



LPI CAPITAL
SUBSIDIARY OF PUBLIC BANK

A Legacy of **Trust**

Integrated Annual Report 2025



▼
A Legacy of Trust

The cover design reflects the theme “A Legacy of Trust”, symbolising LPI Capital's long-standing reliability and stability. The interlocking curved forms resemble a secure lock, representing protection, assurance, and lasting partnership with stakeholders and the Public Bank Group.

The overlapping transparent layers express openness and accountability, while the cool blue-grey gradients convey professionalism and financial strength. Together, these elements communicate a legacy built on trust and a future safeguarded by strong, enduring relationships.



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VISION
To be the preferred premier insurance solutions provider.

CORPORATE MISSION
Our primary focus is to provide innovative insurance products supported by customer centric service excellence. We aim to provide our insured an easy channel for all their insurance needs.

Our brand is representative of the way we conduct ourselves and the approach to organisational development. We aim to create an environment for our people that is fair, caring and accountable.

Our drive is to create value for our stakeholders, anchored to our vision and corporate mission. We strive for sustainability through financial and technical strength based on recognised and proven standards.

OUR CORE VALUES
Represent the way we conduct ourselves and our responsibilities to our insured, our stakeholders, our people and our community.

- L** Aspire to be the **LEADER** in the insurance industry in Malaysia and in the region.
- O** Commitment to **OPERATIONAL EXCELLENCE** guided by integrity and professionalism.
- N** Creating **NEW AND INNOVATIVE** market-relevant insurance products.
- P** **PROVIDING** a fair, caring and merit based working environment.
- A** **ADOPTING** a proactive and accountable approach to stakeholders.
- C** **CRAFTING** a premier insurance brand identified for good corporate governance and corporate responsibility.

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Our Integrated Annual Report 2025 can be found online at <https://www.lpicapital.com/financial-reports/annual-report/>

SECTION 1: BASIS OF THIS REPORT

BASIS OF THIS REPORT

The LPI Capital Bhd (“LPI”) 2025 Integrated Annual Report (“IAR”) offers a comprehensive overview of the business operations of LPI and its wholly-owned subsidiary, Lonpac Insurance Bhd (collectively known as “the LPI Group” or “the Group”). As a publicly listed entity on the Bursa Malaysia stock exchange, this report adheres to the regulations outlined in Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“MMLR”), the International Integrated Reporting Council’s (“IIRC”) Integrated Reporting <IR> Framework, and other international reporting standards.

In addition to presenting the Group’s financial performance for the financial year ended 31 December 2025 (“FY2025”), the report highlights the Group’s sustainability initiatives and its governance track record. Further details on these activities can be found on page 48. The Group is dedicated to providing a thorough and transparent report that evaluates its value creation as a leading Malaysian insurance provider and offers insights into its processes and future outlook.

REPORTING SCOPE AND BOUNDARY

This report adheres to the MMLR and the <IR> Framework, meeting both local and international disclosure standards. It offers stakeholders a comprehensive view of the LPI Group’s activities and future outlook considering short-, medium-, and long-term horizons. The report details the Group’s value creation processes, financial performance for the review year, strategic business direction, Environmental, Social, and Governance (“ESG”) initiatives, and future goals and prospects.

In addition, the report provides information regarding the activities and developments of the LPI Group, including the activities of Lonpac Insurance Bhd as LPI’s wholly-owned subsidiary. The associated entity, Campu Lonpac Insurance Plc, is excluded from the ambit of this report. The time period under consideration in this report is the financial year that ended on 31 December 2025.

RESPONSIBILITY FOR PREPARING THE IAR

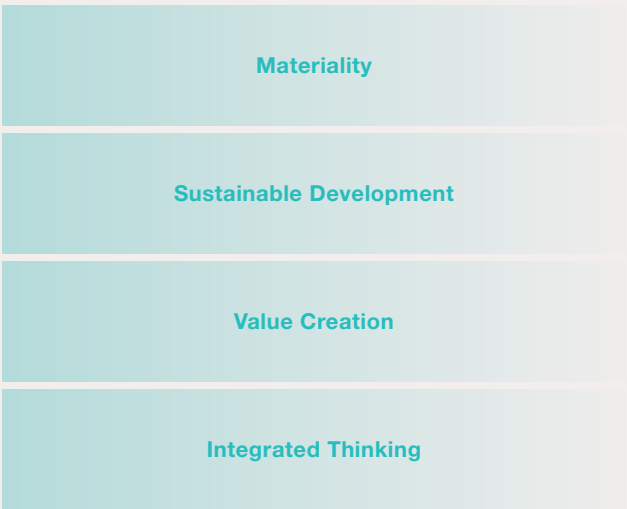
The Board of Directors (“Board”) aims to provide shareholders with a fair, balanced and accessible assessment of the Group’s position, performance, business model and strategy. It is also responsible for maintaining accurate accounting records and ensuring compliance with statutory and regulatory obligations to manage or mitigate risk in line with the Group’s risk strategy.

The Board confirms that the IAR is fair, balanced and accessible, offering shareholders the necessary information to assess the Group’s position, performance, business model and strategy. Several procedures are in place to help the Board in this endeavour, including:

- Active management oversight during the IAR preparation
- A validation process to ensure the factual accuracy of the IAR
- An Audit Committee review of all content reported in the IAR

KEY CONCEPTS AND DEFINITIONS

This integrated report is guided by several key concepts:



Materiality

Materiality is the principle of identifying and assessing a broad range of ESG sustainability matters, and subsequently refining them to focus on those most crucial to a company and its stakeholders. This involves identifying, evaluating, and addressing issues that significantly impact the sustainability of the LPI Group and of its stakeholders. These matters encompass the legitimate needs and interests of various stakeholders, including shareholders, employees, regulators and customers.

By adhering to the principle of materiality, the Group ensures that its actions and use of resources focus on issues most relevant to its stakeholders. From a reporting perspective, the principle of materiality ensures that the information in this report accurately reflects the impacts and outcomes of the Group’s value creation activities, and the sustainability of those activities, in relation to its stakeholders.

Sustainable Development

The principle of sustainable development stipulates that activities by the Group should not compromise the value-creation ability of future generations. This principle is aligned with the United Nations Sustainable Development Goals (“UN SDGs”) and has been integrated into the 12th Malaysia Plan. As part of this commitment, the LPI Group has integrated the UN SDGs into its Sustainability Blueprint and committed itself to advancing four specific goals, details of which can be found on page 64.

Value Creation

The Group’s core business activities are designed to create value for its stakeholders. These activities involve the consumption and depletion of various capital inputs, requiring strategic trade-offs to optimise value creation in line with the principle of sustainable development. Value is understood to encompass both financial and non-financial values.

To ensure long-term sustainable value creation, some of the Group’s activities are focused on replenishing capital inputs, while others are aimed at delivering value outcomes for stakeholders. For instance, efforts are made to replenish financial capital through activities such as dividend and salary payments, and through marketing initiatives that enable other value-creating endeavours. The Group’s comprehensive value creation model is detailed on page 61 of this report.

Integrated Thinking

Integrated thinking, as defined by the IIRC, focuses on the interdependence of various factors that influence an organisation’s long-term value creation. It involves considering:

- The capital inputs that are used by or are affected by the activities of an organisation, including their critical interdependencies and trade-offs.
- The organisation’s capacity to understand and respond to the legitimate needs and interests of key stakeholders.
- The way the organisation adapts its business model and strategy in response to its external environment, risks and opportunities.
- The organisation’s past, present and future activities, financial and non-financial performance, and outcomes in relation to its capitals.

BASIS OF THIS REPORT

REPORTING FRAMEWORKS

The preparation of this report has been guided by the following reporting frameworks:

- ✓ The International Integrated Reporting <IR> Framework
- ✓ The IFRS Accounting Standards issued by the International Accounting Standards Board
- ✓ The IFRS Sustainability Disclosure Standards – IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures
- ✓ The Greenhouse Gas Protocol (“GHG Protocol”)
- ✓ The Partnership for Carbon Accounting Financials (“PCAF”) for Financed Emissions
- ✓ The Malaysian Code on Corporate Governance
- ✓ Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“MMLR”)
- ✓ Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide (3rd Edition)
- ✓ Malaysian Companies Act 2016
- ✓ The MFRS Accounting Standards issued by the Malaysian Accounting Standards Board
- ✓ The Global Reporting Initiative (“GRI”) Sustainability Standards
- ✓ The Sustainable Accounting Standards Board (“SASB”) Standards
- ✓ The AA1000 AccountAbility Principles

FORWARD LOOKING STATEMENTS

This report includes forward-looking statements regarding the Group’s plans, objectives, expectations, financial condition, performance, results and estimates of cash flows and costs. These statements constitute projections of future conditions and are subject to uncertainties that may cause actual outcomes to differ. Such events and circumstances include economic and business conditions, market fluctuations, policies and actions of regulatory authorities, competitor actions, and the impact of tax and other legislation in operating jurisdictions.

Consequently, actual future financial conditions, performance, and results may vary materially from the plans, goals, and expectations outlined in this integrated report. The Group is not obligated to update any forward-looking statements in this document or elsewhere should operating conditions change. This report does not constitute an offer to sell or solicitation of an offer to buy securities.

BOARD APPROVAL

LPI’s Board of Directors (“the Board”) grants its assurance that all efforts have been made to provide a thorough and comprehensive disclosure of the LPI Group’s activities during the year under review. This report was prepared in line with the guidelines provided by Bursa Securities as well as the <IR> Framework, and the report has been reviewed and endorsed by the Board. The Board is represented on the Sustainability and Integrated Reporting Committee by its Executive Director, Mr. Tan Kok Guan.

FEEDBACK

The Group welcomes all questions or comments regarding the contents of this report. Please email all correspondence to ir@lpicapital.com.

WHO WE ARE & WHAT WE DO

LPI Capital Bhd (“LPI”), originally established as the London & Pacific Insurance Company Berhad on 24 May 1962, is an investment holding company listed on Bursa Malaysia Securities Berhad (“Bursa Securities”). LPI became a subsidiary of Public Bank Berhad (“PBB”) following the latter’s purchase of a 44.15% stake in the company, making it the single largest shareholder of LPI.



LPI commenced operations as an insurer on 9 April 1963 after receiving the necessary approvals under the Malaysian Insurance Act 1963. LPI was subsequently publicly listed on the Second Board of the Malaysian stock exchange on 8 January 1993 before being transferred to the Main Market on 17 January 1997.

On 1 May 1999, LPI consolidated its insurance operations under its wholly-owned subsidiary, Lonpac Insurance Bhd (“Lonpac”). As a result of this consolidation, Lonpac is responsible for all of LPI’s insurance activities in Malaysia

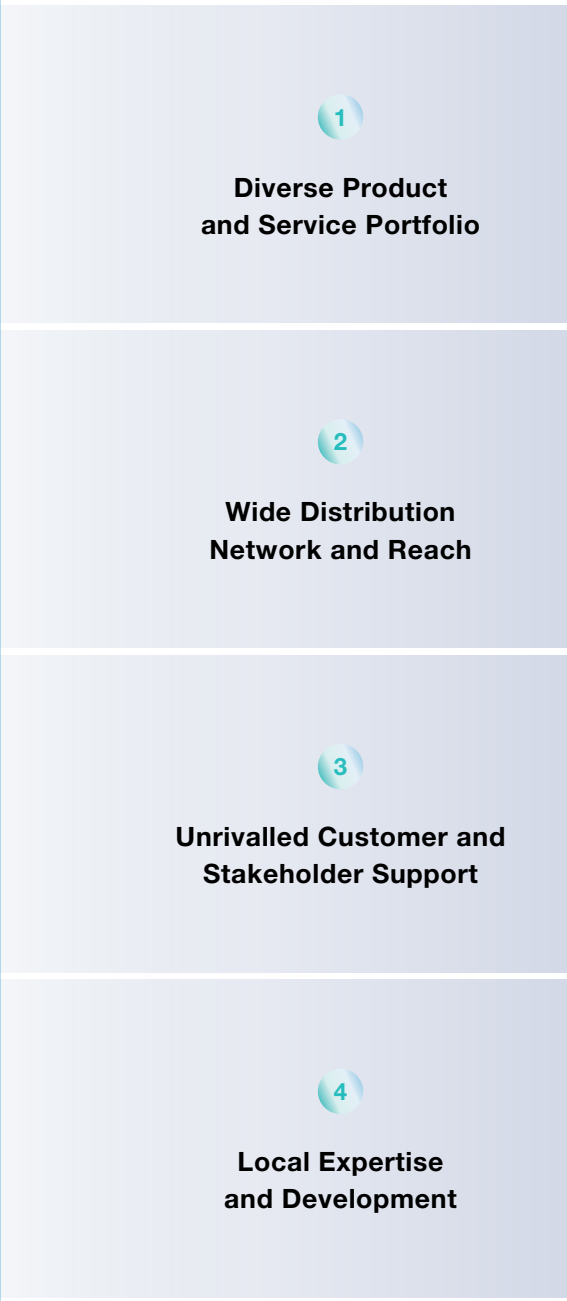
and Singapore. Additionally, LPI holds a 45% stake in Cambodia-based Campu Lonpac Insurance Plc. These entities are collectively known as the LPI Group (“the Group”) in this report.

LPI Group is a market-leading general insurance provider in Malaysia with over 60 years of experience serving Malaysian individuals and businesses. LPI Group is also competitive in Singapore and continues to build its presence in the Cambodian market which holds significant potential.

WHO WE ARE & WHAT WE DO

VALUE PROPOSITION

The LPI Group is known for its dependable service and dedication to customer satisfaction. Its strong emphasis on corporate ethics and governance, coupled with a customer-centric approach, has cemented its standing in the market. LPI Group’s prudent, sustainable, and innovative growth strategy ensures its continued relevance and trustworthiness as an insurer in Malaysia’s evolving landscape. The Group offers the following key benefits to its stakeholders:



1

Diverse Product and Service Portfolio

LPI Group offers a wide range of insurance products and services catering to different customer segments, from individuals to large business groups. Through our many years of experience we have established a strong understanding of the local market’s needs and risk appetites. We use this information to develop insurance solutions that are accessible, affordable and tailored to our customers’ needs. To ensure that LPI Group remains relevant at all times, we carefully study and analyse our markets and work closely with business partners and intermediaries.

Presently, the LPI Group offers insurance solutions in the following areas:

Employee Benefits	Pecuniary Insurance
Health Insurance	Personal Accident Insurance
Liability Insurance	Project Insurance
Motor Insurance	Property Insurance
Marine Insurance	Trade Credit Insurance

2

Wide Distribution Network and Reach

The LPI Group delivers extensive insurance solutions to diverse customer segments through a broad agent network. This network is vital for guiding clients to appropriate coverage for their homes, families, and businesses, and provides crucial feedback by which we can refine our various offerings.

Through collaborations with government and industry partners, including local and international insurers and reinsurers, the Group provides specialised coverage and underwrites large-scale projects. The Group’s in-house actuarial and research teams support risk management by accurately pricing risks and identifying new business opportunities, particularly those related to climate and sustainability.

SECTION 2: WE ARE LPI

WHO WE ARE & WHAT WE DO

2 Wide Distribution Network and Reach (Con't)

LPI Group has expanded its reach and enhanced its distribution and communication capabilities, especially on mobile and online platforms, by integrating digital technology. This digital transformation caters to tech-savvy customers who desire more control over their insurance management. To support this evolution, LPI Group has upgraded its IT resources to establish robust digital distribution channels.

Currently, the Group's presence comprises 21 Lonpac branches in Malaysia and one in Singapore. It also has a presence in Cambodia through its associated company, Campu Lonpac Insurance Plc.

3 Unrivalled Customer and Stakeholder Support

For six decades, the LPI Group has made customer and stakeholder satisfaction the foundation of its operations, recognising the importance of trust for sustainable growth. The Group invests significantly in staff training and development, as well as in developing strong relationships with intermediaries and ensuring exceptional service.

A key focus for LPI Group is the management of insurance claims, especially as they tend to arise under stressful circumstances. By committing to expediting the claims process, minimising disputes and swiftly resolving claims, the Group ensures both efficiency and maximal customer satisfaction. The Group measures its claims performance against established standards, as well as regular assessments of open claims.

In addition, LPI Group prioritises communication with customers through various channels. Our dedicated Customer Service Centre and online platforms are crucial for providing product information and obtaining customer feedback. Customers can also make use of LPI's web portal for self-service options, enabling more effective management of their policies.

Lonpac customers enjoy access to exclusive services, including:

Lonpac E-Assist	Lonpac Home-Assist	Lonpac Travel Assist
24-hour emergency car assistance, offering roadside repairs and emergency towing to eligible policyholders.	Referrals for home repair and maintenance services, available to select policyholders.	Medical and emergency support for travellers under specific policies.

In addition, LPI's web portal serves as a vital touchpoint for corporate stakeholders, providing transparent and essential information that allows investors and shareholders to evaluate the Group's capabilities. This integrated annual report further exemplifies LPI's commitment to delivering relevant financial insights to its stakeholders.

WHO WE ARE & WHAT WE DO

4 Local Expertise and Development

As a leading homegrown Malaysian insurer, LPI Group is dedicated to cultivating local insurance expertise and ensuring the long-term viability of the general insurance market. The Group values and firmly believes in deeply understanding local cultures and business values, and prioritises the recruitment and development of local talent.

Local expertise is vital in the insurance industry as locations vary widely in circumstances and operating conditions. Since local experts more thoroughly understand the inherent risks associated with specific regions or businesses, Lonpac's customers can be confident that their risk profiles are always being analysed and their exposure managed by best-placed, experienced experts.

LPI Group fosters the development of local expertise through a top-down approach. Leaders within the Group are appointed from a pool of individuals who have shown strong commitment to the Group's values and possess the technical and contextual knowledge required to build robust relationships with stakeholders. This commitment is further supported by a comprehensive training and professional growth plan for employees and agents, which in turn significantly contributes to the advancement of the insurance profession within the country.



SECTION 2: WE ARE LPI

2025 KEY HIGHLIGHTS

TRANSFORMING EFFORTS INTO ACHIEVEMENTS

FINANCIAL HIGHLIGHTS

Insurance Revenue (RM billion)	1.96
Gross Written Premiums (RM billion)	2.01
Profit Before Tax (RM million)	457.2
Return On Equity (%)	15.0
Net Dividend Per Share (sen)	80.0

SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL - Reduced 16% of total waste generated - Paper-related expenses reduced by 15% Conducted climate risk scenario analysis to strengthen climate risk management and resilience - LPI Group made its inaugural disclosure of financed emissions from investments (Scope 3, Category 15) PG Refer to page 83 for Our Environmental Pillar.	SOCIAL - Customer policy renewal ratio of 80% No incident of substantiated complaints concerning human rights violations - Spent RM1.43 million on training and development, providing an average of 30 training hours per employee 40% representation of women in the Board PG Refer to page 69 for Our Social Pillar.	GOVERNANCE - Board-level oversight of sustainability and climate-related risks Zero bribery and corruption cases 99% of employees received anti-bribery and corruption training Zero incidents of successful cyber hacking - No regulatory penalties and legal losses Financial Strength Rating of A (Excellent) by A.M. Best PG Refer to page 65 for Our Governance Pillar.
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AWARDS & RECOGNITION



▶ **Top Service Award**
CNA International Solutions 2025
– Global Excellence



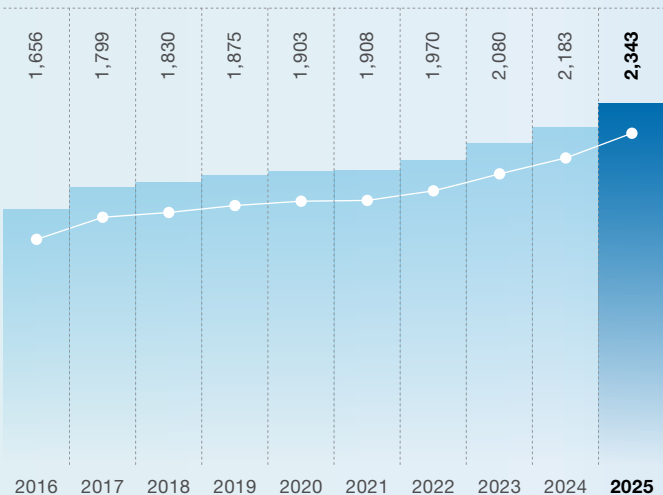
▶ **Top Achiever, Insurance & Takaful Anti-Fraud Excellence Award 2025**



▶ **Top 50 Overall Excellence Award Winner 2025**
National Corporate Governance & Sustainability Awards 2025

NON-FINANCIAL HIGHLIGHTS

Gross Written Premiums Income Per Employee (RM'000)

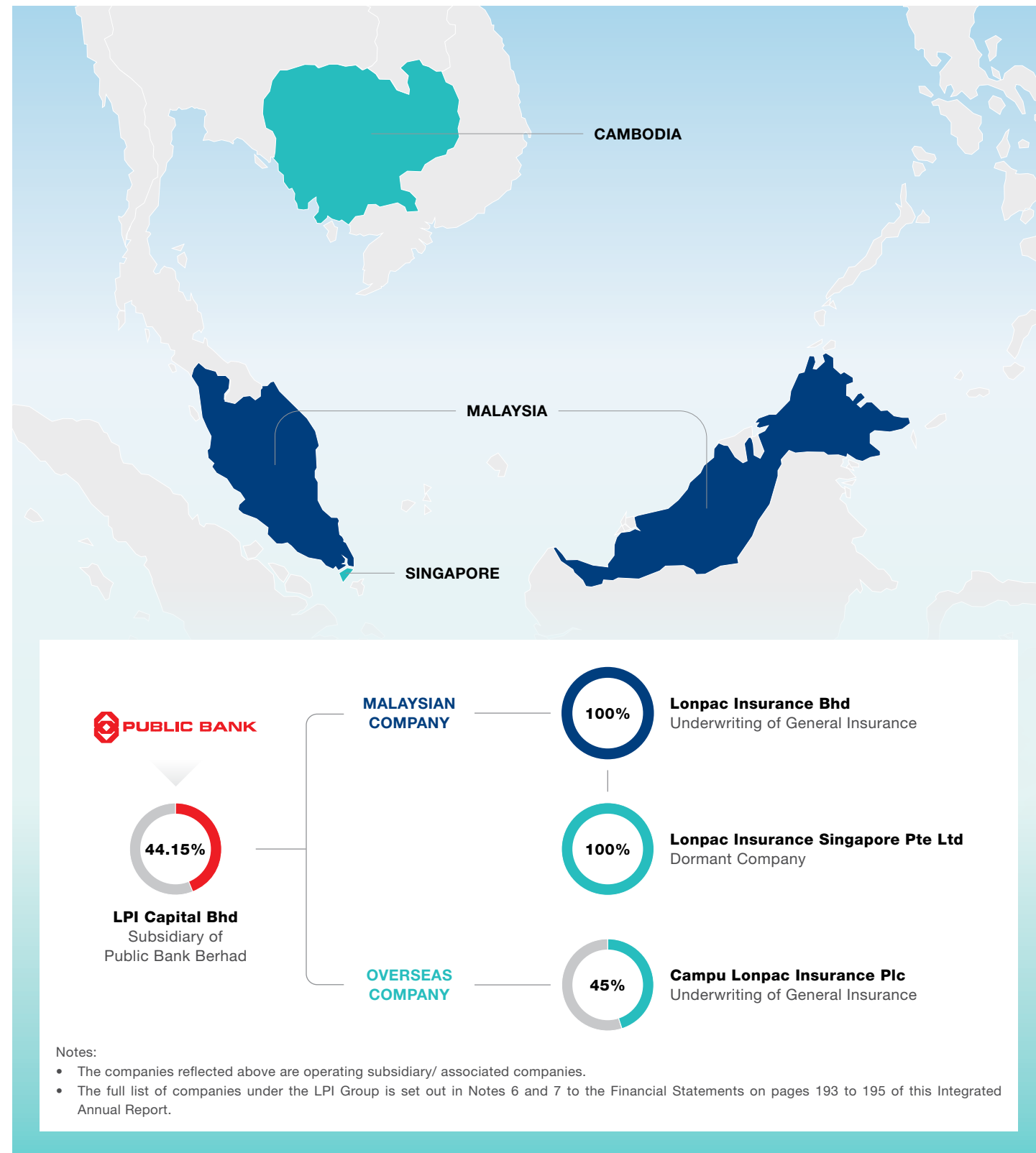


▶ No. of Employees	856
▶ No. of Policies Issued per employee	2,288

SECTION 2: WE ARE LPI

GROUP CORPORATE STRUCTURE

AS AT 31 DECEMBER 2025



OUR APPROACH TO SUSTAINABILITY

The LPI Group's approach to sustainability is formalised through a robust governance structure designed to embed Environmental, Social, and Governance principles into the heart of its corporate strategy. This commitment is steered by the LPI Group Sustainability Framework, a high-level strategic document that defines the Group's long-term aspirations and ethical standards. The Board of Directors maintains ultimate accountability for the Framework, providing the necessary oversight to ensure that sustainability objectives are integrated into the Group's risk management and value-creation processes.

To ensure the practical impact of these objectives, the Framework is structured into discrete initiatives via the LPI Sustainability Blueprint. This Blueprint acts as a comprehensive roadmap, translating broad organisational goals into tangible initiatives with measurable outcomes. Through the rigorous alignment of strategy and execution, LPI Group maintains a transparent and disciplined approach to responsible corporate citizenship.

The Group is committed to measuring and disclosing material sustainability performance to provide the stakeholders with fair, relevant, comparable and timely information.

More information about LPI's Sustainability Statement is available on page 48 of this report.

SECTION 3: LEADERSHIP MESSAGES

CHAIRMAN'S STATEMENT

MR. TEE CHOON YEOW

Non-Independent

Non-Executive Chairman

COMMITMENT TO EXCELLENCE & RELIABILITY

DEAR STAKEHOLDERS,

It gives me great pleasure to present this year's integrated annual report on behalf of LPI Capital Bhd's ("LPI") Board of Directors ("the Board"). This document contains a comprehensive account of our activities for the year ended 31 December 2025, documenting the performance of the Group within a dynamic operating environment that was marked by both challenges and opportunities.

PERFORMANCE OVERVIEW

LPI delivered a robust performance in 2025, driven by its wholly-owned general insurance subsidiary, Lonpac Insurance Bhd ("Lonpac"). Despite a challenging operating environment marked by an increase in claims in key portfolios, Lonpac recorded a strong performance which saw total Gross Written Premiums ("GWP") hit a record high of RM2.01 billion, a 7.8% year-on-year increase from the RM1.86 billion recorded a year ago. Although higher claims have impacted the Group's overall Insurance Service Result ("ISR") and Profit Before Tax ("PBT"), the surge in GWP strongly indicates that our strategies are driving overall growth and long-term sustainability.

Higher claims for the year lowered LPI's PBT to RM457.2 million, a decrease of 3.6% from the RM474.1 million reported in 2024. The reduction stemmed from its general insurance segment, where its profit contribution decreased 4.1% to RM420.2 million in tandem with the lower ISR of RM347.7 million. The decrease in PBT was partly mitigated by a stronger return from the investment holding segment which recorded an improved income of RM37.0 million from RM36.0 million in 2024.

Meanwhile, the Group's operating revenue continued its growth trajectory in 2025 driven by the record GWP of RM2.01 billion. The higher operating revenue reflects the solid growth in GWP during the year, buoyed by a resilient Malaysian economy. For the year, LPI achieved a net Return on Equity ("ROE") of 15.0% and Earnings Per Share ("EPS") of 92.3 sen, a slight decrease from the ROE of 15.6% and EPS of 94.7 sen in the previous year.

After a comprehensive evaluation, including the operating environment, the Group's prudential thresholds, and sustainability requirements, the Board has announced a second interim single-tier dividend of 50.0 sen for the financial year ended 31 December 2025 ("FY2025"). This brings LPI's total dividend payout for the year to 80.0 sen (inclusive of the first interim dividend of 30.0 sen paid earlier in the year).

Underwriting Performance

Lonpac's ISR of RM347.7 million in 2025 represented a year-on-year decline of 8.0% from RM377.8 million despite a 10.1% increase in insurance revenue. The decline was mainly driven by higher insurance service expenses which rose 22.5% from the previous year to RM1,296.2 million. The higher insurance service expenses were predominantly caused by higher claims as reflected in Lonpac's Claims Incurred Ratio which increased to 45.4% from 40.4% the previous year. Meanwhile, GWP continued to show healthy growth in FY2025, increasing 7.8% to RM2.01 billion from RM1.86 billion in the previous year.



SECTION 3: LEADERSHIP MESSAGES

CHAIRMAN’S STATEMENT

Despite the lower PBT, Lonpac’s Combined Ratio – a key marker of an insurer’s profitability – remained at 75.9%, outperforming the Malaysian industry average of 93.1% as at 30 September 2025. At the same time, the Management Expenses Ratio rose slightly, in tandem with higher gross premiums written, to 20.9% from 19.6% in 2024. Together, these ratios reflect Lonpac’s greater efficiency and profitability compared to industry peers, and its ability to successfully navigate a dynamic operating environment.

The resilience of the Malaysian economy continues to drive sectoral growth. According to Bank Negara Malaysia (“BNM”), the national economy was resilient in 2025, with growth expected to settle between 4.0% and 4.8% for the year as a whole. This macro-strength continues to drive investment, as shown in figures from the Malaysian Industrial Development Authority (“MIDA”) which reported total approved investments of RM190.3 billion in the first half of 2025, a year-on-year increase of 18.7%. The surge in foreign investments especially – by 43.5% from 2024 to RM106.8 billion – also reflects increasing investor confidence in the country.

On the other hand, rising costs, especially due to medical inflation, have become increasingly complex challenges for the insurance industry. While we are supportive of the government’s goal of keeping medical insurance affordable, we are also conscious of the need to ensure the sustainability of our underwriting practices. Accordingly, we are also becoming increasingly careful of managing emerging environmental risks, such as 2025’s earthquakes in Johor and worsening floods due to climate change. While we are currently well-positioned to manage the impact of severe weather events on our business portfolios, we must be vigilant in responding to new developments as they arise.

Compared to our peers, Lonpac’s performance ranking remains unchanged from the previous year, placing 6th position in terms of market share based on gross direct premiums. This is based on the Insurance Services Malaysia Berhad’s Statistical Bulletin for the January to September 2025 period. The strength of our balance sheet was externally validated by A.M. Best, a globally recognised credit rating agency, which affirmed Lonpac’s Financial Strength Rating of A (Excellent)

and Long-Term Issuer Credit Rating of “a” (Excellent). These ratings were evaluated by A.M. Best as stable.¹

¹ To see more on A.M. Best’s rationale for these ratings see page 22 of this report.

Investment Performance

The performance of LPI’s investment portfolio remained positive with investment income increasing to RM151.3 million from RM145.1 million in 2024. The portfolio also posted a net fair value gain of RM10.0 million during the year. While this positive contribution from investments helped the Group’s performance for the year, global capital markets remain uncertain. Heightened geopolitical risks and trade tensions may substantially impact investment performance going forward.



CHAIRMAN’S STATEMENT

THE OPERATING ENVIRONMENT

The Malaysian Operating Context

The Malaysian economy continued its strong trajectory in 2025, sustaining the Group’s premium growth. According to BNM, the national economy remained resilient, with growth projected to stabilise between 4.0% and 4.8% in 2025. Heightened economic activity, particularly in the development of data centres and in the Electrical and Electronics (“E&E”) segment, directly translated into robust demand for general insurance products. As a result, Lonpac’s coverage of engineering and heavy industry projects rose by 14.6% to RM151.8 million in FY2025 from RM132.5 million in FY2024, reflecting the continuing high level of capital development across the country.

Strong premium growth notwithstanding, the Group has adopted a defensive posture driven by a challenging claims environment. While LPI remains committed to long-term sustainability, the path forward has been complicated by rising costs. Chief among these is the unprecedented claims pressure from our medical portfolio, which is currently experiencing a surge in costs. A report by global professional services firm Aon projects that medical inflation in Malaysia will hit 16.0% in 2026, increasing from an already high 15.0% in 2025.² By comparison, the Asia-Pacific projected average for 2025 and 2026 is 11.1% and 11.3%, respectively. While Lonpac’s medical coverage does not constitute a substantial part of our overall business, it nevertheless represents a weakness in our overall portfolio which necessitates strict underwriting discipline.

Meanwhile, heightened environmental threats, including earthquakes and floods, represent a risk to Fire and Motor coverage, the largest components of our business. As a result, the Group has enhanced its sustainability function to ensure that our risk exposure remains within the Group’s stipulated prudential limits.

² <https://www.aon.com/en/insights/reports/the-global-medical-trend-rates-report>

The long-term sustainability of LPI depends on effectively managing these various structural cost and risk challenges through agile product pricing, enhanced claims management efficiency, and ongoing strategic alignment with the regulator’s push for a more transparent and affordable healthcare ecosystem.

Global Economic Volatility

The Group is aware of the ongoing volatility in the external environment, with geopolitical and trade tensions casting shadows over global trade and capital markets. The past year has shown that operating circumstances can change at a moment’s notice, with swift and devastating impact on businesses.

Since these variables are beyond our control, the Group has adopted a cautionary approach to investment and risk exposure, prioritising capital preservation over aggressive risk-taking to maintain liquidity and solvency buffers. To provide further assurance to our stakeholders, Lonpac’s balance sheet and capital adequacy are assessed and validated annually by A.M. Best, the world’s largest credit rating agency specialising in the insurance industry and insurance-linked securities.

Meanwhile, the outlook for the global economic environment remains unclear. Uncertainty about growth prospects has been compounded by widely diverging forecasts for growth prospects by global authorities including the International Monetary Fund (“IMF”) and the World Bank. For instance, the IMF projects stable global growth at 3.2% in 2025, but the World Bank is less optimistic predicting 2.3%. The key takeaway from the diverging forecasts is that the world economy continues to be defined by fragmentation, uncertainty, and persistent risk.

SECTION 3: LEADERSHIP MESSAGES

CHAIRMAN’S STATEMENT

Over recent years, geopolitical risks in particular have evolved into becoming a part of structural global instability. The threat of trade fragmentation between major economic blocs and persistent volatility in commodity supply continue to exert downward pressure on capital markets and complicate global trade. Since there is no expectation these tensions will stabilise soon, the Group will continue to implement a rigorous and strategic approach to risk selection and capital deployment.

One positive development during the year is the receding of the threat posed by global inflation shock. According to the IMF, headline inflation is expected to ease to 4.2% in 2025 from 5.8% in 2024. However, the deceleration is uneven: while some advanced economies have found tentative stability in their price rises, emerging markets continue to grapple with price pressures. Domestically, Malaysia’s inflation rate has remained stable, averaging just 1.4% for the first seven months of 2025. BNM projects that inflation will fall within a manageable range of 1.5% to 2.3% for the year, although it cautions that this is contingent on the successful containment of global commodity price spikes and continued government policy adjustments.

Liberalisation of the Malaysian General Insurance Sector

LPI remains supportive of the liberalisation of the general insurance industry and will continue to adapt its operations to meet current requirements. The industry is now in the later stages of the liberalisation roadmap, with insurers transitioning into the Phase 2B. While much of the main work associated with phased liberalisation has been completed, with most insurers having integrated risk-based pricing into their businesses, and merger and acquisition activity subsiding, new developments continue to emerge which could further shape the insurance sector.

For instance, BNM introduced its Digital Insurers and Takaful Operators (“DITO”) Framework in 2024, with the application process for its associated license beginning in 2025. The introduction of digital insurers is part of BNM’s plan to increase competition in the newly liberalised regime, as well as to accelerate the digitalisation of Malaysia’s financial sector. While the impact of this framework remains to be seen, it underlines the importance of digital technology as an

insurance distribution and management channel. The Group has already embarked on its digitalisation plan, but there is an acknowledgement that more can be done to remain competitive in the digital field, such as the deployment of Artificial Intelligence (“AI”) tools. These efforts should be aimed not only at protecting existing market share, but to identify possible new business prospects in the relatively underinsured Malaysian market.

Secondly, BNM will be updating its Risk-Based Capital Framework (“Framework”) which is slated for implementation in 2027. The aim of the updated framework is to ensure that insurers have sufficient capital buffers to manage the higher underwriting risks resulting from the higher level of competition driven by liberalisation. While the Group is confident that its prudential approach will contain its risk exposure within the new Framework’s limits, a definitive assessment must await final publication of the Framework.

Navigating Climate Change

Climate change is quickly becoming a significant factor reshaping the insurance industry with far-reaching consequences for organisational sustainability. With extreme weather events escalating in frequency and severity, insurers face unprecedented volatility in claims related to property damage, health hazards, and business interruption.

In 2025, these risks were brought into sharp focus through several notable domestic events. Severe flooding across Peninsular Malaysia, and unexpected earthquakes in the southern state of Johor highlighted the need for enhanced models that account for both chronic and unexpected events that will likely only increase in the future.

CHAIRMAN’S STATEMENT



The consequences of climate risk can be seen in our reinsurance activities. Although global reinsurance costs are moving into a post-peak pricing phase, with property and catastrophe rates softening from their 2024 highs, they continue to remain at historically elevated levels. The softening of the reinsurance market, beginning at the start of 2025, reflects the influx of capital from traditional reinsurers and alternative capital sources such as Catastrophe Bonds. Consequently, the reinsurance market has become more competitive which is advantageous to the LPI Group as reinsurance cost becomes more favourable.

The shift toward a low-carbon economy in response to climate change represents a strategic imperative for the LPI Group. The increasing number of electric vehicles (“EVs”) on the road, as well as solar panel installations across the country, are clear indications that Malaysians are embracing the green revolution, and that LPI must do its part in facilitating this transition. A plan to provide green insurance and specialised EV coverage is currently underway, which when complete will offer exciting new market opportunities.

At the same time, however, the Group recognises green insurance as an emerging business class and accordingly adopts a cautious approach, including the careful collection of risk data particularly from markets where green technology is more mature. Ultimately, the LPI Group’s foray into

underwriting green technology requires a deliberate, thoughtful approach to ensure it is technically sound and sustainable for all stakeholders.

The Group recognises the importance of environmental sustainability in its operations, and has made it a cornerstone of its Enterprise Risk Management and Sustainability Department. In response to the growing concern of the environmental issue, the Group ensures it abides by all governing regulations and adopts international best practices to fulfil its obligations of responsible corporate citizenship.

Future Outlook and Strategic Priorities

The Malaysian general insurance market is expected to remain competitive as players continue to settle into the new liberalised regime. Challenges in the new operating environment will be compounded by a volatile claims environment which will continue to be affected by medical inflation, claims associated with natural catastrophes, motor accident rates, and the repair costs of EV components. Thus, while more expansion is expected in the market due to BNM’s efforts to increase national coverage, uncertainties will remain. Against this mixed outlook of growth and risk, the Group will continue to optimise its business portfolio to minimise losses and maximise profitability by being selective in our underwriting and streamlining areas that do not fit our strategy.

SECTION 3: LEADERSHIP MESSAGES

CHAIRMAN'S STATEMENT

The entry of new digital competitors under DITO will also increase competitive pressure faced by the Group. The pace of technological development, particularly in the areas of AI and automation, means that newcomers will appear offering up-to-date technology that minimises costs and optimises efficiency. The LPI Group must proactively address this issue, and is currently exploring ways to further automate and enhance our digital offerings. At the same time, we remain aware that technology will never replace our years of experience and the relationships built by our network of agents over the past 60 years. This expertise will continue to be our main driver of growth going forward.

To that end, rather than replacing our agents with AI, we are strategically supporting them as our primary distribution channel by equipping them with advanced digital tools to deliver more personalised service. This combines the strengths of human expertise and digital capability, to ensure that our customers receive high quality solutions and service from the Group. Achieving this will require continued innovation and integrating technology across our insurance value chain, particularly in light of forthcoming operational changes.

Meanwhile, the Group's commitment to sustainability remains paramount, reinforced by new national policies like the planned Carbon Tax and an extended focus on green financing. We will expand our coverage for electric vehicles and other green products, being sure to remain true to our philosophy of controlled, profitable growth and long-term value creation for our company and the communities we serve.

Acquisition by Public Bank Berhad

Public Bank Berhad ("PBB")'s acquisition of a major stake in LPI on 4 December 2024 means that LPI is now a PBB subsidiary. While we are still in the early stages of our formal partnership, I am pleased to note that many collaborative initiatives and synergistic plans and ideas that will benefit the entire group are already underway. These collaborations have been designed to secure the long-term growth of LPI and the wider PBB Group, as well as to further integrate LPI into the larger PBB family. As such, we have introduced a new logo for

LPI to reflect our new identity and to bolster recognition from potential new customers. The Board is optimistic about this new chapter for the Group, and I am convinced that we shall enjoy even more success in the future.

Acknowledgements

The Board wishes to extend its heartfelt appreciation to the staff and Management of the Group, our extensive network of agents, and our intermediaries. Your steadfast support and commitment to enhancing the customer experience have been invaluable, providing as you do the vital human-digital link between our clients and the Group, especially as we advance our tech-enabled service platforms.

We extend special recognition to our loyal customers and shareholders: your ongoing trust and support have always been the foundation of the LPI Group. This established relationship is particularly valuable following our recent structural transition into the Public Bank group, and we are committed to remaining your reliable, comprehensive choice for insurance needs.

We also express our sincere appreciation to our regulators and governing authorities, especially BNM, for their clear leadership in ensuring the insurance industry remains a transparent, accountable, and well-governed sector, fully prepared for future challenges.

Finally, I would like to offer my personal thanks to my fellow Board members for their strategic advice and contributions over the past year. Your guidance remains invaluable as we chart a course toward sustainable growth and deeper integration.

Thank you for your continued support as we work to build a stronger, more technologically advanced, and resilient LPI Group.

GROUP CEO'S MESSAGE

MR. TAN KOK GUAN

 Executive Director/
 Group Chief Executive Officer

 LEADING WITH
 CLARITY
 & PURPOSE

The operating environment in 2025 was challenging, with various dynamics affecting the LPI Group's overall performance. First and foremost, we acknowledge the vital role that the resilient Malaysian economy has played in catalysing premium growth. The increase in economic activity is mainly attributable to surging investments into Malaysia's Electrical and Electronics ("E&E") sector and in the construction of new data centres. Additionally, the government's strategic investments into infrastructure, such as the construction of the Penang Light Rail Transit, the Pan Borneo Highway, and flood mitigation projects, have further bolstered the economy, particularly in the heavy industry and engineering segments.

These projects, coupled with Bank Negara Malaysia's ("BNM") initiatives to increase the insurance penetration rate in the country, have been significant catalysts for growth in the insurance industry. I am pleased to note that Lonpac played its part in capitalising on these opportunities in 2025, with Gross Written Premiums ("GWP") growth rising 7.8% in 2025 to hit RM2.01 billion from RM1.86 billion last year. This increase was driven primarily by the Fire segment of our business which outperformed expectations, as well as the Motor segment where growth outpaced the industry average.

Yet despite this increase in demand for coverage, underwriting profitability as a whole faced pressure from shifting claims trends. An increase in the number of claims filed with the Group, including due to flooding and several large commercial fire losses in the first quarter of 2025, led to a lower Insurance Service Result ("ISR") compared to 2024. Increasing medical costs also contributed to the lower ISR, with medical claims continuing to weigh on our overall performance.

SECTION 3: LEADERSHIP MESSAGES

GROUP CEO’S MESSAGE

The industry also faces the persistent threat of global economic instability, which has the potential to significantly curtail Malaysia’s growth trajectory given the country’s trade-dependent status. While there are signs of renewed confidence in the Malaysian economy, including a strengthening Ringgit and rising Foreign Direct Investment, the tariff war that started at the beginning of the year is a reminder that operating conditions can change rapidly. While we are confident of our prospects in 2026, caution and adaptability remain our priority. We will maintain this approach even as we pursue the new opportunities afforded by the resilient Malaysian economy.

THE GENERAL INSURANCE LANDSCAPE IN 2025

Reflecting the broader economic environment, the Malaysian general insurance industry saw significant growth in 2025, achieving RM18.2 billion in GWP for the first nine months of 2025, representing a robust 4.8% increase over the same period last year¹. While underwriting profitability for individual insurers varied according to their business mix, PIAM data indicates that industry-wide profitability generally improved. The industry is expected to expand further due to growth drivers including:

- Higher demand for catastrophe coverage
- Rising vehicle sales
- Escalating healthcare costs
- Regulatory initiatives such as BNM’s Financial Inclusion Framework 2023–2026

However, there are also clear indicators that claims pressure is on the rise. While this is due in part to the cyclical nature of the claims process—claims had reduced significantly in 2024—medical inflation and escalating natural disasters have irreversibly pushed up claims cost. Moreover, there is no indication these trends will reverse, and so going forward they should be expected to become fixtures of the Malaysian general insurance landscape. Without easy solutions to these problems, insurers including Lonpac will have to become increasingly selective in their underwriting practices, and strategically manage a volatile claims environment to remain sustainable over the long term.

To help manage these persistent challenges and drive future growth, in 2025 the Malaysian insurance sector increased its adoption of insurance technology, or InsurTech, as well as automation and Artificial Intelligence (“AI”). The use of technology by the insurance industry is part of BNM’s Financial Sector Blueprint, of which the phased liberalisation of the general insurance sector is an integral component. BNM’s objective is to empower insurers by giving them greater flexibility to price risk and thus drive greater competition. One of the chief changes brought about by liberalisation was the restructuring of the Malaysian general insurance sector, specifically with insurers consolidating their position through mergers and acquisitions to better compete in the new liberalised regime.

As a case in point, Lonpac has undergone strategic enhancement through Public Bank Berhad’s (“PBB”) acquisition of a major stake in the company. The new working relationship has given Lonpac greater access to PBB’s extensive customer database, as well as preferential status in relation to industrial and commercial projects

financed under the banking group. While we are still in the early stages of our new collaborative relationship, we are optimistic that the new working arrangement will be mutually beneficial for both the LPI Group and PBB.

LONG-TERM PROSPECTS

Our core philosophy is centred on sustainable, organic expansion and prioritises quality growth over speed. Strategically, we are focused on cultivating success in the right market segments and on managing underperforming portfolios to maximise shareholder returns, all the while maintaining our highest levels of customer satisfaction. This has been our approach from the beginning, and we believe it remains correct given the volatility of the current environment.

As stated, the Malaysian insurance sector holds significant potential, and we plan to work together with BNM to unlock its various benefits. To do this, we are guided not just by business considerations but by the social recognition that insurance must be accessible and affordable to all Malaysians. The insurance penetration rate in Malaysia remains relatively low, such that many Malaysians bear the risk of significant financial loss in the event of a disaster. This is particularly worrying at a time when the frequency and severity of natural disasters are escalating.

Our business is therefore intrinsically linked to Environmental, Social and Governance (“ESG”) considerations as we recognise that every aspect of our value chain—from the risks that we write to the sustainability of our business and our environment—is affected by ESG in one form or another. It is therefore imperative that our long-term strategy makes allowances for and integrates ESG considerations into our fundamental approach to insurance.

I am pleased to note that we have already been proactive in this area, making green insurance solutions a strategic pillar for the Group. The first phase of this effort will centre on crafting products for green loans offered by our banking partners. Recognising the complex value chain of underwriting and replacing green assets, our Underwriting Division is proceeding cautiously to ensure we meet customers’ needs while addressing core sustainability concerns. We are also preparing for the rapidly expanding electric vehicle (“EV”) market, which is quickly becoming a significant component of Malaysia’s automobile industry. To this end, we are actively studying proposals to offer comprehensive EV coverage, though we require further data analysis to fully understand the specific risks and requirements of this emerging segment.

In the context of sustainability, we see the adoption of AI as fundamental to our competitive future. Our plan is to leverage AI and advanced analytics to refine our risk pricing models, accelerate claims processing, and enhance the personalisation of our various customer offerings. This technological shift will allow us to achieve greater operational efficiency and superior accuracy in the liberalised market.

Looking ahead to 2026, our strategy strikes a key balance: capitalising on opportunities in a resilient domestic economy while staying flexible to respond to emerging challenges. By executing this strategy, we will contribute positively to the broader economy and fortify the company for enduring success in an increasingly competitive and evolving global landscape.

FINANCIAL REVIEW

Our Performance in 2025

Malaysia demonstrated resilient growth in 2025, with BNM expecting Gross Domestic Product (“GDP”) to expand between 4.0% and 4.8% for the year compared to 5.1% in 2024. Expansion in 2025 was driven primarily by vibrant domestic demand, but tempered by growing volatility in the external environment. This growth nevertheless bolstered the insurance sector, increasing total GWP by 4.8% industry-wide for the first nine months of 2025. Lonpac specifically benefited from the expansion of the Malaysian economy with GWP increasing 7.8% to RM2.01 billion, up from RM1.86 billion in FY2024, reflecting the efficacy of our business strategy during the year.

As a result of the increase in GWP, LPI’s operating revenue for 2025 grew 9.6% to RM2.11 billion from RM1.93 billion in the previous year. Despite the higher revenue, Profit Before Tax (“PBT”) decreased slightly, to RM457.2 million (FY2024: RM474.1 million) due mainly to the lower ISR, which decreased to RM347.7 million (FY2024: RM377.8 million). The decline in ISR is due mainly to higher claims incurred during the year, with Lonpac’s Claims Incurred Ratio deteriorating to 45.4% from 40.4% in 2024. Lonpac nevertheless continued to outperform the industry average in terms of profitability with our Combined Ratio coming in at 75.9% (FY2024: 72.2%) while the industry average was 93.1% as at September 30, 2025.

In terms of the performance of our investment portfolio, total investment income rose in 2025, increasing 4.3% to RM151.3 million (FY2024: RM145.1

GROUP CEO’S MESSAGE

million). This was driven by higher dividends and interest earnings, as well as a net fair value gain of RM10.0 million for the year. While this had partially offset the lower underwriting profit contributions, we remain prudent in our approach to investment owing to the continued volatility of the global investment landscape.

As of 31 December 2025, the Group’s balance sheet remains robust, with total assets, including cash and bank deposits, of RM4.9 billion. As these assets are primarily held in short-term instruments to meet near-term obligations, exposure to significant valuation fluctuations in the coming year is limited, supporting the Group’s ongoing stability.

Capital Management

LPI’s Group Capital Management Plan (“CMP”), which is aligned with regulatory requirements and the Group’s business objectives in view of forecasted operating conditions, guides the management of the Group’s capital holdings. The CMP outlines the policies and measures for the management and utilisation of capital, including:

- A detailed list of capital events triggered by specific developments, or when capital levels reach predetermined thresholds.
- An assessment of the risks and threats that may arise during those capital events, as well as corresponding remedial actions to be taken proportionate to the severity of the event.

¹ ISM Statistical Bulletin - Market Performance, General Insurance & General Takaful

SECTION 3: LEADERSHIP MESSAGES

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The aim of the CMP is to stipulate measures that restore or maintain normalised capital levels to ensure operational continuity. Effective capital management is crucial for maintaining the sustainability of insurers, as well as preventing systemic fallouts that may arise from a capital event. The Group’s Capital Adequacy Ratio (“CAR”), as at 31 December 2025, surpassed BNM’s supervisory CAR of 130%, as well as the Group’s Individual Target Capital Level. The adequacy of these capital levels was confirmed by A.M. Best Asia-Pacific Limited, a credit rating agency specialising in the insurance sector.

In its report dated 10 December 2025, A.M. Best affirmed Lonpac’s Financial Strength Rating of A (Excellent) and Long-Term Issuer Credit Rating of “a” (Excellent), with a stable outlook for both ratings. The rating agency noted that Lonpac’s balance sheet strength was underpinned by its risk-adjusted capitalisation as measured by A.M. Best’s Capital Adequacy Ratio, and was expected to remain at that level over the medium term.

In addition, A.M. Best identified Lonpac’s conservative investment portfolio as a significant factor supporting its financial strength. While the rating agency added that Lonpac’s moderate reliance on reinsurance was an offsetting factor, this risk was mitigated by the high credit quality of the reinsurance panel. Operationally, Lonpac’s performance was assessed as strong with a track record of technical profitability and stable investment returns over recent periods. A.M. Best said it expects Lonpac to maintain its strong operating performance over the medium term due to its disciplined underwriting approach, although the ongoing phased liberalisation of motor and fire insurance pricing in the country may constrain margins.

Stress Testing

The Group conducts rigorous, forward-looking stress tests that are aligned with BNM’s Policy Document on Stress Testing. Stress testing is a strategic process designed to proactively identify threats from adverse financial or capital events that may arise from the current operational landscape, risk profile, and ongoing activities.

The Group’s stress testing is focused on potential fallouts from emerging systemic risks, specifically the impacts of pandemics and climate change. This comprehensive exercise enhances the internal processes and the preparedness of LPI staff in worst-case scenarios. Senior Management and the Board of Directors actively drive this process, and are responsible for reviewing its parameters and analysing outcomes. The results play a crucial role in helping fortify the Group’s capital base against existing and potential risks, and for developing innovative mitigation methodologies.

The 2025 stress test confirmed that the Group is well-capitalised and sufficiently prepared to meet all business demands while maintaining a robust buffer against potential underwriting volatility.

Outlook

We remain optimistic about the immediate outlook for the LPI Group, although we acknowledge the inherent volatility of the global economic environment, which could rapidly shift and impact operating conditions. Domestically, we expect renewed interest in infrastructure to continue over the immediate term, as reflected in the Government’s projection that the economy will expand between 4.0% and 4.5% in 2026².

The Ministry of Finance expects Malaysia’s economy to be supported by resilient domestic demand and a moderate recovery in the global trade environment. On the domestic front, growth is expected to be sustained by private consumption and capital expenditure, particularly on large-scale infrastructure projects. Meanwhile, the global E&E sector is expected to recover, leading to a modest recovery in Malaysian exports, although global demand will remain subject to geopolitical risks and trade uncertainties. The 2026 forecast thus represents a continuation of the economic expansion seen in 2024 and 2025, though at a more moderate pace given ongoing global headwinds.

BNM expects inflation to remain moderate, although this too will depend upon external developments and internal policy decisions. BNM emphasises that the actual inflation rate will strongly depend upon how and when the government rationalises remaining subsidies and the movement of global energy costs.

Meanwhile, claims will likely remain volatile in 2026, continuing the trend seen in 2025. While claims were expected to moderate this past year, Lonpac’s actual claims increased sharply thus affecting ISR. The key lesson from this experience is to recognise that the operating environment remains uncertain, and that sufficient resources to buffer against worst-case scenarios are necessary. As such, underwriting discipline remains imperative. Lonpac will thus adopt a more selective underwriting approach, leveraging the advanced AI and data analytics capabilities outlined earlier to secure superior risk pricing.

² <https://belanjawan.mof.gov.my/pdf/belanjawan2026/economy/economic-2026.pdf>

GROUP CEO’S MESSAGE

This, together with our robust balance sheet and strong customer relationships, will provide the stability needed to navigate macroeconomic challenges. Crucially, our financial strength offers the flexibility to capitalise swiftly on major opportunities and to achieve organisational sustainability over the long-term.

Business Performance Benchmarks

Market position based on Gross Direct Premiums – General Insurance for the period January – September 2025: **Ranked 6th**

Insurance classes where Lonpac ranked in the **Top 3** for the period January – September 2025:

Class	Rank
Fire	1
Bonds	1
Medical and Health	2
Workmen’s Compensation & Employers’ Liability	2
Offshore Oil-related	2
Cargo	3
Contractor’s All Risks & Engineering	3

Lonpac’s Combined Ratio

75.2% for the period January – September 2025 as compared to the industry average of 93.1%

Lonpac’s Management Expenses Ratio

21.0% for the period January – September 2025 as compared to the industry average of 24.9%

The following table provides an overview of the GWP contributions by our various classes of business for FY2025.

Class	2025	2024	Variance		Contribution 2025 %
	RM’000	RM’000	RM’000	%	
Fire	814,194	735,352	78,842	10.7	40.6
Motor	505,548	457,153	48,395	10.6	25.2
Marine, Aviation and Transit	91,301	104,846	(13,545)	(12.9)	4.6
Miscellaneous	594,413	562,513	31,900	5.7	29.6
Total	2,005,456	1,859,864	145,592	7.8	100.0

SECTION 3: LEADERSHIP MESSAGES

GROUP CEO’S MESSAGE

GROUP CEO’S MESSAGE

Ten-Year Group Financial Summary

	Year Ended 31 December									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERATING RESULTS (RM'000)										
Operating Revenue	2,112,229	1,926,636	1,905,416	1,634,865	1,717,734	1,621,592	1,602,701	1,513,663	1,470,631	1,378,892
Insurance Revenue/Gross Earned Premiums	1,960,932 ^{N1}	1,781,559 ^{N1}	1,781,921 ^{N1}	1,534,698 ^{N1}	1,612,042 ^{N1}	1,531,064 ^{N1}	1,496,220 ^{N1}	1,413,894 ^{N1}	1,380,627 ^{N1}	1,290,021 ^{N1}
Gross Written Premiums	2,005,456	1,859,864	1,730,660	1,628,955	1,561,037	1,550,625	1,524,368	1,469,377	1,421,339	1,278,339
Profit Before Tax	457,238	474,125	394,933	341,696	437,316	433,565	414,719	405,965	403,749	518,925 ^{N2}
Profit Attributable To Owners Of The Company	367,783	377,091	313,726	252,220	344,679	336,728	322,361	314,049	313,794	437,223
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM'000)										
Total Assets	4,943,655	4,785,074	4,569,018	4,849,620	4,894,804	4,519,706	4,045,890	4,240,553	3,814,615	3,656,113
Total Liabilities	2,485,657	2,362,774	2,285,504	2,641,024	2,753,782	2,444,238	2,073,991	2,083,768	1,893,704	1,818,797
Share Capital	398,383	398,383	398,383	398,383	398,383	398,383	398,383	398,383	338,244	331,986
Total Equity	2,457,998	2,422,300	2,283,514	2,208,596	2,141,022	2,075,468	1,971,899	2,156,785	1,920,911	1,837,316
SHARE INFORMATION AND VALUATION										
Share Information										
Per share (sen)										
Basic Earnings	92.3	94.7	78.8	63.3	86.5	84.5	80.9	78.8	78.8 ^{N3}	109.7 ^{N3}
Net Dividend	80.00	80.00	66.00	60.00	74.00	72.00	70.00	68.00	72.00	80.00
Net Tangible Assets	616.40	607.36	572.31	553.02	535.32	518.73	492.34	541.38	578.61	553.43
Share Price as at 31 December (RM)	14.94	12.56	11.96	12.64	14.06	13.72	15.10	15.74	18.16	16.38
Market Capitalisation (RM'000)	5,951,842	5,003,690	4,764,661	5,035,561	5,601,265	5,465,815	6,015,583	6,270,548	6,028,866	5,437,931
Share Valuation										
Net Dividend Yield (%)	6.3	6.7	4.9	4.4	5.5	4.6	4.0	3.8	4.5	5.6
Dividend Payout Ratio (%)	86.7	84.5	83.8	94.8	85.5	85.2	86.5	86.3	76.2	60.7
Price to Earnings Multiple (times)	16.2	13.3	15.2	20.0	16.3	16.2	18.7	20.0	19.2	12.4
Price to Book Multiple (times)	2.4	2.1	2.1	2.3	2.6	2.6	3.1	2.9	3.1	3.0
FINANCIAL RATIOS (%)										
Profitability Ratios										
Return on Equity ("ROE")	15.0	15.6	13.7	11.4	16.1	16.2	16.3	14.6	16.3	23.8
Return on Assets	7.4	7.9	6.9	5.2	7.0	7.5	8.0	7.4	8.2	12.0
Net Claims Incurred	45.4	40.4	45.0	43.2	36.5	41.2	43.9	40.9	38.5	38.3
PRODUCTIVITY RATIO										
No. of Employees	856	852	832	827	818	815	813	803	790	772
Gross Written Premiums Income per Employee (RM'000)	2,343	2,183	2,080	1,970	1,908	1,903	1,875	1,830	1,799	1,656
No. of Policies Issued per Employee	2,288	2,320	2,482	2,371	2,241	2,608	2,531	2,554	2,399	2,315
No. of Claims Settled per Claims Staff	1,475	1,421	1,441	1,340	1,282	1,344	1,534	1,462	1,395	1,340

N1 - The figures for 2022 to 2025 presented above are insurance revenue whereas 2021 and prior are gross earned premiums.

N2 - The Group profit before tax for 2016 would be RM368.5 million if it was adjusted to exclude the one-off realised gains of RM150.4 million arising from the disposal of long-term equity investment.

N3 - The Basic Earnings Per Ordinary Share from 2016 - 2017 were restated to take into consideration the effects of bonus issues during the year 2018.

N4 - The Group's earnings per share for 2016 would be 72.0 sen if it was adjusted to exclude the one-off realised gains of RM150.4 million arising from the disposal of long-term equity investment.

The figures for 2022 to 2025 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

SECTION 3: LEADERSHIP MESSAGES

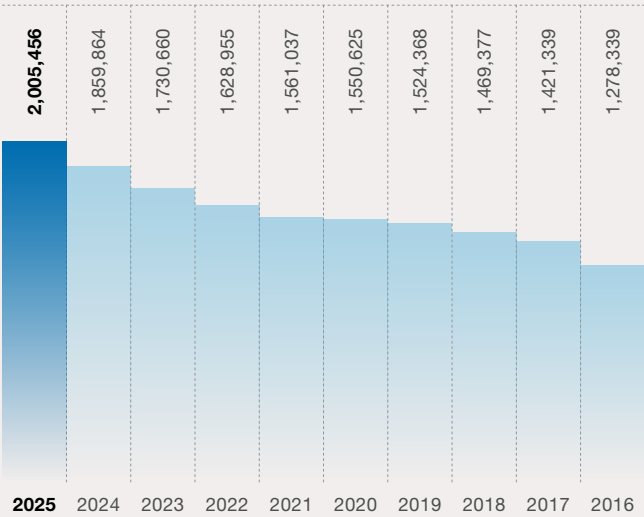
GROUP CEO’S MESSAGE

GROUP CEO’S MESSAGE

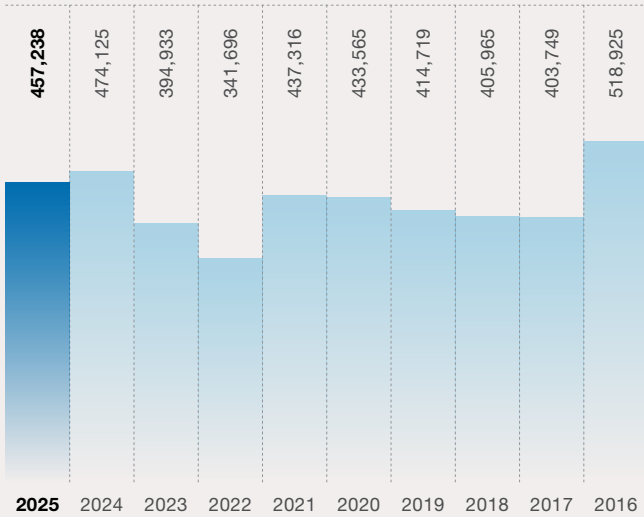
Ten-Year Group Financial Summary

PRODUCTION AND PROFITABILITY

Gross Written Premiums (RM'000)

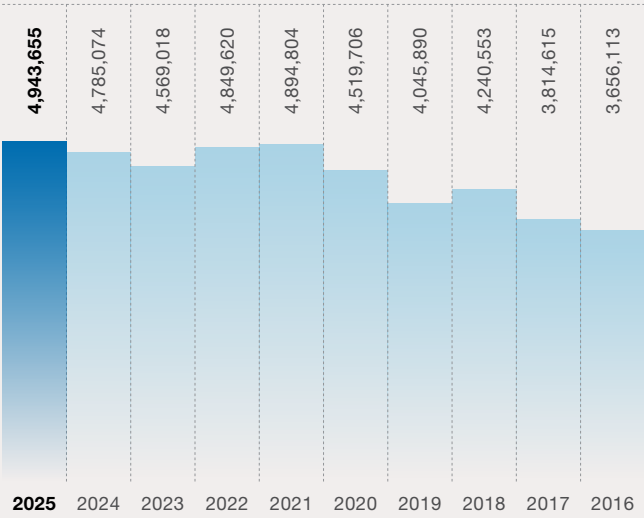


Profit Before Taxation (RM'000)

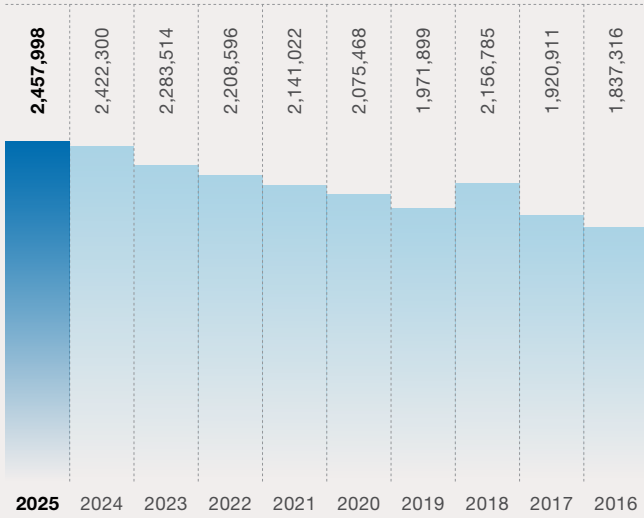


STRONG FINANCIAL POSITION GROWTH

Total Assets (RM'000)

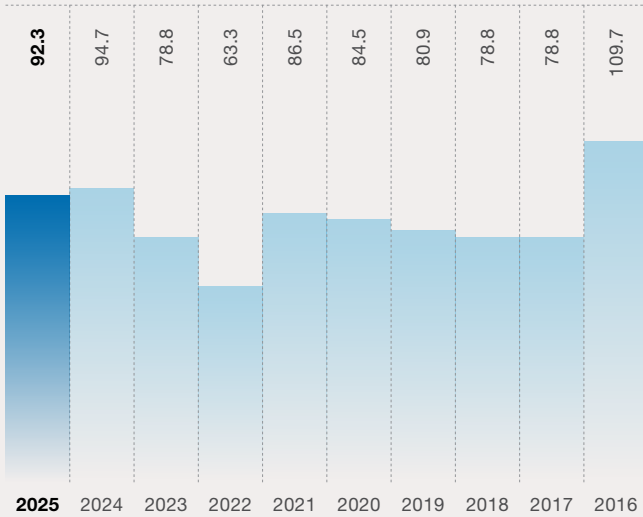


Total Equity (RM'000)

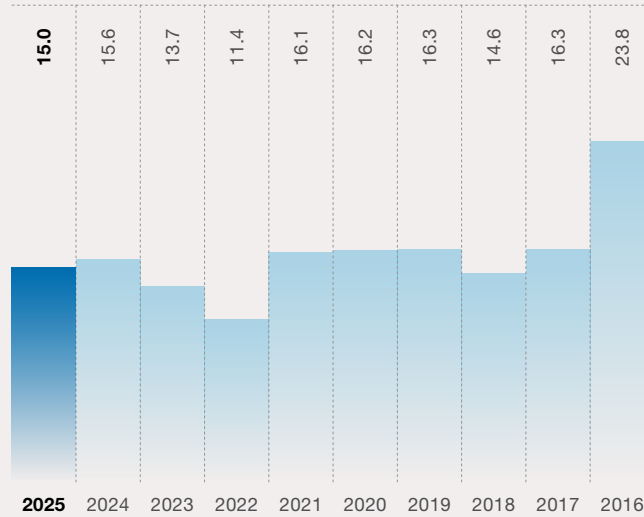


ENHANCING SHAREHOLDER VALUE

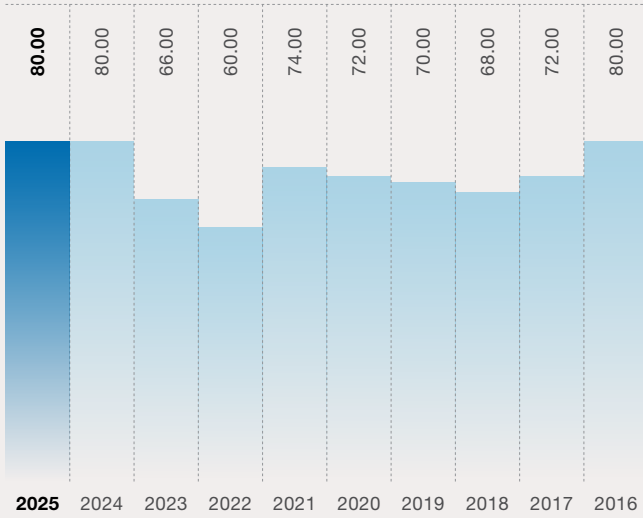
Earnings Per Share (Sen)



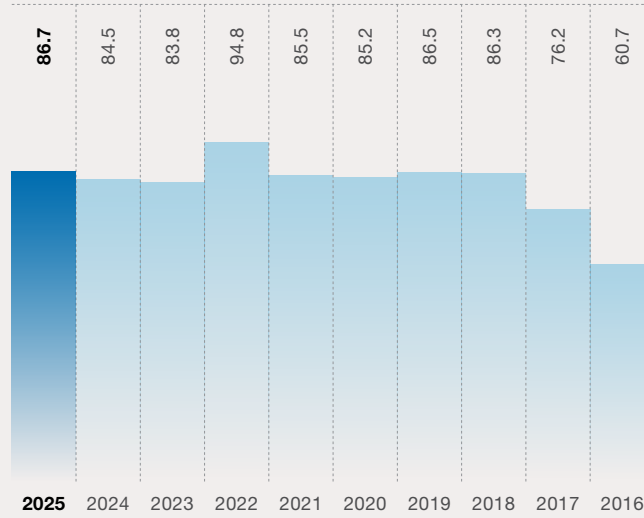
Return On Equity (%)



Net Dividend Per Share (Sen)



Dividend Payout Ratio (%)



The Basic Earnings Per Ordinary Share from 2016 - 2017 were restated to take into consideration the effects of bonus issues during the year 2018.

