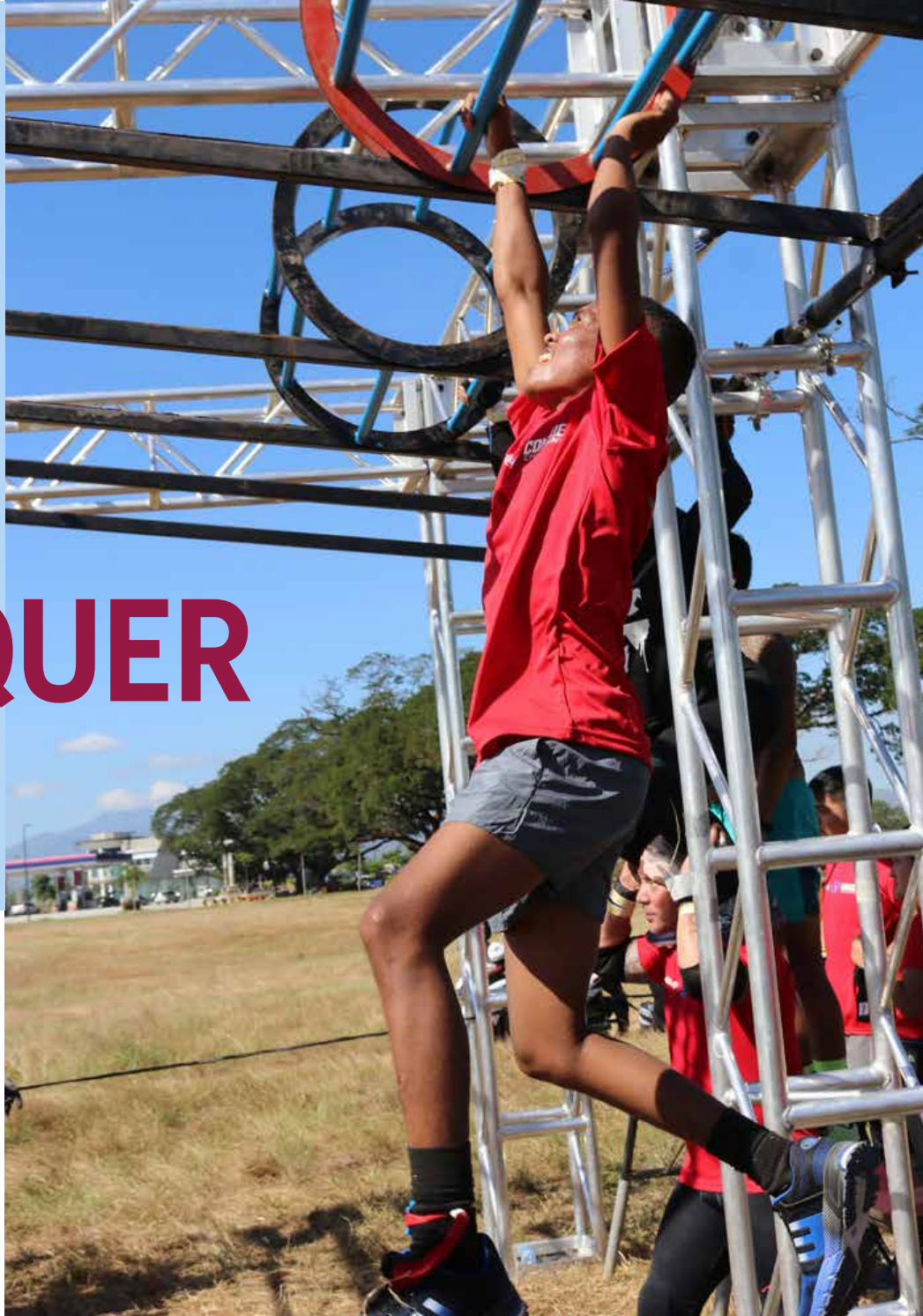


DARE TO CONQUER



ANNUAL REPORT 2018

Allianz   **PNB**
LIFE INSURANCE

DARE TO CONQUER



ANNUAL REPORT 2018

Allianz  **PNB**
LIFE INSURANCE

OUR COVER AND THEME

Allianz PNB Life creates products and services that inspire confidence, giving people the courage to move forward and dare to conquer life's obstacles.

To promote this daring spirit and social inclusion, the company connects with local communities, including indigenous people, through sports.

In December 2018, the company mounted an obstacle course race event aptly titled Allianz Conquer Challenge in Clark, Pampanga. The annual report cover shows some of the 25 Aeta youths from Allianz PNB Life's adopted community in Porac Pampanga who participated in a race. The company has chosen to support the bid of five of the Aeta participants to be part of the National OCR Training Pool.

OUR VISION

To be the most trusted partner of Filipino families on their journey to prosperity and well-being.

OUR MISSION

We care for our customers and deliver our promise.

We provide innovative solutions at our customer's convenience.

We live a culture where people and performance matter.

OUR CORE VALUES

Responsible

We do what's right

Caring

We're always there for our customers and one another

Excellent

We're always striving to be the best

Connected

We're stronger together

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OUR GLOBAL PRESENCE



The Allianz Group is a global financial services provider with services predominantly in the insurance and asset management business. As one of the world's leading insurers and asset managers, it has 85 million retail and corporate clients in more than 70 countries that rely on its knowledge, global presence, financial strength and solidity.

Allianz SE, the parent company, is headquartered in Munich, Germany. In its long 129-year history, Allianz has transformed the global financial community with cutting-edge insurance solutions and a commitment to superior customer experience. Allianz is the World's No.1 Sustainable Insurer based on the 2018 Dow Jones Sustainability Index.

As of December 2018, with approximately 1,961 billion euros assets under management, Allianz is one of the largest asset managers in the world managing assets with active investment strategies. It runs the Asset Management business out of two distinct investment management businesses, Allianz Global Investors (AllianzGI) and PIMCO.

Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance.

Allianz operates as an international insurer on every continent. In Asia, it has built a

strong presence since 1910 in 14 markets in the region.

In the Philippines, Allianz SE entered into a joint venture partnership with the Philippine National Bank (PNB) to reach a broader base of Filipino families. The company also signed an exclusive distribution agreement with PNB and PNB Savings Bank that expanded its footprint in bancassurance.

In 2017, Allianz PNB Life signed a partnership deal with HSBC Insurance Brokers Incorporated giving HSBC customers opportunities for wealth accumulation.

Since it began its operations as **Allianz PNB Life**, the company has become the country's **fastest growing life insurance company* in terms of premium income. It is among the leading providers of Variable Life products, complemented by a comprehensive line of Life and Health protection offerings for individuals and institutions.

Allianz PNB Life's main headquarters is in Makati City, the country's main business district. It also operates over 20 business centers strategically located in key locations across the country. The Company expanded its Agency channel in Visayas and Mindanao to reach more Filipinos and bridge the increasing protection gap. It has the support of over 200 employees and more than 1,000 financial advisors to serve policyholders and deliver great customer service experiences.

**based on 2017 data from Insurance Commission*

AT A GLANCE

Percentages reflect 2018 versus 2017 figures

↑69%

GROWTH IN PREMIUM INCOME

₱9.0B

GROSS WRITTEN PREMIUM IN 2018


↑7%

NET INSURANCE BENEFITS AND CLAIMS PAID

₱1.0 billion in 2018

₱115M

NET INCOME



Still one of the fastest-growing life insurance companies in the Philippines

↑8%

TOTAL ASSETS

₱27.6 billion in 2018



↑14%

SHAREHOLDERS' EQUITY

₱2.0 billion in 2018

↑31%

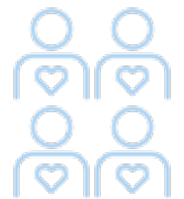
EMPLOYEES
213 by end-2018



Top 5

ALLIANZ GLOBAL INCLUSIVE MERITOCRACY INDEX (IMIX)

on performance, leadership, and integrity



↑141%

LIFE CHANGERS (AGENTS & FINANCIAL ADVISORS)

1,520 by end-2018



2 Silver Anvils

EXCELLENCE IN PUBLIC RELATIONS

awards for the "Dare To Be Fit" employee engagement program and the 2017 Annual Report

CHAIRMAN'S MESSAGE



IN THE PAST THREE YEARS, ALLIANZ PNB LIFE HAS MADE GREAT STRIDES IN BECOMING ONE OF THE COUNTRY'S FASTEST-GROWING INSURER AND A MAJOR CONTRIBUTOR TO PNB'S ROBUST FINANCIAL PERFORMANCE.

DR. LUCIO C. TAN
Chairman

While 2018 turned out to be a highly volatile year for the global financial markets, the Philippine insurance industry managed to remain largely unscathed, even posting double-digit growth rates in terms of assets and gross premiums earned. This is not just a testament to the resilience of the domestic economy, which grew by 6.2% in gross domestic product in 2018, but also to the huge unmet demand among many Filipinos for insurance protection.

As the economy continues to expand, so does its middle class and a huge segment of the population that remains uninsured or underinsured. Thus, the push for inclusiveness is creating new business opportunities from various individuals, either seeking to build wealth and protect their assets, or needing protection against life's uncertainties such as sickness and accidents.

With its vast and established distribution network across the archipelago, PNB has a unique opportunity to make a difference in society by providing innovative care to Filipinos. In 2018, the bank continued to strengthen its bancassurance partnership with Allianz, which is now on its third year.

The joint venture enables PNB to tap into Allianz's global expertise, technology, and new ideas. Its world-class protection products and services can cater to the diverse needs of our customers and helps us achieve our vision to be a leading provider of financial security to Filipinos worldwide.

In the past three years, Allianz PNB Life has made great strides in becoming one of the country's fastest-growing insurer and a major contributor to PNB's robust financial performance. This gives me greater confidence that we will achieve further growth in the succeeding years, as Allianz steps up its digital transformation and launch more innovations in the development and distribution of insurance propositions, heighten insurance awareness, improve delivery efficiency, and ultimately, help address the protection gap in the country.

A handwritten signature in black ink, appearing to read 'Lucio C. Tan'.

