

SUN LIFE MALAYSIA ASSURANCE BERHAD
199001005930 (197499-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2024

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

CONTENTS	PAGE
DIRECTORS' REPORT	1 - 18
STATEMENT BY DIRECTORS	19
STATUTORY DECLARATION	19
INDEPENDENT AUDITORS' REPORT	20 - 23
STATEMENTS OF FINANCIAL POSITION	24
STATEMENTS OF COMPREHENSIVE INCOME	25 - 26
STATEMENTS OF CHANGES IN EQUITY	27
STATEMENTS OF CASH FLOWS	28 - 29
NOTES TO THE FINANCIAL STATEMENTS	30 - 166

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors are pleased to present this report with the audited financial statements of the Group and the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is engaged principally in underwriting life insurance and investment-linked business whilst the principal activity of the subsidiary are as stated in note 7 to the financial statements. There were no significant changes in the Company's and the subsidiary's principal activities during the financial year.

FINANCIAL RESULTS

	<u>Group/Company</u> RM'000
Net profit for the financial year	116,638

DIVIDENDS

The amount of dividends the Company paid or declared since the end of the previous financial year are as follows:

For the financial year ended 31 December 2023:

Dividend paid on 27 June 2024:	RM'000
- Final Single-Tier Dividend in respect of the Ordinary Shares of 27.69 sen per share	67,000
- Final Single-Tier Dividend in respect of the Perpetual Non-cumulative Preference Shares of 8 sen per share	8,000
	<hr/> 75,000 <hr/>

The Directors have not recommended any dividend to be paid for the financial year under review.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

INSURANCE AND REINSURANCE CONTRACT LIABILITIES

Before finalizing the financial statements, the Directors took reasonable steps to ensure that the insurance and reinsurance contract liabilities were adequate, in compliance with MFRS 17 *Insurance Contracts*.

SHARE CAPITAL

The Group and the Company did not issue any shares during the financial year.

BAD AND DOUBTFUL DEBTS

Before the Group and the Company made their financial statements, the Directors took reasonable steps to ascertain that proper action was taken in relation to writing off bad debts and making allowance for doubtful debts, and satisfied themselves that there were no known bad debts to be written off and that adequate allowance was made for doubtful debts.

As of the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off any bad debts or the amount of allowance for doubtful debts in the Group's and the Company's financial statements inadequate to any substantial extent.

CURRENT ASSETS

Before the Group and the Company made their financial statements, the Directors took reasonable steps to ensure that any current assets unlikely to be realised in the ordinary course of business would have their values as shown in the accounting records of the Group and the Company to be written down to an amount which they might be expected so to realise.

As of the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the Group's and the Company's financial statements misleading.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

VALUATION METHODS

As of the date of this report, the Directors are not aware of any circumstances that arose which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

As of the date of this report, there does not exist:

- (a) any charge on the Group's and the Company's assets that arose since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group and the Company that arose since the end of the financial year.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the Group's and the Company's ability to meet its obligations as and when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of the Group's and the Company's business.

CHANGE OF CIRCUMSTANCES

As of the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the Group's and the Company's financial statements, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the Group's and the Company's operations during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction, or event of a material and unusual nature.

In the interval between the end of the financial year and the date of this report, no item, transaction, or event arose of a material and unusual nature which is likely, in the opinion of the Directors, to affect substantially the results of the Group's and the Company's operations for the financial year in which this report is made.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who held office since the date of the last report and as of the date of this report are as follows:

<u>Members of the Board</u>	<u>Designation</u>
Dato' Noorazman Bin Abd Aziz	Chairman/Independent Director
Nigel Robin Hazell	Independent Director
Wong Ah Kow	Independent Director
Yap Seong Yong	Independent Director
Ooi Say Teng	Non-Independent Non-Executive Director
Natasha Su Sivarajah	Non-Independent Non-Executive Director
Puneet Nayyar (Appointed on 9 October 2024)	Executive Director
Ingrid Gail Johnson (Resigned on 30 June 2024)	Executive Director

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Group and the Company are a party, being arrangements with the object or objects of enabling the Group's and the Company's Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Group and the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Group and the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits disclosed in the Group's and the Company's notes to the financial statements) by reason of a contract made by the Group and the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Corporation in which the Director has a substantial financial interest.

INDEMNITY AND INSURANCE

The Directors and Officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid for this cover, during the financial year, amounted to RM61,750.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Company has kept the Register of Directors' Shareholdings under Section 59 of the Companies Act 2016. None of the Directors in office at the end of the financial year held shares or had beneficial interests in the shares of the Company or held shares, options over shares, and debentures or had beneficial interests in the shares, options over shares, and debentures of its related companies during and at the end of the financial year.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and the Company for the financial year is RM856,000. The details of Directors' remuneration are set out in Note 18 to the financial statements.

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors (the Board)

Composition of the Board

The Board currently has seven (7) members, comprising one (1) Independent Director and Chairman, three (3) Independent Directors, two (2) Non-Independent Non-Executive Directors and one (1) Executive Director, each from diverse backgrounds and qualifications and bring a wealth of knowledge, experience and skills in a wide range of areas, inter alia, business strategy, finance, insurance, risk management and technology to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and competencies to the Company.

Directors' Profiles

Dato' Noorazman Bin Abd. Aziz

Chairman & Independent Director

Date of Appointment: 13 May 2022

Membership of Board Committees:

- Member of Audit Committee
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee

Dato' Noorazman holds a Bachelor of Science (Finance) from Louisiana State University, USA. He is a member of Chartered Institute of Islamic Finance Professionals (CIIF), a member of the Australian Institute of Corporate Directors (AICD) as well as a member of the Institute of Corporate Directors, Malaysia (ICDM).

Dato' Noorazman has over 38 years of experience in banking & finance, investments and capital markets having served as Executive Director, Investments in Khazanah Nasional Berhad, Co-founder and Managing Director of Fajr Capital Ltd and held key positions in Citigroup, Bank Islam Malaysia Bhd, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA).

In 2005, Dato' Noorazman was named as the winner of the first Asian Banker Achievement Award for Islamic Finance.

Dato' Noorazman is currently the Chairman of the Board of Sun Life Malaysia Takaful Berhad, CTOS Digital Berhad, MUFG Bank (Malaysia) Berhad and a Director of Kumpulan Perangsang Selangor Berhad (KPS). He also chairs the Board of Trustees of Yayasan UEM and the International Centre for Education in Islamic Finance (INCEIF) and sits on the Board of Trustees of OSK Foundation. He is also a member of the Audit Oversight Board in the Securities Commission Malaysia and an Investment Panel member of Kumpulan Wang Persaraan (KWAP).

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Dato' Noorazman does not hold any shares in the Company.

Dato' Noorazman has attended the following trainings during the year:

Training/Conferences
Global Minimum Tax and E-Invoicing
New Shariah Compliant Product Offering (Hajah, Darurah)
IT Cloud and Cyber Security
Directors Masterclass in Corporate Governance 2024: Boardroom Dynamics on Climate Talks
Sharing session on e-Invoice
FIDE Forum – CGM Masterclass: What Directors Must Know: Recent Developments in Climate Science
Understanding the 'S' in ESG – Recent Developments in the EU
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
Kuala Lumpur International Sustainability Conference – Synergizing Climate Action: Fostering Collaboration Across Regulators, Corporations and Academia
The Future of Cybersecurity with AI
Data Innovation to Drive Financial Inclusion - Pushing New Frontiers
STEP Malaysia Conference: Navigating Succession and Estate Planning in Malaysia and Labuan IBFC
ASPAC Board Leadership Centre (BLC) Webinar 2024 – The Risk Landscape: Navigating Climate Transition Risks in a Circular Economy
SLM Cyber Drill Exercise FY2024
Preventing Fraud: The Board's Roles and Responsibilities
EY FSO Insurance Forum 2024
INCEIF Discourse Series 17 - Reach & Relevance: How Social Finance Makes Islamic Finance More Meaningful Globally
Boardroom Insights 2025: Navigating Governance, Risk and Strategic Foresight

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Mr. Ooi Say Teng

Non-Independent Non-Executive Director

Date of Appointment: 12 April 2013

Membership of Board Committees:

- Member of Executive Committee
- Member of Nomination and Remuneration Committee

Mr. Ooi has more than 30 years of experience in the insurance industry as well as extensive management experience having held senior leadership positions with both local and global companies in Malaysia. He holds a Bachelor of Science (Honours) Degree in Actuarial Science from The City University, London and a Diploma in Actuarial Techniques from the Institute of Actuaries, London. He is also a Registered Financial Planner.

Mr. Ooi began his career back in 1983 at MCIS Insurance Berhad, rising through the ranks to Assistant General Manager, Operations before moving on to MBA Life Assurance Berhad (now known as Allianz Life Insurance Berhad) as Deputy General Manager, Operations. He then took on the role as Assistant General Manager of Mayban Life Assurance Berhad where his strong track record and leadership capability saw him then taking on the helmship of UniAsia Life Assurance Berhad as Chief Executive Officer in 2003. In 2010, he joined CIMB Bank Berhad as the Head of CIMB Group Insurance, in which he was instrumental in driving the development of the insurance business in Malaysia, Indonesia and Thailand before being appointed to be the inaugural CEO of Sun Life Malaysia Assurance Berhad in 2013. He had taken over the leadership of Avicennia Capital Sdn Bhd, a holding company for the insurance assets of Khazanah Nasional Berhad which include Sun Life Malaysia. He had also served as the Vice President of LIAM (Life Insurance Association of Malaysia) in 2009, sat on the Board of Directors for Tune Insurance Malaysia Berhad, Labuan Reinsurance (L) Ltd and was the Deputy Chairman for Malaysia Life Reinsurance Berhad.

Mr. Ooi does not hold any shares in the Company.

Mr. Ooi has attended the following trainings during the year:

Training/Conferences
New Syariah compliance product offering (Hajah, Darurah)
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
The Future of Cybersecurity with AI
SLM FY2024 Cyber Drill exercise
ESG/Impact Investing – What are Investors Looking For?
ISSB IFRS S1 and S2 Sustainability Implementation
Threat Intelligence, AI, Darkweb and Deepfakes
Anti-Money Laundering (AML) and Anti-Bribery & Corruption (ABC) Awareness Training

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Mr. Wong Ah Kow

Independent Director

Date of Appointment: 22 September 2022

Membership of Board Committees:

- Chairman of Audit Committee
- Member of Risk Management Committee

Mr. Wong holds a Bachelor of Science (Engineering) Degree with Honours from the Imperial College of Science and Technology, University of London, United Kingdom.

He is a Fellow of both the Chartered Insurance Institute of UK (FCII) and the Malaysian Insurance Institute (FMII).

Mr. Wong has over 40 years of experience in the insurance industry, primarily in senior management roles. He was previously the Director / Chief Executive Officer (CEO) of Asia Capital Reinsurance Malaysia, and prior to that, the Managing Director/CEO of Overseas Assurance Corporation (Malaysia).

Mr. Wong has served on the Boards of Great Eastern Life Assurance (Malaysia), ACR Capital Holdings Pte. Ltd. (Singapore), Asia Capital Reinsurance Group Pte. Ltd. (Singapore), ACR Retakaful (MEA) BSC (Bahrain), ACR Retakaful Holdings Ltd (Dubai) and Malaysian Insurance Institute. He was also a Board Member of Sun Life Malaysia Takaful Berhad from year 2019 until his recent resignation in September 2022.

Mr. Wong is also an Independent Non-Executive Director of Lonpac Insurance Bhd.

Mr. Wong does not hold any shares in the Company.

Mr. Wong has attended the following trainings during the year:

Training/Conferences
Sharing session on e-Invoice
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
Kuala Lumpur International Sustainability Conference
BNM Sasana Symposium 2024: Structural Reforms, Making It a Reality for Malaysia
The Future of Cybersecurity with AI
SLM FY2024 Cyber Drill exercise
ISSB IFRS S1 and S2 Sustainability Implementation
Khazanah Megatrends Forum 2024 - Pursuit of Potatoes, Paving Paths from the Probable to the Possible.
Climate Risk Management: What Insurance Company Directors Need to Know
Threat Intelligence, AI, Darkweb and Deepfakes

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Mr. Nigel Robin Hazell
Independent Director

Date of Appointment: 13 May 2022

Membership of Board Committees:

- Chairman of Risk Management Committee
- Member of Nomination and Remuneration Committee
- Member of Audit Committee

Mr. Hazell obtained his Bachelor of Science (Hons) degree in Mathematics (1st Class Honours) from University of Exeter, England. He became a Fellow of the Institute of Actuaries.

Mr. Hazell has been the Executive Chairman of NRH Holdings Limited (Ltd.) since January 2005. NRH is a group with controlling stakes in hospitality technology, gold mining and digital financial literacy with operational presence in the UK, Vietnam, Thailand and Papua New Guinea. Prior to that, Mr. Hazell was the Asia Chief Financial Officer and Chief Operating Officer, North Asia for Commonwealth Bank of Australia. He was also the Director, Chief Financial Officer and Appointed Actuary of Ayudhya CMG Life, Thailand, the Asia Managing Director, Life & Health of Guardian Royal Exchange and the Chief Actuary of Eagle Star Asia. Mr. Hazell is currently the Non-Executive Chairman of Sun Life Trustee Company Limited and Fintech Solution Limited. He is also Chairman and CEO of Life Transformations Ltd, and Co-Founder, Director and CEO of Scan4menu Oy. He is a Director of D&H Systems Ltd and Sabai Technologies Ltd,

Mr. Hazell does not hold any shares in the Company.

Mr. Hazell has attended the following trainings during the year:

Training/Conferences
Professional skills course (Making the Cut)
Professional skills course (Temperatures Rising)
Professional skills course (What's the Harm in That?)
Sharing session on e-Invoice
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
Demystifying IFRS17
Unleashing the Genie: Exploring AI Applications in the Actuarial and Insurance World
The Future of Cybersecurity with AI
SLM FY2024 Cyber Drill exercise
ISSB IFRS S1 and S2 Sustainability Implementation
Sun Life Training for directors of Hong Kong companies
Presentation (A) Threats Facing IT and Deep Fakes
Presentation (B) Innovation Opportunity with GenAI
Presentation (C) Latest Development of Market Conduct Oversight
How to integrate AI into Retirement Benefit Management
Rising Medical Claims & Sustainable Healthcare Solutions
Threat Intelligence, AI, Darkweb and Deepfakes
Anti-Money Laundering (AML) and Anti-Bribery & Corruption (ABC) Awareness Training
ICDM PowerTalk - Strategic Data and Frameworks in Board Governance

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Ms. Yap Seong Yong
Independent Director

Date of Appointment: 1 September 2022

Membership of Board Committees:

- Chairperson of Nomination and Remuneration Committee
- Member of Risk Management Committee

Ms. Yap holds a Bachelor of Arts with Double Majors in Computing & Information Science and Economics from University of Guelph, Ontario, Canada and Ontario High School Diploma from St. John's College.

Ms. Yap was the Technology Managing Director and Corporate Social Responsibility Lead of Accenture Malaysia and has more than 32 years of experience in technology and management information consultancy covering various industries and geographies, namely Malaysia, Hong Kong, China, Thailand, Indonesia and Singapore, where she specialized in systems implementation and SAP consulting. From the time of her retirement from Accenture until June 2021, she was the Chief Executive Officer of Cancer Research Malaysia and served on the Board of Governors of the American Malaysian Chamber of Commerce.

She is currently a Director of OCBC Bank (Malaysia) Berhad and PW PAC Sdn. Bhd.

Ms. Yap does not hold any shares in the Company.

Ms. Yap has attended the following trainings during the year:

Training/Conferences
Fireside Chat with Former Central Bank Governors on 'Central Banking in an Evolving International Financial System'.
ICDM Power Talk: Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape.
Sharing session on e-Invoice
BNM-FIDE FORUM: Responsibility Mapping Engagement with Directors of Financial Institutions.
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023.
The Future of Cybersecurity with AI
Breakfast Talk: Leveraging AI in the Fight Against Financial Crime
SLM FY2024 Cyber Drill exercise
ISSB IFRS S1 and S2 Sustainability Implementation
Ethics, Emissions & the Epic Silver Lining Ahead
AI and Wicked Risks for Directors - Criminal Psychology and AI Exploitation
Governance of Generative AI
Threat Intelligence, AI, Darkweb and Deepfakes
ICDM PowerTalk - Strategic Data and Frameworks in Board Governance

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Ms. Natasha Su Sivarajah

Non-Independent Non-Executive Director

Date of Appointment: 21 August 2023

Ms. Natasha is currently the Senior Vice President of Investments (Financial Institutions Group) at Khazanah Nasional Berhad.

Ms. Natasha holds a Master of Science in Development Studies and a Bachelor's degree in Actuarial Science from the London School of Economics and Political Science (LSE), United Kingdom. She is also a Fellow of the Institute and Faculty of Actuaries of United Kingdom.

Ms. Natasha has over 10 years of experience in the insurance industry. She began her career as an actuarial consultant with Deloitte MCS of United Kingdom. Prior to joining Khazanah as Vice President (VP) within the Investments division, she was the Consulting Actuary of Milliman Advisors Sdn Bhd. Within Khazanah, Natasha is part of the Financial Institutions Group sector team which is responsible for Khazanah's investments in banks, insurance companies, and other financial institutions.

Ms. Natasha does not hold any shares in the Company.

Ms. Natasha has attended the following trainings during the year:

Training/Conferences
Responsible Investment in Practice (ESG/Sustainability)
Net Zero Pathway Workshop
Cultivating Culture that drive Business Performance
Board Insights by Industry Advisor/Expert
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023
Negotiation Fundamentals Online Program
The Future of Cybersecurity with AI
SLM Cyber Drill Exercise FY2024
FIDE Core Module A and B (Insurance)
Sustainability Driving Future Growth Strategies
ISSB IFRS S1 and S2 Sustainability Implementation
Coaching for Results
PRI in Person, Toronto
Threat Intelligence, AI, Darkweb and Deepfakes
License to Hire – Competency Based Interview Programme: Selecting the Right Fit for Hire
Anti-Money Laundering (AML) and Anti-Bribery & Corruption (ABC) Awareness Training

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Mr. Puneet Nayyar
Executive Director

Date of Appointment: 9 October 2024

Membership of Board Committee:

- Member of Executive Committee

Mr. Nayyar holds a Bachelor of Information Technology from Delhi University. He is also Fellow of the Institute and Faculty of Actuaries of the UK, Actuarial Society of Hong Kong and Institute of Actuaries of India.

Mr. Nayyar is the Chief Actuary, Asia, of Sun Life Asia, where he leads the Regional Office Actuarial Teams (Financial Actuarial, Actuarial Peer Review and Business Optimisation) and the local business Chief Actuaries in developing and executing region wide actuarial governance and strategies to optimize shareholder and policyholder value & risks.

Mr. Nayyar is a seasoned actuary with over 20 years of diverse experience in management, technical, and business roles across Asia, including 15 years of post-qualification experience. He has proven track record of leading insurance functions, driving strategic initiatives, and optimizing financial results, including successful transition to IFRS17 reporting. He has extensive experience in financial reporting, product development & pricing, customer experience transformation, and building actuarial talent in the Asia region.

Before joining Sun Life, Mr. Nayyar was the Chief Customer and Marketing Officer of Prudential Life Assurance Indonesia. Prior to that, he also held several senior roles at Prudential Life Assurance Indonesia, served at Towers Watson Asia, and at Max New York Life Insurance Co. Ltd.

Mr. Nayyar does not hold any shares in the Company.

Mr. Nayyar has attended the following trainings during the year:

Training/Conferences
Asia Actuarial Conference 2024
Directors' Orientation programme
AI, Fraud, Deepfakes and the Dark Web
Sun Life Asia Actuarial, ALM, Products and Risk conference

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board Meetings

A total of five (5) Board meetings were held during the financial year in review. All Directors have complied with Bank Negara Malaysia requirements that a Director must attend at least 75% of Board meeting held in the financial year. The details of the meeting attendance are as follow:

Directors	Attendance	%
Dato' Noorazman Bin Abd Aziz	5/5	100%
Nigel Robin Hazell	5/5	100%
Wong Ah Kow	5/5	100%
Yap Seong Yong	5/5	100%
Ooi Say Teng	5/5	100%
Natasha Su Sivarajah	5/5	100%
Puneet Nayyar	1/1	100%

Roles and Responsibilities of the Board

The Board is responsible for supervising the Management of the business and affairs of the Company. The Board performs the overall stewardship responsibilities either directly or through its Committees. However, it remains fully accountable for any authority delegated to the Committees. The Board has clearly outlined matters that require Board approval and those that have been delegated to management.

Board Committees

The Board established four (4) Board Committees operating on the terms of reference approved by the Board, to assist the Board in the execution of its responsibilities. These Board Committees shall have the authorities to examine particular issues and report to the Board with their observations and recommendations. The ultimate responsibility for the decision on all matters, however, lies with the entire Board.

Audit Committee (AC)

The AC comprises three (3) Independent Directors. Four (4) AC meetings were held during the financial year. The details of each AC member's attendance during the financial year are as follows: -

Members	Attendance	%
Wong Ah Kow	4/4	100%
Dato' Noorazman Bin Abd Aziz	4/4	100%
Nigel Robin Hazell	4/4	100%

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board Committees (continued)

Audit Committee (AC) (continued)

The AC is a standing committee of the Board whose primary functions are to assist the Board with its oversight role with respect to:

- i) The integrity of financial statements and information provided to Shareholders and others;
- ii) The Company's compliance with applicable financial and regulatory requirements;
- iii) The adequacy and effectiveness of the internal control environment implemented and maintained by Management; and
- iv) The qualifications, independence and performance of the External Auditors and Chief Internal Auditor who is accountable to the AC, the Board and the Shareholders.

The roles and responsibilities of the AC are set out in its AC Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

Nomination and Remuneration Committee (NRC)

The NRC comprises three (3) Independent Directors and one (1) Non-Independent Non-Executive Director. Six (6) NRC meetings were held during the financial year. The details of each NRC member's attendance during the financial year are as follows: -

Members	Attendance	%
Yap Seong Yong	6/6	100%
Dato' Noorazman Bin Abd Aziz	6/6	100%
Nigel Robin Hazell	6/6	100%
Ooi Say Teng	6/6	100%

The primary purpose of the NRC is to:

- i) Establish a documented, formal and transparent procedure for the appointment of Directors and Senior Management, and to assess the effectiveness of Directors, the Board as a whole and the various committees of the Board and the Senior Management; and
- ii) Provide a formal and transparent procedure for developing a remuneration policy for Directors and Senior Management and ensuring that their compensation is consistent with the Company's culture, objective and strategy.

