

Allianz Malaysia Berhad
(12428-W)

Financial Results
4Q 2016

Analyst Briefing
27 February 2017



*“Allianz is anchoring its
**customer-centric
orientation**, driving
digitalization forward and
committing to a
performance culture.”*

Source: 2016 Group CEO letter

Allianz Malaysia going digital

Building a digital ecosystem where customers can have **seamless access to Allianz products and services** across different distribution channels:

- Launched our **AtoZ customer mobile app** that has a **roadside assistance** function, **hospital geolocator**, as well as **online claims submission**
- End-to-end automation with **expert underwriting, ePolicy, mobile claims, etc.**
- Digitalising our agency force with our **digital submission** platform, **agent portal**, moving towards **e-payment**
- Establish **digital affinity and partnerships** to tap into a growing digital customer base

Our ultimate aim is to provide superior customer experience!

Fast Offer – Enhanced Road Warrior

Simple and fuss free quotation page

← → C <https://quote.allianz.com.my/onlinequote/enhanced-road-warrior> 1 300 88 1028 Mon-Fri 8.45AM - 5.45PM Login or Sign up

Allianz General Insurance | Business Insurance | Life Insurance | Claims | Customer Service | Allianz Online

1 Answer A Few Questions 2 Get Quote 3 Buy Now

Enhanced Road Warrior

Your best partner on the road

I am years old.

I would like **Free Car Replacement** for days in the event of an accident or car theft.

Back **Next**

1 Answer A Few Questions 2 Get Quote 3 Buy Now

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Enhanced Road Warrior

Your best partner on the road

	Recommended RM 104.94 per year Plan A ✓ Selected!	RM 189.74 per year Plan B <input type="radio"/> Select this plan!	RM 274.54 per year Plan C <input type="radio"/> Select this plan!
Free Car Replacement	5 days	6 days	7 days
Free Car Towing	Unlimited Towing Mileage	Unlimited Towing Mileage	Unlimited Towing Mileage
Personal Accident for driver and each passenger	RM 10,000	RM 50,000	RM 100,000
Taxi	Up to RM 60	Up to RM 60	Up to RM 60
Car Rental and Hotel Accommodation	Up to RM 400	Up to RM 400	Up to RM 400
Flood Coverage	Repairs up to RM1,500	Repairs up to RM1,500	Repairs up to RM1,500

Allianz Enhanced Road Warrior
Quotation Summary

Reference Number: QERW17022300049

Plan: Plan A

Premium: RM 99.00

Total Premium (inclusive 6% GST): RM 104.94

Stamp Duty: RM 10.00

Premium Payable RM 114.95

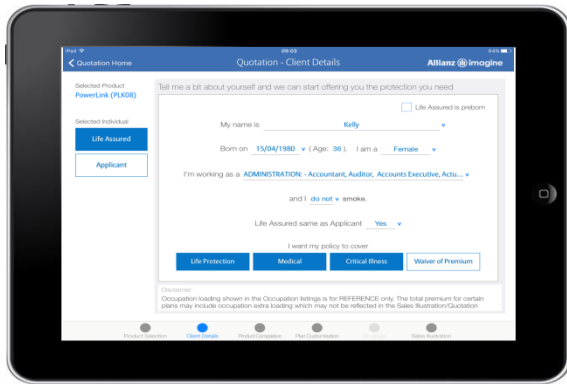
Purchase Now

Back Or choose an Agent to ask for advice

Customer can choose to purchase online

Or opt to be referred to a servicing Agent

Imagine Fast Quote



- ✓ Redesigned Client Details screen for a more simplified data collection. *(Client Details screen is implemented for all products)*
- ✓ User to pre-define which category of riders to be included in the packages



- New Product Comparison screen!
- ✓ 3 plan packages will be displayed according to customer info
- ✓ Option to customized plan if the plans are not suitable
- ✓ Info button to display all the Sales Materials



New screen design to customise your plan!

List of digital partners

6 signed up, 25 in negotiation, and more to come

<p>ICT</p>	<p>Parking App</p>	<p>Ride-sharing Car-sharing</p>	<p>Financial Marketplace</p>	<p>Property & Rental Marketplace</p>
<p>Workshop Aggregator</p>	<p>Car Marketplace</p>	<p>e-Commerce Marketplace</p>	<p>Insurance Marketplace</p>	<p>Service Marketplace</p>
<p>Transportation</p>	<p>Payment</p>	<p>P2P Insurance Platform</p>	<p>Others</p>	

Digital partners signed up:

- ParkEasy (Oct 2016)
- RecomN (Oct 2016)
- Speedrent (Jan 2017)
- Fatfish (Apr 2017)

Lead generators:

- CarSome (Oct 2016)
- Property Guru (Oct 2016)



1

AMB Group Results

Steady Growth



Operating revenue

- Group operating revenue of RM4.68 billion, an increase of 3.5% as compared to corresponding period of RM4.52 billion due to higher gross earned premiums and investment income by RM94.7 million and RM64.7 million respectively.
- General business recorded an operating revenue of RM2.24 billion, a decrease of 1.5% compared to corresponding period of RM2.28 billion.
- Life business recorded an operating revenue of RM2.42 billion, an increase of 8.7% compared to corresponding period of RM2.23 billion.

Profitability

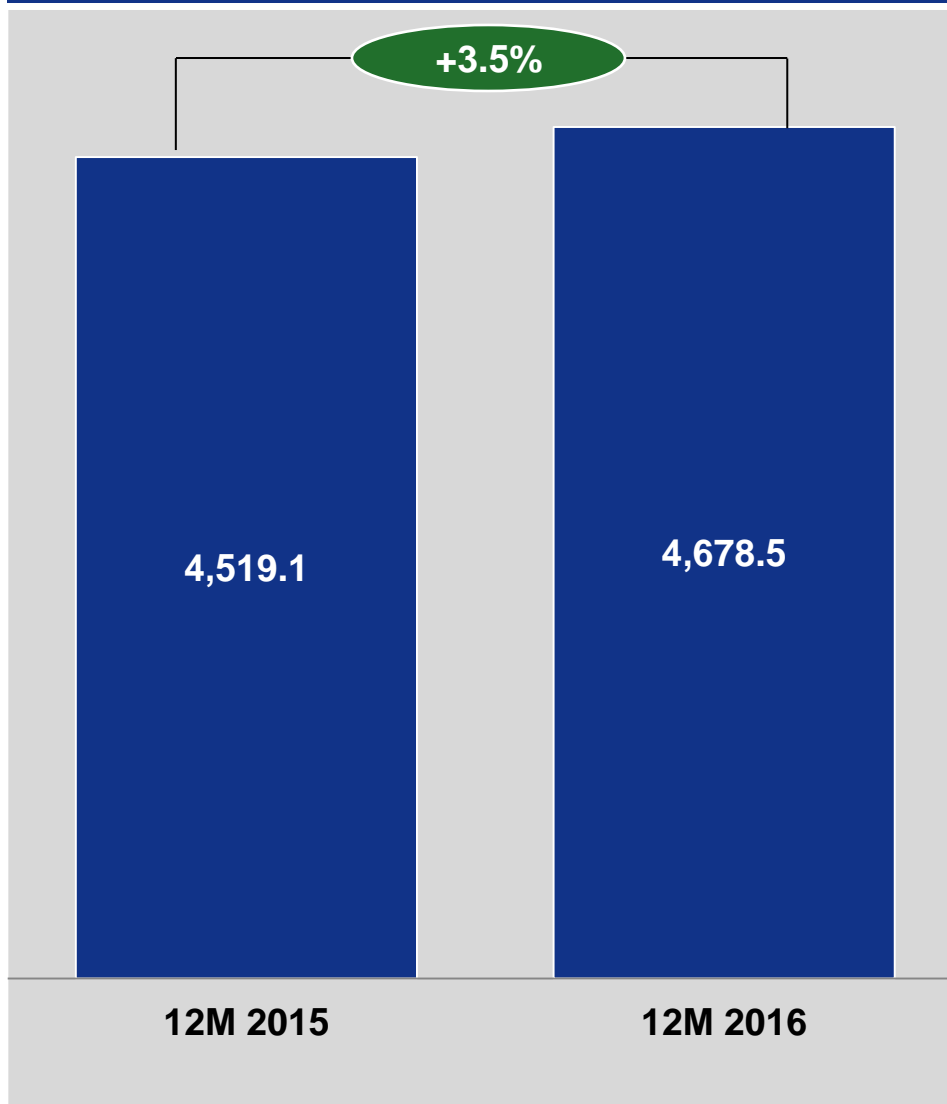
- Group profit before tax of RM454.6 million increased by 3.7% compared to corresponding period of RM438.2 million.
- General business contributed a profit before tax of RM320.5 million (12M 2015: RM322.3 million).
- Life insurance operations recorded a profit before tax of RM138.4 million (12M 2015: RM116.6 million).

