

Registration No.

200501012215 (689263-M)

SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

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Registration No.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | <u>Note</u> | <u>2022</u> | | | <u>Audited</u> <u>2021</u> | | |
|--|-------------|---|--|---------------------------------|---|--|---------------------------------|
| | | <u>Share-</u> <u>holders'</u> <u>fund</u> | <u>Family</u> <u>Takaful</u> <u>fund</u> | <u>Company</u> <u>RM'000</u> | <u>Share-</u> <u>holders'</u> <u>fund</u> | <u>Family</u> <u>Takaful</u> <u>fund</u> | <u>Company</u> <u>RM'000</u> |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | | | | |
| Property and equipment | | 779 | - | 779 | 330 | - | 330 |
| Intangible assets | | 21,348 | - | 21,348 | 23,101 | - | 23,101 |
| Right-of-use assets | | 96 | - | 96 | 11 | - | 11 |
| Available-for-sale financial assets | 12 | 452,349 | 1,226,071 | 1,668,599 | 441,251 | 1,173,966 | 1,604,377 |
| Fair value through profit or loss financial assets | 12 | 5,905 | 577,536 | 583,441 | 3,978 | 653,626 | 657,604 |
| Financing and receivables | | 28,809 | 137,384 | 166,193 | 36,033 | 106,227 | 142,260 |
| Takaful receivables | | - | 24,945 | 24,945 | - | 16,131 | 16,131 |
| Retakaful assets | 13 | 1 | 157,879 | 157,880 | 1 | 144,512 | 144,513 |
| Other receivables | | 49,989 | 16,026 | 19,285 | 31,208 | 6,575 | 9,363 |
| Deferred tax assets | | 15,729 | 8,967 | 24,696 | 332 | - | - |
| Current tax assets | | - | 18 | - | - | - | - |
| Cash and bank balances | | 1,594 | 17,625 | 19,219 | 1,816 | 10,651 | 12,467 |
| Total assets | | 576,599 | 2,166,451 | 2,686,481 | 538,061 | 2,111,688 | 2,610,157 |

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (CONTINUED)

| | <u>Note</u> | <u>2022</u> | | | <u>Audited 2021</u> | | |
|-------------------------------------|-------------|--------------------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------------------|--------------------------|
| | | <u>Share-holders' fund</u> RM'000 | <u>Family Takaful fund</u> RM'000 | <u>Company</u> RM'000 | <u>Share-holders' fund</u> RM'000 | <u>Family Takaful fund</u> RM'000 | <u>Company</u> RM'000 |
| EQUITY AND LIABILITIES | | | | | | | |
| Share capital | | 240,000 | - | 240,000 | 240,000 | - | 240,000 |
| Available-for-sale reserve | | (13,059) | - | (13,059) | 1,160 | - | 1,160 |
| Retained earnings | | 251,057 | - | 251,057 | 234,858 | - | 234,858 |
| Total equity | | 477,998 | - | 477,998 | 476,018 | - | 476,018 |
| LIABILITIES | | | | | | | |
| Takaful contract liabilities | 14 | 275 | 2,101,962 | 2,092,416 | 281 | 2,049,945 | 2,039,386 |
| Takaful payables | | 9,151 | 611 | 9,762 | 2,186 | 8,984 | 11,170 |
| Lease liabilities | | 97 | - | 97 | 12 | - | 12 |
| Other payables | | 82,427 | 63,878 | 99,575 | 57,540 | 46,268 | 75,388 |
| Deferred tax liabilities | | - | - | - | - | 5,971 | 5,639 |
| Current tax liabilities | | 6,651 | - | 6,633 | 2,024 | 520 | 2,544 |
| Total liabilities | | 98,601 | 2,166,451 | 2,208,483 | 62,043 | 2,111,688 | 2,134,139 |
| TOTAL EQUITY AND LIABILITIES | | 576,599 | 2,166,451 | 2,686,481 | 538,061 | 2,111,688 | 2,610,157 |

Note:

In preparing the Company-level financial statements, balances and transactions of Shareholders' fund and Family Takaful funds are amalgamated with elimination of interfund balances and transactions.

The accompanying notes are an integral part of these financial statements.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

| | <u>6 months period ended 30.6.2022</u> | | | <u>6 months period ended 30.6.2021</u> | | | |
|---|--|-----------------|----------------|--|-----------------|----------------|----------|
| | <u>Note</u> | <u>Share-</u> | <u>Family</u> | <u>Company</u> | <u>Share-</u> | <u>Family</u> | |
| | | <u>holders'</u> | <u>Takaful</u> | | <u>holders'</u> | <u>Takaful</u> | |
| | <u>fund</u> | <u>fund</u> | <u>RM'000</u> | <u>fund</u> | <u>fund</u> | <u>Company</u> | |
| | | | | | | | |
| Gross earned contribution | | - | 483,346 | 483,346 | - | 523,118 | 523,118 |
| Contribution ceded to retakaful operators | | - | (35,454) | (35,454) | - | (34,444) | (34,444) |
| Net earned contribution | | - | 447,892 | 447,892 | - | 488,674 | 488,674 |
| Wakalah income | | 140,178 | - | - | 106,877 | - | - |
| Surplus sharing from Family Takaful funds | | 10,339 | - | - | 6,039 | - | - |
| Investment income | | 11,549 | 35,255 | 44,190 | 10,342 | 29,913 | 37,760 |
| Realised gains | | - | - | - | 681 | 800 | 1,481 |
| Net fair value gains | | - | - | - | (204) | 10,592 | 10,388 |
| Commission income | | - | 20 | 20 | - | 21 | 21 |
| Other operating income | | 6,889 | - | 6,889 | 4,074 | - | 4,074 |
| Total income | | 168,955 | 483,167 | 498,991 | 127,809 | 530,000 | 542,398 |

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

| | <u>6 months period ended 30.6.2022</u> | | | <u>6 months period ended 30.6.2021</u> | | |
|---|--|------------------|------------------|--|------------------|------------------|
| | <u>Note</u> | <u>Share-</u> | <u>Family</u> | <u>Company</u> | <u>Share-</u> | <u>Family</u> |
| | | <u>holders'</u> | <u>Takaful</u> | | <u>holders'</u> | <u>Takaful</u> |
| | <u>fund</u> | <u>fund</u> | <u>RM'000</u> | <u>fund</u> | <u>fund</u> | <u>Company</u> |
| | | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Gross benefits and claims paid | (5) | (155,138) | (155,143) | (438) | (178,887) | (179,325) |
| Claims ceded to retakaful operators | 28 | 36,403 | 36,431 | 76 | 30,572 | 30,648 |
| Gross change in Takaful contract liabilities | 6 | (111,976) | (111,970) | (54) | (272,016) | (272,070) |
| Change in Takaful contract liabilities ceded to retakaful operators | - | 13,367 | 13,367 | - | 8,528 | 8,528 |
| Net claims | 29 | (217,344) | (217,315) | (416) | (411,803) | (412,219) |
| Surplus sharing with Takaful operator | - | (10,339) | - | - | (6,039) | - |
| Wakalah expenses | - | (140,178) | - | - | (106,877) | - |
| Commission expenses | (54,744) | - | (54,744) | (41,151) | - | (41,151) |
| Management expenses | (94,830) | - | (94,830) | (73,255) | - | (73,255) |
| Other operating expenses | (4,852) | (4,612) | (6,850) | (4,040) | (4,519) | (6,064) |
| Realised losses | - | (225) | (225) | - | - | - |
| Net fair value losses | (1,313) | (119,879) | (121,192) | - | - | - |
| Finance cost | (1) | - | (1) | (1) | - | (1) |
| | | <u>(155,740)</u> | <u>(275,233)</u> | <u>(118,447)</u> | <u>(117,435)</u> | <u>(120,471)</u> |
| Total expenses | | (155,711) | (492,577) | (118,863) | (529,238) | (532,690) |