The roles and responsibilities of the NRC are set out in its NRC Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

Risk Management Committee (RMC)

The RMC comprises four (4) Independent Directors. Five (5) RMC meetings were held during the financial year. The details of each RMC member's attendance during the financial year are as follows:

Members	Attendance	%
Nigel Robin Hazell	5/5	100%
Dato' Noorazman Bin Abd Aziz	5/5	100%
Wong Ah Kow	5/5	100%
Yap Seong Yong	5/5	100%

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board Committees (continued)

Risk Management Committee (RMC) (continued)

The RMC is a standing committee of the Board whose primary objective is to oversee Senior Management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively.

The roles and responsibilities of the RMC are set out in its RMC Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

Executive Committee (EXCO)

The EXCO is composed of an equal number of Directors nominated by each of the Shareholders. The composition of the EXCO is as follows:

Ooi Say Teng

Puneet Nayyar (Appointed on 9 October 2024)

The EXCO's duties and responsibilities are as follows:

- i) Reviews and recommends for approval of certain matters in the Shareholders Agreement before being tabled to the relevant Board Committees (as applicable) and, subsequently, to the Board for deliberation and approval;
- ii) Incorporate Environmental, Social and Governance (ESG) and climate-related considerations while performing their duties and responsibilities; and
- iii) Performs such other duties and exercises and such other powers as the Board may, from time to time, assign or vest in the EXCO.

The roles and responsibilities of the EXCO are set out in its EXCO Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Internal Control Framework

The Board exercises overall responsibility on the Company's internal controls and its effectiveness. At least annually, the Board approves policies and procedures for management and control of risk and capital, reviews compliance with these policies and procedures, reviews internal control and management information systems that provide reasonable assurance for the reliability of the Company's financial information and safeguarding of its assets, and reviews compliance with legislative and regulatory requirements. The Board recognizes that risks cannot be eliminated completely. As such, the systems and processes put in place are aimed at minimizing and managing risk.

The Company has in place a system of governance that embeds a clear ownership of risk, together with risk policies and standards to enable risks to be identified, assessed, measured, managed, monitored, and reported. Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the independent Internal Audit function, is carried out regularly to provide reasonable and objective assurance on the design, effectiveness, and implementation of the overall system of internal control and ensure corrective actions, where necessary, are taken in a timely manner. As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly, and professionally.

Remuneration Policy

The Company's remuneration programs are designed to meet the following objectives:

- Align to business strategy;
- Provide incentive to achieve strategic business results;
- Support fairness for employees and reward top performer;
- Provide alignment to Shareholders interests, and create a long-term ownership mind-set for members of senior management; and
- Align remuneration outcomes with prudent risk-taking.

Remuneration Principles and Framework

The competitiveness of the Company's remuneration programs is achieved through the completion of periodical benchmarking reviews. Benchmarking reviews are completed to assess the compensation at all salary levels compared to appropriate peer companies to determine the need for adjustments to pay programs.

The total remuneration package for Senior Management and other material risk takers comprises of fixed pay (base salary and cash allowances), variable compensation plan and benefits. The variable compensation plan comprises of short-term incentive and deferred long-term incentive. The short-term incentive is in the form of annual cash payment and linked to the business performance and contribution by the individual. Deferred long-term incentive is in the form of share units tied to the value of Sun Life Financial publicly traded stock, with the deferral period of three (3) years. The objectives are to focus key contributors on creating long-term value and alignment of interests with the Shareholders.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Remuneration Policy (continued)

Remuneration Principles and Framework (continued)

The variable compensation plan aims to provide motivation and focus to senior management and employees to add value to the Company, Shareholders and clients, supported through informed and transparent risk-taking. Remuneration for employees is aligned with prudent risk-taking and symmetric with risk outcomes. This includes ensuring that the remuneration is adjusted to account for risk consideration, and determined by both quantitative measures and qualitative judgement, as well as the contribution of the individual and Company's performance. All variable compensation plans are performance based and include appropriate measures of financial performance over different time horizons.

The Company's Senior Management comprises the Chief Executive Officer and Chief Officers in the Management Committee. The remuneration of Senior Management and other material risk takers including base salary and variable compensation are subject to the review and approval by the Nomination and Remuneration Committee and the Board.

The employees in control functions are measured based on clearly defined key performance index to ensure effective oversight of the Company.

Details of quantitative remuneration reward are set out in Note 18 and 26 to the Financial Statements.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

HOLDING COMPANIES

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. All three companies are incorporated in Malaysia.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and the Company are as follows:

	<u>Group</u> RM'000	<u>Company</u> RM'000
Ernst & Young PLT	533	533
Other auditors	8	-
	<u>541</u>	<u>533</u>

AUDITORS

The auditors, Ernst & Young PLT (LLP0022760-LCA & AF 0039), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board in accordance with the resolution of the Directors dated 20 March 2025.

DATO' NOORAZMAN BIN ABD AZIZ
DIRECTOR

WONG AH KOW
DIRECTOR

Kuala Lumpur

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016**

We, Dato' Noorazman Bin Abd Aziz and Wong Ah Kow, being two of the Directors of Sun Life Malaysia Assurance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements on pages 24 to 166 are drawn up to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and the financial performance of the Group and of the Company for the financial year ended 31 December 2024, in accordance with the MFRS Accounting Standards, IFRS Accounting Standards, and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 March 2025.

DATO' NOORAZMAN BIN ABD AZIZ
DIRECTOR

WONG AH KOW
DIRECTOR

Kuala Lumpur

**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016**

I, Chew Chin Lim, being the Officer primarily responsible for the financial management of Sun Life Malaysia Assurance Berhad, do solemnly and sincerely declare that the financial statements on pages 24 to 166 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declarations to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHEW CHIN LIM
MIA No. CA10652

Subscribed and solemnly declared by the above named Chew Chin Lim at Kuala Lumpur in the state of Wilayah Persekutuan in Malaysia on 20 March 2025.

Before me,

COMMISSIONER FOR OATHS

**Independent auditors' report to the members of
Sun Life Malaysia Assurance Berhad
(Incorporated in Malaysia)
199001005930 (197499-U)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sun Life Malaysia Assurance Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of 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 24 to 166.

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 2024, and of their financial performances and their cash flows for the year then ended in accordance with MFRS Accounting Standards, 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Independent auditors' report to the members of
Sun Life Malaysia Assurance Berhad (continued)**

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 Directors' Report (including Corporate Governance Statement) and Sustainability Statement, 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 other information and we do not and will 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 other information identified above and, in doing so, consider whether the other information 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 this other information, 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 Group's and the Company's ability 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.

**Independent auditors' report to the members of
Sun Life Malaysia Assurance Berhad (continued)**

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.

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 Group's and the Company's internal control.
- 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 Group's or the Company's ability 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.

**Independent auditors' report to the members of
Sun Life Malaysia Assurance Berhad (continued)**

Auditors' responsibilities for the audit of the financial statements (continued)

- 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 achieves fair presentation.
- 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 for 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 purposes of the group audit. We remain solely responsible for our audit opinion.

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.

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 7 to the financial statements.

Other matters

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.

The financial statements of Sun Life Malaysia Assurance Berhad for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 March 2024.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Brandon Bruce Sta Maria
02937/09/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
20 March 2025

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
ASSETS					
Property and equipment	3	58,324	56,338	58,324	56,338
Intangible assets	4	26,738	18,488	26,738	18,488
Right-of-use assets	5(a)	10,981	3,492	10,981	3,492
Investments:					
Fair value through profit or loss financial assets ("FVTPL")	6	2,476,947	2,367,025	2,489,019	2,380,462
Fair value through other comprehensive income financial assets ("FVOCI")	6	861,050	804,369	861,050	804,369
Amortised cost financial assets	9	87,145	82,193	75,003	68,687
Reinsurance contract assets	10	56,533	65,569	56,533	65,569
Insurance contract assets	10	8,361	13,303	8,361	13,303
Other receivables	11	32,573	34,555	32,573	34,555
Current tax assets		2,660	1,356	2,660	1,356
Cash and bank balances		6,504	9,875	6,494	9,865
TOTAL ASSETS		3,627,816	3,456,563	3,627,736	3,456,484
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital	12	358,000	358,000	358,000	358,000
Retained earnings	13	309,552	267,914	309,552	267,914
Fair value through other comprehensive income reserve		12,853	9,751	12,853	9,751
TOTAL EQUITY		680,405	635,665	680,405	635,665
Insurance contract liabilities	10	2,782,290	2,661,729	2,782,290	2,661,729
Reinsurance contract liabilities	10	928	8,095	928	8,095
Lease liabilities	5(b)	10,744	3,681	10,744	3,681
Other financial liabilities	14	2,812	3,704	2,812	3,704
Other payables	15	85,435	85,919	85,355	85,840
Deferred tax liabilities	16	65,202	57,770	65,202	57,770
TOTAL LIABILITIES		2,947,411	2,820,898	2,947,331	2,820,819
TOTAL EQUITY, POLICYHOLDERS FUNDS AND LIABILITIES		3,627,816	3,456,563	3,627,736	3,456,484

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

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Insurance revenue	17	365,321	360,799	365,321	360,799
Insurance service expenses	18	(279,494)	(255,450)	(279,494)	(255,450)
Insurance service result before reinsurance contracts held		85,827	105,349	85,827	105,349
Allocation of reinsurance premiums		(85,751)	(97,582)	(85,751)	(97,582)
Amounts recoverable from reinsurers for incurred claims		68,007	64,564	68,007	64,564
Net expense from reinsurance contracts held	19	(17,744)	(33,018)	(17,744)	(33,018)
Insurance service result		68,083	72,331	68,083	72,331
Investment income		133,230	120,126	133,715	120,706
Net realised gains/(losses) on fair value through other comprehensive income financial assets		899	(220)	899	(220)
Net fair value gains on fair value through profit or loss financial assets		73,061	100,233	71,836	98,895
Net investment income	20	207,190	220,139	206,450	219,381
Insurance finance expenses for insurance contracts issued		(122,588)	(161,045)	(122,588)	(161,045)
Reinsurance finance (expenses)/income for reinsurance contracts held		(1,022)	3,409	(1,022)	3,409
Net insurance finance result	20	(123,610)	(157,636)	(123,610)	(157,636)
Net investment result		83,580	62,503	82,840	61,745
Other operating income		526	550	526	550
Other operating expenses		(962)	(773)	(222)	(15)
Other finance cost		(258)	(195)	(258)	(195)
Other (expenses)/income		(694)	(418)	46	340
Profit before taxation		150,969	134,416	150,969	134,416
Tax attributable to policyholders		(12,554)	(15,156)	(12,554)	(15,156)
Profit before taxation attributable to Shareholders		138,415	119,260	138,415	119,260

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

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Profit before taxation attributable to Shareholders		138,415	119,260	138,415	119,260
Taxation	21	(34,331)	(36,255)	(34,331)	(36,255)
Tax attributable to policyholders	21	12,554	15,156	12,554	15,156
Tax attributable to Shareholders	21	(21,777)	(21,099)	(21,777)	(21,099)
Net profit for the financial year		116,638	98,161	116,638	98,161
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Fair value changes on fair value through other comprehensive income financial assets:					
- Revaluation		3,589	29,355	3,589	29,355
- Transfer to profit or loss upon disposal		660	(162)	660	(162)
- Gross fair value changes	6(c)	4,249	29,193	4,249	29,193
- Expected credit loss		(79)	98	(79)	98
- Deferred taxation	16	(1,068)	(7,457)	(1,068)	(7,457)
Other comprehensive income for the financial year, net of tax		3,102	21,834	3,102	21,834
Total comprehensive income for the financial year		119,740	119,995	119,740	119,995
Basic earnings per share (sen)	22	48.20	40.56		

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

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

							Group/Company
Note	Non-distributable			Retained Earnings		Total	
	Share Capital	FVOCI ¹ Reserve	Non-distributable Life Fund Surplus ²	Distributable Retained Profits	Sub-total Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	358,000	(12,083)	158,365	81,388	239,753	585,670	
Dividend paid	23	-	-	(70,000)	(70,000)	(70,000)	
Total comprehensive income for the financial year	-	21,834	77,410	20,751	98,161	119,995	
Transfer of surpluses	-	-	(55,080)	55,080	-	-	
At 31 December 2023/1 January 2024	358,000	9,751	180,695	87,219	267,914	635,665	
Dividend paid	23	-	-	(75,000)	(75,000)	(75,000)	
Total comprehensive income for the financial year	-	3,102	100,983	15,655	116,638	119,740	
Transfer of surpluses	-	-	(76,950)	76,950	-	-	
At 31 December 2024	358,000	12,853	204,728	104,824	309,552	680,405	

¹ FVOCI refers to Fair Value through Other Comprehensive Income

² Non-distributable life fund surplus comprises unallocated surpluses from the Life fund (net of deferred tax). This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer the Life fund surplus to the Shareholders' fund.

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

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit for the financial year		116,638	98,161	116,638	98,161
Adjustments for:					
Property and equipment					
- Depreciation	3	4,599	4,293	4,599	4,293
- Losses on disposal		-	3	-	3
Amortisation of intangible assets	4	14,638	11,939	14,638	11,939
Amortisation of right-of-use assets	5(a)	5,045	4,130	5,045	4,130
Net amortisation of premiums	20(a)	714	982	714	982
Net fair value gains on fair value through profit or loss financial assets	20(c)	(73,061)	(100,233)	(71,836)	(98,895)
Net realised (gains)/losses on fair value through other comprehensive income financial assets	20(b)	(899)	220	(899)	220
(Write-back of)/expected credit loss on investments at fair value through other comprehensive income	20(a)	(79)	98	(79)	98
Interest income	20(a)	(110,873)	(109,050)	(96,103)	(93,789)
Dividend income	20(a)	(25,525)	(13,899)	(40,780)	(29,740)
Rental income	20(a)	(389)	(400)	(389)	(400)
Finance cost	5(b)	258	195	258	195
Taxation	21	34,331	36,255	34,331	36,255
Short term lease assets expense	18	56	82	56	82
Low value lease assets expense	18	34	26	34	26
Loss from operations before changes in operating assets and liabilities		(34,513)	(67,198)	(33,773)	(66,440)
Purchase of investments	6(c)	(928,115)	(565,470)	(790,156)	(491,690)
Proceeds from disposal and maturity of investments		839,019	492,208	700,959	410,756
Decrease/(Increase) in receivables		2,388	(6,069)	2,388	(6,069)
Increase in net insurance contract liabilities		125,503	105,682	125,503	105,682
Decrease in net reinsurance contract assets		1,869	17,467	1,869	17,467
Decrease in payables		(1,375)	(32,244)	(1,377)	(32,242)
		4,776	(55,624)	5,413	(62,536)
Investment income received:					
- Dividend income		25,156	13,861	40,411	29,702
- Interest income		110,878	107,733	96,348	92,072
- Rental income		389	400	389	400
Finance cost of leases paid		(258)	(195)	(258)	(195)
Taxation paid		(29,308)	(23,807)	(29,308)	(23,807)
Short term and low value lease assets paid		(90)	(108)	(90)	(108)
Net cash generated from operating activities		111,543	42,260	112,905	35,528

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		14	5	14	5
Purchase of property and equipment	3	(25,335)	(15,692)	(25,335)	(15,692)
Purchase of intangible assets	4	(4,152)	(2,990)	(4,152)	(2,990)
Net cash used in investing activities		(29,473)	(18,677)	(29,473)	(18,677)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(75,000)	(70,000)	(75,000)	(70,000)
Payment of lease liabilities		(5,471)	(4,254)	(5,471)	(4,254)
Net cash used in financing activities		(80,471)	(74,254)	(80,471)	(74,254)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,599	(50,671)	2,961	(57,403)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		92,043	142,714	78,530	135,933
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		93,642	92,043	81,491	78,530
Cash and cash equivalents comprise:					
Cash and bank balances		6,504	9,875	6,494	9,865
Fixed and call deposits of licensed financial institutions with original maturity less than three months		87,138	82,168	74,997	68,665
		93,642	92,043	81,491	78,530

The Group and the Company classify 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 insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are treated accordingly under the operating activities.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 CORPORATE INFORMATION

The Company is engaged principally in underwriting life insurance and investment-linked business whilst the principal activity and other information of the subsidiary are as stated in note 7 to the financial statements. There were no significant changes in the Company's and the subsidiary's principal activities during the financial year.

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

The Company's registered office and principal place of business is at the 11th 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. All three companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 March 2025.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The Group's and the Company's financial statements were prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies and comply with the MFRS Accounting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016.

The Company met the minimum capital requirements as prescribed by the Risk-Based Capital Framework (the RBC Framework) as of the date of the statements of financial position.

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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 statements of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the Group's and the Company's accounting policies.

The preparation of financial statements in conformity with the 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 financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3 to the financial statements.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

New amendments to standard that were effective and adopted

The amendments to published standards that the Group and the Company have adopted for the first time for the financial year are as follows:

- (i) Amendments to MFRS 101 "Classification of liabilities as current or non-current"
- (ii) Amendments to MFRS 101 "Non-current Liabilities with Covenants"

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

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

The new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and which may have an impact on the Group and the Company are set out below:

- (i) MFRS 18 Presentation and Disclosure in Financial Statements (effective from 1 January 2027) replaces MFRS 101 Presentation of Financial Statements.

MFRS 18 introduces new requirements on presentation within the statement of comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes.

MFRS 18 requires an entity to classify all income and expenses within its statement of comprehensive income into one of five categories, i.e. operating, investing, financing, income taxes and discontinued operations. These categories are complemented by the requirement to present subtotals and totals for "operating profit or loss", "profit or loss before financing and income taxes" and "profit or loss".

MFRS 18 introduces the concept of a management-defined performance measure ("MPM") and defines it as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance to users. Information related to MPM should be disclosed in the financial statements in a single note.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

The new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and which may have an impact on the Group and the Company are set out below: (continued)

- (i) MFRS 18 Presentation and Disclosure in Financial Statements (effective from 1 January 2027) replaces MFRS 101 Presentation of Financial Statements. (continued)

In addition, MFRS 18 provides enhanced guidance on the principles of aggregation and disaggregation that focuses on grouping items based on their shared characteristics. These principles are applied across the financial statements and are used in defining which line items are presented in the primary financial statements and what information is disclosed in the notes.

The Group and the Company are in the process of assessing the financial impact of this Standard on its financial statements.

- (ii) Amendments to the MFRS 9 and MFRS 7 "Classification and Measurement of Financial Instruments" (effective from 1 January 2026) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

The amendments also further clarify the guidance for assessing whether the financial assets meet the solely payments of principal and interest (SPPI) criterion. There are new disclosures for certain instruments with contractual terms that can change cash flows and new updates on the disclosure of equity instruments designated at fair value through other comprehensive income.

The Group and the Company are in the process of assessing the financial impact of this Standard on its financial statements.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Group refers to the Company and its investment in a structured entity.

(ii) Change in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that are transactions with the owner in their capacity as owners. The difference between the fair value of any consideration paid and relevant shares equivalent of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured to its fair value as of the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(b) Investment in subsidiary

In the Company's separate financial statements, investment in subsidiary (including structured entities) are carried at fair value in accordance with MFRS 139, Financial Instruments: Recognition and Measurement. On disposal of investment in subsidiary, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

(c) Business combination

The purchase method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed as of the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired as of the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the acquired net assets, the difference is recognised directly in profit or loss.

(d) Property and equipment

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(d) Property and equipment (continued)

After initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated as it has an infinite life. Depreciation of other property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, summarised as follows:

Furniture, fittings, and renovation	10 years
Computer equipment	3 years
Office equipment	5 years
Motor vehicles	3 years
Buildings	50 years

Work-in-progress is not depreciated until the asset is ready for its intended use.

The residual values, useful lives, and depreciation methods are reviewed at each financial year-end to ensure that the amount, method, and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

At each date of the statements of financial position, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note 2.2(h)(iii) on impairment of non-financial assets.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(e) Intangible asset

The Group's and the Company's intangible assets consist of exclusive partnership fee and computer software.

(i) Exclusive partnership fee

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. The exclusive partnership agreement provides the Group and the Company with an exclusive right to the use of the partnership network. The fee for this right is amortised over its partnership agreement term using the straight-line method. The asset is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The partnership fee has been fully impaired in 2020. See accounting policy Note 2.2(h)(ii) on impairment of non-financial assets.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(e) Intangible assets (continued)

(ii) Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs directly associated with identifiable software systems controlled by the Company, and that will probably generate economic benefits exceeding costs beyond 1 year, are recognised as intangible assets. Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives of 3 years to 5 years.

At each date of the statements of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note 2.2(h)(ii) on impairment of non-financial assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(f) Financial assets

Initial recognition

Financial assets are recognised when the Group and the Company become a party to the contractual provisions of the instrument. At initial recognition, the Group and the Company measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for financial assets recorded at fair value through profit or loss. Management also determines the classification of a financial asset at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date which is the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the marketplace.

Classification and measurement

The Group and the Company classify financial assets into three primary measurement categories: Fair Value through Profit or Loss ("FVTPL"), Fair Value Through Other Comprehensive Income ("FVOCI") and amortised cost.

The classification of financial assets is generally based on the Group's and the Company's business model in which a financial asset is managed ("business model test") and its contractual cash flow characteristics ("SPPI test") as below:

(i) Business model assessment

The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group and the Company determine their business model at the level best reflects how groups of financial assets are managed together to achieve its business objective.

The Group and the Company do not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. The business model is typically observable through the activities that the Group and the Company undertake to achieve the objective of the business model. The observable factors include but not limited to:

- how the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- the expected frequency value and timing of sales are also important aspects of the Group's and the Company's assessment;

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(f) Financial assets (continued)

Classification and measurement

(i) Business model assessment (continued)

- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stressed case” scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group’s and the Company’s original expectations, the Group and the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Any previously recognised gains, losses or interest should not be restated.

(ii) SPPI test

Upon determination of business model, the Group and the Company will assess the contractual terms of financial asset to identify whether they meet the SPPI test.

“Principal” for the purpose of this test is defined as the fair value of the financial assets at initial recognition and may change over the life of the financial assets (for example, if there are repayments of principal or amortisation of premium/discount).

The most significant elements of interest within a lending arrangement are typically, the consideration of the time value of money and credit risk. The Group and the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set in assessing the SPPI.

(iii) Classification of financial assets

The categories include financial assets at FVTPL, FVOCI and amortised cost.

Financial assets at FVTPL

Financial assets at FVTPL are those financial assets that are held for trading or financial assets that qualify for neither held at Amortised Cost nor at FVOCI. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(f) Financial assets (continued)

Classification and measurement

(iii) Classification of financial assets (continued)

Financial assets at FVTPL (continued)

After initial recognition, financial assets at FVTPL are measured at fair value. Fair value adjustments and realised gains and losses are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include interest and dividend income. Interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of investment income respectively.