Basic earnings per ordinary share

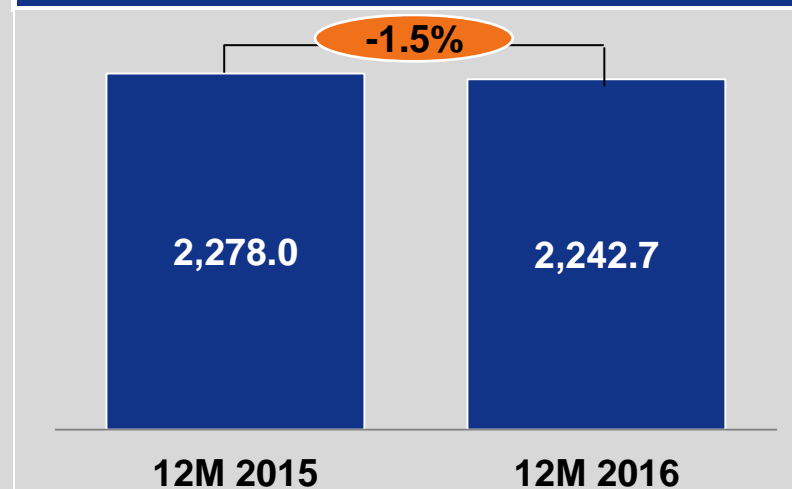
- Basic earnings per ordinary share (before dilution) at 182.27 sen (12M 2015: 183.08 sen).
- Basic earnings per ordinary share (after dilution) at 90.80 sen (12M 2015: 89.37 sen).

Financial Highlights 12M 2016

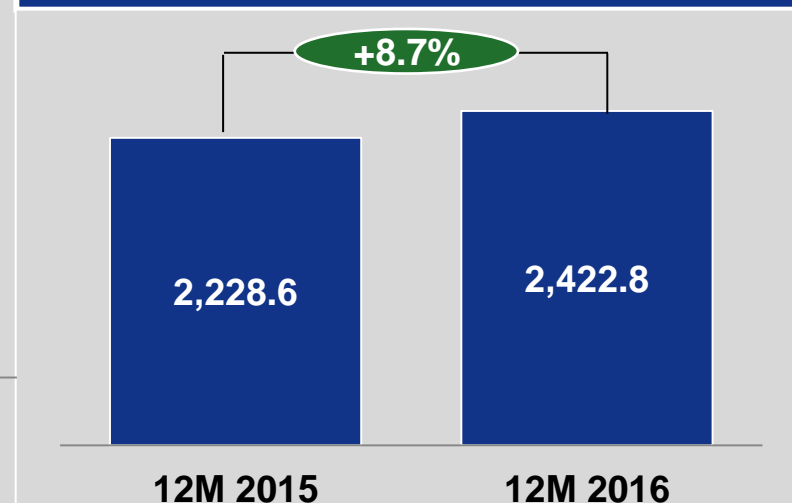
Group Operating Revenue (RM'mil)



General Business (RM'mil)

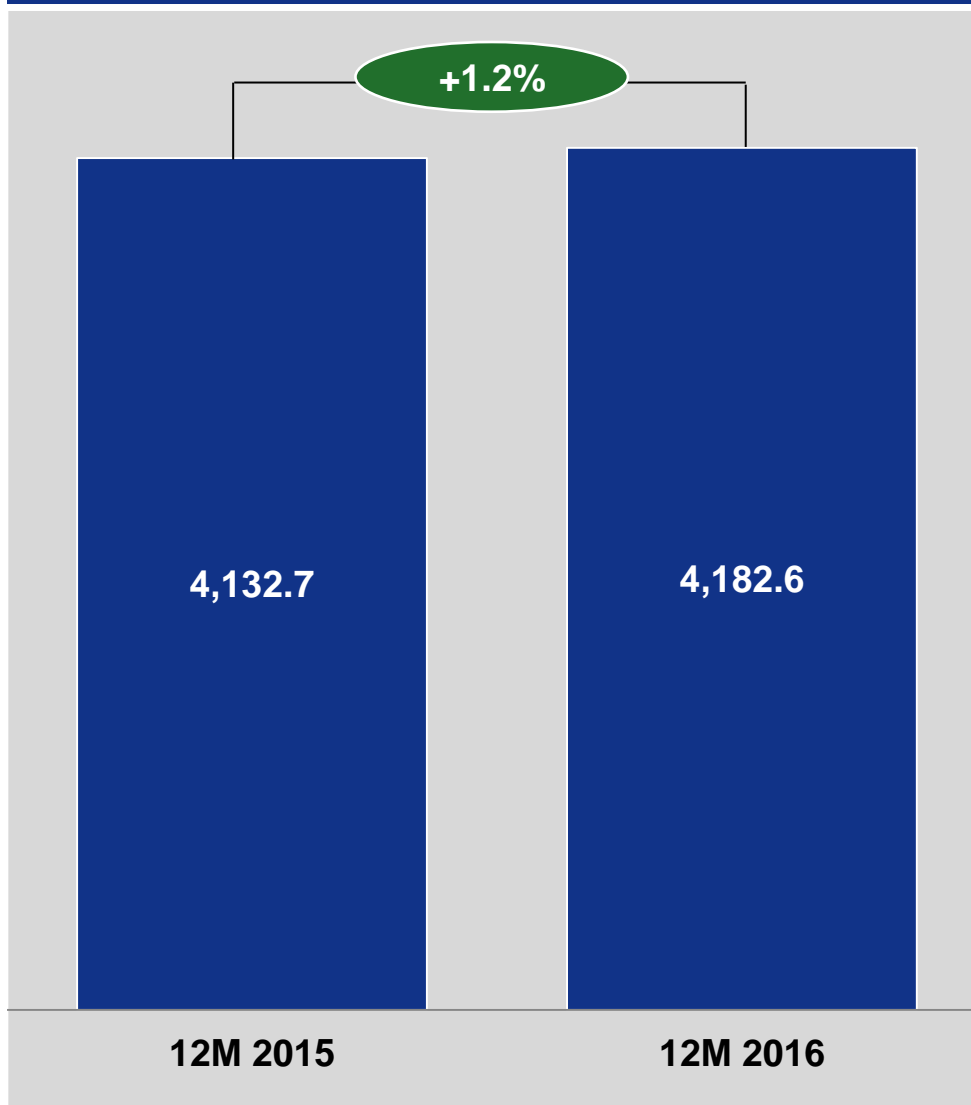


Life Business (RM'mil)

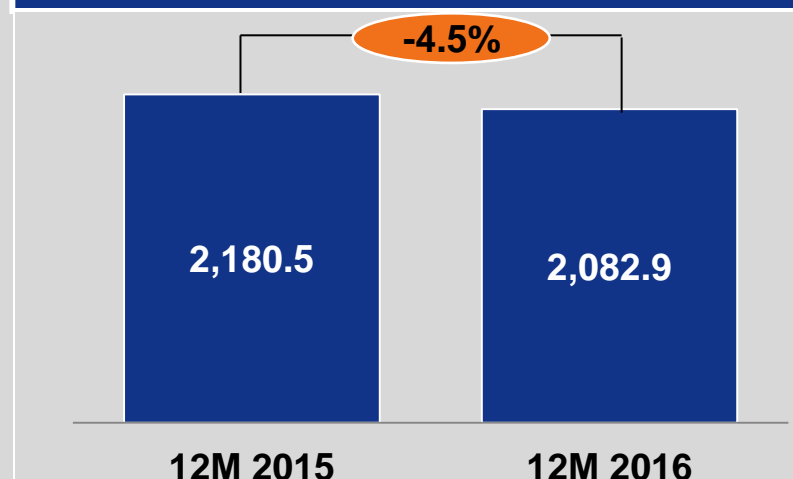


Financial Highlights 12M 2016

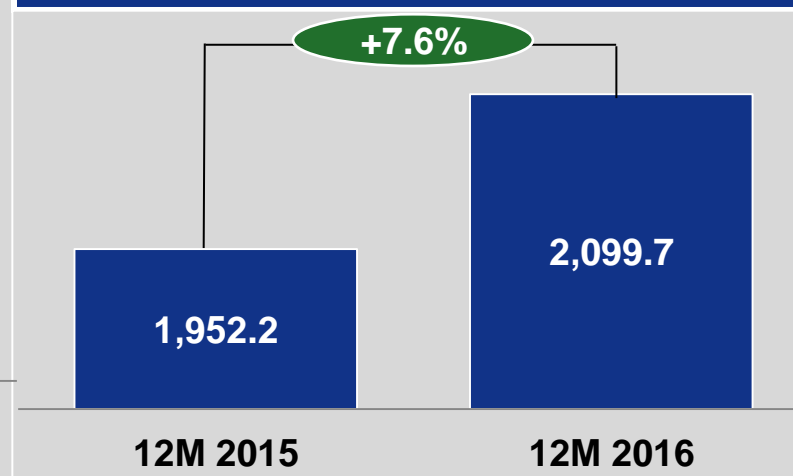
Group Gross Written Premiums (“GWP”) (RM’mil)