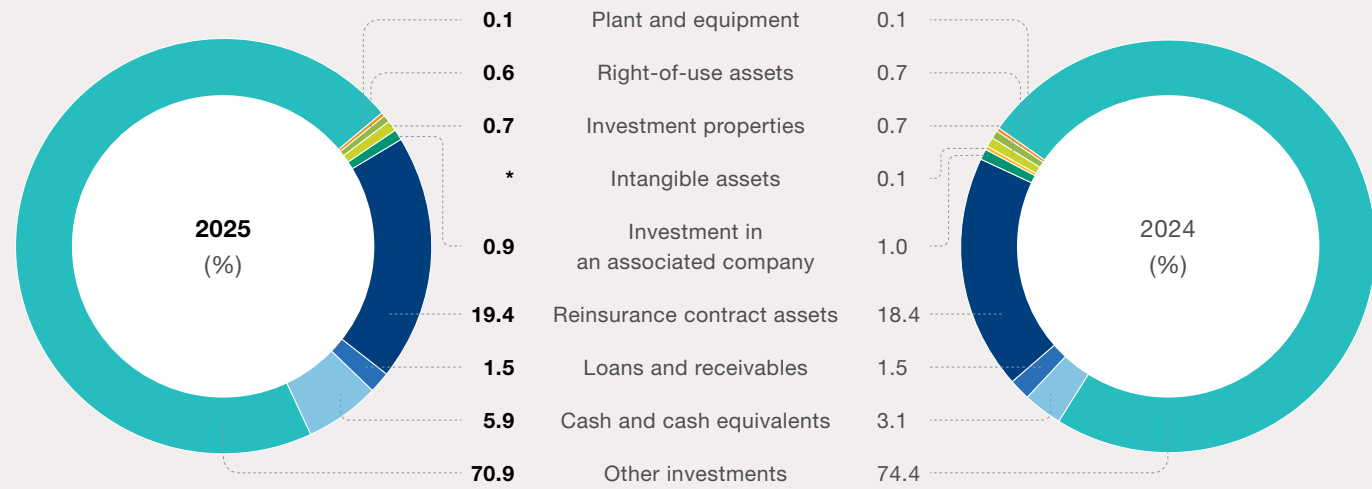
The figures for 2022 to 2025 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

SECTION 3: LEADERSHIP MESSAGES

GROUP CEO'S MESSAGE

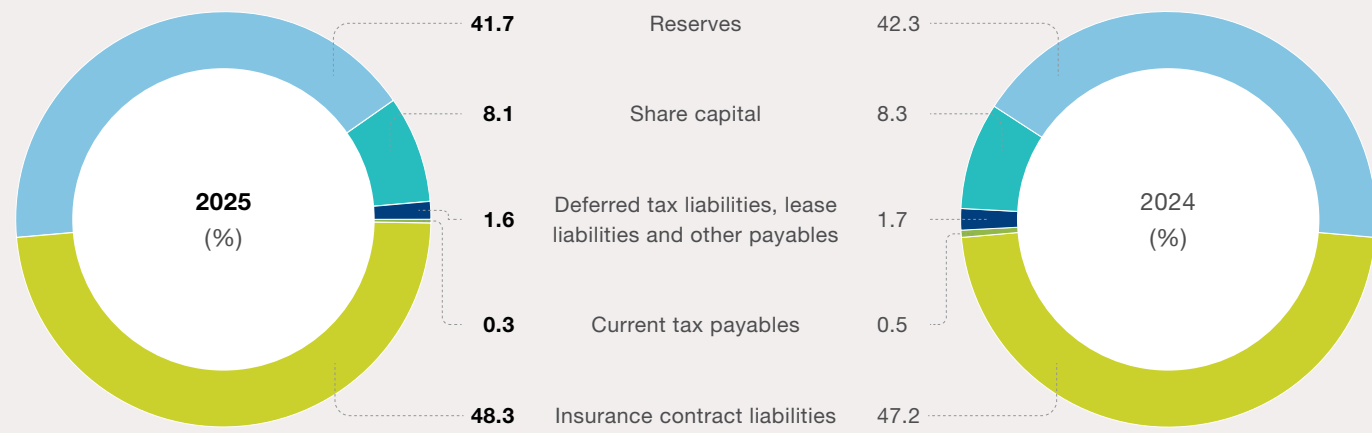
Simplified Group Statements of Financial Position

Total Assets



* The number is immaterial and hence, no number is reported.

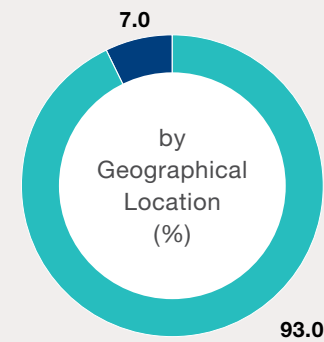
Total Equity & Liabilities



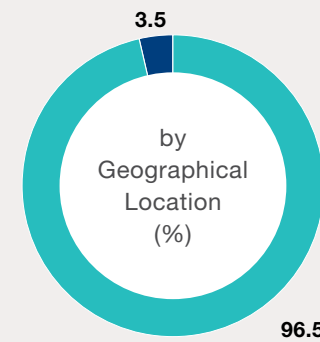
GROUP CEO'S MESSAGE

Segmental Analysis For The Year Ended 31 December 2025

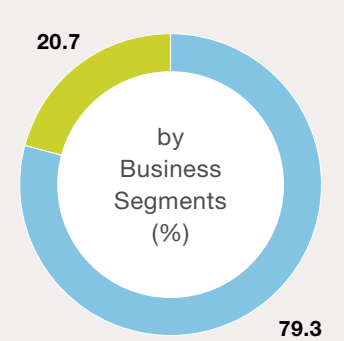
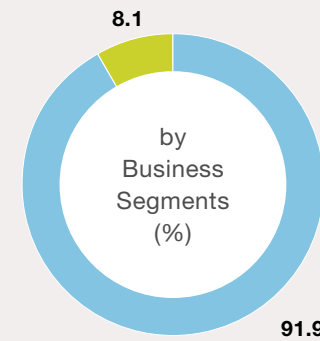
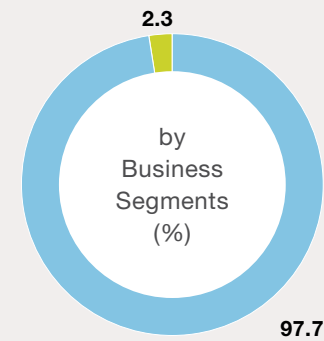
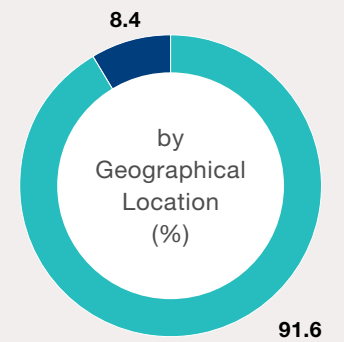
Operating Revenue



Profit Before Tax



Total Assets



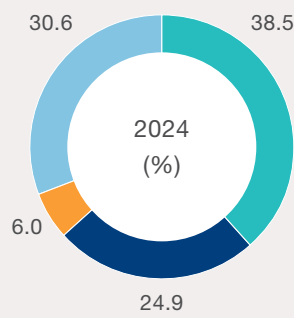
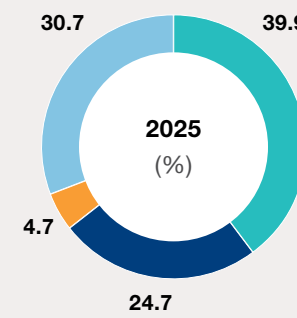
● Malaysia

● Outside Malaysia

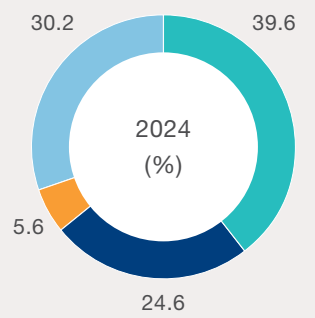
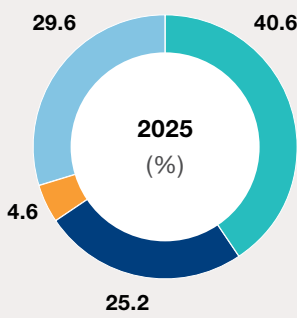
● General Insurance

● Investment Holding

Insurance Revenue by Class



Gross Written Premiums by Class



● Fire

● Motor

● Marine, Aviation & Transit

● Miscellaneous

SECTION 3: LEADERSHIP MESSAGES

GROUP CEO’S MESSAGE

Group Quarterly Performance

RM'000	2025				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2025
Financial Performance					
Operating revenue	515,103	507,635	549,313	540,178	2,112,229
Insurance revenue	465,788	482,563	499,945	512,636	1,960,932
Profit before tax	120,037	108,509	137,184	91,508	457,238
Profit attributable to owners of the Company	97,976	83,170	114,831	71,806	367,783
Earnings per share (sen)*	24.59	20.88	28.82	18.03	92.32
Net dividends per share (sen)	-	30.00	-	50.00	80.00

RM'000	2024				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2024
Financial Performance					
Operating revenue	469,760	469,404	499,832	487,640	1,926,636
Insurance revenue	422,746	443,317	453,073	462,423	1,781,559
Profit before tax	127,347	100,550	150,400	95,828	474,125
Profit attributable to owners of the Company	101,291	78,003	123,937	73,860	377,091
Earnings per share (sen)*	25.43	19.58	31.11	18.54	94.66
Net dividends per share (sen)	-	30.00	-	50.00	80.00

* Quarterly earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the quarter whereas the year-to-date earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the year.

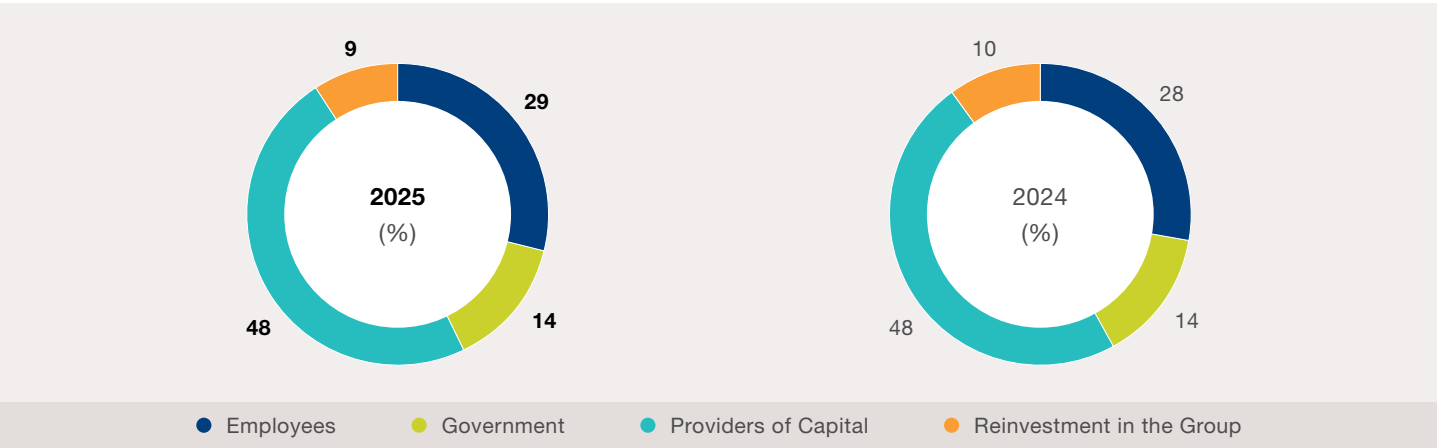
GROUP CEO’S MESSAGE

Statement of Value Added

Value added is a measure of wealth created by the Group through various business activities. The Statement of Value Added shows the total wealth created and how it was distributed to stakeholders, including the Government, as well as reinvestment for the replacement of assets and further expansion of the business of the Group.

Value Added	2025 RM'000	2024 RM'000
Insurance service result before staff costs, depreciation and amortisation	540,952	561,519
Net financial result	120,784	106,969
Other income	9,294	5,206
Other operating expenses excluding staff costs, depreciation and amortisation	(8,955)	(5,222)
Other finance costs	(1,192)	(1,061)
Share of profit after tax of equity accounted associated company	1,136	2,105
Value added available for distribution	662,019	669,516

Distribution of Value Added	2025 RM'000	2024 RM'000
To employees:		
Staff costs	193,804	184,151
To the Government:		
Tax expense	89,455	97,034
To providers of capital:		
Dividends paid to shareholders	318,706	318,706
To reinvest in the Group:		
Depreciation and amortisation	10,977	11,240
Retained earnings	49,077	58,385
Total distributed	662,019	669,516



GROUP CEO’S MESSAGE

BUSINESS REVIEW

The LPI Group's primary business is the provision of insurance products and services. Over decades of operation, the Group has built a strong customer base and established a robust insurance ecosystem, establishing itself as one of Malaysia's leading general insurance providers. The Group’s approach to insurance is grounded in the dual philosophies of customer-centricity and prudential underwriting, and is geared towards the creation of sustainable long-term value for all stakeholders. The following sections provide an overview of the Group’s key functional areas and their activities in 2025.

1 Underwriting

The Underwriting Division is responsible for crafting competitive terms and developing innovative products to foster steady, sustainable business growth and strong underwriting results. Given underwriting’s essential role in the insurance business, the Division is involved across Lonpac’s value chain.

The Underwriting Division, together with the Compliance, Pricing, and Product Development Departments, is responsible for ensuring that Lonpac’s products and underwriting processes comply with regulatory requirements while meeting the Group’s strategic objectives. Underwriting also works closely with the Enterprise Risk Management and Sustainability (“ERMS”) Department to integrate sustainability and climate risk into its products, and to ensure that its processes are aligned with the Group’s sustainability goals. In addition, Underwriting collaborates with Lonpac’s sales team and branch network to secure the competitiveness and relevance of the Group’s products and services in view of changing market conditions and customer needs.

Regular performance reviews conducted together with key departments ensure that Lonpac’s underwriting responds effectively to market dynamics and customer needs, thereby securing a greater competitive advantage for the Group.

Performance Overview

The performance of the Underwriting Division is measured by three KPIs: Net Claims Incurred Ratio (“NCIR”), Retention Ratio, and Policy Issuance Turnaround Time. Following a challenging claims cycle, Lonpac’s NCIR deteriorated from 40.4% in 2024 to 45.4% in 2025. Conversely, the retention ratio improved to 63.4% from 62.7%, while there were mixed results in terms of the Policy Issuance Turnaround Time:

Portfolio	Turnaround Time (days)	
	2025	2024
Motor	0.12	0.14
Fire	0.46	0.44
Health	5.63	4.75
Others	2.02	1.93

The Underwriting Division upholds the highest standards when it comes to the delivery of policy documents, with each policy meticulously prepared in line with the Group’s competitive terms and delivered within agreed turnaround times. The Group emphasises the delivery of e-document policies to support the Group’s ESG objectives and to elevate overall service standards. The adoption of digital solutions has streamlined the delivery process, reduced Lonpac’s carbon footprint, and enhanced efficiency.

GROUP CEO’S MESSAGE

1 Underwriting (Con’t)

Creating Value

In 2025, the Underwriting Division implemented general improvements in several key areas to improve profitability and productivity, and to further enhance service standards. These include:

- Increasing underwriting capacity through reinsurance, particularly exploring treaty reinsurance programmes for new emerging risks.
- Enhancing service levels for specialised classes, including Liability, Engineering, and Cargo, as well as expediting responses to underwriting queries.
- Reviewing the pricing, terms, and coverage of existing products, as well as risks with poor claims experience, with a view to imposing special terms or risk improvements and adjusting underwriting guidelines for individual cases to enhance overall portfolio profitability.

Specific initiatives implemented in 2025 include the following:

Initiative	Outcome
Implement Robotic Process Automation (“RPA”) technology to automatically extract and verify Ultimate Beneficial Owner (“UBO”) information.	Enhanced the underwriting process by accelerating maintenance and data gathering, enhancing compliance, and improving the quality of risk assessment.
Simplify the process for releasing bond agreements at branches in cases where the agreement can be released in exchange for the bond document.	Expedited the verification process of surety bonds to enhance operational efficiency.
Implement a Needs-Based Assessment Requirement and Dynamic Product Disclosure Sheet for Health policies.	Completed the Needs-Based Assessment Requirement, to ensure coverage is suitable for customers’ specific financial goals and circumstances. Issued the Dynamic Product Disclosure Sheet, to enhance transparency of policy terms, conditions, and coverages for health policies.
Launch of the new format of the Product Disclosure Sheet for all products in December 2025.	Ensured compliance with BNM’s Policy Document on Product Transparency.

The Underwriting Division has increasingly been taking a more active role in supporting the Group’s ESG commitments. The Division’s activities in 2025 include:

- Monitoring Lonpac’s exposure to commercial sectors under the ESG watchlist, especially companies linked to coal and other fossil fuel-related industries.
- Full delivery of e-policy documents for group Health policies by the end of 2025.

GROUP CEO’S MESSAGE

1 Underwriting (Con’t)

Creating Value (Con’t)

- Increasing e-policy documents for PBB clients, especially for Fire and Motor products.
- Integrating geocode into the e-GIS system to better manage Lonpac’s climate risk exposure, including in 16 flood-prone areas identified in 2025. (Risks with flood cover exceeding RM5 million must be referred to the government flood management platform for assessment of potential exposure.)
- New product launches, including:
 - Credit Shield Secure Personal Accident: Ensures that hire purchase loans taken out by borrowers or their guarantors are settled in the event of death or total permanent disablement due to accident.
 - Global All Risk Essential: Launched in May 2025 exclusively for the Group’s global partner, FM Global.
 - Smart Driver Personal Accident for EV vehicles: Provides effective and sustainable coverage for EV owners.
- Enhancing systems and automation to improve process efficiency and accuracy, including:
 - Deploying the e-GIS system for Engineering, Workmen Compensation, Liability, Marine, and Health (to be launched in 2026).
 - Enhancing Lonpac’s e-Insurance system to be more accessible to external users and agents.
 - Supporting the Immigration Department’s e-renewal of work permits via the FWCMS platform by updating Lonpac’s e-Insurance platform to ensure regulatory compliance.

Moving Forward

Profitability, systems enhancement, and automation have been key priorities for the Underwriting Division over the last several years, and will continue to remain so until fully implemented for the entirety of the underwriting value chain. This will be supported by enhancements to front-end systems to ensure greater accessibility and efficiency, including by the introduction of straight-through underwriting assessment and approval for selected classes of business. These enhancements will initially be rolled out to users across all channels handling personal and corporate products classified as simple risks.

Meanwhile, following the successful implementation of Phase 1 of RPA, the Underwriting Division aims to expand its deployment to cover other processes in 2026. This will be followed by systems improvements to ensure greater compliance with regulatory requirements and to support ESG initiatives. Lonpac is aware that the deployment of new systems and technology is not without risk, and is thus taking a phased approach to implementation. The ultimate aim is to provide end-to-end technology support throughout the entire underwriting process, giving our stakeholders the best tools to perform their jobs accurately and efficiently.

2 Claims

The Claims Department sits at the core of the Group’s service promise and value chain, acting as the primary point of contact during an insured event. Its fundamental mission is to ensure policyholders receive their entitled benefits fairly, promptly, and transparently, thereby fulfilling the group’s commitment to reliability and trustworthiness.

The department’s responsibilities encompass comprehensive claims processing, cost control, risk management, and regulatory compliance. It accurately assesses and settles claims, balancing promptness with cost-effectiveness, while strengthening fraud detection and cost control measures to protect business interests. Furthermore, the data collected from claims processing provides valuable insights, as the department provides feedback and data analytics to underwriting and management to analyse risk and improve processes.

Performance Overview

The claims landscape continues to be shaped by automation and technology, which is modernising the claims process by improving speed, accuracy, and efficiency. An effect of these changes is heightened expectations from customers who demand greater speed and convenience in the management and handling of their claims. To meet this demand, the Claims Department enhanced customer touchpoints through initiatives such as the Client Portal and automated status notifications, offering greater transparency throughout the claims process.

The department has started implementing AI, machine learning, and RPA to further enhance specific operations of the claims process. Meanwhile, paperless processing was implemented during the year for selected classes of claims. As the use of technology accelerated, so did the regulatory landscape change around this new dimension of the claims process. Regulations specifying the handling and management of personal data protection, sanctions screening, and fair consumer treatment have continued to grow, thus reinforcing the Claims Department’s focus on compliance.

The performance of the Claims Department is determined based upon the number of claims settled per staff, otherwise known as claims productivity during the year. In 2024, claims productivity stood at 1,421 claims settled per claims staff. In 2025, this figure improved by 3.8% to 1,475 claims settled per claims staff. This increase in productivity is partially due to the rise in total claims registered, from 55,898 claims in 2024 to 61,009 claims in 2025, reflecting an overall increase of 9.14%.

Class	No. of claims registered		No. of claims settled	
	2025	2024	2025	2024
Fire	4,280	3,854	2,117	1,812
Motor	35,320	32,760	20,165	19,376
Health & Personal Accident	15,673	13,766	13,226	11,871
Others	5,736	5,518	2,412	2,710
Total	61,009	55,898	37,920	35,769

GROUP CEO’S MESSAGE

2 Claims (Con’t)

Creating Value

The claims process plays an essential technical role in the insurance value chain by ensuring that the Group does not pay more than is fair and necessary as per the terms of the policy coverage. The Claims Department is therefore crucial in controlling costs through effective claims validation and fraud detection. The resulting claims data also informs Lonpac’s underwriting decisions and its ability to price risk accurately.

Lonpac is proud to report that it has been selected as one of four winners in the Company category of the Insurance and Takaful Anti-Fraud Excellence Programme 2025, organised by Insurance Services Malaysia Berhad. This achievement reflects the Company’s exemplary use of the Fraud Intelligence System (“FIS”) during the period of review from January 2025 to September 2025, and is evidence of Lonpac’s consistent and accurate use of the FIS, strong cross-team adoption, and measurable improvements in detection and alerting.

Beyond financial outcomes, the claims process is a substantial determinant of the level of customer satisfaction and therefore directly impacts retention numbers. Prompt and fair claims settlements not only enhance policyholder confidence and brand reputation, but ensure optimal usage of resources. Lonpac’s claims process strictly complies with all regulatory requirements and ethical standards, and employees undergo regular training and upskilling to maintain the highest level of service quality. This is further enhanced through regular interactions with business associates, as well as with other Lonpac departments.

Moving Forward

The Claims Department has outlined five main priorities:

- Enhancing claims efficiency through process optimisation, automation and continuous improvement initiatives.
- Strengthening service quality by reducing turnaround time and improving customer satisfaction.
- Developing staff capabilities through targeted training, upskilling and leadership development.
- Supporting digital transformation and paperless processing to align with the Company’s overall strategic direction.
- Maintaining strong compliance with regulatory and internal governance standards.

In addition, the Claims Department has implemented BNM’s Phase 2A minimum expectations for the substantial roll-out of digital roadside assistance as part of its Phase 2B application under BNM’s Phased Liberalisation of Motor and Fire Tariffs. Under this plan, BNM requires insurers to digitalise the end-to-end motor claims ecosystem to improve customers’ claims experience and expedite the workflow.

3 Distribution

The Distribution Division plays a crucial role in LPI Capital’s value creation cycle, accounting for almost 90% of Lonpac’s total GWP. The Division oversees Lonpac’s delivery of insurance products and services through multiple sales channels, including:

Agency Network: Lonpac’s network of agents is the single largest distribution channel of its products. With their expertise and strong working relationships with clients and customers, agents play a crucial intermediary role and are responsible for providing customers with support and advice as necessary. To support its agents, the Group has a dedicated sales and support team, and has enhanced its backend support to further improve agent productivity. Agents also have access to comprehensive training programmes as part of the Group’s continuous learning programme.

Financial Institutions (“FI”): The FI or bancassurance channel broadens Lonpac’s reach by developing insurance products for customers of the Group’s banking partner, PBB. This channel has always been an important focus for the Group, and its significance has increased since the Group has become a PBB subsidiary. Consequently, there will be greater opportunities for cross-selling and collaboration between LPI and PBB in the future.

Lonpac Branch Network: The Group’s branches across eight regions serve as key touchpoints for customers, playing a vital role in building trust, fostering long-term relationships, and offering tailored insurance solutions. Branches are also sources of valuable market insights which inform strategic decisions.

Broking: The Broking team manages large underwriting projects that carry higher levels of risk. The bulk of these projects originate from the Large and Specialised Risks scheme, which typically covers high-value, complex, or large-scale projects and risks that require specialist underwriting expertise and significant insurance capacity.

Global Partnership: The Global Partnership team identifies international partners for the development of specialised multinational insurance programmes, and works to expand LPI’s regional presence by engaging with emerging global insurers to broaden LPI’s product offerings.

The Distribution Division also contains a strategic planning unit, which formulates and monitors the sales and marketing strategic business plan.

Performance Overview

The 2025 operating environment for distribution was marked by a high degree of competition against a backdrop of continuing economic recovery. Following BNM’s liberalisation of the general insurance sector, providers became more aggressive in pursuing market share, taking advantage of the greater flexibility and improved opportunities afforded by risk-based pricing. This has increased pressure on premium rates, which directly impacts profitability.

Despite these challenges, the Distribution Division recorded good premium growth, although the total came in slightly below internal targets. The positive growth was driven mainly by the Fire segment, while good progress was also made in the Motor class which grew at a faster rate than the industry average.

The Division’s key priorities in 2025 included expanding Lonpac’s agency network. While this initiative remains on track, it has become increasingly challenging due to intensified competition for skilled and capable agents across the general insurance industry. Meanwhile, good progress continues to be made in bancassurance with special focus on cementing the new working relationship with PBB.

GROUP CEO’S MESSAGE

3 Distribution (Con’t)

Creating Value

As most of the Group’s business is transacted via intermediaries, the Distribution Division plays an essential role by providing the technical and sales support required by our partners. The Division’s investment in technology is central to driving efficient and cost-effective policy servicing by the Group’s agents.

The Distribution Division creates both financial and non-financial value for LPI through:

- **Premium Revenue** from the sale of insurance products and services.
- **Customer Loyalty** through the delivery of prompt, high-quality, and personalised services that foster long-term customer relationships.

Apart from providing insurance products and services, the Distribution Division also works with the Pricing and Product Development Departments to review and develop new products for Lonpac. As the Division with the most consistent and regular contact with customers, Distribution is an important source of customer feedback which ensures Lonpac’s products and services are relevant to and meet customer needs. Distribution is also responsible for organising sales campaigns aimed at both intermediaries and customers.

Moving Forward

Distribution remains focused on expanding its intermediary networks, improving operational efficiency, and digitalising key processes. Growth of the agency network is especially important given growing competitiveness in the market. Meanwhile, additional work will be necessary to ensure that the partnership with PBB yields beneficial results to all parties.



GROUP CEO’S MESSAGE

4 Information Technology (“IT”)

The IT Department manages and maintains Lonpac’s core technological infrastructure, guaranteeing reliable and secure operations across all networks and systems. It is responsible for providing essential technical support to minimise operational disruption, developing software to enhance staff efficiency and customer experience, and adopting strategic new technologies to support the Group’s growth and ensure continuity.

Creating Value

In 2025, the IT Department strengthened Lonpac’s technology infrastructure, cybersecurity posture, and digital capabilities in line with the organisation’s strategic priorities and regulatory requirements. Through the successful delivery of multiple enterprise initiatives, the department reinforced operational resilience, improved system performance, and advanced the company’s digital transformation agenda. The following is an overview of some of the department’s key activities.

Strengthening Infrastructure and Business Continuity

The Department successfully transitioned Lonpac’s Disaster Recovery environment to a secure private cloud platform under the Infrastructure-as-a-Service model. The migration to this platform enhanced system resilience, enabled near real-time data replication for critical systems, and ensured faster recovery during service disruptions. The project was completed within the approved timeline and budget, following comprehensive validation and testing procedures to ensure compliance with operational and regulatory standards.

Network performance and connectivity were further improved through the upgrade of the e-Insurance Managed Service Line and branch Wide Area Network links. These upgrades have delivered greater stability, higher bandwidth, and improved user experience across all business locations. The migration of the web application integration platform linked the legacy database with modern applications by providing connectivity, transformation, and Application Programming Interface (“API”) services. This migration has strengthened system stability and established a future-ready platform that supports ongoing modernisation and digital transformation initiatives while maintaining operational resilience in line with evolving business and regulatory requirements.

The completion of the company-wide Windows 10 desktop and laptop upgrades further modernised endpoint environments, strengthening security compliance and supporting workforce mobility. Employees are now able to securely access core business systems and the Disaster Recovery Cloud environment from any location as required.

Advancing Cybersecurity and Network Protection

In alignment with the organisation’s cybersecurity enhancement strategy, the department implemented the latest Advanced Threat Defence sandbox module to improve detection and analysis of sophisticated threats. The deployment of Network Access Control and enhanced network segmentation further strengthened internal network security, by ensuring access of only authorised devices and isolating Internet of Things and IT devices to minimise potential breaches.

The department also upgraded internal firewalls with Domain Name System (“DNS”) Protection, providing DNS-level threat detection and blocking capabilities, and enhanced the Vulnerability Assessment tool to align with the Centre for Internet Security benchmarks and BNM’s Key Risk Indicator requirements. Collectively, these initiatives have significantly enhanced the organisation’s cybersecurity resilience and regulatory compliance.

GROUP CEO’S MESSAGE

4 Information Technology (Con’t)

Creating Value (Con’t)

Driving Automation and Operational Efficiency

To enhance operational efficiency and to reduce manual workload, the department successfully deployed its RPA initiatives with six business processes in 2025, including automation of UBO extraction and screening, large claims reporting, reconciliation processes, and report generation.

Complementary automation initiatives were also implemented, including the automation of Payment Voucher processing for ad-hoc bulk staff payments, automatic exchange rate downloads from BNM’s website, and receipt auto-generation for Singapore e-Insurance transactions. These initiatives have streamlined internal operations, reduced processing time and errors, and enabled staff to focus on higher-value activities.

Enhancing Digital Platforms and Product Innovation

The department continued to expand its digital service capabilities through the ongoing development of its e-GIS platform, with five additional classes incorporated during the year. This initiative further digitised end-to-end processes, including quotations, underwriting, payments, and policy issuance. Integration with the Jabatan Pengangkutan Jalan (“JPJ”) self-service kiosks was also completed, enabling customers to purchase or renew motor insurance conveniently when renewing their road tax.

Product innovation was further advanced through the implementation of several new digital insurance offerings, including:

- Smart Driver Personal Accident for EVs, featuring EV-specific coverage such as home charger protection;
- Credit Shield Secure Personal Accident, providing coverage for outstanding vehicle loan balances in the event of accidental death or disability; and
- Global All Risks Essential, offering comprehensive protection against various physical and business interruption risks, designed for complex industrial clients.

These initiatives reflect the department’s ongoing commitment to use technology to support business innovation and customer-centric product development.

Regulatory and Compliance Enhancements

To support evolving regulatory requirements, the department implemented several key compliance initiatives, including:

- BNM interim measures for Medical & Health Insurance/Takaful re-pricing;
- Phase II of the Inland Revenue Board e-Invoice implementation;
- Enhanced BNM Insurance/Takaful System Redevelopment regulatory reporting; and
- System enhancements to comply with the revised Stamp Duty Act, Finance Act, and Service Tax expansion.

These initiatives ensure that Lonpac remains fully compliant with prevailing laws and regulations, while maintaining accuracy, transparency, and timeliness in regulatory reporting.

Moving Forward

These achievements have enabled the IT Department to lay a strong foundation for continued innovation, operational excellence, and digital readiness. Looking forward, the focus will remain on leveraging emerging technologies, strengthening cybersecurity, and enhancing customer and employee digital experiences, while accelerating the adoption of automation and AI to support Lonpac’s long-term growth and resilience.

5 Digital Business

The Digital Business Department is focused on driving the Group’s growth through digital transformation and innovation, establishing a robust online ecosystem for customers and partners. It is responsible for enhancing the customer experience by developing simple, user-friendly digital platforms for purchasing and managing policies, supporting business partners’ sales through white-label online solutions, and expanding market reach via strategic partnerships with insurance aggregators. The department also ensures the creation of flexible, customer-centric products and fast services, while maintaining strict regulatory compliance with standards like Product Transparency & Disclosure and Cybersecurity.

Performance Overview

The performance of the Digital Business Department is quantified by key indicators such as GWP and digital adoption rates. The GWP from digital business rose significantly in 2025 to RM34.0 million from RM26.8 million in 2024, demonstrating solid growth. Digital adoption also saw remarkable improvements: the number of users on the Lonpac ezPortal surged from 17,000 in 2024 to more than 25,000 in 2025, and the number of motor policyholders requesting road assistance via the website increased from 1,670 in 2024 to 3,200 in 2025. This increase in user activity included a total of 5,250 renewal transactions completed via the portal, highlighting its efficiency as a core self-service tool.

Creating Value

The digital insurance landscape continued to evolve in 2025, driven by customers’ increasing preference for seamless online experiences and self-service convenience, demanding continued improvement of the accessibility and functionality of Lonpac’s digital touchpoints. The Digital Business Department responded by focusing on platform optimisation and strategic growth initiatives to capture a larger share of the online market and improve customer adoption of digital channels, ultimately driving the Group’s growth through digital transformation.

The year was marked by successful expansion of the distribution network through the establishment of key partnerships. New aggregators, including the MyJPJ, ANSA, and BJAK, were brought onboard thereby expanding the distribution channels for motor insurance products. In parallel, ongoing efforts to enhance customer engagement increased the use of self-service tools, particularly the Lonpac ezPortal whose capabilities were extended to support renewal transactions.

Moving Forward

Priorities for the future include leveraging strategic distribution channels, enhancing core digital platforms, and expanding the direct-to-consumer market. The department will focus on deepening its partnership with Public Bank to distribute motor, travel, home, and other insurance products across their digital platforms and extensive customer database. In addition, technology partnerships will be strengthened to diversify insurance portfolios and co-create innovative, holistic solutions. Significant effort will also target expanding the direct-to-consumer channel by introducing exclusive, market-specific products while enhancing existing digital platforms and tools to improve customer experience, maintain competitiveness, and ensure operational efficiency and compliance.

STRATEGIC CONTEXT

As a leading general insurance provider in Malaysia, the LPI Group operates in a complex environment. Developments in financial markets, changes in industrial activity, and amendments to the regulatory landscape can all impact the Group’s performance, as can changes in demography and consumer trends.

LPI’s strategic context is therefore multi-textured and requires careful analysis and clearly considered responses to best take advantage of opportunities and to mitigate pitfalls.

STRATEGIC CONTEXT

MACROECONOMIC OVERVIEW

Despite a robust domestic economy, Malaysia’s prospects as a trade-dependent nation still substantially rely upon global trade conditions. Geopolitical risks continue to cast shadows on global trade, with trade disputes between major economic blocs affecting global markets, and ongoing volatility in commodity supply exerting continued downward pressure on capital markets and economic activity generally. More positively, the threat of inflation has receded although rising costs continue to affect individual segments, such as medical inflation, which has a direct impact on underwriting performance.

Impact on Stakeholder Groups and Our Response

Stakeholder	Impact	Response
Shareholders and Investors	Growth of underwriting revenue and overall profitability is directly tied to the level of economic activity.	Optimise underperforming portfolios, become more selective over risk, and develop new innovative products and business to boost profitability.
	Uncertainty in the capital markets may negatively impact performance of the Group’s investment portfolio and investment income.	Rebalance investment portfolio in line with expected developments in the global financial markets.
	Low investor confidence may increase underwriting costs (e.g., the cost of reinsurance) and reduce profitability.	Assess all large risk items and constantly evaluate risk exposures, particularly in view of worsening natural catastrophes.
Customers	Risk of being underinsured because of rising prices.	Proactive engagement to ensure policyholders have sufficient coverage in the event of misfortune.
	Inability to obtain insurance because of excessive risk or geopolitical restrictions.	Proactive engagement to identify alternative underwriting solutions for their business activities.

Outlook

Macroeconomic challenges are expected to continue over the near term. Economic activity, and by extension the insurance industry, will continue to benefit from the robust Malaysian economy which the government projects to expand between 4.0% and 4.5% in 2026. Continuing interest in data centre projects, as well as in the E&E sector, will continue to drive growth, and growing foreign investor confidence is evident from the increase in FDI and the strengthening of the Ringgit. External developments however will continue to weigh on domestic performance, particularly given the ongoing trade brinksmanship between the largest global economic blocs. Risk will likely fluctuate depending on external developments, and will require careful monitoring by the Group.

INDUSTRY OVERVIEW

The Malaysian general insurance industry is at the tail-end of the phased liberalisation roadmap with insurers, including Lonpac, finalising their transition to the final phase i.e. Phase 2B. With much of the work already done—most insurers have integrated risk-based pricing into their offerings—it remains for the industry to optimise their processes and ensure profitability and sustainability for their products and services. Nevertheless, new developments are expected in the coming years, such as the introduction of new digital insurers under BNM’s Digital Insurers and Takaful Operators Framework. Moreover, new regulations, such as a revamped Risk-Based Capital Framework, will also affect operations.

Impact on Stakeholder Groups and Our Response

Stakeholder	Impact	Response
Shareholders and Investors	Growth of underwriting revenue and overall profitability is directly tied to market share.	Develop innovative, relevant products and prioritise customer satisfaction.
Customers	Tech-savvy customers prefer purchasing and managing their insurance policies digitally, and may be attracted to new digital insurance providers.	Develop Lonpac’s digital offerings to provide technological solutions for customers.
	Customers who receive inaccurate insurance advice from AI may be under- or overinsured.	Deploy AI and automation to support, not replace, agents and employees.
Business Partners and Service Providers	Find themselves undercut by digital solutions which bypass the need for agents or intermediaries.	Identify discrete roles for our intermediaries and agents in Lonpac’s value chain and provide sufficient support.
	Lack the technological proficiency to make use of AI and automation tools.	Provide training and education to ensure they are equipped with the necessary skills and tools.
Employees and Directors	Face greater competitive pressure to deliver on their KPIs.	Provide adequate training, education, and welfare support to ensure optimal efficiency and avoid risk of burnout.
	Face new challenges in complying with new regulatory measures, such as Risk-Based Capital Framework.	Continue to maintain prudential levels of capital adequacy and present Lonpac’s balance sheet for external review, i.e., by A.M. Best.
	Face new challenges in developing new, innovative products that take advantage of the new liberalised regime while maintaining profitability and remaining within prudential risk thresholds.	Continue to work holistically throughout the organisation to ensure that the various arms of Lonpac, e.g., Underwriting, Compliance, IT and Claims, are working together towards established strategic goals.

Outlook

The Malaysian general insurance industry has mostly stabilised and the remaining players will now be focused on consolidating their positions to compete in the new liberalised landscape. The upcoming Risk-Based Capital Framework will ensure that no insurer takes too much risk even as they seek to optimise their portfolios to take advantage of risk-based pricing. The deployment of technology will be critical in helping insurers streamline their processes and to prepare for new digital insurers in the market. Nevertheless, the Group takes the position that technology will never be a replacement for its network of agents who will continue to be the main distribution channel for Lonpac going forward.

SECTION 4: VALUE CREATION AT LPI

STRATEGIC CONTEXT

ENVIRONMENT, SUSTAINABILITY AND GOVERNANCE

Climate change is now a primary driver of risk in the insurance industry with far-reaching implications for stability. The increasing frequency and severity of extreme weather events are causing unprecedented losses across property, health, and business interruption portfolios. The domestic events of 2025, in particular severe flooding across Peninsular Malaysia and earthquakes in Johor, serve as stark reminders that insurers must urgently upgrade their risk models to integrate chronic and acute climate-linked disasters.

In addition to responding to climate change, the sustainability of an organisation also relies upon comprehensive and holistic governance throughout the entire value chain. A failure of governance may lead to losses as well as legal liabilities that may have systemic impact on all stakeholders. Regulatory requirements stipulating governance issues, such as BNM’s AMLATF, are usually accompanied with strict penalties in the event of a breach and the reputational damage that follows will erode the trust of stakeholders. Governance is therefore a key priority for the Group.

Sustainability must therefore take into account the two factors above in addition to the traditional best practices associated with the insurance industry.

Impact on Stakeholder Groups and Our Response

Stakeholder	Impact	Response
Shareholders and Investors	Catastrophic losses due to natural disasters may severely impact underwriting profitability.	Ensure appropriate reinsurance treaties are in place and be more attentive to climate-related risk when assessing coverage.
	Risk of unexpected losses owing to failures of governance, legal liability, or stranded assets in investment portfolios.	Establish comprehensive governance policies and implement a Responsible Investment Policy to screen assets for ESG risk.
Customers	Unexpectedly severe natural disasters may result in insufficient coverage for losses.	Proactive and frank engagement to advise customers on their climate risk exposure to ensure sufficient coverage.
	Premiums may increase due to greater climate risk, which may lead to affordability and accessibility problems.	Develop inclusive and sustainable insurance products and leverage digital solutions to maintain affordability.
Employees and Directors	Face challenges in properly underwriting risk due to lack of climate-related data.	Provide organisation-wide access to climate data and risk models and require assessment of climate risk in all policies.
	Face challenges in providing leadership and fulfilling responsibilities for complex ESG issues.	Provide comprehensive training and education at all levels to ensure ESG is integral to the Group’s culture and operations.

KEY RISKS AND MITIGATION

Risk-taking is an integral part of insurance which must be approached carefully and taken within the stipulated risk tolerance levels determined by LPI’s Board of Directors (“the Board”) as guided by the Group’s Risk Management and Internal Control Framework (“Framework”). Under this Framework, the Board is responsible for assessing and setting the Group’s risk appetite, and for regularly reviewing the Group’s performance against risk tolerance limits.

The Group endeavours to only accept risks that it has the capability and expertise to manage, and in cases where the projected benefit of taking on the risks outweigh the costs. Guiding the Group’s risk decisions is the Framework, which sets out the overall approach to the identification, assessment, management, monitoring and reporting of risks. Business risks are continually ranked in order of criticality and priority, and in relation to their impact on sustainability to ensure that core business processes can proceed uninterrupted.



The Framework sets a structured approach enabling the comprehensive assessments of each identified risk as they relate to sustainability elements, their unique characteristics and their operational implications.

Complementing the Framework is LPI’s strong corporate culture and values, which are instilled within the Group’s employees. The Group’s leaders and Senior Management are responsible for setting the tone in respect to its culture and values, and are ultimately accountable for the risks taken on by the Group. This approach to culture is reinforced in LPI’s Code of Conduct, which sets out its expectations of its employees, and that makes risk assessment a natural part of their decision making.

The Board undertook a robust assessment of the key risks facing the Group in 2025, including those that could threaten its business model, future performance, solvency and liquidity. These risks are set out in the table below.

At the same time, Senior Management has put in place actions and controls to mitigate these risks to ensure that risk exposures fall within the Group’s risk tolerance limits. Regular monitoring and reporting of risks are conducted to enable the continuous review and implementation of management action.

Independent and Governance Departments	
Compliance	Enterprise Risk Management & Sustainability
Information Security	Internal Audit
Support Departments	Distribution Channels
- Administration - Actuarial - Branches Strategic Performance - Claims - Employees Development - Human Resource - Finance - Information Technology - Legal - Pricing - Product Development - Secretariat - Underwriting	- Agency - Branches - Broking - Customer Service - Digital Business - Financial Institution - Global Partnership - Trade Credit

SECTION 4: VALUE CREATION AT LPI

KEY RISKS AND MITIGATION

RISK TYPE	MITIGATION EFFORTS		LINK TO STRATEGY
FINANCIAL RISKS Risk in the asset portfolio due to credit risks, market risks, interest rate risks, foreign currency risks or liquidity risks.	- Diversification of investments and reinsurance placements to avoid the concentration of risk on single counterparty. - Implementation of credit control policies and procedures by the Credit Control Unit. - Development of investment guidelines to describe the risk threshold for each type of investment. - Investment in sustainable assets to minimise the impacts arising from sustainability-related risks. - Independent assessment of the financial security of counterparties before entering into contractual agreements.		LPI Group sets its strategy to succeed in the short-, medium- and long-term. The Group is committed to maintaining a strong capital adequacy level to ensure that it has the capability of meeting all financial obligations at all times.
STRATEGIC RISKS Risk that arises when the underlying strategy proves to be flawed, resulting in poor business decisions and adverse outcomes.	- Oversight of the design and implementation of new products by the Product Development Department. - Ensuring premiums are competitive in comparison with other market players. - Comprehensive market research and thorough analysis of new products prior to launch, and frequent monitoring of new business production and profit performance. - Annual review of reinsurance arrangements. - Ensure the effective planning and direction of IT plans and projects via the Information Technology Steering Committee.		LPI Group ensures prudent and profitable underwriting practices to maximise returns within the confines of regulatory requirements. The Group aims to secure sustainable business performance, while maintaining financial stability for its shareholders and customers.
INSURANCE RISKS Risk arising from insurance business (i.e. underwriting & claims).	- Continuous assessment of developing trends, changes in the business environment and claims processes. - Balancing the business portfolio to ensure that risks are distributed. - Annual independent review of product pricing. - Annual review of underwriting guidelines.		LPI Group continues to expand and enhance its distribution channels to reach all segments of society and customer groups in its markets in order to create long-term value for its stakeholders.
OPERATIONAL RISKS Risk arising from inadequate/failed internal processes, people, systems or unexpected external events & from the damage to the Group's reputation.	- Periodical review and monitoring of internal processes to ensure the viability and appropriateness with respect to the changing operating environment. - Structured guidelines, access rights, trainings and organisation of work with random checks and reviews help mitigate the risk of human errors. - Regular backups, software/ hardware acquisition policies and security assessments to ensure internal systems remain robust. - Independent third-party security assessments to ensure the confidentiality, integrity and availability of data handled by third-party vendors. - Periodic review of the Group's Business Continuity & Crisis Management Framework and Plans. - Regular testing (at least once a year) of the Business Continuity Plan and Disaster Recovery Plan for both Malaysia and Singapore operations to ensure effectiveness and readiness. - Regular review of remuneration policy to ensure the employee are treated fairly.		Establish diversified distribution channels with efficient and professional customer support, and deliver innovative products for customers.
LEGAL AND COMPLIANCE RISKS Risk arising from a breach of the applicable laws and regulations.	- Promote a strong compliance culture in the Group led by the Board through the Compliance Committee and Senior Management. - Managing and limiting compliance risk via the guidelines of the Compliance Policy which has been approved by the Board. - Secure the Group's zero-tolerance position against bribery and corruption through the Group's comprehensive Anti-Bribery and Corruption Policy ("ABC Policy"). The Policy is applicable to all of the Group's employees and extends to third-parties acting on the Group's behalf. The Group's vendors and representatives are required to acknowledge and submit a declaration of their observance of LPI Group's ABC Policy. - A Whistleblowing Policy applicable to parties both internally and externally is available on LPI Group's website. Clear and independent whistleblowing channels have been introduced for this purpose. - An Anti-Fraud Policy that supports the facilitation of controls to aid the detection and prevention of fraud in or against the Group. - The Gifts and Hospitality Policy, which outlines clear procedures on receipt and gifting of business gifts, hospitality, sponsorship or donation.		- Maintain an efficient claims process that settles customer claims quickly and fairly. - Maintain the highest levels of operational excellence that is guided by integrity and professionalism while expecting the same from its business partners. - Support the professional development of its partners, particularly agents, through the provision of regular training and development workshops. - Prioritise agent retention as skilled, experienced and trained agents are key assets of the Group. - Engage closely with customers who operate in sectors that bear high environmental, social, and governance ("ESG") risk, and advocate for sustainable business practices (e.g. climate adaptation and resilience).
	- Close monitoring of the financial security of the panel of reinsurers. - Ensuring sufficient liquidity is maintained so that sufficient funding is available to meet insurance contracts and other obligations. - Set up of contingency funding plans. - Instituting cash calls on reinsurers for major claims.		
	- Digital Business Department to diversify the distribution channel and enhance the customer's buying experience. - The Investment team executes Group's investment objectives, which aim to maximise returns consistent within prudent levels of risks. - Sustainability Council and Sustainability Committee oversee the design and implementation of the sustainability-related matters.		
	- Continuous monitoring of the Group's exposure to the flood-prone areas to ensure prudent underwriting practices. - Regular monitoring of claims experience. - Stress-testing to identify potential threats due to exceptional-but-plausible adverse events.		
	- Regular review of policy on general conduct to ensure that customers are treated fairly, and that employees maintain high standards of professional conduct when dealing with them. - Private Cloud Disaster Recovery Centre to mirror production systems, ensuring minimal business disruption in the event of a systems failure while maintaining data privacy and security. - Work from home arrangements with Virtual Private Network facilities for employees to ensure the continuity of operations while maintaining data confidentiality. - Incident Security Playbook and Crisis Communication Plan to manage the flow of internal and external communications in response to an incident or crisis event. - E-policy documents and recycling practice to reduce Greenhouse Gas ("GHG") emissions.		
	- Internal policies and procedures related to the prevention of money laundering, terrorism financing and proliferation financing, which includes stipulations on mandatory sanctions screening and customer due diligence prior to customer on-boarding. - Lonpac's Customer Fair Treatment Charter, Customer Service Charter and Motor Customer Service Charter which stipulates the fair treatment of customers. This includes the transparent disclosure of information such as product benefits and exclusions so that customers can make informed decisions. - Regular training for staff and representatives by the Compliance Department to mitigate and create awareness of legal and compliance risks in the Group. - Compliance with all requirements outlined in BNM's Risk Management in Technology through the implementation of robust internal controls, comprehensive governance frameworks, and regular monitoring to maintain regulatory compliance and adhering to regulatory standards. Periodic assessments and reviews are conducted to identify and remediate areas of deficiency, ensuring that all practices remain aligned with BNM's expectations and the industry best practices.		Comprehensive reduction of GHG emissions through various operational means, including promoting the use of e-policies to reduce paper usage.

SECTION 5: SUSTAINABILITY STATEMENT

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SUSTAINABILITY GOVERNANCE

The LPI Group’s sustainability efforts are strategically guided by its comprehensive sustainability blueprint, which establishes the fundamental objectives for all associated initiatives. The holistic development and subsequent execution of this blueprint are supervised by LPI’s Board, with substantial support provided by the LPI Risk, Compliance and Sustainability Committee (“RCSC”).

Concurrently, Lonpac’s sustainability blueprint mirrors the Group’s overarching strategic framework and is similarly subjected to the oversight of Lonpac’s Board, assisted by the Lonpac Risk and Sustainability Committee (“RSC”). Ultimately, both the Boards of LPI and Lonpac bear the primary accountability for the governance and successful implementation of their respective sustainability blueprints. Two supplementary management bodies furnish additional support: the Group-level Sustainability Council and the Lonpac-level Sustainability Committee. The latter maintains an exclusively operational focus within Lonpac.

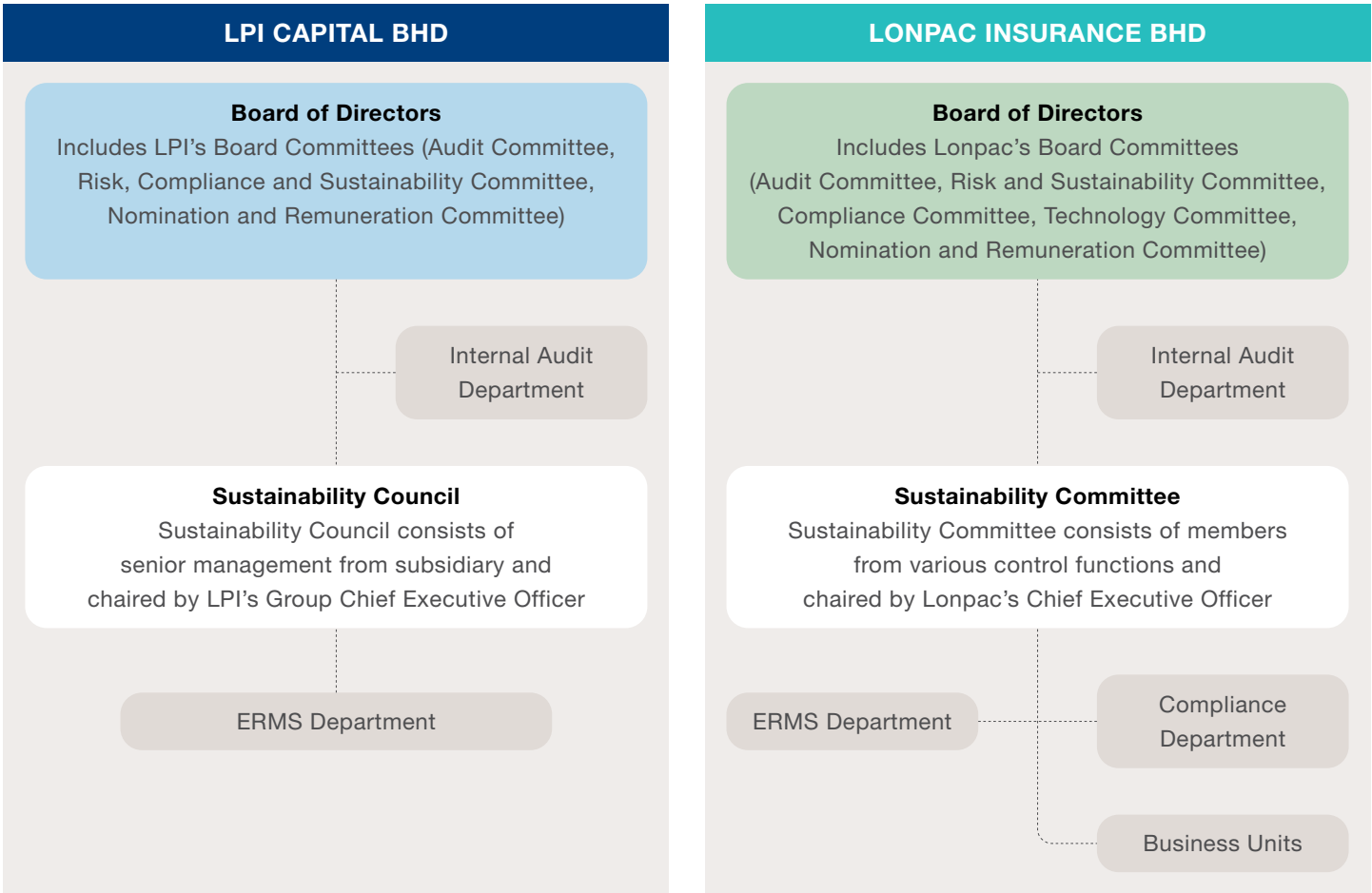
Both the RCSC and RSC submit their reports directly to their respective boards, with a designated shared member ensuring strategic coherence across the Group’s sustainability strategy. The ensuing section delineates the LPI Group’s sustainability management structure and operational protocols, serving to complement the broader overarching governance framework.

BOARD AND BOARD COMMITTEES	Tasked with embedding sustainability considerations within their mandates. LPI’s Board retains ultimate responsibility for the Group’s strategic direction and overseeing critical sustainability issues, including climate-related risks and opportunities, with Lonpac’s Board and the Board Committees providing essential support.
SUSTAINABILITY COUNCIL	Chaired by LPI’s Group Chief Executive Officer and composed of senior management, this council assists the RCSC in the strategic oversight of the Group’s principal sustainability matters.
SUSTAINABILITY COMMITTEE	Led by Lonpac’s Chief Executive Officer, this committee includes control function representatives from Lonpac. Its role is to support the RSC in implementing Lonpac’s sustainability framework and policies, and to manage the integration of sustainability and climate concerns into business strategies and operations.
ENTERPRISE RISK MANAGEMENT & SUSTAINABILITY (“ERMS”) DEPARTMENT	This department plays a crucial role in assisting Management Committees with the day-to-day execution of the Group’s sustainability strategies and plans. It is also responsible for identifying and escalating sustainability and climate-related risks and opportunities to senior leadership.



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SUSTAINABILITY STATEMENT



Governance of Climate-related Risks and Opportunities

The LPI Group recognises the imperative for robust climate-related disclosures to facilitate informed decision-making among its business units, investors, and stakeholders. Sustainability, including climate change, is a critical criterion within the Board Skills Matrix and has been integrated into the Group’s long-term business strategy.

Consistent with the Sustainability Governance, the ultimate responsibility for identifying, assessing, and integrating climate-related risks and opportunities resides with the Boards of Directors of LPI and Lonpac (collectively referred to as “the Board”), with support from their respective Board Committees. The Board also systematically monitors progress against established climate-related goals and targets, which are thoroughly discussed during quarterly meetings dedicated to climate-related issues and other pertinent sustainability matters.

At the Group level, the LPI’s Sustainability Council assists the Board Committees in cohesively managing climate-related risks and opportunities. Operationally, Lonpac’s Sustainability Committee supports Lonpac’s Board Committees in managing these risks and opportunities, including the integration of climate-related considerations within core operations such as general insurance and investments. Both LPI’s Sustainability Council and Lonpac’s Sustainability Committee provide quarterly updates to the LPI RCSC and Lonpac RSC, respectively, encompassing sustainability performance and climate-related information, such as operational emissions, waste management data, regulatory updates, and climate risk scenario analysis.

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Board Skill Matrix on Sustainability and Climate-related Risks and Opportunities

The Boards annually review their Directors’ Training Development Plan to ensure that Directors continuously enhance their knowledge and skills to fulfil their responsibilities effectively. The Board’s skills matrix is outlined below:

Skills Matrix	Mr Tee Choon Yeow	Mr Tan Kok Guan	Ms Soo Chow Lai	Dato’ Chia Lee Kee	Encik Mohamed Raslan Bin Abdul Rahman
Accounting, Audit and Finance	✓	✓	✓	✓	✓
Corporate Governance and Risk Management	✓	✓	✓	✓	✓
Human Capital and Stakeholder Well-being	✓	✓			
Insurance Knowledge	✓	✓	✓		
Investment Management	✓	✓	✓		
Legal Affairs & Regulatory Compliance	✓	✓		✓	

To ensure that the Group possesses the requisite skills and expertise for this role, both LPI’s and Lonpac’s Boards proactively work to ensure appropriate training and competency development. The evaluation of Board capabilities, including sustainability competencies, is the responsibility of LPI’s and Lonpac’s Nomination and Remuneration Committees for their respective Boards.

 For a detailed summary of the qualifications and experience of the Group’s Board members, please refer to pages 115 to 117 of this report.

Members of the Board and senior management regularly engage in training programmes, including workshops, forums, and knowledge-sharing sessions. This ongoing professional development ensures they remain informed of the latest sustainability knowledge, enabling them to effectively respond to sustainability and climate-related risks and opportunities for strategic decision-making. The key focus areas of the training provided to the Board and senior management are detailed below:

Training Focus Area	Mr Tee Choon Yeow	Mr Tan Kok Guan	Ms Soo Chow Lai	Dato’ Chia Lee Kee	Encik Mohamed Raslan Bin Abdul Rahman
Accounting, Audit and Finance		✓			✓
Corporate Governance and Risk Management		✓			✓
Human Capital and Stakeholder Well-being		✓			
Legal Affairs & Regulatory Compliance		✓	✓		✓
Sustainability and Climate Change	✓	✓	✓	✓	✓
Technology and Digital Transformation	✓	✓	✓	✓	✓
Others (Professionalism, Ethics and Remuneration)		✓		✓	✓

SUSTAINABILITY STATEMENT

Training Focus Area	Mr Chuang Chee Hing	Mr Yow Kai Fook	Mr Raymond Tan Soo Boon	Ms Cynthia Ng Boon Howe	Ms Irene Hwang Siew Ling	Mr Ng Seng Khin	Encik Sallehuddin Bin Marzuki	Ms Tammy Kong Thian Mee	Mr Tung Chee Lim	Mr Voon Wing Chuan	Mr Lai Geng Farn	Ms Mahinder Kaur A/P Kapal Singh	Ms Lim Wai Cheng	Mr Lee Chiew Lai
Accounting, Audit and Finance			✓			✓			✓					
Actuarial									✓					✓
Corporate Governance and Risk Management	✓							✓						✓
Human Capital and Stakeholder Well-being	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Insurance Knowledge					✓				✓	✓	✓			
Legal Affairs & Regulatory Compliance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sustainability and Climate Change	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technology and Digital Transformation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Others (Professionalism, Ethics and Remuneration)														✓

Quarterly evaluations of sustainability targets and performance are discussed by LPI RCSC and Lonpac RSC. The findings from these discussions are subsequently presented to the broader Boards of both companies for review and approval, as they are ultimately responsible for ratifying the Group’s sustainability framework and sustainability blueprints, which delineate the Group’s targets and goals.

In alignment with the Group’s commitment to ensuring the Board’s active role in managing sustainability issues, the Group’s sustainability performance is a considered factor in the Directors’ evaluations. Consequently, the Group’s overall sustainability rating influences the determination of Directors’ remuneration across both Boards.

SUSTAINABILITY STATEMENT

ROLES AND RESPONSIBILITIES

LPI’s leadership plays a pivotal role in upholding the Group’s sustainability principles. Across the entire Group, Board oversight and active participation are fundamental to effective organisational sustainability management. The specific responsibilities of key leaders within the organisation are delineated below:

GROUP LEVEL (LPI CAPITAL BHD)

Board of Directors

- Oversees sustainability-related management, including climate-related policies, across the Group.
- Reviews and approves the Group’s sustainability framework, ensuring alignment with core values and vision.
- Supervises the development and approval of the Group’s Sustainability Blueprint.
- Confirms the transparency and accuracy of all sustainability-related disclosures.
- Connects the remuneration of key personnel to the Group’s sustainability-related targets and goals.

Sustainability Council

- Manages the implementation of the Group’s Sustainability Blueprint, comprising overall strategy and key performance indicators (“KPIs”).
- Appraises the Group’s sustainability performance against established KPIs.
- Leads materiality assessments and stakeholder prioritisation assessments.
- Reviews and proposes sustainability-related disclosures to the Board, to ensure compliance with regulatory and relevant standards.

OPERATIONAL LEVEL (LONPAC INSURANCE BHD)

Board of Directors

- Oversees the development and approval of Lonpac’s Sustainability Blueprint, ensuring its alignment with the Group’s overarching Sustainability Blueprint.
- Oversees sustainability and climate-related issues specific to Lonpac.
- Ensures the allocation of adequate resources and the implementation of effective processes for sustainability strategy execution.
- Reviews and approves sustainability-related disclosures for Lonpac, maintaining alignment with LPI Group’s disclosures.

Sustainability Committee

- Manages the implementation of Lonpac’s Sustainability Blueprint, including its strategy and KPIs.
- Ensures the effective execution of Lonpac’s sustainability framework and climate-related policies within Lonpac’s operations.
- Reviews climate risk scenario analysis and stress testing results, considering the impact of climate change on Lonpac’s financial performance and operations.
- Assesses sustainability-related disclosures, including climate-related information, and recommends them to Lonpac’s Board for approval.

SUSTAINABILITY STATEMENT

DEPARTMENTAL ROLES: THE THREE LINES MODEL

The LPI Group adopts the Three Lines Model to delineate the organisational roles of each department in managing sustainability. This model is structured as follows:

Business Units
(First Line of Defence)

Business units serve as the Group’s first line of defence, integrating sustainability-related matters into their daily operations as guided by the Group’s sustainability strategy and goals. They are also responsible for managing sustainability and climate-related risks and opportunities within their respective scopes, and for providing necessary support to ERMS Department for sustainability performance reporting and disclosures.

Enterprise Risk Management & Sustainability Department and Compliance Department
(Second Line of Defence)

The ERMS Department constitutes the second line of defence. It is responsible for addressing, communicating, and coordinating the implementation of the Group’s sustainability strategies and goals as guided by the sustainability blueprints. This department tracks and monitors sustainability and climate-related performance and escalates risks and opportunities through the management chain. The ERMS Department also assists the respective Boards in preparing sustainability-related and climate-related disclosures. The Compliance Department ensures that the Group’s activities and disclosures meet legal and regulatory requirements in relation to sustainability and climate.

Internal Audit Department
(Third Line of Defence)

The Internal Audit Department conducts independent reviews of sustainability-related matters, processes, controls, and sustainability-related financial and non-financial disclosures. This function ensures the integrity and accuracy of all reported sustainability information.



SECTION 5: SUSTAINABILITY STATEMENT

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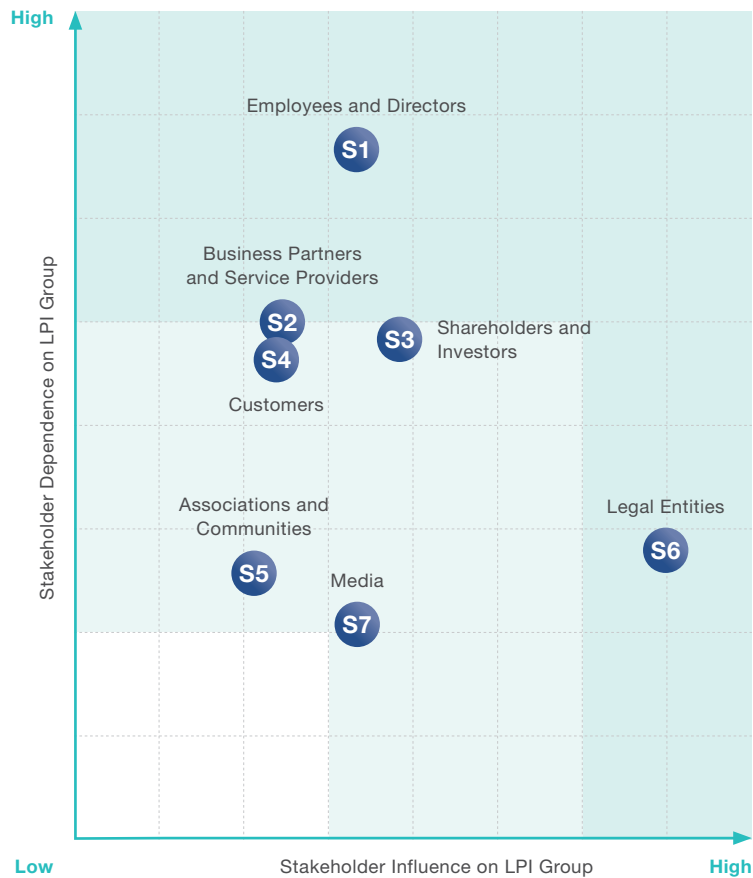
STAKEHOLDER ENGAGEMENT

Recognising that stakeholder trust and confidence are indispensable for long-term success and sustainability, the LPI Group is committed to fostering open, transparent, and ongoing communication. This commitment ensures that stakeholder viewpoints and expectations are effectively integrated into our strategic decision-making processes.

The Group actively engages with its key stakeholders through diverse channels to gain a deeper understanding of their evolving needs, address material concerns, and identify opportunities for mutual value creation. The feedback garnered from these engagements is instrumental in shaping our sustainability priorities, and in reinforcing both our governance framework and operational resilience. The subsequent table delineates LPI’s various stakeholder groups and their respective relationships with the Group.

This year, a comprehensive stakeholder prioritisation exercise was carried out. Through consistent stakeholder engagement, LPI endeavours to position its business practices alongside stakeholder expectations, thus making certain that its sustainability commitments are both meaningful and measurable.

LPI Group Stakeholder Prioritisation



S1 Employees and Directors	Our Responses - Conduct health and wellness programme. - Review and strengthen succession pipelines. - Conduct regular training and industry updates to ensure employee remains competitive within the market. - Uphold equal opportunities, fair treatment and competitive compensation for all employees through performance management, talent development and hiring frameworks.
S2 Business Partners and Service Providers	Our Responses - Enhance digital tools for business partners. - Review the product coverage ensuring our insurance products remain competitive and relevant. - Provide learning opportunities throughout the year via trainings. - Establish a Vendor Code of Conduct.

S3 Shareholders and Investors	Our Responses - Ensure strong corporate governance practices / disclosures. - Ensure sound risk management and internal control management. - Ensure resilient financial performance. - Incorporate Environmental, Social and Governance (“ESG”) considerations in business decision making, operation and products.
S4 Customers	Our Responses - Enhance and strengthen cybersecurity and data privacy across our digital platform. - Foster customer fair treatment. - Proactively engage with customers to gather feedback and assess service quality. - Put continuous effort on digitalisation and innovation to enhance customer experience. - Develop and introduce insurance products to meet customer needs. - Review the reliance of material service providers to ensure business continuity and its resiliency.
S5 Associations and Communities	Our Responses - Provide consultation feedback, data submissions and participate in working group organised by trade associations (including General Insurance Association of Malaysia (“PIAM”) and the Asian Institute of Insurance) to support policy development and industry guidance. - Support corporate social responsibility (“CSR”) activity.
S6 Legal Entities	Our Responses - Participate in various industry working group. - Provide transparent disclosures. - Integrate sustainability and climate change considerations into business operations and product offerings. - Raise awareness on electricity conservation and paper reduction with employees. - Review material business functions to ensure business continuity and its resiliency. - Conduct climate risk scenario analysis.
S7 Media	Our Responses - Ensure strong corporate governance practices / disclosures. - Communicate our progress through briefings, press release and corporate website. - Ensure sound risk management and internal control management. - Integrate sustainability and climate change considerations into business operations and product offerings.

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MATERIAL MATTERS

The LPI Group recognises that material matters are critical in guiding organisations toward sustainable practices and informing strategic decision-making. By identifying and prioritising issues that significantly impact financial performance, stakeholder interests, and environmental sustainability, we ensure the effective allocation of our resources towards achieving our strategic goals.