Financial assets at FVOCI

The Group and the Company measures financial assets at FVOCI when those financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and interest.

Included in financial assets at FVOCI are debts instruments which are measured at fair value. Interest and dividend income on financial assets at FVOCI are recognised separately in profit or loss as investment income respectively. Fair value gains and losses of financial assets at FVOCI, net of income tax is recognised directly in other comprehensive income, except for impairment losses.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in other comprehensive income are reclassified to the profit or loss as net realised gains or losses on financial assets at FVOCI.

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost for those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest.

After initial recognition, financial assets at amortised cost are measured at amortised cost using effective interest method, less impairment loss. Interest and dividend income on financial assets at amortised cost are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. On derecognition or impairment, any gains or losses are recognised in profit or loss.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(g) Fair value of financial instruments

The fair value of financial instruments actively traded in organised financial markets is determined by reference to quoted market bid prices for assets on the date of the statements of financial position.

For investments in unit trusts and real estate investment trusts, fair value is determined by reference to published bid values.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors, and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of Government Investment Issues, Malaysian Government Securities, Cagamas bonds, and unquoted bonds are based on indicative fair market prices/indexes by reference to quotations provided by banks and rating agencies.

The fair value of floating rate and over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit/placement and accrued interest. The fair value of fixed interest/yield-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments as of the date of the statements of financial position.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the financial assets.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Impairment

(i) Financial assets

The Group and the Company assess the impairment of financial assets based on an Expected Credit Loss ("ECL") model. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable as well as supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL model applies to financial assets measured at amortised cost or at FVOCI, which include debts instruments held by the Group and the Company.

MFRS 9 requires the provisioning for a 12-month ECL if, at reporting date, the credit risk of the financial assets has not increased significantly since initial recognition. Otherwise, provisioning for a lifetime ECL is required.

The measurement of ECL involves increased complexity and judgement that include:

(a) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Group and the Company generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

Stage 1: 12-months ECL – not credit-impaired

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

(a) Determining a significant increase in credit risk since initial recognition (continued)

Stage 3: Lifetime ECL – credit-impaired

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that assets have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

(b) Forward-looking information and ECL measurement

The amount of ECL recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward-looking adjustment is interpreted as an adjustment for the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement. A forward-looking ECL calculation should be based on an accurate estimation of current and future probability of default ("PD"), exposure at default ("EAD"), loss given default ("LGD") and discount factors.

Financial assets at FVOCI and amortised cost

In accordance with the three-stage approach, all newly purchased financial assets are classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is significant increase in credit risk ("SICR"), and Stage 3 when there is objective evidence of impairment. Finance assets which have experienced a SICR since initial recognition are classified as Stage 2 and are assigned a lifetime ECL.

Financial assets which have not experienced a SICR since initial recognition are classified as Stage 1 and assigned a 12-month ECL. All financial assets are assessed for objective evidence of impairment except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Local federal governments and local central banks issued bonds, Treasury Bills and Notes. Low credit risk on the basis that both federal government and central bank have strong capacity in repaying the instruments upon maturity. In addition, there is on past historical lost experiences arising from these government securities in all jurisdictions.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

(b) Forward-looking information and ECL measurement (continued)

Simplified approach for insurance receivables and other receivables

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all insurance receivables. The expected loss allowance is based on provisional matrix with the usage of forward-looking information in determining ECL, including the use of macroeconomic information.

Other receivables are reviewed annually for recoverability and specific impairment provision will be made as necessary.

(ii) Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment as of the date of the statements of financial position. The impairment loss is charged to profit or loss unless it reverses a previous revaluation, in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

(i) Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred, and the Group and the Company have also transferred substantially all risks and rewards of ownership.

(j) Equity instruments

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

Dividends

Dividends on ordinary shares and preference shares classified as equity instruments are recognised as a liability and deducted from equity when they are declared.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(j) Equity instruments (continued)

Dividends (continued)

Dividends for the financial year that are declared after the date of the statements of financial position are dealt with as an event after the date of the statements of financial position.

Non-distributable life fund surplus

Unallocated surpluses from Life fund, where the amounts of surplus are yet to be allocated or distributed to the Shareholders by the end of the financial year, are classified as equity.

(k) Insurance and reinsurance contracts classification

The Group and the Company issue insurance contracts in the normal course of business, under which they accept significant insurance risk from their policyholders. As a general guideline, the Group and the Company determine whether it has significant insurance risk, by comparing present value of benefits payable after an insured event with present value of benefits payable if the insured event had not occurred. Ratio of 105% and above means the products covered significant insurance risk.

(l) Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

The Group and the Company assesses their life insurance and reinsurance contracts held to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17 (distinct non insurance components). After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) insurance contract. Currently, based on management's assessment, the Group and the Company's products do not include distinct components requiring separation under MFRS 17. However, all contracts are evaluated periodically to ensure compliance with MFRS 17 requirements regarding distinct investment and service components.

MFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expenses. The surrender options are considered non distinct investment components as the Group and the Company are unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

Some reinsurance contracts held contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive - either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The profit commission components have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(i) Separating components from insurance and reinsurance contracts (continued)

not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

(ii) Level of aggregation

MFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Group and the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group and the Company identify a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group and the Company make an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). MFRS 17 also notes that, for the purpose of level of aggregation, a group of contracts must not include contracts issued more than one year apart.

The Group and the Company have defined portfolios of insurance and reinsurance contracts held based on how the insurance liabilities are managed and the similar types of risks they cover, since the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing latest actuarial valuation models which take into consideration existing in-force business. In determining groups of contracts, the Company has elected to group together contracts where regulatory constraints limited the Company's ability to set prices or benefit levels for policyholders with differing characteristics.

In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

The groups of contracts for which the modified retrospective and the fair value approach has been adopted on transition include contracts issued more than one year apart. Please refer to the transition approach applied by the Group and the Company in note 2.2(l)(v).

The portfolios of insurance contracts issued are divided into:

- A group of contracts that are onerous at initial recognition
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of the remaining contracts in the portfolio

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(I) Insurance and reinsurance contracts accounting treatment (continued)

(ii) Level of aggregation (continued)

The portfolios of reinsurance contracts held are divided into:

- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition
- A group of the remaining contracts in the portfolio

(iii) Recognition

The Group and the Company recognise groups of insurance contracts that they issue from the beginning of the coverage period of the group of contracts.

The Group and the Company apply the same recognition date treatment for profitable and onerous group of contracts.

The Group and the Company recognise a group of reinsurance contracts held based on the beginning of the coverage period of the group of reinsurance contracts held. However, the Group and the Company delay the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

Most of the reinsurance contracts held by the Group and the Company provide proportionate cover. Therefore, the Group and the Company do not recognise a proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised.

The Group and the Company treat the reinsurance contracts that provide non-proportionate cover to be based on the beginning of the coverage period of the group of reinsurance contracts held.

The Group and the Company add new contracts to the group in the reporting period in which that contract meets the criteria set out above.

(iv) Contract boundary

The Group and the Company include in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company can compel the policyholder to pay the premiums, or in which the Group and the Company have a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group and the Company have the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(iv) Contract boundary (continued)

Both of the following criteria are satisfied:

- The Group and the Company have the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the risk reassessment date does not take into account the risks associated with periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised, as such amounts relate to future insurance contracts.

(v) Insurance contracts – Initial and subsequent measurement

MFRS 17 introduces three new measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance company performance. The general measurement model (“GMM”), also known as the building block approach (“BBA”), consists of the fulfilment cash flows (“FCF”) and the contractual service margin (“CSM”), both held as liability for remaining coverage (“LFRC”). The FCF represent the risk-adjusted present value of an entity’s rights and obligations to the policyholders, comprising estimates of expected future cash flows, discounting and risk adjustment (“RA”) for non-financial risk. The CSM represents the unearned profit from in-force contracts that an entity will recognise as it provides services over the coverage period. The contractual service margin is adjusted for changes in cash flows related to future services (operating assumption change) and grows by interest accretion at locked-in interest rates at initial recognition. A release from the CSM is recognised in profit or loss each period to reflect the services provided in that period. If the CSM is unable to absorb the changes in cash flows related to future services, a loss component is established for the group of contracts.

The variable fee approach (“VFA”) is a mandatory modification of the GMM regarding the treatment of the contractual service margin in order to accommodate direct participating contracts, if the following three requirements are met: the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items; the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

For contracts with direct participation features (“DPF”), the contractual service margin is adjusted for changes in the amount of the entity’s share of the fair value of the underlying items arising from operating assumption change and adjustment for financial risks.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(v) Insurance contracts – Initial and subsequent measurement (continued)

The premium allocation approach (“PAA”) is an optional simplified measurement model in MFRS 17 when the approach provides a measurement which is not materially different from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the PAA, the LFRC is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

In determining the measurement models, the Group and the Company can first choose to use PAA if at the inception of the contract, the coverage period of each insurance contract in the group of insurance contracts is one year or less. Alternatively, the Group and the Company can still apply PAA if they can reasonably expect that such simplification can produce a measurement of the LFRC which would not differ materially as compared to the LFRC computed under the GMM by performing the PAA Eligibility Testing. Should the Group’s and the Company’s group of insurance contracts fail the PAA and VFA eligibility test, GMM will be used as the measurement model of that group of insurance contracts.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the LFRC and the liability of incurred claims (“LFIC”).

LFIC consists of fulfilment cash flows related to past services, including claims that have been incurred but not yet reported. The measurement of the LFIC is identical under all three measurement models.

Estimates of future cash flows

The Group and the Company’s objective of estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group and the Company estimate future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

The estimate of expected future cash flows includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits
- Payments to policyholders resulting from embedded surrender value options

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(v) Insurance contracts – Initial and subsequent measurement (continued)

- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes

Risk Adjustment for non-financial risk

The RA for non-financial risk represents the compensation that the Group and the Company require for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. The Group and the Company estimate the risk adjustment by referencing to provision of risk margin for adverse deviation (PRAD) technique. The PRAD technique requires the Group and the Company to estimate the probability distribution of the fulfilment cash flows, and the additional provision that it requires at each future date in the cash flow projection, at the target confidence level of 75th percentile, in line with the regulatory requirement of BNM under the RBC Framework for Insurers. Besides that, the Group and the Company have decided to disaggregate the change in RA between the insurance service result and insurance finance income or expenses for GMM measured insurance contracts.

Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group and the Company will recognise as they provide services in the future.

CSM post transition date, i.e., 1 January 2022 and onwards, is determined as the profit at the time of issue, applying the full retrospective approach.

CSM balances at transition date, i.e., before 1 January 2022, is described as follows:

The Group and the Company have applied the fair value approach on transition for all insurance contracts issued prior to transition date and applied the modified retrospective approach for all reinsurance contracts held prior to transition date.

Thus, on 1 January 2022, the Group and the Company have identified, recognised, and measured each group of insurance contracts as if MFRS 17 had always been applied; derecognised any existing balances that would not have existed had MFRS 17 always been applied; and recognised any resulting net difference in equity.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(v) Insurance contracts – Initial and subsequent measurement (continued)

Contractual Service Margin (continued)

(i) Modified retrospective approach

The Group and the Company have applied the modified retrospective approach for all reinsurance contracts, as prior to transition, it grouped its contracts from multiple cohorts and years into a single unit for accounting purposes. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Group and the Company, as obtaining all required historical data and cashflows from the actuarial valuation reports was not possible. Therefore, the Group and the Company have used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach.

The Group and the Company have aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

The Group and the Company have elected to use the simplification in the modified retrospective approach for determining the reinsurance CSM of the liability for remaining coverage at the transition date.

The Group and the Company have used the following procedure to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before transition date.
- Estimated historical discount rates applied to some cash flows in the period prior to transition date using an observable market yield curve for that period.
- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date retrospectively to initial recognition based on the future expected risk adjustment release trend subsequent to transition date.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(v) Insurance contracts – Initial and subsequent measurement (continued)

Contractual Service Margin (continued)

(i) Modified retrospective approach (continued)

The CSM at transition date has been further determined by:

- Using the modified discount rates determined at initial recognition to accrete interest on the CSM.
- Applying the amount of the CSM recognised in profit or loss because of the transfer of services before the transition date, by comparing the coverage units provided in the period with the remaining terms coverage units provided under the group of contracts.

The Group and the Company have elected not to disaggregate insurance finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income.

(ii) Fair value approach

The Group and the Company have applied the fair value approach on transition for all direct contracts, as prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group and the Company have determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cashflows measured at that date. In determining fair value, the Group and the Company has applied the requirements of MFRS 13 Fair Value Measurement.

The Group and the Company have aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

The discount rate for the group of contracts applying the fair value approach was determined at the transition date.

The Group and the Company have elected not to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(v) Insurance contracts – Initial and subsequent measurement (continued)

Contractual Service Margin (continued)

An amount of the CSM releases for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units for the current and future period.
- Recognising in profit or loss the amount allocated to coverage units provided in the current period

The coverage units are the quantity of insurance contract services provided by the contracts, determined by considering the quantity of the benefits provided and the expected coverage period. The quantity of benefits is the face amount over the period of the contracts. The total coverage units of each insurance contract are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the insurance contracts issued and the coverage units is the sum at risk covered by reinsurer.

Loss components and loss recovery components

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group and the Company recognise a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group and the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to note 2(l)(vi).

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Group and the Company have established a loss-recovery component, the Group and the Company adjust the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(I) Insurance and reinsurance contracts accounting treatment (continued)

(v) Insurance contracts – Initial and subsequent measurement (continued)

Modification and derecognition

The Group and the Company derecognise insurance contracts when:

- The rights and obligations relating to the contract is extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group and the Company derecognise the initial contract and recognises the modified contract as a new contract.

(vi) Amounts recognised in comprehensive income

The Group and the Company disaggregate the amounts recognised in the statements of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Group and the Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Amounts recognised in comprehensive income (continued)

The Group and the Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The Group and the Company's insurance revenue represents the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Group and the Company adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Expected Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- Amounts related to income tax that are specifically chargeable to the policyholder
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

For management judgement applied to the amortisation of CSM, please refer to note 2(l)(v).

Benefits and claims expenses

Benefits and claims incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Benefits and claims, including settlement costs, are accounted for using the case-by-case method and, for this purpose, the amounts payable under a life insurance policy are recognised as follows:

- maturity and other policy benefit payments due on specified dates are treated as benefits payable on the due dates;
- death, surrender, and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered;
- bonus on DPF policy upon its declaration.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Amounts recognised in comprehensive income (continued)

Loss components

The Group and the Company have grouped set of contracts that are onerous at initial recognition separately from profitable set of contracts in the same portfolio at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group and the Company have established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or profitable group of contracts at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims).

Loss-recovery components

When the Group and the Company recognise a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group and the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up after initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Group and the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group and the Company expect to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Amounts recognised in comprehensive income (continued)

Insurance finance income or expenses

Insurance finance income or expenses (IFIE) comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Group and the Company do not disaggregate insurance finance income or expenses between profit or loss and OCI. The Group's and the Company's financial assets backing the insurance issued portfolios are predominantly measured at fair value basis and measured at fair value through profit or loss. Finance income or expenses on the Group and the Company's issued reinsurance contracts are not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Group and the Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts. Please refer to note 28 for current discount rates.

Net income or expense from reinsurance contracts held

The Group and the Company present separately on the face of the statements of profit or loss and other comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group and the Company treat reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components from an allocation of reinsurance premiums presented on the face of the statements of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(m) Other revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Interest income is recognised using the effective interest rate method.

Other interest income, including amortisation of premiums and accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

Rental income

Rental income is recognised on a time proportion basis.

Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

Realised gains and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on financial assets. Gains and losses on sale of financial assets are calculated as the difference between net sales proceeds and the original or amortised costs and are recorded on occurrence of the sale transaction.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(n) Taxation

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of taxable profits for the financial year and is measured using the tax rates enacted as of the date of the statements of financial position. Current tax is recognised in profit or loss. In the event of uncertain tax position, the tax is measured using the single best estimate of the most likely outcome.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses, and unused tax credits to the extent that it is probable taxable profits will be available against which the deductible temporary differences, unused tax losses, and unused tax credits can be used.

Deferred tax is measured at the tax rates expected to apply in the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted as of the date of the statements of financial position.

Deferred tax is recognised as income or expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also recognised directly in other comprehensive income.

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the Group's and the Company's employees.

(ii) Post-employment benefits

Defined contribution plan

The Group's and the Company's contributions to the Employees' Provident Fund (EPF), the national defined contribution plan, are charged to profit or loss in the financial year to which they relate. Once the contributions are paid, the Group and the Company have no further payment obligations.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(o) Employee benefits (continued)

(iii) Share-based payment plan

Certain employees of the Group and the Company are granted a share-based payment plan as consideration for services rendered.

The share-based payment plan is based on the value of Sun Life Financial Inc.'s (SLF) common shares as disclosed in note 18(c) to the financial statements. The total liabilities for this plan are computed based on the estimated number of SLF's common shares expected to vest at the end of the vesting period. The liabilities are recomputed at the end of each reporting period and are measured at the fair value of SLF's common shares at the reporting date. The liabilities are accrued and expensed on a straight-line basis over the vesting periods. The liabilities are settled in cash at the end of the vesting period.

(p) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the Group's and the Company's control or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the Group's and the Company's control. The Group and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

(q) Cash and cash equivalents

Cash and cash equivalents consist of cash in-hand and balances at bank and deposits held at call with financial institutions with original maturities of 3 months or less. It excludes deposits which are held for investment purposes.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, as of the date of the statements of financial position. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in any future period. These factors could include:

(a) Critical judgements made in applying the Group's and the Company's accounting policies

In determining and applying accounting policies, judgement is often required for items where choice of a specific policy could materially affect the reported results and financial position of the Group and the Company. However, the Directors are of the opinion that there are currently no accounting policies that require the exercise of significant judgement.

(b) Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as of the date of the statements of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment losses on financial assets

The measurement of impairment losses under MFRS 9 across relevant financial assets requires judgement, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by outcome of modelled ECL scenarios and the relevant inputs used.

(ii) Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty and assumptions (continued)

(ii) Insurance and reinsurance contracts (continued)

The methods used to measure insurance contracts

The Group and the Company primarily use deterministic projections to estimate the present value of future cash flows based on the current assumptions, reflecting the best estimate at the time of its determination plus a risk adjustment for non-financial risks.

The following assumptions were used when estimating future cash flows:

The main assumptions used relate to mortality, morbidity, investment returns, expenses, lapse and surrender rates, and discount rates. The Group and the Company base mortality and morbidity on established Malaysian industry tables which reflect historical experiences, adjusted when appropriate to reflect the Group's and the Company's unique risk exposure, product characteristics, target markets, and own claims severity and frequency experiences.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate.

Lapse and surrender rates are based on the Group's and the Company's historical experience of lapses and surrenders.

Discount rate and fund growth rates for non-participating policies, participating policies, and investment-linked policies is based on Malaysian Government Security (MGS) plus illiquidity premium.

The key assumptions above are further described in note 28.

Risk adjustment for non-financial risk

The key assumptions are further described in Note 2.2(l)(v).

Amortisation of the Contractual Service Margin

The key assumptions are further described in Note 2.2(l)(v).

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 PROPERTY AND EQUIPMENT

							Group/Company
Note	Furniture, fittings and renovation RM'000	Computer equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Freehold land and buildings RM'000	Work-in- progress RM'000	Total RM'000
<u>Cost</u>							
At 1 January 2023	8,233	21,499	2,870	976	43,939	10,761	88,278
Additions	513	1,560	163	333	-	13,123	15,692
Disposals	(198)	(66)	(1,257)	-	-	-	(1,521)
Reclassification	-	558	(13)	-	-	(545)	-
Reclassification to Intangible Assets	4	-	-	-	-	(12,582)	(12,582)
At 31 December 2023/1 January 2024	8,548	23,551	1,763	1,309	43,939	10,757	89,867
Additions	520	2,690	331	-	-	21,794	25,335
Disposals	-	(33)	-	-	-	-	(33)
Reclassification	614	694	25	-	-	(1,333)	-
Reclassification to Intangible Assets	4	-	-	-	-	(18,736)	(18,736)
At 31 December 2024	9,682	26,902	2,119	1,309	43,939	12,482	96,433

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 PROPERTY AND EQUIPMENT (CONTINUED)

Group/Company								
Note	Furniture, fittings and renovation RM'000	Computer equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Freehold land and buildings RM'000	Work-in-progress RM'000	Total RM'000	
<u>Accumulated depreciation</u>								
At 1 January 2023	4,747	17,497	2,026	671	5,808	-	30,749	
Charge for the financial year	18	622	2,848	268	172	383	-	4,293
Disposals		(198)	(58)	(1,257)	-	-	-	(1,513)
Reclassification		-	11	(11)	-	-	-	-
At 31 December 2023/1 January 2024		5,171	20,298	1,026	843	6,191	-	33,529
Charge for the financial year	18	676	3,010	293	238	382	-	4,599
Disposals		-	(19)	-	-	-	-	(19)
Reclassification		-	(13)	13	-	-	-	-
At 31 December 2024		5,847	23,276	1,332	1,081	6,573	-	38,109
<u>Net carrying amount</u>								
31 December 2024		3,835	3,626	787	228	37,366	12,482	58,324
31 December 2023		3,377	3,253	737	466	37,748	10,757	56,338

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4 INTANGIBLE ASSETS

		Group/Company		
	Note	Partnership Fee RM'000	Computer Software RM'000	Total RM'000
<u>Cost</u>				
At 1 January 2023		5,869	84,345	90,214
Addition		-	2,990	2,990
Reclassification from Property and Equipment	3	-	12,582	12,582
At 31 December 2023/1 January 2024		5,869	99,917	105,786
Addition		-	4,152	4,152
Reclassification from Property and Equipment	3	-	18,736	18,736
At 31 December 2024		5,869	122,805	128,674
<u>Accumulated amortisation</u>				
At 1 January 2023		2,163	69,490	71,653
Amortisation charged to profit or loss	18	-	11,939	11,939
At 31 December 2023/1 January 2024		2,163	81,429	83,592
Amortisation charged to profit or loss	18	-	14,638	14,638
At 31 December 2024		2,163	96,067	98,230
<u>Accumulated allowance for impairment loss</u>				
At 1 January 2023		3,706	-	3,706
Allowance for impairment loss		-	-	-
At 31 December 2023/1 January 2024		3,706	-	3,706
Allowance for impairment loss		-	-	-
At 31 December 2024		3,706	-	3,706
<u>Net carrying amount</u>				
31 December 2024		-	26,738	26,738
31 December 2023		-	18,488	18,488

