

# We Are With You

Allianz Malaysia Berhad (12428-W)  
ANNUAL REPORT 2015

**Allianz** 

## WE ARE WITH YOU

As one of the leading life and general insurers in Malaysia, our comprehensive range of products and services covers and protects almost every part of your life, giving you the freedom to explore beyond, with confidence and focus. We believe that by letting us take care of the worries of uncertainty, it allows you the chance to 'dare to', to take on endeavours where otherwise you might have hesitated, to encourage you to explore the next step and be brave and fearless in your pursuits. And to grow from within. Because when you 'dare to', we'll be right there by your side, protecting and supporting you through all your endeavours.

# TAKE THE NEXT STEP WITH US



Allianz Malaysia Berhad (12428-W)  
ANNUAL REPORT 2015

**Allianz** 

# 42<sup>ND</sup>

ANNUAL  
GENERAL  
MEETING

OF ALLIANZ MALAYSIA BERHAD

**Wednesday,**  
25 May 2016

10.00 a.m.

**Grand Ballroom  
Level 2  
Aloft Kuala Lumpur Sentral**

5, Jalan Stesen Sentral  
Kuala Lumpur Sentral  
50470 Kuala Lumpur



PAGE	CONTENTS
2	<b>OVERVIEW</b> 2 2015 Key Financial Figures 3 Allianz At A Glance 5 Our Vision And Mission 6 Our Five Core Values
8	<b>CORPORATE PROFILE</b> 8 Corporate Information And Group Structure 9 Global And Nationwide Presence 15 Board Of Directors' Profiles 29 Senior Management Team
32	<b>TO OUR STAKEHOLDERS</b> 32 Chairman's Statement 39 Sustainability Report
68	<b>CORPORATE GOVERNANCE AND ACCOUNTABILITY</b> 68 Audit Committee Report 80 Statement On Corporate Governance 119 Statement On Risk Management And Internal Control 126 Additional Compliance Information
136	<b>2015 HIGHLIGHTS</b> 136 Media Highlights 141 Calendar Of Moments
148	<b>FINANCIAL STATEMENTS</b> 148 Financial Statements 281 Statement by Directors 282 Statutory Declaration 283 Independent Auditors' Report
285	<b>AGM INFORMATION</b> 285 Notice Of Annual General Meeting Form Of Proxy

## 2015 KEY FINANCIAL FIGURES



### OPERATING REVENUE

RM4,519.50  
million



### GROSS WRITTEN PREMIUM

RM4,132.65  
million



### PROFIT BEFORE TAX

RM438.22  
million



### TOTAL ASSETS

RM13,617.42  
million



### SHAREHOLDERS' FUND

RM2,621.32  
million



### MARKET CAPITALISATION

RM3,635.16  
million



### BASIC EARNINGS PER ORDINARY SHARE

183.08  
sen



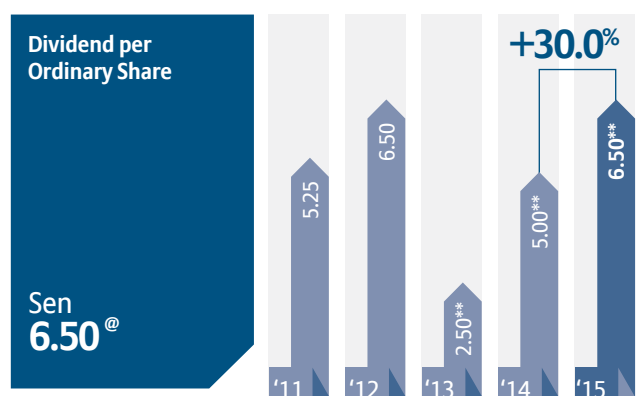
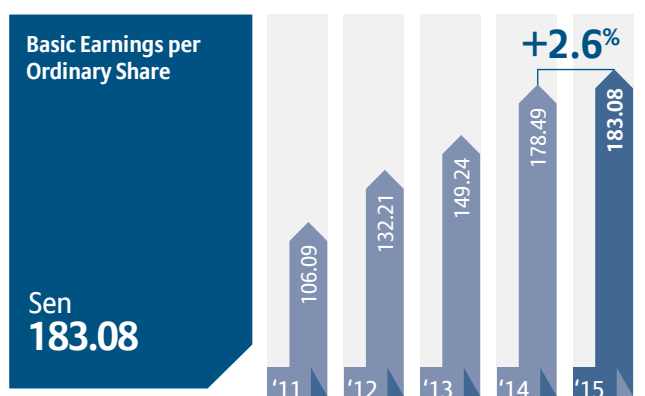
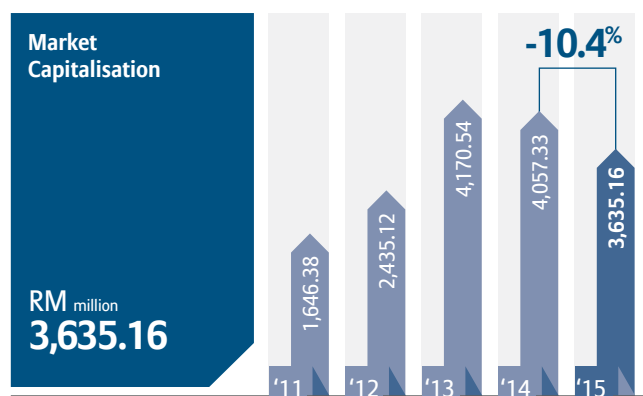
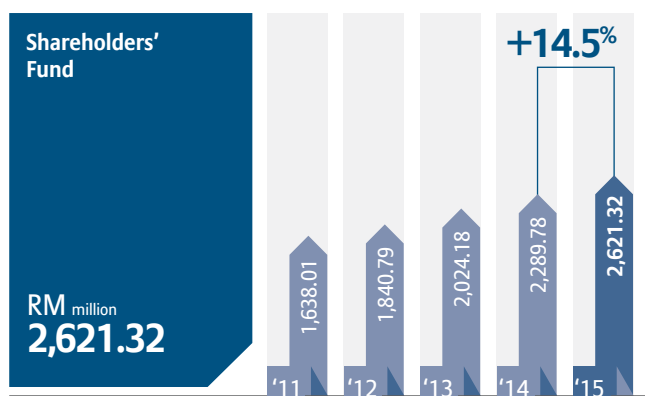
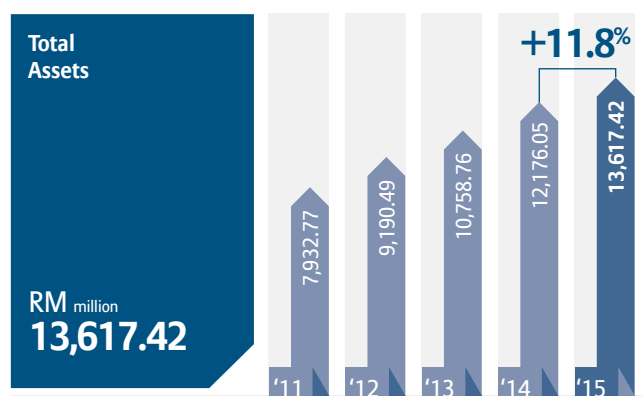
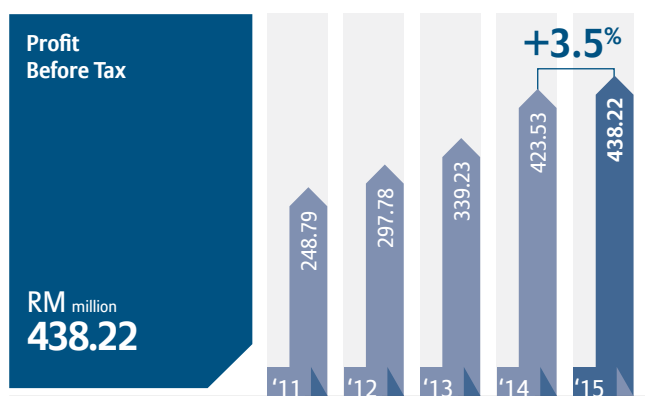
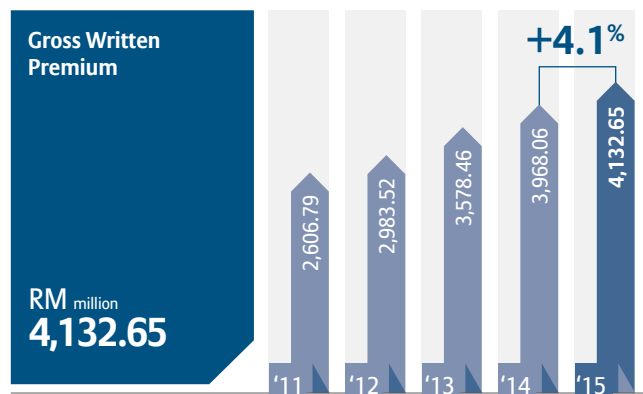
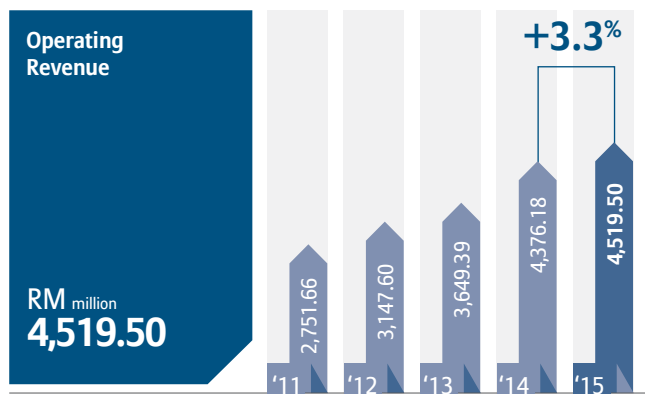
### PROPOSED DIVIDEND PER ORDINARY SHARE

6.50  
sen

# ALLIANZ AT A GLANCE

3

ALLIANZ MALAYSIA BERHAD (12428-W)





Group		2015	2014	2013	2012	2011*
Operating Revenue	(RM million)	4,519.50	4,376.18	3,649.39	3,147.60	2,751.66
Gross Written Premium	(RM million)	4,132.65	3,968.06	3,578.46	2,983.52	2,606.79
Profit Before Tax	(RM million)	438.22	423.53	339.23	297.78	248.79
Total Assets	(RM million)	13,617.42	12,176.05	10,758.76	9,190.49	7,932.77
Shareholders' Fund	(RM million)	2,621.32	2,289.78	2,024.18	1,840.79	1,638.01
Market Capitalisation <sup>#</sup>	(RM million)	3,635.16	4,057.33	4,170.54	2,435.12	1,646.38
Interim/Final gross dividend paid per share						
- Ordinary Share	(sen)	6.50**@	5.00**	2.50**	6.50	5.25
- Preference Share	(sen)	7.80	6.00	3.00	7.80	6.30
Total amount dividend paid						
- Ordinary Share	(RM'000)	11,005.09	8,374.41	4,169.20	7,773.72	6,161.24
- Preference Share	(RM'000)	13,797.94	10,723.05	5,383.13	14,566.10	11,952.98
Return on Equity <sup>^</sup>						
		12.6%	13.7%	12.3%	11.9%	11.3%
Operating Revenue Growth						
		3.3%	19.9%	15.9%	14.4%	9.7%
Gross Written Premium Growth						
		4.1%	10.9%	19.9%	14.5%	10.8%
Basic Earnings per Ordinary Share						
	(sen)	183.08	178.49	149.24	132.21	106.09
Diluted Earnings per Ordinary Share						
	(sen)	89.37	85.89	58.94	54.41	43.74
Net Asset Value per Ordinary Share						
	(RM)	15.48	13.67	12.59	11.60	10.47
Diluted Net Asset Value per Ordinary Share						
	(RM)	7.57	6.61	5.85	5.32	4.73

<sup>#</sup> The market capitalisation is a combination of ordinary and preference shares.

<sup>^</sup> 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.

<sup>\*</sup> These numbers are restated upon the transition to Malaysian Financial Reporting Standards Framework on 1 January 2012.

<sup>\*\*</sup> Single tier dividend.

<sup>@</sup> Proposed dividend.



## OUR 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.

## OUR 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

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

**WITH YOU**  
WHEREVER  
YOU ARE







## Digital by Default

Getting customer-focused services through our Allianz Auto Assist roadside assistance app.



# CORPORATE INFORMATION

## STOCK EXCHANGE LISTING

Main Market of  
Bursa Malaysia Securities Berhad

## Classes of Share

## Stock code

Ordinary Share

1163

Irredeemable Convertible Preference Share

1163PA

## COMPANY SECRETARY

Ng Siew Gek  
Email : ng.siewgek@allianz.com.my

## REGISTERED OFFICE

Level 29, Menara Allianz Sentral  
203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : 03-22641188/22640688  
Fax : 03-22641186

## HEAD OFFICE

Level 29, Menara Allianz Sentral  
203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : 03-22641188/22640688  
Fax : 03-22641199  
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  
Tel : 03-27839299  
Fax : 03-27839222  
Email : is.enquiry@my.  
tricorglobal.com

## AUDITORS

KPMG  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor  
Tel : 03-77213388  
Fax : 03-77213399

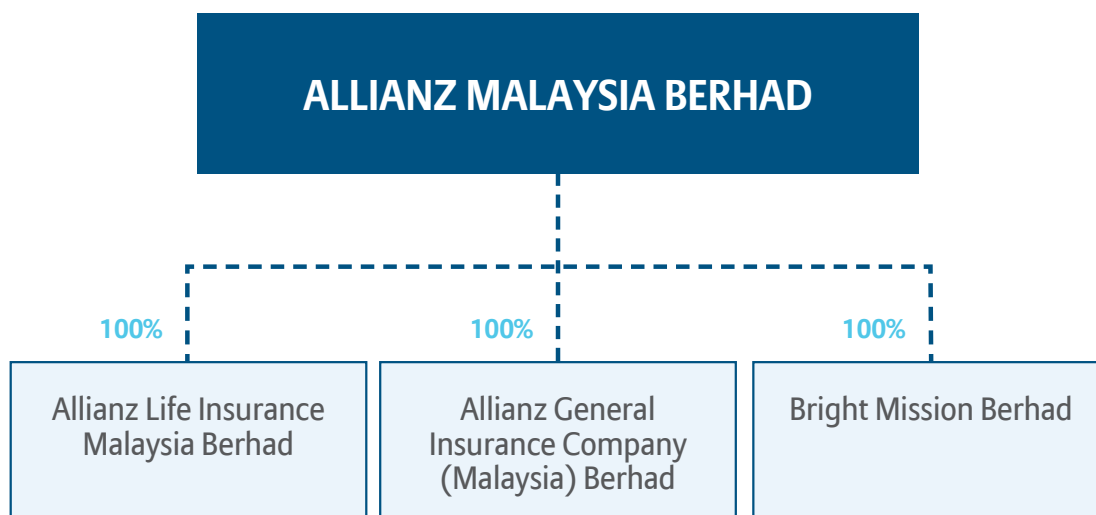
## PRINCIPAL BANKERS

CIMB Bank Berhad  
Citibank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad

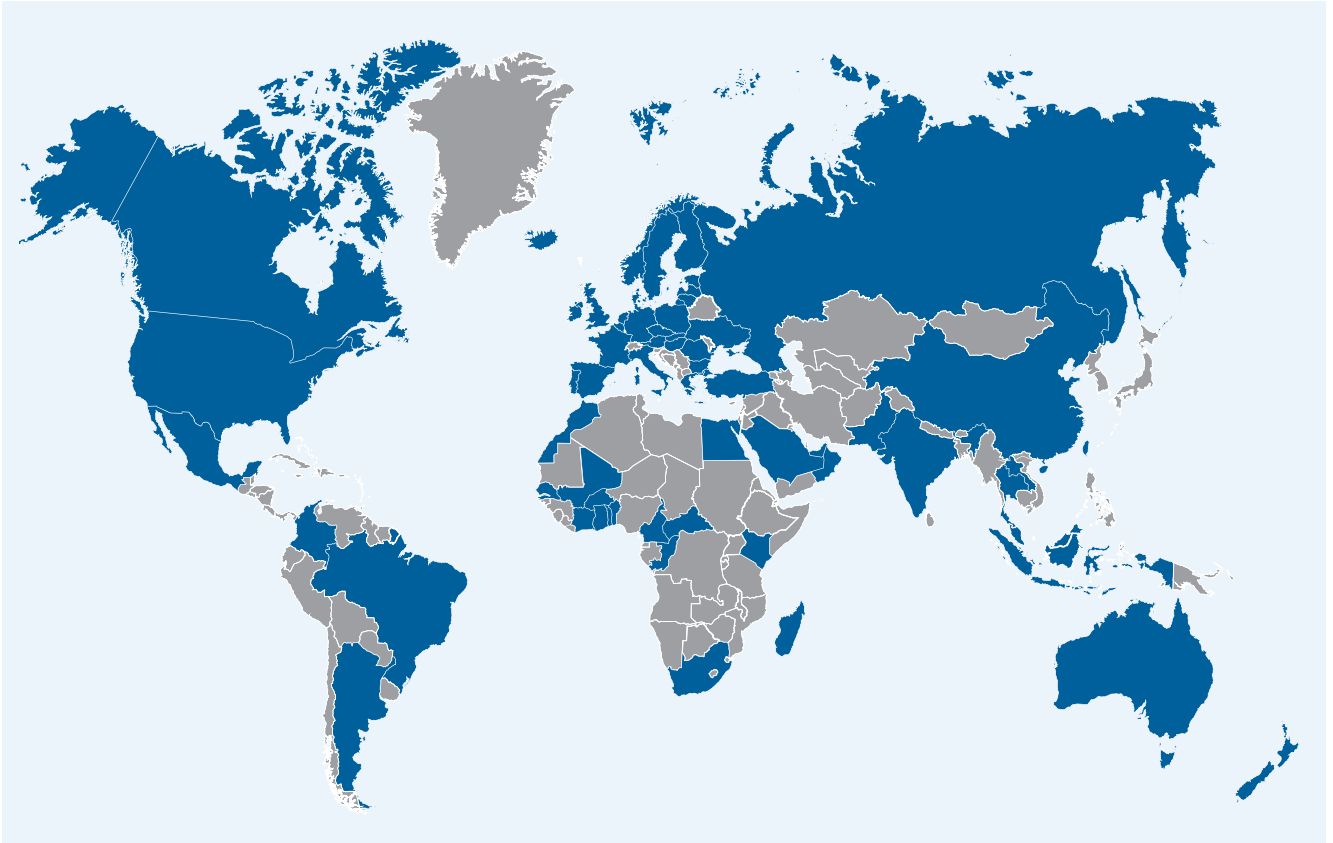
## PRINCIPAL SOLICITORS

Wong & Partners

# GROUP STRUCTURE



# GLOBAL AND NATIONWIDE PRESENCE



**70**  
**COUNTRIES**  
(Source: allianz.com)

## MARKET POSITIONS OF OUR BUSINESS OPERATIONS

**INSURANCE WESTERN &  
SOUTHERN EUROPE,  
INSURANCE MIDDLE EAST,  
AFRICA, INDIA**

### EUROPE

Italy, Greece, Turkey, France,  
Belgium, The Netherlands,  
Luxembourg

### MIDDLE EAST AND NORTH AFRICA

Egypt, Lebanon, Saudi Arabia

### AFRICA

Benin, Burkina Faso, Cameroon,  
Central Africa, Congo Brazzaville,  
Ghana, Ivory Coast, Kenya,  
Madagascar, Mali, Senegal, Togo,  
India

### INSURANCE IBERIA & LATIN AMERICA

Spain, Portugal

### LATIN AMERICA

Argentina, Brazil, Colombia,  
Mexico

### INSURANCE GERMAN SPEAKING COUNTRIES, INSURANCE CENTRAL & EASTERN EUROPE

### GERMAN SPEAKING COUNTRIES

Germany, Austria, Switzerland

### CENTRAL & EASTERN EUROPE

Bulgaria, Croatia, Czech Republic,  
Hungary, Poland, Romania,  
Slovakia

### US LIFE INSURANCE

United States

### GLOBAL INSURANCE LINES & ANGLO MARKETS

United Kingdom, Australia,  
Ireland, Allianz Global Corporate  
& Specialty, Credit Insurance,  
Reinsurance, Russia, Ukraine

## ALLIANZ WORLDWIDE PARTNERS

### INSURANCE ASIA PACIFIC

Brunei, China, Hong Kong,  
Indonesia, Japan, Laos, Malaysia,  
Pakistan, Philippines, Singapore,  
South Korea, Sri Lanka, Taiwan,  
Thailand

### ASSET MANAGEMENT

### NORTH AND LATIN AMERICA

United States, Canada, Brazil

### EUROPE

Germany, France, Italy, Spain,  
Switzerland, Belgium, The  
Netherlands, United Kingdom,  
Nordics

### ASIA PACIFIC

Japan, Hong Kong, Taiwan,  
Singapore, South Korea, China,  
Australia



## 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 : 1-300-300-338

### CENTRAL REGION

#### CENTRAL REGION PROCESSING HUB

2nd Floor, Wisma Allianz  
No. 33, Jalan Gereja  
50100 Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03-20501188  
Fax : 03-20501109

#### 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

**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 Perda  
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  
84000 Muar, Johor  
Tel : 06-9544536  
Fax : 06-9545684

**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, First Floor  
Pusat Perniagaan Raub  
27600 Raub, Pahang  
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, First Floor  
Jalan Merdeka  
87008 Wilayah  
Persekutuan Labuan  
Tel : 087-422249  
Fax : 087-422244

**SARAWAK REGION****SARAWAK REGION OFFICE  
MIRI**

Lot 1374, 2nd Floor  
Centrepont Commercial  
Centre (Phase 2)  
Block 10, Miri Concession  
Land District  
Kubu Road, Miri 98000 Sarawak  
Tel : 085-416828  
Fax : 085-417743

**32 MIRI**

Lot 1374, Ground Floor  
Centrepont Commercial  
Centre (Phase 2)  
Block 10, Miri Concession  
Land District  
Kubu Road, Miri 98000 Sarawak  
Tel : 085-423829 / 416828  
Fax : 085-419153

**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. 72, 1st & 2nd Floor  
Repok Road  
Sarikei 96108 Sarawak  
Tel : 084-652577 / 651877  
Fax : 084-653908

## 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 JALAN PINANG**  
Lot G7, Wisma UOA II  
No. 21 Jalan Pinang  
50450 Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03-21638005  
Fax : 03-21648005

- 2 PETALING JAYA**  
No. 15, Ground Floor  
Jalan 8/1D, Section 8  
Petaling Jaya 46050  
Selangor Darul Ehsan  
Tel : 03-79551605  
Fax : 03-79551607
- 3 DESA JAYA**  
Wisma Allianz Life  
No. 11-14, Jalan 53  
Desa Jaya Commercial Centre  
Taman Desa  
Kpong 52100  
Selangor Darul Ehsan  
Tel : 03-62758000  
Fax : 03-62757100
- 4 KLANG**  
No. 46, Jalan Tiara 2C  
Bandar Baru Klang  
Klang 41150  
Selangor Darul Ehsan  
Tel : 03-33453253  
Fax : 03-33453288

- 5 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

- 6 PENANG**  
Ground & 1st Floor  
No.1 China Street  
10200 Georgetown  
Penang  
Tel : 04-2519899  
Fax : 04-2519699
- 7 BUKIT MERTAJAM**  
No. 487, Jalan Permatang Rawa  
Bandar Perda, Bukit Mertajam  
14000 Penang  
Tel : 04-5377231  
Fax : 04-5378231

**8 ALOR SETAR**

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

**9 SUNGAI PETANI**

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

**10 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****11 JOHOR BAHRU**

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

**12 KLUANG**

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

**13 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

**14 MUAR**

No. 1, Ground, 1st & 2nd Floor  
Pusat Dagangan Bakri  
Jalan Bakri, Muar 84000  
Johor Darul Takzim  
Tel : 06-9545340  
Fax : 06-9545684

**15 MELAKA**

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

**EAST COAST REGION****16 TEMERLOH**

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

**17 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

**18 KOTA BHARU**

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

**SABAH REGION****19 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

**20 SANDAKAN**

Lot 8, Ground Floor, Block 2  
Bandar Indah  
Mile 4 North Road  
W.D.T. No. 291  
Sandakan 90000 Sabah  
Tel : 089-274842  
Fax : 089-274843

**21 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****22 KUCHING**

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

**23 MIRI**

Lot 1374, Ground Floor  
Centrepoint Commercial  
Centre (Phase 2), Block 10  
Miri Concession Land District  
Kubu Road,  
Miri 98000 Sarawak  
Tel : 085-410326  
Fax : 085-424328

**24 SIBU**

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





### Y. BHG. TAN SRI RAZALI BIN ISMAIL

Chairman – Independent  
Non-Executive Director

*“Being close to nature is my passion.  
We all must shoulder the responsibility  
to protect the environment.”*

# Y. BHG. TAN SRI RAZALI BIN ISMAIL

**Age:** 77

**Nationality:** Malaysian

**Date of Appointment:**  
25 September 2001

**Length of Service (as at 4 April 2016):**  
7 years 1 month \*

**Date of Last Re-appointment:**  
9 June 2015 (pursuant to Section 129 (6) of the Companies Act, 1965)

## Membership of Board Committee:

1. Member of Audit Committee
2. Member of Nominating Committee
3. Member of 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:

Y. Bhg. 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. Y. Bhg. 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 Other Public Companies:

1. Chairman of Allianz General Insurance Company (Malaysia) Berhad;
2. Chairman of Allianz Life Insurance Malaysia Berhad;
3. Chairman of IRIS Corporation Berhad; and
4. Chairman of Cypark Resources Berhad.

Y. Bhg. Tan Sri Razali is also Chairmen and a Trustee of Yayasan Chow Kit, Global Movement of Moderates Foundation and Razak School of Government. He is the Pro-Chancellor of University Science Malaysia, Penang. He was previously the Chairmen 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:

5 out of 5 Board Meetings held in 2015

## Other Information:

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

Y. Bhg. Tan Sri Razali does not hold any share in the Company and its subsidiaries. He also does not have any conflict of interest with the Company and has had no convictions for offences within the past 10 years other than traffic offences.

## Note:

\* On 2 July 2002, Y. Bhg. Tan Sri Razali Bin Ismail was redesignated 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, Y. Bhg. Tan Sri Razali was subsequently redesignated 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 Y. Bhg. Tan Sri Razali as an Independent Non-Executive Director of the Company as at 25 May 2016 is approximately 7 years 3 months.



## MR. FOO SAN KAN

Independent Non-Executive  
Director

ALLIANZ MALAYSIA BERHAD (12428-W)

*“ Learn much by enjoying reading; it is  
a wonderful gift one can gift oneself. ”*



# MR. FOO SAN KAN

**Age:** 67

**Nationality:** Malaysian

**Date of Appointment:**  
25 November 2005

**Length of Service (as at 4 April 2016):**  
10 years 4 months

**Date of Last Re-election/Re-appointment:**  
9 June 2015

**Membership of Board Committee:**

1. Chairman of Audit Committee
2. Member of Risk Management Committee
3. Member of Remuneration Committee
4. Member of Nominating Committee

**Qualification:**

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

**Working Experience:**

Mr. 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 Other Public Companies:**

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

**Board Meeting Attendance:**

4 out of 5 Board Meetings held in 2015

**Other Information:**

Mr. Foo 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 had no convictions for offences within the past 10 years other than traffic offences.

A portrait of Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy, an elderly man with grey hair and glasses, wearing a blue t-shirt. He is standing outdoors with a blurred background of trees and a fence. The text is overlaid on the right side of the image.

## Y. BHG. DATO' DR. THILLAINATHAN A/L RAMASAMY

Independent Non-Executive Director

*“ Work-life and health management is essential for balanced lifestyle. Take the first step towards a healthier you. ”*

# Y. BHG. DATO' DR. THILLAINATHAN A/L RAMASAMY

**Age:** 71

**Nationality:** Malaysian

**Date of Appointment:**  
24 June 2011

**Length of Service (as at 4 April 2016):**  
4 years 9 months

**Date of Last Re-appointment:**  
9 June 2015 (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 Nominating 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

## Working Experience:

Y. Bhg. 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.

Y. Bhg. 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 Other Public Companies:

1. Allianz General Insurance Company (Malaysia) Berhad;
2. Allianz Life Insurance Malaysia Berhad;
3. Genting Berhad; and
4. Institute for Democracy and Economics Affairs Berhad.

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

## Board Meeting Attendance:

5 out of 5 Board Meetings held in 2015


## Other Information:

Y. Bhg. 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 had no convictions for offences within the past 10 years other than traffic offences.

## Y. BHG. TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

Independent Non-Executive Director

ALLIANZ MALAYSIA BERHAD (12428-W)



**“** Making a difference by  
giving back to the society. Even  
if it is a small deed, it counts. **”**



# Y. BHG. TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

**Age:** 69

**Nationality:** Malaysian

**Date of Appointment:**  
23 November 2012

**Length of Service (as at 4 April 2016):**  
3 years 4 months

**Date of Last Re-election:**  
21 June 2013

## Membership of Board Committee:

1. Chairperson of Nominating Committee
2. Chairperson of Remuneration Committee
3. Member of Risk Management Committee
4. 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

## Working Experience:

Y. Bhg. 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.

Y. Bhg. 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.

Y. Bhg. 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 Other Public Companies:

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

## Board Meeting Attendance:

5 out of 5 Board Meetings held in 2015

## Other Information:

Y. Bhg. 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 had no convictions for offences within the past 10 years other than traffic offences.



**Y.A.M. TUNKU  
ZAIN AL-ABIDIN  
IBNI TUANKU  
MUHRIZ**

Independent Non-Executive Director

*“ We all need an escape  
from the chaos. For me, music  
provides harmony. ”*



# Y.A.M. TUNKU ZAIN AL-ABIDIN IBNI TUANKU MUHRIZ

**Age:** 33

**Nationality:** Malaysian

**Date of Appointment:**  
28 November 2014

**Length of Service (as at 4 April 2016):**  
1 year 4 months

**Date of Last Re-election:**  
9 June 2015

**Membership of Board Committee:**

1. Member of Nominating 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:

Y.A.M. Tunku Zain Al-Abidin 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 in 2008, he worked at the United Nations Development Programme, a regional public affairs consulting firm before becoming a Research Fellow at the Lee Kuan Yew School of Public Policy at the National University of Singapore.

Y.A.M. Tunku Zain Al-Abidin is Founding President of the Institute for Democracy and Economic Affairs Berhad and Research Fellow of CIMB ASEAN Research Institute. He is also a columnist and maintained his weekly columns in the Malaysian press, out of which 3 books have compiled. He also authored a book for the Installation of the Yang di-Pertuan Besar of Negeri Sembilan and led a major project to revitalise the State Anthem.

Y.A.M. Tunku Zain Al-Abidin has been selected for various leadership programmes by the governments of Australia, France and the European Union, and was an Eisenhower Fellow in 2013.

## Directorships of Other Public Companies:

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

Y.A.M. 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 culture organisations and a committee member of several associations including the Squash Racquets Association of Malaysia.

## Board Meeting Attendance:

5 out of 5 Board Meetings held in 2015

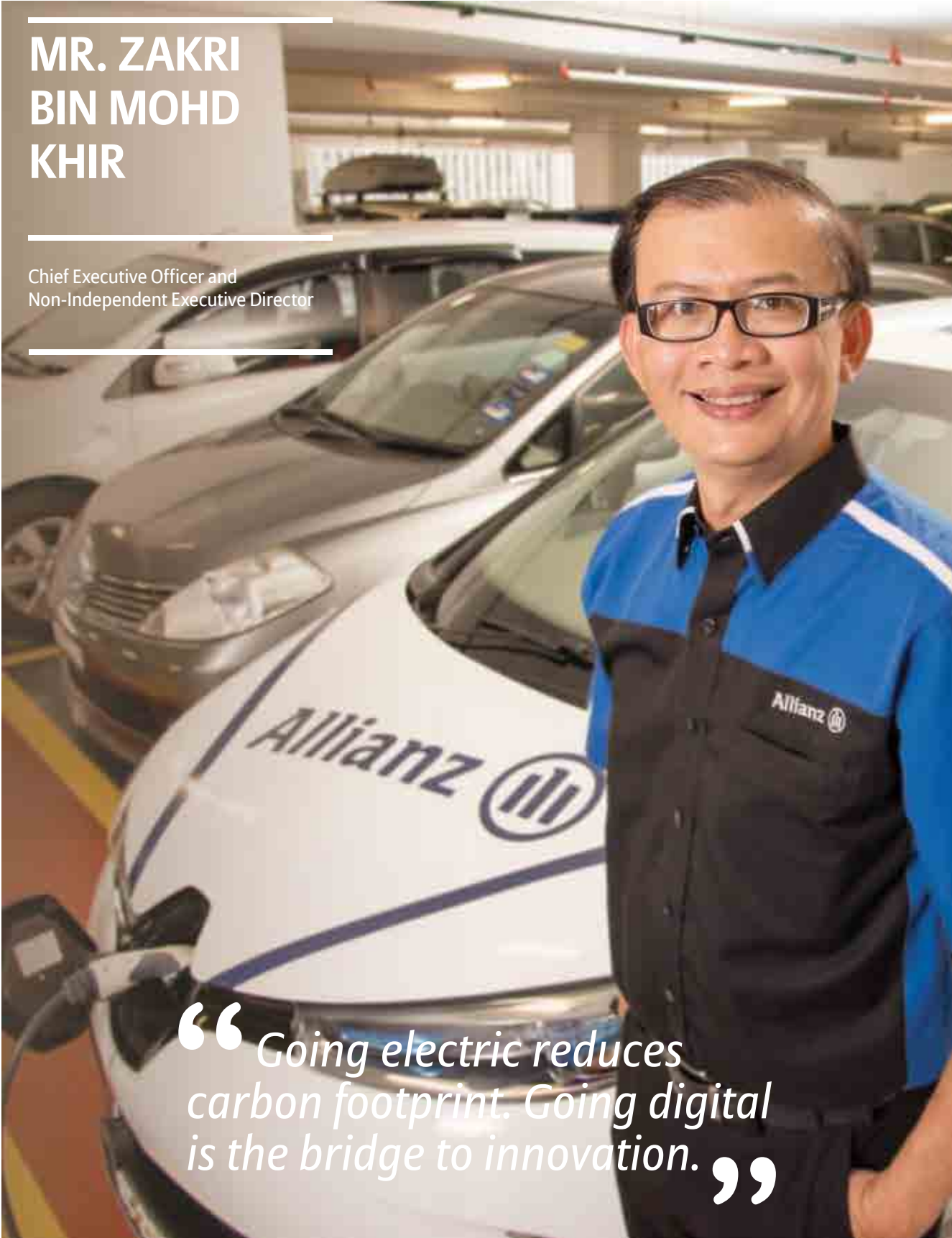
## Other Information:

Y.A.M. 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 had no convictions for offences within the past 10 years other than traffic offences.

## MR. ZAKRI BIN MOHD KHIR

Chief Executive Officer and  
Non-Independent Executive Director

ALLIANZ MALAYSIA BERHAD (12428-W)

A photograph of Mr. Zakri Bin Mohd Khir, a man with glasses wearing a blue and black Allianz polo shirt, standing in a parking garage. He is positioned next to a white electric car that has the Allianz logo and name on its side. The car is plugged into a charging station. The background shows other cars and the structure of the parking garage.

“Going electric reduces  
carbon footprint. Going digital  
is the bridge to innovation.”

# MR. ZAKRI BIN MOHD KHIR

**Age:** 52

**Nationality:** Malaysian

**Date of Appointment:**  
26 April 2010

**Length of Service (as at 4 April 2016):**  
5 years 11 months

**Date of Last Re-election:**  
21 June 2013

**Membership of Board Committee:**  
Nil

**Qualification:**  
Certificate of Insurance from the Institut Teknologi  
Mara in 1986

## Working Experience:

Mr. Zakri Bin Mohd Khir has over 28 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. Mr. Zakri Bin Mohd Khir is also the CEO of the Company since September 2014. Prior to his employment with the Group, he was the General Manager of The American Malaysian Insurance Berhad.

## Directorships of Other Public Companies:

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

## Board Meeting Attendance:

5 out of 5 Board Meetings held in 2015

## Other Information:

Save as disclosed below, Mr. 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 Y. Bhg. 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 of RM1.00 each and 200 irredeemable convertible preference shares of RM1.00 each in the Company, Mr. 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 and has had no convictions for offences within the past 10 years other than traffic offences.



## MR. ONG ENG CHOW

Chief Financial Officer and  
Non-Independent Executive Director

ALLIANZ MALAYSIA BERHAD (12428-W)

*“Improve the general financial literacy amongst our youngsters; coaching them to be financially capable citizens is vital.”*

# MR. ONG ENG CHOW

**Age:** 51

**Nationality:** Malaysian

**Date of Appointment:**  
26 June 2009

**Length of Service (as at 4 April 2016):**  
6 years 9 months

**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.
3. Chartered Accountant of the Chartered Accountants Australia and New Zealand.

**Working Experience:**

Mr. Ong Eng Chow has more than 26 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 Other Public Companies:**

Nil

**Board Meeting Attendance:**

5 out of 5 Board Meetings held in 2015

**Other Information:**

Save for holding of 100 ordinary shares of RM1.00 each and 100 irredeemable convertible preference shares of RM1.00 each in the Company, Mr. Ong does not have any other interest in the shares of 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 and has had no convictions for offences within the past 10 years other than traffic offences.

# SENIOR MANAGEMENT TEAM

## WANG WEE KEONG

Chief Operating Officer

- Operations Management
- Customer-related Service and Business Processes



## NG SIEW GEK

Company Secretary & Head of Allianz4Good

- Company Secretarial
- Corporate Responsibility



## MANOGARI A/P MURUGIAH

Head of Legal & Compliance

- In-house Legal Services
- Regulatory and Group Compliance



## WONG WOON MAN

Head of Human Resources

- Human Resource Policies and Services



## CHIANG BIN FONG

Chief Information Technology Officer

- Information Technology
- Information Technology Governance







## ESTHER ONG CHEN WOON

Chief Investment Officer

- Investment Management

## MOK KIAN TONG

Chief Risk Officer

- Corporate Risk



## SUSAN ONG CHAR KWEE

Chief Market Management Officer

- Brand Management
- Customer Service Experience

## NG SIEW LENG

Head of Internal Audit

- Operational Audit and Controls
- Strategic Audit



## JOANNICA DASS

Head of Corporate Communications

- Media Relations
- Internal Communications



**WITH YOU**  
TO SERVE  
YOU BETTER

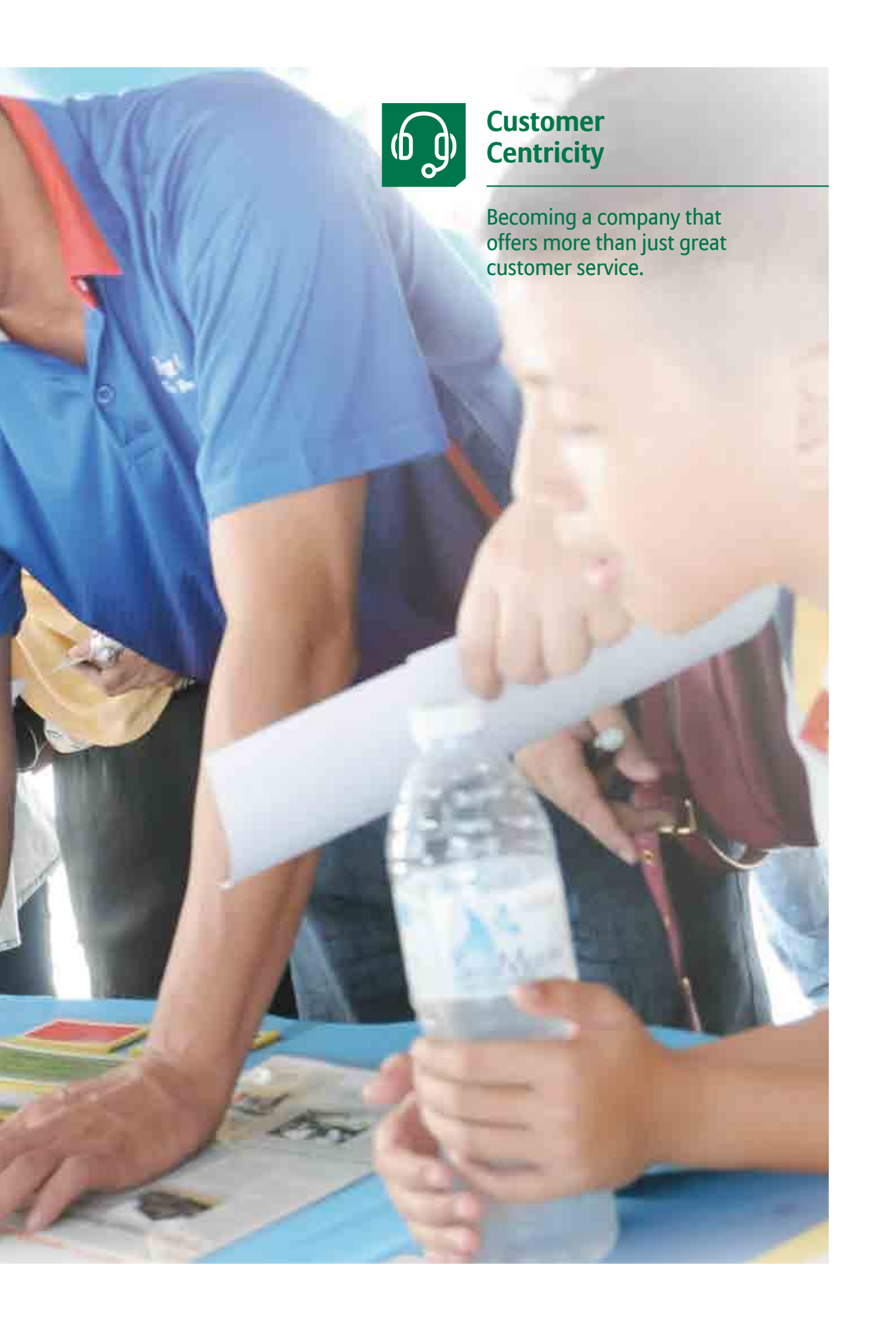






## Customer Centricity

Becoming a company that  
offers more than just great  
customer service.





# CHAIRMAN'S STATEMENT

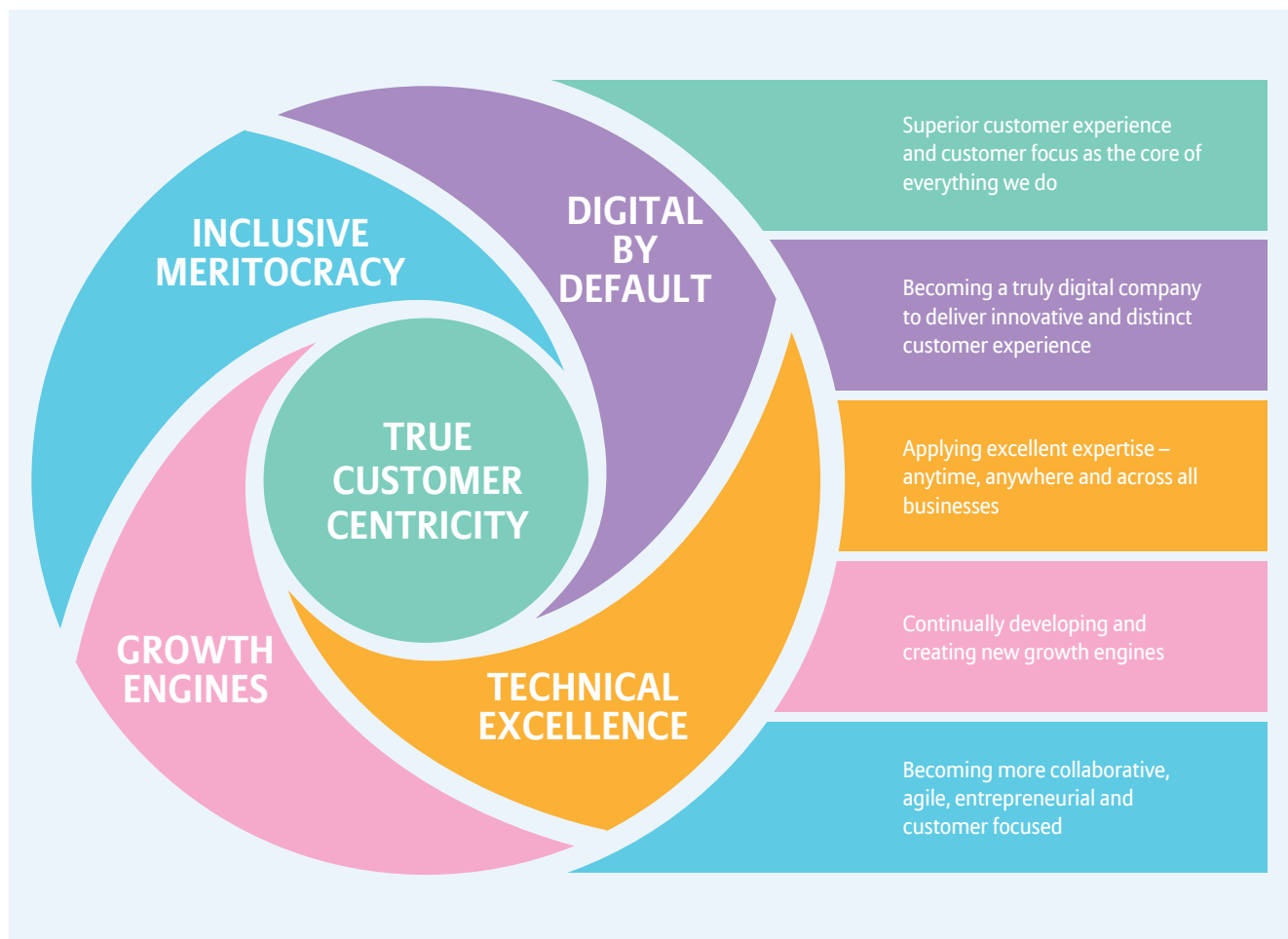


Chairman  
Independent Non-  
Executive Director

**Y. BHG.  
TAN SRI RAZALI  
BIN ISMAIL**

**Dear Shareholders,**

2015 was a year of Heritage and Renewal for the Allianz SE Group as it celebrated its 125th anniversary. Allianz Malaysia is proud to be a part of this global company with a deeply rooted heritage based on trust and integrity. With the aim of strengthening each operating entity worldwide and spurring further growth, Allianz SE Group initiated the Renewal Agenda which consists of five strategic pillars - True Customer Centricity, Technical Excellence, Growth Engines, Digital by Default and Inclusive Meritocracy. At Allianz Malaysia, we will leverage on these pillars to drive the next phase of growth.



The implementation of the Goods and Service Tax ("GST") in April 2015 coupled with the volatile economy in the second half of the year and changing consumer sentiments made 2015 a challenging year. I am pleased to report that despite this challenging environment, Allianz Malaysia Berhad ("Company") and its subsidiaries (collectively referred to as "Group") succeeded in overcoming the challenges to achieve a healthy set of results for 2015.

On behalf of the Board of Directors, I am delighted to present to you the financial results and development of the Group for the financial year ended 31 December 2015.

### Financial Performance

The Group delivered a strong operating performance in 2015, with operating revenue increasing 3.3 percent to RM4.52 billion from RM4.38 billion in 2014. Both the life and general insurance businesses of the Group performed admirably in the year under review, which contributed to the

increase in consolidated Gross Written Premiums ("GWP") by 4.1 percent to RM4.13 billion from RM3.97 billion in the previous year.

In tandem with the solid top-line performance, the Group's profit before tax increased by 3.5 percent to RM438.2 million from RM423.5 million in 2014, resulting in a 2.6 percent increase in basic earnings per share to 183.08 sen from 178.49 sen the year before.

The year saw the continued strengthening of the Group's balance sheet. Total assets grew by 11.8 percent to RM13.62 billion as compared to RM12.17 billion in 2014, while the shareholders' fund increased by 14.5 percent to RM2.62 billion from RM2.29 billion in the previous year.

The Group's insurance subsidiaries remained well capitalised as at 31 December 2015 in compliance with regulatory requirements.

In 2015, Allianz Malaysia registered Profit Before Tax of

**RM438.2 MILLION**

up by **3.5%**



ALLIANZ GENERAL  
CONTRIBUTED  
GROSS WRITTEN  
PREMIUMS  
OF

**RM2.18**  
BILLION



ALLIANZ LIFE  
CONTRIBUTED  
GROSS WRITTEN  
PREMIUMS  
OF

**RM1.95**  
BILLION



## Dividends

In determining the dividend proposal for shareholders' approval, the Company continuously strives to protect shareholders' capital and deliver attractive returns via dividend payouts whilst striking a balance between the dividend payout and the capital requirements of its insurance subsidiaries. After taking into consideration the capital requirements to deliver continued business performance, the Board proposes a first and final dividend of 6.50 sen per ordinary share under a single tier system (2014 interim dividend: 5.00 sen) and a first and final preference share dividend of 7.80 sen per Irredeemable Convertible Preference Share under a single tier system (2014 interim dividend: 6.00 sen).

## Growth Engines

The general and life insurance business operations of the Group delivered commendable results in 2015. This success can be attributed to the implementation of effective and sustainable strategies that serve to promote long-term and profitable growth. The Group was able to adapt swiftly to market conditions, recognising that consumer purchasing behavior would be affected by the overall bearish economic sentiment.

## General Insurance

The 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 GWP growing at 2.2 percent to RM2.18 billion from RM2.13 billion in 2014. Allianz General's positive year-on-year performance is the result of solid strategy implementation, having developed strong multi-distribution capabilities nationwide as well as having a diversified business portfolio.

Agency continues to be a key channel for the general insurance business, contributing 56.0 percent or RM1.22 billion of GWP, maintaining the same level as the preceding year of RM1.22 billion. The other distribution channels, namely Broker, Franchise, Bancassurance and Telemarketing, collectively registered a growth of 5.2 percent to RM958.7 million from RM911.1 million in 2014. All channels have shown to be resilient in spite of the challenging market conditions.

Allianz General retains its place as one of the top Motor insurers in the market, with the portfolio growing 3.5 percent to RM1.32 billion in GWP from RM1.28 billion in the year before. The Motor business makes up 60.7 percent of the general insurance portfolio of Allianz General.

Another RM858.8 million is attributed to the Non-Motor business – comprising Property, Health, Personal Accident, Liability, Marine and others – which registered an increase of 0.2 percent from RM856.8 million in the previous year.

The successful implementation of the strategic initiatives as well as prudent underwriting drive Allianz General's underwriting profit of RM188.2 million, although it saw a 7.1 percent decline from RM202.6 million the year before. Nevertheless, Allianz General continues to achieve a healthy combined ratio of 89.0 percent in 2015, despite an increase of 2.0 percentage points from 87.0 percent in 2014. This can be attributed to an increase in the claims ratio of 1.3 percentage points to 60.6 percent from 59.3 percent the year before as well as an increase in the commission ratio by 1.1 percentage points to 11.5 percent from 10.4 percent the previous year. Allianz General managed to strengthen the expense ratio by 0.4 percentage points to 16.9 percent compared to 17.3 percent in the preceding year.

Allianz General will continue to improve on its distribution and service strengths to deliver sustainable and profitable growth.

## Life Insurance

The Group's life insurance operation, Allianz Life Insurance Malaysia Berhad ("Allianz Life") recorded another year of strong business performance, achieving a total GWP of RM1.95 billion in 2015 which was a 6.5 percent growth from RM1.83 billion in the preceding year. Meanwhile, Allianz Life also successfully grew its Annualised New Premiums ("ANP") by 4.9 percent to RM370.7 million from RM353.3 million in 2014, which was above the conventional life insurance industry growth of 4.3 percent in 2015 as reported by the Life Insurance Association of Malaysia.

Allianz Life continues to emphasise on building a strong multi-distribution foundation on which to spur growth. Agency contributed the largest share of ANP with 85.6 percent, representing a 7.9 percent increase to RM317.4 million from RM294.1 million in the year before. The Agency channel also achieved its mission of increasing its agency force to 10,000 agents in 2015, growing 15.9 percent from 8,720 agents in 2014 to 10,110 agents in 2015.

The bancassurance partnership between Allianz Life and HSBC Bank Malaysia Berhad continues to strengthen, registering a 32.0 percent growth in ANP in the year under review. Employee Benefits has been rebranded as Corporate Clients and Solutions ("CCS") to better reflect the channel's business focus. Efforts were undertaken to improve the





ALLIANZ MALAYSIA BERHAD (12428-W)

profitability of the business with the non-renewal of loss-making accounts which is reflected in the 4.5 percent decline in ANP as compared to the previous year. Recognising that operational efficiency is a key differentiator in this channel, the CCS team underwent an in-depth exercise to strengthen the support functions to both intermediaries as well as corporate customers.

Allianz Life will continue to deliver healthy and sustainable margins through maintaining discipline in pricing, prudent expense management and strict risk management.

### Technical Excellence

The Group, across both its general and life insurance operations, strives to deliver innovative products that meet customer needs through a series of new product launches or repackaging of existing products in 2015.

In support of the Persons with Disabilities ("PWD") community, Allianz General extended two products, Allianz Care Individual and Allianz Individual Personal Accident, to PWDs,

while Allianz Life launched the Allianz Ability Life term product. The Group's efforts to provide essential insurance protection to the PWD community were well received by both the regulator and Non-Governmental Organisations.

In 2015, various initiatives were undertaken to improve operational efficiency and expertise especially in underwriting and claims. One notable milestone for the year was the signing of a Memorandum of Understanding ("MoU") with the Malaysian Institute of Insurance ("MII") to recognise the Allianz Professional Commercial Underwriters Certification ("Allianz PCUC") programme, making Allianz the first insurer in Malaysia to be accorded the privilege. The Allianz PCUC is a comprehensive programme aimed at producing certified underwriters who are trained in technical and people skills. The direct result of this initiative and other improvements is in the enhanced customer and partner experience when engaging with the Group.



## DIGITAL SOLUTIONS FOR AGENTS TO SERVE CUSTOMERS BETTER



Operating revenue grew by **3.3%** to **RM4.52 BILLION**



### Customer Centricity

The Group aims to deliver outstanding customer experience through an understanding of the needs of the customers. The Group continuously strives to further enhance the service capabilities delivered by over 17,000 agents and at its extensive branch network nationwide to effectively serve its 2.6 million customers. In 2015, the Group further expanded its reach with the opening of new branches in Muar, Labuan, Pulau Langkawi and Raub. During the year, the Penang branch moved to a more prominent location to better serve its customers. The year also marked a new beginning for the Group with the relocation of its Head Office to Menara Allianz Sentral, a landmark building in the KL Sentral district.

In order to better reach its customers during the year-end monsoon season, Allianz General mobilised the very first Claims Caravan to flood prone areas in the east coast region to help expedite claims processes.

Focus on the customer was taken to a new level with a company-wide review of the Group's processes and customer-facing touch points. Insights garnered through feedback from customers as well as from Net Promoter Score surveys were the cornerstone of a renewed strategic initiative to enhance customer experience with the Group.

### Digital by Default

In this day and age where technology and digital are intertwined in everyone's daily lives, the Group is investing in developing digital solutions to strengthen its business processes for convenience and simplicity.

In Allianz Life, the agent portal was enhanced to complement the iPad e-submission tool named Imagine to create an all-round digital solution for agents. Allianz Life has also increased its e-payment options with the adoption of JomPay as another alternative premium payment method for the convenience of its customers.

Allianz General is gradually shifting its core system to a new, more efficient system which will enable changes to pricing to be made more rapidly and therefore, shorten the product launching timeline, allowing Allianz General to be more dynamic to take advantage of market changes.

The Group is also digitalising the way it engages its customers and other stakeholders. The corporate website was enhanced in an effort to make the site more relevant to customers and stakeholders, allowing them easier access to information. The Group also leveraged on social media platforms to increase customer engagement.

### Inclusive Meritocracy

The Group prides itself in becoming an employer of choice, continuously rolling out initiatives to engage its 1,867 employees nationwide. Employees are the backbone of the Group that contribute to its many successes, and investing in employee development ensures that both the Group and its employees grow together.

During the year, various enhancements were made to employee benefits, among which was the introduction of pilgrimage leave to support the employees' religious obligations. The Group also launched the Development Centre for the development of key talents and employees with high potential. Throughout the year, work-life balance initiatives especially in sports were held to encourage a healthy lifestyle amongst employees.

In an effort to promote diversity and inclusion, the Group supports the employment of PWDs in its workforce. 2015 also saw a fresh intake of new graduates into the Management Associates Programme, which aims to develop bright, new talent for the Group.





## DEVELOPMENT CENTRE LAUNCHED TO DEVELOP KEY TALENTS



ALLIANZ MALAYSIA BERHAD (12428-W)

### Regulatory Development

In the year under review, the Group set in place the necessary measures in compliance with changes in the regulatory environment that impact the industry, including such measures to comply with the Personal Data Protection Act 2010 ("PDPA"). The Code of Privacy Practice for the Insurance and Takaful Industry in Malaysia drafted pursuant to the PDPA was submitted to the Personal Data Protection Commissioner in 2015 and once finalised, it is expected to be in force sometime in 2016.

In relation to the GST, the Group provided policyholders with information on GST through different communication mediums so that they understand its impact and to fully prepare for its enforcement. Various initiatives were also taken to educate agents and employees on GST.

Allianz General has been preparing for the liberalisation of the motor and fire tariffed classes of business, which is expected to be implemented in phases, with the first phase starting in 2016. As part of the on-going preparatory work, Allianz General is putting in place necessary safeguards and strengthening capabilities in the areas of pricing, product design, portfolio and distribution management.

1 December 2015 marked the start of the implementation of the Life Insurance and Family Takaful Framework ("Life Framework") by Bank Negara Malaysia for the life insurance and family takaful industry. The Life Framework will be implemented in stages until full liberalisation in 2019. The Life Framework sets out the government's initiative to develop the life insurance and family takaful industry by liberalising operating costs, diversification of distribution channels and strengthening consumer protection. In preparation, Allianz Life

has been strengthening its multi-distribution capabilities, improving service standards as well as putting in place strict capital and expense discipline.

### Reinforcing the Allianz Brand

In 2015, the Group embraced the use of digital channels to enhance its branding efforts and to better engage with customers, stakeholders as well as the general public. In line with the Group's effort to promote road safety awareness, the Group launched its first digital campaign, the Malaysians Against Irresponsible Drivers ("MyAID") campaign, featuring four videos on YouTube to help make Malaysian roads safer. The MyAID videos received two bronze awards and seven merits at the 2015 Kancil Advertising Industry Awards.

The Group continues to organise the Allianz Junior Football camp, which is in its fourth year, to provide a competitive environment for talented Malaysian football youth to develop their skills. In promoting a healthy lifestyle, the Allianz Pacer Run 2015 was held in Putrajaya on 6 December and saw the participation of more than 4,000 runners.



## RECEIVED THE OUTSTANDING ACHIEVEMENT AWARD



## AT THE INAUGURAL ASEAN CORPORATE GOVERNANCE CONFERENCE AND AWARDS

The Group's commitment and initiatives in fostering governance has been recognised by various external parties. Allianz Malaysia Berhad received the Outstanding Achievement Award for being one of Malaysia's top two publicly listed companies in terms of most improved scores from 2013-2015 based on the results of the ASEAN Corporate Governance Scorecard (Scorecard) at the inaugural ASEAN Corporate Governance Conference and Awards in Manila, Philippines on 14 November 2015. Allianz Malaysia Berhad was also awarded the Excellence Award for Top 5 Corporate Governance and Performance (Overall) and the Merit Award for Most Improved during the Minority Shareholder Watchdog Group - ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 - The Malaysian Chapter which was held in Sime Darby Convention Centre, Kuala Lumpur on 10 December 2015.

### Corporate Responsibility

The Group's commitment to being a responsible corporate citizen is driven by its conviction that this is not just important but essential to its sustainable future as a business.

The progress of the Group's corporate responsibility activity in 2015 are detailed in the Sustainability Report, which forms part of this Annual Report.

### 2016 Challenges and Opportunities

BNM in its 2015 Annual Report forecasts that the international economic and financial landscape will likely remain challenging in 2016, and this will be a key factor that will influence the prospects of the Malaysian economy. However, Malaysia is well-positioned to withstand these external shocks, augmented by its ample buffers and robust policy frameworks.

The Group will continue to bolster its operations, leveraging on its competitive strengths and reinforcing its relationships with its customers and business partners in order to face future challenges. The Group is committed to ensuring sustainable growth through a strong suite of products, excellent delivery of services and a professional distribution network.

The Board is confident that the Group will perform satisfactorily in 2016 despite the difficult economic environment.

### Acknowledgements

On behalf of the Board of Directors, I wish to extend 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 utmost thanks to BNM, Bursa Malaysia Securities Berhad and all other relevant regulatory bodies and authorities for their invaluable advice, 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. On this note, I would like to extend my warm thanks to Mr. Rangam Bir for his contributions to the Group during his tenure as Chief Executive Officer of Allianz Life. Mr. Bir left the Group in February 2016 to pursue other career opportunities. I wish him well in his future endeavours.

I trust that the Group will continue to receive the support of our stakeholders in all its undertakings to achieve greater heights.

Thank you.

**Tan Sri Razali Bin Ismail**  
Chairman

5 April 2016





# SUSTAINABILITY REPORT



# SUSTAINABILITY REPORT

## CONTENT

### COVER STORY

In conjunction with the 125th Anniversary of Allianz, our employees planted trees in FRIM during the Environment Day event as a commitment towards environmental preservation.

### 41 STRATEGY AND MANAGEMENT

CEO's Statement on our sustainable development and how we manage corporate responsibility

### 48 ENVIRONMENT

Our environmental stewardship commits us to reduce our carbon footprint and raise awareness

### 53 SOCIAL

We believe in the active engagement of our people, at the workplace and in society

### 44 ECONOMIC

We focus on our customers and emphasise access to finance through our products and social engagements

### About this report

This report covers the sustainable development of Allianz Malaysia Berhad and its subsidiaries in 2015.

Allianz Malaysia Berhad and its insurance subsidiaries are collectively referred to as "Allianz".

Allianz SE (the holding company of Allianz Malaysia Berhad) Group is referred to as "Allianz Group".

Unless otherwise stated, all key figures are as at 31 December 2015 and content reported is for the financial year ended 31 December 2015.

### 65 GOVERNANCE

Our corporate governance framework forms a solid foundation for all our lines of business



## CEO's STATEMENT



Insurance play a pivotal role in the economy and society at large by providing risk sharing and pooling of resources as well as loss prevention measures and compensation. However, to date, the awareness of insurance's contribution towards the overall economy and society remains largely unseen.

It is undeniable that society has a negative perception towards the insurance industry as a result of misrepresentation and mis-selling. Clearly, this perception is justifiable due to the lack of complete transparency in the industry as well as insufficient consumer education. Although stringent regulations have been imposed on insurance companies and distribution channels by regulators, the fact is that the current insurance model does not encourage ethical practice where compensation of agents' commissions is based on sales volume. As an industry player, we need to embrace change. More focus has to be put on customer centricity and elements of consumer protection have to be inculcated in our insurance products. Allianz will be taking bold steps to challenge traditional models for the betterment of our consumers.

We take corporate responsibility seriously. As an insurance provider, we are committed to play a role in contributing to the society by providing a wide range of reasonable and affordable insurance protection to all levels of society and make timely settlement of claims when loss events are reported. As a responsible corporate citizen, we seek to contribute in building an inclusive civil society, ensuring that the underprivileged community is given equal opportunities.

At Allianz Malaysia, diversity and inclusion are important values. We value and respect each individual and seek to understand and provide the best solutions for them. The Innovation Incubator Workshop was held in 2014 with the aim to understand the needs of Persons with Disabilities ("PWDs") and subsequently provide solutions for them. I am happy to report that to date we have fulfilled most of the promises made during the workshop. Three insurance products with affordable premiums covering life, personal accident and hospitalisation were made available to PWDs in 2015. We have also been progressively recruiting PWDs into our workforce since 2015, and by early 2016, we have added a total of eight PWDs into our workforce.

