



**AMMB Holdings Berhad**

[www.ambankgroup.com](http://www.ambankgroup.com)

# AmBank Group

**Proposed Acquisition of  
Kurnia Insurans (Malaysia) Berhad  
By AmG Insurance Berhad**

**12 April 2012**



1

## Introduction & Transaction Overview

**Ashok Ramamurthy**

Group Managing Director  
AMMB Holdings Berhad

2

## Integrating AmG & Kurnia

**Duncan Brain**

Chief Executive Officer, AmG Insurance Berhad

3

## Strategic Rationale & Conclusion

**Ashok Ramamurthy**

Group Managing Director  
AMMB Holdings Berhad

# Proposed acquisition secures market-leading position in general insurance & motor segment

## Business to be acquired

- Acquisition of Kurnia Insurans (Malaysia) Berhad by AmG Insurance Berhad (AmG) – 51% owned subsidiary of AMMB:
  - Fourth largest general insurer in Malaysia (~RM1.1 billion in GWP)
  - Largest motor insurer in Malaysia
  - Well recognised insurance brand in Malaysia
  - Three million customers, net assets of RM757 million

## Strategic Fit

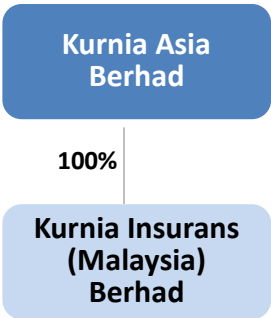
- Creates largest general insurer in Malaysia and market leader in motor insurance
  - Combined GWP over RM1.7 billion
  - Delivers number one position in general insurance and motor segment and significant competitive advantage
  - Substantive cost-synergies, supply chain operational efficiencies – benefits to customers and business partners and cross selling opportunities
- Customers and business partners to have access to AmBank Group's distribution channels and full suite of financial products and services

## Considerations

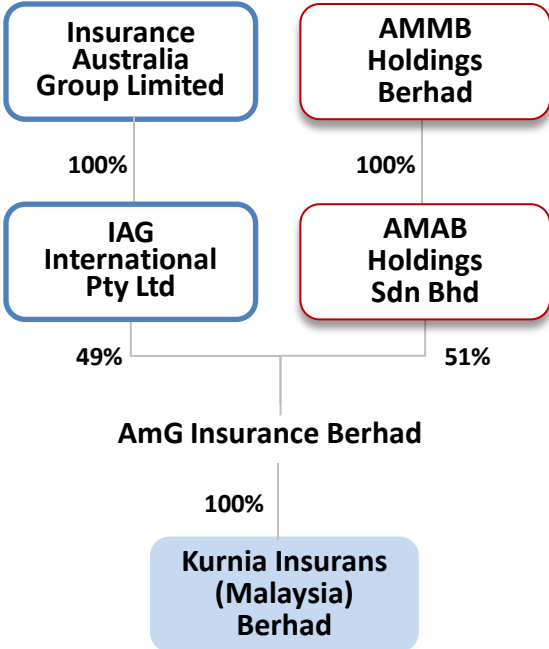
- Total cash consideration of RM1,550 million (subject to adjustment on completion)
- Kurnia shareholder approval required, completion expected by third quarter of calendar year 2012

# Transaction structure

## Pre-transaction



## Post Transaction



## Transaction Highlights

### Acquired by AmG

- 100% equity of Kurnia Insurans (Malaysia) Berhad
- Malaysian insurance operations & distribution network
- Kurnia brand & customer base
- Net assets of RM757 million