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

| | Note | 6 months period ended 30.6.2022 | | | 6 months period ended 30.6.2021 | | |
|---|------|---------------------------------|---------------------------|---------|---------------------------------|---------------------------|---------|
| | | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(loss) before taxation | | 13,244 | (9,410) | 3,834 | 8,946 | 762 | 9,708 |
| Tax credit/(expense) attributable to participants | | - | 9,410 | 9,410 | - | (762) | (762) |
| Profit before taxation attributable to Shareholders | | 13,244 | - | 13,244 | 8,946 | - | 8,946 |
| Taxation | 15 | 2,955 | 9,410 | 12,365 | (4,758) | (762) | (5,520) |
| Tax (credit)/expense attributable to participants | | - | (9,410) | (9,410) | - | 762 | 762 |
| Tax credit/(expense) attributable to Shareholders | | 2,955 | - | 2,955 | (4,758) | - | (4,758) |
| Net profit for the financial period | | 16,199 | - | 16,199 | 4,188 | - | 4,188 |
| Basic earnings per share (sen) | | - | - | 11.57 | - | - | 2.99 |

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

| | <u>6 months period ended 30.6.2022</u> | | | <u>6 months period ended 30.6.2021</u> | | |
|--|--|-------------------|---------------|--|-------------------|----------------|
| | Share- holders' | Family Takaful | Company | Share- holders' | Family Takaful | Company |
| | <u>fund</u> | <u>fund</u> | | <u>fund</u> | <u>fund</u> | |
| <u>Note</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Other comprehensive income/(loss): | | | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | | | |
| Fair value change on available-for-sale financial assets: | | | | | | |
| - Revaluation | (18,709) | (65,201) | (83,910) | (16,614) | (50,100) | (66,714) |
| - Transfer to profit or loss upon disposal | - | 28 | 28 | 916 | 1,718 | 2,634 |
| - Gross fair value changes | (18,709) | (65,173) | (83,882) | (15,698) | (48,382) | (64,080) |
| - Deferred taxation | 4,490 | 5,214 | 9,704 | 3,768 | 3,872 | 7,640 |
| - Net fair value changes | (14,219) | (59,959) | (74,178) | (11,930) | (44,510) | (56,440) |
| Changes in Takaful contract liabilities arising from unrealised net fair value changes | - | 59,959 | 59,959 | - | 44,510 | 44,510 |
| Other comprehensive loss for the financial period, net of tax | (14,219) | - | (14,219) | (11,930) | - | (11,930) |
| Total comprehensive income/(loss) for the financial period | <u>1,980</u> | <u>-</u> | <u>1,980</u> | <u>(7,742)</u> | <u>-</u> | <u>(7,742)</u> |

Note: In preparing the Company-level financial statements, balances and transactions of Shareholders' fund and Family Takaful funds are amalgamated with elimination of interfund balances and transactions.

The accompanying notes are an integral part of these financial statements.

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

| | <u>Share capital</u> RM'000 | <u>Non-distributable Available- for-sale reserve</u> RM'000 | <u>Retained earnings</u> RM'000 | <u>Total</u> RM'000 |
|---|------------------------------------|--|--|------------------------|
| As at 1 January 2022 | 240,000 | 1,160 | 234,858 | 476,018 |
| Total comprehensive (loss)/income for the financial period | - | (14,219) | 16,199 | 1,980 |
| As at 30 June 2022 | <u>240,000</u> | <u>(13,059)</u> | <u>251,057</u> | <u>477,998</u> |
| As at 1 January 2021 | 240,000 | 16,703 | 226,097 | 482,800 |
| Total comprehensive income/(loss) for the financial period | - | (11,930) | 4,188 | (7,742) |
| As at 30 June 2021 | <u>240,000</u> | <u>4,773</u> | <u>230,285</u> | <u>475,058</u> |

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

| | 6 months period ended <u>30.6.2022</u> RM'000 | 6 months period ended <u>30.6.2021</u> RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit for the financial period | 16,199 | 4,188 |
| Adjustments for: | | |
| Depreciation of property and equipment | - | 48 |
| Amortisation of intangible assets | 2,291 | 2,151 |
| Depreciation of right-of-use assets | 30 | 33 |
| Amortisation of premiums - net | 1,283 | 1,076 |
| Realised losses/(gains) on disposal of financial assets | 225 | (1,481) |
| Profit income | (37,552) | (32,712) |
| Dividend income | (7,921) | (6,124) |
| Net fair value losses/(gains) | 121,192 | (10,388) |
| Provision for expense liability | - | (4) |
| (Decrease)/Increase in Shareholder's fund | | |
| Takaful contract liabilities | (6) | 54 |
| Increase in Family Takaful contract liabilities | 111,976 | 272,016 |
| Finance cost | 1 | 1 |
| Taxation | (12,365) | 5,520 |
| | <hr/> | <hr/> |
| Profit from operations before changes in operating assets and liabilities | 195,353 | 234,378 |
| Proceeds from disposal and maturity of investments | 76,765 | 128,919 |
| Purchase of investments | (270,935) | (437,245) |
| Increase in other receivables | (9,981) | (3,953) |
| Increase in Takaful receivables | (8,814) | (3,104) |
| (Decrease)/Increase in financing and receivables | (23,951) | 53,468 |
| Increase in retakaful assets | (13,367) | (8,528) |
| Increase in right-of-use assets | (115) | - |
| Increase in lease liabilities | 153 | - |
| Increase in other payables | 24,187 | 13,779 |
| Decrease in Takaful payables | (1,408) | (4,915) |
| | <hr/> | <hr/> |
| | (32,113) | (27,201) |
| Finance cost of leases paid | (1) | (1) |
| Income tax paid | (4,177) | (5,718) |
| Profit income received | 36,118 | 31,704 |
| Dividend income received | 7,980 | 6,030 |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 7,807 | 4,814 |
| | <hr/> | <hr/> |

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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

| | 6 months period ended <u>30.6.2022</u> RM'000 | 6 months period ended <u>30.6.2021</u> RM'000 |
|---|--|--|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (714) | (640) |
| Purchase of intangible assets | (273) | (94) |
| Net cash used in investing activities | <u>(987)</u> | <u>(734)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of lease liabilities | (68) | (34) |
| Net cash used in financing activities | <u>(68)</u> | <u>(34)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 6,752 | 4,046 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | <u>12,467</u> | <u>8,905</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | <u><u>19,219</u></u> | <u><u>12,951</u></u> |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | <u>19,219</u> | <u>12,951</u> |

The Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows as the purchases are funded from cash flows associated with the origination of Takaful contracts, net of cash flows for payments of benefits and claims incurred for Takaful contracts, which are treated accordingly under the operating activities.

The accompanying notes are an integral part of these financial statements.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of Family Takaful, including investment-linked business. There were no significant changes in the nature of these activities of the Company during the six months period ended 30 June 2022.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The Company's registered office is at the 11th Floor, No. 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

The Company's principal place of business is at the 8th Floor, No. 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

The Directors regard Renggis Ventures Sdn Bhd as the immediate holding company, Avicennia Capital Sdn Bhd as the penultimate holding company, and Khazanah Nasional Berhad as the ultimate holding company. Avicennia Capital Sdn Bhd is no longer a financial holding company effective from 2 October 2019. All three companies are incorporated in Malaysia.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company's unaudited interim financial statements were prepared in accordance with the Malaysian Financial Reporting Standard (MFRS) 134, "Interim Financial Reporting" which do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2021.