DR. LUCIO C. TAN
Chairman

PRESIDENT'S REPORT



NOW, WE ARE GROWING OUR ROSTER OF HEALTH PRODUCTS TO FULFILL OUR PROMISE OF "BEING WELL" BY OFFERING PROTECTION AGAINST UNFORSEEN RISKS IN PEOPLE'S HEALTH AND WELL-BEING.

DR. OLAF KLIESOW
President & Chief Executive Officer

If 2017 marked the Allianz Group's bold step to enter the Philippine market, 2018 was about making things happen and having a strong finish.

Amid the less-than-encouraging conditions in the external environment, overall, 2018 was a great year for the local insurance industry. While the official industry figures are yet to be released by the Insurance Commission (IC), gross premiums of the life insurance industry was expected to have grown in the range between 10 and 16 percent.

Riding on this positive momentum, Allianz PNB Life was able to sustain its stellar performance as one of the fastest-growing life insurers in the country. On our second year in the Philippine market, we managed to double our market share in the vicinity of 3 to 4%, considering we had 1.6% when we started in 2016.

DARE TO FILL THE NEED

While insurance penetration at 1.76% as of the third quarter of 2018 was the highest in five years according to the IC, the protection gap remains wide.

When a member of a family falls

suddenly ill or meets a life-changing accident, the "default" insurance coverage is usually the basic Philhealth coverage or the limited HMO benefits provided by the employer. This represents a grossly underestimated risk as results into inadequate protection for all medical and hospitalization needs.

This sad reality further emboldens our drive to offer our global expertise. In 2018, we brought to the local market Allianz's health insurance products such as **Allianz Well!** and **Allianz Compass**. This is aligned with our vision of our customers "being well."

We address the "doing well" – the wealth and prosperity component of our vision – with our unit-linked propositions. Now, we are growing our roster of health products to fulfill our promise of "being well" by offering protection against unforeseen risks in people's health and well-being. We will continue to share our global knowledge in the coming years.

By harnessing Big Data and digital technology, we can further improve on our automated underwriting for

dynamic pricing, better product offerings, and coverage for pre-existing illnesses.

DARE TO EXPAND OUR REACH

In 2018, we expanded our presence significantly, addressing the need for quality insurance and financial products in the country's fastest-growing markets.

We opened our Regional Business Center in Iloilo where our Agency channel was born to strengthen our footing in high-growth areas in the Visayas. With progressive Cagayan de Oro as our gateway, we accelerated our Agency presence in Mindanao with another Regional Business Center.

We also brought to life our vision of growing our operations diversifying our business through Agency channel. More than 700 entrepreneurial-minded professionals joined Allianz as Life Changers in the first half of the year alone. By the end of 2018, we have onboarded more than 1,100 Life Changers.

We continued to build our Agency network and heavily invested training our Life Changer.

WE FORESEE MORE EXCITING OPPORTUNITIES IN 2019 AND IN THE SUCCEEDING YEARS, AS WE CONTINUE TO EMBOLDEN EVERY FILIPINO TO DARE TO CONQUER EVERY CHALLENGE THAT LIFE WILL BRING.

One of the remarkable developments in this area was the launch in 2018 of **Alpha**, our online learning management system. This has enabled us to accelerate our basic sales training which is no longer held in a classroom but in the comfort and convenience of our Life Changers' homes or offices using their tablet or mobile device.

We further reaped the benefits from the synergy we have built over the past three years with our distribution partners Philippine National Bank (PNB) and HSBC. While helping us magnify our nationwide reach, our partners, in turn, benefit immensely from Allianz's global expertise and cutting-edge products.

We were able to make **AZpire Growth** our fastest-growing product in regular pay unit-linked insurance. Warmly received by PNB customers, the product offers young professionals insurance protection and investment opportunities, with coverage available with premium for as low as P30,000 annually.

We leverage on the strength of the Allianz Group and its subsidiaries around the globe. For instance, are fortifying our partnership with PIMCO and AGI, two of the leading investment companies in the world,

to harness their profound knowledge around investment opportunities that can benefit our customers in the Philippines as well.

DARE TO INSURE ALL

Financial inclusion is a crucial area where we seek to make a meaningful difference.

Allianz Group's commitment to digital growth businesses, particularly in emerging markets.

DARE TO ENGAGE

As the insurance industry heads toward digitalization, we will continue to upskill our workforce and create an environment that promotes inclusivity and meritocracy.

In 2018, Allianz PNB Life garnered high scores across all indices in the Allianz Engagement Survey (AES) and brought us to the top 10 ranking of all Allianz entities worldwide. We also take great pride in landing in the top 5 of the global Allianz network's Inclusive Meritocracy Index survey that reflects our significant strides in management, collaboration, and wellness.

These reflect positively on the high level of employee engagement. Our efforts to make Allianz PNB Life an attractive place to work have paid off.

I'm highly confident that all these achievements will be sustained under Alexander Grenz our Chief Operating Officer, who will take over my position effective June 1, 2019.

It has been my honor and privilege to serve as your President and CEO since 2016, and championing local industry issues as president of the Philippines Life Insurance Association (PLIA) since 2017.

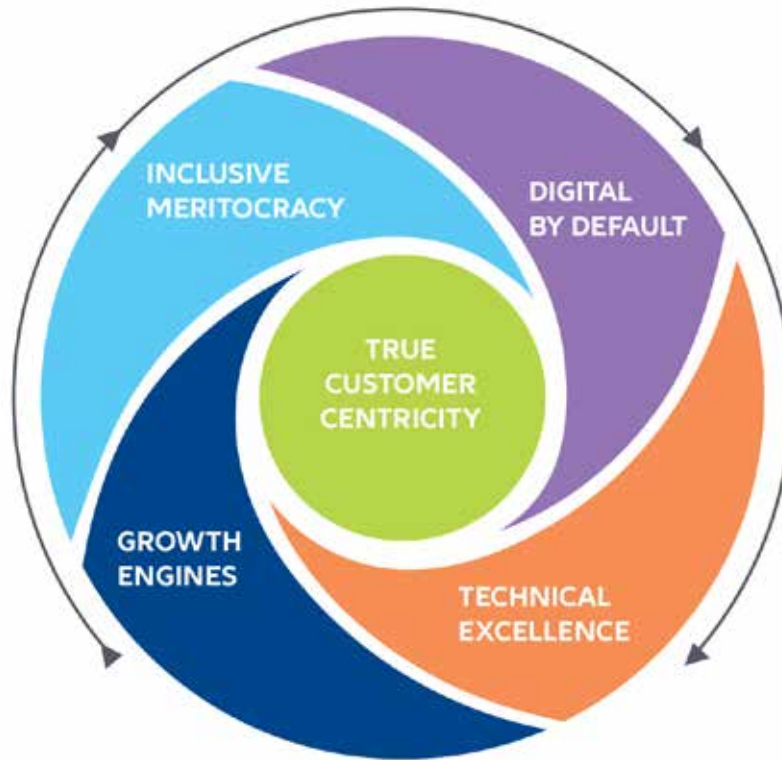
Together, we were able to face the headwinds, anchored on our strong partnership with PNB and our distribution partners. We foresee more exciting opportunities in 2019 and in the succeeding years, as we continue to embolden every Filipino to DARE TO CONQUER every challenge that life will bring.

Thank you for making Allianz PNB Life your trusted partner.



DR. OLAF KLIESOW
President and Chief Executive Officer

ALLIANZ RENEWAL AGENDA



We recognize that our success depends on our ability to understand our customers and to tailor our products and services according to their needs, provide simple, modern, and outstanding quality of service at all times.

Thus, our business strategy consists of five pillars:

- 1 True Customer Centricity**
Make superior customer experience the top priority for all actions
- 2 Digital by Default**
Move from selected leading assets to become "Digital by Default" everywhere
- 3 Technical Excellence**
Create superior margins, innovation and growth through best talents and state-of-the-art skills
- 4 Growth Engines**
Systematically exploit new sources for profitable growth
- 5 Inclusive Meritocracy**
Re-inforce a culture where both people and performance matter

DARING TO SERVE BETTER



“WE ARE CONSTANTLY FACING CHALLENGES IN THIS DIGITAL, FAST-PACED ENVIRONMENT. TO TRANSFORM OUR BUSINESS, WE NEED TO PUT OUR CUSTOMERS AT THE HEART OF EVERYTHING WE DO.”

Rosalyn Martinez
Chief Market Management Officer

We measure our success by our customers’ willingness to recommend Allianz PNB Life to others. We believe customer satisfaction positively impacts our business in two ways: loyal customers tend to retain their policies with us; and through new promoters, we can gain more new customers.

We continually seek to outdo our performance by deepening our understanding of our customers and their protection needs, to be able to bring to the market propositions that matter to them.

We are constantly facing challenges in this digital, fast-paced environment. To transform our business, we need to put our customers at the heart of everything we do.

NEW PRODUCTS

In 2018, we launched our roster of international health products — Allianz Well! and Allianz Compass so people can protect themselves against unforeseen risks in their health and well-being.

Allianz Well! provides health and wellness benefits with an annual plan limit of Php100 million, offering health coverage that complements the customer’s active lifestyle.

Allianz Compass, meanwhile, is a comprehensive health plan with an annual plan limit of Php200 million and gives customers the privilege to access superior medical treatments and the best hospital facilities available, whether in the Philippines or abroad.

To cater to the needs of Filipino millennials, Allianz PNB Life launched **AZpire Growth** through PNB, a regular pay unit-linked insurance product that acts both as protection and an investment vehicle. **AZpire Plus Series**, an exclusive collection of regular-pay unit-linked life insurance products was offered through HSBC, created to deliver the fastest fund accumulation. Clients can be covered for as low as Php30,000 monthly, and they may choose to pay premiums annually, semi-annually, quarterly, or monthly.





CUSTOMER INSIGHTS


To gain a deep dive into customer needs, we launched an internal program called **A Day With Our FA**. Under the program, our employees got to spend a day with the Financial Advisors (FA) assigned in PNB branches. The program was an eye-opening experience for our senior managers as it served as a platform for gaining deep knowledge of our customers and bank partners, as well as for understanding what it takes to be customer-centric in our business.

We continued to intensify our efforts across multiple communications and customer touchpoints. Apart from established customer service channels such as our dedicated customer service hotline, email, and corporate website, we provide continuous correspondence and customer support through our social media platforms, including our Facebook page which is now being followed by more than 3.4 million people.

