016	△16/15 %
Gross written premium	1,153.4	1,087.1	-5.7%
Gross earned premium	1,074.5	1,050.2	-2.3%
Net earned premiums	838.2	874.4	4.3%
Net change in claims incurred	(504.3)	(540.0)	-7.1%
Management expenses	(140.0)	(140.3)	-0.2%
Net fee and commission expenses	(96.9)	(99.2)	-2.4%
Underwriting result	97.0	94.9	-2.1%
Net investment results	67.6	80.6	19.2%
Net other operating expenses	(3.6)	(2.8)	22.2%
Profit before tax (after consolidation adjustment)	161.0	172.7	7.3%
Commission Ratio	11.5%	11.3%	0.2 pts
Claims Ratio	60.2%	61.8%	-1.6 pts
Expense Ratio	16.7%	16.0%	0.7 pts
Combined Ratio	88.4%	89.1%	-0.7 pts



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Life Business

Life Business

Gross written premiums

- Gross written premiums grew by 10.0%.

Distribution

- Bancassurance recorded a strong growth of 33.4%.
- Continue to focus on Agency productivity.

Product mix

- Investment-Linked ANP marginally decreased by 1.1% but remain focus on sales of products with higher margins.
- 74.2% of Agency new business derived from Investment-Linked business.

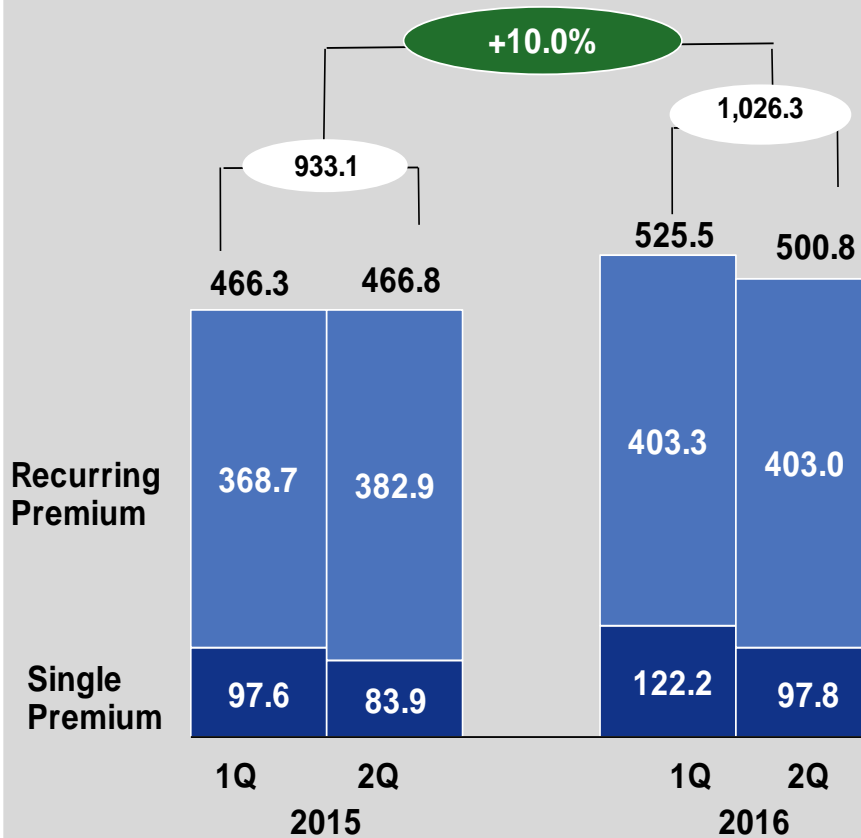
Profitability

- Profit before tax was relatively flat mainly due to higher insurance contract liabilities caused by interest rate movements.
- New business value after overrun increase by 67.4%.

