A close-up photograph of a woman and a young girl. The woman is in the background, looking off to the side with a gentle smile. The girl is in the foreground, leaning her head against the woman's shoulder and smiling warmly at the camera. She is wearing a white top with a pattern of small brown dots. The background is softly blurred, showing hints of green foliage.

Service Today,
Value Tomorrow

Allianz Malaysia Berhad (12428-W)
ANNUAL REPORT 2016

Allianz 



SECTION

01

OVERVIEW

- 1 2016 Key Financial Figures
- 2 Allianz At A Glance
- 4 Allianz Vision and Mission
- 5 Our Five Core Values

SECTION

02

CORPORATE PROFILE

- 8 Corporate Information and Group Structure
- 9 Renewal Agenda
- 10 Allianz Group At A Glance
- 11 Nationwide Presence
- 16 Board Of Directors' Profile
- 23 Senior Management Team

SECTION

03

TO OUR STAKEHOLDERS

- 32 Chairman's Statement
- 34 CEO's Message and Management Discussion & Analysis
- 42 Sustainability Report

SECTION

04

CORPORATE GOVERNANCE AND ACCOUNTABILITY

- 86 Statement On Corporate Governance
- 111 Statement On Risk Management And Internal Control
- 116 Audit Committee Report
- 123 Nomination And Remuneration Committee Report
- 129 Additional Compliance Information

SECTION

05

2016 HIGHLIGHTS

- 138 Media Highlights
- 143 Calendar Of Moments

SECTION

06

FINANCIAL STATEMENTS

- 149 Financial Statements
- 268 Statement by Directors
- 269 Statutory Declaration
- 270 Independent Auditors' Report

SECTION

07

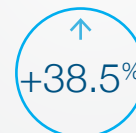
AGM INFORMATION

- 277 Notice Of Annual General Meeting
 - Form Of Proxy

COVER STORY

In order for us to remain successful and strong in this constantly changing environment, we've developed our Renewal Agenda. Our renewed focus takes concrete steps towards becoming an Allianz that is consistently customer-focused and digital throughout our business. We will become even more flexible and focused on our customers. At the same time, our intrinsic values will remain the same as in the past 125 years: with integrity, competence, and resilience. We are implementing the Renewal Agenda together – full of optimism, ideas and confidence in our own capabilities because we have excellent and in many cases unique resources. Ultimately, we know that the greater customer service we provide today, brings absolute value tomorrow.

2016 KEY FINANCIAL FIGURES

OPERATING
REVENUERM**4,678.49**
millionRM**4,182.60**
millionGROSS
WRITTEN
PREMIUMPROFIT
BEFORE TAXRM**454.59**
millionTOTAL
ASSETSRM**14,912.38**
millionSHAREHOLDERS'
FUNDRM**2,879.52**
millionMARKET
CAPITALISATIONRM**3,500.25**
millionBASIC EARNINGS
PER ORDINARY SHARE**182.27**
senPROPOSED DIVIDEND
PER ORDINARY SHARE**9.00**
sen

ALLIANZ AT A GLANCE



ALLIANZ AT A GLANCE

| Group | | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------------|-----------|-----------|-----------|-----------|-----------|
| Operating Revenue | (RM million) | 4,678.49 | 4,519.07 | 4,376.18 | 3,649.39 | 3,147.60 |
| Gross Written Premium | (RM million) | 4,182.60 | 4,132.65 | 3,968.06 | 3,578.46 | 2,983.52 |
| Profit Before Tax | (RM million) | 454.59 | 438.22 | 423.53 | 339.23 | 297.78 |
| Total Assets | (RM million) | 14,912.38 | 13,617.42 | 12,176.05 | 10,758.76 | 9,190.49 |
| Shareholders' Fund | (RM million) | 2,879.52 | 2,621.32 | 2,289.78 | 2,024.18 | 1,840.79 |
| Market Capitalisation [#] | (RM million) | 3,500.25 | 3,635.16 | 4,057.33 | 4,170.54 | 2,435.12 |
| | | | | | | |
| Interim/Final gross dividend paid per share | | | | | | |
| - Ordinary Share | (sen) | 9.00* | 6.50* | 5.00* | 2.50* | 6.50 |
| - Preference Share | (sen) | 10.80 | 7.80 | 6.00 | 3.00 | 7.80 |
| Total amount dividend paid | | | | | | |
| - Ordinary Share | (RM'000) | 15,633.66 | 11,006.00 | 8,374.41 | 4,169.20 | 7,773.72 |
| - Preference Share | (RM'000) | 18,629.83 | 13,796.85 | 10,723.05 | 5,383.13 | 14,566.10 |
| | | | | | | |
| Return on Equity [^] | | 11.3% | 12.6% | 13.7% | 12.3% | 11.9% |
| Operating Revenue Growth | | 3.5% | 3.3% | 19.9% | 15.9% | 14.4% |
| Gross Written Premium Growth | | 1.2% | 4.1% | 10.9% | 19.9% | 14.5% |
| | | | | | | |
| Basic Earnings per Ordinary Share | (sen) | 182.27 | 183.08 | 178.49 | 149.24 | 132.21 |
| Diluted Earnings per Ordinary Share | (sen) | 90.80 | 89.37 | 85.89 | 58.94 | 54.41 |
| Net Asset Value per Ordinary Share | (RM) | 16.58 | 15.48 | 13.67 | 12.59 | 11.60 |
| Diluted Net Asset Value per Ordinary Share | (RM) | 8.32 | 7.57 | 6.61 | 5.85 | 5.32 |

[#] The market capitalisation is a combination of ordinary and preference share.

[^] The average of the opening (1 January) and closing (31 December) balances of Shareholders' Fund have been used in the computation of Return of Equity.

^{*} Single tier dividend.



ALLIANZ MALAYSIA VISION

To be the most reliable partner, always delivering in moments of truth.

We aim to be the most reliable partner for all our customers, agents and business partners.

To achieve this, we will constantly ensure that all targets and tasks are done with speed, accuracy and consistency.

The Vision also ensures that we maintain our integrity and honesty at all times, for only with trust and honesty, we will be able to reach and realise our Vision.

ALLIANZ MALAYSIA MISSION

Insurance solutions from A – Z

OUR FIVE CORE VALUES

Our values are who we are. These are and will be our guiding principles in achieving sustainable growth for our shareholders, customers, business partners, employees and society.



CUSTOMER
FOCUS



INTEGRITY



HIGH PERFORMANCE
CULTURE



OPEN
COMMUNICATION



CORPORATE
RESPONSIBILITY



CUSTOMER FOCUS

We create superior customer experience through innovative solutions that continuously exceed customers' expectations

INTEGRITY

We deliver promises whilst maintaining highest ethical standards, integrity and honesty in all aspects of our business

HIGH PERFORMANCE CULTURE

We encourage, recognise and reward exceptional performance

OPEN COMMUNICATION

We practise and promote clear, open and transparent communication

CORPORATE RESPONSIBILITY

We care and are committed to building the community through socially responsible initiatives



Products and Services

Allianz PrimeSaver

Save for the future and be rewarded in the present

Potential to
**reap higher
investment
returns**

Wide range
of **choice to
suit** level of
affordability

Get
Guaranteed
Cash Payment

Option to either
**withdraw or
reinvest** the
Guaranteed
Cash Payment

Guaranteed
Maturity
Benefit

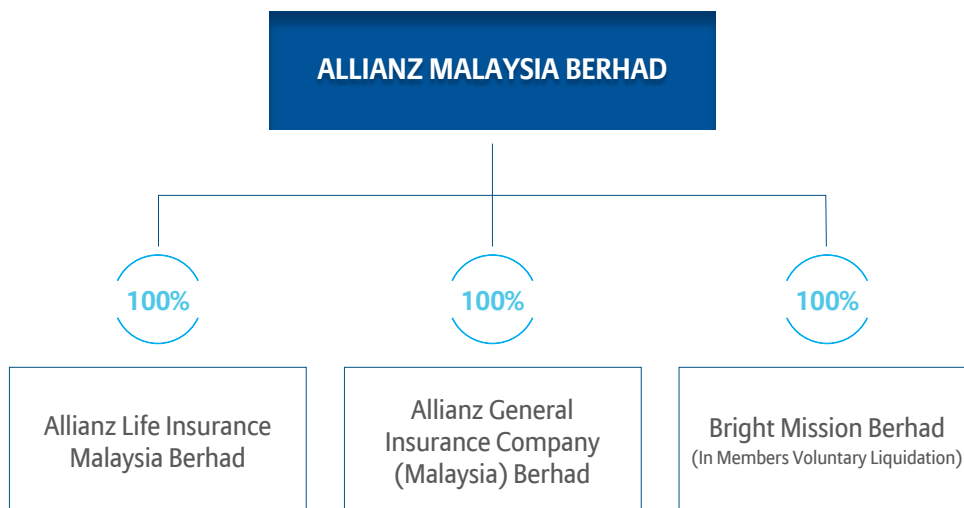
**Double
Indemnity**
for Accidental
Death



CORPORATE INFORMATION

| | | | | |
|--|-------------------|--|---|---|
| STOCK EXCHANGE LISTING Main Market of Bursa Malaysia Securities Berhad | | COMPANY SECRETARY Ng Siew Gek ✉ : ng.siewgek@allianz.com.my | SHARE REGISTRAR Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur ☎ : 03-27839299 ☎ : 03-27839222 ✉ : is.enquiry@my.tricorglobal.com | AUDITORS KPMG PLT Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor ☎ : 03-77213388 ☎ : 03-77213399 |
| Classes of Share | Stock code | REGISTERED OFFICE Level 29, Menara Allianz Sentral 203, Jalan Tun Sambanthan Kuala Lumpur Sentral 50470 Kuala Lumpur ☎ : 03-22641188/22640688 ☎ : 03-22641186 | HEAD OFFICE Level 29, Menara Allianz Sentral 203, Jalan Tun Sambanthan Kuala Lumpur Sentral 50470 Kuala Lumpur ☎ : 03-22641188/22640688 ☎ : 03-22641199 allianz.com.my | PRINCIPAL BANKERS CIMB Bank Berhad Citibank Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad |
| Ordinary Share | 1163 | | Tricor's Customer Service Centre Unit G-3, Ground Floor Vertical Podium Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur | PRINCIPAL SOLICITORS Wong & Partners |
| Irredeemable Convertible Preference Share | 1163PA | | | |