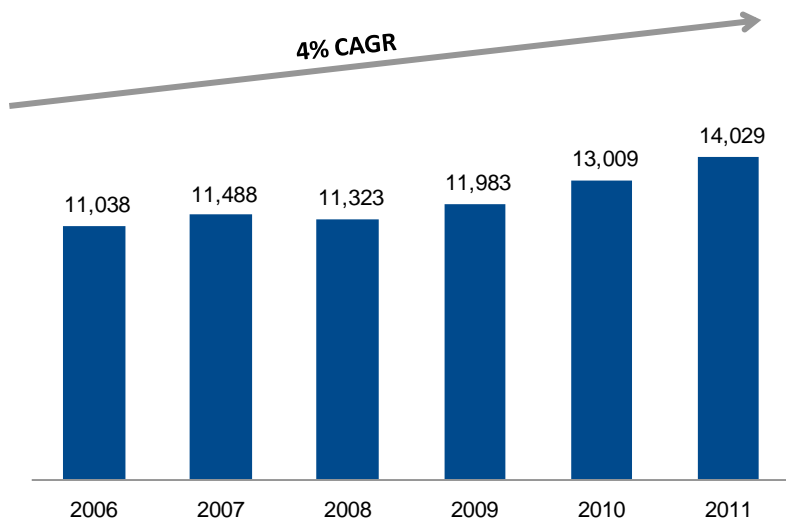
### Retained by Kurnia Asia Berhad

- Insurance operations in
  - Thailand (Kurnia Insurance (Thailand) Co Ltd)
  - Indonesia (PT Kurnia Insurance Indonesia)
- Kurnia Asia Berhad will cease to use the Kurnia brand / name in these markets

# Attractive market dynamics

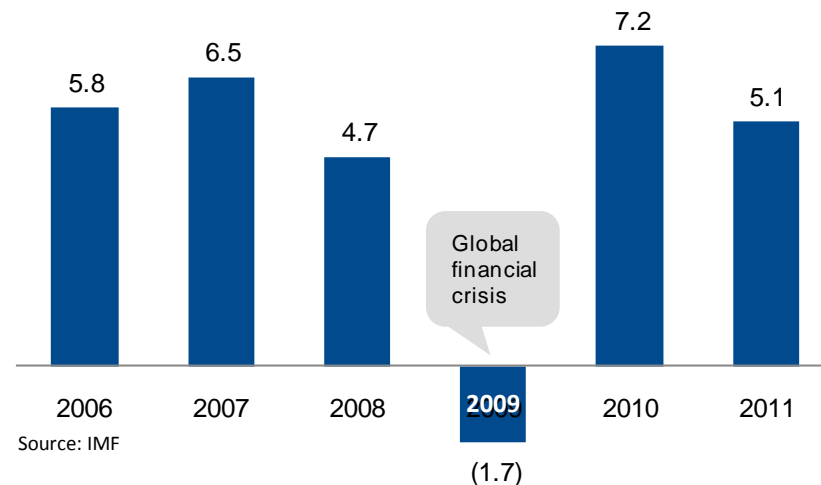
## Malaysia's robust economy and continued general insurance growth – favourable conditions for expansion

Malaysia General Insurance GWP (RM m)



Source: : Persatuan Insurans Am Malaysia

Malaysia Real GDP Growth (%)



Source: IMF

- Malaysia's general insurance market grew 7.8% in calendar 2011
  - Expected to grow around 6% per annum over the next three years
- General insurance market growth supported by strong economy, with GDP projected to grow around 4 - 5% in calendar 2012
- Positive regulatory reform, creating opportunities

# Kurnia Insurans (Malaysia) Berhad – Highly complementary business

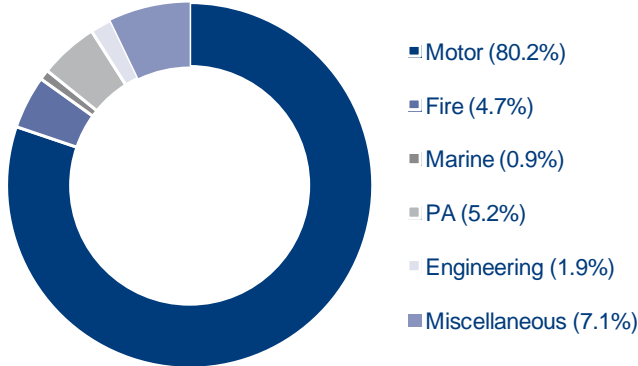
Largest motor insurer and #4 general insurer in Malaysia<sup>1</sup>



### About Kurnia

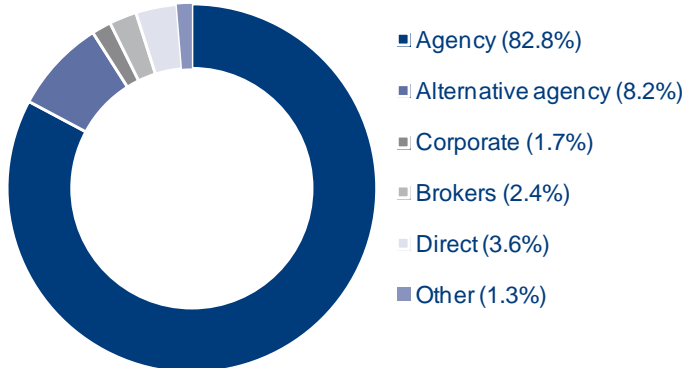
- 4<sup>th</sup> largest general insurer in Malaysia with 8% market share
- Largest motor insurer in Malaysia with 14% market share
- Extensive network of 30 branches, over 5,500 agents
- Approximately 3 million policyholders
- Approximately 1,300 employees
- High brand awareness
- Net assets acquired of RM757 million