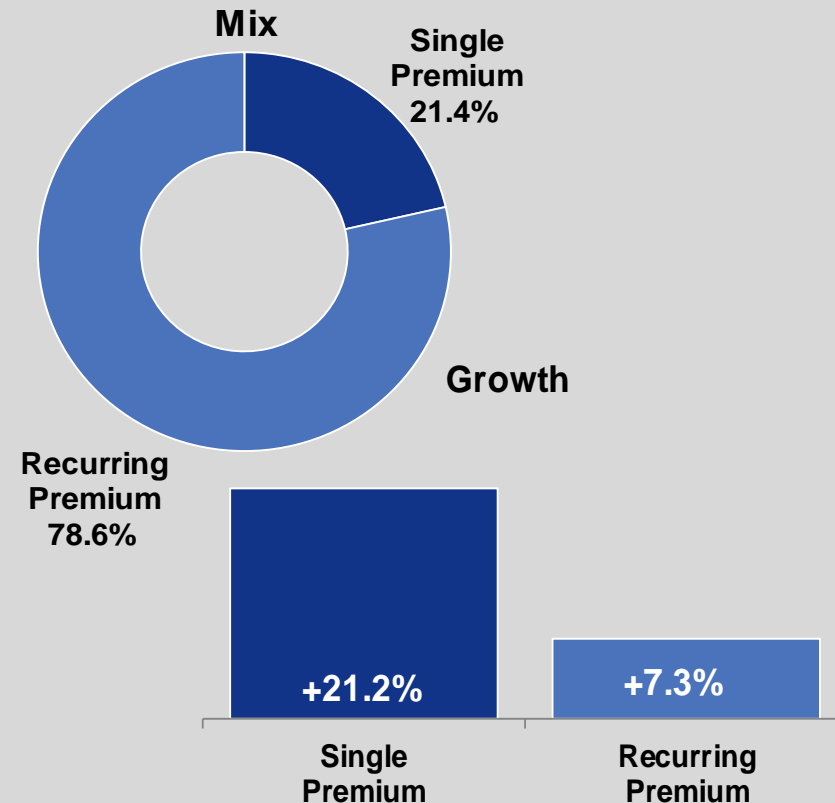


Life Business: Growth in GWP mainly from Agency and Bancassurance

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

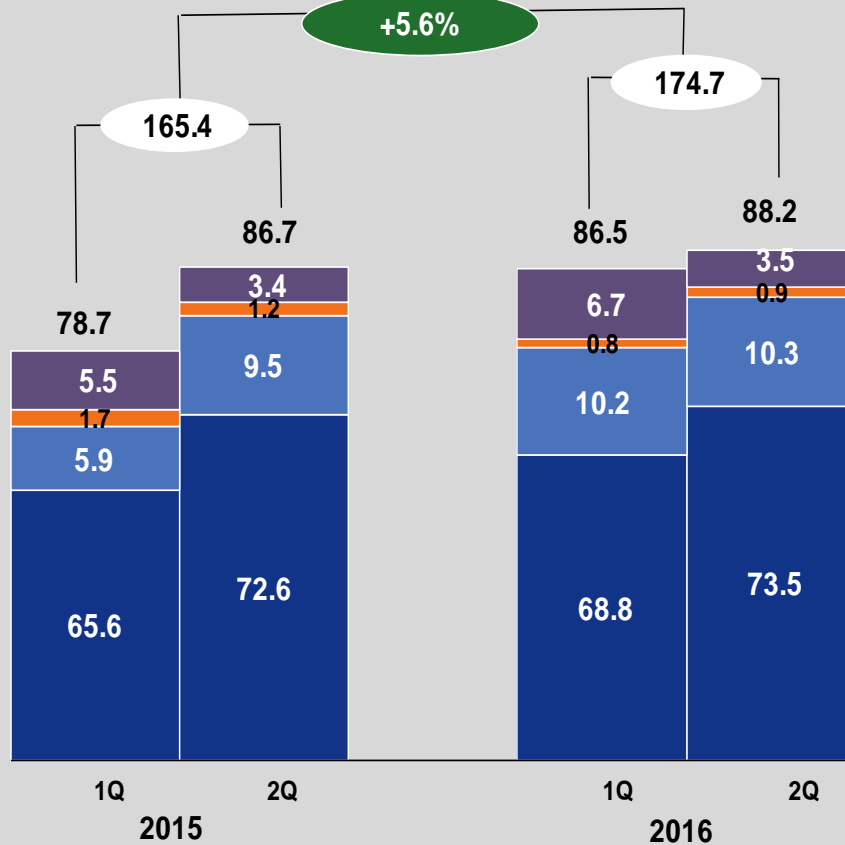


GWP Mix & Growth (%) (6M 2016)