General Business (RM'mil)

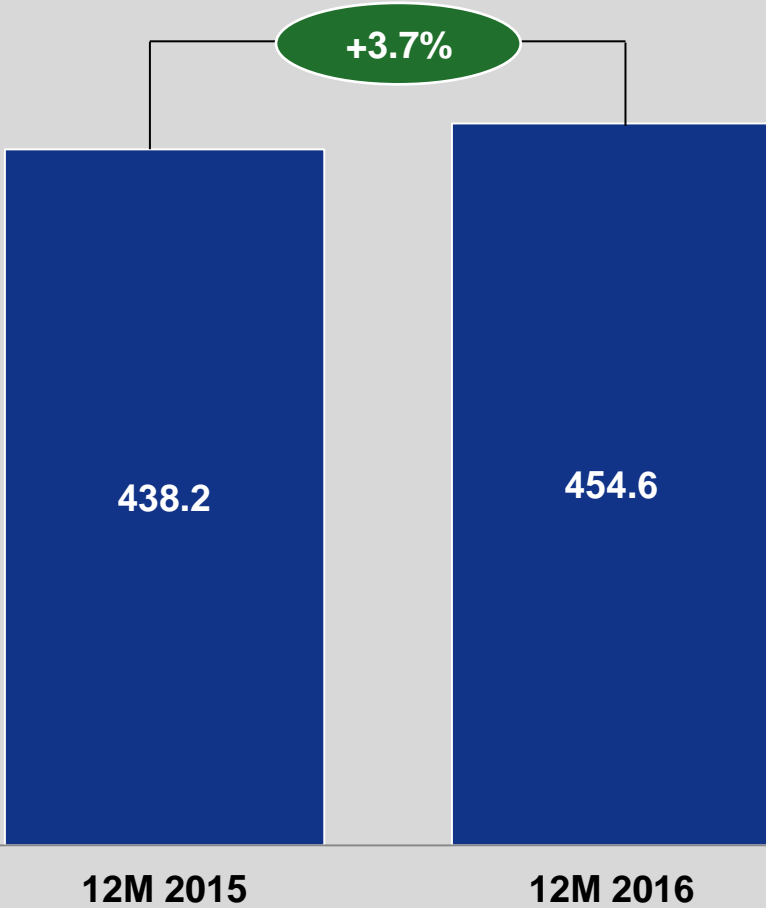


Life Business (RM'mil)

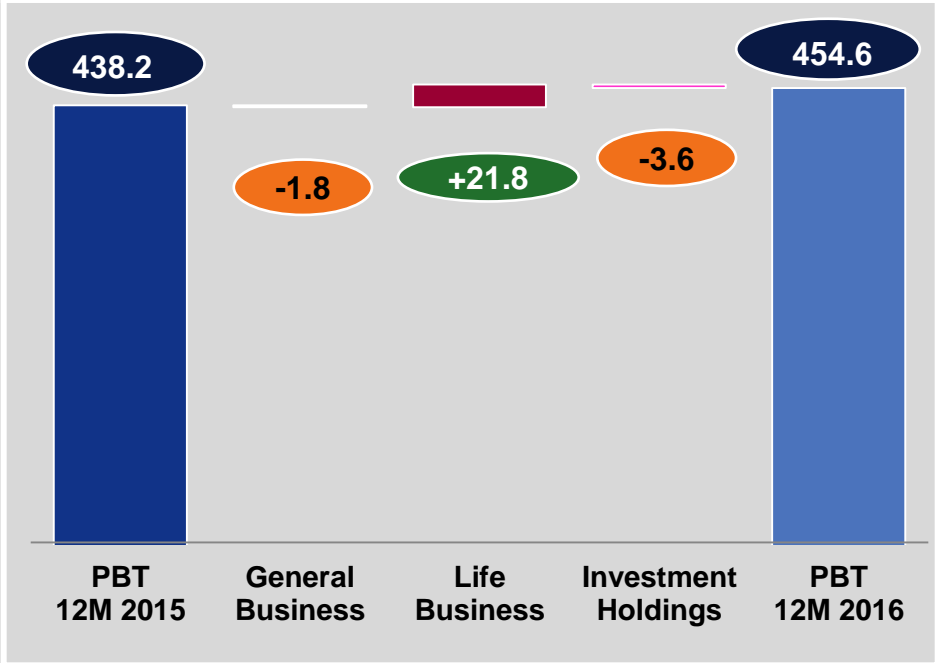


Financial Highlights 12M 2016

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



	General Business	Life Business	Investment Holdings	PBT 12M 2016
12M 2015	322.3	116.6	(0.7)	438.2
12M 2016	320.5	138.4	(4.3)	454.6
Change	(1.8)	21.8	(3.6)	16.4
Change (%)	(0.6%)	18.7%	>100%	3.7%

Financial Overview

RM'mil	2013	2014	2015	2016	3 YEAR CAGR
Gross Written Premiums	3,578.5	3,968.2	4,132.7	4,182.6	5.3%
Management Expenses	400.0	436.0	464.8	513.2	8.7%
Expense Ratio (Non Life)	17.9%	17.3%	16.9%	17.4%	0.5 pts
Expense Ratio (Life) ¹	10.6%	10.3%	9.9%	11.3%	(0.7) pts
Local Consolidated PBT	339.2	423.5	438.2	454.6	10.3%
Total Assets	10,758.8	12,176.1	13,617.4	14,912.4	11.5%
Shareholders' Equity	2,024.2	2,289.8	2,621.3	2,879.5	12.5%
Basic earnings per ordinary share (sen)	149.24	178.49	183.08	182.27	6.9%
Diluted earnings per ordinary share (sen)	58.94	85.89 ²	89.37	90.80	15.5%

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

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

Summary of Audited Financial Results

RM'mil	12M 2015	12M 2016	△16/15 %
Operating revenue	4,519.1	4,678.5	3.5%
Gross earned premiums	4,088.1	4,182.8	2.3%
Premiums ceded to reinsurers	(583.8)	(492.3)	15.7%
Net earned premiums ("NEP")	3,504.3	3,690.5	5.3%
Net change in benefits and claims paid ("Claim")	(1,281.2)	(1,660.3)	(29.6%)
Net change in contract liabilities ("Reserve")	(1,188.4)	(1,017.6)	14.4%
Management expenses ("ME")	(464.8)	(513.2)	(10.4%)
Net fee and commission expense	(543.1)	(560.8)	(3.3%)
Fair value gains and losses	(55.7)	(27.3)	51.0%
Net investment results	479.3	556.6	16.1%
Net other operating expenses	(12.2)	(13.3)	(9.0%)
Profit before tax	438.2	454.6	3.7%
Tax expense	(129.4)	(142.5)	(10.1%)
Profit after tax	308.8	312.1	1.10%
ME / NEP ratio	13.3%	13.9%	(0.6 pts)
Claim & Reserve / NEP ratio	70.5%	72.6%	(2.1 pts)



2

General Business

General Business



Gross written premiums

- Lower gross written premiums due to lower car sales.

Combined ratio

- Combined ratio maintained at 90%.