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

5 LEASES

(a) Right-of-use assets

	Note	2024				Group/Company 2023			
		Information Technology	Property	Office equipment	Total	Information Technology	Property	Office equipment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January		1,336	1,729	427	3,492	4,008	2,085	285	6,378
Addition		8,413	4,121	-	12,534	-	974	270	1,244
Amortisation charged to profit and loss	18	(3,439)	(1,462)	(144)	(5,045)	(2,672)	(1,330)	(128)	(4,130)
At 31 December		6,310	4,388	283	10,981	1,336	1,729	427	3,492
Current		4,207	1,612	120	5,939	1,336	1,129	144	2,609
Non-current		2,103	2,776	163	5,042	-	600	283	883
		6,310	4,388	283	10,981	1,336	1,729	427	3,492

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

5 LEASES (CONTINUED)

(b) Lease liabilities

	2024				Group/Company 2023			
	Information Technology RM'000	Property RM'000	Office equipment RM'000	Total RM'000	Information Technology RM'000	Property RM'000	Office equipment RM'000	Total RM'000
At 1 January	1,455	1,788	438	3,681	4,278	2,121	292	6,691
Addition	8,413	4,121	-	12,534	-	974	270	1,244
Interest accretion charged to profit and loss	159	85	14	258	111	69	15	195
Payments	(4,020)	(1,552)	(157)	(5,729)	(2,934)	(1,376)	(139)	(4,449)
At 31 December	6,007	4,442	295	10,744	1,455	1,788	438	3,681
Current	3,962	1,572	122	5,656	1,455	1,152	143	2,750
Non-current	2,045	2,870	173	5,088	-	636	295	931
	6,007	4,442	295	10,744	1,455	1,788	438	3,681

The Group and the Company have lease contracts for information technology related facilities, property and office equipment. These leases generally have lease terms between 2 and 5 years. The Group's and the Company's obligations under the leases are secured by the lessor's title to the leased assets. Generally, the Group and the Company are restricted from assigning and subleasing the leased assets. The Group and the Company also have leases with lease term of 12 months or less and leases of office equipment with low value. The Group and the Company apply the "short-term lease" and "low-value assets" recognition exemptions for these leases.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	760,674	752,488	719,585	742,489
Unquoted corporate debt securities	1,685,504	1,652,150	1,412,779	1,337,952
Quoted equity securities	162,430	169,885	162,430	169,885
Unit trust funds	643,870	525,874	643,870	525,874
Controlled structured entity (note 7)	-	-	325,886	337,634
Structured product (note 8)	52,650	50,175	52,650	50,175
Unquoted equity securities	32,869	20,822	32,869	20,822
	<u>3,337,997</u>	<u>3,171,394</u>	<u>3,350,069</u>	<u>3,184,831</u>

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss (FVTPL)	2,476,947	2,367,025	2,489,019	2,380,462
Fair value through other comprehensive income (FVOCI)	861,050	804,369	861,050	804,369
	<u>3,337,997</u>	<u>3,171,394</u>	<u>3,350,069</u>	<u>3,184,831</u>

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
FVTPL financial assets	1,269,243	1,278,213	1,257,601	1,265,518
FVOCI financial assets	800,685	781,372	800,685	781,372
	<u>2,069,927</u>	<u>2,059,585</u>	<u>2,058,285</u>	<u>2,046,890</u>

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(a) FVTPL financial assets

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM'000	RM'000	RM'000	RM'000
Designated upon initial recognition:				
Malaysian Government Securities	553,996	535,801	512,907	525,802
Unquoted corporate debt securities	1,031,132	1,064,468	758,407	750,270
Mandatorily measured:				
Quoted equity securities	162,430	169,885	162,430	169,885
Unit trust funds	643,870	525,874	643,870	525,874
Controlled structured entity	-	-	325,886	337,634
Structured product	52,650	50,175	52,650	50,175
Unquoted equity securities	32,869	20,822	32,869	20,822
	<u>2,476,947</u>	<u>2,367,025</u>	<u>2,489,019</u>	<u>2,380,462</u>

(b) FVOCI financial assets – Mandatorily measured

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	206,678	216,687	206,678	216,687
Unquoted corporate debt securities	654,372	587,682	654,372	587,682
	<u>861,050</u>	<u>804,369</u>	<u>861,050</u>	<u>804,369</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets

			Group
	FVTPL	FVOCI	Total
	RM'000	RM'000	RM'000
At 1 January 2023	2,256,111	712,482	2,968,593
Purchases	477,381	88,089	565,470
Maturities	(10,086)	(25,220)	(35,306)
Disposals	(453,976)	-	(453,976)
Fair value losses recorded in:			
Profit or loss (note 20 (c))	97,087	-	97,087
Other comprehensive income	-	29,193	29,193
Movement in accrued interest	508	807	1,315
Amortisation adjustments	-	(982)	(982)
At 31 December 2023/1 January 2024	2,367,025	804,369	3,171,394
Purchases	773,918	154,197	928,115
Maturities	(36,102)	(47,471)	(83,573)
Disposals	(660,207)	(53,416)	(713,623)
Fair value gains recorded in:			
Profit or loss (note 20 (c))	32,137	-	32,137
Other comprehensive income	-	4,249	4,249
Movement in accrued interest	176	(164)	12
Amortisation adjustments	-	(714)	(714)
At 31 December 2024	2,476,947	861,050	3,337,997

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets (continued)

			Company
	FVTPL	FVOCI	Total
	RM'000	RM'000	RM'000
At 1 January 2023	2,262,812	712,482	2,975,294
Purchases	403,601	88,089	491,690
Maturities	(10,086)	(25,220)	(35,306)
Disposals	(373,977)	-	(373,977)
Fair value losses recorded in:			
Profit or loss (note 20 (c))	97,202	-	97,202
Other comprehensive income	-	29,193	29,193
Movement in accrued interest	910	807	1,717
Amortisation adjustments	-	(982)	(982)
At 31 December 2023/1 January 2024	2,380,462	804,369	3,184,831
Purchases	635,959	154,197	790,156
Maturities	(23,093)	(47,471)	(70,564)
Disposals	(536,575)	(53,416)	(589,991)
Fair value gains recorded in:			
Profit or loss (note 20 (c))	32,331	-	32,331
Other comprehensive income	-	4,249	4,249
Movement in accrued interest	(65)	(164)	(229)
Amortisation adjustments	-	(714)	(714)
At 31 December 2024	2,489,019	861,050	3,350,069

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy

The Group and the Company categorise their fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Group and the Company in 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 Group and the Company can 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 interest 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.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy (continued)

The following table presents the Group's and the Company's financial assets that are carried at fair value as at the reporting date:

	Level 1	Level 2	Level 3	Group Total
	RM'000	RM'000	RM'000	RM'000
<u>2024</u>				
<u>FVTPL</u>				
Malaysian Government Securities	-	553,996	-	553,996
Unquoted corporate debt securities	-	1,031,132	-	1,031,132
Quoted equity securities	162,430	-	-	162,430
Unit trust funds	643,870	-	-	643,870
Structured product	-	52,650	-	52,650
Unquoted equity securities	-	-	32,869	32,869
<u>FVOCI</u>				
Malaysian Government Securities	-	206,678	-	206,678
Unquoted corporate debt securities	-	654,372	-	654,372
	<u>806,300</u>	<u>2,498,828</u>	<u>32,869</u>	<u>3,337,997</u>
<u>2023</u>				
<u>FVTPL</u>				
Malaysian Government Securities	-	535,801	-	535,801
Unquoted corporate debt securities	-	1,064,468	-	1,064,468
Quoted equity securities	169,885	-	-	169,885
Unit trust funds	525,874	-	-	525,874
Structured product	-	50,175	-	50,175
Unquoted equity securities	-	-	20,822	20,822
<u>FVOCI</u>				
Malaysian Government Securities	-	216,687	-	216,687
Unquoted corporate debt securities	-	587,682	-	587,682
	<u>695,759</u>	<u>2,454,813</u>	<u>20,822</u>	<u>3,171,394</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy (continued)

				Company
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2024				
<u>FVTPL</u>				
Malaysian Government Securities	-	512,907	-	512,907
Unquoted corporate debt securities	-	758,407	-	758,407
Quoted equity securities	162,430	-	-	162,430
Unit trust funds	643,870	-	-	643,870
Controlled structured entity	325,886	-	-	325,886
Structured product	-	52,650	-	52,650
Unquoted equity securities	-	-	32,869	32,869
<u>FVOCI</u>				
Malaysian Government Securities	-	206,678	-	206,678
Unquoted corporate debt securities	-	654,372	-	654,372
	<u>1,132,186</u>	<u>2,185,014</u>	<u>32,869</u>	<u>3,350,069</u>
2023				
<u>FVTPL</u>				
Malaysian Government Securities	-	525,802	-	525,802
Unquoted corporate debt securities	-	750,270	-	750,270
Quoted equity securities	169,885	-	-	169,885
Unit trust funds	525,874	-	-	525,874
Controlled structured entity	337,634	-	-	337,634
Structured product	-	50,175	-	50,175
Unquoted equity securities	-	-	20,822	20,822
<u>FVOCI</u>				
Malaysian Government Securities	-	216,687	-	216,687
Unquoted corporate debt securities	-	587,682	-	587,682
	<u>1,033,393</u>	<u>2,130,616</u>	<u>20,822</u>	<u>3,184,831</u>

There were no movement in Levels 1 and 2 of the fair value hierarchy for the financial years ended 31 December 2024 and 2023.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(e) Movement of level 3 financial assets

	Group/Company Unquoted equity securities RM'000
At 1 January 2023	20,028
Fair value gains recorded in:	
Profit or loss	794
At 31 December 2023/1 January 2024	20,822
Fair value gains recorded in:	
Profit or loss	12,047
At 31 December 2024	32,869
Total gains recognised in profit or loss for financial assets measured at level 3 of the fair value hierarchy at the end of the reporting year	12,047

(f) Sensitivity of fair value measurements to changes in observables input assumptions

All unquoted equity securities of the Group and the Company at fair value were classified under level 3 due to no quoted market prices in an active market. The fair value of investments in unquoted equity securities are measured based on the adjusted net asset value method by referencing to the annual financial statements of the entities that the Group and the Company invested in.

		Group/Company		
	Change in variable	Impact on carrying value RM'000	Impact on profit after taxation RM'000	Impact on equity* RM'000
<u>2024</u>				
Unquoted equity securities	+5%	1,643	1,225	1,225
Unquoted equity securities	-5%	(1,643)	(1,225)	(1,225)
<u>2023</u>				
Unquoted equity securities	+5%	1,041	776	776
Unquoted equity securities	-5%	(1,041)	(776)	(776)

* Impact on equity reflects adjustments for tax, where applicable.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7 CONTROLLED STRUCTURED ENTITY

The Company has determined that its investment in a wholesale unit trust fund amounting to RM325,886,000 (2023: RM337,634,000) as disclosed in Note 6 to the financial statements is an investment in a structured entity (investee fund). The Company invests in the investee fund whose objective is to achieve medium to long-term returns while preserving capital and whose investment strategy does not include the use of leverage. The investee fund is managed by Opus Asset Management Sdn Bhd which applies various investment strategies to accomplish the stated investment objectives. The investee fund finances its operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the investee fund's net assets.

The Company holds 100% of the Opus Income Fund 2, a fund established in Malaysia, and has control over the investee fund. The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The investee fund is classified as a FVTPL investment and changes in fair value of the investee fund is included in the statement of comprehensive income in the Company's financial statements.

The Company's exposure to investment in the investee fund is disclosed below.

	2024	2023
Number of wholesale unit trust funds	1	1
Average net asset value per unit of wholesale unit trust funds:		
Opus Income Fund 2 (RM)	1.0179	1.0168
Fair value of underlying net assets:	RM'000	RM'000
Malaysian Government Securities	41,089	9,999
Unquoted corporate debt securities	272,725	314,199
Deposits with licensed financial institutions	12,142	13,505
Cash equivalents	10	10
Payables	(80)	(79)
	<u>325,886</u>	<u>337,634</u>
Total fair value (loss)/gain for the financial year*	<u>(1,316)</u>	<u>6,542</u>

The Company's maximum exposure to loss from its interest in the investee fund is equal to the fair value of its investment in the investee fund.

As the Company has control over the investee fund, which is considered a controlled structured entity, the structured entity is consolidated at the Group level. The investee fund is audited by a firm of Chartered Accountants other than Ernst & Young PLT.

* The Company's total fair value (loss)/gain during the financial year are included in the unrealised gains of the financial assets at FVTPL – designated upon initial recognition in Note 20.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

8 STRUCTURED PRODUCT

The structured product is a principal protected note involving an investment structure which performance is linked to an Environmental, Social and Governance (ESG) equity index. The note comprises of two underlying financial instruments, a zero-coupon note and options written on an ESG equity index.

Structured product of the Group and the Company is classified as FVTPL. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The carrying amount of structured product is presented as follows:

	<----- 2024 ----->	
	Notional amount	Net carrying amount
	RM'000	RM'000
Financial assets at FVTPL		
Index linked notes	50,000	52,650
Total structured product	50,000	52,650
	<----- 2023 ----->	
	Notional amount	Net carrying amount
	RM'000	RM'000
Financial assets at FVTPL		
Index linked notes	50,000	50,175
Total structured product	50,000	50,175

The net carrying amount of the structured product of the Group and the Company represents the fair value of the products and is derived based on valuation techniques from market observable inputs. They are revalued at the reporting date using such values provided by the respective counterparties and as validated by the Group and the Company.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

9 INVESTMENTS: AMORTISED COST FINANCIAL ASSETS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with licensed financial institutions	87,138	82,168	74,997	68,665
Accrued interest on fixed and call deposits	7	25	6	22
	<u>87,145</u>	<u>82,193</u>	<u>75,003</u>	<u>68,687</u>
Receivable within 12 months	<u>87,145</u>	<u>82,193</u>	<u>75,003</u>	<u>68,687</u>

The carrying amounts disclosed above approximate fair values as of the date of the statements of financial position.

There are no fixed and call deposits pledged to a financial institution as at 31 December 2024 (2023: Nil).

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS

The breakdown of the groups of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	Group/Company					
	2024			2023		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Life insurance contracts not measured under the PAA	(8,361)	2,778,859	2,770,498	(13,303)	2,658,641	2,645,338
Life insurance contracts measured under the PAA	-	3,431	3,431	-	3,088	3,088
Insurance contract (assets)/liabilities	(8,361)	2,782,290	2,773,929	(13,303)	2,661,729	2,648,426
Reinsurance contracts held not measured under the PAA	(53,328)	397	(52,931)	(62,053)	780	(61,273)
Reinsurance contracts held measured under the PAA	(3,205)	531	(2,674)	(3,516)	7,315	3,799
Reinsurance contract (assets)/liabilities	(56,533)	928	(55,605)	(65,569)	8,095	(57,474)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA

10.1.1 Life insurance contracts issued

The roll-forward of the net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims for portfolios included in life insurance unit, is disclosed in the table below:

	2024					2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
			Estimates of the present value of future cash flows					Estimates of the present value of future cash flows		
	Excluding Loss Component RM'000	Loss Component RM'000	future cash flows RM'000	Risk adjustment RM'000	Total RM'000	Excluding Loss Component RM'000	Loss Component RM'000	future cash flows RM'000	Risk adjustment RM'000	Total RM'000
At 1 January										
Life insurance contract liabilities	2,568,106	10,554	79,976	5	2,658,641	2,481,061	2	76,323	7	2,557,393
Life insurance contract asset	(15,510)	-	2,207	-	(13,303)	(18,635)	-	2,082	-	(16,553)
Net insurance contract liabilities as at 1 January	2,552,596	10,554	82,183	5	2,645,338	2,462,426	2	78,405	7	2,540,840
Insurance revenue	(324,900)	-	-	-	(324,900)	(327,305)	-	-	-	(327,305)
Insurance service expenses	69,431	25,687	157,827	(1)	252,944	55,939	10,580	165,171	(2)	231,688
Investment components	(129,921)	-	129,921	-	-	(153,637)	-	153,637	-	-
Insurance service result	(385,390)	25,687	287,748	(1)	(71,956)	(425,003)	10,580	318,808	(2)	(95,617)
Insurance finance expenses	122,828	(240)	-	-	122,588	161,073	(28)	-	-	161,045
Total changes in the statements of comprehensive income	(262,562)	25,447	287,748	(1)	50,632	(263,930)	10,552	318,808	(2)	65,428

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA (continued)

10.1.1 Life insurance contracts issued (continued)

	2024					2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums received	506,818	-	-	-	506,818	485,952	-	-	-	485,952
Claims and other expenses paid including investment components	-	-	(231,702)	-	(231,702)	-	-	(263,737)	-	(263,737)
Total cash flows	506,818	-	(231,702)	-	275,116	485,952	-	(263,737)	-	222,215
Other movements*	(145,184)	-	(55,404)	-	(200,588)	(131,852)	-	(51,293)	-	(183,145)
Net life insurance contract liabilities	2,651,668	36,001	82,825	4	2,770,498	2,552,596	10,554	82,183	5	2,645,338
At 31 December										
Life insurance contract liabilities	2,661,900	36,001	80,954	4	2,778,859	2,568,106	10,554	79,976	5	2,658,641
Life insurance contract assets	(10,232)	-	1,871	-	(8,361)	(15,510)	-	2,207	-	(13,303)
Net life insurance contract liabilities as at 31 December	2,651,668	36,001	82,825	4	2,770,498	2,552,596	10,554	82,183	5	2,645,338

* "Other movements" for liability for remaining coverage and liability for incurred claims relate to situations where the accounting treatment of some fixed or variable overheads included with the cash flows within the boundary of an insurance contract are governed by other MFRS standards. In such instances, when the insurance service expenses are incurred, a settlement of the LFRC and LFIC is deemed to have incurred, with a corresponding adjustment to other items in the statements of financial position such as accumulated depreciation, other payables, amortisation of intangible assets.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA (continued)

10.1.2 Reinsurance contracts held

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to reinsurers in the life insurance unit is disclosed in the table below:

	2024					Group/Company 2023				
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January										
Reinsurance contract assets	(45,882)	588	107,347	-	62,053	(3,383)	2	77,874	-	74,493
Reinsurance contract liabilities	(7)	-	(773)	-	(780)	(12)	-	(202)	-	(214)
Net reinsurance contract (liabilities)/assets as at 1 January	(45,889)	588	106,574	-	61,273	(3,395)	2	77,672	-	74,279
Allocation of reinsurance premiums	(80,735)	-	-	-	(80,735)	(92,340)	-	-	-	(92,340)
Amounts recoverable from reinsurers for incurred claims	-	4,415	59,405	-	63,820	-	586	65,534	-	66,120
Reinsurance investment components	-	-	-	-	-	(13)	-	13	-	-
Net (expenses)/income from reinsurance contracts held	(80,735)	4,415	59,405	-	(16,915)	(92,353)	586	65,547	-	(26,220)
Reinsurance finance (expenses)/income	(1,016)	-	-	-	(1,016)	3,419	-	-	-	3,419
Total changes in the statements of comprehensive income	(81,751)	4,415	59,405	-	(17,931)	(88,934)	586	65,547	-	(22,801)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA (continued)

10.1.2 Reinsurance contracts held (continued)

	2024					Group/Company 2023				
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums paid	107,585	-	-	-	107,585	46,440	-	-	-	46,440
Claims and benefits recovered	-	-	(97,996)	-	(97,996)	-	-	(36,645)	-	(36,645)
Total cash flows	107,585	-	(97,996)	-	9,589	46,440	-	(36,645)	-	9,795
Net reinsurance contract (liabilities)/assets as at 31 December	(20,055)	5,003	67,983	-	52,931	(45,889)	588	106,574	-	61,273
At 31 December										
Reinsurance contract assets	(19,657)	5,003	67,982	-	53,328	(45,882)	588	107,347	-	62,053
Reinsurance contract liabilities	(398)	-	1	-	(397)	(7)	-	(773)	-	(780)
Net reinsurance contract (liabilities)/assets as at 31 December	(20,055)	5,003	67,983	-	52,931	(45,889)	588	106,574	-	61,273

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA

10.2.1 Life insurance contracts issued

The table below presents a roll-forward of the net asset or liability for insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin for portfolios included in the life insurance unit.

	2024				Group/Company 2023			
	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
At 1 January								
Life insurance contract liabilities	2,187,786	140,939	329,916	2,658,641	2,025,430	135,395	396,568	2,557,393
Life insurance contract assets	(23,686)	9,063	1,320	(13,303)	(33,610)	11,118	5,939	(16,553)
Net life insurance contract liabilities as at 1 January	2,164,100	150,002	331,236	2,645,338	1,991,820	146,513	402,507	2,540,840
Changes that relate to current services								
Contractual service margin recognised for services provided	-	-	(57,239)	(57,239)	-	-	(71,792)	(71,792)
Risk adjustment recognised for the risk expired	-	(25,056)	-	(25,056)	-	(27,058)	-	(27,058)
Experience adjustments	2,696	-	-	2,696	4,669	-	-	4,669
	2,696	(25,056)	(57,239)	(79,599)	4,669	(27,058)	(71,792)	(94,181)
Changes that relate to future services								
Contracts initially recognised in the period	(86,194)	16,571	43,686	(25,937)	(87,131)	22,352	62,650	(2,129)
Changes in estimates that adjust the contractual service margin	31,302	(8,587)	(22,715)	-	79,800	1,391	(81,191)	-
Changes in estimates that do not adjust the contractual service margin	41,318	3,209	-	44,527	11,117	(1,562)	-	9,555
	(13,574)	11,193	20,971	18,590	3,786	22,181	(18,541)	7,426
Changes that relate to past service								
Adjustments to liabilities for incurred claims	(10,944)	(3)	-	(10,947)	(8,858)	(4)	-	(8,862)
Insurance service result	(21,822)	(13,866)	(36,268)	(71,956)	(403)	(4,881)	(90,333)	(95,617)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA (continued)

10.2.1 Life insurance contracts issued (continued)

	2024				Group/Company 2023			
	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Insurance finance expenses	101,435	4,657	16,496	122,588	133,613	8,370	19,062	161,045
Total changes in the statements of comprehensive income	79,613	(9,209)	(19,772)	50,632	133,210	3,489	(71,271)	65,428
Cash flows								
Premiums received	506,818	-	-	506,818	485,952	-	-	485,952
Claims and other expenses paid including investment components	(231,702)	-	-	(231,702)	(263,737)	-	-	(263,737)
Total cash flows	275,116	-	-	275,116	222,215	-	-	222,215
Other movements*	(200,588)	-	-	(200,588)	(183,145)	-	-	(183,145)
Net life insurance contract liabilities as at 31 December	2,318,241	140,793	311,464	2,770,498	2,164,100	150,002	331,236	2,645,338
At 31 December								
Life insurance contract liabilities	2,335,643	132,659	310,557	2,778,859	2,187,786	140,939	329,916	2,658,641
Life insurance contract assets	(17,402)	8,134	907	(8,361)	(23,686)	9,063	1,320	(13,303)
Net life insurance contract liabilities as at 31 December	2,318,241	140,793	311,464	2,770,498	2,164,100	150,002	331,236	2,645,338

* "Other movements" for liability for remaining coverage and liability for incurred claims relate to situations where the accounting treatment of some fixed or variable overheads included with the cash flows within the boundary of an insurance contract are governed by other MFRS standards. In such instances, when the insurance service expenses are incurred, a settlement of the LFRC and LFIC is deemed to have incurred, with a corresponding adjustment to other items in the statements of financial position such as accumulated depreciation, other payables, amortisation of intangible assets.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA (continued)

10.2.2 Reinsurance contracts held

The table below presents a roll-forward of the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM for reinsurance held portfolios included in life insurance unit.