Following the adoption of MFRS, a Takaful Operator is required to present its financial statements for itself and the Takaful funds it manages.

In preparing the Company's unaudited interim financial statements as a whole, the assets, liabilities, income, and expenses of the Takaful fund are combined with those of the Takaful Operator. Interfund balances and transactions are eliminated in arriving at the Company's interim financial statements.

The inclusion of separate financial information of the Takaful funds and the Takaful Operator together with the Company's financial information as a whole in the statement of financial position, the statement of comprehensive income, as well as certain relevant notes to the interim financial statements represents additional supplementary information presented in accordance with the requirements of BNM pursuant to the Islamic Financial Services Act, 2013 in Malaysia to separate assets, liabilities, income, and expenses of the Takaful funds from its own. The accounting policies adopted for the Takaful Operator and Takaful funds are uniform for transactions and events in similar circumstances.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the Company's accounting policies.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of interim financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the interim financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

(a) Standards, amendments to published standards, and interpretations that are effective:

New standard that is effective and was adopted

The amendments and improvements to published standards and interpretations that the Company have adopted for the first time for the financial year beginning on or after 1 January 2022 are as follows:

- (i) Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- (ii) Amendments to MFRS 3 'Reference to Conceptual Framework'

The adoption of this amendment did not have any material impact to the Group's and the Company's financial statements.

New standard that is effective and was deferred for adoption

The amendments and improvements to published standards and interpretations that are relevant and effected for the financial year beginning on or after 1 January 2018, but the Company deferred for adoption are as follows:

- Amendments to MFRS 4 – Extension of the Temporary Exemption from Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts" effective for annual periods beginning on or after 1 January 2018.

The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 "Financial Instruments" before the application of MFRS 17, the new insurance contracts standard. This is because certain financial assets have to be measured at fair value through profit or loss under MFRS 9; whereas, under MFRS 4 "Insurance Contracts," the related liabilities from insurance contracts are often measured on amortised cost basis.

The amendments provide two different approaches for entities: (i) a temporary exemption from MFRS 9 for entities that meet specific requirements, and (ii) the overlay approach. Both approaches are optional.

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning 1 January 2023, at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards, and interpretations that are effective:
(continued)

New standard that is effective and was deferred for adoption (continued)

An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

The Company's business activity is predominately insurance and, hence, qualifies for the temporary exemption approach. Consequently, management decided to apply the temporary exemption from MFRS 9 from its annual period beginning 1 January 2018, and will adopt MFRS 9 for its annual period beginning 1 January 2023, which is in line with the adoption of MFRS 17 Insurance Contracts. The additional disclosures are in Note 18.

All other new standards, amendments to published standards, and interpretations that are effective for the current financial year are not relevant to the Company.

(b) Standards, amendments to published standards, and interpretations to existing standards that are applicable to the Company, but not yet effective:

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2022. None of these are expected to have a significant effect on the Company's financial statements, except for the following as set out below:

- MFRS 17 "Insurance Contracts" (effective from 1 January 2023) replaces MFRS 4 "Insurance Contracts".

MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee services other than insurance contract services whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 "Revenue." An entity is allowed to account for financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts (other than reinsurance), where the entity is the policyholder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and components for services other than insurance contract services should be "unbundled" and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) Standards, amendments to published standards, and interpretations to existing standards that are applicable to the Company, but not yet effective: (continued)

MFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (CSM) representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverage:

- i) Simplified Premium Allocation Approach if the insurance coverage period is a year or less.
- ii) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items.

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

Insurers are required to disclose information about amounts, judgements, and risks arising from insurance contracts.

The Company is in the process of assessing the financial impact of this standard on its financial statements.

- Amendment to MFRS 17 “Initial Application of MFRS 17 and MFRS 9 – Comparative Information” (effective 1 January 2023).

The amendment is available for entities that initially apply MFRS 9 at the same time as they apply MFRS 17.

The amendment permits an entity to present comparative information as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset. It is not required to apply impairment requirements of MFRS 9.

Any difference in the carrying amount of the financial asset at the transition date resulting from applying the classification overlay would be recognised in opening retained earnings.

The Company is in the process of assessing the financial impact of this standard on its financial statements.

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) Standards, amendments to published standards, and interpretations to existing standards that are applicable to the Company, but not yet effective: (continued)

- Amendments to MFRS 101 “Classification of liabilities as current or non-current” (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

There is no financial impact of this amendment to the Company.

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on “Disclosure of Accounting Policies” and “Definition of Accounting Estimates” (effective 1 January 2023).

MFRS 101 and MFRS Practice Statement 2 require the Company to disclose material accounting policies rather than significant accounting policies. The disclosures are expected to be specific to the Company and not generic disclosures on MFRS applications.

The amendment explains that an accounting policy is material if, when considered together with other information included in the Company’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

MFRS 8 provides clarity on how to distinguish changes in accounting policies from changes in accounting estimates. The amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

There is no financial impact of these amendments to the Company.

3 SEASONALITY OF OPERATIONS

The Company’s business operations were not materially affected by any seasonal or cyclical fluctuations during the six months period ended 30 June 2022.

4 CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the six months period ended 30 June 2022.

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5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence during the six months period ended 30 June 2022.

6 ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES

There were no issues, repurchases and repayments of debts and equity securities during the six months period ended 30 June 2022.

7 DIVIDENDS PAID

No dividends have been paid or declared by the Company since the end of the previous financial year.

8 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no material capital commitments and contingent liabilities that arose during the six months period ended 30 June 2022.

9 SIGNIFICANT EVENTS AND TRANSACTIONS

There were no significant events and transactions that have not been reflected in the financial statements for the six months period ended 30 June 2022.

10 SUBSEQUENT EVENTS

There were no material events after the interim period that are required to be reflected in the financial statements for the six months period ended 30 June 2022.

11 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the six months period ended 30 June 2022.

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12 FINANCIAL ASSETS

| | Shareholders' fund <u>RM'000</u> | Family Takaful fund <u>RM'000</u> | <u>Company</u> <u>RM'000</u> |
|--|--|--|---------------------------------|
| <u>30.6.2022</u> | | | |
| Government Investment Issues | 209,255 | 198,755 | 408,010 |
| Cagamas Sukuk | - | 10,211 | 10,211 |
| Unquoted Sukuk | 233,273 | 1,017,105 | 1,250,378 |
| Quoted equity securities | 5,905 | 87,383 | 93,288 |
| Unit trust funds | - | 490,153 | 490,153 |
| Investments in investment-linked funds | 9,821 | - | - |
| Total | <u>458,254</u> | <u>1,803,607</u> | <u>2,252,040</u> |
| <u>Audited</u> | | | |
| <u>31.12.2021</u> | | | |
| Government Investment Issues | 208,750 | 192,833 | 401,583 |
| Cagamas Sukuk | - | 10,509 | 10,509 |
| Unquoted Sukuk | 221,661 | 970,624 | 1,192,285 |
| Quoted equity securities | 3,978 | 111,075 | 115,053 |
| Unit trust funds | - | 542,551 | 542,551 |
| Investments in investment-linked funds | 10,840 | - | - |
| Total | <u>445,229</u> | <u>1,827,592</u> | <u>2,261,981</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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12 FINANCIAL ASSETS (CONTINUED)