Net investment results

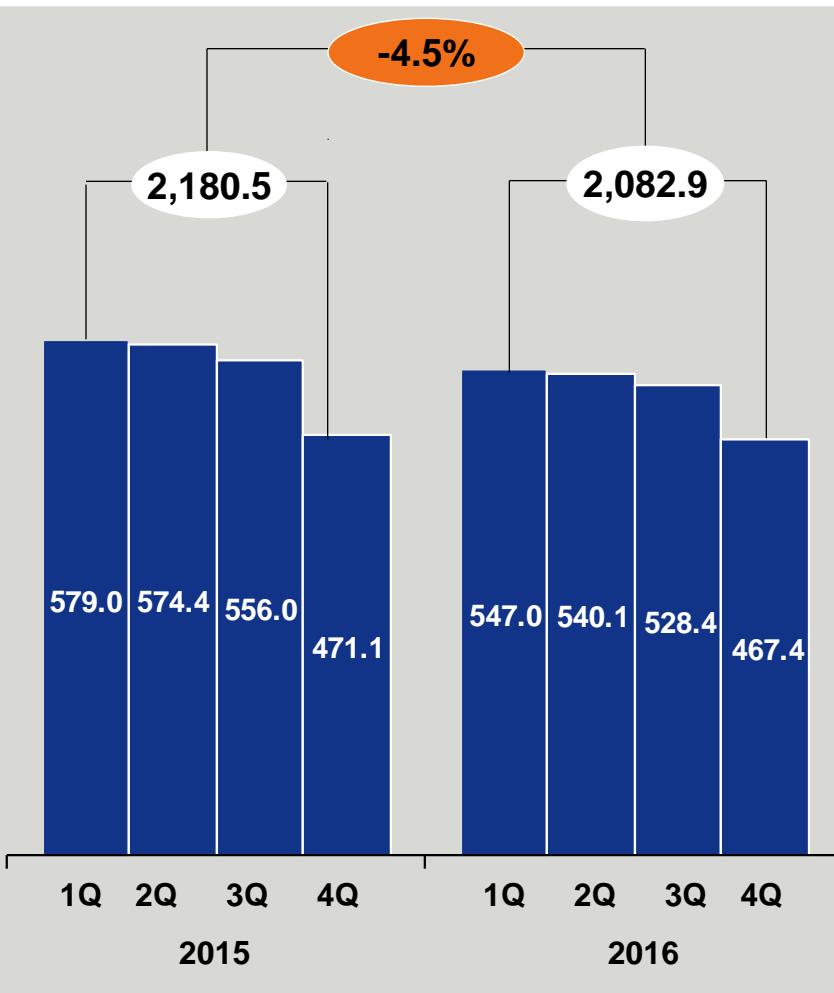
- Higher investment income.

Profitability

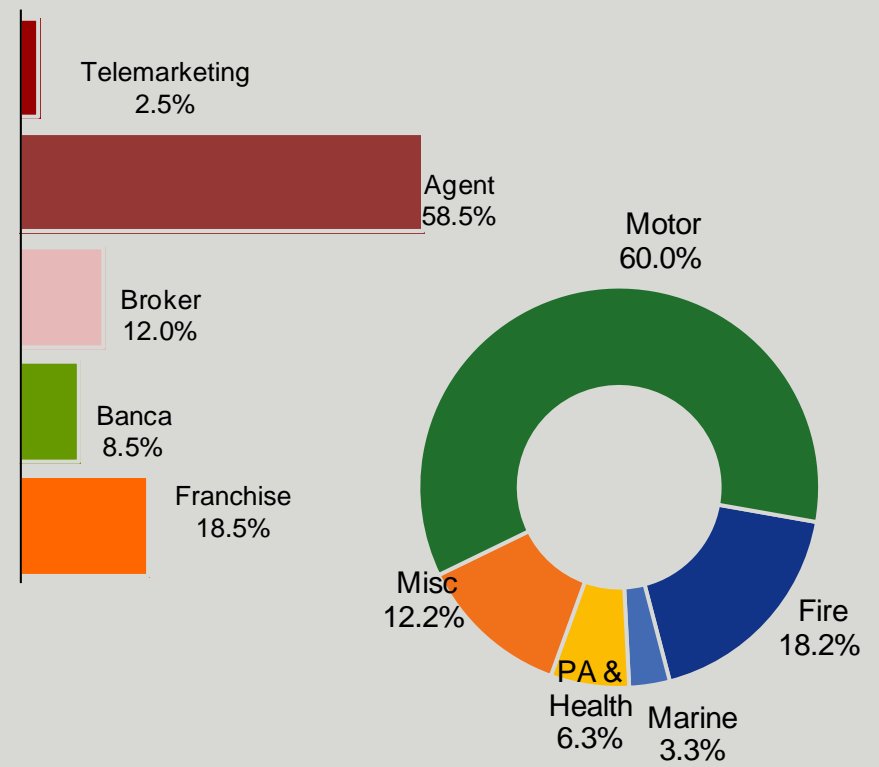
- Lower profit due to lower underwriting results.

General Business: GWP is 4.5% lower than prior year

Gross Written Premiums (RM'mil)

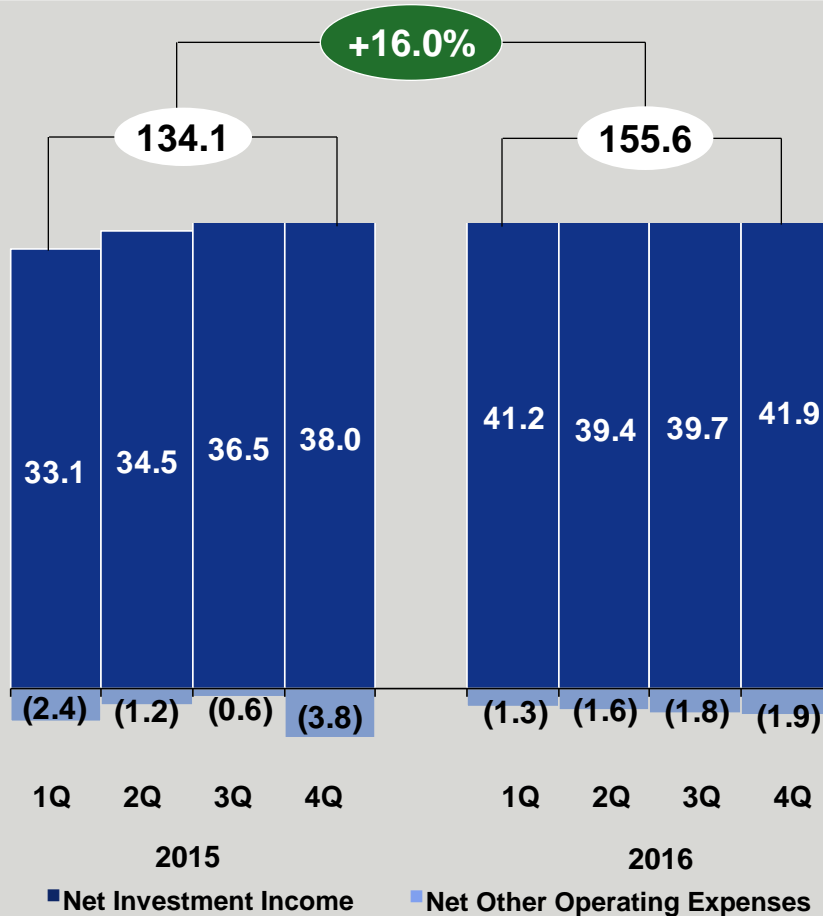


Distribution Channel & Portfolio Mix



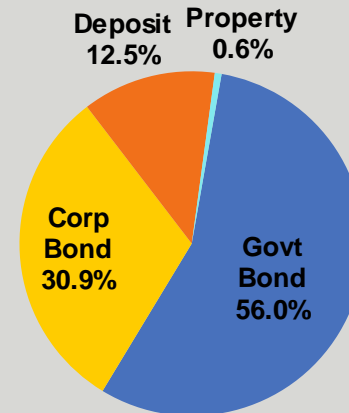
General Business: Stable growth in investment income

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

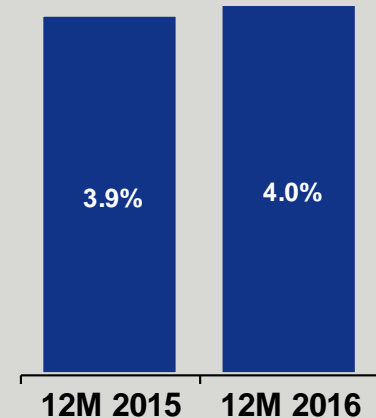


Portfolio Mix and Investment Yield (Annualized)