3,425,479*

FOLLOWERS
ON FACEBOOK

As of April 25, 2019



*Allianz SE



Young entrepreneurs dare to **START!**

It's no "Shark Tank," but five young Filipinos dared to pitch their business ideas and ended up taking home Php 50,000 in cash each to start their social enterprise ventures.

Last October 2018, Allianz PNB Life launched **START: The Search for Inspired Young Entrepreneurs** to encourage Filipino millennials to take charge of their financial future. The nationwide search was done through social media and judged business proposals based on innovation, social impact, feasibility, sustainability, presentation, and online reception.

The five entries chosen to receive the start-up fund were:

- **ReShop**, an online marketplace for preloved items. Mark Agana and Gino Vale III came up with the business idea to help reduce waste and encourage the practice of the 3Rs: reduce, reuse, recycle.
- **Agrabah Marketplace**, an application that connects farmers directly to consumers. Founders Jojo Gumino-Ocol and Joselito Ocol said they seek to streamline the process of bringing fresh produce from farm to the table. By utilizing the app, farmers and fishermen get a higher profit share and a stable market channel, as well as access to valuable data that can raise sales and reduce marketing and production costs.
- **Healthy Habit**, an online food delivery service that serves a variety of healthy dishes and helps provide food for less fortunate kids. With every meal you buy, you get to feed one child. Food blogger and culinary arts student Joanne Nerina Bretania wanted a business that can also serve as an avenue to fulfill her advocacy.
- **Uniquecoal**, an eco-friendly alternative to charcoal as it is made from agricultural wastes. Created by five Business Administration students from the University of Nueva Caceres-Ayala Education, Uniquecoal is meant to be a more sustainable fuel source to prepare meals, thus reducing waste. The students partnered with a village in Camarines Sur province to help the indigent farming community.
- **Bayongs woven from plastic straws**. Karl Gerrick Opiala, an entrepreneur student from Palawan State University, aims to reduce the amount of single-use plastic waste in his community by creating reusable *bayongs* (native bags woven from buri palm leaves) out of plastic drinking straws.

The five winners acknowledged that **START!** has given them the hope and courage to dare to pursue their dreams. Allianz PNB Life believes in empowering young entrepreneurs and powering their innovative ideas.

DARING TO TRANSFORM



“WE GLOBALLY FOLLOW A VERY STRINGENT GOVERNANCE PROCESS FOR INFORMATION SECURITY APPLYING THE HIGHEST STANDARDS IN TERMS OF DATA PRIVACY AND SECURITY.”

Alexander Grenz
Chief Operations Officer

We need to understand that digital disruption is here and customer expectations have changed. Therefore, investing in a future business model with state-of-the-art services is important. We also need to look for strategic partners who can help us in accessing more customers. We should look at Insurance, not as a commodity, but as a value embedded in everything we offer,” affirms Alexander Grenz, Chief Operations Officer.

Allianz PNB Life looks at what its customers need, studies how Information Technology can enable the business, and then delivers the service. Looking at data and information is the core of our business.

In the beginning, we started building a solid foundation by streamlining processes and preparing our IT architecture to enable ourselves to expose our services to our customers and distributors via APIs and digital front-end solutions. In 2018 we launched a company-wide digital transformation program focusing on building a sustainable and customer-centric business model of the future for Allianz PNB Life.

As part of Allianz Group network, we are able to leverage on our global strength and the first-class solutions of our global sister companies.

- **IT STRATEGY AND ARCHITECTURE.** It used to be that an Allianz entity in every country would develop more or less the same tools for distributor management, customer engagement, or communication. In Asia, we have started to achieve economies of scale by building a common platform, where we share assets and simply adopt to different languages and regulations per area. In principle, the core integration layer and respective APIs to the outside are standardized and eventually re-usable for all entities across the region.
- **INFORMATION SECURITY.** While we move towards a centralized IT and a standardized architecture, we globally follow a very stringent governance process for information security applying the highest standards in terms of data privacy and security. All entities share the same principles and target full compliance, with zero tolerance for exceptions moving forward. In 2018, Allianz PNB climbed already to 98% compared to the global standard. We will move closer to 100% compliance in 2019 by putting in place additional security tools and eventually 100% thereafter once the transition to SAP is completed.

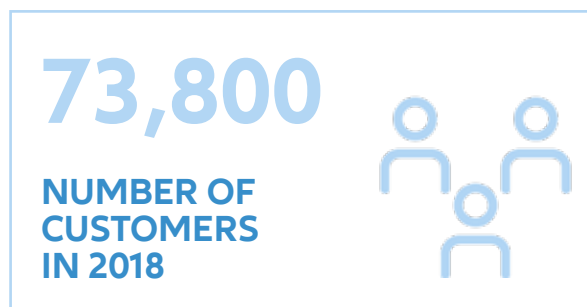


This approach enables Allianz PNB Life to move faster, maintain stronger IT security levels, and progress faster in the marketplace. Being a relatively smaller player and newcomer in the Philippines, on the other hand, allows us to move more quickly and harness digital solutions and capabilities much faster without the burden of legacy systems. We have built a solid foundation to enable us to optimize our existing IT infrastructure much faster. Within the year we have built almost 200 new internal web services and contributed a number of new APIs to Allianz’ global library. All these efforts comply with advanced global data privacy laws. As we are an entity of a global organization that operates worldwide and under rigorous European laws, we are required to abide by the same strict guidelines in whatever country we operate in.

AGILE ENTERPRISE

Our operational model has been aligned with the life cycle of our customer relationship consisting of two major stages in their journey with us.

- **Customer acquisition and onboarding** – the moment customers recognize Allianz as a trusted partner to provide them tailored solutions we support their financial goals while offering protection to them and their loved ones. In a gamified way, customers will discover with our Financial Advisors what are the needs in their particular life stage when it comes to savings, protection, health, education, retirement or estate planning.
- **Customer Servicing** – the “moment of truth” when the customer files claims, avails of benefits, requires amendments to an existing contract, or simple notifications among other things. Being a leaner and more agile organization has become a competitive advantage for



Allianz PNB Life as it makes it faster and easier to address business requirements and solutions through collaboration between self-organizing, crossfunctional teams. An early indication of our success in this regard is our business performance in 2018: we increased the amount of policies by 16% and grew our customer base by 23% to 73,800 from 2017 levels without needing additional support staff.

In 2018, we created a corresponding Digital Transformation Unit and started to train the team to adopt agile software development methodologies based on iterative development and applied design thinking as one of the key principles of innovation. This led to a significant growth in our delivery team as more operational functions, such as customer onboarding and servicing, saw the value and requested to help them moving their business to the next level. We have started to shift away from old ways of collaboration towards a true agile culture and mindset, breaking down silos and structures. This translates to a “One Team, One Goal” system where our employees – regardless of which unit they belong to – own an end-to-end process and take joint responsibility for delivering a single output.

DARING TO INNOVATE



“WE SAY THAT ALLIANZ IS ‘HOME FOR THOSE WHO DARE’. WE HAVE COURAGE TO DO THINGS DIFFERENTLY. WE HAVE A UNIQUE BANCASSURANCE AND AGENCY MODEL THAT DIFFERENTIATES US FROM THE REST AND THIS GIVES US AN EDGE IN PROMOTING OUR BRAND AND ATTRACTING TALENT.”

Chris Cabognason
Chief Distribution Officer

A business culture founded on technical excellence is critical to the success of Allianz PNB Life. If we are genuine about improving customer experience, we must have the technical expertise in understanding our customers’ behaviors and needs so we can complement our existing competencies and come up with better pricing and underwriting.

We made headways in our **automated underwriting system**, to allow our sales force and financial advisors to conveniently access relevant customer data, including policy history, and arrive at a logic-based policy underwriting decision. As of end-2018, 50% of our sales and distribution people have already switched to automated underwriting. This helped us cope with the significant increase in our customer base in 2018 as the automated underwriting system now handles more than half of our new policy applications.

By February 2019, we launched a **fully digitalized sales process** so all pertinent processes are now done using a tablet, from capturing customer data, conducting a financial needs survey, presenting

illustrated product recommendations, and encoding and submitting the information, to the back end. Faster decision on the issuance and approval of a policy application can now be done faster.

With our newly launched **Go Digital** initiative, our customers have the option to switch to digital platforms when they communicate with us. All notifications sent out by Allianz PNB are now transmitted via email. With Go Digital, our customers can receive notices in real-time wherever they are, which spares them from the clutter of paper mails and notices. They are also able to safeguard their personal data as all our email notices are protected with a uniquely assigned password.

The next phase is to launch our customer and distributor portals that would enable full self-servicing. This is aligned with our strategy to leverage on technology using digital tools and develop our Life Changers’ technical skills so they can use digital assets and platforms in providing a better experience and service for our customers.

DARING TO SCALE UP



2,500



**LIFE CHANGERS IN
2019: PASSIONATE,
ENTREPRENEURIAL, AND
DIGITALLY CONFIDENT**

We expanded our presence significantly in growth areas around the country, particularly where demand among Filipino families for life protection is highest.

AGENCY CHANNEL

Further leveraging on our bancassurance distribution partnership with PNB, which has more than 600 branches, we were able to open Allianz agency branches in various growth markets around the archipelago.

We activated our Agency channels in Iloilo, Bacolod, and Cebu in the Visayas region. We also initiated our strategic growth in Mindanao by establishing our presence in Davao and Cagayan de Oro. Construction of our agencies in Ortigas in Pasig City, Baguio, Pampanga, Butuan, and Zamboanga will be completed in 2019.

While our primary distribution channel will continue to be PNB, we expect our Agency channel to grow and contribute more significantly in succeeding years as we tap other market segments and non-PNB customers.

In 2019, we plan to further boost our agency force and have a total of 2,500 agents by year end to sell directly to a broader consumer base. We are also looking at opening at least 15 more offices in the location.

TALENT DEVELOPMENT

To support our regional expansion, we continued to recruit Life Changers (sales agents) to sustain our growth

momentum. We were able to onboard more than 1,108 Life Changers, a 343% increase vs 2017. We offer avenues for sustained financial advancement through the Allianz Life Changer Program, which promotes an entrepreneurial mindset and encourages our agents to become partners of our business.