In an effort to champion diversity and inclusion of PWDs, we sponsored the Malaysian Abilympics team to compete in the 9th International Abilympics competition held in Bordeaux, France, which allowed the participants to showcase their individual abilities and skills through a global platform. Through this sponsorship, we hope to give the Abilympians the confidence

and courage to compete in life with the belief that they are just as able and capable, if not more, compared to any other human beings.

We are in the business of making profit from risk. However, it is not about the amount of profit we make but in the way in which we make profit conscientiously. We are taking an all-embracing approach to our profit levers by looking into the manner in which we invest, whom we invest with and the nature of risks we underwrite. For example we have been making effort to divest from coal related investment since end of 2015 and ensure that palm oil businesses comply with the requirements set by Roundtable of Sustainable Palm Oil.

The Orang Asli has always been a marginalised community in Malaysia. Our support to the Orang Asli stemmed from the disastrous flood that hit the East Coast in 2014. Since then, we have committed ourselves to help the Orang Asli deal with challenges arising in the 21st century. We want to provide equal opportunities to this group of people. As a first step, we provided them with basic necessities to get through their plight during the flood. Currently, education and self-sustaining economy are our key focus areas in ensuring that the Orang Asli community will be able to continuously thrive.

At the end of 2015, another major flood hit Terengganu and caused major losses to the communities located in the town of Kemaman. We mobilised our claims team to the affected site and paid claims to the claimants within 96 hours upon claims reported.

We understand that in order to better help the community in mitigating losses due to flood, awareness and sufficient preparation is crucial. In 2015, we organised Flood Survival and Drowning Risks Awareness Workshops for the surrounding communities located in flood prone areas in the East Coast and developed flood preparedness brochures and flood survival kits for distribution to the communities in need.

The digital age is here now, we either change or be left out. It is therefore important for us to always keep up with the fast-paced environment and be easily accessible. Our consumers demand straight forward processes and we deliver by fully utilising the latest digital technologies available to us. We aim to embrace our customers' needs as if it is our own.

I invite you to read our corporate responsibility initiatives in the subsequent pages, as part of our sustainability journey.

## MANAGING CORPORATE RESPONSIBILITY

## 2015

*At Allianz, we strive to build a corporate culture in which social and environmental challenges are managed as opportunities for ensuring our sustainable success as a company. This is achieved through combining long-term economic value creation with a holistic approach to corporate governance, environmental stewardship and social responsibility.*

We pursue our Corporate Responsibility ("CR") objectives through an integrated and comprehensive approach, managed by the Allianz4Good Department. The engagement encompasses our corporate volunteering activities, our philanthropic support via corporate giving and our commitment to transparency and accountability through responsible reporting. We also embed values such as diversity, fair treatment and equality into our practices.

Since 2011, we have identified four focus areas where we want to utilise our expertise as an insurance company and risk manager to affect change, namely Safety, Financial Literacy, Environment and Community. With the effects of climate change becoming more apparent, we foresee the necessity for more disaster relief and response initiatives thus we widened our focus area to include Disaster Response into our corporate responsibility portfolio.

2015 saw the further development of existing activities, with experience helping us to refine our approach. For example, we further improved and developed the Allianz Road Safety Education Module as a tool for educators to advocate road safety in schools. In line with Allianz 125th Anniversary global celebration, we used this platform to address the emerging mega trend of Environmental Change through various local initiatives. We were also heavily engaged in disaster relief efforts in our effort to alleviate the burden of the affected communities in the East Coast, Sabah and Nepal.

We have expanded our commitments beyond cash donations and traditional corporate philanthropy and focus on engaging our employees and business partners through various volunteering activities.



## STAKEHOLDER ENGAGEMENT

Stakeholders' trust is of particular importance in the financial services industry. To cultivate trusting relationships with our broad spectrum of stakeholders, we are committed to engaging them in a variety of ways.

 <p>Customers</p>	<ul style="list-style-type: none"> <li>• Knowledge-sharing initiatives</li> <li>• Facebook</li> <li>• Website</li> <li>• Customer surveys</li> <li>• SMS</li> <li>• Community events</li> <li>• Smartphone applications</li> <li>• Claims Caravan</li> </ul>
 <p>Employees</p>	<ul style="list-style-type: none"> <li>• Employee feedback</li> <li>• Townhall meetings</li> <li>• Corporate volunteering programmes</li> <li>• HR-related dialogues</li> <li>• Monthly newsletters</li> <li>• Quarterly magazines</li> <li>• Staff activities</li> <li>• Learning and development programmes</li> <li>• Internal staff portal</li> <li>• Staff surveys</li> <li>• Onboarding for new employees</li> </ul>
 <p>Agents/ Business Partners</p>	<ul style="list-style-type: none"> <li>• Agents Point magazine</li> <li>• Quarterly magazines</li> <li>• Festive dinners</li> <li>• Seminar and Recognition Conventions</li> <li>• Annual Marketing Conventions</li> <li>• Training sessions</li> <li>• Facebook</li> <li>• Agents' portal</li> <li>• Corporate volunteering programmes</li> <li>• Corporate activities</li> <li>• Majalah Pantai Timur</li> <li>• Mobile messaging (e.g. SMS, messaging applications)</li> </ul>
 <p>Government Relations</p>	<ul style="list-style-type: none"> <li>• Public partnerships</li> <li>• Interaction with regulatory bodies</li> </ul>
 <p>Investment Community/ Shareholders</p>	<ul style="list-style-type: none"> <li>• Annual General Meetings</li> <li>• Quarterly analyst briefings</li> <li>• Meetings with fund managers and investors</li> <li>• Quarterly Reports and Annual Reports</li> <li>• Audited Financial Statements</li> <li>• Shareholders' circulars</li> <li>• Announcements released to Bursa Malaysia Securities Berhad</li> <li>• Media releases</li> <li>• Website</li> <li>• Facebook</li> <li>• Fund Performance Reports</li> <li>• Investor Relations</li> </ul>
 <p>Society</p>	<ul style="list-style-type: none"> <li>• Partnerships for civic engagement (e.g. with NGOs)</li> <li>• Corporate volunteering activities</li> <li>• Outreach events</li> <li>• Career and Recruitment fairs</li> <li>• Social sponsorships</li> <li>• Community events</li> <li>• Facebook</li> <li>• Knowledge-sharing initiatives</li> <li>• Smartphone applications</li> <li>• Claims Caravan</li> </ul>
 <p>Media</p>	<ul style="list-style-type: none"> <li>• Press conferences and events</li> <li>• Media releases</li> <li>• Media relations</li> <li>• Blogger events</li> </ul>



#### FEEDBACK FOR SERVICE IMPROVEMENT

As a financial services provider, our priority has always been our customers. It is therefore important that we provide products and services that meet the needs and expectations of our customers and to remain relevant in a rapidly changing consumer environment.

As part of the Treat Customers Fairly ("TCF") framework implemented by Bank Negara Malaysia ("BNM") and Life Insurance Association of Malaysia ("LIAM"), we consistently conduct welcome calls to ensure that our customers are aware of the benefits they are receiving, policy exclusions as well as the premium commitment for their recently purchased policy. At the same time, we take the opportunity to inform them that we are always available to assist on any policy-related matters.

Feedback from our customers is taken constructively and we see it as an opportunity to improve on our products and service standards. We measure customers perception and experience through the Net PromoterScore ("NPS") survey. Top-down NPS tracks our performance relative to our industry peers while Bottom-up NPS assesses our customers' recent service experience at key touch points. The results provide valuable insights into areas of improvement and also serves as validation of whether processes implemented are effective and achieving their desired results.

Our active use of customer feedback to improve our services has seen the number of complaints lodged against Allianz decrease by 33% compared to 2014. We are also committed to improving our turnaround time to better serve our customers. Over 30% of our customers own more than one Allianz policy, which is testament to the confidence and trust they have in our products and services.

## Economic

*As an insurance company, we continue to play a pivotal role in the society and are committed to being a reliable partner for our customers. We value feedback from our customers which enables us to assess and enhance both our products and delivery and to continually innovate to meet customers' expectations.*

#### DEMOGRAPHIC CHANGE

Escalation in cost of living combined with economic downturn has a significant impact on Malaysians saving for retirement. Workers close to retirement age today would have exhausted their Employee Provident Fund ("EPF") in the first 5 years of their retirement, according to sources from EPF.

In our effort to create more awareness on this issue, we invited the Head of Allianz International Pensions from Allianz Group, Brigitte Miksa, to share her knowledge and expertise on retirement trend with our employees and business partners as well as the general public through a press conference. In 2014, we launched the RetirePlus product as a solution for retirement concerns and further introduced FlexiSaver in 2015, a savings plan which provides the flexibility and affordability in its premium and coverage term.



“

*Young workers are well advised to save more, ideally to accumulate savings of 12-14 times their last annual salary to ensure an adequate retirement.* ”



## ECONOMIC



## ACCESS TO FINANCE

Not only do we strive to ensure Malaysians' long-term financial needs are met, but we also hope to provide solutions for all their insurance needs. It is thus important that we offer affordable and reliable insurance products to cater for a diverse society.

In 2014, we held the Innovation Incubator Workshop with the aim of understanding and improving 'Accessibility for Persons with Disabilities ("PWDs")'. Arising from this workshop, in 2015 we introduced three insurance products with affordable premium specially catering for PWDs. The three products are; Allianz Ability Life, a yearly renewable life insurance plan; Allianz Care Individual, a yearly renewable hospitalisation plan; and Allianz Individual PA, a yearly renewable personal accident plan.

We continue to expand our offerings and provide insurance options to the previously uninsured community through various products and initiatives. For example, we made the KampungKu product available to communities located in Kemaman who had their homes damaged as a result of the flood that hit the East Coast in December 2015. We expedited and paid their claims within 96 hours from the time the claim submissions were made, which provided immediate financial relief when it matters most.



## HEALTH

With medical costs escalating one may not be able to afford, or may exhaust their lifetime savings, to treat illnesses. With this in mind, we developed 2 medical insurance riders with the objective of providing comprehensive protection plans based on an individual's affordability.

These medical plans, MediSafe Infinite and MediSafe Infinite Xtra, provide comprehensive medical coverage designed to have high annual limit as well as end to end coverage from diagnosis to hospitalisation, among others. These 2 products are available for those between 15 days old to 70 years old, with an extension of coverage up to 91 years old.

With affordable premium options, Allianz Booster Care is another accessible solution that provides protection against medical cost inflation. The product covers treatment in Singapore, provides an annual limit of RM200,000 as well as a lifetime limit up to RM1,000,000 with five types of plans to select from and guaranteed renewal up to 80 years.

Processes at  
Regional  
Claims Hubs

96

Hours Claims

Fast Track  
Report claimsWindscreen  
claims up to  
RM10,000Motorcycle  
Claims up to  
RM1,000

## SERVICE EXCELLENCE

As part of our commitment to provide our customers with quality services and products, we embarked on several internal initiatives to equip our employees with the right expertise. For example, via our Allianz Academy, various technical and non-technical programmes/courses have been offered to employees at all levels. They are also encouraged to sign-up for the exams offered by the Malaysian Insurance Institute ("MII") and Life Office Management Association ("LOMA") to increase their insurance competency. We went one step further by becoming the first insurer in Malaysia to sign a Memorandum of Understanding ("MoU") with the MII to officially recognise the Allianz Professional Commercial Underwriters Certification ("Allianz PCUC"). The Allianz PCUC is a comprehensive programme aimed at producing certified underwriters who are competent in underwriting and soft skills.

The key to being the insurer of choice for our customers is to put their needs at the forefront of our service. With the priority of our customers in mind, we conducted Panel Workshop Customer Service Training to ensure that our panel workshops meet the standards set by Allianz for all repair works. Standard Operating Procedures and overall service attitude were further enhanced for improvements.

We undertook the Branch Network Transformation initiative to set up Claims Regional Hubs in the Northern and Southern regions. These hubs were formed to increase autonomy during claims assessment which in turn shortens the overall turnaround time.

In our effort to improve customer service level, turnaround time in claims settlement processes and improvement of the business relationship with our stakeholders, we invested in a Claims Caravan which was mobilised to flood prone areas in the East Coast region to expedite claims processes during the 2015 year end monsoon. Policyholders whose homes were affected by the flood only needed to approach the caravan, fill the claim form and an authorized adjuster will be assigned to survey the property within 24 hours.



**ALLIANZ HEAD OFFICE MOVED TO MENARA ALLIANZ SENTRAL**

Our move to Menara Allianz Sentral in 2015 positioned our brand presence more prominently with the establishment of the naming rights on the new office building. The move further emphasised on easy access for customers as well as cost efficiency in regards to space requirement for the placement of employees.

In our efforts to expand our reach and engage with customers, we have increased our branch network to four additional locations namely Labuan, Langkawi, Raub and Muar. In addition, our Penang branch was relocated to a more strategic and conducive location to provide easier access for our customers.

**DIGITALISATION**

In our current digital world, customers expect fast, easy and reliable services with convenient access to information. Allianz further embraced digitalisation as an integral business strategy by increasing the use of various digital solutions, both to improve our business operations and to engage with our customers and partners.

With the aim to increase efficiency and productivity, we implemented a full-featured sales planning and e-submission application which enables our agents to submit proposals electronically, while our e-collection module allows them to make payments online. Time saved from the submission of physical policies and sorting of documents is put to better serve our customers. Additionally, we also increased our e-payment options with the adoption of JomPay and CIMB Plug'n'Pay as another alternative premium payment method for the convenience of our customers.

With the growing influence of social media, we embarked on a project to train our agents in using digital platforms as a form of effective communication channel. Through the use of Facebook and Whatsapp chat groups, our agents are able to carry out various day-to-day interactions with us wholly online as well as having better opportunities to connect with prospective customers.

The Allianz corporate website also went through further enhancements to provide our business partners and customers with easier access to our company information and an improved overall user experience. These digital initiatives further add value to our performance as a service provider as we strive to deliver the best products and services to our customers.

**WORKING WITH RELIABLE PARTNER**

In promising our deliverables to our customers, we continued to strengthen our distribution channels and worked with reliable partners to ensure service and operational excellence.

As a market leader in the general insurance industry, we managed to capture a market share of 12.92% and saw a healthy increase in our customer base in 2015. This achievement could be partly attributed to the collaboration with our various partners. Our roadside assistance partner, Mondial Assistance ("Mondial"), who provides reliable roadside assistance services to our motor and personal accident policyholders. Our extensive network of 255 panel workshops nationwide is key to the subsequent repair services required by our customers. They are guided by Allianz Service Expectations and Performance Indicators to ensure consistency in their delivery of services.

We also developed the Allianz Auto Assist app, a mobile application, for the convenience of our policyholders who subscribe to the Road Side Assistance Programme. The app provides helpful features and information for our customers in the event of an emergency.

Asia Assistance Network Sdn Bhd ("Asia Assistance") has been our Life and Health Claims partner since 2001, supporting the hospital admission and discharge services required by our policyholders. Through this partnership, we continuously strive to provide our customers with efficient service solutions, for example by digitalising claim processes for more efficient information retrieval.



## Environment

*Locally, we support the climate change strategy by avoiding or reducing carbon emissions and substituting resources with lower-carbon alternatives.*



### CLIMATE CHANGE STRATEGY

Globally, Allianz adopts a Climate Change Strategy that commits us to playing a leading role in supporting the development of a low-carbon economy. We also work to reduce our direct carbon footprint to mitigate the negative effects of climate change.

Locally, we support the climate change strategy by avoiding or reducing carbon emissions and substituting resources with lower-carbon alternatives. Guidelines are in place to encourage a more sustainable attitude to the environment. For example, the Global Print Policy aims to reduce paper consumption; the Global Travel Regulation aims to avoid unnecessary business travel and promotes the use of lower-carbon alternatives; and the Global IT Sourcing and Procurement Policy advocates the use of energy-efficient IT hardware.

### ENVIRONMENTAL MANAGEMENT SYSTEM

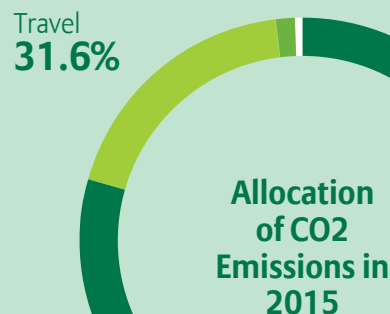
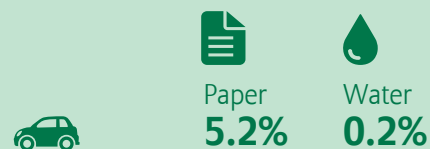
We are continually reducing our carbon footprint and, thanks to carbon investments made by the Allianz Group, we have been a carbon-neutral business since 2012. Allianz Group also far exceeded its target to reduce carbon emissions per employee by 35% by 2015, against a 2006 baseline, by recording a 43.3% reduction. The scope of the carbon footprint includes energy used to operate buildings and IT equipment; business travel by air, car and train; paper used and waste generated from day-to-day operations; and water consumption.

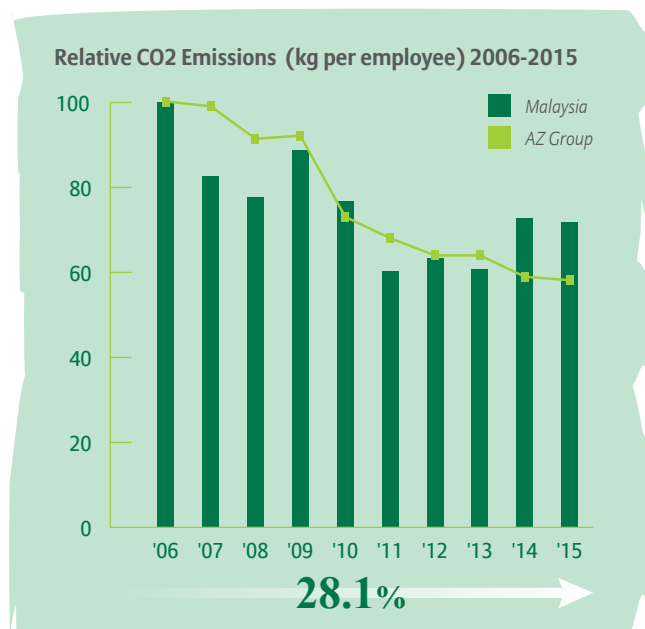
Given that energy usage is the largest contributor to carbon footprint, Allianz Group aimed to reduce energy consumption per employee by 10% measured against a 2010 baseline to support the overall carbon reduction target by 2015. Allianz Group managed to surpass its target by recording a reduction of 25.7%.

In Malaysia, since 2006, we have monitored and reported our energy, paper and water consumption as well as our business travel via the Group-wide Environmental Management System ("EMS") introduced by Allianz Group to ensure transparency in environmental performance and to support systematic environmental data collection and control. In 2015, we saw a slight reduction in our emissions to 2,618 kg per employee

as compared to 2,649 kg per employee in 2014. Our overall emissions reduction since 2006 now stands at 28.1% per employee as at 2015, we will continue our journey to further reduce the carbon footprint of our operations.

### Allocation of CO2 Emissions in 2015





### PREPARING FOR PAPERLESS

In this digital era, consumers are increasingly moving their dealings online. It is thus important that we move forward with the trend to streamline our business processes through new technologies and rely less on traditional paper solutions. We have replaced physical documents with paperless options where possible, for example disseminating only soft copies of meeting papers to our Board and Senior Management Team.

We also encourage our business partners to use our e-submission platform, or Imagine platform, instead of the conventional paper-based method of submitting proposals. The Imagine platform is a digital application for new submissions which is solely developed to be used on iOS. Usage of this software reduces the amount of paper needed to process each case and also shortens the overall turnaround time since it eliminates the waiting time for delivery and scanning of physical forms as well as the time required for data entry.

In our continuous effort to digitalise the entire user experience for our customers and business partners, we have developed an e-collection module that helps simplify the payment process for our agents. They are able to manage the payment process instantly without the use of cheques and other physical payments.

While a number of our digitalisation efforts have focused on process improvements, we restructured our Allianz webpage and further enhanced its user friendly features to improve digital customer experience. The webpage also incorporates our customer portal where policyholders are able to view their policies in digital form. In the coming years, the issuance of policy documents on e-basis will lead to cost savings, reduced paper consumption and increased efficiency.

Through digitalisation, we are able to improve internal documentation processes and reduce paper wastage and duplication. For example, we have cut down the number of printed renewal notices and have instead

“

*Even seemingly little changes like using SMS for customer communication can have a great impact – we cut down our paper based notices by 40% since implementation in 2014.*

”



**Stefan Ritz, Chief Digital Officer of Life Insurance Operation**

provided soft copies to branches, only to be printed when needed. Another initiative to reduce paper consumption is the use of email, SMS and web-based correspondence instead of physical notices and letters when contacting customers and agents. Through the use of digital messaging tools, we are also able to increase our interaction with our agency force.

### USING NEW TECHNOLOGY

In 2015, we further enhanced the Allianz Auto Assist smart-phone application that was introduced to our policyholders in 2014. The app allows our policyholders to instantly request for breakdown assistance without having to call the service centre. Further to that, the app is able to accurately pin the user's location automatically via the phone's GPS and give frequent updates on the breakdown request. Panel workshop contact numbers are also included for immediate assistance as an added benefit. As at October 2015, 10,203 users have installed the app in which 315 cases were submitted.

10,203 users have installed the Allianz Auto Assist app through which

**315** cases were submitted







Internally, we substitute emission sources with lower-carbon alternatives through digital solutions. For example, we conduct our internal surveys using web-based platforms and also adopted video-conferencing and tele-conferencing as alternatives to air travel to lower our carbon footprint, cut cost and optimise time management. The Allianz Malaysia Facebook page, which was launched in 2011, functions as a digital platform for customers to connect with us, serving as an important feedback instrument on top of our conventional channels.

Living in a fast-paced environment, we believe it is important to stay relevant and be agile to changes that are taking place in our world. Whilst taking steps to transform ourselves to be a forward-thinking business model we also consider our operational impact on the environment. In early 2016, Allianz leased three electric vehicles with Cohesive Mobility Solution ("COMOS") to be used as part of the company's vehicle fleet. Being one of the top motor insurance providers in Malaysia, this experience will allow us to anticipate future risks of e-mobility. The branding of "100% DIGITAL" on the electric vehicles represent our efforts in creating a digital ecosystem within Allianz. The initiative will increase our business efficiency which in turn reduces our dependence on consumption of natural resources.

### MOVING TOWARDS ECO-FRIENDLY OPTIONS

In our effort to reduce carbon emission, we are careful to select climate-friendly options for necessary business equipment. For example, we installed energy-saving light bulbs and eco-friendly air conditioning in our offices.

In our relocation to the new Head Office at Menara Allianz Sentral, the transition process was thoughtfully planned out beforehand to ensure that the move is cost effective and have as little impact towards the environment as possible. As part of the relocation planning, we reused a large portion of our existing office furniture, for example office partitions and workstations as well as computers which are still in usable condition to avoid unnecessary waste. We also purchased ergonomic office chairs and carpeting made from eco-friendly materials that have low chemical emissions. In an effort to improve overall operational efficiency, we implemented an e-filing system to reduce non-productive storage



spaces to a minimal as well as to discourage the use of paper. In order to reduce unnecessary paper wastage, we constantly urge our employees to practice proper paper recycling habits. Throughout 2015, we recycled a total of 12,767kg worth of papers.

### ALLIANZ 125TH ANNIVERSARY

In 2015, a global celebration was held in conjunction with the 125th Anniversary of Allianz ("125th Anniversary"). In an effort to give back to society, the 125th Anniversary celebration was used as a platform to address 2 emerging megatrend topics, Demographic Change and Environmental Change.

Locally, we adopted the topic of Environmental Change as it is more relevant to the environment in Malaysia from the changing of climate patterns to extreme weather events such as the 2015 East Coast flood occurrence. Throughout 2015, we held interactive activities and educational programmes for employees, business partners and family members alike, with the aim to increase awareness on the importance of sustainable living and to make a positive difference towards the environment.

## ALLIANZ 125TH ANNIVERSARY

*In 2015, a global celebration was held in conjunction with the 125th Anniversary of Allianz ("125th Anniversary"). In an effort to give back to society, the 125th Anniversary celebration was used as a platform to address 2 emerging megatrend topics, Demographic Change and Environmental Change.*



Locally, we adopted the topic of Environmental Change as it is more relevant to the environment in Malaysia from the changing of climate patterns to extreme weather events such as the 2015 East Coast flood occurrence. Throughout 2015, we held interactive activities and educational programmes for employees, business partners and family members alike, with the aim to increase awareness on the importance of sustainable living and to make a positive difference towards the environment.

At Allianz, we believe that change starts from within, thus we conducted a series of initiatives to empower our employees. We recognise that a comprehensive understanding on the topic of sustainable living is key to preserving the environment, we accordingly collaborated with EcoKnights, an environmental organisation that inspires sustainable living, to roll out internal awareness programmes.

Eco film screenings were held during lunch hours where employees had the opportunity to witness the reality of environmental destruction resulting from human activities. Additionally, various environmental-themed talks ranged from proper methods of recycling to understanding sustainable ecosystem, were also held during lunch hours to grow our employees' knowledge on environmental protection. Our employees also took part in an eco-trail walk in Forest Research Institute of Malaysia ("FRIM") where discarded waste was collected throughout the hiking trail.

Since 2014, we have been carrying out Recycling Day initiatives in our Head Office and branches nationwide as a drive to further instil the habit of recycling. In conjunction with 125th Anniversary, we went one



step further in 2015 by piloting an internal waste segregation practice in our Head Office where employees were encouraged to separate recyclables from organic waste to reduce wastes which are sent to landfills.

In conjunction with Global Environment Day, we organised a nationwide environmental campaign to further drive environmental awareness amongst our employees and business partners. Various initiatives were carried out by the branches which include activities like recycling, beach clean-up, animal sanctuary and organic farm visitations.

We organised an Allianz Environment Day event for employees located in the Head Office and Klang Valley branches at FRIM. During the event, ten environmental workshops focusing on the topics of upcycling, rainwater harvesting system, composting and organic farming as well as an



Petaling Jaya branch  
park clean up Taman  
Botani, Shah Alam



Melaka, Tawau, Alor  
Setar, Segamat, Sarikei  
and Northern Region  
Hub- recycling



Kuala Terengganu - Turtle  
Conservation Programme  
& Educational trip with  
SEATRU, UMT



Kota Bharu,  
Ipoh, Taiping, Batu Pahat,  
Miri and Teluk intan –  
beach clean up

Kuching – park clean up  
and installation of do's  
and don'ts signboard



Sibu, Johor Bharu and  
Kuantan – tree planting,  
eco tour and educational  
nature outing



Temerloh –  
elephant sanctuary





electric car booth showcasing green technology were set up to inculcate sustainable living among the participants. Additionally, a number of dedicated agents, employees and family members participated in the nature trail activity and planted 125 trees to symbolise Allianz's 125th Anniversary.

Another initiative held in conjunction with the 125th Anniversary was the Employee Dialogue sessions which were organised by the designated Allianz operating entities worldwide. The Employee Dialogue aimed to bring together Allianz employees to share their ideas on how to mitigate the challenges faced by their local communities as a consequence of the global megatrends. We were the 18th operating entity to organise the Employee Dialogue. The local Employee Dialogue with the theme of Environmental Change was held on 23 September 2015 at Aloft Hotel, Kuala Lumpur Sentral. The event was participated by 350 Allianz employees and agents, where 4 environmental experts were invited to share their ideas followed by a climate change inspired performance by Tree Theatre Group as well as an Eco Drum Circle group activity where recycled items were used in a percussion session. During the event, booths were also set up by environmental NGOs to promote their respective causes.

Further to the Employee Dialogue, we worked with Biji Biji Initiative, a social enterprise focusing on creative upcycling, to produce business card holders using Allianz banners in an effort to reduce our waste sent to the landfills. These handmade business card holders were given to our employee volunteers as an appreciation gift.

To further promote sustainable living, we supported Build for Tomorrow, a social enterprise, to build the first Earthship house in Malaysia. Inspired by Earthship Biotecture, the house is an eco-friendly self-sustaining structure built using recycled items such as used tyres, aluminium cans, glass bottles and palm fibres. Through our sponsorship, the Earthship was fitted with solar panels and equipped with a rainwater harvesting system to provide drinking water and solar energy.



*Kalimoi  
bin Asli,  
Tok Batin Kampung  
Dusun Kubur*

“

*I would like to thank Allianz for sending in a team of employee volunteers and for their sponsorship of the Solar Panel and Rainwater Harvesting system for this Earthship.*”



Our 41 employee volunteers also contributed in total 328 man-hours to help build the house. Once completed, the Earthship will house two Orang Asli families as well as a community centre that can accommodate up to 50 people.

We know that our employees are key to the significant reduction of our carbon footprint. At the end of 2015, we invited our employees to share their knowledge on environmental protection tips which would then be compiled into an e-booklet to be circulated internally. This booklet serves as a reminder of all the environmental activities held in conjunction with the 125th Anniversary and also as a reference for ways in which we can protect the environment.

**41**  
volunteers contributed



**328**  
man-hours to  
help build the first  
Earthship-inspired  
house.





## SOCIAL



*social*

*Being a service provider, our performance hinges on our people. We believe that finding the right people, supporting their development through training, and building the right company culture will ultimately result in us providing the right solutions to our customers and business partners.*

## MANAGING TALENT AND CAREERS

At Allianz, we observe a culture where our employees' career and personal growth matters to us and we aim to attract and retain the right talent to build a career with us. We focused on proper succession planning and talent development programmes to nurture talent within Allianz.

The Allianz Development Centre programme was rolled out in April 2015 with the objective of developing talent in a structured approach by providing support for individuals according to their development needs and at the same time, a feedback culture is promoted by engaging with the talents. 43 employees were selected to undergo eight sessions under the said programme which involve a series of simulation exercises aligned to the Allianz Core Competencies. Following the completion of the sessions under the programme, personal development plans were put together to provide structured and focused development for each talent to prepare them for the challenges of their current and future roles.

In addition, we also organise other career enrichment programmes such as the Allianz Management Associate 2015 and the Young Board Development program. The Allianz Management Associate program is being conducted for 14 young graduates to be groomed to be future leaders through an 18-month program designed to provide them with robust learning on various aspects of the insurance business. The Young Board Development program identifies young, capable and motivated employees, who are able to rise and work

towards succession to more senior positions. These programs will strengthen the leadership and succession planning pipelines to empower the Allianz team for the future.

## LEARNING AND DEVELOPMENT

In promoting a high performance culture, one of the key success factors is providing staff with structured learning and development programmes for their continued growth. To achieve this, the Allianz Academy, our learning and development platform, was launched in 2012 and has since rolled out a variety of programmes and courses for all levels of employees in accordance with people development and business growth requirements.

Allianz Academy encourages relevant job experiences and exposure outside the formal classroom setting as part of learning and development. The Academy's programmes are based on the four learning pillars of Technical, Sales, Service and Leadership. Each pillar aims to equip employees with the skills and knowledge required for their current and future roles. For example, Life Technical Series programme was developed in 2015 and rolled-out in early 2016, with the aim to equip our employees with the technical skills and knowledge relevant to their day-to-day activities in the functional areas.

In 2015, 87% of our employees attended at least one training session, with each employee attending an average of 4.2 days of training. Allianz strongly promotes learning and development through on-the-job training (70%), coaching or mentoring (20%) and classroom learning (10%). Our employees are encouraged to take advantage of our global network by attending training sessions, conferences and gaining international job experience at our various sister companies.

Our employees are encouraged to pursue industry-relevant professional exams in order to be professionally accredited. We further strengthened our commitment in championing the continued learning and career development of our employees by signing a MOU with the MII to officially recognise the Allianz PCUC. As part of the agreement with MII, Allianz PCUC graduates will receive credit exemptions when pursuing the Diploma of MII ("DMII"), allowing them to complete DMII between 12 to 18 months.

In 2015,

**87%**

of our employees attended at least one training session, with each employee attending an average of 4.2 days of training



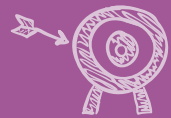
In 2015 there were  
**110** enrolments  
for the MII  
examinations.



**42** employees  
achieved the CMII



**28** employees  
achieved the DMII



**3** employees  
completed the AMII



In 2015, there were 110 total enrolments for the MII examination whereby 42 employees managed to achieve the Certificate of MII, 28 employees achieved the Diploma of MII while 3 employees successfully completed the Associateship of MII. Meanwhile, there were 107 total enrolments for the LOMA examination whereby 54 employees passed the exams with 23 employees attaining the LOMA Certificate, 2 employees achieved the Associate, Life Management Institute, 3 employees succeeded in achieving Fellow, Life Management Institute and 1 employee achieved the Associate Customer Service.

Allianz continues to support the development of young students by hosting internships for both local and international students. We see this as a win-win situation as the interns inject youthful energy and fresh ideas into the respective departments, while we in turn are able to support their growth and development. In 2015, a total of 78 interns worked at Allianz, each gaining an average of 3 months' work experience.

#### DIVERSITY

At Allianz, employment and development of employees are based on individual skills, talent, experience and the behavioural attributes of a person. We abide by the principle of non-discrimination at the workplace based on age, disability, gender, race, religion, political preference or sexual orientation, and aim to embrace diversity in the provision of employment and development opportunities.

In 2015, 68% of our total workforce consisted of women and of our 555 managers, 58% are women. Allianz also has a relatively young workforce, with 80% of our employees between the ages of 20 to 44.

Arising from the Innovation Incubator Workshop in 2014, we took steps to materialise our commitment towards diversity by employing PWDs into our workforce. In 2015, we engaged a representative from Kuala Lumpur City Hall ("DBKL") to conduct an Accessibility Audit on our new Head Office building, Menara Allianz Sentral, to identify areas of improvement with the aim of providing a barrier-free environment for PWDs. Following the launch of the PWD products, we invited subject matter experts to conduct a Disability Equality Training ("DET"), based on the Social Model, for our employees where they learned about the causes of social exclusion, barriers to participation and discrimination imposed on PWDs.

As an extension of the DET programme, a Train the Trainer Programme was held for 55 participants made up of trainers and marketing managers from Allianz branches nationwide. The programme provided technical insights from the perspective of sales conduct, disclosure of customers' eligibility and features of the PWD products and also disability-related services.

Additionally, we participated in the Return to Work job fair 2015 organised by PERKESO which allowed us to reach out to PWDs due to injuries or illnesses, who have been rehabilitated and ready for employment. Allianz also organised an Employment Day for PWDs in November 2015, to invite PWDs to visit our Head Office and learn more about the employment opportunities. During the event, the PWDs were given an in-depth introduction on specific positions within Allianz which were opened to PWDs. It also presented them the opportunity to meet and talk with Heads of Department and Managers about the vacant positions available as well as to gain better understanding of the job scope and its responsibilities.

By early 2016, we introduced eight PWDs into our workforce and consequently invited them to a PWD Dialogue session to obtain their feedbacks for further improvement in creating a conducive working environment within Allianz.



**Pathmanathan**

**R. Nalasamy**

*Department for the  
Development of Persons  
with Disabilities, Ministry  
of Women, Family and  
Community Development.*

“

*Abilities beyond disabilities should be the focus  
of our society to create more independent and  
successful persons with disabilities in Malaysia.*

”



**58%**

of our managers are women



## EMPLOYEE ENGAGEMENT

One of the key focus areas in Allianz is employee engagement. Employees are motivated to contribute towards organisational success and to apply discretionary effort in accomplishing tasks important to the achievement of organisational goals. From the annual Allianz Engagement Survey ("AES"), we derived the Employee Engagement Index, a key measure of employee satisfaction, loyalty, advocacy and pride in Allianz, which stood at 86% in 2015.

This could be attributed to the various opportunities for engagement available to our employees such as volunteering options made available via our Allianz4Good volunteering programmes, various dialogue sessions such as Townhalls and regular updates and briefings at department and branch levels, and employees are encouraged to share their knowledge, whether work-related or otherwise, with other colleagues through their involvement as in-house trainers. For example, in 2015, we organised the Employee First Day as a refresher for staff on their employment entitlement and benefits and included a range of activities such as product talks, sharing sessions, games and booth activities. The event also aimed to raise awareness on the topic of insurance and adequate protection.

## OPEN COMMUNICATION

The AES serves as a barometer for our employees' sentiments, and is also an avenue for us to receive honest feedbacks about various factors that affect staff's level of engagement with us. In 2015, we received a 97% participation rate for the AES. 95% of employees said that they are proud to work for Allianz, an increase by 2% from the previous year and 95% of employees see a clear link between their work and the company's objective which also showed an increase by 1% from the previous year.

Following the AES results, emphasis is given to the post survey follow-up actions to ensure that improvements in engagement are achieved. Heads of Department and Branch Managers also commit to engage in dialogue and feedback with their staffs in their own area to improve work related issues.

Another avenue where employees are able to give their feedback is the quarterly Townhall Meetings held throughout the country. At these Townhall Meetings, employees are briefed on Allianz's latest results, goals, plans and strategies. Long-serving employees are also awarded and recognised during this meeting. A Question and Answer session with the Senior Management is held at the end of the session to further promote open communication and transparency.



## WORK/LIFE AND HEALTH MANAGEMENT

We encourage a balanced work and life culture among employees as we believe employees who actively balance their work life are more engaged and demonstrate better capability to perform their best. Hence we continued to organise various initiatives such as health talks, free medical checks, detox program, wellness tips, medical

Employee Engagement Index, a key measure of employee satisfaction, loyalty, advocacy and pride in Allianz, was at an

# 86%



# 95%

of employees said that they are proud to work for Allianz



Increased by  

# 2%



from the previous year

### Loyalty and Silver Jubilee Awards



In 2015, 131 employees were rewarded for their long service with Allianz, of which 51 was for 10 years' service, 51 for 20 years, 17 for 25 years, 5 for 30 years, 6 for 35 years and 1 for 40 years of service.

Based on **167** cases that were investigated by Malaysian Institute of Road Safety Research ("MIROS") in Malaysia from 2011 through 2013, it was found that reckless driving was the main cause of road crashes.



screening for staff from time to time. Besides health management events, weekly and monthly activities such as futsal, badminton, bowling, yoga and origami classes were also organised for the benefit of employees. In the 2015 AES, we recorded an improved score for work/life and health management.

### AWARDING CONTINUED SERVICE

At Allianz we value a working relationship that is long-lasting and built on trust. In 2015, the average tenure of our employees was 7.4 years. We recognise the commitment and contribution of our employee through our Loyalty and Silver Jubilee Awards whereby employees receive a cash award upon reaching a consecutive period of ten years' service or more.

### CORPORATE VOLUNTEERING

Social engagement is a key part of our corporate responsibility. Through our focused activities, which leverage on our know-how, skills and experiences, we aim to bring benefits to local communities by addressing social challenges while, at the same time creating positive impact for our business.

Corporate volunteering provides an opportunity for us to give back to society and also helps to create awareness for societal issues among our internal stakeholders. Our volunteers are able to engage with their colleagues beyond the usual work routine and this enables them to build greater work relationships. In the 2015 AES, 92% of our employees felt that there were sufficient opportunities to participate in social and environmental activities, an increase by 4% from the previous year and 96% were satisfied with the actions we have taken to be socially and environmentally responsible which also shows an increase of 2% from the previous year.

### ROAD SAFETY

Reducing risks is the core of Allianz's business as an insurance company. Being one of the top motor insurers in the local market, we believe it is important for us to educate the public on road safety and play a role in creating safety awareness. According to a 2015 report by The World Health Organization ("WHO"), road traffic injuries are a leading cause of preventable death and have claims more than 1.2 million lives every year. Based on a research conducted by Malaysian Institute of Road Safety Research ("MIROS") in Malaysia from 2011 to 2013, it was noted that reckless driving was the main cause of road crashes out of the 167 cases investigated.

Apart from that, distracted driving is also becoming an increasingly serious and growing threat to road users in Malaysia, specifically from the use of mobiles phones. Allianz plans to address this issue through various initiatives, with the aim of creating awareness.

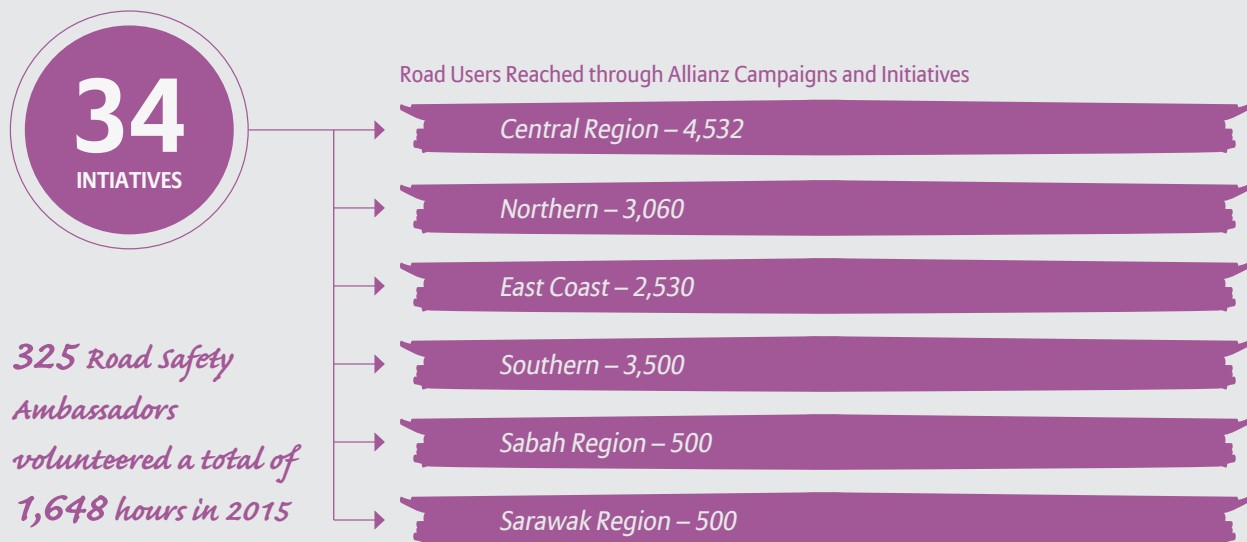
We have been a strong advocate for road safety since the beginning of our partnership with Jabatan Keselamatan Jalan Raya ("JKJR") in 2011. We continued to carry out our Road Safety Advocacy Campaigns, jointly organised with JKJR, with the support of our well-trained Allianz Road Safety Ambassadors stationed at our Head Office and branches nationwide. During the campaigns, our Ambassadors help to distribute road safety items and advocate road safety behaviour to the general public, with a focus on accident-prone areas, schools and during festive seasons. Through our partnership with JKJR, we have since conducted more than 127 campaigns reaching out to an estimated 97,220 road users.

We continue to improve our approach towards road safety by looking for new opportunities and developing initiatives that are relevant in addressing this issue. Various initiatives can be seen through our involvement in road safety road shows, facilitating educational classes and organising workshops, among others. In 2015 alone, we have reached approximately 14,620 road users via 34 road safety campaigns and initiatives held nationwide.

**we have since conducted more than 127 campaigns reaching out to an estimated 97,220 road users.**



### Our Road Safety Initiatives in 2015



### Road Safety Item Distribution in 2015



Reflective Wristbands – 10,330



Child Safety Booster Seats – 615



Motorcycle Helmets – 1,290



Reflective Motorcycle Stickers – 14,600



Reflective Windbreakers – 1,352



Road Safety Tips Booklets – 5,520





### INTERACTIVE ROAD SAFETY EDUCATION

Road safety education plays an important role in shaping the attitudes and behaviour of children at an early age. We organised a series of fun learning, interactive activities in primary schools as part of our effort to increase road safety awareness amongst students. The campaigns emphasised on 4 elements of road safety; how to cross roads safely and understanding traffic hazards; proper wearing of helmets for cyclists and motorcyclists; getting into the habit of wearing seatbelts; and understanding basic road safety rules and traffic signage. In 2015, the campaigns reached out to more than 1,500 students.

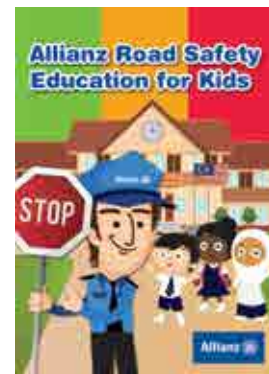
In conjunction with the Third United Nations Global Road Safety Week 2015, we organised a joint road safety campaign with Petrosains to advocate the importance of road safety behaviour amongst children of Smart Reader Kids as well as visitors of Petronas Street Smart. During the campaign, the participants learned how to recognise basic road signs and crafted their own road safety pins. Parents, teachers and visitors also got to experience the various interactive road safety exhibits in Petronas Street Smart which highlights the different factors affecting road safety.

In our effort to further promote road safety awareness interactively amongst children, a Junior Road Safety Awareness Workshop was conducted for 24 children of our employees and agents, spearheaded by Children and Adult Road Safety Education ("DeCARE"), the Road Safety Unit of Putrajaya Corporation. During the programme, which was held at the road safety circuit in DeCARE Park, Putrajaya, the participants learned basic road safety rules through role-play activities and real-life road traffic simulations using go-karts, mini motorcycles and bicycles.

### ALLIANZ ROAD SAFETY EDUCATION MODULE

While the Road Safety Tips Booklet serves as a good teaching tool, we realise the need to expand our outreach methods in order to effectively inculcate road safety habits amongst children, we subsequently developed the Allianz Road Safety Education Module as an additional teaching tool. In 2015, we embarked on a new milestone by piloting our first class in a primary school using the Allianz Road Safety Education Module. The module entails three main topics; pedestrian safety; vehicle safety; and basic road signs, facilitated by our Road Safety Ambassadors.

Additionally, the module was also used during the road safety classes that were conducted at our Head Office, as well as at the Kota Bharu and Alor Star branches, in conjunction with Universal Children's Day, involving a total of 80 children of our employees.



### REACHING OUT TO FUTURE YOUNG DRIVERS

According to WHO, road traffic injuries are the leading cause of death among young people from the ages of 15 to 29. With this in mind, we extended our road safety advocacy campaigns to secondary schools with the aim to raise awareness among the students. Various interactive activities were conducted during the campaigns, for example the Seatbelt Convincer simulation allows the participants to experience the actual impact of a crash at low speed, which serves as a reminder on the importance of using a seatbelt. Meanwhile, the Fatal Vision® Simulator Goggles provides a real-life simulation of how driving under the influence of alcohol or medication, or when feeling fatigued, could impair a person's balance, vision, reaction time, and judgment.

We also extended our road safety awareness outreach to higher learning institutions through the sponsorship of a road safety campaign organised by local university students aimed to raise road safety awareness among campus students and staff.





### SAFE AND RESPONSIBLE DRIVING WORKSHOP

We also promoted road safety awareness internally by conducting a road safety workshop for our employees. The Safe and Responsible Driving Workshop is based on best-practice methodology to reduce over-confidence and risk-taking habits on the road by showing the participants the limits of a driver and its vehicle.

At the workshop, participants watched interesting road safety videos, learned some basic technical specifications of driving, understood the causes of road accidents, and obtained some useful tips on defensive driving. Participants of the workshop also had the opportunity to experience the Fatal Vision® Simulator Goggles.

### PUBLIC AWARENESS

In order to reach out to a wider audience, we embarked on a social media campaign to spread the message of road safety. We launched the Malaysians Against Irresponsible Drivers ("MyAID") movement to engage the public in making Malaysian roads safer. We produced 4 films depicting examples of irresponsible drivers in Malaysia which have since garnered more than 1.5 million views on YouTube collectively since its launch in March 2015. As part of the initiative, we developed the MyAID mobile application for users to record irresponsible acts on the road and to upload the recording onto the MyAID YouTube channel.

Apart from MyAID, we also advocate public road safety through our collaboration with Perodua, MIROS, Nissan, and New Straits Times ("NST") by participating in road shows/conferences organised by the respective parties.



*Flood Preparedness Brochure*

### DISASTER PREPAREDNESS

At the end of 2014, Malaysia experienced one of the worst flood situations in recent history. Learning from the experience, we understand that the key to mitigating such risk is to have adequate preparation.

In an effort to build resilient communities, we organised a series of Flood Survival and Drowning Awareness Workshops at two appointed evacuation centres namely SK Tebing Tinggi, Tanah Merah and SK Manek Urai, Kuala Krai. Targeted at students, teachers, and members of the surrounding community, the workshop offered precautionary steps to be taken before, during and after a flood as well as proper evacuation methods. We also presented both schools with a set of Flood Saver Kit to be used in the event of a flood. In addition, we also donated RM5,000 to SK Tebing Tinggi to restore the school mural which was badly damaged by the flood.

We went one step further to develop a flood preparedness brochure which provides detailed guidance on what to do before, during and after a flood, and also the Allianz Survival Kit which will be distributed, as part of our flood awareness initiative, to communities in flood prone areas. The Allianz Survival Kit provides tools that are essential in the event of an emergency or evacuation.



**22 tonnes**  
of food supply  
delivered to

**21 Orang Asli**  
districts  
in Gua Musang,  
Kelantan which is  
home to some

**210 Orang Asli**  
villages  
comprising of about  
**2,100 Orang Asli.**



#### FLOOD AID RELIEF FOR ORANG ASLI (INDIGENOUS PEOPLE)

During the flood in 2014, the Orang Asli communities located in the interior area of Gua Musang were cut off from food, water, and medical supply for several months, and the roads leading to their settlements were completely inaccessible. This had affected the livelihoods of the Orang Asli communities tremendously.

In 2015, our Allianz4Good team together with Siti Zabedah Kassim, a prominent human rights lawyer, visited Kampung Tembaga to further understand the needs and issues of the Orang Asli communities. Logistical concerns were highlighted as a critical issue faced by the Orang Asli during the flood incident. In light of this, we sponsored six Honda EX5 motorcycles to five Orang Asli villages in Gua Musang as a means of transportation in the event of a disaster. In addition, we also provided one-year road tax, motorcycle insurance, windbreakers, helmets, and reflective stickers as part of the sponsorship.

In anticipation of a flood recurrence in December 2015, we stockpiled food at specific locations in identified Orang Asli villages as a preventive measure in case the roads become inaccessible. The stockpile was aimed to provide supplies that would last up to 4 days before the arrival of a rescue team. As the flood did not take place, the supplies were evenly distributed among the Orang Asli communities. We have delivered 22 tonnes (22,000 kg) worth of food supply inclusive of rice, cooking oil, sugar, salt, as well as cans of sardine and anchovies to 21 Orang Asli districts in Gua Musang, Kelantan, which is home to some 210 Orang Asli villages comprising around 2,100 Orang Asli.

Additionally, we sponsored the #getAsli Fundraising Dinner organised by The Bar Council Committee of Orang Asli Rights ("COAR"), which was held in conjunction with International Human Rights Day. The fundraising event was aimed to create awareness on the rights of the Orang Asli. Additionally, we sponsored the #getAsli Fundraising Dinner organised by The Bar Council Committee of Orang Asli Rights ("COAR"), which was held in conjunction with International Human Rights Day. The fundraising event was aimed to create awareness on the rights of the Orang Asli.

In conjunction with Hari Raya Aidilfitri, we distributed food items to 100 families that were affected by the flood in and around Gua Musang area including Jalan Kuala Betis, Kampung Serian, Kampung Sungai Serian, Limau Kasturi, Kem Etnobotani and campsites in Bandar Baru Gua Musang.

#### EARTHQUAKE RELIEF

In April 2015, Nepal was badly hit by an earthquake that resulted in massive casualties; thousands were injured and more than two million victims were left homeless. Understanding the significant impact the earthquake had on the victims, we initiated a donation drive at our Head Office and branches nationwide. A total of RM130,000 was successfully collected, where RM80,000 was derived from employee contributions and the remaining RM50,000 was supplemented by Allianz.

The funds were channelled to Mercy Malaysia ("Mercy") for the building of temporary shelters in the Gorkha region as well as to the Malaysian Volunteer Fire and Rescue Association ("MVFRA") to fund the 'Healing Hearts Operation' which provided play therapy for children in seven relief centres and schools in the earthquake recovery zone in Sindhupalchowk and Nuwakot. We also rendered support to the MVFRA in sending a team of

**SOCIAL**

eight members led by Capt. Bala to Nepal for a week as part of the search and rescue mission, as well as to distribute face masks and water filters to the victims.

In addition, we extended further support to the MVFRA during their relief operations at Ranau, Sabah, when an earthquake struck in July 2015. We provided windbreakers and drinking water which were distributed to those affected by the disaster.



**DISASTER EMERGENCY RESPONSE TEAM**

We realise that monetary support alone may not always be sufficient. Allianz intends to go one step further by setting up an emergency response team made up of Allianz employee volunteers to provide immediate ground support in the event of a disaster. Moving forward with this initiative, volunteers will undergo training in three main areas, specifically disaster preparedness, disaster back-end support and disaster field relief. To kick start the project, a Volunteer Induction Programme, facilitated by MERCY Malaysia, was conducted to introduce Allianz employees to the fundamentals of an emergency response team.

**MY FINANCE COACH**

The My Finance Coach ("MFC") programme was first implemented in Malaysia in 2012 with the aim of improving general financial literacy among children and young people to prevent them from falling into debt. The programme relies on employee volunteers who are trained as Finance Coaches that enter into schools and non-profit organisations to coach on financial matters using the MFC materials.

As at 2015, 344 of our employees have signed up for the programme and 246 have taught a class. For the third year in a row, we supported the National Consumer Day competition, organised by the Federation of Malaysian Consumer Associations ("FOMCA"), by rolling out MFC in 20 schools across 13 states nationwide. Since inception, MFC Malaysia has reached over 6,900 students through 146 classes with 68 schools and NGOs as well as the children of our agents and employees.



	2012	2013	2014	2015
Number of Students reached	560	2,027	2,041	2,317
Number of Coaches trained per year	100	82	57	105
Total number of Coaches trained (cumulative)	100	182	239	344
Number of Volunteering Hours (approximate)	408	680	744	600

In 2014, with the support of Dr. Mohamad Fazli Sabri of Universiti Putra Malaysia, an expert in consumer and financial education, the 'Savings' module was localised to cater for students in secondary schools. Under the 'Savings' module, students were introduced to investment products and were taught the importance of investing due to the impact of inflation, but to be wary that there is no one perfect financial product that can cater to everyone and they should choose carefully to find one that suits his/her needs. As an aiding tool to the 'Savings' module, we developed and introduced the Allianz Savings Ruler to encourage saving habits among students.



### GLOBAL MONEY WEEK

For the third consecutive year, we supported Child and Youth Finance International ("CYFI")'s Global Money Week ("GMW") in 2015. Under CYFI's theme of 'Save Today. Safe Tomorrow.', we held educational visits to the BNM Museum & Art Gallery for two of Allianz's adopted schools under BNM's School Adoption Programme as well as a MFC class on the topic of 'Savings' for our employees' children and family members. During the lesson, they were also introduced to the newly translated Bahasa Malaysia version of MFC money manager app, known as 'myPoket MFC'.

### UNIVERSAL CHILDREN'S DAY

In conjunction with Universal Children's Day 2015 celebration, MFC and Road Safety classes were conducted especially for our employees' and agents' children in the Alor Setar and Kota Bharu Branches as well as in our Head Office. Allianz understands that healthy finance management and good road safety habits starts with early education.

### PINTAR FOUNDATION

Apart from supporting the inculcation of financial literacy amongst young people via the MFC programme, we also sponsored one of the activity stations on PINTAR Foundation ("PINTAR")'s Mobile Learning Unit 2 ("PMLU 2") to promote good financial habits among students. The PMLU 2 is a bus converted into a fun learning space based on the theme of "Promoting Intelligence" and is aimed to invoke action and thought among school students. In 2015 alone, the PMLU 2 visited a total of 91 schools along with 10 orphanages and also 2 carnivals with 29,339 visitors in total.

Under the trait of Logical Intelligence, the Allianz-sponsored activity was designed to resemble a mock shopping aisle complete with barcodes and

a scanner. Under a familiar scenario of grocery shopping, students are given a hands-on opportunity to shop for their needs within a specified budget. The activity aims to encourage students to plan and spend within their means and at the same time exercise their logical and critical thinking skills to identify their individual needs and wants.

A second activity incorporated into this activity station is the Savings Planner, which aims to get students thinking about setting money aside at an early age to achieve their saving goals. The activity is intended for students to realise that with proper planning in place their saving goals are achievable.

Survey forms were distributed to students and teachers to gauge their level of acceptance towards PMLU 2 activities. In total, 137 teachers have given positive feedback on this programme and a majority of them commented that the logical intelligence activities challenge their students' critical thinking skills. In addition to that, out of a total of 10,752 students that were surveyed, only 11% of them chose the Logical Intelligence activity station as their most liked segment. This may indicate that young people have low interest in financial matters, which is why Allianz is looking into new innovative approaches to make the overall learning experience more fun for the students.

### ALLIANZ FINANCE CHALLENGE

In our efforts to create more excitement around the topic of financial literacy, we are launching the Allianz Finance Challenge in early 2016 in conjunction with FOMCA's National Consumerism Day competition. Targeted at students in the secondary level, this competition aims to engage students in a fun way while providing opportunities for students to showcase their understanding on saving and planning, among others. We hope to continuously inject fresh and innovative ideas into the topic of financial literacy by conducting exciting activities for students such as the competition itself.

### SUPPORTING SCHOOLS AND ORGANISATIONS

2015 saw the continuation of Personal Computer Donation Project that was initiated in 2014. Under this project, computers and laptops which were due for replacement were donated to schools and NGOs, as we believe that it is both socially and environmentally beneficial to reuse these computers and laptops. At completion, a total of 768 desktops and 15 laptops were donated to identified NGOs and schools including six schools affected by the East Coast flood.

The PMLU2  
visited a total of **91**  
schools along with 10  
orphanages and also  
2 carnivals with 29,339 visitors in total.





## SOCIAL

## COMMUNITY AND PERSONAL SAFETY

With an emphasis on personal safety, Allianz continued to create awareness on crime prevention and survival skills through the REACT Programme. In 2015, a total of 20 REACT Programmes were held for employees, agents, business partners and customers at our branches. Additionally, we also organised hands-on workshops for our employees to equip them with not just theoretical but also practical crime prevention and self-defence skills. Ultimately, we aim to create a community that has the knowledge and skills necessary to keep them safe from various risks they may face. We believe that we can be a trusted partner for preparedness and protection not just via our insurance solutions but also our community engagement initiatives.

## BLOOD DONATION AND ORGAN PLEDGE

In conjunction with the Malaysia Day, we also organised a nationwide Blood Donation Drive and Organ Donation Pledge at ten locations in 2015. The events were in coordination with the National Blood Bank, National Transplant Resource Centre and participating hospitals in the respective states. Throughout the events, 444 employees, agents and members of the public donated a pint of blood each while 115 persons pledged their organs. While not on the forefront of emergency response, contributing to the national blood and organ bank serves as a form of social insurance, whereby our concerted effort to create reserves now can help to ensure that there is sufficient supply in moments of need.



## COMMUNITY SPONSORSHIPS

Persatuan Mobiliti Selangor dan Kuala Lumpur ("MOBILITI") is a charitable organisation that was set up to provide door-to-door transport for wheelchair users within the Klang Valley. Allianz has supported MOBILITI since 2006 and is currently sponsoring four vans in their fleet. Our sponsorship covers MOBILITI's operational costs, which include fuel, toll, maintenance and salaries.

We also provide free motor insurance as well as driver and passenger personal accident insurance for the four sponsored vans. With our support, MOBILITI was able to make 10,866 trips throughout the year, and is a valuable service for over 5,000 registered passengers.

In our effort to promote an inclusive society, we provide insurance protection to the underprivileged community. In 2015, Allianz sponsored a group personal accident insurance coverage to over 600 participants and volunteers during the Brickfields Asia College ("BAC") - Challenges Buddy Day Run 2015. BAC in collaboration with Challenges Media held the Buddy Day event in conjunction with International Friendship Day, with the aim of bringing together the public and members of the PWD community.

We also sponsored a group personal accident insurance coverage to Yayasan Chow Kit ("YCK") youths who participated in the Knights of Nature Sustainability Camp organised by EcoKnights. YCK is a non-profit organisation that serves as a 24-hour crisis and drop-in centre that provides meals, activities, therapy, case management, and educational programmes for at-risk children of Chow Kit. The camp introduced the concept of sustainable living to the participants and emphasised on the importance of environmental protection.

Throughout the events,

**444**

employees,

agents and members of the public donated a

pint of blood each while 115 persons pledged their

organs



**768**

desktops and



**15** laptops

were distributed to identified

NGOs and schools including



**6** schools

affected by the East Coast flood.





### ALLIANZ JUNIOR FOOTBALL CAMP ("AJFC")

We continued to support the skill development of young people through the Allianz Junior Football Camp ("AJFC"). Allianz Group, a Platinum Partner of FC Bayern Munich, has organised the AJFC annually since 2009. Teenagers aged between 14 to 16 years from all over the world gather in Munich, to get exclusive insights into the world of professional football specifically with FC Bayern Munich.

In 2015, we successfully connected with 672 teenagers who participated in the inaugural AJFC Malaysia League. The aim of the League was to provide a competitive environment for talented young footballers to develop their skills. Three outstanding teenagers from the league who are passionate about football were selected for a once-in-a-lifetime opportunity to meet FC Bayern Munich footballers, train at the FC Bayern Munich Youth Academy under the guidance of FC Bayern Munich youth coaches and to make new friends from around the world. Eight other teenagers were selected to attend the AJFC Bali Camp in Indonesia where they also had the opportunity to train under FC Bayern Munich youth coaches and to meet their peers from participating countries in Asia.

With the number of participants increasing steadily every year since we first launched AJFC in 2012, we have been contributing to the grassroots football development in Malaysia by giving players in this age group a platform to hone and showcase their skills.

### ALLIANZ PACER RUNNING COMMUNITY

The Allianz Pacer Running Community was launched in October 2013 to encourage members of the public to start running for a healthier lifestyle. The Allianz Pacer Facebook page, which was created to connect with the running community, today engages with more than 24,300 fans.

The Allianz Pacer Running Community also organises on-ground events for external and internal stakeholders. In December 2015, we held our very own Allianz Pacer Run which attracted more than 4,000 participants in six running categories. All registration fees from the Corporate Challenge category, amounting to RM15,000, was contributed to Selangor Cheshire Home to support their various initiatives for PWDs. On the day of the Run, Selangor Cheshire Home had a booth to raise funds for the centre by selling items handmade by PWDs and also distributed literature to create awareness on PWDs.



For the second consecutive year, Allianz continued as the title sponsor of the Allianz Pacesetters 4 x 3km relay in 2015. Registration fees amounting to RM51,000 received from the Kiwanis Corporate Charity Challenge category was channelled to the Kiwanis Down Syndrome Foundation – National Centre, which is committed to the welfare of children with Down Syndrome. We contributed to the Kiwanis Down Syndrome Foundation by sponsoring seven teams of employees to participate in the Kiwanis Corporate Charity Challenge.

Throughout the year, the Allianz Pacer Running Community has been organising weekly Running Clinics for employees from the Head Office and Klang Valley branches to promote running for a healthier lifestyle.

Apart from encouraging running as a way to maintain and improve health, we also actively promote regular health checks among the general public, and our employees are constantly reminded to undergo periodic health checks that are borne by Allianz. Externally, Allianz has collaborated with the CIMB Group to roll out the Allianz Emergency Protection Nationwide Road Tour which will see the Allianz Explorer truck travelling to CIMB branches across Peninsular Malaysia from January to September 2016. The initiative is aimed to promote awareness on wellbeing and healthy living while offering visitors a chance to conduct free Body-Mass Index ("BMI") tests, on top of being able to learn more about our bancassurance products.

### PARTNERS WITH CHARITY AT HEART

Beyond the events organised under our structured corporate responsibility programme, we are also part of an extended family of responsible corporate citizens. In 2015, our life agency force organised its second Allianz Charity Day, which involved 800 agents from 89 different agencies across Malaysia in which each agency selected a home or activity to celebrate the day with. Among the activities carried out were donations to the homes, blood donation drives and many other activities with children and residents of the homes. Our Life Agency has committed to assign one day in each year as Allianz Charity Day, for the life agency force to carry out charity related activities.