GROUP STRUCTURE

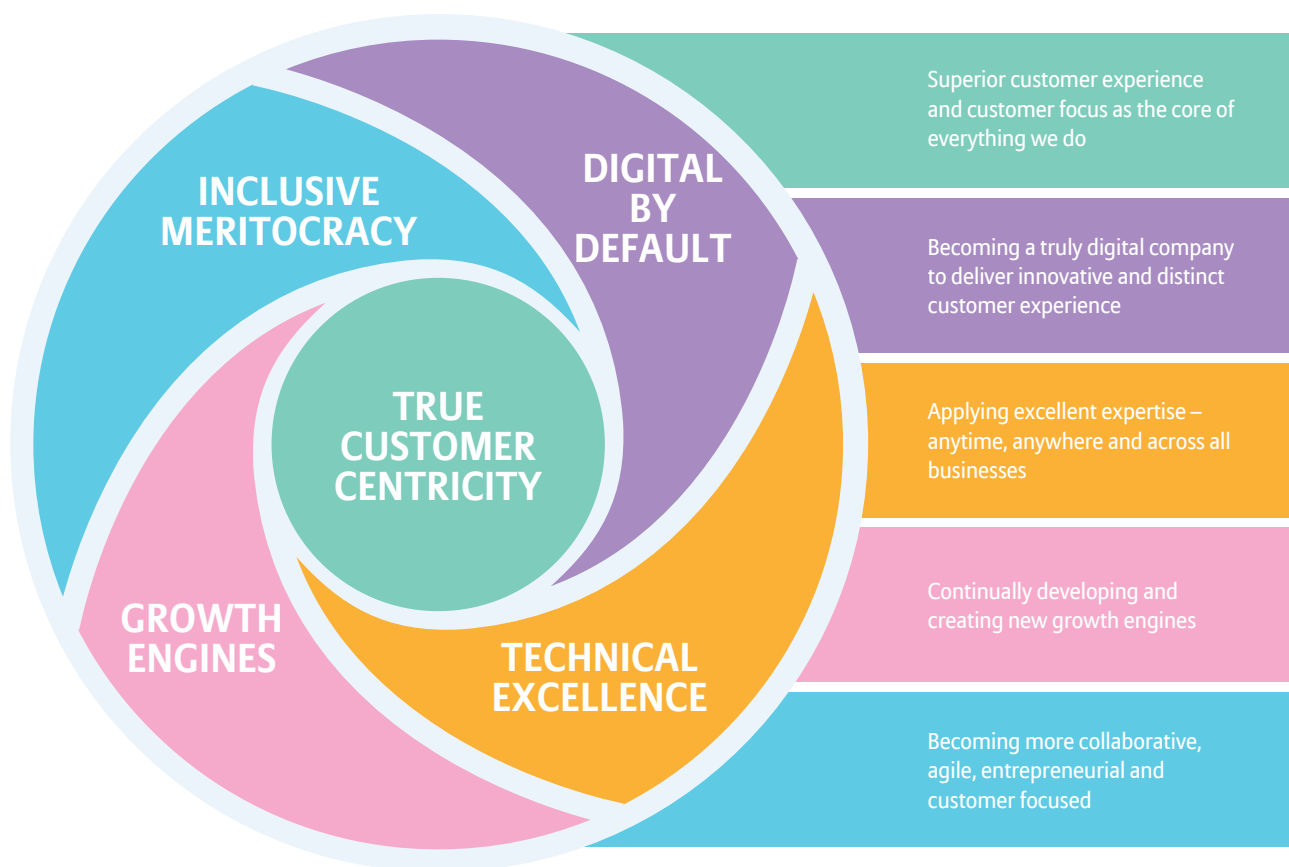


RENEWAL AGENDA

Renewal Agenda levers create foundations for commanding positions of our businesses.

We want to drive the market by speeding up our change process, exploiting our global reach and tapping into our tremendous expertise.

• • • • •



ALLIANZ GROUP AT A GLANCE

With over **140,000** employees worldwide,
the Allianz Group serves **86.3million** customers
in more than **70** countries.

On the insurance side, Allianz is the market leader in the
German market and has a strong international presence.

In fiscal year 2016 the Allianz Group achieved total revenues of
approximately **122.4billion** euros.

Allianz is one of the world's largest asset managers, with
third-party assets of **1,361billion** euros under management
at year end 2016.

NATIONWIDE PRESENCE

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD NETWORK OF OFFICES



CUSTOMER CONTACT/ SERVICE CENTRE

Ground Floor, Block 2A
Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-22640700
Fax : 03-22636000
Toll Free : 1-300-88-1028
allianz.com.my

ONE ALLIANZ CALL CENTRE

Level 10, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan
Toll Free : 1-300-300-388

CENTRAL REGION

CENTRAL REGION PROCESSING HUB

Level 10, Block 3A Plaza Sentral
Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-22641188
Fax : 03-22647710

1 KUALA LUMPUR

Wisma Allianz
No. 33, Jalan Gereja
50100 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-20501188
Fax : 03-20789918

2 PETALING JAYA

No. 15, Jalan 8/1D, Section 8
Petaling Jaya 46050
Selangor Darul Ehsan
Tel : 03-79564629 / 79564621
Fax : 03-79548210 / 79556727

3 KLANG

No. 11, Jalan Tiara 2D/KU1
Bandar Baru Klang
Klang 41150
Selangor Darul Ehsan
Tel : 03-33429008 / 33420639
Fax : 03-33421901

4 KAJANG

No. 17 & 17A, Jalan M/J1
Taman Majlis Jaya, Sungai Chua
Kajang 43000
Selangor Darul Ehsan
Tel : 03-87339078 / 87337395
Fax : 03-87336985

5 MALURI

No. 27, Jalan Jejaka 7
Taman Maluri
55100 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-92825587
Fax : 03-92825629

NATIONWIDE PRESENCE

6 KEPONG

No. 1, Jalan Prima 9
Pusat Niaga Metro Prima
Kepong 52100 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-62586888
Fax : 03-62592554

7 SEREMBAN

No. 44, Jalan S2 B18, Biz Avenue
Seremban 2
Seremban 70300
Negeri Sembilan Darul Khusus
Tel : 06-6013636
Fax : 06-6013344

PERAK STATE

8 IPOH

Unit No. A-G-1 & A-1-1
Ground & 1st Floor
Greentown Square
Jalan Dato' Seri Ahmad Said
Ipoh 30450
Perak Darul Ridzuan
Tel : 05-2549150 / 2555103
Fax : 05-2542988

9 TELUK INTAN

No. 77-G, Ground Floor
Jalan Intan 4
Bandar Baru Teluk Intan 36000
Perak Darul Ridzuan
Tel : 05-6215882 / 6217731
: 05-6217732
Fax : 05-6225229

10 TAIPING

No. 62, Ground Floor
Jalan Barrack
Taiping 34000
Perak Darul Ridzuan
Tel : 05-8068688 / 8068976
Fax : 05-8088975

NORTHERN REGION

NORTHERN REGION PROCESSING HUB

No. 6770, Ground & 2nd Floor
Jalan Kg. Gajah
Butterworth 12200 Penang
Tel : 04-3333188
Fax : 04-3310572

NORTHERN REGION CLAIM HUB

No. 6770, Ground & 2nd Floor
Jalan Kg. Gajah
Butterworth 12200 Penang
Tel : 04-3311488
Fax : 04-3319788

11 PENANG

Ground, Mezzanine
and 1st Floor
No.1 China Street
10200 Georgetown
Penang
Tel : 04-2519188
Fax : 04-2519288

12 BUKIT MERTAJAM

No. 486, Ground
1st & 3rd Floor
No. 487, Ground Floor
Jalan Permatang Rawa
Bandar Perdana
Bukit Mertajam 14000 Penang
Tel : 04-5378328 / 5371628
Fax : 04-5374398 / 5371108

13 ALOR SETAR

No. 300 & 301
Jalan Lumpur
Alor Setar 05100
Kedah Darul Aman
Tel : 04-7328575 / 7334655
Fax : 04-7337868

14 SUNGAI PETANI

No. 62B, 1st, 2nd & 3rd Floor
Jalan Pengkalan, Pekan Baru
Sungai Petani 08000
Kedah Darul Aman
Tel : 04-4258282 / 4252894
: 04-4252895
Fax : 04-4252893

15 LANGKAWI

No 3, First Floor
Jalan Pandak Mayah 4
Pusat Bandar Kuah
07000 Langkawi
Tel : 04-9666821
Fax : 04-9666820

SOUTHERN REGION

SOUTHERN REGION CLAIM HUB JOHOR BAHRU

No. 88-B, Jalan Serampang
Taman Pelangi
Johor Bahru 80400
Johor Darul Takzim
Tel : 07-3330311
Fax : 07-3330300

16 MELAKA

No. 374, Jalan Melaka Raya 6
Taman Melaka Raya
75000 Melaka
Tel : 06-2833821
Fax : 06-2844198

17 JOHOR BAHRU

No. 84 & 86, Jalan Serampang
Taman Pelangi
Johor Bahru 80400
Johor Darul Takzim
Tel : 07-3340166 / 3340160
Fax : 07-3340167

18 KLUANG

No. 5, Jalan Persiaran Yayasan
Kluang 86000
Johor Darul Takzim
Tel : 07-7723255 / 7732530
Fax : 07-7738097

19 SEGAMAT

Lot No. 27, Ground Floor
Jalan Genuang Perdana
Taman Genuang Perdana
Segamat 85000
Johor Darul Takzim
Tel : 07-9434117 / 9434317
Fax : 07-9434517

20 BATU PAHAT

No. 1-2, 1-2A, Ground & 1st Floor
Jalan Maju 1, Taman Maju
Batu Pahat 83000
Johor Darul Takzim
Tel : 07-4338166
Fax : 07-4332166

21 MUAR

No. 1, Ground Floor
Pusat Dagangan Bakri
Jalan Bakri, Muar 84000
Johor Darul Takzim
Tel : 06-9544536
Fax : 06-9545684

NATIONWIDE PRESENCE

EAST COAST REGION

22 TEMERLOH

No. 6, Pusat Komersil Temerloh
Jalan Dato' Bahaman 3
Temerloh 28000
Pahang Darul Makmur
Tel : 09-2969292
Fax : 09-2960254

23 KUANTAN

No. 4&4a, 6&6a
(Construction Town)
Jalan Putra Square 6
Putra Square
Kuantan 25200
Pahang Darul Makmur
Tel : 09-5162992 / 5162552
Fax : 09-5159442

24 RAUB

No. 9-1, 1st Floor
Pusat Perniagaan Raub
Raub 27600
Pahang Darul Makmur
Tel : 09-3557360
Fax : 09-3557363

25 KUALA TERENGGANU

PT 3357 P,
Jalan Sultan Zainal Abidin
Kuala Terengganu 20000
Terengganu Darul Iman
Tel : 09-6223678 / 6223233
Fax : 09-6301233 / 6318516

26 KOTA BHARU

Lot 1184, Jalan Kebun Sultan
Kota Bharu 15350
Kelantan Darul Naim
Tel : 09-7481196 / 7444566
Fax : 09-7446766

SABAH REGION

27 KOTA KINABALU

Lot 29 & 30, Block E
Sedco Complex
Jalan Albert Kwok
Locked Bag 69
Kota Kinabalu 88000 Sabah
Tel : 088-221397 / 221606
Fax : 088-224870

28 LAHAD DATU

Level 1 & Level 2, MDLD 7951
Lot 7 Linear Block B
Harbour Town
Lahad Datu 91100 Sabah
Tel : 089-863878
Fax : 089-862848

29 SANDAKAN

Lot 8, Ground & 1st Floor
Lot 7, 1st & 2nd Floor, Block 2
Bandar Indah
Mile 4 North Road
W.D.T. No. 291
Sandakan 90000 Sabah
Tel : 089-211054 / 217197
Fax : 089-211052