To accelerate their training process without sacrificing quality, we introduced Alpha Learn, a learning management system that helps create, manage, deliver, and track online courses. Training is no longer held in a classroom setting but in the comfort and convenience of one's tablet or mobile device.

SOCIAL INCLUSION

In addition to building a stronger presence, we are also reaching out to more Filipinos by offering affordable insurance for low-income consumers.

Using Allianz's credit life model which has been proven successful in Indonesia and India, we have forged a partnership with two electric jeepney operators to offer low-premium coverage for their riders. We are also entering into a strategic partnership with different organizations to launch life, accident and hospitalization products for the local market.

DARING TO WIN THE TALENT WAR



“WE FIRMLY BELIEVE THAT OUR JOB AS AN EMPLOYER IS TO STRENGTHEN BOTH TECHNICAL AND LEADERSHIP SKILLS OF OUR EMPLOYEES. WE INVEST HEAVILY IN LEARNING AND TALENT DEVELOPMENT TO MAKE THEM FUTURE FIT AND ABLE TO NAVIGATE SUCCESSFULLY IN AN EVER CHANGING WORK ENVIRONMENT.”

Connie Roldan
Chief Human Resources Officer

On our second year of operations, we focused on putting the right people, the right structure, and the right support system in place so we can sustain our business growth.

We firmly believe that our job as an employer is to strengthen both technical and leadership skills of our employees. We invest heavily in learning and talent development to make them future fit and able to navigate successfully in an ever-changing work environment.

We started 2018 with a 162-strong workforce, which eventually grew to 213 by year end or 31% more than the previous year. The urgency of building our sales channels and digital transformation projects fueled the spike in talent recruitment.

GLOBAL METRICS

We continued to consistently perform well in employee engagement. We measure this key metric globally using the Allianz Engagement Survey (AES) scores.

The AES measures the Company’s progress in sustaining collaborative work relationships, transparent and effective

communications, quality of leadership and work life balance.

Out of more than 50 Allianz entities, with a total of 122,000 employees, Allianz PNB Life was ranked among the top 10 entities in 2018 that scored high on all AES indices. This reflects our serious commitment to elevate employee engagement and keep them motivated to stay with the company.

2018 INITIATIVES

As we continue to raise the bar in these employee metrics in 2018, we will create strong value propositions to attract, retain, and develop talent.

Learning and Development. We remain committed to increasing our employees’ level of knowledge and skills. We increased our investment in learning and development by promoting ownership of one’s learnings. Career development discussions are the springboard of training needs. The employees and their managers are empowered and supported in identifying appropriate development programs.

The company offers both classroom and self-paced online learning platforms, the



Top 10



IN ALL ALLIANZ ENGAGEMENT SURVEY INDICES

- Inclusive Meritocracy Index - 5
- Work Well Index - 9
- Employee Engagement Index - 9

1/3



OF THE WORKFORCE WORK FROM HOME

latter via LinkedIn learning and Allianz' in-house Life and Health Academy. These online learning platforms have proven to be very effective in engaging our employees to embrace digital methods of upscaling themselves.

We promote internal career mobility, which offers our staff the chance to explore other opportunities within the organization and giving heightened meaning to learning as employees move outside of their comfort zones and take on new assignments.

We recruited Agile champions and offered training programs on Agile methodology, Six Sigma, and intensified project management courses to several key employees so they could understand the Agile methodology and see how this new business model can give Allianz PNB Life a competitive advantage. Through related processes such as Objectives by Key Results (OKR), we are able to establish greater ownership in projects and create a more agile set of processes.

As we are part of the Allianz global network, we take full advantage of learning opportunities within the organization. Our managers get to interact with their regional and global counterparts, while we also send out employees on short-term assignments to other countries.

Work-from-Home. The program allows employees more time for themselves and their families during the hectic work week. One-third of our workforce actively works from home at least once a week. We ensure that they

are equipped with the right tools to meet our business requirements remotely while our IT and Operations teams support their work conditions.

Simplicity Wins. To further improve our processes and engage our employees, we created a staff competition called *#myAZworksimplified* where we dare employees to come up with innovative ideas to simplify our internal processes. After announcing the winners last December 2018, we are now implementing their proposals which will redound to the benefit of our customers.

Fitness and Health. Our *#DareToBeFit* program engages our employees to live a healthy and active lifestyle. The competition utilizes a points system to encourage our employees to eat healthy, do their favorite physical workouts, and meditation activities.

Because of the program's success, *#DareToBeFit* bagged a Silver Anvil at the 54th Anvil Awards in 2018, given by the Public Relations Society of the Philippines. We launched *#DareToBeFit 2.0* with the inclusion of a Facebook-based mobile application. Employees can track individual results, team results, and the overall competition using their smartphones.

In 2019, we plan to offer mental health cards to our employees to complement their existing HMO coverage. The card will provide employees with psycho-social services to promptly address their mental health concerns and challenges.



Dare to Soar Higher

When it feels scary to jump, that's exactly when you should jump.

That's the mindset of 39-year-old Clariza Lu, fondly called "Claire," when it comes to meeting opportunities and becoming brave enough to take them. This strong character is one of the keys to her successful career at Allianz PNB Life.

After only two and a half years as the Head of Digital Transformation in the company, Claire is moving up. Her new post: Executive Assistant to the Global Chief Operating Officer, with the Allianz global headquarters in Munich, Germany as her new office.

The news came to her as a surprise, she admits, unaware that she was being considered for the role. Impressed with her performance, Allianz PNB Life COO Alexander Grenz thought to recommend her for the position. Her profile was presented at the Operations Management Council (OMC), a conference attended by all the Chief Operating Officers of Allianz around the world. Finally, after a series of assessments and one last interview in Munich, Claire was chosen for the coveted post.

"FILIPINOS ARE AT PAR, BUT THEY'RE SCARED. SOMETIMES, THAT'S WHAT'S HOLDING THEM BACK. JUST ARM YOURSELF WITH KNOWLEDGE AND CONTINUE TO BE CURIOUS. KEEP LEARNING."

Clariza Lu
Head of Digital Transformation

Working abroad was not among Claire's career goals. It demands that she gets out of her comfort zone, relocate to a foreign country, work with people of different races, thrown into a culture and a country completely different from what she is accustomed to. On top of these, she will be away from her family, friends, and her Allianz PNB Life team, whom she says she would miss the most.

Her new line of work also differs from her field of specialization. Claire has been focusing on digital solutions and software development. As Executive Assistant to the Global COO, her job will require more general skills.

Still, she is a strong-willed careerwoman ready to take on this next chapter in her career. Claire is determined to inspire fellow Filipinos to show the world that they are just as competent.

"Filipinos are at par, but they're scared. Sometimes, that's what's holding them back. Just arm yourself with knowledge and continue to be curious. Keep learning," says Claire, a perfect embodiment of Allianz, the Home for Those Who Dare.

DARING TO CONQUER



The Allianz PNB Life team, led by COO Alex Grenz (center, seated) with the Aeta youths during the obstacle course race, the Allianz Conquer Challenge, in Clark Global City, Pampanga.

What does daring to conquer and charting new territories mean in today's society? For Allianz PNB Life, it is about making a positive change so every Filipino can dare to dream and conquer their fears when they face life's many uncertainties and challenges.

FOR THE LOVE OF THE GAME

As advocates of teamwork, passion, and discipline, we position to be every Filipino youth's partner in the field — whether it is in football, obstacle course racing, or other sports.

We continued to promote our local alliances starting with the Allianz National Youth Futsal Invitational (ANYFI) that kicked off on April 27. Held in partnership with the Henry V. Moran Foundation and in coordination with the Philippine Football Federation (PFF), the ANYFI offers a venue for Filipino youth to showcase their skills and have a shot at joining the Allianz Explorer Camp (AEC) Football Edition for a five-day training with Bundesliga camp FC Bayern Munich.

The invitational was attended by boys and girls ages 12 to 16 year old, with local eliminations in nine localities that culminated at the national finals in Sta. Cruz, Laguna.

Juan Miguel Basmayor, a former national team player now playing for De La Salle Zobel; and Catherine Angelica Bradborn, a Pampanga-raised rookie for the Luenthai Football Club, bagged silver and bronze medals, respectively, at the AEC in Munich, which was attended by 56 young players from 24 countries. Ivy Tapiz, an equally talented football player from Dipolog City, won the AEC's Robotics activity.

Allianz PNB Life also dared to blaze new trails in the name of sports and social inclusion. We mounted the Allianz Conquer Challenge in Clark Global City, where we introduced the Aeta youths of Porac, Pampanga to the growing sport of obstacle course racing (OCR). Allianz employees paired off with the young Aetas and battled it out in a game of hurdles, spider web, monkey bars, slip wall, slingshot, and other exhilarating courses.

“SOCIAL INCLUSION IS IMPORTANT, PARTICULARLY IN A COUNTRY LIKE THE PHILIPPINES, WHERE FAMILIES FACE MANY CHALLENGES. TOGETHER, WE CAN CONTRIBUTE IN BUILDING A FUTURE OF RESILIENT GENERATIONS THAT IS ABLE TO OVERCOME CHALLENGES AND, AT THE SAME TIME, SEIZE THE OPPORTUNITIES TO BE FULLY INTEGRATED MEMBERS OF SOCIETY.”

Dr. Olaf Kliesow



Prior to supporting the Aetas to join the OCR, Allianz PNB Life ran a pilot financial literacy program in its adopted community, Barangay Villa Maria in Porac, Pampanga. After observing the physical stamina and skills of the Aeta children, we invited 25 students and their teachers to join the Allianz Conquer Challenge in Clark last December.

“An obstacle course is very similar to life — as you go through life’s journeys, before you get to your destination, you will have to tackle and overcome a series of obstacles. Generally, people are afraid to take that step, to overcome these obstacles, hindering them from moving forward. Thankfully, Allianz is here to provide the courage to move forward, the courage to overcome life’s obstacles, for them to have better life. As our tagline goes - We dare you to, because we’re with you,” said Rosalyn Martinez, Chief Market Management Officer at Allianz PNB Life.

HEART FOR WELLNESS

2018 was the year we brought our international health products to the local market. Walking the talk in wellness, we sustained our heart health advocacy by supporting the Philippine Heart Association’s (PHA) Heart Run at the Mall of Asia Complex in Pasay City. The one-day run held in May included a 5K, 10K, 21K, and 1K Walk for the Heart where heart disease survivors and their families joined.