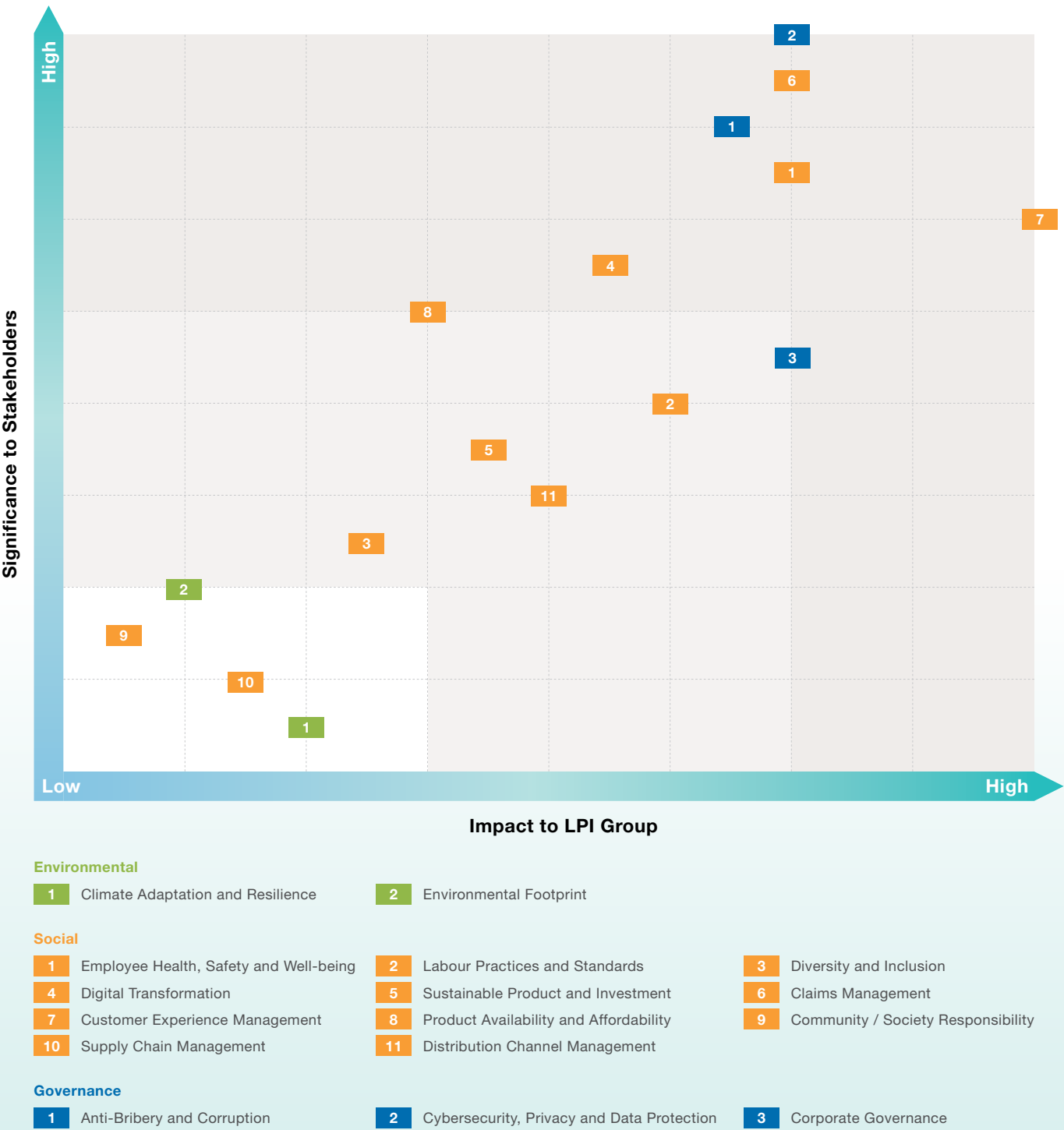
Understanding these material matters is essential for navigating risks, seizing opportunities, and enhancing our reputation. Furthermore, this process fosters transparency and accountability, enabling stakeholders to assess our impact on society and the environment.

MATERIALITY ASSESSMENT

The materiality assessment constitutes a vital component of the Group’s sustainability framework. This assessment systematically evaluates and identifies issues that could exert a significant financial and non-financial impact on the Group. This includes matters that directly affect value creation activities, as well as those with indirect or cascading effects.

To maintain relevancy within a dynamic operational environment, the Group conducts its materiality assessment at a minimum of every two years. This year, we performed a comprehensive review of our materiality assessment by engaging both external and internal stakeholders through surveys and interviews. As part of the materiality assessment, the Group engaged a range of external stakeholders, including business partners and service providers, shareholders, customers, associations and communities, legal entities and media representatives. The outcomes of this materiality assessment were subsequently reviewed by the ERMS Department, endorsed by the Sustainability Council and approved by the RCSC and LPI’s Board.

As a direct result of this review, the 20 material sustainability matters identified in FY2023 have been refined to 16 material matters. This reduction was achieved through the combination of energy, water, and waste management under the single umbrella of “Environmental Footprint,” and the integration of financial strength rating within “Corporate Governance.”



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Based on the Materiality Assessment and its corresponding Materiality Matrix, the following outlines the changes in the significance of material matters when compared to 2023:

Cybersecurity, Privacy, and Data Protection

This matter has experienced an elevated ranking due to heightened stakeholder expectations and the persistent threat of cybersecurity risks to our operations. Proactive and continuous measures are crucial for safeguarding against these evolving digital threats and for maintaining stakeholder trust.

Claims Management

The priority of Claims Management has shifted for both the stakeholders and LPI Group, reflecting a strong emphasis on service quality. In response, the Group has integrated advanced technologies into its claims process to streamline systems, accelerate service delivery, and expedite claim settlements.

Sustainable Product and Investment

This area demonstrates increasing expectations from both the stakeholders and LPI Group, driven by the escalating awareness of climate-related risks. There is a growing demand for the LPI Group to incorporate Environmental, Social, and Governance considerations into its product development and investment strategies.

Customer Experience Management

The importance of Customer Experience Management has increased for LPI Group. Delivering exceptional service experiences during business interactions and post-service engagements is recognised as a key driver for customer retention and for reinforcing the LPI Group’s reputation.

Corporate Governance

The priority of Corporate Governance has shifted to a lower position. This is primarily attributed to the robust corporate governance and sustainability governance practices already firmly established within the LPI Group.

SUSTAINABILITY STATEMENT

Material Matters	Risks	Mitigation Opportunities
Cybersecurity, Privacy and Data Protection	Potential data breaches, regulatory penalties, operational disruption due to cyber threats, reputational damage.	Strengthen cybersecurity framework, conduct regular cybersecurity and data privacy trainings for employees and implement multi-factor authentication and data encryption.
Claims Management	Inefficient or delayed claims handling could lead to customer dissatisfaction, reputational damage and loss of competitiveness.	Enhance claim processes, establish clear service standards and turnaround time.
Anti-bribery and Corruption	Fines and penalties for failing to meet regulatory requirements and reputational damage.	Conduct anti-bribery and corruption training for employees. Vendor Code of Conduct has been established.
Employee Health, Safety and Well-being	Poor working conditions affect productivity, morale and increase employee turnover.	Promote safe and conducive workplace, provide medical benefits, mental health support and wellness programmes, ensure compliance with Occupational Safety and Health (“OSH”) requirements.
Customer Experience Management	Poor service quality may reduce customers’ retention.	Strengthen customer engagement channels, monitor customer satisfaction, implement digital tools for better customer experience.
Digital Transformation	Failure to adapt to technological advancement may reduce competitiveness and operational efficiency.	Invest in digital solutions, enhance system integration, adopt automation and data analytics.
Product Availability and Affordability	Inability to offer relevant or affordable products may limit market share and accessibility to insurance protection.	Continuously review product portfolio, design inclusive and affordable offerings, leverage data to tailor products to customer needs.
Corporate Governance	Fines and penalties for failing to meet regulatory requirements and reputational damage.	Maintain effective Boards’ oversight, uphold transparency and accountability, strengthen internal controls and risk management.
Labour Practices and Standards	Non-compliance with labour laws and unfair practices could lead to legal action, poor morale and employee turnover.	Ensure compliance with labour law, monitoring the complaints concerning human rights violations, provide equal opportunities and grievance mechanisms.
Sustainable Product and Investment	Failure to integrate ESG considerations could expose the Group to transition risks and limit-long-term financial performance.	Incorporate ESG screening in investment decisions.
Distribution Channel Management	Ineffective or unethical conduct by intermediaries could lead to customer dissatisfaction, financial loss or reputational issues.	Strengthen agent training and certification, monitor performance and compliance.
Diversity and Inclusion	Lack of diversity may hinder innovation and affect organisational culture.	Implement diversity and inclusion practices, promote equal opportunities and monitor workforce diversity metrics.
Environmental Footprint	High energy consumption, waste and water resource use may increase operating costs and carbon emissions.	Employees are reminded to utilise resources efficiently and responsibly.
Community/ Society Responsibility	Limited social contribution may affect public perception and weaken community relations.	Support local communities through CSR programmes on community well-being and environmental initiatives.
Supply Chain Management	Reliance of material service providers hinder business resiliency.	Established Vendor Code of Conduct for all material vendors to sign off and commitments. Review the reliance of material service providers to ensure business continuity and its resiliency.
Climate Adaptation and Resilience	Increase frequency and severity to extreme weather, shifting climate and sea level risk. Transition to a low-carbon economy poses transition risk.	Conduct climate risk scenario analysis and stress testing.

SUSTAINABILITY STATEMENT

STRATEGIC DIRECTIONS AND PROSPECTS

Sustainability-related risks and opportunities are closely linked to LPI’s strategic direction and play an important role in shaping the Group’s long-term prospects. As sustainability considerations increasingly influence regulatory frameworks, market dynamics, customer behaviour and investor expectations, LPI recognises that the ability to proactively manage these factors is critical to sustaining enterprise value and supporting long-term growth. The Group’s business strategy is divided into short-term (next 24 months), medium term (2-5 years) and long term (beyond 5 years) goals.

IMMEDIATE TERM

The operating environment has shown signs of recovery despite persisting challenges. The Group’s focus will be turned on monitoring claims and inflation impact, as well as positioning itself to make the most of new opportunities.

Operationally, the Group will reassess asset valuations, improve claims management efficiency, and engage policyholders about their coverage. The resurgence in large engineering and construction projects offer significant growth opportunities, and the Group will work individually or collaboratively to select the right risks to its portfolio. This is expected to continue over the immediate term, given the nation’s developmental priorities as outlined in the 13th Malaysia Plan which focuses on:

- Digital economy**
Promoting digital transformation across all sectors to enhance productivity and competitiveness.
- Green technology**
Investing in renewable energy, energy efficiency, and green technology to reduce carbon emissions and promote sustainable development.
- High-value manufacturing**
Upgrading manufacturing industries to produce higher-value products and services.
- Services sector**
Developing the services sector, particularly in areas such as tourism, healthcare and education.
- Human capital development**
Investing in education and training to develop a skilled workforce.
- Infrastructure development**
Investing in infrastructure to improve connectivity and facilitate economic growth.

Collectively, these will create new underwriting opportunities, although political turmoil and interest rate fluctuations may derail some of these initiatives and impact the Group’s business.

MEDIUM AND LONG TERM

The key priorities include:

Digitalisation
The Group will leverage automation and digitalisation to enhance efficiency and technical underwriting capacity, while expanding the distribution of simple insurance products through partner web portals.

Agency Expansion
The Group is focused on building a leaner and more effective agency network to ensure that it has sufficient presence and networks in key growth areas.

Green Products
The rise in demand for electric vehicles and green technology products, such as solar panels, necessitates comprehensive preparations to address new risk profiles and changing customer expectations. The Group will continue developing its underwriting and sustainability framework to integrate these considerations into all activities.

The Group is advancing its digital transformation, harnessing opportunity from insurance technology and other smart technology. Online platforms belonging to the Group and partners now offer a broader range of products and self-service options, empowering customers while enhancing partner capabilities. While there is emphasis on making the transition to digital, there is still a need for relationships of trust with stakeholders. Increased accessibility through technology can pose risks if customer lack guidance, leading to inadequate coverage. In mitigation, the Group will ensure that its digital offerings include human expertise to help customers make informed decisions.

SUSTAINABILITY STATEMENT

VALUE CREATION MODEL

The value creation model delineates how the Group conducts its value-generating activities for its stakeholders. It details the deployment and replenishment of capital inputs, the subsequent creation of value, and the beneficiaries of these efforts. The Group’s primary value creation activities encompass the following:

Providing General Insurance Products and Services

The core business of the Group revolves around general insurance, managed by its wholly-owned subsidiary, Lonpac. Lonpac is responsible for delivering:

Competitively priced insurance products

Efficient and reliable customer service

A fair and streamlined claims process

The sales of insurance products generate financial capital through premium revenue, which in turn supports daily operations and claims payouts. Additionally, a portion of this financial capital is distributed to shareholders as dividends.

Sustaining Human Capital

Employees, agents, and partners are integral to the Group’s value creation activities. Maintaining a sustainable pool of skilled and experienced talent is crucial and is achieved by drawing from multiple capital sources:

- Financial Capital:** Provided through fair remuneration and benefits.
- Human Capital:** Developed via recruitment and comprehensive training programmes.
- Intellectual Capital:** Enhanced through internal training initiatives and industry-led programmes.
- Social Capital:** Cultivated by maintaining LPI’s reputation as a desirable workplace.

Despite the ongoing drive towards digitalisation, skilled employees remain indispensable to the value creation process.

Investing in Research and Development (“R&D”) and Infrastructure

R&D represents intellectual capital, while infrastructure embodies manufactured capital. These are jointly deployed to innovate and develop new insurance products and services. Investment in R&D ensures that the Group’s offerings remain relevant, profitable, and competitive, particularly within a liberalised market environment. Robust infrastructure—encompassing both physical and digital assets — supports efficient operations and transaction execution, playing a pivotal role in the Group’s digital transformation journey.

Partner Engagement

The Group’s social license to operate relies heavily on public approval, necessitating the cultivation of social capital through positive community interactions and ethical business conduct. Educating the public on the role and benefits of insurance enhances financial literacy, an especially critical endeavour in Malaysia where insurance penetration rates remain low. The Group actively participates in prominent trade associations, such as PIAM, contributing to the development and advancement of the Malaysian general insurance industry.

The LPI Group proactively engages with regulators, including Bank Negara Malaysia (“BNM”) and Bursa Malaysia Securities Berhad, acknowledging the highly regulated nature of the insurance industry. This engagement ensures the Group provides pertinent input on proposed regulatory changes that may affect the Malaysian insurance sector.

Commitment to Climate Action

While insurance activities inherently possess a relatively modest direct Greenhouse Gas (“GHG”) emissions footprint, the Group maintains a steadfast commitment to promoting climate awareness among its diverse customer base, encompassing both consumers and industries. The Group is actively enhancing its climate action initiatives by integrating environmentally friendly products into its offerings and supporting green assets. This strategic approach not only cultivates environmental responsibility but also generates long-term value for the Group through the creation of new business opportunities and future prospects.

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SECTION 5: SUSTAINABILITY STATEMENT

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VALUE CREATION CYCLE

INPUTS		REPLENISHED VIA...	VALUE CREATION ACTIVITY	OUTCOMES	IMPACTED STAKEHOLDERS	TRADE-OFFS AND INTERDEPENDENCIES
	Financial Capital	- Shareholder capital – RM398 million (2024: RM398 million) - Revenue generated from the sale of insurance products and services – RM2,112 million (2024: RM1,927 million) - Returns from investments – RM151 million (2024: RM145 million) - Total assets – RM4,944 million (2024: RM4,785 million)	Fulfilling the Group's commitment to create financial value for its shareholders	- Payment of dividends to shareholders – RM319 million (2024: RM319 million) - Profit after tax RM368 million (2024: RM377 million) - Return on equity – 15.0% (2024: 15.6%) - Provide financial assurance to customers	- Customers - Shareholders and Investors - Employees and Directors - Legal Entities	Financial capital supports competitiveness and stakeholder value, balanced with investments in human, intellectual and manufactured capital to sustain long-term growth and resilience.
	Manufactured Capital	- Investments into technology and physical infrastructure - Development and maintenance of distribution channels for insurance operations - Total IT/ system related costs– RM12.54 million (2024: RM8.75 million)	Creating a base of operations for the day-to-day running of all the Group's business activities	- A safe and reliable workplace where stakeholders, including employees and agents, can work, meet, and carry out business activities - The efficient undertaking of all business operations to achieve the economies of scale and contribute to financial capital	- Customers - Employees and Directors - Business Partners and Service Providers	Manufactured capital supports efficient operations and customer satisfaction, complemented by financial, human and intellectual capital to strengthen processes, efficiency and service quality.
	Intellectual Capital	- Retaining competent employees by having competitive remuneration packages as well as good career opportunities - Amount spent on training and development – RM1.43 million (2024: RM1.37 million)	- Development of insurance products and services - Identifying risks and opportunities to steer business strategy and direction	- Diversify products and services while creating new revenue streams - Ensure that the Group remains competitive by managing risk and making the most of new opportunities	- Customers - Employees and Directors - Business Partners and Service Providers	Investments in digital technology enhance operational efficiency and enable the delivery of seamless, personalised customer experiences. Leveraging financial, manufactured and intellectual capital, these initiatives strengthen business resilience and support sustainable long-term performance.
	Human Capital	- Number of active employees - Amount staff remuneration – RM194 million (2024: RM184 million) - Attractive remuneration packages to recognise employee's contribution - Recruitment and training of agents	- Regular training and development of personnel - Provide competitive salary, benefits and remuneration package	- Creating a skilled and experienced pool of human capital for business activities 30 hours of average training per employee (2024: 33 hours) 20 hours of average training per agent (2024: 21 hours) - Employee turnover rate – 8% (2024: 6%)	- Employees and Directors - Business Partners and Service Providers	Investments in employee training, development, and agent capacity building strengthen skills and competencies to enhance product and service delivery, thereby contributing to the growth of our financial capital.
	Social Capital	- Regular meetings with stakeholder groups - Transparent disclosure of business activities - Regular engagement with customers - Product innovation and inclusion	- Create open, bi-directional communication channels with regulators and industry partners - Provide stakeholders with a clear overview of Group operations to inform their decision, e.g. investment decisions, to seek insurance coverage with us, etc. - Investment into social welfare through the Group's CSR Programme	- Providing better and more affordable insurance coverage to the public and improve social capital. Incurred claims – RM856 million (2024: RM625 million) - Claims paid following flood events resulted in gross flood-related losses of RM57 million (2024: RM22 million) - In-force policy count– 1,438,000 (2024: 1,380,000) - Amount invested in the community - RM237,000 (2024: RM172,000)	- Customers - Employees and Directors - Legal Entities - Associations and Communities	In line with our sustainability commitments, we empower local communities and expand access to affordable products through strategic partnerships, reinforcing our focus on social responsibility and financial inclusiveness across our products and services.
	Natural Capital	- Energy consumption – 3,168,424 kWh (2024: 3,081,252 kWh) - Water consumption – 13,956 m³ (2024: 12,729 m³) - Reduce paper usage via digitalisation of process and policies. Paper-related expenses incurred - RM390,513 (2024: RM458,973)	- Support climate action to help reduce emissions and contribute towards a more sustainable environment - Reduce the impact of business operations on the environment	- Total waste generated: 72.5 tonnes (2024: 86.1 tonnes) - Percentage of e-documents for Fire and Motor policy: 49% (2024: 50%) - Net premium written related to energy efficiency and low carbon technology: RM20 mil (2024: RM12 mil) - Investment in sustainable assets: 65% (2024: 66%)	- Shareholders and Investors - Legal Entities - Associations and Communities	Integrate ESG considerations into our business process through our policies and guidelines. An initial outflow of financial capital is required to achieve the ultimate goal of natural capital while enhancing financial, intellectual and social capital.

SUSTAINABILITY STATEMENT

THE LPI GROUP SUSTAINABILITY FRAMEWORK

The LPI Group’s sustainability initiatives are systematically guided by its comprehensive sustainability framework, which undergoes continuous adjustment and refinement to adapt to the dynamic risk and operating environment. This framework is subsequently presented to LPI’s Board of Directors (“the Board”) for their thorough review and approval. It serves as the formal structure overseeing the Group’s sustainability efforts, steering its sustainability program to ensure alignment with prevailing regulatory standards and best practices. The activities and objectives articulated within this framework are formally translated into specific goals within the LPI Group’s sustainability blueprint.

In the realm of governance, the framework defines the principles that direct sustainability management throughout the Group. These foundational principles are applicable to:

- 1

Key activities associated with the materiality assessment.
- 2

The development process of the sustainability blueprint.
- 3

The established frequency for monitoring sustainability-related targets and goals.
- 4

The definition and application of KPIs and remuneration policies.

This framework represents the culmination of the Group’s decade-long commitment to enhancing the comparability and transparency of its sustainability practices. This dedication enables stakeholders to gain a clearer understanding of the challenges, risks, and opportunities confronting the Group. The overarching objective of the Group’s sustainability initiatives is concisely encapsulated in the following sustainability statement:

The Group is committed to providing innovative, affordable, yet sustainable products and services while preserving the environment and improving the overall well-being of its stakeholders with good corporate governance and business transparency.

Embracing the theme “Reshaping the World with Sustainable Solutions”, the Group has adopted this as the motto for its sustainability programme, reflecting its dual ideals as a provider of insurance solutions and a proponent of sustainability. This commitment is further detailed within specific focus areas, which are aligned with the United Nations’ Sustainable Development Goals (“UNSDGs”) programme.



SDG 8
Decent Work and Economic Growth

The Group is dedicated to fostering the well-being of its stakeholders, specifically by promoting wealth accumulation and ensuring a secure and safe working environment for its employees. This commitment aligns with the UNSDG 8, as employees are recognised as the fundamental asset and a crucial component in all the Group’s value creation endeavours.



SDG 11
Sustainable Cities and Communities

The Group is committed to providing high-quality, affordable and accessible insurance products and services to all stakeholders. Through its comprehensive insurance offerings, the Group cultivates financial resilience within the broader community by affording protection against unforeseen events or disasters. In this manner, the Group contributes to the advancement of sustainable cities and communities, concurrently assisting consumers in managing their financial risks.



SDG 13
Climate Action

The Group has pledged to enhancing the climate agenda through its operations. As a prominent general insurer in Malaysia, climate change significantly influences the Group’s overall business performance. As a responsible investor and business operator, the Group supports the climate agenda by making prudent investments and providing sustainable insurance solutions to its customers.



SDG 16
Peace, Justice and Strong Institutions

The Group is committed to transparency, robust corporate governance and accountability. Its exemplary track record over the years has significantly contributed to its success and its distinguished reputation within the Malaysian insurance market. In practice, this promise translates into prioritising outstanding corporate governance, upholding ethics and integrity, and embracing corporate responsibility.

MANAGEMENT APPROACH TO MATERIAL MATTERS

GOVERNANCE

Related
UN SDGs



SUSTAINABILITY STATEMENT

ANTI-BRIBERY AND CORRUPTION



The Group unequivocally supports all initiatives aimed at preventing bribery and corruption, as stipulated by the Malaysian Anti-Corruption Commission Act 2009 and Singapore’s Prevention of Corruption Act. Violations of these legislative provisions could lead to severe reputational damage for the Group and expose it to legal liabilities, thereby threatening its overall sustainability.

Comprehensive anti-bribery and corruption training sessions were conducted for employees in 2025. These sessions were designed by Lonpac’s Chief Compliance Officer and focused on enhancing employees’ awareness of the legal requirements of the pertinent acts, alongside the Group’s expectations regarding anti-bribery and corruption. The training provided extensive coverage of the elements and various forms of corruption, including bribery, as well as robust anti-corruption measures.

Target		2025	2024	2023
Percentage of operations assessed for corruption-related risks*	All the major operations of the Group to be assessed for the corruption-related risks	100%	100%	94%
Confirmed incidents of corruption	Zero tolerance to bribery and corruption	0	0	0

* Revenue from insurance and investment operations are used as proxies to measure percentage of operations

Target		2025	2024	2023
Percentage of employees who have received training on anti-bribery and corruption				
Total Employees		99%	98%	91%
Manager	More than 90% of employees to receive training on anti-bribery and corruption	99%	98%	80%
Executive		99%	99%	98%
Non-Executive		96%	97%	97%

In 2025, the majority of the Group’s employees successfully completed their annual training, which included an assessment of their understanding of the Group’s anti-bribery and corruption, anti-fraud and whistleblowing policies. Furthermore, all service providers engaged by the Group are mandated to sign an undertaking letter affirming their adherence to LPI’s commitment to anti-bribery and corruption.

Beyond these training initiatives, the Group conducts an annual corruption risk assessment to identify and address procedural vulnerabilities stemming from the evolving operational environment. No incidences of bribery or corruption were identified or reported in 2025, nor in preceding years. No corruption cases were reported through the whistleblowing channel during the year.

CYBERSECURITY, PRIVACY AND DATA PROTECTION



The ever-increasing reliance on technology across all facets of daily life has amplified risks and concerns pertaining to data security and privacy. Incidents of data breaches and piracy are becoming more and more prevalent, with the repercussions of such infringements growing more severe due to the increasing sophistication of data pirates and technological scams. The failure to adequately safeguard data and privacy could expose the Group to financial, legal and reputational liabilities, potentially impacting its overall sustainability. Consequently, privacy and data protection have emerged as critical sustainability considerations for the Group.

As part of the Group’s proactive efforts to prevent network breaches, continuous investments are made in its cybersecurity infrastructure. Concurrently, independent third parties are periodically engaged to evaluate the Group’s systems security and Information Technology (“IT”) policies.

A Privacy Policy is in effect, stipulating the appropriate use of data and confidential customer information by the Group’s employees and partners. Violations of this policy will result in disciplinary action. The complete text of the Privacy Policy is accessible online at:

<https://www.lpicapital.com/home/privacy-policy>

<https://www.lonpac.com/home/privacy-policy>

The Group has undertaken further measures to align its policies with the Personal Data Protection (Amendment) Act 2024 (“PDPA”) and BNM Risk Management in Technology policy document. These policies establish the regulator’s requirements concerning the management of customer

information and technological risks for financial institutions. In compliance with the PDPA, the Group has appointed a designated Data Protection Officer within its Compliance Department. This officer employs a risk-based approach to assess potential risks from both customer and Group perspectives, taking into account the nature, scope, context and purposes of data processing.

Additionally, the Group conducts IT security awareness training for employees, necessitating their successful completion of regular security awareness tests. Simultaneously, the Group implements regular cybersecurity measures, including annual internal and external penetration testing, annual source code reviews, annual web application security assessments, and other vulnerability checks.

In 2025, the Group experienced no instances of successful cyber intrusions. Furthermore, all high-priority vulnerabilities identified through penetration testing and web assessment exercises were successfully addressed within the prescribed timeframe. These achievements are consistent with its sustainability blueprint, which targets zero instances of cyber encroachments for the Group.

Conversely, a single complaint involving a breach of customer information was reported. Following a thorough investigation, the incident was determined to be primarily caused by human error. In response, the Group has committed to strengthening its internal processes. Employees are reminded of the critical importance of adhering to the PDPA and BNM’s Management of Customer Information and Permitted Disclosures policy document. The Group remains committed to vigilance and will continue to fortify its data protection protocols.

Target		2025	2024	2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Complaints concerning breaches of customer privacy and losses of customer data shall not be more than 10 cases	1	0	0
Number of high priority vulnerabilities unresolved	Zero tolerance to unresolved high priority vulnerabilities	0	0	0
Number of incidents relating to loss of confidential data	Zero tolerance to loss of confidential data	1	0	0
Number of incidents of successful hacking	Zero tolerance to successful hacking	0	0	0
Number of critical applications running on end-of-life system	Zero tolerance to critical applications running on end-of-life system	0	0	0

SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE



The Group’s corporate governance encompasses a comprehensive framework of rules, practices and processes designed to oversee and regulate all of its operations. As a significant material matter, corporate governance ensures that every component of the Group functions is in accordance with established expectations, and that all stakeholders receive equitable treatment in their interactions. Operationally, effective corporate governance ensures that resources allocated to the Group’s value creation activities are utilised judiciously and efficiently, directing the resultant value to the appropriate stakeholders.

Oversight of the Group’s corporate governance resides directly with the Board, which maintains active and hands-on involvement in all facets of its management. This commitment to robust corporate governance is an expectation extended to every employee, as well as agents, intermediaries and business partners.

As part of its corporate governance practice, the Group adheres to the policy of not retaining audit partners for more than five years, as stipulated by BNM’s Policy Document on External Auditor. The Group remains unwavering in its commitment to uphold shareholder rights, ensuring transparency and accountability through robust procedures for voting on director appointments and dismissals.

 For a detailed overview of the Group’s corporate governance, please refer to pages 124 to 143 of this report.

The Group evaluates its corporate governance performance using the following metrics:

Target		2025	2024	2023
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Zero tolerance to monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information	0	0	0
Total amount of penalty imposed by regulators due to non-compliance	Zero tolerance to penalty imposed by regulator due to non-compliance	0	0	0
Financial Strength Rating	To maintain a minimum “A-” in Financial Strength Rating	A	A	A

SUSTAINABILITY STATEMENT

SOCIAL

Related
UN SDGs



SECTION 5: SUSTAINABILITY STATEMENT

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EMPLOYEE HEALTH, SAFETY AND WELL-BEING



The Group prioritised the health, safety and well-being of its employees, as this is recognised as fundamental to maintaining elevated levels of staff morale.

The Group's Overtime & Extra Hours Policy strictly mandates that employees must not, under any circumstance, work more than 12 hours in a single day. The Group places employee safety and well-being among its foremost priorities, acknowledging their vital importance in the value creation cycle. Employees are provided with all necessary tools and training to succeed within a safe and productive working environment throughout their employment, complemented by proactive workplace safety management to ensure their safety.

The Group has also implemented a Safety and Health Policy, guided by the Occupational Safety and Health (Amendment) Act 2022, to further promote safe and healthy work practices. This includes mandatory health screenings, regular medical check-ups, and ongoing health and safety training covering topics such as fire awareness, workplace ergonomics, and mental health. An OSH-coordinator has been appointed in all branches and the head office to identify potential hazards and assess risks within the workplace.

The Group is committed to the proactive prevention of all workplace fatalities and injuries by diligently ensuring a work environment that is conducive to employee health and safety. In addition, employees regularly participate in health and safety training programmes, equipping them with the essential knowledge and skills required to mitigate the risk of injury during the execution of their professional duties.

Target		2025	2024	2023
Average monthly working hours per employee	Average monthly working hours per employee shall not be more than 180 hours	150	151	150
Number of work-related fatalities	Zero tolerance to work-related fatalities	0	0	0
Lost Time Incident Rate ("LTIR")	LTIR shall not be more than 0.5	0.5	0.0	0.4
Number of employees trained on health and safety standards	-	597	462	504
Percentage of employees trained on health and safety standards	More than 50% of employees to receive training on health and safety	70%	54%	61%

In 2025, the Group unfortunately experienced several incidents that resulted in employee injuries, all of which were purely accidental in nature. These incidents were promptly reported to the OSH Committee, Sustainability Committee and subsequently escalated to the Board for transparency and oversight. While isolated, these occurrences underscore the critical importance of maintaining rigorous safety standards. In response, we have reviewed and reinforced our workplace safety protocols and training programs to mitigate future risks effectively. The health and well-being of our employees remain a paramount priority, and we are steadfastly committed to cultivating a safe and supportive working environment.

LABOUR PRACTICES & STANDARDS



Employee morale is inherently connected to performance, productivity and retention, thus making it a critical component of the Group's overarching sustainability. The following policies have been put in place to safeguard the employees of the LPI Group:

Whistleblowing Policy	Policy for Protection Against Discrimination and Harassment in the Workplace	Grievance or Complaint Procedure
Employees are protected from retribution for reporting breaches of professional conduct by other employees.	This policy articulates the Group's zero-tolerance stance towards any form of harassment against employees and outlines the available recourse.	This procedure provides a structured, step-by-step guide for employees to report grievances and seek redress.

Benefits extended to the Group's employees include preferential interest rates for housing loans, interest subsidies on housing and vehicle loans and subsidised vehicle insurance coverage, among others. The Group also provides funding for recreational activities to foster stronger team cohesion through sporting and social engagements.

Employees are actively discouraged from working excessive hours and are guaranteed equal pay for equal work, with remuneration structured to reflect the level of individual responsibility, skill, competency and experience, as well as the dynamics of the business and the Group's competitiveness within the industry, without discrimination.

The Group's Policy for Protection Against Discrimination and Harassment in the Workplace explicitly states that bullying constitutes a form of harassment, and the Group maintains a zero-tolerance stance against all manifestations of discrimination and harassment.

The Group recognises that respect for human rights is a responsibility extending to its employees, customers and service providers. The LPI Group complies with all applicable human rights laws and regulations, such as Malaysia's Employment Act 1955 and Singapore's Employment Act 1968 and adheres to minimum wage requirements in all countries where it operates. To date, no complaints have been reported under the Group's Whistleblowing Policy, Policy for Protection Against Discrimination and Harassment in the Workplace, and Grievance or Complaint Procedure.

Target		2025	2024	2023
Number of cases reported under Whistleblowing Policy, Policy for Protection Against Discrimination and Harassment in the Workplace, and Grievance or Complaint Procedure	Cases reported under Whistleblowing Policy, Policy for Protection Against Discrimination and Harassment in the Workplace, and Grievance or Complaint Procedure shall not be more than 10 cases	0	0	0
Number of substantiated complaints concerning human right violations	Complaints concerning human rights violations shall not be more than 10 cases	0	0	0

Employee competency encompasses the collective capabilities and skillsets of the Group's workforce, evaluated against the expectations for their respective roles. Employee competency is crucial for sustainability, as it forms the foundational bedrock for all value-creation activities. This competency spans a broad spectrum of skills essential in the insurance business, ranging from specialised roles such as risk analysts, actuarial scientists and surveyors to customer service agents and frontline support employees.

The Group actively cultivates a culture of continuous learning and professional achievement among its employees. While professional qualifications may not invariably translate into superior performance, the Group maintains that it is imperative for staff to receive the highest possible level of training to operate at optimal levels. Consequently, the Group prioritises educational attainment and professional qualifications as essential components of employee development. Thus, while new employees are encouraged to obtain the Basic Certificate from the Asian Institute of Insurance, the Group proactively encourages employees to pursue higher qualifications, such as a bachelor's degree or an equivalent professional qualification. To facilitate this, the Group provides its employees with both financial and non-financial support.

Target		2025	2024	2023
Employees with bachelor's degrees or professional qualifications	To have more than 60% of employees at executive level or above hold Bachelor's Degrees or professional qualifications	71%	68%	68%

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LABOUR PRACTICES & STANDARDS (Con't)



To effectively address skill gaps and fortify employee competencies, the Group conducted regular and comprehensive assessments of training needs. The training initiatives were reviewed regularly to ensure their continued relevance, with a strategic focus on enhancing both technical expertise and essential interpersonal skills. Employees were nominated by their superiors to attend tailored training sessions, thereby fostering holistic professional development. The Group actively encouraged its employees to advance their expertise through various professional certifications and developmental opportunities. To support these endeavours, the Group instituted a range of incentive schemes, including scholarships for professional courses, rewards upon obtaining specific certifications, provisions for study leave and examination leave as well as subsidies for professional memberships.

In 2025, the Group allocated RM1.43 million to its talent development programme with each employee receiving an average of 30 hours of training during the year.

Target		2025	2024	2023
Percentage of employees who received formal training	More than 95% of employees to receive training	100%	99%	99%
Average Training Hours per Employee				
Total Employees	To have more than 16 hours of average training hours per employee	30	33	20
Manager		36	40	30
Executive		29	30	17
Non-Executive		12	17	5
Total Hours of Training				
Total Employees	-	25,245	27,717	16,912
Manager		12,541	13,666	9,706
Executive		11,363	12,082	6,562
Non-Executive		1,341	1,969	644

Finally, the employee turnover rate represents a pivotal consideration within the realm of employee competency. The Group has allocated substantial resources to the development of employee competency; however, the efficacy of these investments will be diminished if employees are not retained within the Group. Consequently, it is imperative that the Group accurately identifies the factors contributing to employee turnover and cultivates an environment where employees feel both valued and motivated to stay. To achieve this objective, regular staff satisfaction surveys are conducted, and robust career development programmes alongside competitive remuneration packages have been integrated into the Group’s employee retention strategy.

The following table provides a comprehensive breakdown of the Group’s turnover rate in relation to established targets:

Target		2025	2024	2023
Employee Turnover Rate				
Total Employees	Employee turnover rate to be not more than 10%	8%	6%	8%
Manager		7%	5%	8%
Executive		9%	7%	6%
Non-Executive		6%	7%	12%
Total Number of Employee Turnover				
Total Employees	-	66	50	63
Manager	-	26	17	25
Executive	-	33	25	23
Non-Executive	-	7	8	15

DIVERSITY AND INCLUSION



The Group highly values diversity within its workforce, recognising the inherent advantages derived from employing individuals with varied backgrounds. A team composed of diverse experiences and perspectives is particularly invaluable in multi-ethnic populations. A diverse staff ensures that discussions incorporate viewpoints from various cultures and heritages, thereby enriching the Group’s capacity to generate innovative ideas and devise effective solutions for encountered challenges.

The Group’s Diversity, Equality & Inclusion Policy stipulates that individuals shall be selected based on the Group’s needs and requirements and assigned to roles that commensurate with their experience and qualifications, without discrimination based on race, religion, age, nationality, gender, sexual orientation or physical disabilities.

At the Board level, the Company ensures that women constitute at least 30% of LPI Capital Bhd Board’s composition, aligning with the recommendations of the Malaysian Code of Corporate Governance. This requirement has also been formally incorporated into the Board Charter. Furthermore, the Group’s Code of Conduct and Code of Ethics include specific clauses aimed at enhancing workforce diversity, ensuring equal opportunity and eliminating all forms of discrimination.

 For detailed information regarding the composition of the Company’s Board of Directors, please refer to page 114 of this report.

Workplace Profile – LPI’s Board of Directors

Target		2025	2024	2023
Percentage of Board of Directors by gender				
Male	To have 30% representation of women in the Board	60%	67%	57%
Female		40%	33%	43%
Percentage of Board of Directors by age group				
Below 30		0%	0%	0%
Between 30-50	-	0%	0%	0%
Above 50		100%	100%	100%

Workplace Profile – Senior Management

Target		2025	2024	2023
Percentage of Senior Management by gender				
Male	To have 30% representation of senior management with women	67%	61%	62%
Female		33%	39%	38%
Percentage of Senior Management by age group				
Below 30		0%	0%	0%
Between 30-50	-	20%	35%	37%
Above 50		80%	65%	63%

SUSTAINABILITY STATEMENT

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DIVERSITY AND INCLUSION



Workplace Profile – All Employees

Target		2025	2024	2023
Percentage of employees by gender				
Total Employees	Employees from either gender shall not be more than 70%			
Male		34%	35%	35%
Female		66%	65%	65%
Manager				
Male	-	41%	42%	42%
Female		59%	58%	58%
Executive				
Male	-	28%	29%	30%
Female		72%	71%	70%
Non-Executive				
Male	-	35%	33%	33%
Female		65%	67%	67%
Percentage of employees by age group				
Total Employees				
Below 30	-	14%	12%	12%
Between 30-50		61%	64%	64%
Above 50		25%	24%	24%
Manager				
Below 30	-	0%	0%	0%
Between 30-50		62%	62%	63%
Above 50		38%	38%	37%
Executive				
Below 30	-	27%	23%	23%
Between 30-50		59%	64%	64%
Above 50		14%	13%	13%
Non-Executive				
Below 30	-	9%	12%	13%
Between 30-50		68%	66%	67%
Above 50		23%	22%	20%
Target		2025	2024	2023
Percentage of employees that are contractors or temporary staff				
Permanent staff	To have more than 95% of	97.2%	95.7%	95.4%
Contractors / Temporary staff	permanent staff	2.8%	4.3%	4.6%
Target		2025	2024	2023
Percentage of permanent resident / citizen in workforce				
Permanent resident / citizen	To have more than 95% of	99.9%	99.9%	99.9%
Non-citizen	permanent resident/ citizen in workforce	0.1%	0.1%	0.1%
Target		2025	2024	2023
Percentage of staff with a disability				
Staff with a disability	-	0.1%	0.1%	0.1%

DIGITAL TRANSFORMATION



The Group consistently advances its digital transformation initiatives to enhance the integration of technology into its operations and the incorporation of automation into its core processes. Substantial investments continue to be made in its technological infrastructure, ensuring the Group is constantly staying abreast of rapid technological advancements, securing its competitive position, and delivering the highest quality of service to our customers.

As an integral component of the Group’s sustainability and digital transformation strategy, the digitalisation of policies through its various distributional channels is actively promoted. The conversion to electronic policies (e-policies) not only minimises the carbon footprint but also affords customers enhanced convenience by enabling access to their documents from their personal devices. Presently, our customers benefit from direct access to their policies and claims via the ezLonpac Portal.

The percentage of policies successfully converted to e-policies serves as a key indicator of demand for digital solutions. In alignment with the Group’s 2025 digitalisation strategy, a notable reduction in paper procurement was achieved compared to the previous year, despite an increase in the number of policies underwritten. Paper-related expenses incurred by the Group amounted to RM390,513 in 2025, a decrease from RM458,793 in 2024.

The Group is currently evaluating the possibility of implementing an AI-chatbot designed to assist customers with common inquiries regarding motor insurance prior to purchase. This initiative aims to augment product transparency and elevate the customer experience by furnishing clear, accessible summaries of essential product features. Furthermore, the AI-chatbot will empower customers to better comprehend how Lonpac’s motor insurance offerings compare with those of its industry peers, and in so doing facilitating informed decision-making.



SUSTAINABILITY STATEMENT

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SUSTAINABLE PRODUCT AND INVESTMENT



Consistent with the Group’s unwavering commitment to sustainability, significant emphasis has been strategically placed on the development of sustainable product offerings and the implementation of responsible investment practices. This approach acknowledges the insurance industry’s pivotal role, which extends beyond conventional risk mitigation to actively foster a sustainable future.

The Group actively supports the climate agenda and provides insurance coverage for projects that clearly contribute to a climate-positive impact. These include, but are not limited to, coverage for hybrid and electric vehicles, as well as renewable energy initiatives such as solar panel installations and hydroelectric projects. Plans are currently underway to further accelerate the expansion of this segment, alongside exploring innovative incentives in the form of products and services designed to encourage and support customers in transitioning to more environmentally friendly lifestyles.

	Target	2025	2024	2023
Net premiums written related to energy efficiency and low carbon technology (in millions)	To have positive growth in net premiums written related to energy efficiency and low carbon technology	RM20	RM12	RM12

The responsible investment approach adopted within the Group’s investment framework ensures that resources are strategically allocated to companies and initiatives that rigorously prioritise Environmental, Social and Governance criteria. This strategy concurrently mitigates investment risks and contributes to the cultivation of a more ethical and sustainable financial landscape. By seamlessly integrating sustainability into its overarching investment strategy, stakeholders are afforded enhanced protection, while greater investment is directed towards fostering a more promising future for both the planet and the general public.

The Group’s Investment Committee exercises comprehensive oversight of the Group’s investments, aligning investment policies and strategies with both the broader business strategy and established investment guidelines. These guidelines are regularly assessed against the Group’s defined risk profile and subjected to periodic reviews to effectively manage the exposure of investment risk. As a staunch proponent of the sustainability agenda, the Group evaluates the sustainability track record of investee companies, in conjunction with considerations of returns on investments, credit risk, and climate-related risk, when making all investment decisions. In line with the Group’s prudent risk management practices and management of systemic risk, the Group has no exposure to derivative instruments and does not engage in securities lending activities. This conservative investment approach limits the counterparty risk, thereby supporting the stability of the Group’s investment portfolio. A significant emphasis is placed on investing in sustainable assets — specifically, those assets rated as sustainable by reputable rating agencies. Additionally, the Group strategically invests in fixed-income securities issued to foster liquidity and promote market sustainability, thereby contributing to the robust support of the Malaysian financial markets.

	Target	2025	2024	2023
Percentage of investment in sustainable assets	More than 50% of total investment assets comprising sustainable assets	65%	66%	68%

The judicious investment philosophy embraced within the Group ensures that capital is purposefully deployed into enterprises and ventures that stringently uphold Environmental, Social, and Governance tenets. This approach simultaneously diminishes pecuniary exposures and fosters the emergence of a more principled and enduring financial ecosystem. Through the seamless assimilation of ecological and societal considerations into both the Group’s product offerings and its overarching investment paradigm, stakeholders are afforded augmented safeguards, concurrently channelling amplified capital towards cultivating a more auspicious future for both global ecology and human society.

CLAIMS MANAGEMENT



Claims management is a key material matter as it has a direct impact on the sustainability of the business as well as on customer satisfaction levels. It is therefore important to the competitiveness of the Group in the wider insurance market, and in ensuring the Group’s continued profitability and sustainability.

The Group’s bespoke claims journey is engineered to augment customer satisfaction, substantially diminish the propensity for miscommunication, and cultivate robust customer loyalty. It is deliberately fashioned to be remarkably streamlined, intuitively navigable, and inherently lucid, affording our customers an elevated degree of insight into the current status of their assertions and the anticipated timeline for resolution.

Lonpac’s dedicated customer claims portal empowers customers to initiate notification of vehicular claims and facilitate the secure upload and download of pertinent documentation. Customers can consistently monitor progress updates and access critical information concerning their claims, thereby ensuring perpetual awareness regarding their submitted requests.

To evaluate claims performance on an annual comparative basis, the Group systematically monitors an array of data points designed to quantify operational efficiency, comprehensiveness, and adherence to service protocols.

	Target	2025	2024	2023
Claims management productivity	To settle more than 1,400 claims files per claims staff	1,475	1,421	1,441
Complaints-to-claims ratio	Complaints-to-claims ratio to be not more than 0.5% on number of complaints received (claims related) to the total number of claims registered	0.1%	0.1%	0.1%



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CUSTOMER EXPERIENCE MANAGEMENT



The Group embraces a customer-centric business philosophy — one that unequivocally prioritises the customers across all facets of its operations. Central to this customer-focused paradigm is comprehensive customer experience management, which evaluates the quality of customer engagement, satisfaction metrics, the efficacy of support rendered, the efficiency of the claims resolution process and the overarching ease of interaction with the Group. Given that our customers constitute the primary beneficiaries of the Group’s offerings and provisions, it is strategically imperative, from both a commercial and reputational vantage point, that they encounter and receive the pinnacle of service excellence in their dealings with the Group.

The Group’s subsidiary, Lonpac, strategically leverages digital advancements to engineer platforms such as the Lonpac Ezportal and Lonpac E-Assist Services. The Lonpac EzPortal functions as a unified digital hub, empowering customers to administer their insurance requirements online with promptness and efficiency. Lonpac continually refines its digital platforms to establish robust communication conduits for both business affiliates and customers, thereby ensuring that their inquiries and concerns are addressed promptly. Furthermore, all Lonpac branch locations are equipped with mechanisms allowing customers to furnish feedback pertaining to the standard of service received. Lonpac’s Customer Service Charter delineates the benchmarks designed to support the Company delivers unparalleled service to its customers, founded upon the following four foundational tenets:



The Group assesses the efficacy of its customer experience management through quantifiable metrics, specifically the growth trajectory of the customer policy renewal ratio and the total count of in-force policies.

	Target	2025	2024	2023
Customer policy renewal/retention ratio	To retain more than 70% of total renewable policies	80%	80%	81%
In-force policy count (in thousands)	To have positive growth in the number of in-force policy count	1,438	1,380	1,382

PRODUCT AVAILABILITY AND AFFORDABILITY



The Group staunchly supports financial inclusivity as a pivotal national developmental objective, consistent with the advocacy of regulatory bodies. This imperative seeks to ensure widespread admittance to superior, economically viable and comprehensive insurance coverage, thereby enabling both Malaysian and Singaporean citizens to accumulate and safeguard their assets. Financial inclusivity, alongside the attainment of high-income status and sustained viability, stands as a cardinal aim within the national development blueprint.

Product Accessibility

The Group’s digital portal functions as a strategic conduit, furnishing our customers with convenient access to a diverse array of insurance commodities. The Group prioritises the incessant enhancement of its digital infrastructure, ensuring an intuitive and effortlessly navigable interface that empowers its customers to explore, comprehend, and procure insurance products with seamless ease. Concurrently, the Group is actively engaged in broadening the spectrum of insurance offerings available for acquisition via this portal.

Product Affordability

The Group implements a strategic pricing paradigm characterised by equitable and keenly competitive premiums. Through the application of data-driven insights and rigorous market analysis, the Group endeavours to furnish insurance products that deliver optimal coverage while consistently maintaining economic accessibility.

Innovative insurance features, such as co-payment and deductible structures, are offered in exchange for reduced premiums, thereby providing a safeguard against substantial financial losses at a more modest cost. Furthermore, the evolution of Lonpac’s online sales portal has democratised access to insurance, particularly benefiting inhabitants of locales lacking convenient proximity to insurance branch facilities.

Financial inclusivity represents a central tenet in Lonpac’s strategic business planning. Lonpac has initiated the provision of straightforward Motor and Travel insurance policies online. These digital offerings afford simple protection and are available at a diminished cost, attributable to the efficiencies garnered through digital distributional channels. As Lonpac’s digital ecosystem undergoes further maturation, Lonpac will be poised to extend broader coverage across an expanded range of insurance classifications, at price points accessible to a wider demographic of our customers.

Gross Written Premiums (“GWP”) derived from digital operations serve as a key metric employed by the Group to gauge its performance in relation to this significant material consideration.

	Target	2025	2024	2023
Percentage of growth of GWP from Digital Business	The growth rate of GWP from Digital Business to be more than the growth rate of the Group’s overall GWP	27% (The Group’s overall growth rate was recorded at 8%)	31% (The Group’s overall growth rate was recorded at 7%)	24% (The Group’s overall growth rate was recorded at 6%)

SUSTAINABILITY STATEMENT

COMMUNITY / SOCIETY RESPONSIBILITY



The Group is firmly committed to its corporate social responsibility (“CSR”) initiatives, which are strategically designed to enhance the capacities and welfare of the local populace. This commitment is partly predicated upon the acknowledgment that the community makes an immense contribution to the Group’s prosperity, and the CSR programmes therefore serve as a tangible expression of the Group’s gratitude and appreciation for this invaluable support.

The Group’s CSR endeavours are divided into undertakings dedicated to improving the well-being of the underprivileged and less fortunate segments of society. Philanthropic contributions are typically directed towards organisations solely devoted to improving the daily existence of individuals confronting persistent adversities and challenges, as well as associations singularly focused on youth development. The Group engages in these CSR activities with the overarching aim of fostering a more profound sense of empathy towards the disadvantaged and fortifying its communal bonds.

A dedicated management committee, specifically designated as the ‘People and Community Care Workgroup,’ was established at the start of 2025. This body is entrusted with the responsibility of cultivating a positive organisational culture within the LPI Group by forging meaningful connections with the community and safeguarding the welfare of the Group’s employees.

During the year, the Group predominantly concentrated its efforts on furnishing financial assistance to organisations committed to diverse noble causes. We proudly extended our support to the following institutions throughout the year:

- Hospis Malaysia
 - The China Press
 - Majlis Sukan Negeri Sarawak
 - Royal Rangers Selangor 7 Outpost
 - Rotary Club of Seberang Jaya
 - Persatuan Ping Pong Kuala Lumpur (Olympic Council of Malaysia)
 - Pertubuhan Penganut Buddha Klang dan Pantai
 - Dual Blessing Bhd
 - Kechara Soup Kitchen Society
- Asian Institute of Insurance
 - Persatuan Kanak-Kanak Istimewa Hulu Langat
 - Persatuan Kebajikan Sri Eden Selangor dan Kuala Lumpur
 - Malaysia Luen Seng Physical Culture Association
 - Mount Miriam Cancer Hospital
 - Lembaga Pengurus SJK(C) Siputeh
 - Mah Sing Foundation
 - Sekolah Menengah Akademik Chong Hwa
 - Top Glove

	Target	2025	2024	2023
Total amount invested in the community where the target beneficiaries are external to the listed issuer (in thousands)	-	RM237	RM172	RM215

	Target	2025	2024	2023
Total number of beneficiaries of the investment in communities	-	22	16	23
Number of CSR Initiatives	To contribute more than 15 CSR initiatives within a year	28	20	24

SUPPLY CHAIN MANAGEMENT



Our procurement approach exerts a pivotal influence on fostering both sustainability and social accountability, particularly given that the value chain within the insurance sector necessitates the engagement of numerous intermediaries. Efficient procurement ensures that requisite resources and services are acquired with efficiency and in a prudent manner, thereby mitigating the financial and operational vulnerabilities inherent in supply chain disruptions. It is equally incumbent upon the Group that its intermediaries consistently demonstrate robust corporate governance and uphold good ethical standards.

The Group undertakes systematic evaluations of its service providers’ performance to ascertain their adherence to prevailing regulatory frameworks as well as the Group’s internal operational benchmarks. These assessments of service providers are conducted semi-annually during the Panel Review Committee meetings. All such reviews were successfully concluded, with no salient discrepancies identified. Concurrently, the Group’s Information Security Department collaborates with internal business stakeholders across the organisation to elevate awareness regarding IT risk management concerns pertinent to their respective operational environments.

Furthermore, the Group has established a comprehensive Procurement Policy to instigate a structured and standardised approach for all acquisition activities throughout the organisation. This policy also serves to better transparency, equity, and ethical conduct within all procurement processes. The policy integrates elements of sustainability by prioritising engagements with entities that:

Exhibit no involvement in any corrupt or illicit pecuniary activities,	Are devoid of any human rights infringements,
Uphold exemplary business integrity ethics,	Maintain a localised operational base, and
Are in full compliance with all prevailing statutes and regulations,	Actively minimise environmental degradation and pollution, while continuously endeavouring to safeguard ecological integrity.

A Vendor Code of Conduct has been formalised within the LPI Group, mandating adherence and sign-off from all material third-party service providers and vendors.

 For further details, please refer to the Vendor Code of Conduct accessible on our corporate website at: <https://www.lpicapital.com/corporate-governance/policies-procedures>.

	Target	2025	2024	2023
Proportion of spending on local suppliers	Local suppliers comprise more than 90% of the total expenses	99%	98%	96%

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DISTRIBUTION CHANNEL MANAGEMENT



The Group has delineated the rapport with its partners and agents as a vital sustainability consideration, and in so doing accentuating the seminal role of the human capital within the Group’s value generation endeavours. Consequently, the Group has also diligently cultivated reciprocally advantageous affiliations with its collaborators through protracted periods of concerted effort and has committed substantial resources to the enlistment and retention of partners and agents, ensuring their operational efficacy.

The Group compensates its agents at remuneration scales that commensurate with prevailing industry benchmarks. The Group is firmly convinced of the imperative to foster an environment where its agents not only receive robust endorsement from the Group but also possess ample avenues for the actualisation of their professional aspirations. Initiatives aimed at augmenting the proficiency of the Group’s network of agents encompass enrolment in the Group’s ‘Agents Professionalism and Excellence’ training, which encompasses both technical and non-technical dimensions to ensure the agents are comprehensively equipped to excel as pivotal business associates.

Various activities further solidify the agent community, facilitating the identification of lacunae in knowledge and nurturing more profound collaborative bonds. Additionally, a robust succession planning for agent ensures consistent service quality and knowledge dissemination — securing seamless business continuity. For newly recruited personnel, meticulously designed onboarding programmes facilitate a thorough immersion into the Group’s organisational ethos and operational protocols, ensuring a smooth assimilation into the Group’s dynamic and collaborative culture. This holistic strategy underscores the Group’s unwavering commitment to cultivating a highly competent and motivated group of agents to sustain the prosperity of the Group.

	Target	2025	2024	2023
Agent attrition rate	Agent attrition rate to be not more than 10%	6%	8%	7%
Average training hours per agent	To have more than 10 hours of average training hours per agent	20	21	20
Percentage of agents who attended trainings	More than 90% of agents to receive training	97%	98%	95%

ENVIRONMENT

Related
UN SDGs



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CLIMATE ADAPTATION & RESILIENCE



The consequences of climate change have become increasingly obvious, as reports detailing climate-linked calamities grow in frequency and their attendant impacts intensify significantly. A globally coordinated effort by international regulatory bodies, including BNM, is underway to undertake more decisive actions in confronting the impacts of climatic shifts. The National Sustainability Reporting Framework has also been instituted to facilitate the adoption of the International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards promulgated by the International Sustainability Standards Board, specifically IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2, Climate-related Disclosures.

The Group is a committed advocate of the environmental agenda and actively supports the nation’s transition towards achieving a low-carbon economic paradigm. Consequently, Climate Adaptation and Resilience has been designated as a material concern for the Group, which has, in turn, prompted an enhancement in its sustainability reporting and the implementation of initiatives designed to curtail its carbon footprint and encourage more ecologically sustainable lifestyles among its various stakeholders.

The Group’s underwriting protocols steadfastly uphold its commitment to cultivating climate resilience among its policyholders. In cognisance of the profound influence of climate change across diverse industries and geographical regions, the Group undertakes sustainability assessments, with particular emphasis on sectors presenting elevated ESG risks. Through diligent surveillance of policyholders’ exposure to climate-related risks, the Group actively promotes the adoption of sustainable practices, the reduction of climate vulnerabilities and the enhancement of overall climate resilience.

In response to the escalating threat of floods, the Group persistently integrates flood-prone locales into its climate physical risk evaluations. This strategic determination has culminated in the imposition of more stringent underwriting stipulations for areas susceptible to flooding. The Group’s dedication to climate resilience is additionally mirrored in its reinsurance arrangement. The adequacy of the Group’s reinsurance coverage is subjected to continuous review, to ensure ample protection against climate-induced catastrophic events.

This commitment is paramount to ensuring the Group’s capacity to fulfil its obligations to policyholders, particularly in the event of an exceptionally severe catastrophe. Concurrently, the Group’s Claims Department has established emergency protocols designed to expedite claims processing following a natural disaster and to provide immediate assistance to policyholders.

The Group’s investment strategy is aligned with its commitment to climate resilience and overarching sustainability objectives. Investments within sectors characterised by high ESG risks are under constant surveillance, while the Group endeavours to maintain a circumscribed exposure to these industries. This approach, guided by BNM’s Climate Change and Principle-based Taxonomy directives, serves to mitigate climate-associated risks while simultaneously harmonising the Group with its broader sustainability aspirations.

 For performance pertaining to climate mitigation and resilience, kindly refer to the Climate-Related Disclosure presented on pages 86 to 97.

ENVIRONMENTAL FOOTPRINT



The Group is resolute in translating its sustainability commitments into concrete actions. Consistent with this philosophical underpinning, the Group has initiated a series of endeavours aimed at proactively managing its emissions. Digital Transformation, as previously articulated in preceding sections, clarifies the strategies adopted by the Group throughout the fiscal year.

Furthermore, the promotion of virtual meetings as an alternative to traditional face-to-face gatherings constitutes another incremental yet significant step undertaken by the Group to further diminish its carbon impact, given that virtual interactions prevent the necessity for business travel. These collective measures underscore the Group’s unwavering dedication to emissions management, thereby demonstrating that sustainability is actively integrated into the Group’s day-to-day operations.

The Group’s approach to energy stewardship reflects its steadfast commitment to operational efficacy and environmental responsibility. While the insurance industry may not be classified as a prodigious consumer of energy, the Group nonetheless acknowledges the critical importance of effective energy utilisation. Initiatives are consequently concentrated on the Group’s energy consumption, curtailing operational expenditures, and ensuring operational resilience. These measures not only contribute to enhanced financial performance but also emphasize the Group’s dedication to mitigating climate change.

Effective management of water resources and waste products constitutes an indispensable component of environmental conservation. By minimising waste generation and ensuring appropriate disposal protocols, the Group is actively curtailing its environmental impact, realising cost efficiencies, augmenting operational effectiveness and maintaining regulatory adherence.

The Group has enhanced the efficiency of its energy consumption through the systemic replacement of conventional lighting fixtures with energy-saving LED alternatives and the gradual adoption of eco-friendly air conditioning systems within its corporate premises. While the quantitative energy savings, when viewed in comparison to other industrial sectors, may appear modest, the Group firmly believes that all reductions contribute meaningfully to environmental preservation. Employees are actively encouraged to utilise electricity responsibly and efficiently, ensuring that conservation efforts do not compromise the quality of customer experience. This initiative exemplifies our commitment to sustainability while simultaneously upholding operational excellence.

The Group’s waste management approach is built on a foundation of environmental responsibility and operational efficiency. The Group is committed to minimising waste generation and ensuring responsible disposal practices across all operational domains. Strategies encompass the reduction of paper consumption through digitised documentation, the implementation of recycling programmes within its offices and the promotion of responsible waste segregation and disposal among its personnel.

 For a comprehensive review of performance pertaining to GHG emissions, as well as energy, water, and waste management, kindly refer to the Climate-Related Disclosure section on pages 94 to 96.

SECTION 5: SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

CLIMATE-RELATED DISCLOSURES



GOVERNANCE

The LPI Group’s Board proactively delineates and supervises the Group’s principal strategy pertaining to climate-associated risks and opportunities, thereby ensuring uniform implementation throughout the organisational structure. Recognising climate change as a pivotal material business concern, the Board integrates climatic considerations into its decision-making processes to steer LPI’s long-term strategic trajectory. As the Group intensifies its endeavours to curtail GHG emissions and actively pursue business ventures aligned with a lower-carbon economy, the Board maintains its central role in guiding the direction that intrinsically enhances both resilience and enduring sustainability.

 For a comprehensive review of the climate governance, kindly refer to the section on Sustainability Governance in page 48.

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STRATEGY

Climate-associated risks and the emergent opportunities constitute critical considerations for the insurance sector, simultaneously presenting formidable challenges and promising prospects for the LPI Group.

The Group has recently encountered several severe flood events, establishing flooding as its most salient climatic hazard. An escalation in the frequency of flash floods and storms could lead to higher claims incurred. Concurrently, this scenario also unveils avenues to actively promote supplementary flood coverage to the populace, particularly given reports indicating a subdued adoption rate of flood insurance. In the medium- to long-term, the increasing prevalence of floods is anticipated to exert upward pressure on the Group’s expenditures associated with securing adequate reinsurance protection.

Flooding continues to persist as the predominant operational risk for the Group. To mitigate this pervasive threat, the Group regularly review its business activities within flood-prone vicinities, integrating flood exposure considerations into all foundational decision-making processes.

Meanwhile, there is a growing number of insurance entities that have commenced disengagement from underwriting carbon-intensive sectors, thereby potentially leaving these industries with insufficient insurance provisions during their climactic transition. This paradigm shift offers the Group a strategic advantage to champion sustainability-oriented products and to educate insured entities within high-carbon sectors regarding their climate transition strategies. Nevertheless, the Group has adopted a resolute stance to diminish its participation rate and impose more stringent terms and conditions in instances where the customers have failed to demonstrate substantive corrective actions.

The aforementioned climate-related risks, alongside their corresponding assessment methodology, are concisely summarised in the ensuing table, which delineates the intrinsic nature of each risk and its potential impacts for the Group’s enduring sustainability. The risk assessment process is conducted with regular periodicity to ensure alignment with global climate objectives and evolving regulatory mandates.



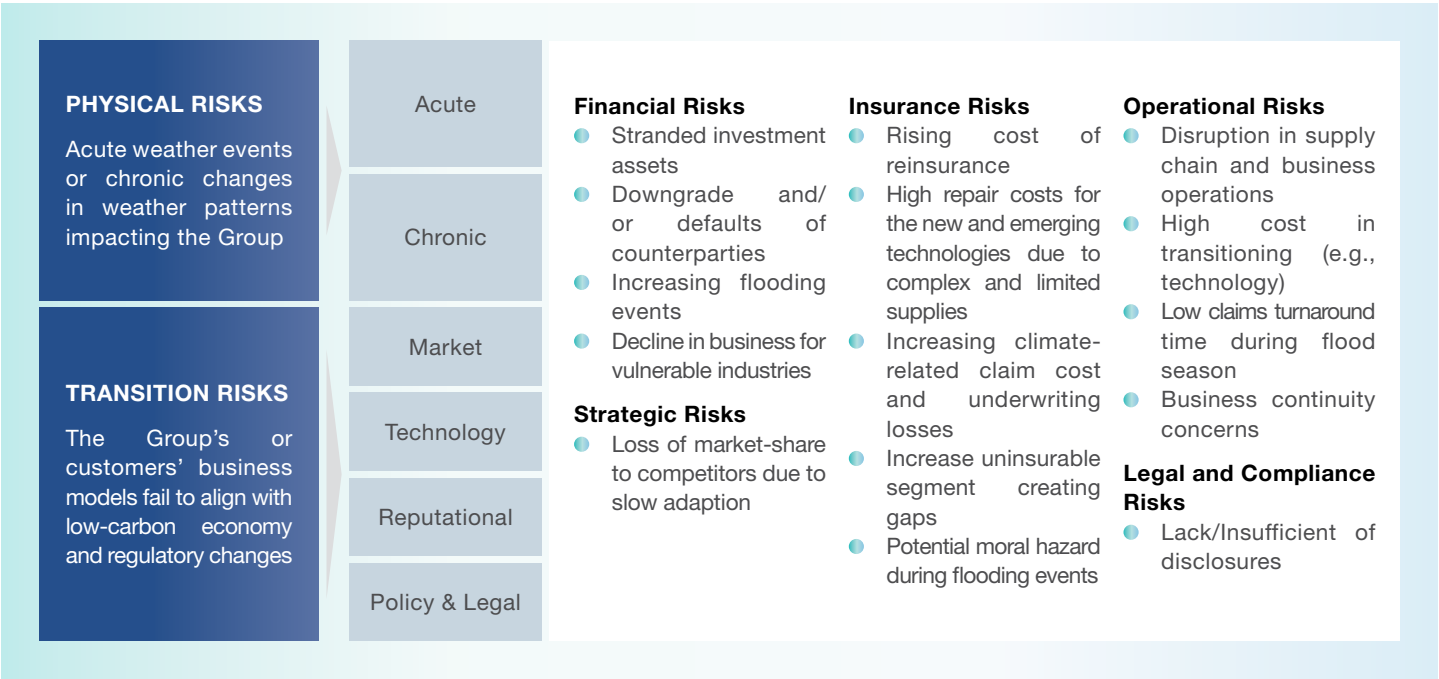
SECTION 5: SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

STRATEGY

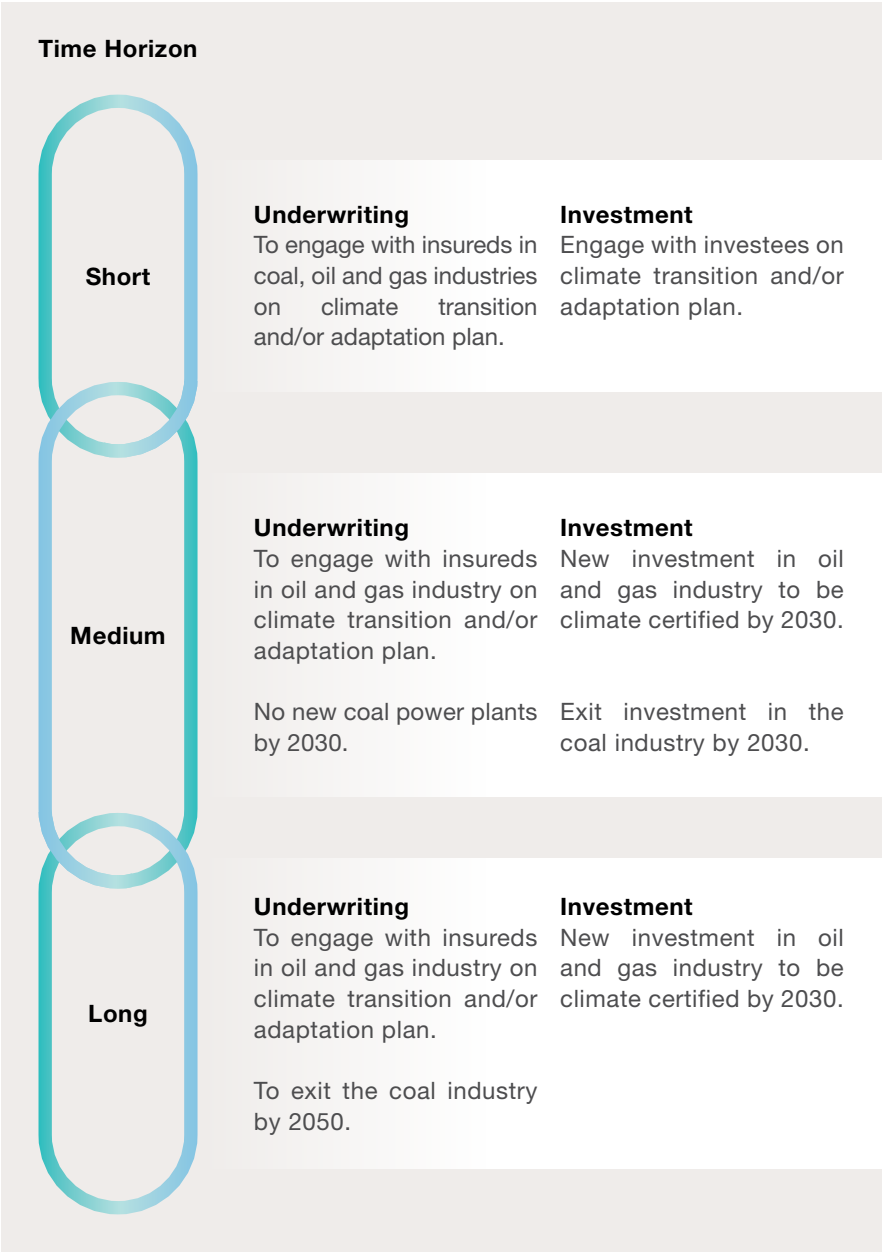
As an integral component of this comprehensive risk management framework, specific thresholds have been instituted for underwriting activities and investments correlated with climate risks. These thresholds encompass limitations on underwriting within climate-sensitive industries, defined caps on gross flood exposure, and explicit guidelines governing investments within these stipulated areas.