30 TAWAU

TB320, Ground, 1st & 2nd Floor
Block 38, Fajar Complex
Jalan St. Patrick, W.D.T. No. 33
Tawau 91009 Sabah
Tel : 089-779055 / 772976
Fax : 089-763015

31 LABUAN

U0074, 1st Floor
Jalan Merdeka
87008 Wilayah
Persekutuan Labuan
Tel : 087-422249
Fax : 087-422244

SARAWAK REGION

SARAWAK REGION OFFICE

MIRI

Lot 3544, 2nd Floor
Lot 3545, Ground, 1st & 2nd Floor
Section 5, M.C.L.D Jalan Miri-Pujut
98000 Miri, Sarawak
Tel : 085-324921
Fax : 085-324754

32 MIRI

Lot 3544, 2nd Floor
Lot 3545, Ground, 1st & 2nd Floor
Section 5, M.C.L.D Jalan Miri-Pujut
98000 Miri, Sarawak
Tel : 085-324901
Fax : 085-324752 / 085-324753

33 SIBU

Lot 1725, No. 12-I
Jalan Kampung Datu
Sibu 96000 Sarawak
Tel : 084-332469 / 343205
Fax : 084-332470

34 KUCHING

Sublot 3, Block 10
1st, 2nd & 3rd Floor
Jalan Laksamana Cheng Ho
Kuching Central Land District
Kuching 93350 Sarawak
Tel : 082-417842 / 413849
Fax : 082-424624

35 SARIKEI

No. 11, Ground Floor and First Floor
Jalan Nenas
96100 Sarikei, Sarawak
Tel : 084-652577 / 651877
Fax : 084-653908

NATIONWIDE PRESENCE

ALLIANZ LIFE INSURANCE MALAYSIA BERHAD NETWORK OF OFFICES



CUSTOMER CONTACT/ SERVICE CENTRE

Ground Floor, Block 2A
Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-22640700
Fax : 03-22636000
Toll Free : 1-300-88-1028
allianz.com.my

CENTRAL REGION

- 1 PETALING JAYA**
No. 15, Ground Floor
Jalan 8/1D, Section 8
Petaling Jaya 46050
Selangor Darul Ehsan
Tel : 03-79551605
Fax : 03-79551607

- 2 DESA JAYA**
Wisma Allianz Life
No. 11-14, Jalan 53
Desa Jaya Commercial Centre
Taman Desa
Kepong 52100
Selangor Darul Ehsan
Tel : 03-62758000
Fax : 03-62757100

- 3 KLANG**
No. 46, Jalan Tiara 2C
Bandar Baru Klang
Klang 41150
Selangor Darul Ehsan
Tel : 03-33466033
Fax : 03-33453288

- 4 SEREMBAN**
No. 44, Ground Floor
Jalan S2 B18, Biz Avenue
Seremban 2
Seremban 70300
Negeri Sembilan Darul Khusus
Tel : 06-6011007
Fax : 06-6011099

NORTHERN REGION

- 5 PENANG**
Ground & 1st Floor
No.1 China Street
10200 Georgetown
Penang
Tel : 04-2519899
Fax : 04-2519699

- 6 BUKIT MERTAJAM**
No. 487, Jalan Permatang Rawa
Bandar Perda, Bukit Mertajam
14000 Penang
Tel : 04-5377231
Fax : 04-5378231

NATIONWIDE PRESENCE

7 ALOR SETAR

No. 301, Ground & 2nd Floor
Jalan Lumpur
Alor Setar 05100
Kedah Darul Aman
Tel : 04-7345091
Fax : 04-7317271

8 SUNGAI PETANI

No. 62B, 1st Floor
Jalan Pengkalan, Pekan Baru
Sungai Petani 08000
Kedah Darul Aman
Tel : 04-4256863
Fax : 04-4256861

9 IPOH

Unit No. A-G-1 & A-2-1
Ground & 2nd Floor
Greentown Square
Jalan Dato' Seri Ahmad Said
Ipoh 30450
Perak Darul Ridzuan
Tel : 05-2419752
Fax : 05-2416898

SOUTHERN REGION

10 JOHOR BAHRU

No. 86, Jalan Serampang
Taman Pelangi
Johor Bahru 80400
Johor Darul Takzim
Tel : 07-3325981
Fax : 07-3326462

11 KLUANG

No. 5, Ground Floor
Jalan Persiaran Yayasan
Kluang 86000
Johor Darul Takzim
Tel : 07-7715588
Fax : 07-7738097

12 BATU PAHAT

No. 1-2 & 1-2B, Ground & 2nd Floor
Jalan Maju 1, Taman Maju
Batu Pahat 83000
Johor Darul Takzim
Tel : 07-4343313
Fax : 07-4332166

13 MUAR

No. 1, Ground, 1st & 2nd Floor
Pusat Dagangan Bakri
Jalan Bakri, Muar 84000
Johor Darul Takzim
Tel : 06-9545689
Fax : 06-9545684

14 MELAKA

No. 374, Ground & 2nd Floor
Jalan Melaka Raya 6
Taman Melaka Raya
75000 Melaka
Tel : 06-2823377
Fax : 06-2820793

EAST COAST REGION

15 TEMERLOH

No. 6, Pusat Komersil Temerloh
Jalan Dato' Bahaman 3
Temerloh 28000
Pahang Darul Makmur
Tel : 09-2969292
Fax : 09-2960254

16 KUANTAN

No. 4&4a, 6&6a (Construction Town)
Jalan Putra Square 6, Putra Square
Kuantan 25200
Pahang Darul Makmur
Tel : 09-5159098
Fax : 09-5159096

17 KOTA BHARU

Lot 1184, 1st Floor Jalan Kebun Sultan
Kota Bharu 15350
Kelantan Darul Naim
Tel : 09-7484496
Fax : 09-7485596

SABAH REGION

18 KOTA KINABALU

Lot 30, Grd Floor, Block E
Sedco Complex
Jalan Albert Kwok, Locked Bag 69
Kota Kinabalu 88000 Sabah
Tel : 088-224551
Fax : 088-224506

19 SANDAKAN

Lot 8, Ground Floor, Block 2
Bandar Indah
Mile 4 North Road, W.D.T. No. 291
Sandakan 90000 Sabah
Tel : 089-274842

20 TAWAU

TB320, Ground Floor
Block 38, Fajar Complex
Jalan St. Patrick, W.D.T. No. 33
Tawau 91009, Sabah
Tel : 089-765054
Fax : 089-764554

SARAWAK REGION

21 KUCHING

Sublot 3, Ground Floor, Block 10
Jalan Laksamana Cheng Ho
Kuching Central Land District
Kuching 93350 Sarawak
Tel : 082-246515
Fax : 082-246713

22 MIRI

Lot 3544, 1st Floor
Lot 3545, Ground Floor
Section 5, M.C.L.D Jalan Miri-Pujut
98000 Miri, Sarawak
Tel : 085-320470
Fax : 085-324920

23 SIBU

Lot 1726, No. 12-H
1st & 2nd Floor
Jalan Kampung Datu
Sibu 96000 Sarawak
Tel : 084-346515
Fax : 084-326448

BOARD OF DIRECTORS' PROFILE

(As at 29 March 2017)

TAN SRI RAZALI BIN ISMAIL

Chairman – Independent
Non-Executive Director



Age: 77

Nationality: Malaysian

Gender: Male

Date of Appointment:

25 September 2001

Length of Service:

8 years 1 month*

Date of Last Re-appointment:

25 May 2016 (pursuant to Section 129
(6) of the Companies Act, 1965)

Membership of Board Committee:

1. Member of Audit Committee
2. Member of Nomination and Remuneration Committee

Qualification:

1. Bachelor of Arts (Honours) Degree from the University of Malaya in 1962
2. Honorary Doctorate from the National University of Malaysia in 1993
3. Honorary Doctorate in Law from the University Science Malaysia in 1998

Working Experience:

Tan Sri Razali was in the diplomatic service of the Government of Malaysia for 36 years (1962-1998) serving the last 10 years as Malaysia's Permanent Representative to the United Nations in New York. Tan Sri Razali was the President of the 53rd United Nations General Assembly from 1996 to 1997. He was involved in articulating and developing positions in various bodies on issues such as development and sustainability, poverty and marginalisation, political reforms in the United Nations and issues of human rights and the environment. He continues to keep abreast on these subjects at home and abroad, through participation at seminars and interacting with personalities and bodies, ties established earlier. He was the United Nations Secretary-General's Special Envoy for Myanmar for more than 5 years (2000-2005).

In Malaysia, he has built a small position on issues relating to environment and is a self-styled environmental entrepreneur. He is an on the ground environmentalist especially over the protection and replanting of mangrove and dealing with environmental degradation due to urbanisation, pushing for recovery efforts such as sanitary landfills and the promotion of renewable energy and solar.

Directorships of Public Companies:

1. Chairman of Allianz Malaysia Berhad;
2. Chairman of Allianz General Insurance Company (Malaysia) Berhad;
3. Chairman of Allianz Life Insurance Malaysia Berhad;

4. Chairman of IRIS Corporation Berhad; and
5. Chairman of Cypark Resources Berhad.

Tan Sri Razali is also a Chairman of the Human Rights Commission of Malaysia (SUHAKAM), Chairman and a Trustee of Yayasan Chow Kit and Trustee of Razak School of Government. He is the Pro-Chancellor of University Science Malaysia, Penang and a member of the Panel of Distinguished Fellows of the Institute of Diplomacy and Foreign Relations (IDFR). He is also the Adjunct Professor of University Malaya. He was previously the Chairman of the National Peace Volunteer Corp (Yayasan Salam) and a grant organisation on Natural Disaster, Force of Nature (FON) as well as the President of the World Wide Fund for Nature, Malaysia.

Board Meeting Attendance:

6 out of 6 Board Meetings held in 2016

Other Information:

Tan Sri Razali is the uncle of Zakri Bin Mohd Khir, the Chief Executive Officer and Non-Independent Executive Director of the Company. Save as disclosed above, Tan Sri Razali does not have any family relationship with any other Director and/or major shareholder of the Company.

Tan Sri Razali does not hold any share in the Company and its subsidiaries and also does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

Note:

* On 2 July 2002, Tan Sri Razali Bin Ismail was re-designated to Non-Independent Non-Executive Chairman as a result of his disqualification as an Independent Director of the Company pursuant to the paragraph 1.01 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("LR"). With the approval from the Board, Tan Sri Razali was subsequently re-designated as an Independent Non-Executive Director of the Company on 26 November 2009 following his compliance with the definition of Independent Director as prescribed in the LR. Accordingly, the cumulative term of Tan Sri Razali as an Independent Non-Executive Director of the Company as at 29 March 2017 is approximately 8 years 1 month.

BOARD OF DIRECTORS' PROFILE

(As at 29 March 2017)



FOO SAN KAN

Independent
Non-Executive Director

Working Experience:

Foo San Kan was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practising accountant. He has 35 years of experience in the accounting profession, of which the last 30 years were spent in various positions in Ernst & Young. During the course of his career, he was involved in various industry sectors including financial services, energy, manufacturing, plantations, property, construction, leisure and entertainment and almost all aspects of the accounting profession.