Portfolio Mix

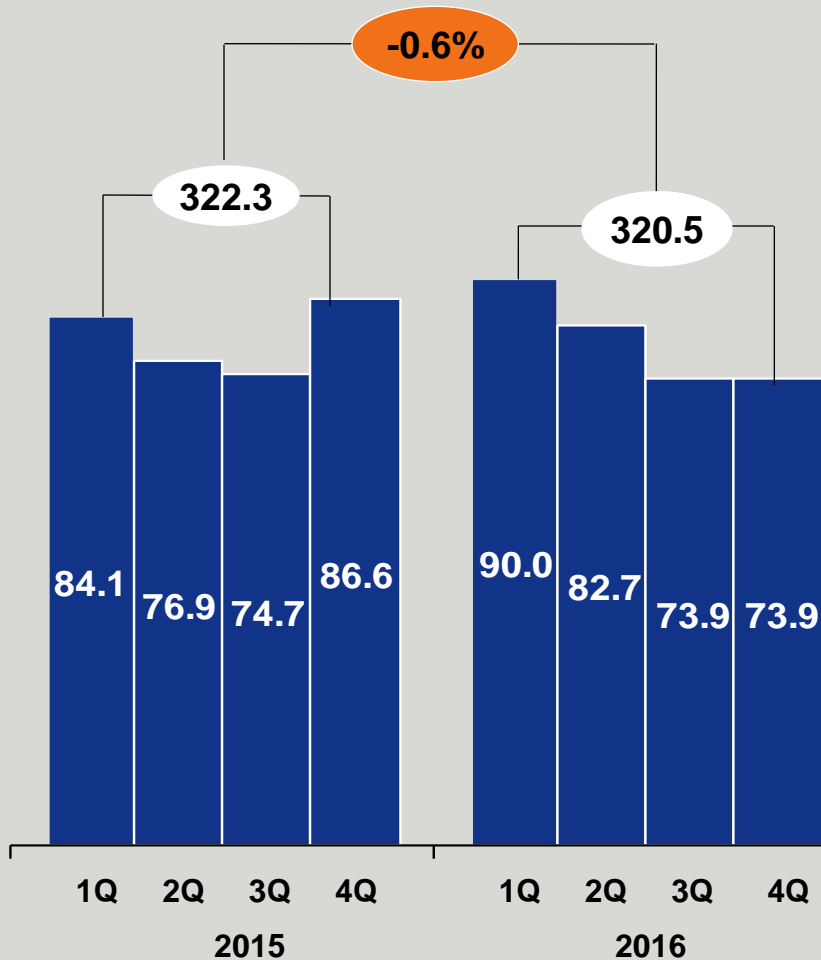


Investment Yield

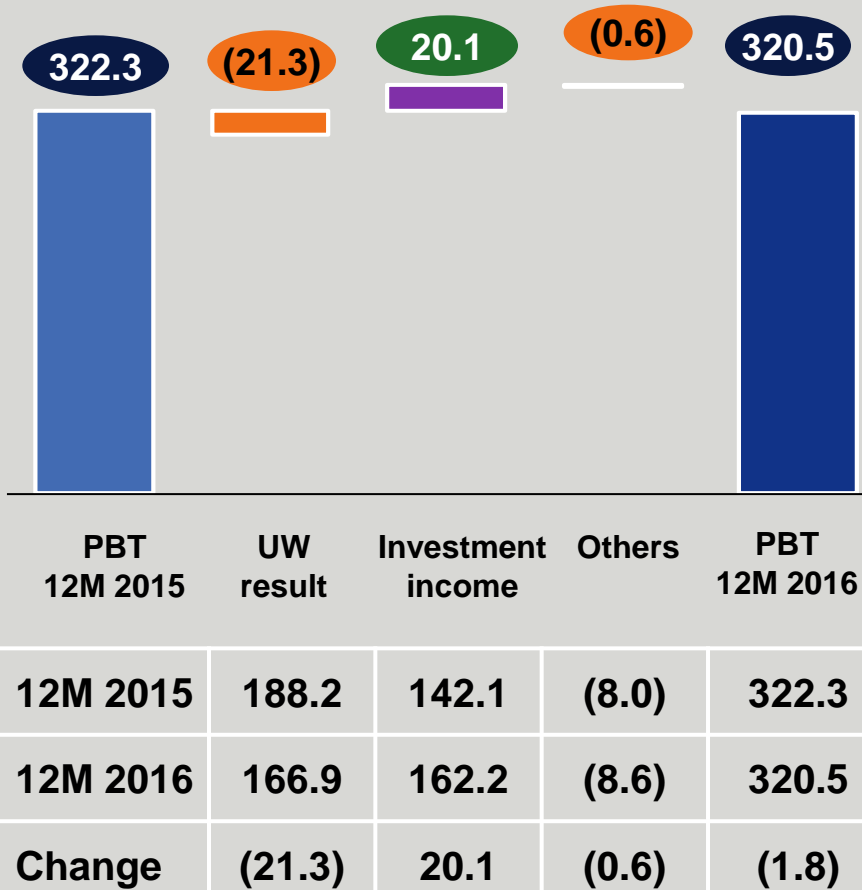


General Business: Lower PBT due to lower underwriting profit

Profit Before Tax (RM'mil)

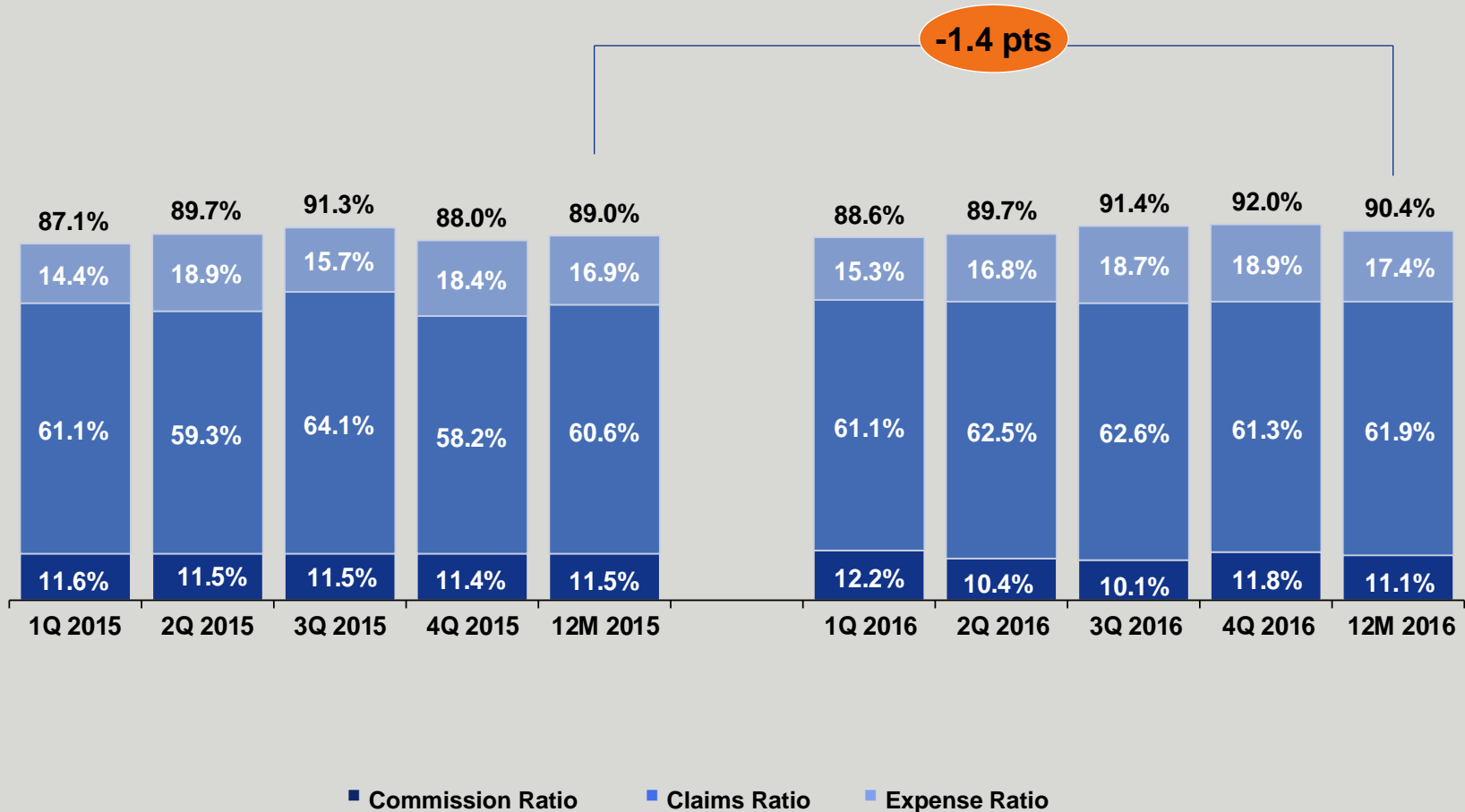


PBT Drivers (RM'mil)



General Business: Combined ratio maintained at 90%

Combined Ratio



General Business: Financial results at a glance

RM'mil	12M 2015	12M 2016	△16/15 %
Gross written premiums	2,180.5	2,082.9	(4.5%)
Gross earned premiums	2,136.0	2,083.1	(2.5%)
Net earned premiums	1,716.2	1,743.0	1.6%
Net change in claims incurred	(1,041.3)	(1,078.2)	(3.5%)
Management expenses	(289.5)	(303.6)	(4.9%)
Net fee and commission expenses	(197.2)	(194.3)	1.5%
Underwriting result	188.2	166.9	(11.3%)
Net investment results	142.1	162.2	14.2%
Fair value loss	-	(2.0)	<100.0%
Net other operating expenses	(8.0)	(6.6)	17.5%
Profit before tax (after consolidation adjustment)	322.3	320.5	(0.6%)
Commission ratio	11.5%	11.1%	0.4 pts
Claims ratio	60.6%	61.9%	(1.3 pts)
Expense ratio	16.9%	17.4%	(0.5 pts)
Combined ratio	89.0%	90.4%	(1.4 pts)



3

Life Business

Life Business



Gross written premiums

- Gross written premiums grew by 7.6%.