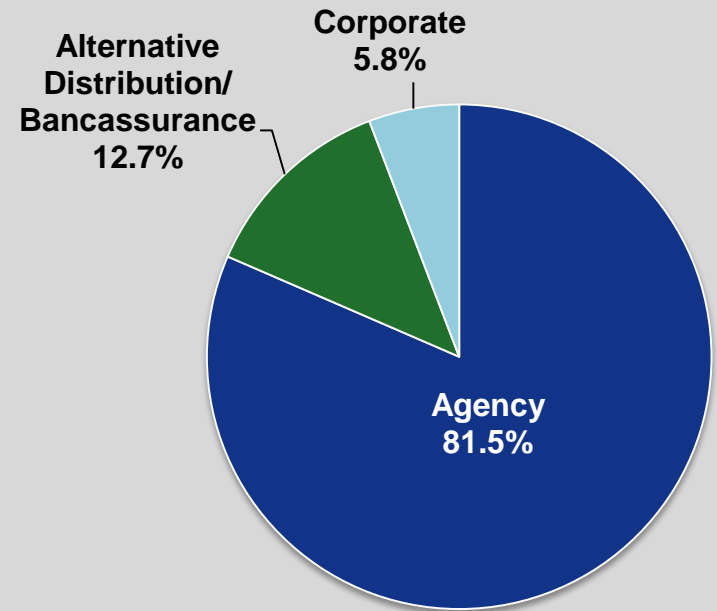


Life Business: Growth in ANP driven by Agency and Bancassurance

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

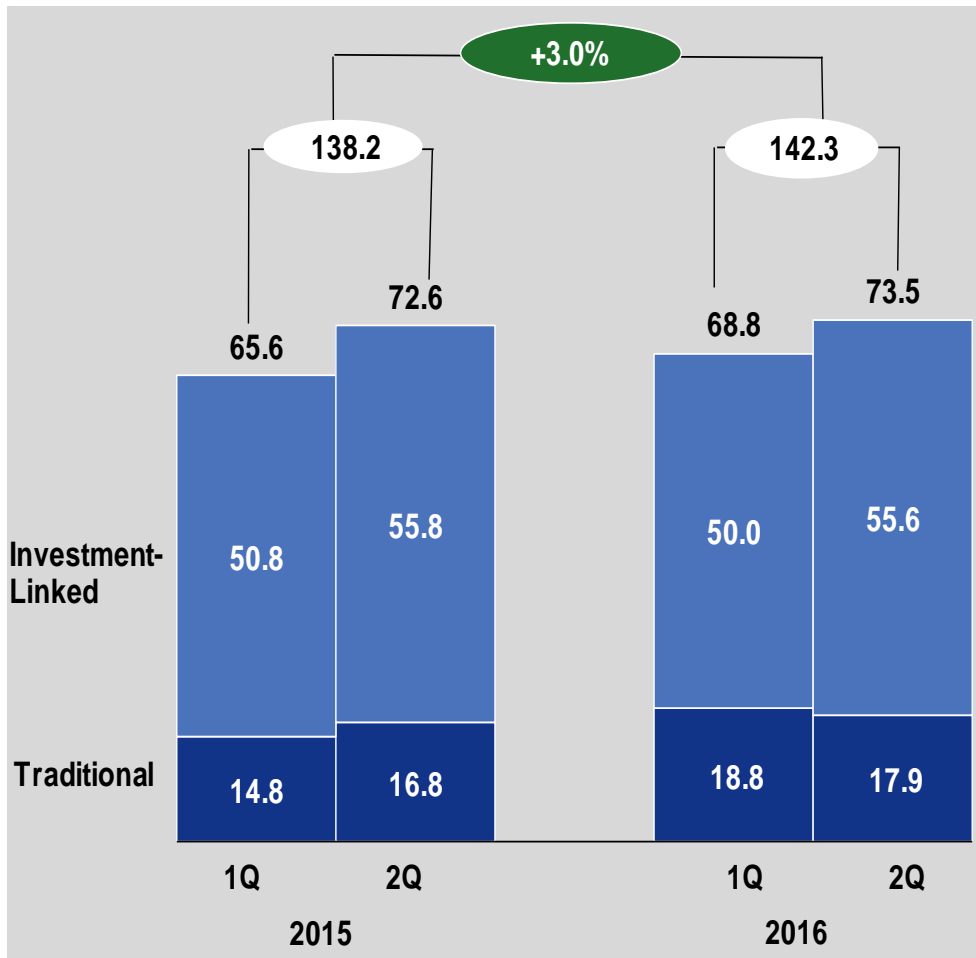


ANP Channel Mix (%) (6M 2016)