Beyond the aforementioned climate-associated risks, the emergent opportunities stemming from climate change also constitute pivotal elements within the Group's operational framework. Below are the climate-related opportunities identified by the Group:

Green Insurance Products and Services	Transition to renewable energy provides an opportunity to introduce new green products tailored for renewable energy sectors, such as those related to solar energy and electric vehicles.
Managing Sustainable Investment	The Group is actively supporting the sustainable investments, aligning with stakeholders' sustainability agendas, and exploring green industries for investment opportunities.
Upskilling Capabilities	Climate-related knowledge is expanding through specialised training and regulatory requirements, while the technology transition offers new learning opportunities for the Group.
Fostering Sustainable Operation	Automation and digitalisation are enhancing operational efficiency, with the Group taking effective steps to reduce resource consumption and minimise environmental impact.
Public-Private Partnerships	The Group actively collaborates with both public and private sectors to promote sustainability, having become a signatory to the Partnership for Carbon Accounting Financials and work closely with PIAM.

Malaysia's National Energy Transition Roadmap ("NETR") was launched by the Government in 2023 as a long-term strategy to drive the country toward cleaner and more sustainable energy. The roadmap emphasises key areas such as energy efficiency, renewable sources like solar and wind, green mobility, and emerging technologies including hydrogen and carbon capture. In alignment with this national direction, the Board has resolved to maintain its short, medium, and long-term strategies from the previous year to address climate transition risks effectively.



As stipulated by BNM's Climate Risk Stress Testing ("CRST") Policy Document, scenario analysis serves as a pivotal instrument for evaluating prospective future risks under distinct climate scenarios. As an integral component of this analytical endeavour, the Group has conducted qualitative assessments across its key departments to ascertain several climate-related risks that impact its operations, with claims management and business continuity emerging as primary areas of concern. In response, the Group is actively exploring automated solutions for its claims processes to enhance efficiency and diminish exposure to such inherent risks. Furthermore, the Group is steadfastly committed to sustainability through the minimisation of resource consumption, including a concerted effort to reduce the utilisation of paper, electricity, and water, while concurrently promoting the widespread adoption of e-documentation among its stakeholders.

The Group undertook climate risk stress testing in accordance with the BNM's CRST Policy Document to deepen its understanding of the impacts of climate-related risks on its business, assets, and insurance portfolios. The outcomes of this climate risk stress testing exercise were subsequently presented to the Board to ensure the application of appropriate parameters, key assumptions, and methodologies relevant to the LPI Group's business environment, and to integrate insights derived from this exercise into strategic decision-making processes for the LPI Group's business direction.

The climate risk stress testing exercise employs three adverse long-term climate scenarios: 'Net Zero 2050 ("NZ 2050"),' 'Divergent Net Zero 2050 ("DNZ 2050"),' and 'Nationally Determined Contributions ("NDC"),' all of which were developed by the Network for Greening the Financial System ("NGFS"). In addition to these protracted scenarios, a short-term acute physical risk scenario was also conducted, specifically considering a one-off flood event in Malaysia with a projected return period of 200 years.

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STRATEGY

The scope of the climate risk stress testing exercise encompasses the following:

	Long-term Climate Scenario	Short-term Acute Physical Risk Scenario
Portfolio Analysis	- Underwriting - Investment	Underwriting
Time Horizon	Year 2025 to Year 2050	Year 2025
Impact Assessment Level	- Profit & Loss - Asset - Liquidity - Capital Adequacy	- Profit & Loss - Asset - Liquidity - Capital Adequacy
Scenario Variable	Physical risk and transition risk	Physical risk
Assessment of Climate-related Risk	- Insurance risk - Strategic risk - Financial risk - Operational risk	- Insurance risk - Financial risk - Operational risk
Financial Outcome	- Claims incurred - Market risk losses from investment - Operational cost - Liquidity ratio - Capital adequacy ratio	- Claims incurred - Market risk losses from investment - Operational cost - Liquidity ratio - Capital adequacy ratio

Assumption in NGFS Phase III’s Long-Term Climate Scenarios was adopted in the Group’s climate risk scenario analysis:

	NZ 2050	DNZ 2050	NDC
Scenario Narrative	Strong climate policies and significant green technology breakthroughs to rapidly reduce GHG emissions.	Global climate policies are much more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels and the impact thereof. The distributional impacts from climate policies are uneven, with some sectors being affected even more relative to the rest suggesting varied focus of climate policies being introduced at different points in time.	Both implemented and pledged policy measures are fully implemented but remains inadequate to facilitate an orderly transition.
Global warming temperature	1.4°C	1.4°C	2.6°C
Physical risk	Limited	Limited	High
Transition risk	High	Moderate to high	Low

The exercise also incorporates scenarios pertinent to the Malaysian context, such as the NETR, which was launched by the Government in 2023. This roadmap aims to bolster the nation’s ambition of attaining net-zero emissions as early as 2050. Consequently, we have integrated NETR considerations into these three long-term scenarios by evaluating the impact of transitional variables, including the shadow carbon price trajectory, domestic energy prices and the rate of electric vehicle penetration.

The variables provided by the NGFS and BNM were utilised in the climate risk stress testing. These included shadow carbon price, gross value added by sectors, central bank policy interest rates, Malaysia Government Securities yields, private debt security yields, and equity prices. In this exercise, we have factored in the anticipated increase in electric car adoption and the cessation of petrol and electricity subsidies within the Malaysian context, which are projected to result in elevated insurance claims as well as increased management costs. We have also assumed that there will be no material changes to the reinsurance arrangements, particularly with respect to reinsurance costs, and that will be no material credit risk from our counterparties.



Insights from Climate Risk Stress Testing

A severe flood event under the NDC scenario, when compared to the DNZ 2050 and NZ 2050 scenarios, yielded higher claims attributable to flood-related incidents and increased reinsurance costs. The emergence of green technologies, such as renewable energy and the growing ownership of electric vehicles within a transitioning economic environment are anticipated to stimulate an augmented demand for green insurance products. This necessitates product innovation to accommodate the evolving landscape of green technology.

Investment income demonstrates comparative stability across all three long-term scenarios. Equity prices were assessed as stable, reflecting our conservative investment philosophy. Conversely, the valuation of corporate bonds experienced a significant decline under all three scenarios, followed by a gradual recovery. The initial downturn reflects short-term transitional and macroeconomic shocks, such as policy uncertainty and diminished profitability in carbon-intensive sectors, while the subsequent recovery indicates market adjustment, policy stabilisation and the increasing adaptation of businesses to low-carbon economic conditions.

The climate risk stress testing exercise posits that the removal of petrol subsidies and the introduction of a carbon tax will augment our operational costs under both the NZ 2050 and DNZ 2050 scenarios. Furthermore, flooding events across all three long-term scenarios are projected to impede employee commuting and disrupt our operational services.

The Group has established a cash call provision to recover losses from reinsurers, ensuring sufficient liquidity during catastrophic events. Despite projected flood-related losses, investment deterioration, and higher management expenses, the Group’s Capital Adequacy Ratio is projected to remain robust and continue to stay above the regulatory requirements.

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RISK MANAGEMENT

The Group is committed to harmonising its operational framework with pertinent regulatory stipulations concerning climate change, thereby ensuring the implementation of robust risk management protocols. In alignment with BNM's Climate Risk Management and Scenario Analysis Policy, the Group has embraced principles designed to augment its resilience against climate-related risks, consequently facilitating an orderly transition to a low-carbon economy.

In alignment with BNM's CRST Policy Document, which strives to bolster financial institutions' capacities for refining their extant risk management strategies and exploring novel stress testing methodologies pertinent to assessing climate-related risks, the Group has evaluated the impacts of these risks on its operations. It is furthermore committed to regularly re-evaluating its assessment of these inherent risks. The findings derived from the current assessment have been utilised to further fortify the Group's preparedness against climate-related vulnerabilities. The Group has systematically replaced the majority of its employees' desktop computers with laptops and has concurrently upgraded its disaster recovery infrastructure to support uninterrupted business continuity. A cloud-based arrangement, fortified with multi-factor authentication, has been adopted for our disaster recovery plan, enabling employees to continue their work remotely should a disastrous event impact the Group.

The National Sustainability Reporting Framework was recently promulgated in Malaysia to propel the nation's sustainability journey. The Group is committed to ensure compliance, undertake proactive measures to advance sustainability undertakings and actively support this important initiative.

Key risk management processes pertaining to climate adaptation encompass:

Proactive stewardship of climate-related risks through the periodic review of flood-prone regions and associated terms, such as deductibles, overseen by the Underwriting Division. This ensures that underwriting strategies are inherently responsive to the outcomes of climate risk assessments.

Monthly surveillance of flood exposures.

Enhancement of the disaster recovery arrangement, which empowers employees to function remotely in the event of a disruptive occurrence affecting the Group.

Climate-related risks have been seamlessly integrated into the Group's enterprise risk management framework. Critical indicators are subject to monthly monitoring and are regularly presented to the Chief Executive Officer for thorough review and informed decision-making. Concurrently, the Group persists in cultivating employee capacities and competencies pertaining to climate change to ensure that the entire LPI Group possesses the adaptive capability to navigate the rapidly evolving environmental landscape.

In summation, the Group's approach for managing climate-related risks fosters heightened awareness and resilience, balancing business imperatives with sustainability considerations. The Group's proactive engagement with policyholders, investors, and reinsurers support transparent communication regarding flood coverage, investment requisites, and the adequacy of reinsurance provisions.

Climate risks are integrated into the Group's overarching risk management framework, thereby affording a holistic perspective on all emergent risks. These risks are assessed across short-term (less than two years), medium-term (two to five years), and long-term (exceeding five years) horizons, with respect to their potential financial impacts and the probability of their occurrence.

The primary line of defence against climate risk is intrinsically embedded within operational management and individual business units. These units incorporate climate considerations into their daily operational protocols and engage customers via the sustainability assessments, particularly within climate-sensitive sectors, to facilitate their transitional journey.

In 2025, the Group refrained from writing any direct business or assuming the role of lead insurer for the oil and gas sector, coal mines, or coal power plants. Nevertheless, the Group extended limited coverage to these sectors via facultative inward reinsurance. The production volumes of oil and gas and coal power plants receiving limited coverage from the Group were recorded at RM42 million and RM8 million respectively in year 2025, as compared to RM38 million and RM11 million in year 2024. The Group is committed to continuously monitor its exposure within these sectors.

Meanwhile, the Underwriting Division conducts granular concentration assessments of flood exposure to mitigate the concentration of risk, thereby fostering a culture of climate risk awareness and resilience among operational teams. The Finance Department's investment units undertake comprehensive onboarding assessments and annual reviews of existing investments to ensure that exposure to sectors characterised by high ESG risks aligns with the Group's established risk appetite. High ESG risks refer to environmental, social, and governance risks that could reasonably be expected to have a material adverse impact on the investees' operations, financial performance, financial position, cash flows, or reputation, should such risks materialise. These include climate-related risks, encompassing both transition risks and physical risks.

Investment (in millions)		Target	2025	2024	2023
Low ESG Risk			RM197	RM241	RM218
Medium ESG Risk			RM3,377	RM3,264	RM3,109
High ESG Risk			RM74	RM46	RM53
Percentage of investment in high ESG risk sector	Investment in high ESG risk sector shall not be more than 5% of total investment assets		2%	1%	2%

The second line of defence includes ERMS Department and Compliance Department, who are responsible for the oversight and formal corroboration of the climate risk management processes. This echelon collaborates with various operational departments to furnish impartial assessments, thereby support the regulatory adherence of established risk architectures and control mechanisms. This concerted effort fortifies the Group's intrinsic resilience against climate-related risks.

The third line of defence is constituted by the Internal Audit Department, which performs independent review and objective assurance of the quality and effectiveness of the overall climate-related internal control framework and systems. This department ascertains the efficacy of established processes and control measures, proffering discerning insights for perpetual enhancement and upholding both accountability and transparency, in alignment with organisational strategic imperatives and statutory mandates.

 For a more comprehensive exposition regarding the risk management framework, kindly consult the Statement on Risk Management and Internal Control located on pages 147 to 154.

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METRICS AND TARGETS

The Group commenced the disclosure of its Scope 1, 2, and 3 emissions, as delineated under the GHG Protocol Standard in the year 2022. The Group conducts an annual review of the scope of coverage and materiality for GHG emissions, adhering to the GHG Protocol Corporate Accounting and Reporting Standards, with the objective of continuously refining its disclosure of GHG emissions. In 2025, further augmentations were implemented to incorporate Category 2: Capital Goods.

As an insurance conglomerate, the Group acknowledges that Scope 3 Category 15: Investments which also known as financed emissions, represent a substantial contribution to its overall GHG emissions footprint. The Group has assessed its greenhouse gas emissions against the applicable climate-related disclosure requirements under IFRS S2 standard, PCAF and GHG Protocol Corporate Accounting and Reporting Standards. Financed emissions from investments has been added to the disclosures in this Integrated Annual Report. At this stage, the financed emission associated with insurance underwriting which also known as insurance associated emissions has yet to be disclosed due to ongoing data collection and methodological development. The Group is currently reviewing the methodologies and will disclose the emissions in future reporting periods once the measurement becomes widely adopted or when required by the regulatory authorities.

The ensuing table presents a summary of GHG emissions generated directly or indirectly from our operations:

GHG Emissions (in tCO ₂ e)	Target	2025	2024	2023
Scope 1: Direct Emissions				
- Mobile Combustions		38.5	40.8	44.4
Scope 2: Indirect Emissions				
- Purchased Electricity		2,344.8	2,273.4	2,216.2
Total Scope 1 and Scope 2		2,383.3	2,314.2	2,260.6
Scope 3: Other Indirect Emissions				
- Category 1: Purchased Goods and Services		91.7	102.6	79.1
- Category 2: Capital Goods		25.3	-	-
- Category 5: Waste Generated in Operations		36.0	43.4	51.3
- Category 6: Business Travel		95.6	89.4	80.5
- Category 7: Employee Commuting		780.8	838.0	825.7
- Category 9: Downstream Transportation and Distribution		1,013.4	1,118.7	1,030.6
- Category 12: End-of-life Treatment of Sold Products		24.4	24.5	38.0
Total Scope 3		2,067.2	2,216.6	2,105.2
Total Scope 1, Scope 2 and Scope 3 GHG Emissions		4,450.5	4,530.8	4,365.8
Scope 1, Scope 2 and Scope 3 GHG emissions per employee		5.2	5.4	5.3
Scope 1, Scope 2 and Scope 3 GHG emissions intensity		2.1	2.4	2.3
Scope 1 and Scope 2 GHG emissions intensity		1.13	1.20	1.19
- Reduction of Scope 1 and Scope 2 GHG emissions intensity (tonnes CO ₂ e per million revenue) from 2023 base year	10% reduction of Scope 1 and Scope 2 GHG emissions intensity from 2023 base year	(4.9%)	1.2%	-

* There are no material differences that warrant disaggregating the Group's GHG emissions. Only minimal emissions were generated by LPI Company, as most operational activities are undertaken by its operating arm, Lonpac Insurance Bhd.

As part of LPI's commitment to fostering a greener planet, the Group has set progressive targets to reduce GHG emissions intensity across its operations, Scope 1 and Scope 2. Using FY2023 as the base year, LPI aims to achieve the following reductions in GHG emissions intensity (tonnes CO₂e per million revenue) for Scope 1 and Scope 2: 10% by 2025 and 45% by 2030.

In FY2025, the Group recorded a 4.9% reduction in Scope 1 and Scope 2 GHG emissions intensity compared to the base year. LPI will continue to identify, explore, and implement feasible measures to reduce emissions, including adopting energy-efficient electrical equipment and promoting energy-saving practices.

Financed Emissions, Scope 3 Category 15: Investments						
Asset Class	Gross Exposure (RM mil)	Total Scope 1&2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Total (tCO ₂ e)	Emission Intensity (tCO ₂ e/RM mil)	PCAF Data Quality Score
Corporate Bond	517.2	1,949.8	6,654.4	8,604.2	16.6	2.0
Listed Equity	1,058.0	135.2	58.9	194.1	0.2	1.0
Unlisted Equity	1.7	27.5	151.1	178.6	108.1	4.0
Sovereign bond						
- Excluding LULUCF	130.0	25,221.7	-	25,221.7	194.0	5.0
- Including LULUCF	130.0	8,829.0	-	8,829.0	67.9	
Total (excluding LULUCF)	1,706.9	27,334.2	6,864.4	34,198.6	20.0	
Total (including LULUCF)	1,706.9	10,941.5	6,864.4	17,805.9	10.4	

* Refer to pages 98 to 99 for GHG Methodology Approach.

Remark:

- The calculation of financed emissions excluded fixed deposit and collective investment schemes which comprises of 52% of LPI Group's investment portfolio as these investment assets are treated as personal banking.
- Investment properties have been excluded from the calculation on the basis that the property constitute approximately 1% of the LPI Group's investment portfolio and fall below the Group's materiality threshold.
- Financed emissions arising from the Group's investment in the associated company, Campu Lonpac Insurance Plc, have not been included due to the unavailability of sufficient data. The Group will assess the inclusion of associated company investments in the financed emissions calculation in subsequent financial reporting periods.
- LULUCF stands for "Land Use, land-Use Change and Forestry" which is used for calculation on sovereign bond.
- PCAF data quality score is assigned in accordance with PCAF Standard, ranging from 1 (highest quality, actual data representation e.g. actual emissions reported) to 5 (lowest quality, estimation using average data e.g. sector average), to indicate the reliability of the emissions data used in the calculation of financed emissions.



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METRICS AND TARGETS

As an integral component of the Group’s overarching sustainability journey, the Group proactively works to minimise its carbon footprint and actively contribute to the principles of a circular economy. This is achieved through the minimisation of waste directed towards final disposal, notably by championing recycling initiatives while managing paper consumption. The subsequent tabular presentation delineates the aggregate waste volumes that have been either directed to or successfully diverted from landfills.

Target		2025	2024	2023
Total waste generated (in tonnes)		72.5	86.1	87.3
- Waste diverted from disposal		20.8	27.9	10.9
- Waste directed to disposal		51.7	58.2	76.4
Waste directed to disposal per million in revenue (in kg)	Waste directed to disposal per million in revenue shall not be more than 34.0kg	24.5	30.2	40.1

As an integral component of its continuous commitment to sustainability, the Group furnishes an overview of its energy and water consumption metrics. This encompasses the average per-employee usage of both electricity and water. The energy consumption recorded by the Group experienced an increment in 2025, correlating with the concurrent growth in revenue.

	2025	2024	2023
Total energy consumption (in kWh)	3,168,424	3,081,252	3,080,629
Energy consumption per employee (in kWh)	3,732	3,686	3,748
Total water consumption (in m³)	13,956	12,729	12,720
Water consumption per employee (in m³)	16.4	15.2	15.5

The repercussions of climatic risks constitute a paramount consideration for the Group’s operations. Reported claims attributed to flood incidents serve as a direct indicator of the tangible effects of climate events on the Group's bottom line. Given the escalating frequency of severe catastrophic events, the inherent physical risk associated with occurrences such as floods emerges as a pivotal determinant influencing the Group’s operations and strategic approaches to risk mitigation. The ensuing table presents an aggregation of flood-related claims that were reported to the Group.

Flood-related Losses (in millions)	2025	2024	2023
Gross	RM57	RM22	RM15
Net	RM14	RM11	RM10

Acknowledging the critical imperative of managing these climatic hazards, the Group actively monitors the business activities vulnerable to climate-related physical risks; i.e. exposure within regions susceptible to inundation. This vigilant approach ensures that the Group maintains a keen awareness of the geographical vulnerabilities inherent within its portfolio. Underpinned by a robust monitoring process and appropriate reinsurance arrangements, the Group maintained a strong financial position, solid financial performance, and resilient cash flows throughout the reporting period. Concurrently, the Group persistently advocates for the transition to e-policies, aligning with broader strategic objectives encompassing both sustainability and operational efficiency.

Target		2025	2024	2023
Insurance exposure in flood-prone areas	Gross flood exposure in flood-prone areas shall not be more than 7.5% of the total fire sum insured	7%	6%	6%
Percentage of e-documents (Fire and Motor only)	More than 50% of the Fire and Motor policy documents are to be issued in softcopy	49%	50%	50%

The Group acknowledges the profound influence that investment determinations can exert on both investment yields and the broader welfare of society and the environment. Consequently, the Group systematically integrates considerations pertaining to climate into its investment decision-making frameworks. The fundamental tenets guiding the Group’s investment strategy are articulated as follows:

Climate-Conscious Investment Decisions

The Group is dedicated to ensuring that the investments reflect a commitment to environmental sustainability. The Group avoids investing in companies or projects that contribute heavily to climate change, especially those in high carbon-emitting sectors such as the coal, oil, and gas industries.

Avoiding High Carbon Emitting Sectors

The Group prioritises investments in industries and companies that are taking steps to reduce their carbon footprint and support the transition to a low-carbon economy. This includes renewable energy, green technologies, and companies with strong environmental sustainability practices.

Supporting Sustainable Practices

The Group focuses on businesses that prioritise sustainable practices and aim to reduce their impact on the environment. This includes encouraging companies to adopt cleaner energy sources, improve energy efficiency, and lower emissions.

Long-Term Value and Resilience

The Group’s investment decisions are made with a long-term perspective, recognising that companies that prioritise environmental responsibility are better positioned to succeed in a rapidly changing world. The Group invests in businesses that are building resilience against climate risks and creating sustainable value for the future.

Transparency and Accountability

The Group committed to being transparent about the investment choices and the steps the Group is taking to manage climate-related risks. The Group regularly reports on its progress and ensures the stakeholders are informed about how the Group’s investments align with its sustainability goals.

By adhering to these sustainable investment principles, the Group strives not only to generate positive returns for its stakeholders but also to contribute meaningfully to the establishment of a more sustainable and equitable global economy. To that end, the Group persistently manages its exposure to certain investments and continues to channel capital into sustainable and diversified assets.

Investment Allocation	2025	2024	2023
Bond	18%	16%	14%
Equities	29%	29%	28%
Unit Trust	30%	30%	27%
Fixed Deposit	22%	24%	30%
Others	1%	1%	1%

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GHG METHODOLOGY
APPROACH

GHG emissions for the Group are calculated using methodologies aligned with the GHG Protocol: A Corporate Accounting and Reporting Standard, referencing additional guidance provided in the GHG Protocol: Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard) (Scope 2 Guidance), GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard), GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Scope 3 Guidance) and Partnership for Carbon Accounting Financials (“PCAF”) as appropriate.

The Group developed Scope 1, 2, and 3 emissions using the organisational consolidation approaches to boundaries, consistent with the GHG Protocol Corporate Accounting and Reporting Standard definitions. Scope 1, 2 and 3 emissions from operations over which the Group has operational control are accounted for, excluding GHG emissions from operations where LPI Group owns an interest but does not have operational control (associated company in Cambodia through Campu Lonpac Insurance Plc).

Entities within the organisational boundary include:

LPI Capital Bhd;
Lonpac Insurance Bhd (inclusive of Singapore branch).

GHG Emissions	Approach	Emission Factor Reference
Scope 1: Direct GHG Emissions		
Mobile combustion emissions	Covers emissions from vehicles owned by LPI Group. Emissions are calculated using fuel consumption data.	UK Government GHG Conversion Factors for Company Reporting
Scope 2: Electricity Indirect GHG Emissions		
Emissions from purchased energy	Covers emissions generated from electricity purchased from the grid. Emissions are calculated using consumption data via the location-based method. The consumption data was captured based on the invoice date of the electricity bills of the year.	Malaysia Grid Emission Factor by The Malaysia Energy Information Hub Singapore Grid Emission Factor by Energy Market Authority
Scope 3: Other Indirect GHG Emissions		
Category 1: Purchased goods and services	Covers emissions generated by LPI Group’s paper and water consumption.	UK Government GHG Conversion Factors for Company Reporting
Category 2: Capital Goods	Covers the emissions associated with laptop purchases.	Laptops’ Product Carbon Footprint (PCF) Information Sheet
Category 5: Waste generated in operations	Covers emissions generated by waste disposal ¹ to landfill and recycling. Waste is derived from paper purchased and recycling activities.	UK Government GHG Conversion Factors for Company Reporting
Category 6: Business travel	Covers emissions generated by employee travel for work-related purposes on own vehicles and public vehicles such as taxi and e-hailing.	UK Government GHG Conversion Factors for Company Reporting
Category 7: Employee commuting	Covers emissions generated by employees travelling to and from work. The Group conducted a survey among employees to collect information on the mode of travel and distance travelled to estimate the commuting emissions for the entire workforce.	UK Government GHG Conversion Factors for Company Reporting
Category 9: Downstream transportation and distribution	Covers emissions associated with service providers ² . This category covers emissions of towing services provided under the motor insurance products.	UK Government GHG Conversion Factors for Company Reporting
Category 12: End-of-life treatment of sold products	Covers emissions associated with printed policy documents provided to policyholders.	UK Government GHG Conversion Factors for Company Reporting
Category 15: Investments	Covers emissions associated with our investment assets: equities, corporate bonds and government bonds.	PCAF & Investee’s latest reported emissions

Notes:
1. General waste from the Group’s operations is excluded from waste disposal.
2. Emissions from delivery of physical documents to policyholders are excluded.

SUSTAINABILITY STATEMENT

The Group has conducted a thorough review of the Scope 3 emissions and concluded that the following Scope 3 categories are either not material to the Group or the GHG emissions conversion factors are not publicly available:

- Category 3: Fuel- and energy-related activities
- Category 4: Upstream transportation and distribution
- Category 8: Upstream leased assets
- Category 10: Processing of sold products
- Category 11: Use of sold products
- Category 13: Downstream leased assets
- Category 14: Franchises

The Group has joined the Partnership for Carbon Accounting Financials (“PCAF”) as one of the signatories in 2024. PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the GHG emissions associated with their loans and investments, i.e. Scope 3 Category 15: Investments, also known as financed emissions. The scope of coverage for the calculation of financed emissions from investments are as follows:

Coverage by	Scope
Entity	- LPI Capital Bhd - Lonpac Insurance Bhd
Asset classes	Listed and unlisted equities, corporate bonds, government bonds
Emission factor	Equities and corporate bonds: Scope 1, 2 & 3 emissions of the investee companies. If the investee’s company emissions are not publicly available, the sector averages from PCAF database will be applied. Government bonds: Country emissions
Source of emission factor	Equities and corporate bonds: Annual Report / Sustainability Report of the investee companies / PCAF Database Government bonds: Biennial update report (BUR) 4 by United Nations Framework Convention on Climate Change (“UNFCCC”)
Justification of excluded investment asset	Fixed deposits and unit trusts have been excluded as these investment assets fall outside the scope of the PCAF asset class definition and do not meet the definition of financing activities with attributable GHG emissions. The Group will continue to monitor methodological developments and data availability and will consider expanding coverage should PCAF guidance evolve or reliable look-through emissions data become available.

SECTION 5: SUSTAINABILITY STATEMENT

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PERFORMANCE TABLE

LPI Capital Bhd			Date & Time: 2026-01-26_17:16:38		
IFRS S1					
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-Bribery and Corruption	Percentage of operations assessed for corruption-related risks	Percentage	100	All major operations of the Group to be assessed for the corruption-related risks	Internal
Anti-Bribery and Corruption	Confirmed incidents of corruption	Number	0	Zero tolerance to bribery and corruption	Internal
Anti-Bribery and Corruption	Percentage of employees who have received training on anti-bribery and corruption (Total Employees)	Percentage	99	More than 90% of employees to receive training on anti-bribery and corruption	Internal
Anti-Bribery and Corruption	Percentage of employees who have received training on anti-bribery and corruption (Manager)	Percentage	99	-	Internal
Anti-Bribery and Corruption	Percentage of employees who have received training on anti-bribery and corruption (Executive)	Percentage	99	-	Internal
Anti-Bribery and Corruption	Percentage of employees who have received training on anti-bribery and corruption (Non-Executive)	Percentage	96	-	Internal
Cybersecurity, Privacy and Data Protection	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	1	Complaints concerning breaches of customer privacy and losses of customer data shall not be more than 10 cases	Internal
Cybersecurity, Privacy and Data Protection	Number of high priority vulnerabilities unresolved	Number	0	Zero tolerance to unresolved high priority vulnerabilities	Internal
Cybersecurity, Privacy and Data Protection	Number of incidents relating to loss of confidential data	Number	1	Zero tolerance to loss of confidential data	Internal
Cybersecurity, Privacy and Data Protection	Number of incidents of successful hacking	Number	0	Zero tolerance to successful hacking	Internal
Cybersecurity, Privacy and Data Protection	Number of critical applications running on end-of-life system	Number	0	Zero tolerance to critical applications running on end-of-life system	Internal

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LPI Capital Bhd			Date & Time: 2026-01-26_17:16:38		
IFRS S1					
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Corporate Governance	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Number	0	Zero tolerance to monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information	Internal
Corporate Governance	Total amount of penalty imposed by regulators due to non-compliance	Number	0	Zero tolerance to penalty imposed by regulator due to non-compliance	Internal
Corporate Governance	Financial Strength Rating	Rating	A	To maintain a minimum "A-" in Financial Strength Rating	Internal
Employee Health, Safety and Well-being	Average monthly working hours per employee	Hours	150	Average monthly working hours per employee shall not be more than 180 hours	Internal
Employee Health, Safety and Well-being	Number of work-related fatalities	Number	0	Zero tolerance to work-related fatalities	Internal
Employee Health, Safety and Well-being	Lost Time Incident Rate ("LTIR")	Rate	0.5	LTIR shall not be more than 0.5	Internal
Employee Health, Safety and Well-being	Number of employees trained on health and safety standards	Number	597	-	Internal
Employee Health, Safety and Well-being	Percentage of employees trained on health and safety standards	Percentage	70	More than 50% of employees to receive training on health and safety	Internal
Labour Practices & Standards	Number of cases reported under Whistleblowing Policy, Policy for Protection Against Discrimination and Harassment in the Workplace and Grievance or Complaints Procedure	Number	0	Cases reported under Whistleblowing Policy, Policy for Protection Against Discrimination and Harassment in the Workplace and Grievance or Complaints Procedure shall not be more than 10 cases	Internal
Labour Practices & Standards	Number of substantiated complaints concerning human right violations	Number	0	Complaints concerning human rights violations shall not be more than 10 cases	Internal

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LPI Capital Bhd					
IFRS S1					
Date & Time: 2026-01-26,17:16:38					
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour Practices & Standards	Employees with bachelor's degrees or professional qualifications	Percentage	71	To have more than 60% of employees at executive level or above hold Bachelor's Degrees or professional qualifications	Internal
Labour Practices & Standards	Percentage of employees who received formal training	Percentage	100	More than 95% of employees to receive training	Internal
Labour Practices & Standards	Average Training Hours per Employee (Total Employees)	Hours	30	To have more than 16 hours of average training hours per employee	Internal
Labour Practices & Standards	Average Training Hours per Employee (Manager)	Hours	36	-	Internal
Labour Practices & Standards	Average Training Hours per Employee (Executive)	Hours	29	-	Internal
Labour Practices & Standards	Average Training Hours per Employee (Non-Executive)	Hours	12	-	Internal
Labour Practices & Standards	Total Hours of Training (Total Employees)	Hours	25,245	-	Internal
Labour Practices & Standards	Total Hours of Training (Manager)	Hours	12,541	-	Internal
Labour Practices & Standards	Total Hours of Training (Executive)	Hours	11,363	-	Internal
Labour Practices & Standards	Total Hours of Training (Non-Executive)	Hours	1,341	-	Internal
Labour Practices & Standards	Employee Turnover Rate (Total Employees)	Percentage	8	Employee turnover rate to be not more than 10%	Internal
Labour Practices & Standards	Employee Turnover Rate (Manager)	Percentage	7	-	Internal
Labour Practices & Standards	Employee Turnover Rate (Executive)	Percentage	9	-	Internal
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LPI Capital Bhd					
IFRS S1					
Date & Time: 2026-01-26,17:16:38					
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour Practices & Standards	Employee Turnover Rate (Non-Executive)	Percentage	6	-	Internal
Labour Practices & Standards	Total Number of Employee Turnover (Total Employees)	Number	66	-	Internal
Labour Practices & Standards	Total Number of Employee Turnover (Manager)	Number	26	-	Internal
Labour Practices & Standards	Total Number of Employee Turnover (Executive)	Number	33	-	Internal
Labour Practices & Standards	Total Number of Employee Turnover (Non-Executive)	Number	7	-	Internal
Diversity and Inclusion	Percentage of Board of Directors by gender (Male)	Percentage	60	-	Internal
Diversity and Inclusion	Percentage of Board of Directors by gender (Female)	Percentage	40	To have 30% representation of women in the Board	Internal
Diversity and Inclusion	Percentage of Board of Directors by age group (Below 30)	Percentage	0	-	Internal
Diversity and Inclusion	Percentage of Board of Directors by age group (Between 30-50)	Percentage	0	-	Internal
Diversity and Inclusion	Percentage of Board of Directors by age group (Above 50)	Percentage	100	-	Internal
Diversity and Inclusion	Percentage of Senior Management by gender (Male)	Percentage	67	-	Internal
Diversity and Inclusion	Percentage of Senior Management by gender (Female)	Percentage	33	To have 30% representation of senior management with women	Internal
Diversity and Inclusion	Percentage of Senior Management by age group (Below 30)	Percentage	0	-	Internal
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SECTION 5: SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

LPI Capital Bhd					
IFRS S1					
Date & Time: 2026-01-26,17:16:38					
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Percentage of Senior Management by age group (Between 30-50)	Percentage	20	-	Internal
Diversity and Inclusion	Percentage of Senior Management by age group (Above 50)	Percentage	80	-	Internal
Diversity and Inclusion	Percentage of total employees by gender (Male)	Percentage	34	Employees from either gender shall not be more than 70%	Internal
Diversity and Inclusion	Percentage of total employees by gender (Female)	Percentage	66	Employees from either gender shall not be more than 70%	Internal
Diversity and Inclusion	Percentage of employees by gender (Manager - Male)	Percentage	41	-	Internal
Diversity and Inclusion	Percentage of employees by gender (Manager - Female)	Percentage	59	-	Internal
Diversity and Inclusion	Percentage of employees by gender (Executive - Male)	Percentage	28	-	Internal
Diversity and Inclusion	Percentage of employees by gender (Executive - Female)	Percentage	72	-	Internal
Diversity and Inclusion	Percentage of employees by gender (Non-Executive - Male)	Percentage	35	-	Internal
Diversity and Inclusion	Percentage of employees by gender (Non-Executive - Female)	Percentage	65	-	Internal
Diversity and Inclusion	Percentage of total employees by age group (Below 30)	Percentage	14	-	Internal
Diversity and Inclusion	Percentage of total employees by age group (Between 30-50)	Percentage	61	-	Internal
Diversity and Inclusion	Percentage of total employees by age group (Above 50)	Percentage	25	-	Internal
This report was generated on the Bursa Malaysia CSI Platform on 2026-01-26,17:16:38					
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LPI Capital Bhd					
IFRS S1					
Date & Time: 2026-01-26,17:16:38					
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Percentage of employees by age group (Manager - Below 30)	Percentage	0	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Manager - Between 30-50)	Percentage	62	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Manager - Above 50)	Percentage	38	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Executive - Below 30)	Percentage	27	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Executive - Between 30-50)	Percentage	59	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Executive - Above 50)	Percentage	14	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Non-Executive - Below 30)	Percentage	9	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Non-Executive - Between 30-50)	Percentage	68	-	Internal
Diversity and Inclusion	Percentage of employees by age group (Non-Executive - Above 50)	Percentage	23	-	Internal
Diversity and Inclusion	Percentage of employees that are contractors or temporary staff (Permanent staff)	Percentage	97.2	To have more than 95% of permanent staff	Internal
Diversity and Inclusion	Percentage of employees that are contractors or temporary staff (Contractors/Temporary staff)	Percentage	2.8	-	Internal
Diversity and Inclusion	Percentage of permanent resident / citizen in workforce (Permanent resident / citizen)	Percentage	99.9	To have more than 95% of permanent resident/ citizen in workforce	Internal
This report was generated on the Bursa Malaysia CSI Platform on 2026-01-26,17:16:38					
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SECTION 5: SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

LPI Capital Bhd
IFRS S1

Date & Time: 2026-01-26,17:16:38

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity and Inclusion	Percentage of permanent resident / citizen in workforce (Non-citizen)	Percentage	01	-	Internal
Diversity and Inclusion	Percentage of staff with a disability	Percentage	01	-	Internal
Claims Management	Claims management productivity	Number	1,475	To settle more than 1,400 claims files per claims staff	Internal
Claims Management	Complaints-to-claims ratio	Percentage	01	Complaints-to-claims ratio to be not more than 0.5% on number of complaints received (claims related) to the total number of claims registered	Internal
Customer Experience Management	Customer policy renewal/retention ratio	Percentage	80	To retain more than 70% of total renewable policies	Internal
Customer Experience Management	In-force policy count (in thousands)	Number	1,438	To have positive growth in the number of in-force policy count	Internal
Product Availability and Affordability	Percentage of growth of GWP from Digital Business	Percentage	27	The growth rate of GWP from Digital Business to be more than the growth rate of the Group's overall GWP	Internal
Community / Society Responsibility	Total amount invested in the community where the target beneficiaries are external to the listed issuer (in thousands)	MYR	237	-	Internal
Community / Society Responsibility	Total number of beneficiaries of the investment in communities	Number	22	-	Internal
Community / Society Responsibility	Number of CSR Initiatives	Number	28	To contribute more than 15 CSR initiatives within a year	Internal
Supply Chain Management	Proportion of spending on local suppliers	Percentage	99	Local suppliers comprise more than 90% of the total expenses	Internal

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LPI Capital Bhd
IFRS S1

Date & Time: 2026-01-26,17:16:38

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Distribution Channel Management	Agent attrition rate	Percentage	6	Agent attrition rate to be not more than 10%	Internal
Distribution Channel Management	Average training hours per agent	Hours	20	To have more than 10 hours of average training hours per agent	Internal
Distribution Channel Management	Percentage of agents who attended trainings	Percentage	97	More than 90% of agents to receive training	Internal

This report was generated on the Bursa Malaysia CSI Platform on 2026-01-26,17:16:38

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SECTION 5: SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

LPI Capital Bhd
IFRS S2

Date & Time: 2026-01-26,17:16:38

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Digital Transformation	Percentage of e-documents (Fire and Motor only)	Percentage	49	More than 50% of the Fire and Motor policy documents are to be issued in softcopy	Internal
Sustainable Product and Investment	Net premiums written related to energy efficiency and low carbon technology (in millions)	MYR	20	To have positive growth in net premiums written related to energy efficiency and low carbon technology	Internal
Sustainable Product and Investment	Percentage of investment in sustainable assets	Percentage	65	More than 50% of total investment assets comprising sustainable assets	Internal
Climate Adaptation and Resilience	Percentage of investment in high ESG risk sector	Percentage	2	Investment in high ESG risk sector shall not be more than 5% of total investment assets	Internal
Climate Adaptation and Resilience	Gross flood-related losses (in millions)	MYR	57	-	Internal
Climate Adaptation and Resilience	Net flood-related losses (in millions)	MYR	14	-	Internal
Climate Adaptation and Resilience	Insurance exposure in flood-prone areas	Percentage	7	Gross flood exposure in flood-prone areas shall not be more than 7.5% of the total fire sum insured	Internal
Environmental Footprint	Total energy consumption	Kilowatt-hour	3,168,424	-	Internal
Environmental Footprint	Energy consumption per employee	Kilowatt-hour	3,732	-	Internal
Environmental Footprint	Total water consumption	Cubic meter	13,956	-	Internal
Environmental Footprint	Water consumption per employee	Cubic meter	16.4	-	Internal
Environmental Footprint	Total waste generated	Tonnes	72.5	-	Internal
Environmental Footprint	Waste diverted from disposal	Tonnes	20.8	-	Internal

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LPI Capital Bhd
IFRS S2

Date & Time: 2026-01-26,17:16:38

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Environmental Footprint	Waste directed to disposal	Tonnes	51.7	-	Internal
Environmental Footprint	Waste directed to disposal per million in revenue	Kilogram	24.5	Waste directed to disposal per million in revenue shall not be more than 34.0kg	Internal
Environmental Footprint	Scope 1 emissions in tonnes of CO2e	Metric tonnes	38.5	-	External (Limited)
Environmental Footprint	Scope 2 emissions in tonnes of CO2e	Metric tonnes	2,344.8	-	External (Limited)
Environmental Footprint	Scope 3 emissions in tonnes of CO2e (Except Category 15: Investments)	Metric tonnes	2,0672	-	External (Limited)
Environmental Footprint	Scope 3 emissions in tonnes of CO2e (Category 15: Investments) (Excluding LULUCF)	Metric tonnes	34,198.6	-	External (Limited)
Environmental Footprint	Scope 3 emissions in tonnes of CO2e (Category 15: Investments) (Including LULUCF)	Metric tonnes	17805.9	-	External (Limited)

This report was generated on the Bursa Malaysia CSI Platform on 2026-01-26,17:16:38

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SUSTAINABILITY STATEMENT

ASSURANCE STATEMENT

ASSURANCE PROCESS

To augment the credibility and veracity of this Sustainability Statement, it has undergone a review conducted by LPI Group’s internal auditors and has subsequently received formal approbation from the Group’s Audit Committee. Furthermore, BSI Services Malaysia Sdn Bhd provided independent assurance for specific GHG emissions indicators, in full accordance with the International Standard on Assurance Engagements 3000.

ASSURANCE UNDERTAKEN

In strengthening the credibility of the Sustainability Statement, this Sustainability Statement has been subjected to the following:

- a) an internal review by the Group’s internal auditors; and
- b) independent assurance in accordance with recognised assurance standards for selected indicators

and has been approved by the Company’s Audit Committee.

The scope, subject matters and relevant conclusion(s) are provided below:

Type of Assurance	Subject Matter	Scope	Conclusion
Independent assurance	Greenhouse Gas (“GHG”) Emissions Scope 1: Direct Emissions Scope 2: Indirect Emissions Scope 3: Other Indirect Emissions	The boundary of the review includes all companies within the LPI Group.	On the basis of the methodology and activities described for the agreed work scope, nothing has come to the assurance provider’s attention to indicate that the reviewed statements of the GHG emissions are inaccurate and the information included therein is not fairly stated.
Internal review	All subject matters other than GHG Emissions		Not applicable.

 Please refer to pages 111 to 113 for the independent limited verification statement provided by BSI Services Malaysia Sdn Bhd.

SUSTAINABILITY STATEMENT

ASSURANCE STATEMENT BY BSI SERVICES MALAYSIA SDN BHD





**INDEPENDENT ASSURANCE
OPINION STATEMENT**

To the Valued Stakeholders of LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd

Holds Statement No: SRA 832275

The British Standards Institution (**BSI**) has conducted a limited assurance engagement on the sustainability information (described in the “Scope”) in the Sustainability Statement 2025 of LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd.

Scope

The scope of engagement agreed upon with LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd includes the following:

The assurance covers the information of the following subject matters in the LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd’s Sustainability Statement 2025:

1) Emissions (Scope 1, 2 and 3)

The selected information is reported in accordance with ISAE 3000 (revised) standard, ISO14064-3:2019, GHG Protocol, Partnership for Accounting Financials (PCAF) and Bursa Reporting Guidelines (3rd Edition).

Opinion Statement

We have conducted a limited assurance engagement on the sustainability information described in the “Scope” above. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Information is not prepared, in all material respects, in accordance with ISAE 3000 (revised) standard, ISO14064-3:2019, GHG Protocol, Partnership for Accounting Financials (PCAF) and Bursa Reporting Guidelines (3rd Edition).

Methodology

Our assurance engagements were carried out in accordance with ISAE 3000 (revised) standard, ISO14064-3:2019, GHG Protocol, Partnership for Accounting Financials (PCAF) and Bursa Reporting Guidelines (3rd Edition). Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top-level review of issues raised by external parties that could be relevant LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers and staff on LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.

SUSTAINABILITY STATEMENT

Internal

- document review of relevant systems, policies, and procedures where available.
- review of supporting evidence for claims made in the reports.
- visit of the headquarter office to confirm the data collection processes, record management and practices.

Responsibility

LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd is responsible for the preparation and fair presentation of the sustainability information and report in accordance with the agreed criteria. BSI is responsible for providing an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Independence, Quality Control and Competence

BSI is independent to LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd and has no financial interest in the operation of LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd other than for the assurance of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd only for the purposes of verifying its statements relating to the Scope above.

This independent assurance opinion statement is prepared on the basis of review by BSI of information presented to it by LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd. In making this independent assurance opinion statement, BSI has assumed that all information provided to it by LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd is true, accurate and complete. BSI accepts no liability to any third party who places reliance on this statement.

BSI applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021-1:2015 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

BSI is a leading global standards and assessment body founded in 1901. The BSI assurance team has extensive experience in conducting verification over environmental, social and governance (ESG), and management systems and processes.

Issue Date: 13 January 2026

For and on behalf of BSI:

Salmiah Hasbullah

Salmiah Hasbullah, Lead Assurer

Evelyn Chye

Evelyn Chye, Managing Director BSI Malaysia

BSI Malaysia Suite 29.01, Level 29, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

Internal

Appendix A: Summary of Emissions Data for 2025 – LPI Capital Bhd and its subsidiary Lonpac Insurance Bhd

Subject Matter: GHG Emissions		tCo2e
1) Scope 1		
Mobile combustion		38.5
2) Scope 2		
Purchased Electricity		2,344.8
3) Scope 3		2,067.2
Category 1: Purchased Goods and Services		91.7
Category 2: Capital Goods		25.3
Category 5: Waste Generated in Operations		36.0
Category 6: Business Travel		95.6
Category 7: Employee Commuting		780.8
Category 9: Downstream Transportation & Distribution		1,013.4
Category 12: End-of-life Treatment of Sold Products		24.4
Total GHG Emissions		4,450.5

Subject Matter: Financed Emissions (Scope 3 Category 15: Investments)			tCo2e
Asset Class	Scope 1 & 2	Scope 3	
Corporate Bond	1,949.8	6,654.4	8,604.2
Listed Equity	135.2	58.9	194.1
Unlisted Equity	27.5	151.1	178.6
Sovereign			
Excluding LULUCF	25,221.7	-	25,221.7
Including LULUCF	8,829.0	-	8,829.0
Total Financed Emissions			
Excluding LULUCF	27,334.2	6,864.4	34,198.6
Including LULUCF	10,941.5	6,864.4	17,805.9

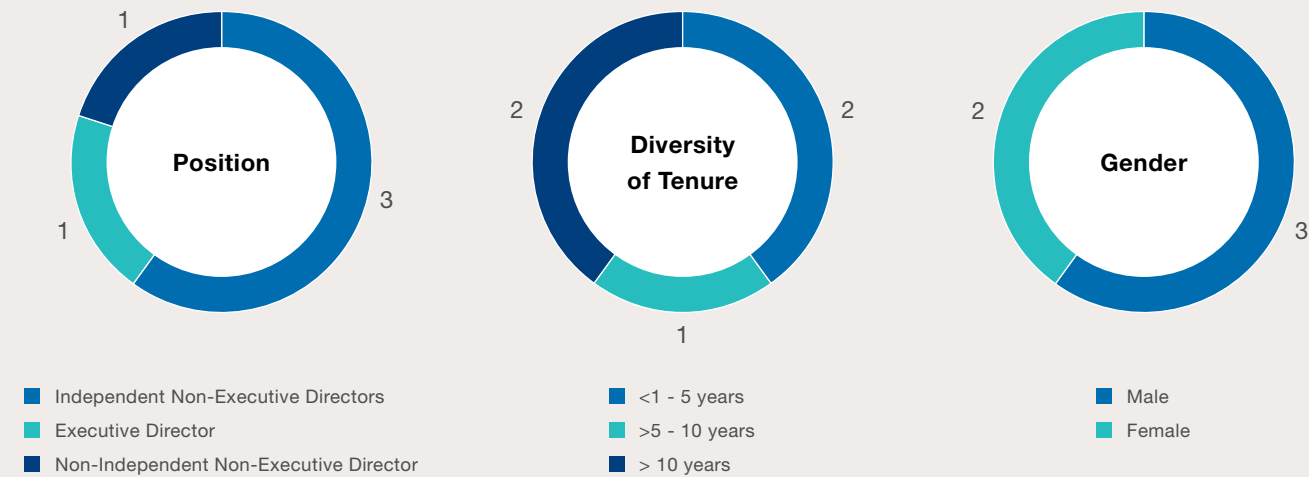
Note: Totals may differ slightly due to rounding to one decimal place

SECTION 6: OUR GOVERNANCE

BOARD DIVERSITY

BOARD DIVERSITY

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board’s policy ensures that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business and operations. The Company meets the 30% recommended minimum proportion of women on the Board.



SECTION 6: OUR GOVERNANCE

WHO GOVERNS US

ENCIK MOHAMED RASLAN BIN ABDUL RAHMAN

Independent Non-Executive Director
B.Com.; MICPA; MIA; CAANZ



Malaysian	62	Male
Board Attendance in the FY2025: 9/9		

Encik Mohamed Raslan Bin Abdul Rahman, aged 62, male, was appointed to the Board of the Company on 31 January 2024. Presently, Encik Raslan serves as Chairman of the Audit Committee, a member of the Risk, Compliance and Sustainability Committee and the Nomination and Remuneration Committee of the Company.

QUALIFICATIONS

Encik Raslan holds a Bachelor of Commerce from The University of Melbourne; holder of a Capital Market Services Representative's License; a Licensed Auditor and Liquidator, Malaysia; a Member of the Malaysian Institute of Certified Public Accountants (MICPA); a Member of the Malaysian Institute of Accountants (MIA); and a Fellow of the Chartered Accountants of Australia and New Zealand (CAANZ).

EXPERIENCE

Encik Raslan is now the Chairman of BDO Malaysia (BDO). In BDO, he sits on the Management Committee of the overall firm and oversees the quality of the audit operation as Chairman of the Monitoring and Remediation Committee.

He has over 40 years of experience in audit, corporate recovery and restructuring, corporate finance, internal audit and risk management. He served in the EXCO of KPMG for over 10 years before becoming Managing Partner. During his tenure at KPMG, he was involved in setting up the internal audit and risk services department which provides services such as Enterprise Risk Management, key internal controls review and internal audit. As an audit partner, besides auditing companies in many industries, he was also involved in the role of reporting accountants as well as due diligence, valuation and transaction services.

Encik Raslan has been a financial advisor to lenders and/or shareholders on restructuring schemes. He has also been involved in corporate finance work such as mergers and acquisitions/initial public offerings of companies listed on Bursa Malaysia. He has vast experience in transaction services and has been involved in several due diligence reviews and valuations of companies across various industries. Finally, he has also been the liquidator, receiver & manager, and special administrator for multiple engagements. Encik Raslan was the President of Insolvency Practitioners Association Malaysia.

Encik Raslan was appointed as the Independent Trustee of Petronas Decarbonisation Fund, Chairman of Malaysian Accounting Standard Board and a member of the Corporate Debt Restructuring Committee, Bank Negara Malaysia, Trustee of the Sultan Iskandar Foundation and has served in various capacities in MIA/MICPA and other community organisations that he has served for national interest mainly in his field of expertise. From 2015 to 2021 he represented Malaysia at the International level and was involved in the setting of major accounting standards for Malaysia.

DATO' CHIA LEE KEE

Independent Non-Executive Director
FCIS (CS) (CGP)



Malaysian	72	Female
Board Attendance in the FY2025: 9/9		

Dato' Chia Lee Kee, aged 72, female, was appointed to the Board of the Company on 18 January 2021. Presently, Dato' Chia serves as Chairman of the Nomination and Remuneration Committee, and as a member of the Audit Committee and the Risk, Compliance and Sustainability Committee of the Company.

QUALIFICATIONS

Dato' Chia is a Chartered Secretary and a Chartered Governance Professional; she is a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators.

EXPERIENCE

Dato' Chia had served Public Bank Berhad for more than 42 years, involving 12 years in credit and credit control functions, and 30 years in various Management and Senior Management positions in Public Bank Berhad.

Dato' Chia had served as the Company Secretary of Public Bank Berhad for 24 years. She had also served as the Company Secretary of several Malaysian and overseas subsidiaries of Public Bank Berhad. She was a member of the Board of several subsidiaries of Public Bank Berhad.

Dato' Chia had participated in various corporate exercises of Public Bank Berhad such as the listing of its subsidiary on the Main Board of Bursa Malaysia Securities Berhad, and its merger with several financial institutions.

Dato' Chia is experienced in the corporate governance requirements of Bank Negara Malaysia, Bursa Malaysia Securities Berhad and other relevant authorities, including corporate governance standards and practices laid down by the regulatory authorities.

MS. SOO CHOW LAI

Independent Non-Executive Director
BA Econs (Hons)



Malaysian	73	Female
Board Attendance in the FY2025: 9/9		

Ms. Soo Chow Lai, aged 73, female, was appointed to the Board of the Company on 1 August 2018. Presently, Ms. Soo serves as a member of the Audit Committee, the Risk, Compliance and Sustainability Committee and the Nomination and Remuneration Committee of the Company.

QUALIFICATIONS

Ms. Soo holds a Bachelor of Arts – Econs (Honours) Degree from University of Malaya.

EXPERIENCE

Ms. Soo was with Malaysian National Reinsurance Bhd and its Associated Company, Labuan Reinsurance (L) Ltd for about 30 years in various senior positions. She has extensive experience in reinsurance underwriting, claims evaluations and settlements, investment and property management. Ms. Soo had travelled widely for business development both locally and internationally and was involved in major policy decisions of the two companies she served in.

None of The Directors Have:

- Family relationship with the Directors and/ or major shareholders of LPI.
- Conflicts of interest in any business arrangements involving LPI.
- Convictions for offences within the past 5 years other than traffic offences.
- Been publicly sanctioned or penalised by relevant regulatory bodies during the financial year.

All the Directors are Malaysians.

WHO GOVERNS US

MS. KONG THIAN MEE

Group Company Secretary
FCIS (CS) (CGP)



Malaysian	56	Female
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Ms. Kong Thian Mee, aged 56, female, was appointed as Company Secretary of LPI Capital Bhd on 1 August 2000 and has been with the Company since 1993. She is the Secretary for all the Board Committees.

QUALIFICATIONS

Ms. Kong is a Chartered Secretary and a Chartered Governance Professional; she is a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators.

EXPERIENCE

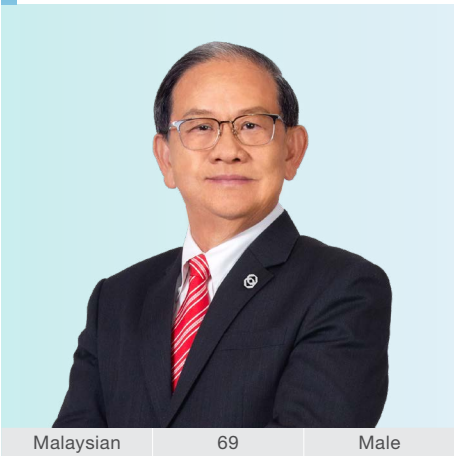
Ms. Kong has more than 30 years of experience in Secretariat and Human Resource. Presently, she oversees Secretariat, Human Resource and Employees Development departments. She is also the Company Secretary of an associate company, Campu Lonpac Insurance Plc.

SECTION 6: OUR GOVERNANCE

WHO LEADS US

KEY GROUP MANAGEMENT

MR. TAN KOK GUAN
Group Chief Executive Officer



QUALIFICATIONS

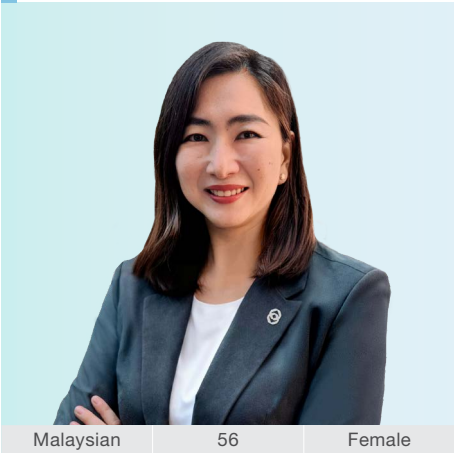
Chartered Insurer
B.Sc. (Hons.), MBA, ACII, AAii

WORKING EXPERIENCE

Mr. Tan Kok Guan joined the Company on 1 March 1994. He was an executive director of the Company from October 1996 to May 1999 and thereafter served as a Non-Independent Non-Executive Director to July 2013. He was appointed as Executive Director/ Chief Executive Officer of the Company with effect from 8 July 2013 and was designated as the Executive Director/ Group Chief Executive Officer with effect from 20 February 2025.

Mr. Tan is the Chairman of the Board of Campu Lonpac Insurance Plc, an associate company. He is also currently a member of the Board of the Asian Institute of Insurance in Kuala Lumpur.

MS. TAMMY KONG THIAN MEE
Group Company Secretary and
Head of Human Resource



QUALIFICATIONS

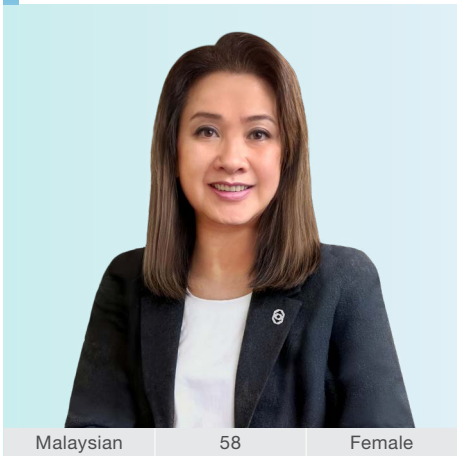
Chartered Secretary and Chartered Governance Professional
FCIS (CS) (CGP)

WORKING EXPERIENCE

Ms. Tammy has more than 30 years of experience in Secretariat and Human Resource. Presently, she oversees Secretariat, Human Resource and Employees Development matters. She is also the Company Secretary of an associate company, Campu Lonpac Insurance Plc.

Ms. Tammy does not hold any directorship in LPI or in other public listed companies.

MS. IRENE HWANG SIEW LING
Group Chief Internal Auditor



QUALIFICATIONS

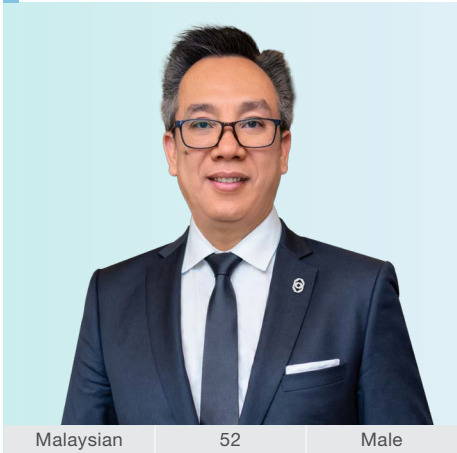
B. Acc. (Hons.), CA (M'sia), CPA (M'sia), CMIIA

WORKING EXPERIENCE

Ms. Irene has a total of 34 years of experience in auditing. She started her career as an Audit Assistant with Messrs KPMG in 1991 and rose from junior ranks to the post of Audit Manager before joining Lonpac Insurance Bhd in 1998 to be the Senior Manager heading the Internal Audit Department. She rose to General Manager position in 2011. Ms. Irene was designated as the Group Chief Internal Auditor in January 2025 to oversee the internal audit function for the LPI Group.

Ms. Irene does not hold any directorship in LPI or in other public listed companies.

MR. NG SENG KHIN
Group Chief Financial Officer



QUALIFICATIONS

B. Acc. (Hons.), CA (M'sia)

WORKING EXPERIENCE

Mr. Ng has more than 28 years of experience in finance and accounting and more than 24 years in the insurance industry. He joined Lonpac Insurance Bhd in 2011 and was appointed Chief Financial Officer in January 2019. He was designated as the Group Chief Financial Officer in January 2025.

Mr. Ng does not hold any directorship in LPI or in other public listed companies.

None of the Key Group Management Members Have:

- Family relationship with the Directors and/ or major shareholder of LPI
- Conflicts of interest in any business arrangements involving LPI
- Convictions for offences within the past 5 years other than traffic offences
- Been publicly sanctioned or penalised by relevant regulatory bodies during the financial year

SECTION 6: OUR GOVERNANCE

WHO LEADS US GROUP MANAGEMENT

LONPAC INSURANCE BHD

WHO LEADS US GROUP MANAGEMENT

LONPAC INSURANCE BHD

MR. CHUANG CHEE HING

Executive Director/
Chief Executive Officer



Malaysian63Male

QUALIFICATIONS

Bachelor's Degree with Honours in Science (Education)

WORKING EXPERIENCE

Mr. Chuang has a total of 38 years of experience in the general insurance industry. He was promoted as Chief Operating Officer on 1 January 2013. He rose to Deputy Chief Executive Officer on 1 January 2018 and was appointed as the Executive Director/ Chief Executive Officer on 8 July 2025.

Mr. Chuang does not hold any directorship in LPI or in other public listed companies.

MR. QUEK SUN HUI

Chief Executive – Singapore



Singaporean65Male

QUALIFICATIONS

Chartered Insurer, B. Eng. (Civil), MBA, ACII

WORKING EXPERIENCE

Mr. Quek has over 30 years of experience in the insurance industry, including extensive service as Principal Officer and Chief Executive of MAS-regulated insurance companies. He held overall responsibility for business strategy, operations, underwriting, claims and regulatory compliance, with full P&L accountability. He joined Lonpac Insurance Bhd, Singapore Branch on 15 January 2018 and was appointed to the Chief Executive position since 1 July 2018.

Mr. Quek does not hold any directorship in LPI or in other public listed companies.

MR. YOW KAI FOOK

Deputy Chief Executive Officer



Malaysian64Male

QUALIFICATIONS

Bachelor's Degree in Chemical Engineering

WORKING EXPERIENCE

Mr. Yow has more than 30 years of experience in the general insurance industry. He was promoted as Chief Operating Officer - Business Operations on 1 January 2022. He rose to his current position as Deputy Chief Executive Officer in January 2026.

Mr. Yow does not hold any directorship in LPI or in other public listed companies.

**ENCIK SALLEHUDDIN
BIN MARZUKI**

Chief Underwriting Officer



Malaysian60Male

QUALIFICATIONS

B.B.A. (Insurance) (Hons.)

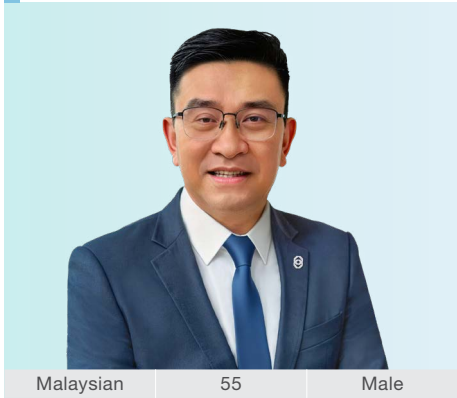
WORKING EXPERIENCE

Encik Sallehuddin joined Lonpac Insurance Bhd in December 2016 as Assistant General Manager and Head of Underwriting I and Operations, Systems & Methods. He was appointed as Deputy General Manager in January 2020 and Head of Underwriting I and Operations, Systems & Methods. Encik Sallehuddin was redesignated to Deputy Head of Underwriting in January 2022, overseeing the entire Underwriting Division. He was appointed as General Manager and Deputy Head of Underwriting until June 2024. He rose to his current position as Chief Underwriting Officer in July 2024.

Encik Sallehuddin does not hold any directorship in LPI or in other public listed companies.

MR. RAYMOND TAN SOO BOON

Chief Operating Officer -
Business Operations



Malaysian55Male

QUALIFICATIONS

Chartered Insurer, B.A. (Econs.) (Hons), ACII, AAii

WORKING EXPERIENCE

Mr. Raymond joined Lonpac Insurance Bhd in 2008 as Regional Manager for the Southern Region. He was appointed as Head of Branches Strategic Performance in May 2016. Mr. Raymond was promoted as General Manager in January 2018 and as Senior General Manager in January 2022, overseeing the Distribution Division. He was appointed as Chief Distribution Officer in January 2022. He rose to his current position as Chief Operating Officer in January 2026.

Mr. Raymond does not hold any directorship in LPI or in other public listed companies.

MR. VOON WING CHUAN

Chief Claims Officer



Malaysian55Male

QUALIFICATIONS

Chartered Insurer, B.A. (Econs.) (Hons.), MBA, ACII, FMII, ANZIIF (Fellow) CIP

WORKING EXPERIENCE

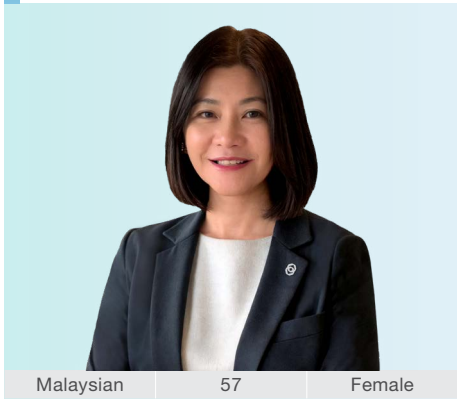
Mr. Voon joined Lonpac Insurance Bhd in 1995 and was appointed Head of Claims in 2009. He has been with the Company for 30 years. Mr. Voon was appointed Chief Claims Officer in January 2019.

Mr. Voon does not hold any directorship in LPI or in other public listed companies.

SECTION 6: OUR GOVERNANCE

WHO LEADS US
GROUP MANAGEMENT
LONPAC INSURANCE BHD

MS. CYNTHIA NG BOON HOWE
Chief Information Officer



QUALIFICATIONS

B. Sc. (Comp. Sc.)

WORKING EXPERIENCE

Ms. Cynthia joined Lonpac Insurance Bhd in 1991 and was appointed Head of Development in 1999. She was promoted to Deputy General Manager and appointed as Chief Information Officer in 2019, overseeing the Information Technology in the company. She was promoted to General Manager in 2023.

Ms. Cynthia does not hold any directorship in LPI or in other public listed companies.

MR. TUNG CHEE LIM
Appointed Actuary



QUALIFICATIONS

B. Sc. (Actuarial Science), FCAS, FASM, FSAS

WORKING EXPERIENCE

Mr. Tung joined Lonpac Insurance Bhd in 2023 and has nearly 20 years of experience in the actuarial profession, including takaful. He was approved as Appointed Actuary (Malaysia) since February 2023 and Certifying Actuary (Singapore) since March 2023.

Mr. Tung does not hold any directorship in LPI or in other public listed companies.

MS. MAHINDER KAUR A/P
KAPAL SINGH
Chief Compliance Officer



QUALIFICATIONS

Dip. in Corporate Governance and Compliance (Basel Institute of Governance)

WORKING EXPERIENCE

Ms. Mahinder has 37 years working experience in Persatuan Insurans Am Malaysia handling regulatory, finance and corporate services matters. She joined Lonpac Insurance Bhd in September 2021 as Director in the Compliance Department and thereafter re-assigned as Chief Compliance Officer in January 2022.

Ms. Mahinder does not hold any directorship in LPI or in other public listed companies.

WHO LEADS US
GROUP MANAGEMENT
LONPAC INSURANCE BHD

MR. LAI GENG FARN
Chief Information Security Officer



QUALIFICATIONS

International Diploma (Computer Studies), CISSP, CISM, ISO27001 Lead Auditor

WORKING EXPERIENCE

Mr. Lai Has more than 20 years of experience in IT Security. He joined Lonpac Insurance Bhd in November 2023 as Chief Information Security Officer.

Mr. Lai does not hold any directorship in LPI or in other public listed companies.

MS. LIM WAI CHENG
Head of Human Resource



QUALIFICATIONS

CAHRI, Dip (Bus. Admin)

WORKING EXPERIENCE

Ms. Lim joined Lonpac Insurance Bhd in 1994. She has over 30 years of experience in the Human Resource field. Ms. Lim was appointed Head of the Employment Management Department in June 2017. She was appointed Head of Human Resource in January 2023.

Ms. Lim does not hold any directorship in LPI or in other public listed companies.

MR. LEE CHIEW LAI
Chief Risk Officer



QUALIFICATIONS

B. Sc. (Actuarial & Financial Maths.), ACAS, SCR

WORKING EXPERIENCE

Mr. Lee joined Lonpac Insurance Bhd in 2011. He was appointed Chief Risk Officer in January 2018.

Mr. Lee does not hold any directorship in LPI or in other public listed companies.

None of the Group Management Members Have:

- Family relationship with the Directors and/ or major shareholder of LPI
- Conflicts of interest in any business arrangements involving LPI
- Convictions for offences within the past 5 years other than traffic offences
- Been publicly sanctioned or penalised by relevant regulatory bodies during the financial year

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

This statement outlines the principles and practices that underpin the Company’s approach to corporate governance and should be read together with the Corporate Governance Report 2025, available on the Company’s corporate website at www.lpicapital.com.

Strong governance is integral to the Group’s ability to pursue its purpose, set strategic direction and deliver sustainable performance. The Company has established a governance framework that promotes accountability, clarity and effective oversight, supporting informed decision making at Board and Senior Management levels.