	2024				Group/Company 2023			
	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
At 1 January								
Reinsurance contract assets	16,594	46,374	(915)	62,053	(25,936)	44,645	55,784	74,493
Reinsurance contract liabilities	(767)	4	(17)	(780)	(254)	34	6	(214)
Net reinsurance contract assets/(liabilities) as at 1 January	15,827	46,378	(932)	61,273	(26,190)	44,679	55,790	74,279
Changes that relate to current services								
Contractual service margin recognised for services received	-	-	(15,228)	(15,228)	-	-	(24,111)	(24,111)
Risk adjustment recognised for the risk expired	-	(4,210)	-	(4,210)	-	(4,387)	-	(4,387)
Experience adjustments	(8,512)	-	-	(8,512)	(6,258)	-	-	(6,258)
	(8,512)	(4,210)	(15,228)	(27,950)	(6,258)	(4,387)	(24,111)	(34,756)
Changes that relate to future services								
Contracts initially recognised in the period	4,596	3,007	(14,924)	(7,321)	14,018	3,217	(17,370)	(135)
Changes in estimates that adjust the contractual service margin	(4,882)	(1,645)	6,527	-	18,043	(55)	(17,988)	-
Changes in contractual service margin due to recognition of a loss-recovery component from onerous underlying contracts	-	-	12,099	12,099	-	-	744	744
	(286)	1,362	3,702	4,778	32,061	3,162	(34,614)	609
Changes that relate to past services								
Changes in amounts recoverable arising from changes in liability for incurred claims	6,257	-	-	6,257	7,927	-	-	7,927
Net (expenses)/income from reinsurance contracts held	(2,541)	(2,848)	(11,526)	(16,915)	33,730	(1,225)	(58,725)	(26,220)
Reinsurance finance (expenses)/income	(2,682)	1,786	(120)	(1,016)	(1,508)	2,924	2,003	3,419
Total changes in the statements of comprehensive income	(5,223)	(1,062)	(11,646)	(17,931)	32,222	1,699	(56,722)	(22,801)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA (continued)

10.2.2 Reinsurance contracts held (continued)

	2024				Group/Company 2023			
	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Cash flows								
Premiums paid	107,585	-	-	107,585	46,440	-	-	46,440
Claims and benefits recovered	(97,996)	-	-	(97,996)	(36,645)	-	-	(36,645)
Total cash flows	9,589	-	-	9,589	9,795	-	-	9,795
Net reinsurance contract assets/(liabilities) as at 31 December	20,193	45,316	(12,578)	52,931	15,827	46,378	(932)	61,273
At 31 December								
Reinsurance contract assets	20,635	45,279	(12,586)	53,328	16,594	46,374	(915)	62,053
Reinsurance contract liabilities	(442)	37	8	(397)	(767)	4	(17)	(780)
Net reinsurance contract assets/(liabilities) as at 31 December	20,193	45,316	(12,578)	52,931	15,827	46,378	(932)	61,273

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA

10.3.1 Life insurance contracts issued

The roll-forward of the net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims for portfolios included in life insurance unit, is disclosed in the table below:

	2024					Group/Company 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January										
Life insurance contract liabilities	1	13	2,748	326	3,088	(61)	15	1,899	192	2,045
Life insurance contract asset	-	-	-	-	-	(141)	-	-	-	(141)
Net insurance contract liabilities as at 1 January	1	13	2,748	326	3,088	(202)	15	1,899	192	1,904
Insurance revenue	(40,421)	-	-	-	(40,421)	(33,494)	-	-	-	(33,494)
Insurance service expenses	20,862	(12)	5,658	42	26,550	18,364	(2)	5,266	134	23,762
Insurance service result, representing total changes in the statements of comprehensive income	(19,559)	(12)	5,658	42	(13,871)	(15,130)	(2)	5,266	134	(9,732)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA (continued)

10.3.1 Life insurance contracts issued (continued)

	2024					2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums received	40,376	-	-	-	40,376	33,700	-	-	-	33,700
Claims and other expenses paid including investment components	-	-	(373)	-	(373)	-	-	(590)	-	(590)
Total cash flows	40,376	-	(373)	-	40,003	33,700	-	(590)	-	33,110
Other movements*	(20,863)		(4,926)	-	(25,789)	(18,367)	-	(3,827)		(22,194)
Net life insurance contract liabilities	(45)	1	3,107	368	3,431	1	13	2,748	326	3,088
At 31 December										
Life insurance contract liabilities	(45)	1	3,107	368	3,431	1	13	2,748	326	3,088
Life insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net life insurance contract liabilities as at 31 December	(45)	1	3,107	368	3,431	1	13	2,748	326	3,088

* "Other movements" for liability for remaining coverage and liability for incurred claims relate to situations where the accounting treatment of some fixed or variable overheads included with the cash flows within the boundary of an insurance contract are governed by other MFRS standards. In such instances, when the insurance service expenses are incurred, a settlement of the LFRC and LFIC is deemed to have incurred, with a corresponding adjustment to other items in the statements of financial position such as accumulated depreciation, other payables, amortisation of intangible assets.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA (continued)

10.3.2 Reinsurance contracts held

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to reinsurers in the life insurance unit is disclosed in the table below:

	2024					Group/Company 2023				
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January										
Reinsurance contract assets	(1,832)	80	5,268	-	3,516	(1,488)	-	3,679	-	2,191
Reinsurance contract liabilities	(795)	-	(6,520)	-	(7,315)	(919)	-	(610)	-	(1,529)
Net reinsurance contract (liabilities)/assets as at 1 January	(2,627)	80	(1,252)	-	(3,799)	(2,407)	-	3,069	-	662
Allocation of reinsurance premiums	(5,016)	-	-	-	(5,016)	(5,242)	-	-	-	(5,242)
Amounts recoverable from reinsurers for incurred claims	-	168	4,019	-	4,187	-	80	(1,636)	-	(1,556)
Reinsurance investment components	-	-	-	-	-	(1)	-	1	-	-
Net income or expense from reinsurance contracts held	(5,016)	168	4,019	-	(829)	(5,243)	80	(1,635)	-	(6,798)
Reinsurance finance expense	(6)	-	-	-	(6)	(10)	-	-	-	(10)
Total changes in the statements of comprehensive income	(5,022)	168	4,019	-	(835)	(5,253)	80	(1,635)	-	(6,808)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA (continued)

10.3.2 Reinsurance contracts held (continued)

	2024					Group/Company 2023				
	Assets for remaining coverage		Amount recoverable on incurred claims		Total	Assets for remaining coverage		Amount recoverable on incurred claims		Total
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums paid	5,717	-	-	-	5,717	5,033	-	-	-	5,033
Claims and benefits recovered	-	-	1,591	-	1,591	-	-	(2,686)	-	(2,686)
Total cash flows	5,717	-	1,591	-	7,308	5,033	-	(2,686)	-	2,347
Net reinsurance contract (liabilities)/assets as at 31 December	(1,932)	248	4,358	-	2,674	(2,627)	80	(1,252)	-	(3,799)
At 31 December										
Reinsurance contract assets	(1,133)	248	4,090	-	3,205	(1,832)	80	5,268	-	3,516
Reinsurance contract liabilities	(799)	-	268	-	(531)	(795)	-	(6,520)	-	(7,315)
Net reinsurance contract (liabilities)/assets as at 31 December	(1,932)	248	4,358	-	2,674	(2,627)	80	(1,252)	-	(3,799)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.4 The impacts on the current period of transition approaches adopted to establishing CSMs

10.4.1 Life insurance contracts issued

The impact on the current period of the transition approaches adopted to establishing CSMs for insurance contracts portfolios included in the life insurance unit is disclosed in the table below:

	2024			Group/Company 2023		
	Contracts using the fair value approach RM'000	All other contracts RM'000	Total RM'000	Contracts using the fair value approach RM'000	All other contracts RM'000	Total RM'000
Contractual Service Margin as at 1 January	278,007	53,229	331,236	362,595	39,912	402,507
Changes that relate to current services						
Contractual service margin recognised for services provided	(42,203)	(15,036)	(57,239)	(57,597)	(14,195)	(71,792)
Changes that relate to future services						
Contracts initially recognised in the period	-	43,686	43,686	-	62,650	62,650
Changes in estimates that adjust the contractual service margin	(2,056)	(20,659)	(22,715)	(42,852)	(38,339)	(81,191)
Insurance service result	(44,259)	7,991	(36,268)	(100,449)	10,116	(90,333)
Insurance finance expenses	11,500	4,996	16,496	15,861	3,201	19,062
Total changes in the statements of comprehensive income	(32,759)	12,987	(19,772)	(84,588)	13,317	(71,271)
Contractual Service Margin as at 31 December	245,248	66,216	311,464	278,007	53,229	331,236

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.4 The impacts on the current period of transition approaches adopted to establishing CSMs (continued)

10.4.2 Reinsurance contracts held

The impact on the current period of the transition approaches adopted to establishing CSMs for reinsurance contracts held portfolios included in the life insurance unit is disclosed in the table below:

	2024			Group/Company 2023		
	Contracts using the modified retrospective approach RM'000	All other contracts RM'000	Total RM'000	Contracts using the modified retrospective approach RM'000	All other contracts RM'000	Total RM'000
Contractual Service Margin as at 1 January	30,222	(31,154)	(932)	72,214	(16,424)	55,790
Changes that relate to current services						
Contractual service margin recognised for services received	(19,444)	4,216	(15,228)	(27,409)	3,298	(24,111)
Changes that relate to future services						
Contracts initially recognised in the period	-	(14,924)	(14,924)	-	(17,370)	(17,370)
Changes in estimates that adjust the contractual service margin	2,650	15,976	18,626	(17,404)	160	(17,244)
Reinsurance finance income/(expenses)	1,202	(1,322)	(120)	2,821	(818)	2,003
Total changes in the statements of comprehensive income	(15,592)	3,946	(11,646)	(41,992)	(14,730)	(56,722)
Contractual Service Margin as at 31 December	14,630	(27,208)	(12,578)	30,222	(31,154)	(932)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.5 The components of new business

10.5.1 Life insurance contracts issued

The components of new business for portfolios of insurance contracts issued by the Group and the Company during the financial year is disclosed in the table below:

	2024			Group/Company 2023		
	Contracts Issued		Total	Contracts Issued		Total
	Non-onerous RM'000	Onerous RM'000	RM'000	Non-onerous RM'000	Onerous RM'000	RM'000
Life insurance contract liabilities						
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	384,390	67,155	451,545	368,875	15,950	384,825
Estimates of insurance acquisition cash flows	39,332	52,614	91,946	93,524	11,126	104,650
Estimate of present value of future cash outflows	423,722	119,769	543,491	462,399	27,076	489,475
Estimates of present value of future cash inflows	(474,360)	(155,325)	(629,685)	(543,992)	(32,614)	(576,606)
Risk adjustment	6,952	9,619	16,571	18,943	3,409	22,352
CSM	43,686	-	43,686	62,650	-	62,650
Losses on onerous contracts at initial recognition	-	(25,937)	(25,937)	-	(2,129)	(2,129)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.5 The components of new business (continued)

10.5.2 Reinsurance contracts held

The components of new business for portfolios of reinsurance contracts held by the Group and the Company during the financial year is disclosed in the table below:

	2024		Group/Company 2023	
	Contracts Purchased	Total	Contracts Purchased	Total
	RM'000	RM'000	RM'000	RM'000
Reinsurance contract assets				
Estimate of present value of future cash inflows	(38,762)	(38,762)	(48,445)	(48,445)
Estimate of present value of future cash outflows	43,358	43,358	62,463	62,463
Risk Adjustment	3,007	3,007	3,217	3,217
CSM	(14,924)	(14,924)	(17,370)	(17,370)
Recoveries of losses on onerous contracts at initial recognition	(7,321)	(7,321)	(135)	(135)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.6 The estimated timing of CSM recognition in profit or loss, for the Group and the Company are disclosed below:

	2024							Group/Company 2023						
	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years	Total	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years	Total
Insurance contracts issued	47,402	35,832	29,510	25,238	21,611	151,871	311,464	46,741	32,590	26,293	22,578	19,822	183,212	331,236
Reinsurance contracts held	(11,549)	(8,351)	(5,608)	(3,295)	(1,457)	42,838	12,578	(15,768)	(11,470)	(8,130)	(5,406)	(3,105)	44,811	932

The Group and the Company expect to recognise the CSM in profit or loss for existing contracts as shown in the table above, which represents the coverage period for the contracts in force issued by the Group and the Company.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

11 OTHER RECEIVABLES

	Group/Company	
	2024	2023
	RM'000	RM'000
Amount due from fund manager/brokers	497	506
Amount due from related parties	20,435	19,905
Deposits receivable	706	645
Dividend receivable	487	118
Prepayments	6,436	6,695
Other receivables	4,012	6,686
	<u>32,573</u>	<u>34,555</u>
Receivable within 12 months	<u>32,573</u>	<u>34,555</u>

Amount due from related parties is unsecured, interest free and has no fixed repayment terms.

The carrying amounts disclosed above approximate fair values as of the date of the statements of financial position.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

12 SHARE CAPITAL

	2024		Group/Company 2023	
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000
<u>Issued and paid up</u>				
Ordinary shares with no par value:				
At beginning/end of the financial year	242,000	258,000	242,000	258,000
Perpetual non-cumulative preference shares (PPS) with no par value:				
At beginning/end of the financial year	100,000	100,000	100,000	100,000
	342,000	358,000	342,000	358,000

Features of the Perpetual Non-Cumulative Preference Shares (PPS)

The PPS is a subordinated and unsecured obligation of the Company and shall rank pari passu among themselves and senior only to the Company's ordinary shares. The PPS shall not represent any fixed charge on the earnings of the Company and shall carry no right to vote at any general meeting of the ordinary Shareholders of the Company.

The PPS confers on the holder the right to receive a non-cumulative gross dividend of 8% per annum, payable annually in arrears after the anniversary of the issue date of the PPS. The payment of dividend on the PPS is at the Company's discretion.

The PPS is not convertible to ordinary shares of the Company and the tenure of the PPS is perpetual and redeemable after year 2013 at the sole option of the Company subject to Bank Negara Malaysia's approval. At the date of this report, the Company has yet to exercise its redemption option.

13 RETAINED EARNINGS

Under the single tier system, there are no restrictions on the Company to frank the payment of dividends out of its entire distributable retained earnings as of the date of the statements of financial position.

The Company may distribute single tier dividend to its Shareholders out of its distributable retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from the financial year beginning 1 January 2014. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

14 OTHER FINANCIAL LIABILITIES

	Group/Company	
	2024	2023
	RM'000	RM'000
Outstanding purchases of investment securities	1,593	1,850
Proposal deposits	1,150	1,822
Others	69	32
	2,812	3,704
Payable within 12 months	2,812	3,704

The carrying amounts disclosed above approximate fair values as of the date of the statements of financial position.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15 OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits	57	57	57	57
Amount due to related parties	1,417	186	1,417	186
Amount due to agent and intermediaries	7,404	6,929	7,404	6,929
Accrual for bonus	28,505	31,365	28,505	31,365
Accrual for electronic data processing expenses	2,290	1,506	2,290	1,506
Accrual for sales and marketing expenses	14,417	12,545	14,417	12,545
Accrual for advertising cost	558	975	558	975
Accrual for other expenses	15,593	15,184	15,513	15,105
Cash in Suspense	3,289	3,822	3,289	3,822
Others	11,905	13,350	11,905	13,350
	85,435	85,919	85,355	85,840

The carrying amounts disclosed above approximate the fair values as of the date of the statements of financial position and all amounts are payable within one year.

Amount due to related parties are unsecured, profit free and has no fixed repayment terms.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

16 DEFERRED TAX LIABILITIES

	Group/Company	
	2024	2023
	RM'000	RM'000
At 1 January	57,770	35,957
Recognised in:		
Profit or loss (note 21)	6,364	14,356
Other comprehensive income	1,068	7,457
At 31 December	65,202	57,770
Current	84	219
Non-current	65,118	57,551
	65,202	57,770

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group/Company	
	2024	2023
	RM'000	RM'000
Deferred tax liabilities	65,202	57,770

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

16 DEFERRED TAX LIABILITIES (CONTINUED)

	Group/Company						
	Accelerated depreciation	Revaluation FVTPL financial assets	Revaluation FVOCI financial assets	Provision for expenses	Non-distributable life fund surplus and others	FVOCI Reserves	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax liabilities/(assets)</u>							
At 1 January 2023	37	3,139	(1,299)	(233)	37,147	(2,834)	35,957
Recognised in:							
Profit or loss	(249)	9,374	-	(8)	5,239	-	14,356
Other comprehensive income	-	-	2,335	-	-	5,122	7,457
At 31 December 2023/1 January 2024	(212)	12,513	1,036	(241)	42,386	2,288	57,770
Recognised in:							
Profit or loss	(1,000)	1,729	-	(3)	5,638	-	6,364
Other comprehensive income	-	-	340	-	-	728	1,068
At 31 December 2024	(1,212)	14,242	1,376	(244)	48,024	3,016	65,202

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

16 DEFERRED TAX LIABILITIES (CONTINUED)

The composition of deferred tax assets/liabilities before and after appropriate offsetting, is as follows:

	Group/Company	
	2024	2023
	RM'000	RM'000
<u>Deferred tax assets</u> (before offsetting)		
Provision for expenses	244	241
Accelerated depreciation	1,212	212
Others	12,638	11,154
	14,094	11,607
Offsetting	(14,094)	(11,607)
Deferred tax assets (after offsetting)	-	-
<u>Deferred tax liabilities</u> (before offsetting)		
FVTPL Financial assets	14,242	12,513
FVOCI Financial assets	1,376	1,036
Non-distributable life fund surplus	60,662	53,540
FVOCI Reserves	3,016	2,288
	79,296	69,377
Offsetting	(14,094)	(11,607)
Deferred tax liabilities (after offsetting)	65,202	57,770

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

17 INSURANCE REVENUE

The table below presents an analysis of the total insurance revenue recognised during the year.

	<u>Note</u>	<u>Group/Company</u>	
		<u>2024</u>	<u>2023</u>
		<u>RM'000</u>	<u>RM'000</u>
Contracts not measured under PAA:			
Amounts relating to the changes in the liability for remaining coverage			
Expected insurance service expenses incurred in the year		176,890	174,763
Change in the risk adjustment for non-financial risk		23,929	26,962
Amount of CSM recognised in profit or loss		57,239	71,792
Other amounts including experience adjustments		(2,588)	(2,150)
Amounts relating to recovery of insurance acquisition cash flows		69,430	55,938
Insurance revenue – contracts not measured under PAA	10.1.1	324,900	327,305
Insurance revenue – contracts measured under PAA	10.3.1	40,421	33,494
Total insurance revenue		<u>365,321</u>	<u>360,799</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 INSURANCE SERVICE EXPENSES

The table below presents an analysis of the total insurance service expenses recognised in the year:

	Note	Group/Company	
		2024	2023
		RM'000	RM'000
Employee benefits expense	18(a)	58,760	52,391
Directors' fees and allowance	18(b)	856	843
Auditors' remuneration:			
Statutory audit			
- current financial year		500	644
Audit related services		-	500
Regulatory related services		30	-
Non-audit related services		3	39
Electronic data processing expenses		9,562	7,016
Sales and marketing expenses		45,524	41,774
Advertising cost		5,136	4,413
Depreciation of property and equipment	3	4,599	4,293
Amortisation of intangible assets	4	14,638	11,939
Amortisation of right-of-use assets	5	5,045	4,130
Rental expenses		140	16
Telephone and postage expenses		550	963
Short term leases expense		56	82
Low value lease assets expense		34	26
Professional fees		1,284	1,293
Others		13,747	11,475
Total management expenses		160,464	141,837
Claims and benefits		103,065	115,495
Fees and commissions		66,044	63,456
Losses and reversal of losses on onerous contracts		25,675	10,578
Total expenses		355,248	331,366
Less: Amount attributed to acquisition cash flows		(166,047)	(150,219)
Add: Amortisation of acquisition cash flows		90,293	74,303
		279,494	255,450
Total expenses are represented by:			
Contracts not measured under PAA	10.1.1	252,944	231,688
Contracts measured under PAA	10.3.1	26,550	23,762
		279,494	255,450

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(a) Employee benefits expense

	<u>Note</u>	<u>Group/Company</u>	
		<u>2024</u>	<u>2023</u>
		<u>RM'000</u>	<u>RM'000</u>
Salaries and bonus		42,976	37,432
Defined contribution plan		6,089	5,516
Share-based payment plan	18(c)	1,331	981
Expatriate allowances		2,984	4,089
Other staff benefits		5,380	4,373
		<u>58,760</u>	<u>52,391</u>

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 **INSURANCE SERVICE EXPENSES (CONTINUED)**

(b) Directors' and Chief Executive Officer's remuneration

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows:

Group/Company						
	Salary and bonus	Defined contribution plan	Benefits-in- kind	Share-based payment plan	Fees and allowance	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>						
Chief Executive Officer:						
Lew Yung Chow	2,960	415	33	764	-	4,172
Executive Director:						
Ms Ingrid Gail Johnson (Resigned on 30 June 2024)	-	-	-	-	-	-
Mr Puneet Nayyar (Appointed on 9 October 2024)	-	-	-	-	-	-
Non-Executive Directors:						
Dato' Noorazman Bin Abd Aziz	-	-	-	-	216	216
Mr Ooi Say Teng	-	-	-	-	127	127
Mr Nigel Robin Hazell	-	-	-	-	191	191
Ms Yap Seong Yong	-	-	-	-	162	162
Mr Wong Ah Kow	-	-	-	-	160	160
Ms Natasha Su Sivarajah	-	-	-	-	-	-
	2,960	415	33	764	856	5,028