The Company's financial assets are summarised by categories as follows:

| | Shareholders' fund <u>RM'000</u> | Family Takaful fund <u>RM'000</u> | <u>Company</u> <u>RM'000</u> |
|---|--|--|---------------------------------|
| <u>30.6.2022</u> | | | |
| AFS | 452,349 | 1,226,071 | 1,668,599 |
| FVTPL – designated upon initial recognition | 5,905 | 577,536 | 583,441 |
| | <u>458,254</u> | <u>1,803,607</u> | <u>2,252,040</u> |
| <u>Audited</u> <u>31.12.2021</u> | | | |
| AFS | 441,251 | 1,173,966 | 1,604,377 |
| FVTPL – designated upon initial recognition | 3,978 | 653,626 | 657,604 |
| | <u>445,229</u> | <u>1,827,592</u> | <u>2,261,981</u> |

The following financial assets are expected to be realised after 12 months:

| | Shareholders' fund <u>RM'000</u> | Family Takaful fund <u>RM'000</u> | <u>Company</u> <u>RM'000</u> |
|-------------------------------------|--|--|---------------------------------|
| <u>30.6.2022</u> | | | |
| AFS | 386,955 | 1,200,901 | 1,587,856 |
| | <u>386,955</u> | <u>1,200,901</u> | <u>1,587,856</u> |
| <u>Audited</u> <u>31.12.2021</u> | | | |
| AFS | 417,673 | 1,040,045 | 1,457,718 |
| | <u>417,673</u> | <u>1,040,045</u> | <u>1,457,718</u> |

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FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

12 FINANCIAL ASSETS (CONTINUED)

(a) AFS

| | Shareholders' fund <u>RM'000</u> | Family Takaful fund <u>RM'000</u> | <u>Company</u> <u>RM'000</u> |
|--|--|--|---------------------------------|
| <u>30.6.2022</u> | | | |
| Government Investment Issues | 209,255 | 198,755 | 408,010 |
| Cagamas Sukuk | - | 10,211 | 10,211 |
| Unquoted Sukuk | 233,273 | 1,017,105 | 1,250,378 |
| Investments in investment-linked funds | 9,821 | - | - |
| Total | <u>452,349</u> | <u>1,226,071</u> | <u>1,668,599</u> |

Audited
31.12.2021

| | | | |
|--|----------------|------------------|------------------|
| Government Investment Issues | 208,750 | 192,833 | 401,583 |
| Cagamas Sukuk | - | 10,509 | 10,509 |
| Unquoted Sukuk | 221,661 | 970,624 | 1,192,285 |
| Investments in investment-linked funds | 10,840 | - | - |
| Total | <u>441,251</u> | <u>1,173,966</u> | <u>1,604,377</u> |

(b) FVTPL – designated upon initial recognition

| | Shareholders' fund <u>RM'000</u> | Takaful fund <u>RM'000</u> | <u>Company</u> <u>RM'000</u> |
|--------------------------|--|----------------------------------|---------------------------------|
| <u>30.6.2022</u> | | | |
| Quoted equity securities | 5,905 | 87,383 | 93,288 |
| Unit trust funds | - | 490,153 | 490,153 |
| Total | <u>5,905</u> | <u>577,536</u> | <u>583,441</u> |

Audited
31.12.2021

| | | | |
|--------------------------|--------------|----------------|----------------|
| Quoted equity securities | 3,978 | 111,075 | 115,053 |
| Unit trust funds | - | 542,551 | 542,551 |
| Total | <u>3,978</u> | <u>653,626</u> | <u>657,604</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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12 FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets

| | Available-for-sale | | FVTPL | | Company RM'000 |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|-------------------|
| | Share- holders' fund RM'000 | Family Takaful fund RM'000 | Share- holders' fund RM'000 | Family Takaful fund RM'000 | |
| At 1 January 2022 | 441,251 | 1,173,966 | 3,978 | 653,626 | 2,261,981 |
| Purchases | 30,125 | 127,015 | 6,102 | 107,693 | 270,935 |
| Maturities | - | (10,224) | - | - | (10,224) |
| Disposals | - | - | (3,175) | (63,809) | (66,984) |
| Fair value gains recorded in: | | | | | |
| Profit or loss | - | - | (1,000) | (119,974) | (120,974) |
| Other comprehensive income | (18,709) | (65,173) | - | - | (83,882) |
| Elimination of fair value loss from Shareholders' fund investment in investment-linked funds | - | - | - | - | 1,019 |
| Movement in accrued profit | 342 | 1,110 | - | - | 1,452 |
| Amortisation adjustments | (660) | (623) | - | - | (1,283) |
| At 30 June 2022 | <u>452,349</u> | <u>1,226,071</u> | <u>5,905</u> | <u>577,536</u> | <u>2,252,040</u> |

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12 FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets (continued)

| | Available-for-sale | | FVTPL | | Company RM'000 |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|-------------------|
| | Share- holders' fund RM'000 | Family Takaful fund RM'000 | Share- holders' fund RM'000 | Family Takaful fund RM'000 | |
| At 1 January 2021 | 409,658 | 1,056,331 | 1,803 | 326,870 | 1,783,832 |
| Purchases | 65,747 | 271,192 | 17,479 | 421,916 | 776,334 |
| Maturities | (2,954) | (65,290) | - | - | (68,244) |
| Disposals | (10,004) | (33,729) | (15,438) | (104,122) | (163,293) |
| Fair value gains recorded in: | | | | | |
| Profit or loss | - | - | 134 | 8,962 | 9,096 |
| Other comprehensive income | (20,452) | (55,807) | - | - | (76,259) |
| Elimination of fair value loss from Shareholders' fund investment in investment-linked funds | - | - | - | - | (10) |
| Movement in accrued profit | 527 | 2,176 | - | - | 2,703 |
| Amortisation adjustments | (1,271) | (907) | - | - | (2,178) |
| At 31 December 2021 | <u>441,251</u> | <u>1,173,966</u> | <u>3,978</u> | <u>653,626</u> | <u>2,261,981</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

12 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as profit rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which are not market observable, including assumptions about risk.

There are no movements in Levels 1 and 2 of the fair value hierarchy during the six months period ended 30 June 2022.

The following table presents the Company's financial assets that are carried at fair value as at 30 June 2022:

| | <u>Level 1</u> RM'000 | <u>Level 2</u> RM'000 | <u>Total</u> RM'000 |
|--|--------------------------|--------------------------|------------------------|
| <u>30.6.2022</u> | | | |
| <u>Shareholders' fund</u> | | | |
| <u>AFS</u> | | | |
| - Government Investment Issues | - | 209,255 | 209,255 |
| - Unquoted Sukuk | - | 233,273 | 233,273 |
| - Investments in investment-linked funds | 9,821 | - | 9,821 |
| <u>FVTPL – designated upon initial recognition</u> | | | |
| - Quoted equity securities | 5,905 | - | 5,905 |
| | <u>15,726</u> | <u>442,528</u> | <u>458,254</u> |