Directorships of Public Companies:

1. Allianz Malaysia Berhad;
2. Allianz General Insurance Company (Malaysia) Berhad;
3. Allianz Life Insurance Malaysia Berhad;
4. OSK Holdings Berhad;
5. Malaysian Trustees Berhad;
6. RHB Trustees Berhad; and
7. PJ Development Holdings Berhad.

Board Meeting Attendance:

6 out of 6 Board Meetings held in 2016

Other Information:

Foo San Kan does not hold any share in the Company and its subsidiaries. He also does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

Age: 68

Nationality: Malaysian

Gender: Male

Date of Appointment:

25 November 2005

Length of Service:

11 years 4 months

Date of Last Re-election:

9 June 2015

Membership of Board Committee:

1. Chairman of Audit Committee
2. Member of Risk Management Committee
3. Member of Nomination and Remuneration Committee

Qualification:

1. Fellow of the Institute of Chartered Accountants in England and Wales in 1973
2. Chartered Accountant of the Malaysian Institute of Accountants in 1974
3. Member of the Malaysian Institute of Certified Public Accountants in 1974
4. Fellow of the Chartered Tax Institute of Malaysia in 1992

BOARD OF DIRECTORS' PROFILE

(As at 29 March 2017)

DATO' DR. THILLAINATHAN A/L RAMASAMY

Independent
Non-Executive Director



Age: 72

Nationality: Malaysian

Gender: Male

Date of Appointment:

24 June 2011

Length of Service:

5 years 9 months

Date of Last Re-appointment:

25 May 2016 (pursuant to Section 129 (6) of the Companies Act, 1965)

Membership of Board Committee:

1. Chairman of Risk Management Committee
2. Member of Audit Committee
3. Member of Nomination and Remuneration Committee

Qualification:

1. Class 1 Honours in Bachelor of Arts (Economics) Degree from the University of Malaya in 1968
2. Master in Economics from the London School of Economics in 1970
3. PhD in Economics from the London School of Economics in 1976
4. Fellow Member of the Institute of Bankers Malaysia in 1988

Working Experience:

Dato' Dr. Thillainathan has been with the Genting Group since 1989 and held positions as Director of Finance (1989-2002), Chief Operating Officer (2002-2006) and Executive Director (2003-2007) and was subsequently redesignated as an Independent Director in 2009. Prior to his employment with the Genting Group, he was the Chief Executive of Bank Buruh Malaysia Berhad (1984-1989), Joint Managing Director of Bank Pusat Kerjasama (1983-1984), General Manager, Treasury and Investment Services of Arab Malaysian Merchant Bank (1980-1983) and Lecturer and Associate Professor, Faculty of Economics and Administration of University of Malaya (1970-1979). He is currently a Member of Advisory Board of School of Business and Economics, Monash University and a council member of the Malaysian Quality Agency.

Dato' Dr. Thillainathan has extensive years of experience in finance and banking. He is the past President of Malaysian Economic Association and past Chairman and council member of the Federation of Asean Economic Associations. He has served on the National Economic Panel, the Anti-Recession Task Force, the Task Force on Capital Market Development, the Investment Panel of Employees Provident Fund, the National Economic Consultative Council, the Tax Review Panel of the Ministry of Finance, the Economic Council and Majlis Perundingan Ekonomi Negara Kedua.

Directorships of Public Companies:

1. Allianz Malaysia Berhad;
2. Allianz General Insurance Company (Malaysia) Berhad;
3. Allianz Life Insurance Malaysia Berhad;
4. Genting Berhad;
5. Institute for Democracy and Economic Affairs Berhad; and
6. Public Investment Bank Berhad.

Dato' Dr. Thillainathan is also a Trustee of Child Information, Learning and Development Centre, Yayasan MEA and Private Pension Administrator Malaysia.

Board Meeting Attendance:

6 out of 6 Board Meetings held in 2016

Other Information:

Dato' Dr. Thillainathan does not hold any share in the Company and its subsidiaries. He also does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

BOARD OF DIRECTORS' PROFILE

(As at 29 March 2017)



TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

Independent
Non-Executive Director

Working Experience:

Tan Sri Datuk (Dr.) Rafiah started her career as a lecturer at the Faculty of Law, University of Malaya in 1974. In 1988, she ended her service with the University as the Dean of the Faculty. She then moved on to become the Head of the Legal Department of the Malayan Banking Berhad ("Maybank"). In 1991, she was promoted to the post of General Manager of the Human Resource Department at Maybank. She was then invited to serve in Bank Negara Malaysia as the Assistant Governor for the Security Department, Legal Department and Property and Service Department.

Tan Sri Datuk (Dr.) Rafiah's international experience includes holding the position of Assistant Secretary General for Human Resource Management, United Nations, New York, from 1997 to 2002 and was the first Malaysian to be appointed to such a high ranking post in the United Nations system. From 2003 to 2006, she was the Executive Director of the International Centre for Leadership in Finance, now known as The ICLIF Leadership And Governance Centre. In 2006, she was appointed as the Vice-Chancellor/President of the University of Malaya.

She was the Executive Director of NAM Institute for the Empowerment of Women from 2009 to 2013.

Tan Sri Datuk (Dr.) Rafiah has been awarded the "Darjah Kebesaran Panglima Jasa Negara (PJN)" and the "Panglima Setia Mahkota (PSM)" from His Majesty The Yang di-Pertuan Agong.

Directorships of Public Companies:

1. Allianz Malaysia Berhad;
2. Allianz General Insurance Company (Malaysia) Berhad;
3. Allianz Life Insurance Malaysia Berhad;
4. Chairperson of Malaysian Genomics Resource Centre Berhad;
5. National Entrepreneurship Board (Perbadanan Usahawan Nasional Berhad); and
6. Nestle (Malaysia) Berhad.

Board Meeting Attendance:

5 out of 6 Board Meetings held in 2016

Other Information:

Tan Sri Datuk (Dr.) Rafiah does not hold any share in the Company and its subsidiaries. She also does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

Age: 69

Nationality: Malaysian

Gender: Female

Date of Appointment:

23 November 2012

Length of Service:

4 years 4 months

Date of Last Re-election:

25 May 2016

Membership of Board Committee:

1. Chairperson of Nomination and Remuneration Committee
2. Member of Risk Management Committee
3. Member of Audit Committee

Qualification:

1. Bachelor of Laws from the Queen's University of Belfast, United Kingdom in 1971
2. Master of Laws from the Queen's University of Belfast, United Kingdom in 1974
3. Certificate of Legal Practice in 1987
4. Advocate & Solicitor of the High Court of Malaya in 1987
5. Honorary Doctorate from the Queen's University of Belfast, United Kingdom in 2005

BOARD OF DIRECTORS' PROFILE

(As at 29 March 2017)

TUNKU ZAIN AL-ABIDIN IBNI TUANKU MUHRIZ

Independent
Non-Executive Director



Age: 34

Nationality: Malaysian

Gender: Male

Date of Appointment:

28 November 2014

Length of Service:

2 years 4 months

Date of Last Re-election:

9 June 2015

Membership of Board Committee:

1. Member of Nomination and Remuneration Committee
2. Member of Risk Management Committee

Qualification:

1. Bachelor of Science Degree in Sociology and Government from the London School of Economics and Political Science in 2003
2. Master of Science in Comparative Politics from the London School of Economics and Political Science in 2004

Working Experience:

Tunku Zain Al-Abidin is Founding President of the Institute for Democracy and Economic Affairs; a Trustee of Yayasan Chow Kit, Yayasan Munarah, the Jeffrey Cheah Foundation and the Genovasi Foundation; an Independent Non-Executive Director of Allianz Malaysia Berhad and Kian Joo Can Factory Berhad; an advisor or patron to numerous educational and cultural organisations; a committee member of several societies; and a columnist in three newspapers.

Tunku Zain Al-Abidin was educated at the Kuala Lumpur Alice Smith School, Marlborough College and the London School of Economics and Political Science, where he obtained his MSc in Comparative Politics. He then worked in the UK Houses of Parliament before moving to Washington DC to join the World Bank as a Public Sector Consultant. Upon returning to Malaysia, Tunku Zain worked at the United Nations Development Programme and the KRA Group before becoming a Research Fellow at the Lee Kuan Yew School of Public Policy at the National University of Singapore.

In 2006 he co-founded the Malaysia Think Tank which evolved into the Institute for Democracy and Economic Affairs (IDEAS) in 2010. Since 2008 he has maintained a newspaper column: firstly Abiding Times in the Sun, then Roaming Beyond the Fence in the Star and Sin Chew, and now Conservatively Speaking Freely in the Malay Mail, Borneo Post and Oriental Daily. From these articles three books have been compiled, the latest being nominated for the Popular Readers' Choice Awards. Tunku Zain Al-Abidin is also authored a coffee table book for the Installation of the Eleventh Yang di-Pertuan Besar of Negeri Sembilan and led a major project to revitalise the State Anthem.

An Eisenhower Fellow, he has been selected for various leadership programmes by the governments of Australia, France and the European Union. Tunku Zain Al-Abidin has been recognised with the Rotary Young Integrity Award in 2013 and a Top 10 Most Impactful Young Leaders Award in 2015.

Directorships of Public Companies:

1. Allianz Malaysia Berhad;
2. Allianz General Insurance Company (Malaysia) Berhad;
3. Allianz Life Insurance Malaysia Berhad;
4. Kian Joo Can Factory Berhad; and
5. Institute for Democracy and Economic Affairs Berhad.

Tunku Zain Al-Abidin is a trustee of Yayasan Chow Kit, Yayasan Munarah and the Jeffrey Cheah Foundation. He is also a patron of several cultural organisations and a committee member of several associations including the Squash Racquets Association of Malaysia.

Board Meeting Attendance:

6 out of 6 Board Meetings held in 2016

Other Information:

Tunku Zain Al-Abidin does not hold any share in the Company and its subsidiaries. He also does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

BOARD OF DIRECTORS' PROFILE

(As at 29 March 2017)



ZAKRI BIN MOHD KHIR

Chief Executive Officer and
Non-Independent
Executive Director

Working Experience:

Zakri Bin Mohd Khir has over 29 years of experience in the insurance industry. He joined the Company in 2000 as the Head of Industrial Business and subsequently appointed as the Head of Technical Division in 2004. He was the Head of Operations Division of Allianz General Insurance Company (Malaysia) Berhad ("AGIC") before he assumed his current position as the Chief Executive Officer ("CEO") of AGIC in December 2010. Zakri Bin Mohd Khir is also the CEO of the Company on 3 September 2014. Prior to his employment with the Group, he was the General Manager of The American Malaysian Insurance Berhad.

Directorships of Public Companies:

1. Allianz Malaysia Berhad;
2. AGIC; and
3. Allianz Life Insurance Malaysia Berhad.

Board Meeting Attendance:

6 out of 6 Board Meetings held in 2016

Other Information:

Save as disclosed below, Zakri Bin Mohd Khir does not have any family relationship with any other Director and/or major shareholder of the Company:-

1. He is the nephew of Tan Sri Razali Bin Ismail, the Chairman of the Company.
2. He is a nominee Director of Allianz SE on the Boards of the Company and its subsidiaries.