*We recognise the importance of sound internal controls in safeguarding our assets, our customers and our shareholders' investments. Various internal controls in the areas of risk management, finance, operations and compliance have been put in place to ensure that our actions today are taken with long-term value in mind.*

We would like to bring your attention to our following governance approaches in dealing with external parties. Our detailed corporate governance and internal control as well as risk management approaches are detailed in the Statement on Corporate Governance of this Annual Report.



## BUSINESS ETHICS

We understand that our employees and intermediaries are at the frontline of the Allianz brand and the avenue through which we provide our services. Through our policies, guidelines and code of conduct, we hold each of our representatives to high ethical standards.

Our employees are required to attest on an annual basis that they understand and adhere to various guidelines and policies imposed internally by the Allianz Group or externally, by the regulator or insurance associations, which set the standards for business conduct.

In addition, our Directors and staff are required to declare their fulfilment of the minimum criteria of "A Fit and Proper Person" as prescribed under the Financial Services Act, 2013.

Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") Policies and Procedures are in place to prevent and detect money laundering and terrorism financing activities. Throughout the year, AML/CFT training sessions were held for employees and agents to promote understanding of their fundamental responsibilities in adhering to the procedures of verifying customers' identities and reporting of suspicious transactions.

Our insurance intermediaries are guided by the Sales Policy, Sales Agent Code of Conduct and Agent Sales Compliance Disciplinary Policy.

An Ethics and Compliance Committee was established in each insurance subsidiary to deal with intermediary behaviour that is contrary to the said Sales Policy and Sales Agent Code of Conduct.

## BUSINESS RELATIONSHIPS

When entering into new business relationships, we ensure that our contractual obligations are based on ethics as well as long term viability. We incorporate clauses on subject matter such as anti-bribery/anti-corruption and data protection in our contracts as we expect our partners to be fully aware of and conform to the high standards that we have set for ourselves.

Our Anti-Corruption Policy outlines the existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, joint ventures and outsourcing agreements as well as facilitation payments.

Our Group Data Management Framework ("DMF") ensures the integrity of data assets by preventing unauthorised or inappropriate use of data and information. The DMF together with the implementation of Data Privacy Management System, which aims to ensure compliance with regulatory obligations pertaining to data privacy and securing the trust of customers and business partners in relation to the handling of personal data, we safeguard the data of our customers and other stakeholders.

## GOVERNANCE

We are guided by the Allianz Group's Gifts and Entertainment Policy in handling with gift and entertainment to and from clients, business partners, government officials or relevant persons. It aims to avoid any issue of conflicts of interest or threat to our professional independence.

Anti-Fraud Policy and Whistleblowing Policies and Procedures were put in place to promote transparency and accountability throughout Allianz. An Integrity Committee was established to handle fraud and whistleblowing related matters.

## INVESTMENT WITH A LONG-TERM PERSPECTIVE

Our investments are guided by the Group Investment Manual which sets out detailed investment procedures and controls and Allianz Group's Environmental, Social and Governance ("ESG") Guidelines for investment in sensitive business areas which give due consideration to potentially unmitigated ESG impacts and reputational implications in our business processes.

Most recently, Allianz Group in support of the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change decided to stop financing coal-based business models and will no longer invest in companies that derive more than 30% of revenue from coal mining or generate over 30% of their energy from coal. Locally, we support the decision to divest in coal related investment from an economic and climate change perspective.

We are also guided by the Reputation Risk and Issues Management Policy which require us to take into account reputational risk and ESG principles when making business decision.

## WORKING WITH CREDIBLE ORGANISATIONS

Vendor Integrity Screening ("VIS") process is implemented to ensure that we transact with reputable and reliable third party vendors.

Similar to the VIS, the Allianz4Good Department applies an Integrity Check for Non-Profit/Non-Governmental Organisations to all potential partners from the social sector. This screening assesses the organisation as well as its key personnel to ensure that our exposure to financial and reputational risk is minimal. We work with reputable and reliable partners to ensure that our social commitments are on par with the high ethical and legal standards of our business dealings and that our programmes are delivered smoothly.

## RECOGNISED FOR GOOD GOVERNANCE

We continue to take steps to improve our transparency through our various reports published via our Annual Report. Our effort in promoting transparency and governance has gained us recognition from various external parties.

In 2015, we received the Outstanding Achievement Award for being one of Malaysia's top two publicly listed companies in terms of most improved scores from 2013-2015 based on the results of the ASEAN Corporate Governance Scorecard (Scorecard) at the inaugural ASEAN Corporate Governance Conference and Awards in Manila, Philippines and two awards namely Excellence Award for Top 5 Corporate Governance and Performance (Overall) and Merit Award for Most Improved during the Minority Shareholder Watchdog Group - ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015-The Malaysian Chapter.

Although our 2014 Sustainability Report did not receive any Sustainability Reporting Awards ("MaSRA") from ACCA Malaysia in 2015, it has been selected as one of the shortlisted reports and our effort of participating in MaSRA was well recognised by ACCA.

*Moving forward, we will work towards further embedding sustainability into our corporate strategy.*





**WITH YOU**

LIVING AN  
ACTIVE AND  
BALANCED  
LIFESTYLE









## Empowering Employees

---

Making work-life balance  
a priority.





# AUDIT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE OF MEETINGS

Name of Audit Committee ("AC") Member	Designation	Number of AC Meetings	
		Held	Attended
Mr. Foo San Kan (Chairman)	Independent Non-Executive Director	5	4
Y. Bhg. Tan Sri Razali Bin Ismail (Member)	Independent Non-Executive Director	5	4
Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim (Member)	Independent Non-Executive Director	5	5
Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy (Member) (Appointed as member w.e.f. 27 May 2015)	Independent Non-Executive Director	5	2 out of 2 meetings held after his appointment as member of the AC on 27 May 2015

### Membership

The AC of the Company consists of 4 members, all of whom are Independent Non-Executive Directors.

The Chairman of AC, Mr. Foo San Kan, has extensive and practical accounting and financial management knowledge and experience. He is a Chartered Accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He is also a Fellow of the Institute of Chartered Accountants in England and Wales and the Chartered Tax Institute of Malaysia.

In May 2015, the Nominating Committee reviewed the composition of the AC and recommended the appointment of Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy, an Independent Non-Executive Director as a member of AC. Y. Bhg. Dato' Dr. Thillainathan is a Fellow member of the Institute of Bankers Malaysia and has vast array of experience in finance, banking as well as economics.

The Chairman of the AC, Mr. Foo San Kan, has exceeded 9 years of service as an Independent Director of the Company. Shareholders' approval was obtained at the last Annual General Meeting held on 9 June 2015 for him to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the forthcoming Annual General Meeting of the Company.

The performance evaluation of the AC as a whole and individual AC members for the financial year ended 31 December 2015 were carried out by the Nominating Committee in early 2016 and deliberated by the Nominating Committee and the Board. The Board and the Nominating Committee were satisfied with the assessment results of the AC and its members.

The Nominating Committee also assessed the independence of Mr. Foo San Kan and recommended to the Board for Mr. Foo San Kan to continue to act as an Independent Non-Executive Director of the Company, after serving for a cumulative term of more than 9 years, based on the justification set out in the Statement on Corporate Governance of this Annual Report. The Board accepted the recommendation of the Nominating Committee and recommended for shareholders' approval at the 42nd Annual General Meeting of the Company, the proposal for Mr. Foo San Kan to continue to act as an Independent Non-Executive Director of the Company after serving for a cumulative term of more than 9 years.

### TERMS OF REFERENCE

The terms of reference of AC is aligned with the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Bank Negara Malaysia ("BNM"). The terms of reference establishes the powers, duties and responsibilities of AC. During the year, the terms of reference of AC was enhance to include the responsibilities with regard to whistleblowing and fraud cases.

Fulfilled the requirements prescribed by Bursa Malaysia Securities Berhad and Bank Negara Malaysia.

The terms of reference of AC is incorporated in the Board Charter, which is available at [allianz.com.my](http://allianz.com.my)

## 1. Composition

- 1.1 The AC should consist of a minimum of 3 members appointed from the Board of the Company and shall act as the AC for the Company and its subsidiaries ("Group").
- 1.2 The members of the AC should be appointed by the Board, after taking into consideration the recommendations of the Nominating Committee. In determining the appropriate size and composition of the AC, the Board should in particular, take into consideration the necessary mix of skills and experience required for the AC to effectively discharge its responsibilities. The term of office and performance of the AC and each of its members must be reviewed by the Board at least once every 3 years to determine whether the AC and members have carried out their duties in accordance with the terms of reference.
- 1.3 If for any reason the number of AC members at any point in time is reduced to below 3, notification should be provided to BNM within 2 weeks. The notification should be addressed to Pengarah, Jabatan Penyeliaan Insurans dan Takaful ("JP3"). The Board should fill the vacancy/vacancies within 3 months.
- 1.4 Notification should also be provided to JP3 where any director ceases to be a member of the AC within 2 weeks of the cessation. Such notifications should include reasons for the cessation.

## 2. Independence of AC Members

- 2.1 No AC member should be employed in an executive position in the Company or its related corporations (as defined under section 6 of the Companies Act, 1965), or otherwise have a relationship which in the opinion of the Board will interfere with the exercise of independent judgment in carrying out the functions of the AC. In addition, members of the AC should not be directly responsible for, or part of any committee involved in, the management functions of the Group.
- 2.2 As best practice, all AC members should be independent. Where this cannot be achieved, the majority of the AC members, including the Chairman, should be independent.
- 2.3 An independent director shall comply with the criteria for independent director as prescribed by BNM and Bursa Securities.

## 3. Qualification, Experience, Knowledge and Skills

- 3.1 Candidates for the AC should have sound judgment, objectivity, an independent attitude, management experience and adequate knowledge of the industry. They should be committed to the task and demonstrate a keen perception of the internal control environment within the Group and an ability to make probing inquiries.
- 3.2 Collectively, the AC should have a wide range of necessary skills to undertake its duties and responsibilities. Ideally, all AC members should be able to understand the financial reporting process and be financially literate. At least one member of the AC:-
  - (a) must be a member of the Malaysian Institute of Accountants; or
  - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
    - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (c) fulfils any of the following requirements or the requirements as prescribed by Bursa Securities including any amendment that may be made from time to time by Bursa Securities:-
    - (i) a degree/master/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
    - (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants and at least 3 years' post qualification experience in accounting or finance; or
    - (iii) at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 3.3 No alternate Director shall be appointed as a member of the AC.
- 3.4 In addition, in view of the important role of the AC in ensuring that there are adequate checks and balances within the operations of the Group, all AC members, either individually or collectively, are also expected to be familiar with areas included in the scope of internal insurance audits, including risk management, underwriting, investment and claims management.

#### 4. Authority

- 4.1 The AC should have the authority to investigate any matter within its terms of reference and should have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Group.
- 4.2 The AC should be kept regularly updated on audit matters and be notified immediately of any fraud and significant irregularities or internal control deficiencies discovered by Management or the internal audit function. Fraud and irregularities discovered by Management should be referred to the Integrity Committee or internal audit function, where applicable, for investigation.
- 4.3 The AC should have access to copies of audit reports (including interim financial audits) on a timely basis and should be kept regularly informed of corrective actions arising from internal and external audit findings.
- 4.4 The AC should have adequate resources to perform its duties and discharge its responsibilities and should be authorised to obtain independent professional advice as considered necessary.
- 4.5 The AC should have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity.
- 4.6 The AC must be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and the employees of the Group, whenever deemed necessary.
- 4.7 The Chairman of the AC should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

#### 5. Meetings

- 5.1 The AC should hold regular meetings in order to effectively fulfil its duties.
- 5.2 In addition, the Chairman of the AC should call a meeting of the AC if requested to do so by any AC member, the Management or the internal or external auditors.
- 5.3 The quorum of AC meetings should be at least two thirds of the members with independent directors forming the majority.
- 5.4 While the AC may invite any person to be in attendance to assist it in its deliberations (e.g. relevant officers concerned in the management of the Group, the external auditors and the internal auditor), the AC should ensure that it meets exclusively when necessary.
- 5.5 The company secretary should act as secretary of the AC and should be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation, to AC members within a reasonable timeframe prior to each meeting.
- 5.6 The company secretary should also be responsible for keeping the minutes of meetings of the AC, their timely circulation to AC members and other members of the Board, and following up on outstanding matters in relation to the meetings.
- 5.7 The Chairman of the AC should report to the Board on the deliberations of the AC on a regular basis. In addition, the Chairman should also present a summary of all significant matters (highlighting the risks and implications) and resolutions made by the AC at Board meetings.

#### 6. Duties and Responsibilities

The AC's duties and responsibilities in relation to the internal audit and external audit functions should include the following:-

##### 6.1 Internal Audit

###### 6.1.1 Governance

6.1.1.1 The AC should:-

- (a) ensure that the internal audit function is distinct and has the appropriate status and the necessary authority within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives;
- (b) ensure the effectiveness of the internal audit function;



- (c) ensure the effective organisation of the internal audit function, with due regard to the professionalism, capacity and competence of the internal audit personnel;
- (d) review and approve the audit plan and budget required under Part B of BNM/RH/GL 013-4: Guidelines on Internal Audit Function of Licensed Institutions ("Guidelines on Internal Audit Function");
- (e) review the audit charter and submit its recommendation to the Board for consideration;
- (f) ensure that reporting relationships of the internal audit staff do not impede the exercise of independent judgment by the internal auditors. In particular, internal audit reports should not be subject to the clearance of the chief executive officer or any executive director;
- (g) ensure that the internal audit function is independent of the activities it audits and that the internal audit function reports directly to the AC; and
- (h) establish an appropriate mechanism to address and managing situations where there is a threat to the objectivity of the internal audit function.

6.1.1.2 The AC should also review the scope of internal audit procedures, in particular:-

- (a) any restrictions placed on access by the internal auditors to any of the Group's records, assets, personnel or processes which are relevant to the conduct of audits;
- (b) appropriateness of the risk assessment methodology employed pursuant to Part B of the Guidelines on Internal Audit Function to determine the frequency and scope of audits, having regard to the nature, size and complexity of the Group's operations;
- (c) compliance with internal auditing standards; and
- (d) coordination between internal and external auditors.

6.1.1.3 AC members should ensure that they are adequately informed of, and understand, the risks and implications of internal audit findings and recommendations. The AC should pay particular attention to internal audit assessments of:-

- compliance with the Group's policies, relevant laws and regulatory requirements;
- effectiveness of internal controls in critical areas of operations (e.g. accounting, underwriting, claims, investment, derivatives and information technology management); and
- Management's responsiveness to, and corrective actions taken in respect of, internal audit findings and recommendations.

6.1.1.4 The AC should ensure that all findings and recommendations are resolved effectively and in a timely manner.

6.1.1.5 The AC should note any significant disagreements between the internal auditor and Management irrespective of whether they have been resolved in order to identify any impact that this may have on the audit process or findings.

## 6.1.2 Resources and staffing

6.1.2.1 The AC should ensure on an on-going basis that the internal audit function has adequate and competent resources, given the size and complexity of the Group's operations. In this respect, the AC should:-

- (a) approve the appointment, remuneration, performance evaluation, transfer, dismissal and redeployment of the Chief Internal Auditor and senior officers of the internal audit function;
- (b) be informed of any resignation of the internal audit staff and reasons therefore, and provide resigning staff with an opportunity to submit reasons for their resignations; and
- (c) ensure that the compensation scheme of the internal audit function is consistent with the objectives and demands of the internal audit function.

6.1.2.2 The AC should ensure that internal audit staff receives necessary training to perform audit work. In this respect, there should be a programme of continuing education and training to enable the internal auditors to keep abreast of business trends and latest developments at both the institution and industry levels, as well as to enhance technical skills required to effectively support the audit function.

## 6.2 External Auditors

### 6.2.1 Appointment of external auditors

6.2.1.1 The AC is responsible for the appointment of the external auditors, having particular regard to the external auditors' objectivity, performance and independence.

6.2.1.2 The AC should:-

- (a) review and assess various relationships between the external auditors and the Group or any other entity that may impair or appear to impair the external auditors' judgment or independence in respect of the Group. This may include affiliations resulting from the Group's employment of former employees of the external auditors in senior positions within the Group;
- (b) review and assess fees paid to the external auditors, considering:-
  - the economic importance of the Group (in terms of total fees paid) to the external auditors;
  - fees paid for non-audit services as a proportion of total fees;
  - whether an effective, comprehensive and complete audit could be reasonably conducted for the audit fees paid.

The fees paid should not impair or appear to impair the external auditors' judgment or independence in respect to the Group;

- (c) investigate reasons for any request made by Management to dismiss the external auditors, or any resignation by the external auditors. The results of the investigation should be disclosed to the full Board together with the AC's recommendations on proposed actions to be taken. The decisions of the Board in relation to the recommendations made by the AC should be documented in the Board minutes, with a copy of the relevant minutes extended to JP3 within 2 weeks of the Board's decision;
- (d) review and report to the Board, any letter of resignation from the external auditors of the Group;
- (e) review and report to the Board, whether there is reason (supported by grounds) to believe that the external auditors of the Group is not suitable for re-appointment; and
- (f) recommend the nomination of a person or persons as external auditors.

### 6.2.2 Provision of non-audit services by the external auditors

6.2.2.1 Any provision of non-audit services by the Group's external auditors should be approved by the AC before the commencement of the service, or whenever there is a significant change in the level of services provided.

6.2.2.2 In considering the provision of non-audit services by the external auditors, the AC should have regard to restrictions on outsourcing to external auditors set out in BNM/RH/GL/003-4: Guidelines on Outsourcing for Insurers.

6.2.2.3 The AC's decisions with respect to the provision of non-audit services should be documented in a statement which outlines whether or not it believes the level of provision of non-audit services by the external auditors is compatible with maintaining auditor independence (together with supporting reasons).

### 6.2.3 Audit plan, findings and recommendations

6.2.3.1 The AC should review with the external auditors, the:-

- (a) audit plan prior to the commencement of the annual audit;
- (b) financial statements (before the audited financial statements are presented to the Board), including:-
  - whether the auditor's report contained any qualifications which must be properly discussed and acted upon to remove the cause of the auditors' concerns;
  - significant changes and adjustment in the presentation of financial statements;
  - major changes in accounting policies and principles;
  - alternative accounting treatments discussed with Management and the ramifications of the alternatives;
  - compliance with relevant laws and accounting standards;
  - material fluctuations in the statements;
  - significant variations in audit scope;
  - significant commitments or contingent liabilities; and
  - the validity of going concern assumptions.
- (c) audit reports, including obligatory reports to the BNM on matters covered under Section 72 of the Financial Services Act 2013 ("Act");
- (d) external auditors' evaluation of the Group's system of internal controls;
- (e) any significant disagreements between the external auditors and Management irrespective of whether they have been resolved; and
- (f) any other findings, issues or reservations faced by the external auditors arising from interim and financial audits.

6.2.3.2 The AC should review and monitor Management's responsiveness to, and actions taken on, external audit findings and recommendations. In this regard, the AC should ensure that all findings and recommendations are resolved effectively and in a timely manner.

6.2.3.3 In order to allow external auditors to express concerns, problems and reservations arising from financial audits effectively, the AC should meet at least twice a year with the external auditors without the presence of Management.

## 6.3 Other responsibilities

### 6.3.1 The AC should also:-

- (a) review:-
  - the Chairman's statement and preliminary announcements;
  - interim financial reports including quarterly results and year-end financial statements, focusing particularly on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements;
  - the corporate governance disclosure made pursuant to the requirements of BNM and Bursa Securities and be satisfied that any departure from such requirements and the circumstances justifying such departure are sufficiently explained;
  - all representation letters signed by Management, and be satisfied that the information provided is complete and appropriate;

- (b) review internal control issues identified by auditors and regulatory authorities on Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") and evaluate the adequacy and effectiveness of the internal controls for the Group's AML/CFT measures. At the minimum, the AC should:-
- ensure the roles and responsibilities of the internal auditor on AML/CFT are clearly defined and documented;
  - ensure that independent audits are conducted to check and test the effectiveness of the policies, procedures and controls for AML/CFT measures;
  - ensure the effectiveness of the internal audit function in assessing and evaluating the AML/CFT controls;
  - ensure the AML/CFT measures are in compliance with the Anti-Money Laundering and Anti-Terrorism Financing Act 2001, its regulations and the relevant guidelines on AML/CFT; and
  - assess whether current AML/CFT measures which have been put in place are in line with the latest developments and changes of the relevant AML/CFT requirements.
- (c) submit a written report on the audit findings on AML/CFT to the Board on a regular basis. The report should be used to highlight inadequacies of any AML/CFT measures and control systems within the Group;
- (d) review audit findings from internal and external auditors on risk management related issues, Management responses and ensure actions are taken based on the recommendations;
- (e) review the findings and reports of whistleblowing and fraud cases from the Integrity Committee and approve the pertinent recommended action including the closure of the cases in respect thereto, if deem fit;
- (f) review any related-party transactions and conflicts of interest situations that may arise within the Group including any transaction, procedure or conduct that raises questions of management integrity;
- (g) ensure that the insurance subsidiaries comply with Section 66 of the Act which requires an insurer to publish its financial statements from time to time subject to any standards specified by BNM;
- (h) ensure that the accounts of the Company and its subsidiaries are prepared in a timely and accurate manner for regulatory, management and general reporting purposes, with regular reviews carried out on the adequacy of provisions made;
- (i) ensure that supervisory issues raised by the BNM are resolved in a timely manner; and
- (j) ensure that the terms and scope of the engagement, the working arrangements with the internal auditors and reporting requirements are clearly established, if external experts are appointed to perform audit of specialised areas.

6.3.2 The AC shall also be responsible for any other functions as may be determined by the Board and reflected in its terms of reference.

## 7. Reporting to the BNM/Bursa Securities

- 7.1 The AC shall submit to the BNM, a summary of material concerns/weaknesses in the internal control environment of the respective companies within the Group noted during the year and the corresponding measures taken to address these weaknesses. This should be submitted together with the annual report on the AC and its activities which is submitted to the BNM pursuant to principle 18 of BNM/RH/GL/003-2: Prudential Framework of Corporate Governance for Insurers.
- 7.2 Where the AC is of the view that a matter reported by it to the Board had not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the AC must promptly report such matter to the Bursa Securities.



## MEETINGS

AC Meetings for 2015 has been scheduled in September 2014 and communicated to the AC Members to ensure their time commitment. During the financial year under review, the AC met 5 times to review, amongst others, the quarterly reports and annual financial statements of the Group prior to the same being submitted to the respective Boards for approval.

The AC Meetings are conducted in accordance with a structured agenda approved by the Chairman of AC. The agenda together with the minutes of AC Meeting and meeting papers are circulated to the AC members 2 weeks prior to each AC Meeting to accord sufficient time for the AC members to review and consider issues to be discussed at the AC Meetings. Urgent matters may be tabled for the AC's deliberation under a supplemental agenda. The meeting papers are prepared in accordance with a prescribed format aims to provide clear, comprehensive and concise information to the AC to facilitate their deliberation and decision making.

The Chief Executive Officers of the Company and its insurance subsidiaries, the Chief Financial Officer/Head of Finance of the Company and its insurance subsidiaries and the Head of Internal Audit Department ("IAD") are permanent invitees to the AC Meetings to facilitate the deliberation of the AC on matters within their purview.

The Meetings of the AC are transparent, with all proceedings and actions being recorded and documented. The Chairman of the AC reports to the Boards of the Company and its insurance subsidiaries on matters deliberated during the AC Meetings which are relevant to the respective companies. The minutes of the AC, upon confirmation, are presented to the respective Boards for information.

## SUMMARY OF ACTIVITIES

The following were the summary of activities carried out by the AC during the financial year ended 31 December 2015:-

### Internal Audit

- Reviewed the progress reports of the Group Internal Audit Plan 2015 ("2015 Plan") to ensure that the 2015 Plan was on track.
- Approved the Group 5-year (2016 – 2020) Internal Audit Plan, the scope and resource required.
- Reviewed various Internal Audit Reports covering core operations, non-core operations and IT and discussed the progress reports on various outstanding audit findings of the Company and its insurance subsidiaries. The AC noted that rectification measures were taken to address the audit concerns raised in the Internal Audit Reports. Nevertheless, it was revealed that the system of internal control over the audited areas including management oversight were adequate or with moderate shortcomings. Lapses/shortcomings reflected in the reports were deemed not significant or material and hence did not impact the effectiveness of the Group's overall internal control environment. Where appropriate, AC provided its opinions and directive to the respective Management to improve the existing processes and procedures based on the recommendations from the Internal Auditors.
- Reviewed the Independent Validation Reports for Perbadanan Insurans Deposit Malaysia ("PIDM") Differential Levy System ("DLS") Framework and Return on Calculation of Premiums ("RCP") ("Validation Reports") for the period from 1 January 2014 to 31 December 2014 prepared by the Head of IAD and External Auditors for the Company's insurance subsidiaries and approved the Validation Reports prepared by Head of IAD.
- Reviewed the results of the Quarterly Review performed by Allianz SE Group Audit on IAD and noted that overall performance of the IAD was rated Satisfactory.
- Reviewed the results of the self-assessment review of the IAD and noted that the overall performance of the IAD was rated Satisfactory. The AC was satisfied with the results of the self-assessment review of the IAD.
- Reviewed the resource requirements including remuneration and succession planning of the IAD to ensure quality of the resources.
- Evaluated the performance of the Head of IAD.
- Reviewed and recommended for the approvals of the Nominating Committee and the Board, the 2015 target letter of the Head of IAD.
- Noted the annual declaration of independence by the Head of IAD in respect of the internal audit activities carried out in year 2015.
- Held two private discussions with the Head of IAD without the presence of the Management.

### External Auditors

- Reviewed with the External Auditors, the interim audit findings of the general insurance subsidiary, the Management Letter issued by the External Auditors to the general insurance subsidiary and the Management responses to the audit findings, prior to presenting the same to the Board of the general insurance subsidiary.
- Reviewed with the External Auditors, the final audit findings of the Group, the Management Letters issued by the External Auditors to the insurance subsidiaries and the Management responses to the audit findings, prior to presenting the same to the respective Boards of the Group.
- Reviewed the performance assessment of KPMG, engagement partners and concurring partners based on the criteria prescribed by the relevant authorities amongst others, the level of knowledge, capabilities, experience and quality of previous work, level of engagement, ability to perform the audit work within the agreed time frame, adequacy in audit coverage, effectiveness in planning and conduct of audit, ability to provide constructive observations and independence. AC also reviewed and recommended for the approvals of the respective Boards of the Group, where applicable:-
  - (a) the re-appointment of KPMG as the External Auditors for the financial year 2015;
  - (b) the appointment of concurring partners of the Company and its insurance subsidiaries, nominated by KPMG;
  - (c) the appointment and re-appointment of the respective engagement partners of the Company and its insurance subsidiaries, nominated by KPMG;
  - (d) the re-appointment of KPMG to review the Statement on Risk Management and Internal Control ("SRMIC") of the Company for the financial year 2015; and
  - (e) the re-appointment of KPMG for the professional services in relation to independent validation to PIDM in respect of DLS Quantitative Information and RCP of the Company's insurance subsidiaries ("Validation Program").
- Reviewed and recommended for the approvals of the respective Boards of the Group, where applicable:-
  - (a) the respective audit fees for the financial year 2015;
  - (b) the interim audit fee for the review of the interim financial statements for the financial period ended 30 September 2015 ("Interim Report") of the general insurance subsidiary; and
  - (c) the fees for the Validation Program.
- Reviewed and recommended for the approvals of the respective Boards of the Group, where applicable, the KPMG's engagement letters in relation to:-
  - (a) re-appointment as External Auditors for the financial year 2015;
  - (b) review of SRMIC of the Company for the financial year 2015;
  - (c) review of Interim Report of the general insurance subsidiary;
  - (d) re-appointment as External Auditors for the Investment-Linked Funds for the financial year 2015 of the life insurance subsidiary; and
  - (e) issuance of Validation Reports to PIDM in respect of the Validation Program for the Company's insurance subsidiaries.
- Reviewed and endorsed the audit plan of the External Auditors for the Group for the financial year 2015, covering areas, inter-alia, audit methodology, audit timeline, audit materiality, preliminary audit risk assessment in the respective risk areas and the planned audit approach and significant audit issues.
- Noted the independence confirmation by KPMG, the engagement partners, engagement quality control reviewer and members of the engagement team.
- Held two private discussions with the External Auditors without the presence of the Management, to ensure that their independence is not compromised and on any matters that may warrant the AC's attention.

### Financial Matters

- Reviewed and recommended for the approvals of the respective Boards of the Group, where applicable:-
  - (a) the Audited Financial Statements and Directors' Reports of the Group for the financial year ended 31 December 2014;
  - (b) the audited and unaudited consolidated quarterly reports of the Group;
  - (c) the Audited Financial Statements for Investment-Linked Funds of the life insurance subsidiary for the financial year 2014;
  - (d) the Interim Report of the general insurance subsidiary;
  - (e) the unaudited interim financial statements for the half-year ended 30 June 2015 of the Company's insurance subsidiaries; and
  - (f) the audited annual returns for the financial year 2014 of the Company's insurance subsidiaries.
- Reviewed and recommended for the approvals of the respective Boards of the Group, where applicable:-
  - (a) the Management Representation Letters to the External Auditors in respect of the statutory audits for the financial year 2014 of the Group; and
  - (b) the SRMIC and Management Representation Letter on SRMIC of the Company for the financial year 2014.

### Others

- Prepared and submitted to BNM, the annual AC Reports in respect of the internal control environments of the insurance subsidiaries for the financial year 2014.
- Reviewed and recommended for the approvals of the respective Boards of the Company's insurance subsidiaries, the respective Audited Reporting Forms in relation to Risk-Based Capital Framework for the financial year 2014.
- Reviewed and recommended for the approval of the Board, the Chairman's Statement, AC Report and the Statement on Corporate Governance for inclusion in the Annual Report of the Company for the financial year 2014.
- Reviewed and recommended for the approvals of the respective Boards of the Company and its insurance subsidiaries, where applicable:-
  - (a) the new and existing related party transactions ("RPTs") including recurrent RPTs ("RRPTs") which are not more favourable to related parties than those generally available to the public and are not to the detriment of the minority shareholders and the announcement to Bursa Securities in relation thereto; and
  - (b) the disclosure of RRPTs' outstanding amount due from related parties, for inclusion in the Company's circular to shareholders in relation to RRPTs ("Circular").
- Reviewed the review procedures for RRPTs ("Review Procedures") to ensure that RRPTs are not more favourable to related parties than those generally available to the public and are not to the detriment of the minority shareholders.
- Reviewed and approved the AC Statement in respect of the Review Procedures for inclusion in the Circular. The AC was of the view that the Review Procedures are sufficient to ensure that the RRPTs are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner.
- Reviewed and recommended for ratification by the respective Boards of the Company's insurance subsidiaries, the RPTs entered into by the insurance subsidiaries for the periods from 1 January 2014 to 31 December 2014 and from 1 January 2015 to 30 June 2015 which were not fall within the Company's shareholders mandate.
- Noted the BNM's 2014 supervisory review observation on the Company's insurance subsidiaries and deliberated the Management's responses and action plans to address concerns raised by BNM and its progress.
- Deliberated the progress of the action plans in respect of the 2013 supervisory review by BNM on the Company's insurance subsidiaries.

**Others (Continued)**

- Reviewed the report on Regional Transversal Audit on Executive Compensation and Travel and Entertainment for the Group conducted by Allianz SE Group Audit together with the Regional Head of Audit, Asia and noted that the overall compensation processes of the Group was rated Improvement Needed.
- Reviewed and recommended for the adoption of the respective Boards of the Company and its insurance subsidiaries, the Allianz SE Group's Accounting and Reporting Policy, which covers the Group's reporting to the Allianz Regional Office and Allianz SE Group for the purpose of meeting the external reporting requirements, together with the proposed actions by the Management of the respective companies in respect thereto.
- Noted the revised guidelines on Financial Reporting issued by BNM.
- Reviewed and recommended for the approvals of the respective Boards of the Company and its insurance subsidiaries, the revised Group Policy on Audit and Non-Audit services provided by External Auditors.
- Noted the development in laws and regulations in relation to Goods and Services Tax ("GST") for life insurance subsidiary.
- Reviewed the new/updates of reported whistleblowing communications.
- Discussed and reviewed the findings and recommendations by the Integrity Committee on the reported fraud cases and new fraud cases discovered. AC noted that there were no fraud cases of material or significant impact detected during the year.
- Reviewed the results of the 2014 Anti-Corruption and Anti-Fraud Risk Assessment of the Company and its insurance subsidiaries and the associated action plans in place. AC noted that the overall risk ratings were low for the Company and its insurance subsidiaries respectively.
- Reviewed and approved the terms of reference of the Integrity Committee of the Group.
- Reviewed and recommended for the approval of the respective Boards of the Company and its insurance subsidiaries, where applicable:-
  - (a) the revised Group's Whistleblowing Policies and Procedures;
  - (b) the revised Group's Anti-Fraud Policy; and
  - (c) the revised terms of reference of the AC.
- Reviewed and recommended for the approval of the Board of the life insurance subsidiary:-
  - (a) the funding of GST amount chargeable on insurance supplies for the period spanned 1 April 2015;
  - (b) the propose revaluation of property, plant and equipment; and
  - (c) the ratification on the write-off of related party outstanding balances.
- Reviewed and recommended for the approval of the Board of the general insurance subsidiary, the write-off of the uncollectible GST amount chargeable on insurance premium for the period spanned 1 April 2015.



## TRAINING

During the financial year ended 31 December 2015, AC members have attended various conferences, seminars and training programmes and the details of the conferences, seminars and training are reported under the Statement on Corporate Governance of this Annual Report.

## INTERNAL AUDIT FUNCTION

The internal audit function of the Company is carried out by the IAD, which is independent of business operations. The primary objective of the IAD is to assist the Management, AC and the Boards of the Group in the effective discharge of their responsibilities. This is performed through the independent assessment and appraisal of the internal controls and the evaluation of the effectiveness of risk management system and corporate governance process of the Group to ensure that organisational and management controls are adequate and effective, in line with the Group's goals. It includes promoting and recommending cost effective controls for safeguarding the Group's assets and minimising the opportunities for error and fraud.

During the financial year ended 31 December 2015, the IAD carried out its duties in accordance with its Audit Charter. All internal audit reports which incorporated the Management's responses and action plans were tabled for discussion at the AC Meetings. Follow-up audits are also performed to monitor continued compliance and quarterly updates on the progress of the management plan are submitted to AC for deliberation and discussion.

An annual audit plan is developed based on annual risk assessment and approved by the AC. A total of 43 internal audit assignments were carried out during the financial year ended 31 December 2015 according to the annual audit plan. A total of 47 internal audit reports generated during the financial year ended 31 December 2015 were reviewed and deliberated by the AC. There were no significant or material audits findings detected during the financial year ended 31 December 2015.

The audit scope covers auditable areas encompassing Sales and Distribution, operational process i.e. underwriting, claims, reinsurance, policy servicing, collection and cashiering at Head Office and Branches, Business Continuity Management, Compliance Review, back office function such as Operation Support, Sourcing and Procurement, Human Resource, Investment and Information Technology and Systems.

The IAD also established a follow-up audit review to monitor and ensure that audit recommendations have been effectively implemented. The progress reports of the audit observations on remedial measures taken by the Management of the respective companies were tabled at the AC Meetings for the AC's review.

The total cost incurred by the IAD in discharging the internal audit functions of the Group for the financial year 2015 was RM2.8 million (2014: RM2.7 million).

# STATEMENT ON CORPORATE GOVERNANCE

## Another Landmark Year In Our Corporate Governance Journey

Commitment to high standards of corporate governance is in the DNA throughout all levels in the Company. The Company has the privilege to receive several accolades in 2015, as recognition of the Company's effort in pursuing high standard of corporate governance.



The Company was awarded Excellence Award for Top 5 Corporate Governance & Performance (Overall) and Merit Award for Most Improved at the Minority Shareholder Watchdog Group – ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 – The Malaysian Chapter at the Sime Darby Convention Centre on 10 December 2015.

The Company received the Outstanding Achievement Award for being one of Malaysia's top two public listed companies (PLCs) in terms of most improved scores from 2013-2015 based on the results of the ASEAN Corporate Governance Scorecard (Scorecard) at the inaugural ASEAN Corporate Governance Conference and Awards (ACGCA) in Manila, Philippines on 14 November 2015.

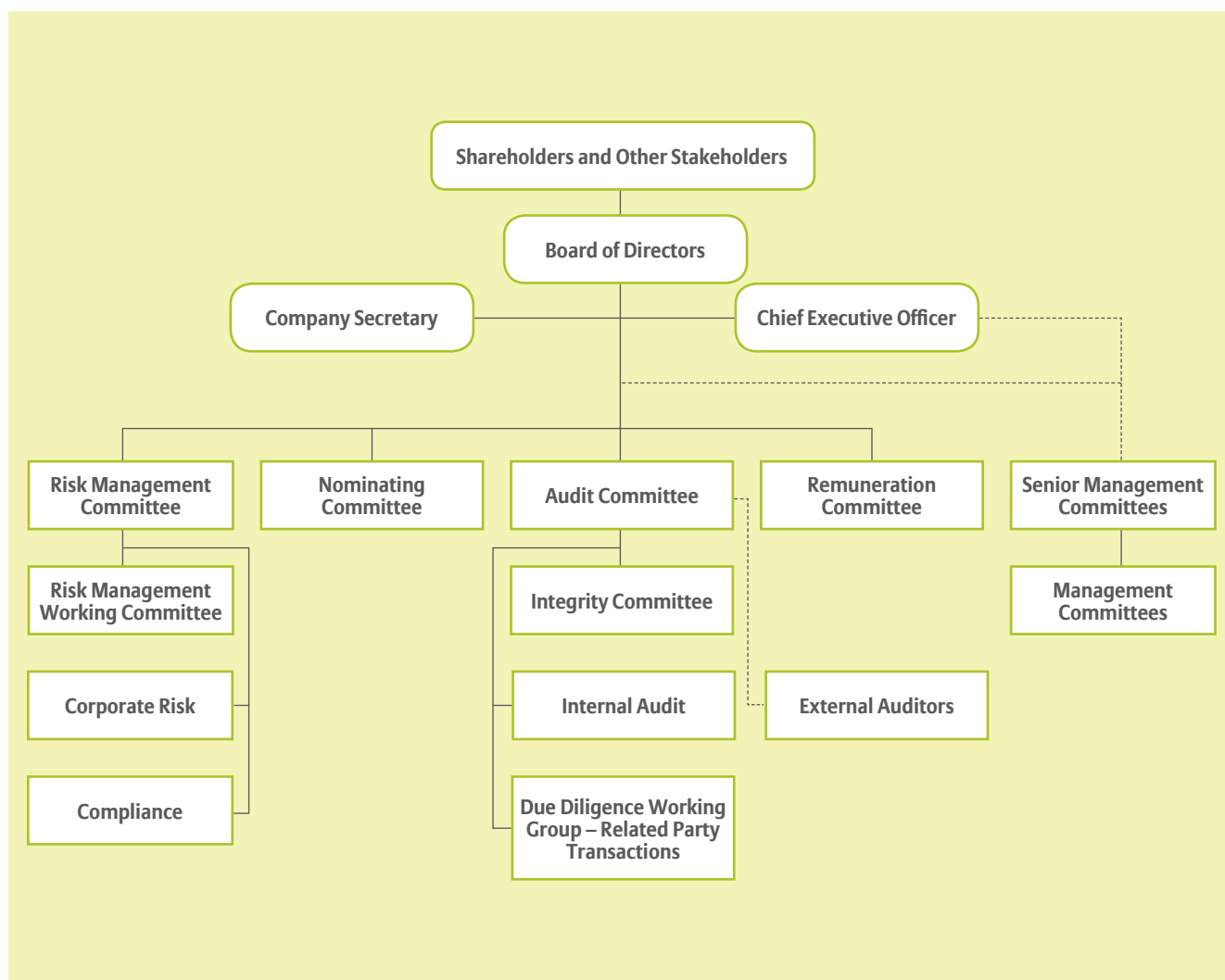


The Board of Directors is fully committed in ensuring that the highest standards of corporate governance are practiced throughout Allianz Malaysia Berhad ("Company") and its subsidiaries (collectively referred to as "Group") as a fundamental obligation of discharging their duties and responsibilities to deliver long-term sustainable value and protect the interests of the Group's shareholders and all other stakeholders.

The Group's corporate governance practices are formulated based on the following statutory requirements, best practices and guidelines:-

- (a) Prudential Framework of Corporate Governance for Insurers ("CG Framework") issued by Bank Negara Malaysia ("BNM");
- (b) Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities");
- (c) Principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") issued by Securities Commission Malaysia;
- (d) Corporate Governance Guide: Towards Boardroom Excellence 2nd Edition (CG Guide) issued by Bursa Securities; and
- (e) Minority Shareholder Watchdog Group's Malaysia-ASEAN Corporate Governance Scorecard.

The following chart illustrates the Corporate Governance framework adopted by the Group:-



The Board of Directors is pleased to set out below the manner in which the Group has applied the principles of good governance and the extent to which it has complied with the recommendations and/or best practices prescribed under the CG Framework, the Listing Requirements and the Code, where applicable:-

## 1. BOARD OF DIRECTORS

### Board Charter

The Board has established a Board Charter which encompasses, among others, the Board's role, duties, responsibilities, powers, code of conduct, division of responsibilities and powers between the Board and Management and between the Chairman and the Chief Executive Officer, the terms of reference of the Board Committees, the performance evaluation process for the Directors and Board Committees, to serve as a guide or key reference points for the Directors and the stakeholders.

The Board Charter will be reviewed periodically and made available on the Group's website.



The Board Charter of the Company is made available on the Group's website at [allianz.com.my](http://allianz.com.my) > About us > corporate-profile > corporate governance > Board Charter

### Board Responsibilities

Directors are accountable to the shareholders and therefore should use their best efforts to ensure that the Company is properly managed and constantly improved so as to protect and enhance shareholders value and to meet the Company's obligations to all parties with which the Company interacts. The Board assumes, among others, the following responsibilities:-

- (a) Reviewing and approving the strategic plan for the Company;
- (b) Formalise the Company's strategy on promoting sustainability;
- (c) Overseeing the conduct of the Company's business to ensure that the business is properly managed towards achieving the Company's corporate objectives;
- (d) Identifying key business risks, determining the risk appetite of the Company, and ensuring the implementation of appropriate systems to manage risks within established risk-tolerance limits;
- (e) Succession planning, including the appointment, training, remuneration and performance review of Senior Management;
- (f) Ensuring the adequacy and integrity of the Company's internal control and management information systems, including systems for monitoring compliance with applicable laws, regulations, rules, directives and guidelines;
- (g) Overseeing the development and implementation of a shareholder communications policy for the Company; and
- (h) To safeguard the integrity and credibility of the Company.

Please refer to the Board Charter for detailed responsibilities of the Board. The responsibilities of the Board as stipulated in the Board Charter are also applicable to the subsidiaries of the Company.

### Board Professionalism

#### Code of Conduct

The Directors' Code of Ethics is formulated based on the Code of Ethics for Directors established by the Companies Commission of Malaysia. It aims to enhance the standard of corporate governance and corporate behavior based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The detailed Code of Ethics for Directors is set out in the Board Charter.

The Board has also adopted the Allianz SE Group's Code of Conduct for Business Ethics and Compliance ("Allianz Group Code of Conduct"). The Allianz Group Code of Conduct sets the minimum standards for the conduct of all employees, managers and Executive Directors, which covers the areas among others, fair and regulatory conduct of business, non-discrimination, protect of client data/information, insider trading, potential conflicts of interest, complaints management, financial reporting, no corruption or bribery, acceptance and granting of gifts and other benefits, prevention of money laundering and financing of terrorism, ethical conduct of business and whistleblowing. The Allianz Group Code of Conduct is attached to the Board Charter.



**Conflicts of Interest**

In ensuring that the decision making process is transparent and to the best interest of the Company, all Directors and staff including the Chief Executive Officer are required to declare their interest in other entities on an annual basis. In addition, they are also required to disclose to the Company, any circumstances that may give rise to a conflict of interest situation during the course of carrying out their duties.

The Directors are required to make a declaration at the Board Meeting in the event that they have interests in the proposals or subject matters being considered by the Board, including where such interest arises through close family members, in line with the requirements on disclosure of Director's interest. A Director who has a direct or deemed interest in a subject matter presented at the Board/Board Committees Meeting shall abstain from deliberation and voting on the said subject matter. The minutes of meeting would also reflected as such.

In the event the corporate proposals is required to be approved by shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in the Company on the resolutions relating to the corporate proposal, they are also required to undertake to ensure that persons connected with them abstain from voting on the resolutions.

The Audit Committee regularly review the disclosures of the directorships and shareholdings held by Directors and persons connected with them.

**Insider Trading**

Directors and Senior Management of the Group ("Affected Parties") are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced. In addition, Affected Parties are prohibited from dealing in the securities of the Company during closed period which commencing 30 calendar days before the targeted date of announcement of the Company's quarterly results to Bursa Securities up to the date of the announcement.

In ensuring that the Affected Parties complied with the above trading requirements, notices with regard to the closed period for trading in the Company's securities are issued by the Company Secretary to the Affected Parties at least 7 days prior to the commencement of the closed periods. The notices also set out the circumstances and procedures need to be followed if the Affected Parties who is not in possession of price-sensitive information may engage in dealing in the Company's securities during the closed period.

The Affected Parties who wish to deal in the securities of the Company outside closed period must give a notice of dealing to the Company Secretary within 3 market days after the dealing has occurred and the Company Secretary must immediately announce such notice to Bursa Securities.

In 2015, none of the Directors dealt in the Company's securities during the closed period.

**Directorships**

Directors should devote sufficient time to carry out their responsibilities. The Board should obtain this commitment from its members at the time of appointment. Prior to the acceptance of any new directorship, Director should notify the Board and give assurance that the new appointment shall not affect their time commitment in the Company.

Directors are required to disclose changes in their interest including their directorships to the Company Secretary within 14 days from the changes, such disclosure will be circulated to the Board members within 7 days upon receipt and tabled at the Audit Committee and Board Meetings for information and record. Such changes will be immediately updated in the related party listing of the Group.

The Company Secretary monitors the number of directorships held by each Director and advises the Directors on new appointments. The Company Secretary obtained declaration from the Directors of their directorships and shareholdings in other companies on half yearly basis. Such declaration will be tabled at the Audit Committee and Board Meetings scheduled in February and August for the Audit Committee and Board's information and the related party listing of the Group will be updated accordingly.

In line with the directorship requirements of Bursa Securities, all Directors hold not more than 5 directorships in public listed companies. The Directors' number of directorship in public listed companies (including the Company) are set out below:-

Directors	No. of directorship in public listed companies
Tan Sri Razali Bin Ismail	3
Foo San Kan	3
Dato' Dr. Thillainathan A/L Ramasamy	2
Tan Sri Datuk (Dr.) Rafiah Binti Salim	3
Tunku Zain Al-Abidin Ibni Tuanku Muhriz	2
Zakri Bin Mohd Khir	1
Ong Eng Chow	1

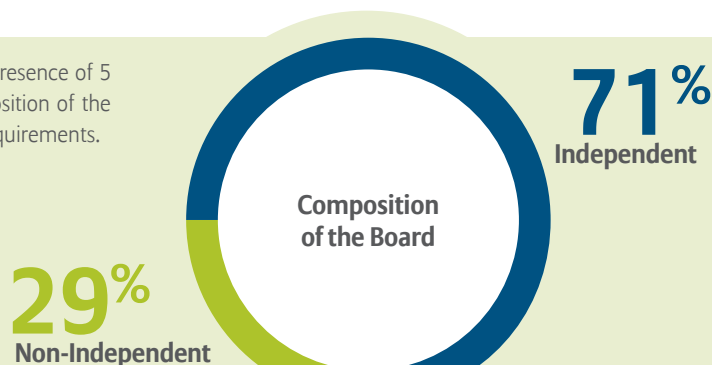
### Fit and Proper Requirements

All Directors must fulfilled the criteria of "a fit and proper person" for their appointment as Directors as prescribed under the Financial Services Act 2013 ("FSA") and the BNM's Guidelines on Fit and Proper for Key Responsible Persons. In addition, the Group has in place a Fit and Proper Policy and Procedures for Key Responsible Persons to assess the fitness and propriety of the key responsible persons including Directors. Key Responsible Persons of the Group refer to key personnel who are accountable or responsible for the management and oversight of the respective companies within the Group. The Group also adopted the Allianz SE Group Fit and Proper Policy to safeguard a high Fit and Proper standard across the Allianz SE and its subsidiaries ("Allianz SE Group") for Senior Management and key function members.

All Directors as well as Key Responsible Persons are required to make an annual declaration that they fulfilled the minimum criteria of "a fit and proper person" as prescribed in Sections 59(1), (2) and (3) of the FSA. Such declaration are tabled at the Nominating Committee for review prior to the same being presented to the Board.

### Board Composition and Balance

The Board comprises 2 Executive Directors and a strong presence of 5 Independent Non-Executive Directors. The present composition of the Board is in compliance with Chapter 15.02 of the Listing Requirements.



Size and composition of the Board are appropriate and well balanced to cater for the interest of the majority and minority shareholders as well as the business of the Company. Membership of the Board is drawn from various fields with a balance of skills and experiences appropriate to the business of the Company. All Directors are persons of high caliber, integrity and possessed the skills, knowledge and experience in their respective fields and hence enable the Board to discharge its responsibilities in an effective and competent manner.

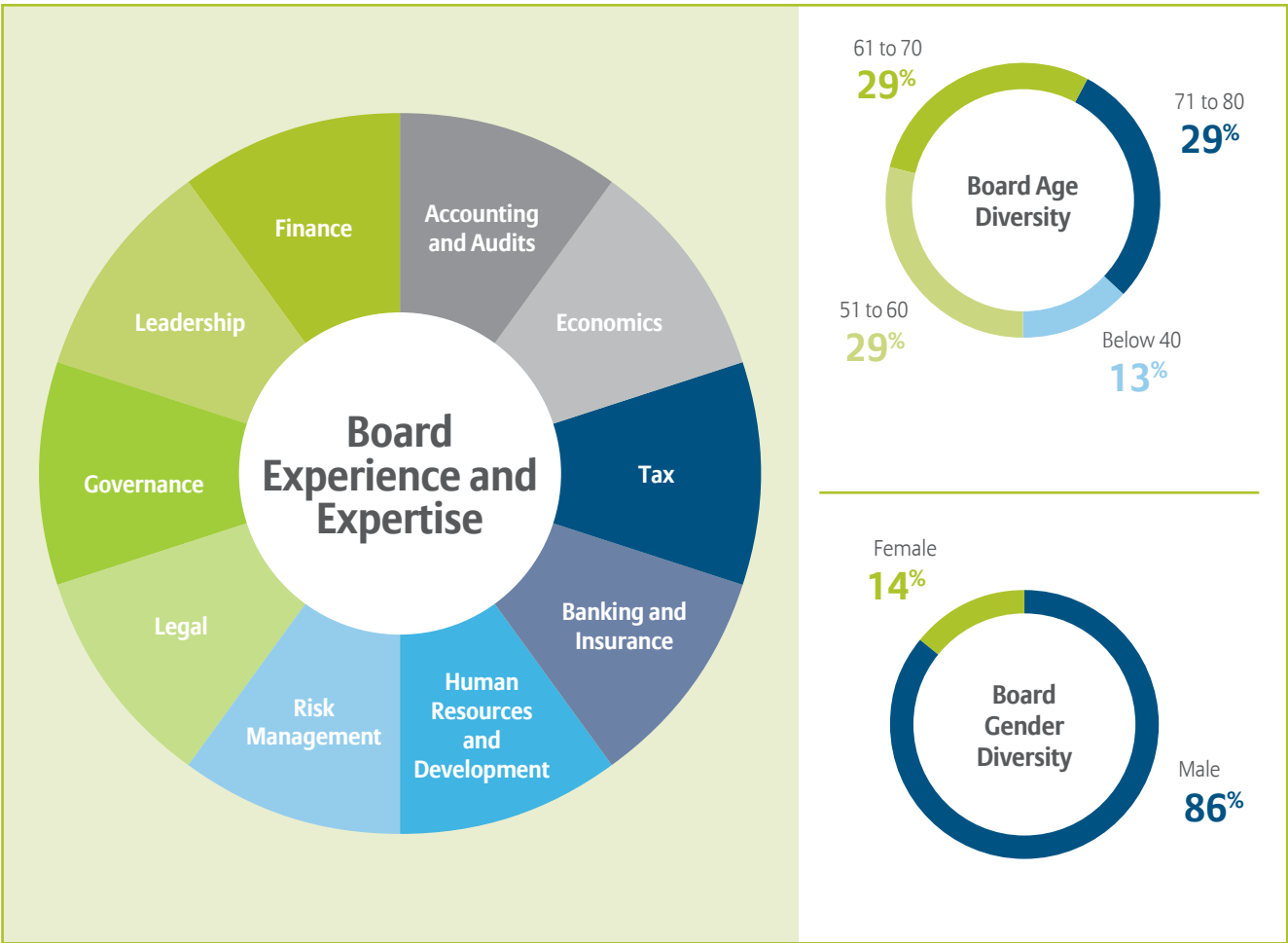
The Executive Directors are nominees of the Company's Holding Company and represent the Management of the Company. The Executive Directors provide business insights to the Board and formulate business strategies and plan and accountable for business performance of the Group.

The Nominating Committee performs an annual review of the composition of the Board in terms of the appropriate size and mix of skills, balance between Executive, Non-Executive and Independent Non-Executive Directors as well as diversity including gender diversity and other core competencies required ("Composition Mix") to ensure the Composition Mix is appropriate and relevant to the business of the Company.

The profiles of the Board of Directors are set out in the Board of Directors' Profiles of this Annual Report.

### Board Diversity

The Group recognises the important of a diverse workforce and abides by the principle of non-discrimination at the workplace based on age, disability, gender, race, religion, political preference and support diversity by recruiting according to skills, knowledge, experience, talents and ability rather than based on gender, race and ethnicity.



The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. A diverse Board facilitates optimal decision making by harnessing different insights, perspectives, experience and exposure.

The Board's commitment to diversity permeates throughout all levels of the organisation including the appointment of candidate to the Board.

Whilst the Board supports the universal move to appoint more women Directors to the Board, the Board is guided by the principal that appointment of new Board member shall not be based solely on gender but rather the candidate's skill set, competencies, experience and knowledge in areas identified by the Board.

The Nominating Committee will ensure that women candidates be included in the evaluation process for appointment of new Directors to the Board.

### Nomination and Appointment of Directors

The Board nomination and appointment of Directors is a vital process as it determines the composition and quality of the Board's capacity and competency. The Nominating Committee is entrusted by the Board to review candidates for appointment to the Board.

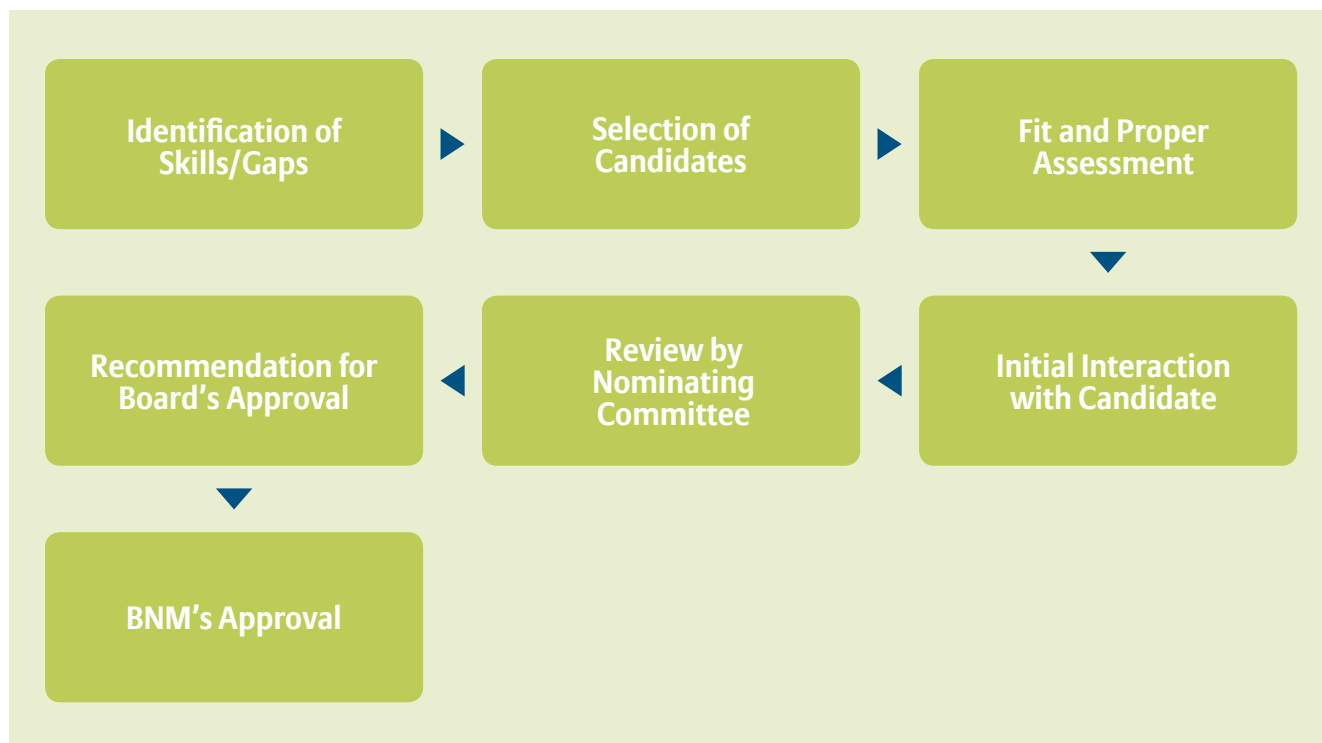
The Nominating Committee in making its recommendation on candidates for directorship will consider the candidate's:-

- (a) skill, knowledge, competencies, expertise and experience;
- (b) professionalism;
- (c) integrity;
- (d) commitment, contribution and performance; and
- (e) in the case of candidate for the position of Independent Non-Executive Directors, the Nominating Committee should also evaluate the candidate's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The appointment of Directors to the Board shall be subject to the prior approval of BNM pursuant to Section 54(2) of FSA. All appointments of Board members are subject to the evaluation by the Nominating Committee and approved by the Board before the applications are submitted to BNM for approval.

The Board leverages on the Directors' network, shareholders' recommendation and industry database to source for potential candidates for appointment to the Board.

The Group is guided by the following process and procedures for nomination of new candidates:-





### Re-Election and Re-Appointment of Directors

In accordance with the Articles of Association of the Company, one third of the Directors shall retire by rotation at each Annual General Meeting and that a Director who is appointed during the year shall be retired at the next following Annual General Meeting. The Articles of Association further provide that all Directors shall retire from office at least once in every 3 years.

In addition, any Director who attains the age of 70 is required to submit himself/herself for re-appointment annually pursuant to Section 129(2) of the Companies Act, 1965.

The Nominating Committee reviews and assesses the performance of the Directors who are subject to re-election/re-appointment at the Annual General Meeting based on the following criteria as approved by the Board and submits its recommendation to the Board for consideration prior to the proposed re-election/re-appointment being presented to the shareholders for approval:-

- (a) Compliance with prescriptive requirements by regulators;
- (b) Participation in Board and Board Committees' Meetings;
- (c) Contribution to interaction;
- (d) Quality of input; and
- (e) Understanding of role.

The evaluation process and procedures for re-election/re-appointment practiced within the Group are as follows:-

**Evaluation by Nominating Committee members on the Directors who are subject to re-election/re-appointment**

**The evaluation results will be submitted to the Nominating Committee for review**

**The Nominating Committee will assess the evaluation results**

**The findings and recommendation of the Nominating Committee together with the evaluation results will be submitted to the Board for decision**

### Board and Directors' Performance Evaluation

The following performance evaluation processes were established to evaluate the performance of the Board, individual Directors, Board Committees and their members:-

Type of Evaluation	Evaluated By	Evaluation Criteria	Evaluation Process and Procedures
Annual Performance Evaluation on the Board	Peers	Covers the areas, among others:- <ul style="list-style-type: none"> <li>• Roles and responsibilities</li> <li>• Conformance and compliance</li> <li>• Stakeholder relationships</li> <li>• Performance management</li> </ul>	(a) The evaluation forms approved by the Board will be circulated to the Directors for completion.  (b) The responses will be collated by the Company Secretary and the summary of the evaluation results on the Board and individual Directors will be submitted to the Nominating Committee for review.
Annual Performance Evaluation on Individual Directors	Peers	Covers the areas, among others:- <ul style="list-style-type: none"> <li>• Directors' compliance with prescriptive requirements imposed by regulators</li> <li>• Participation in Board and Board Committees</li> <li>• Contribution to interaction</li> <li>• Quality of input</li> <li>• Understanding of role</li> </ul>	(c) Thereafter, the findings and recommendation of the Nominating Committee together with the summary of the evaluation results will be submitted to the Board for deliberation.
Annual Performance Evaluation on Board Committees and their members	Nominating Committee	Covers the areas, among others:- <ul style="list-style-type: none"> <li>• Composition</li> <li>• Quality of inputs</li> <li>• Level of experience</li> <li>• Contribution and performance</li> <li>• Timely reporting</li> </ul>	(a) The evaluation forms approved by the Board will be circulated to the Nominating Committee members for completion.  (b) The responses will be collated by the Company Secretary and the summary of the evaluation results on the Board Committees and their members will be submitted to the Nominating Committee for review.  (c) Thereafter, the findings and recommendation of the Nominating Committee together with the summary of the evaluation results will be submitted to the Board for deliberation.

### Independent Non-Executive Directors

An Independent Non-Executive Director is a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company.

The primary responsibility of Independent Non-Executive Directors is to protect the interest of minority shareholders and other stakeholders. The effective participation of Independent Non-Executive Directors serves to promote greater accountability and balance in the Board's decision-making process.

The responsibilities of an Independent Non-Executive Directors, among others, include the following:-

- (a) to enhance the independence and objectivity of the Board's deliberations from the executive arm of the Company;
- (b) to mitigate any possible conflict of interests between the policy-making process and the day-to-day management of the Company;
- (c) to constructively challenge and contribute to the development of strategies for the Company;
- (d) to ensure that the Board uses adequate systems and controls to safeguard the interests of the Company;
- (e) to provide the 'check and balance' function to the Board; and
- (f) to monitor and provide an objective view on the performance of Executive Directors and Management in meeting the agreed goals and objectives.

Independent Non-Executive Directors made up more than half of the Board members. All of them complied with the requirements of Independent Director as prescribed by BNM and Bursa Securities. By virtue of their roles and responsibilities as prescribed by BNM and Bursa Securities, they are in effect, representing the interest of the minority shareholders of the Company. The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to Board deliberations and decision-making, so that no single party can dominate such decision-making in the Company.