The Board of Directors provides leadership of the Group and is responsible for overseeing its long-term direction, performance and resilience. A clearly defined allocation of responsibilities enables the Board to fulfil its duties effectively, supported by a structured system of delegation. Key areas of oversight are entrusted to dedicated Board Committees, each operating within clearly defined mandates set out in formal Terms of Reference, while matters of significant importance are reserved for the Board’s consideration.

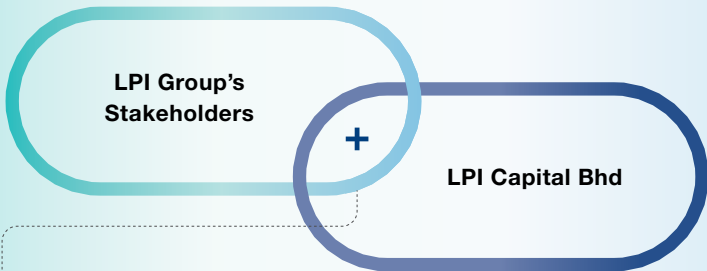
Leadership responsibilities are differentiated through a clear division between the roles of the Chairman and the Group Chief Executive Officer. The Chairman is responsible for leading the Board and maintaining its effectiveness, while the Group Chief Executive Officer has executive authority for the management of the business, including the implementation of strategy and the delivery of operational objectives.

The governance framework is applied consistently across the Group and is supported by a management structure that continues to evolve in line with business needs. This approach reinforces strategic coherence across divisions and facilitates the effective execution of both divisional and Group wide plans.

The Board acts collectively in the interests of shareholders, with a duty to safeguard the long-term success of the Group. In exercising this responsibility, the Board considers the broader implications of its decisions for employees, customers, business partners and other stakeholders, while maintaining oversight of strategic, financial and reputational matters.

The effectiveness of the Board is underpinned by an appropriate balance of Executive and Non-Executive Directors who bring diverse skills, experience and perspectives. A disciplined governance structure supports clear accountability and promotes transparency throughout the organisation.

GROUP GOVERNANCE FRAMEWORK



LPI Capital Bhd

Board Committees

Audit Committee

Nomination and Remuneration Committee

Risk, Compliance and Sustainability Committee

Lonpac Insurance Bhd

Board Committees

Audit Committee

Nomination and Remuneration Committee

Risk and Sustainability Committee

Compliance Committee

Technology Committee

UNDERLYING
FRAMEWORK FOUNDATION

VALUES

CODE OF
ETHICS AND CONDUCT

STRATEGY

VARIOUS CHARTERS
& POLICIES

GOOD GOVERNANCE
GUIDELINES

BOARD ROLES AND RESPONSIBILITIES

The Board

The Board is responsible for the overall stewardship of the Group. It sets strategic objectives, oversees execution, reviews performance, determines risk tolerance and ensures that the Group operates within an effective system of governance and control. The Board also provides leadership on culture, values and standards of conduct.

Chairman of the Board

The Chairman is responsible for leading the Board and creating an environment that enables constructive debate and robust challenge. The role includes setting the Board’s agenda, facilitating effective contributions from all Directors and supporting ongoing engagement with shareholders. The Chairman works closely with fellow Directors to promote the Group’s purpose and desired culture.

Non-Executive Directors

Non-Executive Directors contribute independent insight and judgement, strengthening Board decision making. Their role includes challenging management where appropriate, supporting strategic development and providing oversight of financial reporting, internal controls and risk management. They also play a key role in remuneration and succession planning.

Group Chief Executive Officer (“CEO”)

The Group CEO is responsible for executive leadership of the Group. This includes developing strategic proposals for Board consideration, implementing approved strategies, managing day to day operations and delivering performance in line with agreed objectives.

Group Chief Financial Officer (“CFO”)

The Group CFO is responsible for the Group’s financial leadership, including financial planning, reporting, risk management and control. The Group CFO supports the Group CEO in shaping and delivering the Group’s strategic and operational agenda.

Matters Reserved for the Board

- Approving the Company’s risk appetite, annual business plans, and other initiatives that, individually or collectively, may have a material impact on the Company’s risk profile.
- Overseeing the Company’s business operations and financial performance.
- Overseeing the selection, performance, remuneration, and succession planning for the CEO, heads of control functions, and other members of the Senior Management, ensuring the Board is satisfied with the collective competence of Senior Management to effectively lead the Company’s operations.
- Approving appointments, succession policies, and remuneration packages for Board and Board Committee members.
- Overseeing the implementation of the Company’s governance and internal control frameworks, periodically reviewing their appropriateness in light of material changes to the size, nature, and complexity of the Company’s operations.
- Promoting collaboration with the Senior Management, a sound corporate culture within the Company that reinforces ethical, prudent, and professional behaviour, including fostering a strong compliance culture.
- Promoting an environment that not only ensures the Company complies with legal and regulatory requirements but also encourages the ethical conduct underlying such requirements.
- Promoting sustainability by considering environmental, social, and governance factors in the Company’s business strategies.
- Overseeing and approving recovery, resolution, and business continuity plans to restore the Company’s financial strength and maintain or preserve critical operations and services during periods of stress.
- Reviewing, challenging, and approving the Senior Management’s strategic plans for the Company, while monitoring their implementation.
- Supervising and assessing the Senior Management’s performance to ensure proper business management.
- Ensuring the integrity of the Company’s financial and non-financial reporting.
- Ensuring the Company has procedures in place for effective communication with stakeholders.
- Undertaking various functions and responsibilities as specified in directives issued by regulatory authorities from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

COMMITTED TO RESPONSIBLE, EFFECTIVE GOVERNANCE

BOARD ACTIVITIES DURING THE YEAR

In addition to its regular business, specific topics considered by the Board of the Group at their meetings this year, included:

Sustainability

- Conducted the quarterly reviews of the Group’s sustainability performance, which includes Greenhouse Gas (“GHG”) emissions, employees wellbeing, turnover rate of employees, and etc.
- Reviewed and revised Sustainability Framework.
- Established Vendor Code of Conduct.
- Reviewed and approved the Sustainability Disclosures.

Governance, Risk & Compliance

Governance

- Appointed a new Chairman of the Nomination and Remuneration Committee (“NRC”) in place of the Chairman who has reached the maximum tenure of independence, to promote good governance.
- Discussed the reports from Board Committees on corporate governance, legal, compliance and sustainability matters.

Risk

- Revised the Group Procurement Policy.
- Revised the Group Business Continuity & Crisis Management Framework.
- Revised the Group Corruption Risk Management Framework.
- Reviewed and approved the outsourcing plan during the year.
- Reviewed the results of climate risk scenario analysis and stress testing.
- Reviewed the overall remuneration system to ensure it does not compromise the Group’s ability to maintain liquidity and capital strength under all circumstances.
- Reviewed and approved the risk appetite and risk tolerance limits of the subsidiary company, Lonpac Insurance Bhd (“Lonpac”).
- Conducted the periodic reviews of governance frameworks to ensure the Group remains relevant to current requirements and challenges.
- Discussed the reports from Board Committees on risk-related matters.
- Reviewed the effectiveness, challenges, and management action plans concerning the Group’s risk and control environment.

Compliance

- Conducted focused discussions on regulatory updates and their impact on the subsidiary company, taking actions to close any identified gaps where applicable.
- Developed the Responsibility Mapping Framework for Senior Management as required under the Policy Document on Responsibility Mapping which will come into effect on 1 January 2026.
- Reviewed the Group Anti-Bribery and Corruption Policy and the Gifts and Hospitality Policy to align with the requirements of the Public Bank Group.
- Introduced several enhancements to the sanction screening and customer due diligence processes and procedures to ensure compliance with the regulatory requirements in the Bank Negara Malaysia’s (“BNM”) Policy Document on Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Financial Institutions.
- Conducted planned compliance reviews of business units and branches to ensure regulatory compliance and compliance with internal policies and procedures.

People & Culture

- Conducted a comprehensive assessment to evaluate the effectiveness of the Board as a whole, as well as the efficacy of each committee and the performance of individual directors.

Financial

- Discussed the reports provided by the Group CFO on financial reporting and performance, allowing the Board the opportunity to provide input and challenge where necessary.
- Approved the Group’s financial and operational plans for 2025, including investments in the business.
- Monitored the Group’s financial performance and results, approving dividend payments to ordinary shareholders.
- Assessed the Group’s capital and liquidity requirements.
- Approved the Quarterly Results, Financial Results, and Integrated Annual Report.

Performance & Strategy

- Vigilantly overseeing the performance of the Group, consistently reviewing and realigning business strategies to address emerging challenges in the operating environment.
- Maintaining a commitment to prudent underwriting and claims policies to ensure sustained profitability during this economically turbulent period.
- Convened a dedicated strategy discussion in December 2025, complemented by additional focused strategy sessions, to supervise the formulation and execution of the Group’s strategic initiatives.

GOVERNANCE OF SUSTAINABILITY

Oversight of sustainability is embedded within the Board’s broader responsibility for the long term stewardship of the Group. The Board recognises that sustained value creation depends on the integration of responsible business practices into strategic decision making and operational management. Accordingly, environmental, social and governance considerations are treated as integral components of the Group’s risk profile, performance assessment and strategic planning processes.

While ultimate accountability for sustainability rests with the Board, responsibility for its effective implementation is shared across the organisation. Employees at all levels contribute to the delivery of the Group’s sustainability objectives by applying corporate values, ethical standards and responsible practices in their respective roles. This collective approach supports the consistent integration of environmental and social considerations into business activities and decision making.

The Board maintains a strong focus on governance standards, recognising that ethical conduct, integrity and accountability underpin organisational resilience and stakeholder confidence. Corporate governance principles are therefore aligned with the Group’s strategic direction, operating culture and long-term ambitions, reinforcing consistency between how the Group conducts its business and the outcomes it seeks to achieve.

To support informed oversight, the Board receives quarterly reporting and analysis on sustainability-related matters from Senior Management. The Enterprise Risk Management and Sustainability Department provides insight into material ESG risks, opportunities and performance trends, enabling the Board to evaluate progress, strengthen controls and guide the continual development of the Group’s sustainability framework.

ESG DURING 2025

Throughout the year, the Board dedicated considerable effort to advancing the Group’s ESG strategy, meticulously evolving its overall structure and framework. Emphasising alignment with key business opportunities and challenges, the Board prioritised clear and impactful communication of ESG principles to all stakeholders. ESG holds a central position in LPI’s purpose and mission, with a primary focus on transparently conveying this commitment to investors and broader stakeholder groups.

In 2025, the Group remained transparent to the shareholders by maintaining the independent verification for the Group’s sustainability statement. External parties verified GHG emissions, while internal audit processes verified other aspects; detailed information was available on page 110.

The Group has proactively strengthened its disclosures in alignment with the IFRS Sustainability Disclosure Standards and

conducted a comprehensive review of the relevance and accuracy of its GHG inventory. By engaging an external consultant, the Group not only delivered comprehensive training but also carried out climate scenario analysis and stress testing to evaluate the potential impacts of climate change on its financial performance and operational resilience.

The Group has joined the Partnership for Carbon Accounting Financials as one of the signatories in 2024. This year, the Group disclosed its indirect GHG emissions under Scope 3, Category 15: Investments, as detailed in this Integrated Annual Report on page 95.

A noteworthy achievement is the continued “A” rating with a “stable” outlook for the subsidiary, Lonpac, by A.M. Best. The assessment underscores Lonpac’s robust standing, characterised by strong operational performance, a neutral business profile, and appropriate enterprise risk management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

COMPOSITION OF THE BOARD

The balance and composition of the Board are kept under regular review to support effective leadership and constructive challenge. The NRC plays a central role in this process, advising the Board on its size, configuration and succession needs, as well as on the appointment and reappointment of Directors.

The composition of the Board reflects applicable regulatory expectations. As at 2025, the Board includes three Independent Non-Executive Directors in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), providing objective oversight and ensuring an appropriate level of independence in Board deliberations.

Independent Non-Executive Directors bring a breadth of professional experience and independent perspective to Board discussions. Outside formal meetings, they maintain ongoing engagement with the Executive Director and meet periodically without executive presence to facilitate open dialogue and independent assessment.

A core responsibility of the Non-Executive Directors is to evaluate management performance against agreed objectives and provide oversight of the integrity of the Group’s financial reporting. This includes monitoring the effectiveness of internal controls, risk management frameworks and the reliability of reported information. They also lead decision making on Executive remuneration matters and are closely involved in the appointment and succession of senior leadership, supporting continuity and long-term stability.

The NRC undertakes ongoing evaluation of the Board’s effectiveness, including consideration of skills, experience, diversity and future capability requirements. Where changes to Board composition are identified, the Committee is responsible for identifying, assessing and recommending suitable candidates. Key outcomes of the Committee’s work, including Board appointments and succession developments, are reported transparently in the Company’s Integrated Annual Report.

BOARD AND COMMITTEES’ MEETINGS AND ATTENDANCE

The meetings of the Board of Directors and its Board Committees are scheduled approximately four months prior to the commencement of the ensuing financial year to allow Directors sufficient time for forward planning and effective participation. This advance scheduling has been a long-standing practice of the Company and supports orderly conduct of meetings and timely decision-making.

The quorum necessary for the transaction of business at Board meetings is determined by the Directors and, unless otherwise fixed, shall comprise a majority of the Directors for the time being in office. In addition, the Non-Executive Directors meet separately at least once a year without the presence of Executive Director or Management to facilitate open and objective discussions on matters relating to the Group’s operations, performance and governance.

Name	Date of Appointment	Attendance Record in 2025			
		BOARD	AC	NRC	RCSC
MR. TEE CHOON YEOW <i>Non-Independent Non-Executive Chairman</i>	29 October 1991	9/9	N/A	N/A	5/5
MR. TAN KOK GUAN <i>Executive Director/ Group Chief Executive Officer</i>	29 October 1996	9/9	N/A	N/A	N/A
ENCIK MOHAMED RASLAN BIN ABDUL RAHMAN <i>Independent Non-Executive Director</i>	31 January 2024	9/9	4/4	2/2	5/5
DATO’ CHIA LEE KEE <i>Independent Non-Executive Director</i>	18 January 2021	9/9	4/4	3/3	5/5
MS. SOO CHOW LAI <i>Independent Non-Executive Director</i>	1 August 2018	9/9	4/4	3/3	5/5
AC Audit Committee NRC Nomination and Remuneration Committee RCSC Risk, Compliance and Sustainability Committee  Chairman					

STRATEGIC PLANNING AND DECISION MAKING

The Board plays an active role in shaping the Group’s strategic direction and in overseeing significant decisions that influence its long-term development. When evaluating proposed initiatives, the Board considers their alignment with strategic priorities, future growth ambitions and sustainability considerations, while also assessing implications for shareholders and other stakeholders.

Strategy is examined through a structured annual review process that considers the performance and outlook of Lonpac’s operating divisions alongside the wider objectives of the Company. These discussions enable the Board to test assumptions, challenge proposals and refine the strategic and financial plans that guide the Group’s activities.

To facilitate well informed judgement, Directors are provided with comprehensive and timely information ahead of meetings. Board and Committee papers are circulated in advance and include financial data, management reports and analysis relevant to matters under consideration. Ongoing visibility of performance is maintained through regular reporting from management, including dashboard updates, progress against key milestones and briefings from the Group Chief Executive Officer and Group Chief Financial Officer. Directors are also able to access relevant corporate records and historical information as required.

Where matters warrant deeper examination, proposals are reviewed over more than one meeting to allow sufficient time for analysis and discussion. During 2025, the Board convened nine scheduled meetings to consider operational performance, strategic matters and governance obligations, alongside additional meetings held as necessary to address time sensitive issues. Details of the key matters reviewed are set out on pages 126 to 127 of this Report.

The Board is satisfied that the level of engagement and contribution by Directors during the year was appropriate and effective. Non-Executive Director attendance at scheduled meetings for 2025 is disclosed on page 128.

Conflict of Interest

The Company maintains a comprehensive framework to manage actual and potential conflicts of interest among Directors. This framework is designed to support high standards of ethical conduct, transparency and accountability in Board deliberations and decision making.

Directors are expected to act independently, exercise sound judgement and uphold their fiduciary duties with the care and diligence required of their office. These obligations include acting in the best interests of the Company, avoiding situations where personal interests may conflict, safeguarding confidential information and complying with applicable legal and regulatory requirements.

Any actual or potential conflict must be disclosed promptly in writing to the Board and the Group Company Secretary, with sufficient detail to enable appropriate assessment. Where a conflict arises, the affected Director is required to recuse themselves from discussions and decisions on the relevant matter, and may be asked to leave the meeting for that agenda item. All such disclosures and actions are formally recorded.

Directors are also expected to dedicate adequate time to their responsibilities, support the maintenance of a robust governance framework and ensure that decisions are taken on the basis of complete and accurate information. Independent professional advice may be sought where necessary to support objective decision making.

Procedures are in place to address situations where conflicts may not have been disclosed appropriately. Where significant and unresolved conflicts arise, appropriate action may be taken to protect the integrity and effectiveness of the Board.

BOARD DIVERSITY

The Board recognises that a diverse range of perspectives enhances decision making and supports effective governance. Diversity is considered in its widest sense and includes professional background, experience, skills, education, gender, cognitive strengths and other relevant attributes.

Board appointments are made on the basis of merit, experience and capability, with the objective of maintaining a well balanced and effective Board. In doing so, the Board gives due consideration to diversity as an important factor in sustaining balanced discussion and constructive challenge, while ensuring that the overall composition remains appropriate to the Group’s needs.

The Board seeks to reflect the breadth of stakeholders with whom the Group engages and to benefit from a variety of viewpoints that strengthen oversight and strategic judgement. This commitment to inclusivity extends beyond the Boardroom, with the Group promoting fairness, respect and equal opportunity across its workforce and fostering an environment in which individuals can contribute and develop.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

NOMINATION AND REMUNERATION COMMITTEE

The NRC supports the Board in two key areas: Board composition and leadership succession, as well as the oversight of remuneration frameworks for Directors and senior management.

On the nomination side, the Committee reviews the size, balance and overall structure of the Board at regular intervals to ensure it remains appropriate for the Group’s strategic and governance needs. It considers future capability requirements, assesses the mix of skills and experience, and leads the process of identifying and evaluating potential candidates for appointment as Directors, making recommendations to the Board as necessary.

In relation to remuneration, the Committee is responsible for developing and recommending policies that align pay with the Group’s long-term strategy, risk appetite and performance. It reviews and proposes the remuneration of Executive Director and key senior management, ensuring that incentive structures are appropriate, transparent and support the creation of sustainable value. The Committee also monitors the effectiveness and competitiveness of the overall remuneration framework, taking into account market practice, regulatory expectations and stakeholder considerations.

BOARD INDEPENDENCE

Maintaining independence of thought and decision making is a core principle of the Group’s governance framework. The Board has adopted guidelines on director tenure, under which Independent Directors may serve for a period of up to nine years, subject to ongoing assessment of their independence and effectiveness.

The independence of each Non-Executive Director is evaluated annually, taking into account their integrity, independence of character and judgement, as well as any relationships or circumstances that might compromise, or appear to compromise, their objectivity. At each Board meeting, Directors are given the opportunity to declare any interests, and any Director with a declared interest does not take part in deliberations or decisions relating to that matter.

On the recommendation of the NRC, the Board is satisfied that all Non-Executive Directors meet the required fit and proper standards and, where applicable, the criteria for independence.

NRC Activities in Year 2025

The NRC had undertaken the following responsibilities in accordance with its terms of reference during the year under review:

- Facilitated annual assessment and reviewed the performance of individual Directors, effectiveness of the Board as a whole and various Board Committees and ensuring that the individual Directors, the Board and the various Board Committees had discharged their duties effectively according to the Board Charter and respective Board Committees’ terms of reference.
- Facilitated the Board on the annual review of the overall composition of the Board and Board Committees and ensuring that the Board is optimum and that there is appropriate mix of diversity (including gender), knowledge, skills, experience, expertise, attributes and core competencies in the Board’s composition.
- Conducted assessment on Directors who are subject to re-election by rotation pursuant to Companies Act, 2016 and recommended to the Board for approval.
- Performed annual assessment on Directors, Executive Director/ Group CEO to ensure that they fulfilled fit and proper requirements as stated in the Company’s Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Performed annual assessment on Group Company Secretary to ensure that she fulfilled requirements as stated in the Company’s Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Conducted annual assessment on Independent Directors.
- Reviewed Directors’ Training Development Plan.
- Reviewed the term of office and performance of the Audit Committee and each of its members for re-appointment in year 2026.
- Reviewed and recommended the renewal of employment contract of the Executive Director/ Group CEO.
- Reviewed and recommended the proposed remuneration for Directors, Executive Director/ Group CEO, Senior Management who are Key Responsible Persons and Group Company Secretary to the Board for approval.
- Assisted the Board in assessing the training needs of the Directors and reviewed the trainings attended by the Directors during the year.
- Reviewed the composition and size of the Board for Board refreshment.
- Reviewed the assessment report of Board Evaluation Exercise 2025 on the assessment of the full Board, Board Committees, individual Directors and Independent Directors.

NRC Priorities for 2026

- Facilitate annual assessment and review the performance of individual Directors, effectiveness of the Board as a whole and various Board Committees.
- Facilitate the Board on the annual review of the overall composition of the Board and Board Committees.
- Conduct assessment on Directors who are subject to re-election by rotation pursuant to Companies Act, 2016 and recommend to the Board for approval.
- Perform annual assessment on Directors, Executive Director/ Group CEO, Senior Management who are Key Responsible Persons and Group Company Secretary to ensure that they fulfilled fit and proper requirements as stated in the Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Conduct annual assessment on Independent Directors for recommendation to the Board.
- Review Directors’ Training Development Plan.
- Assist the Board in assessing the training needs of the Directors and review the trainings attended by the Directors during the year.
- Review the term of office and performance of the Audit Committee and each of its members for their re-appointment in year 2027.
- Review and recommend the renewal of employment contract of the Executive Director/ Group CEO.
- Review and recommend the proposed remuneration for Directors, Executive Director/ Group CEO, Senior Management who are Key Responsible Persons and Group Company Secretary to the Board for approval.

SUCCESSION PLANNING

The Board regards effective succession planning as a critical element of governance and long-term organisational resilience. Oversight of this area is led by the NRC, which continues to enhance its approach to succession planning at both Board and Senior Management levels.

A formal Board Succession Planning Policy provides the framework for identifying and evaluating potential successors in advance of anticipated changes and unexpected departures. This forward looking approach enables the Committee to assess future Board capability requirements and address gaps in skills, experience or expertise as they arise.

In addition to Board succession, the Committee reviews recommendations from the Group Chief Executive Officer relating to the appointment of Key Responsible Persons. Progression and readiness of internal talent are monitored closely to support

continuity in leadership and to develop a pool of potential future Executive Directors. Development plans designed to prepare individuals for senior roles are reviewed periodically, reflecting the Group’s emphasis on building leadership capability from within.

The Committee also considers initiatives aimed at strengthening and broadening the Group’s wider talent pipeline. These initiatives are designed to support workforce development, promote diversity and enhance long-term leadership capacity, with Committee members maintaining ongoing engagement in relevant programmes and reviews.

Appointment and Re-Election of Directors

Director appointments are made through a formal and structured process overseen by the NRC. This process is guided by an established nomination framework that promotes transparency and consistency in Board appointments.

When a vacancy arises or an additional appointment is proposed, candidates are assessed against the Board’s requirements in terms of experience, skills, background and capability, with consideration given to maintaining an appropriate level of diversity and balance. The Board also considers candidates’ capacity to commit sufficient time and their potential to contribute effectively to Board and Committee deliberations.

Recommendations from the NRC are presented to the Board for consideration. While Directors are not appointed for a fixed term, the Company’s Constitution requires periodic rotation. At each Annual General Meeting, one third of the Directors retire from office and may offer themselves for re-election, with all Directors subject to retirement by rotation at least once every three years. Information on Directors seeking re-election is set out in the Notice of the forthcoming Annual General Meeting.

For the Group’s regulated subsidiary, Lonpac, appointments and renewals of Directors are subject to approval by Bank Negara Malaysia. Any Director appointed by the Board during the financial year holds office until the next Annual General Meeting and must then stand for election by shareholders.

Shareholders vote on each Director’s appointment or re-election through separate resolutions at the Annual General Meeting. The terms of appointment of Non-Executive Directors are documented in formal letters of appointment, which set out their roles, responsibilities and expectations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

Induction and Ongoing Development

The Group places strong emphasis on continuous learning and capability building across the organisation. This commitment extends to the Board, which recognises that ongoing professional development is essential to maintaining effective oversight and informed leadership.

The NRC annually reviews the Directors' Training and Development Plan, which outlines relevant training topics aligned to the Directors' roles and responsibilities, together with the proposed training budget, for recommendation to the Board for approval. Having this framework in place, the Board actively encourages all Directors to participate in ongoing and continuous professional development programmes to enhance their knowledge, skills and effectiveness in discharging their duties.

Throughout 2025, Directors undertook a programme of targeted learning activities designed to deepen their understanding of areas relevant to the Group's evolving operating environment. These sessions covered a broad range of topics, including governance practices, sustainability developments, regulatory compliance, enterprise risk considerations and emerging technologies. In addition, the Board receives periodic briefings from Senior Management and external specialists on matters of strategic importance, enabling Directors to remain abreast of key industry and regulatory developments.

A structured onboarding process is in place for newly appointed Directors. The induction programme is tailored to individual needs and provides comprehensive insight into the Group's strategy, financial position and operations. It includes access to recent Board and Committee papers, an overview of the Group's organisational structure and history, briefings on stakeholder relationships, and familiarity with the Group's policies, governance framework and operating procedures.

As part of the induction, new Directors are introduced to senior members of management and the internal audit function, supporting early engagement and understanding of the business. Where specific development needs are identified during regulatory or appointment processes, these are incorporated into the induction programme to support a smooth and effective transition into the role.

BOARD AND COMMITTEES EFFECTIVENESS

The effectiveness of the Board is essential to the success of the Group. To ensure this, the Board undertakes a rigorous annual evaluation to assess the performance of the Board as a whole, its Committees, and individual Directors.

In 2025, the Board conducted an internal evaluation, building on the externally facilitated process undertaken. This evaluation involved a questionnaire completed by all Directors, with the results presented and discussed at the Board meeting in October 2025.

The evaluation also examined the composition of the Board and the effectiveness of each of its Committees. The current composition was rated highly, with the Board noted to be well-balanced and comprising a diverse range of skills and experience. The Committee structure was also regarded as effective, with all Committees operating well.

The Board and Committees Effectiveness Process

- 1

Each Director to complete a comprehensive Board Evaluation Exercise ("BEE") questionnaire.
- 2

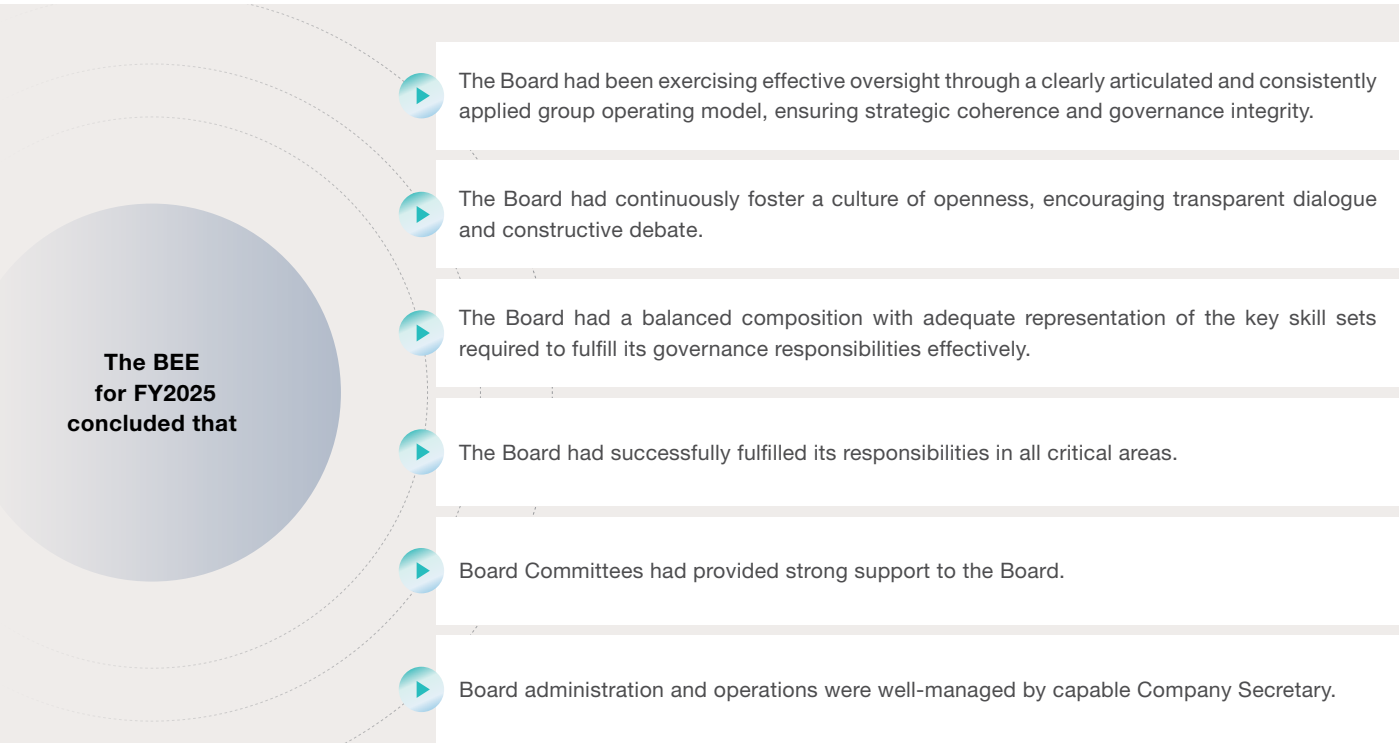
Summary of the assessment report on BEE 2025 forwarded to the NRC for annual assessment.
- 3

The NRC to review:

 - Summary of the BEE assessment report which included assessment on individual Directors, Board and Board Committees, Fit and Proper assessment and independence assessment on Independent Directors.
 - Assessment on the Board as a whole and each Board Committee by benchmarking the activities carried out by the Board and respective Board Committees against the Board Charter and the terms of reference of each Board Committee.
- 4

The NRC to collate the results of the assessments and submit to the Board for deliberation and approval.

Board Evaluation Results for FY2025



CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS		ACCOUNTABILITY	
REMUNERATION FRAMEWORK	DIRECTORS' REMUNERATION	Risk Management and Internal Control The Board recognises that effective risk management and internal control arrangements are essential to safeguarding the Group's operations, performance and resilience. The Group has established a structured framework to ensure the consistent identification, assessment, and management of risks that could impact the achievement of business objectives and its ability to operate sustainably. Financial oversight is supported by established reporting disciplines that provide the Board with clear and timely insight into the Group's performance. These include periodic management accounts, analysis of variances against forecasts and supplementary reporting where required. Clear delegation limits operate across the Group, with defined matters escalated to the Board for consideration and approval. An integrated risk management process operates throughout the year, enabling the Board to maintain oversight of key risks affecting the Group. This process includes determining the level of risk tolerance appropriate to the Group's strategy and activities. The effectiveness of the framework is assessed at least annually, with oversight maintained from the beginning of the financial year through to the approval of this report. The Board is accountable for the system of internal controls and for reviewing its adequacy and effectiveness. While these controls are designed to reduce the likelihood and impact of adverse events, they cannot fully eliminate risk and therefore provide reasonable assurance rather than absolute certainty against material error or loss. The assessment of internal controls encompasses financial, operational, compliance and risk related processes. Board assurance is supported by reports from Senior Management, which focus on the identification and management of material risks and the status of control measures. Where weaknesses are identified, corrective actions are implemented on a timely basis. The Audit Committee and the Risk, Compliance and Sustainability Committee assist the Board by providing focused review and challenge in their respective areas of responsibility. A structured risk assessment exercise has been carried out, resulting in the maintenance of a Group risk register documenting material risks, potential impacts and mitigation measures. The key risks and mitigation are set out on pages 45 to 47 of this report. The Board reviews the risk management and internal control framework regularly and whenever significant changes arise, including developments related to climate and sustainability considerations.	
	Executive Director Remuneration for the Executive Director comprises fixed and performance related components and does not include commission or incentives linked to turnover. The balance between fixed pay and variable elements reflects the nature and complexity of the role, the level of responsibility and prevailing market practices. Pay levels are benchmarked against comparable roles within relevant markets to support the attraction and retention of senior leadership. Variable components are structured to align rewards with both individual contributions and corporate performance, linking remuneration outcomes to the achievement of defined objectives.		
	Non-Executive Directors Fees for Non-Executive Directors are fixed and are not linked to profits, turnover or performance based incentives. Fee levels take into account experience, qualifications and competencies, as well as the time commitment and responsibilities associated with each role. The Chairman receives an additional fee in recognition of the broader leadership and governance responsibilities inherent in the position.		
	Benchmarking and Review The Company undertakes periodic benchmarking exercises to assess the competitiveness of its remuneration practices. These reviews are used as reference points rather than automatic adjustment mechanisms. Any changes are considered carefully in light of performance, market conditions and governance expectations to avoid unwarranted escalation in remuneration levels.		
EMPLOYEES' REMUNERATION			
The Group's remuneration approach is designed to support value creation by aligning reward outcomes with performance, accountability and sustainable business objectives. Oversight of remuneration matters rests with the NRC, which conducts an annual review of Directors' remuneration and submits recommendations to the Board for consideration. In developing these recommendations, the Committee evaluates individual contributions, prevailing market conditions and the scope of responsibilities attached to each role. Remuneration outcomes are structured to reflect performance over the year while remaining consistent with the Group's values, strategic direction and governance standards. The Board and the Committee seek to maintain remuneration arrangements that are competitive and appropriate to attract and retain individuals with the experience and capability required for effective leadership. At the same time, remuneration structures are designed to be proportionate, transparent and reflective of the responsibilities entrusted to Directors. Across the organisation, the remuneration philosophy is aligned with the Group's objectives, business strategy and overall performance. The framework promotes responsible behaviour by aligning reward outcomes with the Group's risk profile and control environment. Consistent remuneration principles are applied throughout the Group to support fairness and coherence across different roles and business units.		Business Focused Remunerations must be relevant and aligned towards the achievement of the Group's business results. Prudent The remuneration structure and quantum must reinforce the importance of sustainability, encourage ethical behaviours and sound risk management, as opposed to short-term view on remuneration without consideration of consequences. Performance Driven The performance assessor must have adequate quantitative and qualitative measurements of performance before practicable and measurable recommendation on remuneration is made. Fair There must be no discrimination, biased treatment or any form of exploitation. Proper, fair and logical justification must ensue. Transparent Employees should understand the expectations set out and seek for clarification where necessary.	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ACCOUNTABILITY

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

The Audit Committee, established by the Board, is composed of three Independent Non-Executive Directors. The Chairman of the Audit Committee, appointed by the Board, is not the Chairman of the Board. The Committee members possess relevant accounting expertise and extensive experience in the financial services industry, ensuring effective oversight in financial matters.

Attendance of Meetings

The Audit Committee convened four times during the year, with meetings attended by the Group Chief Internal Auditor (“Group CIA”), the Group CEO, and select members of the Senior Management. The Audit Committee’s role is to ensure that recommendations from internal and external auditors, as well as regulators, are addressed and actioned promptly.

In fulfilling its duties, the Audit Committee met with the external auditors independently, without the presence of any executive Board members or Senior Management staff, on 24 January 2025.

 The detailed terms of reference of the Audit Committee is available at <https://www.lpicapital.com/downloads/termofreference-auditcommittee.pdf>

Summary of Activities

During the year, the Audit Committees of the Group carried out the following activities:

Financial Reporting

- Reviewed the annual audited financial statements of the Company/ Group and quarterly results of the Group, and thereafter, recommended them to the Board for approval.
- Reviewed the disclosures in the Company’s Integrated Annual Report and recommended them to the Board for approval.
- Reviewed the press release statements on the Group’s performance and recommended them to the Board for approval.
- Reviewed the documents for submission to BNM pursuant to Section 51(1) of the Financial Services Act 2013 on the declaration and payment of dividends, and thereafter, recommended them to the Board for approval.
- Reviewed the documents for solvency test on the declaration and payment of dividends, as required by Section 132 of the Companies Act 2016.

In reviewing the annual audited financial statements of the Company/ Group, the Audit Committees discussed with the Senior Management and the external auditors the accounting principles and standards that were applied and their opinion on the items that may affect the financial statements.

Internal Audit

- Reviewed the results of the Group’s internal audit procedures and the adequacy of actions taken by the Management based on the internal audit reports. Where appropriate, the Audit Committees had directed the Management to rectify and improve controls and operational workflow based on internal auditors’ recommendations.
- Reviewed the Reports Arising from the Follow-up Review to ensure that all control lapses reported had been addressed.
- Reviewed the Reports on Quarterly Review of Cyber Risk Management Effectiveness, Cybersecurity and Cyber Resilience pursuant to Cyber Resilience Maturity Assessment (“CRMA”) Report 2021 – 2022 issued by BNM.
- Reviewed the Report on Annual Review of Application Development Managed by Vendor/ Third Party Service Provider pursuant to CRMA Report 2021 – 2022 issued by BNM.
- Reviewed the Internal Audit Reports on the Observation of Business Continuity Plan (“BCP”) and Disaster Recovery Plan (“DRP”) testings pursuant to the Guidelines on Business Continuity Management (“BCM”) issued by BNM.
- Reviewed the Internal Audit Reports on the Review of BCP and DRP Post-Test Analysis Report pursuant to the Guidelines on BCM.
- Reviewed the Internal Audit Reports on Observation of Call Diversion Testing.
- Reviewed the Report on Review of BCM pursuant to the Guidelines on BCM.
- Reviewed the Internal Audit Report on Review of Stress Test Policy pursuant to the Policy Document on Stress Testing issued by BNM.
- Reviewed the Report on Review of Internal Capital Adequacy Assessment Process (“ICAAP”) in accordance with the Guidelines on ICAAP for Insurers issued by BNM.
- Reviewed the Report on the Review of Actuarial Valuation Process.
- Reviewed the Report on Review of Storage and Transportation of Sensitive Data in Removable Media pursuant to Policy Document on Risk Management in Technology and Policy Document on BCM.

Internal Audit

- Reviewed the Report of Compliance with Guidelines on Provision of Information on Takaful and Insurance Benefits Protection issued by Perbadanan Insurans Deposit Malaysia.
- Reviewed the Report on Review of Management of Customer Information and Permitted Disclosures pursuant to the Policy Document on Management of Customer Information and Permitted Disclosures issued by BNM.
- Reviewed the Statement of Assurance on Sustainability Statement pursuant to Paragraph 6.2(e) of Practice Note 9 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- Reviewed the proposed LPI Group Tax Policy and recommended it to the Board for approval.
- Noted the MFRS 17 – Adoption of the PAA for Eligible Policies.
- Reviewed the Annual Update of Tax Status for the Company and the Group.
- Reviewed and approved the Internal Audit Plans 2026.
- Noted the Conclusion Reports on Audit Findings.
- Noted the Report on Internal Audit Function.
- Noted the resignation of Internal Audit staff.
- Reviewed and assessed the performance and contributions by the CIA for the financial year ended 31 December 2025.

The Audit Committees acknowledged that the internal control system of LPI Group, which was enforced throughout the financial year up to the date of this report, provided reasonable although not absolute assurance against material financial misstatements or losses. The internal controls were also deemed sufficient in ensuring the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of financial risks.

The Audit Committees arrived at these conclusions as there was no evidence that there had been any shortcomings in the aforementioned processes. Nevertheless, the Audit Committees noted that the internal control system cannot provide absolute assurance against the occurrence of material errors, poor judgements in decision making, human errors, losses, frauds or other irregularities.

External Audit

- Reviewed the following with the external auditors:
 - their audit plan, audit strategy and scope of audits of the Company/ Group for the year;
 - their evaluation on the system of internal controls of the Company/ Group; and
 - the results of the annual audit and the auditors’ report to the shareholders.
- Reviewed the Non-Assurance Services Pre-Approval Policies and recommended them to the Board for approval, in accordance with the revised Malaysian Institute of Accountants By-Laws/ International Ethics Standards Board for Accountants Code.
- Reviewed the letters of engagement from the external auditors and recommended them to the Board for approval.
- Assessed the suitability, objectivity and independence of the external auditors and recommended them to the Board for re-appointment.
- Deliberated on the proposed audit fees for the Company/ Group and recommended them to the Board for approval.
- Assessed the independence, suitability and objectivity of the external auditors and thereafter approved the provision of the non-audit services by the external auditors.
- Reviewed the appropriateness and approved the proposed non-audit fees for the Company/ Group.
- Reviewed the draft Limited Assurance Report of the external auditors to the Board on the Statement on Risk Management and Internal Control.
- Reviewed the draft Representation Letters to external auditors and recommended them to the Board for approval.
- Met with the external auditors without any executive Board members and Senior Management staff present.
- Noted the external auditors’ Transparency Report for the financial year ended 31 December 2024.

Related Party Transactions

- The Audit Committees reviewed the related party transactions and possible conflict of interest situations that may arise within LPI Group in accordance with the Corporate Governance Guide: Rise Together (4th Edition) issued by Bursa Malaysia Berhad, and thereafter recommended the same to the Board for noting. During this annual review, the Audit Committees deliberated on the key issues pertaining to the related party transactions as recommended in Appendix III – Pull-Out II of the Corporate Governance Guide: Rise Together (4th Edition).
- The Audit Committees concurred with the Management’s recommendation that the related party transactions were carried out on normal commercial terms, and not prejudicial to the interests of the Group or its minority shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ACCOUNTABILITY

Internal Audit Function

The Audit Committees are supported by an independent Internal Audit function, essential to their discharge of duties and responsibilities. The Internal Audit function forms a key part of the Group’s assurance framework, providing assurance on the adequacy and effectiveness of the Group’s risk management, control, and governance framework. Its primary role is to deliver independent, objective assurance and consulting services, adding value to and enhancing the Group’s operations. Through audits of key operations, it ensures consistency in the control environment and adherence to established policies, procedures, regulations, guidelines, directives, and laws.

To preserve the independence and objectivity of the Internal Audit function, the Group CIA reports directly to the Audit Committees. The Group CIA has the authority to communicate directly with the Board, Chairman of the Board, regulators, and external auditors, as appropriate. The Internal Audit Charter, defining the mission, objectives, independence, authority, objectivity, resources, and scope of work for the Internal Audit function, is approved by the Board and disseminated throughout the organisation. This Charter undergoes review every three years.

The Internal Audit function operates according to annual audit plans, reviewed and approved by the Audit Committees. These plans encompass evaluations of operational controls, risk management, compliance with policies, procedures, laws, and regulations, asset quality, management efficiency, and the effectiveness of computer application systems and telecommunications networks. The Audit Committees regularly assess the scope, functions, competency, and resources of the Internal Audit function to confirm it is appropriately staffed with skilled internal auditors.

In accordance with BNM’s Guidelines on Internal Audit Function for Licensed Institutions, Lonpac’s Audit Committee has approved a formal and transparent evaluation process for the Internal Audit function, conducted every two years. A risk-based audit approach is employed, whereby higher-risk areas are audited more frequently. This approach aims to strengthen the Group’s risk management, control, and governance processes, supporting the Senior Management in achieving its corporate objectives. The audits also ensure that controls are in place and operating effectively, and that risk exposures are managed to acceptable levels under the Group’s risk management policy.

Throughout the year, multiple internal audit engagements were undertaken in line with the annual audit plans, aligning with the Group’s strategic objectives. The scope of Internal Audit function includes assessment and evaluation of the appropriateness and effectiveness of the Group’s governance, risk management and control processes. The key areas evaluated included the following:

- Compliance with internal policies and risk controls;
- Adequacy and effectiveness of risk management, internal controls, governance processes;
- Appropriateness of management’s approach to risk and control in relation to the Company’s objectives;
- Reliability, integrity and continuity of the information technology, payment systems and electronic delivery channels;
- Effectiveness and robustness of stress testing procedures and practices;
- Adequacy and effectiveness of the Company’s system of assessing its capital in relation to its estimate of risk;

- Reliability (including accuracy and comprehensiveness), integrity and timeliness of the regulatory reporting, accounting records, financial reports and management information; and
- Compliance with relevant legal, regulatory and internal policy requirements.

The Executive Summary of each Internal Audit report was reviewed by the Audit Committees, and the Management promptly acted on the recommendations provided. Follow-up reviews were conducted and reported back to the Audit Committees to ensure all audit findings reported were appropriately and promptly addressed by the respective auditee or the Management. Prior to the implementation of new information technology projects, the Internal Audit function assumed a consultative role, assessing risk exposures and advising on necessary controls to mitigate identified risks. The Internal Audit function does not participate in system selection or implementation to preserve its objectivity and independence.

The Internal Audit function collaborated closely with the Enterprise Risk Management team to review and evaluate the adequacy and effectiveness of risk management processes across the LPI Group. All internal audit activities were conducted in-house.

The Audit Committees recognise the importance of providing continuous and adequate training to Internal Audit staff, enhancing their competencies and skill sets to effectively fulfil their roles and meet future challenges. During the year, Internal Audit staff attended various training programmes, ensuring they remain informed of developments in the insurance industry, regulatory requirements, and governance best practices.

The total expenditure for managing the Internal Audit function within the Group for 2025 was RM4.5 million.

SECTION 6: OUR GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

EFFECTIVE COMMUNICATION WITH STAKEHOLDERS

The Board places strong emphasis on open and consistent engagement with the Group’s stakeholders. Constructive interaction is viewed as a key mechanism for building trust, enhancing accountability and informing Board deliberations. Engagement takes place through a variety of formal and informal channels, allowing the Board to gain insight into stakeholder perspectives and expectations.

Input gathered from shareholders, employees and other stakeholder groups is considered alongside strategic, operational and risk considerations when assessing proposals and setting priorities. Regular exchanges with shareholders provide clarity on performance, governance and strategic direction, while ongoing communication with employees supports awareness of operational matters, workplace priorities and organisational culture.

The Board uses feedback obtained from these interactions to inform its oversight and to guide the Group’s responses to stakeholder-related matters. Details of the Group’s principal stakeholders, their key interests and the approaches adopted to address them are set out in the following section.

Stakeholders	How We Engage	Key Topics and Concerns	Our Responses	Value Created
Shareholders/ Investors/ Media	- General Meetings (“GM”) - Investors and analysts meetings - Financial results announcements - Corporate website - Integrated Annual Report - Correspondence via emails	- Financial management - Sustainability practices - Business strategy & long-term growth - Governance practice	- Continue to update through quarterly announcement, meetings/ tele-conference with analysts and GM - Develop and implement robust strategies providing clear business direction	- Sustainable returns - Promote transparent practices - Long-term growth and stability - Enhance brand positioning
Employees	- Employee Satisfaction Survey (Annually) - Announcements/ updates via email - Rewards and recognition - Diversity and inclusion - Talent acquisition and retention - Health and well-being - Flexible working hours - Sharing of Group’s vision and mission - Training and development - Teambuilding activities	- Employees feedback and sharing - Group’s policies and procedures changes - Fair and competitive remuneration scheme - Fair, diverse and inclusion culture - Attract and retain employees - Fit and healthy workplace - Balanced working hours - Group’s directions, growth and performance - To expand employees’ abilities, minimise skill gaps and learn new skills to adapt to changing business needs - Communication, Company culture, collaboration, decision-making and problem-solving skills	- Encourage open communication to express opinions and concerns - Regular review/ updating of internal policies and procedures - Periodic review on remuneration scheme/ policies - Accept and tolerate differences of all employees in supporting the diverse background - Continuous career growth opportunities and competitive remuneration - Regular health talks and review of corporate health screening packages - Flexi-time range arrangement - Conduct quarterly and well-structured meetings - Offer employees continuous learning and development opportunities - Organise teambuilding activities for employees from head office and branches	- Improved employee experience and overall satisfaction level - Well-informed employees - Low turnover and high productivity - Well balanced composition of diverse backgrounds and experiences - High productivity and inspired employees - Improved physical and mental health - Work-life balance - Continuous improvement and growth - Enhance employees’ performance and productivity while helping them navigate change - Improved communication and morale amongst employees, foster positive and supportive work environment
Government/ Local Authorities/ Regulators	- Supervisory dialogues - Adhoc consultation - Supervisory Audit	- Phased liberalisation - Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions - Credit Risk Assessment Methodology - Development of the Responsibility Mapping Framework and BNM’s expectations	- Continuous/ ongoing engagement and dialogues with regulators - Regular review/ updating of internal policies & procedures - Compliance trainings for employees on regulatory requirements	- Continuous engagement - Keeping abreast with regulatory development & enforcement - Ensuring regulatory compliance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Stakeholders	How We Engage	Key Topics and Concerns	Our Responses	Value Created
Customers	- Corporate website - Customer portal - Emailers, notices, announcements - Short Message Service (“SMS”) - Tele-servicing/ Marketing	- Policy serving & renewal - Claims servicing - Policy changes/ terms/ conditions - Product promotions - Industry changes	- Periodic (Annually/ Quarterly/ Monthly) - Service level promise compliance - Adhoc, as when necessary/ required	- Customer satisfaction - Promise fulfilment - Loyal returning customers - Informed customers
Intermediaries	- Corporate website - E-Insurance portal - Physical engagement/ servicing - Emailers, circulars, notices - Training - SMS - Tele-servicing	- Company policy - Underwriting policy/ guide/ changes/ amendments - Policy serving/ renewal - Claims servicing - Policy changes/ terms/ conditions - Product promotions - Industry changes	- Periodic (Daily/ Weekly/ Monthly/ Annually) - Service level promise compliance - Adhoc, as when necessary/ required	- Fulfilling career intermediaries - Informed intermediaries - Loyal long serving intermediaries - Technically sound intermediaries
Suppliers & Service Providers	- Planning & forecasting solutions - Meetings/ Briefings/ Presentations/ Demonstration - Periodic evaluations to assess quality compliance and reliabliity - Transparency and integrity in tender processes and proposal evaluations - Brand reputation, competencies, capabilities and experience assessments - Cost optimisation and energy-efficient administrative strategies	- Evaluation of the proposals/quotations - Potential business opportunities - Compliance to procurement Standard Operating Procedure - Developing collaborative and mutually beneficial relationships with existing and potential suppliers - Ensuring consistent quality of goods/services provided - Balancing affordability without compromising on standards - Adhering to regulations and Company’s policies	- Review of the Suppliers’ proposals/quotations - Regular review, setting up measurement - Develop Service Level Agreement - Establish clear expectations and foster strong relationships to ensure a smooth collaboration with Suppliers and Vendors - Make timely assessments and take clear action with information presented - Optimising contracts to achieve cost savings - Identifying alternative suppliers/service providers when necessary - Regulatory compliance and audit-ready records	- Cost-effective - Energy efficiency - Implement activities, including strategic and accountable responses - Improved vendor standards enhance the Company’s deliverables - Faster decision alignment and expectation management - Stronger partnerships built on structured and accountable engagements
Community	- Charity events - Sponsorships - Direct outreach - Long-term Corporate Social Responsibility (“CSR”) partnerships	- Financial sustainability of Non-Governmental Organisations (“NGO”) focused on social welfare and physical health - Overall community wellbeing especially of the less-privileged in society - Improving awareness of the importance of environmental conservation	- Regular charitable events designed to raise funds for NGO - Employee participation in community-focused CSR events - Sponsorship of sporting and educational events	- Long-term sustainability of the Company’s NGO - Uplifting the lives of the less-privileged in society - Ensure the sustainability of sporting events - Improve educational levels - Enhance environmental conservation awareness

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

EFFECTIVE COMMUNICATION WITH STAKEHOLDERS

INTEGRATED ANNUAL REPORT

The Integrated Annual Report represents a key platform through which the Group communicates with its shareholders and broader stakeholder community. The report is prepared in accordance with the Main Market Listing Requirements of Bursa Securities and other applicable regulatory guidelines governing corporate reporting.

Disclosure requirements prescribed by Bursa Securities, including those relating to quarterly financial reporting, are incorporated into the report to support a high standard of openness and clarity. Together, these disclosures provide stakeholders with a comprehensive view of the Group’s performance, governance practices and financial position.

To enhance accessibility, the Group prepares a concise overview of the Integrated Annual Report highlighting financial performance, corporate developments and selected analyses of the statement of financial position and profit or loss. Upon publication, the report is made available to shareholders in both printed and electronic formats, supporting timely access to information through multiple channels.

GENERAL MEETINGS

General Meetings serve as a primary avenue for dialogue between the Board and shareholders. Shareholders are encouraged to attend and participate actively, with opportunities provided to raise questions, seek clarification on resolutions and engage on matters relating to the Group’s performance and governance. Shareholders are encouraged to communicate with the Company at any time, including beyond the general meetings, through the Company Secretary at lpicosec@lonpac.com, or **03-2262 8687/ 2262 8686/ 2262 8675**.

Members of the Board, including the Executive Director and Group Chief Executive Officer, attend General Meetings to respond directly to shareholder questions. Feedback and suggestions raised during meetings are considered by the Board and taken into account where practicable.

The 64th Annual General Meeting was held as a hybrid meeting following the issuance of the Notice of Meeting dated 28 February 2025, which provided at least 28 days’ notice for the meeting scheduled on 29 April 2025. Shareholders were given sufficient time to review the Group’s financial results and consider the resolutions proposed.

During the hybrid meeting, the Executive Director and Group Chief Executive Officer presented an overview of the Group’s financial performance for the year. In compliance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions were decided by poll. Electronic voting was administered by the Company’s Share Registrar, acting as Poll Administrator, with Independent Scrutineers appointed to verify the voting results.

Shareholder participation at the hybrid AGM was strong, resulting in a high level of approval for all resolutions tabled. A summary of the meeting proceedings was subsequently published on the Company’s corporate website.

WEBSITE

The Company’s website, www.lpicapital.com, serves as a central information hub for stakeholders. Designed for ease of navigation, it provides access to a wide range of corporate information, including the Group’s profile, details of Directors and Senior Management, governance policies, financial results, share price and dividend information, corporate announcements and reporting publications.

Through this digital platform, stakeholders are able to obtain timely and relevant information, supporting the Company’s commitment to accessibility, transparency and effective communication.

Announcement of Consolidated Results

30 April 2025 (Wednesday) <i>Announcement date:</i> Unaudited results for the 1 st quarter ended 31 March 2025	18 August 2025 (Monday) <i>Announcement date:</i> Unaudited results for the 2 nd quarter ended 30 June 2025	28 October 2025 (Tuesday) <i>Announcement date:</i> Unaudited results for the 3 rd quarter ended 30 September 2025	24 February 2026 (Tuesday) <i>Announcement date:</i> Audited results for the 4 th quarter and financial year ended 31 December 2025
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Dividends

18 August 2025 (Monday) <i>Notice date:</i>	3 September 2025 (Wednesday) <i>Entitlement date:</i>	12 September 2025 (Friday) <i>Interim dividend payment date:</i>
First interim single tier dividend of 30 sen per ordinary share		
24 February 2026 (Tuesday) <i>Notice date:</i>	11 March 2026 (Wednesday) <i>Entitlement date:</i>	19 March 2026 (Thursday) <i>Interim dividend payment date:</i>
Second interim single tier dividend of 50 sen per ordinary share		

Annual General Meeting

27 February 2026 (Friday) Notice of 65 th Annual General Meeting	8 April 2026 (Wednesday) 65 th Annual General Meeting
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BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There was no corporate proposal during the financial year ended 31 December 2025.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

AUDIT AND NON-AUDIT FEES

The details of the audit, regulatory related and non-audit fees paid/ payable in 2025 to the external auditors and its affiliates are set out below:

	Company RM'000	Group RM'000
Fees Paid/ Payable to Messrs KPMG PLT (“KPMG”) and Its Affiliates		
• Audit services		
- KPMG	250	784
- Overseas affiliates of KPMG	-	538
• Regulatory related services		
- KPMG ¹	-	115
• Non-audit services		
- KPMG ²	5	5
- Local affiliates of KPMG ³	10	51
- Overseas affiliates of KPMG ⁴	-	29
Total	265	1,522

¹ The regulatory related services fees paid/ payable to KPMG were for the limited review on the subsidiary company interim financial statements for 6 months ended 30 June 2025 and other services.

² The non-audit services fees paid/ payable to KPMG were for the review of Statement on Risk Management and Internal Control.

³ The non-audit services fees paid/ payable to local affiliates of KPMG were for advice on taxation matters and for preparation, review and submission of tax returns, and Malaysian Business Reporting System Service fee.

⁴ The non-audit services fees paid/ payable to overseas affiliates of KPMG were for advice on taxation matters and for preparation, review and submission of tax returns.

The provision of the non-audit services by the external auditors to LPI Group did not compromise their independence and objectivity.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Securities.

MATERIAL CONTRACTS

There were no material contracts entered into by the LPI Group involving directors’ and major shareholders’ interests either still subsisting at the end of the financial year ended 31 December 2025 or entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Securities.

BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS COMPLIANCE INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS

LPI did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Securities as the recurrent related party transactions of a revenue or trading nature entered into by LPI Group qualified as exempted transactions as defined under Paragraph 10.08(11)(e), Part E of Chapter 10 of the Listing Requirements of Bursa Securities.

The Audit Committee had reviewed the recurrent related party transactions to ensure that they are to the best interest of LPI Group which are conducted at arm’s length, based on terms which are fair and reasonable, not detrimental to the interest of the minority shareholders of LPI Group and are not in any conflict to the management integrity. The Board was informed of such transactions including findings and conclusions from the review.

The significant related party transactions pursuant to MFRS 124 are disclosed under Note 30 to the Financial Statements for the year ended 31 December 2025.

Disclosed in accordance with Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Securities.

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group’s business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Group	
	2025 (RM'000)	2024 (RM'000)
Total Income		
Revenue	2,112,229	1,926,636
Fair value gains	10,041	1,097
Other income	9,294	5,206
Share of profit of associated company	1,136	2,105
Total	2,132,700	1,935,044
Total Assets	4,943,655	4,785,074

(b) Business Activities

	Group	
	2025 (RM'000)	2024 (RM'000)
Shariah Non-Compliant Activities		
Insurance services	1,960,932	1,781,559
Dividend income received from conventional instruments	77,990	69,906
Interest income	38,045	44,236
Total	2,076,967	1,895,700

BURSA MALAYSIA SECURITIES BERHAD
LISTING REQUIREMENTS COMPLIANCE INFORMATION

(c) Component of Financial Position

(i) Cash Component

Islamic Account/ Instruments - Nil		
Conventional Account/ Instruments	Group	
	2025 (RM'000)	2024 (RM'000)
Cash and bank balances (exclude cash in hand)	77,191	90,231
Deposits with licensed bank	879,638	958,229
Unit trust funds	723,284	717,910
Total Cash	1,680,112	1,766,370

(ii) Debt Component

Islamic Financing - Nil		
Conventional Borrowing	Group	
	2025 (RM'000)	2024 (RM'000)
Current		
Lease Liabilities	6,948	7,081
Non-Current		
Lease Liabilities	28,430	28,933
Total Debt	35,378	36,014

Disclosed in accordance with Paragraph 9.25A of the Listing Requirements of Bursa Securities.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

The Board of Directors (“Board”) recognises the importance of a sound risk management and internal control framework to safeguard shareholders’ investment and assets of LPI Capital Bhd (“LPI”) and its wholly-owned subsidiary, Lonpac Insurance Bhd (“Lonpac”), collectively known as the Group.

The Board’s Statement on Risk Management and Internal Control outlines the nature and scope of risk management and internal control of the Group during the year.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for the adequacy and effectiveness of the Group’s Risk Management and Internal Control Framework. This includes reviewing the adequacy and integrity of strategic, insurance, financial, operational, legal and compliance controls and risk management procedures. In view of the limitations that are inherent in any system of internal controls, the Board ensures that the Risk Management and Internal Control Framework is designed to manage the Group’s key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. The Board continually reviews the framework to ensure that it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in line with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies (“SORMIC Guide 2025”). This process which includes enhancing the Risk Management and Internal Control Framework when there are changes in the business environment or regulatory guidelines, is reviewed by the Board and is guided by the SORMIC Guide 2025.

The Board is assisted by the Senior Management in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The Group Chief Executive Officer and Group Chief Financial Officer have given assurance to the Board that the Group’s Risk Management and Internal Control Framework is operating adequately and effectively, in all material aspects.

The Board is of the view that the Risk Management and Internal Control Framework in place for the year under review and up to the date of the issuance of the financial statements, is adequate and effective to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and effectiveness of the Risk Management and Internal Control Framework include the following:

Group Risk Management and Internal Control Framework

- The Board Committees, namely LPI’s Risk, Compliance and Sustainability Committee (“LPI RCSC”), LPI’s Audit Committee (“LPI AC”), Lonpac’s Audit Committee (“Lonpac AC”), Lonpac’s Risk & Sustainability Committee (“Lonpac RSC”), Lonpac’s Technology Committee (“Lonpac TC”), Lonpac’s Compliance Committee (“Lonpac CC”), have the responsibility to oversee the overall risk management processes by identifying principal business risks and ensuring appropriate implementation of measures to manage these risks.

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- The Group’s Risk Management and Internal Control Framework sets out the governing principles for the enterprise risk management and internal control activities of the Group. The objective of the framework is to establish a comprehensive, systematic, disciplined and proactive process, effected top-down from the Board to the Senior Management and the employees across the Group, conforming to the requirements, principles and best practices established by Bank Negara Malaysia (“BNM”) and the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia. The framework involves a continual process of identifying, assessing, managing and reporting on the significant strategic, business and process level risks related to the achievement of the Group’s business objective, and to maintain an effective internal control environment within the Group. The effectiveness of the framework is assessed at least annually which includes a review of all significant risks by the respective risk owners and to re-assess the overall risk environment of the Group.
- Enterprise risk management is a holistic and structured process, effected top-down, from the Board to the Senior Management and the employees across the Group, that addresses the uncertainties surrounding potential events that may affect the Group by identifying these events and determining appropriate control and monitoring measures. Enterprise risk management aims to align the processes, people, and technology to manage the Group’s risks in accordance with its risk appetite and tolerance, so that the Group’s values to its stakeholders are sustainable.
- Enterprise risk management aims to minimise unpleasant surprises while enabling a speedier response to secure good opportunities, and the efficient use of capital. The control measures such as timely reporting and transparency of risks across the Group, increase the effectiveness of the Group’s operations, and align the Group’s risk appetite and tolerance more effectively.
- The Board recognises the importance of effective enterprise risk management in order to achieve a sustainable growth in profitability and strong asset quality that in turn will optimise the Group’s value to its shareholders and customers. The Board, with the assistance of the Senior Management, has set out the overall approach of the Group’s risk management activities.

- The risk management infrastructure of the Group sets out the accountabilities and responsibilities for the risk management process which underlines the principal risk management and control responsibilities:

Approval of risk management policies, risk appetite and risk tolerance
• LPI Board • Lonpac Board
Review risk management policies, risk appetite and risk tolerance
• LPI RCSC • Lonpac RSC • Lonpac CC • Lonpac TC
Oversight and assurance
• LPI AC • Lonpac AC
Implementation of enterprise risk management, sustainability, independent review and compliance
• Enterprise Risk Management & Sustainability Department (“ERMSD”) • Internal Audit Department (“IAD”) • Information Security Department (“ISD”) • Compliance Department (“CD”)
Implementation, development and giving feedback on risk management and sustainability policies
• Administration Department • Actuarial Department • Claims Department • Distribution Division • Employees Development Department • Finance Department • Human Resource Department • Information Technology Department • Legal Department • Pricing Department • Secretariat Department • Underwriting Division

STATEMENT ON RISK MANAGEMENT
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The Board is responsible for oversight of the Group’s Risk Management and Internal Control Framework, risk appetite/ risk tolerance, capital management framework and risk management policies.

The Board Committees are supported by the ERMSD, ISD, CD and IAD. ERMSD identifies and communicates the significant risks (present and potential) in terms of likelihood of exposures and impact on the Group’s business to LPI RCSC and Lonpac RSC at least on a quarterly basis.

ISD establishes and reviews the implementation of technology risk management and cyber resilience frameworks, monitors conformance, reviews the management of cyber risk, assists individual departments to make technology-based risk management decisions, conducts third-party service providers risk assessment, regularly tracks emerging risks and continuously monitors the evolving threat landscape and regulatory developments on a regular basis.

The CD ensures the Group is in compliance with applicable regulatory requirements at all times. CD communicates compliance related issues to Lonpac CC at least on a quarterly basis.

The Board, through the LPI RCSC, Lonpac CC and Senior Management promotes a strong compliance culture in the Group. The Compliance Policy approved by the Board stipulates the requirements to promote safety and soundness in managing and limiting compliance risk in the Group. The Compliance Management Framework approved by the Board provides a structured process of handling compliance issues, which also identifies the duties and responsibilities of each staff to comply with legal and regulatory requirements.

A comprehensive Anti-Bribery and Corruption Policy (“ABC Policy”) supports the Group’s stand on the adoption of zero-tolerance against all forms of bribery and corruption. The ABC Policy is applicable to board members, employees and any third party acting on the Group’s behalf. Vendors and representatives as in third parties acting on behalf are required to acknowledge and submit a declaration on their observance of LPI Group’s ABC Policy. To support this, a robust Whistleblowing Policy which is applicable to parties both internally and externally is available on LPI

Group’s website for all concerned to note and access, when required. Clear and independent whistleblowing channels have been introduced for this purpose. The Anti-Fraud Policy supports the facilitation of controls to aid the detection and prevention of fraud in or against the Group. The Group’s Gifts and Hospitality Policy outlines clear procedures for receiving and giving of business gift(s), hospitality, sponsorship or donation.

The CD conducts regular training for staff and authorised representatives as education and awareness on these policies which supports the intention to mitigate any legal or compliance risks in the Group.

The IAD performs independent audits and assessments of the adequacy and reliability of the risk management processes and systems. The audits include an assessment of the effectiveness of the control activities undertaken by the individual departments, the effectiveness of Senior Management’s oversight and whether the internal control activities and processes remain comprehensive, robust and have been implemented as intended.

The individual departments are responsible for identifying, mitigating and managing risks within the lines of business and ensuring that the day-to-day business activities are carried out in accordance with established policies, procedures and limits.

The risk management policies are subject to annual review to ensure that they remain relevant and effective in managing the associated risks due to changes in the marketplace and regulatory environments.

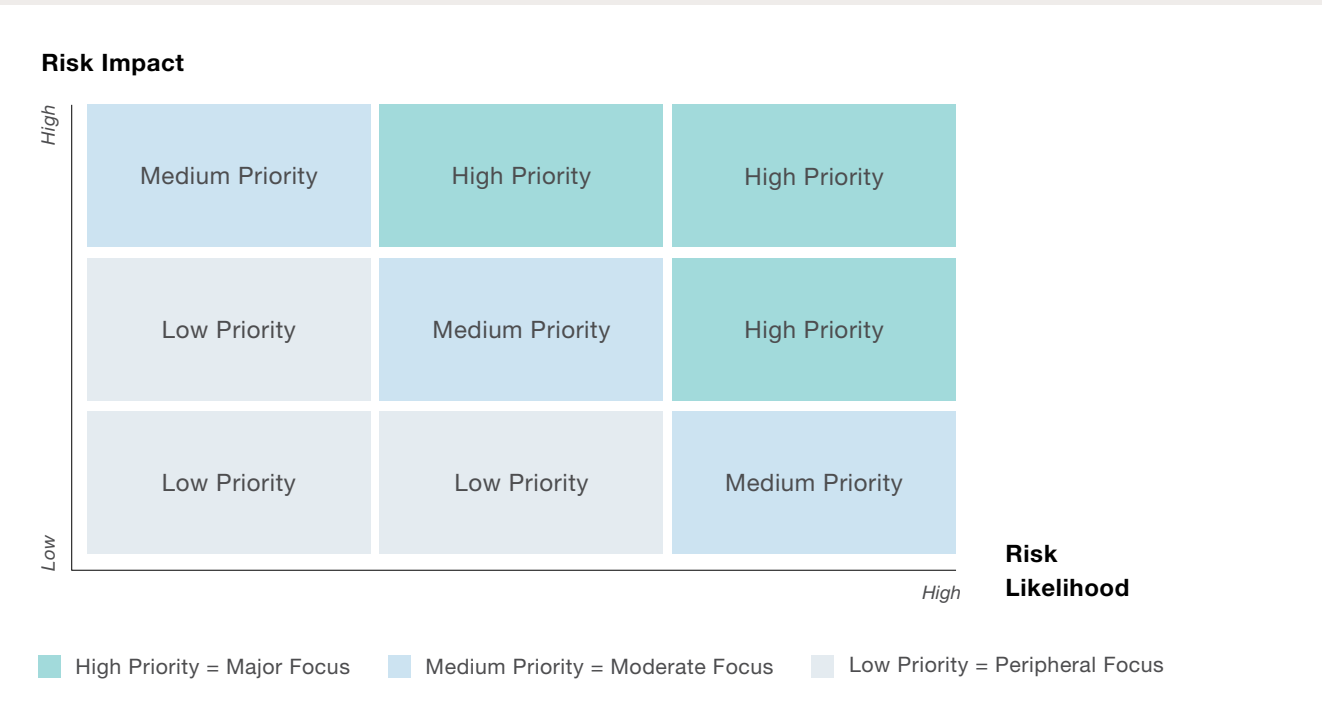
- The Group has established a structured approach within its Risk Management and Internal Control Framework which is used to conduct a comprehensive risk assessment of every individual risk identified, with sustainability elements considered, each with its own unique set of characteristics and operational implications.

The Risk Matrix was utilised to identify the short-term and long-term impact and the likelihood of each individual risk as it gives a simple visual summary of the materiality of the risks being analysed. The Risk Matrix helps the Group to determine how best to utilise its resources to manage its risks at an enterprise level.