Save for holding of 100 ordinary shares and 200 irredeemable convertible preference shares in the Company, Zakri Bin Mohd Khir does not have any other interest in the shares of the Company and its subsidiaries. He also does not have any conflict of interest with the Company.

He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

Age: 53

Nationality: Malaysian

Gender: Male

Date of Appointment:

26 April 2010

Date of Last Re-election:

25 May 2016

Membership of Board Committee:

Nil

Qualification:

1. Certificate of Insurance from the Institut Teknologi Mara in 1986
2. Fellow of the Malaysian Insurance Institute in 2016

BOARD OF DIRECTORS' PROFILE

(As at 29 March 2017)

ONG ENG CHOW

Chief Financial Officer and
Non-Independent
Executive Director



Age: 51

Nationality: Malaysian

Gender: Male

Date of Appointment:

26 June 2009

Date of Last Re-election:

25 June 2014

Membership of Board Committee:

Nil

Qualification:

1. Bachelor of Commerce Degree from the University of Canterbury, New Zealand in 1988
2. Chartered Accountant of the Malaysian Institute of Accountants in 1991
3. Chartered Accountant of the Chartered Accountants Australia and New Zealand in 1991

Working Experience:

Ong Eng Chow has more than 27 years of experience in the financial service industry, of which 20 years were in the insurance industry. He joined Allianz Life Insurance Malaysia Berhad ("ALIM") on 1 June 1999 as Financial Controller and was redesignated as Chief Financial Officer ("CFO") in 2005. He also assumed the position as CFO of the Company in 2008. Currently, he is the CFO of the Company and ALIM. Prior to his employment with the Group, he was the Financial Controller of EON CMG Life Berhad.

Directorships of Public Companies:

1. Allianz Malaysia Berhad.

Board Meeting Attendance:

6 out of 6 Board Meetings held in 2016

Other Information:

Save for holding of 100 ordinary shares and 100 irredeemable convertible preference shares in the Company, Ong Eng Chow does not have any other interest in the shares of the Company and its subsidiaries. He does not have any family relationship with any Director and/or major shareholder of the Company except by virtue of being a nominee Director of Allianz SE on the Board of the Company. He also does not have any conflict of interest with the Company.

He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

SENIOR MANAGEMENT TEAM



ZAKRI BIN MOHD KHIR

Designation: Chief Executive Officer of Allianz Malaysia Berhad ("AMB" or "Company") and Allianz General Insurance Company (Malaysia) Berhad ("AGIC")

Age: 53 **Gender:** Male

Nationality: Malaysian

Qualification:

1. Certificate of Insurance from the Institut Teknologi Mara
2. Fellow of the Malaysian Insurance Institute

Working Experience, Directorships in Public Companies and Other Information:

Kindly refer to Zakri Bin Mohd Khir's profile as set out in the Board of Directors' Profile of this Annual Report.



JOSEPH KUMAR GROSS

Designation: Chief Executive Officer ("CEO") of Allianz Life Insurance Malaysia Berhad ("ALIM")

Age: 52 **Gender:** Male

Nationality: German

Qualification: Master in Business Administration, Johann-Wolfgang-Goethe University, Frankfurt, Germany

Working Experience: He joined Allianz SE in 2002 as the Senior Vice President of Strategic Brand Management and subsequently appointed as the Executive Director and Head of Group Market Management before he assumed his current position as the CEO of ALIM on 20 April 2016.

Directorships in Public Companies: Nil

Other Information: Save as disclosed, Joseph Kumar Gross does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

SENIOR MANAGEMENT TEAM



ONG ENG CHOW

Designation: Chief Financial Officer of AMB and ALIM

Age: 51 **Gender:** Male

Nationality: Malaysian

Qualification:

1. Bachelor of Commerce Degree from the University of Canterbury, New Zealand
2. Chartered Accountant of the Malaysian Institute of Accountants
3. Chartered Accountant of the Chartered Accountants Australia and New Zealand

Working Experience, Directorships in Public Companies and Other Information:

Kindly refer to Ong Eng Chow's profile as set out in the Board of Directors' Profile of this Annual Report.



HORST HERMANN HABBIG

Designation: Chief Sales Officer of AGIC

Age: 53 **Gender:** Male

Nationality: German

Qualification: Advanced Industrial Training Programme (AFP), Germany

Working Experience: He joined the Company in 1999 as Technical Advisor and subsequently appointed as Chief Operating Officer in 2002. He was redesignated as the Head of Marketing Division in 2008 before he assumed his current position as Chief Sales Officer on 1 April 2010.

Directorships in Public Companies: Nil

Other Information: He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



ONG PIN HEAN

Designation: Chief Sales Officer of ALIM

Age: 53 **Gender:** Male

Nationality: Malaysian

Qualification: Bachelor of Business Administration, University of Houston, Texas, USA

Working Experience: He joined ALIM as Head of Life Sales on 2 July 2001, seconded to Allianz China Life in 2004 to set up the first branch for Allianz Life China in GuangZhou. In 2005, he became the Chief Sales & Marketing Officer for Allianz Life China in Shanghai. He returned to Malaysia in 2007 and assumed his current position on 1 February 2010.

Directorships in Public Companies: Nil

Other Information: He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

SENIOR MANAGEMENT TEAM



WANG WEE KEONG

Designation: Chief Operations Officer of AMB and AGIC

Age: 45 **Gender:** Male

Nationality: Malaysian

Qualification: Bachelor of Commerce and Management

Working Experience: He joined the Company in 2004 and has held various managerial positions in AMB and its insurance subsidiaries ("Group"). He assumed his current position on 1 January 2010.

Directorships in Public Companies: Nil

Other Information: He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



LIM LI MENG

Designation: Chief Sales Officer, Partnership Distribution and Corporate Clients Solutions of ALIM

Age: 52 **Gender:** Female

Nationality: Malaysian

Qualification: Bachelor of Science (Honours)

Working Experience: She joined ALIM in 2003 and has held several senior managerial positions in ALIM attached to various Divisions such as Product Development, Operations with her last position being Chief Market Management Officer of ALIM. Li Meng was subsequently appointed to her current position on 1 November 2012.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



YEOH ENG HUN

Designation: Chief Strategy & Product Officer of ALIM

Age: 39 **Gender:** Male

Nationality: Malaysian

Qualification:
1. Fellow of the Institute of Actuaries of Australia
2. Chartered Financial Analyst

Working Experience: He joined the Allianz Regional Office in Singapore in 2008, and was the Regional Chief Actuary before joining ALIM in 2012. His previous roles at ALIM included Appointed Actuary, Chief Actuary, Chief Risk Officer and Chief Operations Officer. He assumed his current position on 15 October 2016.

Directorships in Public Companies: Nil

Other Information: He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

SENIOR MANAGEMENT TEAM



STEFAN RITZ

Designation: Chief Operations Officer of ALIM and Chief Digital Officer of AMB

Age: 45 **Gender:** Male

Nationality: German

Qualification: Diploma in Business Computing

Working Experience: He joined Allianz in Germany in 1998 as Information Technology consultant and was assigned to Allianz Life Korea from 2000 where he held various project lead and management roles. In April 2012 he joined ALIM as Head of Operations and was subsequently appointed as Chief Operations Officer in January 2013. He assumed his current position on 15 October 2016.

Directorships in Public Companies: Nil

Other Information: He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



CHIANG BIN FONG

Designation: Chief Information Technology Officer of the Group

Age: 51 **Gender:** Male

Nationality: Malaysian

Qualification: Bachelor of Mathematics (Computer Science)

Working Experience: He joined the Company in 2005 as Head of Information Technology. He assumed his current position on 1 August 2008.

Directorships in Public Companies: Nil

Other Information: He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



ESTHER ONG CHEN WOON

Designation: Chief Investment Officer of the Group

Age: 45 **Gender:** Female

Nationality: Malaysian

Qualification:
 1. Master of Science in Investment Management
 2. Bachelor in Insurance and Investment
 3. Chartered Financial Analyst

Working Experience: She joined as Chief Investment Officer of the Group on 15 August 2007. She is in charge of managing the investment funds and also involved in the asset liability management and the investment product development of the insurance subsidiaries.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

SENIOR MANAGEMENT TEAM



NG SIEW GEK

Designation: Company Secretary and Head of Allianz4Good of the Group

Age: 51 **Gender:** Female

Nationality: Malaysian

Qualification: Chartered Secretary (Institute of Chartered Secretaries and Administrators, UK)

Working Experience: She is the Company Secretary of the Group since 1997. She is also the Secretary to the Board Committees of AMB and Senior Management Committees of ALIM and AGIC.

In 2011, she assumed additional responsibility as the Head of Allianz4Good Department, the corporate responsibility arm of the Group.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



MANOGARI A/P MURUGIAH

Designation: Head of Legal & Compliance of the Group

Age: 56 **Gender:** Female

Nationality: Malaysian

Qualification:
1. Bachelor of Laws, University of London
2. Certificate in Legal Practice

Working Experience: She joined the Company in 2003 as Head of Legal. On 1 January 2011, she was appointed as Head of Legal & Compliance of the Group, assuming responsibility for both legal and compliance matters of the Group.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



WONG WOON MAN

Designation: Head of Human Resources of the Group

Age: 48 **Gender:** Female

Nationality: Malaysian

Qualification: Bachelor of Science in Agribusiness

Working Experience: She joined ALIM in August 2002 as Head of Learning and Development. In 2006, she was appointed as Senior Manager, Human Resources. When the Human Resources function was synergised between ALIM and AGIC, she was appointed as Deputy Head of Human Resources. In 2011, she assumed the role of Head of Human Resources of the Group.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

SENIOR MANAGEMENT TEAM



LEE CHI KWAN

Designation: Head of Finance of AGIC

Age: 50 **Gender:** Female

Nationality: Malaysian

Qualification:

1. Fellow of the Association of Chartered Certified Accountants (UK)
2. Chartered Accountant Malaysia of Malaysian Institute of Accountants

Working Experience: She joined the Company in 2005, and is attached to the Finance Division in Head Office with her current position being the Head of Finance of AGIC, which she assumed on 1 November 2010.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



MOK KIAN TONG

Designation: Chief Risk Officer of AMB and AGIC

Age: 56 **Gender:** Male

Nationality: Malaysian

Qualification: Bachelor of Business in Business Administration

Working Experience: He joined the Company in 2001 and has held several managerial positions at Head Office in several functions namely Finance, Compliance and Risk Management. He was appointed as the Chief Risk Officer on 1 January 2011.

Directorships in Public Companies: Nil

Other Information: He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



NG SIEW LENG @ JANNY NG

Designation: Head of Internal Audit of the Group

Age: 47 **Gender:** Female

Nationality: Malaysian

Qualification: Chartered Institute of Management Accountant

Working Experience: She joined the Company on 16 June 1995 as Internal Auditor Executive. She assumed her current position on 1 January 2014.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.