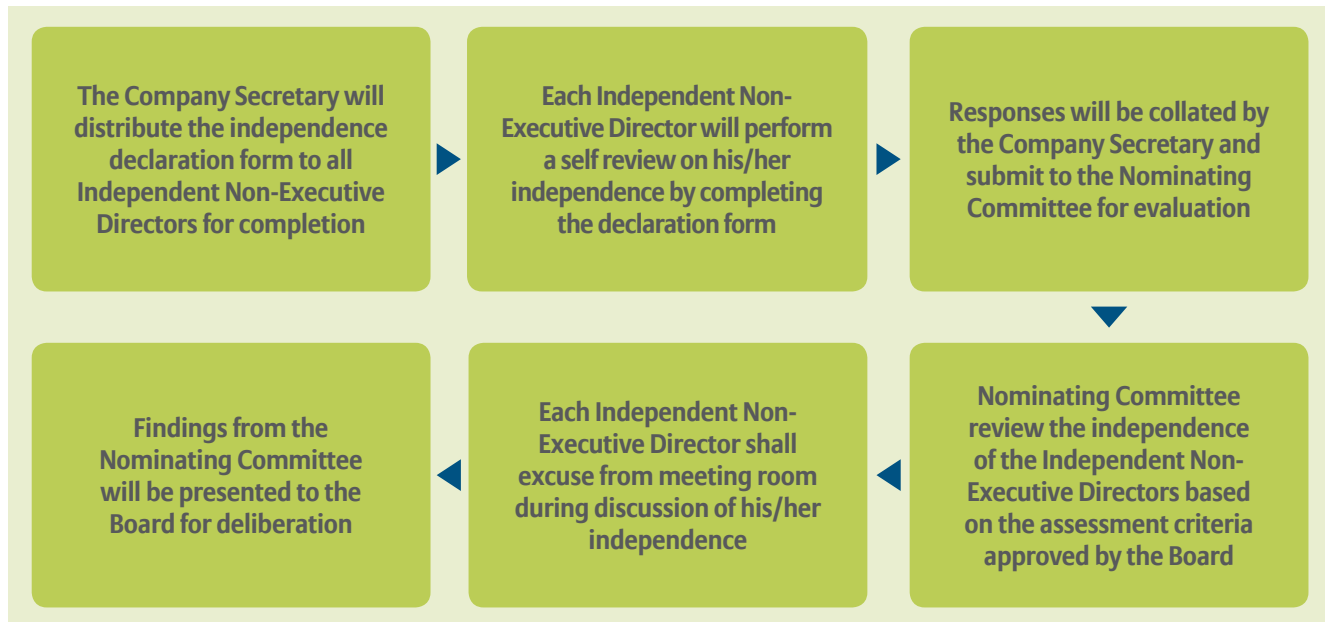
The Board is chaired by an Independent Non-Executive Director who does not represent the interest of the controlling shareholder. The Chairman and the Independent Non-Executive Directors do not engage in the day-to-day management of the Company or participate in any business dealings with the Group, do not have any equity interest in the Company or its related corporation and do not have any relationship with the substantial shareholders that could materially interfere their exercise of independent judgment.

The Independent Non-Executive Directors engage proactively with the Management, the Risk Management, Compliance and Human Resource functions and with both the external and internal auditors via their respective roles as the Chairman or members of the Board Committees, to ensure that concerns and issues relevant to the Management and oversight of the business and operations of the Group are properly addressed.

The Board, through the Nominating Committee, evaluated the independence of the Independent Non-Executive Directors using the assessment criteria as approved by the Board taking into account, among others, the Independent Non-Executive Directors' contribution, ability to display independent judgment in the boardroom, family relationship, contractual relationship, shareholding in the Group and financial links with other Directors or shareholders of the Group.

Assessment of independence of the Independent Non-Executive Directors will be conducted annually, upon admission of Independent Non-Executive Director and more frequently when a change in position or relationship warrants it or when any new interest or relationship develops.

The following illustrates the evaluation process of Independent Non-Executive Directors:-



### Tenure of Independent Non-Executive Directors

In line with the recommendation of the Code, the maximum tenure of services for Independent Non-Executive Directors in the Group has been revised from 12 years to 9 years.

An Independent Non-Executive Director who has served the Board for a consecutive service of more than 9 years may continue to serve on the Board but in the capacity of a Non-Independent Non-Executive Director. The shareholders could, in exceptional cases and subject to the assessment of the Nominating Committee, decide that an Independent Non-Executive Director can remain as an Independent Director after serving a cumulative term of 9 years. In such a situation, the Board must make a recommendation and provide strong justification to the shareholders in the Annual General Meeting. The Company should seek shareholders' approval at the nearest Annual General Meeting before the Independent Non-Executive Director serves for a cumulative term of 9 years. Shareholders' approval should be sought annually if the Company wishes to retain the Independent Non-Executive Director who has served for more than 9 years.

As at the date of this Statement, save for Mr. Foo San Kan, none of the Independent Non-Executive Directors of the Company has served for a cumulative term of 9 years. The tenure of the Independent Non-Executive Directors as at 25 May 2016 are as follows:-

Directors	No. of years of tenure
Tan Sri Razali Bin Ismail	7 years 3 months
Foo San Kan	10 years 6 months
Dato' Dr. Thillainathan A/L Ramasamy	4 years 11 months
Tan Sri Datuk (Dr.) Rafiah Binti Salim	3 years 6 months
Tunku Zain Al-Abidin Ibni Tuanku Muhriz	1 year 6 months

The Nominating Committee having assessed the independence of Mr. Foo San Kan, recommended to the Board for Mr. Foo San Kan to continue to act as an Independent Non-Executive Director of the Company, after serving for a cumulative term of more than 9 years, based on the justification as detailed in pages 105 and 106 of this Annual Report.

The Board accepted the recommendation of the Nominating Committee and recommended for shareholders' approval at the 42nd Annual General Meeting of the Company, the proposal for Mr. Foo San Kan to continue to act as an Independent Non-Executive Director of the Company after serving for a cumulative term of more than 9 years.

Mr. Foo San Kan has expressed his willingness to continue to act as an Independent Non-Executive Director of the Company.

## Directors' Remuneration

The Board adopted a remuneration policy for Directors which sets out that Directors' remuneration shall be determined based on the following criteria:-

- overall performance of the Group (only applicable to Executive Directors);
- level of responsibility;
- expertise;
- complexity of the Company's activities; and
- attendance at meetings.

Individual Directors shall abstain from discussion of their own remuneration.

### Procedure

The Remuneration Committee recommends to the Board the remuneration to be paid to each Director based on the remuneration policy as approved by the Board. It is nevertheless the ultimate responsibility of the entire Board to decide the quantum for each Director.

### Disclosure

The composition of the remuneration for the Non-Executive Directors (who are not representing the interest of the major shareholders) are as follow:-

- (a) annual fixed fees ( "Directors' Fees"); and
- (b) meeting allowance.

### Directors' Fees

Directors' Fees are made up of the following components:-

- (a) Fees for acting as a Director

A fixed fee is allocated to each member of the Board, a fee premium is allocated to the Chairman of the Board in view of additional accountabilities and responsibilities assumed by the Chairman.

- (b) Fees for assuming additional responsibilities

Additional fees are allocated to Directors who assumed more responsibilities via their appointments in various Board Committees. A fee premium is allocated to the Chairman of the respective Board Committees in view of additional accountabilities and responsibilities assumed by them.

Directors' Fees for a particular financial year are tabled at the next Annual General Meeting following the end of the financial year for shareholders' approval prior to the same being paid to the Directors.

### Meeting Allowance

Meeting allowance of RM2,000 will be paid for each Board/Board Committee meeting attended by Directors.

Meeting allowance is also paid to Directors in the following occasions:-

- (a) when the Director is representing the Group to attend meeting or briefing with the authorities; and
- (b) when the Director is invited to attend meeting or briefing organised by the Management of the Group.



The above Directors' fees and meeting allowance are only applicable to the Non-Executive Directors who are not representing the interest of the major shareholders. The Executive Directors are not entitled to the above Directors' fees and meeting allowance.

The Executive Directors received remuneration based on their respective executive positions held in the Company. The remuneration package of the Executive Directors comprising fixed component which includes monthly salary and other emolument and variable component that is linked to Company's performance and their individual key performance indicators. The Board has established a remuneration policy for the Senior Management including the Chief Executive Officer to drive meritocracy and to foster a performance driven reward culture. The said policy provides guidance on the remuneration of the Senior Management based on the performance management process of the Group. It also outlines the impact of non-compliance of law, regulatory guidelines and internal policies and procedures on the remuneration of the Senior Management.

In addition to the above, the Company also provides the following insurance covers for the Directors:-

- (a) personal accident insurance and medical insurance; and
- (b) Directors' and Officers liability insurance against any liability arising from acts committed in their capacity as Directors/Officers of the Company. However, the Director shall not be indemnify if he/she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his/her duty of trust.

The remuneration (including benefits-in-kind) received by the existing Directors from the Company for the financial year ended 31 December 2015 is detailed below:-

- (a) The aggregate remuneration of Directors, distinguishing between Executive and Non-Executive Directors, according to their respective categories.

Categories of Remuneration	Executive Directors	Non-Executive Directors
	RM'000	RM'000
Salary and other emoluments	268	-
Fees and allowances	-	690*
Benefits (including estimated monetary value of benefits-in-kind)	2	-
Contribution to Employees' Provident Fund	35	-
Total	305	690

\* This amount includes the proposed Directors' fees of RM561,512 which is subject to shareholders' approval at the 42nd Annual General Meeting.

- (b) The number of Directors whose total remuneration falls into each successive band of RM50,000.

Band	Number of Executive Directors	Number of Non-Executive Directors
RM0 - RM50,000	-	-
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	5
RM150,001 - RM200,000	1	-

## Board Meetings

Board Meetings for each year are scheduled in advance prior to the end of the year and circulated to Directors and Senior Management before the beginning of each year. The Board meets regularly at least 5 times in a year. Additional Board Meetings may be held as and when required to discuss matters or proposals which require the Board's urgent decision.

A total of 5 Board Meetings were held during the financial year ended 31 December 2015 and the attendance of each existing Director is as follows:-

Directors	Designation	Number of Board Meetings Held	Number of Board Meetings Attended
Tan Sri Razali Bin Ismail	Chairman/ Independent Non-Executive Director	5	5
Foo San Kan	Independent Non-Executive Director	5	4
Dato' Dr. Thillainathan A/L Ramasamy	Independent Non-Executive Director	5	5
Tan Sri Datuk (Dr.) Rafiah Binti Salim	Independent Non-Executive Director	5	5
Tunku Zain Al-Abidin Ibni Tuanku Muhriz	Independent Non-Executive Director	5	5
Zakri Bin Mohd Khir	Chief Executive Officer/ Non-Independent Executive Director	5	5
Ong Eng Chow	Chief Financial Officer/ Non-Independent Executive Director	5	5

All Directors have complied with the minimum requirements on attendance at Board Meeting of at least 50% in accordance with the Listing Requirements.

The Board Meetings are conducted in accordance with a structured agenda approved by the Chairman. All Directors are given sufficient time to review the meeting papers prior to Board Meetings. The agenda together with the minutes of Board Meeting and meeting papers are sent electronically to the Board 2 weeks prior to each Board Meeting in order to accord sufficient time for the Directors to review and consider issues to be discussed at the Board Meetings. Urgent matters may be tabled for the Board's deliberation under a supplemental agenda. The meeting papers are prepared in accordance with a prescribed format by the Company Secretarial Department aims to provide clear, comprehensive and concise information to the Board to facilitate their deliberation and decision making. The minimum information provided to the Board on proposals to be deliberated includes objective, background, proposals, rationale as well as financial and non-financial impact of the proposals for the Board to make informed and effective decisions. In the effort to reduce the carbon footprint, the Company had move towards electronic Board and Board Committee papers since 2011.

Key matters reserved for Board's approval include, among others, the quarterly financial results, audited financial statements, annual business plan, strategies and budget, declaration of dividend, significant transactions or expenditures, related party transactions, restructuring, appointment of Director and Chairman/member of Board Committees, appointment of Chief Executive Officer and Key Responsible Persons, remuneration for Directors, Chief Executive Officer and Key Responsible Persons.

Director may participate in Board/Board Committee Meetings via conference call if he/she is unable to attend the meeting in person.

The quorum of the Board Meeting is two members. All matters that are to be decided upon and approved by the Board shall be put to vote and passed by a majority of vote and in case of any equality of votes, the Chairman of the Meeting shall have a casting vote.

Board resolution passed by way of circular resolution is practiced sparingly by the Board although it is permitted under the Company's Articles of Association. Briefing on the proposal to be passed by way of circular resolution will be arranged to facilitate the decision making.

### Supply of Information

In between Board Meetings, the Board is informed or updated, on important issues and/or major development of matters discussed in the Board Meetings, by the Management and/or the Company Secretary. Briefing may be arranged to discuss on important issues.

In addition to matters which require the Board's approval, the Board is consistently being informed and updated on matters in relation to business operations, financial and business reviews and development, Group strategy, information on business proposition including market share, industry development, corporate proposals, risk management review, regulation updates, compliance, customer focus initiatives and other operational efficiency projects. The Board is also informed of the decision and significant issues deliberated by the Board Committees via the reporting of the Chairmen of the respective Board Committees and the minutes of the Board Committees tabled at the Board Meetings.

The Chairman of the Audit Committee would inform the Directors at the Board Meetings, of salient views and conclusions of the Audit Committee upon its members' deliberations at the Audit Committee Meetings.

The Chairman of the Risk Management Committee would inform the Directors at Board Meetings of salient issues and views raised at the Risk Management Committee Meetings which require the Board's discussion on actions that may be required to be taken by the Management.

All Directors have direct access to the Senior Management and have unrestricted access to all information and documents relevant to the business and affairs of the Group. The Board may invite any employees to be in attendance of Board Meetings to assist in its deliberations.

### Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, policies and procedures and compliance with the relevant regulatory requirements, guidance and legislations as well as the principle of best corporate governance practices. The Directors are regularly updated by the Company Secretary on the new or changes made to the relevant regulatory requirements, more particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretary undertakes, inter-alia, the following functions:-

- (a) Responsible for advising the Directors of their duties and responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required under the relevant legislations;
- (b) Preparing the agenda with the Chairman and Chief Executive Officer and notifying all Directors of Board Meetings;
- (c) Attends all Board and Board Committee Meetings and ensures that all Meetings are properly convened and proceedings of the Board and Board Committee Meetings and decisions thereof are properly recorded, communicating decisions of the Board and Board Committees to the relevant management for necessary action, follow-up on proposals or matters tabled at the Board or Board Committee Meetings;
- (d) Providing full access and services to the Board;
- (e) Assisting the Board with interpreting legal and regulatory acts related to the Code, Listing Requirements and other related regulations and developments;
- (f) Advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis;
- (g) Handling Company share transactions and other duties as prescribed under the relevant legislations;
- (h) Notifying the Chairman of any possible violations of legal and regulatory acts;
- (i) Ensuring the appointment of new Directors, re-appointment and resignation of Directors are in accordance with the relevant legislations;
- (j) Ensuring execution of assessment for Directors and the Board/Board Committees;
- (k) Briefing new Directors on organisational structure of the Company and procedures that regulate the operations of the Board;
- (l) Ensuring availability of information required by new Directors for the proper discharge of their duties;
- (m) Assisting the Board and Chairman on the implementation of the Code;
- (n) Monitoring compliance with the principles and recommendations of the Code and informing the Board of any breaches; and
- (o) Ensuring high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework.

The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows to the Board and Board Committees, and between the Non-Executive Directors and the Management.

The Company Secretary constantly keep herself abreast of the regulatory changes and developments in sustainability and corporate governance through continuous training. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging her functions.

The profile of the Company Secretary is provided in the Profile of Senior Management Team of this Annual Report.

### Independent Professional Advice

The Directors, in carrying out their duties, may seek independent professional advice at the Company's expense, should the need arises. Professional advisers, consultants, auditors and solicitors appointed by the Company to advise on corporate proposals are invited to the Board Meetings to brief the Board on their advice and opinion as well as to address issues that of concern to the Directors.

If a Director considers the professional independent advice is necessary, he/she shall first discuss the intention with the Chairman and with the permission of the Chairman, bring the request to the Board for consideration. The reason for seeking independent professional advice and the proposed cost involved should be presented to the Board for approval and the Director concerned may proceed once Board's approval is obtained.

### Directors' Training

The Nominating Committee oversees the training needs of the Directors. All new Directors are required to attend the orientation programme to familiarise themselves with the Group's organisation structure, business and the insurance industry.

A formalised orientation programme has been developed and the relevant Heads of Departments/Divisions will brief the new members of the Board on the functions and areas of responsibility of their respective department/divisions. This serves to provide them with a platform in establishing effective channel of communication and interaction with Senior Management as well as to ensure that the Director understand:-

- (a) their roles and responsibilities;
- (b) the nature of the Group's business;
- (c) overview of risks on the Group's business and the risk management strategy;
- (d) legal requirements and compliance controls; and
- (e) overview of financial health of the Group.

All Directors appointed to the Board are required to complete the Mandatory Accreditation Programme ("MAP") as prescribed under the Listing Requirements within 4 months from the date of appointment. The Director is also encouraged to attend the Financial Institutions Directors' Education ("FIDE") Programme developed by BNM and Perbadanan Insurans Deposit Malaysia ("PIDM") in collaboration with the International Centre for Leadership in Finance.

The Board via the Nominating Committee continuously evaluates the training needs of its Directors. In order to keep the Directors abreast with the dynamic and complex business environment as well as new statutory and regulatory requirements, a budget for Directors' trainings is therefore provided each year by the Company and the Board has approved the following areas of training for the Directors:-

- Laws and regulations imposed by the relevant authorities and any updates in respect thereto.
- Risk management and compliance controls.
- Finance, accounting and insurance related requirements.
- Corporate governance.
- Business related subjects of the Group.

In addition, the general insurance subsidiary of the Company is a registered corporate member of the FIDE Forum, which was established with the aim of allowing FIDE alumni members to become leading influencers of governance practices and thought leaders within financial institutions, and to benefits from, among others, the roundtree discussions, and industry update sessions and materials provided by subject matter specialists. For further details on FIDE Forum, please refer to [fide.org.my](http://fide.org.my).

The Company Secretary regularly keeps Directors informed of relevant external training courses for their consideration, organised internal training programme for Directors and facilitates the enrollment of Director to external training programmes. A complete record of trainings, conferences and seminars attended by the Directors as participants or speakers is maintained by the Company Secretary.

The training programmes, seminars and conferences attended by the Directors during the financial year ended 31 December 2015 are as follows:-

Directors	Programmes/Seminars/Conferences Attended
Tan Sri Razali Bin Ismail	<ul style="list-style-type: none"> <li>• The Importance of the United Nations and the efforts of Diplomacy (as speaker)</li> <li>• International Conference on Decolonisation, Leadership and Knowledge Democracy (as speaker)</li> <li>• “Your Personal Experience” and “Diplomacy in Modern Global Politics: Finding a Solution” (as speaker)</li> <li>• Luncheon Discussion : What Does ASEAN Mean to You (as speaker)</li> <li>• Forum on Challenges Transforming into a High Income Developed Nation: In the case of Malaysia (as panelist)</li> <li>• Roundtable Discussion: Malaysia’s Role in the United Nations Security Council (as moderator)</li> <li>• International Forum: Peace with Justice – Constructing the Road Map (as speaker)</li> <li>• ASEAN Humanitarian Crisis in SEA Seas: What are the durable solutions</li> <li>• Seminar on Peacebuilding National Reconciliation and Democratisation in Asia – Ministry of Foreign Affairs of Japan (as speaker)</li> <li>• Inaugural Model United Nations Conference: Empowering Youth in Malaysia; Young and Globalised Leaders in the 21st Century</li> <li>• Meeting of the Elders on Reform of the United Nations</li> <li>• Nominating Committee Program Part 2 - Effective Board Evaluations</li> <li>• Board Chairman Series: Tone from the Chair and Establishing Boundaries</li> <li>• The ASEAN Intergovernmental Commission on Human Rights Regional Workshop on the Role of Youth in Promoting Human Rights in ASEAN : Making Rights a Reality</li> <li>• Roundtable Discussion on Human Rights Commission of Malaysia Consultation on Malaysia’s Second Universal Periodic Review</li> </ul>
Foo San Kan	<ul style="list-style-type: none"> <li>• Board Leading Change – Organisational Transformation Strategy as Key to Sustainable Growth in Challenging Times</li> <li>• Overseas Tax Benefit</li> <li>• Corporate Reporting Updates and MFRS 9 Financial Instruments</li> <li>• Nominating Committee Program Part 2 : Effective Board Evaluations</li> <li>• Digital Transformation and Its Impact on Financial Services – Roles of Board in Maximising Potentials and Managing Risks</li> </ul>



Directors	Programmes/Seminars/Conferences Attended
Dato' Dr. Thillainathan A/L Ramasamy	<ul style="list-style-type: none"> <li>National Conference "Our Malaysian Journey - Still in the Making"</li> <li>"Impact of the New Accounting Standards on Insurance Companies – What directors should be aware of"</li> <li>Forum on the Malaysian Economy and Transforming Urban Transport</li> <li>Corporate Governance Breakfast Series with Directors – "The Board's Response in Light of Rising Shareholder Engagements"</li> <li>Refresher Course on Global Consumer Banking Risk Management</li> <li>Refresher Course on Liquidity Risk Management</li> <li>2015 National Tax Conference</li> <li>2015 World Capital Market Symposium</li> <li>Suruhanjaya Syarikat Malaysia National Conference 2015: Modernizing The Companies Act - Creating Synergy in Malaysian Business Leadership</li> <li>Malaysian Economic Association Convention on "Financial Governance and Economic Growth"</li> <li>Khazanah Megatrends Forum 2015 : Harnessing Creative Destruction, Unlocking the Power of Inclusive Innovation"</li> <li>London School of Economics and Political Science ("LSE") Insights Talk and Question and Answer ("Q&amp;A") Session on How Does Asia/Asians Lead in the 21st Century</li> <li>Talk and Q &amp; A Session on Cyber Security – The Risks and What Are We to Do</li> </ul>
Tan Sri Datuk (Dr.) Rafiah Binti Salim	<ul style="list-style-type: none"> <li>Briefing Session on BNM Annual Report 2014 / Financial Stability and Payment Systems Report – Insurance Companies</li> <li>Roles of Audit, Nomination and Compensation Committee</li> <li>Women in Asia Business Conference – Passion to Performance (as speaker)</li> <li>Khazanah Megatrends Forum 2015 : Harnessing Creative Destruction, Unlocking the Power of Inclusive Innovation"</li> <li>Corporate Governance Breakfast Series with Directors : "Board Reward and Recognition"</li> </ul>
Tunku Zain Al-Abidin Ibni Tuanku Muhriz	<ul style="list-style-type: none"> <li>Institute for Democracy and Economics Affairs ("IDEAS") Fifth Anniversary Conference (as speaker)</li> <li>Kolokium Keintelektualan Pemikiran Zaba (as speaker)</li> <li>Young Nation Builders Summit on Education (as speaker)</li> <li>Towards ASEAN Community 2015 : Protecting ASEAN's Heritage (as speaker)</li> <li>LSE Insights (as speaker)</li> <li>Arbitrating a Nation (as speaker)</li> <li>National Conference "Our Malaysian Journey - Still in the Making" (as speaker)</li> <li>First Global Policy Symposium (as speaker)</li> <li>Ninth Malaysian Student Leadership Summit (as speaker)</li> <li>IDEAS Open Government Partnership Conference (as speaker)</li> <li>Sistem pemerintahan Malaysia rapuh? (as speaker)</li> <li>IDEAS Liberalism Conference (as speaker)</li> <li>Democracy in Malaysia and its role in Malaysian Foreign Policy (as speaker)</li> <li>FIDE Programme Module A</li> <li>Nominating Committee Program Part 2 : Effective Board Evaluations</li> <li>FIDE Programme Module B</li> <li>ASEAN Economic Integration Forum 2015 (as speaker)</li> <li>Malaysia-UK Forum (as speaker)</li> </ul>

Directors	Programmes/Seminars/Conferences Attended
Zakri Bin Mohd Khir	<ul style="list-style-type: none"> <li>FIDE Programme Module A</li> <li>Engagement with the Financial Services Talent Council</li> <li>Briefing Session on BNM Annual Report 2014 / Financial Stability and Payment Systems Report – Insurance Companies</li> <li>Allianz International 2015 Conference</li> <li>Financial Services Talent Council Engagement Session</li> <li>Allianz International Conference – Continuity and Change</li> <li>FIDE Programme Module B</li> <li>Allianz Reinsurance Forum</li> </ul>
Ong Eng Chow	<ul style="list-style-type: none"> <li>Allianz International 2015 Conference</li> <li>Milliman Seminar 2015: Insights Into Key Challenges Facing Insurers in the Malaysia Market</li> <li>Allianz International Conference – Continuity and Change</li> <li>Allianz Asia Pacific Finance Conference</li> </ul>

The Nominating Committee having reviewed the trainings attended by the Directors during the year 2015 was satisfied with the training programmes/courses attended by the Directors for year 2015.

### Segregation of Powers

There is a clear division of roles and responsibilities between the Chairman and the Chief Executive Officer of the Company to ensure a balance of responsibilities, authority and accountability for an effective Board.

#### Chairman

The Chairman plays a crucial leadership and pivotal role in ensuring that the Board works effectively.

The Chairman's roles include, inter alia, the following:-

- As a leader for the Board and chairs all Board Meetings;
- Managing Board Meetings to ensure robust decision-making;
- Building a high performance Board by, inter alia, promoting the highest standards of integrity, probity and corporate governance in the Company and taking a leading role in creating an effective corporate governance system and leading the Board in oversight of Management;
- Managing Board/Management interface by inter alia, acting as the main conduit between the Management and the Board and developing a positive relationship with the Management;
- Acting as a spokesperson for the Board; and
- Ensuring effective communication with the Company's shareholders and other stakeholders.

The Chairman also encourages feedbacks from the stakeholders, he can be reached via his email address at [razali.ismail@allianz.com.my](mailto:razali.ismail@allianz.com.my).

#### Chief Executive Officer

The Chief Executive Officer is in charge of the day-to-day running of the business. The Chief Executive Officer's main roles are as follows:-

- Setting business objectives and strategic direction, coordinating and supervising the Group, as well as implementing and overseeing an efficient risk management system;
- Ensuring that the Group's business are properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and Board Committees;
- Responsible for monitoring adherence to statutory provisions and official regulations;

- (d) Assisting the Chairman in drawing up the agenda for Board meetings by providing input in relation to important strategic issues facing the business;
- (e) Ensuring that operational planning and control systems are in place;
- (f) Ensuring Board decisions and instruction are implemented;
- (g) Providing strong leadership and ensure the business objectives and strategies are communicate across all levels in the Company; and
- (h) Ensuring organisational structure and systems in place to develop talent and succession planning for Senior Management.

## 2. DELEGATION OF AUTHORITY

The Board is responsible for overseeing the overall affairs of the Company. To ensure effective discharge of its functions and responsibilities, distinctions must be maintained between Management's functions and the overall responsibility of the Board.

The Board has established authority limit guidelines ("Authority Limit Guidelines") detailing matters specifically reserved for the Board's decision and those delegated to the Board Committees and the Management and the parameters in relation thereto. The Authority Limit Guidelines set out the responsibility and the approval limits for each party and is made available to all Directors and accessible by staff via the Group's staff e-portal.

### Management Authority Limit

The Board's approving authority is delegated to the Management through formal and defined operational authority limits that governs business procedures and decision making process in the Group. The operational authority limits incorporate segregation of duties and check and balance in delegation of authority.

Such authority limits are documented in the Authority Limit Guidelines and is regularly reviewed to ensure that the said guidelines remain relevant to the changing environment.

Senior Management Committees comprising Senior Management is set up at operating entities level within the Group and chaired by the Chief Executive Officers of the respective companies. Various Management Committees are established by the respective Senior Management Committees with specific terms of reference, to assist in managing the day-to-day operations of the Group and ensure its effectiveness. The Management Committees formulate tactical plans and business strategies, monitor the performance of the Group and ensure that activities are carried out in accordance with corporate objectives, strategies, business plans and policies as approved by the respective Boards of the Group.

### Board Committees

The Board in the course of carrying out its duties may set up Board Committees delegated with specific authority and operating on the terms of reference as approved by the Board, to assist the Board in the execution of its responsibilities. These Board Committees shall have the authority to examine particular issues and report back to the Board with their recommendations. Although specific authority is delegated to the Board Committees, the ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board set up the below mentioned Board Committees to assist the Board on specific areas of responsibilities as described in the respective Board Committees' terms of reference. The insurance subsidiaries have formally used the services of the Board Committees of the Company since 1 January 2008.

In line with sound corporate governance standards which requires clear separation between the responsibilities of the Board and Senior Management, the Investment Committee of the Company was reconstituted as a Management Committee of the respective insurance subsidiaries of the Company on 27 May 2015.

 The Terms of Reference of the respective Board Committees are incorporated in the Board Charter, which is available at [allianz.com.my>About us>corporate profile> corporate governance>Board Charter](http://allianz.com.my>About us>corporate profile> corporate governance>Board Charter)

## Audit Committee

The memberships and terms of reference of the Audit Committee are determined in accordance with the BNM's guidelines, Listing Requirements and the Code. The composition and the terms of reference of the Audit Committee are detailed in the Audit Committee Report of this Annual Report.

The Audit Committee has submitted to BNM, an annual report on the activities of the Audit Committee, the number of audit meetings held in a year and details of attendance of the members of Audit Committee at each Audit Committee meetings and a summary of material concerns/weaknesses in the internal control environment of the insurer noted during the year and the corresponding measures taken to address these weaknesses.

## Risk Management Committee

The composition of the Risk Management Committee as at the date of this Annual Report is as follows:-

Members	Designation
Dato' Dr. Thillainathan A/L Ramasamy (Chairman)	Independent Non-Executive Director
Foo San Kan (Member)	Independent Non-Executive Director
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Member)	Independent Non-Executive Director
Tunku Zain Al-Abidin Ibni Tuanku Muhriz (Member)	Independent Non-Executive Director

There were 5 Risk Management Committee Meetings held during the financial year ended 31 December 2015 and the attendance of the abovementioned Risk Management Committee members was as follows:-

Members	Number of Risk Management Committee Meetings Held	Number of Risk Management Committee Meetings Attended
Dato' Dr. Thillainathan A/L Ramasamy	5	5
Foo San Kan	5	4
Tan Sri Datuk (Dr.) Rafiah Binti Salim	5	5
Tunku Zain Al-Abidin Ibni Tuanku Muhriz	5	2 out of 2 meetings held after his appointment as a member of the Risk Management Committee on 27 May 2015

The Risk Management Committee is responsible for driving the risk management framework of the Group and to report to the Boards of the respective companies within the Group on its recommendations and/or decisions.

### Responsibilities of the Risk Management Committee

- (a) to address strategic and corporate level risks (including compliance risk) and recommend to the respective Boards of the Group the strategies to manage these risks and ensure its implementation;
- (b) to review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (c) to review and recommend risk management strategies, policies and risk parameters/tolerance levels, internal capital adequacy assessment process result for the approval of the respective Boards of the Group and to ensure any changes and concerns are communicated to Senior Management effectively;
- (d) to review and assess the effectiveness of the overall management of compliance risk;
- (e) to ensure the risk control and compliance functions have adequate resources, authority, infrastructure, systems and independence to enable an effective risk management and compliance;
- (f) to review the Key Risks Profile and risks raised by business units and monitor the progress of action plans implemented;
- (g) to review and recommend for the approval of the respective Boards of the Group, the contingency planning, including its effectiveness testing covering policies, processes and resources in place to address potential crisis, unusual circumstances and stress situations;
- (h) to review periodic reports on risk exposure, risk portfolio composition and risk management activities;
- (i) to report to the respective Boards of the Group, the risk management and compliance status on a regular basis; and
- (j) to approve the risk methodology to facilitate risk assessment.

### Nominating Committee

The Nominating Committee comprises wholly of Independent Non-Executive Directors.

The composition of the Nominating Committee as at the date of this Annual Report is as follows:-

Members	Designation
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Chairperson)	Independent Non-Executive Director
Tan Sri Razali Bin Ismail (Member)	Independent Non-Executive Director
Foo San Kan (Member)	Independent Non-Executive Director
Dato' Dr. Thillainathan A/L Ramasamy (Member)	Independent Non-Executive Director
Tunku Zain Al-Abidin Ibni Tuanku Muhriz (Member)	Independent Non-Executive Director

The Board acknowledged the recommendation of the Code that a Senior Independent Director should chair the Nominating Committee. Nevertheless, the Board having deliberated on the need of appointing a Senior Independent Director, concluded that such appointment is not required at this juncture on the reason that the current Board comprises of high proportion of Independent Non-Executive Directors with good working relationship.

The Nominating Committee is led by Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim, who has extensive years of experience in legal, human resource, banking, academic, at the local and international levels. The Nominating Committee under the stewardship of Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim has contributed positively to the effectiveness of the Nominating Committee.

The primary objective of the Nominating Committee is to establish a documented formal and transparent procedure for the appointment of Directors, Chief Executive Officers and Key Responsible Persons of the Group and to assess the effectiveness of individual Directors, the respective Boards (including various committees of the Board), Chief Executive Officers and other Key Responsible Persons of the Group on an on-going basis.

The responsibilities of the Nominating Committee shall be applicable to all companies within the Group.



### Responsibilities of the Nominating Committee

- (a) establishing minimum requirements for the Board and the Chief Executive Officer to perform their responsibilities effectively. It is also responsible for overseeing the overall composition of the Board in terms of the appropriate size and mix of skills, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as diversity including gender diversity, and other core competencies required, through annual reviews;
- (b) assessing and recommending the nominees for directorship, Directors to fill Board Committees, as well as nominees for the Chief Executive Officer position. This includes assessing Directors and Chief Executive Officer proposed for re-appointment, before an application for approval is submitted to BNM. The Nominating Committee in making its recommendation to the Board on candidates for directorship or re-appointment, should consider the candidates':-
  - (i) skill, knowledge, competencies, expertise and experience;
  - (ii) professionalism;
  - (iii) integrity;
  - (iv) commitment, contribution and performance; and
  - (v) in the case of candidate for the position of Independent Non-Executive Directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- (c) establishing a mechanism for formal assessment and assessing the effectiveness of the Board as a whole, the contribution by each Director including the Independent Directors to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the Chief Executive Officer. All assessments and evaluations carried out by the Nominating Committee in discharge of all its functions should be properly documented;
- (d) developing the criteria to assess the independence of its Independent Directors;
- (e) overseeing the appointment, management succession planning and performance evaluation of Directors, Chief Executive Officer and other Key Responsible Persons and recommending to the Board on removal of a Director/Chief Executive Officer/other Key Responsible Person if he/she is ineffective, errant or negligent in discharging his/her responsibilities; and
- (f) ensuring that all Directors undergo appropriate induction programmes and receive continuous training.

There were 6 Nominating Committee Meetings held during the financial year ended 31 December 2015 and the attendance of the abovementioned Nominating Committee members was as follows:-

Members	Number of Nominating Committee Meetings Held	Number of Nominating Committee Meetings Attended
Tan Sri Datuk (Dr.) Rafiah Binti Salim	6	6
Tan Sri Razali Bin Ismail	6	5
Foo San Kan	6	4
Dato' Dr. Thillainathan A/L Ramasamy	6	6
Tunku Zain Al-Abidin Ibni Tuanku Muhriz	6	6

The Meetings of the Nominating Committee are transparent, with all proceedings recorded and actions documented. The minutes of the Nominating Committee are tabled at the Board Meeting for information. The Chairperson of the Nominating Committee also report to the Board on key issues deliberated by the Nominating Committee at Board Meeting.

During the financial year ended 31 December 2015, the following activities were carried out by the Nominating Committee:-

#### 1. New appointment of Director for its insurance subsidiaries

The Nominating Committee carried out an evaluation on the proposed appointment of Independent Director for the insurance subsidiaries and submitted its recommendation and justification for the said proposed appointment to the respective Boards for consideration.

## 2. Re-Election and Re-Appointment

The Nominating Committee carried out performance assessment on the following Directors who are subject to retirement by rotation or re-appointment at the 41st Annual General Meeting held in 2015:-

- (a) Mr. Foo San Kan and Y.A.M. Tunku Zain Al-Abidin Ibni Tuanku Muhriz, who were subject to retirement by rotation pursuant to the Company's Articles of Association; and
- (b) Y. Bhg. Tan Sri Razali Bin Ismail and Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy who were subject to re-appointment pursuant to Section 129(6) of the Companies Act, 1965.

The Nominating Committee having reviewed the assessment results, was satisfied with the performance of the respective Directors and recommended the re-election and re-appointment of the abovementioned Directors to the Board for approval.

All the abovementioned Directors had abstained from the deliberation and voting of their respective re-election or re-appointment at the Nominating Committee Meeting.

The re-election and re-appointment of the abovementioned Directors were approved by the shareholders of the Company at the 41st Annual General Meeting held on 9 June 2015.

The Nominating Committee also carried out performance assessments on Directors in the insurance subsidiaries who were subject to re-election and re-appointment at the Annual General Meeting of the respective insurance subsidiaries of the Company and having satisfied with the performance of the respective Directors, recommended the re-election and re-appointment of the respective Directors to the Boards of the respective insurance subsidiaries for approval.

The Nominating Committee also reviewed the proposed re-appointment of Y. Bhg. Tan Sri Razali Bin Ismail as an Independent Non-Executive Director of the insurance subsidiaries based on the criteria prescribed by BNM and submitted its recommendation and justification for the said proposed re-appointment to the respective Boards of the insurance subsidiaries for consideration.

## 3. Directors' Performance Review

The Nominating Committee reviewed the assessment results of individual Directors and the respective Boards of the Group for year 2014.

On average, the individual assessment on Directors of the Company was rated as "Good" whereas, the Board assessment was rated as "Excellent".

## 4. Composition Mix

The Nominating Committee reviewed the Composition Mix of the Board and opined that the existing Board of the Company is made up of Directors of high caliber and integrity with diverse backgrounds. They possessed the qualification, skills, knowledge and expertise in their respective fields that are appropriate to the business of the Group and therefore the Board has a good Composition Mix.

The Nominating Committee had reviewed and noted that the Independent Non-Executive Directors made up more than half of the Board members. Accordingly, the composition of the Board is appropriate and well balanced to cater for the interest of the majority and minority shareholders.

The Nominating Committee also reviewed the Board Composition Mix of the insurance subsidiaries and submitted its observations to the respective Boards for deliberation.

## 5. Independence Assessment

All Independent Non-Executive Directors have provided their annual confirmation of his/her independence to the Nominating Committee. The annual independence assessment on Independent Non-Executive Directors for year 2015 was performed by the Nominating Committee and when assessing independence, the Nominating Committee was focus beyond the Independent Non-Executive Directors' background, economic and family relationships and considers whether the Independent Non-Executive Directors could continue brings the independent and objective judgment to the Board's deliberations. The Nominating Committee was satisfied that all Independent Non-Executive Directors of the Company fulfilled the criteria under the definition of Independent Directors as prescribed by the authorities and that they have demonstrated independent and objective judgment in Board/Board Committee deliberations and acting in the best interest of the Group as well as safeguarding the interests of minority shareholders and stakeholders. The Nominating Committee was of the view that all Independent Non-Executive Directors of the Company remain independence and shall maintain their Independent Non-Executive Directors status in the Company. The observations from the Nominating Committee were submitted to the Board for deliberation.

In deliberating on the subject matter, the Independent Non-Executive Directors who are members of the Nominating Committee had abstained from the deliberation and voting on their respective independence assessment.

The Nominating Committee also reviewed the proposal for Mr. Foo San Kan, to continue to act as an Independent Non-Executive Director of the Company after serving for a cumulative term of 9 years and submitted its recommendation and justification for the Board's consideration.

The above proposal was approved by the shareholders of the Company at the 41st Annual General Meeting held on 9 June 2015.

The Nominating Committee also carried out independence assessment on Independent Non-Executive Directors of the insurance subsidiaries for year 2015 and submitted its observations to the respective Boards for deliberation.

## 6. Board Committee's Performance Review and Composition

- (a) The Nominating Committee reviewed the composition of the Board Committees and was of the view that the composition of the respective Board Committees were in order. The Nominating Committee also carried out performance assessments on the Board Committees and their members, satisfied with the performance of the Board Committees and their members. The findings of the Nominating Committee were submitted to the Board for deliberation.
- (b) The Nominating Committee reviewed the proposed appointment of new member of the Investment Committee and submitted its recommendation for the Board's consideration.
- (c) The Nominating Committee reviewed the setting up of a new Investment Committee by each insurance subsidiaries at the management level and the proposed dissolving of the Investment Committee as a Board Committee and submitted its recommendation to the respective Boards for consideration.
- (d) The Nominating Committee reviewed the revised composition of the Audit Committee and Risk Management Committee and submitted its recommendation to the Board for consideration.

## 7. Key Responsible Persons

- (a) The Nominating Committee reviewed the fit and proper assessments results for the Directors and Key Responsible Persons of the Group and noted that there were no adverse findings observed. The Nominating Committee having satisfied with the results of the fit and proper assessment of the Directors and key responsible persons and recommended that the results be submitted to the respective Boards of the Group for review.
- (b) The Nominating Committee also reviewed the 2014 performance evaluation results of the Key Responsible Persons of the Group and submitted its observations to the respective Boards of the Group for consideration.
- (c) The Nominating Committee reviewed the proposed promotion for Key Responsible Persons and submitted its recommendation to the respective Boards of the Group for approval.
- (d) The Nominating Committee reviewed the 2015 target letters of the Key Responsible Persons of the Group, concurred and recommended the same to the respective Boards of the Group for approval.

- (e) The Nominating Committee reviewed the proposed re-appointment of Appointed Actuary for the insurance subsidiaries of the Company for the financial year 2016, was satisfied the performance of the Appointed Actuary of insurance subsidiaries and his/her fulfillment of the criteria as stipulated in BNM's Guideline on Appointed Actuary and submitted its recommendation to the respective Boards of the insurance subsidiaries for consideration.
- (f) The Nominating Committee reviewed the proposed extension of employment contract of the Chief Operations Officer of life insurance subsidiary, was satisfied with the performance assessment of the Chief Operations Officer of life insurance subsidiary conducted by the Management and submitted its recommendation to the Board of life insurance subsidiary for consideration.
- (g) The Nominating Committee reviewed the proposed change of roles and responsibilities of Key Responsible Persons of the Group and recommended the same to the respective Boards of the Group for approval.

## 8. Training

The Nominating Committee reviewed the list of training programmes/courses attended by the Directors of the Group (either as participant or as a speaker/moderator) for year 2014 and was satisfied with the training programmes/courses attended by the Directors for year 2014.

During the first quarter of 2016, the Nominating Committee carried out performance assessment on the following Directors who are subject for re-election or re-appointment at the forthcoming 42nd Annual General Meeting of the Company:-

- (a) Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim and Mr. Zakri Bin Mohd Khir, who are subject to retirement pursuant to the Company's Articles of Association.
- (b) Y. Bhg. Tan Sri Razali Bin Ismail and Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy who are subject to re-appointment pursuant to Section 129(6) of the Companies Act, 1965.

All the above Directors had indicated their willingness to seek for re-election/re-appointment.

The Nominating Committee after reviewing the assessment results, was satisfied with the performance of the abovementioned Directors and recommended the re-election and re-appointment of the abovementioned Directors to the Board for approval.

All the above Directors had abstained from the deliberation and voting of their respective re-election and re-appointment at the Nominating Committee Meeting.

The Nominating Committee also carried out the annual independence assessment on Independent Non-Executive Directors for year 2016 and was satisfied that all Independent Non-Executive Directors of the Company remain independence and shall maintain their Independent Non-Executive Directors status in the Company. The observations from the Nominating Committee were submitted to the Board for deliberation.

The Nominating Committee further recommended to the Board for Mr. Foo San Kan to continue to act as an Independent Non-Executive Director of the Company after serving for a cumulative term of more than 9 years based on the justification, among others, as follows:-

- (a) Mr. Foo San Kan fulfilled all criteria under the definition of Independent Non-Executive Director as prescribed by Bursa Securities and BNM.
- (b) His vast experience and high management skill, particularly in the fields of accounting, auditing and corporate matters, provide an optimal mix in skill of the Board and are crucial for the Board to discharge its duties effectively and in a competent manner.
- (c) Mr. Foo San Kan is a person of high caliber and integrity. In his capacity as an Independent Non-Executive Director, he discharged his duty diligently, taking into consideration the interests of all stakeholders, in particular the minority shareholders' interests when deliberating on matters which may have impact on their interests.
- (d) He has acted in the best interest of the Company since his appointment as an Independent Non-Executive Director, providing independent and objective views to the deliberations and decision making of the Board and Board Committees.

- (e) Mr. Foo San Kan fully understands the Group's objective and strategies as well as the business operation of the Company and the insurance industry market. He devotes substantial time and attentions to his obligation as an Independent Non-Executive Director as well as the Chairman and members of the respective Board Committees:-
- (i) As a Chairman of the Audit Committee, he encourages healthy debate on matters discussed at the meeting and leading the Audit Committee to resolve issues in a harmonious and effective manner without compromising the integrity of the Audit Committee to the stakeholders. He also provides guidance and support to the finance and governance teams in enhancing the reporting standard and corporate governance standard as well as in addressing issues in relation to fraud and whistleblowing.
  - (ii) As a member of the Nominating Committee, Remuneration Committee and Risk Management Committee, Mr. Foo San Kan has actively and constructively evaluated matters or proposals tabled at the respective Board Committee Meetings, taking into consideration the interests of all stakeholders, in particular the minority shareholders' interest, before making recommendation to the respective Boards for consideration.

### Remuneration Committee

The composition of the Remuneration Committee as at the date of this Annual Report is as follows:-

Members	Designation
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Chairperson)	Independent Non-Executive Director
Tan Sri Razali Bin Ismail (Member)	Independent Non-Executive Director
Foo San Kan (Member)	Independent Non-Executive Director

There were 3 Remuneration Committee Meetings held during the financial year ended 31 December 2015 and the attendance of the abovementioned Remuneration Committee members was as follows:-

Members	Number of Remuneration Committee Meetings Held	Number of Remuneration Committee Meetings Attended
Tan Sri Datuk (Dr.) Rafiah Binti Salim	3	3
Tan Sri Razali Bin Ismail	3	3
Foo San Kan	3	2

The primary objective of the Remuneration Committee is to provide a formal and transparent procedure for developing a remuneration policy for Directors, Chief Executive Officer and other Key Responsible Persons of the Group and ensuring that their compensation is competitive and consistent with the culture, objective and strategy of the Group.

The responsibilities of the Remuneration Committee shall be applicable to all companies within the Group.

### Responsibilities of the Remuneration Committee

- (a) recommending a framework of remuneration for Directors, Chief Executive Officer and other Key Responsible Persons. The remuneration policy should:-
  - (i) be documented and approved by the full Board and any changes thereto should be subject to the endorsement of the full Board;
  - (ii) reflect the experience and level of responsibility borne by individual Directors, the Chief Executive Officer and other Key Responsible Persons;
  - (iii) be sufficient to attract and retain Directors, Chief Executive Officer and other Key Responsible Persons of caliber needed to manage the Company successfully; and
  - (iv) be balanced against the need to ensure that the funds of the insurer are not used to subsidise excessive remuneration packages.



- (b) recommending specific remuneration packages for Directors, Chief Executive Officer and other Key Responsible Persons. The remuneration packages should:-
  - (i) be based on an objective consideration and approved by the full Board;
  - (ii) take due consideration of the assessments of the Nominating Committee of the effectiveness and contribution of the Directors, Chief Executive Officer or other Key Responsible Persons concerned;
  - (iii) not be decided by the exercise of sole discretion of any one individual or restricted group of individuals; and
  - (iv) be competitive and is consistent with the culture, objective and strategy of the Group.

### 3. ACCOUNTABILITY AND AUDIT

#### Strategies of Promoting Sustainability

The Board strongly believed that sustainable development shall mean combining long-term economic value creation with a holistic approach to environmental stewardship, social responsibility and corporate governance.

The Group takes a proactive approach to sustainability through incorporation of sustainable practices into its operations, engaging with society via its corporate responsibility initiatives, consistent review and improves its governance structures as well as taking actions to reduce its environmental footprint.

The progress of the Group's activities and initiatives for the year 2015 are detailed in the Sustainability Report which forms part of this Annual Report.

#### Financial Reporting

In presenting the annual financial statements, quarterly reports and the annual report to the shareholders, the Board takes appropriate steps to present a clear and balanced assessment of the Group's financial position, performance and prospects. This also applies to other public announcements released by the Company in accordance with the Listing Requirements as well as reports submitted to regulators.

Prior to presenting the financial statements of the Group to the Board for approval, the financial statements will be reviewed by the Audit Committee. The Audit Committee assists the Board in reviewing information to be disclosed in the financial statements to ensure that information disclosed is accurate, adequate and in compliance with the various disclosure requirements imposed by the relevant authorities and applicable financial reporting standards. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to adoption of the financial statements of the Group.

The Statement of Directors' Responsibility in relation to Financial Statements of the Company is presented on page 118 of this Annual Report.

#### Related Party Transactions

The Group complied with the requirements of BNM's Guidelines on Related Party Transactions (BNM/RH/GL 018-6) and the Listing Requirements in respect of its related party undertakings. Necessary disclosures were made to the Board and where required, prior approval of the Board and/or shareholders for the transactions had also been obtained.

In line with Part E, Paragraph 10.09 of the Listing Requirements on recurrent related party transactions of a revenue or trading nature with related parties ("Recurrent Transactions"), the Company had obtained the shareholders' mandate for the Group to enter into Recurrent Transactions ("Shareholders' Mandate"). The Shareholders' Mandate will be renewed on a yearly basis at the Annual General Meeting of the Company.

The Group has also established a review procedure for related party transactions including Recurrent Transactions ("RPT Review Procedure") to ensure that they are:-

- (a) undertaken on arm's length basis;
- (b) consistent with the Group's usual business practices and policies;
- (c) the transaction prices and terms are not more favourable to the related parties than those extended to third parties/public; and
- (d) are not to the detriment of the minority shareholders.

Under the RPT Review Procedure, a due diligence working group was formed to review the related party transactions/Recurrent Transactions prior to the same being submitted to the Audit Committee for consideration. The Audit Committee will subsequently review the related party transactions/Recurrent Transactions and submits its recommendation to the Board for consideration. Director who has a direct or deemed interest in the related party transactions/Recurrent Transactions presented at the Audit Committee/Board Meeting will abstain from deliberation and voting on the said related party transactions/Recurrent Transactions. In respect of the Shareholders' Mandate which is required to be approved by shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in the Company on the resolutions relating to them, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

The Audit Committee also reviews the RPT Review Procedure on an annual basis to ensure that the procedures and processes are sufficient and adequate to monitor, track and identify related party transactions including Recurrent Transactions in a timely and orderly manner.

## Risk Governance

### Risk Management Framework

The Board recognises the importance of internal controls and risk management in sustaining its business activities and strives to make it an essential component of the Group's business culture. The Group is committed to manage risks in line with the defined Risk Strategy and Risk Appetite through a systematic framework which identifies, analyses, assesses and manages risks that potentially have a material impact on the value of the Group or potentially hinder the Group in achieving its stated business objectives and goals in a consistent manner across the Group.

### Risk Governance Structure

As one key element of the risk management framework, the risk governance approach is designed to ensure that the risk profile remains consistent with the risk strategy and the capacity to bear risks.

The risk governance structure is defined top-down with the highest oversight function being performed by the Board, specifically the Risk Management Committee. The Board assumes ultimate responsibility over the effectiveness of the Group's risk management and internal control systems by establishing and supervising the operation of the risk management framework. The risk management framework including all Group policies is subject to the approval of the Board.

The Risk Management Committee oversees the Senior Management's activities in managing the key risk areas of the Group and to ensure that the risk management process is in place and functioning effectively. The Risk Management Committee drives the risk management framework of the Group and report to the Board on its recommendations and/or decisions. Through structured reporting from Risk Management Working Committee ("RMWC"), the Risk Management Committee consolidates the status of the risks and presents them to the Board for consideration.

The RMWC is established at the management level and serves as a platform for two way communications between the Management and the Board on matters of the organisation's risk strategy and management.

An independent Risk Management Function ("RMF") headed by the Chief Risk Officer implements the approved risk management framework within the Group and to ensure adherence to the requirements stipulated by the various regulatory bodies.

The Internal Audit Function complements the RMF in the implementation of the Group's risk management by performing independent assessment to ensure that the policies are adhered to and their relevant procedures and processes are effectively practised and continually updated to reflect the change in environment and technology according to approved standard operating process.

The Legal and Compliance functions identify and assess any legal, compliance and fraud risk that the Group may be exposed to. They also roll out and/or cascade any compliance related initiatives/requirements from the regulators.

At the operating level, the Heads of Divisions/Departments/Operating Units are responsible for the validity and accuracy of the risks and mitigation actions for which they are appointed as risk owners. The risk owners shall be responsible for the implementation of risk management activities including risk mitigation plan within their respective unit/department/division or project.

### Risk Strategy and Risk Appetite

The Risk Strategy defined the tolerance of risk at the desired level of confidence, in relation to clearly defined risk and performance criteria. The Risk Appetite is defined to cover:-

- All material risks.
- Allowing for breakdown of Risk Appetite.
- Taking into account requirements imposed by regulators as well as the protection of both policyholder obligations and shareholder net asset value.

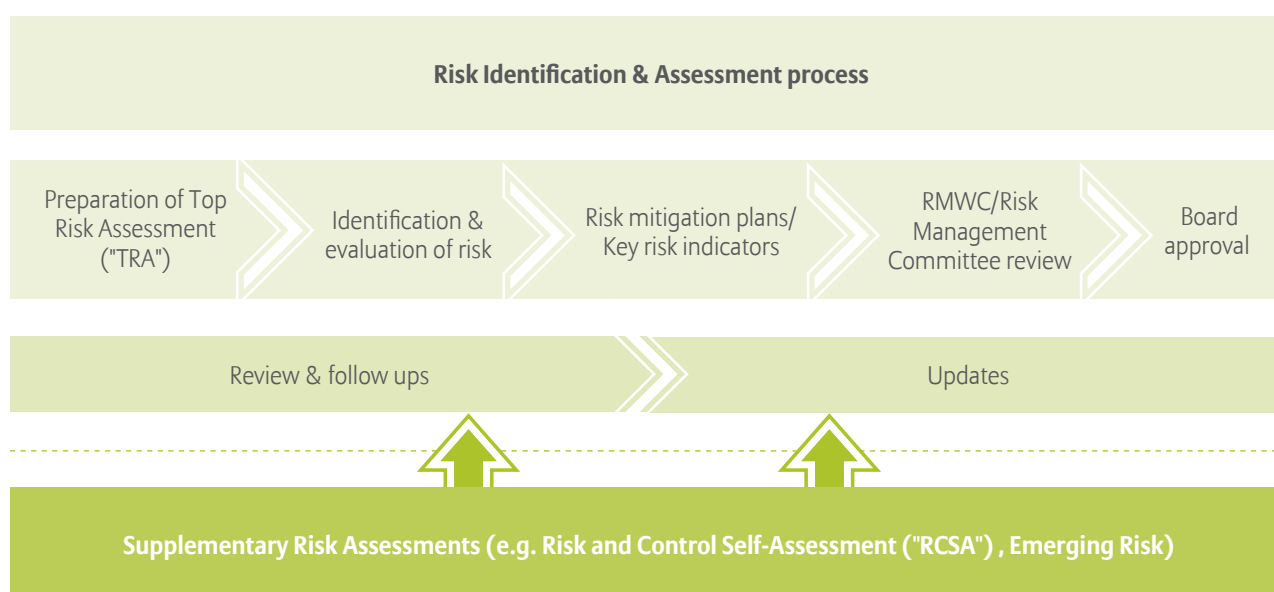
The Risk Strategy will also define the core elements of the Group's risk appetite namely target rating of top risks, capital adequacy, earning volatility, liquidity, as well as operational, strategic and reputational exposures that might cause significant loss to the Group.

The Risk Strategy and Risk Appetite is reviewed and approved by the Board on an annual basis.

### Risk Management Process

Risk management is considered and managed as part of the daily process of managing and directing the business. The risk management process is integrated with core management processes of the business so that it can make value-added contributions to establishing sustainable competitive advantage and improving business performance. These include the implementation of a limit system and various frameworks, manual and policies.

Besides the embedded process, the following risk management cycle to identify, assess, mitigate, monitor and report will also be carried out by the RMF together with the respective risk owners.



#### (a) Top Risk Assessment

TRA approach is in place to periodically analyse all material quantifiable and non-quantifiable risks, including market, credit, underwriting, business, operational, liquidity, reputational and strategic risks.

The Group identifies and remediates significant threats to financial results, operational viability or the delivery of key strategic objectives, regardless of whether they relate to quantifiable or non-quantifiable risks using the approved TRA Matrix. The identified top risks are assessed quarterly by the assigned risk owners; and the same is reviewed, discussed and approved by the Board, Risk Management Committee and RMWC. Key risk indicators are also put in place to monitor changes in risk exposure or control effectiveness for the top risks on quarterly basis. The key risks and their salient points on how the Group manages these risks are set out below:-

Key risks	Broad Definition	Risk Management Practices
Market	Losses to the net worth of assets and liabilities arising from changes in market prices. In particular, these include changes driven by equity prices, interest rates, real estate prices, credit spreads and implied volatilities.	<ul style="list-style-type: none"> <li>Investment activity is strictly governed by the pre-approved limits and appetite and monitored through a front end system. Any exception requires pre-approval.</li> <li>An asset and liability process has been put in place to manage the risks and returns expected from the insurance obligations.</li> <li>Selectively using derivative to either hedge the portfolio against adverse market movements or reduce reinvestment risk.</li> </ul>
Credit	Losses in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments (i.e. payment overdue).	<ul style="list-style-type: none"> <li>Credit analysis are conducted prior to purchase and regular review on portfolio.</li> <li>Investment activity is strictly governed by the limits to ensure the diversification of investment portfolio to minimise the impact of default by any single counterparty.</li> <li>Only uses pre-approved reinsurance partners with strong credit profiles.</li> </ul>
Insurance	Losses due to inadequacy of premiums or inadequate reserves or due to the unpredictability of mortality or longevity.	<ul style="list-style-type: none"> <li>Managed through a comprehensive and strict standard for underwriting and limit guidelines. Where necessary, the risk will be surveyed by the loss control engineers.</li> <li>Regular monitoring of products, assumptions used against actual industry statistics and re-pricing will be taken if necessary.</li> <li>Adequate reinsurance is purchased and reviewed annually to ensure adequate continuous cover within acceptable appetite and costs.</li> <li>New products undergo a robust product development process.</li> </ul>
Legal and Compliance	Losses arising from a breach of relevant laws and regulations.	<ul style="list-style-type: none"> <li>Trainings will be provided and annual declarations required from all staff. New guidelines will be published in the staff portal and highlighted and reminded through e-mails.</li> <li>Regular reviews are conducted to ensure compliance.</li> </ul>

#### (b) Operational Risk Management

Operational Risk Management ("ORM") is a continuous process which includes operational risk identification, measurement, quantification, management and monitoring to mitigate the operational loss resulting from inadequate or failed internal processes, people, system or from external events.

ORM is monitored through a combination of the following activities:-

- The RCSA;
- Analysis of actual loss events reported into the Loss Data Capture ("LDC") database;
- Periodic audits by the Internal Audit Department and reviews by RMF; and
- Other key indicators and feedback from subject matter experts (e.g. Business Continuity Management Officers, Anti-Fraud and Anti-Corruption Coordinators).

**(c) Reputational Risk Management**

All activities and non-activities within Group can influence its reputation, which is determined by the perceptions and beliefs of its stakeholders. Hence, thorough management of reputational risks is required. Any risks that might have significant impact on other Allianz operating entities or the Allianz SE Group will be escalated to Allianz SE.

The Corporate Communications function of the Group actively manage the reputational risk by assessing any potential risk arising from media press or any transaction relating pre-defined sensitive areas. Reputational Risk and Issues Management Policy has been put in place to address the management of reputational risk and the methodology to assess reputational risk.

**(d) Liquidity Risk Management**

Liquidity risk is a consequential risk, i.e. another adverse event has to happen before the Group runs into liquidity issues. On this background, the Group has identified various events that might lead to liquidity shortages. To mitigate this, limits on the cash position have been put in place and closely monitored.

**Internal Capital Adequacy Assessment Process**

Internal Capital Adequacy Assessment Process ("ICAAP") is an overall process by which the Group adopted to ensure it has adequate capital to meet its capital requirements which reflects its own risk profile on an on-going basis. The formal assessment is conducted at least on an annual basis and its results are reported to the Board.

The review of the ICAAP coincides with the annual planning process and any changes in the strategic directions of the respective companies and business plans will be updated into the Risk Strategy and accordingly all risks identified will also be taken into account when computing the Internal Capital Target Level ("ITCL").

The ITCL is validated by stress testing to ensure that it will still be above the Supervisory Target Capital Level even after the occurrence of a severe plausible event.

As part of the monitoring, thresholds are identified with the respective capital management action plans to be executed once the thresholds are triggered.

**Stress Testing**

Stress test is an effective risk management tool and the Group conducts such stress test regularly.

The stress test process is designed based on the respective insurance subsidiaries' solvency position, lines of business, current position within the market, investment policy, business plan, and general economic conditions. The results of the stress test will then be incorporated into the respective insurance subsidiaries' capital management plan, in determining the extent of capital affected by the threats arising from adverse events and the actions required to mitigate such threats.

The Board and Management participated actively in providing feedback and appropriateness of its methodology and assumptions and its results.



## Whistleblowing Policy

The commercial activities of the Group are based upon trust of the Group's customers, shareholders, employees and general public. Therefore, it is important that any issues of illegal or questionable activities are reported to Management for prompt investigation and intervening action.

The Group implemented the Whistleblowing Policies and Procedures ("Whistleblowing Policy") to address whistleblowing matters; and the Whistleblowing Policy describes the Group's Speak-Up Policy, avenues for filing a concern and handling of whistleblowing incidents by the employees and external party or any insurance intermediary. The Group also has an established whistleblowing mechanism in place to enable anonymous and non-anonymous reporting of any breach of the Allianz Group Code of Conduct, any laws, regulations, orders or any internal rules. All whistleblowing incidents in the Group are reviewed by the Integrity Committee and the Audit Committee.

For this purpose, employees of the Group may raise concerns or report anonymously or non-anonymously reporting via the following channels:-

- (a) Employee's direct line manager;
- (b) Senior Management member of the Group;
- (c) Internal Audit Department;
- (d) Human Resources Division;
- (e) Legal and Compliance Division;
- (f) Audit Committee members;
- (g) The Group's Compliance Officer, Allianz SE Group Legal and Compliance and Allianz SE Singapore Branch Compliance; and
- (h) The whistleblowing intranet portal of the Group, Allianz SE Group Compliance and Allianz SE Singapore Branch Compliance.

For Business Partners, they may report whistleblowing matters to the Compliance Officer at [compliance.officer@allianz.com.my](mailto:compliance.officer@allianz.com.my)

To raise awareness of the Whistleblowing Policy and avenues for reporting, Compliance Department had conducted the awareness programmes to the Group's employees on a periodic basis to ensure effective implementation of the Whistleblowing Policy while the adherence of the Whistleblowing Policy will be reviewed by Internal Audit Department based on their Internal Audit Programme.

In addition to Whistleblowing Policy, the Group has also in place an Anti-Fraud Policy. The Anti-Fraud Policy defines fraud events, investigation process, reporting procedures, fraud risk assessments, training and the roles and responsibilities of Management and employees.

All fraud cases are assessed confidentially by the Integrity Committee to determine the validity and appropriate actions to be taken; and the findings are reported to the Audit Committee.

## Internal Audit Function

The Board has established an internal audit function within the Group, which is led by the Head of Internal Audit who reports directly to the Audit Committee.

Details of the Internal Audit Function of the Group is set out in the Audit Committee Report of this Annual Report.

## External Auditors

The Board and the Audit Committee place great emphasis on the objectivity and independence of the Group's External Auditors.

The Board is committed in ensuring the independence of the External Auditors. Accordingly, significant attention is directed toward the appropriateness of the External Auditors to perform services other than statutory/financial audit. The Board had on 17 August 2012 approved the Policy on Audit and Non-Audit Services Provided by External Auditors ("Policy") to ensure that the independence and objectivity of the External Auditors are not compromised.

The Policy sets forth the procedures with respect to the engagement of the External Auditors to perform audit, audit-related and non-audit services for the Group. The said Policy also sets out the guidance on audit and non-audit services that may be undertaken by the External Auditors as well as the prohibited services that may not be provided by the External Auditors and the criteria and approval procedures in dealing with audit and non-audit services.