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The Risk Matrix is shown as below:



The risks that fall under the top right corner of the matrix should be given high priority, that is the Group should direct a significant proportion of its resources to manage these risks. The risks that fall along the diagonal line from top left corner to bottom right corner are considered as medium priority and are managed accordingly. The risks at the bottom left corner are considered as low priority risks but are still monitored with a peripheral focus.

Risk Management and Compliance Function

- The Group is committed to maintaining a strong capital adequacy level in order to maintain its ability to meet the obligations to its policyholders at all times. Finance Department monitors Lonpac’s capital adequacy ratio on a monthly basis to ensure it maintains strong capital base at all times.
- The Group places strong emphasis on prudent and profitable underwriting practices in order to achieve a sustainable business. Annual review of claims trends and underwriting guidelines are performed to identify good risks. The Group has capped the proportion of certain lines of business over its total portfolio in line with its risk tolerance for overall exposures. The Group continuously monitors its flood exposure to ensure that the associated flood risk is well diversified.

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- The Group’s investment objective is to maximise returns on the available resources while adhering to the Group’s internal prudential guidelines and comply with regulatory requirements. In this regard, the Group’s investment strategy aims to generate a steady stream of income and capital stability by maintaining a balanced portfolio. Investments in specific asset categories, including fixed income with lower ratings, are capped to avoid high levels of investment volatility. In line with the Group’s sustainability targets, the Group has set a target to allocate more than half of the investment portfolio in sustainable assets to reflect its support of the sustainable agenda. In classifying sustainable equity and fixed deposits, the Group adopts the ESG ratings provided by external ESG Rating Agencies, such as MSCI, Sustainalytics and etc.
- The Group strives to ensure that its reinsurers are financially resilient in order to fulfil its contractual obligations in a timely manner. The treaty reinsurers are required to maintain a minimum financial strength rating and are assessed annually. The proportion of exposure to reinsurers with lower ratings over total reinsurance exposure is capped to minimise the credit risk.
- The Group aspires to maximise the conversion of accounts receivables into cash flow and to minimise the writing off of impaired debts. The Credit Control Committee meets monthly to identify any weak and delinquent accounts for early action, if required.
- The Group allocates resources to manage technology risks within acceptable levels. Defined risk tolerance limits have been established to foster innovation and efficiency in business practices.
- The Group seeks to maintain adequate provisions for insurance liabilities. Tiered management actions will be implemented in the event that the loss ratio reaches the predefined thresholds.
- Risk Report defines a set of risk appetite and risk tolerance approved by the Lonpac Board and complied with the Guidelines on Internal Capital Adequacy Assessment Process (“ICAAP”) for Insurers issued by BNM.
- Compliance function is in place to ensure all compliance issues are resolved effectively and expeditiously. Compliance Department follows up closely on compliance of regulatory requirements. It helps the Group to manage compliance risk, maintain the good reputation of the Group as well as minimise any potential lawsuits.

Internal Audit Function

- The Internal Audit function is in place to assist LPI AC and Lonpac AC to discharge their functions effectively. The IAD monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. Audits are carried out on Head Office departments and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these Head Office departments and branches. The findings of the internal audits are tabled at the LPI AC or Lonpac AC meetings for deliberation and the LPI AC’s or Lonpac AC’s expectations on the corrective measures will be communicated to the respective heads of departments and branches. The annual Internal Audit Plans are reviewed and approved by the LPI AC and Lonpac AC.
- The LPI AC and Lonpac AC review any internal control issues identified by the IAD, the external auditors, regulatory authorities and Senior Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The LPI AC and Lonpac AC also review the internal audit function and quality of internal audits. The minutes of the LPI AC and Lonpac AC meetings are tabled to the Board. Further details of the activities undertaken by the LPI AC and Lonpac AC are set out in the Audit Committee Report.

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Other Key Elements of Risk Management and Internal Control

- An organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- Operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in the form of circulars to line management in all departments and updated as and when there are changes.
- Operational authority limits imposed on Chief Executive Officer and other key management personnel within the Group in respect of day-to-day operations, covering underwriting on accepting risks, claims settlement, investments, acquisition and disposal of assets.
- Lonpac’s treaty reinsurance programme ensures that there is a proper spread of reinsurers. The securities of treaty reinsurers are reviewed on an annual basis by the Lonpac’s Reinsurance Security Committee and the Lonpac RSC.
- The Senior Management submits annually a business plan and budget for approval by the Board. The Board reviews monthly management accounts, which are measured against budgets and the previous year’s results to gauge performance.
- Financial Condition Report and stress tests are conducted annually on Lonpac’s financial position which commensurate with its risk profile and the business environment. The stress tests are used as a risk management tool to identify potential threats to Lonpac’s financial health due to exceptional but plausible adverse events and to determine Lonpac’s Individual Target Capital Level. The results in the stress test together with the Financial Condition Report are deliberated at the Lonpac RSC meeting and thereafter recommended to the Lonpac Board for approval, before submission to BNM.
- The IAD reviews the stress test policy to provide an independent assessment in ensuring the quality and effectiveness of the stress test policy as required by BNM. The internal audit report on the review of the stress test policy is presented at the Lonpac AC meeting.
- The Own Risk and Solvency Assessment (“ORSA”) report is prepared on a yearly basis in accordance with the Monetary Authority of Singapore’s guideline. The risk management and the future solvency position for the Singapore branch are deliberated at the Lonpac RSC and the Lonpac Board meetings.
- The Group’s quarterly financial reports are released to Bursa Malaysia Securities Berhad after being reviewed by the LPI AC and approved by the LPI Board.
- The Group is committed to ensure that the engagement partners of the Group’s external auditors do not serve for a continuous period of more than five (5) years to enhance the quality and independence as well as ensuring objectivity of the audit process.
- Management meetings chaired by the Chief Executive Officer of Lonpac are conducted monthly to review financial performance, business development and to deliberate on management and corporate issues.
- The maintenance of adequate data quality is carried out and internal controls, either in the systems or manually performed, are incorporated to maintain the data quality. The assessment of data accuracy is carried out on a yearly basis by the ERMSD and the assessment report will be tabled at the Lonpac RSC and the Lonpac Board meetings.
- The Investment Committee is responsible for formulating policies, strategies as well as reviewing matters relating to the investment in shares and debt securities.
- The Information Technology Steering Committee is chaired by the Chief Executive Officer of Lonpac. The committee is responsible for establishing effective computerisation plans, authorising information technology related expenditure above predefined limits and monitoring the progress of approved projects.
- Internal control requirements such as system configuration controls, authority limits, underwriting rules and user access controls are embedded in computerised systems.
- The Systems and Methods Committee is chaired by the Chief Executive Officer of Lonpac to oversee the control and efficiency of processes.

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- The Credit Control Committee is chaired by the Chief Executive Officer of Lonpac. Monthly meetings are conducted with the objective of maximising the conversion of accounts receivables into cash flow and minimising the writing off of impaired debts.
- Corruption Risk Management Framework has been established in view of the application of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Corruption Risk Management Framework focuses on identification, assessment, monitoring and reporting procedures, to ensure adequate internal controls are maintained at all times. The ERMSD conducts monthly corruption risk monitoring, covering both insurance and investment operations. An annual corruption risk assessment report is then tabled to the Board for noting and deliberation.
- Customer due diligence and sanction screening are conducted to prevent money laundering and the financing of terrorism.
- The Business Continuity Plan (“BCP”) Committee is chaired by the Chief Operating Officer of Lonpac. The Committee is responsible for preparing a BCP and Disaster Recovery Plan (“DRP”) to ensure that Lonpac suffers minimum interruption to its systems, processes and operations in the event of any significant disasters.
- LPI Group’s Business Continuity & Crisis Management (“BCM”) Framework has been established to ascertain that the Group does not suffer any material interruptions to its systems, processes and operations, or material damages to its assets upon the occurrence of any disastrous events. The BCP & DRP for both Malaysia and Singapore operations are tested annually. The BCP & DRP testings are observed by the IAD to provide an independent evaluation of the testing preparation and to highlight any deficiencies noted during the testings. A written assessment report on the BCP & DRP testing is prepared by the IAD for the Lonpac AC’s review. The IAD also reviews the Post-Test Analysis Reports prepared by Lonpac as required by the Policy Document on Business Continuity Management issued by BNM.
- Annually, the IAD reviews Lonpac’s adherence to BNM’s Policy Document on BCM and evaluates overall preparedness against the LPI Group’s BCM Framework and Lonpac’s BCP policies. Any gaps identified from the review will be documented in the audit report to the Lonpac AC together with the action plans for further improvement by the respective business functions.
- A Private Cloud Disaster Recovery Centre has been established to mirror the production system. It hosts critical processes from the production data centre in the event of downtime, ensuring minimal business disruption while maintaining data privacy and security.
- An Incident Security Playbook and Crisis Communication Plan have been established to manage the flow of both internal and external communications in response to an incident or crisis event.
- Training and development programmes are conducted to enhance staff competencies and maintain a risk control conscious culture.
- Training sessions for agents are conducted to enhance their competencies and technical knowledge.
- There are proper guidelines within the Group for hiring and termination of staff. Annual performance appraisals are in place to ensure that the staff are competent in carrying out their duties and responsibilities.
- An assessment of the overall remuneration system is conducted annually to ensure that the remuneration system does not jeopardise Lonpac’s ability to maintain its capital strength and liquidity at all times. The assessment report will be tabled at the Lonpac RSC and the Lonpac Board meetings.
- The Capital Management Plan (“CMP”) sets out thresholds that act as triggers for action. The corrective actions for each threshold are stated and take into account how adverse scenarios are likely to affect Lonpac’s risk management activities. The intensity of corrective actions increases with the extent of which threshold level is breached. This ensures that an appropriate level of capital is maintained at all times.

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- The objective of the CMP is to optimise the efficient and effective use of resources and capital in order to maximise the return on equity and provide an appropriate level of capital to protect the policyholders. The management of Lonpac’s capital is guided by the CMP which is driven by the Group’s business strategies and takes into account the business and regulatory environment in which the Group operates in.
- The Group’s Sustainability Framework has been established to provide principles that govern the management of sustainability within the Group which cover the key activities related to materiality assessment, sustainability blueprints, sustainability-related targets and goals, remuneration and reporting timeframe.
 - A Sustainability Council (“SCL”) chaired by the Group Chief Executive Officer ensures the Group’s policies and operations are in line with the sustainability-related targets and goals approved by the Board. The SCL oversees the implementation of the Group’s sustainability initiatives.
 - Climate Policy aims to establish a systematic approach to identifying, assessing, and managing climate-related risks and opportunities, by integrating climate risk considerations into strategic decision-making processes to enhance long-term value creation and stakeholder confidence.
 - The Group’s Procurement Policy manages all procurement activities within the Group, by providing a structure and standardised approach of the procurement process. The Policy aims to ensure transparency, fairness, reasonableness and to promote sustainability practices within the procurement activities.
 - The Vendor Code of Conduct has been established to ensure that vendors conduct their business in alignment with the Group’s objectives of upholding good corporate governance and building a sustainable, ethical, strong, and reputable business.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the integrated annual report of the Group for the year ended 31 December 2025. The limited assurance review was conducted in accordance with the Audit and Assurance Practice Guide (“AAPG”) 3 issued by the Malaysian Institute of Accountants.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the integrated annual report of the Group, in all material respects, has not been prepared in accordance with the disclosures required by section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies, or is factually inaccurate.

The AAPG 3 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 external 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 integrated annual report will, in fact, remedy the problems.

FINANCIAL
STATEMENTS



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SECTION 7: FINANCIAL REPORT

ANALYSIS OF THE FINANCIAL STATEMENTS

Analysis of the Statement of Financial Position

	2025 RM'mil	2024 RM'mil	Increase/(Decrease)	
			Amount RM'mil	%
Assets				
Plant and equipment	4.7	5.2	(0.5)	(9.6)
Right-of-use assets	32.9	33.7	(0.8)	(2.4)
Investment properties	33.3	32.6	0.7	2.1
Intangible assets	2.4	2.7	(0.3)	(11.1)
Investment in an associated company	43.6	46.9	(3.3)	(7.0)
Fair value through other comprehensive income financial assets	1,200.7	1,032.8	167.9	16.3
Fair value through profit or loss financial assets	1,476.3	1,455.5	20.8	1.4
Amortised cost financial assets	826.2	1,071.1	(244.9)	(22.9)
Reinsurance contract assets	957.8	880.0	77.8	8.8
Loans and receivables	75.2	72.7	2.5	3.4
Current tax assets	-	2.1	(2.1)	(100.0)
Cash and cash equivalents	290.6	149.8	140.8	94.0
Total Assets	4,943.7	4,785.1	158.6	3.3
Total Equity	2,458.0	2,422.3	35.7	1.5
Liabilities				
Insurance contract liabilities	2,387.0	2,257.0	130.0	5.8
Deferred tax liabilities	39.1	38.3	0.8	2.1
Lease liabilities	35.4	36.0	(0.6)	(1.7)
Other payables	6.9	7.8	(0.9)	(11.5)
Current tax payables	17.3	23.7	(6.4)	(27.0)
Total Liabilities	2,485.7	2,362.8	122.9	5.2
Total Equity and Liabilities	4,943.7	4,785.1	158.6	3.3

ANALYSIS OF THE FINANCIAL STATEMENTS

Total Assets

As at 31 December 2025, the total assets of the Group was RM4,943.7 million, increased by 3.3% or RM158.6 million over the previous financial year mainly contributed by the increase in investments classified as fair value through other comprehensive income and cash and cash equivalents by RM167.9 million and RM140.8 million respectively.

Plant and Equipment

During the year 2025, the Group’s plant and equipment decreased by 9.6% or RM0.5 million to RM4.7 million from RM5.2 million in 2024, mainly due to the depreciation charge during the year.

Right-of-use Assets

The right-of-use assets of the Group, which consist of leases of buildings and machines, had decreased by 2.4% or RM0.8 million to RM32.9 million from RM33.7 million in 2024 due to the depreciation charge during the year.

Investment Properties

The investment properties of the Group increased by 2.1% or RM0.7 million to RM33.3 million from RM32.6 million registered in 2024. The increase was driven by fair value gains of RM2.0 million recorded during the year, which were largely offset by foreign exchange translation loss resulted from the appreciation of Ringgit Malaysia. The investment properties were revalued in accordance with the revaluation report issued by the external independent valuer.

Intangible Assets

The intangible assets which consist of software development costs of the Group decreased by 11.1% or RM0.3 million to RM2.4 million from RM2.7 million in 2024 due to the amortisation during the year.

Investment in An Associated Company

The Group’s investment in an associated company is in respect of its investment in Campu Lonpac Insurance Plc (“Campu Lonpac”), where the Group has a 45% interest in the company. The Group records its investment in the shares of Campu Lonpac using the equity method. The investment in associated company decreased by 7.0% or RM3.3 million to RM43.6 million from RM46.9 million in 2024 as a result of foreign exchange translation loss, partially offset by profit generated during the year. The Group’s share of the profit after tax from this associated company for the current financial year ended 31 December 2025 decreased by RM1.0 million to RM1.1 million from RM2.1 million in 2024.

SECTION 7: FINANCIAL REPORT

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Fair Value Through Other Comprehensive Income Financial Assets

The Group has elected to designate equity investment not held for trading purpose to be classified as fair value through other comprehensive income (“FVOCI”) financial assets. The FVOCI financial assets consist of blue-chip stocks that have good and consistent dividend payouts. The Group has also elected to classify all the debt securities if they meet the classification conditions as stated in Note 8.1(b) as FVOCI financial assets for the purpose of matching with insurance contract liabilities. Throughout the year, the FVOCI financial assets increased by 16.3% or RM167.9 million to RM1,200.7 million from RM1,032.8 million in 2024. The investment in blue-chip stocks increased by RM48.1 to RM1,052.6 million from RM1,004.5 million due to the purchase of equity securities. The investment in corporate bonds and sukuk increased by RM119.7 to RM148.0 million from RM28.3 million.

Fair Value Through Profit Or Loss Financial Assets

The Group classifies all other investments which were not designated as FVOCI and do not give rise to cash flows that are solely payments of principal and interest as fair value through profit or loss (“FVTPL”) financial assets. The FVTPL financial assets increased by 1.4% or RM20.8 million to RM1,476.3 million from RM1,455.5 million in 2024 mainly due to the increase in the investment in unit trusts by RM51.9 million to RM1,116.7 million from RM1,064.8 million in 2024. Whilst the investment in real estate investment trusts (“REITs”) increased to RM7.4 million from RM5.3 million in 2024. The value of exchange-traded fund (“ETF”) increased to RM0.6 million from RM0.5 million in 2024. The investment in equity securities decreased to RM7.0 million from RM7.2 million in 2024 due to the disposals. The investment in corporate bonds and sukuk decreased by RM33.1 million due to maturity.

Amortised Cost Financial Assets

The Group classifies the debt securities as amortised cost financial assets if they meet the classification conditions as stated in Note 8.1(d) to financial statements. The Group also classifies its fixed and call deposits placed with licensed financial institutions with maturity of more than three months as amortised cost financial assets. The Group’s amortised cost financial assets consist of Malaysian government securities, government investment issues, government guaranteed loans, corporate bonds and sukuk and fixed and call deposits which are mainly held for yield and liquidity purposes. The amortised cost financial assets decreased by 22.9% or RM244.9 million to RM826.2 million from RM1,071.1 million in 2024 mainly due to the decrease in the placement of fixed and call deposits by RM232.5 million to RM666.2 million from RM898.7 million in 2024. The withdrawals of fixed and call deposits were mainly for the purchases of FVOCI financial assets and shifting to the tenure of 3 months or less. The investment in corporate bonds and sukuk decreased to RM30.0 million from RM42.4 million in 2024 due to maturity.

Reinsurance Contract Assets

As at 31 December 2025, the reinsurers’ share of liabilities for remaining coverage and incurred claims (reinsurance contract assets) increased by 8.8% or RM77.8 million to RM957.8 million from RM880.0 million in 2024.

Loans and Receivables

The Group’s loans and receivables as at 31 December 2025 comprised of staff loans and other receivables. The Group’s loans and receivables increased by 3.4% or RM2.5 million to RM75.2 million from RM72.7 million in 2024. Staff loans decreased by 16.1% or RM2.2 million to RM11.5 million from RM13.7 million in 2024. Other receivables increased by 8.0% or RM4.7 million to RM63.7 million from RM59.0 million in 2024.

ANALYSIS OF THE FINANCIAL STATEMENTS

Cash and Cash Equivalents

The Group’s cash and cash equivalents are made up of cash in-hand, balances with banks and fixed and call deposits placed with licensed financial institutions with maturity of 3 months or less. The Group’s cash and cash equivalents increased by 94.0% or RM140.8 million to RM290.6 million from RM149.8 million in 2024 mainly due to the higher placement of fixed and call deposits with maturity of 3 months or less. The fixed and call deposits increased by RM153.8 million to RM213.4 million from RM59.6 million in 2024.

Total Liabilities

The Group’s total liabilities increased by 5.2% or RM122.9 million to RM2,485.7 million from RM2,362.8 million in 2024. The increase was primarily due to the higher insurance contract liabilities. Total insurance contract liabilities accounted for 96.0% or RM2,387.0 million of the Group’s total liabilities, of which RM1,505.3 million related to liabilities for incurred claims and RM881.7 million related to liabilities for remaining coverage.

Insurance Contract Liabilities

The Group’s insurance contract liabilities consist of liabilities for incurred claims and liabilities for remaining coverage. Total insurance contract liabilities increased by 5.8% or RM130.0 million to RM2,387.0 million from RM2,257.0 million in 2024. The increase amount of RM130.0 million made up of the increase in liabilities for remaining coverage of RM22.6 million and liabilities for incurred claims of RM107.4 million.

Lease Liabilities

The Group’s lease liabilities decreased by 1.7% or RM0.6 million to RM35.4 million from RM36.0 million in 2024 due to the repayments during the year.

Other Payables

The Group’s other payables decreased by 11.5% or RM0.9 million to RM6.9 million from RM7.8 million in 2024.

Shareholders’ Equity

The Group’s shareholders’ equity as at 31 December 2025 increased by 1.5% or RM35.7 million to RM2,458.0 million from RM2,422.3 million in 2024 after the payment of dividends amounted to RM318.7 million (consist of RM199.2 million second interim for financial year 2024 and RM119.5 million first interim for financial year 2025) during the year. The Group recorded a net profit of RM367.8 million for the year 2025, with a return on equity of 15.0%. Accordingly, the Group’s retained earnings increased by RM49.1 million to RM1,200.8 million from RM1,151.7 million. Whilst the Group’s fair value reserve increased by RM1.0 million to RM839.0 million from RM838.0 million in 2024 due to the increase in market value in FVOCI financial assets. The foreign currency translation reserve decreased by RM11.0 million to RM25.8 million from RM36.8 million due to the strengthening of Ringgit Malaysia.

SECTION 7: FINANCIAL REPORT

ANALYSIS OF THE FINANCIAL STATEMENTS

Analysis of the Statement of Profit or Loss

	2025 RM'mil	2024 RM'mil	Increase/(Decrease)	
			Amount RM'mil	%
Operating revenue	2,112.2	1,926.6	185.6	9.6
Insurance revenue	1,960.9	1,781.6	179.3	10.1
Insurance service expenses	(1,296.2)	(1,057.9)	238.3	22.5
Net expenses from reinsurance contracts held	(317.0)	(345.9)	(28.9)	(8.4)
Insurance service result	347.7	377.8	(30.1)	(8.0)
Investment income	151.3	145.1	6.2	4.3
Net fair value gains	10.0	1.1	8.9	>100.0
Investment return	161.3	146.2	15.1	10.3
Net finance expenses from insurance contracts held	(69.7)	(71.6)	(1.9)	(2.7)
Net finance income from reinsurance contracts held	29.2	32.4	(3.2)	(9.9)
Net financial result	120.8	107.0	13.8	12.9
Other income	9.3	5.2	4.1	78.8
Other operating expenses	(20.5)	(16.9)	3.6	21.3
Other finance costs	(1.2)	(1.1)	0.1	9.1
Share of profit after tax of equity accounted associated company	1.1	2.1	(1.0)	(47.6)
Profit before tax	457.2	474.1	(16.9)	(3.6)
Tax expense	(89.4)	(97.0)	(7.6)	(7.8)
Profit for the year	367.8	377.1	(9.3)	(2.5)

Despite operating in a very challenging economic environment and a highly competitive market, LPI Group reported a higher performance in terms of revenue for the financial year ended 31 December 2025. The revenue of the Group increased by 9.6% or RM185.6 million to RM2,112.2 million as compared to RM1,926.6 million in 2024. The increase was mainly contributed by its insurance revenue which grew by 10.1% or RM179.3 million over the previous year.

Nonetheless, the Group's profit before tax decreased by 3.6% or RM16.9 million to RM457.2 million from RM474.1 million in 2024, due to the lower insurance service result which decreased by 8.0% or RM30.1 million to RM347.7 million from RM377.8 million in 2024. The lower insurance service result was mainly due to the good claims experience in 2024.

The Group's net profit decreased by 2.5% or RM9.3 million to RM367.8 million as compared to RM377.1 million in 2024. The Group's earnings per share decreased to 92.3 sen from 94.7 sen in 2024 and return on equity decreased to 15.0% from 15.6% in 2024.

ANALYSIS OF THE FINANCIAL STATEMENTS

Operating Revenue

The Group's operating revenue increased by 9.6% to RM2,112.2 million as compared to 2024 mainly contributed by the higher insurance revenue, which contributed 92.8% of the total operating revenue in 2025.

Operating Revenue	2025 RM'000	2024 RM'000	Variance		Contribution 2025
			RM'000	%	%
Insurance revenue	1,960,932	1,781,559	179,373	10.1	92.8
Dividend income	98,218	87,104	11,114	12.8	4.6
Interest income	52,229	57,121	(4,892)	(8.6)	2.5
Rental of premises	850	852	(2)	(0.2)	0.1
Total	2,112,229	1,926,636	185,593	9.6	100.0

Insurance Revenue

The Group's insurance revenue registered a growth of 10.1% or RM179.3 million to RM1,960.9 million for the financial year ended 31 December 2025 from RM1,781.6 million in 2024. Fire and Miscellaneous insurances were the major contributors to the total insurance revenue which accounted for approximately 39.9% and 30.7% of the total insurance revenue in 2025 respectively.

Insurance Revenue By Class of Business

Class	2025 RM'000	2024 RM'000	Variance		Contribution 2025
			RM'000	%	%
Fire	782,518	684,932	97,586	14.2	39.9
Motor	483,996	443,999	39,997	9.0	24.7
Marine, aviation & transit	92,807	106,895	(14,088)	(13.2)	4.7
Miscellaneous	601,611	545,733	55,878	10.2	30.7
Total	1,960,932	1,781,559	179,373	10.1	100.0

The insurance revenue was largely generated from the gross written premiums. For the financial year ended 31 December 2025, the Group surpassed the milestone of RM2.0 billion gross written premiums by recording a growth of 7.8% or RM145.6 million, reaching RM2,005.5 million from RM1,859.9 million in 2024. The growth was largely contributed by Fire, Motor and Miscellaneous classes of business.

Gross Written Premiums By Class of Business

Class	2025 RM'000	2024 RM'000	Variance		Contribution 2025
			RM'000	%	%
Fire	814,194	735,352	78,842	10.7	40.6
Motor	505,548	457,153	48,395	10.6	25.2
Marine, aviation & transit	91,301	104,846	(13,545)	(12.9)	4.6
Miscellaneous	594,413	562,513	31,900	5.7	29.6
Total	2,005,456	1,859,864	145,592	7.8	100.0

SECTION 7: FINANCIAL REPORT

ANALYSIS OF THE FINANCIAL STATEMENTS

Insurance Service Expenses

The Group’s insurance service expenses consist of incurred claims, amortisation of insurance acquisition costs, expenses that are related to fulfillment of insurance contracts and losses on onerous contracts. The Group’s insurance service expenses for the financial year ended 31 December 2025 increased by 22.5% or RM238.3 million to RM1,296.2 million from RM1,057.9 million, mainly due to the higher incurred claims reported by the claimants.

Insurance Service Expenses By Class of Business

Class	2025 RM’000	2024 RM’000	Variance		Contribution 2025
			RM’000	%	%
Fire	390,666	245,673	144,993	59.0	30.1
Motor	424,506	397,910	26,596	6.7	32.8
Marine, aviation & transit	35,334	82,749	(47,415)	(57.3)	2.7
Miscellaneous	445,705	331,527	114,178	34.4	34.4
Total	1,296,211	1,057,859	238,352	22.5	100.0

Net Expenses From Reinsurance Contracts Held

The Group’s net expenses from reinsurance contracts held consist of allocation of reinsurance premiums paid offset with loss recoveries from reinsurers on incurred claims and onerous underlying contracts. The Group’s net expenses from reinsurance contracts held for the financial year ended 31 December 2025 decreased by 8.4% or RM28.9 million to RM317.0 million from RM345.9 million in 2024. The decrease was mainly contributed by the higher recoveries of incurred claims from the reinsures.

Net Expenses From Reinsurance Contracts Held By Class of Business

Class	2025 RM’000	2024 RM’000	Variance		Contribution 2025
			RM’000	%	%
Fire	176,832	168,215	8,617	5.1	55.8
Motor	16,916	21,169	(4,253)	(20.1)	5.3
Marine, aviation & transit	53,571	23,435	30,136	128.6	16.9
Miscellaneous	69,725	133,106	(63,381)	(47.6)	22.0
Total	317,044	345,925	(28,881)	(8.4)	100.0

Insurance Service Result

The Group’s insurance service result for the financial year ended 31 December 2025 decreased by 8.0% or RM30.1 million to RM347.7 million from RM377.8 million in 2024, mainly due to the higher claims incurred. The net incurred claims (incurred claims net of recoveries from reinsurers) for the financial year increased by 16.8% or RM79.6 million to RM553.9 million from RM474.3 million in 2024. The higher net claims incurred was mainly from Fire, Motor and Miscellaneous classes of business.

Net Incurred Claims By Class of Business

Class	2025 RM’000	2024 RM’000	Variance		Contribution 2025
			RM’000	%	%
Fire	98,170	61,104	37,066	60.7	17.7
Motor	305,091	282,457	22,634	8.0	55.1
Marine, aviation & transit	6,438	8,531	(2,093)	(24.5)	1.2
Miscellaneous	144,166	122,171	21,995	18.0	26.0
Total	553,865	474,263	79,602	16.8	100.0

Investment Income

Investment income increased by 4.3% or RM6.2 million to RM151.3 million from RM145.1 million in 2024 mainly contributed by higher dividend income received. The Group’s dividend income from investment in equities and unit trusts increased by 12.8% or RM11.1 million to RM98.2 million from RM87.1 million in 2024. Whilst its interest income from investment in debt securities and fixed and call deposits decreased by 8.6% or RM4.9 million to RM52.2 million from RM57.1 million in 2024 mainly due to the lower interest rate.

Net Fair Value Gains

During the year, the Group registered higher net fair value gains of RM10.0 million as compared to RM1.1 million in 2024, mainly contributed by its investment in unit trusts of RM4.5 million and corporate bonds and sukuk of RM1.9 million. Besides, the value of its investment properties also increased by RM2.0 million.

Net Insurance Finance Costs

The net insurance finance costs (finance expenses from insurance contracts net of finance income from reinsurance contracts held) are the effects of time value of money on insurance contracts. The amount of net insurance finance cost for the financial year ended 31 December 2025 was RM40.5 million, higher than previous year of RM39.2 million.

Other Income

Other income of the Group increased by RM4.1 million to RM9.3 million as compared to RM5.2 million in 2024.

Other Operating Expenses

Other operating expenses are those expenses which were not related directly to the fulfillment of insurance contracts, increased by RM3.6 million to RM20.5 million from RM16.9 million in 2024.

Other Finance Costs

Other finance costs accounted under MFRS 16, *Leases* increased by RM0.1 million to RM1.2 million from RM1.1 million in 2024.

Taxation

The Group’s tax expense decreased by 7.8% or RM7.6 million to RM89.4 million from RM97.0 million in 2024. The Group’s effective tax rate for the current financial year was 19.6%, which was lower than the statutory tax rate of 24.0%. The lower tax rate was mainly due to certain income are tax-exempt or being taxed at a reduced rate.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

PURSUANT TO PARAGRAPH 15.26(A) OF THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies Act 2016 in Malaysia, Bank Negara Malaysia’s Guidelines and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the financial position of the Group and the Company as of 31 December 2025 and of their financial performance and cash flows for the year then ended.

In preparing the annual audited financial statements, the Directors ensured that the Senior Management has:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the relevant regulatory requirements.

The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

DIRECTORS’ REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Public Bank Berhad (“PBB”), a licensed bank incorporated in Malaysia and regarded by the Directors as the Company’s immediate and ultimate holding company (“holding company”), during the financial year and until the date of this report.

SUBSIDIARIES

The details of the Company’s subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM’000	Company RM’000
Profit for the year attributable to owners of the Company	367,783	316,498

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.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 December 2024 as reported in the Directors’ Report of that year:
- a second interim single tier dividend of 50.00 sen per ordinary share totalling RM199,191,377 declared on 14 February 2025 and paid on 25 March 2025.

DIRECTORS’ REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

DIRECTORS’ REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

DIVIDENDS (CONTINUED)

- ii) In respect of the financial year ended 31 December 2025:
- a first interim single tier dividend of 30.00 sen per ordinary share totalling RM119,514,826 declared on 18 August 2025 and paid on 12 September 2025.

Subsequent to the financial year end, on 24 February 2026, the Directors declared a second interim single tier dividend of 50.00 sen per ordinary share on the issued and paid-up share capital as at the entitlement date on 11 March 2026 in respect of the financial year ended 31 December 2025. The dividend will be payable on 19 March 2026. The Directors do not propose any final dividend for the financial year ended 31 December 2025.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

- Tee Choon Yeow

Tan Kok Guan

Soo Chow Lai

Dato’ Chia Lee Kee

Mohamed Raslan Bin Abdul Rahman

Lee Chin Guan (cessation on 27 January 2025)

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

- Lonpac Insurance Bhd

Tee Choon Yeow

Chuang Chee Hing (appointed on 8 July 2025)

Looi Kong Meng (cessation on 7 July 2025)

Mohd Suffian Bin Haji Haron

Wong Ah Kow

Ng Chwe Hwa

Woo Chew Hong

Dato’ Dr Fauziah Binti Mohd Taib

- Lonpac Insurance Singapore Pte. Ltd.

Quek Sun Hui (appointed on 2 September 2025)

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:

	Number of ordinary shares			
	At 1.1.2025	Bought	Sold	At 31.12.2025
Interests in the holding company:				
Tan Kok Guan				
- own	4,445	-	-	4,445
Dato’ Chia Lee Kee				
- own	180	-	-	180
Tee Choon Yeow				
- own	1,152,000	-	-	1,152,000
Tan Kok Guan				
- own	356,400	-	-	356,400
- deemed interest	273,600	-	-	273,600

None of the other Directors holding office at 31 December 2025 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS’ REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

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 those shown below) 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.

The Directors’ benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2025 are as follows:

	From the Company RM’000	From subsidiaries RM’000
Directors of the Company:		
Fees	1,070	330
Board Committees’ Chairman fees	108	-
Salary	1,795	-
Bonus	2,094	-
EPF	584	-
Other	326	129
Benefits-in-kind	35	-
	6,012	459

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 AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued 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.

INDEMNITY AND INSURANCE COSTS

The following disclosure on particulars of indemnity given to, or insurance effected for, any Director or officer of the Group is made pursuant to Section 289(7) of the Companies Act 2016:

	Amount paid RM’000	Sum insured RM’000
Directors and Officers Liability Insurance	42	30,000

There were no indemnity given to, or insurance effected for auditors 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)

there was adequate provision for its insurance contract liabilities in accordance with the requirements of MFRS 17, *Insurance Contracts* issued by the Malaysian Accounting Standards Board (“MASB”).
- ii)

all known bad debts have been written off and adequate impairment allowance made for doubtful debts, and
- iii)

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.

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 values 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.

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.

SECTION 7: FINANCIAL REPORT

DIRECTORS’ REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

OTHER STATUTORY INFORMATION (CONTINUED)

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 2025 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 that financial year and the date of this report.

SIGNIFICANT EVENT

On 2 September 2025, a new company, Lonpac Insurance Singapore Pte. Ltd. was incorporated as a wholly-owned subsidiary of Lonpac Insurance Bhd (“Lonpac”). The purpose of this incorporation is to transfer Lonpac’s Singapore Branch business to the new company, which currently remains dormant pending the completion of the transfer.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors’ remuneration of the Group and Company during the year are RM904,700 and RM255,300 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Mohamed Raslan Bin Abdul Rahman
Director

Tan Kok Guan
Director

Kuala Lumpur

Date: 24 February 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Plant and equipment	2	4,653	5,243	419	546
Right-of-use assets	3	32,882	33,652	-	-
Investment properties	4	33,348	32,604	-	-
Intangible assets	5	2,368	2,690	-	-
Investment in subsidiaries	6	-	-	200,000	200,000
Investment in an associated company	7	43,590	46,890	10,833	10,833
Other investments		3,503,168	3,559,420	1,019,820	1,025,572
- Fair value through other comprehensive income	8(a)	1,200,675	1,032,813	965,220	969,472
- Fair value through profit or loss	8(b)	1,476,257	1,455,523	-	-
- Amortised cost	8(c)	826,236	1,071,084	54,600	56,100
Reinsurance contract assets	12(b)	957,827	880,032	-	-
Loans and receivables	9	75,211	72,680	825	916
Current tax assets		-	2,042	-	-
Cash and cash equivalents	10	290,608	149,821	347	1,123
Total assets		4,943,655	4,785,074	1,232,244	1,238,990
Equity					
Share capital		398,383	398,383	398,383	398,383
Reserves		2,059,615	2,023,917	831,900	838,360
Total equity	11	2,457,998	2,422,300	1,230,283	1,236,743
Liabilities					
Insurance contract liabilities	12(a)	2,387,044	2,256,984	-	-
Deferred tax liabilities	13	39,062	38,324	-	-
Lease liabilities	14	35,378	36,014	-	-
Other payables	15	6,866	7,789	1,826	2,071
Current tax payables		17,307	23,663	135	176
Total liabilities		2,485,657	2,362,774	1,961	2,247
Total equity and liabilities		4,943,655	4,785,074	1,232,244	1,238,990

The accompanying notes form an integral part of these financial statements.

SECTION 7: FINANCIAL REPORT

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Operating revenue	16	2,112,229	1,926,636	327,875	304,749
Insurance revenue	17	1,960,932	1,781,559	-	-
Insurance service expenses	21	(1,296,211)	(1,057,859)	-	-
Net expenses from reinsurance contracts held	18	(317,044)	(345,925)	-	-
Insurance service result	18	347,677	377,775	-	-
Investment income	19(b)	151,297	145,077	327,875	304,749
Net fair value gains	19(c)	10,041	1,097	-	-
Net (impairment loss)/reversal of impairment loss on investments		(12)	1	-	-
Investment return		161,326	146,175	327,875	304,749
Net finance expenses from insurance contracts	19(a)	(69,761)	(71,569)	-	-
Net finance income from reinsurance contracts held	19(a)	29,219	32,363	-	-
Net financial result	19	120,784	106,969	327,875	304,749
Other income	20	9,294	5,206	-	93
Other operating expenses	21	(20,461)	(16,869)	(10,872)	(8,858)
Other finance costs	14.2	(1,192)	(1,061)	-	-
Share of profit after tax of equity accounted associated company	7	1,136	2,105	-	-
Profit before tax		457,238	474,125	317,003	295,984
Tax expense	23	(89,455)	(97,034)	(505)	(522)
Profit for the year		367,783	377,091	316,498	295,462
Profit attributable to:					
Owners of the Company		367,783	377,091	316,498	295,462
Earnings per ordinary share (sen)					
Basic	24	92.32	94.66		

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 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit for the year		367,783	377,091	316,498	295,462
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		(10,998)	(11,786)	-	-
Net gains on investments in debt instruments designated at fair value through other comprehensive income	19	1,000	100	-	-
Net finance (expenses)/income from insurance contracts	19(a)	(8,616)	3,515	-	-
Net finance income/(expenses) from reinsurance contracts held	19(a)	4,244	(3,843)	-	-
Income tax relating to these items	23	769	(94)	-	-
Items that will not be reclassified to profit or loss					
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	19	(1,905)	59,740	(4,252)	57,403
Income tax relating to these items	23	2,127	(7,069)	-	-
Total other comprehensive (expenses)/income for the year, net of tax		(13,379)	40,563	(4,252)	57,403
Total comprehensive income for the year attributable to owners of the Company		354,404	417,654	312,246	352,865

The accompanying notes form an integral part of these financial statements.

SECTION 7: FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Non-distributable			Distributable		
		Share capital	Foreign currency translation reserve	Insurance finance reserve	Fair value reserve	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 1 January 2024		398,383	48,599	(2,209)	785,263	1,053,478	2,283,514
Foreign currency translation differences for foreign operation		-	(11,786)	-	-	-	(11,786)
Net finance income from insurance contracts		-	-	2,481	-	-	2,481
Net finance expenses from reinsurance contracts held		-	-	(2,888)	-	-	(2,888)
Net gains on investments designated at fair value through other comprehensive income		-	-	-	52,756	-	52,756
Total other comprehensive (expenses)/ income for the year		-	(11,786)	(407)	52,756	-	40,563
Profit for the year		-	-	-	-	377,091	377,091
Total comprehensive (expenses)/ income for the year		-	(11,786)	(407)	52,756	377,091	417,654
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	25	-	-	-	-	(278,868)	(278,868)
Total transactions with owners of the Company		-	-	-	-	(278,868)	(278,868)
At 31 December 2024		398,383	36,813	(2,616)	838,019	1,151,701	2,422,300
		Note 11.1	Note 11.2	Note 11.3	Note 11.4		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Non-distributable			Distributable		
		Share capital	Foreign currency translation reserve	Insurance finance reserve	Fair value reserve	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 1 January 2025		398,383	36,813	(2,616)	838,019	1,151,701	2,422,300
Foreign currency translation differences for foreign operation		-	(10,998)	-	-	-	(10,998)
Net finance expenses from insurance contracts		-	-	(6,628)	-	-	(6,628)
Net finance income from reinsurance contracts held		-	-	3,238	-	-	3,238
Net gains on investments designated at fair value through other comprehensive income		-	-	-	1,009	-	1,009
Total other comprehensive (expenses)/ income for the year		-	(10,998)	(3,390)	1,009	-	(13,379)
Profit for the year		-	-	-	-	367,783	367,783
Total comprehensive (expenses)/ income for the year		-	(10,998)	(3,390)	1,009	367,783	354,404
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	25	-	-	-	-	(318,706)	(318,706)
Total transactions with owners of the Company		-	-	-	-	(318,706)	(318,706)
At 31 December 2025		398,383	25,815	(6,006)	839,028	1,200,778	2,457,998
		Note 11.1	Note 11.2	Note 11.3	Note 11.4		

The accompanying notes form an integral part of these financial statements.

SECTION 7: FINANCIAL REPORT

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

		← Non-distributable →	Distributable			
	Note	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	
Company						
At 1 January 2024		398,383	661,009	103,354	1,162,746	
Net gains on investments in equity instruments designated at fair value through other comprehensive income		-	57,403	-	57,403	
Total other comprehensive income for the year		-	57,403	-	57,403	
Profit for the year		-	-	295,462	295,462	
Total comprehensive income for the year		-	57,403	295,462	352,865	
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company		25	-	-	(278,868)	(278,868)
Total transactions with owners of the Company			-	-	(278,868)	(278,868)
At 31 December 2024		398,383	718,412	119,948	1,236,743	
		Note 11.1	Note 11.4			

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

		← Non-distributable →	Distributable			
	Note	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	
Company						
At 1 January 2025		398,383	718,412	119,948	1,236,743	
Net losses on investments in equity instruments designated at fair value through other comprehensive income		-	(4,252)	-	(4,252)	
Total other comprehensive expenses for the year		-	(4,252)	-	(4,252)	
Profit for the year		-	-	316,498	316,498	
Total comprehensive (expenses)/income for the year		-	(4,252)	316,498	312,246	
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company		25	-	-	(318,706)	(318,706)
Total transactions with owners of the Company			-	-	(318,706)	(318,706)
At 31 December 2025		398,383	714,160	117,740	1,230,283	
		Note 11.1	Note 11.4			

The accompanying notes form an integral part of these financial statements.

SECTION 7: FINANCIAL REPORT

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before tax	457,238	474,125	317,003	295,984
Investment income	(151,297)	(145,077)	(327,875)	(304,749)
Gain on disposal of plant and equipment	(16)	(276)	-	(93)
Net fair value gains recorded in profit or loss	(10,041)	(1,097)	-	-
Share of profit of equity accounted associated company	(1,136)	(2,105)	-	-
Interest on lease liabilities	1,192	1,061	-	-
Non-cash items:				
Depreciation of plant and equipment	2,405	2,614	127	85
Depreciation of right-of-use assets	7,136	7,168	-	-
Amortisation of intangible assets	1,436	1,458	-	-
Write off of plant and equipment	2	-	-	-
Bad debts written off	3	-	-	-
Unrealised foreign exchange gain	(738)	(1,249)	-	-
Net impairment loss/(reversal of impairment loss) on investments	12	(1)	-	-
Changes in working capital:				
Other investments	54,391	(341,498)	1,500	(17,000)
Loans and receivables	(2,743)	7,925	91	(394)
Reinsurance contract assets	(74,788)	(7,873)	-	-
Insurance contract liabilities	128,164	71,541	-	-
Other payables	(810)	(152)	(245)	203
Cash generated from/(used in) operating activities	410,410	66,564	(9,399)	(25,964)
Dividend income received	98,218	87,104	325,710	302,521
Interest income received	52,237	57,307	2,165	2,228
Rental income on investment property received	850	852	-	-
Interest paid	(1,192)	(1,061)	-	-
Income tax refunded	2,049	-	-	-
Income tax paid	(92,049)	(81,344)	(546)	(445)
Net cash flows generated from operating activities	470,523	129,422	317,930	278,340

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Proceeds from disposal of plant and equipment	16	277	-	93
Purchase of plant and equipment	(1,864)	(1,967)	-	(620)
Purchase of intangible assets	(1,124)	(633)	-	-
Net cash flows used in investing activities	(2,972)	(2,323)	-	(527)
Financing activities				
Dividends paid to owners of the Company	(318,706)	(278,868)	(318,706)	(278,868)
Payment of lease liabilities	(6,991)	(7,039)	-	-
Net cash flows used in financing activities	(325,697)	(285,907)	(318,706)	(278,868)
Net increase/(decrease) in cash and cash equivalents	141,854	(158,808)	(776)	(1,055)
Cash and cash equivalents at 1 January	149,821	315,015	1,123	2,178
Effect of movement in exchange rates	(1,067)	(6,386)	-	-
Cash and cash equivalents at 31 December (Note 10)	290,608	149,821	347	1,123

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

LPI Capital Bhd (“LPI”) 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 its principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office

6th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associated company. The financial statements of the Company as at and for the year ended 31 December 2025 do not include other entities.

The Company is a subsidiary of Public Bank Berhad (“PBB”), a licensed bank incorporated in Malaysia and regarded by the Directors as the Company’s immediate and ultimate holding company (“holding company”).

The Company is principally engaged in investment holding activities while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 24 February 2026.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements - Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 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 abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026, except for Amendments to MFRS 1 which is not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2027 for the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2027, except for MFRS 19 which is not applicable to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 18, *Presentation and Disclosure in Financial Statements*

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting MFRS 18.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the following items, which are measured based on the measurement basis stated below:

Items	Measurement basis
Investment properties	Fair value
Debt and equity securities at fair value through other comprehensive income (“FVOCI”)	Fair value
Debt and equity securities at fair value through profit or loss (“FVTPL”)	Fair value
Collective investments at FVTPL	Fair value
Insurance and reinsurance contracts	Fulfilment cash flows and if any, the contractual service margin (“CSM”)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS Accounting Standards 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 4	- Valuation of investment properties
Note 27.3(iv)	- Measurement of expected credit loss (“ECL”) allowance for financial assets
Note 27.1	- Measurement of insurance contracts and reinsurance contracts held
Note 3 and Note 14	- Extension options and incremental borrowing rate in relation to leases

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. PLANT AND EQUIPMENT

	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Group							
Cost							
At 1 January 2024	1,692	8,190	12,465	37,135	3,883	174	63,539
Additions	44	54	2	154	1,713	-	1,967
Disposals	-	-	-	(322)	(1,638)	-	(1,960)
Written off	(3)	(47)	-	(362)	-	-	(412)
Reclassification	-	-	-	174	-	(174)	-
Effect of movement in exchange rates	(4)	(11)	(129)	(46)	(81)	-	(271)
At 31 December 2024/ 1 January 2025	1,729	8,186	12,338	36,733	3,877	-	62,863
Additions	46	112	12	1,561	70	63	1,864
Disposals	-	-	-	(625)	(54)	-	(679)
Written off	(1)	(24)	-	(183)	-	-	(208)
Reclassification	-	15	48	-	-	(63)	-
Effect of movement in exchange rates	(3)	(6)	(79)	(28)	(50)	-	(166)
At 31 December 2025	1,771	8,283	12,319	37,458	3,843	-	63,674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. PLANT AND EQUIPMENT (CONTINUED)

	Note	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Group								
Accumulated depreciation								
At 1 January 2024		1,651	7,420	11,063	35,413	2,006	-	57,553
Depreciation for the year	21	24	418	571	914	687	-	2,614
Disposals		-	-	-	(321)	(1,638)	-	(1,959)
Written off		(3)	(47)	-	(362)	-	-	(412)
Effect of movement in exchange rates		(4)	(11)	(118)	(41)	(2)	-	(176)
At 31 December 2024/ 1 January 2025		1,668	7,780	11,516	35,603	1,053	-	57,620
Depreciation for the year	21	29	285	441	897	753	-	2,405
Disposals		-	-	-	(625)	(54)	-	(679)
Written off		(1)	(24)	-	(181)	-	-	(206)
Effect of movement in exchange rates		(2)	(7)	(74)	(25)	(11)	-	(119)
At 31 December 2025		1,694	8,034	11,883	35,669	1,741	-	59,021
Carrying amounts								
At 1 January 2024		41	770	1,402	1,722	1,877	174	5,986
At 31 December 2024/ 1 January 2025		61	406	822	1,130	2,824	-	5,243
At 31 December 2025		77	249	436	1,789	2,102	-	4,653

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. PLANT AND EQUIPMENT (CONTINUED)

	Note	Computers RM'000	Motor vehicles RM'000	Total RM'000
Company				
Cost				
At 1 January 2024		11	608	619
Additions		-	620	620
Disposals		-	(608)	(608)
At 31 December 2024/1 January 2025/31 December 2025		11	620	631
Accumulated depreciation				
At 1 January 2024		-	608	608
Depreciation for the year	21	3	82	85
Disposals		-	(608)	(608)
At 31 December 2024/1 January 2025		3	82	85
Depreciation for the year	21	3	124	127
At 31 December 2025		6	206	212
Carrying amounts				
At 1 January 2024		11	-	11
At 31 December 2024/1 January 2025		8	538	546
At 31 December 2025		5	414	419

Included in plant and equipment of the Group are the following fully depreciated assets which are still in use:

	Group	
	2025 RM'000	2024 RM'000
At cost		
Office equipment	1,622	1,606
Furniture and fittings	6,754	6,389
Renovation	9,952	9,663
Computers	32,654	32,709
Motor vehicles	62	117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. PLANT AND EQUIPMENT (CONTINUED)

2.1 Material accounting policy information

(a) Recognition and measurement

Items of plant and equipment, except for capital work-in-progress, are measured at cost less any accumulated depreciation and any accumulated impairment losses. Capital work-in-progress is measured at cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of 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 or the Company will obtain ownership by the end of the lease term. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- Office equipment4 years
- Furniture and fittings4 years
- Renovation5 years
- Computers4 years
- Motor vehicles5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. RIGHT-OF-USE ASSETS

The Group leases many assets including office buildings, printing and photostat machines.

	Note	Office buildings RM'000	Printing and photostat machines RM'000	Total RM'000
Group				
At 1 January 2024		37,612	444	38,056
Additions	14.1	2,739	616	3,355
Depreciation for the year	21	(6,906)	(262)	(7,168)
Effect of movement in exchange rates		(588)	(3)	(591)
At 31 December 2024/1 January 2025		32,857	795	33,652
Additions	14.1	5,993	676	6,669
Depreciation for the year	21	(6,806)	(330)	(7,136)
Effect of movement in exchange rates		(280)	(23)	(303)
At 31 December 2025		31,764	1,118	32,882

3.1 Extension options

Some leases of office buildings contain extension options exercisable by the Group. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As of 31 December 2025, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.

3.2 Judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3. RIGHT-OF-USE ASSETS (CONTINUED)

3.3 Material accounting policy information

(a) Recognition and measurement

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

(b) Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and some leases of low-value assets (e.g. printing and photostat machines). The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. INVESTMENT PROPERTIES

	Note	2025 RM'000	2024 RM'000
Group			
At 1 January		32,604	33,977
Change in fair value recognised in profit or loss	19(c)	2,029	660
Effect of movement in exchange rates		(1,285)	(2,033)
At 31 December		33,348	32,604

4.1 Nature of leasing activities

Investment properties comprise commercial properties that are leased to third parties. Each of the lease consists of an average lease term of 2 years. Subsequent renewals are negotiated with the lessee and average renewal periods are 2 years. No contingent rents are charged.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. INVESTMENT PROPERTIES (CONTINUED)

4.2 The following are recognised in profit or loss in respect of investment properties:

	Note	2025 RM'000	2024 RM'000
Group			
Lease income	16, 19(b)	850	852
Fair value gain	19(c)	2,029	660
Direct operating expenses		(108)	(104)

4.3 Maturity analysis of operating lease payments

	2025 RM'000	2024 RM'000
Group		
Less than one year	250	718
One to two years	-	205
Total undiscounted lease payments	250	923

4.4 Fair value information

Fair value of investment properties are categorised as follows:

	2025 RM'000	2024 RM'000
Group		
Level 2 fair value		
Buildings	33,348	32,604

The fair value measurement for investment properties has been categorised as Level 2 fair value based on the inputs to the valuation technique used.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of buildings have been generally derived using the sales comparison method. Sales price of comparable properties in close proximity are adjusted for any differences in key attributes such as location, master plan zoning, size, design and layout, tenure, age and condition of buildings and the dates of transactions. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between levels

There is no transfer between levels during the financial year (2024: no transfer).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. INVESTMENT PROPERTIES (CONTINUED)

4.5 Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

5. INTANGIBLE ASSETS

	Note	Software RM'000	Capital work-in- progress RM'000	Total RM'000
Group				
Cost				
At 1 January 2024		9,457	542	9,999
Additions		46	587	633
Reclassification		533	(533)	-
Written off		(937)	-	(937)
Effect of movement in exchange rates		(126)	-	(126)
At 31 December 2024/1 January 2025		8,973	596	9,569
Additions		115	1,009	1,124
Reclassification		1,028	(1,028)	-
Effect of movement in exchange rates		(40)	-	(40)
At 31 December 2025		10,076	577	10,653
Accumulated amortisation				
At 1 January 2024		6,457	-	6,457
Amortisation for the year	21	1,458	-	1,458
Written off		(937)	-	(937)
Effect of movement in exchange rates		(99)	-	(99)
At 31 December 2024/1 January 2025		6,879	-	6,879
Amortisation for the year	21	1,436	-	1,436
Effect of movement in exchange rates		(30)	-	(30)
At 31 December 2025		8,285	-	8,285
Carrying amounts				
At 1 January 2024		3,000	542	3,542
At 31 December 2024/1 January 2025		2,094	596	2,690
At 31 December 2025		1,791	577	2,368

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. INTANGIBLE ASSETS (CONTINUED)

	Software RM'000
Company	
Cost	
At 1 January 2024/31 December 2024/1 January 2025/31 December 2025	37
Accumulated amortisation	
At 1 January 2024/31 December 2024/1 January 2025/31 December 2025	37
Carrying amounts	
At 1 January 2024/31 December 2024/1 January 2025/31 December 2025	-

5.1 Material accounting policy information

(a) Recognition and measurement

Intangible assets that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any impairment losses.

(b) Amortisation

The Group and the Company recognise the amortisation of software development costs on a straight-line basis over the estimated useful life as part of insurance service expenses and other operating expenses.

The estimated useful life of software for the current and comparative periods is 4 years.

6. INVESTMENT IN SUBSIDIARIES

	2025 RM'000	2024 RM'000
Company		
At cost		
Unquoted shares	200,000	200,000

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activity	Effective ownership interest and voting interest	
			2025 %	2024 %
Lonpac Insurance Bhd ("Lonpac")	Malaysia	Underwriting of general insurance	100	100
Subsidiary of Lonpac				
Lonpac Insurance Singapore Pte. Ltd.#	Singapore	Underwriting of general insurance	100	-

Audit is not required

On 2 September 2025, a new company, Lonpac Insurance Singapore Pte. Ltd. was incorporated as a wholly-owned subsidiary of Lonpac. The purpose of this incorporation is to transfer Lonpac's Singapore Branch business to the new company, which currently remains dormant pending the completion of the transfer.

6.1 Material accounting policy information

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

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FOR THE YEAR ENDED 31 DECEMBER 2025

7. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At cost				
Unquoted shares	10,833	10,833	10,833	10,833
Share of post-acquisition reserves*	30,357	29,221	-	-
Effect of movement in exchange rates	2,400	6,836	-	-
	43,590	46,890	10,833	10,833

* Share of post-acquisition reserves of the investment in associated company is accounted for using management accounts.

Details of a material associate are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest	
			2025 %	2024 %
Campu Lonpac Insurance Plc	Cambodia	Underwriting of general insurance is the Group's strategic investment in providing access to Cambodia market	45	45

The Group's share in the results of the associated company, Campu Lonpac Insurance Plc, is as follows:

	2025 RM'000	2024 RM'000
Group's share of results for the year ended 31 December		
Group's share of profit or loss from continuing operations	1,136	2,105
Effect of movement in exchange rates	(4,436)	(1,537)
	(3,300)	568

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FOR THE YEAR ENDED 31 DECEMBER 2025

7. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

7.1 Material accounting policy information

Investment in an associated company is accounted for in the consolidated financial statements using the equity method less any impairment losses.

Investment in an associated company is measured in the Company's statement of financial position at cost less any impairment losses.

8. OTHER INVESTMENTS

(a) Fair value through other comprehensive income ("FVOCI")

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At fair value					
Investment in securities designated at FVOCI					
Equity securities in corporations					
Quoted in Malaysia		1,052,642	1,004,543	965,220	969,472
Corporate bonds and sukuk					
Unquoted in Malaysia		125,591	25,063	-	-
Unquoted outside Malaysia		22,457	3,209	-	-
		148,048	28,272	-	-
Allowance for impairment	27.3	(15)	(2)	-	-
		148,033	28,270	-	-
Total FVOCI		1,200,675	1,032,813	965,220	969,472

Included in the Group's and the Company's investment in equity securities of corporations quoted in Malaysia is an investment in ordinary shares of Public Bank Berhad, the holding company of the Group and the Company, with a carrying amount of RM1,000,137,000 (2024: RM1,004,543,000) and RM965,220,000 (2024: RM969,472,000) respectively.

By virtue of Section 22(5)(b) of the Companies Act 2016, the Group and the Company are required to dispose of all their shares held in Public Bank Berhad within twelve months after becoming subsidiary of Public Bank Berhad on 4 December 2024.

The Group had on 23 September 2025 and 24 September 2025, obtained approvals from Suruhanjaya Syarikat Malaysia granting the Company and Lonpac an extension of time of 6 months, from 4 December 2025 to 3 June 2026 to complete the disposal of their shares held in Public Bank Berhad.

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FOR THE YEAR ENDED 31 DECEMBER 2025

8. OTHER INVESTMENTS (CONTINUED)

(b) Fair value through profit or loss (“FVTPL”)

	Group	
	2025 RM'000	2024 RM'000
At fair value		
<i>Investment mandatorily measured at FVTPL</i>		
Unit trusts in Malaysia	1,116,736	1,064,816
Real estate investment trusts (“REITs”)		
Quoted in Malaysia	3,797	3,630
Quoted outside Malaysia	3,588	1,696
	7,385	5,326
Exchange-traded fund (“ETF”)		
Quoted outside Malaysia	555	530
Equity securities in corporations		
Quoted outside Malaysia	5,311	5,531
Unquoted in Malaysia	1,652	1,627
	6,963	7,158
Corporate bonds and sukuk		
Unquoted in Malaysia	344,618	377,693
Total FVTPL	1,476,257	1,455,523

Included in the Group’s investments in unquoted corporate bonds and sukuk are investments in bonds issued by Public Bank Berhad, the holding company of the Group, with a carrying amount of RM35,457,000 (2024: RM35,284,000).

8. OTHER INVESTMENTS (CONTINUED)

(c) Amortised cost (“AC”)

	Note	2025		2024	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
At amortised cost					
Malaysian government securities		15,115	15,208	15,179	15,088
Government investment issues		39,876	40,690	39,848	39,983
Malaysian government guaranteed loans		75,000	76,193	75,000	75,357
		129,991	132,091	130,027	130,428
Corporate bonds and sukuk					
Unquoted in Malaysia		30,000	30,394	30,000	30,268
Unquoted outside Malaysia		-	-	12,394	12,375
		30,000	30,394	42,394	42,643
Allowance for impairment	27.3	(1)	-	(2)	-
		29,999	30,394	42,392	42,643
Fixed and call deposits with licensed financial institutions with maturity of more than three months					
Licensed banks in Malaysia		451,344	451,344	702,291	702,291
Banks outside Malaysia		214,902	214,902	196,374	196,374
		666,246	666,246	898,665	898,665
Total AC		826,236	828,731	1,071,084	1,071,736

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FOR THE YEAR ENDED 31 DECEMBER 2025

8. OTHER INVESTMENTS (CONTINUED)

(c) Amortised cost (“AC”) (continued)

	2025		2024	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Company				
At amortised cost				
Fixed and call deposits with licensed financial institutions with maturity of more than three months				
Licensed banks in Malaysia	54,600	54,600	56,100	56,100
Total AC	54,600	54,600	56,100	56,100

Included in the Group’s and the Company’s fixed and call deposits are placements in fixed and call deposits with Public Bank Berhad, the holding company of the Group and the Company, with a carrying amount of RM22,480,000 (2024: RM8,050,000) and RM22,300,000 (2024: RM100,000) respectively.

Included in the fixed and call deposits of the Group are RM98,889,000 (2024: RM97,372,000) held as cash collateral for guarantees issued on behalf of policyholders.

(d) Estimation of fair values

The fair values of quoted securities, REITs and ETF are their last quoted prices and unit trusts are their published Net Asset Value (“NAV”) unit prices at the end of the reporting period.

The estimated fair values of Malaysian government securities, government investment issues, Malaysian government guaranteed loans and unquoted corporate bonds and sukuk are based on the indicative mid market prices obtained from Bond Pricing Agency Malaysia (2024: three independent licensed financial institutions).

The fair value of the unquoted equity instrument is determined to approximate the net assets value of the investee as it is immaterial in the context of the financial statements.

The carrying amounts of the fixed and call deposits approximate their fair values.

8. OTHER INVESTMENTS (CONTINUED)

(d) Estimation of fair values (continued)

The following investments mature after 12 months:

	Group	
	2025 RM'000	2024 RM'000
FVOCI	148,033	28,270
FVTPL	289,588	342,769
AC	154,956	160,026

(e) Carrying amount of other investments

	FVOCI RM'000	FVTPL RM'000	AC RM'000	Total RM'000
Group				
At 1 January 2024	945,063	1,218,290	1,003,935	3,167,288
Net addition	28,166	237,591	75,741	341,498
Net fair value gains recorded in:				
Profit or loss	-	437	-	437
Other comprehensive income	59,840	-	-	59,840
Amortisation	(2)	(42)	(179)	(223)
Accretion	9	-	28	37
Net (impairment loss)/reversal of impairment loss	(2)	-	3	1
Effect of movement in exchange rates	(261)	(753)	(8,444)	(9,458)
At 31 December 2024/1 January 2025	1,032,813	1,455,523	1,071,084	3,559,420
Net addition/(maturity)	168,846	13,027	(236,264)	(54,391)
Net fair value (losses)/gains recorded in:				
Profit or loss	-	8,012	-	8,012
Other comprehensive income	(905)	-	-	(905)
Amortisation	(17)	-	(83)	(100)
Accretion	63	-	29	92
Net (impairment loss)/reversal of impairment loss	(13)	-	1	(12)
Effect of movement in exchange rates	(112)	(305)	(8,531)	(8,948)
At 31 December 2025	1,200,675	1,476,257	826,236	3,503,168

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FOR THE YEAR ENDED 31 DECEMBER 2025

8. OTHER INVESTMENTS (CONTINUED)

(e) Carrying amount of other investments (continued)

	FVOCI RM'000	AC RM'000	Total RM'000
Company			
At 1 January 2024	912,069	39,100	951,169
Net addition	-	17,000	17,000
Net fair value gain recorded in:			
Other comprehensive income	57,403	-	57,403
At 31 December 2024/1 January 2025	969,472	56,100	1,025,572
Net maturity	-	(1,500)	(1,500)
Net fair value losses recorded in:			
Other comprehensive income	(4,252)	-	(4,252)
At 31 December 2025	965,220	54,600	1,019,820

8.1 Material accounting policy information

(a) FVOCI – equity securities

On initial recognition of an equity investment that is not held for trading, the Group or the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

(b) FVOCI – debt securities

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

8. OTHER INVESTMENTS (CONTINUED)

8.1 Material accounting policy information (continued)

(d) AC

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(e) Deposits with licensed financial institutions

The Group and the Company classify deposits with licensed financial institutions not held for working capital purposes that has a maturity of more than three months as other investments.

(f) Impairment

All financial assets, except for those measured at FVTPL and equity instruments measured at FVOCI, are subject to impairment assessment.

Presentation of allowance for impairment in the statements of financial position

Allowance for impairment for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the allowance for impairment is charged to profit or loss. The loss allowance does not reduce the carrying amount of the financial asset in the statements of financial position and is recognised in OCI.

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FOR THE YEAR ENDED 31 DECEMBER 2025

9. LOANS AND RECEIVABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Staff loans				
Receivable within twelve months	1,387	1,582	-	-
Receivable after twelve months	10,114	12,103	-	-
	11,501	13,685	-	-
Other receivables				
Due from Malaysian Motor Insurance Pool	35,165	36,113	-	-
Other receivables, deposits and prepayments	10,997	5,651	204	104
Income due and accrued	17,548	17,231	621	812
	63,710	58,995	825	916
Total loans and receivables	75,211	72,680	825	916

The following loans and receivables mature after 12 months:

	Group	
	2025 RM'000	2024 RM'000
Staff loans	10,114	12,103

Estimation of fair values

The fair values of the staff loans are determined to approximate the carrying amounts as these are immaterial in the context of the financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2025

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amortised cost				
Cash and bank balances	77,216	90,257	347	174
Fixed and call deposits with licensed financial institutions with maturity of three months or less				
Licensed banks in Malaysia	199,297	36,087	-	949
Banks outside Malaysia	14,095	23,477	-	-
	290,608	149,821	347	1,123

The carrying amounts disclosed above approximate their fair values due to the relatively short-term nature of these financial instruments.

Included in the Group's cash and cash equivalents are bank balances, placements in fixed and call deposits with Public Bank Berhad, the holding company of the Group, with a carrying amount of RM28,777,000 (2024: RM22,086,000) and RM36,087,000 (2024: Nil) respectively.

Included in the Company's cash and cash equivalents is bank balances with Public Bank Berhad, the holding company of the Company, with a carrying amount of RM347,000 (2024: RM174,000).

Included in the Group's fixed and call deposits are RM3,000,000 (2024: RM2,669,000) held as cash collateral for guarantees issued on behalf of policyholders.

11. CAPITAL AND RESERVES

11.1 Share capital

	Group and Company			
	2025		2024	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares, issued and fully paid with no par value				
At 1 January/At 31 December	398,383	398,383	398,383	398,383

Ordinary shares

Ordinary shares are classified as equity. The holders of 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.

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FOR THE YEAR ENDED 31 DECEMBER 2025

11. CAPITAL AND RESERVES (CONTINUED)

11.2 Foreign currency translation reserve

The foreign currency translation reserve is in respect of exchange differences arising from the translation of the financial statements of a subsidiary’s Singapore Branch, the financial statements of a foreign subsidiary and the financial statements of the associated company.

11.3 Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in other comprehensive income.

11.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment in securities measured at fair value through other comprehensive income.

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the statements of profit or loss and other comprehensive income (“OCI”).

The Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

A second reconciliation is presented for contracts measured under the general measurement model (“GMM”), which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin (“CSM”).

The following table sets out the carrying amount of insurance contracts and reinsurance contracts held expected to be settled more than 12 months after the reporting date.

Group	2025 RM’000	2024 RM’000
Insurance contract liabilities	(1,086,651)	(1,044,046)
Reinsurance contract assets	476,575	454,301

Simplifications adopted for the modified retrospective approach on transition to MFRS 17 are disclosed in Note 12(e)(xi).

At 31 December 2025, the maximum exposure to credit risk from insurance contracts is RM215,054,000 (2024: RM198,636,000) which primarily relates to premium receivables for services that the Group has already provided, and the maximum exposure to credit risk from reinsurance contracts is RM10,718,000 (2024: RM10,000,000).

Included in insurance contract liabilities of the Group are RM109,348,000 (2024: RM106,122,000) held as cash collateral deposits received from policyholders.