Distribution

- Continued focus on Agency productivity.
- Bancassurance recorded a strong growth of 23.8%.

Product mix

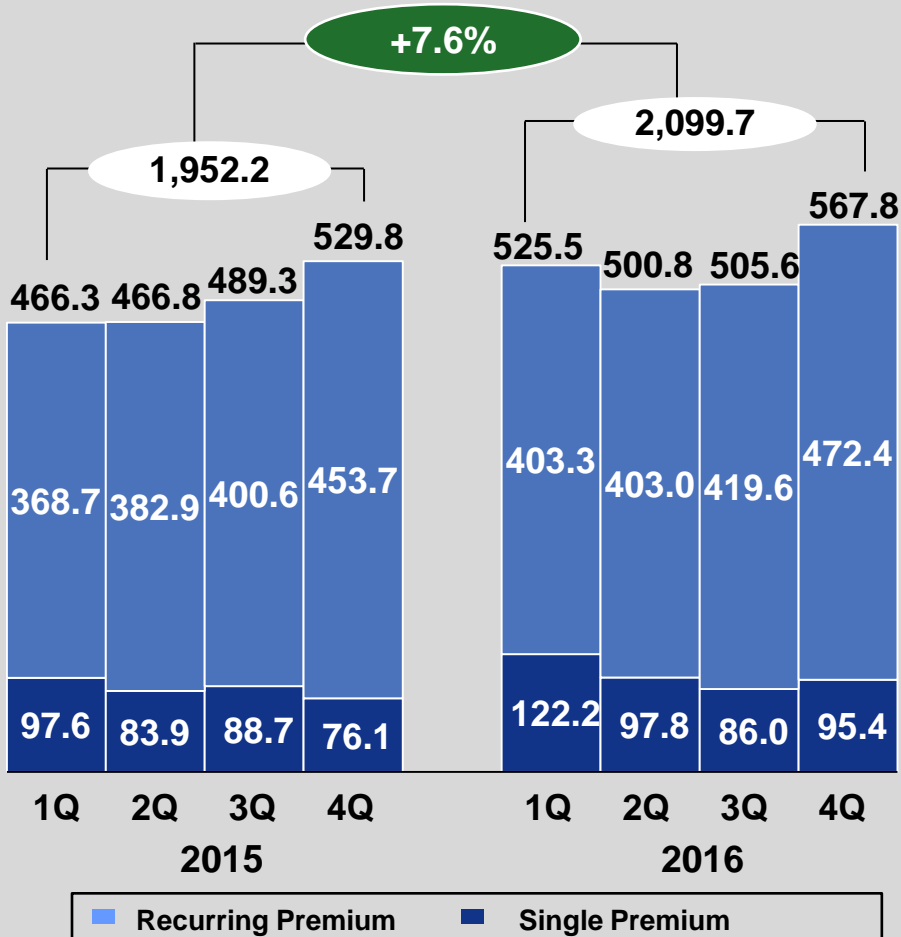
- Remain focus on sales of investment-linked products with protection rider which yield higher margins.
- Investment-Linked ANP and GWP grew by 7.8% and 17.2% respectively.
- 76.7% of Agency new business derived from Investment-Linked business.

Profitability

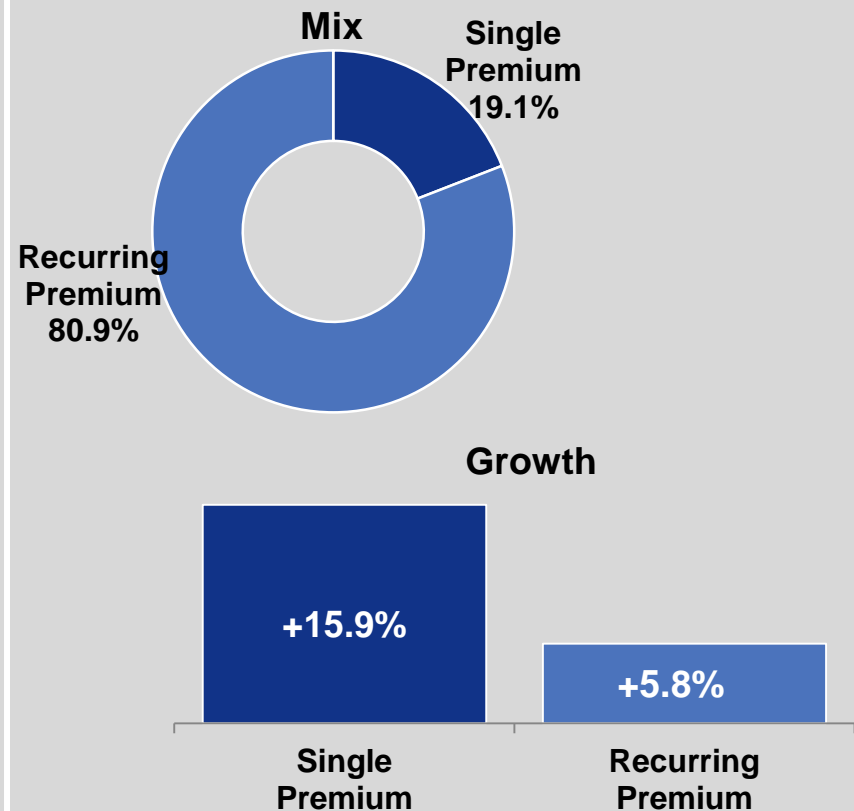
- Profit before tax increased by 18.7% mainly due to higher contribution from protection business.
- New business value after overrun increase by 45.2%.

Life Business: Growth in GWP mainly from Agency and Bancassurance

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

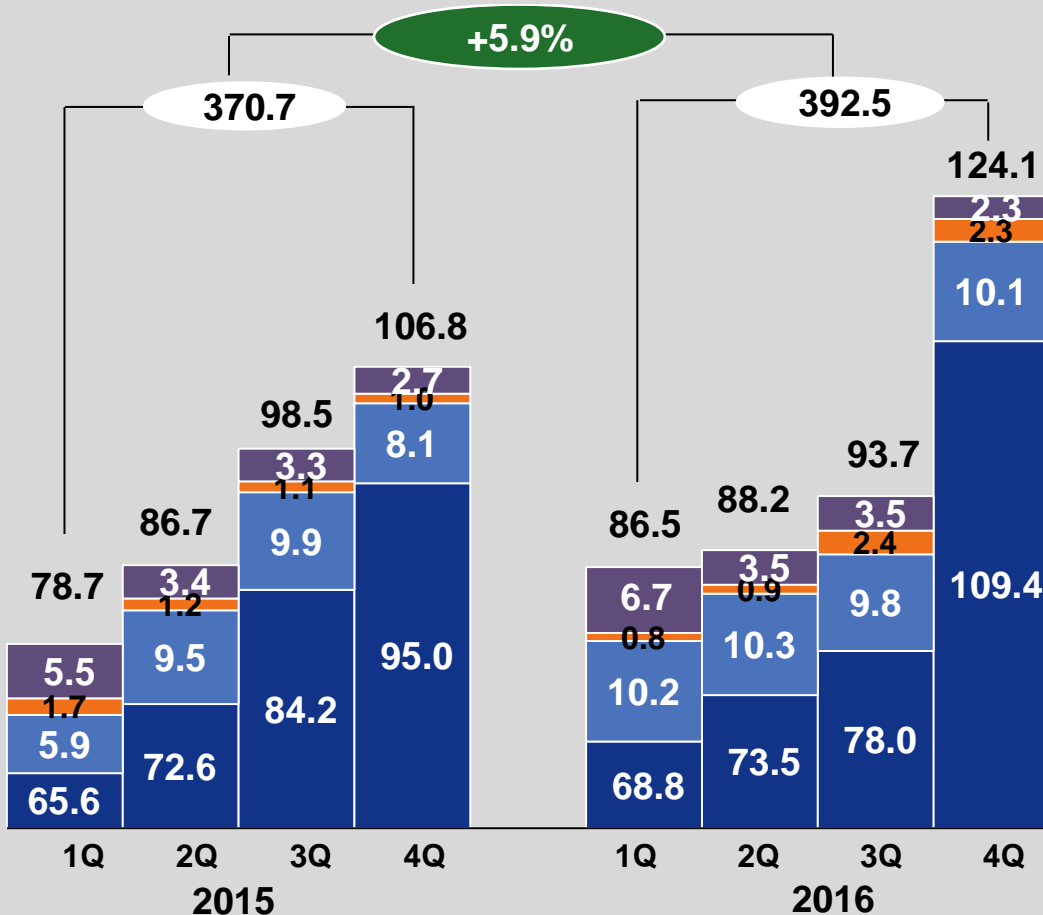


GWP Mix & Growth (%) (12M 2016)