We also provided free one-year personal accident insurance coverage to all the participants. In addition, we sent the first-prize winners of the 21K leg of the race to Thailand to represent our country at the Allianz Ayudhya Run.





Dr. Jorge Sison, PHA president for 2017-2018, recognized us as an enabler of their advocacies in communities in need. "From our community service during the World Heart Day (WHD) in Payatas, where we presented heart-healthy programs, to giving hope to kids who have survived or who are battling heart disease in Camp Brave Heart, Allianz showed their remarkable support," he said.

REACHING OUT TO CHILDREN IN NEED

We do not stop at our areas of expertise – sports, health, and financial literacy – but also lend a helping hand in local communities with diverse needs.

Among them is the SOS Children’s Village which needed financial assistance to purchase disaster preparedness emergency kits for its adopted communities. Aside from donating Php 200,000 last October, we also signified our interested in a long-term partnership with the non-profit organization through employee volunteerism-led activities at the SOS Children’s Village.



MANAGING OUR RISKS



“AS A STRONG AND WELL-CAPITALIZED COMPANY, WE’VE ALWAYS HAD THE STABILITY TO MEET OUR FINANCIAL OBLIGATIONS. BY STAYING TRUE TO OUR CAREFUL PLANNING, DISCIPLINED INVESTING, AND RISK MANAGEMENT EXPERTISE, WE CAN HELP ENSURE THE MONEY OUR CLIENTS ENTRUST TO US WILL BE THERE WHEN THEY NEED IT THE MOST.”

Efren Caringal
Chief Finance Officer

Allianz PNB Life aims to be adequately capitalized at all times, taking the local regulatory capital requirements as a binding constraint. Our risk capital, which reflects our risk profile, is a key aspect we consider in our business decisions.

Our capital position is closely monitored on a monthly basis, complemented by regular stress testing, giving us a deeper understanding of our exposure and allowing us to take appropriate measures to ensure our capital and solvency strength.

RISK GOVERNANCE

With our vision to be the most trusted partner of Filipino families on their journey to prosperity and well being, we consider risk management to be one of our core competencies.

We are part of the Allianz and Philippine National Bank (PNB) groups. As such, we adopt a strong risk culture, supported by a strong risk governance structure. Our risk appetite is defined by a limit structure with a risk strategy aligned with the business strategy.

As a general principle, we employ the three lines of defense. These are:

1. Business owners who are responsible for both the risks and returns on their decisions.
2. Our independent oversight functions such as Risk, Actuarial, Compliance, and Legal.
3. Our Audit function that independently reviews risk governance implementation, as well as compliance

with risk principles, performs quality reviews of risk processes, and tests adherence to business standards, including the internal control framework.

RISK-BASED STEERING AND RISK MANAGEMENT

Allianz PNB Life is exposed to a variety of key risks through its core insurance activities. These include: market, credit, underwriting, business, operational, strategic, liquidity, and reputational risks.

With the Risk-Based Capital 2 Framework being the binding regulatory regime since 2017, risks are primarily measured and steered based on the risk profile underlying our regulatory capital requirement. In adherence with the Allianz Group’s capital management philosophy, capitalization limits and alert levels are defined and adopted based on the results of stress testing exercises, ensuring us ample room to maneuver during adverse scenarios.

Market Risk: As an inherent part of our insurance operations, we collect premiums from our policyholders and invest them in a variety of assets; the resulting investment portfolios back the future claims and benefits to our customers. The fair values of our investment portfolios and liabilities depend on changes in the financial markets, exposing us to the risk of adverse financial market developments. We manage market risk within our asset/liability management process, whereby interest rate sensitivity is controlled via duration mismatch limits; and within our strategic asset allocation process, whereby investment limits are used to manage and monitor exposures to risky assets.

Credit Risk: Credit risk is measured as the potential economic loss in the value of our portfolio that would result from either changes in the credit quality of our counterparties or the inability of a counterparty to fulfill contractual obligations. We manage credit risk through our country and obligor group limit management framework and through careful selection of counterparties by a dedicated team.

Underwriting Risk: Underwriting risks in our insurance operations include mortality, disability, and morbidity, which are associated with the unexpected increase in the occurrence of death, disability, or medical claims. We measure risks within our actuarial models, distinguishing, where appropriate, between risks affecting the absolute level and trend development of actuarial assumptions. Underwriting risk is thus managed through regular experience studies that ascertain timely updates on the actuarial assumptions used in the pricing of our products and in the measurement of our liabilities.

Business Risk: Business risks include cost risks and policyholder behavior risks. Cost risks are associated with the risk that expenses incurred in administering policies are higher than expected or that business volume decreases to a level that does not allow us to absorb our fixed costs. Policyholder behavior risks are risks related to the unpredictable, adverse behavior of policyholders in exercising their contractual options, including for example the early termination of contracts, surrenders, and partial withdrawals. We manage cost risks through careful strategic planning that sets the baseline against which actual operational costs and business volume are benchmarked. We manage policyholder behavior risks through the application of accepted actuarial methods in setting our assumptions on policyholder behavior, basing on own historical data where available, and basing on industry data and expert judgment otherwise. These assumptions are then used to determine the economic impact of policyholder behavior under various conceivable scenarios.

Operational Risk: Operational risks represent losses resulting from inadequate or failed internal processes. We manage operational risks through an operational risk management framework that defines roles and responsibilities as well as management processes and methods. Risk managers, in their capacity as the “second line of defense”, identify and evaluate relevant operational risks and control weaknesses via a dialog with the “first line of defense”, report operational risk events in a central database, and ensure that the framework is implemented. This framework triggers specific mitigating control programs.

For example, compliance risks are addressed via written policies and dedicated compliance programs under the oversight of our Compliance function; and critical business functions are protected from crisis events by our Business Continuity program.

Strategic Risk: Strategic risk is the risk of a decrease in the Company’s value arising from adverse management decisions on business strategies and their implementation. Strategic risks are identified and evaluated as part of our Top Risk Assessment process and discussed in various Board and Management-level committees. We also monitor market, regulatory, and competitive conditions to decide if strategic adjustments are necessary.

Liquidity Risk: Liquidity risk is defined as the risk that current or future payment obligations cannot be met or can only be met under adversely altered conditions. Liquidity risk can arise primarily if there are mismatches in the timing of cash in- and out-flows. We manage liquidity risk through our asset/liability management process, where we reconcile liquidity sources (e.g. cash from premiums and investments) and liquidity needs (e.g. payments due to insurance claims and expenses) under our best-estimate plan as well as under adverse scenarios. In our investment strategy, we also place particular focus on the quality of investments and ensure a significant portion of liquid assets in our portfolios.

Reputational Risk: Reputational risk is the risk of an unexpected drop in the value of our brand caused by a decline in our reputation as assessed by external stakeholders. Our reputation as a respected and socially aware provider of financial services is influenced by our behavior in a range of areas such as product quality, corporate governance, financial performance, and corporate responsibility. The identification and assessment of reputational risks are part of a yearly Top Risk Assessment, during which senior management also decides on a risk management strategy and related actions. In addition, reputational risk is managed on a case-by-case basis.

The top risk in terms of contribution to the Company’s risk profile is market risk, arising from a mismatch in the durations of our assets and liabilities. This is expected to persist as a top risk given the long-dated liabilities in our Life and Health business segments, which cannot be perfectly matched by available investments due to long maturities. Our asset/liability management and strategic asset allocation processes constantly seek to minimize exposure to this risk.

ADHERING TO GOOD GOVERNANCE



At Allianz PNB Life, we are fully committed to adhering to the highest principles of good corporate governance as embodied in the Company's Amended By-Laws, Code of Conduct, Corporate Governance Manual, and the Allianz Group Governance and Control Policy.

We subscribe to the principles of integrity, accountability, and transparency in our manner of doing business. This also involves dealing fairly with our clients, investors, stockholders, the communities and various publics. We promote professionalism among our Board of Directors, senior executives, and employees, as well as respect for the laws and regulations that affect our businesses. Internally, we follow a philosophy of rational check and balances and a structured approach to our operating expenses.

The Board and Management believe that corporate governance is a necessary component of sound strategic business management. Therefore, we will undertake every effort necessary to create awareness within the organization to ensure that the principles of fairness, accountability, and transparency are indispensable in conducting our day-to-day business.

Our operations are managed through a properly established organizational structure. Adequate policies and procedures are embodied in manuals approved by our management committees and the Board. These manuals are subjected to periodic review and updates to be consistent with new laws and regulations and generally conform with international best practices. This demonstrates that the Company is in full compliance with the standards of sound corporate governance.

CORPORATE GOVERNANCE MANUAL

Our Corporate Governance Manual incorporates the Allianz Group Governance and Control Policy. The Manual fully complies with the corporate governance principles of the Insurance Commission's (IC) Corporate Governance Principles

and Leading Practices (CGPLP), ASEAN Corporate Governance Scorecard (ACGS) and other internationally accepted corporate governance practices

COMPLIANCE AND RISK MANAGEMENT

The Board of Directors has the ultimate responsibility for overseeing Allianz PNB Life's risk management and material controls. During the last Board Meeting, the Board of Directors and its Committees reviewed, monitored, and evaluated the effectiveness and reliability of the Company's processes and controls. This included management override of controls, actuarial assumptions and method, risk of fraud in revenue recognition, internal controls and compliance with laws and regulations. In the same meeting, the Board approved the Company's Audited Financial Statements for 2018 where the external auditor issued an unqualified audit opinion.

CORPORATE GOVERNANCE INITIATIVES IN 2018

Rights of Shareholders

The Board of Directors, as contained in the Corporate Governance Policy, shall be committed to respect the following rights of stockholders:

- Right to vote on all matters that require their consent or approval;
- Right to inspect corporate books and records;
- Right to information;
- Appraisal right;
- Pre-emptive right to stock issuances or convertible bonds of the corporation;
- Right to dividends;
- Promotion of shareholder rights, removal of impediments to the exercise of shareholders' rights and right to seek redress for violation of their rights; and
- Transparency and fairness in the conduct of the annual and special stockholders' meeting of the corporation.