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12 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

| | <u>Level 1</u> RM'000 | <u>Level 2</u> RM'000 | <u>Total</u> RM'000 |
|--|--------------------------|--------------------------|------------------------|
| <u>30.6.2022 (continued)</u> | | | |
| <u>Family Takaful fund</u> | | | |
| <u>AFS</u> | | | |
| - Government Investment Issues | - | 198,755 | 198,755 |
| - Cagamas Sukuk | - | 10,211 | 10,211 |
| - Unquoted Sukuk | - | 1,017,105 | 1,017,105 |
| <u>FVTPL – designated upon initial recognition</u> | | | |
| - Quoted equity securities | 87,383 | - | 87,383 |
| - Unit trust funds | 490,153 | - | 490,153 |
| | <u>577,536</u> | <u>1,226,071</u> | <u>1,803,607</u> |
| <u>Company</u> | | | |
| <u>AFS</u> | | | |
| - Government Investment Issues | - | 408,010 | 408,010 |
| - Cagamas Sukuk | - | 10,211 | 10,211 |
| - Unquoted Sukuk | - | 1,250,378 | 1,250,378 |
| <u>FVTPL – designated upon initial recognition</u> | | | |
| - Quoted equity securities | 93,288 | - | 93,288 |
| - Unit trust funds | 490,153 | - | 490,153 |
| | <u>583,441</u> | <u>1,668,599</u> | <u>2,252,040</u> |

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12 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

| | <u>Level 1</u> RM'000 | <u>Level 2</u> RM'000 | <u>Total</u> RM'000 |
|--|--------------------------|--------------------------|------------------------|
| Audited <u>31.12.2021</u> | | | |
| <u>Shareholders' fund</u> | | | |
| <u>AFS</u> | | | |
| - Government Investment Issues | - | 208,750 | 208,750 |
| - Unquoted Sukuk | - | 221,661 | 221,661 |
| - Investments in investment-linked funds | 10,840 | - | 10,840 |
| <u>FVTPL – designated upon initial recognition</u> | | | |
| - Quoted equity securities | 3,978 | - | 3,978 |
| | <u>14,818</u> | <u>430,411</u> | <u>445,229</u> |
| <u>Family Takaful fund</u> | | | |
| <u>AFS</u> | | | |
| - Government Investment Issues | - | 192,833 | 192,833 |
| - Cagamas Sukuk | - | 10,509 | 10,509 |
| - Unquoted Sukuk | - | 970,624 | 970,624 |
| <u>FVTPL – designated upon initial recognition</u> | | | |
| - Quoted equity securities | 111,075 | - | 111,075 |
| - Unit trust funds | 542,551 | - | 542,551 |
| | <u>653,626</u> | <u>1,173,966</u> | <u>1,827,592</u> |
| <u>Company</u> | | | |
| <u>AFS</u> | | | |
| - Government Investment Issues | - | 401,583 | 401,583 |
| - Cagamas Sukuk | - | 10,509 | 10,509 |
| - Unquoted Sukuk | - | 1,192,285 | 1,192,285 |
| <u>FVTPL – designated upon initial recognition</u> | | | |
| - Quoted equity securities | 115,053 | - | 115,053 |
| - Unit trust funds | 542,551 | - | 542,551 |
| | <u>657,604</u> | <u>1,604,377</u> | <u>2,261,981</u> |

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13 RETAKAFUL ASSETS

| | Shareholders' fund <u>RM'000</u> | Family Takaful fund <u>RM'000</u> | <u>Company</u> <u>RM'000</u> |
|--|--|--|---------------------------------|
| <u>30.6.2022</u> | | | |
| Retakaful of Takaful contracts | | | |
| - Takaful contract liabilities (note 14) | 1 | 157,879 | 157,880 |
| | <u>1</u> | <u>157,879</u> | <u>157,880</u> |
| Receivable within 12 months | 1 | 48,853 | 48,854 |
| Receivable after 12 months | - | 109,026 | 109,026 |
| | <u>1</u> | <u>157,879</u> | <u>157,880</u> |
| | | | |
| Audited | | | |
| <u>31.12.2021</u> | | | |
| Retakaful of Takaful contracts | | | |
| - Takaful contract liabilities (note 14) | 1 | 144,512 | 144,513 |
| | <u>1</u> | <u>144,512</u> | <u>144,513</u> |
| Receivable within 12 months | 1 | 48,129 | 48,130 |
| Receivable after 12 months | - | 96,383 | 96,383 |
| | <u>1</u> | <u>144,512</u> | <u>144,513</u> |

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14 TAKAFUL CONTRACT LIABILITIES

| | 30.6.2022 | | | Audited 31.12.2021 | | |
|---------------------|--------------------------------------|-------------------------------------|-------------------|--------------------------------------|-------------------------------------|-------------------|
| | Share- holders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 | Share- holders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 |
| Gross | 275 | 2,101,962 | 2,092,416 | 281 | 2,049,945 | 2,039,386 |
| Retakaful (note 13) | (1) | (157,879) | (157,880) | (1) | (144,512) | (144,513) |
| Net | 274 | 1,944,083 | 1,934,536 | 280 | 1,905,433 | 1,894,873 |
| Current | 274 | 66,181 | 66,455 | 280 | 141,241 | 141,521 |
| Non-current | - | 1,877,902 | 1,868,081 | - | 1,764,192 | 1,753,352 |
| | 274 | 1,944,083 | 1,934,536 | 280 | 1,905,433 | 1,894,873 |

(a) Family Takaful contract liabilities

The Family Takaful contract liabilities and its movements are further analysed as follows:

| | 30.6.2022 | | | Audited 31.12.2021 | | |
|---|-----------------|--------------------------|---------------|-----------------------|--------------------------|---------------|
| | Gross RM'000 | Re- takaful RM'000 | Net RM'000 | Gross RM'000 | Re- takaful RM'000 | Net RM'000 |
| Certificate holders' liabilities | 1,358,983 | (114,469) | 1,244,514 | 1,249,024 | (107,329) | 1,141,695 |
| Net asset value attributable to certificate holders | 504,498 | - | 504,498 | 539,173 | - | 539,173 |
| Actuarial liabilities | 1,863,481 | (114,469) | 1,749,012 | 1,788,197 | (107,329) | 1,680,868 |
| Claims liabilities | 64,887 | (43,410) | 21,477 | 65,302 | (37,183) | 28,119 |
| Unallocated surplus | 211,669 | - | 211,669 | 174,562 | - | 174,562 |
| Available-for-sale fair value adjustment | | | | | | |
| - Gross | (41,386) | - | (41,386) | 23,787 | - | 23,787 |
| - deferred tax | 3,311 | - | 3,311 | (1,903) | - | (1,903) |
| - net | (38,075) | - | (38,075) | 21,884 | - | 21,884 |
| | 2,101,962 | (157,879) | 1,944,083 | 2,049,945 | (144,512) | 1,905,433 |

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14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(a) Family Takaful contract liabilities (continued)

The Family Takaful contract liabilities and its movements are further analysed as follows:
(continued)

| <u>30.6.2022</u> | <u>Gross</u> RM'000 | <u>Re-</u> <u>takaful</u> RM'000 | <u>Net</u> RM'000 |
|---|------------------------|--|----------------------|
| At 1 January 2022 | 2,049,945 | (144,512) | 1,905,433 |
| <u>Projected changes of inforce Takaful certificates</u> | | | |
| Contribution income | 23,177 | (34,956) | (11,779) |
| Benefits | (111,385) | 52,278 | (59,107) |
| Investment returns | 23,680 | (642) | 23,038 |
| Others | 23,819 | (14,123) | 9,696 |
| Experience variance on inforce Takaful certificates | (86,788) | (405) | (87,193) |
| Reserve on new Takaful certificates | 223,874 | (17,147) | 206,727 |
| Miscellaneous | 13,582 | 7,855 | 21,437 |
| Movement in net asset value attributable to certificate holders | (34,675) | - | (34,675) |
| Movement in claims liabilities | (415) | (6,227) | (6,642) |
| Movement in unallocated surplus | 37,107 | - | 37,107 |
| Movement in AFS fair value adjustment | (59,959) | - | (59,959) |
| At 30 June 2022 | <u>2,101,962</u> | <u>(157,879)</u> | <u>1,944,083</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(a) Family Takaful contract liabilities (continued)