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities

(i) Analysis by remaining coverage and incurred claims

Group	Note	2025			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component		
		RM’000	RM’000	RM’000	RM’000
At 1 January 2025		796,085	62,989	1,397,910	2,256,984
Changes in the statements of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective transition approach		(39,231)	-	-	(39,231)
Other contracts		(1,921,701)	-	-	(1,921,701)
	17, 18	(1,960,932)	-	-	(1,960,932)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(120,041)	1,064,089	944,048
Amortisation of insurance acquisition cash flows	17	379,439	-	-	379,439
Losses on onerous contracts		-	98,166	-	98,166
Adjustments to liabilities for incurred claims		-	-	(125,442)	(125,442)
	18, 21	379,439	(21,875)	938,647	1,296,211
Investment components		(28,652)	-	28,652	-
Insurance service result		(1,610,145)	(21,875)	967,299	(664,721)
Net finance expenses from insurance contracts	19(a)	32,717	5,092	40,568	78,377
Effect of movements in exchange rates		(3,241)	(316)	(3,167)	(6,724)
Total changes in the statements of profit or loss and OCI		(1,580,669)	(17,099)	1,004,700	(593,068)
Cash flows					
Premiums received		2,016,469	-	-	2,016,469
Claims and other insurance service expenses paid, including investment components		-	-	(897,309)	(897,309)
Insurance acquisition cash flows		(396,032)	-	-	(396,032)
Total cash flows		1,620,437	-	(897,309)	723,128
At 31 December 2025		835,853	45,890	1,505,301	2,387,044

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FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(i) Analysis by remaining coverage and incurred claims (continued)

Group	Note	2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component		
		RM'000	RM'000	RM'000	RM'000
At 1 January 2024		715,562	51,398	1,432,860	2,199,820
Changes in the statements of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective transition approach		(49,801)	-	-	(49,801)
Other contracts		(1,731,758)	-	-	(1,731,758)
	17, 18	(1,781,559)	-	-	(1,781,559)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(103,575)	972,200	868,625
Amortisation of insurance acquisition cash flows	17	346,481	-	-	346,481
Losses on onerous contracts		-	110,888	-	110,888
Adjustments to liabilities for incurred claims		-	-	(268,135)	(268,135)
	18, 21	346,481	7,313	704,065	1,057,859
Investment components		(29,103)	-	29,103	-
Insurance service result		(1,464,181)	7,313	733,168	(723,700)
Net finance expenses from insurance contracts	19(a)	29,480	4,720	33,854	68,054
Effect of movements in exchange rates		(4,813)	(442)	(5,607)	(10,862)
Total changes in the statements of profit or loss and OCI		(1,439,514)	11,591	761,415	(666,508)
Cash flows					
Premiums received		1,885,327	-	-	1,885,327
Claims and other insurance service expenses paid, including investment components		-	-	(796,365)	(796,365)
Insurance acquisition cash flows		(365,290)	-	-	(365,290)
Total cash flows		1,520,037	-	(796,365)	723,672
At 31 December 2024		796,085	62,989	1,397,910	2,256,984

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FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM

		2025					
		CSM					
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Other contracts	Subtotal	Total
Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025		1,730,435	255,880	18,491	252,178	270,669	2,256,984
Changes in the statements of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	17	-	-	(10,468)	(523,081)	(533,549)	(533,549)
Change in risk adjustment for non-financial risk for risk expired		-	(49,433)	-	-	-	(49,433)
Experience adjustments		(10,408)	(44,055)	-	-	-	(54,463)
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(i)	(504,925)	151,044	-	479,507	479,507	125,626
Changes in estimates that adjust the CSM		(74,020)	679	7,986	65,355	73,341	-
Changes in estimates that result in reversals of losses on onerous contracts		(22,812)	(4,648)	-	-	-	(27,460)

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2025					
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	CSM			Total RM'000
				Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
Changes that relate to past services							
Adjustments to liabilities for incurred claims		(50,921)	(74,521)	-	-	-	(125,442)
Insurance service result		(663,086)	(20,934)	(2,482)	21,781	19,299	(664,721)
Net finance expenses from insurance contracts	19(a)	49,748	11,894	595	16,140	16,735	78,377
Effect of movements in exchange rates		(5,620)	(682)	(25)	(397)	(422)	(6,724)
Total changes in the statements of profit or loss and OCI		(618,958)	(9,722)	(1,912)	37,524	35,612	(593,068)
Cash flows*		723,128	-	-	-	-	723,128
At 31 December 2025		1,834,605	246,158	16,579	289,702	306,281	2,387,044

* Cash flows are analysed on page 205

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2024					
		Estimates of present value of future cashflows RM'000	Risk adjustment for non- financial risk RM'000	CSM			Total RM'000
				Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
At 1 January 2024		1,722,169	258,749	20,128	198,774	218,902	2,199,820
Changes in the statements of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	17	-	-	(11,553)	(441,322)	(452,875)	(452,875)
Change in risk adjustment for non-financial risk for risk expired		-	(53,426)	-	-	-	(53,426)
Experience adjustments		(21,349)	(38,803)	-	-	-	(60,152)
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(i)	(469,814)	142,790	-	435,766	435,766	108,742
Changes in estimates that adjust the CSM		(62,072)	8,088	9,389	44,595	53,984	-
Changes in estimates that result in losses on onerous contracts		863	1,283	-	-	-	2,146

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12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2024					
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	CSM		Subtotal RM'000	Total RM'000
				Contracts under modified retrospective transition approach RM'000	Other contracts RM'000		
Changes that relate to past services							
Adjustments to liabilities for incurred claims		(195,173)	(72,962)	-	-	-	(268,135)
Insurance service result		(747,545)	(13,030)	(2,164)	39,039	36,875	(723,700)
Net finance expenses from insurance contracts	19(a)	41,261	11,344	592	14,857	15,449	68,054
Effect of movements in exchange rates		(9,122)	(1,183)	(65)	(492)	(557)	(10,862)
Total changes in the statements of profit or loss and OCI		(715,406)	(2,869)	(1,637)	53,404	51,767	(666,508)
Cash flows*		723,672	-	-	-	-	723,672
At 31 December 2024		1,730,435	255,880	18,491	252,178	270,669	2,256,984

* Cash flows are analysed on page 206

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets

(i) Analysis by remaining coverage and incurred claims

Group	Note	2025			
		Assets for remaining coverage		Assets for incurred claims RM'000	Total RM'000
		Excluding loss-recovery component RM'000	Loss-recovery component RM'000		
At 1 January 2025		130,487	1,666	747,879	880,032
Changes in the statements of profit or loss and OCI					
Allocation of reinsurance premiums paid	18	(618,451)	-	-	(618,451)
Amounts recoverable from reinsurers					
(Reversal of recoveries)/ Recoveries of incurred claims		-	(3,299)	336,036	332,737
Recoveries of losses on onerous underlying contracts		-	2,716	-	2,716
Adjustments to assets for incurred claims		-	-	(36,101)	(36,101)
		-	(583)	299,935	299,352
Effect of changes in non-performance risk of reinsurers		-	-	2,055	2,055
Net (expenses)/income from reinsurance contracts held	18	(618,451)	(583)	301,990	(317,044)
Net finance income from reinsurance contracts held	19(a)	10,226	138	23,099	33,463
Effect of movements in exchange rates		(606)	(11)	(623)	(1,240)
Total changes in the statements of profit or loss and OCI		(608,831)	(456)	324,466	(284,821)
Cash flows					
Premiums paid		615,871	-	-	615,871
Amounts received		-	-	(253,255)	(253,255)
Total cash flows		615,871	-	(253,255)	362,616
At 31 December 2025		137,527	1,210	819,090	957,827

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(i) Analysis by remaining coverage and incurred claims (continued)

Group	Note	2024			
		Assets for remaining coverage		Assets for incurred claims	Total
		Excluding loss-recovery component	Loss-recovery component		
		RM'000	RM'000	RM'000	RM'000
At 1 January 2024		63,259	1,651	813,058	877,968
Changes in the statements of profit or loss and OCI					
Allocation of reinsurance premiums paid	18	(496,346)	-	-	(496,346)
Amounts recoverable from reinsurers					
(Reversal of recoveries)/					
Recoveries of incurred claims		-	(3,194)	304,911	301,717
Recoveries of losses on onerous underlying contracts		-	3,089	-	3,089
Adjustments to assets for incurred claims		-	-	(153,450)	(153,450)
		-	(105)	151,461	151,356
Effect of changes in non-performance risk of reinsurers		-	-	(935)	(935)
Net (expenses)/income from reinsurance contracts held	18	(496,346)	(105)	150,526	(345,925)
Net finance income from reinsurance contracts held	19(a)	8,544	134	19,842	28,520
Effect of movements in exchange rates		(521)	(14)	(1,431)	(1,966)
Total changes in the statements of profit or loss and OCI		(488,323)	15	168,937	(319,371)
Cash flows					
Premiums paid		555,551	-	-	555,551
Amounts received		-	-	(234,116)	(234,116)
Total cash flows		555,551	-	(234,116)	321,435
At 31 December 2024		130,487	1,666	747,879	880,032

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM

Group	Note	2025					
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
				Contracts under modified retrospective transition approach	Other contracts	Subtotal	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025		616,637	135,503	6,597	121,295	127,892	880,032
Changes in the statements of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services received		-	-	(7,644)	(286,057)	(293,701)	(293,701)
Change in risk adjustment for non-financial risk for risk expired		-	(28,525)	-	-	-	(28,525)
Experience adjustments		46,890	(10,378)	-	-	-	36,512
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(ii)	(302,654)	66,317	-	239,650	239,650	3,313
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	(10)	(80)	(90)	(90)
Changes in estimates that adjust the CSM		(56,637)	(1,497)	6,715	51,419	58,134	-
Changes in estimates that relate to losses on onerous underlying contracts		(450)	(57)	-	-	-	(507)

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2025					
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	CSM			Total RM'000
				Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
Changes that relate to past services							
Adjustments to assets for incurred claims		315	(36,416)	-	-	-	(36,101)
Effect of changes in non-performance risk of reinsurers		2,055	-	-	-	-	2,055
Net (expenses)/income from reinsurance contracts held	18	(310,481)	(10,556)	(939)	4,932	3,993	(317,044)
Net finance income from reinsurance contracts held	19(a)	19,635	5,949	181	7,698	7,879	33,463
Effect of movements in exchange rates		(669)	(164)	(19)	(388)	(407)	(1,240)
Total changes in the statements of profit or loss and OCI		(291,515)	(4,771)	(777)	12,242	11,465	(284,821)
Cash flows*		362,616	-	-	-	-	362,616
At 31 December 2025		687,738	130,732	5,820	133,537	139,357	957,827

* Cash flows are analysed on page 211

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2024					
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	CSM			Total RM'000
				Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
At 1 January 2024		682,267	136,437	9,390	49,874	59,264	877,968
Changes in the statements of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services received		-	-	(7,990)	(186,739)	(194,729)	(194,729)
Change in risk adjustment for non-financial risk for risk expired		-	(32,371)	-	-	-	(32,371)
Experience adjustments		41,500	(9,029)	-	-	-	32,471
Changes that relate to future services							
Contracts initially recognised in the year	12(c)(ii)	(308,779)	61,053	-	250,649	250,649	2,923
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	(2)	217	215	215
Changes in estimates that adjust the CSM		(17,086)	11,790	5,026	270	5,296	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		(93)	44	-	-	-	(49)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2024					
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	CSM			Total RM'000
				Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
Changes that relate to past services							
Adjustments to assets for incurred claims		(115,931)	(37,519)	-	-	-	(153,450)
Effect of changes in non-performance risk of reinsurers		(935)	-	-	-	-	(935)
Net (expenses)/income from reinsurance contracts held	18	(401,324)	(6,032)	(2,966)	64,397	61,431	(345,925)
Net finance income from reinsurance contracts held	19(a)	15,433	5,362	227	7,498	7,725	28,520
Effect of movements in exchange rates		(1,174)	(264)	(54)	(474)	(528)	(1,966)
Total changes in the statements of profit or loss and OCI		(387,065)	(934)	(2,793)	71,421	68,628	(319,371)
Cash flows*		321,435	-	-	-	-	321,435
At 31 December 2024		616,637	135,503	6,597	121,295	127,892	880,032

* Cash flows are analysed on page 212

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(c) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts held measured under the GMM in the year.

(i) Insurance contracts

Group	Note	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
2025				
Claims and other insurance service expenses payable		418,174	550,232	968,406
Insurance acquisition cash flows		237,908	130,475	368,383
Estimates of present value of cash outflows		656,082	680,707	1,336,789
Estimates of present value of cash inflows		(1,224,692)	(617,022)	(1,841,714)
Risk adjustment for non-financial risk		89,103	61,941	151,044
CSM		479,507	-	479,507
Losses recognised on initial recognition	12(a)(ii)	-	125,626	125,626
2024				
Claims and other insurance service expenses payable		407,299	477,222	884,521
Insurance acquisition cash flows		225,140	117,560	342,700
Estimates of present value of cash outflows		632,439	594,782	1,227,221
Estimates of present value of cash inflows		(1,155,910)	(541,125)	(1,697,035)
Risk adjustment for non-financial risk		87,705	55,085	142,790
CSM		435,766	-	435,766
Losses recognised on initial recognition	12(a)(ii)	-	108,742	108,742

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FOR THE YEAR ENDED 31 DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(c) Effect of contracts initially recognised in the year (continued)

(ii) Reinsurance contracts held

Group	Note	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
2025				
Estimates of present value of cash inflows		(209,731)	(11,937)	(221,668)
Estimates of present value of cash outflows		511,183	13,139	524,322
Risk adjustment for non-financial risk		(64,981)	(1,336)	(66,317)
Income recognised on initial recognition		-	3,313	3,313
CSM	12(b)(ii)	236,471	3,179	239,650
2024				
Estimates of present value of cash inflows		(199,089)	(10,760)	(209,849)
Estimates of present value of cash outflows		506,492	12,136	518,628
Risk adjustment for non-financial risk		(59,805)	(1,248)	(61,053)
Income recognised on initial recognition		-	2,923	2,923
CSM	12(b)(ii)	247,598	3,051	250,649

(d) Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts measured under GMM.

Group	1 year or less RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	5 - 10 years RM'000	More than 10 years RM'000	Total RM'000
2025								
Insurance contracts	271,446	13,543	5,018	2,676	1,906	5,704	5,988	306,281
Reinsurance contracts held	122,335	10,709	2,853	1,040	509	982	929	139,357
2024								
Insurance contracts	238,999	11,101	4,376	2,379	1,769	5,792	6,253	270,669
Reinsurance contracts held	113,721	8,666	2,377	805	421	951	951	127,892

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information

(i) Classification

The Group classifies contracts that assume significant insurance risk as insurance contracts, while contracts that transfer such risk to another party are considered reinsurance contracts held. Insurance risk is viewed by the Group as significant if there is any realistic situation where the insured event would lead to the payment of much higher benefits than if it did not occur. Once classified as an insurance contract, this status remains for the contract's lifetime, even if the insurance risk decreases, unless all rights and obligations are extinguished or expired.

(ii) Separating components from insurance contracts and reinsurance contracts held

At contract inception, the Group generally disaggregates significant embedded derivatives, distinct investment components, and distinct non-insurance service components from insurance contracts or reinsurance contracts held, as if they were stand-alone contracts.

The Group has not identified any embedded derivatives in its current insurance contracts or reinsurance contracts held.

(iii) Level of aggregation

Insurance contracts and reinsurance contracts held are grouped for measurement by first identifying portfolios based on similar risks and managed together. Each portfolio is divided into annual cohorts by issuance year and inception year, and includes groups for onerous contracts, contracts unlikely to become onerous, and other remaining contracts. Upon recognition, a contract is added to an existing group or forms a new one if it doesn't fit. Reinsurance contracts held are grouped similarly, but some may cover underlying contracts from different groups.

(iv) Recognition

The Group recognises insurance contracts from the earliest of the policy inception or issuance dates. For reinsurance contracts held, recognition occurs when at least one underlying insurance contract is onerous, aligning with the insurance contract's recognition. Otherwise, for proportional coverage reinsurance, it is recognised at the later of the coverage period start date or the initial recognition of underlying contracts. For all other reinsurance contracts held, recognition happens at the start of the coverage period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(v) Insurance acquisition cash flows

Insurance acquisition cash flows, related to selling, underwriting, and starting contracts, are allocated to contract groups using systematic and rational methods based on the total premiums, with directly attributable costs, like commissions, assigned specifically to those groups. However, the Group does not recognise any acquisition asset for cash flows incurred before contract recognition.

(vi) Contract boundaries

Contract boundaries for a group of contracts encompass all future cash flows during the coverage period defined by premiums. For insurance contracts, cash flows remain within this boundary if they arise from substantive rights and obligations during the reporting period, allowing the Group to compel premium payments or provide services. This obligation ends when the Group can reassess policyholder risks and adjust pricing accordingly. For reinsurance contracts held, cash flows are included if they arise from substantive rights during the reporting period, compelling the Group to pay the reinsurer or receive services. This right ceases when the reinsurer can reassess risks or terminate coverage.

(vii) Measurement

The Group measures insurance contracts by calculating total fulfilment cash flows (which comprise estimates of future cash flows, adjusted to reflect the time value of money, and a risk adjustment for non-financial risk) along with the CSM. These estimations do not include the Group’s non-performance risk but may account for non-payment risks from counterparties.

Future cash flows are estimated using a deterministic model, with all cash flows discounted at risk-free rates. At each reporting date, the carrying amount of the group of contracts includes liabilities for remaining coverage and liabilities for incurred claims. Liabilities for remaining coverage comprise future fulfilment cash flows and any remaining CSM, while liabilities for incurred claims cover unpaid claims and claims that have been incurred but not yet reported.

MFRS 17 introduces a discounted measurement approach, known as the GMM, for all insurance contracts. The Group has determined that it will apply GMM to all its contracts issued and reinsurance contracts held, except for certain contracts during the transition period, for which the modified retrospective approach is adopted due to data limitations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(vii) Measurement (continued)

The CSM is initially measured as the opposite of the net inflow, resulting in no income or expenses. If there's a net outflow, it indicates onerous contracts, which are recognised as a loss in profit or loss. The CSM is adjusted only for changes in fulfilment cash flows related to future services, recognised in profit or loss as those services are provided, representing unrecognised profit at each reporting date. The carrying amount of the CSM is updated based on new contracts added, interest accrued, changes in fulfilment cash flows, and insurance revenue recognised for services provided during the year. Changes in fulfilment cash flows include adjustments from premiums, estimates of future cash flows, differences between expected and actual investment components, and adjustments for non-financial risks related to future services.

A loss component is recognised by the Group when the expected cash outflows for an insurance contract exceed the premiums. Once recognised, it is updated each reporting period in three ways: (a) the expected cash outflows, financing effects, and risk adjustments are allocated proportionally between the loss component and the remaining liability based on their relative size at the start of the period; (b) any reductions in future expected cash outflows or non-financial risks are applied entirely to the loss component until it reaches zero; and (c) changes in estimates of future cash flows can either increase or reverse the loss component, and if it is fully reversed, a contractual service margin may be created. This loss component also helps identify amounts recognised in profit or loss as reversals of losses, which do not count as insurance revenue.

The Group uses the same accounting policies for reinsurance contracts held as for insurance contracts, with some modifications. Estimates of future cash flows align with those of underlying insurance contracts, adjusted for reinsurer’s non-performance risk, which is assessed regularly and affects profit or loss. The CSM indicates a net cost or gain from purchasing reinsurance, recognised immediately as an expense if related to prior insured events, and income when a loss on onerous contracts is recognised. The CSM is recognised in profit or loss as services are received. For reinsurance contracts held covering onerous underlying contracts, a loss-recovery component is established to reflect the management of loss recoveries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(viii) Significant judgements and estimates

In estimating future cash flows, the Group utilises all reasonable and supportable information available at the reporting date, including both internal and external historical data about claims and experiences, while updating it to reflect current expectations. These cash flows pertain directly to fulfilling the contract, encompassing payments to policyholders, insurance acquisition cash flows, and other related costs, including both direct expenses and allocated overheads. Cash flows are assigned to acquisition and fulfilment activities either directly or through estimates based on the activities of respective business functions, using systematic and rational methods consistently applied across similar costs, such as total premiums, number of policies, or claims.

The Group determines risk-free discount rates using government securities’ yield curves, interpolating between the last market data point and an ultimate forward rate that reflects long-term interest and inflation expectations. This forward rate is revised only with significant changes in long-term expectations, and no illiquidity premium adjustment is needed due to the liquid nature of insurance payouts.

The table below sets out the yield curves used to discount the cash flows of insurance contracts for major currencies:

Group	At 31 December 2025					At 31 December 2024				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
MYR	2.85%	3.27%	3.56%	3.77%	3.88%	3.28%	3.64%	3.83%	3.97%	4.07%
SGD	1.35%	1.87%	2.29%	2.29%	2.31%	2.75%	2.76%	2.79%	2.82%	2.80%

The Group determines risk adjustments for non-financial risk to reflect compensation for bearing such risks and its risk aversion, using a confidence level technique. This involves estimating the probability distribution of future cash flows and calculating the risk adjustment as the difference between the value at the 75th percentile confidence level and the expected present value of those cash flows, in line with Bank Negara Malaysia’s regulatory requirements. Changes in the risk adjustment are disaggregated between the insurance service results and insurance finance income or expenses.

The CSM of a group of contracts is recognised in profit or loss based on the services provided each year. This involves identifying coverage units, equally allocating the remaining CSM to these units for both current and future years and recognising the allocated CSM for the services provided in the year. Coverage units are defined by the quantity of benefits offered by the contracts and their expected coverage periods within the coverage boundaries, with regular reviews and updates at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(viii) Significant judgements and estimates (continued)

To estimate liabilities for incurred claims, the Group employs standard actuarial techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods, which use past claims development to project the total unpaid claims, including incurred but not reported claims, expected to be paid in the future. Historical claims are analysed by accident year and business line, while large claims are reserved or projected separately. Final reserves are discounted based on expected payment patterns, and qualitative judgment is applied to account for trends and uncertainties that may affect the unpaid claims costs. Similarly, assets for incurred claims are estimated using a similar approach.

(ix) Modification and derecognition

The Group generally does not expect its policy endorsements, aside from cancellations, to qualify as modifications under MFRS 17, treating any cash flow changes from endorsements as adjustments to fulfilment cash flow estimates. A contract is derecognised when it is extinguished, meaning its obligations have expired, been discharged, or cancelled.

(x) Presentation and disclosure

The Group presents insurance contracts and reinsurance contracts held separately in the statements of financial position, distinguishing between assets and liabilities. Rights and obligations are shown on a net basis, eliminating separate entries for insurance receivables and payables. In the statements of profit or loss and OCI, amounts are divided into insurance service results (including revenue and expenses) and insurance finance income or expenses, with reinsurance held amounts reported separately. Insurance revenue and expenses exclude any investment components.

The Group recognises insurance revenue as it provides services under insurance contracts, reflecting changes in liabilities related to coverage for which the Group receives or expects to receive consideration within the contract boundaries. Expenses directly related to fulfilling contracts are generally recognised as insurance service expenses when incurred (such as incurred claims, amortisation of insurance acquisition cash flows, and losses on onerous contracts, including reversals of such losses), while expenses that do not relate directly are presented separately.

Net expenses from reinsurance contracts held are shown as a single line item in the financial statements.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service results and insurance finance income or expenses.

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(e) Material accounting policy information (continued)

(x) Presentation and disclosure (continued)

The Group also disaggregates insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the discount rates determined on initial recognition of the group of contracts.

For reinsurance contracts held covering onerous underlying contracts, a loss-recovery component is established to reflect the management of loss recoveries.

(xi) Transition

The modified retrospective approach aims to closely replicate retrospective application using available information. Due to data limitations, the Group made several modifications, including adopting groupings as at the transition date for contracts issued before it, grouping all pre-transition contracts into one cohort, using the discount rate at the transition date for initial recognition, and applying the risk adjustment for non-financial risk based on the transition date.

The Group adopted the modified retrospective approach for all insurance contracts issued and reinsurance contracts held, except for long-term medical contracts at the transition date, for which the full retrospective approach was applied.

13. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities/(assets)

Recognised deferred tax liabilities are attributable to the following:

	Group	
	2025 RM'000	2024 RM'000
Other investments at fair value through other comprehensive income (“FVOCI”)	7,937	7,498
Other investments at fair value through profit or loss (“FVTPL”)	3,727	3,702
Allowance for impairment	(3)	(1)
Insurance contracts and reinsurance contracts held	27,974	27,672
Right-of-use assets	7,121	7,538
Lease liabilities	(7,694)	(8,085)
	39,062	38,324

13. DEFERRED TAX LIABILITIES (CONTINUED)

Movement in temporary differences during the financial year

Group	Note	Other investments at FVOCI RM'000	Other investments at FVTPL RM'000	Allowance for impairment RM'000	Insurance contracts and reinsurance contracts held RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2024		2,853	3,863	-	18,927	8,441	(8,963)	25,121
Recognised in profit or loss	23	-	(157)	(1)	8,707	(802)	775	8,522
Recognised in other comprehensive income	23	4,645	-	-	79	-	-	4,724
Effect of movement in exchange rates		-	(4)	-	(41)	(101)	103	(43)
At 31 December 2024/1 January 2025		7,498	3,702	(1)	27,672	7,538	(8,085)	38,324
Recognised in profit or loss	23	-	25	(2)	1,332	(365)	338	1,328
Recognised in other comprehensive income	23	439	-	-	(982)	-	-	(543)
Effect of movement in exchange rates		-	-	-	(48)	(52)	53	(47)
At 31 December 2025		7,937	3,727	(3)	27,974	7,121	(7,694)	39,062

13.1 Material accounting policy information

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.

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14. LEASE LIABILITIES

Leases as lessee

	Group	
	2025 RM'000	2024 RM'000
Lease liabilities are payable as follows:		
- Within next 12 months	6,948	7,081
- After next 12 months	28,430	28,933
	35,378	36,014

14.1 Reconciliation of movements in lease liabilities to cash flows arising from financing activities

	Note	Group	
		2025 RM'000	2024 RM'000
At 1 January		36,014	40,303
Net changes from financing cash flows		(6,991)	(7,039)
Acquisition of new lease	3	6,669	3,355
Effect of movement in exchange rates		(314)	(605)
At 31 December		35,378	36,014

14.2 Amounts recognised in statements of cash flows

	Note	Group	
		2025 RM'000	2024 RM'000
Included in net cash from operating activities:			
Interest on lease liabilities		(1,192)	(1,061)
Payment relating to short-term leases	21	(89)	(79)
Payment relating to leases of low-value assets	21	(529)	(503)
Included in net cash from financing activities:			
Payment of lease liabilities		(6,991)	(7,039)
Total cash outflows for leases		(8,801)	(8,682)

14. LEASE LIABILITIES (CONTINUED)

Leases as lessee (continued)

14.3 Maturity analysis

The maturity profile of the lease liabilities of the Group based on remaining undiscounted contractual obligations, including interest/profit payable are as follows:

	Group	
	2025 RM'000	2024 RM'000
Up to one year	8,006	8,028
1 to 3 years	14,811	15,493
3 to 5 years	13,263	10,012
5 to 15 years	2,322	5,496
Total undiscounted lease liabilities at 31 December	38,402	39,029

The interest rate of the lease liabilities ranging from 2.5% to 10.9% (2024: 0.8% to 10.9%).

14.4 Material accounting policy information

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate.

15. OTHER PAYABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other payables	1,181	987	-	-
Accrued expenses	5,685	6,802	1,826	2,071
	6,866	7,789	1,826	2,071

The carrying amounts disclosed above approximate their fair values at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

16. OPERATING REVENUE

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Insurance revenue	17	1,960,932	1,781,559	-	-
Dividend income		98,218	87,104	325,710	302,521
Interest income (net of amortisation of premiums and accretion of discounts)		52,229	57,121	2,165	2,228
Rental of premises	4.2, 19(b)	850	852	-	-
		2,112,229	1,926,636	327,875	304,749

17. INSURANCE REVENUE

	Note	Group	
		2025	2024
		RM'000	RM'000
Amounts relating to changes in liabilities for remaining coverage			
- Contractual service margin recognised for services provided	12(a)(ii)	533,549	452,875
- Change in risk adjustment for non-financial risk for risk expired		150,011	144,951
- Expected incurred claims and other insurance service expenses		818,269	763,377
- Other		79,664	73,875
Recovery of insurance acquisition cash flows	12(a)(i)	379,439	346,481
Total insurance revenue	12(a)(i), 16	1,960,932	1,781,559

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18. INSURANCE SERVICE RESULT BY PORTFOLIO

Group	Note	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	12(a)(i), 17	782,518	684,932	483,996	443,999	92,807	106,895	601,611	545,733	1,960,932	1,781,559
Incurred claims	21	(220,857)	(90,570)	(314,171)	(284,830)	(18,066)	(64,004)	(302,761)	(185,385)	(855,855)	(624,789)
Other incurred insurance service expenses		(22,635)	(20,996)	(27,232)	(26,826)	(3,127)	(4,023)	(29,798)	(27,431)	(82,792)	(79,276)
Amortisation of commission expense		(93,825)	(88,109)	(45,855)	(41,956)	(6,173)	(6,280)	(72,137)	(68,666)	(217,990)	(205,011)
Amortisation of other insurance acquisition cash flows		(53,349)	(46,399)	(50,591)	(44,334)	(7,950)	(8,502)	(49,559)	(42,235)	(161,449)	(141,470)
Reversals of losses/(Losses) on onerous contracts	21	-	401	13,343	36	(18)	60	8,550	(7,810)	21,875	(7,313)
Insurance service expenses	12(a)(i), 21	(390,666)	(245,673)	(424,506)	(397,910)	(35,334)	(82,749)	(445,705)	(331,527)	(1,296,211)	(1,057,859)
Allocation of reinsurance premiums paid	12(b)(i)	(299,519)	(197,529)	(25,647)	(23,387)	(65,201)	(78,868)	(228,084)	(196,562)	(618,451)	(496,346)
Recoveries of incurred claims	12(b)(i)	122,687	29,466	9,080	2,373	11,628	55,473	158,595	63,214	301,990	150,526
(Reversals of recoveries)/ Recoveries of losses on onerous underlying contracts		-	(152)	(349)	(155)	2	(40)	(236)	242	(583)	(105)
Net expenses from reinsurance contracts held	12(b)	(176,832)	(168,215)	(16,916)	(21,169)	(53,571)	(23,435)	(69,725)	(133,106)	(317,044)	(345,925)
Insurance service result		215,020	271,044	42,574	24,920	3,902	711	86,181	81,100	347,677	377,775

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FOR THE YEAR ENDED 31 DECEMBER 2025

19. NET FINANCIAL RESULT

The following table analyses the Group's and the Company's net financial result in profit or loss and other comprehensive income ("OCI").

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Investment return					
Investment income	19(b)	151,297	145,077	327,875	304,749
Net fair value gains	19(c)	10,041	1,097	-	-
Net (impairment loss)/reversal of impairment loss on investments		(12)	1	-	-
Amount recognised in OCI					
- Debt instruments		1,000	100	-	-
- Equity instruments		(1,905)	59,740	(4,252)	57,403
Total investment return		160,421	206,015	323,623	362,152
Net finance expenses from insurance contracts					
Interest accreted		(69,761)	(71,569)	-	-
Effect of changes in interest rates and other financial assumptions		(6,878)	5,397	-	-
Effect of measuring changes in estimates at current rates and adjusting the contractual service margin at rates on initial recognition		(1,738)	(1,882)	-	-
Total net finance expenses from insurance contracts	19(a)	(78,377)	(68,054)	-	-
Net finance income from reinsurance contracts held					
Interest accreted		29,219	32,363	-	-
Other		4,244	(3,843)	-	-
Total net finance income from reinsurance contracts held	19(a)	33,463	28,520	-	-
		115,507	166,481	323,623	362,152
Represented by:					
Amounts recognised in profit or loss		120,784	106,969	327,875	304,749
Amounts recognised in OCI		(5,277)	59,512	(4,252)	57,403
		115,507	166,481	323,623	362,152

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19. NET FINANCIAL RESULT (CONTINUED)

(a) Insurance finance income and expenses

Group	Note	2025 RM'000	2024 RM'000
Net finance (expenses)/income from insurance contracts			
Recognised in profit or loss		(69,761)	(71,569)
Recognised in OCI		(8,616)	3,515
	12(a)	(78,377)	(68,054)
Net finance income/(expenses) from reinsurance contracts held			
Recognised in profit or loss		29,219	32,363
Recognised in OCI		4,244	(3,843)
	12(b)	33,463	28,520

(b) Investment income

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<i>Fair value through other comprehensive income financial assets</i>					
Dividend income					
- Equity securities quoted in Malaysia	30(a)	47,332	44,026	45,710	42,521
Interest/profit income					
- Corporate bonds and sukuk		2,376	605	-	-
Accretion of discounts, net of amortisation of premiums		46	7	-	-
<i>Fair value through profit or loss financial assets</i>					
Dividend income					
- Equity securities quoted outside Malaysia		195	312	-	-
- Unquoted equity securities in Malaysia		24	24	-	-
- Unit trusts		50,214	42,500	-	-
- Real estate investment trusts		423	214	-	-
- Exchange-traded fund		30	28	-	-
Interest/profit income					
- Corporate bonds and sukuk		15,369	13,704	-	-
Amortisation of premiums, net of accretion of discounts		-	(42)	-	-

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19. NET FINANCIAL RESULT (CONTINUED)

(b) Investment income (continued)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<i>Amortised cost</i>					
Interest/profit income					
- Malaysian government securities		571	566	-	-
- Government investment issues		1,461	1,460	-	-
- Malaysian government guaranteed loans		2,920	3,014	-	-
- Corporate bonds and sukuk		1,383	1,711	-	-
- Fixed and call deposits		28,157	36,247	2,165	2,228
Amortisation of premiums, net of accretion of discounts		(54)	(151)	-	-
Dividend income from unquoted subsidiary	30(a)	-	-	280,000	260,000
Rental of properties received from third parties	4.2, 16	850	852	-	-
Total investment income		151,297	145,077	327,875	304,749

(c) Net fair value gains and losses

	Note	Group	
		2025 RM'000	2024 RM'000
Fair value gains for:			
Investment properties	4	2,029	660
<i>Fair value through profit or loss financial assets</i>			
Equity securities in corporations			
- Quoted outside Malaysia		983	886
- Unquoted in Malaysia		25	52
Unit trusts in Malaysia		4,535	-
Real estate investment trusts			
- Quoted in Malaysia		167	370
- Quoted outside Malaysia		330	7
Exchange-traded fund			
- Quoted outside Malaysia		46	-
Corporate bonds and sukuk			
- Unquoted in Malaysia		1,926	559
- Unquoted outside Malaysia		-	54
		10,041	2,588

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19. NET FINANCIAL RESULT (CONTINUED)

(c) Net fair value gains and losses (continued)

	Note	Group	
		2025 RM'000	2024 RM'000
Fair value losses for:			
<i>Fair value through profit or loss financial assets</i>			
Unit trusts in Malaysia		-	(1,423)
Exchange-traded fund			
- Quoted outside Malaysia		-	(68)
		-	(1,491)
Net fair value gains		10,041	1,097

20. OTHER INCOME

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest on staff housing loans		188	221	-	-
Interest on bank balance		1,586	272	-	-
Gain on disposal of plant and equipment		16	276	-	93
Sundry income		7,504	4,437	-	-
		9,294	5,206	-	93

21. EXPENSES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Personnel expenses (including key management personnel)					
Company's Directors					
- Directors' fees	22	1,400	1,895	1,070	1,314
- Board Committees' Chairman fees	22	108	140	108	105
- Directors' remuneration	22	4,928	4,822	4,799	4,586

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

21. EXPENSES (CONTINUED)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Subsidiaries' Directors					
- Directors' fees	22	1,204	1,105	-	-
- Board Committees' Chairman fees	22	140	140	-	-
- Directors' remuneration	22	7,581	3,134	-	-
Wages, salaries and others		157,085	152,785	870	840
Contributions to Employees' Provident Fund/Central Provident Fund		21,358	20,130	121	115
		193,804	184,151	6,968	6,960
Auditors' remuneration					
Auditors of the Company					
- Statutory audit					
- Current year		666	615	132	105
- Prior year		118	-	118	-
- Regulatory related services*		115	110	-	-
- Other services		5	5	5	5
Affiliates of auditors of the Company					
- Statutory audit		538	560	-	-
- Other services		80	76	10	9
Incurred claims	18	855,855	624,789	-	-
Commissions		224,445	213,430	-	-
(Reversal of losses)/Losses on onerous insurance contracts	18	(21,875)	7,313	-	-
Bad debts written off		3	-	-	-
Depreciation of plant and equipment	2	2,405	2,614	127	85
Depreciation of right-of-use assets	3	7,136	7,168	-	-
Amortisation of intangible assets	5	1,436	1,458	-	-
Expenses relating to short-term leases	14.2	89	79	47	47
Expenses relating to leases of low-value assets	14.2	529	503	-	-
Realised foreign exchange loss/(gain)		364	(220)	-	-
Unrealised foreign exchange gain		(738)	(1,249)	-	-
Write off of plant and equipment		2	-	-	-
Other expenses		70,037	61,800	3,465	1,647
		1,335,014	1,103,202	10,872	8,858
Amounts attributed to insurance acquisition cash flows incurred during the year		(397,781)	(374,955)	-	-
Amortisation of insurance acquisition cash flows 12(a)(i)		379,439	346,481	-	-
		1,316,672	1,074,728	10,872	8,858
Represented by:					
	12(a)(i),				
Insurance service expenses	18	1,296,211	1,057,859	-	-
Other operating expenses		20,461	16,869	10,872	8,858
		1,316,672	1,074,728	10,872	8,858

* Regulatory related services refer to limited review on a subsidiary's interim financial statements and other services.

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FOR THE YEAR ENDED 31 DECEMBER 2025

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows:

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF/CPF RM'000	Other RM'000	Benefits- in-kind RM'000	Total RM'000
2025								
Directors								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	182	-	1,795	2,094	584	19	35	4,709
Non-Executive Directors								
- Tee Choon Yeow	660	35	-	-	-	193	-	888
- Lee Chin Guan (cessation on 27 January 2025)	12	3	-	-	-	11	-	26
- Soo Chow Lai	182	-	-	-	-	78	-	260
- Dato' Chia Lee Kee	182	35	-	-	-	78	-	295
- Mohamed Raslan Bin Abdul Rahman	182	35	-	-	-	76	-	293
	1,218	108	-	-	-	436	-	1,762
Total Directors' remuneration (including benefits-in-kind)	1,400	108	1,795	2,094	584	455	35	6,471
Other key management personnel								
Executive Director and Chief Executive Officer of subsidiaries								
- Chuang Chee Hing (appointed on 8 July 2025)	95	-	1,033	1,033	310	14	35	2,520
- Looi Kong Meng (cessation on 7 July 2025)	119	-	1,219	1,118	351	12	35	2,854
- Quek Sun Hui (appointed on 2 September 2025)	-	-	1,166	614	31	114	99	2,024
	214	-	3,418	2,765	692	140	169	7,398
Non-Executive Directors of subsidiaries								
- Mohd Suffian Bin Haji Haron	198	35	-	-	-	123	-	356
- Wong Ah Kow	198	35	-	-	-	115	-	348
- Ng Chwe Hwa	198	35	-	-	-	118	-	351
- Woo Chew Hong	198	35	-	-	-	103	-	336
- Dato' Dr Fauziah Binti Mohd Taib	198	-	-	-	-	107	-	305
	990	140	-	-	-	566	-	1,696
Total other key management personnel remuneration (including benefits-in-kind)	1,204	140	3,418	2,765	692	706	169	9,094
Total Directors' and other key management personnel remuneration (including benefits-in-kind)	2,604	248	5,213	4,859	1,276	1,161	204	15,565

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22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits- in-kind RM'000	Total RM'000
2024								
<u>Directors</u>								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	182	-	1,687	1,969	540	15	30	4,423
Non-Executive Directors								
- Tee Choon Yeow	660	35	-	-	-	171	-	866
- Lee Chin Guan (cessation on 27 January 2025)	334	35	-	-	-	148	-	517
- Chan Kwai Hoe (cessation on 30 June 2024)	189	35	-	-	-	83	-	307
- Soo Chow Lai	182	-	-	-	-	76	-	258
- Dato' Chia Lee Kee	182	-	-	-	-	76	-	258
- Mohamed Raslan Bin Abdul Rahman (appointed on 31 January 2024)	166	35	-	-	-	57	-	258
	1,713	140	-	-	-	611	-	2,464
Total Directors' remuneration (including benefits-in-kind)	1,895	140	1,687	1,969	540	626	30	6,887
<u>Other key management personnel</u>								
Executive Director and Chief Executive Officer of subsidiary								
- Looi Kong Meng	198	-	1,147	1,147	339	19	33	2,883
Non-Executive Directors of subsidiary								
- Mohd Suffian Bin Haji Haron	198	35	-	-	-	111	-	344
- Wong Ah Kow	198	35	-	-	-	107	-	340
- Ng Chwe Hwa	198	35	-	-	-	110	-	343
- Woo Chew Hong	198	35	-	-	-	96	-	329
- Dato' Dr Fauziah Binti Mohd Taib (appointed on 1 June 2024)	115	-	-	-	-	58	-	173
	907	140	-	-	-	482	-	1,529
Total other key management personnel remuneration (including benefits-in-kind)	1,105	140	1,147	1,147	339	501	33	4,412
Total Directors' and other key management personnel remuneration (including benefits-in-kind)	3,000	280	2,834	3,116	879	1,127	63	11,299

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FOR THE YEAR ENDED 31 DECEMBER 2025

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Company	Fees RM'000	Board Committee's Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits- in-kind RM'000	Total RM'000
2025								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	182	-	1,795	2,094	584	19	35	4,709
Non-Executive Directors								
- Tee Choon Yeow	330	35	-	-	-	64	-	429
- Lee Chin Guan (cessation on 27 January 2025)	12	3	-	-	-	11	-	26
- Soo Chow Lai	182	-	-	-	-	78	-	260
- Dato' Chia Lee Kee	182	35	-	-	-	78	-	295
- Mohamed Raslan Bin Abdul Rahman	182	35	-	-	-	76	-	293
	888	108	-	-	-	307	-	1,303
Total Directors' remuneration (including benefits-in-kind)	1,070	108	1,795	2,094	584	326	35	6,012

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FOR THE YEAR ENDED 31 DECEMBER 2025

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Company	Fees	Board Committees' Chairman fees	Salary	Bonus	EPF	Other	Benefits- in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	182	-	1,687	1,969	540	15	30	4,423
Non-Executive Directors								
- Tee Choon Yeow	330	35	-	-	-	60	-	425
- Lee Chin Guan (cessation on 27 January 2025)	182	35	-	-	-	72	-	289
- Chan Kwai Hoe (cessation on 30 June 2024)	90	-	-	-	-	34	-	124
- Soo Chow Lai	182	-	-	-	-	76	-	258
- Dato' Chia Lee Kee	182	-	-	-	-	76	-	258
- Mohamed Raslan Bin Abdul Rahman (appointed on 31 January 2024)	166	35	-	-	-	57	-	258
	1,132	105	-	-	-	375	-	1,612
Total Directors' remuneration (including benefits-in-kind)	1,314	105	1,687	1,969	540	390	30	6,035

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23. TAX EXPENSE

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Recognised in profit or loss					
Current tax expense					
Malaysian					
- current year		90,007	91,523	507	523
- prior years		(4,014)	(5,029)	(2)	(1)
Overseas					
- current year		2,168	2,240	-	-
- prior years		(34)	(222)	-	-
Total current tax recognised in profit or loss		88,127	88,512	505	522
Deferred tax expense/(income)					
Malaysian					
- origination and reversal of temporary differences		1,512	7,989	-	-
Overseas					
- origination and reversal of temporary differences		(184)	533	-	-
Total deferred tax recognised in profit or loss	13	1,328	8,522	-	-
Tax expense		89,455	97,034	505	522
Share of tax of equity accounted associated company		212	227	-	-
Total income tax expense		89,667	97,261	505	522
Reconciliation of tax expense					
Profit for the year		367,783	377,091	316,498	295,462
Total taxation		89,667	97,261	505	522
Profit excluding tax		457,450	474,352	317,003	295,984
Income tax using Malaysian tax rate of 24% (2024: 24%)					
		109,788	113,845	76,081	71,036
Effect of lower tax rates for reinsurance inwards		(1,364)	-	-	-
Difference in effective tax rate of equity accounted associated company		(112)	(333)	-	-
Non-deductible expenses		6,334	7,488	2,596	2,112
Tax exempt income		(23,574)	(20,751)	(78,170)	(72,625)
Other items		2,643	2,263	-	-
		93,715	102,512	507	523
Over provision in prior years		(4,048)	(5,251)	(2)	(1)
Total income tax expense		89,667	97,261	505	522

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FOR THE YEAR ENDED 31 DECEMBER 2025

23. TAX EXPENSE (CONTINUED)

Note	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Recognised in other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Fair value through other comprehensive income financial assets				
- Deferred tax	13	127	15	-
- Current tax		86	-	-
Net finance (expenses)/income from insurance contracts				
- Deferred tax	13	(1,988)	1,034	-
Net finance income/(expenses) from reinsurance contracts held				
- Deferred tax	13	1,006	(955)	-
		(769)	94	-
<i>Items that will not be reclassified to profit or loss</i>				
Fair value through other comprehensive income financial assets				
- Deferred tax	13	312	4,630	-
- Current tax		(2,439)	2,439	-
		(2,127)	7,069	-
		(2,896)	7,163	-

24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to owners of the Group of RM367,783,000 (2024: RM377,091,000) and the weighted average number of ordinary shares outstanding during the year of 398,382,753 (2024: 398,382,753).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary shares as there are no dilutive potential ordinary shares at 31 December 2025 and 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DIVIDENDS

Dividends recognised in the current year by the Company as appropriation of profits are as follows:

	Sen per share	Total amount RM'000	Date of payment
2025			
Second interim 2024 ordinary	50.00	199,191	25 March 2025
First interim 2025 ordinary	30.00	119,515	12 September 2025
Total amount		318,706	
2024			
Second interim 2023 ordinary	40.00	159,353	20 March 2024
First interim 2024 ordinary	30.00	119,515	13 September 2024
Total amount		278,868	

After the reporting period the following dividends were proposed by the Directors:

	Group and Company	
	Sen per share	Total amount RM'000
Second interim 2025 ordinary single tier	50.00	199,191

The dividend will be payable on 19 March 2026 and will be recognised in subsequent financial period. The Directors do not propose any final dividend for the financial year ended 31 December 2025.

26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Chief Executive Officer (the chief operating decision maker) reviews internal management reports on a monthly basis. Inter-segment pricing, if any, is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group Chief Executive Officer. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26. OPERATING SEGMENTS (CONTINUED)

Business segments

The Group comprises the following main business segments:

- General insurance
- Underwriting of all classes of general insurance business, mainly carried out by Lonpac Insurance Bhd
- Investment holding
- Investment holding operations, mainly carried out by LPI Capital Bhd

Group	General insurance		Investment holding		Total	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments						
External revenue	2,064,354	1,881,887	47,875	44,749	2,112,229	1,926,636
Inter-segment revenue	-	-	280,000	260,000	280,000	260,000
Total revenue	2,064,354	1,881,887	327,875	304,749	2,392,229	2,186,636
Segment profit before tax	420,235	438,141	317,003	295,984	737,238	734,125
Segment assets	3,922,244	3,756,917	1,221,411	1,228,157	5,143,655	4,985,074
Segment liabilities	(2,483,696)	(2,360,527)	(1,961)	(2,247)	(2,485,657)	(2,362,774)

Group	Malaysia		Outside Malaysia		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical segments by location of customers/assets								
Revenue from external customers	1,965,020	1,781,978	147,209	144,658	-	-	2,112,229	1,926,636
Segment assets	4,684,630	4,508,242	415,411	433,648	(156,386)	(156,816)	4,943,655	4,785,074

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segment revenue, profit and assets.

Group	2025 RM'000	2024 RM'000
Revenue		
Total revenue for reportable segments	2,392,229	2,186,636
Elimination of inter-segment revenue	(280,000)	(260,000)
Consolidated revenue	2,112,229	1,926,636
Profit		
Total profit for reportable segments	737,238	734,125
Elimination of inter-segment profit	(280,000)	(260,000)
Consolidated profit before tax	457,238	474,125
Assets		
Total assets for reportable segments	5,143,655	4,985,074
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	4,943,655	4,785,074

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has established a structured approach within its Risk Management and Internal Control Framework which is used to conduct a comprehensive risk assessment of every individual risk identified, with sustainability element considered, each with its own unique set of characteristics and operational implications.

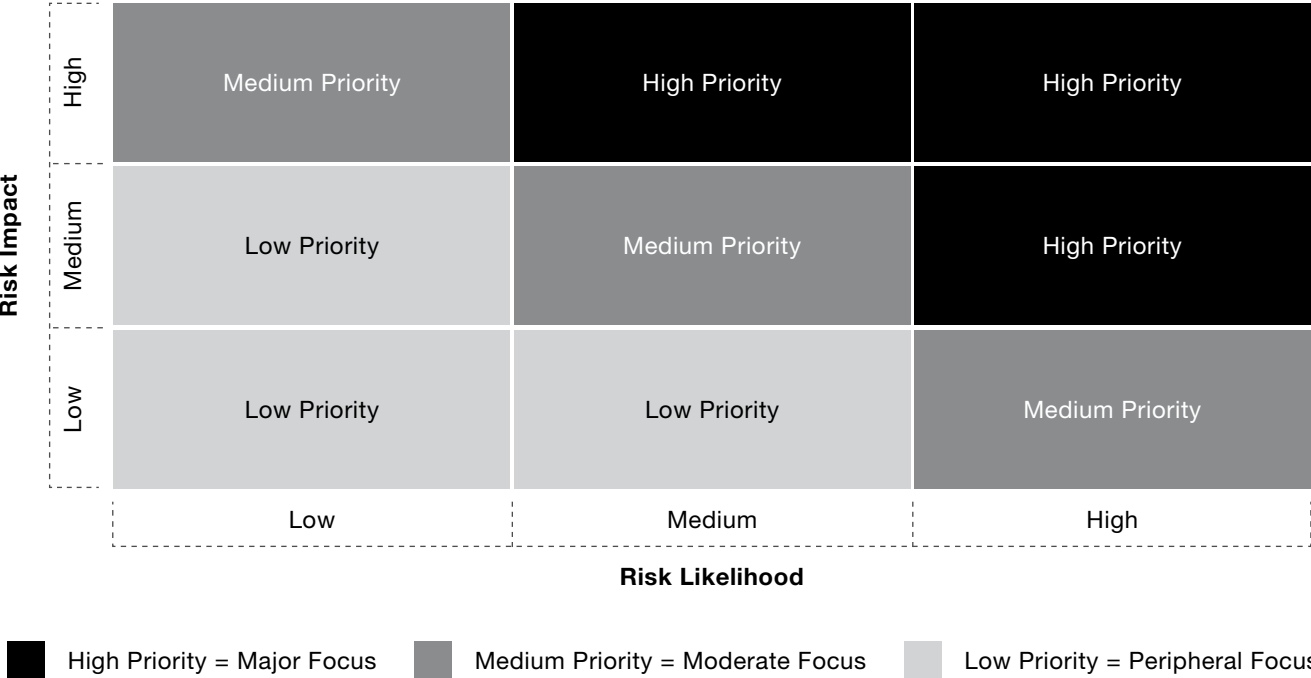
The Risk Matrix was utilised to identify the short-term and long-term impact and the likelihood of each individual risk as it gives a simple visual summary of the materiality of the risks being analysed. The Risk Matrix helps the Group to determine how best to utilise its resources to manage its risks at an enterprise level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

The Risk Matrix is shown as below:



The risks that fall under the top right corner of the matrix should be given high priority, that is the Group should direct a significant proportion of its resources to manage these risks. The risks that fall along the diagonal line from top left corner to bottom right corner are considered as medium priority and are managed accordingly. The risks at the bottom left corner are considered as low priority risks but are still monitored with a peripheral focus.

27.1 Insurance risk

The Group underwrites various general insurance contracts, which are mostly on an annual coverage and annual premium basis, with the exception of short-term policies such as Marine Cargo which covers the duration in which the cargo is being transported. Some of the policies are guaranteed renewable, such as the Medical products which are subject to a pricing review once in every three or five years. The Group also underwrites some non-annual policies with coverage period more than one year such as Mortgage Reducing Personal Accident, Contractor’s All Risk and Engineering, Bonds and Workmen Compensation. The majority of the insurance businesses written by the Group are Fire and Motor. Other major lines of business include Contractor’s All Risk and Engineering, Medical, Liabilities and other miscellaneous classes. Through the underwriting of these insurance contracts, the Group is exposed to various types of risks, with insurance risk being the top priority risk.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Insurance risk is the risk of financial losses arising from higher than expected claims amount and the inadequacy of insurance contract liabilities reserves. By underwriting insurance contracts, the Group takes on insurance risk by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The principal risk the Group faces under insurance contracts is that the actual claims and benefits payments differ from expectations; the risks arise from the fluctuations in timing, frequency and severity of claims; as well as the adequacy of premiums and reserves.

The Group is also exposed to risks arising from climate changes, natural disasters, terrorism activities, regulatory changes such as the phased liberalisation of motor and fire tariff and pandemic events such as the COVID-19 pandemic. For longer tail claims that take some years to settle, there is also the added concern of inflation risk.

The Group’s objectives of managing insurance risks are to enhance the long-term financial performance of the business to achieve sustainable growth in profitability, strong asset quality and to continually optimise shareholders’ value. The Group seeks to underwrite those risks that it understands and that provide a reasonable opportunity to earn an acceptable profit.

The Group’s underwriting strategy is intended to ensure that the risks underwritten are well diversified across a large portfolio of insurance contracts and geographical areas. The variability of risks is managed by the selection and implementation of underwriting strategic guidelines, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

The Group adopts the following measures to manage the insurance risks:

- The Group adopts an underwriting policy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility to ensure underwriting profitability. Acceptance of risk is guided by a set of underwriting guidelines with set limits on underwriting capacity and authority to individuals based on their specific expertise. Product Development, Pricing and Re-Pricing Policy has been established to provide a structured product development process to promote sound risk management practices in managing and controlling product and insurance risks.
- The Group has in place a claims management and control system to pay claims and control claim overpayment or fraud. The Group has in place claim review policies to assess new and ongoing claims. Reviews of claims handling procedures and investigation of possible fraudulent claims are conducted to reduce the risk exposure of the Group. The Group also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that may impact the business in a negative manner.
- The Group purchases reinsurance as part of its risks mitigation programme. The objectives for purchasing reinsurance are to provide market-leading capacity for the Group’s customers while protecting the statements of financial position and optimising the Group’s capital efficiency. Reinsurance is ceded on both proportional and non-proportional basis. The Group’s placement of reinsurance is well diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

The table below sets out the concentration of the Group’s general insurance business by type of product based on gross and net insurance revenues.

Group	2025			2024		
	Gross RM’000	Reinsurance RM’000	Net RM’000	Gross RM’000	Reinsurance RM’000	Net RM’000
Motor	483,996	(25,647)	458,349	443,999	(23,387)	420,612
Fire	782,518	(299,519)	482,999	684,932	(197,529)	487,403
Marine, aviation and transit	92,807	(65,201)	27,606	106,895	(78,868)	28,027
Miscellaneous	601,611	(228,084)	373,527	545,733	(196,562)	349,171
	1,960,932	(618,451)	1,342,481	1,781,559	(496,346)	1,285,213

The table below sets out the concentration of the Group’s insurance contract liabilities and reinsurance contract assets by type of product.

Group	2025			2024		
	Gross RM’000	Reinsurance RM’000	Net RM’000	Gross RM’000	Reinsurance RM’000	Net RM’000
Motor	730,449	(33,971)	696,478	722,726	(41,951)	680,775
Fire	566,695	(253,417)	313,278	457,903	(196,673)	261,230
Marine, aviation and transit	254,410	(244,616)	9,794	344,530	(327,395)	17,135
Miscellaneous	835,490	(425,823)	409,667	731,825	(314,013)	417,812
	2,387,044	(957,827)	1,429,217	2,256,984	(880,032)	1,376,952

Key assumptions

The principal assumption underlying the estimation of liabilities is that the Group’s future claims development will follow a similar pattern to past claims development experience.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in the market and economic conditions, as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors may affect the estimates, such as the impact of COVID-19 pandemic.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Sensitivities

The actuary re-runs his valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group’s estimation process in respect of its insurance contracts. The information in the table below demonstrates the sensitivity of the insurance contract liabilities estimates to a defined movement in key assumptions of the estimation process.

The sensitivity analysis is performed across key assumptions with all other assumptions held constant, showing the impact on contractual service margin (“CSM”), profit before tax and equity. The correlation of assumptions may have had a significant effect on the results, but to demonstrate the impact of each assumption, they were changed individually.

Group	Change in assumptions*	Impact on CSM		Impact on profit before tax		Impact on equity**	
		Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
2025							
Unpaid claims***	+5%	(6,877)	(3,970)	(97,060)	(53,411)	(74,389)	(40,886)
Unpaid claims	-5%	7,656	4,725	96,282	52,657	73,797	40,312
Expenses****	+5%	(1,007)	(1,021)	(2,979)	(2,964)	(2,284)	(2,273)
Expenses	-5%	1,007	1,022	2,978	2,964	2,284	2,272
2024							
Unpaid claims***	+5%	(6,576)	(3,204)	(91,517)	(51,082)	(69,851)	(38,955)
Unpaid claims	-5%	6,668	3,294	91,424	50,992	69,781	38,887
Expenses****	+5%	(902)	(919)	(2,941)	(2,924)	(2,242)	(2,229)
Expenses	-5%	902	919	2,941	2,924	2,242	2,229

* Stress is a multiplicative function.

** Impact on equity reflects adjustments for tax, when applicable.

*** The unpaid claims on the gross basis refer to unpaid claims of both the liabilities for incurred claims and liabilities for remaining coverage. For the unpaid claims on the net basis, the amounts were net of both the assets for incurred claims and assets for remaining coverage.

**** The expenses refer to the expense provision of both the liabilities for incurred claims and liabilities for remaining coverage.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Sensitivities (continued)

Changes in these key assumptions mainly affect the CSM, profit before tax and equity as follows:

- CSM
 - Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.
- Profit before tax
 - Changes in fulfilment cash flows relating to loss components.
 - Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
- Equity
 - Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in other comprehensive income.
 - The effect on profit before tax above.

Claims development table

The following tables show the Group’s estimates of cumulative incurred claims for its Motor and Non-motor business, including both claims notified and incurred but not yet reported for each successive accident year at the end of each reporting period, together with cumulative payments to date. The cumulative claims estimates and cumulative payments for Singapore Branch are translated to RM at the exchange rate applied at the end of the financial year.

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 any redundancies or deficiencies of the past on current unpaid claim balances.

The management of the Group believes that the estimate of total claims outstanding as of 31 December 2025 is adequate. However, due to the inherent uncertainties in the future development of claims, it cannot be fully assured that such balances will ultimately prove to be adequate.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2025:

Group - Motor

	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimates of undiscounted gross cumulative claims										
At end of										
accident year	253,152	262,672	241,053	234,807	319,319	333,097	363,624	374,656	-	-
One year later	249,092	275,283	241,794	241,127	303,869	317,463	349,001	-	-	-
Two years later	250,041	298,870	248,666	216,065	272,542	304,460	-	-	-	-
Three years later	250,146	285,008	234,992	204,978	264,565	-	-	-	-	-
Four years later	247,831	280,270	231,915	199,270	-	-	-	-	-	-
Five years later	247,261	275,909	230,327	-	-	-	-	-	-	-
Six years later	240,381	273,644	-	-	-	-	-	-	-	-
Seven years later	238,152	-	-	-	-	-	-	-	-	-
Cumulative gross claims paid	(235,881)	(268,521)	(220,634)	(185,234)	(231,277)	(233,933)	(233,225)	(157,547)	-	-
Gross liabilities (direct and facultative)	1,745	2,271	5,123	9,693	14,036	33,288	70,527	115,776	217,109	469,568

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2025 (continued):

Group - Motor

	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross liabilities (treaty inwards)										1
Gross liabilities (Malaysian motor insurance pool)										7,143
Best estimate of claims liabilities										476,712
Claims handling expenses										6,277
Risk adjustment										41,130
Claims payable										(1,211)
Effect of discounting										(21,815)
Gross liabilities for incurred claims										501,093

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024:

Group - Motor

	2016 and prior	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimates of undiscounted gross cumulative claims										
At end of										
accident year		233,704	253,152	262,672	241,053	234,807	319,319	333,097	363,624	-
One year later		222,874	249,092	275,283	241,794	241,127	303,869	317,463	-	-
Two years later		219,253	250,041	298,870	248,666	216,065	272,542	-	-	-
Three years later		217,918	250,146	285,008	234,992	204,978	-	-	-	-
Four years later		218,024	247,831	280,270	231,915	-	-	-	-	-
Five years later		217,386	247,261	275,909	-	-	-	-	-	-
Six years later		212,255	240,381	-	-	-	-	-	-	-
Seven years later		210,538	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(208,861)	(234,667)	(261,043)	(212,688)	(178,601)	(211,323)	(198,984)	(143,000)	-
Gross liabilities (direct and facultative)	413	1,677	5,714	14,866	19,227	26,377	61,219	118,479	220,624	468,596

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024 (continued):

Group - Motor

	2016 and prior	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross liabilities (treaty inwards)										1
Gross liabilities (Malaysian motor insurance pool)										8,678
Best estimate of claims liabilities										477,275
Claims handling expenses										6,190
Risk adjustment										47,105
Claims payable										(1,398)
Effect of discounting										(25,201)
Gross liabilities for incurred claims										503,971

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2025:

Group - Non-motor

	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		392,402	554,395	381,115	635,452	550,429	446,118	495,171	568,755	-
One year later		348,564	511,334	387,587	702,932	455,127	468,094	492,078	-	-
Two years later		335,641	490,406	554,332	641,030	391,387	456,760	-	-	-
Three years later		317,772	368,291	539,758	615,453	373,785	-	-	-	-
Four years later		449,940	364,830	516,487	610,346	-	-	-	-	-
Five years later		442,557	356,787	500,597	-	-	-	-	-	-
Six years later		414,161	336,747	-	-	-	-	-	-	-
Seven years later		412,238	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(409,577)	(322,964)	(415,786)	(587,499)	(310,992)	(379,492)	(316,270)	(186,782)	-
Gross liabilities (direct and facultative)	70,279	2,661	13,783	84,811	22,847	62,793	77,268	175,808	381,973	892,223

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2025 (continued):

Group - Non-motor

	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross liabilities (treaty inwards)										206
Best estimate of claims liabilities										892,429
Claims handling expenses										14,867
Risk adjustment										127,070
Claims payable										(3,574)
Effect of discounting										(26,584)
Gross liabilities for incurred claims										1,004,208

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024:

Group - Non-motor

	2016 and prior	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimates of undiscounted gross cumulative claims										
At end of										
accident year		313,989	392,402	554,395	381,115	635,452	550,429	446,118	495,171	-
One year later		285,905	348,564	511,334	387,587	702,932	455,127	468,094	-	-
Two years later		273,127	335,641	490,406	554,332	641,030	391,387	-	-	-
Three years later		265,158	317,772	368,291	539,758	615,453	-	-	-	-
Four years later		261,021	449,940	364,830	516,487	-	-	-	-	-
Five years later		316,708	442,557	356,787	-	-	-	-	-	-
Six years later		311,891	414,161	-	-	-	-	-	-	-
Seven years later		304,028	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(299,162)	(407,847)	(319,411)	(392,958)	(586,399)	(289,471)	(294,624)	(192,792)	-
Gross liabilities (direct and facultative)	6,984	4,866	6,314	37,376	123,529	29,054	101,916	173,470	302,379	785,888

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2024 (continued):

Group - Non-motor

	2016 and prior	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross liabilities (treaty inwards)										271
Best estimate of claims liabilities									786,159	
Claims handling expenses									12,931	
Risk adjustment									122,927	
Claims payable									(868)	
Effect of discounting									(27,210)	
Gross liabilities for incurred claims										893,939

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2025:

Group - Motor

	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		234,092	253,971	232,211	225,698	294,193	317,164	351,407	362,580	-
One year later		230,422	261,199	225,304	218,470	287,129	306,425	335,984	-	-
Two years later		229,833	262,770	223,869	205,872	260,851	293,351	-	-	-
Three years later		226,738	260,403	218,635	197,011	255,296	-	-	-	-
Four years later		225,163	256,864	212,548	190,899	-	-	-	-	-
Five years later		224,404	252,509	210,370	-	-	-	-	-	-
Six years later		218,192	249,630	-	-	-	-	-	-	-
Seven years later		216,514	-	-	-	-	-	-	-	-
Cumulative net claims paid		(215,192)	(246,055)	(203,347)	(179,671)	(222,827)	(227,297)	(227,114)	(153,550)	-
Net liabilities (direct and facultative)	1,248	1,322	3,575	7,023	11,228	32,469	66,054	108,870	209,030	440,819

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2025 (continued):

Group - Motor

Accident year	2017 and prior RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Total RM'000
Net liabilities (treaty inwards)										1
Net liabilities (Malaysian motor insurance pool)										7,143
Best estimate of claims liabilities										447,963
Claims handling expenses										6,277
Risk adjustment										37,728
Claims payable										(6,786)
Expected credit loss										64
Effect of discounting										(20,646)
Net liabilities for incurred claims										464,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024:

Group - Motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Estimates of undiscounted net cumulative claims										
At end of										
accident year		204,560	234,092	253,971	232,211	225,698	294,193	317,164	351,407	-
One year later		195,522	230,422	261,199	225,304	218,470	287,129	306,425	-	-
Two years later		190,842	229,833	262,770	223,869	205,872	260,851	-	-	-
Three years later		189,544	226,738	260,403	218,635	197,011	-	-	-	-
Four years later		188,267	225,163	256,864	212,548	-	-	-	-	-
Five years later		188,568	224,404	252,509	-	-	-	-	-	-
Six years later		183,928	218,192	-	-	-	-	-	-	-
Seven years later		182,467	-	-	-	-	-	-	-	-
Cumulative net claims paid		(181,302)	(214,568)	(243,339)	(198,110)	(173,467)	(203,569)	(193,935)	(139,367)	-
Net liabilities (direct and facultative)	349	1,165	3,624	9,170	14,438	23,544	57,282	112,490	212,040	434,102

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FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024 (continued):

Group - Motor

	2016									
	and prior	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net liabilities (treaty inwards)										1
Net liabilities (Malaysian motor insurance pool)										8,678
Best estimate of claims liabilities										442,781
Claims handling expenses										6,190
Risk adjustment										42,277
Claims payable										(7,098)
Expected credit loss										150
Effect of discounting										(23,737)
Net liabilities for incurred claims										460,563

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2025:

Group - Non-motor

	2017									
	and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		203,242	209,493	193,850	190,023	207,492	238,966	235,355	272,926	-
One year later		206,322	197,714	178,789	180,864	199,195	223,665	224,715	-	-
Two years later		204,663	196,591	168,880	182,431	192,233	222,175	-	-	-
Three years later		196,866	199,878	163,295	178,625	188,789	-	-	-	-
Four years later		191,831	196,093	159,889	177,252	-	-	-	-	-
Five years later		190,704	193,914	159,081	-	-	-	-	-	-
Six years later		187,329	191,208	-	-	-	-	-	-	-
Seven years later		187,114	-	-	-	-	-	-	-	-
Cumulative net claims paid		(185,620)	(187,715)	(152,599)	(171,454)	(178,116)	(206,613)	(194,226)	(148,796)	-
Net liabilities (direct and facultative)	2,015	1,494	3,493	6,482	5,798	10,673	15,562	30,489	124,130	200,136

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2025 (continued):

Group - Non-motor

	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net liabilities (treaty inwards)										206
Best estimate of claims liabilities										200,342
Claims handling expenses										14,867
Risk adjustment										27,593
Claims payable										(21,389)
Expected credit loss										1,444
Effect of discounting										(1,246)
Net liabilities for incurred claims										221,611

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024:

Group - Non-motor

	2016 and prior	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimates of undiscounted net cumulative claims										
At end of										
accident year		170,174	203,242	209,493	193,850	190,023	207,492	238,966	235,355	-
One year later		157,510	206,322	197,714	178,789	180,864	199,195	223,665	-	-
Two years later		153,574	204,663	196,591	168,880	182,431	192,233	-	-	-
Three years later		151,576	196,866	199,878	163,295	178,625	-	-	-	-
Four years later		145,361	191,831	196,093	159,889	-	-	-	-	-
Five years later		143,406	190,704	193,914	-	-	-	-	-	-
Six years later		142,910	187,329	-	-	-	-	-	-	-
Seven years later		141,643	-	-	-	-	-	-	-	-
Cumulative net claims paid		(140,556)	(185,151)	(187,524)	(152,407)	(170,061)	(174,528)	(198,287)	(132,283)	-
Net liabilities (direct and facultative)	1,654	1,087	2,178	6,390	7,482	8,564	17,705	25,378	103,072	173,510

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FOR THE YEAR ENDED 31 DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2024 (continued):

Group - Non-motor

Accident year	2016 and prior RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Net liabilities (treaty inwards)										271
Best estimate of claims liabilities										173,781
Claims handling expenses										12,931
Risk adjustment										27,780
Claims payable										(25,544)
Expected credit loss										2,484
Effect of discounting										(1,964)
Net liabilities for incurred claims										189,468

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks that includes credit risk, liquidity risk, market risk (currency risk, interest rate/profit yield risk, price risk) and operational risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for their shareholders whilst minimising potential exposure to adverse effects on their financial performance and positions.

The Group and the Company are guided by risk management policies which set out the overall business strategies and the general risk management philosophy.

The Group and the Company have established internal processes to monitor the risks on an ongoing basis.

The policies and measures taken by the Group and the Company to manage these risks are as set out below.

27.3 Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

The Group's and the Company's primary exposure to credit risk arises through their investment in fixed income securities, receivables arising from sales of insurance policies, and obligations of reinsurers through reinsurance contracts held.

(i) Management of credit risk

The Group and the Company have put in place credit policies and investment guidelines as part of its overall credit risk management policy which includes the following:

- Evaluation of a debt instrument issuer's credit risk is undertaken by the Investment Unit of the Finance Department. Monitoring of credit and concentration risk is carried out by the Finance Department which reports to the Investment Committee.
- Cash and deposits in Malaysia are generally placed with banks and financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013 which are regulated by Bank Negara Malaysia whereas cash and deposits in Singapore are generally placed with banks and financial institutions licensed under the Financial Advisers Act which are regulated by Monetary Authority of Singapore.
- Receivables arising from insurance contracts and reinsurance contracts held are monitored by the Credit Control Committee and Credit Control Unit of the Finance Department to ensure adherence to the Group's credit policy. As part of the overall risk management strategy, the Group cedes insurance risk through proportional and non-proportional treaties and facultative arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(i) Management of credit risk (continued)

- The Group monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Group typically cedes business to reinsurers that have a good credit rating and concentration of risk is avoided by adhering to the reinsurance risk tolerance limits proposed by Enterprise Risk Management and Sustainability Department (“ERMSD”) to the Group’s Risk and Sustainability Committee (“RSC”) and then approved by the Board of Directors (“the Board”) on a yearly basis. When selecting its reinsurers, the Group considers their relative financial security. The security of the reinsurer is assessed based on public rating information and annual reports.
- The Group’s credit risk exposure to insurance receivables arises from business with their appointed agents, brokers, other intermediaries and insurance companies. The risk arises where these parties collect premiums from customers to be paid to the Group. The Group has policies to monitor credit risk from these receivables with a focus on day-to-day monitoring of the outstanding position by the credit control staff. The Group also has guidelines to evaluate intermediaries before their appointment as well as setting credit terms to these appointees.
- The Group and the Company use the ratings assigned by external rating agencies to assess the credit risk of debt securities, fixed and call deposits, reinsurance receivables and insurance receivables. The Group and the Company also develop and maintain an internal risk grading to categorise exposures according to the degree of risk of default when external credit ratings are not available.
- The Group and the Company will not assume any credit exposure arising from businesses or activities that are illegal or that contravene applicable laws and regulatory requirements.