Equitable Treatment of Shareholders

Within any class, all shareholders shall have the same voting rights: one vote per shareholder. As per our By-Laws, dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such time as the Board may determine and in accordance with law and applicable rules and regulations.

Stakeholder Relations

We use an internationally recognized corporate governance standard to serve and protect our stakeholders' interests. The Board ensures that we are able to fulfill our commitment to protect the interest of our stakeholders while Management handles the operations of the business, keeping in mind the interests of all stakeholders.

BOARD OF DIRECTORS

Compliance with the highest standards in corporate governance principally rests with the Board of Directors.

Roles and Responsibilities

The Board is responsible for fostering our long-term success as a company and secure its sustained competitiveness in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders.

Composition and Diversity

The Board shall be composed of at least seven members elected by the stockholders. The membership of the Board is a combination of executive and non-executive directors (including independent directors). Non-Filipino citizens may become members of the Board to the extent of the foreign participation in the equity of the Company, pursuant to Section 23 of the Corporation Code of the Philippines.

Independent Directors and Non-Executive Directors

The Company has two independent directors who constituted 28.57% of the membership of the Board. Out of the seven members of the Board, six are Non-Executive Directors who comprised 85.71 % of the Board.

ALLIANZ PNB LIFE BOARD OF DIRECTORS MEETINGS Attendance for the Period April 2018 to April 2019						
Director	Regular/ Special Board Meeting	Committee Meetings				
		Executive Committee	Audit, Compliance, and Risk Management Committee	Corporate Governance, Nomination and Compensation Committee	Investment Committee	Related Party Transactions Committee
Executive Directors						
Olaf Kliesow	7 / 7	1 / 1				
Non-Executive Directors						
Lucio C. Tan	5 / 7	1 / 1				
Renate Wagner	4 / 7	1 / 1	4 / 5	3 / 4	4 / 5	0 / 1
Steven D. Conway	7 / 7	1 / 1	5 / 5	4 / 4	5 / 5	
Bernardo H. Tocmo*	4 / 6	1 / 1		2 / 4	3 / 5	
Jose Arnulfo A. Veloso**	1 / 1					
Independent Directors						
Silvius Von Lindeiner	7 / 7		5 / 5	4 / 4	5 / 5	1 / 1
Federico C. Pascual	7 / 7		5 / 5	4 / 4	5 / 5	1 / 1

* Resigned as director effective 27 February 2019

** Elected as director effective 27 February 2019

Board Selection and Appointment Process

The Board's Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board.

Directors are selected based on the following criteria:

- Holds at least one share of stock of the Corporation;
- Shall be at least a college graduate or have at least five years of experience in business to substitute for such formal education;
- Shall be at least 25 years old at the time of his election or appointment;
- Shall possess the necessary skills, competence and experience in terms of management capabilities preferably in the field of insurance or insurance-related disciplines;
- Must have attended a special seminar on Corporate Governance for Board of Directors conducted by a training provider accredited by the Insurance Commission provided that incumbent Directors must attend the seminar within a period of six months from the date of election;
- Shall have proven to possess integrity and probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience;
- Shall be assiduous in his work habits; and
- A member of good standing in relevant industry, business or professional organizations.

Election of Directors

Pursuant to the Company's By-Laws, at all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one year and until their successors are elected and qualified.

Orientation of New Directors and Training

Allianz PNB Life provides an adequate orientation and continuing education process for all its Directors. All new Directors are oriented on the Company's structure, business, legal and regulatory environment, corporate governance practices and Allianz Global Standards. They are apprised of vital corporate documents and relevant policies that define their duties and responsibilities as a Director.

Performance Evaluation

The Board conducts an annual self-assessment of their individual performance, Board performance, and performance as members of various Board Committees based on the following criteria:

	Process	Criteria
Board of Directors	Self-Assessment	A. Board Structure B. Specific Duties and Responsibilities of the Board of Directors C. Specific Duties and Responsibilities
Board Committees	Self-Assessment	Assessment is based on Committee Charters: A. Investment Committee Charter B. Corporate Governance, Nomination, and Compensation Committee Charter C. Executive Committee Charter D. Audit, Compliance, and Risk Management Committee Charter E. Related Party Transaction

Remuneration

Compensation Policy and Procedures: Each member of the Board shall be entitled to receive compensation (per diem) and an annual bonus for service rendered as Director. The attending directors/advisors shall only be entitled to per diem for meetings that constitute a quorum. All fees are net or after applicable withholding tax. Provided, however, that the Board may receive and allocate an amount of not more than 10% of the net income before income tax of the Corporation during the preceding year.

Fee Structure of the Board of Directors: The Board received a total of P2,602,111.69 representing per diems and bonuses for the year 2018

THE FOLLOWING DIRECTORS ATTENDED CORPORATE GOVERNANCE TRAINING:

Dr. Lucio Tan
Dr. Olaf Kliesow
Steven D. Conway
Renate Wagner
Federico C. Pascual
Silvius Von Lindeiner
Bernardo H. Tocmo



TRAINING AND CONTINUING EDUCATION PROGRAMME OF DIRECTORS

Directors	Date	Training and continuing education programme attended
Dr. Olaf Kliesow	27 September 2018	Compliance Training on the Anti-Money Laundering Act, Allied Bank Center, Makati City by Allianz PNB Life Insurance
Federico C. Pascual	20 April 2018	Business Unusual Learning Session: Robotics, Philippine National Bank, PNB Financial Center, Pasay City by THINKLAB
	24 August 2018	Business Unusual Learning Session: Blockchain Technology and Ripple, Century Park Hotel, Manila by Amihan Global Strategies/Ripple
	06 December 2018	Corporate Governance Seminar, Dusit Thani Hotel, Makati City by SGV & Co.
Bernardo H. Tocmo	23 October 2018	5th SEC-PSE Corporate Governance Forum, Philippine International Convention Center, PICC Complex, Pasay City by the Securities and Exchange Commission and the Philippine Stock Exchange

DISCLOSURE AND TRANSPARENCY

Allianz PNB Life believes that high-quality disclosure and transparency is a prerequisite for the exercise of ownership responsibilities by shareholders. It also helps the public understand the Company's activities, policies and performance with regard to environmental and ethical standards as well as its relationship with stakeholders and communities affected by its operation. This is likely to lead to a more conducive environment for the adoption of policies oriented towards sustainable growth.

Communication

We provide information to our employees, policyholders, and the public about the latest information and development through regular internal communication channels such as email announcements, memos or other written communication. Such information are also available on our company website.

Our clients are always welcome to contact our Customer Service group. This is a proven communication channel that helps create great customer experience. Our Market Management Division makes sure that existing and future clients are well informed resulting in a better brand experience

Related Party Transactions

Our Board of Directors, Management and staff commit to adopt and adhere with the Policy Guidelines on Related Party Transactions (RPTs). We recognize the importance of establishing and maintaining policies and procedures governing transactions between related parties to ensure that these are only undertaken on an arm's length basis for the financial, commercial and economic benefit of the Company and the entire group to which the Company belongs. The Board, through the RPT Committee (RPTC), exercises appropriate oversight in the implementation of these guidelines.

Timely Disclosure of Annual/Financial Reports

We believe that transparent and accurate reporting of operating and financial results, major business decisions and developments give our shareholders the relevant inputs to make sound investment decisions. As such, we are committed to ensuring timely submission of our annual/financial reports to concerned regulatory government agencies.

Dividend Policy

Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and such as times as the Board of Directors may determine and in accordance with law and applicable rules and regulations of the Insurance Commission.

The Corporation will declare as dividends those profits which are lawfully available for distribution by the Corporation and which are in excess of what is required to be retained as capital to support the Business Plans and the Corporation's capital policy.

Audit

The Company has an Internal Audit Department headed by Assistant Vice President, Ms. Josephine C. Mapula. The Internal Audit Department reviews the Company's internal control system and has direct reporting line to the Board's Audit, Compliance & Risk Management Committee (ACRMC) and to the Chairman of the Board.

The ACRMC is primarily responsible for the recommendation of the appointment/re-appointment and removal of external auditors. Last 2018, PwC-Isla Lipana & Co. was appointed by the Board as the Company's External Auditor.

ANTI-CORRUPTION PROGRAMS AND PROCEDURES

Anti-Bribery and Corruption Policy

Our corporate reputation is based on the trust that our clients, shareholders, employees and the general public place on the integrity of Allianz PNB Life. The Allianz PNB Life Code of Conduct for Business Ethics and Compliance contains strict prohibition against corruption and bribery. We are also committed to complying fully with local and international anti-corruption and anti-bribery laws as part of our efforts to maintain strong and effective compliance controls. This includes our strict prohibition against the offer, acceptance, payment or authorization of any bribes and any other form of corruption, whether given in the private sector or to a local or foreign government official in the public sector. We also demand transparency and integrity in all of our business dealings to avoid any improper advantage or the appearance of questionable conduct by our employees or third parties with whom Allianz PNB Life does business.

The Allianz Anti-Corruption Policy is one of the key components of the Global Anti-Corruption Program. Together, the Program and the Policy connect a number of related policies and controls designed to help Allianz PNB Life effectively manage key risk areas for corruption in both the public and private sectors.

Anti-Money Laundering and Counter-Terrorist Financing

The prevention of financial crimes is a top priority of Allianz PNB Life, not only because these crimes pose a significant threat to our reputation, but also because they weaken the integrity of the global financial system. We maintain an Anti-Money Laundering and Terrorist Financing Prevention Program designed to ensure that we comply with the requirements and obligations set out in Philippine legislation, rules, regulations, global best practices; and that adequate systems and controls are in place to mitigate the risk of being used to facilitate financial crime. It has institutionalized policies, procedures, and control measures in ensuring that we do not allow the Company to be used as laundering site for the proceeds of any unlawful activity. We fully cooperate with concerned government agencies mandated by law to prevent money laundering activities.

Data Privacy

We are strongly committed to conducting business in full compliance, and in accordance with applicable data privacy and protection laws and regulations. In doing so, we strive to safeguard the personal data of individuals, protect the Allianz Group, and promote confidence in Allianz as a trusted provider of financial products and services. We shall protect the privacy and data protection rights of our employees, customers, business partners and third-party individuals. We maintain a Data Privacy policy that is designed to facilitate adherence to applicable data privacy and protection laws and regulations which govern the processing and transfer of personal data.