The Family Takaful contract liabilities and its movements are further analysed as follows:
(continued)

| <u>Audited</u> <u>31.12.2021</u> | <u>Gross</u> RM'000 | <u>Re-</u> <u>takaful</u> RM'000 | <u>Net</u> RM'000 |
|---|------------------------|--|----------------------|
| At 1 January 2021 | 1,571,527 | (125,836) | 1,445,691 |
| <u>Projected changes of inforce Takaful certificates</u> | | | |
| Contribution income | 39,165 | (60,890) | (21,725) |
| Benefits | (176,096) | 92,769 | (83,327) |
| Investment returns | 39,367 | (697) | 38,670 |
| Others | 26,989 | (24,710) | 2,279 |
| Experience variance on inforce Takaful certificates | (337,736) | (7,057) | (344,793) |
| Reserve on new Takaful certificates | 573,823 | (23,129) | 550,694 |
| Miscellaneous | (800) | 12,647 | 11,847 |
| Movement in net asset value attributable to certificate holders | 303,418 | - | 303,418 |
| Movement in claims liabilities | 8,170 | (7,609) | 561 |
| Movement in unallocated surplus | 53,460 | - | 53,460 |
| Movement in AFS fair value adjustment | (51,342) | - | (51,342) |
| At 31 December 2021 | <u>2,049,945</u> | <u>(144,512)</u> | <u>1,905,433</u> |

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14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) Shareholders' Takaful contract liabilities

The Shareholders' Takaful contract liabilities and its movements are further analysed as follows:

| | 30.6.2022 | | | Audited 31.12.2021 | | |
|--|------------------------|----------------------------------|----------------------|------------------------|----------------------------------|----------------------|
| | <u>Gross</u> RM'000 | <u>Re- takaful</u> RM'000 | <u>Net</u> RM'000 | <u>Gross</u> RM'000 | <u>Re- takaful</u> RM'000 | <u>Net</u> RM'000 |
| Provision for IBNR | 1 | - | 1 | 2 | - | 2 |
| Provision for claims reported by certificate holders | 274 | (1) | 273 | 279 | (1) | 278 |
| Provision for outstanding claims (i) | 275 | (1) | 274 | 281 | (1) | 280 |

(i) Provision for outstanding claims

| | 30.06.2022 | | | Audited 31.12.2021 | | |
|-------------------------------|------------------------|----------------------------------|----------------------|------------------------|----------------------------------|----------------------|
| | <u>Gross</u> RM'000 | <u>Re- takaful</u> RM'000 | <u>Net</u> RM'000 | <u>Gross</u> RM'000 | <u>Re- takaful</u> RM'000 | <u>Net</u> RM'000 |
| At 1 January | 281 | (1) | 280 | 299 | (48) | 251 |
| Movement in claim liabilities | (6) | - | (6) | (18) | 47 | 29 |
| At 30 June/ 31 December | 275 | (1) | 274 | 281 | (1) | 280 |

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14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(c) Takaful contract liabilities at Company level

| | 30.6.2022 | | | Audited 31.12.2021 | | |
|---|-------------------------|----------------------------------|-------------------------|-------------------------|----------------------------------|-------------------------|
| | <u>Gross</u> RM'000 | <u>Re- takaful</u> RM'000 | <u>Net</u> RM'000 | <u>Gross</u> RM'000 | <u>Re- takaful</u> RM'000 | <u>Net</u> RM'000 |
| Family Takaful fund (note 14(a)) | 2,101,962 | (157,879) | 1,944,083 | 2,049,945 | (144,512) | 1,905,433 |
| Shareholders' fund (note 14(b)) | 275 | (1) | 274 | 281 | (1) | 280 |
| | <u>2,102,237</u> | <u>(157,880)</u> | <u>1,944,357</u> | <u>2,050,226</u> | <u>(144,513)</u> | <u>1,905,713</u> |
| Elimination of Shareholders' fund investment in investment-linked funds | (9,821) | - | (9,821) | (10,840) | - | (10,840) |
| Total | <u><u>2,092,416</u></u> | <u><u>(157,880)</u></u> | <u><u>1,934,536</u></u> | <u><u>2,039,386</u></u> | <u><u>(144,513)</u></u> | <u><u>1,894,873</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

15 TAXATION

| | 30.6.2022 | | | 30.6.2021 | | |
|--|--------------------------------------|-------------------------------------|-------------------|--------------------------------------|-------------------------------------|-------------------|
| | Share- holders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 | Share- holders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 |
| Tax (credit)/expense on the profit for the financial period | | | | | | |
| Income tax: | | | | | | |
| Current financial period | 7,952 | 314 | 8,266 | 4,957 | 553 | 5,510 |
| Deferred tax: | | | | | | |
| Relating to origination and reversal of temporary differences | (10,907) | (9,724) | (20,631) | (199) | 209 | 10 |
| | <u>(2,955)</u> | <u>(9,410)</u> | <u>(12,365)</u> | <u>4,758</u> | <u>762</u> | <u>5,520</u> |
| Tax (credit)/expense attributable to Shareholders | (2,955) | - | (2,955) | 4,758 | - | 4,758 |
| Tax (credit)/ expense attributable to participants | - | (9,410) | (9,410) | - | 762 | 762 |
| | <u>(2,955)</u> | <u>(9,410)</u> | <u>(12,365)</u> | <u>4,758</u> | <u>762</u> | <u>5,520</u> |

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15 TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory income tax rate to the effective income tax rate of the Company is as follows:

| | <u>30.6.2022</u> | <u>Company</u> <u>30.6.2021</u> |
|---|------------------|------------------------------------|
| | RM'000 | RM'000 |
| Profit before taxation attributable to Shareholders | 13,244 | 8,946 |
| Taxation at Malaysian statutory tax rate of 24% (2021: 24%) | 3,179 | 2,147 |
| Income not subject to tax | (32) | (25,571) |
| Section 110C tax credit offset | (310) | - |
| Expenses not deductible for tax purposes | 2,126 | 28,182 |
| Effect of changes in tax law | (7,918) | - |
| Tax (credit)/expense attributable to Shareholders | (2,955) | 4,758 |
| Tax (credit)/expense attributable to participants | (9,410) | 762 |
| | <u>(12,365)</u> | <u>5,520</u> |

16 OPERATING LEASE AND CAPITAL COMMITMENTS

There were no operating lease and material capital commitment that arose during the six months period ended 30 June 2022.