### Kurnia Product Mix (% GWP)



Source: Persatuan Insurans Am Malaysia (as at 31 December 2011)

### Kurnia Channel Mix (% GWP)

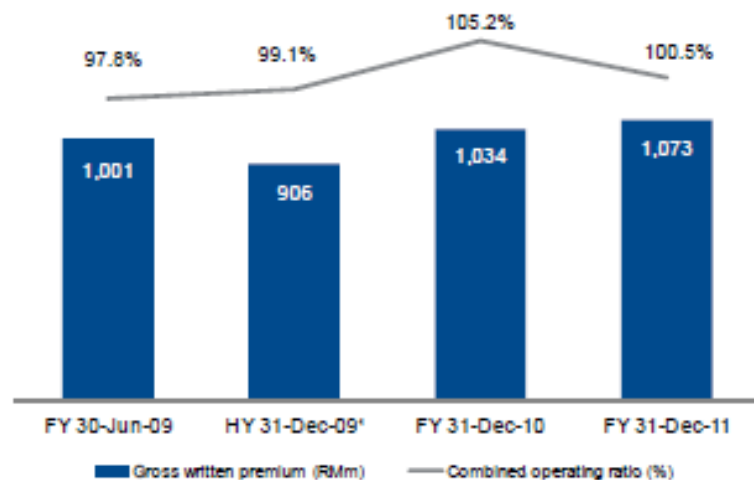


Source: Kurnia financial statements, year ended 31 December 2010

1: by gross written premium

## Significant transformation program and restored growth

### Kurnia's GWP And Profitability



1 Annualised

### Long Established Business

- 1978** ▪ Business incorporated, trading as Industrial & Commercial Insurance
- 1991** ▪ Kurnia Asia Berhad acquired business, commenced trading under Kurnia name
- 2008** ▪ Significant transformation programme commences
- 2011** ▪ AmG seeks regulatory approval to enter into an agreement to acquire Kurnia
- 2012** ▪ AmG reaches conditional agreement to acquire Kurnia

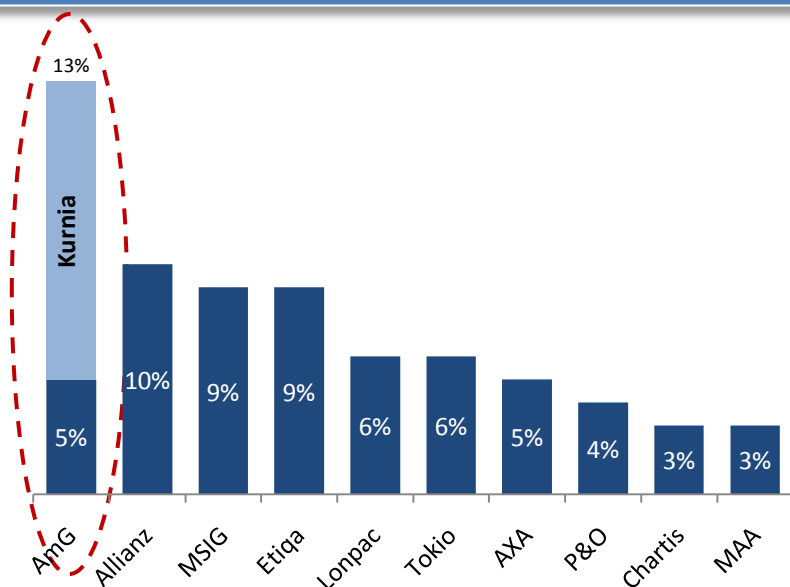
- In the financial year ended 31 December 2011:
  - GWP of RM1.07 billion
  - Net profit after tax of RM87 million

\*Source: Kurnia Asia Berhad audited accounts year ended 31 December 2011

# Combined, AmG will be the #1 in general and motor insurance

**Kurnia complements AmG's strategic growth & scale aspirations: creating the #1 insurer in Malaysia with RM1.7 bil GWP & market share of 13%**