SENIOR MANAGEMENT TEAM



JOANNICA DASS

Designation: Head of Corporate Communications Department of the Group

Age: 40 **Gender:** Female

Nationality: Malaysian

Qualification: Bachelor of Communications Studies, Majoring in Television

Working Experience: She joined the Company in August 2004 as a Senior Executive in the Corporate Communications Unit. She was appointed as the Head of Corporate Communications Department on 1 May 2007. When the communication function was synergised between ALIM and AGIC, she was appointed as the Head of Corporate Communications Department of the Group on 1 June 2008. She is also the Investor Relations contact for AMB.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



ONG CHAR KWEE

Designation: Chief Market Management Officer of the Group

Age: 52 **Gender:** Female

Nationality: Malaysian

Qualification:
1. Master of Business Administration
2. Fellow, Life Management Institute

Working Experience: She joined the Group as the Deputy Chief Market Management Officer. She assumed her current position on 1 September 2015.

Directorships in Public Companies: Nil

Other Information: She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2016.



**Trust
and
Integrity**

Road Safety Advocacy Campaigns

These campaigns aim to instil road safety awareness among members of the public and contribute to reducing on-road risks

In 2016, we distributed:

**482 car seatbelt
shoulder pads** with the
messages "Drive Safely"
and "Buckle Up"

3,120 specially
designed
**reflective
stickers**

321 child
safety
booster seats

**115 child motorcycle
helmets** for young
passengers

**320 reflective
windbreakers** for
motorcyclist visibility

777 SIRIM-approved
**adult motorcycle
helmets**



CHAIRMAN'S STATEMENT



Y . B H G . T A N S R I R A Z A L I B I N I S M A I L
Chairman

Dear Shareholders,

2016, by all accounts, was an eventful year given the challenges faced in the global and local markets respectively. Though Allianz Malaysia Berhad (“Company”) and its subsidiaries (collectively referred to as “Group”) were not spared from the effects of these events, we managed to withstand the volatility on the back of strategic initiatives that were put in place.

The Group, as part of the Allianz SE Group, firmly subscribes to the Allianz SE Group’s values that emphasise strong stakeholder trust, reputable brand, inclusive culture as well as superior financial strength and resilience. At the end of 2015, Allianz SE Group embarked on the Renewal Agenda, a strategic roadmap to evolve each operating entity worldwide into dynamic organisations that are able to compete on all fronts. We have embraced the Renewal Agenda and 2016 has been a year focussed on implementing the five strategic pillars that aim to enhance agility, productivity and innovation. These pillars – True Customer Centricity, Technical Excellence, Growth Engines, Digital by Default and Inclusive Meritocracy – will spearhead the next phase of growth for the Group.

MALAYSIAN ECONOMY

Despite falling revenue from a weaker commodities market, primarily caused by lower oil prices, and concerns over political uncertainty, Malaysia’s economy remained resilient in 2016, recording Gross Domestic Product (“GDP”) growth of 4.2 percent. The Ringgit continued to depreciate against the US Dollar, with the currency coming close to a 19-year low in late November. However, earnings generated from the goods and services tax imposed in 2015 helped to offset the effects caused by the weaker Ringgit. The insurance industry was similarly affected by the economic sentiment. As a result, the pace of growth registered by the insurance industry was slower than earlier projected. I am pleased to report that despite this challenging environment, the Group turned in a healthy set of results for 2016.

CHAIRMAN'S STATEMENT

We expect 2017 to be a year of both opportunities and challenges. We are cautiously optimistic that the insurance industry will continue to see growth in 2017, likely to be in line with 2017 GDP growth projected at 4.3 percent by the World Bank. The modest projection is expected to be supported by domestic demand, underpinned by government stimulus and minimum wage hike. Overall, the Malaysian economy has proven to be robust against both internal and external challenges.

VALUE CREATION

For the financial year under review, the Group has succeeded in delivering consistent growth, recording operating revenue of RM4.68 billion, an increase of 3.5 percent or RM159.4 million from RM4.52 billion in 2015. Despite the economic headwinds during the year, business momentum within the Group remained positive.

Group Operating Revenue

RM4.68
Billion

↑
+3.5%

Group Profit Before Tax

RM454.6
Million

↑
+3.7%

In tandem with the solid top-line performance, the Group's profit before tax increased by 3.7 percent to RM454.6 million from RM438.2 million in 2015. Basic earnings per share stood at 182.27 sen as compared to 183.08 sen in the previous year.

Throughout the year, the insurance subsidiaries of the Group have maintained a capital adequacy ratio that was in excess of minimum requirements mandated for the industry.

The Group strives to balance between an attractive yield for our shareholders and ensuring investments for business building needs. During the year, the Board declared an interim ordinary share dividend of 9.00 sen per ordinary share under single tier system (2015 first and final dividend: 6.50 sen) and an interim preference share dividend of 10.80 sen per Irredeemable Convertible Preference Share under single tier system (2015 first and final dividend: 7.80 sen).

SUSTAINABILITY

At Allianz Malaysia, we firmly believe that sustainable development is integral to our success and long-term viability as an organisation. In 2016, we engaged an external advisory team to strengthen and enhance our approach to sustainability. The Group's progress in

integrating sustainability into our roles as an insurer, employer and corporate citizen are set out in the Sustainability Report, which forms part of this Annual Report.

AWARDS AND RECOGNITION

The Company was once again recognised at the Malaysia-ASEAN Corporate Governance Awards in 2016. The Company received the Merit Award for Corporate Governance Disclosures at the Minority Shareholder Watchdog Group Malaysia-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2016. The award is given to the top ten Public Listed Companies which incorporate the best corporate governance practices, identified from the 868 companies that were assessed using the ASEAN Corporate Governance Scorecard methodology.

ACKNOWLEDGEMENTS

During the year, Mr Joseph Gross joined the Group as the Chief Executive Officer of Allianz Life Insurance Malaysia Berhad. Joseph brings with him a wealth of experience in distribution and marketing which puts him in good stead to lead our life company. I would like to extend my warmest welcome to Mr Joseph Gross.

I would also like to extend my warmest welcome to Mr Goh Ching Yin who was appointed as an independent Non-Executive Director of our insurance subsidiaries on 3 January 2017.

On behalf of the Board of Directors, I wish to express my deepest gratitude to our valued shareholders, customers, agents, brokers, distribution partners at banks and other business partners for their support and confidence in the Group.

I would also like to convey my appreciation to Bank Negara Malaysia, Bursa Malaysia Securities Berhad and all other relevant regulatory bodies and authorities for their invaluable guidance and support throughout the year.

My sincere thanks also go to the Senior Management team and the Group's employees for their dedication and pursuit of excellence. The Group would not have been able to achieve its success without their committed efforts.

Whilst the Group continues to operate in a difficult macroeconomic environment, the Board is confident that with the Group's focus on optimising the performance of its insurance businesses, it will continue its growth momentum and deliver sustainable returns to all stakeholders in 2017.

I look forward to the continued support from all our stakeholders as we focus on building the strength of the Group together.

Thank you.

Tan Sri Razali Bin Ismail

Chairman

29 March 2017

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS



ZAKRI MOHD KHIR

Chief Executive Officer

Dear Shareholders,

I would like to start by thanking our Allianz customers who have placed their trust and confidence in us to protect what is important to them. It is this responsibility that continues to guide us in how we operate our business. It is the cornerstone that helps us weather economic headwinds.

I am pleased to report that we ended 2016 on a positive note. The respective general and life insurance business operations recorded encouraging results amidst a year which saw economic volatility and softened consumer sentiment. Our ability to remain resilient during trying times is due to our active focus on understanding our customers better, improving operational efficiency, seeking growth opportunity and a culture of performance.

The introduction of the Renewal Agenda by Allianz SE Group in 2015 has provided the framework for us to strengthen our business operations. In 2016, we built on the strategic pillars of True Customer Centricity, Technical Excellence, Growth Engines, Digital by Default and Inclusive Meritocracy to deliver our promise of helping people move on and up in life.

Throughout the year, we made tough decisions to support the business. We also noted the rapidly evolving trends in the digital landscape and took steps to use technology as a platform to enable growth. We capitalised on opportunities, when presented, to enter new market segments. This meant that both the insurance subsidiaries continued to invest in customer-facing digital initiatives and upgrading of operational infrastructure.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

Investment performance, a key area of our business, was pro-actively reviewed in light of the capital market uncertainty, specifically taking measures to reduce the investment market sensitivity of our earnings. We remain stock selective on our investment strategy and adopted an opportunistic stance to take advantage of potential mispriced investment opportunities.

Group Gross Written
Premium

RM4.18
Billion

↑
+1.2%

FINANCIAL RESULTS & FINANCIAL CONDITION

Consolidated Group Results

Key figures: Allianz Malaysia Berhad ("Group")

| | 2016 | 2015 | Delta |
|---|----------|----------|-----------|
| Operating Revenue (RM'million) | 4,678.49 | 4,519.07 | 159.42 |
| Profit Before Tax (RM'million) | 454.59 | 438.22 | 16.37 |
| Return on Equity % | 11.3% | 12.6% | (1.3 pts) |
| Basic Earnings per Ordinary Share (sen) | 182.27 | 183.08 | (0.81) |
| Diluted Earnings per Ordinary Share (sen) | 90.80 | 89.37 | 1.43 |

Asset Allocation Review

| Type of investment | 2016 (RM'million) | 2015 (RM'million) | Delta (RM'million) | 2016 % | 2015 % | Delta pts |
|---|----------------------|----------------------|-----------------------|--------------|--------------|--------------|
| Debt instruments; thereof: | | | | | | |
| Government and government-related bonds | 5,683.07 | 5,625.95 | 57.12 | 46.5 | 52.0 | (5.5) |
| Unquoted bonds of corporations | 3,886.02 | 2,991.36 | 894.66 | 31.8 | 27.7 | 4.1 |
| Quoted equities securities | 1,569.81 | 1,199.20 | 370.61 | 12.9 | 11.1 | 1.8 |
| Loans | 297.55 | 369.32 | (71.77) | 2.4 | 3.4 | (1.0) |
| Cash | 448.37 | 221.33 | 227.04 | 3.7 | 2.0 | 1.7 |
| Others | 333.26 | 415.39 | (82.13) | 2.7 | 3.8 | (1.1) |
| Total | 12,218.08 | 10,822.55 | 1,395.53 | 100.0 | 100.0 | - |

Compared to financial year 2015, our investment portfolio grew by 12.9 percent to RM12.22 billion as of 31 December 2016. The investment mix remained relatively stable during the year. As at 31 December 2016, the investment portfolio mix comprised government and government-related bonds, unquoted bonds of corporations, quoted equities securities, loans, cash and others.

The Group continued to deliver a steady operating performance in 2016. Operating revenue increased by 3.5 percent to RM4.68 billion from RM4.52 billion in 2015, mainly driven by higher gross earned premiums and investment income of RM94.7 million and RM64.7 million respectively.

Both our life and general insurance businesses performed well in a difficult year. Consolidated gross written premium ("GWP") increased by 1.2 percent to RM4.18 billion from RM4.13 billion in the previous year.

Profit before tax increased by 3.7 percent to RM454.6 million from RM438.2 million in 2015. Our financial results in 2016 have again demonstrated the Group's ability to deliver a strong performance with return on equity at 11.3 percent.

Through these commendable achievements, we remain focused on creating value for our shareholders. As at 31 December 2016, our Group's earnings per share stood at 182.27 sen.