Anti-Fraud Policy

We do not tolerate any attempts of fraud or corruption. We maintain a "zero tolerance" principle for fraud and corruption. Our Anti-Fraud Policy provides the standards for all departments relating to fraud prevention, detection and response which apply to our employees, divisions, departments, regional business centers of the Company.

Investment Code of Ethics

We adhere to the high investment standards and principles as set out in our Allianz Standard for Insurance Investment Assets. This outlines the following principles and rules, among others, which apply to investments of own financial assets, both direct investments as well as indirect investments through holding companies or fund:

Prudent Person Principle: This comprises the rules concerning the due diligence and quality of processes, the care, skills and delegation, and security, liquidity, profitability and availability of the investment portfolio.

Environmental, Social and Corporate Governance (ESG) factors: The management of Insurance Investment Assets shall take into account broader environmental, social and corporate governance impacts of the investments.

Economic View (Look-through) Principle: The fundamental principle for all investment decisions is the economic assessment of the risk-return profile. Allianz PNB Life applies a look-through with respect to its entire portfolio of insurance

investment assets, notwithstanding regulatory rules for the calculation of solvency capital requirements.

We adhere to the Allianz Risk Management Framework with respect to our whole portfolio.

All relevant internal corporate rules and external laws and regulations governing as-sets/investments have to be considered.

Creditor's Rights

We are committed to meet our contractual obligations with suppliers/creditors and third-party service providers in accordance with terms and conditions of the contract.

Whistleblowing Policy

We believe that good corporate governance is a responsibility of everyone. Disclosure and transparency are not only expected of the Company, its officers, and employees, but also encouraged in other stakeholders as well. As such, we provide an avenue for all customers and stakeholders to offer feedback about the Company and its operations through Speak-up, an Allianz PNB Life Guideline on Whistleblowing. This is to ensure that illegal or improper conduct within the Company or in the name of an Allianz entity can be addressed appropriately within Allianz. This shall protect Allianz and its subsidiaries, employees, and other stakeholders globally from the results and effects of illegal or improper conduct.

For concerns and complaints, you may contact us using the details below:

9th Floor, Allied Bank Center
6754 Ayala Avenue corner Legaspi Street
Makati City, Philippines

CUSTOMER HELPLINE: 818-4357 (HELP)
HEAD OFFICE TRUNKLINE: 818-5433 (LIFE)
FAX: 818-2701
Domestic Toll Free Number: 1-800-10-818-4357
MAKATI CENTRAL OFFICE P.O. BOX 3191

Email: info@allianzpnblife.ph
ethics.hotline@allianzpnblife.ph

ADEQUACY OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM

The Board of Directors approved the Corporation's Audited Financial Statements for the period ending 31 December 2018. The results of the audit showed that the Financial Statements of the Company audited by its external auditor as of December 31, 2018 and 2017, present fairly, in all material respects, and its financial performance and its cash and its cash flows for the years ended in accordance with the Philippine Financial Reporting Standard (PFRS).

Audit Structure

Silvius von Lindeiner	Chairman
Renate Wagner	Member
Steven Conway	Member
Federico Pascual	Member

Audit and Non-Audit Fees

For 2018, PwC-Isla Lipana & Co. was appointed as the external auditor of Allianz PNB Life. The Audit fees incurred for its services amounted to P772,528.00. In 2018, no non-audit service was performed by PwC-Isla Lipana & Co.

BOARD OF DIRECTORS



DR. LUCIO C. TAN Chairman • Filipino, 84

Appointed Chairman of Allianz PNB Life in July 2017 | Chairman and CEO, LT Group, Inc.; PAL Holdings, Inc.; and other listed MacroAsia Corporation and its subsidiaries | Chairman/President, Tangent Holdings Corporation and Lucky Travel Corporation | Chairman, Air Philippines Corporation; Eton Properties Philippines, Inc.; Eton City, Inc.; Tanduary Brands International, Inc.; Asian Alcohol Corporation; Absolut Distillers, Inc.; The Charter House, Inc.; PMFTC, Inc.; Fortune Tobacco Corporation; PNB Holdings Corp.; AlliedBankers Insurance Corp.; Allied Commercial Bank; Allied Banking Corporation (HK) Ltd.; Manufacturing Services and Trade Corp.; Foremost Farms, Inc.; Dominion Realty & Construction Corp.; Shareholdings, Inc.; REM Development Corp.; Sipalay Trading Corp.; Progressive Farms, Inc.; and PNB Savings Bank | Director, Philippine National Bank | President, Basic Holdings Corp.; Himmel Industries Inc.; and Grandspan Development Corp. | Chairman Emeritus, Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. | Founder and Vice Chairman, Foundation for Upgrading the Standard of Education, Inc. | Founder, Chairman and President, Tan Yan Kee Foundation, Inc. | Education: Bachelor of Science in Chemical Engineering degree, Far Eastern University and the University of Sto. Tomas; Doctor of Philosophy, Major in Commerce, University of Sto. Tomas



DR. OLAF KLIESOW President & CEO • German, 52

Appointed President and Chief Executive Officer of Allianz PNB Life in June 2016 (Up to June 1, 2019) | Head of Global Life and Health Business Development, Allianz SE (2013-2016) | Chairman and CEO, Allianz Life Japan (2010-2013) | President, Philippine Life Insurance Association (2018) | Member of the Board, International Life Business for HDI-Gerling (2008-2010) | Head of International Life Division, HDI-Gerling (2005-2008) | CEO, HDI-Gerling Life Switzerland (2004) | Chief Financial Officer, Aspecta Life Poland (2003) | CEO, Apsecta Life Japan (2001-2002) | Education: Law degree at the University of Bonn, Germany; Doctorate (summa cum laude), University of Münster, Germany; Diploma in Economics, St. Gallen Management Institute, Switzerland



JOSE ARNULFO VELOSO Director • Filipino, 53

President and CEO of Philippine National Bank | Appointed Board Director of Allianz PNB Life in February 2019 | Has 32 years of banking and capital markets experience, of which 24 years were with HSBC, both in its Asian headquarters in Hong Kong and in the Philippines, the first Filipino to become President and CEO of the bank in its 140 years of operations in the country. Under his leadership, HSBC Philippines garnered various industry recognitions for its successful capital market transaction, including Best Global Bank in the country in 2018 by The Asset regional magazine | Worked for other local and foreign banks prior to HSBC | Currently involved in several industry organizations: Director and Chairperson of the Open Market Committee of the Bankers Association of the Philippines | Director of the Philippine Dealing and Exchange Corporation and the Philippine Securities Settlement Corporation | Formerly Chairman of the Council of Trustees of the British School Manila | Former President of the Money Market Association of the Philippines, member of ACI (Asosacion Cambiste Internationale) Philippines | Director of the British Chamber of Commerce of the Philippines | Director of the European Chamber of Commerce | Education: Marketing Management from the De La Salle University in 1986



STEVEN D. CONWAY
Director • British, 50

Appointed Director of Allianz PNB Life in February 2018 | Chartered Insurer and Associate of the Chartered Insurance Institute | Regional Head of Health of Allianz Asia Pacific (2017) | Director of CPIC Allianz Health and Insurance Co. (2017) | Regional Manager of Allianz Worldwide Care (2015-2016) | Regional General Manager (2010-2015) and China Country Manager of InterGlobal Insurance Company Ltd. (2006-2010) | General Manager of LMG Pacific Healthcare (2003-2006) | Education: Graduate of the Institute of Personnel and Development at Portsmouth Polytechnic; Bachelor of Arts degree in Philosophy (graduated with honors) from Manchester University



RENATE WAGNER
Director • German, 44

Appointed Director of Allianz PNB Life in June 2016 | Regional Chief Financial Officer and Head of Life & Health Insurance for Allianz Asia Pacific and Singapore Branch (2015) | Member of the Regional Executive Board | Joined Allianz in 2013, and held various finance and operations roles in the company | Worked at KPMG and Zurich Insurance | Education: Masters in Mathematics from the University of Paderborn in Germany. MBA from the Heriot-Watt University, Edinburgh



FEDERICO C. PASCUAL
Independent Director • Filipino, 76

Appointed Director of Allianz PNB Life in June 5, 2016 | Chairman at PNB General Insurers Co., Inc. | Chairman, Bataan Peninsula Educational Institution, Inc. | Independent Director, PNB Holdings Corp. | Independent Director, PNB International Investments Corp. | Independent Director, Philippine National Bank | Director, Apo Reef World Resort, Inc. | Partner, University of Nueva Caceres, Inc. | Director, Global Energy Growth System | Education: Master of Laws degree, Columbia University; Bachelor of Laws degree, University of the Philippines; Bachelor of Arts degree, Ateneo de Manila University



SILVIUS VON LINDEINER
Independent Director • German, 70

Appointed Independent Director of Allianz PNB Life in June 2016 | Consultant, Axco Insurance Services Limited (since 2015) | Adviser to the Board of Malakut Insurance Brokers (since 2015) | Previous posts: Independent Non-Executive Director of Kurnia Insurans (M) Berhad; Technical Adviser Aon Benfield Insurance Brokers in Malaysia; CEO, Gallagher Re Labuan Ltd.; CEO, Swiss Re Malaysia Branch; various positions in Munich Reinsurance Company in Munich, Singapore and Manila | Education: Ludwig-Maximilian University in Munich, Germany



BERNARDO H. TOCMO
Director • Filipino, 57

Appointed Director of Allianz PNB Life in April 2017 and served until February 2019 | Head of Retail Banking Group and Executive Vice President, Philippine National Bank | Education: Masters in Business Economics and Strategic Business Economics Program, University of Asia and the Pacific; Bachelor of Science in AgriBusiness, major in Management, Visayas State University



FLORENTINO M. HERRERA III
Corporate Secretary • Filipino, 66

Appointed as Corporate Secretary of Allianz PNB Life on 12 April 2016 | Founding Partner of Herrera Teehankee & Cabrera Law Offices | Partner of one of the largest law offices in the Philippines | Engaged in the general practice of law for the past 40 years, specializing in corporate law practice as counsel for various companies | Director of Philippine Airlines, Inc. (PAL), Lufthansa Technik Philippines (LTP), Inc., and Rizal Commercial Banking Corporation (RCBC), among others | Education: Bachelor of Arts in Political Science degree and a Bachelor of Laws degree (Cum Laude, Salutatorian) from the University of the Philippines