## General Insurance Market

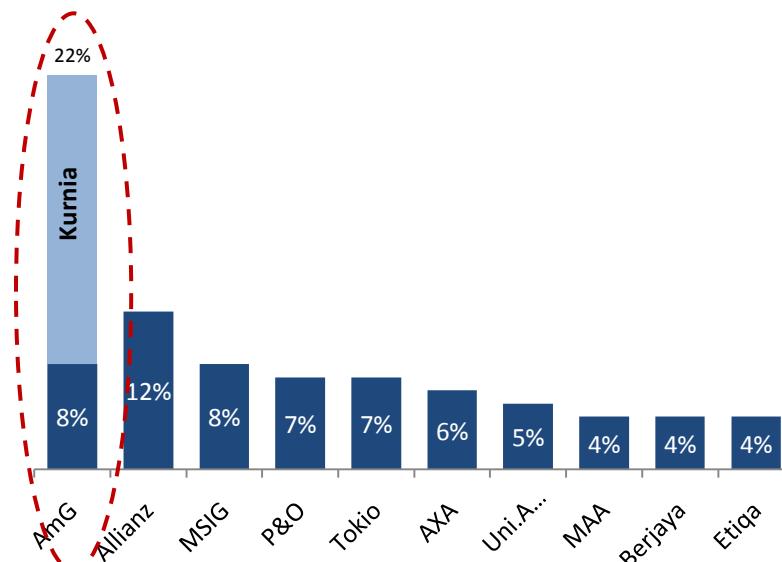


Source : : Persatuan Insurans Am Malaysia (as at 31 December 2011)

### Addition of Kurnia creates leading market position in Malaysia for AmG

- Market share of 13% (up from 5%)
- Combined GWP of over RM1.7 billion

## Motor Insurance Market



Source : : Persatuan Insurans Am Malaysia (as at 31 December 2011)

### Clear #1 position in motor, delivering significant competitive advantage

- Market share of 22% (up from 8%)
- AmG has strong track record of profitability in motor segment



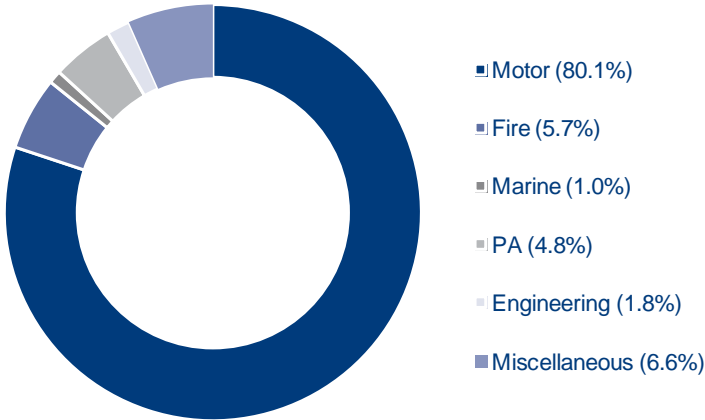
## Good strategic fit, creating Malaysia's largest General Insurer



### Malaysia's #1 General Insurer

- Approximately 4 million policyholders
- Strong brands
- Leading market shares in motor (22%) and general insurance (13%)
- Largest agency network in Malaysia

### Combined AmG & Kurnia Product Mix (% GWP)



Source: : Persatuan Insurans Am Malaysia (as at 31 December 2011)

# AmG well-placed to meet industry challenges

## Provides scale advantage, diversity in products & channels and growth opportunities

### Builds Scale

- Create largest General Insurance player in Malaysia – overall & motor

### Product

- Strong focus on motor insurance
- Capitalise on Kurnia's large agency base to distribute other retail and SME commercial products

### Cross sell opportunities

- Larger customer base provides greater cross-sell opportunities

### Diversify & expand distribution

- Expand AmG's distribution network – largest number of general insurer agents in Malaysia
- Diversify distribution (increase non-bancassurance distribution)

### Brand

- Kurnia has well recognised general insurance brand in Malaysia – will be retained alongside AmG's "AmAssurance" brand

### Technical Capability

- Increase management & talent pool
- Strengthen product development capabilities, alternative distribution channels & operational efficiencies