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(b) Directors' and Chief Executive Officer's remuneration (continued)

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows: (continued):

	Fixed Remuneration		Variable Remuneration		
Total value of remuneration awards for the financial year	Cash-based RM'000	Cash-based RM'000	Shares and share-linked instruments RM'000	Benefits-in- kind RM'000	Total RM'000
<u>2024</u>					
Chief Executive Officer:					
Lew Yung Chow	1,818	1,557	764	33	4,172
Executive Director:					
Ms Ingrid Gail Johnson (Resigned on 30 June 2024)	-	-	-	-	-
Mr Puneet Nayyar (Appointed on 9 October 2024)	-	-	-	-	-
Non-Executive directors:					
Dato' Noorazman Bin Abd Aziz	195	21	-	-	216
Mr Ooi Say Teng	115	12	-	-	127
Mr Nigel Robin Hazell	170	21	-	-	191
Ms Yap Seong Yong	145	17	-	-	162
Mr Wong Ah Kow	145	15	-	-	160
Ms Natasha Su Sivarajah	-	-	-	-	-
	2,588	1,643	764	33	5,028

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 **INSURANCE SERVICE EXPENSES (CONTINUED)**

(b) Directors' and Chief Executive Officer's remuneration (continued)

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows: (continued):

						Group/Company
	Salary and bonus	Defined contribution plan	Benefits-in- kind	Share-based payment plan	Fees and allowance	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2023</u>						
Chief Executive Officer:						
Lew Yung Chow	2,951	413	31	633	-	4,028
Executive Director:						
Ms Ingrid Gail Johnson	-	-	-	-	-	-
Non-Executive Directors:						
Dato' Noorazman Bin Abd Aziz	-	-	-	-	200	200
Y.A.M. Tunku Ali Redhaudin Ibni Tuanku Muhriz	-	-	-	-	47	47
Mr Ooi Say Teng	-	-	-	-	119	119
Mr Nigel Robin Hazell	-	-	-	-	175	175
Ms Yap Seong Yong	-	-	-	-	151	151
Mr Wong Ah Kow	-	-	-	-	151	151
Ms Natasha Su Sivarajah	-	-	-	-	-	-
	2,951	413	31	633	843	4,871

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(b) Directors' and Chief Executive Officer's remuneration (continued)

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows: (continued):

	Fixed Remuneration		Variable Remuneration	
Total value of remuneration awards for the financial year	Cash-based RM'000	Cash-based RM'000	Shares and share-linked instruments RM'000	Benefits-in- kind RM'000
<u>2023</u>				
Chief Executive Officer: Lew Yung Chow	1,775	1,589	633	31
Executive Director: Ms Ingrid Gail Johnson	-	-	-	-
Non-Executive directors:				
Dato' Noorazman Bin Abd Aziz	180	20	-	-
Y.A.M. Tunku Ali Redhaudin Ibni Tuanku Muhriz	44	3	-	-
Mr Ooi Say Teng	110	9	-	-
Mr Nigel Robin Hazell	155	20	-	-
Ms Yap Seong Yong	135	16	-	-
Mr Wong Ah Kow	135	16	-	-
Ms Natasha Su Sivarajah	-	-	-	-
	2,534	1,673	633	31

All the remuneration awards above are non-deferred remuneration except for shares and share-linked instruments. During the financial year, there were payments for shares and share-linked instruments amounting to RM1,863,952 (2023: RM1,801,185).

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(c) Share-based payment plan

Expenses arising from the share-based payment transactions recognised during the financial year as part of the employee benefits expense were as follows:

	Group/Company	
	2024	2023
	RM'000	RM'000
Sun Share Unit Plan	1,331	981

Sun Share Units (SSU) are granted to certain employees of the Group and the Company as part of the annual performance reward cycle and has a vesting period of over 36 months from grant date. Each SSU entitles the recipient to receive payment equal to the market value of common shares, plus credited dividends, at the time of vesting, subject to any performance conditions. These SSU expenses are paid out in cash at the end of the vesting period.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

19 NET EXPENSE FROM REINSURANCE CONTRACTS HELD

The table below presents an analysis of the net expenses from reinsurance contracts held recognised in the year:

	Note	Group/Company	
		2024	2023
		RM'000	RM'000
Amounts relating to the changes in the assets for remaining coverage:			
Expected recovery for insurance service expenses incurred in the year		(61,333)	(63,192)
Change in the risk adjustment for non-financial risk		(4,210)	(4,387)
Net cost recognised in profit or loss		(15,228)	(24,111)
Allocation of reinsurance premiums under PAA		(5,016)	(5,242)
Other amount including experience adjustments		36	(650)
Allocation of reinsurance premiums		(85,751)	(97,582)
Amounts recoverable for claims and other expenses incurred in the year:			
Amounts recoverable for claims and other expenses incurred		63,424	63,898
Income of Loss-Recovery from Onerous Contracts		4,583	666
Amounts recoverable from reinsurers		68,007	64,564
Net expense from reinsurance contracts held		(17,744)	(33,018)
Allocation of reinsurance premiums represented by:			
Contracts not measured under PAA	10.1.2	(80,735)	(92,340)
Contracts measured under PAA	10.3.2	(5,016)	(5,242)
		(85,751)	(97,582)
Amounts recoverable from reinsurers represented by:			
Contracts not measured under PAA	10.1.2	63,820	66,120
Contracts measured under PAA	10.3.2	4,187	(1,556)
		68,007	64,564

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****20 NET INVESTMENT INCOME AND NET INSURANCE FINANCE RESULT**

The table below presents an analysis of net investment income and net insurance finance result recognised in profit and loss and OCI during the year:

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
(a) Investment Income					
Rental income		389	400	389	400
<u>FVTPL financial assets</u>					
Designated upon initial recognition:					
- Interest income		70,941	72,775	56,558	57,772
Mandatorily measured:					
- Dividend income		25,525	13,899	40,780	29,740
<u>FVOCI Financial assets - Mandatorily measured</u>					
- Interest income		36,429	33,631	36,429	33,631
- Amortisation of premiums – net		(714)	(982)	(714)	(982)
- Expected credit loss		79	(98)	79	(98)
<u>Amortised cost – fixed and call deposits with licensed financial institutions</u>					
- Profit income		3,503	2,644	3,116	2,386
Other investment income		2	-	2	-
Investment related expenses		(2,924)	(2,143)	(2,924)	(2,143)
		<u>133,230</u>	<u>120,126</u>	<u>133,715</u>	<u>120,706</u>
(b) Net realised gains/(losses) on FVOCI financial assets					
Malaysian Government Securities		656	-	656	-
Unquoted corporate debt securities		243	(220)	243	(220)
		<u>899</u>	<u>(220)</u>	<u>899</u>	<u>(220)</u>
(c) Net fair value gains on FVTPL financial assets					
Unrealised gains*	6(c)	<u>32,137</u>	<u>97,087</u>	<u>32,331</u>	<u>97,202</u>
Realised gains:					
Malaysian Government Securities		725	743	458	-
Quoted equity securities		24,864	856	24,864	856
Unquoted corporate debt securities		1,742	1,189	278	307
Unit trust funds		6,684	358	6,684	358
Controlled structured entity		-	-	312	172
Investment-linked funds		6,909	-	6,909	-
		<u>40,924</u>	<u>3,146</u>	<u>39,505</u>	<u>1,693</u>
		<u>73,061</u>	<u>100,233</u>	<u>71,836</u>	<u>98,895</u>
Net investment income		<u>207,190</u>	<u>220,139</u>	<u>206,450</u>	<u>219,381</u>

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

20 NET INVESTMENT INCOME AND NET INSURANCE FINANCE RESULT (CONTINUED)

The table below presents an analysis of net investment income and net insurance finance result recognised in profit and loss and OCI during the year: (continued)

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Insurance finance (expenses)/income for insurance contracts issued					
Interest accreted using current financial assumptions		(56,762)	(54,991)	(56,762)	(54,991)
Interest accreted using locked-in rate		(9,118)	(12,554)	(9,118)	(12,554)
Effect of changes in interest rates and other financial assumptions		(3,131)	(41,700)	(3,131)	(41,700)
Changes in fair value of underlying assets of contracts measured under the VFA		(57,251)	(55,794)	(57,251)	(55,794)
Others		3,674	3,994	3,674	3,994
Total insurance finance expenses for insurance contracts issued		(122,588)	(161,045)	(122,588)	(161,045)
Reinsurance finance income /(expenses) for reinsurance contracts held					
Interest accreted using current financial assumptions		1,205	434	1,205	434
Interest accreted using locked-in rate		(119)	2,003	(119)	2,003
Effect of changes in interest rates and other financial assumptions		(1,187)	1,130	(1,187)	1,130
Others		(921)	(158)	(921)	(158)
Total reinsurance finance (expenses)/income for reinsurance contracts held		(1,022)	3,409	(1,022)	3,409
Net Insurance finance result		(123,610)	(157,636)	(123,610)	(157,636)

* Includes fair value losses on the controlled structured entity at the Company level amounting to RM1,316,000 as opposed to fair value gains amounting to RM6,542,000 in year 2023 as stated in Note 7.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

21 TAXATION

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Tax expense on the profit for the financial year:				
Income tax:				
Current tax	29,999	20,996	29,999	20,996
Deferred tax	6,364	14,356	6,364	14,356
	36,363	35,352	36,363	35,352
(Over)/under provision in prior financial years	(2,032)	903	(2,032)	903
	34,331	36,255	34,331	36,255
Tax attributable to Shareholders	21,777	21,099	21,777	21,099
Tax attributable to policyholders	12,554	15,156	12,554	15,156
	34,331	36,255	34,331	36,255

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation attributable to Shareholders	138,415	119,260	138,415	119,260
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	33,220	28,622	33,220	28,622
Income not subject to tax	(3,947)	(4,032)	(3,769)	(3,850)
Expenses not deductible for tax purposes	520	384	342	202
Section 110B tax credit set off	(5,984)	(4,778)	(5,984)	(4,778)
(Over)/under provision in prior financial years	(2,032)	903	(2,032)	903
	21,777	21,099	21,777	21,099
Tax attributable to Shareholders	21,777	21,099	21,777	21,099
Tax attributable to policyholders	12,554	15,156	12,554	15,156
	34,331	36,255	34,331	36,255

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

22 BASIC EARNINGS PER SHARE

The Group's and the Company's basic earnings per share is calculated by dividing the profit for the financial year attributable to the Group's and the Company's ordinary equity holders by the weighted average number of ordinary shares in issue during the financial year.

	Group/Company	
	2024	2023
	RM'000	RM'000
Profit attributable to ordinary equity holders	116,638	98,161
Weighted average number of shares in issue	242,000	242,000
Basic earnings per share (sen)	48.20	40.56

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares as of the date of the statements of financial position.

23 DIVIDENDS

The amounts of dividends paid or declared by the Company are as follows:

	2024		2023	
	RM per share	RM'000	RM per share	RM'000
Dividend in respect of the previous financial year				
Perpetual Non-cumulative Preference Shares	0.08	8,000	0.08	8,000
Ordinary Shares	0.28	67,000	0.26	62,000
		75,000		70,000

The Directors have not recommended any final dividend to be paid for the financial year under review.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

24 OPERATING LEASE COMMITMENTS

The future minimum lease payments of the operating lease commitments are as follows:

	Group/Company	
	2024	2023
	RM'000	RM'000
Not later than 1 year	7	-
Later than 1 year and not later than 5 years	-	-
	7	-

25 CAPITAL COMMITMENTS

	Group/Company	
	2024	2023
	RM'000	RM'000
Approved and contracted for:		
Intangible assets	2,625	3,369
Property and equipment	2,171	1,249
Approved but not contracted for:		
Intangible assets	15,980	13,990
Property and equipment	275	-
	21,051	18,608

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

26 SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of, and their relationship with, the Group and the Company are as follows:

<u>Company</u>	<u>Country of Incorporation</u>	<u>Relationship</u>
Khazanah Nasional Berhad (KNB)	Malaysia	Ultimate holding company
Avicennia Capital Sdn Bhd (ACSB)	Malaysia	Penultimate holding company
Renggis Ventures Sdn Bhd (RVSB)	Malaysia	Immediate holding company
Sun Life Assurance Company of Canada (SLACC)	Canada	Significant Shareholder
Sun Life Financial Inc. (SLF)	Canada	Ultimate holding company of SLACC
CIMB Group Holdings Berhad (CIMBG)	Malaysia	Associate of the ultimate holding company
CIMB Bank Berhad (CIMB Bank)	Malaysia	Subsidiary of CIMBG
Principal Asset Management Berhad (Principal)	Malaysia	Associate of the ultimate holding company
CIMB Islamic Bank Berhad (CIBB)	Malaysia	Subsidiary of CIMBG
Sun Life Financial Asia Service Limited (ASCP)	Philippines	Fellow subsidiary of SLF
Sun Life Global Solutions Pvt. Ltd ("SLGS")	India	Fellow subsidiary of SLF
Sun Life Malaysia Takaful Berhad (SLMTB)	Malaysia	Fellow subsidiary of the ultimate holding company
Sun Life Capital Management (Canada) Inc. (SLCM)	Canada	Fellow subsidiary of SLF

Key management personnel*

- * Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the Group's and the Company's activities either directly or indirectly. The key management personnel of the Company comprise the Board, Chief Executive Officer and the Group's and the Company's Management Committee members.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

26 **SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

Related party transactions

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on terms and conditions negotiated between the related parties.

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

<u>(Income)/expenses</u>	<u>Location</u>	<u>Group/Company</u>	
		<u>2024</u>	<u>2023</u>
		<u>RM'000</u>	<u>RM'000</u>
Premiums received from Principal	Malaysia	(105)	(136)
Premiums paid to SLMTB	Malaysia	652	441
Interest earned from deposits in CIMB Bank	Malaysia	(550)	(343)
Commission paid to CIMB Bank	Malaysia	77,099	73,738
Sales and marketing expenses paid to CIMB Bank	Malaysia	57,767	63,954
Charges paid to CIMB Bank	Malaysia	-	383
Rental income received from CIMB Bank and SLMTB	Malaysia	(389)	(400)
Shared service expenses charged to SLMTB	Malaysia	(142,329)	(143,951)
Recharges of expenses paid to SLACC	Canada	4,245	2,786
Investment management fee paid to Principal	Malaysia	715	632
IT recharges paid to ASCP	Philippines	137	302
Reimbursement of expenses received from SLACC	Canada	(4,858)	(4,333)
IT recharges paid to SLGS	India	1,781	2,436
Review charges paid to SLCM	Canada	221	190

- (b) Included in the Group's and the Company's statements of financial position are significant related party balances, represented by the following:

	<u>Group/Company</u>	
	<u>2024</u>	<u>2023</u>
	<u>RM'000</u>	<u>RM'000</u>
Amount due from SLMTB	20,433	19,841
Amount due from Principal	528	187
Amount due to SLCM	(33)	(63)
Amount due to SLACC	(1,381)	(1,704)
Amount due to CIMB Bank and Principal	(8,148)	(7,462)

Amounts due from/(to) related parties are unsecured, non-interest bearing and have no fixed repayment terms.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

26 **SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(c) Compensation of key management personnel

Total compensation paid and payable to the Group's and the Company's key management personnel during the financial year were as follows:

	Group/Company	
	2024	2023
	RM'000	RM'000
Salaries and other short-term employee benefits	18,057	16,245
Defined contribution plan	2,343	2,065
Fees and allowance	856	843
Shared-based payment plan	1,331	981
	<u>22,587</u>	<u>20,134</u>

The estimated cash value of benefits-in-kind provided to the Group's and the Company's key management personnel amounted to RM44,563 (2023: RM91,691).

(d) Compensation of senior management and other material risk takers

Total value of remuneration awards paid and payable to the Group's and the Company's senior management and other material risk takers during the financial year was as follows:

	2024			Group/Company		
	2024			2023		
	Number of persons	Unrestricted RM'000	Deferred RM'000	Number of persons	Unrestricted RM'000	Deferred RM'000
Fixed cash-based remuneration	16	13,340	-	15	11,678	-
Variable cash-based remuneration	15	7,060	-	15	6,632	-
Shares and share-linked remuneration	16	-	1,331	15	-	981
Benefits-in-kind	4	45	-	4	92	-

During the financial year, none of the key management personnel were entitled to sign-on awards. (2023: nil).

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

27 RISK MANAGEMENT FRAMEWORK

(a) Risk management

The Board recognises that risk management is an integral part of the Group's and the Company's business objectives and it is critical for the Group and the Company to achieve continued profitability and sustainable growth in shareholders' value. In pursuing these objectives, the Group and the Company have put in place a Risk Management Framework (RMF) to manage their risks and opportunities. The Board has established the Risk Management Committee (RMC) with the primary responsibility of ensuring the effective functioning of the RMF. The RMC is supported by management-level committees; namely, the Enterprise Risk Management Committee (ERMC), the Asset and Liability Committee (ALCO) and the Investment Committee that provide oversight responsibilities on operational, financial and insurance risk management in facilitating the optimisation of the risk and return profile of the Group and the Company.

The RMF involves an on-going process of identifying, measuring, managing, monitoring and reporting significant risks affecting the achievement of the Group's and the Company's business objectives. It provides the Board and the management with a tool to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment and the Group's and the Company's strategies and functional activities throughout the financial year.

The Group and the Company operate a 'three lines of defence' model. Primary responsibility for the application of the RMF lies with business management (the first line of defence). Support for and challenge on the completeness and accuracy of risk assessment, risk reporting and adequacy of mitigation plans are performed by the risk management function (the second line of defence). The design of the RMF is also primarily the responsibility of the second line of defence. Independent and objective assurance on the robustness of the RMF and the appropriateness and effectiveness of internal control is provided by the Internal Audit division (the third line of defence).

To promote a consistent and rigorous approach to risk management, the Group and the Company have a set of formal risk management policies. These risk policies set out the risk management and control standards for the Group's and the Company's operations. As the Group's and the Company's business respond to changing market conditions and customer needs, the management regularly monitor the appropriateness of the Group's and the Company's risk policies to ensure that they remain up-to-date.

(b) Capital management

Capital adequacy risk is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, maintain financial strength or to allow the Group and the Company to take advantage of opportunities for expansion.

The Group's and the Company's capital risk policy is intended to safeguard capital for the benefit of all the stakeholders including the Shareholders, and the policyholders. The interest of the Shareholders is to maximize returns. The interests of participating and other policyholders are also protected under the appropriate regulatory requirements.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

27 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Capital management (continued)

The Internal Capital Adequacy Assessment Process (ICAAP) guideline requires the Capital Management Plan (CMP) to specify thresholds for corrective actions. The Group and the Company need to calibrate the acceptable limits of local solvency, i.e. a corridor of acceptable solvency, where a solvency level outside of this corridor would not meet the risk appetite requirement. The Capital Management Plan specifies the different capital levels, escalation process, possible corrective actions, and the frequency of monitoring based on the capital level.

(c) Governance

The risk management policies identify the risks inherent in different elements of the Group and the Company and articulate how these should be managed. The policies include the level of tolerance (or appetite) in relation to each of the inherent risks (where the risk is material) and the minimum standards of control the Group and the Company are expected to maintain. From a risk management governance perspective, the RMC has been established to assist the Board in its oversight of risk and risk management in the Group and the Company. The RMC reports and recommends to the Board on the risk management strategies, policies, risk tolerance appetite, reviews and assesses the adequacy of the risk management policies and framework, measurement, monitoring and controlling of risks as well as the extent to which these are operating effectively.

(d) Asset-Liability Management (ALM)

ALM is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve the Group's and the Company's financial and business objectives, given the organization's risk tolerances and other constraints. ALM is the practice of managing a business so that decisions made and actions taken with respect to assets and liabilities are appropriately coordinated. This ongoing process is critical for the sound management of any financial intermediary or organization that conducts investment activity to support future cash flow needs and capital requirements. While the primary focus is on long-term economic value, ALM also considers stability of reported earnings, tax effects and capital implications.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28 INSURANCE RISK

Insurance risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Group and the Company to financial loss and may result in the inability to meet its liabilities.

The Group's and the Company's life insurance businesses are exposed to a range of life insurance risks from various products. In providing insurance protection, the Group and the Company manage risks such as mortality (the death of policyholders), morbidity (ill health), persistency, product design and pricing.

The mortality and morbidity risks are managed through the use of reinsurance to transfer excessive risk exposures, using appropriate actuarial techniques as well as other mitigation measures.

Persistency (or lapse) risk is managed through frequent monitoring of experience. Where possible, the potential financial impact of lapses is reduced by the product design. Persistency risk is also mitigated through persistency management, applying best practices in the setting of lapse assumptions, product design requirements, experience monitoring and management actions.

Poorly designed or inadequately priced products can lead to both financial loss and reputation risk to the Group and the Company. Policies have been developed to support the Group and the Company through the product cycle development process, financial analysis and pricing.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28 INSURANCE RISK (CONTINUED)

The table below shows the concentration of insurance contract liabilities (best estimate liability and risk adjustment) by type of contract as at the date of the statements of financial position, gross and net of reinsurance.

	Group/Company					
	2024			2023		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Whole life	83,899	(20,182)	63,717	89,915	(8,451)	81,464
Term assurance	(51,308)	(251)	(51,559)	(30,351)	(1,206)	(31,557)
Endowment	821,139	(2,021)	819,118	830,369	(2,309)	828,060
Mortgage	645,070	(7,077)	637,993	705,840	(21,828)	684,012
Others	108,204	1,167	109,371	29,743	1,677	31,420
	<u>1,607,004</u>	<u>(28,364)</u>	<u>1,578,640</u>	<u>1,625,516</u>	<u>(32,117)</u>	<u>1,593,399</u>

The entire life insurance contract liabilities are derived from Malaysia.

Key assumptions

Material judgement is required in determining the insurance contract liabilities and in the choice of assumptions. Assumptions in use are based on experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28 INSURANCE RISK (CONTINUED)

Key assumptions (continued)

The key assumptions to which the estimation of insurance contract liabilities is particularly sensitive are as follows:

Discount Rate and Fund Growth Rate

Discount rate and fund growth rate are based on risk-free rate plus illiquidity premium, to project and discount cash flows for corresponding durations for policies' liabilities calculation.

i. Risk-free rate

The risk-free rates from durations of 1 to 15 years are the Malaysian Government Securities (MGS) yields taken from Bond Web, which is a recognised bond pricing agency in Malaysia. As MGS yields are only available for terms of 1, 2, 3, 5, 7, 10 and 15 years, the yields in between these terms are interpolated.