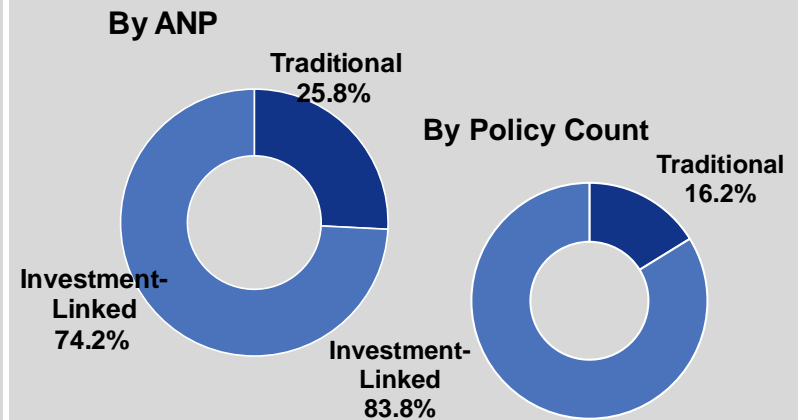


Life Business: Higher Agency ANP supported by growth in traditional sales

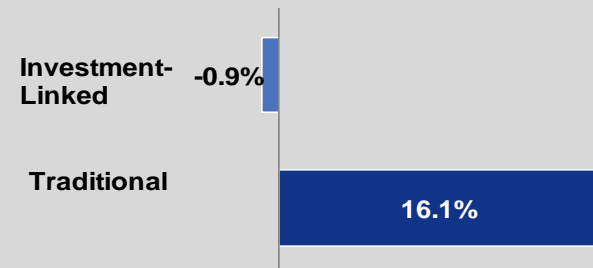
Agency Annualised New Premiums (RM'mil)