17 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2022, as prescribed under the Risk Based Capital Framework is provided below:

| | <u>30.6.2022</u> | <u>Audited</u> <u>31.12.2021</u> |
|--------------------------------|------------------|-------------------------------------|
| | RM'000 | RM'000 |
| <u>Eligible Tier 1 Capital</u> | | |
| Share capital (paid-up) | 240,000 | 240,000 |
| Retained earnings | 242,889 | 234,858 |
| Eligible contract liabilities | 222,072 | 167,791 |
| | <u>704,961</u> | <u>642,649</u> |
| <u>Tier 2 Capital</u> | | |
| Eligible reserves | (20,043) | 4,131 |
| Amounts deducted from capital | (38,694) | (24,433) |
| Total capital available | <u>646,224</u> | <u>622,347</u> |

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18 **ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS**

In order to compare with entities applying MFRS 9, the amendments require deferring entities to disclose additional information including contractual cash flows characteristics and credit exposure of the financial assets. The following table presents the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding (SPPI) or other than SPPI:

| | Financial assets with SPPI cash flows <u>RM'000</u> | All other financial assets <u>RM'000</u> | <u>Total*</u> <u>RM'000</u> |
|--|---|---|--------------------------------|
| <u>Fair value as at 30 June 2022</u> | | | |
| <u>Shareholders' fund</u> | | | |
| Financial assets | 442,528 | 15,726 | 458,254 |
| Quoted equity securities | - | 5,905 | 5,905 |
| Investments in investment-linked funds | - | 9,821 | 9,821 |
| Government Investment Issues | 209,255 | - | 209,255 |
| Unquoted Sukuk | 233,273 | - | 233,273 |
| Financing and receivables | 28,809 | - | 28,809 |
| Other receivables | 49,989 | - | 49,989 |
| Cash and bank balances | 1,594 | - | 1,594 |
| | <u>522,920</u> | <u>15,726</u> | <u>538,646</u> |
| <u>Family Takaful fund</u> | | | |
| Financial assets | 1,226,071 | 577,536 | 1,803,607 |
| Quoted equity securities | - | 87,383 | 87,383 |
| Unit trust funds | - | 490,153 | 490,153 |
| Government Investment Issues | 198,755 | - | 198,755 |
| Cagamas Sukuk | 10,211 | - | 10,211 |
| Unquoted Sukuk | 1,017,105 | - | 1,017,105 |
| Financing and receivables | 137,384 | - | 137,384 |
| Other receivables | 16,026 | - | 16,026 |
| Cash and bank balances | 17,625 | - | 17,625 |
| | <u>1,397,106</u> | <u>577,536</u> | <u>1,974,642</u> |

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18 ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS
(CONTINUED)

| | Financial assets with SPPI cash flows RM'000 | All other financial assets RM'000 | Total* RM'000 |
|------------------------------|--|--|------------------|
| <u>Company</u> | | | |
| Financial assets | 1,668,599 | 583,441 | 2,252,040 |
| Quoted equity securities | - | 93,288 | 93,288 |
| Unit trust funds | - | 490,153 | 490,153 |
| Government Investment Issues | 408,010 | - | 408,010 |
| Cagamas Sukuk | 10,211 | - | 10,211 |
| Unquoted Sukuk | 1,250,378 | - | 1,250,378 |
| Financing and receivables | 166,193 | - | 166,193 |
| Other receivables | 19,285 | - | 19,285 |
| Cash and bank balances | 19,219 | - | 19,219 |
| | <u>1,873,296</u> | <u>583,441</u> | <u>2,456,737</u> |

* Takaful receivables and retakaful assets have been excluded from the above assessment as these will be under the scope of MFRS 17 Insurance Contracts. Other than the financial assets listed above and assets that are within the scope of MFRS 17 Insurance Contracts, all other assets in the statement of financial position are nonfinancial assets.

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FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

18 **ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS (CONTINUED)**

| | Financial assets with SPPI cash flows RM'000 | All other financial assets RM'000 | Total* RM'000 |
|--|--|--|------------------|
| <u>Fair value as at 31 December 2021</u> | | | |
| <u>Shareholders' fund</u> | | | |
| Financial assets | 430,411 | 14,818 | 445,229 |
| Quoted equity securities | - | 3,978 | 3,978 |
| Investments in investment-linked funds | - | 10,840 | 10,840 |
| Government Investment Issues | 208,750 | - | 208,750 |
| Unquoted Sukuk | 221,661 | - | 221,661 |
| Financing and receivables | 36,033 | - | 36,033 |
| Other receivables | 31,208 | - | 31,208 |
| Cash and bank balances | 1,816 | - | 1,816 |
| | <u>499,468</u> | <u>14,818</u> | <u>514,286</u> |
| <u>Family Takaful fund</u> | | | |
| Financial assets | 1,173,966 | 653,626 | 1,827,592 |
| Quoted equity securities | - | 111,075 | 111,075 |
| Unit trust funds | - | 542,551 | 542,551 |
| Government Investment Issues | 192,833 | - | 192,833 |
| Cagamas Sukuk | 10,509 | - | 10,509 |
| Unquoted Sukuk | 970,624 | - | 970,624 |
| Financing and receivables | 106,227 | - | 106,227 |
| Other receivables | 6,575 | - | 6,575 |
| Cash and bank balances | 10,651 | - | 10,651 |
| | <u>1,297,419</u> | <u>653,626</u> | <u>1,951,045</u> |

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18 ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS
(CONTINUED)

| | Financial assets with SPPI cash flows RM'000 | All other financial assets RM'000 | Total* RM'000 |
|--|--|--|------------------|
| <u>Fair value as at 31 December 2021</u> | | | |
| <u>Company</u> | | | |
| Financial assets | 1,604,377 | 657,604 | 2,261,981 |
| Quoted equity securities | - | 115,053 | 115,053 |
| Unit trust funds | - | 542,551 | 542,551 |
| Government Investment Issues | 401,583 | - | 401,583 |
| Cagamas Sukuk | 10,509 | - | 10,509 |
| Unquoted Sukuk | 1,192,285 | - | 1,192,285 |
| Financing and receivables | 142,260 | - | 142,260 |
| Other receivables | 9,363 | - | 9,363 |
| Cash and bank balances | 12,467 | - | 12,467 |
| | <u>1,768,467</u> | <u>657,604</u> | <u>2,426,071</u> |

* Takaful receivables and retakaful assets have been excluded from the above assessment as these will be under the scope of MFRS 17 Insurance Contracts. Other than the financial assets listed above and assets that are within the scope of MFRS 17 Insurance Contracts, all other assets in the statement of financial position are nonfinancial assets.

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18 **ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS (CONTINUED)**

| | Financial assets with SPPI cash flows RM'000 | All other financial assets RM'000 | Total* RM'000 |
|--|--|--|------------------|
| <u>30 June 2022</u> | | | |
| <u>Changes in fair value during the period</u> | | | |
| <u>Shareholders' fund</u> | | | |
| Financial assets | (17,690) | (2,019) | (19,709) |
| Quoted equity securities | - | (1,000) | (1,000) |
| Investments in investment-linked funds | - | (1,019) | (1,019) |
| Government Investment Issues | (9,252) | - | (9,252) |
| Unquoted Sukuk | (8,438) | - | (8,438) |
| Financing and receivables | - | - | - |
| Other receivables | - | - | - |
| Cash and bank balances | - | - | - |
| | <u>(17,690)</u> | <u>(2,019)</u> | <u>(19,709)</u> |
| <u>Family Takaful fund</u> | | | |
| Financial assets | (65,173) | (119,974) | (185,147) |
| Quoted equity securities | - | (16,806) | (16,806) |
| Unit trust funds | - | (103,168) | (103,168) |
| Government Investment Issues | (13,073) | - | (13,073) |
| Cagamas Sukuk | (301) | - | (301) |
| Unquoted Sukuk | (51,799) | - | (51,799) |
| Financing and receivables | - | - | - |
| Other receivables | - | - | - |
| Cash and bank balances | - | - | - |
| | <u>(65,173)</u> | <u>(119,974)</u> | <u>(185,147)</u> |
| <u>Company</u> | | | |
| Financial assets | (82,863) | (121,993) | (204,856) |
| Quoted equity securities | - | (17,806) | (17,806) |
| Unit trust funds | - | (103,168) | (103,168) |
| Investments in investment-linked funds | - | (1,019) | (1,019) |
| Government Investment Issues | (22,325) | - | (22,325) |
| Cagamas Sukuk | (301) | - | (301) |
| Unquoted Sukuk | (60,237) | - | (60,237) |
| Financing and receivables | - | - | - |
| Other receivables | - | - | - |
| Cash and bank balances | - | - | - |
| | <u>(82,863)</u> | <u>(121,993)</u> | <u>(204,856)</u> |