For durations of 15 years to 60 years, the yields are extrapolated to an ultimate forward rates of 5%, by applying a generally accepted technique, i.e., Smith-Wilson method, after which the long-term forward rate of 5% is assumed.

The risk-free rates employed are gross of tax on investment income in the life fund.

ii. Illiquidity premium

The illiquidity premium represents the differences between the liquidity characteristics of the financial instruments that underlie the risk-free rates observed in the market and the liquidity characteristics of the insurance contracts.

The illiquidity premium assumptions are determined based on the Group and the company's actual corporate bond assets by considering the yield on corporate bond. The assumptions are 0.08% for Participating fund, 0% for Non-Participating fund and 0% for Investment-Linked fund.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28 INSURANCE RISK (CONTINUED)

Key assumptions (continued)

Mortality and morbidity

Best estimate assumptions are based on the Group's and the Company's recent experience studies. Mortality assumption used for the Company's major product is based on a percentage of the industry's mortality table, plus a risk adjustment of 8% of the best estimate assumptions.

Lapse rate

Best estimate assumptions are based on the Group's and the Company's recent experience studies. Depending on the product type, risk adjustment is set at a range of 15% to 45% of the best estimate assumptions.

Management expenses

Best estimate assumptions are based on the Group's and the Company's experience. An inflation rate of 4.0% per annum is adopted for each policy expense. The risk adjustment on expense loading is set at 5% of the best estimate assumptions. Allowance is also made for payment of commission to distributors.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28 INSURANCE RISK (CONTINUED)

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on contractual service margin, gross and net insurance contract liabilities (best estimate liability and risk adjustment), profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate insurance contract liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. The method used and significant assumptions made to derive the sensitivity information below did not change from the previous financial year. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

Group/Company					
	Change in best estimate assumptions %	Impact on gross insurance contract liabilities RM'000	Impact on net insurance contract liabilities RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
2024					
Mortality/morbidity	+10	80,375	14,156	(6,122)	(4,959)
Mortality/morbidity	-10	(80,909)	(14,197)	6,169	4,997
Expenses	+10	11,409	11,411	(2,143)	(1,736)
Lapse and surrender rates	+10	26,421	27,884	(9,103)	(7,373)
Lapse and surrender rates	-10	(29,930)	(31,533)	10,400	8,424
Discount rate	+1	(81,226)	(78,788)	87,352	70,755
Discount rate	-1	102,560	99,604	(109,868)	(88,993)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28 INSURANCE RISK (CONTINUED)

Sensitivities (continued)

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on contractual service margin, gross and net insurance contract liabilities (best estimate liability and risk adjustment), profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate insurance contract liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. The method used and significant assumptions made to derive the sensitivity information below did not change from the previous financial year. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions. (continued)

		Group/Company			
	Change in best estimate assumptions %	Impact on gross insurance contract liabilities RM'000	Impact on net insurance contract liabilities RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
<u>2023</u>					
Mortality/morbidity	+10	83,696	14,396	(2,626)	(2,127)
Mortality/morbidity	-10	(84,204)	(14,397)	2,191	1,775
Expenses	+10	20,723	20,724	(3,314)	(2,684)
Lapse and surrender rates	+10	26,766	27,579	(6,729)	(5,451)
Lapse and surrender rates	-10	(30,815)	(31,626)	7,098	5,750
Discount rate	+1	(80,437)	(80,491)	91,896	74,436
Discount rate	-1	110,065	106,695	(120,116)	(97,294)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28 INSURANCE RISK (CONTINUED)

Sensitivities (continued)

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on contractual service margin, gross and net insurance contract liabilities (best estimate liability and risk adjustment), profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate insurance contract liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. The method used and significant assumptions made to derive the sensitivity information below did not change from the previous financial year. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions. (continued)

	Change in best estimate assumptions %	Group/Company			
		2024		2023	
		Impact on CSM before tax gross of reinsurance RM'000	Impact on CSM before tax net of reinsurance RM'000	Impact on CSM before tax gross of reinsurance RM'000	Impact on CSM before tax net of reinsurance RM'000
Mortality/morbidity	+10	(72,559)	(8,033)	(78,634)	(11,750)
Mortality/morbidity	-10	73,071	8,028	80,730	14,432
Expenses	+10	(9,266)	(9,267)	(17,390)	(17,391)
Lapse and surrender rates	+10	(17,201)	(18,781)	(20,074)	(20,830)
Lapse and surrender rates	-10	19,363	21,133	23,766	24,528
Discount rate	+1	(8,564)	(8,564)	(11,405)	(11,405)
Discount rate	-1	10,264	10,264	13,422	13,422

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISKS

29.1 Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet the payment obligations of the principal and/or interest. Exposure to such risk arises primarily from default risk of corporate bonds purchased.

The Group and the Company manage the exposure to individual counterparties, by measuring exposure against internal and regulatory limits. These limits are governed by BNM's regulatory limits and the Group's and the Company's internal limits, taking into account credit ratings issued by authorised rating agencies. The Group and the Company are also exposed to credit risk through its use of reinsurance. Reinsurance arrangements are only placed with providers who meet the Group's and the Company's counterparty credit standards.

The Group and the Company only purchase corporate bonds of high credit standing (with minimum rating of A-) as rated by authorised rating agencies. The Group and the Company also actively monitor and consider the risk of fall in the value of fixed interest securities from changes in the perceived credit worthiness of the issuer by conducting credit reviews and credit bond analysis on a regular basis as stipulated in the Group's and the Company's Investment Guidelines.

It is the Group's and the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's and the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

The method used in monitoring the credit risk exposure to the Group and the Company did not change from the previous financial year.

The Group and the Company have not provided the credit risk analysis for the financial assets of the investment-linked business. This is due to the fact that in investment-linked business, the liabilities to policyholders are linked to the performance and value of the assets that back those liabilities and Shareholders have no direct exposure to any credit risk in these assets. The Group and the Company actively manage their product mix to ensure that there is no significant concentration of credit risk.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.1 Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statements of financial position.

	Group			Company		
	Life and Shareholders' funds	Investment- linked funds	Total	Life and Shareholders' funds	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>						
<u>Amortised cost</u>						
Fixed and call deposits with licensed financial institutions	79,436	7,709	87,145	67,294	7,709	75,003
<u>Financial assets at FVTPL</u>						
Malaysian Government Securities	552,526	1,470	553,996	511,437	1,470	512,907
Unquoted corporate debt securities	979,015	52,117	1,031,132	706,290	52,117	758,407
Quoted equity securities	67,756	94,674	162,430	67,756	94,674	162,430
Unit trust funds	-	643,870	643,870	-	643,870	643,870
Controlled structured entity	-	-	-	325,886	-	325,886
Structured product	52,650	-	52,650	52,650	-	52,650
Unquoted equity securities	32,869	-	32,869	32,869	-	32,869
<u>Financial assets at FVOCI</u>						
Malaysian Government Securities	206,678	-	206,678	206,678	-	206,678
Unquoted corporate debt securities	654,372	-	654,372	654,372	-	654,372
Reinsurance contract assets	56,533	-	56,533	56,533	-	56,533
Insurance contract assets	8,361	-	8,361	8,361	-	8,361
Other receivables	31,063	1,510	32,573	31,063	1,510	32,573
Cash and bank balances	6,489	15	6,504	6,479	15	6,494
	<u>2,727,748</u>	<u>801,365</u>	<u>3,529,113</u>	<u>2,727,668</u>	<u>801,365</u>	<u>3,529,033</u>

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.1 Credit exposure (continued)

The table below shows the maximum exposure to credit risk for the components on the statements of financial position. (continued)

	Group			Company		
	Life and Shareholders' funds	Investment- linked funds	Total	Life and Shareholders' funds	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2023</u>						
<u>Amortised cost</u>						
Fixed and call deposits with licensed financial institutions	76,360	5,833	82,193	62,854	5,833	68,687
<u>Financial assets at FVTPL</u>						
Malaysian Government Securities	533,218	2,583	535,801	523,219	2,583	525,802
Unquoted corporate debt securities	1,016,247	48,221	1,064,468	702,049	48,221	750,270
Quoted equity securities	94,593	75,292	169,885	94,593	75,292	169,885
Unit trust funds	-	525,874	525,874	-	525,874	525,874
Controlled structured entity	-	-	-	337,634	-	337,634
Structured product	50,175	-	50,175	50,175	-	50,175
Unquoted equity securities	20,822	-	20,822	20,822	-	20,822
<u>Financial assets at FVOCI</u>						
Malaysian Government Securities	216,687	-	216,687	216,687	-	216,687
Unquoted corporate debt securities	587,682	-	587,682	587,682	-	587,682
Reinsurance contract assets	65,569	-	65,569	65,569	-	65,569
Insurance contract assets	13,303	-	13,303	13,303	-	13,303
Other receivables	32,016	2,539	34,555	32,016	2,539	34,555
Cash and bank balances	9,847	28	9,875	9,837	28	9,865
	<u>2,716,519</u>	<u>660,370</u>	<u>3,376,889</u>	<u>2,716,440</u>	<u>660,370</u>	<u>3,376,810</u>

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.1 Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the authorised rating agencies' credit ratings of counterparties.

	Group									
	Neither past due nor impaired									
	AAA	AA	A	BBB	Not rated	Not subject to credit risk	Investment - linked funds	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024										
Amortised cost										
Fixed and call deposits with licensed financial institutions	61,173	18,263	-	-	-	-	7,709	-	-	87,145
Financial assets at FVTPL										
Malaysian Government Securities	-	-	-	-	552,526	-	1,470	-	-	553,996
Unquoted corporate debt securities	219,897	230,212	19,147	-	509,759	-	52,117	-	-	1,031,132
Quoted equity securities	-	-	-	-	-	67,756	94,674	-	-	162,430
Unit trust funds	-	-	-	-	-	-	643,870	-	-	643,870
Structured product	-	-	-	-	-	52,650	-	-	-	52,650
Unquoted equity securities	-	-	-	-	-	32,869	-	-	-	32,869
Financial assets at FVOCI										
Malaysian Government Securities	-	-	-	-	206,678	-	-	-	-	206,678
Unquoted corporate debt securities	138,358	278,216	-	-	237,798	-	-	-	-	654,372
Reinsurance contract assets	-	28,542	159	-	11,415	16,417	-	-	-	56,533
Insurance contract assets	-	-	-	-	220	8,141	-	-	-	8,361
Other receivables	-	-	-	-	31,063	-	1,510	-	-	32,573
Cash and bank balances	6,394	95	-	-	-	-	15	-	-	6,504
Total assets	425,822	555,328	19,306	-	1,549,459	177,833	801,365	-	-	3,529,113

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.1 Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the authorised rating agencies' credit ratings of counterparties. (continued)

	Group								
	Neither past due nor impaired						Past due but not impaired	Past due and impaired	Total
	AAA	AA	A	BBB	Not rated	Not subject to credit risk	Investment - linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2023</u>									
<u>Amortised cost</u>									
Fixed and call deposits with licensed financial institutions	58,846	17,514	-	-	-	-	5,833	-	82,193
<u>Financial assets at FVTPL</u>									
Malaysian Government Securities	-	-	-	-	533,218	-	2,583	-	535,801
Unquoted corporate debt securities	191,736	286,679	19,867	-	517,965	-	48,221	-	1,064,468
Quoted equity securities	-	-	-	-	-	94,593	75,292	-	169,885
Unit trust funds	-	-	-	-	-	-	525,874	-	525,874
Structured product	-	-	-	-	-	50,175	-	-	50,175
Unquoted equity securities	-	-	-	-	-	20,822	-	-	20,822
<u>Financial assets at FVOCI</u>									
Malaysian Government Securities	-	-	-	-	216,687	-	-	-	216,687
Unquoted corporate debt securities	110,555	236,189	-	-	240,938	-	-	-	587,682
Reinsurance contract assets	-	23,274	(81)	-	10,433	31,943	-	-	65,569
Insurance contract assets	-	-	-	-	191	13,112	-	-	13,303
Other receivables	-	-	-	-	32,016	-	2,539	-	34,555
Cash and bank balances	9,834	13	-	-	-	-	28	-	9,875
Total assets	370,971	563,669	19,786	-	1,551,448	210,645	660,370	-	3,376,889

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.1 Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the authorised rating agencies' credit ratings of counterparties. (continued)

	Company									
	Neither past due nor impaired									
	AAA	AA	A	BBB	Not rated	Not subject to credit risk	Investment - linked funds	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024										
Amortised cost										
Fixed and call deposits with licensed financial institutions	49,031	18,263	-	-	-	-	7,709	-	-	75,003
Financial assets at FVTPL										
Malaysian Government Securities	-	-	-	-	511,437	-	1,470	-	-	512,907
Unquoted corporate debt securities	186,281	98,339	-	-	421,670	-	52,117	-	-	758,407
Quoted equity securities	-	-	-	-	-	67,756	94,674	-	-	162,430
Unit trust funds	-	-	-	-	-	-	643,870	-	-	643,870
Controlled structured entity	-	-	-	-	-	325,886	-	-	-	325,886
Structured product	-	-	-	-	-	52,650	-	-	-	52,650
Unquoted equity securities	-	-	-	-	-	32,869	-	-	-	32,869
Financial assets at FVOCI										
Malaysian Government Securities	-	-	-	-	206,678	-	-	-	-	206,678
Unquoted corporate debt securities	138,358	278,216	-	-	237,798	-	-	-	-	654,372
Reinsurance contract assets	-	28,542	159	-	11,415	16,417	-	-	-	56,533
Insurance contract assets	-	-	-	-	220	8,141	-	-	-	8,361
Other receivables	-	-	-	-	31,063	-	1,510	-	-	32,573
Cash and bank balances	6,384	95	-	-	-	-	15	-	-	6,494
Total assets	380,054	423,455	159	-	1,420,281	503,719	801,365	-	-	3,529,033

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.1 Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the authorised rating agencies' credit ratings of counterparties. (continued)

	Company									
	Neither past due nor impaired									
	AAA	AA	A	BBB	Not rated	Not subject to credit risk	Investment - linked funds	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023										
Amortised cost										
Fixed and call deposits with licensed financial institutions	45,340	17,514	-	-	-	-	5,833	-	-	68,687
Financial assets at FVTPL										
Malaysian Government Securities	-	-	-	-	523,219	-	2,583	-	-	525,802
Unquoted corporate debt securities	176,275	95,284	-	-	430,490	-	48,221	-	-	750,270
Quoted equity securities	-	-	-	-	-	94,593	75,292	-	-	169,885
Unit trust funds	-	-	-	-	-	-	525,874	-	-	525,874
Controlled structured entity	-	-	-	-	-	337,634	-	-	-	337,634
Structured product	-	-	-	-	-	50,175	-	-	-	50,175
Unquoted equity securities	-	-	-	-	-	20,822	-	-	-	20,822
Financial assets at FVOCI										
Malaysian Government Securities	-	-	-	-	216,687	-	-	-	-	216,687
Unquoted corporate debt securities	110,555	236,189	-	-	240,938	-	-	-	-	587,682
Reinsurance contract assets	-	23,274	(81)	-	10,433	31,943	-	-	-	65,569
Insurance contract assets	-	-	-	-	191	13,112	-	-	-	13,303
Other receivables	-	-	-	-	32,016	-	2,539	-	-	34,555
Cash and bank balances	9,824	13	-	-	-	-	28	-	-	9,865
	341,994	372,274	(81)	-	1,453,974	548,279	660,370	-	-	3,376,810

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.2 Impairment assessment

The Group and the Company's ECL assessment and measurement method is set out below.

29.1.2.1 Significant increase in credit risk, default and cure

The Group and the Company continuously monitor all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL ("12m ECL") or lifetime ECL, the Group and the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Group and the Company consider that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group and the Company also consider a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Group and the Company consider a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Group and the Company may also consider an instrument to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full. In such cases, the Group and the Company recognise a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Group and the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

29.1.2.2 Expected credit loss ("ECL")

The Group and the Company assess the possible default events within 12 months for the calculation of the 12 months ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.2.3 Impairment losses on financial investments subject to impairment assessment

Debt Instruments measured at FVOCI

The table below shows the fair value of the Group and the Company's debt instruments measured at FVOCI by credit risk, based on the Company's external rating grade.

	Group/Company					
	2024			2023		
	12m ECL	Lifetime ECL	Total	12m ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>External rating grade</u>						
AAA	138,358	-	138,358	110,555	-	110,555
AA	278,216	-	278,216	236,189	-	236,189
Not rated	444,476	-	444,476	457,625	-	457,625
Total net amount	861,050	-	861,050	804,369	-	804,369

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.2.3 Impairment losses on financial investments subject to impairment assessment (continued)

An analysis of changes in fair value and the corresponding ECLs is, as follows.

	Group			Company		
	12m ECL	Lifetime ECL	Total	12m ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fair value as at 1 January 2023	712,482	-	712,482	712,482	-	712,482
Purchases	88,089	-	88,089	88,089	-	88,089
Maturities	(25,220)	-	(25,220)	(25,220)	-	(25,220)
Change in fair value	29,193	-	29,193	29,193	-	29,193
Movement in accrued interest	807	-	807	807	-	807
Amortisation adjustments	(982)	-	(982)	(982)	-	(982)
At 31 December 2023/1 January 2024	804,369	-	804,369	804,369	-	804,369
Purchases	154,197	-	154,197	154,197	-	154,197
Assets derecognised	(53,416)	-	(53,416)	(53,416)	-	(53,416)
Maturities	(47,471)	-	(47,471)	(47,471)	-	(47,471)
Change in fair value	4,249	-	4,249	4,249	-	4,249
Movement in accrued interest	(164)	-	(164)	(164)	-	(164)
Amortisation adjustments	(714)	-	(714)	(714)	-	(714)
At 31 December 2024	861,050	-	861,050	861,050	-	861,050

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.1 Credit risk (continued)

29.1.2.3 Impairment losses on financial investments subject to impairment assessment (continued)

	Group/Company		
	12m ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000
ECL as at 1 January 2023	23	-	23
New assets originated or purchased	11	-	11
Change in ECL	87	-	87
At 31 December 2023/1 January 2024	121	-	121
 New assets originated or purchased	 3	 -	 3
Assets derecognised or matured (excluding write-offs)	(28)	-	(28)
Change in ECL	(54)	-	(54)
At 31 December 2024	42	-	42

There were no ECL arising from all other financial assets at amortised cost (other receivables and fixed and call deposits with licensed financial institutions) as at 31 December 2024 and 31 December 2023. The credit rating of these financial assets at amortised cost are as disclosed in Note 29.1.1.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk

Liquidity risk is the risk where the Group and the Company are unable to meet their obligations at reasonable cost or at any time. The Group's and the Company's investment department manages this risk by monitoring daily as well as monthly, projected and actual cash inflows/outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times. The Group and the Company have a strong liquidity position and seek to maintain sufficient financial resources to meet their obligations as they fall due.

The method used in monitoring the liquidity risk did not change from the previous financial year.

29.2.1 Maturity profiles

Maturity analysis for insurance and reinsurance contracts (present value of future cash flow basis)

The following table summarises the maturity profile of portfolios of insurance contract issued and portfolios of reinsurance contracts held based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

The investment-linked funds are the assets of the investment-linked contracts backing the investment-linked policyholders' account in the insurance contract liabilities. Investment-linked fund liabilities are repayable or transferable upon notice by policyholders and are disclosed separately under the "Investment-linked funds" column. Repayments which are subject to notice are treated as if such notices were given immediately.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for insurance and reinsurance contracts (present value of future cash flow basis) (continued)

							Group/Company	
	Up to a year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	>5 years	Investment -linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>								
Life insurance contract assets	(2,454)	(1,143)	(989)	(1,542)	(1,765)	(9,509)	-	(17,402)
Life insurance contract liabilities	60,328	11,399	31,538	51,702	41,243	1,384,503	757,993	2,338,706
Insurance contract liabilities	57,874	10,256	30,549	50,160	39,478	1,374,994	757,993	2,321,304
Reinsurance contract assets	(41,806)	(283)	(84)	147	322	17,864	-	(23,840)
Reinsurance contract liabilities	1,031	(3)	(3)	(3)	(2)	(47)	-	973
Reinsurance contract (assets)/liabilities	(40,775)	(286)	(87)	144	320	17,817	-	(22,867)
<u>2023</u>								
Life insurance contract assets	(3,352)	(2,936)	(2,530)	(1,997)	(2,041)	(10,830)	-	(23,686)
Life insurance contract liabilities	74,722	19,500	35,945	54,445	33,402	1,361,643	610,891	2,190,548
Insurance contract liabilities	71,370	16,564	33,415	52,448	31,361	1,350,813	610,891	2,166,862
Reinsurance contract assets	(36,098)	(1,032)	(737)	(439)	(118)	18,314	-	(20,110)
Reinsurance contract liabilities	8,115	(5)	(4)	(4)	(3)	(17)	-	8,082
Reinsurance contract (assets)/liabilities	(27,983)	(1,037)	(741)	(443)	(121)	18,297	-	(12,028)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis)

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities into their relevant maturity groupings based on the remaining undiscounted contractual obligations. All liabilities are presented on a contractual cash flow basis.

The investment-linked funds are the assets of the investment-linked contracts backing the investment-linked policyholders' account in the insurance contract liabilities. Investment-linked fund liabilities are repayable or transferable upon notice by policyholders and are disclosed separately under the "Investment-linked funds" column.