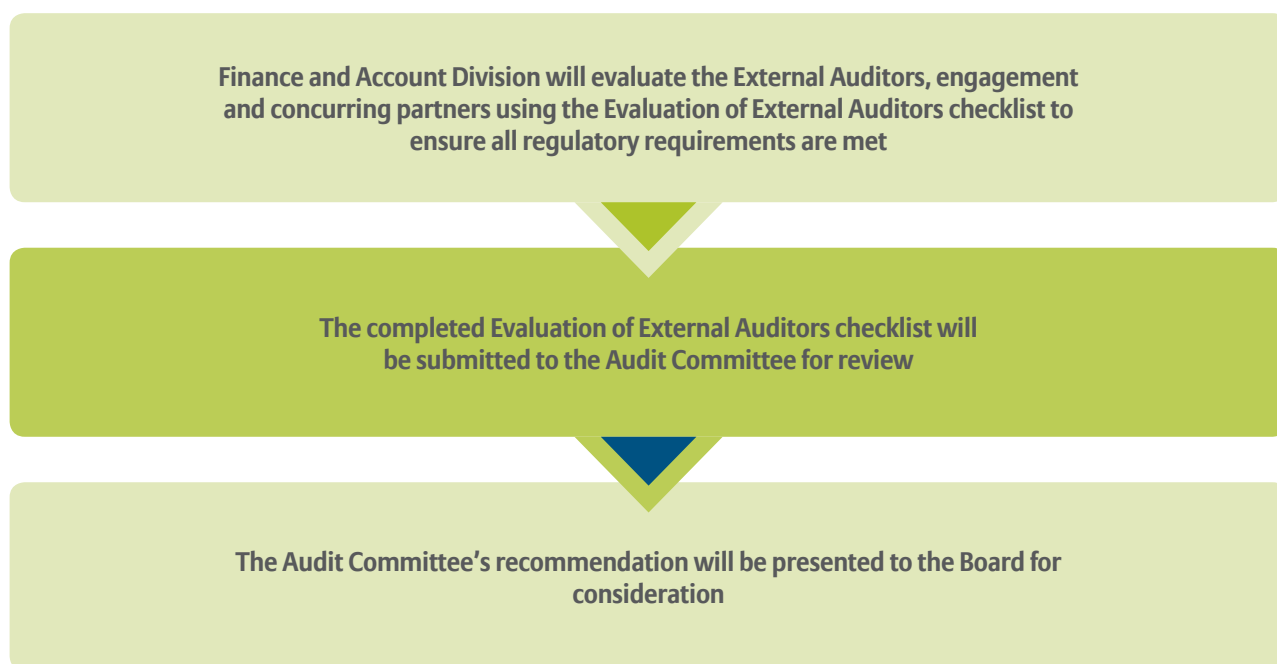
In compliance with the BNM's Guidelines on External Auditors, the Audit Committee is required to assess the qualifications, independence and performance of the External Auditors. The Audit Committee is also required to recommend to the Board on the proposed appointment of the engagement partner and the concurring partner. The Audit Committee also ensures that there is a rotation on the engagement partner and the concurring partner at least once every 5 years.

The appointment and re-appointment of the External Auditors, engagement partner and concurring partner will be reviewed by the Audit Committee and the recommendation from the Audit Committee will be presented to the Board for consideration prior to the same being presented to the shareholders for approval.

Areas of assessment include among others, the level of knowledge, capabilities, experience and quality of previous work, level of engagement, ability to perform the audit work within the agreed timeframe, adequacy in audit coverage, effectiveness in planning and conduct of audit, ability to provide constructive observations and independence.

The Audit Committee also reviews the non-audit services rendered by the External Auditors. The terms of engagement of the External Auditors for their audit and non-audit services rendered are reviewed by the Audit Committee and approved by the Board.

The process for appointment and re-appointment of the External Auditors, engagement partner and concurring partner are as follows:-



Through the Audit Committee, the Board has established a formal and appropriate relationship with the External Auditors. The Audit Committee meets with the External Auditors at least 2 times a year to review the audit plan, the audited financial statements and the audit observations. The Audit Committee also holds at least 2 private discussions with the External Auditors without the presence of the Management and Executive Directors, to ensure that their independence is not compromised and any matters that may warrant the Audit Committee's attention. The External Auditors are also invited to attend the Annual General Meeting of the Company to address the concerns of the shareholders in relation to the audited financial statements of the Group.

Details of the role of the Audit Committee in relation to the External Auditors are described in the Audit Committee Report of this Annual Report.

The audit fees for the financial year ended 31 December 2015 are detailed below:-

	Group RM'000	Company RM'000
Auditors' fees:		
- statutory audits	787	139
- other services		
• review of interim financial information for the period ended 30 September 2015	53	-
• Other regulatory related fee (PIDM agreed-upon procedures)	16	-
• review of Statement on Risk Management and Internal Control	10	10

#### 4. SHAREHOLDERS AND INVESTORS ENGAGEMENT

##### Shareholders' Rights

In accordance with the Companies Act, 1965, the Company's Shareholders exercise their decision-making powers at general meetings. Shareholders attend meetings in person or through an appointed proxy or authorised representative. Each ordinary share entitles the holder to one vote. The irredeemable convertible preference share ("ICPS") holders carry no voting right at any general meeting of the Company except for the following circumstances:-

- when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months;
- on a proposal to wind-up the Company;
- during the winding-up of the Company;
- on a proposal that affect the rights attached to the ICPS;
- on a proposal to reduce the Company's share capital; or
- on a proposal for the disposal of the whole of the Company's property, business and undertaking.

Matters reserved for ordinary shareholders' approval at the Annual General Meeting include the following:-

- The adoption of Audited Financial Statements.
- Distribution of final dividend, if any.
- The election and re-election of Directors.
- Payment of Directors' fees to Directors.
- Re-appointment of Directors who retire in accordance with Section 129(6) of the Companies Act, 1965.
- Appointment/re-appointment of External Auditors.

The shareholders have the right, among others, to participate in amendments to the Company's Articles of Association, increase in authorised and paid-up capital, major mergers, acquisitions and divestments exercises, transfer of all or substantial assets.

The rights of the ordinary shareholders and the ICPS holders are detailed in the Company's Memorandum and Articles of Association.



The Company's Memorandum and Articles of Association is made available on the Group website at [allianz.com.my](http://allianz.com.my)>About us>corporate profile>corporate governance>Memorandum and Articles of Association.

## Dividend Policy

The Board continuously strives to protect investors' capital and provide returns via dividends whilst striking a balance between the dividend payout and capital requirement of its insurance subsidiaries.

The dividends for the current and preceding financial years are set out in the Chairman's Statement of this Annual Report.

The dividend policy and procedures for the Group was set up to govern the required criteria for the payment of dividend and process of declaring the dividend to shareholders.

The Company is an investment holding company and the dividend capacity of the Company is dependent on dividend stream from its insurance subsidiaries. Declaration of dividend of the insurance subsidiaries is driven by their regulatory solvency and subject to BNM's approval.

The Board will take into consideration the following criteria, among others, when proposing for declaration of dividend:-

- (a) any dividends received from its insurance subsidiaries;
- (b) availability of cash flow after retaining sufficient cash flow for its working capital; and
- (c) meeting of all requirements of the Companies Act, 1965 in respect of payment of dividend.

The dividend payment for ICPS will depend on the dividend payment of the ordinary shares. No dividend shall be payable to ICPS holders if no dividend is declared for the ordinary shareholders. The dividend rate for ICPS is 1.2 times of the dividend rate of the ordinary shares declared for the same financial year/period and calculated based on the nominal value of the ICPS.

## Communication with Shareholders/Investors

The Board acknowledges the need for shareholders and other stakeholders to be informed of all material information affecting the Group and is committed to maintain transparency and accountability to all of its shareholders and stakeholders.

In maintaining the commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of comprehensive, accurate and timely disclosures of information to its shareholders as well as to the general investing public in accordance with the requirements of the Listing Requirements, to enable them to make informed investment decisions.

The Board is mindful that material information affecting the Group must be announced immediately via Bursa Securities to the shareholders and investing public and that price sensitive information must be handled in a strictly confidential manner within the Group. Internal procedures have been put in place to ensure that material information released to the shareholders and investing public are accurate, comprehensive and not misleading and that price sensitive information are handled properly to avoid any leakage and improper use of such information by the relevant parties. In addition, the Board also stresses on equal dissemination of information to shareholders and stakeholders.

Information in respect of the Group is disseminated through the following avenues:-

- (a) Quarterly Report

Information in respect of the Group's financial results, business review, future prospect, corporate exercises and other material information in relation to the development of the Group are disclosed in the Quarterly Report of the Group.

Immediately following the release of the Quarterly Report to Bursa Securities, a press release in respect thereto will be issued by the Group. The Quarterly Report, press release and analysts briefing presentation are subsequently published on the website of the Group.

## (b) Audited Financial Statements and Annual Report

The Company's audited financial statements is released to Bursa Securities within 90 days from the financial year end and made available at the Group's website.

The Group's Annual Report provides a comprehensive report on, among others, the Group's audited financial statements, review of the operational and financial performance, business development and strategy, industry outlook and future prospects, corporate responsibility activities and sustainability development, risk management and internal control activities and corporate governance development.

Annual Reports are despatched to shareholders in CD ROM format and hard copy will be made available to shareholders upon request. It is also published in the website of the Group upon its issuance to the shareholders and release to Bursa Securities. The 2015 Annual Report will be despatched to shareholders in CD ROM format within 4 months from the close of the financial year end in compliance with the Listing Requirements.

## (c) Corporate Announcements

Corporate announcements contain material information that may affect the interest of the shareholders and other announcements as may be required by the Listing Requirements will be released to Bursa Securities on a timely manner. Such announcements are also disseminated to Senior Management via email and made available in the website of the Group immediately after released to Bursa Securities.

## (d) Investor Relations

The Senior Management comprising the Chief Executive Officer and Chief Financial Officer of the Group holds quarterly briefing for fund managers and research analysts on the quarterly performance and business development and progress of the Group. Such briefing is normally conducted on the next working day after the release of the Group's Quarterly Report to Bursa Securities.

The quarterly briefing also serves as a platform of dialogue between the fund managers and research analysts with the Senior Management of the Group, where the fund managers and research analysts are able to raise questions and seek clarification from the Senior Management on pertinent issues relating to the Group.

In order to ensure that shareholders and investing public have equal access of the presentation slides for the briefing, the presentation slides are published on the website of the Group immediately after the Group released its Quarterly Report to Bursa Securities.

In addition, the Senior Management also holds separate meetings with the potential investors and fund managers throughout the year to provide the overview of the operation and business prospects of the Group.

## (e) Designated Person to handle Investor Relations

The Corporate Communications Department of the Group addresses enquiries from shareholders, investors and public on all corporate matters relating to the Group.

The personnel to be contacted in relation to investor relations matter is as follows:-

**Ms. Joannica Dass**

Head of Corporate Communications

Tel : 03-22640780

Fax : 03-22641186

E-mail : joannica.dass@allianz.com.my

## (f) Press Releases

Press releases on corporate developments and initiatives are also issued by the Group to provide the stakeholders with the up-to-date information in respect of the Group.

Media meetings and interviews are also initiated to provide wider publicity and understanding of the Group's business activities and strategies.



(g) Website - [allianz.com.my](http://allianz.com.my)

The Group's website at [allianz.com.my](http://allianz.com.my), provides the avenue for the shareholders, investing public and other stakeholders to access all information in relation to the Group, covering the areas of business products, services, corporate responsibility initiatives, announcements released to Bursa Securities, press releases, financial statements of the Company and its insurance subsidiaries and presentation made during the analyst briefings and Annual General Meeting.

The Company continues to review and made improvement on its website to ensure that information are relevant, updated and easy access by all stakeholders and investors. In 2015, the website has been revamped to enable the visitors of the website to have easy access to key information.

In addition, an enquiry tab is also provided in the website to enable the shareholders, stakeholders and general public to make enquiries.

(h) Facebook - [facebook.com/AllianzMalaysia](https://facebook.com/AllianzMalaysia)

The Group's Facebook page is another avenue for the Group to engage with shareholders, stakeholders and general public in an interactive way. Through the Facebook page, latest news of the Group are made available to the shareholders, stakeholders and general public. Facebook page also serve as an avenue that allow the customers or general public to post their opinions, reviews, comments, suggestions and feedback to the Group.

## General Meetings

The Annual General Meeting is the principal forum to communicate with the shareholders. As part of the Company's effort to encourage shareholders' participation at the Annual General Meeting, a strategic venue with convenient access to public transportation, was selected as the venue for the Annual General Meeting.

In the Company's effort to promote engagement and interaction with shareholders, information counters featuring the Group's insurance products, corporate responsibilities activities and other initiatives are set up during the Annual General Meeting where shareholders' are able to understand more about the Group's product and at the same time to have hands-on experience on the various activities carried out by the Group.

The Company encourages shareholders to submit their questions prior to the commencement of the Annual General Meeting. A questionnaire form is made available to shareholders or proxies during registration. Shareholders are also encouraged to place any additional questions they might have after the closure of Annual General Meeting at the enquiry box placed at the registration counter. The Company will response to the question within seven days from the date of the Annual General Meeting.

The notice of Annual General Meeting and the related circular to shareholders are despatched to shareholders at least 21 days prior to the Annual General Meeting in accordance with the Listing Requirements, to provide sufficient time for the shareholders to review the Group's financial and operational performance and to evaluate the resolutions tabled at the Annual General Meeting. In line with the global best practice, the notice of 42nd Annual General Meeting will be despatched to shareholders 28 days prior to the Annual General Meeting.

The notice of Annual General Meeting is also advertised in the local English newspaper, namely New Straits Times for the benefit of shareholders and was accompanied by explanatory notes on special business requiring Shareholders' approval. The notice of 42nd Annual General Meeting will also be made available on Group's website at [allianz.com.my](http://allianz.com.my) for easy access and the said notice will be accompanied by explanatory notes for each agenda item which require Shareholders' approval.

At the Annual General Meeting of the Company, the Chairman highlights to the shareholders present of their right to demand for a poll, the Chief Executive Officer and Chief Financial Officer present comprehensive review of the Group's financial performance, business development, corporate responsibility activities and other significant matters that required the attention of the shareholders. Shareholders are encouraged to raise questions or seek clarification pertaining to the operations, financial and business related issues and any other related matters to the agenda of the Annual General Meeting.

Members of the Board, Senior Management comprising heads from various Departments and the External Auditors are present at the Annual General Meeting to engage directly with the shareholders and to address concerns that may be raised by the shareholders.

Suggestions received from the shareholders during the Annual General Meeting, where applicable, will be evaluated and considered for implementation by the Board.

The Management also shared with the shareholders the questions submitted in advance of the Annual General Meeting by the Minority Shareholder Watchdog Group and the Company's response in relation thereto during the Annual General Meeting. The questions from Minority Shareholder Watchdog Group and the Company's response will be published at the Company's website after the Annual General Meeting. The Minutes for the 41st Annual General Meeting was published in the Company's website.

The Company has always made the necessary preparation for poll voting for all resolutions at its Annual General Meeting including the appointment of external scrutineers as an oversight to ensure that satisfactory procedures of the voting process are in place before the Annual General Meeting and to oversee the counting of votes during the Annual General Meeting in the event poll is demanded.

The Board also takes note of the recommendation of the Code on e-voting and shall consider employing electronic means for poll voting, to facilitate greater shareholder participation after taking into consideration its large shareholder base and issues related to logistical complexity, reliability, applicability, cost and efficiency. In line with international best practice in corporate governance, voting at the 42nd Annual General Meeting to be held on 25 May 2016, will be conducted by poll instead of by a show of hand. All shareholders will be briefed on the voting procedures by the independent scrutineer prior to the poll voting at the 42nd Annual General Meeting.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO FINANCIAL STATEMENTS**

The Board, in preparing the financial statements, has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. All applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis.

The Board is responsible for ensuring that the Company maintains accounting records that disclose reasonable accuracy of the financial position of the Company and the Group.

The Board has overall responsibilities for taking such steps, as are reasonably available to them, to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 in respect of the preparation of the Company's financial statements for the financial year ended 31 December 2015 is set out in the Financial Statement of this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control ("Statement") is made pursuant to Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR") that requires the Board to include in its Company Annual Report a statement about the state of its internal control.

This Statement has been prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers issued by an industry-led task force in December 2012.

## BOARD RESPONSIBILITY

The Board recognises the importance of sound internal controls that cover risk management, financial, operational and compliance controls. The Board is fully committed to ensure that effective risk management and internal control systems are in place within Allianz Malaysia Berhad and its subsidiaries (the "Group") and continuously review the adequacy and integrity of these systems. Such systems, designed to safeguard shareholders' investments and the Group's assets, however, can only mitigate rather than eliminate the risk of failure to achieve the business objectives of the Group. These systems, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established an on-going process for identifying, evaluating and managing the significant risks encountered by the Group in achieving its business objectives. The process, which is reviewed and updated from time to time to cater for changes in business environment, has been in place throughout the financial year ended 31 December 2015 and has continued up to the date on which this Statement was approved.

## CONTROL STRUCTURE

The key processes that the Board has established for reviewing the adequacy and integrity of risk management and internal controls of the Group are as follows:

### Risk Management Framework

The Board recognises the importance of having in place a risk management system to identify key risks and implement appropriate controls to manage such risks as an integral part of the Group's operations. The Group has in place a Risk Management Framework Manual ("RMFM") for all companies within the Group ("OEs"). The RMFM outlines the guiding principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process of the Group. It is designed to formalise the risk management functions and practices across the Group and to increase awareness of the Group's employees to risk identification, measurement, control, on-going monitoring and reporting.

The RMFM is in compliance with the relevant Bank Negara Malaysia ("BNM") and Allianz SE Group guidelines and policies.

The system of risk governance process is integrated into the core management processes and forms part of the daily business process so that a value-added contribution in terms of sustainable competitive advantage and improved business performance can be established. Various standards are implemented by the Group, including organisational structure, risk strategy, written policies, limits, system documentation and reporting, to ensure accurate and timely flow of risk-related information and a disciplined approach towards decision making and execution.

The Group also adopts the three lines of defence model where the "first line of defence" rests with the business managers. They are responsible in the first instance for both the risks and returns of their decisions. The "second line of defence" is made up of the oversight functions comprising Legal, Compliance, and Risk Management that are independent from business operations.

- The Legal function seeks to mitigate legal risks arising from legislative changes, major litigation and disputes, regulatory proceedings and unclear contractual terms.
- The Compliance function assists the Board and Senior Management in managing and mitigating the compliance risks due to any non-compliance of the requirements of the law, regulations and regulatory and industry guideline.
- Risk Management function assists the Board and Senior Management to achieve its strategic goals and objectives by implementing risk management activities across the organisation.
- Both the Compliance and Risk Management functions report to the Risk Management Committee ("RMC") which assists the Board to discharge its oversight function effectively. As part of its responsibilities, the Compliance and Risk Management functions advise the Board and Senior Management on compliance, risk and regulatory matters; and provide training to the Group's employees.

In addition to the above oversight functions, Actuarial function constitutes additional components of the “second line of defence”. Actuarial function contributes towards assessing and managing risks in line with regulatory requirements and they report to the Board and Senior Management. Its scope of work includes the coordination and calculation of technical reserves for accounting and regulatory, oversight on product pricing/profitability and contribution to an effective risk management system. An appropriate control framework has been established to avoid any potential conflict of interest to fulfil their role as the second line of defence.

### Internal Audit

Internal Audit forms the “third line of defence”. The Internal Audit function of the Group, which reports to the Audit Committee, undertakes independent reviews or assessments of the Group’s operations and its system of internal controls and provides monitoring of the controls and risk management procedures as well as highlights significant risks impacting the Group. The internal audit personnel are independent from the day-to-day activities of the Group and have unrestricted access to all activities conducted by the Group.

The audit scope covers auditable areas encompassing financial operations, product development, investments, pricing operations, back office functions, agency operations, regulatory compliance and information technology and systems. An annual audit plan is developed based on annual risk assessment and approved by the Audit Committee.

Internal audit findings are discussed at management level. Senior and functional line management are tasked to ensure that management action plans are carried out in accordance with internal audit recommendations. Follow-up audits are also performed to monitor continued compliance.

All internal audit reports are submitted to the Audit Committee. The Audit Committee will deliberate on the key audit findings and management actions to address these findings during the Audit Committee meetings. The internal auditors will provide quarterly/ bi-yearly updates to the Audit Committee on the progress of the management action plans as well as progress of the audit plan.

### Other Key Internal Control Process

The other key processes that the Board has established to provide effective internal control include:

#### Clear and Defined Organisational Structure

- The Group has established an organisational structure with clearly defined lines of responsibility, authority limits and accountability aligned to its business and operation requirements and control environment. Relevant Board Committees with specific responsibilities delegated by the Board are established to provide oversight governance over the Group’s activities. The Board Committees have the authority to examine matters under their terms of reference as approved by the Board and report to the Board with their recommendations.
- Management Committees are established by the Management to assist in managing the day-to-day operations and ensure its effectiveness. The Management Committees formulate tactical plans and business strategies, monitor the performance of the Group and ensure activities are carried out in accordance with corporate objectives, strategies, business plans and policies as approved by the Board.

#### Management Authority Limit

- The Board’s approving authority is delegated to the Management through formal and defined operational authority limits that governs business procedures and decision making process in the Group. The operational authority limits incorporates segregation of duties and check and balance in delegation of authority.

The management authority limits covers underwriting of risks, claims settlement, reinsurance and capital expenditures and are reviewed and updated to ensure relevance to the Group’s operations. Such authority limits are documented and made available to all staff via the Group’s staff e-portal.

In ensuring that the decision making process is transparent and to the best interest of the Group, all Directors and staff including the Chief Executive Officer are required to declare their interest in other entities on an annual basis. In addition, they are also required to disclose to the Group, any circumstance that may give rise to a conflict of interest situation during the course of carrying out their duties.

### Policies and Procedures

- Clear, formalised and documented internal policies and procedures are in place to ensure continued compliance with internal controls and relevant rules and regulations imposed by the relevant authorities.

These policies and procedures are subject to review and improvement to reflect changing risks and process enhancement, as and when required. Policies are also made available via the Group's staff e-portal for easy access by the employees.

### Annual Business Plan and Performance Review

- Annual business plans are reviewed by the Senior Management Committees of the OEs before submitting to the respective OE Boards for approval. Financial condition and business performance reports are also submitted to the respective OE Boards for review during the meetings. These reports cover all key operational areas and provide a sound basis for the respective OE Boards to assess the financial performance of the OEs and to identify potential problems or risks faced by the OEs, thus enabling the respective OE Boards to effectively monitor on an on-going basis, the affairs of the respective OEs.

### Related Party Transactions

- The Group complied with the requirements of BNM's Guidelines on Related Party Transactions (BNM/RH/GL/018-6) and the MMLR in respect of its related party undertakings. Necessary disclosures were made to the respective Boards and where required, prior approval of the respective OE Boards and/or shareholders for the transactions had also been obtained.
- In line with Part E, Paragraph 10.09 of the MMLR on recurrent related party transactions of a revenue or trading nature with related parties ("Recurrent Transactions"), the Company had obtained the shareholders' mandate for the Group to enter into Recurrent Transactions ("Shareholders' Mandate"). The Shareholders' Mandate will be renewed on a yearly basis at the Annual General Meeting of the Company.
- The Group has also established a review procedure for related party transactions including Recurrent Transactions ("RPT Review Procedure") to ensure that they are: -
  - (i) undertaken on arm's length basis;
  - (ii) consistent with the Group's usual business practices and policies;
  - (iii) the transaction prices and terms are not more favourable to the related parties than those extended to third parties/public; and
  - (iv) are not to the detriment of the minority shareholders.
- Under the RPT Review Procedure, a due diligence working group ("DDWG") was formed to review the related party transactions prior to the same being submitted to the Audit Committee for consideration. The Audit Committee will subsequently review the related party transactions and submit its recommendation to the Board for consideration.
- The Audit Committee also reviews the RPT Review Procedure on an annual basis to ensure that the procedures and processes are sufficient and adequate to monitor, track and identify related party transactions including Recurrent Transactions in a timely and orderly manner.

### Underwriting and Reinsurance

- The insurance OEs employ high standards in their respective underwriting process. This includes among others, risk segmentation and selection, setting adequate pricing and terms and conditions, setting of right retention limit and adequate reinsurance protection.
- Underwriting authority is controlled centrally at the Head Office level. Reinsurance is in place primarily to ensure that no single loss or aggregation of losses arising from a single event will have an adverse financial impact on the Group. Reinsurers' selection is guided by the guidelines issued by the regulator and the Allianz SE Group. Reinsurance needs are reviewed annually in respect of reinsurance treaties and on case to case basis on facultative arrangements.

### Financial Control Procedures

- Financial control procedures are put in place and are documented in the procedural workflows of each business unit. These workflows are subject to reviews and improvements to reflect changing risks and process enhancement as and when required.



### Investment

- The Investment Committee of the OEs are responsible for setting investment policies, objectives, guidelines and controls for the Investment Department, which resides at the life operation of the Group. The Investment Department is responsible for managing the investment functions of the Group.
- The Group has in place the Group Investment Manual which sets out the detailed investment procedures and controls, including an Investment Code of Ethics to ensure that the Group's interests prevail over the personal interests of the employees.
- The investment limits are set at various levels with limits which are more stringent than the regulatory limits as prescribed by BNM. The investment limits are monitored monthly to ensure compliance with the investment limits as specified in the Risk Based Capital Framework for Insurers issued by BNM.
- The investment performance and bonds exposure reports are amongst the reports submitted to the Investment Committee of the OEs for review at its quarterly meetings.

### Internal Capital Adequacy Assessment Process ("ICAAP")

- ICAAP is an overall process where all its insurance OEs are required to adopt to ensure that it has adequate capital to meet its capital requirements that reflects its own risk profile on an on-going basis. This formal assessment will be conducted at least on an annual basis based on its annual business plans, business strategy and appetite. Its results will be reported to the OEs Board.

### Code of Conduct for Business Ethics and Compliance ("COC")

- Every employee is required to attest on an annual basis that they understand and comply with the Allianz SE Group's COC. The COC among others, is essential in promoting ethical conduct within the Group and encompasses non-disclosure of the Group's information, accountability and areas on potential conflict of interest.

### Anti-Money Laundering / Counter Financing of Terrorism ("AML/CFT")

- The Group has in place internal policies and procedures relating to AML/CFT to prevent and detect money laundering and terrorism financing activities. In Allianz Life Insurance Malaysia Berhad ("ALIM"), these include customer due diligence, screening against sanctions list and suspicious transaction reporting to the Compliance Department whereas in Allianz General Insurance Company (Malaysia) Berhad ("AGIC"), sanctions list screening procedures are in place and any suspicious transactions are reported to the Compliance Department. In respect of education, staff and agents of ALIM are trained on AML/CFT requirements to promote understanding of their fundamental responsibilities in adhering to the procedures of verifying customers' identities and reporting of suspicious transactions.

### Product Development

- The insurance OEs have each in place a Product Development Management Policy ("PDM Policy") which sets out the policies and procedures on product development in accordance with the requirements of the Guideline on Introduction of New Products by Insurers and Takaful Operators (BNM/RH/STD 029-10) issued by BNM ("BNM Product Guidelines").
- The PDM Policy aims to promote sound risk management practices in managing and controlling product risk by ensuring the appropriate assessment and mitigation of risk during the development and marketing stages. The PDM Policy will also assist to ensure that the products developed and marketed by the respective insurance OEs are appropriate to the needs, resources and financial capability of the targeted consumer segments.
- The on-going product risk management is embedded within the risk management framework of the Company.

### Whistleblowing and Anti-Fraud

- The oversight of whistleblowing and fraud matters of the Group is performed by the AMB Integrity Committee ("InC"). The InC coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents.
- The Group has adopted the Group Anti-Fraud Policy and the Group Whistleblowing Policies and Procedures to address fraud and whistleblowing issues respectively. The Group Anti-Fraud Policy defines fraud events, investigation process, reporting procedures, fraud risk assessments, training and the roles and responsibilities of Management and employees. The Group Whistleblowing Policies and Procedures on the other hand, describe the Group's Speak-Up Policy, avenues for filing a concern and handling of whistleblowing incidents.
- In respect of whistleblowing, the Group has an established whistleblowing mechanism in place to enable anonymous and non-anonymous reporting of any breach of the COC, any laws, regulations, orders or any internal rules. These whistleblowing cases are assessed confidentially by the InC to determine the validity and appropriate actions to be taken.

### Anti-Corruption

- The Group has adopted Allianz SE Group's Anti-Corruption Policy which serves to outline the Group's existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, joint ventures and outsourcing agreements as well as facilitation payments.
- The Vendor Integrity Screening process which is a part of the Allianz SE Group's Anti-Corruption Programme is aimed at ensuring an integrity based due diligence before any third party vendor is engaged. The screening contains a self-assessment section which amongst others includes questions on anti-corruption to be answered by the potential vendor and a risk evaluation to be completed by the relevant staff/department in charge. Only those vendors whose screening does not reveal any negative findings will be engaged.

### Employees

- All staff are required to make an annual declaration that they fulfilled the minimum criteria of "A Fit and Proper Person" as prescribed in Section 59(1), (2) and (3) of the Financial Services Act, 2013. In addition, all staff are also required to attest that they understand and comply with the requirements of the following internal guidelines and policies:-
  - Related Party Transaction Declaration;
  - Disclosure of Data;
  - Conflict of Interest;
  - Code of Conduct for Business Ethics and Compliance;
  - IT Security Policy and Guideline e-Awareness Declaration;
  - Anti-Corruption Policy;
  - Anti-Fraud Awareness Declaration; and
  - Dealing with Government Clients (for employees under Sales only).

### Sales Policy and Sales Agent Code of Conduct

- The Group's insurance intermediaries are guided by the Sales Policy and Sales Agent Code of Conduct in order to promote professional sales conduct of intermediaries representing the Group. The Group has established Ethics and Compliance Committee in both AGIC and ALIM to deal with intermediary behaviour that are contrary to the said Sales Policy and Sales Agent Code of Conduct.

### Agent Sales Compliance Disciplinary Policy

- As part of measures to improve uniformity in disciplining the agency force, AGIC and ALIM have each formalised a Sales Compliance Disciplinary Policy detailing definition of types of offences/misconduct and the associated recommended disciplinary actions.

### Business Continuity Management

- Business Continuity Plans for all OEs have been formulated to ascertain that the Group will recover and restore any interrupted critical functions within a predetermined time upon the occurrence of any disastrous events.

The testing for Business Continuity Plan for all critical business functions and Disaster Recovery Plan test for all main application systems had been conducted during the financial year ended 31 December 2015 and the findings were reported to the respective OE Boards' information.

### Information System

- The insurance OEs complied with the BNM's Guidelines on Management of IT Environment (GPIS 1) and Guidelines on Internet Insurance (Consolidated) (BNM/RH/GL/003-5) by establishing a reliable information security system and a Group Information Security Policy and Standard ("Policy") to protect information confidentiality, integrity, availability and non- repudiation. All employees are required to strictly abide by and comply with the Policy.
- The IT Steering Committee of the insurance OEs is established and responsible for the overall strategic deployment of IT in tandem with the business objectives, establishing effective IT plans, recommending to the respective Senior Management Committees for approval on IT-related expenditure and monitoring the progress of approved IT projects.

### Data Management Framework

- The Group Data Management Framework ("DMF") has been in place to establish and maintain a sound data management and management information system framework. The objective of the DMF is to manage data and disseminate information effectively and efficiently and to maximise the effective use and value of data assets. In addition, the DMF aims to ensure the integrity of data assets by preventing unauthorised or inappropriate use of data and information.

### Data Privacy

- Given the enforcement of the Personal Data Protection Act, 2010 ("PDPA") with effect from 15 November 2013, all internal processes, practices and policies pertaining to the collection, processing and storage of personal data are monitored to ensure compliance with the PDPA. Additionally, with the adoption of the Allianz Standard for Data Protection and Privacy ("ASDP") by the Group in August 2014, the Data Privacy Management System ("DPMS") which is a requirement under the ASDP has been implemented. The objectives of the DPMS are to ensure compliance with regulatory obligations pertaining to data privacy and securing the trust of customers and business partners in relation to the handling of personal data which ultimately would increase confidence and trust in the Allianz brand.

### Reputation Risk Management

- The Group has in place a Reputation Risk and Issues Management Policy which establishes a core set of principles and processes for the management of reputational risks and reputational issues within the Group. The management of direct reputational risks requires balancing the benefits of a given business decision against the potential reputational impacts, taking into account the Group's reputational risk strategy and Environmental, Social and Governance ("ESG") approach. Indirect reputational risk are managed through the top risk assessment and risk and control self-assessment processes, which apply the same reputational risk assessment methodology used for direct reputational risks.

### Human Resources Policies and Procedures

- The Group has established proper policies and procedures on human resource management, including recruitment, training, appraisal, benefits, promotion, resignation and termination. These policies and procedures are reviewed as and when the need arises and changes effected are communicated to relevant employee's via-email or through memorandum. The policies and procedures are also made available via the Group's staff e-portal for easy access by the employees.

The Group aims to equip employees with the relevant knowledge, skills and competencies required for their roles and responsibilities through structured training and development programmes. These include a combination of classroom training, on-the-job attachment, professional examinations and project assignments. Employees are encouraged to embrace the culture of continuous learning for personal competency and career development.

Talent development is another key focus area of the Group. As part of on-going efforts in promoting a culture of high performance and in retaining key staff, the Group has embarked on a systematic approach for identifying and developing these talents. Through the Career Development Conference, the Management team is updated on the career and development progress of these individuals.

### Review of Statement on Risk Management and Internal Control

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The Chief Executive Officer and the Chief Financial Officer have given assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system. For the financial year ended 31 December 2015 and up to the date of this Statement, the Management has not identified any significant deficiencies in the design or operation of risk management and internal controls of the Group that could adversely affect the Group's ability in meeting its business objectives.

Additionally, the Internal Auditors of the Group have also reviewed this Statement and reported to the Audit Committee that, save for its presentation to the Audit Committee of the individual lapses in internal controls during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the system of internal control in the Group.

### Conclusion

Based on the above, the Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to safeguard shareholders' investments and the Group's assets.

This Statement is made in accordance with the resolution of the Board dated 26 February 2016.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2015, there were no proceeds raised from corporate proposals.

## 2. SHARE BUY-BACKS

During the financial year ended 31 December 2015, there were no share buy-backs by the Company.

## 3. OPTIONS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2015, the Company has not issued any option or convertible securities.

During the financial year ended 31 December 2015, the Company increased its issued and paid-up ordinary share capital to RM169,309,127 by way of the issuance of 1,820,864 ordinary shares of RM1.00 each pursuant to the conversion of 1,820,864 Irredeemable Convertible Preference Shares ("ICPS") of RM1.00 each to ordinary shares of RM1.00 each of the Company. Accordingly, the ICPS issued and paid-up share capital was reduced to RM176,896,658 as at 31 December 2015.

## 4. DEPOSITORY RECEIPT PROGRAMME

During the financial year ended 31 December 2015, the Company did not sponsor any depository receipt programme.

## 5. SANCTIONS AND/OR PENALTIES

Save for the tax penalty of RM142 imposed by the Inland Revenue Board to the Company's subsidiary for late payment on withholding taxes, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory bodies during the financial year ended 31 December 2015.

## 6. NON-AUDIT FEES

The amount of non-audit fees paid to external auditors, Messrs. KPMG by the Group for the financial year ended 31 December 2015 amounted to RM79,000.

## 7. VARIATION IN RESULTS

There was no profit forecast issued by the Group during the financial year ended 31 December 2015.

## 8. PROFIT GUARANTEE

During the financial year ended 31 December 2015, there was no profit guarantee given by the Company.

## 9. MATERIAL CONTRACTS

The Company had on 27 December 2012 entered into an advance agreement ("Advance Agreement") with its holding company, Allianz SE, for a 5-year term loan facility of up to the principal amount of EURO Equivalent of RM54.3 million to be made available by Allianz SE to the Company ("Advance"), upon the terms and conditions as stipulated in the Advance Agreement. The term loan is unsecured and subject to interest of 4.3 percent per annum and repayable in 2018.

The Advance is being utilised by the Company for general working capital purposes and to finance the business expansion of its life operating subsidiary.

Save as disclosed above, the Company and its subsidiaries have not entered into any material contracts involving the interest of the Directors and major shareholders, which is either still subsisting at the end of the financial year ended 31 December 2015 or, had been entered into since the end of the previous financial year.



**10. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2016****10.1 ORDINARY SHARE OF RM1.00 EACH**

Authorised Share Capital	: RM600,000,000
Issued and Paid-up Share Capital	: RM169,309,127
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

**DISTRIBUTION OF SHAREHOLDINGS**

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Less than 100	87	4.20	500	0.00
100 to 1,000	1,177	56.86	391,885	0.23
1,001 to 10,000	565	27.30	2,235,411	1.32
10,001 to 100,000	171	8.26	5,391,392	3.18
100,001 to less than 5% of issued shares	69	3.33	45,927,644	27.13
5% and above of issued shares	1	0.05	115,362,295	68.14
<b>Total</b>	<b>2,070</b>	<b>100.00</b>	<b>169,309,127</b>	<b>100.00</b>

**SUBSTANTIAL SHAREHOLDER**

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Allianz SE	115,362,295	68.14	-	-

**DIRECTORS' SHAREHOLDINGS**

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Zakri Bin Mohd Khir	100	^	-	-
Ong Eng Chow	100	^	-	-

^ Negligible

**10. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2016 (CONTINUED)****10.1 ORDINARY SHARE OF RM1.00 EACH (CONTINUED)****THIRTY LARGEST SHAREHOLDERS AS IN THE RECORD OF DEPOSITORS**

Name of Shareholders		No. of Shares Held	% of Shares
1	Citigroup Nominees (Asing) Sdn Bhd Allianz SE	115,362,295	68.14
2	Pertubuhan Keselamatan Sosial	4,990,922	2.95
3	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	3,300,000	1.95
4	Amanahraya Trustees Berhad Public Smallcap Fund	3,020,200	1.78
5	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	2,720,900	1.61
6	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	2,520,000	1.49
7	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	2,345,200	1.39
8	Citigroup Nominees (Tempatan) Sdn Bhd Bank Negara Malaysia National Trust Fund (Hwang)	1,724,100	1.02
9	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	1,418,700	0.84
10	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Income Fund (4850)	1,331,575	0.79
11	HSBC Nominees (Asing) Sdn Bhd CACEIS BK FR for HMG Globetrotter	1,263,000	0.75
12	HSBC Nominees (Asing) Sdn Bhd TNTC for Asia Discovery Emerging Companies Master Fund Pte. Ltd.	1,160,500	0.69
13	AMSEC Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd For Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	1,090,000	0.64
14	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	972,900	0.57
15	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Saham Amanah Sabah (ACC 2-940410)	953,500	0.56
16	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	863,500	0.51
17	Nahoorammah A/P Sithamparam Pillay	824,000	0.49
18	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Manulife Investment - HW Flexi Fund (270519)	807,500	0.48

## 10. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2016 (CONTINUED)

## 10.1 ORDINARY SHARE OF RM1.00 EACH (CONTINUED)

## THIRTY LARGEST SHAREHOLDERS AS IN THE RECORD OF DEPOSITORS (CONTINUED)

Name of Shareholders	No. of Shares Held	% of Shares
19 Lim Su Tong @ Lim Chee Tong	802,000	0.47
20 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	743,255	0.44
21 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)	735,000	0.43
22 DB (Malaysia) Nominee (Asing) Sdn Bhd State Street London Fund MJEM for Mercer Investment Fund 1 ( Mercer QIF Fund)	687,600	0.41
23 Citigroup Nominees (Asing) Sdn Bhd CB Spore GW for Firth Asian Smaller Companies Fund	549,525	0.32
24 Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Lim Su Tong @ Lim Chee Tong (8335-1101)	500,000	0.30
25 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Asia (Ex Japan) Quantum Fund (4579)	471,850	0.28
26 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Affin Hwang Select Asia Pacific (Ex Japan) Dividend Fund	446,800	0.26
27 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Asia (Ex Japan) Opportunity Fund (5410)	406,900	0.24
28 Jaya Kumar A/L Ganason @ Kanajan	400,000	0.24
29 Insas Plaza Sdn Bhd	388,700	0.23
30 HSBC Nominees (Asing) Sdn Bhd Exempt AN for BNP Paribas Securities Services (Singapore-SGD)	379,200	0.22

**10. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2016 (CONTINUED)****10.2 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")**

Authorised Share Capital	: RM400,000,000
Issued and Paid-up Share Capital	: RM176,896,658
Class of Shares	: Preference shares of RM1.00 each
Voting Rights	: The ICPS holders shall carry no right to vote at any general meeting of the Company except for the following circumstances:-
	(a) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months;
	(b) on a proposal to wind-up the Company;
	(c) during the winding-up of the Company;
	(d) on a proposal that affect the rights attached to the ICPS;
	(e) on a proposal to reduce the Company's share capital; or
	(f) on a proposal for the disposal of the whole of the Company's property, business and undertaking.

In any such cases, the ICPS holders shall be entitled to vote together with the holders of ordinary shares and exercise 1 vote for each ICPS held.

**DISTRIBUTION OF ICPS HOLDINGS**

Size of Holdings	No. of ICPS Holders	% of ICPS Holders	No. of ICPS Held	% of ICPS
Less than 100	20	2.96	456	0.00
100 to 1,000	348	51.40	91,183	0.05
1,001 to 10,000	182	26.88	694,479	0.39
10,001 to 100,000	90	13.29	2,717,604	1.54
100,001 to less than 5% of issued ICPS	36	5.32	29,190,068	16.50
5% and above of issued ICPS	1	0.15	144,202,868	81.52
<b>Total</b>	<b>677</b>	<b>100.00</b>	<b>176,896,658</b>	<b>100.00</b>

**DIRECTORS' HOLDINGS IN ICPS**

Name of Directors	Direct Interest		Indirect Interest	
	No. of ICPS Held	% of ICPS	No. of ICPS Held	% of ICPS
Zakri Bin Mohd Khir	200	^	-	-
Ong Eng Chow	100	^	-	-

^ Negligible

## 10. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2016 (CONTINUED)

## 10.2 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONTINUED)

## THIRTY LARGEST ICPS HOLDERS AS IN THE RECORD OF DEPOSITORS

Name of ICPS Holders	No. of ICPS Helds	% of ICPS
1 Citigroup Nominees (Asing) Sdn Bhd Allianz SE	144,202,868	81.52
2 Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	5,624,400	3.18
3 Pertubuhan Keselamatan Sosial	4,532,500	2.56
4 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	3,458,500	1.96
5 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	3,263,625	1.84
6 Amanahraya Trustees Berhad Public Smallcap Fund	2,771,000	1.57
7 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)	1,556,458	0.88
8 HSBC Nominees (Asing) Sdn Bhd CACEIS BK FR for HMG Globetrotter	687,900	0.39
9 Neoh Choo Ee & Company, Sdn. Berhad	627,500	0.35
10 HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Lombard Odier & Co Ltd	600,000	0.34
11 Sai Yee @ Sia Say Yee	574,900	0.32
12 Olive Lim Swee Lian	505,000	0.29
13 Au Yong Mun Yue	500,000	0.28
14 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Balanced Fund (4405)	466,509	0.26
15 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	416,125	0.24
16 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	324,401	0.18
17 AMSEC Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	285,700	0.16
18 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Ming Keat	220,000	0.12
19 Loh Chai Kiam	219,000	0.12



**10. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2016 (CONTINUED)****10.2 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONTINUED)****THIRTY LARGEST ICPS HOLDERS AS IN THE RECORD OF DEPOSITORS (CONTINUED)**

<b>Name of ICPS Holders</b>	<b>No. of ICPS Helds</b>	<b>% of ICPS</b>
20 AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Lim Su Tong @ Lim Chee Tong (8335-1101)	200,000	0.11
21 DB (Malaysia) Nominee (Asing) Sdn Bhd State Street Luxembourg Fund WLGK for Goodhart Partners Horizon Fund - HMG Global Emerging Markets Equity Fund	200,000	0.11
22 Dynaquest Sdn. Berhad	192,000	0.11
23 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Noble Sound Sdn Bhd (PB)	175,000	0.10
24 CIMSEC Nominees (Tempatan) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	150,000	0.08
25 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Lee Fong (E-SS2)	139,000	0.08
26 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Affin Hwang Asset Management Berhad for Malaysian Timber Council	136,750	0.08
27 Lim Tean Kau	135,000	0.08
28 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Chen Kong @ Joseph Yong	133,300	0.08
29 Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Kegani Pacific LTC Fund L.P.	133,100	0.08
30 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Affin Hwang Asset Management Berhad for Malaysian Timber Council (Operating Fund)	130,000	0.07

## 11. LIST OF TOP TEN PROPERTIES AS AT 31 DECEMBER 2015 OWNED BY THE GROUP

No	Location	Existing Use	Tenure	Built-up Area (Sq. meters)	Type of Building	Age of Building	Latest Date of revaluation	Net Book Value RM'000
1	Level 10, 12, 13, 13A & 15 Block 3A, Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Wilayah Persekutuan	Investment properties	Freehold	3,745	Corporate office	14 years	1/9/2015	46,186
2	Wisma Allianz No. 33, Jalan Gereja 50100 Kuala Lumpur Wilayah Persekutuan	Branch office	Lot PT1 - Leasehold Expiring 9/6/2072	3,712	Office building	32 years	27/4/2011	4,083
			Lot 263 Freehold			34 years	27/4/2011	5,857
3	Wisma Allianz Life No. 11, 12, 13 and 14 Jalan 53, Desa Jaya Commercial Centre Taman Desa, Kepong 52100 Kuala Lumpur Wilayah Persekutuan	Branch office	Leasehold Expiring 8/3/2081	2,500	Terrace shop / office	30 years	29/9/2015	8,755
4	No. 42 & 46, Jalan Tiara 2C Bandar Baru Klang, Klang 41150 Selangor Darul Ehsan	Branch office	Leasehold Expiring 8/5/2093	1,228	Terrace shop / office	13 years	26/10/2015	4,920
5	Unit Nos. A-G-1, A-1-1, A-2-1, A-2-2 Block A, Greentown Square Jalan Dato' Seri Ahmad Said, Ipoh 30450 Perak Darul Ridzuan	Branch office	Leasehold Expiring 8/5/2093	882	Commercial building	10 years	29/9/2015	2,240
6	No. 1, Phase 4A, Metro Prima Business Centre Jalan Prima 9, Kepong 52100 Kuala Lumpur Wilayah Persekutuan	Branch office	Leasehold Expiring 2/4/2096	1,196	Terrace shop / office	18 years	27/12/2011	2,124
7	No. 487, Jalan Permatang Rawa Bandar Perda Bukit Mertajam, 14000 Penang	Branch office	Freehold	758	4-storey shop office	17 years	25/11/2015	2,074
8	No.15, Jalan 8/1D Section 8, Petaling Jaya 46050 Selangor Darul Ehsan	Branch office	Leasehold Expiring 7/8/2066	697	Terrace shop / office	49 years	25/4/2011	1,757
9	Lot 30, Block E Sedco Complex, Jalan Albert Kwok Locked Bag 69 Kota Kinabalu, 88000 Sabah	Branch office	Leasehold Expiring 3/12/2073	557	4-storey office building	33 years	21/4/2011	1,631
10	No. 486, Jalan Permatang Rawa Bandar Perda Bukit Mertajam, 14000 Penang	Branch office	Freehold	613	4-storey shop office	17 years	24/9/2015	1,600

## 12. RECURRENT RELATED PARTY TRANSACTIONS

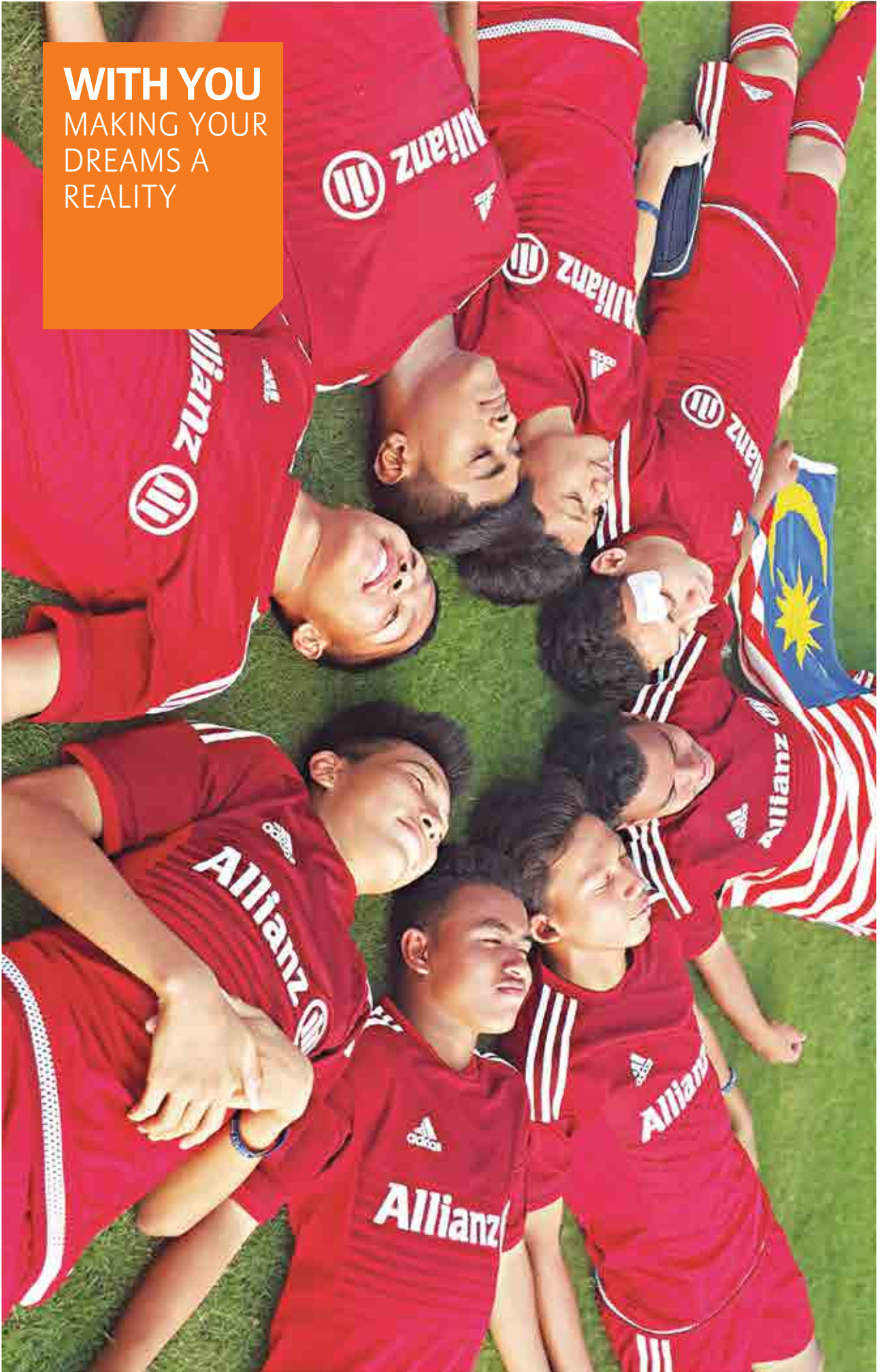
Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/ (Expenses) RM'000
a) Reinsurance arrangements between the Company's insurance subsidiaries and Allianz SE Group where the risk and premium are shared between the parties in accordance with the reinsurance arrangements entered into between the parties*	**Allianz SE Group	(303,351)
b) Payment of annual maintenance and support fees by the Company's life insurance subsidiary to Allianz Managed Operations And Services SE ("AMOS") for the software system provided by AMOS	**AMOS	(441)
c) Payment of fees by the Company's life insurance subsidiary to IDS GmbH ("IDS") for conducting performance attribution analysis	**IDS	(1)
d) Payment of fees by the Group to AMOS for sharing of Allianz Worldwide Intranet Network	**AMOS	(237)
e) Investment and redemption of funds (including fund management fees) distributed by Allianz Global Investors Singapore Limited ("AGI") by the Company's life insurance subsidiary	**AGI	16,561
f) Payment of fees by the Group to Allianz Investment Management Singapore Pte Ltd ("AIM Singapore") for investment advisory services provided by AIM Singapore	**AIM Singapore	(3,031)
g) Payment of fees by the Group to Allianz SE for sharing of marketing measures undertaken by Allianz SE	**Allianz SE	(2,858)
h) Payment of service fees by the Company's general insurance subsidiary to Mondial Assistance Services (Malaysia) Sdn. Bhd. ("Mondial") for road assistance services provided by Mondial to the policyholders of the Company's general insurance subsidiary	**Mondial	(7,877)
i) Payment of fees by the Group to AMOS for sharing of Human Resource database platform	**AMOS	(41)
j) Payment of fees by the Company's insurance subsidiaries to RCM Asia Pacific Limited ("RCM") for sharing of AGI Global Bloomberg Asset & Investment Manager database, IT support, maintenance and execution of equity transactions provided by RCM to the Company's insurance subsidiaries	**RCM	(70)
k) Operational fees received by the Company's general insurance subsidiary for the services rendered to Euler Hermes Singapore Services Pte Ltd ("EHS")	**EHS	1,598
l) Payment of Relationship Manager fees for services provided by Allianz SE Singapore Branch to the Company's life insurance subsidiary in relation to the bancassurance partnership between the Company's life insurance subsidiary and HSBC Bank Malaysia Berhad	**Allianz SE Singapore Branch	(650)
m) Payment of fees by the Company's insurance subsidiaries to Allianz Investment Management SE ("AIM SE") and IDS for IT Infrastructure and operational investment controlling and support service	**AIM SE	(139)
n) Payment of fees by the Group to AMOS for the usage of TeamMate Solution	**AMOS	(23)
o) Fees received by the Company for the provision of regional audit services by the Company to Allianz SE Singapore Branch	**Allianz SE Singapore Branch	1,156
p) Payment of annual membership fees by the Company's life insurance subsidiary to Allianz Global Benefits GmbH ("AGB") for participating in the Allianz International Employee Benefits Network	**AGB	(12)
q) Payment of fees by the Company's insurance subsidiaries to AIM SE for supporting advisory services in various areas of the investment process	**AIM SE	(41)
r) Fees received by the Company's life insurance subsidiary for the provision of regional underwriting services by the Company's life insurance subsidiary to Allianz Ayudhya Assurance Public Co. Ltd. ("AZAY")	**AZAY	286

## NOTE:-

\* As the Group is in the insurance business, the figures do not include payment obligations arising from claims duly made pursuant to any insurance policies issued.

\*\* Deemed to be related parties to the Company via Allianz SE's direct interest as the major shareholder of the Company.

**WITH YOU**  
MAKING YOUR  
DREAMS A  
REALITY









# Allianz Junior Football Camp

Giving young talents a  
chance to dream big.







## GENERAL OPERATIONS

The recent flood capital market would also weigh on Allianz's investment income this year.



Left: Allianz Malaysia CEO, Jeyapragash Anandaraman. Right: Allianz Malaysia CEO, Jeyapragash Anandaraman.

### Allianz Malaysia launches Claims Caravan

KUALA LUMPUR: Allianz General Insurance Company (Malaysia) Berhad is set to mobilise a Claims Caravan to flood-prone areas in the East Coast region to help expedite claims processing during the year-end season.

This year, Allianz General will deploy the caravan, which will be headed in Allianz colours, to be stationed in East Coast states such as Kota Bharu, Kuala Terengganu, and Kelantan during the flood, spending at least one day in each state by rotation. The caravan will be equipped with basic office facilities to assist Allianz General policyholders who come to the caravan to lodge a claim for their homes affected by the flood.

"When you are caught in a disaster, making a claim is probably the last thing that comes to your mind. Your policy schedule would not be the first thing you grab in a moment of panic. That's why we set up this service to assist our policyholders in the event of a disaster," said Jeyapragash Anandaraman, Head of Claims.



Left: Allianz Malaysia CEO, Jeyapragash Anandaraman. Right: Allianz Malaysia CEO, Jeyapragash Anandaraman.

of need and offer as much assistance as we can," said Jeyapragash Anandaraman, Head of Claims.

Why is it always making it easy for our customers and expediting the processing time? asked Jeyapragash.

General, delivers on Allianz Malaysia's promise of being the most reliable partner in their customer's hour of need.

## Allianz Malaysia launches Claims Caravan

KUALA LUMPUR: Allianz General Insurance Company (Malaysia) Berhad is set to mobilise a Claims Caravan to flood-prone areas in the East Coast region to help expedite claims processing during the year-end season.

Last year, the East Coast region was hit by one of the country's biggest flood disasters resulting in 1,764 claims paid by Allianz General.

This year, Allianz General will deploy the caravan, which will be stationed interchangeably in East Coast states (i.e. Kota Bharu, Kuala Terengganu, and Kelantan) during the flood, spending at least one day in each state by rotation.

The caravan will be equipped with basic office facilities to assist Allianz General policyholders who come to the caravan to lodge a claim for their homes affected by the flood.

"When you are caught in a disaster, making a claim is probably the last thing that comes to your mind. Your policy schedule would not be the first thing you grab in a moment of panic. That's why we set up this service to assist our policyholders in the event of a disaster," said Jeyapragash Anandaraman, Head of Claims.

"All they need to do is approach our Allianz staff at the caravan, fill in the claim form and an authorised adjuster will be assigned to survey the property within 24 hours. It really is about making it easy for our customers and expediting the processing time," added Jeyapragash.

This initiative, a first for Allianz General, delivers on Allianz Malaysia's promise of being the most reliable partner in their customer's hour of need.



THE Claims Caravan all set to go

## Social Media: Can Your Business Afford to Ignore It?

A new advertising and interaction channel has emerged in a big way, and it is called social media. Malaysia Retailer ponders on how retail businesses can leverage on this sprouting phenomena.

By Carlo Alphonsus

### Insurance is Complicated, Why Not Make It Easier?

Like Top View of Commercial Business, Allianz General Insurance Company (Malaysia) Berhad, many that every business is unique and insurance is important to protect every business owner.

"Business insurance needs to be more straightforward on a number of factors."



such as the size and type of the business owned. It could be buildings, equipment, inventory, liability or goods in transit. Hence, they must accurately assess the risks against losses that may occur in their businesses and decide on the coverage that best suits their needs," he says.

According to the Allianz Malaysia provides a "Package Insurance" which is a specially designed and competitively packaged

Allianz sees opportunities in small-ticket insurance

## Allianz Malaysia sees opportunities in small-ticket insurance products

BY CHESTER TAY

## Allianz memudahkan semakin tuntutan insurans motor

KUALA LUMPUR - Allianz General Insurance Company (Malaysia) Berhad (Allianz General) memperkenalkan kemudahan tuntutan insurans motor. One Damage secara online dalam usaha menyedekahkan perkhidmatan yang cepat, mudah dan lebih dipercayai kepada pelanggan.

Ketua Bahagian Tuntutan, Jeyapragash Anandaraman berkata, perkhidmatan 24 jam ini akan selagi nombor mudah kepada pelanggan, malah akan

dianggap dapat mengemul status tuntutan pada bila-bila masa dan di mana-mana sahaja dengan menggunakan telefon pintar atau komputer platform digital.

"Kami memahami kepentingan memberi maklumat terkini kepada pelanggan mengenai status tuntutan dan mengedukasi maklumat di sepanjang perjalanan." "Set itu, seperti me-

nya," katanya dalam satu kenyataan akhbar di sini baru-baru ini.

Menerusi Jeyapragash, menerusi kemudahan tersebut, pelanggan tidak perlu menunggu lama untuk bertanya mengenai status tuntutan insurans motor mereka. "Kami percaya dengan kemudahan ini, pelanggan akan sentiasa mendapat maklumat mengenai status tuntutan dan berpuas hati dengan perkhidmatan yang disediakan," katanya.



Jeyapragash Anandaraman



LIFE OPERATIONS



### Allianz perkenal tiga insurers OKU

Representatives of Allianz Life Insurance (M) Bhd, Allianz Life Insurance (M) Bhd, and Allianz Life Insurance (M) Bhd are seen at a press conference.



### 安联保险鼓励民众 拥有医药卡

Representatives of Allianz Life Insurance (M) Bhd are seen at a press conference.



### 保单除外责任条款 投保前细细读

Representatives of Allianz Life Insurance (M) Bhd are seen at a press conference.



### A New Strategy

As one of the most proactive life insurers, Allianz Life Insurance is adopting a new multi-prong approach to stay ahead in the industry.



### ALLIANZ: Passion & Dedication Leads to Success

Representatives of Allianz Life Insurance (M) Bhd are seen at a press conference.



### Workers advised to save more for retirement

Representatives of Allianz Life Insurance (M) Bhd are seen at a press conference.





## ALLIANZ FINANCIALS



Zakri (kanan) memancarkan Allianz Pacer Run 2015

## Segmen runcit jana 70% hasil Allianz

Allianz Malaysia Berhad menyasarkan segmen runcitnya akan terus menjadi penyumbang utama kepada jumlah pendapatan syarikat bagi tahun kewangan 2015.

Ketua Pegawai Eksekutifnya, Zakri Khir berkata, sekat ini segmen runcit Allianz Malaysia menyumbang 70 peratus kepada syarikat kerana sebahagian besar polisan yang dibuat adalah individu. Katanya, walaupun berdepan keadaan ekonomi tidak menentu, pihaknya menjangka pertumbuhan yang memuaskan tahun ini.

"Kami menyasarkan semasa sasaran pertumbuhan premium bertulis kasar (GWP) kepada satu digit berbanding dua digit dasarkan awal 2015 berikutan keadaan ekonomi yang mencabar kini."

"Dalam semasa semasa,

segmen runcit adalah yang paling terjejas dan segmen ini dijangka berkembang selarik empat hingga enam peratus pada 2015," katanya selepas pelancaran acara Larian Allianz Pacer Run di sini.

Memerinya, penguna teragak-agak untuk membeli bukan kerana mereka tiada wang, tetapi kurang yakin dalam keadaan ekonomi berikutan liputan sentimen negatif.

Allianz Pacer Run yang akan diadakan pada 6 Disember di Penang adalah langkah syarikat menggalakan gaya hidup sihat dalam kalangan rakyat Malaysia.

Allianz Pacer Run tahun kali diadakan Allianz dan mereka yang berminat boleh melayari [www.bocha.asia](http://www.bocha.asia) mulai 10 hujung minggu 9 Caga untuk pendaftaran.



## Allianz catat perolehan RM3.97b

Penjualan Allianz Malaysia catat perolehan RM3.97 bilion dengan pendapatan premium sebanyak RM3.97 bilion. Jumlah ini menunjukkan peningkatan berbanding dengan perolehan RM3.97 bilion pada tahun 2014.

## Pertumbuhan Allianz kekal stabil

Desember 2014/2015

KUALA LUMPUR - Allianz Malaysia

Malaysia catat pertumbuhan

yang stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014

yang menunjukkan

pertumbuhan yang

stabil pada

Desember 2014/2015

berbanding dengan

Desember 2013/2014



The Allianz building in Singapore, 2015. Allianz General Insurance (P) Ltd. 75, Raffles Place, Singapore.

## Allianz Insurance aims to consolidate market position

THAI 138A (138A) Allianz Insurance (P) Ltd. 75, Raffles Place, Singapore.



Thursday, 04 March 2015

大馬路安聯保險公司

券商上調目標價

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

安聯保險公司

## GST dan penyusutan ringgit beri impak terhadap jumlah langganan Industri insurans hayat mendatar

Oleh NOR SYARIZA MUHD. TAHIR

**KUALA LUMPUR** - Allianz Malaysia Bhd. (Allianz) menjangkakan industri insurans hayat sedikit mendatar pada tahun ini yang dipengaruhi oleh faktor sentimen persekitaran dalam kalangan pelanggan.

Ketua Pegawai Eksekutifnya, Zakri Khir berkata, meskipun asas ekonomi negara masih kukuh tetapi sentimen yang wujud itu disebabkan oleh pelbagai faktor seperti Cukai Barang dan Perkhidmatan (GST) serta kejatuhan nilai ringgit turut memberi kesan kepada industri secara keseluruhannya.

"Disebabkan sentimen tersebut, pelanggan dilihat sedikit kurang berminat untuk melanggan produk insurans khususnya segmen hayat kerana mereka lebih mengambil sikap berhati-hati terhadap persekitaran ekonomi semasa."

"Justeru itu, kami komited untuk terus melaksanakan pelbagai inisiatif serta memperkenalkan produk-

produk yang bukan sahaja memenuhi kehendak pelanggan, malahan bersesuaian dengan tahap risiko mereka seiring dengan keadaan ekonomi semasa," katanya.

Beliau berkata demikian pada sidang akhbar selepas majlis perasmian ibu pejabat baharu Allianz, Menara Allianz Sentral di sini semalam.