(ii) Concentrations of credit risk

The Group and the Company manage individual exposures as well as concentration of credit risks:

- (i) By issuer for investments in debt instruments;
- (ii) By financial institutions for cash and bank balances and fixed and call deposits; and
- (iii) By reinsurers for reinsurance contract assets.

At end of the reporting period, there was no significant concentration of credit risks, other than:

- (i) investments in corporate bonds and sukuk issued by top five issuers amounted to RM247,679,000 (2024: RM226,691,000) for the Group;
- (ii) bank balances and deposits placed with top five banks amounted to RM735,500,000 (2024: RM825,959,000) and RM54,947,000 (2024: RM57,223,000) for the Group and the Company respectively; and
- (iii) reinsurance contract assets recoverable from top five reinsurers amounted to RM388,228,000 (2024: RM389,688,000) for the Group.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis

The following table presents an analysis of the credit quality of reinsurance contract assets, financial assets at fair value through other comprehensive income (“FVOCI”), financial assets at fair value through profit or loss (“FVTPL”) and amortised cost (“AC”). The inputs, assumptions and techniques used for estimating the impairment are disclosed in Note 27.3(iv).

Group	AAA RM’000	AA RM’000	A RM’000	BBB RM’000	Non-rated RM’000	Total RM’000
2025						
Reinsurance contract assets	-	198,823	487,589	-	6,782	693,194
Financial assets						
FVOCI						
Corporate bonds and sukuk	75,369	60,285	12,379	-	-	148,033
FVTPL						
Corporate bonds and sukuk	86,196	207,639	50,783	-	-	344,618
AC						
Malaysian government securities	15,115	-	-	-	-	15,115
Government investment issues	39,876	-	-	-	-	39,876
Malaysian government guaranteed loans	75,000	-	-	-	-	75,000
Corporate bonds and sukuk	20,000	9,999	-	-	-	29,999
Fixed and call deposits	53,500	361,724	215,022	36,000	-	666,246
Loans and receivables	-	-	-	-	40,046	40,046
Cash and cash equivalents	93,186	93,400	21,997	82,000	25	290,608
	296,677	465,123	237,019	118,000	40,071	1,156,890

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
2024						
Reinsurance contract assets	-	66,055	538,057	-	8,826	612,938
Financial assets						
FVOCI						
Corporate bonds and sukuk	13,267	10,014	4,989	-	-	28,270
FVTPL						
Corporate bonds and sukuk	95,668	216,715	65,310	-	-	377,693
AC						
Malaysian government securities	15,179	-	-	-	-	15,179
Government investment issues	39,848	-	-	-	-	39,848
Malaysian government guaranteed loans	75,000	-	-	-	-	75,000
Corporate bonds and sukuk	20,000	9,999	12,393	-	-	42,392
Fixed and call deposits	83,070	85,151	626,974	103,470	-	898,665
Loans and receivables	-	-	-	-	36,567	36,567
Cash and cash equivalents	42,441	78,095	27,975	1,284	26	149,821
	275,538	173,245	667,342	104,754	36,593	1,257,472

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Company	AAA RM'000	AA RM'000	A RM'000	Non-rated RM'000	Total RM'000
2025					
AC					
Fixed and call deposits	22,300	32,300	-	-	54,600
Loans and receivables	-	-	-	825	825
Cash and cash equivalents	347	-	-	-	347
	22,647	32,300	-	825	55,772
2024					
AC					
Fixed and call deposits	100	-	56,000	-	56,100
Loans and receivables	-	-	-	916	916
Cash and cash equivalents	174	-	949	-	1,123
	274	-	56,949	916	58,139

Age analysis of trade receivables past due

Amounts due from policyholders, agents, brokers, co-insurers and reinsurers (“trade receivables”), was either net off with insurance contract liabilities or reinsurance contract assets. However, these amounts are still exposed to credit risk.

The credit terms of trade receivables granted to related parties are no different from those granted to non-related parties.

A trade receivable is deemed past due when the counterparty has failed to make payment when the outstanding amount is contractually due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Age analysis of trade receivables past due (continued)

Age analysis of trade receivables past due but not impaired:

Group	<31 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	>180 days RM'000	Total RM'000
2025						
Trade receivables arise from insurance contracts	120,990	39,982	30,447	22,116	1,519	215,054
Trade receivables arise from reinsurance contracts held	8,924	352	1,005	437	-	10,718
2024						
Trade receivables arise from insurance contracts	108,770	43,183	33,502	13,181	-	198,636
Trade receivables arise from reinsurance contracts held	2,278	4,870	829	622	1,401	10,000

(iv) Amount arising from expected credit loss (“ECL”)

Allowance for impairment

The following tables show reconciliations from the opening balance to the closing balance of the allowance for impairment by class of financial instrument.

Group	12-months ECL		
	Corporate bonds and sukuk		
	AC RM'000	FVOCI RM'000	Total RM'000
Balance at 1 January 2024	5	-	5
Net remeasurement of allowance for impairment	(3)	2	(1)
Balance at 31 December 2024/1 January 2025	2	2	4
Net remeasurement of allowance for impairment	(1)	13	12
Balance at 31 December 2025	1	15	16

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iv) Amount arising from expected credit loss (“ECL”) (continued)

Inputs, assumptions and techniques used for estimating impairment

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (“PD”);
- loss given default (“LGD”); and
- exposure at default (“EAD”).

To determine lifetime and 12-month PDs, the Group and the Company use the PD table supplied by reputable rating agency based on the default history of obligors with the same credit rating. The Group and the Company adopt the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. Wherever applicable, additional forward-looking information is considered when determining PD, such as the Group’s and the Company’s internal stress-testing of macroeconomic adverse scenarios. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group and the Company estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. Wherever applicable and material, additional information is considered in determining LGDs, including structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group and the Company derive the EAD from the current exposure to the counterparty and wherever applicable, potential changes to the current amount allowed under the contract, including early redemption and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Company measure ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type; and
- credit risk gradings

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

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FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iv) Amount arising from expected credit loss (“ECL”) (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Definition of default

The Group and the Company consider a financial asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to action such as realising security (if any is held).

In assessing whether a counterparty is in default, the Group and the Company consider indicators that are:

- qualitative: e.g. breaches of covenant and other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group and the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group’s and the Company’s experience, expert credit assessment and forward-looking information.

The Group and the Company primarily identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Group and the Company monitor changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group and the Company also perform a regular internal review on the creditworthiness of the counterparty based on the latest quantitative and qualitative data, together with available press and regulatory information about issuers.

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.3 Credit risk (continued)

(iv) Amount arising from expected credit loss (“ECL”) (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

Where external credit ratings are not available, the Group and the Company allocate each exposure to an internal credit risk grade. The internal credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and benchmarked against external credit rating from reputable rating agencies.

The Group and the Company have assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group and the Company consider a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment-grade’. The Group and the Company consider this to be BBB or higher based on credit ratings published by reputable rating agencies.

As a backstop, the Group and the Company consider that a significant increase in credit risk occurs no later than when an asset is more than 6 months past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined taking into consideration of the 3 months or 90 days credit terms that might be available to the counterparty.

The Group and the Company monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 6 months past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL.

27.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company may not have sufficient liquid financial resources to meet their obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Group’s and the Company’s policy is to maintain adequate liquidity to meet their liquidity needs under normal and stressed conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.4 Liquidity risk (continued)

(i) Management of liquidity risk

The following policies and procedures are in place to mitigate the Group’s and the Company’s exposure to liquidity risk:

- A Group-wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk for the Group is established. Compliance with the policy is monitored and reported monthly and exposures and breaches are reported to the Group’s RSC as soon as possible. The Group’s and the Company’s Investment Committee is the primary party responsible for liquidity management based on guidelines approved by the Board.
- There are guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance and investment contract obligations. As part of their liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans. The Group’s and the Company’s contingency funding plans include arranging credit line with banks and funding from the shareholders.
- The Group’s treaty reinsurance contract held contains a “cash call” clause permitting the Group to make cash call on claim and receive immediate payment for a large loss without waiting for usual periodic payment procedures to occur.
- The Group has entered into Global Master Repurchase Agreements, an international standard repurchase agreement prepared by the International Capital Market Association with the principal dealers as a liquidity facility and enhancement in liquidity management tool.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.4 Liquidity risk (continued)

(ii) Maturity analysis

Insurance contracts and reinsurance contracts held

The table below summarises the maturity profile of the Group insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. The maturity profile is determined based on estimations of present value of future cash flows.

Group	Carrying amount RM’000	1 year or less* RM’000	1 - 2 years RM’000	2 - 3 years RM’000	3 - 4 years RM’000	4 - 5 years RM’000	More than 5 years RM’000	Total RM’000
2025								
Insurance contracts liabilities	(2,387,044)	(906,432)	(500,630)	(237,684)	(103,192)	(48,584)	(38,083)	(1,834,605)
Reinsurance contracts asset	957,827	290,631	211,619	108,673	43,610	17,245	15,960	687,738
2024								
Insurance contracts liabilities	(2,256,984)	(848,567)	(480,231)	(224,212)	(96,182)	(41,361)	(39,882)	(1,730,435)
Reinsurance contracts asset	880,032	244,361	198,461	103,041	39,877	16,139	14,758	616,637

* expected utilisation or settlement is within 12 months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.4 Liquidity risk (continued)

(ii) Maturity analysis (continued)

Financial liabilities

The table below summarises the maturity profile of the financial liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including interest/profit payable.

Group	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2025								
Other payables	(6,866)	(6,866)	-	-	-	-	-	(6,866)
2024								
Other payables	(7,789)	(7,789)	-	-	-	-	-	(7,789)

* expected utilisation or settlement is within 12 months from the reporting date.

Company	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2025								
Other payables	(1,826)	(1,826)	-	-	-	-	-	(1,826)
2024								
Other payables	(2,071)	(2,071)	-	-	-	-	-	(2,071)

* expected utilisation or settlement is within 12 months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.5 Market risk

Management of market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of exposures: foreign exchange rates (currency risk), market interest rates (interest rate/profit yield risk) and market prices (price risk).

The key features of the Group's and the Company's market risk management practices and policies are as follows:

- A Group-wide market-risk policy setting out the evaluation and determination of what constitutes market risk for the Group and the Company is put in place. Compliance with the policy is monitored and reported monthly to the Investment Committee.
- The Group and the Company have policies and limits to manage market risk. The market risk is managed through portfolio diversification and changes in asset allocation. The Group's and the Company's policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Group's and the Company's risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

27.6 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(i) Exposure to foreign currency risk

The Group and the Company face foreign currency risk, primarily because of their operations in Singapore Branch and some of their cash and bank balances are held in USD. Consequently, the Group and the Company are exposed to risks that the exchange rate relative to other foreign currencies may affect the value of the Group's and the Company's assets or liabilities denominated in currencies other than the functional currency of the Group entities.

Foreign exchange transaction risk impacting the Group's and the Company's profit or loss arises both from external investing activities and intra-company operating activities. Currency risk relating to investing and operating activities in the normal course of business are generally not hedged.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.6 Currency risk (continued)

(i) Exposure to foreign currency risk (continued)

The Group’s exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Malaysian Ringgit RM’000	US Dollar RM’000	Total RM’000
2025			
Malaysian operation			
Investment in an associated company	-	43,590	43,590
Cash and cash equivalents	-	2,299	2,299
	-	45,889	45,889
Singapore operation			
Cash and cash equivalents	3,590	2,891	6,481
2024			
Malaysian operation			
Investment in an associated company	-	46,890	46,890
Cash and cash equivalents	-	2,941	2,941
	-	49,831	49,831
Singapore operation			
Investment at fair value through other comprehensive income (“FVOCI”)	30,233	-	30,233
Investment at AC	7,770	-	7,770
Cash and cash equivalents	639	3,066	3,705
	38,642	3,066	41,708

Company	US Dollar	
	2025 RM’000	2024 RM’000
Investment in an associated company	10,833	10,833

(ii) Sensitivity analysis

The Group’s and the Company’s exposure to currency risk is immaterial in the context of the financial statements and hence, sensitivity analysis is not presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.7 Interest rate/Profit yield risk

Interest rate/profit yield risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate/profit yield.

(i) Exposure to interest rate/profit yield risk

The Group are exposed to interest rate risk primarily through their investments in fixed income securities, insurance contracts and reinsurance contracts held. Interest rate risk is managed by the Group on an ongoing basis.

The interest rate profile of the Group’s significant interest-bearing instruments based on carrying amount at the end of the reporting period are as follows:

Group	2025 RM’000	2024 RM’000
Fixed rate financial instruments		
<i>Designated at FVOCI</i>		
Corporate bonds and sukuk	148,033	28,270
<i>Mandatorily at FVTPL</i>		
Corporate bonds and sukuk	344,618	377,693
Insurance and reinsurance contracts		
Liabilities	(2,387,044)	(2,256,984)
Assets	957,827	880,032
	(1,429,217)	(1,376,952)

The Group and the Company have no significant concentration of interest rate/profit yield risk on investment in deposit placements due to the relatively short-term nature and are intended to be held-to-maturity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.7 Interest rate/Profit yield risk (continued)

(ii) Sensitivity analysis

An analysis of the Group’s sensitivity to a +/- 25 basis points change in the interest rate at the reporting date, assuming that all other variables remain constant, is presented below:

Group	Impact on CSM		Impact on profit before tax		Impact on equity*	
	+25 basis points RM’000	-25 basis points RM’000	+25 basis points RM’000	-25 basis points RM’000	+25 basis points RM’000	-25 basis points RM’000
2025						
Insurance contracts and reinsurance contracts held	80	(80)	131	(131)	2,775	(2,803)
Financial instruments	-	-	(2,154)	2,154	(3,243)	3,243
	80	(80)	(2,023)	2,023	(468)	440
2024						
Insurance contracts and reinsurance contracts held	(17)	18	119	(120)	2,731	(2,758)
Financial instruments	-	-	(2,988)	2,988	(2,615)	2,615
	(17)	18	(2,869)	2,868	116	(143)

* Impact on equity reflects adjustments for tax, when applicable.

27.8 Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), regardless whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group’s and the Company’s price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.8 Price risk (continued)

(i) Exposure to price risk

The Group and the Company are exposed to price risk arising from investments held by the Group and the Company and classified in the statements of financial position as FVOCI and FVTPL financial assets that comprise quoted equities, unit trusts, real estate investment trusts (“REITs”) and exchange-traded fund (“ETF”) are as follows:

Group	2025 RM’000	2024 RM’000
<i>Designated at FVOCI</i>		
Quoted shares	1,052,642	1,004,543
<i>Mandatorily at FVTPL</i>		
Unit trusts	1,116,736	1,064,816
Real estate investment trusts	7,385	5,326
Exchange-traded fund	555	530
Quoted shares	5,311	5,531
	1,129,987	1,076,203
	2,182,629	2,080,746
Company		
<i>Designated at FVOCI</i>		
Quoted shares	965,220	969,472

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

27.8 Price risk (continued)

(ii) Sensitivity analysis

The analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing the impact on statements of profit or loss and other comprehensive income and changes in equity (due to changes in fair value of FVOCI and FVTPL financial assets).

Group	Change in variables	2025		2024	
		Impact on profit before tax RM'000	Impact on equity* RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
Market price	+10%	112,999	189,111	107,620	181,670
Market price	-10%	(112,999)	(189,111)	(107,620)	(181,670)
Company					
Market price	+10%	-	96,522	-	96,947
Market price	-10%	-	(96,522)	-	(96,947)

* Impact on equity reflects adjustments for tax, when applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

27.9 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, systems or unexpected external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group and the Company cannot expect to eliminate all operational risks but mitigate them by establishing a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access controls, authorisation, reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit. Business risk, such as changes in environment, technology and the industry are monitored through the Group's and the Company's strategic planning and budgeting process.

The Group's and the Company's risk taking units (Business/Control/Support Divisions) are primarily responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. They are responsible for putting in place and maintaining their respective operational manuals and ensuring that activities are carried out in accordance with established policies, procedures and limits.

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC");
- (b) Designated as at fair value through other comprehensive income ("FVOCI");
- (c) Mandatorily at fair value through profit or loss ("FVTPL"); and
- (d) Other financial liabilities at amortised cost ("FL").

2025	Carrying amount RM'000	AC/(FL) RM'000	Designated as at FVOCI RM'000	Mandatorily at FVTPL RM'000
Financial assets				
Group				
Other investments	3,503,168	826,236	1,200,675	1,476,257
Loans and receivables	40,046	40,046	-	-
Cash and cash equivalents	290,608	290,608	-	-
	3,833,822	1,156,890	1,200,675	1,476,257
Company				
Other investments	1,019,820	54,600	965,220	-
Loans and receivables	825	825	-	-
Cash and cash equivalents	347	347	-	-
	1,020,992	55,772	965,220	-
Financial liabilities				
Group				
Other payables	(6,866)	(6,866)	-	-
Company				
Other payables	(1,826)	(1,826)	-	-

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.1 Categories of financial instruments (continued)

	Carrying amount	AC/(FL)	Designated	Mandatorily
2024	RM'000	RM'000	as at FVOCI RM'000	at FVTPL RM'000
Financial assets				
Group				
Other investments	3,559,420	1,071,084	1,032,813	1,455,523
Loans and receivables	36,567	36,567	-	-
Cash and cash equivalents	149,821	149,821	-	-
	3,745,808	1,257,472	1,032,813	1,455,523
Company				
Other investments	1,025,572	56,100	969,472	-
Loans and receivables	916	916	-	-
Cash and cash equivalents	1,123	1,123	-	-
	1,027,611	58,139	969,472	-
Financial liabilities				
Group				
Other payables	(7,789)	(7,789)	-	-
Company				
Other payables	(2,071)	(2,071)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net (losses)/gains arising on:				
Designated as at FVOCI				
- recognised in other comprehensive income	(905)	59,840	(4,252)	57,403
- recognised in profit or loss	49,741	44,636	45,710	42,521
	48,836	104,476	41,458	99,924
Mandatorily at FVTPL	74,267	57,177	-	-
Financial assets at AC	36,587	44,812	2,165	2,228
	159,690	206,465	43,623	102,152

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Fair value information

The carrying amounts of cash and cash equivalents, fixed and call deposits, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

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 statements 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		
2025										
Financial assets										
<i>Designated at FVOCI</i>										
- Quoted shares	1,052,642	-	-	1,052,642	-	-	-	-	1,052,642	1,052,642
- Corporate bonds and sukuk	-	148,033	-	148,033	-	-	-	-	148,033	148,033
<i>Mandatorily at FVTPL</i>										
- Unit trusts	-	1,116,736	-	1,116,736	-	-	-	-	1,116,736	1,116,736
- Real estate investment trusts	7,385	-	-	7,385	-	-	-	-	7,385	7,385
- Exchange-traded fund	555	-	-	555	-	-	-	-	555	555
- Quoted shares	5,311	-	-	5,311	-	-	-	-	5,311	5,311
- Unquoted shares	-	-	1,652	1,652	-	-	-	-	1,652	1,652
- Corporate bonds and sukuk	-	344,618	-	344,618	-	-	-	-	344,618	344,618
AC										
- Malaysian government securities	-	-	-	-	-	15,208	-	15,208	15,208	15,115
- Government investment issues	-	-	-	-	-	40,690	-	40,690	40,690	39,876
- Malaysian government guaranteed loans	-	-	-	-	-	76,193	-	76,193	76,193	75,000
- Corporate bonds and sukuk	-	-	-	-	-	30,394	-	30,394	30,394	29,999
	1,065,893	1,609,387	1,652	2,676,932	-	162,485	-	162,485	2,839,417	2,836,922

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 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		
2024										
Financial assets										
<i>Designated at FVOCI</i>										
- Quoted shares	1,004,543	-	-	1,004,543	-	-	-	-	1,004,543	1,004,543
- Corporate bonds and sukuk	-	28,270	-	28,270	-	-	-	-	28,270	28,270
<i>Mandatorily at FVTPL</i>										
- Unit trusts	-	1,064,816	-	1,064,816	-	-	-	-	1,064,816	1,064,816
- Real estate investment trusts	5,326	-	-	5,326	-	-	-	-	5,326	5,326
- Exchange-traded fund	530	-	-	530	-	-	-	-	530	530
- Quoted shares	5,531	-	-	5,531	-	-	-	-	5,531	5,531
- Unquoted shares	-	-	1,627	1,627	-	-	-	-	1,627	1,627
- Corporate bonds and sukuk	-	377,693	-	377,693	-	-	-	-	377,693	377,693
AC										
- Malaysian government securities	-	-	-	-	-	15,088	-	15,088	15,088	15,179
- Government investment issues	-	-	-	-	-	39,983	-	39,983	39,983	39,848
- Malaysian government guaranteed loans	-	-	-	-	-	75,357	-	75,357	75,357	75,000
- Corporate bonds and sukuk	-	-	-	-	-	42,643	-	42,643	42,643	42,392
	1,015,930	1,470,779	1,627	2,488,336	-	173,071	-	173,071	2,661,407	2,660,755

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Fair value information (continued)

Company	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		
2025										
Financial assets										
<i>Designated at FVOCI</i>										
- Quoted shares	965,220	-	-	965,220	-	-	-	-	965,220	965,220
2024										
Financial assets										
<i>Designated at FVOCI</i>										
- Quoted shares	969,472	-	-	969,472	-	-	-	-	969,472	969,472

Level 1 and Level 2 fair values

The valuation techniques and inputs used in determining the fair values of the financial assets is disclosed in Note 8(d).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2024: no transfer in either directions).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group	
	2025 RM'000	2024 RM'000
Unquoted shares		
Balance as at 1 January	1,627	1,575
Fair value gains recognised in profit or loss	25	52
Balance as at 31 December	1,652	1,627

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model.

Financial instrument carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	The fair value is determined to approximate the net assets value of the investee as it is immaterial in the context of the financial statements.	Net assets value	The higher the value of net assets the higher the fair value.

29. REGULATORY CAPITAL REQUIREMENTS

The Group's and the Company's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect policyholders and meet regulatory requirements.

The subsidiary of the Company, Lonpac Insurance Bhd ("Lonpac") is required to comply with the regulatory capital requirement prescribed in the Risk-Based Capital ("RBC") Framework which is imposed by the Ministry of Finance. Under the RBC Framework issued by Bank Negara Malaysia, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at year end, Lonpac has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of Lonpac as at 31 December 2025, as prescribed under the RBC Framework is provided below:

	2025 RM'000	2024 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	200,000	200,000
Retained earnings as prescribed under the RBC Framework	1,051,863	1,007,225
	1,251,863	1,207,225
Tier 2 Capital		
Eligible reserves as prescribed under the RBC Framework	47,808	48,869
Deductions	(3)	-
Total capital available	1,299,668	1,256,094

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

30. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purpose 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 other party or exercise significant influence over the other party in making financial or operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related party transactions have been entered into in the normal course of business and under normal commercial terms. The related parties of the Group and of the Company are:

(i) Holding company

The holding company of the Group is Public Bank Berhad, a licensed bank incorporated in Malaysia.

(ii) Subsidiaries

Details of the subsidiaries are shown in Note 6.

(iii) Associated company

An associated company is a company in which the Group holds an interest of between 20% to 50% and can exercise significant influence, but not control, over its financial and operating policies. Details of the associated company are disclosed in Note 7.

(iv) Other related companies

Other related companies are those subsidiaries and associated companies within the Public Bank Berhad Group.

(v) Key management personnel

Key management personnel includes the Company’s and subsidiaries Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly. Compensation of key management personnel are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions and balances

(a) The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows:

	Note	Holding company		Associated company		Other related companies	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group							
Income earned:							
Premium income		28,857	29,055	327	365	9,104	9,632
Dividend income	19(b)	47,332	44,026	-	-	-	-
Fixed deposits income		1,595	1,246	-	-	29	1,002
Interest/profit income from corporate bonds and sukuk		1,452	1,336	-	-	759	667
Management fees		-	-	53	43	-	-
Information technology services		-	-	154	2	-	-
		79,236	75,663	534	410	9,892	11,301
Expenditure incurred:							
Rental paid		-	-	-	-	(3,996)	(3,996)
Reimbursement of utilities		-	-	-	-	(289)	(314)
Insurance commission		(58,667)	(54,137)	(87)	(97)	2	(1)
Cash incentive		(25)	-	-	-	-	-
Stock broking commission		-	-	-	-	(150)	-
Corporate advisory fees		-	-	-	-	(800)	-
		(58,692)	(54,137)	(87)	(97)	(5,233)	(4,311)
Other transaction:							
Purchase of corporate bonds and sukuk		-	(5,000)	-	-	(10,000)	-

SECTION 7: FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions and balances (continued)

- (a) The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows (continued):

		Holding company		Subsidiaries		Other related companies	
		2025	2024	2025	2024	2025	2024
Company	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income earned:							
Dividend income	19(b)	45,710	42,521	280,000	260,000	-	-
Fixed deposits income		732	530	-	-	-	-
		46,442	43,051	280,000	260,000	-	-
Expenditure incurred:							
Premium paid		-	-	(28)	(29)	-	-
Rental paid		-	-	(47)	(47)	-	-
Corporate advisory fees		-	-	-	-	(800)	-
Management fees		-	-	(903)	(783)	-	-
		-	-	(978)	(859)	(800)	-

- (b) The significant outstanding balances of the Group and of the Company with their related parties as at 31 December are as follows:

Group	Holding company		Other related companies	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Balances with related parties:				
Placements in fixed and call deposits	58,567	8,050	-	-
Bank balances	28,777	22,086	-	-
Corporate bonds and sukuk	35,457	35,284	25,196	15,244
	122,801	65,420	25,196	15,244
Company				
Balances with related parties:				
Placements in fixed and call deposits	22,300	100	-	-
Bank balances	347	174	-	-
	22,647	274	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. CONTINGENT LIABILITIES

On 22 February 2017, Lonpac Insurance Bhd (“Lonpac”) received a Notice of Proposed Decision by the Malaysia Competition Commission (“MyCC”) under Section 36 of the Competition Act 2010 (“the Act”).

MyCC informed that pursuant to its investigation, the commission on the preliminary basis finds that Lonpac together with the other 21 members of Persatuan Insurans Am Malaysia (“PIAM”) had infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and therefore liable for an infringement under Section 4(3) of the Act.

Lonpac had on 25 September 2020 received a Notice of Finding of An Infringement (“Notice”) by MyCC under Section 40 of the Act. MyCC determined that Lonpac had infringed Section 4 prohibition of the Act.

In the view of the impact of the COVID-19 pandemic, MyCC had granted a reduction of 25% of the financial penalties imposed on the 22 general insurers. The financial penalty imposed on Lonpac after taking into account the 25% reduction amounted to RM5,914,780.

Lonpac believes that it has always conducted its business in full compliance with all relevant laws and regulations and had filed an appeal to the Competition Appeal Tribunal (“CAT”) on 13 October 2020.

On 2 September 2022, the CAT had allowed Lonpac to appeal and set aside MyCC’s decision.

MyCC has applied to the High Court for leave to apply for judicial review of CAT’s decision dated 2 September 2022 and Lonpac had filed its Affidavit in Opposition in the High Court.

On 16 January 2024, the High Court dismissed MyCC’s application for leave to commence judicial review against the CAT’s decision. On 15 February 2024, MyCC filed a Notice of Appeal to the Court of Appeal against the High Court’s decision. The Court of Appeal has initially fixed the hearing of the appeal on 22 May 2025. On 29 May 2025, the Court of Appeal has fixed the next case management on 16 April 2026 and the hearing of the appeal on 30 April 2026.

Save as disclosed above, the Group does not have any other contingent assets and liabilities since the last annual balance sheet date of 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

32. CHANGES IN MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as set out in the respective notes to the financial statements to all periods presented in these consolidated financial statements, except in respect of some groups of insurance and reinsurance contracts existing at 1 January 2022 which is the date the Group transitioned to MFRS 17.

For some groups of insurance and reinsurance contracts, the Group applied the modified retrospective approach in MFRS 17 to identify, recognise and measure the groups of contracts at 1 January 2022 because it did not have reasonable and supportable information to apply MFRS 17 retrospectively. This transition approach continues to impact part of how the contractual service margin balance, as determined at the reporting date, is disclosed in Note 12(e)(xi).

33. SIGNIFICANT EVENT

On 2 September 2025, a new company, Lonpac Insurance Singapore Pte. Ltd. was incorporated as a wholly-owned subsidiary of Lonpac Insurance Bhd (“Lonpac”). The purpose of this incorporation is to transfer Lonpac’s Singapore Branch business to the new company, which currently remains dormant pending the completion of the transfer.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 171 to 294 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Mohamed Raslan Bin Abdul Rahman
Director

Tan Kok Guan
Director

Kuala Lumpur
Date: 24 February 2026

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Ng Seng Khin**, the officer primarily responsible for the financial management of LPI Capital Bhd, do solemnly and sincerely declare that the financial statements set out on pages 171 to 294 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Ng Seng Khin, in Kuala Lumpur on 24 February 2026.

Ng Seng Khin

Before me:

Commissioner for Oath

Kuala Lumpur

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF LPI CAPITAL BHD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LPI Capital Bhd, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 171 to 294.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our auditors’ report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of general insurance contract liabilities	
Refer to Note 12 and Note 27.1 to the financial statements	
The key audit matter	How the matter was addressed in our audit
The insurance contract liabilities of RM2,387,044,000 representing 96% of the Group’s total liabilities comprise liabilities for remaining coverage (“LRC”) and liabilities for incurred claims (“LIC”) as explained in Note 12.	Our audit procedures included, among others: • Evaluated the design and tested the operating effectiveness of the key controls around reserving process with the support of our own IT audit team.
Due to the level of subjectivity inherent in determining and estimating the LRC and LIC, the valuation of insurance contract liabilities is a key judgmental area where our audit is concentrated on.	• Tested the reliability of information used in calculating insurance contract liabilities of the Group to source documents on a sample basis.
Judgement is required in determining the assumptions used in the estimation of fulfilment cash flows and contractual service margin (“CSM”).	• Assessed the appropriateness of the methods and model used to estimate the fulfilment cash flows including the measurement of the loss components, whether they are in line with the requirements of MFRS 17. • Assessed and challenged the assumptions used in the valuation methods including the claims development factors, loss ratios, unpaid claims, risk-adjustment for non-financial risk, expense ratio, discount rate and other assumptions by reference to the Group’s and industry’s historical experience and data with the support of our own actuarial specialist. • Recalculated and assessed the reasonableness of the CSM, including its initial recognition and subsequent release, with the support of our own actuarial specialist. • Assessed the adequacy of the Group’s disclosures in relation to insurance contract liabilities required by MFRS 17, including historical claims development, sensitivity analysis of insurance contract liabilities on movement in key assumptions of the estimation and explanation for key assumptions about the future, and other major sources of estimation uncertainty.

INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF LPI CAPITAL BHD

Key Audit Matters (continued)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors’ report.

Information Other than the Financial Statements and Auditors’ Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF LPI CAPITAL BHD

Auditors’ Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis of forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

SECTION 7: FINANCIAL REPORT

INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF LPI CAPITAL BHD

Auditors’ Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors’ report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 6 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 24 February 2026

Lee Yeit Yeen
Approval Number: 03484/02/2028 J
Chartered Accountant

SECTION 8: APPENDICES

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tee Choon Yeow
*Non-Independent
Non-Executive Chairman*
B.Com.; CA (NZ); CA (M’sia);
FCPA (Aust)

Mr. Tan Kok Guan
*Executive Director/
Group Chief Executive Officer*
Chartered Insurer
B.Sc. (Hons.); MBA; ACII; AMII

Encik Mohamed Raslan Bin Abdul Rahman
*Independent
Non-Executive Director*
B.Com.; MICPA; MIA; CAANZ

Dato’ Chia Lee Kee
*Independent
Non-Executive Director*
FCIS (CS) (CGP)

Ms. Soo Chow Lai
*Independent
Non-Executive Director*
BA Econs (Hons)

GROUP COMPANY SECRETARY

Ms. Kong Thian Mee
Chartered Secretary and
Chartered Governance Professional
FCIS (CS) (CGP)
SSM PC No. : 202008001185
MAICSA 7024050
Tel No. : (03) 2262 8688
Email : lpicosec@lonpac.com

REGISTERED OFFICE

6th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia
Tel No. : (03) 2262 8688 / 2723 7888
Fax No. : (03) 2078 7455
Email : lpicosec@lonpac.com

AUDITORS

Messrs KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor, Malaysia
Tel No. : (03) 7721 3388
Fax No. : (03) 7721 3399

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel No. : (03) 2783 9299
Fax No. : (03) 2783 9222
Email : is.enquiry@vistra.com

STOCK EXCHANGE LISTING

Listed on the Main Market of
Bursa Malaysia Securities Berhad
Listing Date : 8 January 1993
Stock Name : LPI
Stock Code : 8621

HEAD OFFICE

6th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia
Tel No. : (03) 2262 8688 / 2723 7888
Fax No. : (03) 2078 7455

WEBSITE

www.lpicapital.com

INVESTOR RELATIONS

Mr. Tan Kok Guan
*Executive Director/
Group Chief Executive Officer*
LPI Capital Bhd
Tel No. : (03) 2034 2670
Email : kgtan@lonpac.com

Mr. Chuang Chee Hing
*Executive Director/
Chief Executive Officer*
Lonpac Insurance Bhd
Tel No. : (03) 2262 8600
Email : chchuang@lonpac.com

Mr. Ng Seng Khin
Group Chief Financial Officer
Tel No. : (03) 2723 7835
Email : skng@lonpac.com

ANALYSIS OF SHAREHOLDINGS

AS AT 26 JANUARY 2026

Number of issued shares : 398,382,753 ordinary shares
Class of shares : Ordinary shares
Voting rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	Shareholders				No. of Shares Held			
	Malaysia		Foreign		Malaysia		Foreign	
	No.	%	No.	%	No.	%	No.	%
Less than 100 shares	969	9.13	10	0.10	13,921	*	124	*
100 – 1,000 shares	3,633	34.24	63	0.59	2,049,890	0.51	29,387	0.01
1,001 – 10,000 shares	4,356	41.06	85	0.80	16,270,205	4.09	375,277	0.09
10,001 – 100,000 shares	1,226	11.56	83	0.78	33,560,379	8.43	2,665,937	0.67
100,001 to 19,919,136 (less than 5% of issued shares)	162	1.53	20	0.19	124,757,675	31.32	8,739,638	2.19
19,919,137 (5% of issued shares) and above	1	0.01	1	0.01	175,896,000	44.15	34,024,320	8.54
Total	10,347	97.53	262	2.47	352,548,070	88.50	45,834,683	11.50
Grand Total	10,609 (100%)				398,382,753 (100%)			

Note:
* Less than 0.01%.

ANALYSIS OF SHAREHOLDINGS

AS AT 26 JANUARY 2026

TOP THIRTY SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name of Shareholders		No. of Shares Held	% of Issued Shares
1.	Public Bank Berhad As Beneficial Owner (Shares-Subsids)	175,896,000	44.15
2.	Sompo Japan Insurance Inc	30,928,320	7.76
3.	Public Invest Nominees (Tempatan) Sdn Bhd Public Bank Group Officers' Retirement Benefits Fund	18,765,504	4.71
4.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	14,896,308	3.74
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,963,200	2.50
6.	AmanahRaya Trustees Berhad Public Savings Fund	5,134,596	1.29
7.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Consolidated Chan Realty Sdn.Bhd (E-KUG)	4,050,880	1.02
8.	Muar Management Sdn Bhd	3,481,920	0.87
9.	AmanahRaya Trustees Berhad Public Growth Fund	3,335,496	0.84
10.	AmanahRaya Trustees Berhad Public Index Fund	3,179,412	0.80
11.	Sompo Japan Insurance Inc	3,096,000	0.78
12.	Tunku Zahrah Binti Tunku Osman	3,081,600	0.77
13.	AmanahRaya Trustees Berhad Public Equity Fund	2,602,984	0.65
14.	Seah Yee Sheau	2,410,000	0.60
15.	AmanahRaya Trustees Berhad Public Dividend Select Fund	2,250,060	0.56
16.	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,177,000	0.55
17.	Teh Cheng Hua	2,050,282	0.51
18.	Lee Chin Guan	1,940,000	0.49
19.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 19)	1,908,900	0.48
20.	CIMB Commerce Trustee Berhad Public Focus Select Fund	1,791,936	0.45
21.	AmanahRaya Trustees Berhad Public Sector Select Fund	1,393,392	0.35
22.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	1,283,100	0.32

SECTION 8: APPENDICES

ANALYSIS OF SHAREHOLDINGS

AS AT 26 JANUARY 2026

Name of Shareholders		No. of Shares Held	% of Issued Shares
23.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	1,186,200	0.30
24.	AmanahRaya Trustees Berhad Public South-East Asia Select Fund	1,166,308	0.29
25.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tee Choon Yeow (PB)	1,152,000	0.29
26.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for PB ASEAN Dividend Fund (270334)	1,129,680	0.28
27.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phua Kiap Wite (E-KTN)	1,107,100	0.28
28.	HSBC Nominees (Asing) Sdn Bhd BNPP FFT/2S for ERI-BAYERNINVEST-FONDS AKTIEN ASIEN	997,500	0.25
29.	Goh Choon Seang	865,212	0.22
30.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Aggressive Growth Fund (N14011940110)	848,736	0.21
Total		304,069,626	76.31

ANALYSIS OF SHAREHOLDINGS

AS AT 26 JANUARY 2026

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1. Public Bank Berhad						
As Beneficial Owner (Shares-Subsids)	175,896,000	44.15	-	-	175,896,000	44.15
2. Sompo Japan Insurance Inc	34,024,320	8.54	-	-	34,024,320	8.54

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors		Direct Interest		Deemed Interest		Total Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Mr. Tee Choon Yeow	1,152,000	0.29	-	-	1,152,000	0.29
2.	Mr. Tan Kok Guan	356,400	0.09	273,600 ¹	0.07	630,000	0.16
3.	Encik Mohamed Raslan Bin Abdul Rahman	-	-	-	-	-	-
4.	Dato’ Chia Lee Kee	-	-	-	-	-	-
5.	Ms. Soo Chow Lai	-	-	-	-	-	-

GROUP KEY SENIOR MANAGEMENT'S DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY

Name of Key Senior Management		Direct Interest		Deemed Interest		Total Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Mr. Tan Kok Guan	356,400	0.09	273,600 ¹	0.07	630,000	0.16
2.	Mr. Chuang Chee Hing	63,716	0.02	-	-	63,716	0.02
3.	Mr. Yow Kai Fook	-	-	-	-	-	-
4.	Mr. Tan Soo Boon	6,000 ²	-	2,000 ²	-	8,000 ²	-

Note:

¹ Deemed interest held by person(s) connected as defined per Section 197 of the Companies Act 2016 and by virtue of Section 59(11)(c) of the Companies Act 2016.

² Less than 0.01%.

SECTION 8: APPENDICES

SHARE CAPITAL

AS AT 26 JANUARY 2026

The total number of issued shares as at 26 January 2026 is RM398,382,753. The changes in the number of issued shares are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
04.10.1962	2	Subscribers' Shares	2
28.03.1963	999,998	Allotment of Shares to Essex Securities Ltd and Montreal Trust Company	1,000,000
28.06.1972	2,000,000	Bonus Issue 1:2 of 500,000 ordinary shares of RM1.00 each and Allotment of 1,500,000 ordinary shares of RM1.00 each to Kuala Lumpur Holdings Sdn. Berhad, Far Eastern Oriental Sdn. Berhad and Mr. Fred Eu Keng Fai	3,000,000
30.12.1972	3,000,000	Allotment of ordinary shares of RM1.00 each to Wei Woo Estates & Investment Limited, Hong Kong, in exchange of 6,000,000 shares of HK\$1.00 each in Wei Woo Estates & Investment Limited	6,000,000
18.01.1973	2,000,000	Rights Issue 1:3 at RM1.00	8,000,000
10.06.1980	6,000,000	Allotment of 7 1/2% Convertible Preference Shares of RM0.50 each to Selected Holdings Sdn. Berhad	11,000,000
29.10.1992	8,800,000	Capitalisation of share premium account, capital reserve account and revenue reserve account (Bonus Issue 4:5)	19,800,000
22.06.1994	9,900,000	Capitalisation of share premium account and revenue reserve account (Bonus Issue 1:2)	29,700,000
01.11.1996	11,880,000	Capitalisation of unappropriated profits (Bonus Issue 2:5)	41,580,000
10.12.1996	11,880,000	Rights Issue 2:5 at RM7.00	53,460,000
15.01.1999	53,460,000	Capitalisation of share premium reserve account (Bonus Issue 1:1)	106,920,000
12.04.2000	435,000	Exercise of share options under LPI ESOS at option price of RM2.60 per share	107,355,000
18.10.2001	43,000	Exercise of share options under LPI ESOS at option price of RM2.60 per share	107,398,000
24.07.2002	10,739,000	Subscription of new ordinary shares of LPI by NIPPONKOA INSURANCE CO., LTD. at RM3.81 per share	118,137,000
08.01.2003	473,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	118,610,000
21.08.2003	1,117,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	119,727,000
30.09.2003	432,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	120,159,000
08.01.2004	1,237,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	121,396,000
29.03.2004	1,857,000	Exercise of share options under LPI ESOS as follows: - 1,773,000 shares at option price of RM3.29 - 84,000 shares at option price of RM3.76	123,253,000

SHARE CAPITAL

AS AT 26 JANUARY 2026

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
04.06.2004	619,000	Exercise of share options under LPI ESOS as follows: - 592,000 shares at option price of RM3.29 - 27,000 shares at option price of RM3.76	123,872,000
27.08.2004	921,000	Exercise of share options under LPI ESOS as follows: - 675,000 shares at option price of RM3.29 - 4,000 shares at option price of RM3.76 - 242,000 shares at option price of RM3.66	124,793,000
22.10.2004	1,545,000	Exercise of share options under LPI ESOS as follows: - 1,050,000 shares at option price of RM3.29 - 15,000 shares at option price of RM3.76 - 480,000 shares at option price of RM3.66	126,338,000
29.11.2004	980,000	Exercise of share options under LPI ESOS as follows: - 624,000 shares at option price of RM3.29 - 37,000 shares at option price of RM3.76 - 319,000 shares at option price of RM3.66	127,318,000
24.12.2004	1,583,000	Exercise of share options under LPI ESOS as follows: - 567,000 shares at option price of RM3.29 - 71,000 shares at option price of RM3.76 - 756,000 shares at option price of RM3.66 - 189,000 shares at option price of RM4.30	128,901,000
24.01.2005	1,257,000	Exercise of share options under LPI ESOS as follows: - 391,000 shares at option price of RM3.29 - 255,000 shares at option price of RM3.76 - 526,000 shares at option price of RM3.66 - 85,000 shares at option price of RM4.30	130,158,000
08.02.2005	5,653,000	Exercise of share options under LPI ESOS as follows: - 94,000 shares at option price of RM3.29 - 594,000 shares at option price of RM3.76 - 4,888,000 shares at option price of RM3.66 - 77,000 shares at option price of RM4.30	135,811,000
18.04.2005	435,000	Exercise of share options under LPI ESOS as follows: - 27,000 shares at option price of RM3.29 - 161,000 shares at option price of RM3.76 - 112,000 shares at option price of RM3.66 - 27,000 shares at option price of RM4.30 - 108,000 shares at option price of RM5.94	136,246,000

SHARE CAPITAL

AS AT 26 JANUARY 2026

SHARE CAPITAL

AS AT 26 JANUARY 2026

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
11.07.2005	192,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 11,000 shares at option price of RM3.76 - 47,000 shares at option price of RM3.66 - 27,000 shares at option price of RM4.30 - 104,000 shares at option price of RM5.94	136,438,000
21.07.2005	930,000	Exercise of share options under LPI ESOS as follows: - 1,000 shares at option price of RM3.29 - 37,000 shares at option price of RM3.76 - 87,000 shares at option price of RM3.66 - 46,000 shares at option price of RM4.30 - 759,000 shares at option price of RM5.94	137,368,000
07.10.2005	288,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 26,000 shares at option price of RM3.76 - 26,000 shares at option price of RM3.66 - 8,000 shares at option price of RM4.30 - 150,000 shares at option price of RM5.94 - 75,000 shares at option price of RM6.29	137,656,000
20.10.2005	271,000	Exercise of share options under LPI ESOS as follows: - 42,000 shares at option price of RM3.29 - 11,000 shares at option price of RM3.66 - 3,000 shares at option price of RM4.30 - 127,000 shares at option price of RM5.94 - 88,000 shares at option price of RM6.29	137,927,000
17.11.2005	23,000	Exercise of share options under LPI ESOS as follows: - 1,000 shares at option price of RM3.29 - 19,000 shares at option price of RM5.94 - 3,000 shares at option price of RM6.29	137,950,000
30.11.2005	61,000	Exercise of share options under LPI ESOS as follows: - 26,000 shares at option price of RM3.66 - 20,000 shares at option price of RM5.94 - 15,000 shares at option price of RM6.29	138,011,000
14.12.2005	165,000	Exercise of share options under LPI ESOS as follows: - 55,000 shares at option price of RM3.76 - 31,000 shares at option price of RM3.66 - 51,000 shares at option price of RM5.94 - 25,000 shares at option price of RM6.29 - 3,000 shares at option price of RM6.95	138,176,000

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
27.12.2005	547,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 10,000 shares at option price of RM3.76 - 12,000 shares at option price of RM3.66 - 1,000 shares at option price of RM4.30 - 380,000 shares at option price of RM5.94 - 67,000 shares at option price of RM6.29 - 74,000 shares at option price of RM6.95	138,723,000
29.09.2010	68,834,150	Capitalisation of share premium reserve account (Bonus Issue 1:2)	207,557,150
29.09.2010	13,766,830	Rights Issue 1:10 at RM7.00	221,323,980
24.03.2015	110,661,828	Capitalisation of share premium reserve account (Bonus Issue 1:2)	331,985,808
11.04.2018	66,396,945	Capitalisation of share premium reserve account and retained earnings account (Bonus Issue 1:5)	398,382,753

SECTION 8: APPENDICES

PARTICULARS OF PROPERTY HELD BY THE GROUP

Location	Units 02-39, 02-41, 02-43 and 02-45 Goldhill Plaza (Podium Block) Singapore 308899
Description	2 nd floor of 6 storey building
Current use	Rented out to third parties
Tenure	Leasehold 999 years
Remaining lease period (Expiry date)	945 years (26 February 2971)
Age of property	54 years
Built-up area	460 sq. meter
Net book value	RM33,348,000
Date of acquisition	26 February 1972
Date of last revaluation	16 December 2025

GROUP CORPORATE DIRECTORY

HEAD OFFICE	SUBSIDIARY
LPI CAPITAL BHD 6 th Floor, Bangunan Public Bank 6 Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia Tel : (03) 2262 8688 / 2723 7888 Fax : (03) 2078 7455 Website : www.lpicapital.com	LONPAC INSURANCE BHD Head Office 6 th Floor, Bangunan Public Bank 6 Jalan Sultan Sulaiman, 50000 Kuala Lumpur P.O. Box 10708, 50722 Kuala Lumpur Tel : (03) 2262 8688 / 2723 7888 Fax : (03) 2715 1332 Website : www.lonpac.com
NORTHERN REGION I	
TAIPING Ms. Ang Gaik Hua Head of Branch No. 9, Ground & 1 st Floor, Persiaran Taiping, 34000 Taiping, Perak Tel : (05) 809 1666 / 809 1667 Fax : (05) 809 1668 Email : ghang@lonpac.com	
SITIAWAN Mr. Teh Kok Wei Head of Branch No. 10, Jalan PPMP 3/1, Pusat Perniagaan Manjung Point 3, 32040 Seri Manjung, Perak Tel : (05) 688 9961 / 688 9962 Fax : (05) 688 9960 Email : kwteh@lonpac.com	
IPOH Mr. Moh Wai Kit Head of Branch Lot 12 & 14, Jalan Yeop Abdul Rani, 30300 Ipoh, Perak Tel : (05) 254 0340 Fax : (05) 254 2119 Email : wkmoh@lonpac.com	
NORTHERN REGION II	
Ms. Lillian Koh Gim Ping Head of Northern Region II Tel : (04) 217 0998 Fax : (04) 217 0898 Email : lilliankoh@lonpac.com	
ALOR SETAR Mr. Wilson Tan Seang Ping Head of Branch No. 4 & 5, 2 nd Floor, No. 55, Bangunan Emum 55, Jalan Gangsa, Kawasan Perusahaan Mergong 2, 05150 Alor Setar, Kedah Tel : (04) 731 4413 Fax : (04) 733 6100 Email : wilsontan@lonpac.com	
PENANG Ms. Ooi Yen Lew Head of Branch Level 3A, Sunrise Gurney, No. 68, Persiaran Gurney, 10250 Pulau Pinang Tel : (04) 217 0998 Fax : (04) 217 0898 Email : ylooi@lonpac.com	
CENTRAL REGION	
Mr. Sebastian Tan York Chung Head of Central Region Tel : (03) 3341 9133 Fax : (03) 3341 9233 Email : sebastiantan@lonpac.com	
KAJANG Mr. Gilbert Heng Wei Chun Head of Branch A-G-17 & A-1-17, Jalan Prima Saujana 2/1A, Taman Prima Saujana, Seksyen 2, 43000 Kajang, Selangor Tel : (03) 8736 9130 Fax : (03) 8736 9135 Email : gilbertheng@lonpac.com	

SECTION 8: APPENDICES

GROUP CORPORATE DIRECTORY

CENTRAL REGION (CONT'D)
KLANG Mr. Eddy Chong Tian Shen Head of Branch No. 2-08, 8th Floor, Menara Empire, Jalan Empayar, Off Persiaran Sultan Ibrahim/KU1, 41050 Klang Bandar Diraja, Selangor Tel : (03) 3341 9133 Fax : (03) 3341 9233 Email : tschong@lonpac.com
SEREMBAN Ms. Mavis Lau Wai Mei Head of Branch No. 496, Jalan Haruan 4/4, Oakland Commercial Centre, 70300 Seremban, Negeri Sembilan Tel : (06) 601 5677 Fax : (06) 601 6768 Email : mavislau@lonpac.com
SOUTHERN REGION I
JOHOR BAHRU Mr. Ryan Leong Chee Woei Senior Branch Head Suite No. 25.02-25.04, 25th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80888 Ibrahim International Business District, Johor Tel : (07) 222 1368 Fax : (07) 223 0549 Email : ryanleong@lonpac.com
SOUTHERN REGION II
Mr. Yong Chee Chean Head of Southern Region II Tel : (06) 282 5169 Fax : (06) 284 1097 / 282 9018 Email : ccyong@lonpac.com
MELAKA Mr. James Goo Chee Siang Head of Branch No. 7 & 9, Jalan Melaka Raya 11, Taman Melaka Raya, 75000 Melaka Tel : (06) 282 5169 Fax : (06) 284 1097 / 282 9018 Email : csgoo@lonpac.com
BATU PAHAT Mr. Dennis Chong Shiung Tiam Head of Branch 13, Jalan Flora Utama 1, Taman Flora Utama, 83000 Batu Pahat, Johor Tel : (07) 433 8169 / 433 9169 Fax : (07) 433 9166 Email : dennischong@lonpac.com
SEGAMAT Mr. Chan Eng Huat Head of Branch No. 23, Jalan Genuang Perdana, Taman Genuang Perdana, 85000 Segamat, Johor Tel : (07) 943 6860 / 943 6880 Fax : (07) 943 6870 Email : ehchan@lonpac.com
EAST COAST REGION
Mr. Chen Fan Yen Head of East Coast Region Tel : (09) 514 4107 Fax : (09) 514 5001 Email : fychen@lonpac.com
KUANTAN Ms. Ong Bee Leng Head of Branch B-62B, 1st & 2nd Floor, Lorong Tun Ismail 8, Sri Dagangan II, 25000 Kuantan, Pahang Tel : (09) 514 4107 Fax : (09) 514 5001 Email : blong@lonpac.com
KUALA TERENGGANU Mr. Tan Teck Cheong Head of Branch Lot 5032-B, Jalan Sultan Zainal Abidin, 20000 Kuala Terengganu, Terengganu Tel : (09) 622 2088 / 622 2099 Fax : (09) 622 2123 Email : tctan@lonpac.com
KOTA BHARU Ms. Angelinne Fong Geok Lan Head of Branch No. PT 286, Tingkat 1 & 2, Jalan Kebun Sultan, 15300 Kota Bharu, Kelantan Tel : (09) 744 3166 / 744 3066 Fax : (09) 744 9948 Email : glfong@lonpac.com

GROUP CORPORATE DIRECTORY

SARAWAK REGION
Mr. Wong Shon Kwang Head of Sarawak Region Tel : (082) 428 529 Fax : (082) 424 512 Email : skwong@lonpac.com
KUCHING Mr. Joseph Pang Neng Liong Head of Branch Lot 258 & 259, Ground & 1st Floor, Section 49, KTLD, Jalan Chan Chin Ann, 93100 Kuching, Sarawak Tel : (082) 428 529 Fax : (082) 424 512 Email : nlpang@lonpac.com
SIBU Mr. Luke Heu Head of Branch No. 4 & 6, 1st Floor, Lorong Dr. Wong Soon Kai 20A, 96000 Sibu, Sarawak Tel : (084) 313 823 / 313 023 Fax : (084) 322 923 Email : lukeheu@lonpac.com
MIRI Mr. Teng Nyen Chung Head of Branch Lot 3528, 1st & 2nd Floor, Al-Bayt Square (Miri 101 Commercial Centre), Jalan Miri-Pujut, 98000 Miri, Sarawak Tel : (085) 324 806 Fax : (085) 324 769 Email : ncteng@lonpac.com
SABAH REGION
Mr. Nicholas Wong Kok Choong Head of Sabah Region Tel : (088) 217 922 Fax : (088) 236 917 Email : nicholaswong@lonpac.com
KOTA KINABALU Mr. Peter Gau Fui Ming Head of Branch Level 9, Wisma Fook Loi, No. 38, Jalan Gaya, 88000 Kota Kinabalu, Sabah Tel : (088) 217 922 Fax : (088) 236 917 Email : petergau@lonpac.com
SANDAKAN Ms. Veronica Chin Nyuk Lan Head of Branch 4th Floor, Menara Rickoh, Indah Commercial Complex, Bandar Indah, Mile 4, North Road, 90000 Sandakan, Sabah Tel : (089) 237 163 Fax : (089) 237 169 Email : veronicachin@lonpac.com
TAWAU Mr. Moses Chiuh Shik Khiong Head of Branch TB4427 & TB4428, 1st Floor, Block C, Sabindo Square, Jalan Dunlop, 91000 Tawau, Sabah Tel : (089) 756 997 / 756 998 Fax : (089) 756 995 Email : moseschiuh@lonpac.com
SINGAPORE OFFICE
Mr. Quek Sun Hui Chief Executive 300 Beach Road, #17-04/06 The Concourse, Singapore 199555 Tel : (65) 6250 7388 / 6279 9200 Email : shquek@lonpac.com Fax : (65) 6296 3767 Website : www.lonpac.com.sg
ASSOCIATED COMPANY
CAMPU LONPAC INSURANCE PLC (HEAD OFFICE) Mr. Chong Kah Jin Chief Executive Officer 7th Floor, Campu Bank Building, No. 23, Kramuon Sar Avenue (Street No. 114), Sangkat Phsar Thmey 2, Khan Daun Penh, 120202 Phnom Penh, Cambodia Tel : (855) 23 966 966 / 23 998 200 / 23 986 279 Email : kahjin@campulonpac.com.kh Fax : (855) 23 986 273 / 23 986 308 Website : www.campulonpac.com.kh



Company Registration No. 196201000175 (4688-D)
(Incorporated in Malaysia)

NOTICE OF THE 65TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 65th Annual General Meeting (AGM) of LPI Capital Bhd (LPI) will be held on Wednesday, 8 April 2026 at 10.00 a.m. at Sabah Room, Basement II, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia (Main Venue) and virtually by way of electronic means via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> (the Portal).

The 65th AGM will be held for the following purposes:

AGENDA

As Ordinary Business

- | | | |
|----|--|--|
| 1. | To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. | To re-elect the following Directors who retire by rotation in accordance with Clause 89 of the Company’s Constitution and who being eligible, offer themselves for re-election:
i. Mr. Tee Choon Yeow
ii. Dato’ Chia Lee Kee | (Please refer to Explanatory Note 2)

Ordinary Resolution 1
Ordinary Resolution 2 |
| 3. | To approve the payment of Directors’ Fees and Board Committee Chairman Fees of RM1,177,089 for the financial year ended 31 December 2025. | Ordinary Resolution 3
(Please refer to Explanatory Note 3) |
| 4. | To approve the payment of Directors’ Benefit on Allowances for Directors amounting to RM325,000 for the financial year ended 31 December 2025. | Ordinary Resolution 4
(Please refer to Explanatory Note 4) |
| 5. | To approve the Directors’ Benefit for Non-Executive Directors from 65 th AGM to 66 th AGM of the Company. | Ordinary Resolution 5
(Please refer to Explanatory Note 5) |
| 6. | To re-appoint Messrs. KPMG PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to fix the Auditors’ remuneration. | Ordinary Resolution 6 |

As Special Business

- | | | |
|----|--|---|
| 7. | To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolution:

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR THE DISPOSAL BY THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARY, LONPAC INSURANCE BHD (“LONPAC”) OF AN AGGREGATE 220,294,480 ORDINARY SHARES IN PUBLIC BANK BERHAD (“PBB”) (“PBB SHARE(S)”, REPRESENTING APPROXIMATELY 1.13% EQUITY INTEREST IN PBB TO 3RD PARTY PURCHASER(S) TO BE IDENTIFIED AND AT PRICE(S) TO BE DETERMINED LATER VIA DIRECT BUSINESS TRANSACTION(S), IN CASH (“DISPOSAL MANDATE”) (“PROPOSED RENEWAL OF DISPOSAL MANDATE”) | Ordinary Resolution 7
(Please refer to Explanatory Note 6) |
|----|--|---|

“**THAT** pursuant to the Disposal Mandate as approved by the Company’s shareholders at the Extraordinary General Meeting held on 29 April 2025 and subject to the period as the Companies Commission of Malaysia may allow, approval be and is hereby given to the Company for the Company and Lonpac to dispose of an aggregate 220,294,480 PBB Shares (“**Sale Share(s)**”) to 3rd party purchaser(s) to be identified and at price(s) to be determined later via direct business transaction(s), in cash.

THAT such approval shall be in force until:

- | | |
|------|---|
| (i) | the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; and |
| (ii) | the disposal price(s) of the Sale Shares will be determined at a later date prior to the date of disposal of the Sale Shares based on willing buyer-willing seller basis, after taking into consideration the prevailing market prices of PBB Shares, which in any event, shall not be at more than 5.00% discount to the 5-day volume-weighted average market price of PBB Shares immediately preceding the price-fixing date of the sale transaction or share sale agreement, where applicable. |

THAT the Board of Directors of the Company (“**Board**”) be and is hereby authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the disposal of the Sale Shares, including but not limited to the number of tranches of disposals, the number of Sale Shares to be sold in each tranche, the timing and manner of each disposal, the 3rd party purchaser(s) and the disposal price.

AND THAT the Board is hereby authorised and empowered to act for and on behalf of the Company and to take all such steps and do all such acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such documents and/or arrangements as it deems fit or may be necessary, desirable, expedient and/or appropriate in connection with or in order to implement, finalise, give full effect and complete the Disposal Mandate and with full powers to amend and/or assent to any condition, modification, variation and/or amendment in any manner as the Board may deem fit, necessary and/or expedient, in the best interest of the Company or as a consequence of any requirements imposed by the relevant authorities and/or as may be required to comply with any applicable laws, as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in relation to the Proposed Renewal of Disposal Mandate.”

By Order of the Board

KONG THIAN MEE
(MAICSA 7024050)/ SSM PC No.: 202008001185
Group Company Secretary

Kuala Lumpur
27 February 2026

NOTICE OF THE
65TH ANNUAL GENERAL MEETING

NOTES:

- 1.65th AGM on Hybrid Mode
- 1.1The 65th AGM of the Company will be held on a hybrid mode whereby Member(s), proxy(ies), corporate representative(s) or attorney(s) will have an option, either:
(a) To attend physically in person at the Main Venue (Physical Attendance); OR
(b) To attend virtually using the Remote Participation and Voting (RPV) facilities which are available on the Portal at <https://srmy.vistra.com> (Virtual Attendance).

Please refer to the Administrative Notes for the full guide to Physical Attendance and Virtual Attendance at the 65th AGM.

1.2For the purpose of determining a member who shall be entitled to attend this 65th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 1 April 2026. Only a depositor whose name appears on the Record of Depositors as at 1 April 2026 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Only shareholders whose name appear on such Record of Depositors shall be entitled to:
(i) Attend, participate, speak and vote at the 65th AGM; and
(ii) Appoint proxy(ies), corporate representative(s), or attorney(s) to attend, participate, speak and vote on his/her behalf.

1.3**Physical Attendance**
All member(s), proxy(ies), corporate representative(s) or attorney(s) who wish to attend and participate at the 65th AGM physically are required to register for the meeting at the Physical Meeting Venue.

Virtual Attendance
All member(s), proxy(ies), corporate representative(s) or attorney(s) who wish to attend and participate in the 65th AGM remotely may do so through live streaming and online remote voting via RPV facilities, administered by the poll administrator and share registrar, Tricor Investor & Issuing House Services Sdn Bhd (Tricor), through the Portal at <https://srmy.vistra.com>.

To attend remotely, participants must first register as a user with the Portal and pre-register their attendance. Members who appoint a proxy, authorised representative or attorney to attend virtually must ensure that their appointed person registers for RPV via the Portal.
- 2.Submission of questions before and during the meeting
- 2.1Members may submit questions in relation to the agenda items for the 65th AGM prior to the meeting via the Portal at <https://srmy.vistra.com> by selecting “e-Services” to login, pose questions and submit electronically not later than **10.00 a.m. on Monday, 6 April 2026**. The responses to these questions will be shared at the 65th AGM.

2.2During the 65th AGM, Members who are physically present at the Main Venue will be able to ask questions in person. Members who attend virtually using the RPV facilities may use the **Query Box** facility to ask questions real time (in the form of typed text) during the meeting.
- 3.A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- 4.Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 5.Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- 6.Where a member of the Company is an exempt authorised nominee 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 exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
- 7.The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- 8.The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 6 April 2026 at 10.00 a.m. You can also have the option to submit the proxy appointment electronically via the Portal at <https://srmy.vistra.com> no later than 6 April 2026 at 10.00 a.m.
- 9.Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Meeting will be put to vote by poll.

NOTICE OF THE
65TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- 1.The Audited Financial Statements are for discussion only as they do not require shareholders’ approval pursuant to the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016. Hence, this matter will not be put for voting.
- 2.The profiles of Directors seeking re-election are set out in the Board of Directors’ Profiles section of the Company’s Integrated Annual Report 2025.

The Board, on the recommendation of the Nomination and Remuneration Committee, supported the re-election of the retiring Directors. The Board and the Nomination and Remuneration Committee had reviewed the assessment results of the Board Evaluation Exercise conducted for the financial year ended 31 December 2025 and were satisfied with the performance and contributions of the retiring Directors that they had effectively discharged their duties and responsibilities well.

- 3.The breakdown of the proposed payment of Directors’ Fees and Board Committee Chairman Fees of RM1,177,089 for the financial year ended 31 December 2025 is as set out below:

Each Director’s Fee and Board Committee Chairman Fee (per annum)		
Chairman	Other Directors	Chairman of Board Committee
RM330,000	RM181,500	Additional RM35,000

- 4.The breakdown of the proposed payment of Directors’ Allowances amounting to RM325,000 for the financial year ended 31 December 2025 is as set out below:

Meeting Attendance Allowances (per meeting attended)	Per Member
• Board Meeting	RM2,000
• Audit Committee Meeting	RM2,000
• Risk, Compliance and Sustainability Committee Meeting	RM2,000
• Nomination and Remuneration Committee Meeting	RM2,000

Board Committees Membership Allowance (per month)	RM3,000 per Director
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- 5.The following Proposed Directors’ Benefit for Non-Executive Directors:

- Insurance
- (i)Hospitalisation and Surgical Insurance

(ii)Personal Accident Insurance

(iii)Travel Insurance

SECTION 8: APPENDICES

NOTICE OF THE
65TH ANNUAL GENERAL MEETING

6. On 29 April 2025, the Company obtained the Disposal Mandate for the Company and Lonpac to dispose of the Sale Share(s) to 3rd party purchaser(s) to be identified and at price(s) to be determined at a later date prior to the date of disposal of the Sale Shares via direct business transaction(s), in cash based on willing buyer-willing seller basis, after taking into consideration the prevailing market prices of PBB Shares, which in any event, shall not be at more than 5.00% discount to the 5-day volume-weighted average market price of PBB Shares immediately preceding the price-fixing date of the sale transaction or share sale agreement, where applicable, and which is the same basis under the Proposed Renewal of Disposal Mandate.

Subsequently, the Company had on 23 September 2025 and 24 September 2025, received approval letters from Suruhanjaya Syarikat Malaysia granting the Company and Lonpac an extension of time of 6 months commencing from 4 December 2025 to 3 June 2026 to complete the disposal of Sale Shares.

The disposal of Sale Shares is undertaken by the Company and its subsidiary (“**Group**”), as a mandatory obligation to comply with Section 22(5)(b) of the Companies Act 2016 (“**Act**”), as a consequence to the completion of the acquisition by PBB of 175,896,000 ordinary shares in LPI, representing approximately 44.15% equity interest in the Company for a total cash consideration of RM1.72 billion (“**Acquisition**”) undertaken by PBB, where the Company became a subsidiary of PBB on 4 December 2024 (“**Disposal of Sale Shares**”).

At the same time, the Disposal of Sale Shares also provides the Group an opportunity to unlock its investments in PBB and use the cash proceeds primarily to reward all of its shareholders for their continuous support via special cash dividend(s) to be declared and announced by the Company later.

As at the date of this Notice, the Company and Lonpac have yet to identify any specific purchaser(s) for the Disposal of Sale Shares. As such, the Proposed Renewal of Disposal Mandate will enable the Group to dispose of the Sale Shares to 3rd party purchaser(s) to be identified and at price(s) to be determined later via direct business transaction(s), in cash, until the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed. The Proposed Renewal of Disposal Mandate, if approved, will enable the Group to comply with Section 22(5) (b) of the Act, which is a mandatory obligation.

Aside from the renewal of the Disposal Mandate as sought in Ordinary Resolution 7 above, there are no other changes pertaining to the details of the Disposal Mandate as disclosed in the circular to shareholders dated 14 April 2025.



Company Registration No. 196201000175 (4688-D)
(Incorporated in Malaysia)

PROXY FORM

I/ We _____ NRIC (New)/ Company No. : _____
(INSERT FULL NAME IN BLOCK CAPITAL)
of _____
(FULL ADDRESS)
being a member/ members of **LPI CAPITAL BHD**, hereby appoint* _____
(INSERT FULL NAME IN BLOCK CAPITAL)
NRIC (New) No. : _____ of _____
(FULL ADDRESS)
and _____ NRIC (New) No. : _____
(INSERT FULL NAME IN BLOCK CAPITAL)
of _____
(FULL ADDRESS)

or failing him, the Chairman of the Meeting as *my/ our proxy/ proxies to participate and vote for *me/ us on *my/ our behalf, at the 65th Annual General Meeting (AGM) of the Company to be held on Wednesday, 8 April 2026 at 10.00 a.m. at Sabah Room, Basement II, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia (Main Venue) and virtually by way of electronic means via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> (the Portal), or any adjournment thereof, to vote as indicated below:-

NO. RESOLUTION		FOR	AGAINST
Ordinary Business			
1.	Re-election of Mr. Tee Choon Yeow as Director.		
2.	Re-election of Dato’ Chia Lee Kee as Director.		
3.	Approval of payment of Directors’ Fees and Board Committee Chairman Fees.		
4.	Approval of payment of Directors’ Allowances.		
5.	Approval of Directors’ Benefit for Non-Executive Directors.		
6.	Re-appointment of Messrs. KPMG PLT as Auditors of the Company and authority to the Directors to fix the Auditors’ remuneration.		
Special Business			
7.	Proposed Renewal of Existing Shareholders’ Mandate for the Disposal of Public Bank Shares.		

(Please indicate with an “X” in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy(ies) will vote or abstain from voting at his/ her discretion.)

Dated this _____ day of _____ 2026

Signature of Member/ Common Seal

No. of ordinary shares held	:	
CDS Account No.	:	
Proportion of shareholdings to be represented by proxies	: First Proxy : _____% Second Proxy : _____%	
Contact No.	:	

Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee 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 exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 6 April 2026 at 10.00 a.m. You can also have the option to submit the proxy appointment electronically via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> no later than 6 April 2026 at 10.00 a.m.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Meeting will be put to vote by poll.
- For the purpose of determining a member who shall be entitled to attend this 65th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 1 April 2026. Only a depositor whose name appears on the Record of Depositors as at 1 April 2026 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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STAMP

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,
Malaysia

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