Repayments which are subject to notice are treated as if such notices were given immediately

									Group
	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	5 – 15 years RM'000	> 15 years RM'000	No maturity date RM'000	Investment- linked funds RM'000	Total RM'000
<u>2024</u>									
<u>Amortised cost</u>									
Fixed and call deposits with licensed financial institutions	87,145	79,448	-	-	-	-	-	7,709	87,157
<u>Financial assets at FVTPL</u>									
Malaysian Government Securities	553,996	25,592	43,903	62,850	401,920	306,413	-	1,470	842,148
Unquoted corporate debt securities	1,031,132	53,192	180,748	244,341	497,580	192,102	-	52,117	1,220,080
Quoted equity securities	162,430	-	-	1,047	-	-	66,709	94,674	162,430
Unit trust funds	643,870	-	-	-	-	-	-	643,870	643,870
Structured product	52,650	-	-	-	-	-	52,650	-	52,650
Unquoted equity securities	32,869	-	-	-	-	-	32,869	-	32,869

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Group								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>									
<u>Financial assets at FVOCI</u>									
Malaysian Government Securities	206,678	10,177	21,064	36,319	154,125	86,265	-	-	307,950
Unquoted corporate debt securities	654,372	87,723	102,299	102,983	470,035	162,457	-	-	925,497
Other receivables	32,573	31,063	-	-	-	-	-	1,510	32,573
Cash and bank balances	6,504	-	-	-	-	-	6,489	15	6,504
Total assets	3,464,219	287,195	348,014	447,540	1,523,660	747,237	158,717	801,365	4,313,728
Lease liabilities	10,744	5,988	5,231	-	-	-	-	-	11,219
Other financial liabilities	2,812	2,799	-	-	-	-	-	13	2,812
Other payables	85,435	84,243	-	-	-	-	-	1,192	85,435
Total liabilities	98,991	93,030	5,231	-	-	-	-	1,205	99,466

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

									Group
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2023</u>									
<u>Amortised cost</u>									
Fixed and call deposits with licensed financial institutions	82,193	76,371	-	-	-	-	-	5,833	82,204
<u>Financial assets at FVTPL</u>									
Malaysian Government Securities	535,801	25,573	48,342	68,686	393,433	312,809	-	2,583	851,426
Unquoted corporate debt securities	1,064,468	63,986	181,002	234,572	556,167	184,643	-	48,221	1,268,591
Quoted equity securities	169,885	-	-	-	-	-	94,593	75,292	169,885
Unit trust funds	525,874	-	-	-	-	-	-	525,874	525,874
Structured product	50,175	-	-	-	-	-	50,175	-	50,175
Unquoted equity securities	20,822	-	-	-	-	-	20,822	-	20,822

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Group								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2023</u>									
<u>Financial assets at FVOCI</u>									
Malaysian Government Securities	216,687	9,058	23,531	17,684	181,695	99,547	-	-	331,515
Unquoted corporate debt securities	587,682	36,698	134,779	91,005	409,049	170,559	-	-	842,090
Other receivables	34,555	32,016	-	-	-	-	-	2,539	34,555
Cash and bank balances	9,875	-	-	-	-	-	9,847	28	9,875
Total assets	3,298,017	243,702	387,654	411,947	1,540,344	767,558	175,437	660,370	4,187,012
Lease liabilities	3,681	2,821	919	69	-	-	-	-	3,809
Other financial liabilities	3,704	3,704	-	-	-	-	-	-	3,704
Other payables	85,919	83,645	-	-	-	-	-	2,274	85,919
Total liabilities	93,304	90,170	919	69	-	-	-	2,274	93,432

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Company								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024									
Amortised cost									
Fixed and call deposits with licensed financial institutions	75,003	67,306	-	-	-	-	-	7,709	75,015
Financial assets at FVTPL									
Malaysian Government Securities	512,907	25,592	43,903	62,850	381,472	285,772	-	1,470	801,059
Unquoted corporate debt securities	758,407	41,550	125,680	180,176	443,819	192,102	-	52,117	1,035,444
Quoted equity securities	162,430	-	-	1,047	-	-	66,709	94,674	162,430
Unit trust funds	643,870	-	-	-	-	-	-	643,870	643,870
Controlled structured entity	325,886	-	-	-	-	-	325,886	-	325,886
Structured product	52,650	-	-	-	-	-	52,650	-	52,650
Unquoted equity securities	32,869	-	-	-	-	-	32,869	-	32,869

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Company								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>									
<u>Financial assets at FVOCI</u>									
Malaysian Government Securities	206,678	10,177	21,064	36,319	154,125	86,265	-	-	307,950
Unquoted corporate debt securities	654,372	87,723	102,299	102,983	470,035	162,457	-	-	925,497
Other receivables	32,573	31,063	-	-	-	-	-	1,510	32,573
Cash and bank balances	6,494	-	-	-	-	-	6,479	15	6,494
Total assets	3,464,139	263,411	292,946	383,375	1,449,451	726,596	484,593	801,365	4,401,737
Lease liabilities	10,744	5,988	5,231	-	-	-	-	-	11,219
Other financial liabilities	2,812	2,799	-	-	-	-	-	13	2,812
Other payables	85,355	84,163	-	-	-	-	-	1,192	85,355
Total liabilities	98,911	92,950	5,231	-	-	-	-	1,205	99,386

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Company								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2023</u>									
<u>Amortised cost</u>									
Fixed and call deposits with licensed financial institutions	68,687	62,865	-	-	-	-	-	5,833	68,698
<u>Financial assets at FVTPL</u>									
Malaysian Government Securities	525,802	25,573	48,342	64,670	393,433	306,826	-	2,583	841,427
Unquoted corporate debt securities	750,270	51,291	96,445	152,380	508,888	184,643	-	48,221	1,041,868
Quoted equity securities	169,885	-	-	-	-	-	94,593	75,292	169,885
Unit trust funds	525,874	-	-	-	-	-	-	525,874	525,874
Controlled structured entity	337,634	-	-	-	-	-	337,634	-	337,634
Structured product	50,175	-	-	-	-	-	50,175	-	50,175
Unquoted equity securities	20,822	-	-	-	-	-	20,822	-	20,822

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.2 Liquidity risk (continued)

29.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Company								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment- linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2023</u>									
<u>Financial assets at FVOCI</u>									
Malaysian Government Securities	216,687	9,058	23,531	17,684	181,695	99,547	-	-	331,515
Unquoted corporate debt securities	587,682	36,698	134,779	91,005	409,049	170,559	-	-	842,090
Other receivables	34,555	32,016	-	-	-	-	-	2,539	34,555
Cash and bank balances	9,865	-	-	-	-	-	9,837	28	9,865
Total assets	3,297,938	217,501	303,097	325,739	1,493,065	761,575	513,061	660,370	4,274,408
Lease liabilities	3,681	2,821	919	69	-	-	-	-	3,809
Other financial liabilities	3,704	3,704	-	-	-	-	-	-	3,704
Other payables	85,840	83,566	-	-	-	-	-	2,274	85,840
Total liabilities	93,225	90,091	919	69	-	-	-	2,274	93,353

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.3 Market risk

Market risk is the risk of assets/liabilities values being adversely affected by movements in market prices or rates. This includes equity prices and interest rates. It is recognised that such risk is inevitable from the business that the Group and the Company undertake, and that a certain level of market risk is desirable to deliver benefits to both policyholders and Shareholders by achieving the Group's and the Company's financial objectives.

The Group and the Company manage market risk by adopting asset liability matching criteria, to minimise the impact of mismatches between the value of assets and liabilities from market movements. However, where any mismatch is within the Group's and the Company's appetite, the impact is monitored through economic capital measures.

Volatility in interest rate is the Group's and the Company's largest market risk exposure. The Group and the Company monitor market price movements through regular stress/sensitivity testing and constant supervision.

The method used in monitoring market risk did not change from the previous financial year.

(i) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group's and the Company's concentration of interest rate risk arises from fixed rate instruments and the Group's and the Company's asset liability risk management policy requires management to manage the interest rate risk by maintaining an appropriate liability driven investment strategy. Interest on fixed rate instruments is priced at the issuance of the financial instrument and is fixed until the instrument matures.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Group's and the Company's ALM policy requires it to manage the extent of net interest rate risk within the risk appetite.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.3 Market risk

(i) Interest rate risk (continued)

The Group's and the Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Debt instruments at FVOCI	861,050	804,369	861,050	804,369
Debt instruments at FVTPL	1,585,128	1,600,269	1,271,314	1,276,072

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after taxation and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

2024		Group		Company	
	Change in interest rate	Impact on profit after taxation	Impact on equity*	Impact on profit after taxation	Impact on equity*
		RM'000	RM'000	RM'000	RM'000
Debt instruments	+100 basis points	(80,664)	(132,279)	(80,054)	(131,669)
Debt instruments	-100 basis points	92,299	151,172	91,678	150,551

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.3 Market risk (continued)

(i) Interest rate risk (continued)

<u>2023</u>		<u>Group</u>		<u>Company</u>	
	<u>Change in interest rate</u>	<u>Impact on profit after taxation RM'000</u>	<u>Impact on equity* RM'000</u>	<u>Impact on profit after taxation RM'000</u>	<u>Impact on equity* RM'000</u>
Debt instruments	+100 basis points	(84,368)	(134,141)	(83,863)	(133,636)
Debt instruments	-100 basis points	96,826	153,853	96,311	153,338

* Impact on equity reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous financial year.

(ii) Price risk

Price risk is the risk that the fair value of a financial instrument or portfolio will decline from adverse movement in the market price of an asset, whether those changes are caused by factors specific to the individual financial instrument, overall performance of the market and economy, or its issuer or factors affecting similar financial instruments traded in the market.

The Group's and the Company's equity price risk exposure relates to risk of losses arising from equity assets as a result of movement in market prices, principally investment securities not held for the account of unit-linked business.

The Group's and the Company's asset liability risk management policy requires it to manage equity price risk and interest rate risk by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in the country, sector, market and issuer, having regard also to such limits stipulated by BNM. The Group and the Company comply with BNM's stipulated limits during the financial year and have no significant concentration of price risk.

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 FINANCIAL RISK (CONTINUED)

29.3 Market risk (continued)

(ii) Price risk (continued)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after taxation and equity. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

<u>2024</u>	<u>Group</u>		<u>Company</u>	
	Impact on profit after taxation	Impact on equity*	Impact on profit after taxation	Impact on equity*
<u>Change in price</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Market price				
+ 20%	17,692	17,692	67,226	67,226
- 20%	(17,692)	(17,692)	(67,226)	(67,226)
<u>2023</u>	<u>Group</u>		<u>Company</u>	
	Impact on profit after taxation	Impact on equity*	Impact on profit after taxation	Impact on equity*
<u>Change in price</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Market price				
+ 20%	19,921	19,921	87,448	87,448
- 20%	(19,921)	(19,921)	(87,448)	(87,448)

* Impact on equity reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous financial year. The impact of changes in equity price risk of Investment-linked funds is retained in the insurance contract liabilities.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

30 OPERATIONAL RISK

Operational risk is defined as the risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems, or from external events.

The Group and the Company have in place an Operational Risk Management (ORM) Framework. The purpose of this Framework is to:

- Set out the framework for ensuring effective management of the Group's and the Company's Operational Risks, including processes for identifying, measuring, managing, monitoring and reporting these risks across the Group and the Company; and
- Establish standard tools and processes for managing Operational Risks within the Group and the Company.

From the governance perspective, the RMC and the ERM monitor and oversee the implementation of the ORM Framework to ensure that the operational risk management processes are in place and functioning effectively.

31 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 December 2024, as prescribed under the RBC Framework is provided below:

	2024	Group 2023	2024	Company 2023
	RM'000	RM'000	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>				
Share capital (paid-up)	358,000	358,000	358,000	358,000
Retained earnings	101,262	85,319	101,262	85,319
Eligible contract liabilities	151,505	171,731	151,505	171,731
	610,767	615,050	610,767	615,050
<u>Tier 2 Capital</u>				
Eligible reserves	15,867	12,038	15,867	12,038
Amounts deducted from capital	(26,738)	(18,488)	(26,738)	(18,488)
Total capital available	599,896	608,600	599,896	608,600

The total capital available is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS Accounting Standards.

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS

The Group's and the Company's activities are organised by funds and segregated into Life and Shareholders' funds in accordance with the Financial Services Act, 2013 and Insurance Act, 1996.

The Group's and the Company's statements of financial position and statements of comprehensive income have been further analysed by funds which are as follows:

Statements of financial position by Funds as at 31 December

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Property and equipment	-	-	58,324	56,338	-	-	58,324	56,338
Intangible assets	-	-	26,738	18,488	-	-	26,738	18,488
Right-of-use assets	-	-	10,981	3,492	-	-	10,981	3,492
Investments:								
FVTPL financial assets	369,158	377,484	2,146,260	2,035,527	(38,471)	(45,986)	2,476,947	2,367,025
FVOCI financial assets	-	-	861,050	804,369	-	-	861,050	804,369
Amortised cost financial assets	15,703	14,826	71,442	67,367	-	-	87,145	82,193
Reinsurance contract assets	-	-	56,533	65,569	-	-	56,533	65,569
Insurance contract assets	-	-	8,361	13,303	-	-	8,361	13,303
Other receivables	366,558	306,232	29,412	31,377	(363,397)	(303,054)	32,573	34,555
Current tax assets	(17,100)	(12,920)	19,760	14,276	-	-	2,660	1,356
Cash and bank balances	21	22	6,483	9,853	-	-	6,504	9,875
Total assets	734,340	685,644	3,295,344	3,119,959	(401,868)	(349,040)	3,627,816	3,456,563

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of financial position by Funds as at 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	358,000	358,000	-	-	-	-	358,000	358,000
Retained earnings	309,552	267,914	-	-	-	-	309,552	267,914
FVOCI reserve	12,853	9,751	-	-	-	-	12,853	9,751
Total equity	680,405	635,665	-	-	-	-	680,405	635,665
<u>Liabilities</u>								
Insurance contract liabilities	(3,561)	(1,900)	2,824,322	2,709,615	(38,471)	(45,986)	2,782,290	2,661,729
Reinsurance contract liabilities	-	-	928	8,095	-	-	928	8,095
Lease liabilities	-	-	10,744	3,681	-	-	10,744	3,681
Other financial liabilities	31	-	2,781	3,704	-	-	2,812	3,704
Other payables	2,323	2,165	446,509	386,808	(363,397)	(303,054)	85,435	85,919
Deferred tax liabilities	55,142	49,714	10,060	8,056	-	-	65,202	57,770
Total liabilities	53,935	49,979	3,295,344	3,119,959	(401,868)	(349,040)	2,947,411	2,820,898
Total equity, policyholders' funds and liabilities	734,340	685,644	3,295,344	3,119,959	(401,868)	(349,040)	3,627,816	3,456,563

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of financial position by Funds as at 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Property and equipment	-	-	58,324	56,338	-	-	58,324	56,338
Intangible assets	-	-	26,738	18,488	-	-	26,738	18,488
Right-of-use assets	-	-	10,981	3,492	-	-	10,981	3,492
Investments:								
FVTPL financial assets	381,230	390,921	2,146,260	2,035,527	(38,471)	(45,986)	2,489,019	2,380,462
FVOCI financial assets	-	-	861,050	804,369	-	-	861,050	804,369
Amortised cost financial assets	3,561	1,320	71,442	67,367	-	-	75,003	68,687
Reinsurance contract assets	-	-	56,533	65,569	-	-	56,533	65,569
Insurance contract assets	-	-	8,361	13,303	-	-	8,361	13,303
Other receivables	366,558	306,232	29,412	31,377	(363,397)	(303,054)	32,573	34,555
Current tax assets	(17,100)	(12,920)	19,760	14,276	-	-	2,660	1,356
Cash and bank balances	11	12	6,483	9,853	-	-	6,494	9,865
Total assets	734,260	685,565	3,295,344	3,119,959	(401,868)	(349,040)	3,627,736	3,456,484

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of financial position by Funds as at 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	358,000	358,000	-	-	-	-	358,000	358,000
Retained earnings	309,552	267,914	-	-	-	-	309,552	267,914
FVOCI reserve	12,853	9,751	-	-	-	-	12,853	9,751
Total equity	680,405	635,665	-	-	-	-	680,405	635,665
<u>Liabilities</u>								
Insurance contract liabilities	(3,561)	(1,900)	2,824,322	2,709,615	(38,471)	(45,986)	2,782,290	2,661,729
Reinsurance contract liabilities	-	-	928	8,095	-	-	928	8,095
Lease liabilities	-	-	10,744	3,681	-	-	10,744	3,681
Other financial liabilities	31	-	2,781	3,704	-	-	2,812	3,704
Other payables	2,243	2,086	446,509	386,808	(363,397)	(303,054)	85,355	85,840
Deferred tax liabilities	55,142	49,714	10,060	8,056	-	-	65,202	57,770
Total liabilities	53,855	49,900	3,295,344	3,119,959	(401,868)	(349,040)	2,947,331	2,820,819
Total equity, policyholders' funds and liabilities	734,260	685,565	3,295,344	3,119,959	(401,868)	(349,040)	3,627,736	3,456,484

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	572	376	364,749	360,423	-	-	365,321	360,799
Insurance service expenses	(2,648)	(2,211)	(276,846)	(253,239)	-	-	(279,494)	(255,450)
Insurance service result before reinsurance contracts held	(2,076)	(1,835)	87,903	107,184	-	-	85,827	105,349
Allocation of reinsurance premiums	-	-	(85,751)	(97,582)	-	-	(85,751)	(97,582)
Amounts recoverable from reinsurers for incurred claims	-	-	68,007	64,564	-	-	68,007	64,564
Net expense from reinsurance contracts held	-	-	(17,744)	(33,018)	-	-	(17,744)	(33,018)
Insurance service result	(2,076)	(1,835)	70,159	74,166	-	-	68,083	72,331
Investment income	15,320	15,523	117,910	104,603	-	-	133,230	120,126
Net realised losses	-	-	899	(220)	-	-	899	(220)
Net fair value gains/(losses)	6,454	10,773	64,310	91,828	2,297	(2,368)	73,061	100,233
Net investment income/(losses)	21,774	26,296	183,119	196,211	2,297	(2,368)	207,190	220,139

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance finance (expenses)/income for insurance contracts issued	-	-	(120,291)	(163,413)	(2,297)	2,368	(122,588)	(161,045)
Reinsurance finance (expenses)/income for reinsurance contracts held	-	-	(1,022)	3,409	-	-	(1,022)	3,409
Net insurance financial result	-	-	(121,313)	(160,004)	(2,297)	2,368	(123,610)	(157,636)
Net investment result	21,774	26,296	61,806	36,207	-	-	83,580	62,503
Other operating income	7	-	519	550	-	-	526	550
Other operating expenses	(962)	(769)	-	(4)	-	-	(962)	(773)
Other finance cost	-	-	(258)	(195)	-	-	(258)	(195)
Other expenses	(955)	(769)	261	351	-	-	(694)	(418)

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation	18,743	23,692	132,226	110,724	-	-	150,969	134,416
Tax expense attributable to policyholders	-	-	(12,554)	(15,156)	-	-	(12,554)	(15,156)
Transfer from life fund	119,672	95,568	(119,672)	(95,568)	-	-	-	-
Profit before taxation attributable to Shareholders	138,415	119,260	-	-	-	-	138,415	119,260
Taxation	(21,777)	(21,099)	(12,554)	(15,156)	-	-	(34,331)	(36,255)
Tax expense attributable to policyholders	-	-	12,554	15,156	-	-	12,554	15,156
Tax expense attributable to Shareholders	(21,777)	(21,099)	-	-	-	-	(21,777)	(21,099)
Net profit for the financial year	116,638	98,161	-	-	-	-	116,638	98,161

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive income:								
Items that may be subsequently reclassified to profit or loss:								
Fair value change on fair value through other comprehensive income financial assets:								
- Revaluation	3,589	29,355	-	-	-	-	3,589	29,355
- Transfer to profit or loss upon disposal	660	(162)	-	-	-	-	660	(162)
- Gross fair value changes	4,249	29,193	-	-	-	-	4,249	29,193
- Expected credit loss	(79)	98	-	-	-	-	(79)	98
- Deferred taxation	(1,068)	(7,457)	-	-	-	-	(1,068)	(7,457)
Other comprehensive income for the financial year, net of tax	3,102	21,834	-	-	-	-	3,102	21,834
Total comprehensive income for the financial year	119,740	119,995	-	-	-	-	119,740	119,995

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	572	376	364,749	360,423	-	-	365,321	360,799
Insurance service expenses	(2,648)	(2,211)	(276,846)	(253,239)	-	-	(279,494)	(255,450)
Insurance service result before reinsurance contracts held	(2,076)	(1,835)	87,903	107,184	-	-	85,827	105,349
Allocation of reinsurance premiums	-	-	(85,751)	(97,582)	-	-	(85,751)	(97,582)
Amounts recoverable from reinsurers for incurred claims	-	-	68,007	64,564	-	-	68,007	64,564
Net expense from reinsurance contracts held	-	-	(17,744)	(33,018)	-	-	(17,744)	(33,018)
Insurance service result	(2,076)	(1,835)	70,159	74,166	-	-	68,083	72,331
Investment income	15,805	16,103	117,910	104,603	-	-	133,715	120,706
Net realised losses	-	-	899	(220)	-	-	899	(220)
Net fair value gains/(losses)	5,229	9,435	64,310	91,828	2,297	(2,368)	71,836	98,895
Net investment income/(losses)	21,034	25,538	183,119	196,211	2,297	(2,368)	206,450	219,381

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance finance (expenses)/income for insurance contracts issued	-	-	(120,291)	(163,413)	(2,297)	2,368	(122,588)	(161,045)
Reinsurance finance (expenses)/income for reinsurance contracts held	-	-	(1,022)	3,409	-	-	(1,022)	3,409
Net insurance financial result	-	-	(121,313)	(160,004)	(2,297)	2,368	(123,610)	(157,636)
Net investment result	21,034	25,538	61,806	36,207	-	-	82,840	61,745
Other operating income	7	-	519	550	-	-	526	550
Other operating expenses	(222)	(11)	-	(4)	-	-	(222)	(15)
Other finance cost	-	-	(258)	(195)	-	-	(258)	(195)
Other expenses	(215)	(11)	261	351	-	-	46	340

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation	18,743	23,692	132,226	110,724	-	-	150,969	134,416
Tax expense attributable to policyholders	-	-	(12,554)	(15,156)	-	-	(12,554)	(15,156)
Transfer from life fund	119,672	95,568	(119,672)	(95,568)	-	-	-	-
Profit before taxation attributable to Shareholders	138,415	119,260	-	-	-	-	138,415	119,260
Taxation	(21,777)	(21,099)	(12,554)	(15,156)	-	-	(34,331)	(36,255)
Tax expense attributable to policyholders	-	-	12,554	15,156	-	-	12,554	15,156
Tax expense attributable to Shareholders	(21,777)	(21,099)	-	-	-	-	(21,777)	(21,099)
Net profit for the financial year	116,638	98,161	-	-	-	-	116,638	98,161

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 INSURANCE FUNDS (CONTINUED)

Statements of comprehensive income by Funds for period ended 31 December (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive income:								
Items that may be subsequently reclassified to profit or loss:								
Fair value change on fair value through other comprehensive income financial assets:								
- Revaluation	3,589	29,355	-	-	-	-	3,589	29,355
- Transfer to profit or loss upon disposal	660	(162)	-	-	-	-	660	(162)
- Gross fair value changes	4,249	29,193	-	-	-	-	4,249	29,193
- Expected credit loss	(79)	98	-	-	-	-	(79)	98
- Deferred taxation	(1,068)	(7,457)	-	-	-	-	(1,068)	(7,457)
Other comprehensive income for the financial year, net of tax	3,102	21,834	-	-	-	-	3,102	21,834
Total comprehensive income for the financial year	119,740	119,995	-	-	-	-	119,740	119,995