

## AmG Insurance Berhad to acquire Kurnia Insurans (Malaysia) Berhad for RM1.55 billion

- **AmBank Group will become No.1 in General and Motor Insurance, creating Malaysia's largest general insurer with over RM1.7 billion gross written premium**
- **Customers and business partners to have access to AmBank Group's distribution channels and full suite of financial products / services**

AMMB Holdings Berhad (AMMB or AmBank Group) announced today that following the approval of the Minister of Finance, AmG Insurance Berhad (AmG), a 51%-owned subsidiary of AMMB, has entered into a conditional sale and purchase agreement with Kurnia Asia Berhad (KAB) for the proposed acquisition of a 100% equity interest in Kurnia Insurans (Malaysia) Berhad (Kurnia).

**Tan Sri Azman Hashim, Chairman of AMMB and AmG,** commented, *"This acquisition will position us to deliver on AmG's strategic objective of being among the top three domestic general insurers. The combined businesses of AmG and Kurnia will emerge as the largest domestic general insurer and the market leader in motor insurance."*

The proposed acquisition of Kurnia is for a total cash consideration of RM1.55 billion. This purchase price is arrived after taking into consideration a valuation by AmG of Kurnia's business, the net profits and net assets of Kurnia, and potential synergies.

The cash purchase price for the Proposed Acquisition will be funded by AmG entirely with capital funds to be injected proportionally by its shareholders (51% by AMMB and 49% by Insurance Australia Group Limited (IAG), AMMB's strategic partner in AmG).

**Mr Justin Breheny, Chief Executive Officer of IAG's Asia division,** said, *"The Kurnia business is a good strategic fit to AmG, with a shared vision and commitment to grow and be the leading motor insurer. The acquisition also increases the resilience and competitiveness of AmG-Kurnia for the challenges and opportunities that future industry consolidation and market liberalisation will bring about."*

**On a combined basis, AmG-Kurnia will emerged as the Number 1 general insurer (about 13% market share) and motor insurer (about 22% market share) in Malaysia by gross written premium**

**Mr Ashok Ramamurthy, Group Managing Director of AMMB** added, *"There are substantive cost synergies and supply chain operational efficiencies from the enlarged scale, which will benefit our customers and business partners. Additionally, the three (3) million policyholders of Kurnia is a ready pool of customers for cross-selling opportunities of AmBank Group's other financial products and services, such as banking and fund management, through our extensive distribution footprint."*

*“AmG, as a member of AmBank Group, currently has access to a strong bancassurance distribution channel, with an agency distribution force of 2,900. With Kurnia’s 5,500 strong agency forces through a network of 30 branches, the combined operation will have a well diversified distribution network. For now both AmG and Kurnia businesses will continue to run as they are and it is very much ‘business as usual’,”* said **Duncan Brain, Chief Executive Officer of AmG.**

Post acquisition, both the AmAssurance and Kurnia brands will continue to be used, and most of the integration process is expected to occur over a period of two years after the acquisition, within which the value accretion from the proposed acquisition would be realised.

*“This acquisition complements AmBank Group’s Medium Term Aspiration and strategic priorities to grow income from profitable segments. It will accelerate our recurring non-interest income growth and provide cross-selling benefits. We are excited about this acquisition and the value creation this will bring to our various stakeholders and customers,”* **Tan Sri Azman** concluded.

### **About AmG Insurance Berhad**

AmG is a general insurance business which trades under the AmAssurance brand, and is 51% owned by AmBank Group and 49% by IAG. It was formerly part of the composite insurance (life and general) operation of AmBank Group which was separated in December 2008, with AmG assuming the general insurance business. It is Malaysia’s fourth largest motor insurer and the eighth largest general insurer by gross written premium as at 31 December 2011. It has an extensive distribution network made up of AmBank Group’s 190 bank branches and its own 19 branches and 2,900 insurance agents, and serves approximately one million policyholders.

### **About Insurance Australia Group**

Insurance Australia Group Limited is the parent company of an international general insurance group, with operations in Australia, New Zealand, the United Kingdom and Asia. Its current businesses underwrite over A\$8 billion (RM25.6 billion) of premium per annum, selling insurance under many leading brands including NRMA Insurance, CGU, SGIO, SGIC, Swann, Buzz Insurance (Australia); NZI and State (NZ); Equity Red Star (UK); and Safety and NZI (Thailand). For further information, please visit [www.iag.com.au](http://www.iag.com.au)

### **About Kurnia Insurans (Malaysia) Berhad**

Kurnia commenced operations in 1991 and is licensed under the Insurance Act 1996 to conduct general insurance business. As at 31 December 2011, it ranks as the fourth largest general insurer in Malaysia by gross written premium with about 8% market share, and is the largest motor insurer with about 14% market share.

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