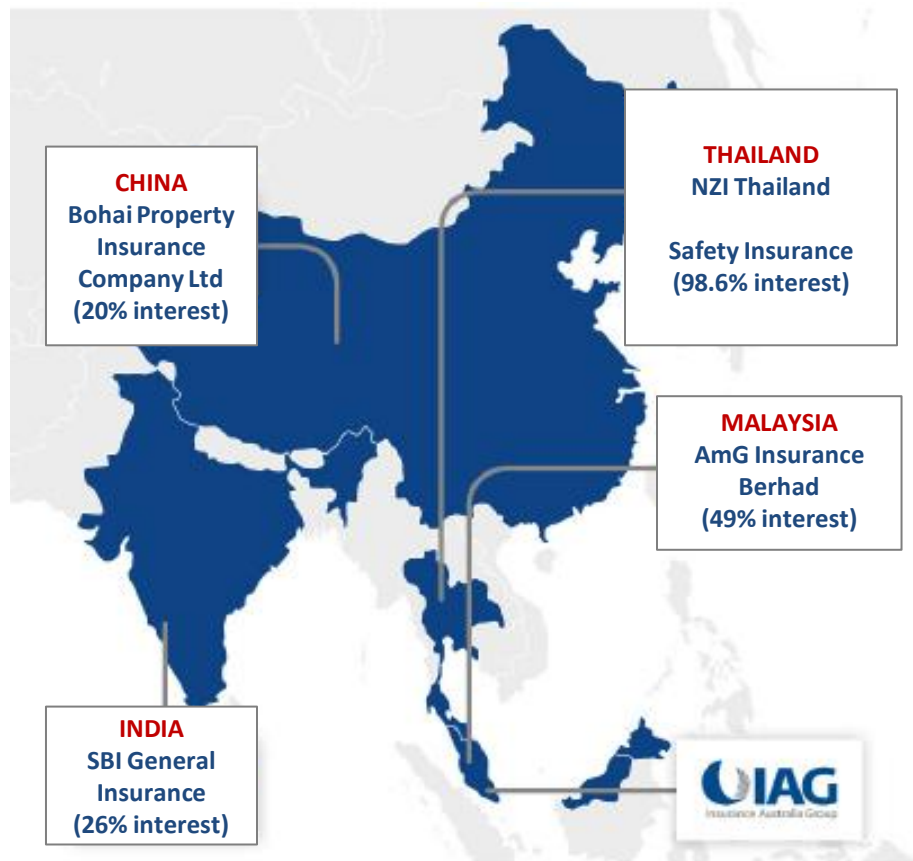
### Scope to add value & Strategic Alignment

- Complementary strengths
- Shared vision and commitment

# Strategic partnership with IAG – extensive experience in building successful collaborations



Strategic Partner with 49% stake in AmG Insurance Berhad



## Extensive experience in building successful strategic partnerships:

- IAG has a presence in Asia and operations in other continents
- Has scaled up stakes in Asia
- Exploring further opportunities in Indonesia and Vietnam

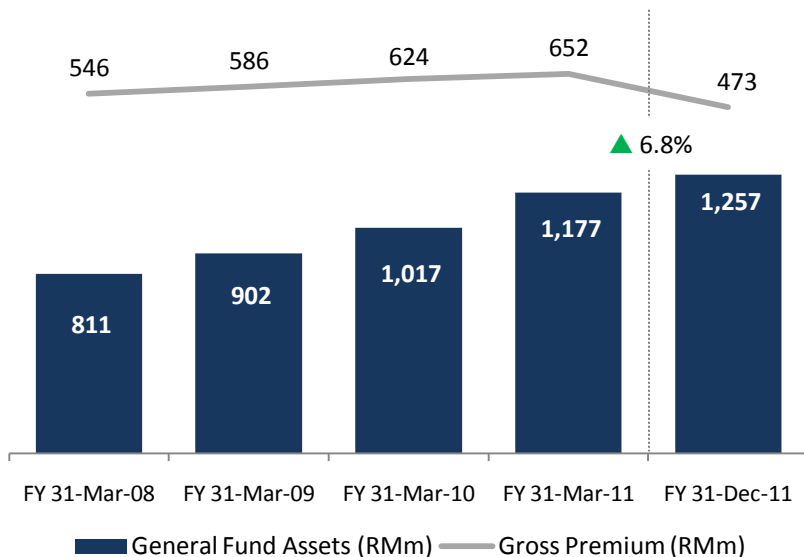
## IAG's value proposition for AmG:

- Leadership and strategy
- Technical expertise - Claims, Risk Management, IT, Product Development
- Strategic Plan formulation
- Sales and Business Development strategies

# AmG – profitable presence since IAG partnership

Close collaborative relationship with IAG leads to AmG's sound growth and strong underwriting

## AmG's Performance



Source: Persatuan Insurans Am Malaysia & AmG's financial statements

## IAG present in Malaysia since 2006

- 2006** ■ IAG acquired 30% interest in AmAssurance, a composite (life & non-life) insurer owned by AmBank Group
- 2008** ■ Licence split – AmG (general) and AmLife (life) businesses formed
  - IAG divests life insurance interest; dials up general insurance interest to 49%
- 2011** ■ AmG's proposal to acquire Kurnia announced
- 2012** ■ Regulatory approval obtained for AmG to acquire Kurnia
  - AmG signs agreement with Kurnia Asia Berhad to acquire Kurnia

Source: financial statements

## Recap on AmG's aspirations: obtaining a market leadership position

### No. 1 In Motor

- By organic growth (strategic initiatives focused on improved penetration and renewal retention) and through acquisition

### Lead In Niche Commercial

- Strategic initiatives targeting specific industries with specialist product and innovative distribution solutions

### Lead In Non-Motor Personal Lines

- By leveraging motor scale and customer base, and optimising use of the AmBank Group distribution footprint

### Industry M&A Consolidation

- Continue to focus on building scale via in-country bolt-on acquisitions to the AmG business

**1**

## **In line with AmBank Group's Medium Term Aspirations and its strategic priorities**

- Stronger income growth from profitable segments
- Accelerate recurring non-interest income growth rate
- Provide cross-selling benefits

**2**

## **Enables AmG immediate access to scale benefits**

- Multiple channels and enlarged footprint
- Improve product development capabilities and operational efficiency
- Enhances brand positioning

**3**

## **Customers & business partners will have access to AmBank Group's distribution footprint, alternative channels and Group's full suite of financial products and services**

**4**

## **Leveraging on Insurance Australia Group's expertise and regional support**

# Disclaimer of warranty and limitation of liability

## Disclaimer of Warranty and Limitation of Liability

The information provided is believed to be correct at the time of presentation. AMMB Holdings Berhad or AMMB Holdings or “AMMB” or its affiliates do not make any representation or warranty, express or implied, as to the adequacy, accuracy, completeness or fairness of any such information and opinion contained and shall not be liable for any consequences of any reliance thereon. Neither AMMB Holdings nor its affiliates are acting as your financial advisor or agent. The individual is responsible to make your own independent assessment of the information herein and should not treat such content as advice relating to legal, accounting, and taxation or investment matters and should consult your own advisers.

Forward looking statements are based upon the current beliefs and expectations of the AMMB Holdings and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward looking statements. AMMB Holdings does not undertake to update the forward looking statements to reflect impact of circumstances or events that may arise after the date of this presentation.

The information in the presentation is not and should not be construed as an offer or recommendation to buy or sell securities or other financial products. Neither does this presentation purport to contain all the information that a prospective investor may require. Because it is not possible for AMMB Holdings or its affiliates to have regard to the investment objectives, financial situation and particular needs of each individual who reads the information contained thus the information presented may not be appropriate for all persons.

The information contained is not allowed to be reproduced, redistributed, transmitted or passed on, directly or indirectly, to any other person or published electronically or via print, in whole or in part, for any purpose.

The term "AMMB Holdings" and “AmBank Group” denotes all Group companies within the AMMB Holdings Group and this Disclaimer of Warranty and Limitation of Liability policy applies to the financial institutions under AMMB Holdings.

The material in this presentation is general background information about AmBank Group’s activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

For further investor and analyst information, visit :

[www.ambankgroup.com](http://www.ambankgroup.com)

**Ganesh Kumar Nadarajah**

**Group General Manager, Group Investor Relations and Planning**

Tel : +603 2036 1435

Fax : +603 2031 7384

e-mail : [ganesh-kumar@ambankgroup.com](mailto:ganesh-kumar@ambankgroup.com) or

+6012 2974799

[chuah-mei-jiuan@ambankgroup.com](mailto:chuah-mei-jiuan@ambankgroup.com) or

[ir@ambankgroup.com](mailto:ir@ambankgroup.com)