Our resilient growth and delivery of strong earnings performance despite the challenging operating environment were results of measures that were put in place across all areas of the business.

Balance Sheet Review

The balance sheet and solvency position for both insurance subsidiaries continued to strengthen. Total assets grew by 9.5 percent to RM14.91 billion as compared to RM13.62 billion in 2015, arising from the increase in our financial investments in debt instruments, equities and cash.

The section below mainly focuses on our financial investments in debt instruments, equities, loans and cash as these reflect the major development in total assets.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

Group Investment Portfolio

RM12.22
Billion

↑
+12.9%

The allocation of our government and government-related bonds represented 46.5 percent of our investment portfolio, which is in line with our conservative and long-term investment strategy. Unquoted bonds of corporations were up by 29.9 percent to RM3.89 billion, representing the second largest allocated investment in our portfolio. The increase in absolute terms was mainly driven by new investments.

Our exposure to equities increased by 30.9 percent to RM1.57 billion. The increase was mainly attributable to new purchases as well as gains in market value.

The Group's cash and cash equivalents consist of cash and bank balances as well as fixed and call deposits with licensed financial institutions with maturities less than three months. Cash and cash equivalents remained stable at RM0.63 billion at 31 December 2016, a marginal increase of 0.6 percent as compared to 2015, reflected by higher realisation on the sale of financial investment.

Total liabilities increased by RM1.03 billion to RM12.03 billion as compared to RM11.00 billion in 2015, as a result from higher insurance contract liabilities. Insurance contract liabilities grew by 8.9 percent to RM10.77 billion at 31 December 2016, representing 89.5 percent of the total liabilities, reflecting the underlying growth of our in-force portfolio. Other liabilities remained stable at RM1.26 billion as at 31 December 2016 compared to RM1.11 billion as at 31 December 2015.

Shareholders' fund increased by 9.9 percent to RM2.88 billion from RM2.62 billion in 2015. This was largely led by net profits generated during the year. Accordingly, the Group's retained earnings rose by 13.0 percent to RM1.55 billion from RM1.37 billion in 2015.

Solvency

As at 31 December 2016, the Group's capital position remained strong. The insurance subsidiaries of the Group remained well capitalised by maintaining Capital Adequacy Ratio ("CAR") that is in excess of the minimum requirement imposed by Bank Negara Malaysia.

Dividend Policy

The Group has again demonstrated its ability to finance profitable new business growth opportunities at attractive rates of return for our shareholders and to deliver prudent, sustainable and progressive shareholder dividends. Dividend policy of the Group continues to aim for a healthy balance between an attractive yield and supporting investments to drive profitable growth. After taking into consideration the capital requirements to deliver sustained business performance, the Board declared an interim ordinary share dividend of 9.00 sen per

ordinary share under single tier system (2015 first and final ordinary share dividend: 6.50 sen) and an interim preference share dividend of 10.80 sen per Irredeemable Convertible Preference Share ("ICPS") under single tier system (2015 first and final preference share dividend: 7.80 sen) which were paid on 21 February 2017 to the entitled shareholders and ICPS holders of the Company respectively. Dividend payout for financial year 2016 was RM 34.3 million, an increase of 38.1 percent from dividend payout for financial year 2015.

Dividend Payout

| | 2015 (sen) | 2016 (sen) | |
|---|---------------|---------------|-------------|
| Ordinary Share | 6.50 | 9.00 | ↑ +38.5% |
| Irredeemable Convertible Preference Share | 7.80 | 10.80 | ↑ +38.5% |

RENEWAL AGENDA

In November 2015, the newly appointed Chairman of the Board of Management as well as Chief Executive Officer of Allianz SE, Oliver Bate, announced that the Allianz Group will embark on the Renewal Agenda, a three year organisation-wide transformation plan that leverages our strong heritage to achieve triple excellence: portfolio strength, market leadership, and customer-centric execution.



There are five renewal agenda levers that form the foundation on which we aspire to strengthen our respective businesses. The first lever is *True Customer Centricity*, explicitly stating our commitment to ensure that superior customer experience is the impetus for all our actions. The second lever, *Digital by Default*, speaks of our ambition to become a truly 'digital' organisation where there is an end-to-end digital experience in all areas instead of just on selected performance-enhancing capabilities. We recognise the importance of *Technical Excellence*, focusing on creating superior margins, and continuous innovation, and seeking *Growth Engines* by expanding our distribution reach beyond the traditional distribution channels. The last pillar, but certainly not the least, is *Inclusive Meritocracy*, where we reinforce a culture where both great people and superior performance matter.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

Growth Engines: General Insurance

Key Figures: General Insurance

| | 2016 | 2015 | Delta |
|------------------------------------|----------|----------|-----------|
| Gross Written Premium (RM'million) | 2,082.92 | 2,180.49 | (97.57) |
| Profit Before Tax (RM'million) | 320.52 | 322.33 | (1.81) |
| Claim ratio % | 61.9 | 60.6 | (1.3 pts) |
| Expense ratio % | 17.4 | 16.9 | (0.5 pts) |
| Combined ratio % | 90.4 | 89.0 | (1.4 pts) |

Our Group's general insurance operation, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General"), continues to be the market leader in the conventional general insurance market, with a market share of 11.80 percent as at 31 December 2016 despite GWP declining by RM97.6 million or 4.5 percent to RM2.08 billion in 2016. The decrease was due to lower GWP from motor insurance as a result of lower new car sales, general slowdown in economy as well as the company's decision to exit from certain loss making segments.

Agency continues to be a key channel for the general insurance business, contributing 58.5 percent or RM1.22 billion of GWP which was at the same level as the preceding year. The other distribution channels, namely Broker, Franchise, Bancassurance and Telemarketing, collectively registered a drop in GWP of 9.8 percent to RM864.4 million from RM958.7 million in 2015.



We recognised that the impending tariff liberalisation of motor insurance as well as digital behaviour by consumers will change the way they buy insurance. As such, we undertook active engagement with our distribution partners to provide training and regulatory updates to prepare for when the liberalisation of the Motor and Fire tariffs takes effect. In addition, Allianz Group has also secured a 15-year regional bancassurance partnership agreement with Standard Chartered Bank in Hong Kong, Singapore, Malaysia, Indonesia and China, which is targeted for implementation in 2017. This demonstrates Allianz Group's continued commitment into expanding its distribution reach via strategic partnerships.

Allianz General retains its place as one of the top motor insurers in the market, with the portfolio making up 60.0 percent or RM1.25 billion in GWP, the balance of RM833.4 million is attributed to the Non-Motor business – comprising Property, Health, Personal Accident, Liability, Marine and others.

The general insurance business operations of the Group continues to report a positive underwriting profit of RM166.9 million although it saw a 11.4 percent decline from RM188.4 million the year before. Nevertheless, Allianz General achieved a healthy combined ratio of 90.4 percent in 2016, despite an increase of 1.4 percentage points from 89.0 percent in 2015. This can be attributed to an increase in the claims ratio of 1.3 percentage points to 61.9 percent from 60.6 percent the year before as well as an increase in the expense ratio by 0.5 percentage points to 17.4 percent from 16.9 percent the previous year. The increase in claims ratio is due to a general increase in claims cost due to inflation while the increase in expense ratio is due to investment into digital assets. Profit before tax correspondingly declined by 0.6 percent to RM320.5 million from RM322.3 million in 2015.

To defend our market leadership position, Allianz General will continue to focus on profitable businesses and to ensure the quality of the overall business and services in its portfolio. We will use insights from our customers to introduce innovative products and riders thereby increasing the value proposition for our customers and to focus on data analytics for risk segmentation and improving pricing capabilities.

Growth Engines: Life Insurance

Key figures: Life Insurance

| | 2016 | 2015 | Delta |
|--------------------------------------|----------|----------|--------|
| Annualised New Premiums (RM'million) | 392.46 | 370.67 | 21.79 |
| Gross Written Premium (RM'million) | 2,099.68 | 1,952.16 | 147.52 |
| Profit Before Tax (RM'million) | 138.37 | 116.62 | 21.75 |
| New Business Value (RM'million) | 156.95 | 108.10 | 48.85 |

The Group's life insurance operations, Allianz Life Insurance Malaysia Berhad ("Allianz Life") offers its customers a full range of insurance and financial services through a multi-distribution platform comprising agency, bancassurance and corporate partners, with a strong focus on our tied-agent network.

Annualised New Premiums ("ANP") increased by 5.9 percent to RM392.5 million from RM370.7 million in 2015, mainly driven by Agency and Bancassurance channels. Allianz Life is currently one of the top five players in the industry with a market share of 6.6 percent as at December 2016.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

Our Allianz Life agent network played a key role to our ANP growth. Agency contributed the largest share of ANP with 84.0 percent, amounting to RM329.7 million. This was a 3.9 percent increase from RM317.4 million in the year before. Investment-linked sales contributed 76.7 percent of our total agency new business production, a similar level to 2015 performance. Agent manpower decreased to 6,809 agents in 2016 as we stepped up efforts to increase agent's productivity and to professionalise our agency force.

The exclusive bancassurance partnership between Allianz Life and HSBC Bank Malaysia Berhad entered its fourth year. Sales from HSBC Bank recorded a 19.4 percent growth in ANP, accounting for 10.3 percent of the total ANP in 2016. Allianz Life organised regular customer engagement seminars and a variety of customer events that helped to strengthen the sales momentum.

Our Corporate Clients and Solutions ("CCS"), previously known as Employee Benefits, reported a 7.6 percent improvement in ANP as compared to the previous year. During the year, CCS was incorporated under Partnership Distribution to better reflect the nature of this channel and to also leverage joint resources to enhance operational efficiency and sales intermediary support.

Allianz Life **Gross Written
Premium**

RM2.10
Billion



Allianz Life continued its growth momentum, surpassing the RM2.0 billion threshold for the first time with a total GWP of RM2.10 billion in 2016. The result, which surpassed our 2016 target, was a 7.6 percent increase from RM1.95 billion in the preceding year. The increase in gross earned premiums of the life insurance operation was attributable to higher premiums from all the key distribution channels as well as our concerted focus on investment-linked products with protection riders which yield higher margins.

Profit before tax for the life insurance business increased by 18.7 percent as Allianz Life continued to make good progress towards sales of regular premium investment-linked protection products. Investment-linked business contributes to more than half of the company's profit before tax.

New Business Value ("NBV") is our main measure of profitable growth and we achieved a 45.2 percent increase in 2016. Key initiatives implemented to achieve improved NBV included managing the portfolio mix of our business namely the types of products we sold, repricing of certain product lines to current risk experiences and ensuring capital efficiency, among others.

True Customer Centricity

The core of our business is protecting what our customers care about. In this respect, how we interact with our customers reflects the depth of our commitment, hence, our ambition of delivering superior value with an excellent and caring customer experience.

Throughout the year, we worked on actively reviewing customer touch points from the way we on-board a new customer to how claims can be filed and paid and also, the types of communication materials our customers receive from us. We applied the Customer Experience ("CX") methodology introduced by Group Market Management of Allianz SE to identify pain-points in our customer journeys. Two major journeys namely Motor Own Damage Claims for our general business and Health Claims reimbursement for our life business and six smaller journeys across different parts of the organisation were mapped.