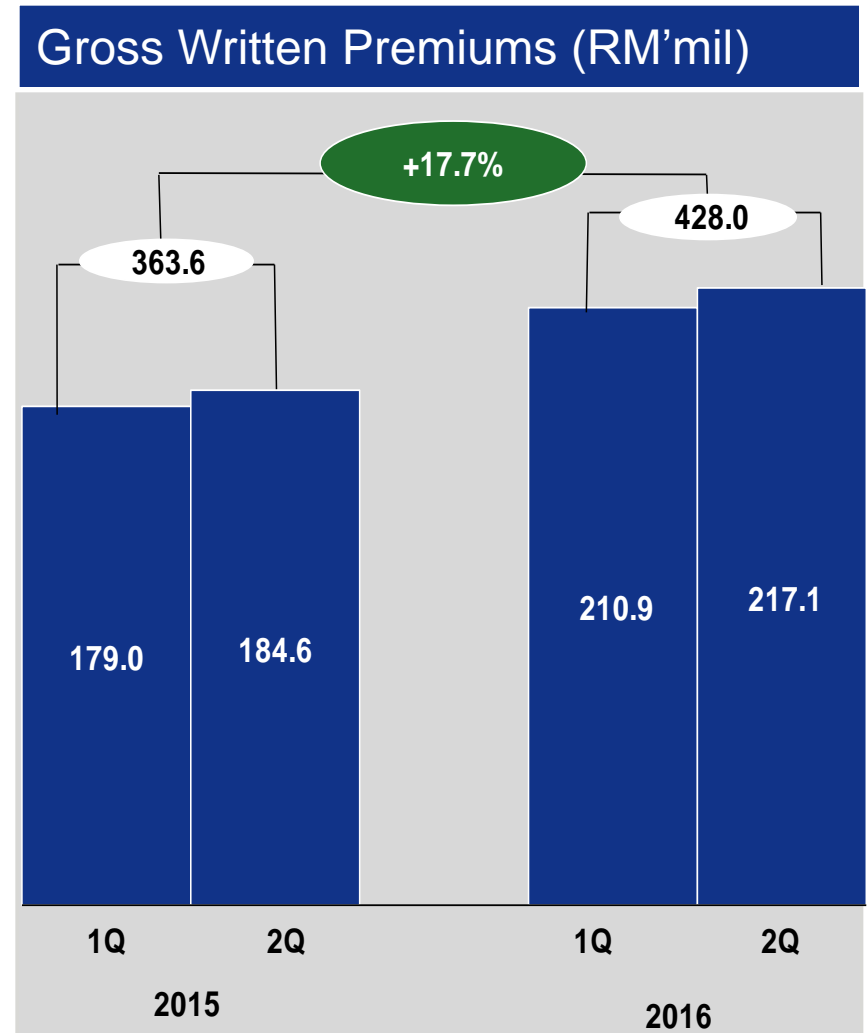
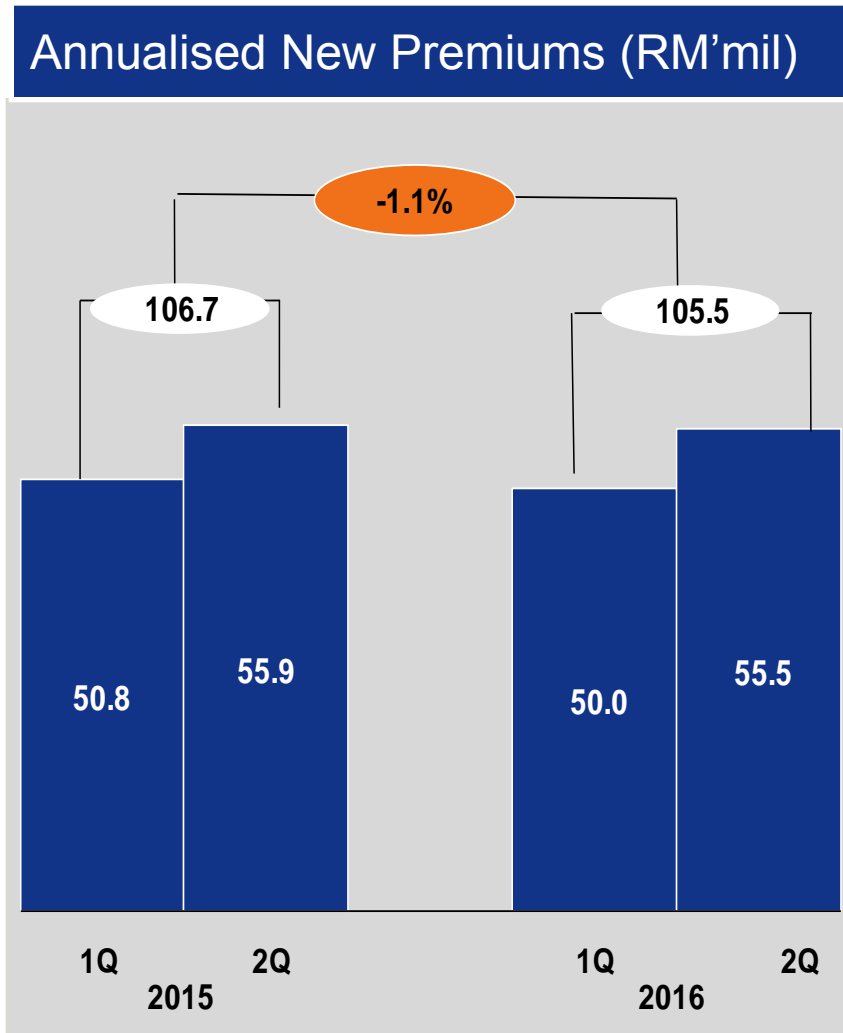
Agency Product Mix (%) (6M 2016)



Agency ANP Growth (%) (6M 2016)