Turut hadir Duta Jerman ke Malaysia, Holger Michael, Pengerusi dan Pengarah Bukan Eksekutif Bebas Allianz, Tan Sri Razali Ismail dan Ketua Pegawai Eksekutif Allianz Life Insurance Malaysia Berhad (Allianz Life), Rangam Bir.

Dalam pada itu, menurut Zakri, perasmian ibu pejabat baharu Allianz dilihat sebagai simbolik kepada pencapaian syarikat yang kini telah beroperasi di Malaysia selama 13 tahun selain ulang tahun syarikat induknya, Allianz SE yang ke-125 pada tahun ini.

Bagi tahun kewangan 2014, cabang perniagaan insurans am Al-

lianz, Allianz General mencatatkan premium bertulis kasar mencecah RM2.13 bilion manakala Allianz Life pula sebanyak RML8.3 bilion.

Sehingga kini Allianz menguasai sebanyak 12.5 peratus bagi pasaran insurans am dan lupan peratus untuk segmen insurans hayat.

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral

Allianz Sentral



Zakri (kanan) bersama Rangam (kiri), Razali (dua dari kiri) dan Michael pada majlis perasmian ibu pejabat baharu Allianz Kuala Lumpur semalam.



BEST ALLIANZ

## Allianz Malaysia komited kepada kepelbagaian tenaga pekerja

KUALA LUMPUR: Allianz Malaysia menegaskan komited kepada kepelbagaian tenaga pekerja dalam meningkatkan produktiviti dan inovasi.

Ketua Eksekutif Allianz Malaysia, Bernard Wong Woon Sen, berkata, dengan lebih 1,000 kakitangan di seluruh Malaysia, Allianz Malaysia berkomitmen untuk memastikan tenaga pekerja yang pelbagai dan inklusif.

Wong berkata, Allianz Malaysia akan memastikan bahawa setiap kakitangan mempunyai peluang yang sama untuk berkembang dan mencapai potensi penuh mereka.

Chia Yu Hui, Allianz Malaysia telah menerima Top 500 Best Places to Work 2019 oleh majalah The Asian Business.



"Sebagai kepelbagaian daripada Komuniti Allianz, kami akan memastikan bahawa setiap kakitangan mempunyai peluang yang sama untuk berkembang dan mencapai potensi penuh mereka," kata Wong.

Wong berkata, Allianz Malaysia akan memastikan bahawa setiap kakitangan mempunyai peluang yang sama untuk berkembang dan mencapai potensi penuh mereka.

Chia Yu Hui, Allianz Malaysia telah menerima Top 500 Best Places to Work 2019 oleh majalah The Asian Business.

Wong berkata, Allianz Malaysia akan memastikan bahawa setiap kakitangan mempunyai peluang yang sama untuk berkembang dan mencapai potensi penuh mereka.



## Allianz sets up branch in Labuan

LABUAN: Allianz Insurance telah membuka pejabatnya di Labuan, Sabah, untuk melayani pelanggan di kawasan ini.

Pejabat baru ini akan beroperasi di bawah pengawasan Allianz Malaysia dan akan menawarkan pelbagai jenis insurans kepada pelanggan.

Allianz Insurance telah beroperasi di Labuan sejak 2015 dan telah membantu banyak pelanggan dalam menguruskan insurans mereka.

Pejabat baru ini akan beroperasi di bawah pengawasan Allianz Malaysia dan akan menawarkan pelbagai jenis insurans kepada pelanggan.

Allianz Insurance telah beroperasi di Labuan sejak 2015 dan telah membantu banyak pelanggan dalam menguruskan insurans mereka.

Pejabat baru ini akan beroperasi di bawah pengawasan Allianz Malaysia dan akan menawarkan pelbagai jenis insurans kepada pelanggan.

Allianz Insurance telah beroperasi di Labuan sejak 2015 dan telah membantu banyak pelanggan dalam menguruskan insurans mereka.

Pejabat baru ini akan beroperasi di bawah pengawasan Allianz Malaysia dan akan menawarkan pelbagai jenis insurans kepada pelanggan.

## Celebrating Malaysia Day the Allianz way

THE Allianz "Pec-2" flag in the making.



## KEM BOLA SEPAK REMAJA

## Allianz Malaysia menang anugerah pencapaian cemerlang

KUALA LUMPUR: Allianz Malaysia telah memenangi anugerah pencapaian cemerlang dalam kategori Insurans dan Perkhidmatan Pelanggan.

Anugerah ini diberikan kepada Allianz Malaysia oleh Majlis Anugerah Pencapaian Cemerlang (MACP) sebagai pengiktirafan terhadap prestasi cemerlang mereka.



Allianz Malaysia telah memenangi anugerah pencapaian cemerlang dalam kategori Insurans dan Perkhidmatan Pelanggan.

Anugerah ini diberikan kepada Allianz Malaysia oleh Majlis Anugerah Pencapaian Cemerlang (MACP) sebagai pengiktirafan terhadap prestasi cemerlang mereka.



Pejabat Allianz Malaysia menerima anugerah pencapaian cemerlang dalam kategori Insurans dan Perkhidmatan Pelanggan.

## Social media: Allianz Malaysia's new added touch point

KUALA LUMPUR: Allianz Malaysia telah menambahkan media sosial sebagai titik sentuh baru untuk berinteraksi dengan pelanggan.

Allianz Malaysia telah membuka akaun di platform media sosial seperti Facebook, Twitter, dan LinkedIn untuk memudahkan pelanggan menghubungi mereka.



Allianz Malaysia telah menambahkan media sosial sebagai titik sentuh baru untuk berinteraksi dengan pelanggan.

Allianz Malaysia telah membuka akaun di platform media sosial seperti Facebook, Twitter, dan LinkedIn untuk memudahkan pelanggan menghubungi mereka.

## Bayern chance for players

KUALA LUMPUR: Allianz Malaysia telah mengumumkan bahawa mereka akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi.

Allianz Malaysia akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi untuk dimasukkan ke dalam skuad mereka.

Allianz Malaysia akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi untuk dimasukkan ke dalam skuad mereka.

Allianz Malaysia akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi untuk dimasukkan ke dalam skuad mereka.

Allianz Malaysia akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi untuk dimasukkan ke dalam skuad mereka.

Allianz Malaysia akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi untuk dimasukkan ke dalam skuad mereka.

Allianz Malaysia akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi untuk dimasukkan ke dalam skuad mereka.

Allianz Malaysia akan bekerjasama dengan Bayern Munich untuk mencari pemain-pemain yang berpotensi untuk dimasukkan ke dalam skuad mereka.





**ALLIANZ4GOOD**

[illegible]

**M**any researchers with a vested interest in all Schistosomiasis that may affect the human population, are aware of the fact that the disease is a major public health problem in many developing countries. The disease is caused by a parasitic flatworm, the Schistosoma, which is transmitted to humans by freshwater snails. The parasite enters the human body through the skin, where it matures and reproduces. The adult worms then migrate to the blood vessels, where they cause damage and inflammation. The disease is characterized by a variety of symptoms, including skin rashes, fever, and abdominal pain. In severe cases, it can lead to organ damage and even death. The World Health Organization (WHO) estimates that over 200 million people are infected with Schistosomiasis, and it is a leading cause of disability in many developing countries. The disease is most prevalent in sub-Saharan Africa, South America, and the Middle East. It is a major public health problem because it is a leading cause of disability and death in many developing countries. The disease is caused by a parasitic flatworm, the Schistosoma, which is transmitted to humans by freshwater snails. The parasite enters the human body through the skin, where it matures and reproduces. The adult worms then migrate to the blood vessels, where they cause damage and inflammation. The disease is characterized by a variety of symptoms, including skin rashes, fever, and abdominal pain. In severe cases, it can lead to organ damage and even death. The World Health Organization (WHO) estimates that over 200 million people are infected with Schistosomiasis, and it is a leading cause of disability in many developing countries. The disease is most prevalent in sub-Saharan Africa, South America, and the Middle East.

[illegible]

**MAJOR** changes in the way that companies are doing business in the U.S. are being driven by the need to improve efficiency and reduce costs. The companies are looking for ways to streamline their operations, reduce their costs, and improve their productivity. This is being done in a number of ways, including:

- Streamlining their operations: This involves reducing the number of layers in the organization, eliminating redundant functions, and consolidating similar functions.
- Reducing their costs: This involves finding ways to reduce the cost of materials, labor, and overhead.
- Improving their productivity: This involves finding ways to increase the output of the organization.

These changes are being driven by a number of factors, including the need to compete in a global market, the need to attract and retain talent, and the need to improve the quality of the products and services that the organization provides.



of the 1990s. The 1990s have been a decade of dramatic change in the way that the world's nations have interacted. The 1990s have been a decade of dramatic change in the way that the world's nations have interacted. The 1990s have been a decade of dramatic change in the way that the world's nations have interacted.



the 1990s, the number of people in the United States who are obese has increased by 50 percent. In 1990, 15 percent of the population was obese, but by 2000, that number had risen to 23 percent. And the numbers are projected to continue to rise. By 2010, 30 percent of the population is expected to be obese, and by 2020, that number is projected to reach 35 percent.

Obesity is a major public health problem in the United States. It is a leading cause of death and disability, and it is associated with a number of chronic diseases, including heart disease, diabetes, and cancer. Obesity is also a major cause of social and economic problems, including unemployment and poverty.

There are a number of factors that contribute to obesity, including genetics, diet, and lifestyle. In the United States, the diet is high in calories and fat, and the lifestyle is sedentary. These factors, combined with the fact that obesity is a hereditary condition, have led to the current epidemic of obesity in the United States.

There are a number of ways to prevent and treat obesity. The most important is to eat a healthy diet and to exercise regularly. If you are obese, it is important to see your doctor and to follow their advice. There are also a number of medications and surgical procedures that can be used to treat obesity, but these should only be used as a last resort.

Obesity is a complex problem, and it takes time and effort to solve. But if you are committed to making changes in your diet and lifestyle, you can lose weight and improve your health. For more information on obesity, visit the National Institutes of Health website at [www.nhlbi.nih.gov](http://www.nhlbi.nih.gov).

[illegible][illegible]

**A** recent study of 100 patients with aortic aneurysms found that the rate of rupture was significantly higher in those with a family history of aortic aneurysms than in those without. The study also found that the rate of rupture was significantly higher in those with a family history of aortic aneurysms than in those without. The study also found that the rate of rupture was significantly higher in those with a family history of aortic aneurysms than in those without.



## 16 JAN

**KL Sentral gets the Allianz treatment**

On 16 January 2015, Allianz Malaysia unveiled the wrap advertisement of the KL Sentral train station (Kelana Jaya LRT line). KL Sentral welcomes over one million passengers every month, making it an ideal platform for Allianz Malaysia to communicate its stand and commitment to customers.



## 26 FEB

**Allianz Junior Football Camp**

The fifth edition of the Allianz Junior Football Camp (AJFC) 2015 was launched on 26 February 2015, this time with the introduction of the AJFC Malaysia League and National Final. Three Malaysian players were selected to attend AJFC in Munich, Germany plus one set of Malaysian twins who earned wildcard spots from the AJFC Asia Camp in Bali, Indonesia.



## 04 MAR

**Malaysians Against Irresponsible Drivers**

On 4 March 2015, Allianz Malaysia launched Malaysians Against Irresponsible Drivers (MyAID), a new initiative to help make Malaysian roads safer. The movement utilised the MyAID app to capture irresponsible drivers in action with the phone's video camera.



## 10 MAR

**International Women's Day Celebration**

In conjunction with the International Women's Day, 13 female journalists were treated to a Spa party on 10 March 2015. Each guest enjoyed a 90-minute pampering session of either a full-body, back, head and shoulder or foot reflexology massage followed by a steam bath.



## 05 MAR

**Movie Night with the Media**

The yearly Movie Night event kicked off in March where members of the media in Klang Valley watched a screening of Chappie. This year's event was also extended for the first time to media in Kota Kinabalu, Kuching, Ipoh, Penang and Johor Bahru.



## 06 APR

**PINTAR Sponsorship**

Allianz Malaysia sponsored one of the activity stations of PINTAR Foundation's Mobile Learning Unit. The bus which provides a fun learning space for children is supported by PINTAR, an NGO dedicated towards providing access to quality education for rural and underserved schools in Malaysia.



**24 APR****Karnival  
Mesra**

Allianz General officially opened its Muar branch on 24 April 2015. In conjunction with the branch opening, Allianz General also organised a 'Karnival Mesra' at Econsave, Muar over two days (24 and 25 April 2015) for its customers and members of the general public.

**07 MAY****Oliver Bäte  
takes over as  
CEO of Allianz**

On 7 May 2015, the day after the Allianz SE Annual General Meeting, Oliver Bäte took over as the new Chairman of the Board of Management of Allianz SE from Michael Diekmann.

**25 MAY****Introducing  
MediSafe and  
MediSafe Xtra**

Allianz Malaysia launched MediSafe and MediSafe Xtra on 25 May 2015, two beneficial and affordable Hospitalisation and Surgical riders to provide comprehensive protection for customers in case of an illness. The riders also come with two additional sub-riders - MediSafe+ and MediSafe Xtra+.

**01 JUNE****National  
Marketing  
Convention**

Sri Lankan beach town Negombo was the venue for the National Marketing Convention 2015. On 1 June 2015, 250 Allianz Malaysia agents and employees enjoyed the five-day retreat at Jetwing Blue and Jetwing Beach.

**08 JUNE****Allianz  
General's  
Penang Branch  
relocates**

Allianz Malaysia's Penang branch relocated to a new premise on 8 June 2015. The relocated branch was officially opened by Zakri Khir, CEO of Allianz Malaysia Berhad with a ribbon cutting ceremony.

**16 JUNE****Allianz General  
opens new  
branch in  
Langkawi**

On 16 June 2015, Allianz General opened a brand new branch in Langkawi, Kedah. The new branch in the island was officially opened by Horst Habbig, Chief Sales Officer of Allianz General.



**22 JUNE**

**Insurance solutions for Persons with Disabilities**

In support of the Persons with Disabilities (PWD) community, Allianz General extended two products, Allianz Care Individual and Allianz Individual Personal Accident, to PWDs, while Allianz Life launched the Allianz Ability Life term product on 22 June 2015.



**16 JULY**

**Allianz Life launches FlexiSaver**

Allianz Life launched FlexiSaver on 16 July 2015, a new universal life savings plan that provides a wide choice of premium payment and coverage terms to suit different savings needs.



**03 AUG**

**Allianz Malaysia Raya Open House 2015**

Allianz Malaysia held their Raya Open House at the Sunway Resort Hotel and Spa on 3 August 2015. More than 2,000 guests including intermediaries, agents, dealers, business partners and friends from the media attended.



**13 AUG**

**Golf with the media**

Allianz Malaysia organised a friendly golf tournament at the Kuala Lumpur Golf and Country Club for 40 golfers comprising of representatives from the local media and Allianz's senior management on 13 August 2015.



**07 SEP**

**Allianz General spreads its wings to Raub**

On 7 September 2015, Head of Franchise, Sazali Abdul Rahman officially opened the Raub branch to much fanfare. A team of 20 superbike outriders presented him with a plaque to sign, which was then placed at the office entrance.



**10 SEP**

**Allianz General calls Labuan home**

The Labuan branch was opened on 10 September 2015 with a traditional lion dance performance. This was followed by a ribbon cutting ceremony and plaque signing by Horst Habbig, Chief Sales Officer of Allianz General.

**16 SEP**

**Celebrating  
Malaysia Day  
the Allianz way**

Allianz Malaysia hosted various activities to commemorate Malaysia Day. The activities included the usage of specially commissioned email banners, a Colours of Malaysia finger art competition and the making of a 1mx2m Jalur Gemilang using 230 Post-It notes. On two separate days, employees also came to work wearing the national costumes and the colours of the Jalur Gemilang (red, white, blue and yellow).

**23 SEP**

**Allianz  
Employee  
Dialogue**

On 23 September 2015, Allianz Malaysia hosted the Allianz Employee Dialogue which focused on the topic of Environmental Change as part of Allianz's 125Y Anniversary celebration. The event which featured four speakers and two performances was attended by 350 employees.

**29 SEP**

**Grand Opening  
of Menara  
Allianz Sentral**

The Grand Opening of Menara Allianz Sentral was held on 29 September 2015. His Excellency Mr. Holger Michael, the Ambassador of the German Embassy and Y. Bhg. Tan Sri Razali Ismail, Chairman and Independent Non-Executive Director of Allianz Malaysia Berhad officially opened the new head office. Guests were also treated to a six-minute flashmob performance by some 100 Allianz Malaysia staff.

**12 OCT**

**Allianz Life signs  
collaboration  
agreement with  
MU Advisory  
Sdn Bhd**

On 12 October 2015, Allianz Life signed a collaboration agreement with MU Advisory and family trust consultant Million Lo to raise awareness on asset protection. Allianz Life became the first life insurance company in Malaysia to introduce an insurance trust concept to its customers.

**20 OCT**

**Final townhall  
meeting of  
2015**

After three rounds of townhall meetings, the final session of the year was held on 20 October 2015. Highlights from the session included the results and strategy of Allianz in the Asia Pacific region and Malaysia, initiatives carried out throughout the year and expectations for 2016.

**20 OCT**

**Allianz Malaysia  
embarks on  
True Customer  
Centricity**

True Customer Centricity which is one of the pillars of Allianz Group's Renewal Agenda was announced at the townhall meeting on 20 October 2015. It was launched with a handprint project that got everyone in the Company involved. Other pillars in the Renewal Agenda are Digital By Default, Technical Excellence, Growth Engines and Inclusive Meritocracy.



**17 OCT**

Allianz Malaysia sponsors Pacesetters 4x3km

Some 684 participants took part in the Allianz Pacesetters 4x3km at Padang Merbok, Kuala Lumpur on 17 October 2015. The event is a sponsorship collaboration between Allianz Malaysia and Pacesetters Athletics Club in aid of the Kiwanis Down Syndrome Foundation – National Centre in Petaling Jaya, Selangor.

**17 OCT**

Allianz Foodie Hunt 2015

Allianz Foodie Hunt 2015 gave bloggers and their friends a fun-filled food treasure hunt on 17 October 2015. The hunt featured 33 teams racing through eight checkpoints in Klang Valley to solve clues involving well-loved Malaysian food. The event generated total of 79 posts across blogs, Facebook, Instagram and Twitter.

**14 NOV**

ASEAN Corporate Governance Conference and Awards

Allianz Malaysia Berhad received the Outstanding Achievement Award at the inaugural ASEAN Corporate Governance Conference and Awards (ACGCA) in Manila, Philippines on 14 November 2015. Allianz was also one of Malaysia's top two publicly listed companies with most improved scores from 2013-2015 based on the ASEAN Corporate Governance Scorecard (Scorecard).

**27 NOV**

Preparing for Retirement with Brigitte Miksa

Allianz Malaysia hosted Brigitte Miksa, Head of International Pensions at Allianz Asset Management AG for a press conference on the retirement scenario in Malaysia. Miksa also spoke to employees in an in-house event and at a special dinner event for HSBC clients.

**04 DEC**

MyAID wins at Kancil Awards

Allianz Malaysia's MyAID campaign won two bronze and seven merit awards at the Kancil Awards 2015 on 4 December 2015. The campaign won bronze in the Film and Film Craft category (Non-Broadcast Campaign) for the Road Bully webfilm and MyAID - Irresponsible Drivers webfilm series and seven other Merit awards.

**06 DEC**

Allianz Pacer Run 2015

Allianz Malaysia held its inaugural Allianz Pacer Run 2015 on 6 December 2015 at Dataran Putrajaya, Presint 3, Putrajaya. The run which was flagged off at 7am attracted more than 4,000 participants from all walks of life.

**10 DEC**

**Allianz Malaysia recognised by MSWG**

Allianz Malaysia Berhad was awarded the Excellence Award for Top 5 Corporate Governance and Performance (Overall) and Merit Award for Most Improved at the Minority Shareholder Watchdog Group (MSWG) – ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 – The Malaysian Chapter on 10 December 2015.

**16 DEC**

**Allianz General signs MOU with MII**

Allianz General inked a Memorandum of Understanding (MOU) with the Malaysian Insurance Institute (MII) on 16 December 2015. The agreement allows Allianz employees to fast-track their way towards the Diploma of Malaysian Insurance Institute. Allianz also became the first insurer in Malaysia to have a programme - the Professional Commercial Underwriters Certification - recognised by MII.

**18 DEC**

**Allianz Malaysia's Night with the Media**

On 18 December 2015, 70 members of the media joined Allianz Malaysia for the yearly Night with the Media event. Held on the Helipad at the Heli Lounge, guests enjoyed free-flow drinks and a sumptuous buffet dinner before moving upstairs to the Helipad for fun and games amidst the 360 degree panoramic view of the KL city skyline.

**18 DEC**

**Allianz Malaysia hits 150,000 Facebook Fans**

Allianz Malaysia Berhad signed off 2015 with 150,000 Facebook fans on 18 December 2015. In 2015, the Company saw an increase in engagement with its Facebook fans through enquiries and complaints.

**20 DEC**

**Allianz Malaysia delivers food aid to Orang Asli in Gua Musang**

Allianz Malaysia and Human Rights activist Siti Zabedah Kasim embarked on a pre-flood preparedness mission to deliver food supplies to the Orang Asli villages in Gua Musang, Kelantan. From 20 to 23 December 2015, Allianz Malaysia delivered 22,000 kg of up to 4-day food supplies to some 210 Orang Asli villages comprising of about 2,100 Orang Asli.

**29 DEC**

**Allianz General's Claims Caravan**

On 29 December 2015, Allianz General mobilised a Claims Caravan to flood prone areas in the East Coast region - Kota Bharu, Kuala Terengganu, Temerloh and Kuantan. The caravan, equipped with basic office facilities assisted policyholders in lodging their claims during the year-end monsoon season spending at least one day in each city by rotation.



**WITH YOU**  
ALL THE WAY







## People With Disabilities

---

Supporting the brave who persevere and push beyond limits.





# FINANCIAL STATEMENTS

Contents	Page
Directors' Report	149-152
Statements of Financial Position	153
Statements of Profit or Loss	154
Statements of Profit or Loss and Other Comprehensive Income	155
Statements of Changes in Equity	156-158
Statements of Cash Flows	159-160
Notes to the Financial Statements	161-280
Statement by Directors	281
Statutory Declaration	282
Independent Auditors' Report	283-284

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

149

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	308,871	17,545

## DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) an interim preference share dividend of 6.00 sen per Irredeemable Convertible Preference Share ("ICPS") under single tier system totaling RM10,723,000 in respect of the financial year ended 31 December 2014 on 30 January 2015; and
- ii) an interim ordinary share dividend of 5.00 sen per ordinary share under single tier system totaling RM8,375,000 in respect of the financial year ended 31 December 2014 on 30 January 2015.

The Directors recommended a single tier first and final dividend of 7.80 sen per ICPS and a single tier first and final dividend of 6.50 sen per ordinary share for the financial year ended 31 December 2015.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.



## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Razali Bin Ismail (Chairman)  
Foo San Kan  
Dato' Dr. Thillainathan A/L Ramasamy  
Tan Sri Datuk (Dr.) Rafiah Binti Salim  
Y.A.M. Tunku Zain Al-Abidin Ibni Tuanku Muhriz  
Zakri Bin Mohd Khir  
Ong Eng Chow

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Interests in the Company:	Number of ordinary shares of RM1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Zakri Bin Mohd Khir	100	-	-	100
Ong Eng Chow	100	-	-	100

Interests in the Company:	Number of ICPS of RM1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Zakri Bin Mohd Khir	200	-	-	200
Ong Eng Chow	100	-	-	100

Save as disclosed above, none of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares and/or ICPS of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## ISSUE OF SHARES

During the financial year, the Company increased its issued and fully paid-up ordinary share capital to RM169,309,127 by way of the issuance of 1,820,864 ordinary shares of RM1 each pursuant to the conversion of 1,820,864 ICPS of RM1 each to ordinary shares of RM1 each of the Company. Accordingly, the share capital of ICPS of the Company was reduced to RM176,896,658 as at 31 December 2015.

All the new ordinary shares issued rank *pari passu* in all respects with the existing ordinary shares of the Company except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date is prior to the allotment date of the new ordinary shares.

Save as disclosed above, there were no other changes in the authorised, issued and paid-up share capital of the Company during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:-

- (i) all known bad debts have been written off and adequate provision made for doubtful debts;
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise; and
- (iii) there was adequate provision for insurance contract liabilities in the Group in accordance with the valuation methods specified in Part D of the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

At the date of this report, the Directors are not aware of any circumstances:-

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts and insurance contract liabilities in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

## OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

For the purpose of this paragraph, contingent liabilities and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

## AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:-

.....  
**Tan Sri Razali Bin Ismail**

.....  
**Zakri Bin Mohd Khir**

Kuala Lumpur,

Date: 26 February 2016

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

153

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	96,750	114,379	631	276
Intangible assets	4	301,246	311,935	-	-
Investment properties	6	50,026	3,300	-	-
Investments in subsidiaries	7	-	-	1,128,699	1,128,699
Subordinated loan	15	-	-	54,300	54,300
Deferred tax assets	16	19,051	21,322	-	-
Reinsurance assets	11	1,129,305	1,318,213	-	-
Investments	8	10,822,550	9,208,241	6,540	11,279
Derivative financial assets	18	5,724	7,669	-	-
Current tax assets		195	728	89	73
Insurance receivables	9	259,428	201,597	-	-
Other receivables, deposits and prepayments	10	229,302	244,660	6,673	26,779
Deferred acquisition costs	5	82,199	77,426	-	-
Cash and cash equivalents		621,648	666,583	25,365	12,278
<b>Total assets</b>		<b>13,617,424</b>	<b>12,176,053</b>	<b>1,222,297</b>	<b>1,233,684</b>
<b>Equity</b>					
Share capital					
- Ordinary Shares	19	169,309	167,488	169,309	167,488
- Irredeemable Convertible Preference Shares	19	176,897	178,718	176,897	178,718
Reserves	20	2,275,114	1,943,573	651,237	633,692
<b>Total equity attributable to owners of the Company</b>		<b>2,621,320</b>	<b>2,289,779</b>	<b>997,443</b>	<b>979,898</b>
<b>Liabilities</b>					
Insurance contract liabilities	17	9,888,621	8,821,892	-	-
Deferred tax liabilities	16	158,135	142,777	29	32
Derivative financial liabilities	18	3,454	161	-	-
Other financial liabilities		959	11,081	-	-
Insurance payables	13	393,168	357,162	-	-
Other payables and accruals	14	345,068	374,315	224,825	253,754
Benefits and claims liabilities	12	194,563	167,702	-	-
Current tax liabilities		12,136	11,184	-	-
<b>Total liabilities</b>		<b>10,996,104</b>	<b>9,886,274</b>	<b>224,854</b>	<b>253,786</b>
<b>Total equity and liabilities</b>		<b>13,617,424</b>	<b>12,176,053</b>	<b>1,222,297</b>	<b>1,233,684</b>

ALLIANZ MALAYSIA BERHAD (12428-W)

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Operating revenue</b>	21	4,519,497	4,376,184	22,470	23,196
Gross earned premiums	22(a)	4,088,113	4,000,791	-	-
Premiums ceded to reinsurers	22(b)	(583,786)	(746,458)	-	-
<b>Net earned premiums</b>		3,504,327	3,254,333	-	-
Investment income	23	431,384	375,393	22,470	23,196
Realised gains and losses	24	48,317	23,313	(1)	184
Fair value gains and losses	25	(55,644)	(15,872)	-	-
Fee and commission income	26(a)	69,911	98,785	-	-
Other operating income		16,777	22,830	812	1,893
<b>Other income</b>		510,745	504,449	23,281	25,273
Gross benefits and claims paid	27(a)	(1,684,894)	(1,600,463)	-	-
Claims ceded to reinsurers	27(b)	403,612	263,626	-	-
Gross change in contract liabilities	27(c)	(1,040,310)	(1,113,527)	-	-
Change in contract liabilities ceded to reinsurers	27(d)	(148,141)	160,390	-	-
<b>Net benefits and claims</b>		(2,469,733)	(2,289,974)	-	-
Fee and commission expense	26(b)	(612,999)	(574,894)	-	-
Management expenses	28	(464,761)	(436,026)	(3,043)	(2,597)
Other operating expenses		(29,358)	(34,358)	(2,533)	(2,521)
<b>Other expenses</b>		(1,107,118)	(1,045,278)	(5,576)	(5,118)
<b>Profit before tax</b>		438,221	423,530	17,705	20,155
Tax expense	29	(129,350)	(127,628)	(160)	(60)
<b>Profit for the year</b>		308,871	295,902	17,545	20,095

The accompanying notes form an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

155

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit for the year</b>		308,871	295,902	17,545	20,095
<b>Other comprehensive income/(loss), net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Revaluation of property, plant and equipment	20.2	11,050	-	-	-
Tax effects thereon	29.2	(2,103)	-	-	-
		8,947	-	-	-
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Fair value of available-for-sale financial assets	8	18,313	(2,209)	-	-
Tax effects thereon	29.2	(4,590)	554	-	-
		13,723	(1,655)	-	-
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		22,670	(1,655)	-	-
<b>Total comprehensive income for the year, net of tax</b>		331,541	294,247	17,545	20,095
Profit attributable to:					
Owners of the Company		308,871	295,902	17,545	20,095
Total comprehensive income attributable to:					
Owners of the Company		331,541	294,247	17,545	20,095
<b>Basic earnings per ordinary share (sen)</b>	30(a)	183.08	178.49	-	-
<b>Diluted earnings per ordinary share (sen)</b>	30(b)	89.37	85.89	-	-

ALLIANZ MALAYSIA BERHAD (12428-W)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

ALLIANZ MALAYSIA BERHAD (12428-W)

Group	Note	<div> <div>←</div> <div>Attributable to owners of the Company</div> <div>→</div> </div> <div> <div>←</div> <div>Non-distributable</div> <div>→</div> <div>Distributable</div> </div>							
		Share capital RM'000	Preference shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Life non-participating fund surplus* RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2014</b>		160,752	185,454	424,823	25,122	(12,838)	322,160	918,709	2,024,182
Revaluation of property, plant and equipment		-	-	-	(11)	-	-	11	-
Fair value of available-for-sale financial assets		-	-	-	-	(1,655)	-	-	(1,655)
Total other comprehensive loss for the year		-	-	-	(11)	(1,655)	-	11	(1,655)
Profit for the year		-	-	-	-	-	56,394	239,508	295,902
<b>Total comprehensive income for the year</b>		-	-	-	(11)	(1,655)	56,394	239,519	294,247
<i>Contributions by and distributions to owners of the Company</i>									
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		6,736	(6,736)	-	-	-	-	-	-
Dividends to owners of the Company	31	-	-	-	-	-	-	(28,650)	(28,650)
<b>Total transactions with owners of the Company</b>		6,736	(6,736)	-	-	-	-	(28,650)	(28,650)
<b>At 31 December 2014</b>		167,488	178,718	424,823	25,111	(14,493)	378,554	1,129,578	2,289,779
		Note 19	Note 19	Note 20.1	Note 20.2	Note 20.3	Note 20	Note 20	

The accompanying notes form an integral part of these financial statements.

		Attributable to owners of the Company							
		Non-distributable				Distributable			
		Share capital	Preference shares	Share premium	Revaluation reserve	Fair value reserve	Life non-participating fund surplus*	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>	Note								
<b>At 1 January 2015</b>		167,488	178,718	424,823	25,111	(14,493)	378,554	1,129,578	2,289,779
Revaluation of property, plant and equipment		-	-	-	8,947	-	-	-	8,947
Fair value of available-for-sale financial assets		-	-	-	-	13,723	-	-	13,723
Total other comprehensive income for the year		-	-	-	8,947	13,723	-	-	22,670
Profit for the year		-	-	-	-	-	70,550	238,321	308,871
<b>Total comprehensive income for the year</b>		-	-	-	8,947	13,723	70,550	238,321	331,541
<i>Contributions by and distributions to owners of the Company</i>									
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		1,821	(1,821)	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>		1,821	(1,821)	-	-	-	-	-	-
<b>At 31 December 2015</b>		169,309	176,897	424,823	34,058	(770)	449,104	1,367,899	2,621,320
		Note 19	Note 19	Note 20.1	Note 20.2	Note 20.3	Note 20	Note 20	

\* The Life non-participating fund surplus amount is net of deferred tax. This amount is only distributable when the surplus is transferred from the life fund to the shareholders' fund.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

ALLIANZ MALAYSIA BERHAD (12428-W)

Company	Note	Attributable to owners of the Company				
		Non-distributable		Distributable		Total equity
		Share capital RM'000	Preference shares RM'000	Share premium RM'000	Retained earnings RM'000	RM'000
<b>At 1 January 2014</b>		160,752	185,454	424,823	217,424	988,453
Profit for the year		-	-	-	20,095	20,095
<b>Total comprehensive income for the year</b>		-	-	-	20,095	20,095
<i>Contributions by and distributions to owners of the Company</i>						
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		6,736	(6,736)	-	-	-
Dividends to owners of the Company	31	-	-	-	(28,650)	(28,650)
<b>Total transactions with owners of the Company</b>		6,736	(6,736)	-	(28,650)	(28,650)
<b>At 31 December 2014 / 1 January 2015</b>		167,488	178,718	424,823	208,869	979,898
Profit for the year		-	-	-	17,545	17,545
<b>Total comprehensive income for the year</b>		-	-	-	17,545	17,545
<i>Contributions by and distributions to owners of the Company</i>						
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		1,821	(1,821)	-	-	-
<b>Total transactions with owners of the Company</b>		1,821	(1,821)	-	-	-
<b>At 31 December 2015</b>		169,309	176,897	424,823	226,414	997,443
		Note 19	Note 19	Note 20.1	Note 20	

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

159

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	438,221	423,530	17,705	20,155
<i>Adjustments for:</i>				
Investment income	(431,384)	(375,393)	(22,470)	(23,196)
Interest expense	5,393	7,463	2,335	2,335
Realised gains recorded in profit or loss	(48,262)	(23,236)	-	-
Fair value gains on financial investments recorded in profit or loss	(296)	(6,248)	-	-
Purchase of held-to-maturity ("HTM") financial investments	-	(355,944)	-	-
Maturity of HTM financial investments	-	15,000	-	-
Purchase of available-for-sale ("AFS") financial investments	(1,679,896)	(980,001)	-	-
Maturity of AFS financial investments	443,600	337,000	-	-
Proceeds from sale of AFS financial investments	528,813	293,683	-	-
Purchase of designated upon initial recognition ("DUIR") financial investments	(424,797)	(280,982)	-	-
Maturity of DUIR financial investments	161,960	88,951	-	-
Proceeds from sale of DUIR financial investments	150,477	44,549	-	-
Purchase of held for trading ("HFT") financial investments	(934,874)	(727,635)	-	-
Maturity of HFT financial investments	54,400	53,960	-	-
Proceeds from sale of HFT financial investments	295,698	250,576	-	-
Purchase of derivative financial investments	(748)	(1,675)	-	-
Change in loans and receivables	(215,884)	(3,873)	4,739	8,637
<b>Non-cash items:</b>				
Change in fair value of investment properties	(540)	-	-	-
Change in fair value of AFS financial assets	22,316	29,020	-	-
Unrealised foreign exchange losses	-	566	-	-
Depreciation of property, plant and equipment	17,014	15,723	150	241
Amortisation of intangible assets	15,294	14,902	-	-
(Gain)/Loss on disposal of property, plant and equipment	(55)	(144)	1	(184)
Loss on disposal of investment properties	-	67	-	-
Impairment loss on AFS financial investments	56,480	22,120	-	-
Property, plant and equipment written off	501	3,637	16	2
Insurance and other receivables:				
- Bad debts written off	6,885	937	-	-
- (Reversal of)/Allowance for impairment loss	(6,904)	5,459	-	-
- Bad debts recovered	(144)	(204)	-	-

ALLIANZ MALAYSIA BERHAD (12428-W)



STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Changes in working capital:</b>				
Change in reinsurance assets	188,908	(51,509)	-	-
Change in insurance receivables	(60,063)	(40,942)	-	-
Change in other receivables, deposits and prepayments	22,954	(70,476)	2,671	677
Change in deferred acquisition costs	(4,773)	(8,545)	-	-
Change in insurance contract liabilities	1,062,530	1,051,779	-	-
Change in other financial liabilities	(10,122)	7,162	-	-
Change in insurance payables	36,006	18,580	-	-
Change in other payables and accruals	(13,199)	(1,691)	(9,826)	44,078
Change in benefits and claims liabilities	26,861	49,844	-	-
<b>Cash (used in)/generated from operations</b>	(297,630)	(193,990)	(4,679)	52,745
Tax (paid)/refunded	(115,322)	(104,164)	(179)	432
Dividends received	30,857	27,005	39,073	-
Interest income received	393,641	347,506	832	990
<b>Net cash from operating activities</b>	11,546	76,357	35,047	54,167
<b>Investing activities</b>				
Investment in subsidiary	-	-	-	(44,178)
Proceeds from disposal of property, plant and equipment	56	343	55	193
Proceeds from disposal of investment property	-	2,233	-	-
Acquisition of property, plant and equipment	(30,491)	(17,452)	(577)	(103)
Acquisition of intangible assets	(4,605)	(1,509)	-	-
<b>Net cash used in investing activities</b>	(35,040)	(16,385)	(522)	(44,088)
<b>Financing activities</b>				
Dividends paid to owners of the Company	(19,098)	(9,552)	(19,098)	(9,552)
Repayment of finance lease liabilities	(3)	(18)	-	-
Interest paid	(2,340)	(2,318)	(2,340)	(2,318)
<b>Net cash used in financing activities</b>	(21,441)	(11,888)	(21,438)	(11,870)
Net (decrease)/increase in cash and cash equivalents	(44,935)	48,084	13,087	(1,791)
Cash and cash equivalents at 1 January	666,583	618,499	12,278	14,069
<b>Cash and cash equivalents at 31 December</b>	621,648	666,583	25,365	12,278
<b>Cash and cash equivalents comprise:</b>				
Fixed and call deposits with licensed financial institutions (with maturity of less than three months)	598,079	630,551	24,731	11,815
Cash and bank balances	23,569	36,032	634	463
	621,648	666,583	25,365	12,278

Included in the fixed and call deposits are RM67,592,000 (2014: RM63,324,000) held as cash collateral for guarantees issued on behalf of the policyholders (Note 13).

The accompanying notes form an integral part of these financial statements.

## PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Allianz Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Level 29, Menara Allianz Sentral  
203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2015 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 7.

The holding and ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany.

The financial statements were authorised for issue by the Board of Directors on 26 February 2016.

## 1. BASIS OF PREPARATION

### 1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards, the requirements of the Companies Act, 1965 in Malaysia, Financial Services Act, 2013 (“FSA”) and Guidelines/Circulars issued by Bank Negara Malaysia (“BNM”).

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiatives*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.1 Statement of compliance (continued)

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

#### ***MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the above mentioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, Amendments to MFRS 5, Amendments to MFRS 11, Amendments to MFRS 116 and MFRS 141 and Amendments to MFRS 119 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company except as mentioned below:

#### ***MFRS 15, Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition for non-insurance contracts might be different as compared with current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

#### ***MFRS 9, Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### 1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### 1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2.3.1 - Valuation of owner occupied properties
- Note 2.6 - Valuation of financial instruments
- Note 2.7.3 - Determination of the recoverable amounts of cash-generating units and other intangible assets
- Note 2.8.3 - Valuation of investment properties
- Note 2.16.5 - Valuation of general insurance contract liabilities
- Note 2.17.5 - Valuation of life insurance contract liabilities

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### 2.1 Basis of consolidation

#### 2.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of consolidation (continued)

#### 2.1.2 Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### 2.1.3 Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### 2.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 2.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of consolidation (continued)

#### 2.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### 2.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

### 2.3 Property, plant and equipment

#### 2.3.1 Recognition and measurement

Freehold land and work-in-progress are stated at cost less any accumulated impairment losses. Other items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its properties comprising land and buildings every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

The revalued amounts of property are determined by using the comparison method. The comparison method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

Valuation of the properties involves a degree of judgement before arriving at the respective property's revalued amount. As such, the revalued amount of the properties may be different from its actual market price.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Property, plant and equipment (continued)

#### 2.3.1 Recognition and measurement (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "realised gains and losses" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### 2.3.2 Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### 2.3.3 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Work-in-progress are not depreciated until the assets are ready for their intended use.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Property, plant and equipment (continued)

#### 2.3.3 Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	Over lease period
Buildings	50 years
Office equipment, computers, furniture and fittings	3 to 10 years
Motor vehicles	5 years
Office renovations and partitions	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

### 2.4 Intangible assets

#### 2.4.1 Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

#### 2.4.2 Development costs

Expenditure incurred on software development is capitalised, only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

#### 2.4.3 Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

#### 2.4.4 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Intangible assets (continued)

#### 2.4.5 Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill with indefinite useful lives is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

Intangible assets with finite useful lives are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Capitalised software development costs	5 years
Other intangible assets	10-11 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

### 2.5 Leased assets

#### 2.5.1 Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

#### 2.5.2 Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Financial instruments

#### 2.6.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### 2.6.2 Financial instruments categories and subsequent measurement

The Group and the Company categorise and measure financial instruments as follows:

##### *Financial assets*

##### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### (b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

##### (c) Loans and receivables, excluding insurance receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market that include loans, other receivables, deposits and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Financial instruments (continued)

#### 2.6.2 Financial instruments categories and subsequent measurement (continued)

##### *Financial assets (continued)*

##### (d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

##### (e) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method.

If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable will be reduced accordingly and the impairment loss recognised in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.7.2.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.6.6 have been met.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2.7).

##### *Financial liabilities*

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Financial instruments (continued)

#### 2.6.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts, if any, are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

#### 2.6.4 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### 2.6.5 Hedge accounting

##### *Cash flow hedge*

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Financial instruments (continued)

#### 2.6.6 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### 2.7 Impairment

#### 2.7.1 Financial assets, excluding insurance receivables

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables (excluding insurance receivables as set out in Note 2.7.2 below) and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the financial asset's acquisition cost (net of any principal repayment and amortisation) and the financial asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

If, in a subsequent financial period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the financial asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Impairment (continued)

#### 2.7.2 Insurance receivables

Insurance receivables are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. An objective evidence of impairment is deemed to exist where the principal or interest or both for insurance receivables is past due for more than 90 days or 3 months for those individually assessed, as prescribed in the Guidelines on Financial Reporting for Insurers issued by BNM.

An impairment loss in respect of insurance receivables is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of insurance receivables increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the insurance receivable's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### 2.7.3 Other assets

The carrying amounts of other assets (except for investment properties that are measured at fair value and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (known as "cash-generating unit"). For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Impairment (continued)

#### 2.7.3 Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation reserve. When an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is recognised in profit or loss.

### 2.8 Investment properties

#### 2.8.1 Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

#### 2.8.2 Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income and accumulated in equity as a revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Investment properties (continued)

#### 2.8.3 Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment properties portfolio annually.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The determination of the fair values involves a degree of judgement. As such, the fair value of the investment properties may be different from its actual market price.

### 2.9 Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

### 2.10 Cash and cash equivalents and placements with financial institutions

Cash and cash equivalents consist of cash on hands, balances and deposits with financial institutions and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 2.6.2 (c).

### 2.11 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### 2.11.1 Ordinary shares

Ordinary share capital is classified as equity.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Equity instruments (continued)

#### 2.11.2 Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

#### 2.11.3 Dividends on ordinary share capital

Dividends on ordinary share capital are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the end of the reporting period are dealt with as a subsequent event.

### 2.12 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote. Contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

### 2.13 Other financial liabilities and insurance payables

Other financial liabilities and insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

### 2.14 Product classification

Product classification applies to the Group's general insurance and life insurance subsidiaries.

The insurance subsidiaries issue contracts that transfer insurance risk or financial risk or both.

Financial risk is the risk of a possible future change in interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Product classification (continued)

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the insurance subsidiary (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the insurance subsidiary determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Investment contracts are those contracts that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains as an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts (if any) are further classified as being either with or without discretionary participation features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the:
  - performance of a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - profit or loss of the company, fund or other entity that issues the contract.

Under the terms of the contracts, surpluses in the DPF funds can be distributed on a discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation and unbundling are required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

When insurance contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statements of financial position similar to investment contracts.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Reinsurance

Reinsurance applies to the Group's general insurance and life insurance subsidiaries.

Insurance risk is ceded in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the insurance subsidiary from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the insurance subsidiary may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the insurance subsidiary will receive from the reinsurer. The impairment loss is recorded in profit or loss.

The insurance subsidiary also assumes reinsurance risk in the normal course of business for life insurance and general (non-life) insurance contracts when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statements of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

### 2.16 General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premium reserves and claims incurred.

#### 2.16.1 Premium income

##### (a) Gross premiums

Gross premiums are recognised in a financial period in respect of risks assumed during that particular financial period.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 General insurance underwriting results (continued)

#### 2.16.1 Premium income (continued)

##### (b) Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial period in respect of the facultative risks assumed during that particular financial period, as in the case of direct policies, following the individual risks' inception dates.

Inwards treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being inceptioned and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties.

In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

#### 2.16.2 Unearned premium reserves ("UPR")

Unearned premium reserves ("UPR") represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

In determining UPR at the end of the reporting period, the method that most accurately reflects the actual unearned premium used is as follows:

- 25% method for marine cargo, aviation cargo and transit
- 1/24<sup>th</sup> method (or other more accurate) method for all other classes of Malaysian general policies
- 1/8<sup>th</sup> method for all other classes of overseas inward treaty business
- Non-annual policies are time-apportioned over the period of the risks

#### 2.16.3 Claims and expenses

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the end of the reporting period.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the end of the reporting period, using a mathematical method of estimation.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 General insurance underwriting results (continued)

#### 2.16.4 Acquisition costs and deferred acquisition cost ("DAC")

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Those costs are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, deferred acquisition cost is amortised/allocated to the periods according to the original policies which give rise to income. Amortisation is recognised in profit or loss.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC is also considered in the liability adequacy test for each accounting period.

DAC is derecognised when the related contracts are either settled or disposed of.

#### 2.16.5 General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities comprise claims liabilities and premium liabilities.

##### Claims liabilities

Claims liabilities are recognised in respect of both direct insurance and inward reinsurance. Claims liabilities refer to the obligation by the insurance subsidiary, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date (See Note 2.25.1). These include provision for claims reported, claims incurred but not reported ("IBNR") together with related claims handling costs. Claims liabilities consist of the best estimate value of the claim liabilities and the Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall insurance subsidiary level. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

##### Premium liabilities

Premium liabilities is the higher of the aggregate of the UPR and the best estimate value of the insurer's unexpired risk reserves ("URR") at the valuation date and the PRAD calculated at the overall insurance subsidiary level.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognised as premium income.

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred for administering these policies and settling the relevant claims, and expected future premium refunds.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Life insurance underwriting results

#### 2.17.1 Surplus of Life fund

The surplus transferable from the Life fund to profit or loss is based on the surplus determined by an annual actuarial valuation of the liabilities to policyholders, made in accordance with the provisions of the Financial Services Act, 2013 by the insurance subsidiary's appointed actuary.

#### 2.17.2 Gross premiums

Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured. Premiums not received on due dates are recognised as revenue in profit or loss and reported as outstanding premiums in the statements of financial position.

#### 2.17.3 Reinsurance premiums

Gross reinsurance premiums are recognised as an expense when payable or on the date on which the policy is effective.

#### 2.17.4 Benefits, claims and expenses

Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:

- maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates;
- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered; and
- bonus on DPF policy upon its declaration.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Life insurance underwriting results (continued)

#### 2.17.5 Life insurance contract liabilities

Life insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method (See Note 2.25.2). The liability is determined as the sum of the present value of future guaranteed benefits and, in the case of the participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is included in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the insurance fund level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

For non-unit liability of investment-linked policy, the liability is valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurance subsidiary.

Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originated from margins of adverse deviations on run-off contracts, are recognised in profit or loss over the life of the contract.

The liability is derecognised when the contract expires, is discharged or is cancelled.

#### 2.17.6 Investment contract liabilities

Investment contracts (if any) are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities.

Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, investment contract liabilities are remeasured at fair value through profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Life insurance underwriting results (continued)

#### 2.17.6 Investment contract liabilities (continued)

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statements of financial position.

Fair value adjustments are performed at each reporting date and are recognised in profit or loss. Fair value is determined through the use of prospective discounted cash flow techniques. For unitised contracts, fair value is calculated as the number of units allocated to the policyholder in each investment-linked fund multiplied by the unit-price of those funds at the end of the reporting period. The fund assets and fund liabilities used to determine the unit-prices at the end of the reporting period are adjusted to take into account the effect of deferred tax on unrealised gains on assets in the fund.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

#### 2.18 Fees and commission income

Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as income over the period in which the related services are performed. If the fees are for services to be provided in future periods, then, they are deferred and recognised over those future periods.

#### 2.19 Commission and agency expenses

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, and income derived from reinsurance in the course of ceding of premiums to reinsurers, are charged to profit or loss in the period in which they are incurred.

#### 2.20 Other revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### 2.20.1 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except where an interest bearing financial investment is considered non-performing i.e. where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest income is recognised on the receipt basis until all arrears have been paid.

##### 2.20.2 Rental income

Rental income from investment properties and self-occupied properties are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease on an accrual basis. Rental income from subleased property is recognised as other income.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Other revenue recognition (continued)

#### 2.20.3 Dividend income

Dividend income is recognised in profit or loss on the date the Group's and the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### 2.20.4 Realised gains and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

### 2.21 Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's and the Company's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

### 2.22 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, insurance contract liabilities or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax base. Deferred tax is not recognised if the temporary differences arise from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.8.1, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 2.23 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

### 2.24 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### 2.25 Significant accounting judgements, estimates and assumptions

#### 2.25.1 Valuation of general insurance claims liabilities

For general insurance contracts, claims liabilities are the outstanding claims reserve required for the future settlement of losses on claims which have occurred but have yet to be fully settled. Claims liabilities fall into two categories: expected ultimate cost of claims reported and expected ultimate cost of claims incurred but not yet reported ("IBNR") at the end of the reporting period.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the statements of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The expected ultimate cost of claims reported are based on estimates of future payments that will be made with respect to individual claims. Such estimates are made on a case-by-case basis, based on the information available at the time the reserves are established. The estimates reflect the informed judgement of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim. These reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Significant accounting judgements, estimates and assumptions (continued)

#### 2.25.1 Valuation of general insurance claims liabilities (continued)

IBNR reserves are established to recognise the estimated cost of losses that have occurred but where the insurance subsidiary has not yet been notified. The valuation of IBNR reserves is carried out by an Appointed Actuary approved by BNM using her professional judgement in applying actuarial methodology and assumptions, based on the insurance subsidiary's current and past claims experience, taking into account the insurance subsidiary's underwriting practice and industry experience. IBNR reserves are estimated based on actuarial statistical projections of the expected cost of the ultimate settlement and administration of claims. The projections are based on available information at the time and include factors such as trends in claims frequency, severity and speed of settlement. IBNR reserves are reviewed and revised quarterly as additional information becomes available with the actual claims development.

As with all projections, there are elements of uncertainty and thus the projected future claims experience may be different from its actual claims experience. These uncertainties may arise from changes in the underlying risks, changes in the spread of risk, changes in the speed of reporting and settlement of claims as well as the suitability of the methodology used in the projection model and its underlying assumptions.

#### 2.25.2 Valuation of life insurance contract liabilities

The valuation of life insurance contract liabilities is based on the Risk-Based Capital Framework for Insurers, issued by BNM.

The life insurance contract liability is valued using a prospective actuarial valuation based on the sum of the present value of future guaranteed benefits and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The expected future cash flow is determined using best estimate assumptions and with due regard to significant recent experience.

For non-unit liability of investment-linked policy, the liability is valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy.

An appropriate allowance for provision of risk margin for adverse deviation from expected experience is included in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies and non-unit actuarial liabilities of investment-linked policies.

For a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liabilities are calculated as the higher of unearned premium reserve or the unexpired risk reserve.

The risk-free discount rate is used for all cash flows to determine the liability of a non-participating life policy, non-unit actuarial liability of an investment-linked policy and guaranteed benefits insurance liability of participating policy. A discount rate based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the life fund is used for all cash flows to determine the total benefit liability of participating policies.

Risk-free discount rate for durations of less than 15 years is zero-coupon spot yields of Malaysian Government Securities ("MGS") with matching duration. Risk-free discount rate for durations of 15 years or more is zero-coupon spot yields of MGS with 15 years term to maturity. Duration is the term to maturity of each future cash flow. The MGS zero-coupon spot yields are obtained from a recognised bond pricing agency in Malaysia.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.26 Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date the event or change in circumstances that caused the transfers.

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in- progress RM'000	Total RM'000
<b>Cost/Valuation</b>									
At 1 January 2014		20,606	58,514	1,459	61,348	2,907	28,384	1,872	175,090
Additions		-	-	-	11,382	241	903	4,926	17,452
Disposals		(105)	(90)	-	(28)	(440)	-	-	(663)
Written off		-	-	-	(6,596)	-	(7,170)	-	(13,766)
Reclassification		-	-	-	3,266	-	1,078	(4,344)	-
At 31 December 2014/ 1 January 2015		20,501	58,424	1,459	69,372	2,708	23,195	2,454	178,113
Additions		-	-	-	11,615	995	6,226	11,655	30,491
Disposals		-	-	-	(397)	(288)	-	-	(685)
Written off		-	-	-	(2,416)	-	(226)	-	(2,642)
Reclassification		-	-	-	4,017	-	3,909	(7,926)	-
Transfer to investment properties	6	-	(46,186)	-	-	-	-	-	(46,186)
Revaluation		4,570	8,830	-	-	-	-	-	13,400
At 31 December 2015		25,071	21,068	1,459	82,191	3,415	33,104	6,183	172,491

\* The carrying amounts of land and buildings are not segregated as the required information is not available.

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in- progress RM'000	Total RM'000
<b>Depreciation</b>									
At 1 January 2014		523	5,766	110	36,150	2,372	13,683	-	58,604
Depreciation for the year	28	191	1,537	17	10,720	341	2,917	-	15,723
Disposals		-	(16)	-	(15)	(433)	-	-	(464)
Written off		-	-	-	(6,431)	-	(3,698)	-	(10,129)
At 31 December 2014/ 1 January 2015		714	7,287	127	40,424	2,280	12,902	-	63,734
Depreciation for the year	28	254	1,251	17	12,053	372	3,067	-	17,014
Disposals		-	-	-	(396)	(288)	-	-	(684)
Written off		-	-	-	(1,977)	-	(164)	-	(2,141)
Elimination of accumulated depreciation on revaluation		(300)	(1,882)	-	-	-	-	-	(2,182)
At 31 December 2015		668	6,656	144	50,104	2,364	15,805	-	75,741
<b>Carrying amounts</b>									
At 1 January 2014		20,083	52,748	1,349	25,198	535	14,701	1,872	116,486
At 31 December 2014/ 1 January 2015		19,787	51,137	1,332	28,948	428	10,293	2,454	114,379
At 31 December 2015		24,403	14,412	1,315	32,087	1,051	17,299	6,183	96,750

\* The carrying amounts of land and buildings are not segregated as the required information is not available.

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company		Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in- progress RM'000	Total RM'000
<b>Cost</b>						
<b>At 1 January 2014</b>		356	1,335	15	3	1,709
Additions		62	-	-	41	103
Disposals		(2)	(440)	-	-	(442)
Written off		(7)	-	-	-	(7)
Reclassification		35	-	-	(35)	-
<b>At 31 December 2014/ 1 January 2015</b>		444	895	15	9	1,363
Additions		266	-	67	244	577
Disposals		(104)	-	-	-	(104)
Written off		(28)	-	-	-	(28)
Reclassification		247	-	-	(247)	-
<b>At 31 December 2015</b>		825	895	82	6	1,808
<b>Depreciation</b>						
<b>At 1 January 2014</b>		119	1,159	6	-	1,284
Depreciation for the year	28	72	169	-	-	241
Disposals		-	(433)	-	-	(433)
Written off		(5)	-	-	-	(5)
<b>At 31 December 2014/ 1 January 2015</b>		186	895	6	-	1,087
Depreciation for the year	28	142	-	8	-	150
Disposals		(48)	-	-	-	(48)
Written off		(12)	-	-	-	(12)
<b>At 31 December 2015</b>		268	895	14	-	1,177
<b>Carrying amounts</b>						
<b>At 1 January 2014</b>		237	176	9	3	425
<b>At 31 December 2014/ 1 January 2015</b>		258	-	9	9	276
<b>At 31 December 2015</b>		557	-	68	6	631

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.1 Revaluation of properties

All the Group's land and buildings were revalued in 2011 and 2015 by external independent professional qualified valuers using the sales comparison method. During the year, the Group has revalued one of its buildings, resulting in a revaluation surplus amounting to RM9,188,000. The revalued building with carrying amount of RM46,186,000 was subsequently transferred to investment properties following the change in its use.

Had the land and buildings of the Group been carried under the cost model, their carrying amounts would have been as follows:

Group	2015 RM'000	2014 RM'000
Land	11,711	11,822
Buildings	7,257	26,462
Land and buildings	1,319	1,335
	20,287	39,619

#### 3.2 Land

Included in the carrying amounts of land are:

Group	2015 RM'000	2014 RM'000
Freehold land	7,234	6,684
Long term leasehold land with unexpired lease period of more than 50 years	17,169	13,103
	24,403	19,787

#### 3.3 Fair value information

Fair value of land and buildings are categorised as follows:

Group	2015				2014			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	-	24,403	-	24,403	-	19,787	-	19,787
Buildings	-	14,413	-	14,413	-	51,137	-	51,137
Land and buildings	-	1,315	-	1,315	-	1,332	-	1,332
	-	40,131	-	40,131	-	72,256	-	72,256

##### Level 2 fair value

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, property size, shape and terrain of land, tenure, title restriction if any, availability of infrastructure, building construction, finishes and services, and other relevant characteristics.



#### 4. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Software development costs RM'000	Other intangible assets RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2014		244,600	18,159	139,428	402,187
Additions		-	1,509	-	1,509
At 31 December 2014/1 January 2015		244,600	19,668	139,428	403,696
Additions		-	4,605	-	4,605
At 31 December 2015		244,600	24,273	139,428	408,301
<b>Amortisation</b>					
At 1 January 2014		-	15,488	61,371	76,859
Amortisation for the year	28	-	1,464	13,438	14,902
At 31 December 2014/1 January 2015		-	16,952	74,809	91,761
Amortisation for the year	28	-	1,857	13,437	15,294
At 31 December 2015		-	18,809	88,246	107,055
<b>Carrying amounts</b>					
At 1 January 2014		244,600	2,671	78,057	325,328
At 31 December 2014/1 January 2015		244,600	2,716	64,619	311,935
At 31 December 2015		244,600	5,464	51,182	301,246

##### 4.1 Goodwill

The aggregate carrying amount of goodwill is attributable to the acquisition of the following subsidiaries:

Group	2015 RM'000	2014 RM'000
Allianz Life Insurance Malaysia Berhad ("ALIM")	4,990	4,990
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")/Bright Mission Berhad ("BMB")	239,610	239,610
	244,600	244,600

AGIC and BMB (formerly known as Commerce Assurance Berhad ("CAB")) entered into a Business Transfer Agreement dated 17 September 2008 ("BTA") to undertake a scheme of transfer under Part XI of the Insurance Act, 1996 as approved by BNM ("Scheme"), which involved the transfer and vesting by CAB to AGIC of CAB's entire general insurance business, undertaking of assets including CAB's liabilities and obligations save for the specified excluded assets and liabilities as detailed in the BTA. The Scheme was confirmed by the High Court of Malaya on 9 December 2008 and took effect on 1 January 2009. Consequently, the carrying amount of goodwill arising from the acquisition of CAB has now been allocated to the entire integrated general insurance business of the Group.

#### 4. INTANGIBLE ASSETS (CONTINUED)

##### 4.1 Goodwill (continued)

###### *Impairment test for cash-generating unit ("CGU") containing goodwill*

For goodwill attributable to the acquisition of CAB, following the Scheme on 1 January 2009, the carrying amount of goodwill has been allocated to the entire integrated general insurance business of the Group as one CGU, which represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The estimated recoverable amount is calculated based on value in use, determined by discounted cash flows generated by the general insurance business using approved 5-year financial budgets projected to perpetuity.

The following key assumptions have been used in the cash flow projections in respect of the determining the value in use for CGU containing goodwill:

###### **Key assumptions**

Discount rate - post tax	11.2%
Terminal growth rate	3.0%

For goodwill attributable to the acquisition of ALIM, the annual impairment test was done by comparing the estimated recoverable amount of ALIM with its carrying amount including the goodwill attributed. The recoverable amount is the value in use which is measured by the Embedded Value attributable to ALIM calculated by an appointed actuary. ALIM computes the Embedded Value using market consistent embedded value approach whereby the Embedded Value is the present value of future shareholders distributable profits after tax discounted at the risk free yield curve with volatility adjustment plus the Net Assets Value. The projected future cash flows are based on the best estimate of assumptions, either derived from the operating unit experience or industry experience.

The estimated recoverable amounts of both the CGUs were determined to be higher than their carrying amounts and thus no impairment loss was recognised.

##### 4.2 Software development costs

The software development costs are in relation to internal development expenditures incurred for the Open Product Underwriting System ("OPUS"), Integrated Insurance Management System ("IIMS"), Alternate Front End System ("ALPHA") and Business Intelligence System ("BI"). These systems are integrated systems designed to improve the efficiency of the business activities of the subsidiaries. The costs of developed software are amortised over a period of five years.

##### 4.3 Other intangible assets

The carrying amounts of other intangibles assets are as follows:

Group	Note	2015 RM'000	2014 RM'000
The Bancassurance Agreements:			
- General insurance business	4.3.1	14,825	23,718
- Life insurance business	4.3.2	36,357	40,901
		51,182	64,619

#### 4. INTANGIBLE ASSETS (CONTINUED)

##### 4.3 Other intangible assets (continued)

###### 4.3.1 The Bancassurance Agreement – General insurance business

The Bancassurance Agreement was entered between the Group's general insurance entity, AGIC and CIMB Bank Berhad and formed an integral part of the acquisition of BMB by the Company on 28 August 2007 from Commerce International Group Berhad ("CIG"). The Group's general insurance business is further enhanced through the leverage on CIMB Bank's customer base and nationwide network. The recognised intangible asset is amortised over its useful life of ten years.

###### 4.3.2 The Bancassurance Agreement – Life insurance business

The intangible asset is in relation to the exclusive bancassurance agreement which provides the Group's life insurance entity with an exclusive right to the use of the bancassurance network of a local commercial bank to sell, market and promote conventional life product. ALIM and the bank had on 9 May 2014 executed the amendment agreement to extend the original term under the Exclusive Distribution Agreement, from ten years to eleven years.

The fee for this right is amortised over its useful life of 11 years using the straight-line method. In the impairment assessment conducted by ALIM, the future economic benefits that are attributable to the Bancassurance Agreement was valued at the present value of projected future cash flows to be derived from the tenure of the agreement of 11 years using the discounting cash flow model.

The following key assumptions have been used in cash flow projections in respect of the Bancassurance Agreement:

##### Key assumptions

Bancassurance annualised new premium growth rate	3.0% – 35.0% per annum
Discount rate - post tax	11.2%

###### 4.3.3 Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly that would result in impairment.

#### 5. DEFERRED ACQUISITION COSTS

Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2014		92,268	(23,387)	68,881
Movement during the year	26	8,154	391	8,545
At 31 December 2014/1 January 2015		100,422	(22,996)	77,426
Movement during the year	26	(1,608)	6,381	4,773
At 31 December 2015		98,814	(16,615)	82,199

## 6. INVESTMENT PROPERTIES

Group	Note	2015 RM'000	2014 RM'000
At 1 January		3,300	5,600
Transfer from property, plant and equipment	3	46,186	-
Change in fair value recognised in profit or loss	25	540	-
Disposal		-	(2,300)
At 31 December		50,026	3,300
Included in the above are:			
At fair value			
Freehold land		1,000	730
Buildings		49,026	2,570
		50,026	3,300

The fair values of investment properties are determined by Rahim & Co and VPC Alliance Sdn Bhd, independent professional qualified valuers using the sales comparison method.