SENIOR MANAGEMENT



[1] DR. OLAF KLIESOW
President & CEO
German

Appointed President and Chief Executive Officer of Allianz PNB Life in June 2016 (Up to June 1, 2019) | Head of Global Life and Health Business Development, Allianz SE (2013-2016) | Chairman and CEO, Allianz Life Japan (2010-2013) | President, Philippine Life Insurance Association (2018) | Member of the Board, International Life Business for HDI-Gerling (2008-2010) | Head of International Life Division, HDI-Gerling (2005-2008) | CEO, HDI-Gerling Life Switzerland (2004) | Chief Financial Officer, Aspecta Life Poland (2003) | CEO, Apsecta Life Japan (2001-2002) | Education: Law degree at the University of Bonn, Germany; Doctorate (summa cum laude), University of Münster, Germany; Diploma in Economics, St. Gallen Management Institute, Switzerland

[2] ALEXANDER GRENZ
Chief Operating Officer
German

Appointed Chief Operating Officer of Allianz PNB Life in June 2016 (Up to June 1, 2019) | Former Chief Integration Officer Philippines, Allianz SE Singapore Branch (2015-2016) | Regional Head of Bancassurance and Partnerships Development Asia Pacific, Allianz SE Singapore Branch (2013-2015) | Deputy CEO and COO Allianz Russia Life (2011-2013) | Regional Head of Life & Health Central & Eastern Europe, Middle East and Africa, Allianz SE (2008-2011) | Senior Consultant European Pensions at Global Life & Health, Allianz SE (2008) | Education: Master of Business Administration with major in Investment Management, Banking and Finance, Technical University of Applied Science of Regensburg

[3] EFREN C. CARINGAL JR.
Chief Finance Officer
Filipino

Appointed Chief Finance Officer of Allianz PNB Life in June 2016 | Regional Head of Risk-Life, Allianz SE Singapore Branch (2015-2016) | Chief Risk Officer, Allianz Global Life Ltd. (2012-2014) | VA Risk Manager, Allianz Re Dublin, Ltd. (2012-2014) | Risk Manager, Allianz SE (2011-2012) | Head of Risk Management (2011), Head of Life & Health Products (2009-2010), Manager of Life & Health (2008-2009), Allianz Tafakul in Bahrain and Qatar | Vice President for Actuarial & Customer Relations (2008) and Assistant Vice President for Actuarial & Policyholder Services (2007-2008), Knights of Columbus Fraternal Association of the Philippines, Inc. | Education: Actuarial Science Postgraduate Diploma at the University of Leicester, United Kingdom; earned units in Master in Business Administration, De La Salle University; Bachelor of Science in Mathematics degree, University of the Philippines



[4] AMOR DATINGUINO
Chief Legal Officer
Filipino

Appointed Chief Legal Officer of Allianz PNB Life in October 2016 | Co-Founder of Passcase Inc. (since 2016) | Vice President and Head of Legal & Compliance at Manulife Philippines (2014-2015) | Vice President and Chief Compliance Officer of Sun Life of Canada (Philippines), Inc. (2012-2014) | Head - Legal, Compliance and Operational Risk (2010-2011) and Head - Legal & Compliance, AXA Philippines | Regulatory Officer at Philippine Dealing System Group (2007-2009) | Vice President and Founding Director, Legal Education Online, Inc. (2005-2007) | Ninth place, Philippine bar examinations (1996) | Education: Bachelor of Laws and Bachelor of Science in Economics, University of the Philippines

[5] CONNIE ROLDAN
Chief Human Resources Officer
Filipino

Appointed Chief HR Officer of Allianz PNB Life in November 2016 | Human Resources Head of AXA Philippines (2012-2016) | Vice President for Human Resources of Manulife Philippines (2009-2012) | Human Resources roles in Indonesia, Hong Kong, and Vietnam (2004-2009) | HR Manager at ING Life in the Philippines and Indonesia (1997-2003) | Training Officer at Pan Philippines Life Insurance Philippines (1996-1997) | Education: Bachelor of Arts in Political Science, University of the Philippines

[6] ROSALYN L. MARTINEZ
Chief Marketing Officer
Filipino

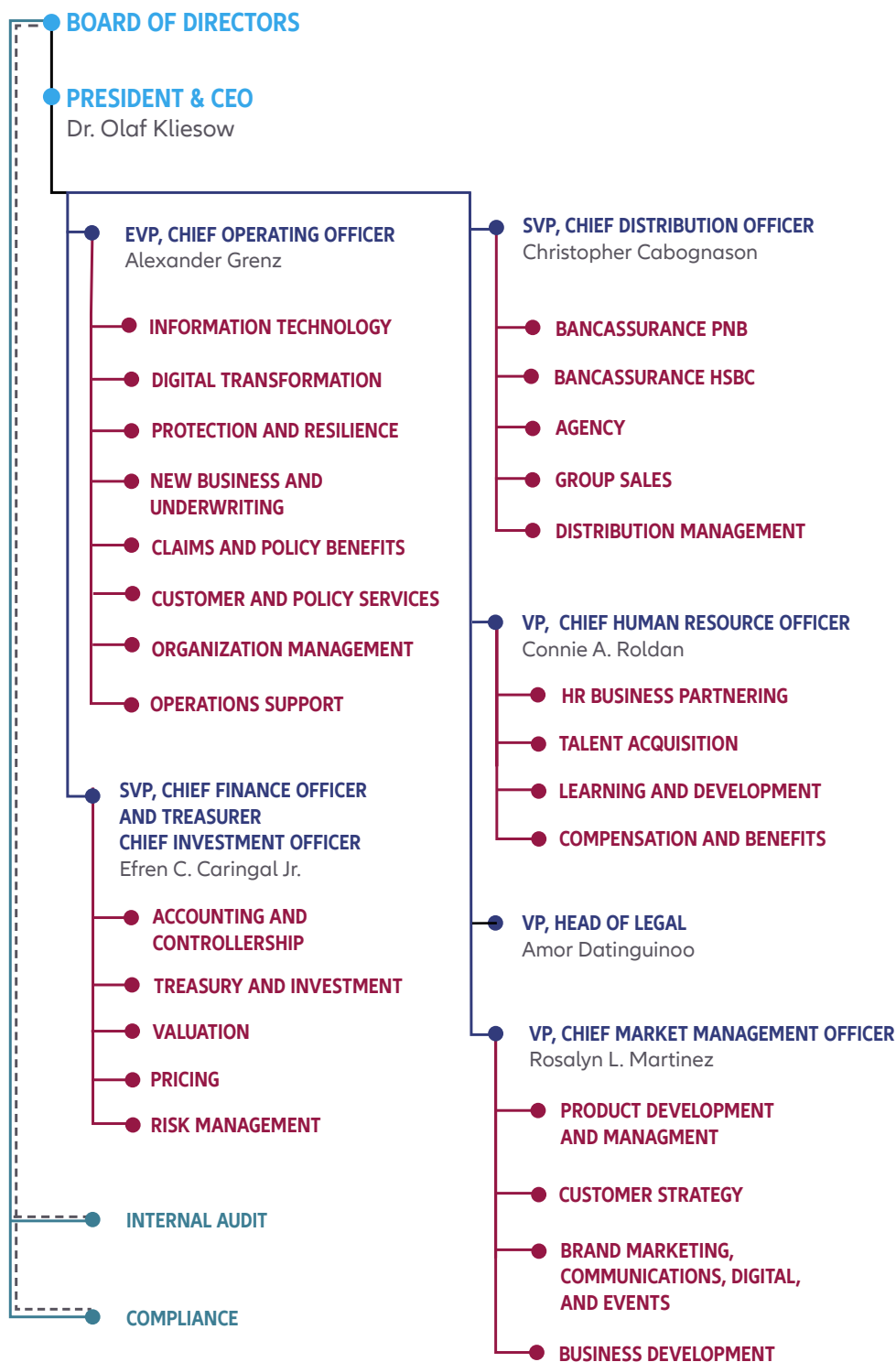
Appointed Chief Marketing Officer of Allianz PNB Life in January 2017 | Chief Marketing Officer and First Vice President (FVP) at Asia United Bank (2014-2016) | Vice President and Director for Channel Programs and Partnership Management (2012-2014) and Director for Partnership Development (2010-2011) at AXA Philippines | Senior Assistant Vice President (SAVP), Head - Direct Marketing at Philamlife (2007-2010) | SAVP, Head of Credit Card Acquisition and Usage at Standard Chartered Bank (2006-2007) | AVP, Business Development Manager at Citibank Savings (2006) | AVP and Cards and Loans Insurance Sales & Marketing Head (2006) and AVP and Branch Referred Sales and Marketing Head (2003-2004) at Citicorp Financial Services and Insurance Brokerage Philippines | AVP and Branch Express Approval Center Head at Citibank (2003) | Education: Master in Business Management, Asian Institute of Management; and Bachelor of Science, major in Economics (magna cum laude), University of the Philippines

[7] CHRISTOPHER A. CABOGNASON
Chief Distribution Officer
Filipino

Appointed Chief Distribution Officer of Allianz PNB Life in 2018 | Chief Bancassurance Officer (2017-2018) and Director, PSBank Bancassurance Sales Team (2015-2016), People Development and Channel Support Head (2012-2015), AXA Philippines | Vice President – Head of HR and Operations, BPI-Philam Life Assurance Ccorp. (2009-2012) | Vice President – HR & Training Director/Compliance Officer, Philam Equitable Life Assurance Co. Inc. (2003-2009) | Senior Manager for People Development (2002-2003), Business Development Manager (2000-2002), Sales Head (1999-2000), Training Officer (1998-1999), Berkley International Philippines | Management Trainee, Ayala Life Assurance Inc. (1997-1998) | Education: Master in Business Administration, De La Salle University; Bachelor of Arts, major in Philosophy (magna cum laude) and Bachelor of Science in Education (cum laude), Don Bosco College

ORGANIZATIONAL STRUCTURE

As of December 31, 2018





9th Floor Allied Bank Center
6754 Ayala Avenue, Makati City
1229 Metro Manila

www.allianzpnblife.ph