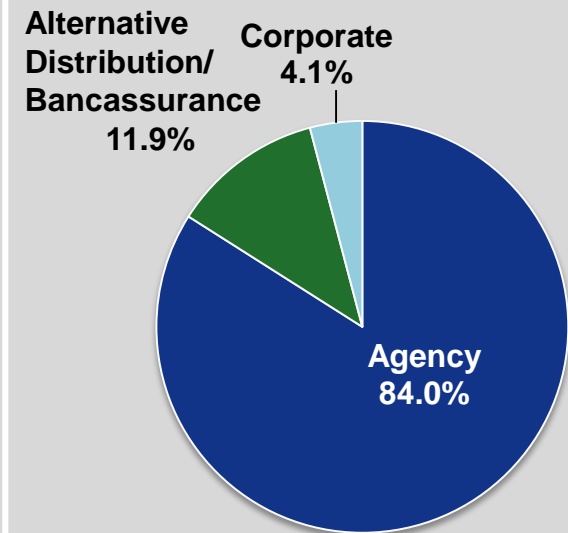


Life Business: Growth in new business driven by Agency and Bancassurance

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



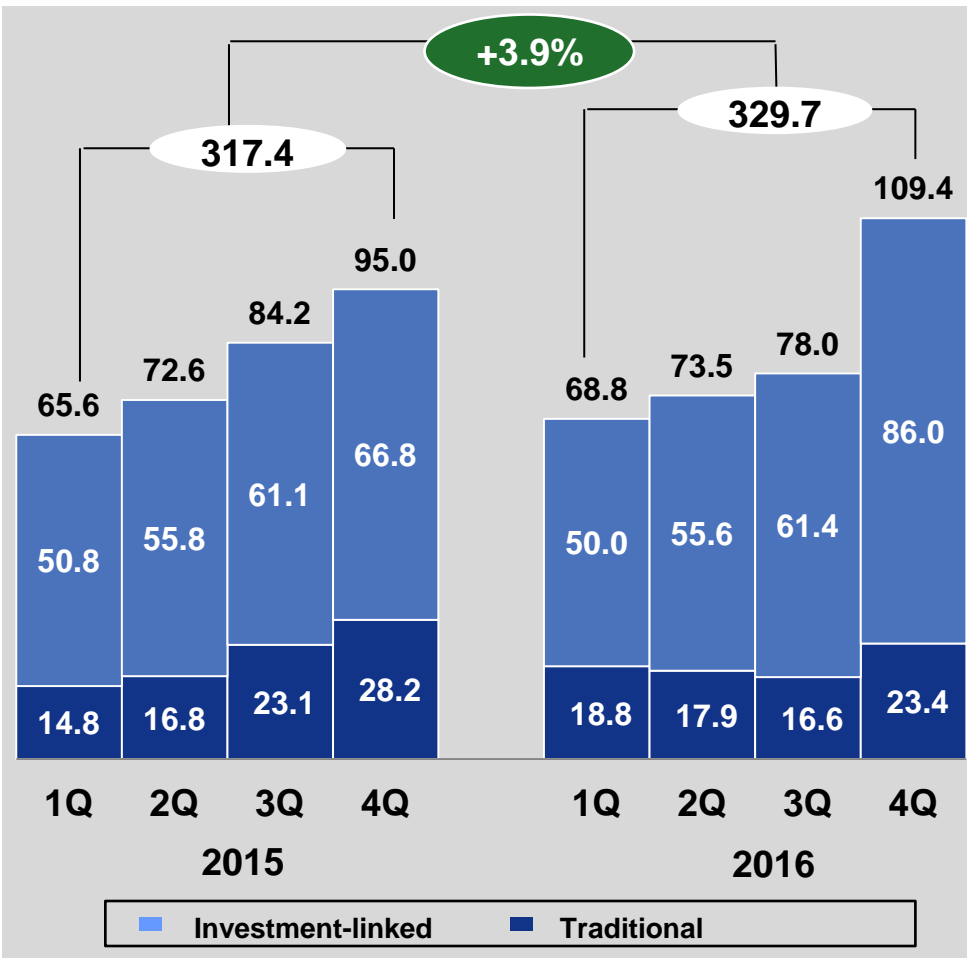
ANP Channel Mix (%) (12M 2016)



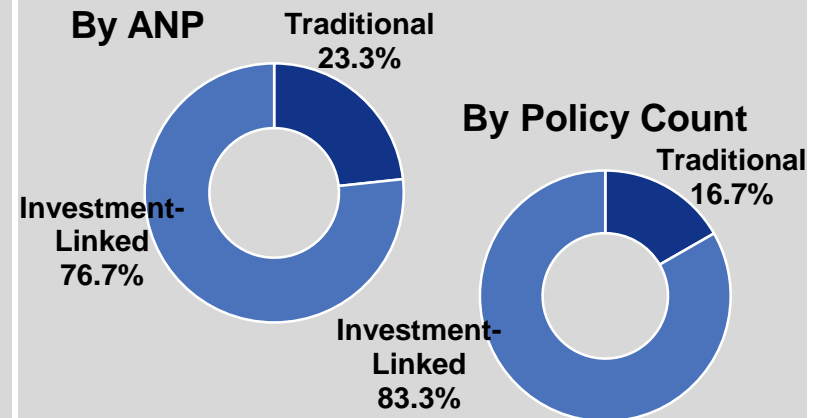
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

Life Business: Continue focus on profitable regular Investment-Linked products

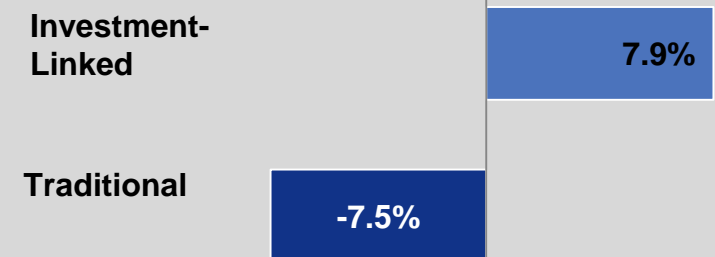
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (12M 2016)

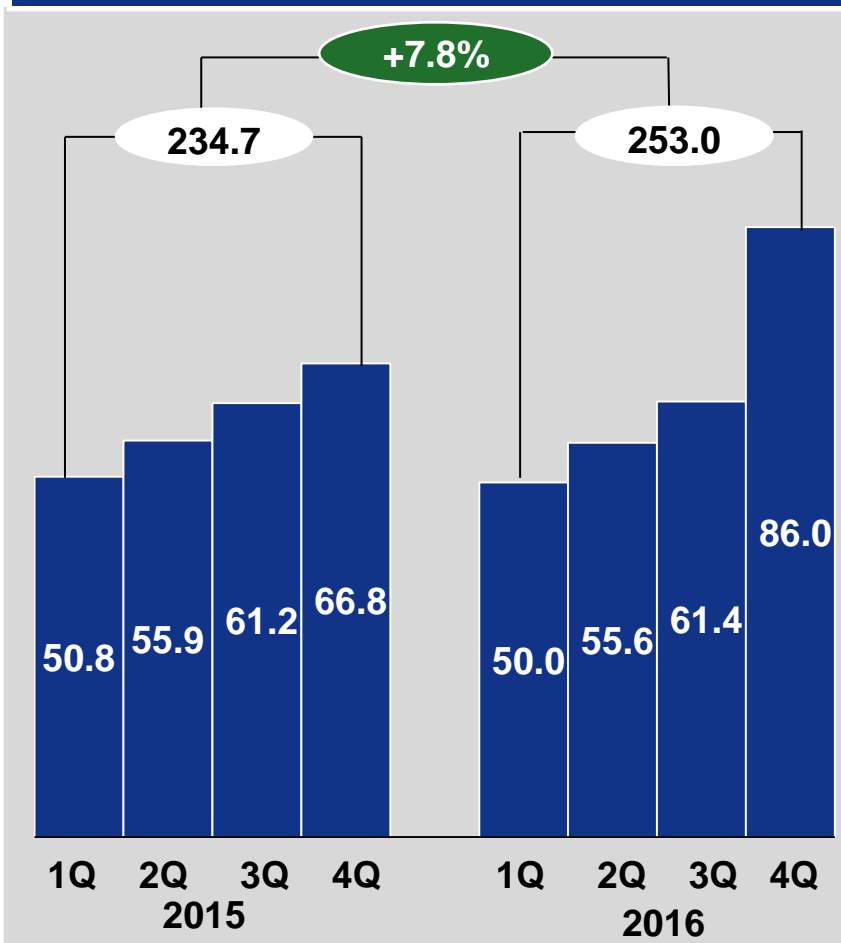


Agency ANP Growth (%) (12M 2016)