The following are recognised in profit or loss in respect of investment properties:

Group	Note	2015 RM'000	2014 RM'000
Rental income	23	132	124
Direct operating expenses			
- income generating investment properties		(1)	(4)

## 6. INVESTMENT PROPERTIES (CONTINUED)

### 6.1 Fair value information

Fair value of investment properties are categorised as follows:

Group	2015				2014			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold land	-	1,000	-	1,000	-	730	-	730
Buildings	-	49,026	-	49,026	-	2,570	-	2,570
	-	50,026	-	50,026	-	3,300	-	3,300

#### Level 2 fair value

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, property size, shape and terrain of land, tenure, title restriction if any, availability of infrastructure, building construction, finishes and services, and other relevant characteristics.

## 7. INVESTMENTS IN SUBSIDIARIES

Company	2015 RM'000	2014 RM'000
<b>At cost</b>		
Unquoted shares	1,128,699	1,128,699

The principal activities of the subsidiaries, the place of incorporation and the interest of the Company are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Effective ownership interest	
			2015 %	2014 %
Allianz Life Insurance Malaysia Berhad ("ALIM")	Underwriting life insurance and investment-linked business	Malaysia	100	100
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")	Underwriting general insurance business	Malaysia	100	100
Bright Mission Berhad ("BMB")	Investment holding	Malaysia	100	100

## 8. INVESTMENTS

Group	2015 RM'000	2014 RM'000
Malaysian government securities	3,616,946	3,256,312
Malaysian government guaranteed bonds	2,009,005	1,644,967
Ringgit denominated bonds by foreign issuers outside Malaysia	101,234	220,438
Quoted equity securities of corporations in Malaysia	1,197,790	777,985
Quoted equity securities of corporations outside Malaysia	1,409	819
Unquoted equity securities of corporations in Malaysia	2,147	2,147
Unquoted bonds of corporations in Malaysia	2,890,122	2,541,369
Quoted unit trusts in Malaysia	47,959	57,844
Unquoted unit trusts in Malaysia	4,430	2,980
Unquoted unit trusts outside Malaysia	44,654	54,337
Structured deposits and negotiable certificate of deposits with licensed financial institutions	316,200	274,273
Malaysian government guaranteed loans	260,000	260,000
Mortgage loans	5,995	9,598
Policy loans	14,950	13,975
Automatic premium loans	88,378	79,918
Fixed and call deposits with:		
Licensed financial institutions	221,331	11,279
	10,822,550	9,208,241

Financial investments are summarised by categories as follows:

Group	Note	Current		Non-current		Total	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Held-to-maturity financial assets ("HTM")	(a)	-	30,000	-	1,635,180	-	1,665,180
Available-for-sale financial assets ("AFS")	(b)	6,179,071	3,819,744	-	-	6,179,071	3,819,744
Loans and receivables ("LAR")	(c)	305,811	177,859	284,843	196,911	590,654	374,770
Fair value through profit or loss ("FVTPL")							
- Held for trading ("HFT")	(d)	1,912,091	1,317,769	-	-	1,912,091	1,317,769
- Designated upon initial recognition ("DUIR")	(e)	2,140,734	2,030,778	-	-	2,140,734	2,030,778
		10,537,707	7,376,150	284,843	1,832,091	10,822,550	9,208,241



## 8. INVESTMENTS (CONTINUED)

## (a) Held-to-maturity financial assets

	Amortised cost 2015 RM'000	Fair value 2015 RM'000	Amortised cost 2014 RM'000	Fair value 2014 RM'000
<b>Group</b>				
Malaysian government securities	-	-	945,957	938,883
Malaysian government guaranteed bonds	-	-	619,370	613,090
Ringgit denominated bonds by foreign issuers outside Malaysia	-	-	99,853	100,909
	-	-	1,665,180	1,652,882

## (b) Available-for-sale financial assets

	Fair value	
	2015 RM'000	2014 RM'000
<b>Group</b>		
Malaysian government securities	2,807,363	1,568,615
Malaysian government guaranteed bonds	1,414,937	603,060
Ringgit denominated bonds by foreign issuers outside Malaysia	74,311	53,590
Quoted equity securities of corporations in Malaysia	528,529	345,668
Unquoted bonds of corporations in Malaysia	1,119,107	1,025,763
Quoted unit trusts in Malaysia	45,838	54,952
Unquoted unit trusts in Malaysia	1,133	1,130
Unquoted unit trusts outside Malaysia	31,359	41,676
Structured deposits and negotiable certificate of deposits with licensed financial institutions	154,347	123,143
	6,176,924	3,817,597

	Cost	
	2015 RM'000	2014 RM'000
<b>Group</b>		
Unquoted equity securities of corporations in Malaysia	2,147	2,147
Total available-for-sale financial assets	6,179,071	3,819,744

## 8. INVESTMENTS (CONTINUED)

## (c) Loans and receivables

	Amortised cost 2015 RM'000	Fair value 2015 RM'000	Amortised cost 2014 RM'000	Fair value 2014 RM'000
<b>Group</b>				
Malaysian government guaranteed loans	260,000	260,000	260,000	260,000
Mortgage loans	5,995	5,995	9,598	9,598
Policy loans	14,950	14,950	13,975	13,975
Automatic premium loans	88,378	88,378	79,918	79,918
Fixed and call deposits with:				
Licensed financial institutions	221,331	221,331	11,279	11,279
	590,654	590,654	374,770	374,770

## (d) FVTPL – Held for trading

	Fair value	
	2015 RM'000	2014 RM'000
<b>Group</b>		
Malaysian government securities	346,621	262,350
Malaysian government guaranteed bonds	264,877	164,687
Ringgit denominated bonds by foreign issuers outside Malaysia	5,117	5,121
Quoted equity securities of corporations in Malaysia	669,261	432,317
Quoted equity securities of corporations outside Malaysia	1,409	819
Unquoted bonds of corporations in Malaysia	575,998	405,115
Quoted unit trusts in Malaysia	2,121	2,892
Unquoted unit trusts in Malaysia	3,297	1,850
Unquoted unit trusts outside Malaysia	13,295	12,661
Structured deposits with licensed financial institutions	30,095	29,957
	1,912,091	1,317,769

## 8. INVESTMENTS (CONTINUED)

## (e) FVTPL - Designated upon initial recognition

Group	Fair value	
	2015 RM'000	2014 RM'000
Malaysian government securities	462,962	479,390
Malaysian government guaranteed bonds	329,191	257,850
Ringgit denominated bonds by foreign issuers outside Malaysia	21,806	61,874
Unquoted bonds of corporations in Malaysia	1,195,017	1,110,491
Structured deposits and negotiable certificate of deposits with licensed financial institutions	131,758	121,173
	2,140,734	2,030,778

## Carrying values of financial investments

Group	Note	HTM RM'000	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	Total RM'000
<b>At 1 January 2014</b>		1,323,892	3,506,027	370,897	917,651	1,878,942	7,997,409
Purchases/placements		355,944	980,001	14,616,986	727,635	280,982	16,961,548
Maturities		(15,000)	(337,000)	(14,613,113)	(53,960)	(88,951)	(15,108,024)
Disposals		-	(273,309)	-	(245,214)	(45,269)	(563,792)
Fair value (losses)/gains recorded in:							
• Profit or loss:							
- Unrealised (losses)/gains	25	-	-	-	(28,241)	5,926	(22,315)
- Unrealised foreign exchange losses		-	-	-	(628)	-	(628)
- Movement in impairment allowance	25	-	(22,120)	-	-	-	(22,120)
• Other comprehensive income	20.3	-	(2,209)	-	-	-	(2,209)
• Insurance contract liabilities	17(a)	-	(31,544)	-	-	-	(31,544)
Accretion of discounts		1,256	3,718	-	956	1,853	7,783
Amortisation of premiums		(912)	(3,820)	-	(430)	(2,705)	(7,867)
<b>At 31 December 2014</b>		1,665,180	3,819,744	374,770	1,317,769	2,030,778	9,208,241

## 8. INVESTMENTS (CONTINUED)

## Carrying values of financial investments (continued)

Group	Note	HTM RM'000	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	Total RM'000
<b>At 1 January 2015</b>		1,665,180	3,819,744	374,770	1,317,769	2,030,778	9,208,241
Purchases/placements		-	1,679,896	17,542,887	934,874	424,797	20,582,454
Reclassification		(1,665,180)	1,665,180	-	-	-	-
Maturities		-	(443,600)	(17,327,003)	(54,400)	(161,960)	(17,986,963)
Disposals		-	(482,713)	-	(293,917)	(148,458)	(925,088)
Fair value gains/(losses) recorded in:							
• Profit or loss:							
- Unrealised gains/ (losses)	25	-	-	-	7,637	(4,232)	3,405
- Movement in impairment allowance	25	-	(56,480)	-	-	-	(56,480)
• Other comprehensive income	20.3	-	18,313	-	-	-	18,313
• Insurance contract liabilities	17(a)	-	(23,017)	-	-	-	(23,017)
Accretion of discounts		-	5,443	-	672	2,009	8,124
Amortisation of premiums		-	(3,695)	-	(544)	(2,200)	(6,439)
<b>At 31 December 2015</b>		-	6,179,071	590,654	1,912,091	2,140,734	10,822,550

## 8. INVESTMENTS (CONTINUED)

Company	2015 RM'000	2014 RM'000
Fixed and call deposits with:		
Licensed financial institutions	6,540	11,279

Financial investments are summarised by category as follows:

Company	Current		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans and receivables ("LAR")	6,540	11,279	6,540	11,279

## Loans and receivables

Company	Amortised cost 2015 RM'000	Fair value 2015 RM'000	Amortised cost 2014 RM'000	Fair value 2014 RM'000
Fixed and call deposits with:				
Licensed financial institutions	6,540	6,540	11,279	11,279

## Carrying values of financial investments

Company	LAR RM'000	Total RM'000
<b>At 1 January 2014</b>	19,916	19,916
Maturities	(8,637)	(8,637)
<b>At 31 December 2014/1 January 2015</b>	11,279	11,279
Maturities	(4,739)	(4,739)
<b>At 31 December 2015</b>	6,540	6,540

## 9. INSURANCE RECEIVABLES

Group	Note	2015 RM'000	2014 RM'000
<b>Current</b>			
Due premiums including agents, brokers and co-insurers balances		213,981	162,444
Due from reinsurers and cedants		62,038	57,129
Due from holding company	9.1	-	14
Due from related companies	9.2	2,543	126
Group claims receivables		1,359	4,243
		279,921	223,956
Less: Allowance for impairment	39.1(ii)	(20,493)	(22,359)
		259,428	201,597

### 9.1 Amount due from holding company

The amount due from holding company is unsecured.

### 9.2 Amount due from related companies

The amount due from related companies is unsecured.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Group	2015 RM'000	2014 RM'000
<b>Non-current</b>		
<b>Other receivables</b>		
Other receivables, deposits and prepayments	10,675	9,563
Malaysian Institute of Insurance ("MII") bonds	590	590
	11,265	10,153
<b>Staff loans</b>		
Mortgage loans	3,630	3,834
Other secured loans	750	676
	4,380	4,510
	15,645	14,663



**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)**

Group	Note	2015 RM'000	2014 RM'000
<b>Current</b>			
<b>Other receivables</b>			
Other receivables, deposits and prepayments		99,468	94,952
Sundry deposits		882	871
Less: Allowance for impairment	39.1(ii)	(1,325)	(6,363)
		99,025	89,460
Income due and accrued		100,007	88,712
Due from holding company	10.1	10	3
Due from related companies	10.2	6,162	2,514
Due from inter-fund	14	7,671	48,509
		212,875	229,198
<b>Staff loans</b>			
Mortgage loans		491	513
Other secured loans		291	286
		782	799
		213,657	229,997
<b>Total</b>		229,302	244,660

**10.1 Amount due from holding company**

The amount due from holding company is unsecured, interest free and repayable on demand.

**10.2 Amount due from related companies**

The amount due from related companies is unsecured, interest free and repayable on demand.

**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)**

Company	Note	2015 RM'000	2014 RM'000
<b>Non-current</b>			
<b>Other receivables</b>			
Other receivables, deposits and prepayments		890	524
<b>Staff loans</b>			
Mortgage loans		589	679
Other secured loans		101	103
		690	782
		1,580	1,306
<b>Current</b>			
<b>Other receivables</b>			
Other receivables, deposits and prepayments		1,098	837
Income due and accrued		98	470
Due from subsidiaries	10.3	3,755	24,037
		4,951	25,344
<b>Staff loans</b>			
Mortgage loans		99	98
Other secured loans		43	31
		142	129
		5,093	25,473
<b>Total</b>		6,673	26,779

**10.3 Amount due from subsidiaries**

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

**11. REINSURANCE ASSETS**

Group	Note	2015 RM'000	2014 RM'000
<b>Non-current</b>			
<b>Reinsurance of insurance contracts</b>			
General insurance claims liabilities		322,934	545,423
Life insurance actuarial liabilities		64,994	69,928
		387,928	615,351
<b>Current</b>			
<b>Reinsurance of insurance contracts</b>			
General insurance claims liabilities		555,436	476,186
General insurance premium liabilities		185,859	226,624
Life insurance actuarial liabilities		82	52
		741,377	702,862
<b>Total</b>	17	1,129,305	1,318,213

**12. BENEFITS AND CLAIMS LIABILITIES**

Group	2015 RM'000	2014 RM'000
<b>Current</b>		
Gross benefits and claims liabilities	259,028	185,571
Less: Recoverable from reinsurers	(64,465)	(17,869)
Net benefits and claims liabilities	194,563	167,702

### 13. INSURANCE PAYABLES

Group	Note	2015 RM'000	2014 RM'000
<b>Non-current</b>			
Performance bond deposits	13.1	15,709	17,997
<b>Current</b>			
Due to reinsurers and cedants		137,733	117,853
Due to agents, brokers, co-insurers and insurers		134,605	130,103
Due to holding company	13.2	249	-
Due to related companies	13.2	52,989	45,882
Performance bond deposits	13.1	51,883	45,327
		377,459	339,165
<b>Total</b>		393,168	357,162

#### 13.1 Performance bond deposits

Performance bond deposits are collateral deposits received from policyholders for guarantees issued on behalf of policyholders.

#### 13.2 Amounts due to holding company and related companies

The amounts due to holding company and related companies are unsecured.

**14. OTHER PAYABLES AND ACCRUALS**

Group	Note	2015 RM'000	2014 RM'000
<b>Non-current</b>			
Other payables and accrued expenses	14.1	44,943	43,418
Due to holding company	14.3	54,300	54,300
		99,243	97,718
<b>Current</b>			
Other payables and accrued expenses	14.1	236,588	220,972
Finance lease liabilities		-	3
Due to inter-fund	10	7,671	48,509
Due to related companies	14.2	1,566	7,113
		245,825	276,597
<b>Total</b>		345,068	374,315
<b>Company</b>			
<b>Non-current</b>			
Due to holding company	14.3	54,300	54,300
<b>Current</b>			
Other payables and accrued expenses		3,142	22,071
Due to a subsidiary	14.2	167,383	177,383
		170,525	199,454
<b>Total</b>		224,825	253,754

**14.1 Other payables and accrued expenses**

Included in other payables and accrued expenses of the Group is an amount of RM63,696,000 (2014: RM65,336,000) relating to premium received in advance and RM21,707,000 (2014: RM19,001,000) relating to premium deposits.

**14.2 Amounts due to a subsidiary and related companies**

The amounts due to a subsidiary and related companies are unsecured, interest free and repayable on demand.

**14.3 Advance from holding company – Group and Company*****Advance from Allianz SE***

The Company has on 27 December 2012 entered into an advance agreement ("Advance Agreement") with its holding company, Allianz SE, for a 5-year term loan facility of up to the principal amount of Euro equivalent of RM54.3 million to be made available by Allianz SE to the Company ("Advance"), upon the terms and conditions as stipulated in the Advance Agreement. The term loan is unsecured, subject to interest at 4.3% per annum and repayable in 2018.

The Advance will be utilised by the Company for general working capital purposes and to finance the business expansion of its life insurance subsidiary.

## 15. SUBORDINATED LOAN

### 15.1 Subordinated loan to subsidiary company – Company

#### *Subordinated loan to Allianz Life Insurance Malaysia Berhad ("ALIM")*

	2015 RM'000	2014 RM'000
<b>Company</b>		
<b>Non-current</b>		
Subordinated loan to a subsidiary	54,300	54,300

The Company has on 7 January 2013, entered into a facility agreement ("Facility Agreement") with ALIM to make available to ALIM, a subordinated loan of up to the aggregate principal amount of RM73.0 million only ("Facility") upon fulfillment of the terms and conditions as stipulated in the Facility Agreement. The subordinated loan is unsecured, subject to interest at 4.5% per annum and repayable in 2023.

The proceeds from the Facility is utilised by ALIM as subordinated loan for general working capital purposes including business expansion.



**16. DEFERRED TAX ASSETS AND (LIABILITIES)****16.1 Recognised deferred tax assets/(liabilities) are attributable to the following:**

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	250	260	(14,447)	(15,199)	(14,197)	(14,939)
Intangible assets	-	-	(354)	(461)	(354)	(461)
Provisions	19,229	18,267	-	-	19,229	18,267
Hedging reserve	99	-	-	-	99	-
Available-for-sale fair value reserve	-	4,339	(4,042)	(5,632)	(4,042)	(1,293)
Impairment of investments	1,778	1,853	-	-	1,778	1,853
Fair value movement recognised in profit or loss	-	-	(2,179)	(2,308)	(2,179)	(2,308)
Unallocated surplus	-	-	(141,823)	(126,185)	(141,823)	(126,185)
Net amortisation/(accretion)	-	96	(272)	-	(272)	96
Other items	2,677	3,515	-	-	2,677	3,515
Tax assets/(liabilities)	24,033	28,330	(163,117)	(149,785)	(139,084)	(121,455)
Set off	(4,982)	(7,008)	4,982	7,008	-	-
Net tax assets/(liabilities)	19,051	21,322	(158,135)	(142,777)	(139,084)	(121,455)
<b>Company</b>						
Property, plant and equipment	-	-	(29)	(32)	(29)	(32)
Net tax liabilities	-	-	(29)	(32)	(29)	(32)

## 16. DEFERRED TAX ASSETS AND (LIABILITIES) (CONTINUED)

## 16.2 Movement in temporary differences during the year:

Group	At 1.1.2014 RM'000	Recognised in profit or loss (Note 29.1) RM'000	Recognised in other comprehensive income (Note 29.2) RM'000	Recognised in insurance contract liabilities (Note 29.3) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 29.1) RM'000	Recognised in other comprehensive income (Note 29.2) RM'000	Recognised in insurance contract liabilities (Note 29.3) RM'000	At 31.12.2015 RM'000
Property, plant and equipment	(15,073)	134	-	-	(14,939)	3,178	(2,103)	(333)	(14,197)
Intangible assets	(369)	(92)	-	-	(461)	107	-	-	(354)
Provisions	21,078	(2,811)	-	-	18,267	962	-	-	19,229
Hedging reserve	-	-	-	-	-	-	-	99	99
Available-for-sale fair value reserve	(4,371)	-	554	2,524	(1,293)	-	(4,590)	1,841	(4,042)
Impairment of investments	1,853	-	-	-	1,853	(75)	-	-	1,778
Fair value movement recognised in profit or loss	(1,771)	(537)	-	-	(2,308)	129	-	-	(2,179)
Unallocated surplus	(107,387)	(18,798)	-	-	(126,185)	(15,638)	-	-	(141,823)
Net (accretion)/amortisation	(13)	109	-	-	96	(368)	-	-	(272)
Other items	(3,044)	6,559	-	-	3,515	(838)	-	-	2,677
	(109,097)	(15,436)	554	2,524	(121,455)	(12,543)	(6,693)	1,607	(139,084)

**16. DEFERRED TAX ASSETS AND (LIABILITIES) (CONTINUED)****16.2 Movement in temporary differences during the year (continued):**

	At 1.1.2014 RM'000	Recognised in profit or loss (Note 29.1) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 29.1) RM'000	At 31.12.2015 RM'000
<b>Company</b>					
Property, plant and equipment	(25)	(7)	(32)	3	(29)

**17. INSURANCE CONTRACT LIABILITIES**

<b>Group</b>	Note	2015			2014		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Life insurance	(a)	6,407,711	(65,076)	6,342,635	5,494,649	(69,980)	5,424,669
General insurance	(b)	3,480,910	(1,064,229)	2,416,681	3,327,243	(1,248,233)	2,079,010
		9,888,621	(1,129,305)	8,759,316	8,821,892	(1,318,213)	7,503,679
		Note 11			Note 11		

**(a) Life insurance**

Life insurance contract liabilities consist of:

<b>Group</b>	Note	2015			2014		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Actuarial liabilities		5,458,514	(65,076)	5,393,438	4,694,730	(69,980)	4,624,750
Unallocated surplus		54,085	-	54,085	69,138	-	69,138
Hedging reserve		(1,140)	-	(1,140)	-	-	-
Available-for-sale fair value reserve		49,601	-	49,601	70,777	-	70,777
Net asset value attributable to unitholders	34	840,671	-	840,671	658,223	-	658,223
Revaluation reserve		5,980	-	5,980	1,781	-	1,781
		6,407,711	(65,076)	6,342,635	5,494,649	(69,980)	5,424,669

## 17. INSURANCE CONTRACT LIABILITIES (CONTINUED)

## (a) Life insurance (continued)

Group	Gross			Reinsurance			Net
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
<b>At 1 January 2014</b>	2,978,413	1,689,517	4,667,930	-	(77,540)	(77,540)	4,590,390
Premiums received (Note 22)	419,571	1,414,185	1,833,756	(9,939)	(125,187)	(135,126)	1,698,630
Liabilities paid for death, maturities, surrenders, benefits and claims (Note 27)	(139,362)	(474,248)	(613,610)	7,551	101,379	108,930	(504,680)
Benefits and claims experience variation	13,973	(59,756)	(45,783)	939	20,161	21,100	(24,683)
Fees deducted	(43,945)	(429,748)	(473,693)	1,449	11,344	12,793	(460,900)
Expected interest on reserve/net investment income attributable to Universal Life Fund	129,459	41,815	171,274	-	(2,667)	(2,667)	168,607
Adjustments due to changes in assumptions	(8,630)	(2,144)	(10,774)	-	2,530	2,530	(8,244)
Net asset value attributable to unitholders (Note 34)	-	(6,739)	(6,739)	-	-	-	(6,739)
Available-for-sale fair value reserve (Note 8)	(31,544)	-	(31,544)	-	-	-	(31,544)
Unallocated surplus	1,308	-	1,308	-	-	-	1,308
Deferred tax effect:							
- Available-for-sale fair value reserve (Note 29.3)	2,524	-	2,524	-	-	-	2,524
<b>At 31 December 2014</b>	3,321,767	2,172,882	5,494,649	-	(69,980)	(69,980)	5,424,669

## 17. INSURANCE CONTRACT LIABILITIES (CONTINUED)

## (a) Life insurance (continued)

Group	Gross			Reinsurance			Net
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
<b>At 1 January 2015</b>	3,321,767	2,172,882	5,494,649	-	(69,980)	(69,980)	5,424,669
Premiums received (Note 22)	380,570	1,571,585	1,952,155	(10,334)	(153,649)	(163,983)	1,788,172
Liabilities paid for death, maturities, surrenders, benefits and claims (Note 27)	(163,761)	(494,607)	(658,368)	6,358	159,578	165,936	(492,432)
Benefits and claims experience variation	2,710	(12,355)	(9,645)	3,924	(7,039)	(3,115)	(12,760)
Fees deducted	(35,523)	(473,504)	(509,027)	52	6,453	6,505	(502,522)
Expected interest on reserve/net investment income attributable to Universal Life Fund	143,387	57,919	201,306	-	(840)	(840)	200,466
Adjustments due to changes in assumptions	(25,963)	(26,457)	(52,420)	-	401	401	(52,019)
Net asset value attributable to unitholders (Note 34)	-	22,231	22,231	-	-	-	22,231
Hedging reserve	(1,239)	-	(1,239)	-	-	-	(1,239)
Available-for-sale fair value reserve (Note 8)	(23,017)	-	(23,017)	-	-	-	(23,017)
Revaluation reserve	4,532	-	4,532	-	-	-	4,532
Unallocated surplus	(15,053)	-	(15,053)	-	-	-	(15,053)
Deferred tax effects:							
- Hedging reserve (Note 29.3)	99	-	99	-	-	-	99
- Available-for-sale fair value reserve (Note 29.3)	1,841	-	1,841	-	-	-	1,841
- Revaluation reserve (Note 29.3)	(333)	-	(333)	-	-	-	(333)
<b>At 31 December 2015</b>	3,590,017	2,817,694	6,407,711	-	(65,076)	(65,076)	6,342,635

**17. INSURANCE CONTRACT LIABILITIES (CONTINUED)****(b) General insurance**

General insurance contract liabilities consist of:

Group	Note	2015			2014		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		1,723,804	(630,253)	1,093,551	1,713,357	(737,488)	975,869
Provision for incurred but not reported claims ("IBNR")		736,207	(248,118)	488,089	637,523	(284,120)	353,403
Provision for outstanding claims	17.1	2,460,011	(878,371)	1,581,640	2,350,880	(1,021,608)	1,329,272
Provision for unearned premiums	17.2	1,020,899	(185,858)	835,041	976,363	(226,625)	749,738
		3,480,910	(1,064,229)	2,416,681	3,327,243	(1,248,233)	2,079,010

**17.1 Provision for outstanding claims**

Group	Note	2015			2014		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
<b>At 1 January</b>		2,350,880	(1,021,608)	1,329,272	2,093,092	(853,658)	1,239,434
Claims incurred in the current accident year		1,372,214	(239,093)	1,133,121	1,302,767	(313,069)	989,698
Other movements in claims incurred in prior accident years		(236,557)	144,654	(91,903)	(58,126)	(9,577)	(67,703)
Claims paid during the year	27	(1,026,526)	237,676	(788,850)	(986,853)	154,696	(832,157)
<b>At 31 December</b>		2,460,011	(878,371)	1,581,640	2,350,880	(1,021,608)	1,329,272



**17. INSURANCE CONTRACT LIABILITIES (CONTINUED)****(b) General insurance (continued)****17.2 Provision for unearned premiums**

Group	Note	2015			2014		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
<b>At 1 January</b>		976,363	(226,625)	749,738	1,009,091	(335,506)	673,585
Premiums written in the year	22	2,180,494	(379,036)	1,801,458	2,134,307	(502,451)	1,631,856
Premiums earned during the year		(2,135,958)	419,803	(1,716,155)	(2,167,035)	611,332	(1,555,703)
<b>At 31 December</b>		1,020,899	(185,858)	835,041	976,363	(226,625)	749,738

**18. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)**

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
<b>2015</b>			
Derivative held for trading at fair value through profit or loss:			
Collateralised forward starting interest rate swap	200,000	5,724	(2,215)
Derivatives used for hedging:			
Forward purchase agreements	60,000	-	(1,239)
	260,000	5,724	(3,454)
<b>2014</b>			
Derivative held for trading at fair value through profit or loss:			
Collateralised forward starting interest rate swap	400,000	6,958	(161)
Put option	50,000	711	-
	450,000	7,669	(161)

## 19. SHARE CAPITAL

Group and Company	2015		2014	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
<b>Authorised:</b>				
<b>Ordinary shares of RM1 each</b>				
At 1 January/31 December	600,000	600,000	600,000	600,000
<b>Irredeemable Convertible Preference Shares ("ICPS") of RM1 each</b>				
At 1 January/31 December	400,000	400,000	400,000	400,000
<b>Issued and fully paid shares classified as equity instruments:</b>				
<b>Ordinary shares of RM1 each</b>				
At 1 January	167,488	167,488	160,752	160,752
Issued during the year	1,821	1,821	6,736	6,736
At 31 December	169,309	169,309	167,488	167,488
<b>Irredeemable Convertible Preference Shares of RM1 each</b>				
At 1 January	178,718	178,718	185,454	185,454
Conversion during the year	(1,821)	(1,821)	(6,736)	(6,736)
At 31 December	176,897	176,897	178,718	178,718

During the financial year, the Group and the Company issued 1,820,864 (2014: 6,736,325) ordinary shares of RM1 each at par via conversion of ICPS of RM1 each.

**Ordinary shares**

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

**Irredeemable Convertible Preference Shares ("ICPS")**

Holders of ICPS receive a non-cumulative preferential dividend equivalent to 1.2 times of the dividend rate of the ordinary shares declared for the same financial year/period and calculated based on the nominal value of the ICPS at the Company's discretion. The ICPS holders do not carry the right to vote at any general meeting except for when the dividend or part of the dividend is in arrears for more than 6 months, on a proposal to wind-up of the Company, during the winding-up of the Company, on a proposal that affect the rights attached to the ICPS, on a proposal to reduce the Company's share capital or on a proposal for the disposal of the whole of the Company's property, business and undertaking.

In the event of repayment of capital by AMB (including any cancellation of capital which is lost or unrepresented by assets), each ICPS holder will be entitled to participate in such repayment and shall rank pari passu with the existing ordinary shareholders.

**20. RESERVES**

<b>Group</b>	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Share premium	20.1	424,823	424,823
Revaluation reserve	20.2	34,058	25,111
Fair value reserve	20.3	(770)	(14,493)
Life non-participating fund surplus		449,104	378,554
Retained earnings	20.4	1,367,899	1,129,578
		2,275,114	1,943,573
<b>Company</b>			
Share premium	20.1	424,823	424,823
Retained earnings		226,414	208,869
		651,237	633,692

**20.1 Share premium**

Share premium comprised the premium paid on subscription of shares in the Company over and above the par value of the shares.

<b>Group and Company</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
At 1 January/31 December	424,823	424,823

**20.2 Revaluation reserve**

The revaluation reserve relates to the revaluation of owner occupied properties for the general business and life business. Included in the change in fair value during the year is the gain of RM9,188,000 on revaluation of owner occupied properties prior to its reclassification as investment properties.

Owner occupied properties are stated at valuation based on revaluation conducted by independent professional qualified valuers using the sales comparison method.

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
At 1 January	25,111	25,122
Net gain/(loss) arising from change in fair value during the year	11,050	(11)
Effect of tax	(2,103)	-
At 31 December	34,058	25,111

**20. RESERVES (CONTINUED)****20.3 Fair value reserve**

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

<b>Group</b>	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Fair value reserve</b>			
At 1 January		(14,493)	(12,838)
Net gain/(loss) arising from change in fair value during the year	8	18,313	(2,209)
Effect of tax		(4,590)	554
At 31 December		(770)	(14,493)

**20.4 Retained earnings****Restriction on payment of dividends**

Pursuant to the RBC Framework for Insurers, the insurance subsidiaries of the Group ("Insurance Subsidiaries") shall not pay dividends if the Capital Adequacy Ratio position of the Insurance Subsidiaries is less than Insurance Subsidiaries' internal target capital level or if the payment of dividends would impair Insurance Subsidiaries' Capital Adequacy Ratio position to below Insurance Subsidiaries' internal target.

Pursuant to Section 51(1) of the FSA, the Insurance Subsidiaries are required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend on its shares with effect from financial year beginning 1 January 2014.

**21. OPERATING REVENUE**

<b>Group</b>	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Gross earned premiums	22(a)	4,088,113	4,000,791
Investment income	23	431,384	375,393
		4,519,497	4,376,184
<b>Company</b>			
Investment income	23	22,470	23,196

## 22. NET EARNED PREMIUMS

Group	Note	2015 RM'000	2014 RM'000
<b>(a) Gross premiums</b>			
Insurance contracts:			
Life	17(a)	1,952,155	1,833,756
General	17.2	2,180,494	2,134,307
		4,132,649	3,968,063
Change in unearned premiums provision:			
Life		-	-
General		(44,536)	32,728
<b>Gross earned premiums</b>		4,088,113	4,000,791
<b>(b) Premiums ceded</b>			
Insurance contracts:			
Life	17(a)	(163,983)	(135,126)
General	17.2	(379,036)	(502,451)
		(543,019)	(637,577)
Change in unearned premiums provision:			
Life		-	-
General		(40,767)	(108,881)
<b>Premiums ceded to reinsurers</b>		(583,786)	(746,458)
<b>Net earned premiums</b>		3,504,327	3,254,333

## 23. INVESTMENT INCOME

Group	Note	2015 RM'000	2014 RM'000
Rental of premises from:			
- Investment properties	6	132	124
- Owner occupied properties		781	93
<b>Fair value through profit or loss - Held for trading financial assets</b>			
Coupon income from:			
- Malaysian government securities		12,247	8,870
- Malaysian government guaranteed bonds		10,179	5,795
- Ringgit denominated bonds by foreign issuers outside Malaysia		244	244
- Unquoted bonds of corporations in Malaysia		22,156	14,590
Dividend income from:			
- Quoted equity securities of corporations in Malaysia		15,265	11,794
- Quoted unit trusts in Malaysia		163	271
Interest income from/(to) licensed financial institutions:			
- Structured deposits		1,277	646
- Collateralised forward starting interest rate swap		(124)	148
Accretion of discounts on:			
- Malaysian government securities		254	276
- Malaysian government guaranteed bonds		390	351
- Unquoted bonds of corporations in Malaysia		28	30
- Structured deposits		-	299
Amortisation of premiums on:			
- Malaysian government securities		(125)	(86)
- Malaysian government guaranteed bonds		(28)	(27)
- Unquoted bonds of corporations in Malaysia		(391)	(317)



## 23. INVESTMENT INCOME (CONTINUED)

Group	2015 RM'000	2014 RM'000
<b>Available-for-sale financial assets</b>		
Coupon income from:		
- Malaysian government securities	106,687	58,453
- Malaysian government guaranteed bonds	55,940	20,914
- Ringgit denominated bonds by foreign issuers outside Malaysia	3,577	2,397
- Unquoted bonds of corporations in Malaysia	47,571	43,825
Dividend income from:		
- Quoted equity securities of corporations in Malaysia	11,189	9,775
- Quoted unit trusts in Malaysia	4,240	5,165
Accretion of discounts on:		
- Malaysian government securities	781	57
- Malaysian government guaranteed bonds	4,194	3,277
- Ringgit denominated bonds by foreign issuers outside Malaysia	75	4
- Structured deposits	393	380
Amortisation of premiums on:		
- Malaysian government securities	(2,337)	(2,613)
- Malaysian government guaranteed bonds	(151)	(38)
- Unquoted bonds of corporations in Malaysia	(1,207)	(1,169)
Interest income from licensed financial institutions:		
- Negotiable certificate of deposits	1,250	-
- Structured deposits	3,836	4,168

**23. INVESTMENT INCOME (CONTINUED)**

<b>Group</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Held-to-maturity financial assets</b>		
Coupon income from:		
- Malaysian government securities	-	33,031
- Malaysian government guaranteed bonds	-	25,600
- Ringgit denominated bonds by foreign issuers outside Malaysia	-	4,441
Accretion of discounts on:		
- Malaysian government securities	-	636
- Malaysian government guaranteed bonds	-	552
- Ringgit denominated bonds by foreign issuers outside Malaysia	-	68
Amortisation of premiums on:		
- Malaysian government securities	-	(798)
- Malaysian government guaranteed bonds	-	(114)
<b>Fair value through profit or loss - Designated upon initial recognition financial assets</b>		
Coupon income from:		
- Malaysian government securities	18,138	21,615
- Malaysian government guaranteed bonds	12,718	10,506
- Ringgit denominated bonds by foreign issuers outside Malaysia	1,328	2,791
- Unquoted bonds of corporations in Malaysia	54,516	50,896
Interest income from licensed financial institutions:		
- Negotiable certificate of deposits	104	-
- Structured deposits	4,650	4,648
Accretion of discounts on:		
- Malaysian government securities	226	183
- Malaysian government guaranteed bonds	424	409
- Ringgit denominated bonds by foreign issuers outside Malaysia	7	7
- Unquoted bonds of corporations in Malaysia	84	49
- Structured deposits	1,268	1,205
Amortisation of premiums on:		
- Malaysian government securities	(1,064)	(1,608)
- Malaysian government guaranteed bonds	(51)	(75)
- Unquoted bonds of corporations in Malaysia	(1,085)	(1,022)

**23. INVESTMENT INCOME (CONTINUED)**

Group	2015 RM'000	2014 RM'000
<b>Loans and receivables</b>		
Interest income from:		
- Malaysian government guaranteed loans	8,656	8,643
- Mortgage loans	499	640
- Policy loans	1,061	958
- Automatic premium loans	6,417	5,851
Interest income from licensed financial institutions:		
- Fixed and call deposits	20,122	13,964
- Bank balances	4,880	4,621
	431,384	375,393
<b>Company</b>		
Dividend income from subsidiaries	19,250	19,823
<b>Loans and receivables</b>		
Interest income from licensed financial institutions:		
- Fixed and call deposits	776	929
Interest income on subordinated loan	2,444	2,444
	22,470	23,196

**24. REALISED GAINS AND LOSSES**

Group	2015 RM'000	2014 RM'000
<b>Property, plant and equipment</b>		
Realised gains on disposal	55	144
<b>Investment property</b>		
Realised loss on disposal	-	(67)
<b>Financial assets</b>		
Realised gains on disposal:		
- Malaysian government securities	5,985	202
- Quoted equity securities of corporations in Malaysia	69,383	69,110
- Quoted equity securities of corporations outside Malaysia	171	215
- Quoted unit trusts in Malaysia	6,494	315
- Unquoted unit trusts in Malaysia	-	245
- Unquoted unit trusts outside Malaysia	5,314	86

## 24. REALISED GAINS AND LOSSES (CONTINUED)

Group	2015 RM'000	2014 RM'000
<b>Financial assets</b>		
Realised losses on disposal:		
- Malaysian government securities	(368)	(753)
- Malaysian government guaranteed bonds	-	(13)
- Quoted equity securities of corporations in Malaysia	(34,907)	(42,459)
- Quoted equity securities of corporations outside Malaysia	(101)	(133)
- Quoted unit trusts in Malaysia	-	(14)
- Unquoted unit trusts outside Malaysia	(2,071)	(1,774)
- Structured deposits	-	(11)
- Put options	(1,638)	(1,780)
Total net realised gains for financial assets	48,262	23,236
Total net realised gains	48,317	23,313
<b>Company</b>		
<b>Property, plant and equipment</b>		
Realised (losses)/gains on disposal	(1)	184

## 25. FAIR VALUE GAINS AND LOSSES

Group	Note	2015 RM'000	2014 RM'000
Investment properties	6	540	-
Held for trading financial assets	8	7,637	(28,241)
Designated upon initial recognition financial assets	8	(4,232)	5,926
Derivatives		(3,109)	28,563
Total fair value gains on financial assets at FVTPL		296	6,248
Impairment loss on AFS financial investments	8	(56,480)	(22,120)
Total fair value losses		(55,644)	(15,872)

**26. FEE AND COMMISSION****(a) Fee and commission income**

<b>Group</b>	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Service charges		16,593	16,791
Deferred acquisition costs	5	6,381	391
Reinsurance commission income		46,937	81,603
<b>Total fee and commission income</b>		<b>69,911</b>	<b>98,785</b>

**(b) Fee and commission expense**

<b>Group</b>	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Gross direct commission		611,391	583,048
Deferred acquisition costs	5	1,608	(8,154)
<b>Total fee and commission expense</b>		<b>612,999</b>	<b>574,894</b>

**27. NET BENEFITS AND CLAIMS**

<b>Group</b>	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>(a) Gross benefits and claims paid</b>			
Insurance contracts:			
Life	17(a)	(658,368)	(613,610)
General	17.1	(1,026,526)	(986,853)
		(1,684,894)	(1,600,463)
<b>(b) Claims ceded to reinsurers</b>			
Insurance contracts:			
Life	17(a)	165,936	108,930
General	17.1	237,676	154,696
		403,612	263,626
<b>(c) Gross change in contract liabilities</b>			
Insurance contracts:			
Life		(931,179)	(855,739)
General		(109,131)	(257,788)
		(1,040,310)	(1,113,527)
<b>(d) Change in contract liabilities ceded to reinsurers</b>			
Insurance contracts:			
Life		(4,904)	(7,560)
General		(143,237)	167,950
		(148,141)	160,390
<b>Net benefits and claims</b>		<b>(2,469,733)</b>	<b>(2,289,974)</b>

## 28. MANAGEMENT EXPENSES

Group	Note	2015 RM'000	2014 RM'000
Advertising and marketing expenses		23,585	34,350
Amortisation of intangible assets	4	15,294	14,902
Auditors' remuneration:			
- statutory audit fees, KPMG Malaysia		787	750
- non-audit fees, KPMG Malaysia		79	126
Insurance and other receivables:			
- (reversal of)/allowance for impairment loss		(6,904)	5,459
- bad debts recovered		(144)	(204)
- bad debts written off		6,885	937
Bank charges		14,266	11,961
Depreciation of property, plant and equipment	3	17,014	15,723
Executive directors' emoluments	28.2	1,811	4,788
Non-executive directors' fee and other emoluments	28.2	1,936	1,667
Employee benefits expense	28.1	226,369	198,577
Rental of office equipment		111	130
Rental of premises to third party		14,632	9,943
Other expenses		149,040	136,917
		464,761	436,026
<b>Company</b>			
Advertising and marketing expenses		30	12
Auditors' remuneration:			
- statutory audit fees, KPMG Malaysia		139	131
- non-audit fees, KPMG Malaysia		10	19
Bank charges		2	2
Depreciation of property, plant and equipment	3	150	241
Executive directors' emoluments	28.2	303	492
Non-executive directors' fee and other emoluments	28.2	609	455
Employee benefits expense	28.1	1,168	682
Rental of premises to third party		46	13
Other expenses		586	550
		3,043	2,597



**28. MANAGEMENT EXPENSES (CONTINUED)****28.1 Employee benefits expense**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	173,724	154,108	558	535
Social security contributions	1,128	1,058	4	4
Contributions to Employees' Provident Fund	24,704	22,522	119	80
Other benefits	26,813	20,889	487	63
	226,369	198,577	1,168	682

**28.2 Key management personnel compensation**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Executive directors:</b>				
Salaries and other emoluments	1,159	2,378	157	209
Bonus	617	2,388	111	261
Contribution to Employees' Provident Fund	35	22	35	22
Estimated monetary value of benefits-in-kind	19	221	2	22
	1,830	5,009	305	514
<b>Non-executive directors<sup>#</sup>:</b>				
Fees	1,339	1,045	481	326
Other emoluments	597	622	128	129
Estimated monetary value of benefits-in-kind	18	30	-	-
	1,954	1,697	609	455
<b>Other key management personnel<sup>*</sup></b>				
Short term employee benefits	8,413	9,729	-	-

<sup>#</sup> There is no non-executive director (2014: 1 non-executive director) not receiving remuneration from the Group and the Company during the financial year.

<sup>\*</sup> Other key management personnel are defined as those persons other than the Directors of the Group and Company having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

## 28. MANAGEMENT EXPENSES (CONTINUED)

### 28.2 Key management personnel compensation (continued)

The number of executive and non-executive directors whose total remuneration and other emoluments received during the year falls within the following bands is:

	Number of directors			
	Group 2015	2014	Company 2015	2014
<b>Executive directors:</b>				
Below RM1,000,000	1	1	2	3
RM1,000,000 and above	1	2	-	-
<b>Non-executive directors:</b>				
Below RM100,000	-	2	-	2
RM100,001 – RM200,000	1	-	5	4
RM200,001 – RM300,000	-	1	-	-
RM300,001 – RM400,000	3	2	-	-
RM400,001 – RM500,000	-	-	-	-
RM500,001 – RM600,000	-	-	-	-
RM600,001 – RM700,000	-	-	-	-
RM700,001 – RM800,000	1	1	-	-
RM800,001 – RM900,000	-	-	-	-
RM900,001 – RM1,000,000	-	-	-	-
Above RM1,000,001	-	-	-	-

### 28.3 Chief Executive Officers remuneration

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries and other emoluments	2,135	2,134	92	148
Bonus	1,936	2,324	56	197
Contribution to Employees' Provident Fund	193	5	19	5
Estimated monetary value of benefits-in-kind	265	215	-	21
	4,529	4,678	167	371
Amount included in employee benefits expense	4,529	4,678	167	371

Included in the remuneration of Chief Executive Officers ("CEO") is the remuneration of the CEO, including benefit-in-kind, of the Group and the Company of RM1,692,000 (2014: RM3,610,000) and RM167,000 (2014: RM371,000) respectively who is also the Executive Director of the Group and the Company.

**29. TAX EXPENSE****29.1 Recognised in profit or loss**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current tax expense</b>					
Current year		119,532	108,748	161	225
Double taxation relief		(1,753)	-	-	-
(Over)/Under provision in prior years		(972)	3,444	2	(172)
		116,807	112,192	163	53
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences		18,690	20,461	(3)	7
Effect of changes in tax rate		(4,164)	-	-	-
Over provision in prior years		(1,983)	(5,025)	-	-
	16.2	12,543	15,436	(3)	7
Total tax expense		129,350	127,628	160	60

**29.2 Income tax recognised directly in other comprehensive income**

	2015 RM'000	2014 RM'000
<b>Group</b>		
<b>Available-for-sale fair value reserve</b>		
At 1 January	(4,863)	(4,309)
Net gain/(loss) arising from change in fair value during the year	4,590	(554)
At 31 December	(273)	(4,863)
<b>Revaluation reserve</b>		
At 1 January	5,965	5,965
Net gain arising from change in fair value during the year	2,103	-
At 31 December	8,068	5,965

**29. TAX EXPENSE (CONTINUED)****29.3 Income tax recognised in insurance contract liabilities**

<b>Group</b>	<b>Note</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Hedging reserve</b>			
At 1 January		-	-
Net loss arising from change in fair value during the year	17(a)	(99)	-
At 31 December		(99)	-
<b>Available-for-sale fair value reserve</b>			
At 1 January		6,908	9,432
Net loss arising from change in fair value during the year	17(a)	(1,841)	(2,524)
At 31 December		5,067	6,908
<b>Revaluation reserve</b>			
At 1 January		132	132
Net gain arising from change in fair value during the year	17(a)	333	-
At 31 December		465	132

**29.4 Reconciliation of tax expense**

<b>Group</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Profit before tax	438,221	423,530
Tax at Malaysian tax rate of 25% (2014: 25%)	109,555	105,883
Tax rate differential of 17% in respect of life fund	1,680	2,667
Income not subject to tax	(142,564)	(137,927)
Section 110B tax credit set off	(867)	(878)
Expenses not deductible for tax purposes	170,922	161,562
Double taxation relief	(1,753)	-
Effect of change in tax rate on deferred tax	(4,164)	-
Other items	(504)	(2,098)
	132,305	129,209
Over provision in prior years	(2,955)	(1,581)
Total tax expense	129,350	127,628

**29. TAX EXPENSE (CONTINUED)****29.4 Reconciliation of tax expense (continued)**

<b>Company</b>	2015 RM'000	2014 RM'000
Profit before tax	17,705	20,155
Tax at Malaysian tax rate of 25% (2014: 25%)	4,426	5,039
Income not subject to tax	(4,981)	(5,011)
Expenses not deductible for tax purposes	713	204
Other items	-	-
	158	232
Under/(Over) provision in prior years	2	(172)
Total tax expense	160	60

The income of the general business and life business shareholders' fund is taxed at 25%. The income tax provided in the life fund for the current and previous financial year is in respect of investment income which is taxed at a reduced tax rate of 8% (2014: 8%) applicable for life insurance business and 25% (2014: 25%) on income other than investment income which is taxed under Section 60(8) of the Income Tax Act, 1967 ("Act").

Previously, investment income and gains from disposal of investments from life fund was taxed twice, once at tax rate of 8% in the life fund and again at a tax rate of 25% when the surplus from life fund is transferred to shareholders' fund. In a Gazette Order on 21 April 2008 and effective from year of assessment 2008 onwards, insurance companies are permitted a set-off ("Section 110B Credits") from the total amount of tax imposed on the shareholders' fund to overcome the incidence of double taxation.

Section 110B Credits are governed by a specific Inland Revenue Board ("IRB") guideline issued on 5 November 2008 which details the computation of said credits available to the shareholders' fund of an insurance company. Section 110B Credits are applied before dividend tax credits when computing net tax payable to IRB.

**30. EARNINGS PER ORDINARY SHARE****(a) Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders of RM308,871,000 (2014: RM295,902,000) and the weighted average number of ordinary shares in issue during the year of 168,712,000 (2014: 165,779,000).

<b>Group</b>	2015	2014
Profit attributable to ordinary shareholders (RM'000)	308,871	295,902
Weighted average number of shares in issue ('000)	168,712	165,779
Basic earnings per ordinary share (sen)	183.08	178.49

**30. EARNINGS PER ORDINARY SHARE (CONTINUED)****(b) Diluted earnings per ordinary share**

The calculation of diluted earnings per ordinary share at 31 December 2015 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2015	2014
Profit attributable to ordinary shareholders (RM'000)	308,871	295,902
Weighted average number of shares in issue ('000)	168,712	165,779
Effect of conversion of ICPS ('000)	176,897	178,718
Diluted weighted average number of ordinary shares during the year ('000)	345,609	344,497
Diluted earnings per ordinary share (sen)	89.37	85.89

**31. DIVIDENDS**

Subsequent to the end of the reporting period the following dividend was proposed by the Directors. These dividends will be recognised in subsequent financial year upon approval by the owners of the Company.

	Sen per share (single tier)
<b>2015</b>	
Final 2015 preference	7.80
Final 2015 ordinary	6.50

Dividends recognised by the Company for previous year are:

	Sen per share (single tier)	Total amount RM'000	Date of payment
<b>2014</b>			
Final 2013 preference	3.00	5,383	6 August 2014
Final 2013 ordinary	2.50	4,169	6 August 2014
Interim 2014 preference	6.00	10,723	30 January 2015
Interim 2014 ordinary	5.00	8,375	30 January 2015
		28,650	



**32. OPERATING LEASES****32.1 Leases as lessee**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 RM'000	2014 RM'000
<b>Group</b>		
Less than one year	15,091	14,622
Between one and five years	7,731	18,445
	22,822	33,067

The leases typically run for an initial period of 1-5 years, with an option to renew the leases. None of the leases include contingent rentals.

**32.2 Leases as lessor**

The Group leases out its investment properties under operating leases (see Note 6). The future minimum lease receivables under non-cancellable leases are as follows:

	2015 RM'000	2014 RM'000
<b>Group</b>		
Less than one year	240	160
Between one and five years	260	218
	500	378

**33. CAPITAL COMMITMENTS**

	2015 RM'000	2014 RM'000
<b>Group</b>		
<b>Property, plant and equipment</b>		
Approved but not contracted for	34,146	53,195
Contracted but not provided for	5,484	8,166
<b>Intangible assets</b>		
Approved but not contracted for	20,301	17,239
Contracted but not provided for	1,373	3,550

### 34. INVESTMENT-LINKED FUNDS (LIFE INSURANCE)

#### Investment-linked funds statement of assets and liabilities

Group	Note	2015 RM'000	2014 RM'000
<b>Assets</b>			
Financial investments		720,898	498,823
Interest and dividend receivables and other receivables		8,549	12,511
Cash and cash equivalents		114,900	170,362
<b>Total assets</b>		<b>844,347</b>	<b>681,696</b>
<b>Liabilities</b>			
Deferred tax liabilities		2,316	1,844
Other financial liabilities		198	7,186
Other payables		436	421
Benefits and claims liabilities		726	13,948
Current tax liabilities		-	74
<b>Total liabilities</b>		<b>3,676</b>	<b>23,473</b>
<b>Net asset value of funds</b>	17(a)	<b>840,671</b>	<b>658,223</b>

#### Investment-linked funds statement of income and expenditure for the year ended 31 December

Group	Note	2015 RM'000	2014 RM'000
Investment income		23,865	18,971
Realised gains and losses		3,351	5,631
Fair value gains and losses		6,326	(23,849)
Other operating income		5	7
		<b>33,547</b>	<b>760</b>
Other operating expenses		(9,480)	(8,284)
Profit/(Loss) before tax		24,067	(7,524)
Tax (expense)/credit		(1,836)	785
<b>Net profit/(loss) for the year</b>	17(a)	<b>22,231</b>	<b>(6,739)</b>

## 35. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business segments. Each business segment is managed separately based on the Group's management and internal reporting structure.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### Segment assets

The total segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

### Segment capital expenditure

Segmental capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

### 35.1 Business segments

The Group comprises the following main business segments:

Investment holding	Investment holding
General insurance	Underwriting of all classes of general insurance business
Life insurance	Underwriting of all classes of life insurance and investment-linked business

### 35.2 Geographical segments

The Group operates predominantly in Malaysia and, accordingly, the Directors are of the opinion that the financial information by geographical segments of the Group's operations is not necessary to be presented.

## 35. OPERATING SEGMENTS (CONTINUED)

Business segments	Investment holding RM'000	General business RM'000	Life business RM'000	Inter-Segment Elimination RM'000	Consolidated RM'000
<b>2015</b>					
External revenue	12,506	2,277,997	2,228,994	-	4,519,497
Revenue from other segments	21,694	-	-	(21,694)	-
Total revenue	34,200	2,277,997	2,228,994	(21,694)	4,519,497
Segment results	20,971	322,327	116,617	(21,694)	438,221
Profit before tax					438,221
Tax expense					(129,350)
Profit for the year					308,871
Segment assets	375,016	5,707,128	7,535,280	-	13,617,424
Segment liabilities	67,245	3,845,326	7,083,533	-	10,996,104
Capital expenditure	577	26,120	8,393	-	35,090
Depreciation of property, plant and equipment	210	12,271	4,533	-	17,014
Amortisation of intangible assets	-	10,459	4,835	-	15,294
(Reversal of)/Allowance for impairment loss on receivables	-	(7,182)	278	-	(6,904)
Amortisation of premiums	-	2,435	4,004	-	6,439
Accretion of discounts	-	(3,412)	(4,712)	-	(8,124)
<b>2014</b>					
External revenue	11,885	2,292,223	2,072,076	-	4,376,184
Revenue from other segments	24,926	-	-	(24,926)	-
Total revenue	36,811	2,292,223	2,072,076	(24,926)	4,376,184
Segment results	23,212	319,378	105,866	(24,926)	423,530
Profit before tax					423,530
Tax expense					(127,628)
Profit for the year					295,902
Segment assets	384,197	5,286,994	6,504,862	-	12,176,053
Segment liabilities	84,404	3,676,475	6,125,395	-	9,886,274
Capital expenditure	103	14,527	4,331	-	18,961
Depreciation of property, plant and equipment	331	11,696	3,696	-	15,723
Amortisation of intangible assets	-	10,031	4,871	-	14,902
Allowance for impairment loss on receivables	-	4,606	853	-	5,459
Amortisation of premiums	-	3,660	4,207	-	7,867
Accretion of discounts	-	(3,076)	(4,707)	-	(7,783)

## 36. RELATED PARTIES

### 36.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and the Company, and certain members of Senior Management Committee of the Group and the Company. Compensation of key management personnel have been disclosed in Note 28.2. Apart from this, there are no other transactions with key management personnel.

### 36.2 The significant transactions with related parties are as follows:

	Amount transacted for the year ended 31 December 2015 RM'000	Amount transacted for the year ended 31 December 2014 RM'000
<b>Group</b>		
<b>Trade</b>		
<b>Ultimate holding company</b>		
Payment of reinsurance premium and commission	(2,482)	(917)
<b>Related companies*</b>		
Payment of reinsurance premium and commission	(304,743)	(308,315)
Payment of motor insurance premium	(255)	(244)
Payment of insurance premium	(49)	(83)
<b>Non-trade</b>		
<b>Ultimate holding company</b>		
(Payment)/Reimbursement of personnel expenses	(631)	101
Payment of global marketing expenses	(2,112)	(1,551)
Payment of advertisement cost	(226)	(520)
Reimbursement/(Payment) of expenses made on behalf	10	(129)
Payment of training and other fees	(84)	-
Payment of technical support fee	(57)	-

## 36. RELATED PARTIES (CONTINUED)

## 36.2 The significant transactions with related parties are as follows (continued):

Group	Amount transacted for the year ended 31 December 2015 RM'000	Amount transacted for the year ended 31 December 2014 RM'000
<b>Non-trade (continued)</b>		
<b>Ultimate holding company (continued)</b>		
Interest expense on advance received	(2,335)	(2,335)
<b>Related companies*</b>		
Payment of service fees	(7,877)	(7,706)
Payment of other expenses	(176)	(3,305)
Investment and redemption of funds (including fund management fees)	16,561	2,815
Investment advisory fees	(3,031)	(1,866)
Performance attribution analysis	(1)	(5)
Payment of personnel expenses	(874)	(1,586)
Payment of intranet portal network cost	(128)	(222)
Insurance payment	(170)	(1,127)
Rental expenses	(168)	(391)
Rental income	958	573
(Payment)/Reimbursement of sharing of common expenses	(721)	217
Sharing of asset and investment manager database expenses	(111)	(543)
Payment of purchases of various software licenses	-	(49)
Sharing of expenses of HR database platform and recruitment solution	(52)	(59)
Payment of relationship management fees	(650)	(600)
Reimbursement of investment management service fee	-	160
Payment of training and other fees	(109)	-
Payment of risk management fees	-	(383)
Payment of legal fees	-	(108)

\* Related companies are companies within the Allianz SE group.

**36. RELATED PARTIES (CONTINUED)****36.2 The significant transactions with related parties are as follows (continued):**

Related party transactions have been entered into in the normal course of business under normal trade terms.

Significant related party balances related to the above transactions are disclosed in Notes 9, 10, 13 and 14.

	Amount transacted for the year ended 31 December 2015 RM'000	Amount transacted for the year ended 31 December 2014 RM'000
<b>Company</b>		
<b>Non-trade</b>		
<b>Ultimate holding company</b>		
Interest expense on advance received	(2,335)	(2,335)
<b>Subsidiaries</b>		
Dividend income	19,250	19,823
Reimbursement of other expenses	61	90
Reimbursement of expenses related to common resources	12,429	14,380
Interest income on subordinated loan	2,444	2,444
Rental of other premises	-	(11)
Proceeds from disposal of property, plant and equipment	25	-

Related party transactions have been entered into in the normal course of business under normal trade terms.

Significant related party balances related to the above transactions are disclosed in Notes 10, 14 and 15.



### 37. RISK MANAGEMENT FRAMEWORK

As a provider of insurance services, the Group considers risk management to be one of its core competencies. It is an integrated part of the Group's business process. In order to protect the assets of the Group, the Group has established a risk management framework to promote a risk management culture supported by a robust risk governance structure.

This framework ensures that risks are identified, analysed and evaluated. Risk appetite is defined by a risk strategy and limit structure. Close monitoring and reporting allows the Group to detect deviations from its risk tolerance limits at an early stage.

The Allianz risk management framework consists of the following four primary components:

#### **Risk underwriting and identification**

A sound risk underwriting and identification framework including risk assessment, risk standards, and clear targets form the foundation for adequate risk taking and management decisions such as individual transaction approval, new product approval, strategic or tactical asset allocation.

#### **Risk reporting and monitoring**

The Group's qualitative and quantitative risk reporting and controlling framework provides transparency and risk indicators to senior management with regards to its overall risk profile and whether the profile is within delegated limits and authorities.

#### **Risk strategy and risk appetite**

The Group's risk strategy clearly defines its risk appetite. It ensures that returns are appropriate for the risks taken and that the delegated authorities are in line with the Group's overall risk bearing capacity. The risk-return profile is improved through integration of risk considerations and capital needs into management and decision making process. This also keeps risk strategy and business objectives consistent with each other and allows the Group to take opportunities within its risk appetite.

#### **Communication and transparency**

Finally, a transparent and robust risk disclosure provides a basis for communicating this strategy to the Group's internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing.

#### **Risk governance structure**

The Board of Directors of the Company ("the Board") assumes the ultimate responsibility over the effectiveness of the Group's risk management and internal control systems by establishing and supervising the operation of the risk management framework. The Board has delegated the responsibility to establish and supervise the operation of the risk management framework to the Risk Management Committee ("RMC") to discharge its oversight function effectively.

RMC bears the overall responsibility for effective risk identification, measurement, monitoring and control functions of the Group. RMC also oversees the Senior Management's activities in managing the key risk areas of the Group and to ensure that the risk management process is in place and functioning effectively. The RMC is responsible for driving the risk management framework of the Group and to report to the Board on its recommendations and/or decisions. Through structured reporting from the Risk Management Working Committee ("RMWC"), RMC will consolidate the status of the risks and present them to the Board for consideration.

RMWC serves as and provides a platform for two way communications between the management and the Board on matters of the Group's risk management framework and its strategies. RMWC is responsible in formulating risk management strategies, policies and risk tolerance for RMC review and onward transmission of recommendation to the Board. RMWC determines the allocation of risks by cascading and/or escalating to the relevant owners. RMWC also oversees the compliance of all risk management process by all departments of the Group and provides pre-emptive recommendations to ensure timely action is taken in managing and mitigating the identified risks.

### 37. RISK MANAGEMENT FRAMEWORK (CONTINUED)

#### Asset and Liability Management ("ALM") Framework

The Investment Committee ("IC") has been tasked to manage business practices so that decisions and actions taken with respect to assets and liabilities are coordinated. It involves various management activities and responsibilities, including the formulation of long-term strategic goals and objectives and the management of various risks including liquidity risk, interest rate/profit yield risk and market risk.

The ALM process chosen will reflect external and internal constraints.

- External constraints include supervisory and legislative requirements, the interests and expectations of policyholders and other stakeholders. A significant constraint is the liquidity of the assets and liabilities which may compromise the ability to price, measure and hedge exposures.
- Internal constraints such as asset allocation limits reflect the Group's management philosophy or professional judgement (although this may also be influenced by external constraints).

#### Governance and regulatory framework

The Group is required to comply with the requirements of the Financial Services Act, 2013, relevant laws and guidelines from BNM, Life Insurance Association Malaysia ("LIAM"), Persatuan Insurans Am Malaysia ("PIAM") and Bursa Securities Malaysia Berhad.

The Group is also required to comply with all Allianz SE Group's policies and standards. If there is any conflict with the local laws or regulations, the stricter will apply.

### 38. INSURANCE RISK

Insurance risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and the risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Group seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised underwriting guidelines and limits and standards.

#### 38.1 Life insurance contracts

The insurance risk of Life insurance contracts consists of mortality/longevity and calamity risks. Mortality/longevity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as underestimation of these probabilities. Calamity risk represents the risk of loss because of strong short-term fluctuation in the mortality rate, for example as a result of war or epidemics.

**38. INSURANCE RISK (CONTINUED)****38.1 Life insurance contracts (continued)**

The table below shows the concentration of life insurance contract liabilities with DPF and without DPF by type of contract.

Group	Gross			Reinsurance			Net
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
<b>31 December 2015</b>							
Whole life	2,360,670	772,188	3,132,858	-	(11,060)	(11,060)	3,121,798
Endowment	650,048	890,958	1,541,006	-	-	-	1,541,006
Mortgage	-	98,849	98,849	-	(54,016)	(54,016)	44,833
Riders and others	470,774	215,027	685,801	-	-	-	685,801
<b>Total</b>	<b>3,481,492</b>	<b>1,977,022</b>	<b>5,458,514</b>	<b>-</b>	<b>(65,076)</b>	<b>(65,076)</b>	<b>5,393,438</b>
<b>31 December 2014</b>							
Whole life	2,163,990	621,708	2,785,698	-	(10,263)	(10,263)	2,775,435
Endowment	596,299	608,484	1,204,783	-	-	-	1,204,783
Mortgage	-	107,232	107,232	-	(59,717)	(59,717)	47,515
Riders and others	419,781	177,236	597,017	-	-	-	597,017
<b>Total</b>	<b>3,180,070</b>	<b>1,514,660</b>	<b>4,694,730</b>	<b>-</b>	<b>(69,980)</b>	<b>(69,980)</b>	<b>4,624,750</b>

As all of the business is derived from Malaysia, the entire life insurance contract liabilities are in Malaysia. There is no investment contract issued by the Company during the current and previous financial years.