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18 **ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS (CONTINUED)**

| | Financial assets with SPPI cash flows RM'000 | All other financial assets RM'000 | Total* RM'000 |
|--|--|--|------------------|
| <u>30 June 2021</u> | | | |
| <u>Changes in fair value during the period</u> | | | |
| <u>Shareholders' fund</u> | | | |
| Financial assets | (15,475) | (294) | (15,769) |
| Quoted equity securities | - | (71) | (71) |
| Investments in investment-linked funds | - | (223) | (223) |
| Government Investment Issues | (9,938) | - | (9,938) |
| Unquoted Sukuk | (5,537) | - | (5,537) |
| Financing and receivables | - | - | - |
| Other receivables | - | - | - |
| Cash and bank balances | - | - | - |
| | <u>(15,475)</u> | <u>(294)</u> | <u>(15,769)</u> |
| <u>Family Takaful fund</u> | | | |
| Financial assets | (48,382) | 3,059 | (45,323) |
| Quoted equity securities | - | (6,440) | (6,440) |
| Unit trust funds | - | 9,499 | 9,499 |
| Government Investment Issues | (12,217) | - | (12,217) |
| Cagamas Sukuk | (259) | - | (259) |
| Unquoted Sukuk | (35,906) | - | (35,906) |
| Financing and receivables | - | - | - |
| Other receivables | - | - | - |
| Cash and bank balances | - | - | - |
| | <u>(48,382)</u> | <u>3,059</u> | <u>(45,323)</u> |
| <u>Company</u> | | | |
| Financial assets | (63,857) | 2,988 | (60,869) |
| Quoted equity securities | - | (6,511) | (6,511) |
| Unit trust funds | - | 9,499 | 9,499 |
| Government Investment Issues | (22,155) | - | (22,155) |
| Cagamas Sukuk | (259) | - | (259) |
| Unquoted Sukuk | (41,443) | - | (41,443) |
| Financing and receivables | - | - | - |
| Other receivables | - | - | - |
| Cash and bank balances | - | - | - |
| | <u>(63,857)</u> | <u>2,988</u> | <u>(60,869)</u> |

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18 **ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS (CONTINUED)**

Financial assets with SPPI cash flows*

The table below provides information on the gross carrying amounts under MFRS 139 by credit risk rating grades.

| | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>Non-rated</u> | <u>Investment-linked fund</u> | <u>Total</u> |
|----------------------------|----------------|----------------|----------|------------------|-------------------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>30 June 2022</u> | | | | | | |
| <u>Shareholders' fund</u> | | | | | | |
| Government | | | | | | |
| Investment Issues | - | - | - | 209,255 | - | 209,255 |
| Unquoted Sukuk | 36,115 | 47,854 | - | 149,304 | - | 233,273 |
| Financing and receivables | 20,808 | 8,001 | - | - | - | 28,809 |
| Other receivables | - | - | - | 49,989 | - | 49,989 |
| Cash and bank balances | 1,591 | - | - | 3 | - | 1,594 |
| | <u>58,514</u> | <u>55,855</u> | <u>-</u> | <u>408,551</u> | <u>-</u> | <u>522,920</u> |
| <u>Family Takaful fund</u> | | | | | | |
| Government | | | | | | |
| Investment Issues | - | - | - | 198,755 | - | 198,755 |
| Cagamas Sukuk | 10,211 | - | - | - | - | 10,211 |
| Unquoted Sukuk | 263,526 | 224,041 | - | 529,538 | - | 1,017,105 |
| Financing and receivables | 63,143 | 74,241 | - | - | - | 137,384 |
| Other receivables | - | - | - | 6,614 | 9,412 | 16,026 |
| Cash and bank balances | 17,070 | 537 | - | - | 18 | 17,625 |
| | <u>353,950</u> | <u>298,819</u> | <u>-</u> | <u>734,907</u> | <u>9,430</u> | <u>1,397,106</u> |
| <u>Company</u> | | | | | | |
| Government | | | | | | |
| Investment Issues | - | - | - | 408,010 | - | 408,010 |
| Cagamas Sukuk | 10,211 | - | - | - | - | 10,211 |
| Unquoted Sukuk | 299,641 | 271,895 | - | 678,842 | - | 1,250,378 |
| Financing and receivables | 83,951 | 82,242 | - | - | - | 166,193 |
| Other receivables | - | - | - | 9,873 | 9,412 | 19,285 |
| Cash and bank balances | 18,661 | 537 | - | 3 | 18 | 19,219 |
| | <u>412,464</u> | <u>354,674</u> | <u>-</u> | <u>1,096,728</u> | <u>9,430</u> | <u>1,873,296</u> |

* Credit risk of these financial assets is considered low for the purpose of MFRS 9.

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18 **ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACTS (CONTINUED)**

Financial assets with SPPI cash flows*

The table below provides information on the gross carrying amounts under MFRS 139 by credit risk rating grades.

| | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>Non-rated</u> | <u>Investment-linked fund</u> | <u>Total</u> |
|----------------------------|----------------|----------------|----------|------------------|-------------------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>31 December 2021</u> | | | | | | |
| <u>Shareholders' fund</u> | | | | | | |
| Government | | | | | | |
| Investment Issues | - | - | - | 208,750 | - | 208,750 |
| Unquoted Sukuk | 37,633 | 28,297 | - | 155,731 | - | 221,661 |
| Financing and receivables | 22,651 | 12,088 | - | 1,294 | - | 36,033 |
| Other receivables | - | - | - | 31,208 | - | 31,208 |
| Cash and bank balances | 1,813 | - | - | 3 | - | 1,816 |
| | <u>62,097</u> | <u>40,385</u> | <u>-</u> | <u>396,986</u> | <u>-</u> | <u>499,468</u> |
| <u>Family Takaful fund</u> | | | | | | |
| Government | | | | | | |
| Investment Issues | - | - | - | 192,833 | - | 192,833 |
| Cagamas Sukuk | 10,509 | - | - | - | - | 10,509 |
| Unquoted Sukuk | 252,243 | 225,395 | - | 492,986 | - | 970,624 |
| Financing and receivables | 50,476 | 55,751 | - | - | - | 106,227 |
| Other receivables | - | - | - | 5,948 | 627 | 6,575 |
| Cash and bank balances | 10,075 | 181 | - | 375 | 20 | 10,651 |
| | <u>323,303</u> | <u>281,327</u> | <u>-</u> | <u>692,142</u> | <u>647</u> | <u>1,297,419</u> |
| <u>Company</u> | | | | | | |
| Government | | | | | | |
| Investment Issues | - | - | - | 401,583 | - | 401,583 |
| Cagamas Sukuk | 10,509 | - | - | - | - | 10,509 |
| Unquoted Sukuk | 289,876 | 253,692 | - | 648,717 | - | 1,192,285 |
| Financing and receivables | 73,127 | 67,839 | - | 1,294 | - | 142,260 |
| Other receivables | - | - | - | 8,736 | 627 | 9,363 |
| Cash and bank balances | 11,888 | 181 | - | 378 | 20 | 12,467 |
| | <u>385,400</u> | <u>321,712</u> | <u>-</u> | <u>1,060,708</u> | <u>647</u> | <u>1,768,467</u> |

* Credit risk of these financial assets is considered low for the purpose of MFRS 9.