2 major CX journeys



Motor Own Damage Claims



Health Claims reimbursement



The year also saw us expanding our Fast Solutions for easy and convenient product and service interactions. Customers were able to get quotations for four general insurance products, namely, HomeOwner/HomeContents, Enhanced RoadWarrior, Allianz Shield and ATM Shield through Allianz Online on our website. These products were later available for online purchase in February 2017 and were joined by the addition of a term life product and a hospital cash product. We also rolled-out the Interactive Voice Response ("IVR") System enhancement as part of a new customer service charter.

A direct benefit of implementing CX and Fast Solutions is the increased awareness amongst our employees to be critical of internal processes with respect to raising our customers' experience when engaging with us. A programme was introduced to upskill our customer service team which included the Allianz Touch training programme, a knowledge

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

library which serves as a centralised hub of information for the service team and the Service Governance Framework, an all-encompassing guideline on complaints management, customer communication, service behaviour and service recovery. At Allianz, we measure how well we engage our customers through the Top Down Net Promoter Score survey. I am pleased to report that Allianz General achieved an "Above Market" score while Allianz Life improved its ranking amongst our peers though it recorded a "Below Market" score.



Digital by Default

We recognise that digital has become an integral part of our business and in the lives of our customers. Digital touch points can enhance our customer's experience to provide simple, convenient and personalised service in today's connected age.

We accelerated our efforts to adopt digital technology across our overall set-up and processes to improve productivity. Investments were allocated into building digital assets to enable quick reaction required in the liberalised motor and fire tariff environment as well as the implementation of the Life Framework. We launched a straight-through process for motor own damage claims which for straight forward cases could receive an almost immediate approval. A similar initiative was also introduced to auto-process our health claims within specified parameters. Better functionalities in the Imagine sales app have seen e-submission for the life insurance new business account for almost 75 percent of all submissions. Life agents are now able to submit selected policy servicing requests on line without having to visit a branch for a paper submission.

Customers can now visit Allianz Online on our website to get a quote and purchase four general products and two life products. We expect to add more products to Allianz Online as we learn from insights into customers' online insurance purchasing behavior. With the prevalence of smartphones, we launched our Allianz A2Z customer mobile app that allows our customers to request for hospital Guarantee Letter, roadside assistance and submission of medical claims, among others. We have also increased the use of digital communication via SMS, emails and self-service functionalities to remain connected with our customers. They not only provide convenience and speed but also support our initiative to go green and paperless.

We took a first step towards digital customer service engagement where we implemented the use of Messenger to handle customer enquiries from our Facebook page. We will be looking to implement LiveChat as the next phase of customer service support.



Technical Excellence

In preparation for the upcoming liberalisation of Motor and Fire tariff, Allianz General embarked on the path towards technical and operational excellence to maintain its market leading position as well as profitability. Preparations for the tariff liberalisation began a number of years ago with key initiatives that included building a technical pricing model for the transition into risk based pricing, active portfolio and claims management to improve overall underwriting profitability and disciplined expense management for added competitive advantage.

For the life business, we launched a new plan called Allianz PrimeSaver, a new savings plan that was designed to help instill a habit of savings among young people while still rewarding them with yearly cash payments for them to spend on little pleasures in life. Allianz PrimeSaver was developed to ensure sustainable growth of our universal life portfolio. A new rider, Premier HealthCover, a critical illness coverage, was also introduced on Allianz PremierLink, in order to help increase the number of riders for Allianz' Investment-Linked portfolio which will lead to improved new business value for the life business.

In an effort to manage Allianz Life's participating portfolio due to the volatile and low returns that the Malaysian market has been experiencing in recent years, a participating bonus revision exercise was conducted to ensure equitable treatment to different generations of participating policy holders.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS



Inclusive Meritocracy

Inclusive Meritocracy is about creating a culture where people and performance matter at every step of the employee journey. In 2016, we reinforced our four people attributes of Customer & Market Excellence, Entrepreneurship, Trust and Collaborative Leadership at all levels of employees. We have started embedding these attributes with their specific key behaviours throughout the employee journey from hiring to on-boarding, performance management, development and career management, rewards and retention.

During the year, we enhanced our performance management framework to provide equal emphasis on targets to be achieved as well as the desired behaviours. Our development programmes continued to focus on building technical excellence as well as leadership in driving performance, coaching and engaging employees. Our talent pool of high potentials are continuously engaged on their individual development plans which may include fast-track career development actions. While we focus on driving business results through people, we provide support and flexible work arrangement to help employees manage between work and their personal lives.

Overall, we have an engaged staff force. We are pleased to report a high and positive Employee Engagement Index of 84 percent based on the Allianz Engagement Survey 2016. 93 percent of employees are proud to work for Allianz. Open and honest two-way communication and feedback are key values for the Group. And, we remain committed to upholding our principle of creating an inclusive culture which values diversity.

RISK & OPPORTUNITIES – RISK MANAGEMENT FRAMEWORK

The Group has put in place a robust risk management framework for an effective risk management and internal control systems to manage the successful execution of its objectives and strategies. The details of the framework, governance process and the key risks have been detailed in the Statement on Corporate Governance in this Annual Report.

Besides the key risks mentioned in the Corporate Governance statement, the following are some of the specific developments that the Group is closely monitoring:

a) Changes in the operating environment driven by regulatory requirements

- The new Life Framework has three main initiatives, i.e. the removal of limits on operating costs, diversification of distribution channels and the strengthening of market practices that may transform the insurance market. Allianz Life is constantly reviewing its business plans and strategies to stay ahead of industry changes and emerging market trends.
- The liberalisation of the Motor and Fire tariffs in the general insurance will now allow insurers to price new and select Motor and Fire products based on the customer risk profiles with effect from 1 July 2017. While this presents an opportunity for the company to price based on the risk profile of the customer, there is an uncertainty in how the market will react to these challenges. Allianz General has undertaken steps to prepare for the liberalisation and is ready to face the challenges that may arise in the market. This includes the pricing capabilities that is ready to be deployed and can be changed on a daily basis when required.

b) Emergence of new technologies - Fintech and Insuretech

- These new technologies may change the landscape of the industry with potential new entrants or intermediaries and delivery platforms.
- The Group is closely monitoring these developments and will capitalise on any opportunities that may arise and prepare for any potential disruptors in the digital space.

c) Potential penalty for infringing the Competition Act 2010 ("CA")

- Allianz General had received from Malaysia Competition Commission ("MyCC") a notice of its proposed decision ("Proposed Decision") on 22 February 2017 that Allianz General and all the other 21 general insurers who are members of Persatuan Insurans Am Malaysia ("PIAM") have infringed one of the prohibitions under Part II of the CA.
- The alleged infringement is in relation to the agreement reached between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia in relation to trade discount rates for parts for certain vehicle makes and labour hourly rate which was pursuant to a Bank Negara Malaysia directive.
- The Proposed Decision includes a proposed financial penalty of RM213,454,814 on all the 22 general insurers. Allianz General, as one of the members of PIAM, will have a share of RM27,480,883 of the proposed penalty.
- The Proposed Decision is not final as at the date of this report and Allianz General in consultation with its legal advisers will take such appropriate actions to defend its position that it has not been in infringement of Section 4(2)(a) of the CA.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS



SUSTAINABILITY

At Allianz Malaysia, we firmly believe that sustainability is an important consideration to ensure our success and long-term viability as an organisation. We take a holistic view of the financial, social, political and economic landscape when assessing risks and opportunities available to us, and translate these into strategies that are integrated into our day-to-day business operations with the aim of promoting long-term value creation for our diverse range of stakeholders.

In our role as an insurer, we create value for our customers by ensuring that we constantly innovate to meet the changing risk and consumer landscape, and that we stay abreast with the latest technologies to be able to provide insurance solutions to address their unique needs. As an employer of choice, we constantly encourage and inspire our employees by promoting a fair, inclusive, equal and diverse organisational culture that is committed to constant improvement through learning and development. Our efforts to provide a healthy and attractive workplace for our employees has translated into the Group being recognised as one of Malaysia's Top 100 Leading Graduate Employers in 2016. Through our corporate responsibility activities, we aim to create value in society beyond our business footprint; by reducing societal risks and equalising opportunities for the social inclusion of underserved communities.

In 2016, we engaged an external sustainability advisory team to strengthen and enhance our approach to sustainability. Their recommendations enable us to improve our identification of material matters and collection of stakeholder feedback, which in turn informs how we formulate action plans and subsequently report on them. You can read about how we manage our sustainable development and our progress for the year 2016 in the Group's Sustainability Report, which forms part of this Annual Report.

MOVING FORWARD

As can be seen by our 2016 performance, the Group is on a strong footing in all areas of the business. Strategies aligned with the vision of the Renewal Agenda are being implemented and some early results have already been demonstrated. These will continue to drive how we will grow our business in 2017 and guide us as we manoeuvre the intricacies of delivering profitable growth in a financial environment that is uncertain.

There will be opportunities stemming from higher global growth, commodity prices recovery and positive earnings growth after years of lacklustre performance in these areas. However, higher US interest

rates and stronger USD leading to portfolio outflows from the emerging markets are some of the challenges that will need to be overcome.

On the local front, GDP for the year is likely to be held stable at 4.0-4.5 percent, due to slower but resilient growth in consumer demand, continual roll-out of more high impact infrastructure products (currently being in the second year implementation of the 11th Malaysian plan), and the recovery of exports growth due to the expectation of global cyclical recovery and commodity exports growths stemming from higher palm oil production and oil prices.

Both our general and life insurance businesses operate on a multi-line, multi-channel model. We will strengthen our market leadership in the general insurance business, whilst our life insurance business will focus on generating growth by embedding a culture of customer excellence and customer centricity across all customer and agent touch-points, enhancing customer claims process, and driving more rigorous service and complaints management.

On the general insurance business front, we have started working with non-traditional digital partners as a new area of opportunity and implementing the hybrid distribution model where customers can connect with us via both online and offline seamlessly. In order to drive efficiency and productivity, as well as prepare for market detariffication, we are implementing a technical pricing system and driving process digitalisation.

Our life insurance business will focus on professionalising our agency force, by increasing agent productivity and activity rate. In line with our efforts to ensure cost efficiency, we are simplifying our overall set-up and processes and leveraging digital to achieve this.

We will continue to ensure robust capital management in both our general and life insurance businesses to maintain adequate solvency levels to support business growth, dividend payment and return on equity. In all, while we remain vigilant monitoring the volatility in the external environment, we will exercise due care and prudent management to deliver productivity and operational gains.

APPRECIATION

We ended 2016 on a positive note though it was a challenging year. It would not have been possible without the continuous support from our shareholders, customers, agents, brokers, bancassurance partners, and other business partners.

I would also like to thank all the employees of Allianz Malaysia for their tireless pursuit in delivering superior customer experience and commitment to overcoming challenges that came our way.

As we continue to work together towards realising our goals for 2017, I am confident that we will be able to achieve them by being agile, innovative and focused on delivering what our customers truly need.

Thank you.

Zakri Mohd Khir
Chief Executive Officer
29 March 2017