**Key assumptions**

Significant judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation. They are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- **Mortality and morbidity rates**  
Experience study on mortality and morbidity rates is carried out on an annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

ALIM can increase the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

### 38. INSURANCE RISK (CONTINUED)

#### 38.1 Life insurance contracts (continued)

##### *Key assumptions (continued)*

- **Expenses**  
Expense assumption was set during initial pricing stage. Expense assumption is inflated annually to reflect higher cost of underwriting, issuing and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration and underwriting procedures. The expense assumption is reviewed annually; it is compared to actual expense that the subsidiary incurred.

An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- **Persistency**  
Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on an annual basis using statistical method. Persistency assumptions vary by product type, distribution channel and policy duration.

An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- **Discount rate**  
In the valuation of the total benefits insurance liabilities of participating life policies, the subsidiary has assumed a long term gross rate of return of 4.50% - 6.50% per annum. The long term gross rate of return is derived based on a basket of strategic asset allocations. The subsidiary calculates long term gross rate by assuming each asset class will earn the targeted yield. The strategic asset allocation and targeted yield are reviewed annually in accordance to the subsidiary's investment philosophy, market condition and the prevailing long term market return for each asset class.

Malaysian Government Securities ("MGS") spot rate is used in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

### 38. INSURANCE RISK (CONTINUED)

#### 38.1 Life insurance contracts (continued)

##### **Key assumptions (continued)**

The assumptions that have significant effects on the gross insurance contract liabilities and reinsurance assets are listed below.

Group	Mortality and morbidity rates <sup>(1)</sup>		Lapse and surrender rates		Discount rate	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
<b>Type of business</b>						
<b>With fixed and guaranteed terms and with DPF contracts</b>						
Life insurance	60-80	60-80	0.5-30	3-30	4.50-6.50	4.50-6.50
<b>Without DPF contracts</b>						
Life insurance	60-150	60-150	0.5-60	3-50	MGS	MGS
					spot yield	spot yield

<sup>(1)</sup> Industry mortality and morbidity experience tables that were observed in Malaysia between year 1999 and 2003 or the respective reinsurance risk rates.

##### **Sensitivities**

The analysis below is performed for reasonable possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and profit before tax. Sensitivities testing on individual assumptions are meaningful to analyse the magnitude of reserve changes for each assumption. However, it should be studied with care as it does not capture the possible correlation effect when all assumptions are being stressed simultaneously. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

**38. INSURANCE RISK (CONTINUED)****38.1 Life insurance contracts (continued)*****Sensitivities (continued)***

Group	Change in assumptions	Impact on profit before tax <sup>#</sup> RM'000	Impact on gross liabilities* RM'000	Impact on net liabilities* RM'000
<b>Life insurance contracts</b>				
<b>31 December 2015</b>				
Mortality and morbidity rates	+5%	(8,376)	14,310	11,595
Discount rate	-0.5%	(20,397)	264,495	262,656
Expenses	+10%	(10,464)	17,045	17,045
Lapse and surrender rates	-10%	866	13,564	13,236
<b>31 December 2014</b>				
Mortality and morbidity rates	+5%	(7,357)	14,386	11,400
Discount rate	-0.5%	(24,031)	291,139	289,013
Expenses	+10%	(9,020)	16,052	16,052
Lapse and surrender rates	-10%	1,578	15,760	15,474

The method used and significant assumptions made for deriving sensitivity information did not change from the previous year.

<sup>#</sup> The above illustration is only prepared for adverse scenario, where the key assumptions are being moved in an unfavourable direction. In the sensitivity analysis above, changes in assumptions for life non-participating business would impact the profit before tax and insurance contract liabilities. In respect of life participating insurance business, it would impact the insurance contract liabilities.

<sup>\*</sup> The impact on gross and net liabilities only reflects the changes in the prescribed assumptions above without adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

**38.2 General insurance contracts**

The insurance risk of general insurance contracts consists of premium and reserve risks. Premium risk represents the risk of loss because of an unexpected high loss volume resulting in an insufficient coverage of premiums. Reserve risk represents the risk of loss resulting from deviations between payments for incurred losses that have not yet been settled and the reserves set up to cover these payments, or the use of an insufficient basis for the calculation of reserves.

**38. INSURANCE RISK (CONTINUED)****38.2 General insurance contracts (continued)**

The table below sets out the concentration of the general insurance risk based on the provision for outstanding claims as at the end of the reporting period by type of contract.

Group	2015			2014		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Fire	279,854	(158,616)	121,238	229,593	(135,251)	94,342
Motor	1,465,497	(211,285)	1,254,212	1,306,195	(281,993)	1,024,202
Marine, aviation, cargo and transit	130,651	(110,459)	20,192	126,180	(103,637)	22,543
Miscellaneous	584,009	(398,011)	185,998	688,912	(500,727)	188,185
<b>Total</b>	<b>2,460,011</b>	<b>(878,371)</b>	<b>1,581,640</b>	<b>2,350,880</b>	<b>(1,021,608)</b>	<b>1,329,272</b>

**Key assumptions**

The principal assumption underlying the liability estimates is that the subsidiary's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

No discounting is made to the recommended claims and premium liability provisions as a prudent measure. In addition, no explicit inflation adjustment has been made to claims amount payable in the future. However, implicit inflation is allowed for future claims to the extent evident in past claims development. It is worthwhile to note that discounting is unlikely to result in any material impact due to the short tail nature of almost all classes, coupled with the low prevailing interest rate environment.

The subsidiary has based its risk margin for adverse deviation ("PRAD") for the provisions for unexpired risks and insurance claims at the minimum 75% of sufficiency, according to the requirement set by BNM under the RBC Framework.

**Sensitivities**

Analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process in respect of its insurance contracts. The table presented below demonstrates the sensitivity of the insurance contract liabilities estimates to particular movements in assumptions used in the estimation process.



**38. INSURANCE RISK (CONTINUED)****38.2 General insurance contracts (continued)*****Sensitivities (continued)***

The analysis below is performed for reasonable possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

<b>Group</b>	<b>Change in assumptions</b>	<b>Impact on gross liabilities RM'000</b>	<b>Impact on net liabilities RM'000</b>	<b>Impact on profit before tax RM'000</b>	<b>Impact on equity* RM'000</b>
<b>31 December 2015</b>					
Average claim cost	+10%	227,927	153,104	(153,104)	(114,828)
Average number of claims	+10%	234,096	187,923	(187,923)	(140,942)
Average claim settlement period	Increased by 6 months	31,464	21,926	(21,926)	(16,445)
<b>31 December 2014</b>					
Average claim cost	+10%	216,503	136,030	(136,030)	(102,022)
Average number of claims	+10%	259,911	163,415	(163,415)	(122,561)
Average claim settlement period	Increased by 6 months	36,507	23,431	(23,431)	(17,573)

\* Impact on equity reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant assumptions did not change from the previous year except for method used for deriving the average number of claims. The results of sensitivities as at 31 December 2014 are restated accordingly.

***Claims development table***

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the subsidiary believes that the estimate of total claims outstanding as of 31 December 2015 is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

## 38. INSURANCE RISK (CONTINUED)

## 38.2 General insurance contracts (continued)

*Claims development table (continued)**Gross general insurance claims liabilities as at 31 December 2015:*

	Before 2008	2008	2009	2010	2011	2012	2013	2014	2015	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accident year</b>										
At end of accident year		600,933	800,472	808,271	863,518	951,235	1,145,412	1,251,433	1,349,116	
One year later		581,075	819,547	828,768	784,221	848,149	1,182,773	1,193,164	-	
Two years later		587,257	827,424	810,356	754,244	835,047	1,119,096	-	-	
Three years later		593,676	829,042	800,033	749,694	834,615	-	-	-	
Four years later		584,185	805,420	805,627	739,601	-	-	-	-	
Five years later		573,592	799,475	796,137	-	-	-	-	-	
Six years later		562,792	780,736	-	-	-	-	-	-	
Seven years later		572,095	-	-	-	-	-	-	-	
<b>Current estimate of cumulative claims incurred</b>										
		572,095	780,736	796,137	739,601	834,615	1,119,096	1,193,164	1,349,116	
At end of accident year		183,848	250,248	214,460	244,889	259,072	344,439	375,685	387,586	
One year later		366,451	565,497	454,277	520,198	544,612	729,326	771,098	-	
Two years later		445,223	683,192	580,037	620,775	648,982	857,382	-	-	
Three years later		482,302	721,408	612,202	656,267	711,572	-	-	-	
Four years later		495,924	733,797	650,174	668,021	-	-	-	-	
Five years later		504,364	736,592	654,652	-	-	-	-	-	
Six years later		510,120	739,949	-	-	-	-	-	-	
Seven years later		511,836	-	-	-	-	-	-	-	
<b>Cumulative payments to-date</b>										
		511,836	739,949	654,652	668,021	711,572	857,382	771,098	387,586	
Gross general insurance claims liabilities (direct and facultative)	40,424	60,259	40,787	141,485	71,580	123,043	261,714	422,066	961,530	2,122,888
Gross general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia and MMIP)										82,598
Best estimate of claims liabilities										2,205,486
Claims handling expenses										17,973
PRAD at 75% confidence level										236,552
<b>Gross general insurance claims liabilities</b>										2,460,011

### 38. INSURANCE RISK (CONTINUED)

### 38.2 General insurance contracts (continued)

**Claims development table (continued)**

**Gross general insurance claims liabilities as at 31 December 2014:**

[illegible]

ALLIANZ MALAYSIA BERHAD (12428-W)

ALLIANZ MALAYSIA BERHAD (12428-W)

ALLIANZ MALAYSIA BERHAD (12428-W)

ALLIANZ MALAYSIA BERHAD (12428-W)

[illegible]

### 38. INSURANCE RISK (CONTINUED)

### 38.2 General insurance contracts (continued)

**Claims development table (continued)**

**Net general insurance claims liabilities as at 31 December 2014:**

[illegible]

### 39. FINANCIAL RISKS

Exposure to credit, liquidity, market (currency risk, interest rate risk, equity price risk) and operational risk arises in the normal course of the Group's and the Company's business. The Group and the Company are guided by its risk management framework as well as policies and guidelines from the ultimate holding company, Allianz SE which set out its general risk management philosophy. Through financial risk management, business strategies are evaluated to ensure their appropriateness to the strategic, operational and financial risks tolerance.

#### 39.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the reinsurance and the investment/ placement in fixed income instruments. The Company's exposure to credit risk arises principally from subordinated loan to subsidiary. Financial loss may materialise when the counterparties failed to meet payment obligations for various reasons.

The Group has credit policies in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an ongoing basis. Reinsurance is mainly to local insurers or reinsurers, and if the Group has to place overseas, only counterparties that have a credit rating that is acceptable based on Allianz Group Reinsurance Security Principles and Guidelines are used.

With effect from 12 September 2008, all new bond investments must carry a minimum rating of AA- by rating agencies established in Malaysia or a minimum rating of BBB- by any internationally recognised rating agency as outlined in the Group's Investment Mandate which is approved by the Board of Directors.

The Group and the Company consider ratings BBB and above as investment grades and ratings below BBB as non-investment grades. Assets which are not rated by rating agencies are classified as non-rated.

#### *Credit exposure by credit rating*

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial assets according to the Group's and the Company's credit ratings of counterparties.

	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>Group</b>						
<b>2015</b>						
LAR						
Malaysian government guaranteed loans	-	-	260,000	-	-	260,000
Other loans	-	-	109,323	-	-	109,323
Fixed and call deposits	217,540	-	-	3,791	-	221,331
AFS financial investments						
Malaysian government securities	-	-	2,807,363	-	-	2,807,363

\* Investment grade is defined as investment where counterparty has rating BBB and above.

**39. FINANCIAL RISKS (CONTINUED)****39.1 Credit risk (continued)*****Credit exposure by credit rating (continued)***

Group	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>2015 (continued)</b>						
AFS financial investments (continued)						
Malaysian government guaranteed bonds	15,094	-	1,399,843	-	-	1,414,937
Ringgit denominated bonds by foreign issuers outside Malaysia	74,311	-	-	-	-	74,311
Unquoted bonds of corporations in Malaysia	1,119,107	-	-	-	-	1,119,107
Structured deposits and negotiable certificate of deposits with licensed financial institutions	154,347	-	-	-	-	154,347
FVTPL - HFT financial investments						
Malaysian government securities	-	-	344,106	2,515	-	346,621
Malaysian government guaranteed bonds	-	-	238,125	26,752	-	264,877
Ringgit denominated bonds by foreign issuers outside Malaysia	1,535	-	-	3,582	-	5,117
Unquoted bonds of corporations in Malaysia	393,577	-	-	182,421	-	575,998
Structured deposits with licensed financial institutions	15,047	-	-	15,048	-	30,095

\* Investment grade is defined as investment where counterparty has rating BBB and above.



## 39. FINANCIAL RISKS (CONTINUED)

## 39.1 Credit risk (continued)

*Credit exposure by credit rating (continued)*

Group	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>2015 (continued)</b>						
FVTPL – DUIR financial investments						
Malaysian government securities	-	-	462,962	-	-	462,962
Malaysian government guaranteed bonds	-	-	329,191	-	-	329,191
Ringgit denominated bonds by foreign issuers outside Malaysia	21,806	-	-	-	-	21,806
Unquoted bonds of corporations in Malaysia	1,195,017	-	-	-	-	1,195,017
Structured deposits and negotiable certificate of deposits with licensed financial institutions	131,758	-	-	-	-	131,758
Derivative financial assets						
Collateralised forward starting interest rate swap	5,724	-	-	-	-	5,724
Reinsurance assets	547,467	13	147,849	-	-	695,329
Insurance receivables <sup>#</sup>	1,193	-	240,495	-	17,740	259,428
Other receivables and deposits	-	-	220,753	8,549	-	229,302
Cash and cash equivalents	500,973	-	5,775	114,900	-	621,648
	4,394,496	13	6,565,785	357,558	17,740	11,335,592

<sup>#</sup> Net of balances which are past due and impaired of RM20,493,000 which has been fully provided (See Note 39.1(ii)).

\* Investment grade is defined as investment where counterparty has rating BBB and above.

**39. FINANCIAL RISKS (CONTINUED)****39.1 Credit risk (continued)*****Credit exposure by credit rating (continued)***

Company	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>2015</b>						
LAR						
Fixed and call deposits	6,540	-	-	-	-	6,540
Other receivables and deposits	-	-	6,673	-	-	6,673
Subordinated loan	-	-	54,300	-	-	54,300
Cash and cash equivalents	25,365	-	-	-	-	25,365
	31,905	-	60,973	-	-	92,878

Group	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>2014</b>						
HTM financial investments						
Malaysian government securities	-	-	945,957	-	-	945,957
Malaysian government guaranteed bonds	-	-	619,370	-	-	619,370
Ringgit denominated bonds by foreign issuers outside Malaysia	99,853	-	-	-	-	99,853

\* Investment grade is defined as investment where counterparty has rating BBB and above.

## 39. FINANCIAL RISKS (CONTINUED)

## 39.1 Credit risk (continued)

*Credit exposure by credit rating (continued)*

Group	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
2014 (continued)						
LAR						
Malaysian government guaranteed loans	-	-	260,000	-	-	260,000
Other loans	-	-	103,491	-	-	103,491
Fixed and call deposits	11,279	-	-	-	-	11,279
AFS financial investments						
Malaysian government securities	-	-	1,568,615	-	-	1,568,615
Malaysian government guaranteed bonds	90,253	-	512,807	-	-	603,060
Ringgit denominated bonds by foreign issuers outside Malaysia	53,590	-	-	-	-	53,590
Unquoted bonds of corporations in Malaysia	1,025,763	-	-	-	-	1,025,763
Structured deposits and negotiable certificate of deposits with licensed financial institutions	123,143	-	-	-	-	123,143
FVTPL - HFT financial investments						
Malaysian government securities	-	-	257,953	4,397	-	262,350
Malaysian government guaranteed bonds	-	-	148,253	16,434	-	164,687
Ringgit denominated bonds by foreign issuers outside Malaysia	1,536	-	-	3,585	-	5,121

\* Investment grade is defined as investment where counterparty has rating BBB and above.

**39. FINANCIAL RISKS (CONTINUED)****39.1 Credit risk (continued)*****Credit exposure by credit rating (continued)***

Group	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>2014 (continued)</b>						
FVTPL - HFT financial investments (continued)						
Unquoted bonds of corporations in Malaysia	277,473	-	-	127,642	-	405,115
Structured deposits with licensed financial institutions	14,978	-	-	14,979	-	29,957
FVTPL - DUIR financial investments						
Malaysian government securities	-	-	479,390	-	-	479,390
Malaysian government guaranteed bonds	-	-	257,850	-	-	257,850
Ringgit denominated bonds by foreign issuers outside Malaysia	61,874	-	-	-	-	61,874
Unquoted bonds of corporations in Malaysia	1,110,491	-	-	-	-	1,110,491
Structured deposits and negotiable certificate of deposits with licensed financial institutions	121,173	-	-	-	-	121,173
Derivative financial assets						
Collateralised forward starting interest rate swap	6,958	-	-	-	-	6,958
Put option	711	-	-	-	-	711
Reinsurance assets	618,602	13	188,853	-	-	807,468
Insurance receivables <sup>#</sup>	1,366	-	189,385	-	10,846	201,597

<sup>#</sup> Net of balances which are past due and impaired of RM22,359,000 which has been fully provided (See Note 39.1(ii)).

<sup>\*</sup> Investment grade is defined as investment where counterparty has rating BBB and above.

## 39. FINANCIAL RISKS (CONTINUED)

## 39.1 Credit risk (continued)

*Credit exposure by credit rating (continued)*

Group	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>2014 (continued)</b>						
Other receivables and deposits	-	-	232,149	12,511	-	244,660
Cash and cash equivalents	490,308	-	5,913	170,362	-	666,583
	4,109,351	13	5,769,986	349,910	10,846	10,240,106

Company	Neither past-due nor impaired					Total RM'000
	Investment grade* RM'000	Non- investment grade RM'000	Non-rated RM'000	Investment- linked funds RM'000	Past-due but not impaired RM'000	
<b>2014</b>						
LAR						
Fixed and call deposits	11,279	-	-	-	-	11,279
Other receivables and deposits	-	-	26,779	-	-	26,779
Subordinated loan	-	-	54,300	-	-	54,300
Cash and cash equivalents	12,278	-	-	-	-	12,278
	23,557	-	81,079	-	-	104,636

\* Investment grade is defined as investment where counterparty has rating BBB and above.

### 39. FINANCIAL RISKS (CONTINUED)

#### 39.1 Credit risk (continued)

##### *Credit exposure by credit rating (continued)*

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as speculative grade.

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>Group</b>								
<b>2015</b>								
LAR								
Malaysian government guaranteed loans	-	-	-	-	-	260,000	-	260,000
Other loans	-	-	-	-	-	109,323	-	109,323
Fixed and call deposits	128,000	89,540	-	-	-	-	3,791	221,331
AFS financial investments								
Malaysian government securities	-	-	-	-	-	2,807,363	-	2,807,363
Malaysian government guaranteed bonds	15,094	-	-	-	-	1,399,843	-	1,414,937
Ringgit denominated bonds by foreign issuers outside Malaysia	57,688	16,623	-	-	-	-	-	74,311
Unquoted bonds of corporations in Malaysia	439,844	675,514	-	3,749	-	-	-	1,119,107
Structured deposits and negotiable certificate of deposits with licensed financial institutions	154,347	-	-	-	-	-	-	154,347
FVTPL - HFT financial investments								
Malaysian government securities	-	-	-	-	-	344,106	2,515	346,621
Malaysian government guaranteed bonds	-	-	-	-	-	238,125	26,752	264,877
Ringgit denominated bonds by foreign issuers outside Malaysia	1,535	-	-	-	-	-	3,582	5,117

## 39. FINANCIAL RISKS (CONTINUED)

## 39.1 Credit risk (continued)

*Credit exposure by credit rating (continued)*

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>2015 (continued)</b>								
FVTPL - HFT financial investments (continued)								
Unquoted bonds of corporations in Malaysia	185,273	208,304	-	-	-	-	182,421	575,998
Structured deposits with licensed financial institutions	15,047	-	-	-	-	-	15,048	30,095
FVTPL – DUIR financial investments								
Malaysian government securities	-	-	-	-	-	462,962	-	462,962
Malaysian government guaranteed bonds	-	-	-	-	-	329,191	-	329,191
Ringgit denominated bonds by foreign issuers outside Malaysia	13,243	8,563	-	-	-	-	-	21,806
Unquoted bonds of corporations in Malaysia	573,268	616,569	-	5,180	-	-	-	1,195,017
Structured deposits and negotiable certificate of deposits with licensed financial institutions	131,758	-	-	-	-	-	-	131,758
Derivative financial assets								
Collateralised forward starting interest rate swap	5,724	-	-	-	-	-	-	5,724
Reinsurance assets	-	386,281	161,185	1	13	147,849	-	695,329
Insurance receivables	-	266	927	-	-	258,235	-	259,428
Other receivables and deposits	-	-	-	-	-	220,753	8,549	229,302
Cash and cash equivalents	295,626	99,337	106,010	-	-	5,775	114,900	621,648
	2,016,447	2,100,997	268,122	8,930	13	6,583,525	357,558	11,335,592



**39. FINANCIAL RISKS (CONTINUED)****39.1 Credit risk (continued)*****Credit exposure by credit rating (continued)***

<b>Company</b>	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>2015</b>								
LAR								
Fixed and call deposits	2,000	4,540	-	-	-	-	-	6,540
Other receivables and deposits	-	-	-	-	-	6,673	-	6,673
Subordinated loan	-	-	-	-	-	54,300	-	54,300
Cash and cash equivalents	18,236	5,500	1,629	-	-	-	-	25,365
	20,236	10,040	1,629	-	-	60,973	-	92,878

<b>Group</b>	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>2014</b>								
HTM financial investments								
Malaysian government securities	-	-	-	-	-	945,957	-	945,957
Malaysian government guaranteed bonds	-	-	-	-	-	619,370	-	619,370
Ringgit denominated bonds by foreign issuers outside Malaysia	84,853	15,000	-	-	-	-	-	99,853
LAR								
Malaysian government guaranteed loans	-	-	-	-	-	260,000	-	260,000
Other loans	-	-	-	-	-	103,491	-	103,491
Fixed and call deposits	5,027	6,252	-	-	-	-	-	11,279

## 39. FINANCIAL RISKS (CONTINUED)

## 39.1 Credit risk (continued)

*Credit exposure by credit rating (continued)*

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>2014 (continued)</b>								
AFS financial investments								
Malaysian government securities	-	-	-	-	-	1,568,615	-	1,568,615
Malaysian government guaranteed bonds	90,253	-	-	-	-	512,807	-	603,060
Ringgit denominated bonds by foreign issuers outside Malaysia	52,079	1,511	-	-	-	-	-	53,590
Unquoted bonds of corporations in Malaysia	342,585	679,429	-	3,749	-	-	-	1,025,763
Structured deposits and negotiable certificate of deposits with licensed financial institutions	123,143	-	-	-	-	-	-	123,143
FVTPL - HFT financial investments								
Malaysian government securities	-	-	-	-	-	257,953	4,397	262,350
Malaysian government guaranteed bonds	-	-	-	-	-	148,253	16,434	164,687
Ringgit denominated bonds by foreign issuers outside Malaysia	1,536	-	-	-	-	-	3,585	5,121

**39. FINANCIAL RISKS (CONTINUED)****39.1 Credit risk (continued)*****Credit exposure by credit rating (continued)***

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>2014 (continued)</b>								
FVTPL - HFT financial investments (continued)								
Unquoted bonds of corporations in Malaysia	132,703	144,770	-	-	-	-	127,642	405,115
Structured deposits with licensed financial institutions	14,978	-	-	-	-	-	14,979	29,957
FVTPL – DUIR financial investments								
Malaysian government securities	-	-	-	-	-	479,390	-	479,390
Malaysian government guaranteed bonds	-	-	-	-	-	257,850	-	257,850
Ringgit denominated bonds by foreign issuers outside Malaysia	53,312	8,562	-	-	-	-	-	61,874
Unquoted bonds of corporations in Malaysia	529,378	575,933	-	5,180	-	-	-	1,110,491
Structured deposits with licensed financial institutions	121,173	-	-	-	-	-	-	121,173
Derivative financial assets								
Collateralised forward starting interest rate swap	6,958	-	-	-	-	-	-	6,958
Put option	711	-	-	-	-	-	-	711
Reinsurance assets	-	422,829	195,658	115	13	188,853	-	807,468
Insurance receivables	-	163	1,203	-	-	200,231	-	201,597
Other receivables and deposits	-	-	-	-	-	232,149	12,511	244,660
Cash and cash equivalents	343,075	87,316	59,917	-	-	5,913	170,362	666,583
	1,901,764	1,941,765	256,778	9,044	13	5,780,832	349,910	10,240,106

## 39. FINANCIAL RISKS (CONTINUED)

## 39.1 Credit risk (continued)

*Credit exposure by credit rating (continued)*

<b>Company</b>	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>2014</b>								
LAR								
Fixed and call deposits	5,027	6,252	-	-	-	-	-	11,279
Other receivables and deposits	-	-	-	-	-	26,779	-	26,779
Subordinated loan	-	-	-	-	-	54,300	-	54,300
Cash and cash equivalents	10,717	-	1,561	-	-	-	-	12,278
	15,744	6,252	1,561	-	-	81,079	-	104,636

The table below provides information regarding the credit risk exposure of the Group and the Company according to the Group's and the Company's categorisation of counterparties by credit rating.

<b>Group</b>	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>2015</b>								
Investment grade	2,016,447	2,100,997	268,122	8,930	-	-	319,743	4,714,239
Non-investment grade	-	-	-	-	13	-	-	13
Non-rated	-	-	-	-	-	6,565,785	37,815	6,603,600
Past-due but not impaired	-	-	-	-	-	17,740	-	17,740
	2,016,447	2,100,997	268,122	8,930	13	6,583,525	357,558	11,335,592
<b>2014</b>								
Investment grade	1,901,764	1,941,765	256,778	9,044	-	-	316,569	4,425,920
Non-investment grade	-	-	-	-	13	-	-	13
Non-rated	-	-	-	-	-	5,769,986	33,341	5,803,327
Past-due but not impaired	-	-	-	-	-	10,846	-	10,846
	1,901,764	1,941,765	256,778	9,044	13	5,780,832	349,910	10,240,106

**39. FINANCIAL RISKS (CONTINUED)****39.1 Credit risk (continued)*****Credit exposure by credit rating (continued)***

The table below provides information regarding the credit risk exposure of the Group and the Company according to the Group's and the Company's categorisation of counterparties by credit rating.

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Investment- linked funds RM'000	Total RM'000
<b>Company</b>								
<b>2015</b>								
Investment grade	20,236	10,040	1,629	-	-	-	-	31,905
Non-rated	-	-	-	-	-	60,973	-	60,973
	20,236	10,040	1,629	-	-	60,973	-	92,878
<b>2014</b>								
Investment grade	15,744	6,252	1,561	-	-	-	-	23,557
Non-rated	-	-	-	-	-	81,079	-	81,079
	15,744	6,252	1,561	-	-	81,079	-	104,636

The Group has not provided the credit risk analysis for the financial assets of the investment-linked business. This is due to the fact that, in investment-linked business, the liability to policyholders is linked to the performance and value of the assets that back those liabilities and the shareholders have no direct exposure to any credit risk in those assets.

**(i) Past-due but not impaired financial assets*****Age analysis of financial assets past-due but not impaired***

The Group maintains an ageing analysis in respect of insurance receivables only. The ageing of insurance receivables that are past-due but not impaired as at the reporting date is as follows:

	<30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	> 91 days RM'000	Investment- linked funds RM'000	Total RM'000
<b>Group</b>						
<b>2015</b>						
Insurance receivables	10,400	1,537	2,129	3,674	-	17,740
<b>2014</b>						
Insurance receivables	5,593	1,433	1,085	2,735	-	10,846

### 39. FINANCIAL RISKS (CONTINUED)

#### 39.1 Credit risk (continued)

##### (ii) Past-due and impaired financial assets

As at 31 December 2015, based on combination of collective and individual assessment of receivables, there are impaired insurance receivables of RM20,493,000 (2014: RM22,359,000) and other receivables of RM1,325,000 (2014: RM6,363,000) respectively. No collateral is held as security for any past-due or impaired financial assets. The Group records impairment allowance for insurance receivables and other receivables in separate allowance for impairment accounts. A reconciliation of the allowance for impairment losses for insurance receivables and other receivables are as follows:

	Insurance receivables		Other receivables	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Group</b>				
<b>At 1 January</b>	22,359	19,357	6,363	3,906
Impairment loss (reversed)/ recognised	(1,866)	3,002	(5,038)	2,457
<b>At 31 December</b>	20,493	22,359	1,325	6,363
	Note 9	Note 9	Note 10	Note 10

#### 39.2 Liquidity risk

Liquidity risk is the risk of loss resulting from the danger that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, along with the risk that in the case of a liquidity crisis of the Group and the Company, refinancing is only possible at higher interest rates or that assets may have to be liquidated at a discount.

Besides monitoring the liquidity position of the Group and the Company on a daily basis, the investment strategies particularly focus on the quality of investments and ensure a sufficient portion of liquid assets in the portfolio. Some other tools used by the Group include ensuring that its assets and liabilities are adequately matched and drawing down of funds to meet claim payments should the claim events exceed a certain amount as provided for in the reinsurance contracts.

##### **Maturity profiles**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities and provision for claims, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Investment-linked funds' liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

**39. FINANCIAL RISKS (CONTINUED)****39.2 Liquidity risk (continued)*****Maturity profiles (continued)***

Group	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
<b>2015</b>								
Insurance contract liabilities								
With DPF	3,590,017	493,567	262,226	330,832	1,979,377	7,636,302	-	10,702,304
Without DPF	2,817,694	2,401,359	52,936	30,733	284,784	295,498	-	3,065,310
Derivative financial liabilities	3,454	3,454	-	-	-	-	-	3,454
Provision for claims	1,723,804	1,081,323	544,898	85,082	12,501	-	-	1,723,804
Other financial liabilities	959	276	683	-	-	-	-	959
Insurance payables	393,168	377,459	15,660	49	-	-	-	393,168
Other payables and accruals	281,372	229,414	57,812	-	-	-	-	287,226
Benefits and claims liabilities	194,563	194,563	-	-	-	-	-	194,563
<b>Total liabilities</b>	<b>9,005,031</b>	<b>4,781,415</b>	<b>934,215</b>	<b>446,696</b>	<b>2,276,662</b>	<b>7,931,800</b>	<b>-</b>	<b>16,370,788</b>
<b>Company</b>								
<b>2015</b>								
Other payables and accruals	224,825	172,867	57,812	-	-	-	-	230,679
<b>Group</b>								
<b>2014</b>								
Insurance contract liabilities								
With DPF	3,321,767	424,915	94,723	314,275	1,851,636	9,500,518	-	12,186,067
Without DPF	2,172,882	1,725,793	47,311	39,970	300,013	364,018	-	2,477,105
Derivative financial liabilities	161	161	-	-	-	-	-	161
Provision for claims	1,713,357	921,766	559,185	121,911	110,495	-	-	1,713,357
Other financial liabilities	11,081	10,271	810	-	-	-	-	11,081
Insurance payables	357,161	339,164	16,614	1,383	-	-	-	357,161
Other payables and accruals	308,979	257,014	4,676	55,477	-	-	-	317,167
Benefits and claims liabilities	167,702	167,702	-	-	-	-	-	167,702
<b>Total liabilities</b>	<b>8,053,090</b>	<b>3,846,786</b>	<b>723,319</b>	<b>533,016</b>	<b>2,262,144</b>	<b>9,864,536</b>	<b>-</b>	<b>17,229,801</b>
<b>Company</b>								
<b>2014</b>								
Other payables and accruals	253,754	201,788	4,676	55,477	-	-	-	261,941



## 39. FINANCIAL RISKS (CONTINUED)

### 39.3 Market risk

Market risk is the risk of loss arising due to changes in market prices or parameters influencing market prices, and in particular the resultant interest rate guarantee risks from asset liability management or from changes to participations. This includes changes in market prices due to worsening of market liquidity. Market risk comprises of currency risk, interest rate risk and equity price risk.

The following risk mitigation actions are in place to control and monitor such risk:

- Investment Committee actively monitors the investment activities undertaken by the Group.
- Investment Committee would recommend the initiatives after balancing competing and legitimate objective of various stakeholders.
- The Investment Policy and Mandate which formulated the single counter limits, company limits and sector limits are in place. Compliance to such limits is monitored monthly and reported to Risk Management Working Committee/Risk Management Committee on a quarterly basis.
- Stress tests are performed as and when needed.
- Stop loss policy is in place.

The Group also issues investment-linked policies in a number of products. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the value of the assets in the funds. The Group's exposure to market risk on this business is limited to the extent that income arising from fund management charges is based on the value of the assets in the funds.

#### 39.3.1 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Group's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to foreign currency risk arises principally with respect to US Dollar (USD), Singapore Dollar (SGD), Thai Baht (THB) and Indonesian Rupiah (IDR). As the Group's business is conducted primarily in Malaysia, the Group's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act, 2013 and hence, primarily denominated in the same currency (RM) as its insurance contract liabilities. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled.

As the Group's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group has no significant concentration of foreign currency risk. All foreign currency risk in investment-linked funds is borne by policyholders.

**39. FINANCIAL RISKS (CONTINUED)****39.3 Market risk (continued)****39.3.1 Currency risk (continued)****Exposure to foreign currency risk**

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Financial assets 2015 RM'000	Investment- linked funds 2015 RM'000	Financial assets 2014 RM'000	Investment- linked funds 2014 RM'000
<b>Group</b>				
<b>Denominated in</b>				
USD	31,359	13,295	41,677	12,661
SGD	-	719	-	439
THB	-	154	-	110
IDR	-	536	-	269

**Currency risk sensitivity analysis**

It is estimated that a 10% (2014:10%) strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have increased/(decreased) the insurance contract liabilities by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted income and expenses.

	Impact on insurance contract liabilities 2015 RM'000	Impact on insurance contract liabilities 2014 RM'000
<b>Group</b>		
<b>Denominated in</b>		
USD	(4,465)	(5,434)
SGD	(72)	(44)
THB	(15)	(11)
IDR	(54)	(27)

It is estimated that a 10% (2014:10%) weakening of the Ringgit Malaysia (RM) against the above currencies at the end of the reporting period would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all variables remained constant.

The method used for deriving sensitivity information and significant variables did not change from previous year. Only life participating fund and investment-linked funds invested in foreign financial instruments.

## 39. FINANCIAL RISKS (CONTINUED)

### 39.3 Market risk (continued)

#### 39.3.2 Interest rate risk

The Group is affected by changes in market interest rates due to the impact of such changes on fair value and will incur an economic loss when the interest rates drop since the duration of policy liabilities is generally longer than the duration of the fixed income financial assets.

Besides the uncertainty of the cash flows of the insurance funds and scarcity of the longer dated instruments, it is not possible to hold assets that will perfectly match the policy liabilities.

#### Interest rate sensitivity analysis

The analysis below is performed for reasonable possible movements in interest rates with all other variables held constant, showing the impact on the profit before tax, equity and insurance contract liabilities.

#### Life insurance:

Group	Change in variables	Impact on profit before tax <sup>#</sup> RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
<b>31 December 2015</b>				
Interest rate	+100 basis points	(74,489)	(52,016)	(280,737)
Interest rate	+200 basis points	(142,694)	(99,657)	(527,286)
<b>31 December 2014</b>				
Interest rate	+100 basis points	(68,462)	(47,798)	(96,335)
Interest rate	+200 basis points	(130,638)	(91,220)	(183,716)

<sup>#</sup> The above illustration is only prepared for adverse scenario, where interest rate is being raised. The impact on profit before tax would be dependent on whether the interest rate risk resides in shareholders' fund, life non-participating fund, life participating fund or investment-linked funds. Where the interest risk resides in shareholders' fund and life non-participating fund, the impact will be directly to profit before tax and equity of the Group. In respect of life participating fund and investment-linked funds, impact arising from changes in interest rate risk would affect the insurance contract liabilities.

<sup>\*</sup> Impact on equity reflects adjustments for tax, where applicable.

<sup>\*\*</sup> The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The above sensitivity test would yield proxy results if interest rates were to move in the opposite direction, with the Group.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

**39. FINANCIAL RISKS (CONTINUED)****39.3 Market risk (continued)****39.3.2 Interest rate risk (continued)****Interest rate sensitivity analysis (continued)****General insurance:**

Group	Change in variables	Impact on profit before tax RM'000	Impact on equity* RM'000
<b>31 December 2015</b>			
Interest rate	+ 100 basis points	-	(88,105)
Interest rate	+ 50 basis points	-	(44,053)
<b>31 December 2014</b>			
Interest rate	+ 100 basis points	-	(79,394)
Interest rate	+ 50 basis points	-	(39,697)

\* Impact on equity reflects adjustments for tax, where applicable.

The above sensitivity test would yield proxy results if interest rates were to move in the opposite direction, with the Group.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

**39.3.3 Equity price risk**

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from changes in interest rates or foreign exchange rates), whether those changes are caused by factors specific to the individual financial instrument of its issuer or factors affecting similar financial instruments traded in the market.

The Group's equity price risk exposures relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investments securities not held for the account of the investment-linked business.

The Group's equity price risk policy requires it to prioritise capital preservation besides setting limits on overall portfolio, single security and sector holdings. The Group complies with BNM stipulated limits during the financial year and has no significant concentration of equity price risk.

**Equity price risk sensitivity analysis**

The analysis below is performed for reasonable possible movements in key variables with all other variables held constant, showing the impact on profit before tax, equity and insurance contract liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on equity price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

## 39. FINANCIAL RISKS (CONTINUED)

### 39.3 Market risk (continued)

#### 39.3.3 Equity price risk (continued)

##### Equity price risk sensitivity analysis (continued)

##### Life insurance:

Group	Changes in variables	2015			2014		
		Impact on profit before tax <sup>#</sup> RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000	Impact on profit before tax <sup>#</sup> RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
<b>Market indices</b>							
Market value	-10%	-	-	(114,739)	-	-	(74,369)
Market value	-20%	-	-	(229,477)	-	-	(147,932)

<sup>#</sup> The above illustration is only prepared for adverse scenario, where market price is being moved in an unfavourable direction. The impact on profit before tax would be dependent on whether the equity price risk resides in shareholders' fund, life non-participating fund, life participating fund or investment-linked funds. Where the equity price risk resides in shareholders' fund and life non-participating fund, the impact will be directly to profit before tax and equity of the Group. In respect of life participating fund and investment-linked funds, impact arising from changes in equity price risk would affect the insurance contract liabilities.

<sup>\*</sup> Impact on equity reflects adjustments for tax, where applicable.

<sup>\*\*</sup> The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The above sensitivity test would yield proxy results if market price were to move in the opposite direction, with the Group.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

Only life participating fund, universal life fund and investment-linked funds invested in equity securities.

### 39. FINANCIAL RISKS (CONTINUED)

#### 39.4 Operational risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Group's objectives resulting from inadequate or failed internal processes and systems, human factors or external events.

Relevant operational risks and control weaknesses are identified and evaluated via a structured self-assessment. Besides, operational risk events are collected so that significant losses can be used to analyse and provide measures aimed at avoiding or reducing future losses.

The Group puts in place the following controls to monitor and mitigate such risk:

- Effective segregation of duties;
- Access controls, authorisation and reconciliation procedures;
- Automation of processes where possible;
- Staff training; and
- Evaluation procedures such as internal audit.

#### 39.5 Fair value of financial instruments

The Group's and the Company's basis in estimation of fair values for financial instruments is as follows:

- The fair values of structured deposits, negotiable certificate of deposits, put option, collateralised forward starting interest rate swap and forward purchase agreements are based on the indicative market prices from the issuing banks.
- The fair values of quoted equity securities of corporations in and outside Malaysia and quoted unit trusts in Malaysia are based on quoted closing market price as at the end of the reporting period.
- The unquoted equity securities of corporations in Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified.
- The fair values of Malaysian government securities, Malaysian government guaranteed bonds, Ringgit denominated bonds by foreign issuers outside Malaysia and unquoted bonds of corporations in Malaysia are based on the indicative market yields obtained from three financial institutions.
- The fair values of unquoted unit trusts in and outside Malaysia are based on the net asset values of the unit trusts as at the date of the statements of assets and liabilities obtained from fund managers.
- The carrying amounts of Malaysian government guaranteed loans, policy loans, mortgage loans, automatic premium loans, subordinated loan, other secured loans, fixed and call deposits and advance from holding company are assumed to reasonably approximate their fair values.
- The carrying amounts of cash and cash equivalents, insurance receivables, other receivables and deposits, other financial liabilities, insurance payables, other payables and accruals reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Estimation of the fair values of Malaysian government securities, Malaysian government guaranteed bonds, Ringgit denominated bonds by foreign issuers outside Malaysia, and unquoted bonds of corporations in Malaysia are based on the average indicative market yields obtained from three financial institutions which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

It was not practicable to estimate the fair value of the Group's investment in unquoted equity securities of corporations in Malaysia due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

## 39. FINANCIAL RISKS (CONTINUED)

## 39.5 Fair value of financial instruments (continued)

## 39.5.1 Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value					Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000			
<b>2015</b>												
<b>Financial assets</b>												
Malaysian government securities	-	3,616,946	-	3,616,946		-	-	-	-	3,616,946	3,616,946	
Malaysian government guaranteed bonds	-	2,009,005	-	2,009,005		-	-	-	-	2,009,005	2,009,005	
Ringgit denominated bonds by foreign issuers outside Malaysia	-	101,234	-	101,234		-	-	-	-	101,234	101,234	
Quoted equity securities of corporations in Malaysia	1,197,790	-	-	1,197,790		-	-	-	-	1,197,790	1,197,790	
Quoted equity securities of corporations outside Malaysia	1,409	-	-	1,409		-	-	-	-	1,409	1,409	
Unquoted bonds of corporations in Malaysia	-	2,890,122	-	2,890,122		-	-	-	-	2,890,122	2,890,122	
Quoted unit trusts in Malaysia	47,959	-	-	47,959		-	-	-	-	47,959	47,959	
Unquoted unit trusts in Malaysia	-	4,430	-	4,430		-	-	-	-	4,430	4,430	
Unquoted unit trusts outside Malaysia	-	44,654	-	44,654		-	-	-	-	44,654	44,654	
Structured deposits and negotiable certificate of deposits with licensed financial institutions	-	316,200	-	316,200		-	-	-	-	316,200	316,200	
Malaysian government guaranteed loans	-	-	-	-		-	260,000	-	260,000	260,000	260,000	
Collateralised forward starting interest rate swap	-	5,724	-	5,724		-	-	-	-	5,724	5,724	
	1,247,158	8,988,315	-	10,235,473		-	260,000	-	260,000	10,495,473	10,495,473	



## 39. FINANCIAL RISKS (CONTINUED)

## 39.5 Fair value of financial instruments (continued)

## 39.5.1 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2015</b>										
<b>Financial liabilities</b>										
Advance from holding company	-	-	-	-	-	54,300	-	54,300	54,300	54,300
Collateralised forward starting interest rate swap	-	2,215	-	2,215	-	-	-	-	2,215	2,215
Forward purchase agreements	-	1,239	-	1,239	-	-	-	-	1,239	1,239
	-	3,454	-	3,454	-	54,300	-	54,300	57,754	57,754
<b>Company</b>										
<b>2015</b>										
<b>Financial liability</b>										
Advance from holding company	-	-	-	-	-	54,300	-	54,300	54,300	54,300

## 39. FINANCIAL RISKS (CONTINUED)

## 39.5 Fair value of financial instruments (continued)

## 39.5.1 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2014</b>										
<b>Financial assets</b>										
Malaysian government securities	-	2,310,355	-	2,310,355	-	938,883	-	938,883	3,249,238	3,256,312
Malaysian government guaranteed bonds	-	1,025,597	-	1,025,597	-	613,090	-	613,090	1,638,687	1,644,967
Ringgit denominated bonds by foreign issuers outside Malaysia	-	120,585	-	120,585	-	100,909	-	100,909	221,494	220,438
Quoted equity securities of corporations in Malaysia	777,985	-	-	777,985	-	-	-	-	777,985	777,985
Quoted equity securities of corporations outside Malaysia	819	-	-	819	-	-	-	-	819	819
Unquoted bonds of corporations in Malaysia	-	2,541,369	-	2,541,369	-	-	-	-	2,541,369	2,541,369
Quoted unit trusts in Malaysia	57,844	-	-	57,844	-	-	-	-	57,844	57,844
Unquoted unit trusts in Malaysia	-	2,980	-	2,980	-	-	-	-	2,980	2,980
Unquoted unit trusts outside Malaysia	-	54,337	-	54,337	-	-	-	-	54,337	54,337
Structured deposits and negotiable certificate of deposits with licensed financial institutions	-	274,273	-	274,273	-	-	-	-	274,273	274,273
Malaysian government guaranteed loans	-	-	-	-	-	260,000	-	260,000	260,000	260,000
Collateralised forward starting interest rate swap	-	6,958	-	6,958	-	-	-	-	6,958	6,958
Put option	-	711	-	711	-	-	-	-	711	711
	836,648	6,337,165	-	7,173,813	-	1,912,882	-	1,912,882	9,086,695	9,088,993

## 39. FINANCIAL RISKS (CONTINUED)

## 39.5 Fair value of financial instruments (continued)

## 39.5.1 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2014</b>										
<b>Financial liabilities</b>										
Advance from holding company	-	-	-	-	-	54,300	-	54,300	54,300	54,300
Collateralised forward starting interest rate swap	-	161	-	161	-	-	-	-	161	161
	-	161	-	161	-	54,300	-	54,300	54,461	54,461
<b>Company</b>										
<b>2014</b>										
<b>Financial liability</b>										
Advance from holding company	-	-	-	-	-	54,300	-	54,300	54,300	54,300

## 39. FINANCIAL RISKS (CONTINUED)

### 39.5 Fair value of financial instruments (continued)

#### 39.5.1 Fair value information (continued)

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2014: no transfer in either direction).

## 40. CAPITAL MANAGEMENT

### Regulatory capital requirements

The Risk-Based Capital Framework ("RBC") came into effect on 1 January 2009. Under the RBC Framework, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The insurance subsidiaries of the Group have met their regulatory requirements.

**41. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of Allianz Malaysia Berhad and its subsidiaries:				
- Realised	1,937,022	1,615,422	226,416	208,862
- Unrealised	(120,019)	(107,290)	(2)	7
Total retained earnings	1,817,003	1,508,132	226,414	208,869

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

281

ALLIANZ MALAYSIA BERHAD (12428-W)

In the opinion of the Directors, the financial statements set out on pages 153 to 279 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 41 on page 280 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Tan Sri Razali Bin Ismail**

.....  
**Zakri Bin Mohd Khir**

Kuala Lumpur,  
Date: 26 February 2016

# STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

ALLIANZ MALAYSIA BERHAD (12428-W)

I, **Ong Eng Chow**, the Director primarily responsible for the financial management of Allianz Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 153 to 280 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 26 February 2016.

.....  
**Ong Eng Chow**

Before me:

**Gurdeep Singh A/L Jag Singh**

No. W607

Pesuruhjaya Sumpah

Kuala Lumpur



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALLIANZ MALAYSIA BERHAD

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Allianz Malaysia Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 153 to 279.

### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

## OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 41 on page 280 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

## OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### KPMG

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya

Date: 26 February 2016

### Foong Mun Kong

Approval Number: 2613/12/16(J)  
Chartered Accountant

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 42nd Annual General Meeting of Allianz Malaysia Berhad ("42nd AGM") will be held at Grand Ballroom, Level 2, Aloft Kuala Lumpur Sentral, 5, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 25 May 2016 at 10.00 a.m. for the following purposes:-

## AGENDA

### Ordinary Business

- |    |  |                              |
|----|--|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Directors' and Auditors' Reports thereon.  |                              |
| 2. | To approve the payment of a first and final dividend of 6.50 sen per ordinary share under single tier system in respect of the financial year ended 31 December 2015.                          | <b>Ordinary Resolution 1</b> |
| 3. | To approve the payment of Directors' fees of RM561,512 for the financial year ended 31 December 2015 (2014: RM325,413).  | <b>Ordinary Resolution 2</b> |
| 4. | To re-elect the following Directors who retire by rotation in accordance with Article 96 of the Articles of Association of the Company and being eligible, offers themselves for re-election:- |                              |
|    | a) Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim  | <b>Ordinary Resolution 3</b> |
|    | b) Mr. Zakri Bin Mohd Khir   | <b>Ordinary Resolution 4</b> |
| 5. | To re-appoint the following Directors who retire in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting:-         |                              |
|    | (a) Y. Bhg. Tan Sri Razali Bin Ismail  | <b>Ordinary Resolution 5</b> |
|    | (b) Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy   | <b>Ordinary Resolution 6</b> |
| 6. | To re-appoint Messrs KPMG as the Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration.                              | <b>Ordinary Resolution 7</b> |

### Special Business

To consider and if thought fit, pass the following Ordinary Resolutions:-

- |    |   |                              |
|----|---|------------------------------|
| 7. | <b>Continuation in Office as Independent Non-Executive Director</b>   | <b>Ordinary Resolution 8</b> |
|    | "THAT approval be and is hereby given to Mr. Foo San Kan, who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." |                              |

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group****Ordinary Resolution 9**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the category of recurrent related party transactions with Allianz SE Group as specified in Section 2.2 (A) of the Company's Circular to Shareholders dated 26 April 2016, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or
- (b) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

9. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Shook Lin & Bok****Ordinary Resolution 10**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the category of recurrent related party transactions with Shook Lin & Bok as specified in Section 2.2 (B) of the Company's Circular to Shareholders dated 26 April 2016, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or
- (b) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

10. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Rapidpro Consulting Sdn Bhd**

**Ordinary Resolution 11**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the category of recurrent related party transactions with Rapidpro Consulting Sdn Bhd as specified in Section 2.2 (C) of the Company's Circular to Shareholders dated 26 April 2016, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or
- (b) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

11. To transact any other business for which due notice shall have been given.

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS HEREBY GIVEN THAT the first and final dividend of 6.50 sen per ordinary share under the single tier system in respect of the financial year ended 31 December 2015, if approved at the 42nd AGM, will be paid on 15 June 2016 to shareholders whose names appear in the Register of Members and/or the Record of Depositors at the close of business on 31 May 2016.

A Depositor shall qualify for entitlement to the dividends only in respect of:-

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 May 2016 in respect of transfers;
- (b) shares deposited into the Depositor's Securities Account before 12.30 p.m. on 27 May 2016 in respect of shares exempted from mandatory deposit; and

- (c) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NG SIEW GEK  
Company Secretary

Kuala Lumpur  
26 April 2016

## NOTES TO MEMBERS AND PROXY

### A. APPOINTMENT OF PROXY/PROXIES

- For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 42nd AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 17 May 2016. Only a depositor whose name appears in the Record of Depositors as at 17 May 2016 shall be entitled to attend and vote at the 42nd AGM or appoint proxy/proxies to attend and vote on his/her behalf.
- A member entitled to attend and vote at the 42nd AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. If two (2) proxies are appointed, the instrument of proxy must specify the proportion of his/her shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the EAN specifies the proportion of its shareholding to be represented by each proxy.
- The instrument of proxy must be in writing under the hand of the appointor or his attorney. If the appointor is a corporation, under its common seal or the hand of its attorney.
- The instrument of proxy shall be deposited at the Registered Office of the Company at Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not later than forty-eight (48) hours before the appointed time for holding the 42nd AGM.

### B. EXPLANATORY NOTES ON ORDINARY BUSINESS

#### 1. Audited Financial Statements for the financial year ended 31 December 2015

The Audited Financial Statements for the financial year ended 31 December 2015 and the Directors' and Auditors' Reports are laid before the shareholders pursuant to the provisions of Section 169(1) and (3) of the Companies Act, 1965 and are for discussion only. Hence, this item will not be put for voting.

#### 2. Payment of first and final dividend for the financial year ended 31 December 2015

The Board continuously strives to protect investors' capital and provide returns via dividends whilst striking a balance between the dividend payout and capital requirement of its insurance subsidiaries.

After taking into consideration the capital requirements to deliver continued business performance, the Board proposes for the shareholders' approval, a first and final dividend of 6.50 sen per ordinary share under a single tier system, a 30% increase as compared to the dividend declared in the last financial year (2014 interim dividend: 5.00 sen).

### 3. Directors' fees for the financial year ended 31 December 2015

The Directors' fees for the financial year ended 31 December 2015 are made up of the following components and are only payable to Directors who are not representing the interest of major shareholder:-

(a) Fees for acting as a Director

A fixed fee is allocated to each member of the Board, a fee premium is allocated to the Chairman of the Board in view of additional accountabilities and responsibilities assumed by the Chairman.

(b) Fees for assuming additional responsibilities

Additional fees are allocated to Directors who assumed more responsibilities via their appointments in various Board Committees. A fee premium is allocated to the Chairman of the respective Board Committees in view of additional accountabilities and responsibilities assumed by them.

The Directors' fees were last reviewed in year 2013. Following the issuance of the Directors' Remuneration Report 2015 by the Financial Institutions Directors' Education Forum ("FIDE Remuneration Report") on 7 December 2015, the Remuneration Committee reviewed the recommendations of the FIDE Remuneration Report and recommended the proposed increase of Directors' fees for the financial year 2015 based on the following rationales:-

- (a) to ensure competitiveness of Board remuneration. The proposed Directors' fees increase will enable the Directors' fees to be in line with that recommended by the FIDE Remuneration Report and commensurate with the responsibilities and risks assumed by the Directors; and
- (b) to retain Directors. The current Board of the Company is made up of creditable and highly professional Directors, with all of them having good reputation and extensive experience locally and globally in their areas of expertise.

The Board having reviewed the proposed Directors' fees increase, recommended for the shareholders' approval, the Directors' fees amounting to RM561,512 for the financial year ended 31 December 2015.

All the interested Directors had abstained from the deliberation and voting on their respective proposed Directors' fees at the respective Remuneration Committee Meeting and Board Meeting, where applicable.

### 4. Re-election of Directors who retire in accordance with Article 96 of the Company's Articles of Association

Article 96 of the Company's Articles of Association provides that one-third (1/3) of the Directors of the Company for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3), shall retire from office at the annual general meeting of the Company. Pursuant to Article 97 of the Company's Articles of Association, the Directors to retire in every year shall be those who have been longest in office since their last election. All Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim and Mr. Zakri Bin Mohd Khir (collectively referred to "Retiring Directors") are standing for re-election pursuant to Article 96 of the Articles of Association of the Company. The Nominating Committee having assessed and satisfied with the performance of the Retiring Directors, recommended their re-election for the Board's approval.



The Board having reviewed the recommendations of the Nominating Committee, recommended the re-election of the Retiring Directors for the shareholders' approval.

The Retiring Directors had indicated their willingness to seek for re-election and have abstained from the deliberation and voting of their respective re-election at the respective Nominating Committee Meeting and Board Meeting, where applicable.

The profiles of the Retiring Directors and their interest in securities of the Company are set out in the Board of Directors' Profiles of this Annual Report.

#### **5. Re-appointment of Directors who retire in accordance with Section 129(6) of the Companies Act, 1965**

Director who attains the age of 70 is required to submit himself/herself for re-appointment annually pursuant to Section 129(2) of the Companies Act, 1965.

Pursuant to Section 129(6) of the Companies Act, 1965, the re-appointment of the retiring Directors shall take effect provided that the respective resolutions with regard to their re-appointment are passed by majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or, by proxy, at the 42nd AGM.

Y. Bhg. Tan Sri Razali Bin Ismail and Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy are standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965. The Nominating Committee having assessed and satisfied with the performance of the said Directors, recommended their re-appointment for the Board's approval.

The Board having reviewed the recommendations of the Nominating Committee, recommended for the shareholders' approval, the re-appointments of Y. Bhg. Tan Sri Razali Bin Ismail and Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965.

Y. Bhg. Tan Sri Razali Bin Ismail and Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy had indicated their willingness to seek for re-appointment and have abstained from the deliberation and voting of their respective re-appointments at the Nominating Committee Meeting and Board Meeting.

The profiles of Y. Bhg. Tan Sri Razali Bin Ismail and Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy and their interest in the securities of the Company are set out in the Board of Directors' Profiles of this Annual Report.

#### **6. Re-appointment of External Auditors**

The Audit Committee having reviewed the performance assessment of KPMG, was satisfied with their performance and recommended the proposed re-appointment of KPMG as External Auditors for the Board's consideration.

KPMG had indicated their willingness to accept re-appointment as the External Auditors of the Company.

The Board having reviewed the proposed re-appointment of KPMG as External Auditors for the financial year ending 31 December 2016, recommended the same for the shareholders' approval.

## C. EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. Continuation in Office as Independent Non-Executive Director ("INED")

Pursuant to the recommendations of the Malaysian Code on Corporate Governance 2012, the tenure of an INED should not exceed a cumulative term of nine (9) years. The Board must justify and seek shareholders' approval in the event it retains as an INED, a person who has served in that capacity for more than nine (9) years.

Mr. Foo San Kan, an INED of the Company, was appointed to the Board on 25 November 2005. At the last Annual General Meeting of the Company in 2015, the shareholders of the Company had approved for Mr. Foo San Kan to continue to serve as INED of the Company until the conclusion of 42nd AGM.

Mr. Foo San Kan has expressed his willingness to continue to serve as an INED of the Company.

The Nominating Committee and the Board of the Company had assessed the independence of Mr. Foo San Kan and were of the view that Mr. Foo San Kan remains independence and shall continue to serve as an INED of the Company.

The Board recommended for shareholders' approval, the resolution for Mr. Foo San Kan to continue to serve as an INED of the Company after serving for a term of more than nine (9) years.

Mr. Foo San Kan is interested in this proposal and had accordingly abstained from deliberation and voting at the Nominating Committee Meeting and Board Meeting.

The Ordinary Resolution 8, if passed, will enable Mr. Foo San Kan to continue to serve as an INED of the Company until the conclusion of the next Annual General Meeting.

The justifications for this proposal are disclosed in the Statement on Corporate Governance of this Annual Report.

### 2. Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are underwriting of all classes of general insurance business and underwriting of life insurance and investment-linked business.

It is anticipated that the Company and its subsidiaries (collectively referred to as "Group") will, in the ordinary course of business, enter into recurrent related party transactions with classes of related parties as set out in section 2.2 of the Circular to shareholders dated 26 April 2016 ("Shareholders' Mandate Circular").

In view of time sensitivity and the frequent nature of such related party transactions, the Directors of the Company are seeking shareholders' approval for the proposed resolutions 9, 10 and 11, to allow the Group in its ordinary course of business, to enter into categories of recurrent related party transactions with the respective related parties as detailed in the Shareholders' Mandate Circular, provided that such transactions are made on arm's length basis and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

Detailed information in relation to the Proposed Shareholders' Mandate for recurrent related party transactions are set out in the Shareholders' Mandate Circular, despatched together with this Annual Report.

**D. ABSTENTION FROM VOTING**

Directors who are the shareholders of the Company will abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions involving their interests and/or interests of persons connected to them.

The following Directors are interested or deemed to be interested in the below mentioned resolutions to be tabled at the 42nd AGM:-

Interested Directors	Resolution No.	Direct Shareholding
Y. Bhg. Tan Sri Razali Bin Ismail	2 and 5	Nil
Mr. Foo San Kan	2 and 8	Nil
Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy	2, 6 and 10	Nil
Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim	2 and 3	Nil
Y.A.M. Tunku Zain Al-Abidin Ibni Tuanku Muhriz	2	Nil
Mr. Zakri Bin Mohd Khir	4, 9 and 11	(a) 100 ordinary shares of RM1.00 each. (b) 200 irredeemable convertible preference shares ("ICPS") of RM1.00 each.
Mr. Ong Eng Chow	9	(a) 100 ordinary shares of RM1.00 each. (b) 100 ICPS of RM1.00 each.

They will abstain from voting on the respective resolutions and have also undertaken that they will ensure the persons connected with them will abstain from voting on the relevant resolutions that involving their interests and/or interest of persons connected to them at the 42nd AGM.

**E. NOTE TO HOLDERS OF ICPS**

The holders of the ICPS shall be entitled to attend the 42nd AGM but have no right to vote at the said Annual General Meeting. The voting rights of the ICPS holders are detailed in the Statement on Corporate Governance of this Annual Report.

In accordance with Article 5A of the Company's Articles of Association in respect of the rights of ICPS holders, no dividend shall be payable to ICPS holders if no dividend is declared for the ordinary shareholders for the same financial year/period. The dividend rate for ICPS is 1.2 times of the dividend rate of the ordinary shares declared for the same financial year/period and calculated based on the nominal value of the ICPS.

Accordingly, if approval is granted by shareholders at the 42nd AGM for the payment of a first and final dividend of 6.50 sen per ordinary share, a first and final preference share dividend of 7.80 sen per ICPS under a single tier system will be paid on 15 June 2016 to ICPS holders whose names appear in the Record of Depositors at the close of business on 31 May 2016.

# Form of Proxy

**ALLIANZ MALAYSIA BERHAD (12428-W)**

(Incorporated in Malaysia)

Number of Shares Held	
CDS Account No.	
Contact No.	

I/We (name of shareholder) \_\_\_\_\_

NRIC No./Passport No./Company No. \_\_\_\_\_ (new) of (full address) \_\_\_\_\_

being a member of ALLIANZ MALAYSIA BERHAD, hereby appoint :-

Name of Proxy/Proxies	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			
*and			
Address			
*or failing him/her			
Address			

as my/our proxy to attend and vote for me/us on my/our behalf at the 42nd Annual General Meeting of the Company ("42nd AGM") to be held at Grand Ballroom, Level 2, Aloft Kuala Lumpur Sentral, 5, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 25 May 2016 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain as he/she thinks fit.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Approval for payment of a first and final dividend		
2	Approval for payment of Directors' fees		
3	Re-election of Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim as Director		
4	Re-election of Mr. Zakri Bin Mohd Khir as Director		
5	Re-appointment of Y. Bhg. Tan Sri Razali Bin Ismail as Director		
6	Re-appointment of Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy as Director		
7	Re-appointment of Messrs KPMG as Auditors and authority to the Directors to fix the Auditors' remuneration		
8	Continuation in office of Mr. Foo San Kan as an Independent Non-Executive Director		
9	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group		
10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Shook Lin & Bok		
11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Rapidpro Consulting Sdn Bhd		

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
Signature of shareholder/common seal

#### Notes

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 42nd AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 17 May 2016. Only a depositor whose name appears in the Record of Depositors as at 17 May 2016 shall be entitled to attend and vote at the 42nd AGM or appoint proxy/proxies to attend and vote on his/her behalf.
2. A member entitled to attend and vote at the 42nd AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. If two (2) proxies are appointed, the instrument of proxy must specify the proportion of his/her shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the EAN specifies the proportion of its shareholding to be represented by each proxy.
6. The instrument of proxy must be in writing under the hand of the appointor or his attorney. If the appointor is a corporation, under its common seal or the hand of its attorney.
7. The instrument of proxy shall be deposited at the Registered Office of the Company at Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not later than forty-eight (48) hours before the appointed time for holding the 42nd AGM.

#### Note to Holders of Irredeemable Convertible Preference Share ("ICPS")

The holders of the ICPS shall be entitled to attend the 42nd AGM but have no right to vote at the said Annual General Meeting. The voting rights of the ICPS holders are detailed in the Statement on Corporate Governance of this Annual Report.

## Allianz Malaysia Berhad (12428-W)

Level 29, Menara Allianz Sentral,  
203, Jalan Tun Sambanthan,  
Kuala Lumpur Sentral, 50470 Kuala Lumpur

**Attention : The Company Secretary**

Affix Stamp





**Allianz Malaysia Berhad** (12428-W)

Level 29, Menara Allianz Sentral

203, Jalan Tun Sambanthan

Kuala Lumpur Sentral

50470 Kuala Lumpur

Tel : 03-2264 1188/2264 0688

Fax : 03-2264 1186

Toll-free : 1300-88-1028

[allianz.com.my](http://allianz.com.my)

[facebook.com/AllianzMalaysia](https://facebook.com/AllianzMalaysia)



This Annual Report is printed on 100% recycled paper.