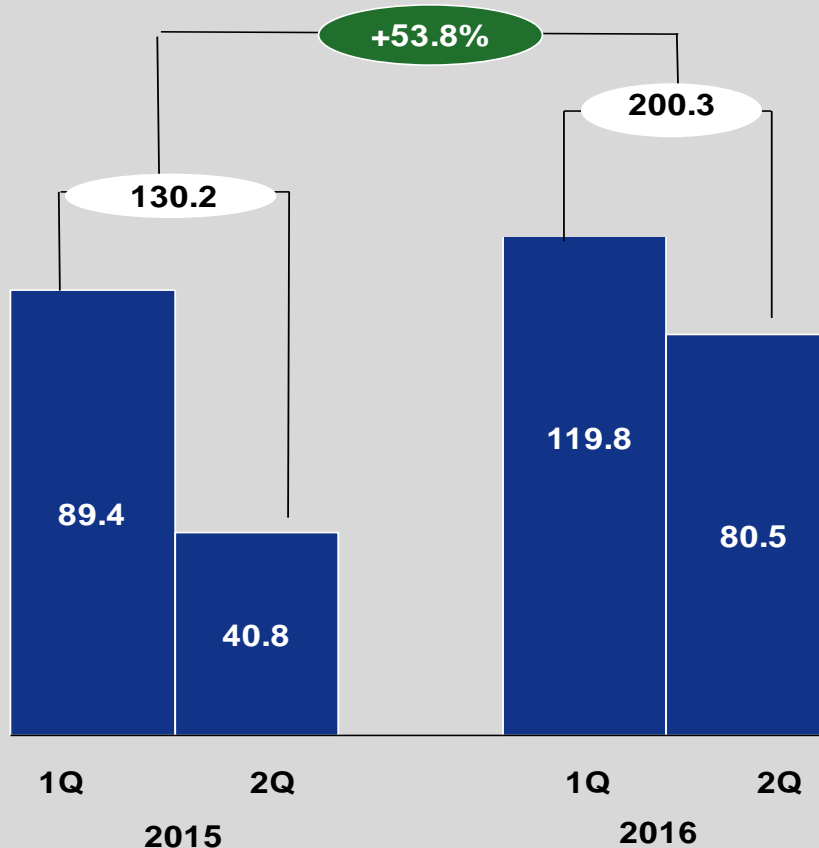


Life Business: Investment-Linked ANP detracted

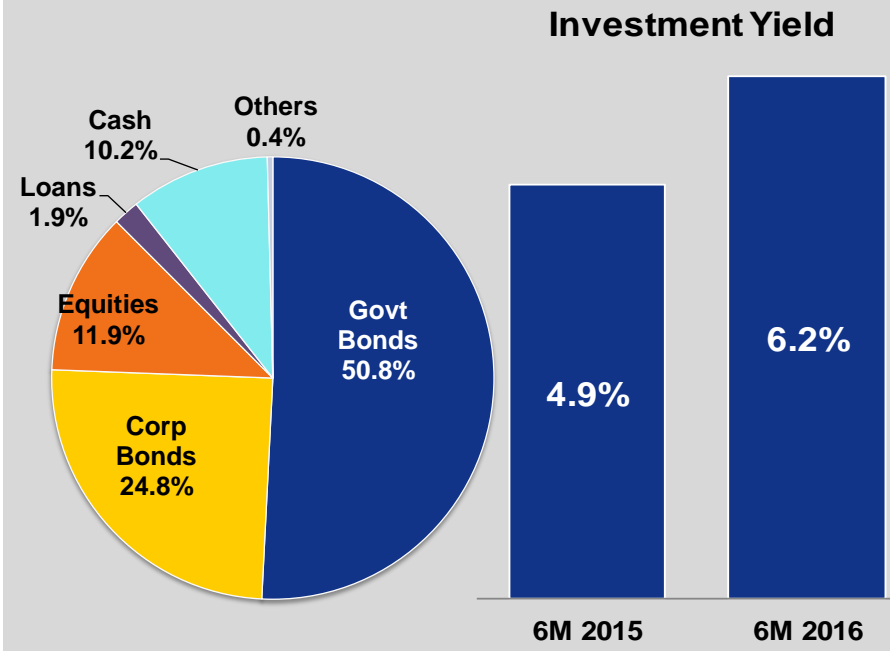


Life Business: Higher net investment results due to higher investment income and net realised gains

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	6M 2015	6M 2016	△16/15 %
Gross written premiums	933.1	1,026.3	10.0%
Premiums ceded to reinsurers	(79.6)	(73.6)	7.5%
Net earned premiums	853.5	952.7	11.6%
Net change in benefits and claims paid	(228.4)	(298.0)	(30.5%)
Net change in contract liabilities	(495.1)	(576.3)	(16.4%)
Management expenses	(69.1)	(85.0)	(23.0%)
Net fee and commission expenses	(161.6)	(176.5)	(9.2%)
Fair value gains and losses	0.3	49.3	>100%
Net investment results	159.4	194.7	22.1%
Net other operating expenses	(5.0)	(6.5)	(30.0%)
Profit before tax (after consolidation adjustment)	54.0	54.4	0.7%
Annualised new premiums	165.4	174.7	5.6%
Expense ratio (LF+SHF)	9.5%	10.8%	(1.3pts)
Local investment yield (LF+SHF)	4.9%	6.2%	1.3 pts
Lapse ratio (total company)	9.0%	10.6%	(1.6) pts
Persistency (13th month by premium)	81.4%	83.5%	2.1 pts

Thank You
for Your Attention

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