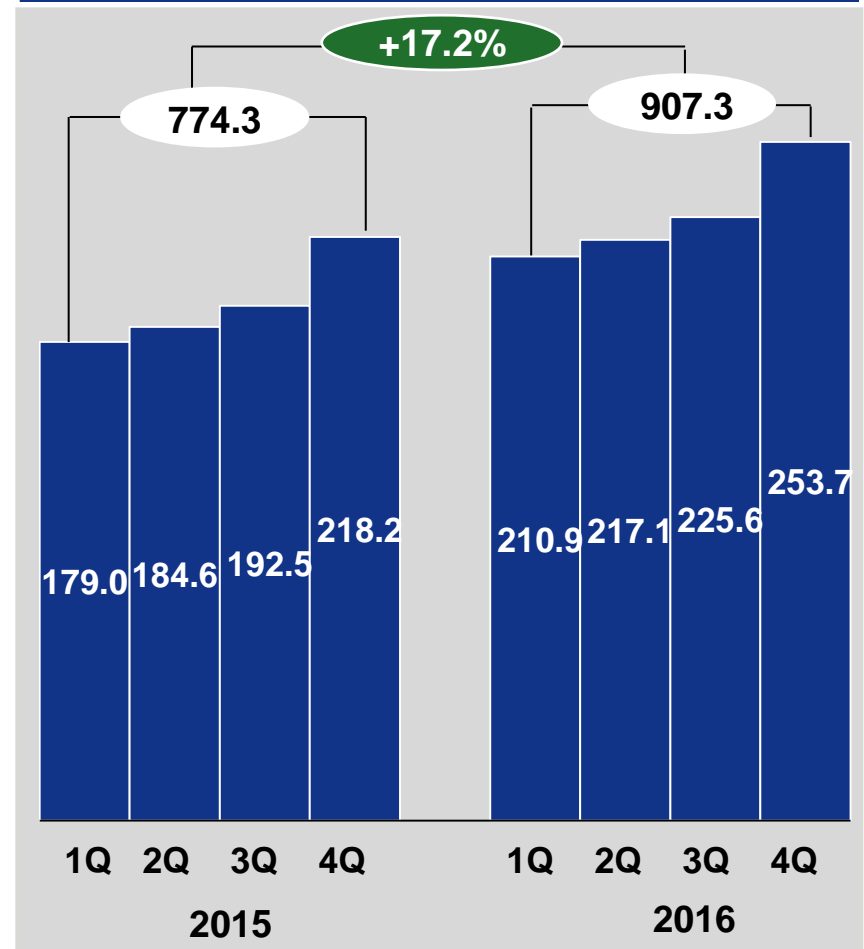


Life Business: Investment-Linked sales continue to grow

Annualised New Premiums (RM'mil)

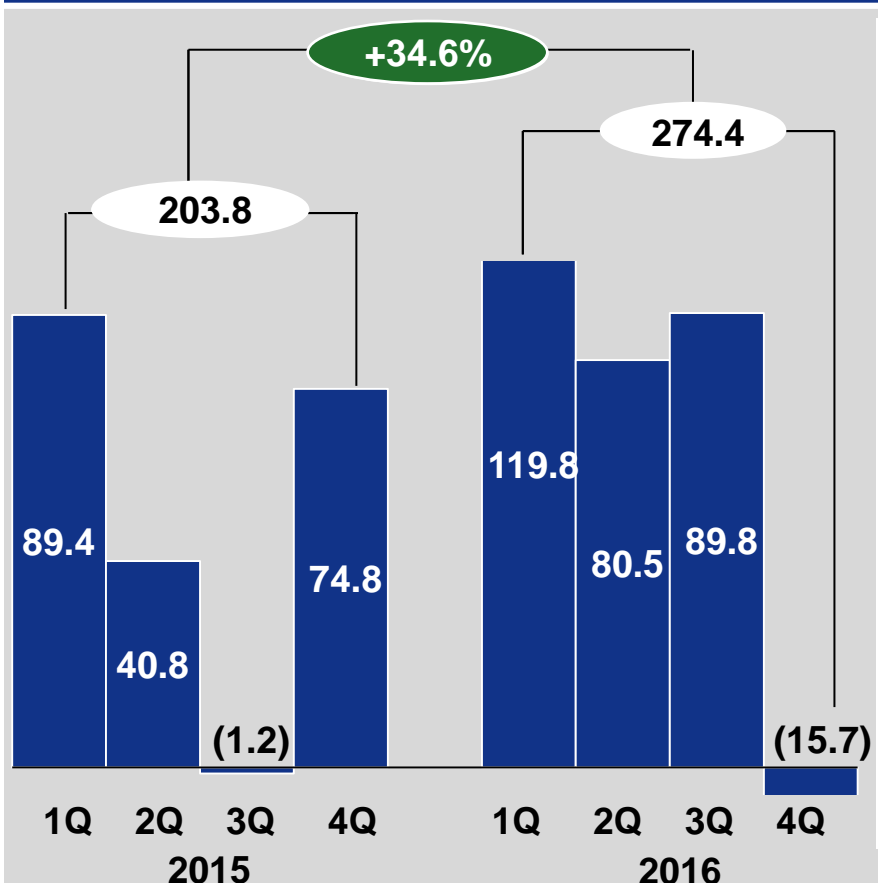


Gross Written Premiums (RM'mil)

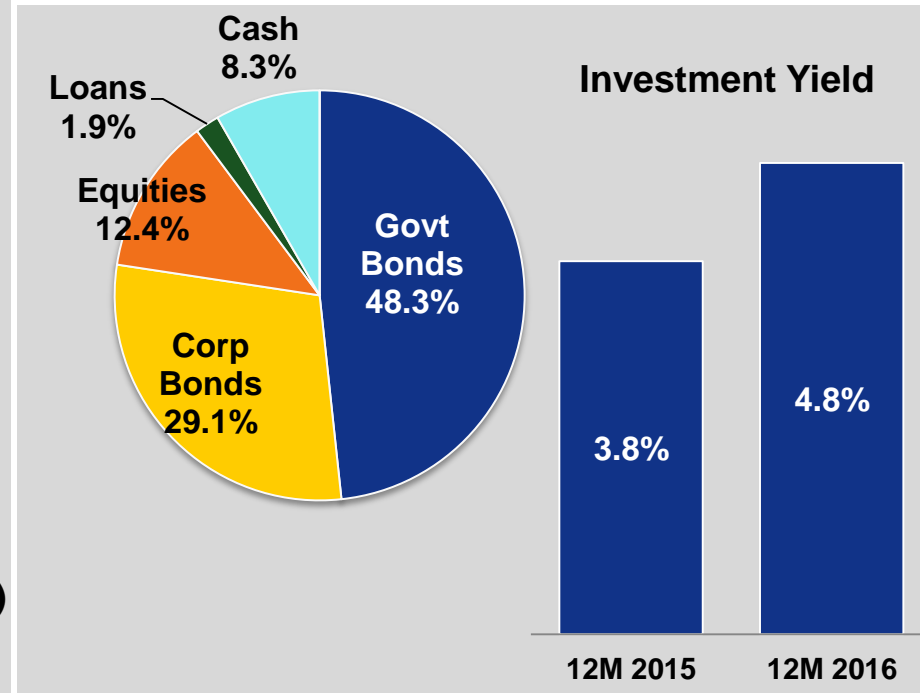


Life Business: Higher net investment results due to higher investment income, net realised gains and lower impairment and fair value losses

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	12M 2015	12M 2016	△16/15 %
Gross written premiums	1,952.2	2,099.7	7.6%
Premiums ceded to reinsurers	(164.0)	(152.2)	7.2%
Net earned premiums	1,788.2	1,947.5	8.9%
Net change in benefits and claims paid	(492.4)	(646.5)	(31.3%)
Net change in contract liabilities	(936.0)	(953.2)	(1.8%)
Management expenses	(156.7)	(189.3)	(20.8%)
Net fee and commission expenses	(346.0)	(366.5)	(5.9%)
Fair value gains and losses	(55.7)	(25.2)	54.8%
Net investment results	324.7	381.2	17.4%
Net other operating expenses	(9.5)	(9.6)	(1.1%)
Profit before tax (after consolidation adjustment)	116.6	138.4	18.7%
Annualised new premiums	370.7	392.5	5.9%
Expense ratio (LF+SHF)	9.9%	11.3%	(1.4 pts)
Local investment yield (LF+SHF)	3.8%	4.8%	1.0 pts
Lapse ratio (total company)	9.5%	11.8%	(2.3 pts)
Persistency (13th month by premium)	81.4%	85.0%	3.6 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.

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